



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF WARREN
TRUMBULL COUNTY
DECEMBER 31, 2018**

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**INDEPENDENT AUDITOR'S 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 Avenue NW
Warren, Ohio 44483

To the Honorable Mayor and City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2019, wherein we noted the City adopted Governmental Accounting Standards Board Statement 75.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the City'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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-001 and 2018-002.

City's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

June 27, 2019



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

To the Honorable Mayor and City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Warren's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the City of Warren's major federal programs for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal programs.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on the Community Development Block Grant Section 108 Loan Guarantee Program

As described in finding 2018-003 in the accompanying schedule of findings, the City of Warren did not comply with requirements regarding reporting applicable to its CFDA 14.248 Community Development Block Grant Section 108 Loan Guarantee Program major federal program. Compliance with this requirement is necessary, in our opinion, for the City of Warren to comply with requirements applicable to this program.

Qualified Opinion on the Community Development Block Grant Section 108 Loan Guarantee Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Community Development Block Grant Section 108 Loan Guarantee Program* paragraph, the City of Warren complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Community Development Block Grant Section 108 Loan Guarantee Program* for the year ended December 31, 2018.

Unmodified Opinion on the Other Major Federal Programs

In our opinion, the City of Warren complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended December 31, 2018.

The City's response to our noncompliance finding is described in the accompanying schedule of findings and corrective action plan. We did not subject the City's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City'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's applicable 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's compliance requirement will not be prevented, or timely detected or corrected. *A significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2018-003.

The City's response to our internal control over compliance finding is described in the accompanying schedule of findings and corrective action plan. We did not subject the City's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Federal Awards Expenditures Schedule Required by the Uniform Guidance

We have also 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, (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 27, 2019, wherein we noted the City adopted Governmental Accounting Standards Board Statement 75. We conducted our audit to opine on the City's' basic financial statements as a whole. We have not performed any procedures to the audited financial statements subsequent to June 27, 2019. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance 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 management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Keith Faber
Auditor of State

Columbus, Ohio

September 16, 2019

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**CITY OF WARREN
TRUMBULL COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title | Federal CFDA Number | Pass Through Entity Identifying Number | Provided Through to Subrecipients | Total Federal Expenditures |
|---|------------------------------------|---|--|---------------------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| <i>Direct Programs:</i> | | | | |
| CDBG - Entitlement Grants Cluster: | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | N/A | \$ 131,180 | 1,120,684 |
| Total CDBG - Entitlement Grants Cluster | | | 131,180 | 1,120,684 |
| HOME Investment Partnerships Program | 14.239 | N/A | | 335,089 |
| Section 108 Loan Guarantee Program | 14.248 | N/A | | 890,909 |
| Total U.S. Department of Housing and Urban Development | | | <u>131,180</u> | <u>2,346,682</u> |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| <i>Direct Programs:</i> | | | | |
| Public Safety Partnership and Community Policing Grants | 16.710 | 2014UMWX0128 | | 27,543 |
| Equitable Sharing Program Grant | 16.922 | N/A | | 14,651 |
| <i>Passed Through Ohio Attorney General's Office:</i> | | | | |
| Crime Victim Assistance | 16.575 | | | 54,135 |
| Crime Victim Assistance | 16.575 | | | 17,920 |
| Subtotal - Crime Victim Assistance | | | | <u>72,055</u> |
| Total U.S. Department of Justice | | | | <u>114,249</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | |
| <i>Passed Through Ohio Department of Transportation:</i> | | | | |
| Highway Planning and Construction Cluster: | | | | |
| Warren Riverwalk/MahoningSide Project | 20.205 | 92055 | | 3,916 |
| Greenway Trailhead Project | 20.205 | 93385 | | 260,911 |
| Youngstown Road Project | 20.205 | 95844 | | 2,576,164 |
| Tod/Atlantic Project | 20.205 | 99581 | | 52,077 |
| Laird/Genesee/Woodland Project | 20.205 | 99595 | | 789,818 |
| Reserve Ave Bridges Project | 20.205 | 104612 | | 14,827 |
| Total Highway Planning and Construction Cluster | | | | <u>3,697,713</u> |
| <i>Passed Through Ohio Department of Public Safety, Governor's Highway Safety Office:</i> | | | | |
| Highway Safety Cluster: | | | | |
| State and Community Highway Safety | 20.600 | IDEP/STEP-2018-Warren Police Dept. - 00070 | | 5,908 |
| State and Community Highway Safety | 20.600 | IDEP/STEP-2019-Warren Police Dept. - 00036 | | 691 |
| National Priority Safety Programs | 20.616 | OVI-2018-Warren Police Dept. - 00012 | | 60,106 |
| National Priority Safety Programs | 20.616 | OVI-2019-Warren Police Dept. - 00006 | | 7,064 |
| Total Highway Safety Cluster | | | | <u>73,769</u> |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 20.608 | IDEP/STEP-2018-Warren Police Dept. - 00070 | | 7,108 |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 20.608 | IDEP/STEP-2019-Warren Police Dept. - 00036 | | 2,180 |
| Subtotal - Minimum Penalties for Repeat Offenders for Driving While Intoxicated | | | | <u>9,288</u> |
| Total U.S. Department of Transportation | | | | <u>3,780,770</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | | |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 78-2-001-1-DS-1118 | | 43,633 |
| <i>Passed Through Trumbull County Health Department:</i> | | | | |
| Public Health Emergency Preparedness | 93.074 | 78-100-12-PH-0918 | | 6,400 |
| Public Health Emergency Preparedness | 93.074 | 78-100-12-PH-1019 | | 4,569 |
| Subtotal - Public Health Emergency Preparedness | | | | <u>10,969</u> |
| Total U.S. Department of Health and Human Services | | | | <u>54,602</u> |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| <i>Direct Programs:</i> | | | | |
| Assistance to Firefighters Grant | 97.044 | EMW-2017-FO-05667 | | 52,884 |
| Staffing for Adequate Fire and Emergency Response | 97.083 | EMW-2015-FH-00597 | | 801,544 |
| Total U.S. Department of Homeland Security | | | | <u>854,428</u> |
| Total Expenditures of Federal Awards | | | <u>\$131,180</u> | <u>\$7,150,731</u> |

The accompanying notes to the Schedule are an integral part of this Schedule.

**CITY OF WARREN
TRUMBULL COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Warren (the City) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note B describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan programs listed below are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at December 31, 2018 consist of:

| CFDA Number | Program/Cluster Name | Outstanding Balance at December 31, 2018 |
|-------------|---|---|
| 14.218 | Community Development Block Grants/Entitlement Grants | \$ 1,312,424 |
| 14.248 | Section 108 Loan Guarantee Program | 859,302 |
| 14.239 | HOME Investment Partnerships Program | 3,742,554 |

NOTE F - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) with REVOLVING LOAN CASH BALANCE

The current cash balance on the City's local program income account as of December 31, 2018 is \$115,909.17

NOTE G - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**CITY OF WARREN
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | Yes |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | Yes |
| (d)(1)(iv) | Were there any material weaknesses in internal control reported for major federal programs? | Yes |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Qualified Section 108 Loan Guarantee Program Unmodified for Community Development Block Grant and Staffing for Adequate Fire and Emergency Response programs |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR § 200.516(a)? | Yes |
| (d)(1)(vii) | Major Programs (list): Community Development Block Grant Section 108 Loan Guarantee Program Staffing for Adequate Fire and Emergency Response | <u>CFDA #</u> 14.218 14.248 97.083 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee under 2 CFR § 200.520? | Yes |

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

FINDING NUMBER 2018-001

Term Repurchase Agreements

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 135.14(E), the treasurer or governing board may also enter into a repurchase agreement with any **eligible institution** mentioned in Ohio Rev. Code § 135.03 or any **eligible dealer** pursuant to Ohio Rev. Code § 135.14(M). (**Eligible institutions**, per Ohio Rev. Code § 135.03, include any national bank, any bank doing business under authority granted by the superintendent of financial institutions, or any bank doing business under authority granted by the regulatory authority of another state of the United States, located in this state.) **Eligible dealers**, per Ohio Rev. Code § 135.14 (M), are financial industry regulatory authority (FINRA), banks, savings bank, or savings and loan associations regulated by the superintendent of financial institutions, or institutions regulated by the comptroller of the currency, federal deposit insurance corporation, or board of governors of the federal reserve system.) In these agreements, the treasurer or governing board purchases, and such institution or dealer agrees unconditionally to repurchase any of the securities listed in division (D)(1) to (5) of § 135.18, except letters of credit described in division (D)(2) are not permitted for repurchase agreements.

The market value of securities subject to an overnight repurchase agreement must exceed the cash invested subject to the repurchase agreement by 2%. A term repurchase agreement may not exceed 30 days and must be marked to market daily.

The City entered into a term repurchase agreement with a bank on August 28, 2018 in the amount of \$2,536,250. The agreement exceeded 30 days and the City did not provide documentation the investment was marked to market daily by the dealer.

The City did not have controls in place to prevent this error.

The City should only enter into term repurchase agreements that do not exceed 30 days. The City should obtain and review daily statements to ensure the investment is marked to market daily by the dealer. The City should revise their agreement with the bank to include a requirement that the investment is marked to market daily by the dealer.

Official's Response: The City will take steps to comply with the requirements of the ORC. Statements are reviewed on a daily basis.

FINDING NUMBER 2018-002

Pledged Collateral

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 135.18(B) indicates if a public depository elects to provide security pursuant to Ohio Rev. Code § 135.18(A)(1), the public depository must pledge eligible securities equal to at least one hundred five per cent.

Ohio Rev. Code § 135.18(C) says “the public depository and the public depositor shall first execute an agreement that sets forth the entire arrangement” which shall:

- meet the requirements of 12 USC 1823(e)
- authorize the public depositor to obtain control of the collateral pursuant to Ohio Rev. Code § 1308.24(D).

Ohio Rev. Code § 135.18(E) says a public depository shall designate a qualified trustee and place the eligible securities with the trustee for safekeeping. The trustee shall:

- hold the eligible securities in an account indicating the public depositor's security interest in the securities, and
- report to the public depositor information relating to the securities pledged to secure the public deposits in the manner and frequency required by the public depositor.

The City had deposits with Chemical Bank in the amount of \$7,044,208 at December 31, 2018. Chemical Bank was not enrolled in the State Treasurer's Ohio Pooled Collateral System, therefore, requiring a specific collateral arrangement as detailed above. The City did not provide a specific pledged collateral agreement with Chemical Bank.

The City did not have controls in place to prevent this error. This also could put the funds on deposit with Chemical Bank at risk if not in compliance with the Ohio Rev. Code requirements.

The City should execute specific collateral agreements with any financial institutions not enrolled in the Ohio Pooled Collateral System. The City should monitor their deposit balances, with their financial institution throughout the year, to help ensure they are collateralized as required.

Official's Response: In the future, the city will take steps to comply with the requirements of the ORC and to see that all investments are collateralized as required by the ORC.

3. FINDINGS FOR FEDERAL AWARDS

1. Federal Reporting - Section 108 Loan Guarantee Program

| | |
|--|--|
| Finding Number: | 2018-003 |
| CFDA Number and Title: | 14.248 Section 108 Loan Guarantee Program |
| Federal Award Identification Number / Year: | 2018 |
| Federal Agency: | U.S. Department of Housing and Urban Development Agency |
| Compliance Requirement: | Reporting Requirement |
| Repeat Finding from Prior Audit? | No |

NONCOMPLIANCE AND MATERIAL WEAKNESS

24 CFR § 570.507(d) Other reports. Recipients may be required to submit such other reports and information as HUD determines are necessary to carry out its responsibilities under the Act or other applicable laws.

On May 26, 2017 the U.S. Department of Housing and Urban Development issued CPD-17-04 clarifying reporting requirements for Section 108 Loan Guarantee recipients. Complete and accurate reporting in IDIS is essential for HUD to provide Congress and the public with information on program accomplishments and to provide oversight of the Section 108 Loan Guarantee Program. Pursuant to 24 CFR § 570.707, Section 108 funds are subject to the State and Entitlement CDBG program regulations, unless superseded. This includes reporting requirements applicable to States (24 CFR § 570.490) and Entitlement communities (24 CFR § 570.507). When Community Development Block Grant (CDBG) grantees, state assisted units of general local government in non-entitlement areas, or their designated public agencies issue debt obligations guaranteed by HUD through the Section 108 Loan Guarantee Program, HUD requires the CDBG grantee to use the Integrated Disbursement and Information System (IDIS) to track the use of Section 108 funds and report accomplishments related to Section 108 loan guarantees.

The City is required to report program income and repayment activities. The City did not use the IDIS to provide reports to HUD. The City did not have adequate controls in place to prevent or detect this error.

The City should familiarize themselves with the requirements of CPD-17-04 and the use the IDIS to report the applicable information to HUD.

Official's Response: City will use the IDIS to provide reports to HUD.



CITY OF WARREN, OHIO

Finance Department

VINCENT S. FLASK
City Auditor

NANCY E. RUGGIERI
Deputy Auditor

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) DECEMBER 31, 2018

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|---|--|------------------------|
| 2017-001 | The City made transfers not specifically approved by City Council. | Corrective Action Taken and Finding is Fully Corrected | |
| 2017-002 | The City did not request reduced amended certificates throughout the year upon notice of decreased resources. | Finding No Longer Valid | |

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CITY OF WARREN, OHIO

Finance Department

VINCENT S. FLASK
City Auditor

NANCY E. RUGGIERI
Deputy Auditor

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Warren, Ohio 44483
Telephone: (330) 841-2586
Fax: (330) 841-2676

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2018

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|-----------------------|---|------------------------------------|-----------------------------------|
| 2018-001 | Will not invest in term purchase agreements longer than 30 days and review daily statements | March 2020 | City Treasurer |
| 2018-002 | city will take steps to comply with the requirements of the ORC and to see that all investments are collateralized as required by the ORC | March 2020 | City Treasurer |
| 2018-003 | City will use the IDIS to provide reports to HUD | January 2020 | Community Development Director |

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CITY OF WARREN, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

PREPARED BY:

CITY AUDITOR'S OFFICE
VINCENT S. FLASK, CITY AUDITOR

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

INTRODUCTORY SECTION

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CITY OF WARREN, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

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CITY OF WARREN, OHIO

Finance Department

VINCENT S. FLASK
City Auditor

NANCY E. RUGGIERI
Deputy Auditor

City Hall
391 Mahoning Avenue
Warren, Ohio 44483
Telephone: (330) 841-2586
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June 27, 2019

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, 2018 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 judgements 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. The Auditor of State’s Office performed the audit for the year ended December 31, 2018. The City continues to receive an unmodified opinion. The Independent Auditor’s Report on the City’s financial statements is included in the Financial Section of this report.

As a part of the City’s independent audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal 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, 2018 provided no instances of material weaknesses in the internal control structure.

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 required 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 Auditor’s Report.

COMMUNITY PROFILE

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

In determining what constitutes the City's reporting entity, criteria established by GASB Statement No. 14 "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61 "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34" 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 services a population of approximately 40,000 residents.

Warren is easily reached by a variety of transportations systems. The City is served by 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 along with a number of rail lines that service local businesses and manufacturing facilities.

The City of Warren and surrounding area offers a vast variety of entertainment, artistic, and cultural opportunities. A city entrenched with historic highlights with an infusion of modern standards. Warren is the official site for the National Packard Museum. The state-of-the-art museum features the deep history of the Packard family, the Packard Motor Car, and other enterprises that contributed to the growth of Warren. Other historical landmarks include the Harriet Taylor Upton House, John Stark Edwards House and Museum and the Sutliff Museum. The updated W.D. Packard Music Hall facility continues to host countless theatrical venues, musical productions, and talented performers from around the world. With a seating capacity of 2,400 and banquet facilities, the venue plays a significant role in the community and hosts visitors from surrounding areas and various age groups. The Warren Amphitheater is another magnificent and modern entertainment facility, located in the beautiful Perkins Park campus that not only adds to the beauty of the city but has grown to become a focal point for entertainment and productions. The Trumbull Art Gallery is a flourishing establishment that displays local and national talent. The gallery continues to be a vibrant highlight for the city and hosts many functions that showcase arts and culture. The Main Warren Trumbull Public Library is showing benefits of its expansion project on Mahoning Ave. across from City Hall. Dave Grohl Alley is another example of an innovative location in the central business district. This tribute site honors the birthplace of a famous musician and native of Warren. The Trumbull County Veteran's Memorial abutting Courthouse Square proudly serves as a magnificent memorial to all war veterans and those who served our country. Displayed are war monuments, engraved bricks, and various tributes to veterans with ties to Trumbull County. The Women's Park is a beautifully landscaped park with walkways, a stone bridge spanning a beautiful brook, and courtyard that honors past and present women who have made a difference in the local community. The First Flight Lunar Module site is a tribute to Neil Armstrong and his famous space career. Mr. Armstrong lived in Warren as a young boy and the monument is a testament to the spirit and courage of children to follow their dreams.

The City of Warren hosts over 260 acres of public parks, a River Walk, bike trails, and other amenities that add to the quality of life for its residents and visitors. The public parks play host to a vast variety of recreational opportunities such as baseball, soccer, tennis, volleyball, biking, running and walking trails, and a place to enjoy pets. A combination of historic and newer pavilions tenders beautiful spaces for family gatherings to picnic and entertain. Most parks are equipped with playground equipment and a manicured environment for a wonderful family oriented setting. The Mosquito Lake and Meander Creek Reservoir are ancillary water attractions that offer a place to boat, swim, fish, and picnic.

Warren benefits from both a comprehensive public school and parochial school system. Warren schools can boast of modern public facilities with state-of-the-art resources and a top notch curriculum, not to mention a variety of outstanding athletic programs. Advanced education can be pursued locally via the Kent State University Branch as well as the Trumbull Career & Technical Center. Within driving distance is Eastern Gateway Community College and Youngstown State University, Kent State University (Main Campus), Hiram College, University of Akron, and John Carroll University. All accredited colleges that offer four year degrees plus advanced degree programs. Employment opportunities are supplemented by the State of Ohio One Stop Employment program.

PROFILE OF 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 and is responsible for administering the policies and ordinances adopted by the City Council, for overseeing the day-to-day operations of the City, and for appointing the superintendents of various departments. The 11 members of the City Council are elected every 2 years with one serving as the President of Council. Council members serve as the legislative and 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 administration 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 and that appropriations are sufficient and 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 9,000 manufacturing plants, 9,400 wholesale distribution centers and 17 Fortune 500 corporate world headquarters are located within 100 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 medical field along with automotive and associated systems, wholesale and retail distribution, as well as education, 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 the tax base despite a transition of workforce demographics.

The City's economic development team possesses significant resources to assist the establishment, expansion, or relocation of any business. Spearheaded by the City's Community Development Department, in partnership with agencies such as Warren Redevelopment and Planning (WRAP), The Western Reserve Port Authority, Mahoning Valley Economic Development Corporation, the Regional Chamber, and others, support is available with regard to site selection, financial and tax abatement assistance, business plan development, and other associated issues. Growth taking place in Warren and the surrounding metropolitan area represents positive economic trends that are expected to continue into the future.

Downtown Warren is the home of the Tech Belt Energy Innovation Center (TBEIC), a government funded energy incubator aimed at development and commercialization of early stage energy technology.

Warren continues its program of site visits to existing companies within the City that focuses 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 a number of small to mid-sized manufacturing firms. In addition, Eastgate Technology Center located on the City of Warren's east side accommodates innovative high tech corporations.

Progress continues with the EDA planning grant received in 2016 to develop a plan for infrastructure improvements and the Golden Triangle project is moving forward - partnering with the County Commissioners, the County Engineer, Howland Township, and Eastgate Council of Governments the project is on pace to significantly improve the infrastructure in that area. The implementation of the plan began in 2017 and the Dietz Road reconstruction is currently under way and will be completed in 2019. This is an extremely important manufacturing district to our communities. The manufacturing cluster located in the Golden Triangle is the second largest in the Mahoning Valley behind only Lordstown, and consists of over 35 companies employing thousands of residents. The multiplier effect shows almost 10,000 local jobs supported by these companies.

The former Delphi Packard facility on Dana Street saw an unexpected legal delay to its planned transformation in 2017. However, the project is back on track with plans to rehabilitate the facility and add hundreds of jobs.

Also in the Golden Triangle Tecnocap has announced its plans for an expansion project which would also add new jobs and Novelis Industries announced a \$4.5 million investment in their Warren plant for new machinery and equipment.

Since 2002, over \$2.5 million has been spent on the construction of the Warren Riverwalk campus, including an outdoor amphitheater, festival promenade, multi-purpose event area, and the exterior restoration of the Kinsman House and Land Office. The previous interior restoration of the Kinsman House with construction of two accessible restrooms and an elevator now allows for better public use of this historic facility. The construction of the Riverwalk Stage House at the Warren Community Amphitheatre was included allowing for several events annually having attendance in excess of 4,000 people. This project, together with ancillary recreational facilities, provides first-class entertainment and cultural opportunities for residents and visitors alike. In addition to a series of concerts at the Amphitheater, other festivals and events in 2018 provided weekly entertainment throughout the summer and into the fall.

The city of Warren was host to 285 events in 2018 - Rock at the Amp series, African American Festival, Italian American Festival, Warren Farmers Market, Relay for Life, Welcome Home Warren, Taste of Warren, Rooftop Reunion, Oktoberfest and others including Christmas in the Square drawing over 2,500 people to Downtown Warren.

And in 2018 construction of a new elevator and other amenities were completed at the Packard Music Hall allowing for improved accessibility to the facility.

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 completed several housing projects over the years such as the \$9.5 million acquisition and rehab of 188 units at the Warren Heights Apartments on the City's north end, the \$12.5 million acquisition and rehab of 150 units at the Hampshire House Apartments on the City's southwest side, the Morgandale project consisting of 10 units of senior housing, the \$9 million senior housing project on the City's west side and the YWCA was granted assistance to develop 12 units of permanent supportive housing in their building.

FINANCIAL POLICIES AND LONG-TERM FINANCIAL PLANNING

One decade after the great recession the City finds itself stabilizing with the help of its residents approving an additional ½ percent to its income tax base annually that began in 2017. The City continues to explore options for reducing expenses and generating additional revenue. These actions are a function of the City's longstanding budget review policies set in place to ensure that the general fund expenditure levels are timely adjusted consistent with available and anticipated resources. The budget is the primary planning tool utilized to ensure that the City has sufficient resources to meet its operation and capital improvement requirements. The City's budgetary control program begins prior to the fiscal year with the preparation of a detailed specific –use budget based on line item justification by department heads. Budget performance reports are prepared and reviewed monthly by the finance department, deviations from budget are noted, and reports are submitted to department heads. Problem areas are anticipated and appropriate adjustments are made with a compromise of a budget and management considerations.

In conjunction with a vigorous budget review process to eliminate extraneous expenses, the City continues to be aggressive in applying for grants and has two full time employees dedicated to the grant writing process. The City contracts with a collection agency to assist in the collection of outstanding money owed to the City. In addition, the City has contracted with the City of Cleveland to ensure the City's taxpayers are in compliance with the City tax code which has improved income tax collections since its inception.

MAJOR INITIATIVES - CURRENT AND FUTURE PROJECTS

Throughout 2018, a number of projects were initiated enabling the City to operate with increased efficiency as well as compete for commercial, industrial and residential development promoting an atmosphere conducive for job retention, growth and residential investments.

PUBLIC SAFETY

Fire

The Warren City Fire Department has hired 25 new firefighters since the inception of the ½ percent tax increase which has allowed us to staff and maintain three fire stations. The City did not experience a fatal fire during the calendar year 2018. The Fire Department received an Assistance to Firefighter's Grant in the amount of \$69,000 to purchase workout equipment which included treadmills, stair climbers, and weights.

The Fire Department also received a State Workman/s Compensation Grant in the amount of \$12,000 to purchase protective equipment for all 65 firefighters. The Fire Department is currently pursuing another federal grant in hopes to be awarded a new fire engine.

Police

The Police Department has been approved for two C.O.P.S. grants that have allowed the department to hire a total of 5 additional officers. Two additional officers have been assigned as School Resource Officers in the Warren City Schools bringing the total number to 6. Two of these officers are assigned to Warren Harding High School and the four others are assigned to each of the four elementary schools. Three additional officers have been assigned to bolster our current staffing in our Street Crimes Unit bringing the unit's staffing up to 8. The department continually applies for and was recently awarded \$2,550 in 2018 to equip patrol officers with body armor through the Bulletproof Vest Partnership. Monies collected through drug forfeitures has funded the purchase of ammunition, Tasers, firearms, mobile video recorders, surveillance equipment, bullet proof vests and other much needed equipment. A recently passed ½ percent income tax increase has assisted in the hiring of 11 police officers in 2018 which brings total staffing in the department to 70. The Police Department will receive a \$40,000 reimbursement from the Ohio Attorney General's Office for the purchase of bulletproof vests for the Tactical Entry Team. Through participation in the Law Enforcement Support Organization (LESO) program, the police department has acquired at no cost a variety of police equipment such as flash lights, firearms parts, firing range equipment and one unmarked vehicle.

PUBLIC WORKS

An ordinance for the purpose of enacting the fourth and final five dollar (\$5) Motor Vehicle License Tax was passed by City Council in May of 2016. This fee generates approximately \$157,000 annually for maintenance of City streets

The City Hall historical renovations continued its engineering and design work and \$500,000.00 was spent to resurface neighborhood streets.

The City continues its commitment to improving Warren streets, especially the main arteries into our City. With the Parkman Road project recently completed, next up was the \$2.3 million resurfacing of Elm Road and the \$4 million reconstruction of Youngstown Road completed in 2018.

UTILITY SERVICES

At Water Pollution Control, design and construction of many projects are being initiated in two broad categories: the Wastewater Treatment Plant & Pump Stations is the first; the Sanitary Sewer Collection System is the second. The first of three phases of projects for the Plant and Pump Stations Refurbishment is currently in design with a \$2.5 million dollar loan. Construction of that first phase is scheduled to be bid by the end of 2019 and has been pre-approved for a construction loan of \$21.05 million. Seven sanitary sewer projects are in various stages of design or construction. The three largest projects, all in design and near Courthouse Square, will total over \$3.1 million to be paid by loans that have already been pre-approved. Construction of all three of these projects should start in 2020.

The City of Warren's Water Department purchased several new vehicles and trucks for the replacement of aging and higher maintenance vehicles within the department's fleet.

2018 presented a total of 117 water main breaks within the system. An average of 12.3 million gallons per day of treated water was pumped into the distribution system for use in 2018. A 15% increase over 2017 was attributed to Lordstown Energy Center starting production and becoming the City's largest customer.

Lead and copper testing was done throughout the City in 2018 and none of the samples tested above the Ohio EPA action levels demonstrating effective treatment and management at our filtration plant.

Our Distribution, Customer Service, and Collectors have made great strides by utilizing GIS technology on iPads within the field for assistance with utility location services and mapping allowing for a more efficient workforce within the department.

ENVIRONMENTAL SERVICES

The Environmental Services Department provides automated residential trash service to all residents of the City of Warren and continues to be pro-active in increasing its customer base by offering residential service to those outside the City limits providing they have a current water account. In addition, the department has seen a steady increase in commercial service customers and revenue growth from roll-off rentals.

Information Technology

The Information Technology department began the groundwork and development of several major projects. With regards to Municipal Major Application software, a migration path from locally hosted to a Cloud based (SaaS) platform was explored and set. This direction expands our open platform concept and will provide enhanced functionality such as more comprehensive in-field device use, additional data security, reduce/eliminate platform hardware upgrade requirements, and expand the distribution of shared applications. Full implementation will be completed in 2019. A new City Web Page design began to take shape that includes a more modern look, feel, and navigation. Equally important was upgrading the content manager so persistent changes were not so cumbersome. The quest for a new solution management software targeted at Permitting, Inspections, Code Enforcement, Parcel Management, Licensing, Certification, and other areas made serious headway in 2018. We now plan on implementing a comprehensive solution for citywide use. GIS mapping took shape with Water, Sewer, and Storm Water related assets plotted and distributed in-field. There are significant plans to integrate third party solutions using the GIS base layer to expand the investment.

DOWNTOWN WARREN

In the historic district just blocks from Courthouse Square the Akron Children's Hospital facility offers modern technology coupled with an architecturally pleasing structure. The Warren-Trumbull County Public Library is a city landmark that contributes significant quality of life to the local citizens and a planned expansion is underway that will add even more offerings to the community. City Hall is another well-known landmark with a significant history. Interior and Exterior preservation of the campus area has also begun in order to preserve and facilitate the ongoing functionality of the buildings and grounds. The Kinsman House, located near City Hall, has incurred exterior and interior restorations to include handicap accessible restrooms and an elevator. Plans are underway to extend the seating of the Warren Amphitheater while improving handicap accessibility. The Mahoning Building is one of many downtown buildings experiencing a complete renovation with aspirations of attracting residential and commercial occupancy. The Trumbull Art Gallery recently had the grand opening for their new pottery/clay and painting facility in the lower level of the gallery where classes will be taught to promote the arts. Thom Duma Jewelry completed another renovation to add to the beautiful façade improvements. The Atrium Building has expanded operations with the addition of 27 employees into the site. New business includes Nova Coffee House and INFI LLC. A rehab project is underway to convert a vacant radio station building into upscale condo living spaces. The "Ed's and Med's Corridor" is being bolstered by commitment and investments from the local hospitals. In addition to renovations of existing sites, vacant and unsightly structures are being demolished to make way for potential new business while removing blight. Block Grant funding has been earmarked/utilized for the demolition of 22 commercial structures.

GENERAL GOVERNMENT

In year two of collecting an additional 5 year .5 % income tax, an additional \$1.8 million dollars was collected in the general fund above the previous year, a total of \$4.5 million above 2016, allowing Warren to strengthen its safety forces and improve its City streets. In its upward momentum, the City also added 1,107 new tax accounts in 2018.

The operating changes at the Packard Music Hall stabilized its subsidy at \$250,000 annually. As a result of such the Packard Music Hall has performed above expectations and is becoming a destination point not only for city residents but for visitors from outside our community.

The downtown revitalization efforts continue to take place with both residential and commercial investments from both local and outside investors.

A number of City offices continue to occupy the new Warren Government Center on East Market Street as originally planned. The Social Security Administration Offices and other various social service agencies add stability to Warren's long term real-estate investment. Directly across the street is the new Veterans Resource Center recently opened to serve the veterans of the community.

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, dedication, and coordination of this project. I would also like to acknowledge the assistance provided by the staff of Julian & Grube, Inc. Their guidance and professionalism was invaluable and greatly appreciated.

I would like to acknowledge the efforts of our state auditors. Thanks to Erik Holesko and his team 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 staff 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.

Respectfully submitted



Vincent S. Flask

CITY OF WARREN
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2018

ELECTED OFFICIALS

Executive Branch:

| | |
|--------------|---------------------|
| Mayor | William D. Franklin |
| Auditor | Vincent S. Flask |
| Treasurer | John Homlitas |
| Law Director | Gregory V. Hicks |
| Judge | Thomas Gysegem |
| Judge | Terry Ivanchak |

Legislative Branch:

| | |
|---------------------------------------|-----------------|
| Council Member – Council President | James Graham |
| Council Member – 1 st Ward | Larry Larson |
| Council Member – 2 nd Ward | Alford Novak |
| Council Member – 3 rd Ward | John Brown, Jr. |
| Council Member – 4 th Ward | Mark Forte |
| Council Member – 5 th Ward | Ken MacPherson |
| Council Member – 6 th Ward | Cheryl Saffold |
| Council Member – 7 th Ward | Eugene Mach |
| Council Member – At-Large | Eddie Colbert |
| Council Member – At-Large | Helen Rucker |
| Council Member – At-Large | Daniel Sferra |

APPOINTED OFFICIALS

Department of Public Safety:

| | |
|---------------------------|----------------------|
| Director of Public Safety | Enzo C. Cantalamessa |
| Police Chief | Eric Merkel |
| Fire Chief | Kenneth Nussle |

Department of Public Service:

| | |
|-------------------------------------|----------------------|
| Director of Public Service | Enzo C. Cantalamessa |
| Deputy Health Commissioner | Robert Pinti |
| Director of Engineering | Paul Makosky |
| Director of Water Utilities | Franco Lucarelli |
| Director of Water Pollution Control | Edward Haller |
| Director of Environmental Services | Leann O'Brien |
| Director of Community Development | Michael Keys |

CITY OF WARREN, OHIO

ADMINISTRATIVE

MAYOR

CIVIL SERVICE COMMISSION

Members
Civil Service Secretary

MUNICIPAL COURT

Presiding Admin. Judge
Muni. Judge

- Court Admin./Magistrate
- Clerk of Muni. Ct.
- Chief Bailiff
- Deputy Bailiff
- Chief Deputy Clerk
- Probation Officer
- Administrative Assistant
- Coll./Dep. Bailiff/Clerk
- Statistician Clerk
- Ct Reporter/Muni Ct. Legal Sec'y
- Deputy Muni Clerk II
- Senior Acct/Dep. Clerk
- P.T. Prob. Off./Dep Bailiff
- Deputy Clerk/D.V.A.
- Deputy Clerk/P.T./D.V.A.

BOARD OF HEALTH

Health Commissioner
Deputy Health Commissioner

- Registrar
- Super. of Public Health
- Sanitarian Supervisor
- Food Program Coord.
- Sanitarian III
- Envir. Health Cler. Coord.
- Vital Stats Clerk
- Code Inspector
- Public Health Clinician

SAFETY & SERVICE DIRECTOR

HUMAN RESOURCES

Director of Human Res.
Personnel Supervisor
Executive Secretary I

- Admin. Assistant
- Exec. Secretary II

FINANCE DEPT.

Auditor

- Deputy Auditor
- Senior Accountant
- Accountant II
- Accountant I
- Financial Secretary

INCOME TAX

Treasurer

- Tax Administrator
- Invest./Auditor
- Cashier/Auditor

LAW DEPT.

Law Director

- Deputy Law Director
- Assistant Law Dir.
- Exec. Legal Sec. II
- Legal Sec.
- Assistant Legal Sec.

POLICE DEPARTMENT

Police Chief

- (Civilian Div.)
 - Office Supervisor
 - Police Support Tech.
 - Animal Warden
- (Uniform Div.)
 - Captains
 - Lieutenants
 - Sergeants
 - Police Officers

FIRE DEPARTMENT

(Uniform Div.)
Fire Chief

- (Civilian Div.)
 - Exec. Secretary
 - Heavy Equip. Mech.
- Assistant Chief
- Captains
- Lieutenants
- Firefighters

OPERATIONS DEPARTMENT

- (Operations Maint.)
 - Operations Super.
 - Master Skilled Maint.
 - Skilled Maint.
 - Heavy Equip. Mech.
 - Welder/Metal Fab.
 - Automotive Mech.
- (Operations Streets)
 - Parks & Street Supt.
 - Foreman
 - Section Leader
 - Equipment Operator IV
 - Equipment Operator II
 - Equipment Operator I
 - Labor II
 - Secretary
 - Clerk Typist

DATA PROCESSING

Manager of Data Proc.
Data Proc. Coordinator
Info. Technology Syst. Tech.

ENG., PLNG. & BLDG

Director of E, P & B
Office Supervisor
Planning Coordinator

- Engineering Aide IV
- Engineering Aide III
- Engineering Aide II
- Engineering Aide I
- Building Official
- Building Inspector
- Electrical Inspector
- Plumbing Inspector

COMMUNITY DEVELOPMENT

Executive Director

- Urban Design & Grants Coord
- Accountant
- Program Specialist
- Program Coordinator

ENVIRONMENTAL SERVICES

Manager

- Secretary
- Foreman
- Heavy Equip. Mech.
- Auto Mechanic
- Env. Serv. Oper. II
- Env. Serv. Oper. I

WATER POLLUTION CONTROL

Director of W.P.C.
W.P.C. Superintendent

- (Plant)
 - Plant Superintendent
 - Oper. Supervisior
 - Project Manager
 - Maint. Supervisor
 - Laboratory Sup.
 - Utl. Plant Shift Leader
 - Assistant Chemist
 - Pumping Station Mech.
 - Utility Plant Operator II
 - Maint. Electrician
 - Maint. Mechanic III
 - Maint. Mechanic II
 - Laborer II
 - Secretary
- (Water Service)
 - Water Serv. Superv.
 - Cross Conn. Tech.
 - Water Serviceman
 - Water Dist. Tech.
 - Customer Service Rep.
 - Meter Reader
 - Utility Serv. Rep.
 - Serv. Rep. Clerk
- (Office)
 - Office Manager
 - Consumer Service Rep.
 - Cashier
 - Data Entry Operator
 - General Clerks
- (Storm)
 - Sec. Leader
 - Equip. Operator IV
 - Equip. Operator I
 - Laborer II
- (Sanitary)
 - Foreman
 - Sec. Leader
- (Plant)
 - Chief Operator
 - Ind. Pret. Coord.
 - Plant Operator
 - Plant Alternate
- (Office)
 - Accounting Coord.
 - Net System Super.
 - Computer Tech.
 - Executive Secretary I
 - Clerk Typist
- (Lab)
 - Chemist
 - Asst. Chemist
- (Labor)
 - Laborer II
 - Laborer I
- (Bio Solids)
 - Bio Solids Manager
 - Bio Solids Sales Rep.
 - Bio Solids Proc. Tech.
 - Equipment Oper I
- (Grants)
 - Grants Director
 - Grants Writer

Organization Chart



Government Finance Officers Association

Certificate of
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Reporting

Presented to

City of Warren
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Executive Director/CEO

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FINANCIAL SECTION

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Canton, Ohio 44702-1509
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EastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

To the Honorable Mayor and City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warren, Trumbull County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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, 2018, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City'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 present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Keith Faber
Auditor of State

Columbus, Ohio

June 27, 2019

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CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (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, 2018. 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 2018 are as follows:

- The total net position of the City increased \$3,830,926. Net position of governmental activities increased \$5,125,650 or 26.45 % from 2017's restated net position and net position of business-type activities decreased \$1,294,724 or 5.73% from 2017's restated net position. See Note 3 in the notes to the basic financial statements for details on the restatement to net position.
- General revenues and transfers accounted for \$25,597,006 or 65.94% of total governmental activities revenue. Program specific revenues accounted for \$13,223,178 or 34.06% of total governmental activities revenue.
- The City had \$33,694,534 in expenses related to governmental activities; \$13,223,178 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$25,685,546 covered the remaining expenses of \$20,471,356.
- The general fund had revenues of \$29,335,307 in 2018. This represents an increase of \$2,179,741 or 8.03% from 2017 revenues. The expenditures and other financing uses of the general fund, which totaled \$27,136,440 in 2018, increased \$1,394,152 or 5.42% from 2017. The net increase in fund balance for the general fund was \$2,198,867 in 2018.
- The general capital projects fund, a major governmental fund, had revenues and other financing sources of \$6,252,201 in 2018. Expenditures in 2018 totaled \$5,950,060 and the fund balance at the end of the year was \$878,397.

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 position 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, 2018 (UNAUDITED)

Reporting the City as a Whole

Statement of Net Position 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 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 *position* and changes in that position. This change in net position 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 position 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, downtown parking, city redevelopment, and stormwater utility are reported here.

The City's statement of net position and statement of activities can be found on pages 25-27 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 16.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

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.

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 general capital projects 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 29-35 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, 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 36-45 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 46 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 47-104 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability. The required supplementary information can be found on pages 106-118 of this report.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table that follows provides a summary of the City's net position for 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2018 | Restated 2017 | 2018 | Restated 2017 | 2018 | Restated 2017 |
| <u>Assets</u> | | | | | | |
| Current and other assets | \$ 29,764,806 | \$ 24,702,016 | \$ 12,212,617 | \$ 14,165,977 | \$ 41,977,423 | \$ 38,867,993 |
| Capital assets, net | <u>61,595,031</u> | <u>58,751,938</u> | <u>44,157,654</u> | <u>43,286,914</u> | <u>105,752,685</u> | <u>102,038,852</u> |
| Total assets | <u>91,359,837</u> | <u>83,453,954</u> | <u>56,370,271</u> | <u>57,452,891</u> | <u>147,730,108</u> | <u>140,906,845</u> |
| <u>Deferred outflows of resources</u> | | | | | | |
| Unamortized deferred charges | 63,351 | 67,574 | - | - | 63,351 | 67,574 |
| Pension | 4,480,794 | 7,651,259 | 1,836,167 | 4,381,186 | 6,316,961 | 12,032,445 |
| OPEB | <u>2,167,699</u> | <u>98,968</u> | <u>367,425</u> | <u>67,217</u> | <u>2,535,124</u> | <u>166,185</u> |
| Total deferred outflows of resources | <u>6,711,844</u> | <u>7,817,801</u> | <u>2,203,592</u> | <u>4,448,403</u> | <u>8,915,436</u> | <u>12,266,204</u> |
| <u>Liabilities</u> | | | | | | |
| Current liabilities | 2,771,042 | 2,669,177 | 1,985,932 | 1,250,320 | 4,756,974 | 3,919,497 |
| Long-term liabilities: | | | | | | |
| Due within one year | 2,315,024 | 2,264,016 | 3,025,003 | 2,861,533 | 5,340,027 | 5,125,549 |
| Net pension liability | 26,731,438 | 31,594,305 | 7,407,631 | 11,364,557 | 34,139,069 | 42,958,862 |
| Net OPEB liability | 22,927,197 | 20,276,689 | 4,954,215 | 4,872,590 | 27,881,412 | 25,149,279 |
| Other amounts | <u>11,713,586</u> | <u>11,613,302</u> | <u>17,234,261</u> | <u>18,688,519</u> | <u>28,947,847</u> | <u>30,301,821</u> |
| Total liabilities | <u>66,458,287</u> | <u>68,417,489</u> | <u>34,607,042</u> | <u>39,037,519</u> | <u>101,065,329</u> | <u>107,455,008</u> |
| <u>Deferred inflows of resources</u> | | | | | | |
| Property taxes | 1,073,232 | 1,047,908 | - | - | 1,073,232 | 1,047,908 |
| Pension | 4,706,997 | 2,429,982 | 2,128,641 | 281,962 | 6,835,638 | 2,711,944 |
| OPEB | <u>1,331,139</u> | <u>-</u> | <u>551,091</u> | <u>-</u> | <u>1,882,230</u> | <u>-</u> |
| Total deferred inflows of resources | <u>7,111,368</u> | <u>3,477,890</u> | <u>2,679,732</u> | <u>281,962</u> | <u>9,791,100</u> | <u>3,759,852</u> |
| <u>Net position</u> | | | | | | |
| Net investment in capital assets | 55,619,553 | 52,287,647 | 25,470,873 | 23,698,307 | 81,090,426 | 75,985,954 |
| Restricted | 13,210,855 | 12,919,289 | - | - | 13,210,855 | 12,919,289 |
| Unrestricted (deficit) | <u>(44,328,382)</u> | <u>(45,830,560)</u> | <u>(4,183,784)</u> | <u>(1,116,494)</u> | <u>(48,512,166)</u> | <u>(46,947,054)</u> |
| Total net position | <u>\$ 24,502,026</u> | <u>\$ 19,376,376</u> | <u>\$ 21,287,089</u> | <u>\$ 22,581,813</u> | <u>\$ 45,789,115</u> | <u>\$ 41,958,189</u> |

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$39,554,097 to \$19,376,376 for governmental activities and \$27,387,186 to \$22,581,813 for business-type activities.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the City's assets and deferred outflows of resources were greater than liabilities and deferred inflows of resources by \$45,789,115, an increase of 8.37% from 2017.

While the City has experienced a loss in revenue over the past several years from cuts in the Local Government Fund intergovernmental state revenue and the elimination of Ohio's estate tax beginning in 2013, grants and entitlements not restricted to specific programs were up in 2018. The City's income tax withholdings were up from individual and business current and prior returns based off an additional 0.5% income tax that began in 2017 and did not see the full effect until 2018. Liabilities decreased for the governmental activities and business-type activities decreased, mostly due to an increase in the net pension liability.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 71.59% of total assets. Capital assets include land, easements, construction in progress (CIP), land improvements, buildings and improvements, computer software, furniture and equipment, vehicles and infrastructure. The City's net investment in capital assets at December 31, 2018, was \$55,619,553 and \$25,470,873 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.

A portion of the City's net position, \$13,210,855, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$48,512,166.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**

The following table shows the changes in net position for 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.

| | Change in Net Position | | | | | |
|---------------------------------------|-------------------------------|-------------------------|-----------------------------|-------------------------|-------------------|-------------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | <u>2018</u> | Restated <u>2017</u> | <u>2018</u> | Restated <u>2017</u> | <u>2018</u> | Restated <u>2017</u> |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 3,763,198 | \$ 3,684,743 | \$ 24,424,457 | \$ 24,832,369 | \$ 28,187,655 | \$ 28,517,112 |
| Operating grants and contributions | 3,452,997 | 3,787,700 | - | - | 3,452,997 | 3,787,700 |
| Capital grants and contributions | <u>6,006,983</u> | <u>1,831,422</u> | <u>440,207</u> | <u>202,016</u> | <u>6,447,190</u> | <u>2,033,438</u> |
| Total program revenues | <u>13,223,178</u> | <u>9,303,865</u> | <u>24,864,664</u> | <u>25,034,385</u> | <u>38,087,842</u> | <u>34,338,250</u> |
| General revenues: | | | | | | |
| Property taxes | 1,053,071 | 1,337,229 | - | - | 1,053,071 | 1,337,229 |
| Income taxes | 21,345,452 | 18,091,853 | - | - | 21,345,452 | 18,091,853 |
| Unrestricted grants and entitlements | 2,336,729 | 1,974,260 | - | - | 2,336,729 | 1,974,260 |
| Investment earnings | 260,018 | 125,442 | 12 | - | 260,030 | 125,442 |
| Increase in fair value of investments | 12,050 | 5,522 | - | - | 12,050 | 5,522 |
| Miscellaneous | <u>678,226</u> | <u>579,992</u> | <u>475,516</u> | <u>217,224</u> | <u>1,153,742</u> | <u>797,216</u> |
| Total general revenues | <u>25,685,546</u> | <u>22,114,298</u> | <u>475,528</u> | <u>217,224</u> | <u>26,161,074</u> | <u>22,331,522</u> |
| Total revenues | <u>38,908,724</u> | <u>31,418,163</u> | <u>25,340,192</u> | <u>25,251,609</u> | <u>64,248,916</u> | <u>56,669,772</u> |

-Continued

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**

Change in Net Position (Continued)

| | Governmental | | Business-type | | Total | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2018 | Restated 2017 | 2018 | Restated 2017 | 2018 | Restated 2017 |
| Expenses: | | | | | | |
| General government | \$ 7,128,383 | \$ 7,193,770 | \$ - | \$ - | \$ 7,128,383 | \$ 7,193,770 |
| Security of persons and property | 17,604,592 | 15,589,381 | - | - | 17,604,592 | 15,589,381 |
| Public health and welfare | 841,137 | 780,424 | - | - | 841,137 | 780,424 |
| Transportation | 3,714,265 | 3,560,975 | - | - | 3,714,265 | 3,560,975 |
| Community environment | 1,758,730 | 1,824,742 | - | - | 1,758,730 | 1,824,742 |
| Leisure time activity | 966,023 | 689,808 | - | - | 966,023 | 689,808 |
| Economic development | 1,471,834 | 1,792,666 | - | - | 1,471,834 | 1,792,666 |
| Interest and fiscal charges | 209,570 | 321,509 | - | - | 209,570 | 321,509 |
| Sewer | - | - | 8,773,308 | 7,964,421 | 8,773,308 | 7,964,421 |
| Water | - | - | 13,082,604 | 12,690,692 | 13,082,604 | 12,690,692 |
| Sanitation | - | - | 4,020,987 | 3,733,769 | 4,020,987 | 3,733,769 |
| City Redevelopment | - | - | 277,699 | 314,064 | 277,699 | 314,064 |
| Downtown Parking | - | - | 139,892 | 162,080 | 139,892 | 162,080 |
| Stormwater Utility | - | - | 428,966 | 603,721 | 428,966 | 603,721 |
| Total expenses | <u>33,694,534</u> | <u>31,753,275</u> | <u>26,723,456</u> | <u>25,468,747</u> | <u>60,417,990</u> | <u>57,222,022</u> |
| Change in net position before transfers | 5,214,190 | (335,112) | (1,383,264) | (217,138) | 3,830,926 | (552,250) |
| Transfers | <u>(88,540)</u> | <u>142,734</u> | <u>88,540</u> | <u>(142,734)</u> | <u>-</u> | <u>-</u> |
| Change in net position | 5,125,650 | (192,378) | (1,294,724) | (359,872) | 3,830,926 | (552,250) |
| Net position at beginning of year (restated) | <u>19,376,376</u> | <u>N/A</u> | <u>22,581,813</u> | <u>N/A</u> | <u>41,958,189</u> | <u>N/A</u> |
| Net position at end of year | <u>\$ 24,502,026</u> | <u>\$ 19,376,376</u> | <u>\$ 21,287,089</u> | <u>\$ 22,581,813</u> | <u>\$ 45,789,115</u> | <u>\$ 41,958,189</u> |

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$166,185 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$2,289,158.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

| | Governmental Activities | Business-Type Activities |
|--|----------------------------|-----------------------------|
| Total 2018 program expenses under GASB 75 | \$ 33,694,534 | \$ 26,723,456 |
| OPEB expense under GASB 75 | 1,945,156 | 344,002 |
| 2018 contractually required contributions | 40,811 | 2,922 |
| Adjusted 2018 program expenses | 35,680,501 | 27,070,380 |
| Total 2017 program expenses under GASB 45 | 31,753,275 | 25,468,747 |
| Increase in program expenses not related to OPEB | \$ 3,927,226 | \$ 1,601,633 |

Governmental Activities

Governmental activities net position increased \$5,125,650 in 2018, after decreasing \$192,378 in 2017. Expenses, including health care costs, fuel, and road salt, increased while program revenues and general revenues increased.

Total revenues increased \$7,490,561 or 23.84%. Capital grants and contributions consist of grant revenue from the Ohio Department of Transportation (ODOT) and Ohio Public Works Commission (OPWC) for road construction and repair projects and private donations for an elevator project at the Packard Music Hall. The decrease in operating grants and contributions is mostly due to a decrease in grant funding for the City's community development block grant programs and street programs. Miscellaneous revenues consist of refunds and reimbursements, which were received from various sources in 2018 and 2017. During 2018, the City's investment earnings increased over 2017 as a result of better interest rates and maturing investments. Income tax collections continued to increase due to the 0.5 % additional income tax levy that began January 1, 2017.

In total, 2018 expenses increased \$1,941,259 or 6.11%, due to an increase in the overall cost of City operations. 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 \$17,604,592 and \$15,589,381 of the total expenses of the City during 2018 and 2017, respectively. These expenses were partially funded by \$1,320,428 in 2018 compared to \$1,343,467 in 2017 in direct charges to users of the services. Security of persons and property expenses primarily increased during 2018 as a result of \$1,871,622 in expenses related to the increase in Ohio Police and Fire net pension liability, net OPEB liability, and related deferred inflows and outflows of resources. Transportation expenses, which mainly consist of repair and upkeep of the City's roads, totaled \$3,714,265 during 2018 and \$3,560,975 during 2017. In 2018, these expenses were funded by charges for services and operating and capital grants and contributions.

In total, operating grants and contributions and capital grants and contributions were \$3,452,997 during 2018, compared to \$3,787,700 during 2017. These revenues are restricted to a particular program or purpose. \$2,134,069 or 61.80% of the total grants and contributions subsidized transportation programs in 2018.

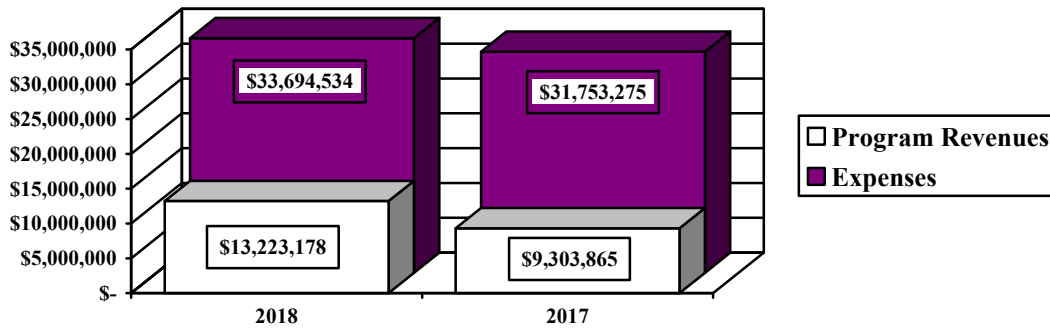
General revenues totaled \$25,685,546 and amounted to 66.01% of total governmental revenues during 2018. These revenues primarily consist of property and income tax revenue of \$22,398,523. The other primary source of general revenues is grants and entitlements not restricted to specific programs, which includes local government and local government revenue assistance, making up \$2,336,729. These revenues sources combine for 6.01% of total governmental revenues.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**

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 following graph, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses



The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other general revenues.

Governmental Activities

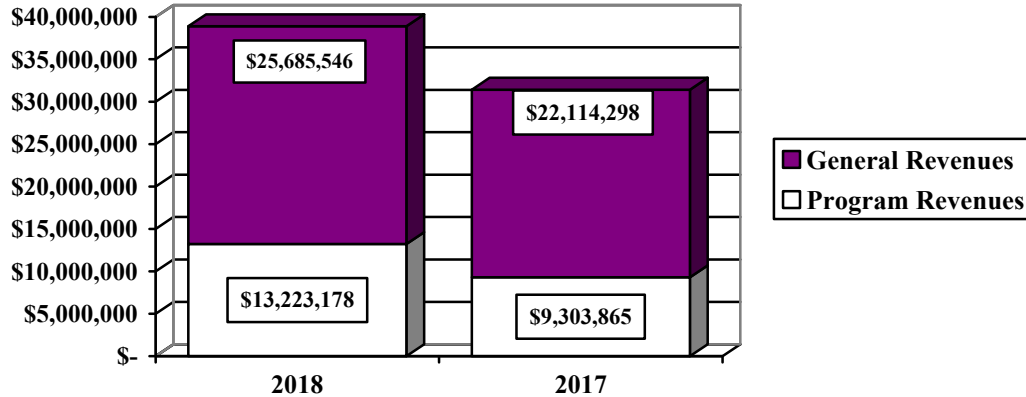
| | Total Cost of Services 2018 | Net Cost of Services 2018 | Total Cost of Services 2017 | Net Cost of Services 2017 |
|----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Program Expenses: | | | | |
| General government | \$ 7,128,383 | \$ 5,168,713 | \$ 7,193,770 | \$ 5,899,683 |
| Security of persons and property | 17,604,592 | 16,209,608 | 15,589,381 | 14,174,322 |
| Public health and welfare | 841,137 | 707,872 | 780,424 | 671,848 |
| Transportation | 3,714,265 | (3,730,487) | 3,560,975 | (349,355) |
| Community environment | 1,758,730 | 972,437 | 1,824,742 | 1,063,324 |
| Leisure time activity | 966,023 | 921,944 | 689,808 | 626,337 |
| Economic development | 1,471,834 | 11,699 | 1,792,666 | 41,742 |
| Interest and fiscal charges | 209,570 | 209,570 | 321,509 | 321,509 |
| Total | \$ 33,694,534 | \$ 20,471,356 | \$ 31,753,275 | \$ 22,449,410 |

The dependence upon general revenues for governmental activities is apparent, with 60.76% and 70.70% of expenses supported through taxes and other general revenues in 2018 and 2017, respectively.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**

Governmental Activities - General and Program Revenues



Business-type Activities

Business-type activities include the sewer, water, sanitation, downtown parking, city redevelopment, and stormwater enterprise funds. In 2018 and 2017, these programs had program revenues of \$24,864,664 and \$25,034,385, respectively, and general revenues of \$475,528 and \$217,224, respectively. Total revenues for 2018 were \$25,340,192, which represents a slight increase from 2017 revenues of \$25,251,609. This increase is a result of an increase in utility collections.

Business-type activities received \$440,207 in capital contributions from OPWC for the phase I and II of the Star Allotment phase I and II sanitary and storm sewer project.

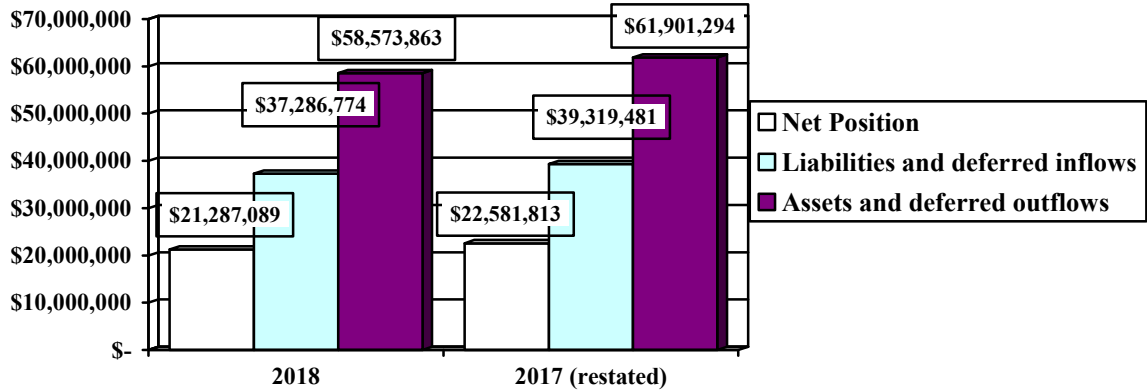
Total expenses for business-type activities were \$26,723,456 in 2018 compared to \$25,468,747 in 2017. This represents an increase of 4.93%.

Net position for business-type activities decreased \$1,294,724 or 5.73% from 2017. The graph below shows the business-type activities assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at year-end. The net position at December 31, 2017 has been restated as described in Note 3.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

Net Position, Business - Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 29) reported a combined fund balance of \$16,409,072 which is \$2,624,866 higher than last year's total of \$13,784,206. The following schedule indicates the fund balances and the total change in fund balances as of December 31, 2018 for all major and nonmajor governmental funds.

| | Fund Balances 12/31/18 | Fund Balances 12/31/17 | Change |
|-----------------------------|---------------------------|---------------------------|---------------------|
| Major funds: | | | |
| General | \$ 5,159,975 | \$ 2,961,108 | \$ 2,198,867 |
| General capital projects | 878,397 | 576,256 | 302,141 |
| Nonmajor governmental funds | <u>10,370,700</u> | <u>10,246,842</u> | <u>123,858</u> |
| Total | <u>\$ 16,409,072</u> | <u>\$ 13,784,206</u> | <u>\$ 2,624,866</u> |

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

General Fund

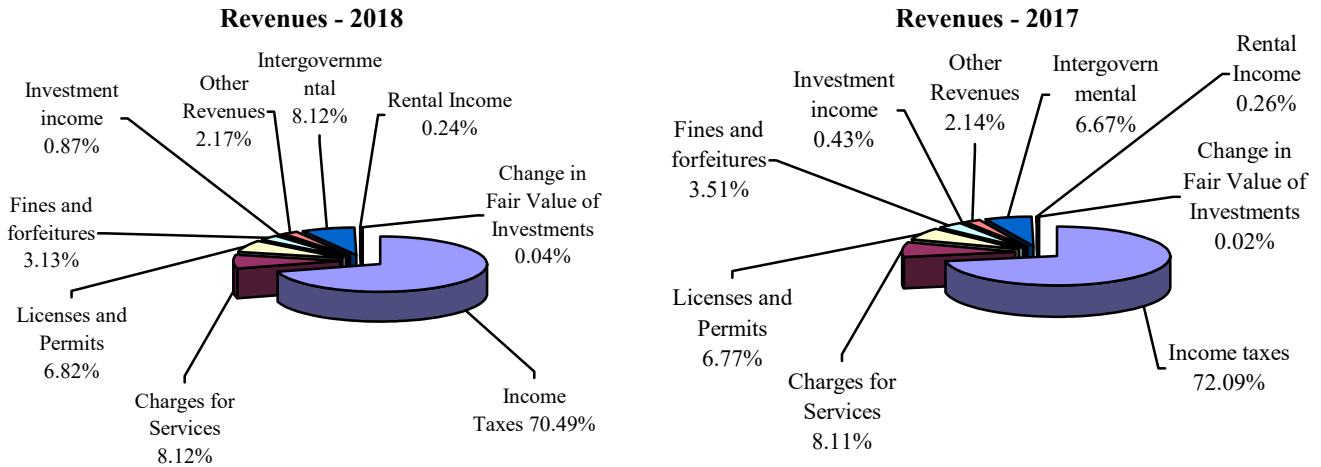
The City's general fund balance increased \$2,198,867. The table that follows assists in illustrating the revenues of the general fund.

| | <u>2018</u> <u>Amount</u> | <u>2017</u> <u>Amount</u> | <u>Percentage</u> <u>Change</u> |
|-------------------------------------|------------------------------|------------------------------|------------------------------------|
| <u>Revenues</u> | | | |
| Income taxes | \$ 20,679,002 | \$ 19,574,834 | 5.64 % |
| Property and other taxes | 154,682 | - | 100.00 % |
| Charges for services | 2,381,879 | 2,203,261 | 8.11 % |
| Licenses and permits | 2,000,116 | 1,839,565 | 8.73 % |
| Fines and forfeitures | 917,543 | 953,438 | (3.76) % |
| Intergovernmental | 2,382,348 | 1,811,167 | 31.54 % |
| Investment income | 254,341 | 117,921 | 115.69 % |
| Rental income | 71,054 | 69,529 | 2.19 % |
| Change in Fair Value of Investments | 12,050 | 5,522 | 118.22 % |
| Other | <u>482,292</u> | <u>580,329</u> | (16.89) % |
| Total | <u>\$ 29,335,307</u> | <u>\$ 27,155,566</u> | 8.03 % |

The most significant changes in general fund revenues are an increase in income taxes, property and other taxes, investment income, change in fair value of investments, intergovernmental revenue and licenses and permits. Income tax withholdings and collections from individuals and businesses increased from the previous year as a result of a 0.5% income tax increase that was effective January 1, 2017, as approved by voters in the November 2017 election. 2018 was the first full year of increased income tax collections. The City began allocating a portion of property tax revenue to the general fund in 2018. Licenses and permits increased primarily from cable franchise fees and birth and death certificates. Intergovernmental revenues increased during 2018 from homestead and rollback revenue and grants. Investment income increased over the prior year as a result of better interest rates and maturing investments.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**



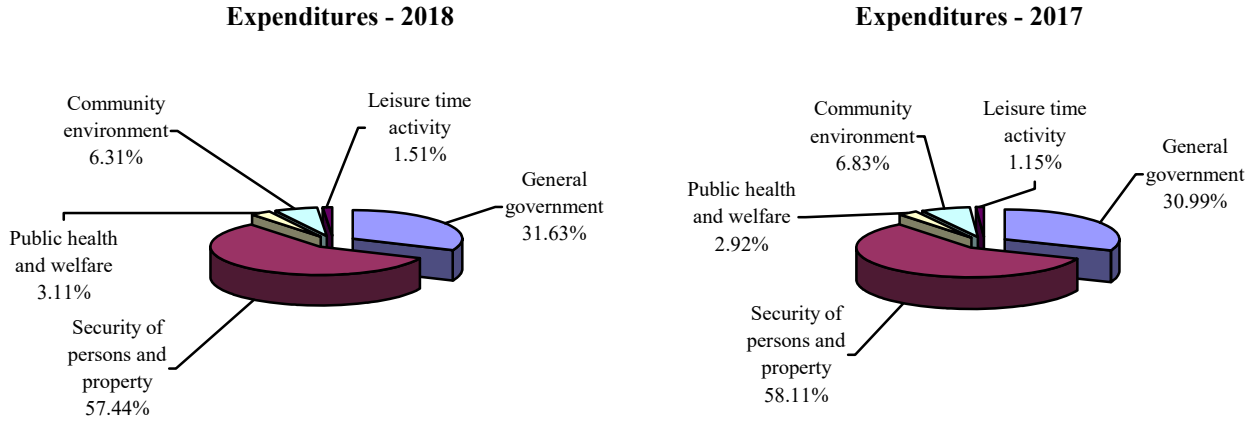
The table that follows assists in illustrating the expenditures of the general fund.

| | <u>2018</u> Amount | <u>2017</u> Amount | <u>Percentage</u> <u>Change</u> |
|----------------------------------|-----------------------|-----------------------|------------------------------------|
| <u>Expenditures</u> | | | |
| General government | \$ 8,258,037 | \$ 7,747,356 | 6.59 % |
| Security of persons and property | 14,998,219 | 14,530,404 | 3.22 % |
| Public health and welfare | 812,647 | 730,301 | 11.28 % |
| Community environment | 1,646,638 | 1,707,294 | (3.55) % |
| Leisure time activity | <u>396,792</u> | <u>286,373</u> | 38.56 % |
| Total | <u>\$ 26,112,333</u> | <u>\$ 25,001,728</u> | 4.44 % |

Security of persons and property expenditures represent the largest expenditure category for the general fund. The cost of running the City's police and fire departments is reflected in security of persons and property expenditures. General government and security of persons and property expenditures increased during 2018 as a result of increased funds available for general fund operations, including the addition of police officers and fire fighters, through the 0.5% income tax levy increase effective January 1, 2017.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**



General Capital Projects Fund

The general capital projects fund is reported as a major fund, and is used to accumulate resources, primarily intergovernmental grants and proceeds from the issuance of debt, for capital related improvements throughout the City. Revenues and other financing sources were \$6,252,201 and expenditures were \$5,950,060. Fund balance at December 31, 2018 was \$878,397, all of which is restricted for capital improvements.

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.

The sewer fund reported operating loss of \$1,075,508 in 2018. Nonoperating revenues were \$11 and nonoperating expenses (interest and fiscal charges) totaled \$103,271. Charges for services decreased from disputed leachate fees and sewer surcharge fees during 2018. The sewer fund received \$1,260,643 in OWDA loans during 2018 to finance the high street overflow parking and wastewater treatment plant and pump station refurbishment projects and \$162,414 from the OPWC for the Star Allotment sanitary and storm sewer project. Net position for the sewer fund decreased \$961,382 during the year.

The water fund reported an operating loss of \$353,517 for 2018 as a result of expenses growing more than revenues. The water fund had nonoperating revenues of \$12 and nonoperating expenses of \$349,868 and capital contributions of \$5,435. The total change in net position for the water fund was a decrease of \$697,938. The decrease in net position is primarily due to depreciation expense.

The sanitation fund reported operating loss of \$55,843 in 2018. Total operating expenses were \$3,954,313 in 2018 compared to \$3,766,027 in 2017, an increase of 5.00%. This increase is primarily related to additional vehicle maintenance costs and depreciation expense. Net position for the sanitation fund decreased \$73,739.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

Budgeting Highlights

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

The City amended its general fund budget several times throughout the year. Original budgeted revenues of \$28,232,643 were increased to \$28,663,384 in the final budget. Actual revenues for the year were \$29,344,882 or \$681,498 (2.38%) more than the final budget. Income taxes revenue was expected to increase throughout the year and was increased \$306,200 from the original to final budget. Actual income tax collections from withholdings, as well as higher than anticipated payments from individuals and businesses, came in \$661,463 higher than expected.

For the general fund, original budgeted expenditures and other financing uses were \$28,553,663. The budget amendments throughout the year increased this amount to \$29,164,602 in the final budget. Actual expenditures and other financing uses were \$27,165,021 or \$1,999,581 (6.86%) below budget. Actual security of persons and property expenditures were \$1,423,006 less than the final appropriations, due to less regular wages, overtime and fringe benefits paid to uniform police officers than budgeted and less paid in administration wages, severance/separation pay and fringe benefits than budgeted in the fire department. There were no additional significant variances between the final budget and actual expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of 2018, the City had \$105,752,685 (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, \$61,595,031 was reported in governmental activities and \$44,157,654 was reported in business-type activities. The following table shows 2018 balances compared to 2017 balances:

CITY OF WARREN, OHIO

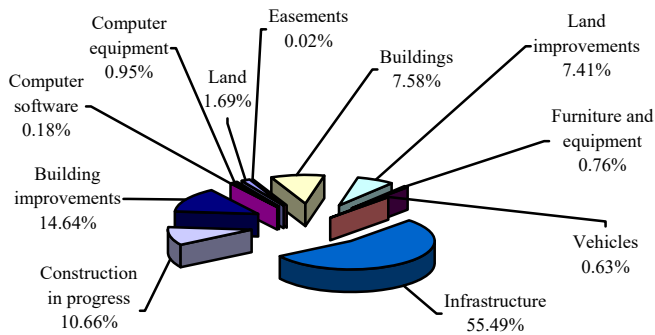
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**

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

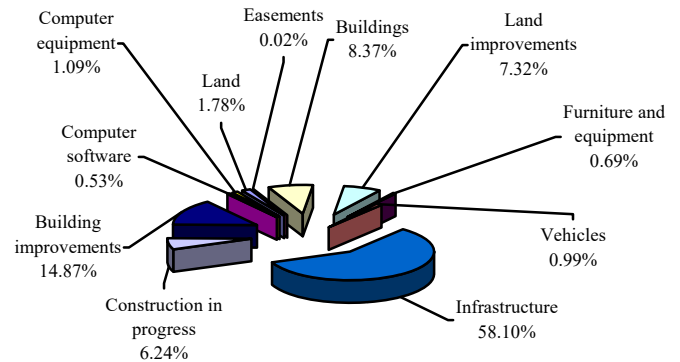
| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|--------------------------|--------------------------------|-----------------------------|---------------------------------|-----------------------------|------------------------------|------------------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 1,038,635 | \$ 1,044,396 | \$ 390,160 | \$ 384,399 | \$ 1,428,795 | \$ 1,428,795 |
| Easements | 13,353 | 13,353 | - | - | 13,353 | 13,353 |
| Construction in progress | 6,565,878 | 3,664,606 | 5,344,617 | 1,709,864 | 11,910,495 | 5,374,470 |
| Land improvements | 4,561,567 | 4,298,761 | - | - | 4,561,567 | 4,298,761 |
| Buildings | 4,667,047 | 4,916,335 | 2,649,848 | 3,087,924 | 7,316,895 | 8,004,259 |
| Building improvements | 9,017,089 | 8,736,675 | 3,512,465 | 4,383,154 | 12,529,554 | 13,119,829 |
| Computer software | 109,895 | 309,148 | - | - | 109,895 | 309,148 |
| Computer equipment | 588,001 | 637,928 | - | - | 588,001 | 637,928 |
| Furniture and equipment | 469,860 | 405,028 | 2,524,561 | 3,120,194 | 2,994,421 | 3,525,222 |
| Vehicles | 385,468 | 584,325 | 1,547,802 | 1,623,344 | 1,933,270 | 2,207,669 |
| Infrastructure | <u>34,178,238</u> | <u>34,141,383</u> | <u>28,188,201</u> | <u>28,978,035</u> | <u>62,366,439</u> | <u>63,119,418</u> |
| Totals | <u>\$ 61,595,031</u> | <u>\$ 58,751,938</u> | <u>\$ 44,157,654</u> | <u>\$ 43,286,914</u> | <u>\$ 105,752,685</u> | <u>\$ 102,038,852</u> |

The following graphs show the breakdown of governmental capital assets by category for 2018 and 2017:

Capital Assets - Governmental Activities 2018



Capital Assets - Governmental Activities 2017

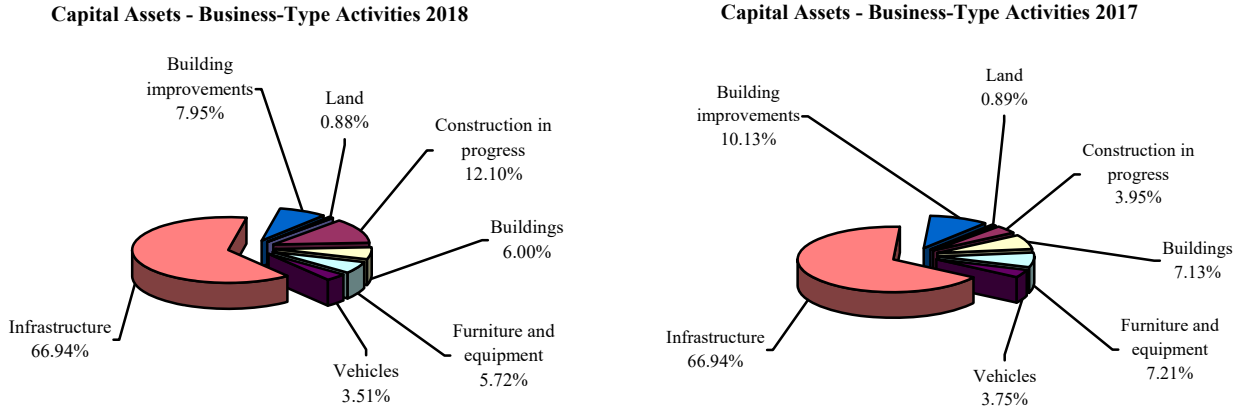


The City's largest capital asset category is infrastructure which includes roads, sidewalks, curbs, and traffic signals. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 55.49% of the City's total governmental capital assets. Most of the capital asset acquisitions in 2018 were infrastructure improvements or construction projects related to infrastructure.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**

The following graphs show the breakdown of business-type capital assets by category for 2018 and 2017:



One of the largest business-type capital asset categories is infrastructure, which 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 63.84% of the City's total business-type capital assets.

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

Debt Administration

The following table summarizes the City's long-term obligations outstanding at December 31, 2018 and 2017. Additional detail can be found in Note 13 in the notes to the basic financial statements.

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|------------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| General obligation bonds | \$ 6,818,349 | \$ 7,585,919 | \$ 2,587,129 | \$ 3,201,715 |
| OWDA loans | - | - | 14,673,537 | 15,050,735 |
| HUD 108 loan | 640,000 | 775,000 | - | - |
| OPWC loan | 115,454 | 128,282 | 398,381 | 419,526 |
| Claims payable | 1,224,704 | 453,064 | - | - |
| Capital lease obligation | - | - | 600,276 | 960,212 |
| Compensated absences | 5,230,103 | 4,935,053 | 1,999,941 | 1,917,864 |
| Net OPEB liability | 22,927,197 | 20,276,689 | 4,954,215 | 4,872,590 |
| Net pension liability | 26,731,438 | 31,594,305 | 7,407,631 | 11,364,557 |
| Total long-term obligations | \$ 63,687,245 | \$ 65,748,312 | \$ 32,621,110 | \$ 37,787,199 |

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (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 2018 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 2018 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 2019 budget, the City emphasized various efforts to continue to contain costs while effectively utilizing new sources of revenue. In November 2016, voters approved a 0.5% income tax increase, which was effective beginning January 1, 2017. The additional income tax revenue is intended to finance general fund operations, continue to provide existing core services, add approximately eight to twelve police officers and eight to twelve fire fighters and enable the City to implement its first Road Maintenance Program in more than fifteen years to address the City's infrastructure.

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 Vincent S. Flask, City Auditor, 391 Mahoning Avenue NW, Warren, Ohio 44483-4634.

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CITY OF WARREN, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2018

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|---------------|
| Assets: | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 13,537,065 | \$ 9,595,139 | \$ 23,132,204 |
| Receivables: | | | |
| Income taxes | 4,133,790 | - | 4,133,790 |
| Real and other taxes | 1,514,802 | - | 1,514,802 |
| Accounts | 280,786 | 2,245,683 | 2,526,469 |
| Intergovernmental | 1,812,706 | 109,944 | 1,922,650 |
| Accrued interest | 33,678 | - | 33,678 |
| Special assessments | 1,895,876 | 306,906 | 2,202,782 |
| Loans | 5,914,280 | - | 5,914,280 |
| Internal balance | 170,689 | (170,689) | - |
| Materials and supplies inventory | 3,729 | 73,545 | 77,274 |
| Restricted assets: | | | |
| Equity in pooled cash and cash equivalents . . | 419,020 | - | 419,020 |
| Net pension asset | 48,385 | 52,089 | 100,474 |
| Capital assets: | | | |
| Non-depreciable capital assets | 7,617,866 | 5,734,777 | 13,352,643 |
| Depreciable capital assets, net | 53,977,165 | 38,422,877 | 92,400,042 |
| Total capital assets, net | 61,595,031 | 44,157,654 | 105,752,685 |
| Total assets | 91,359,837 | 56,370,271 | 147,730,108 |
| Deferred outflows of resources: | | | |
| Unamortized deferred charges on debt refunding . | 63,351 | - | 63,351 |
| Pension | 4,480,794 | 1,836,167 | 6,316,961 |
| OPEB | 2,167,699 | 367,425 | 2,535,124 |
| Total deferred outflows of resources. | 6,711,844 | 2,203,592 | 8,915,436 |
| Liabilities: | | | |
| Accounts payable | 430,624 | 859,872 | 1,290,496 |
| Contracts payable | 235,278 | 427,458 | 662,736 |
| Accrued wages and benefits payable | 781,784 | 380,426 | 1,162,210 |
| Due to other governments | 300,947 | 124,218 | 425,165 |
| Accrued interest payable | 28,587 | 193,958 | 222,545 |
| Claims payable | 993,822 | - | 993,822 |
| Long-term liabilities: | | | |
| Due within one year | 2,315,024 | 3,025,003 | 5,340,027 |
| Due in more than one year: | | | |
| Net pension liability | 26,731,438 | 7,407,631 | 34,139,069 |
| Net OPEB liability | 22,927,197 | 4,954,215 | 27,881,412 |
| Other amounts due in more than one year. . | 11,713,586 | 17,234,261 | 28,947,847 |
| Total liabilities | 66,458,287 | 34,607,042 | 101,065,329 |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year . . . | 1,073,232 | - | 1,073,232 |
| Pension | 4,706,997 | 2,128,641 | 6,835,638 |
| OPEB | 1,331,139 | 551,091 | 1,882,230 |
| Total deferred inflows of resources | 7,111,368 | 2,679,732 | 9,791,100 |
| Net position: | | | |
| Net investment in capital assets | 55,619,553 | 25,470,873 | 81,090,426 |
| Restricted for: | | | |
| Debt service | 1,855,516 | - | 1,855,516 |
| Capital projects | 899,883 | - | 899,883 |
| Street maintenance | 301,206 | - | 301,206 |
| State highway | 269,780 | - | 269,780 |
| Law enforcement | 213,958 | - | 213,958 |
| Courts | 1,712,210 | - | 1,712,210 |
| Community developments and improvements . . | 7,539,282 | - | 7,539,282 |
| Warren Hills landfill. | 419,020 | - | 419,020 |
| Unrestricted (deficit). | (44,328,382) | (4,183,784) | (48,512,166) |
| Total net position | \$ 24,502,026 | \$ 21,287,089 | \$ 45,789,115 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Expenses | Program Revenues | | |
|--|----------------------|--------------------------------|------------------------------------|----------------------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 7,128,383 | \$ 1,259,301 | \$ 369 | \$ 700,000 |
| Security of persons and property | 17,604,592 | 1,320,428 | 74,556 | - |
| Public health and welfare | 841,137 | 133,265 | - | - |
| Transportation | 3,714,265 | 3,700 | 2,134,069 | 5,306,983 |
| Community environment | 1,758,730 | 786,293 | - | - |
| Leisure time activity | 966,023 | 44,079 | - | - |
| Economic development | 1,471,834 | 216,132 | 1,244,003 | - |
| Interest and fiscal charges | 209,570 | - | - | - |
| Total governmental activities | <u>33,694,534</u> | <u>3,763,198</u> | <u>3,452,997</u> | <u>6,006,983</u> |
| Business-type activities: | | | | |
| Sewer | 8,773,308 | 7,428,822 | - | 217,386 |
| Water | 13,082,604 | 11,877,365 | - | 5,435 |
| Sanitation | 4,020,987 | 3,730,285 | - | - |
| City Redevelopment | 277,699 | 329,493 | - | - |
| Downtown Parking | 139,892 | 23,836 | - | - |
| Stormwater Utility | 428,966 | 1,034,656 | - | 217,386 |
| Total business-type activities | <u>26,723,456</u> | <u>24,424,457</u> | <u>-</u> | <u>440,207</u> |
| Total primary government | <u>\$ 60,417,990</u> | <u>\$ 28,187,655</u> | <u>\$ 3,452,997</u> | <u>\$ 6,447,190</u> |

General revenues:

- Property taxes levied for:
 - General purposes
 - Debt service
- Income taxes levied for:
 - General purposes
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Change in fair value of investments
- Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year (restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|----------------------|
| \$ (5,168,713) | \$ - | \$ (5,168,713) |
| (16,209,608) | - | (16,209,608) |
| (707,872) | - | (707,872) |
| 3,730,487 | - | 3,730,487 |
| (972,437) | - | (972,437) |
| (921,944) | - | (921,944) |
| (11,699) | - | (11,699) |
| (209,570) | - | (209,570) |
| <u>(20,471,356)</u> | <u>-</u> | <u>(20,471,356)</u> |
| - | (1,127,100) | (1,127,100) |
| - | (1,199,804) | (1,199,804) |
| - | (290,702) | (290,702) |
| - | 51,794 | 51,794 |
| - | (116,056) | (116,056) |
| - | 823,076 | 823,076 |
| <u>-</u> | <u>(1,858,792)</u> | <u>(1,858,792)</u> |
| <u>(20,471,356)</u> | <u>(1,858,792)</u> | <u>(22,330,148)</u> |
| 217,738 | - | 217,738 |
| 835,333 | - | 835,333 |
| 21,345,452 | - | 21,345,452 |
| 2,336,729 | - | 2,336,729 |
| 260,018 | 12 | 260,030 |
| 12,050 | - | 12,050 |
| <u>678,226</u> | <u>475,516</u> | <u>1,153,742</u> |
| <u>25,685,546</u> | <u>475,528</u> | <u>26,161,074</u> |
| <u>(88,540)</u> | <u>88,540</u> | <u>-</u> |
| <u>25,597,006</u> | <u>564,068</u> | <u>26,161,074</u> |
| 5,125,650 | (1,294,724) | 3,830,926 |
| <u>19,376,376</u> | <u>22,581,813</u> | <u>41,958,189</u> |
| <u>\$ 24,502,026</u> | <u>\$ 21,287,089</u> | <u>\$ 45,789,115</u> |

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CITY OF WARREN, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

| | General | General Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------------|-----------------------------------|--------------------------------|
| Assets: | | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 3,866,044 | \$ 991,618 | \$ 4,378,968 | \$ 9,236,630 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Income taxes | 4,133,790 | - | - | 4,133,790 |
| Real and other taxes | 216,715 | - | 1,298,087 | 1,514,802 |
| Accounts | 248,753 | - | 31,783 | 280,536 |
| Intergovernmental | 806,818 | 139,099 | 866,789 | 1,812,706 |
| Due from other funds | 142,047 | - | 2,185 | 144,232 |
| Loans | - | - | 5,914,280 | 5,914,280 |
| Accrued interest | 33,678 | - | - | 33,678 |
| Special assessments | 59,954 | - | 1,835,922 | 1,895,876 |
| Materials and supplies inventory | 3,729 | - | - | 3,729 |
| Restricted assets: | | | | |
| Equity in pooled cash and cash equivalents | 419,020 | - | - | 419,020 |
| Total assets | <u>\$ 9,930,548</u> | <u>\$ 1,130,717</u> | <u>\$ 14,328,014</u> | <u>\$ 25,389,279</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 279,246 | \$ 61 | \$ 150,535 | \$ 429,842 |
| Contracts payable | - | 230,773 | 4,505 | 235,278 |
| Accrued wages and benefits payable | 722,920 | - | 37,089 | 760,009 |
| Compensated absences payable | 164,206 | - | - | 164,206 |
| Due to other funds | 8,261 | - | 28,293 | 36,554 |
| Due to other governments | 282,109 | - | 8,736 | 290,845 |
| Total liabilities | <u>1,456,742</u> | <u>230,834</u> | <u>229,158</u> | <u>1,916,734</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levied for the next fiscal year | 153,349 | - | 919,883 | 1,073,232 |
| Delinquent property tax revenue not available | 63,056 | - | 378,204 | 441,260 |
| Accrued interest not available | 22,043 | - | - | 22,043 |
| Special assessments revenue not available | 59,954 | - | 1,835,922 | 1,895,876 |
| Miscellaneous revenue not available | 311,058 | - | - | 311,058 |
| Income tax revenue not available | 2,400,320 | - | - | 2,400,320 |
| Intergovernmental revenue not available | 304,051 | 21,486 | 594,147 | 919,684 |
| Total deferred inflows of resources | <u>3,313,831</u> | <u>21,486</u> | <u>3,728,156</u> | <u>7,063,473</u> |
| Fund balances: | | | | |
| Nonspendable | 3,729 | - | - | 3,729 |
| Restricted | 419,020 | 878,397 | 10,370,700 | 11,668,117 |
| Assigned | 357,577 | - | - | 357,577 |
| Unassigned | 4,379,649 | - | - | 4,379,649 |
| Total fund balances | <u>5,159,975</u> | <u>878,397</u> | <u>10,370,700</u> | <u>16,409,072</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 9,930,548</u> | <u>\$ 1,130,717</u> | <u>\$ 14,328,014</u> | <u>\$ 25,389,279</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

| | | |
|--|--------------|----------------------|
| Total governmental fund balances | | \$ 16,409,072 |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i> | | |
| Capital assets used in governmental activities (exclusive of \$456,752 reported in internal service funds) are not financial resources and therefore are not reported in the funds. | | 61,138,279 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds. | | |
| Delinquent property taxes receivable | \$ 441,260 | |
| Income taxes receivable | 2,400,320 | |
| Accounts receivable | 311,058 | |
| Special assessments receivable | 1,895,876 | |
| Intergovernmental receivable | 919,684 | |
| Accrued interest receivable | 22,043 | |
| Total | | 5,990,241 |
| The net pension asset and net pension liability (excluding amounts reported in internal service funds) are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds. | | |
| Net pension asset | 46,979 | |
| Deferred outflows of resources | 4,431,430 | |
| Deferred inflows of resources | (4,644,316) | |
| Net pension liability | (26,531,508) | |
| Total | | (26,697,415) |
| The net OPEB liability (excluding amounts reported in internal service funds) is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds. | | |
| Deferred outflows of resources | 2,157,782 | |
| Deferred inflows of resources | (1,315,384) | |
| Net OPEB liability | (22,793,484) | |
| Total | | (21,951,086) |
| 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 \$159,228 in compensated absences reported in the internal service funds) are as follows. | | |
| General obligation bonds payable | (6,770,000) | |
| Loans payable | (755,454) | |
| Compensated absences payable | (4,906,669) | |
| Total | | (12,432,123) |
| On the statement of net position interest is accrued on outstanding bonds and loans payable, whereas in governmental funds, interest expenditures are accrued when due. | | (28,587) |
| Unamortized deferred charges on refundings are not recognized in the funds. | | 63,351 |
| Unamortized premiums on bond issuances are not recognized in the funds. | | (48,349) |
| Internal service funds are used by management to charge the costs of life and hospitalization, workers' compensation, data processing and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position. | | 1,996,122 |
| An internal balance is recorded in governmental activities to reflect overpayments to the internal service funds by the business-type activities. | | 62,521 |
| Net position of governmental activities | | \$ 24,502,026 |

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, 2018

| | General | General Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|---|--|---|
| Revenues: | | | | |
| Income taxes | \$ 20,679,002 | \$ - | \$ - | \$ 20,679,002 |
| Property and other taxes. | 154,682 | - | 922,622 | 1,077,304 |
| Charges for services. | 2,381,879 | - | 147,705 | 2,529,584 |
| Licenses and permits | 2,000,116 | - | 97,678 | 2,097,794 |
| Fines and forfeitures | 917,543 | - | 408,129 | 1,325,672 |
| Intergovernmental. | 2,382,348 | 5,285,497 | 3,485,929 | 11,153,774 |
| Special assessments | 433 | - | 10,615 | 11,048 |
| Investment income. | 254,341 | - | 29,304 | 283,645 |
| Rental income | 71,054 | - | - | 71,054 |
| Change in fair value of investments | 12,050 | - | - | 12,050 |
| Other. | 481,859 | - | 53,641 | 535,500 |
| Total revenues | 29,335,307 | 5,285,497 | 5,155,623 | 39,776,427 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 8,258,037 | - | 81,421 | 8,339,458 |
| Security of persons and property | 14,998,219 | - | 406,715 | 15,404,934 |
| Public health and welfare. | 812,647 | - | - | 812,647 |
| Transportation | - | - | 1,533,931 | 1,533,931 |
| Community environment | 1,646,638 | - | - | 1,646,638 |
| Leisure time activity | 396,792 | - | - | 396,792 |
| Economic development. | - | - | 1,442,020 | 1,442,020 |
| Capital outlay | - | 5,950,060 | 417,184 | 6,367,244 |
| Debt service: | | | | |
| Principal retirement. | - | - | 897,828 | 897,828 |
| Interest and fiscal charges. | - | - | 227,290 | 227,290 |
| Total expenditures | 26,112,333 | 5,950,060 | 5,006,389 | 37,068,782 |
| Excess (deficiency) of revenues over (under) expenditures. | 3,222,974 | (664,563) | 149,234 | 2,707,645 |
| Other financing sources (uses): | | | | |
| Transfers in | - | 966,704 | 99,393 | 1,066,097 |
| Transfers (out). | (1,024,107) | - | (124,769) | (1,148,876) |
| Total other financing sources (uses) | (1,024,107) | 966,704 | (25,376) | (82,779) |
| Net change in fund balances | 2,198,867 | 302,141 | 123,858 | 2,624,866 |
| Fund balances at beginning of year | 2,961,108 | 576,256 | 10,246,842 | 13,784,206 |
| Fund balances at end of year | \$ 5,159,975 | \$ 878,397 | \$ 10,370,700 | \$ 16,409,072 |

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, 2018

Net change in fund balances - total governmental funds \$ 2,624,866

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 capital outlays exceeded depreciation expense in the current period (excluding current year depreciation expense of \$155,259 in the internal service funds).

| | | |
|---------------------------|--------------|-----------|
| Capital asset additions | \$ 6,719,065 | |
| Current year depreciation | (4,160,065) | |
| Total | | 2,559,000 |

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

| | | |
|--|----------|---------|
| Capital asset disposals, net of accumulated depreciation | (54,887) | |
| Transfers to business-type activities | (5,761) | |
| Capital contributions from private donations | 500,000 | |
| Total | | 439,352 |

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

| | | |
|--------------------------------------|----------|---------|
| Delinquent property taxes | (24,233) | |
| Income taxes | 666,450 | |
| Licenses and permits, other revenues | 209,309 | |
| Special assessments | 70,075 | |
| Intergovernmental revenues | 59,990 | |
| Investment income | 5,677 | |
| Total | | 987,268 |

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 897,828

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

| | | |
|--|---------|--------|
| Decrease in accrued interest payable | 4,373 | |
| Amortization of deferred charge on refunding | (4,223) | |
| Amortization of bond premium | 17,570 | |
| Total | | 17,720 |

Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

| | | |
|---------|-----------|-----------|
| Pension | 2,455,075 | |
| OPEB | 40,811 | |
| Total | | 2,495,886 |

Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.

| | | |
|---------|-------------|-------------|
| Pension | (3,005,020) | |
| OPEB | (1,945,156) | |
| Total | | (4,950,176) |

--Continued

CITY OF WARREN, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - *(Continued)*
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE ACCOUNTANT'S COMPILATION REPORT)

| | |
|---|----------------------------|
| Compensated absences that do not require the use of current financial resources are not reported as expenditures in governmental funds (excluding \$15,286 reported in the internal service funds). | \$ (133,841) |
| 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 \$433,443 in internal balance activity, is allocated among the governmental activities. | <u>187,747</u> |
| Change in net position of governmental activities | <u><u>\$ 5,125,650</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Income taxes | \$ 19,985,000 | \$ 20,291,200 | \$ 20,952,663 | \$ 661,463 |
| Property and other taxes. | 187,143 | 187,143 | 154,372 | (32,771) |
| Charges for services. | 2,231,000 | 2,231,000 | 2,318,810 | 87,810 |
| Licenses and permits | 1,867,550 | 1,867,550 | 1,990,003 | 122,453 |
| Fines and forfeitures | 1,009,300 | 1,009,300 | 913,707 | (95,593) |
| Intergovernmental. | 2,333,150 | 2,457,691 | 2,154,953 | (302,738) |
| Special assessments | - | - | 433 | 433 |
| Investment income. | 93,000 | 93,000 | 256,751 | 163,751 |
| Rental income | 76,000 | 76,000 | 71,054 | (4,946) |
| Other | 450,500 | 450,500 | 532,136 | 81,636 |
| Total revenues | <u>28,232,643</u> | <u>28,663,384</u> | <u>29,344,882</u> | <u>681,498</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 7,766,044 | 8,166,350 | 7,829,788 | 336,562 |
| Security of persons and property | 16,998,793 | 16,651,712 | 15,228,706 | 1,423,006 |
| Public health and welfare. | 742,405 | 859,733 | 805,934 | 53,799 |
| Community environment | 1,704,706 | 1,753,186 | 1,678,710 | 74,476 |
| Leisure time activity | 368,936 | 454,642 | 397,776 | 56,866 |
| Total expenditures. | <u>27,580,884</u> | <u>27,885,623</u> | <u>25,940,914</u> | <u>1,944,709</u> |
| Excess of revenues over expenditures | <u>651,759</u> | <u>777,761</u> | <u>3,403,968</u> | <u>2,626,207</u> |
| Other financing (uses): | | | | |
| Transfers (out). | (972,779) | (1,278,979) | (1,224,107) | 54,872 |
| Total other financing (uses) | <u>(972,779)</u> | <u>(1,278,979)</u> | <u>(1,224,107)</u> | <u>54,872</u> |
| Net change in fund balance | (321,020) | (501,218) | 2,179,861 | 2,681,079 |
| Fund balance at beginning of year. | 1,350,640 | 1,350,640 | 1,350,640 | - |
| Prior year encumbrances appropriated | 320,980 | 320,980 | 320,980 | - |
| Fund balance at end of year | <u>\$ 1,350,600</u> | <u>\$ 1,170,402</u> | <u>\$ 3,851,481</u> | <u>\$ 2,681,079</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

| | Business-type Activities - Enterprise Funds | | | |
|--|--|-------------------|-------------------|---------------------------|
| | Sewer | Water | Sanitation | Nonmajor Funds |
| Assets: | | | | |
| Current assets: | | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 1,649,323 | \$ 4,465,454 | \$ 380,103 | \$ 3,100,259 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts | 643,990 | 894,232 | 279,332 | 428,129 |
| Special assessments | 1,258 | 305,545 | - | 103 |
| Due from other funds | - | - | 4,817 | 769 |
| Due from other governments | 54,972 | - | - | 54,972 |
| Materials and supplies inventory | 29,659 | 32,500 | 11,386 | - |
| Total current assets | <u>2,379,202</u> | <u>5,697,731</u> | <u>675,638</u> | <u>3,584,232</u> |
| Noncurrent assets: | | | | |
| Net pension asset | 17,482 | 27,643 | 5,727 | 1,237 |
| Capital assets: | | | | |
| Non-depreciable capital assets | 4,659,986 | 50,767 | 35,091 | 988,933 |
| Depreciable capital assets, net | <u>12,173,576</u> | <u>22,521,947</u> | <u>1,242,961</u> | <u>2,484,393</u> |
| Total capital assets, net | <u>16,833,562</u> | <u>22,572,714</u> | <u>1,278,052</u> | <u>3,473,326</u> |
| Total noncurrent assets | <u>16,851,044</u> | <u>22,600,357</u> | <u>1,283,779</u> | <u>3,474,563</u> |
| Total assets | <u>19,230,246</u> | <u>28,298,088</u> | <u>1,959,417</u> | <u>7,058,795</u> |
| Deferred outflows of resources: | | | | |
| Pension | 621,037 | 970,615 | 201,093 | 43,422 |
| OPEB | <u>123,315</u> | <u>194,988</u> | <u>40,398</u> | <u>8,724</u> |
| Total deferred outflows of resources | <u>744,352</u> | <u>1,165,603</u> | <u>241,491</u> | <u>52,146</u> |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable | 236,074 | 470,868 | 120,657 | 32,273 |
| Contracts payable | 245,510 | - | - | 181,948 |
| Accrued wages and benefits payable | 115,913 | 184,508 | 74,948 | 5,057 |
| Due to other funds | 19,548 | 94,206 | - | - |
| Due to other governments | 81,350 | 30,508 | 11,579 | 781 |
| Claims payable | - | - | - | - |
| Current portion of general obligation bonds | - | 615,000 | - | - |
| Current portion of OWDA loans | 601,622 | 1,112,229 | - | - |
| Current portion of OPWC loans | - | 19,348 | - | 1,797 |
| Current portion of compensated absences | 132,991 | 217,570 | 24,867 | 8,458 |
| Capital lease obligations payable | - | 11,121 | 280,000 | - |
| Accrued interest payable | 47,225 | 144,635 | 2,098 | - |
| Total current liabilities | <u>1,480,233</u> | <u>2,899,993</u> | <u>514,149</u> | <u>230,314</u> |
| Long-term liabilities: | | | | |
| General obligation bonds payable | - | 1,972,129 | - | - |
| OWDA loans payable | 3,749,581 | 9,210,105 | - | - |
| OPWC loans payable | - | 338,592 | - | 38,644 |
| Capital lease obligations payable | - | 21,873 | 287,282 | - |
| Claims payable | - | - | - | - |
| Compensated absences payable | 361,075 | 1,008,492 | 198,480 | 48,008 |
| Net pension liability | 2,486,153 | 3,931,150 | 814,458 | 175,870 |
| Net OPEB liability | <u>1,662,736</u> | <u>2,629,149</u> | <u>544,708</u> | <u>117,622</u> |
| Total long-term liabilities | <u>8,259,545</u> | <u>19,111,490</u> | <u>1,844,928</u> | <u>380,144</u> |
| Total liabilities | <u>9,739,778</u> | <u>22,011,483</u> | <u>2,359,077</u> | <u>610,458</u> |

--Continued

| Total Business-Type Activities - Enterprise Funds | Governmental Activities - Internal Service Funds |
|--|---|
| \$ 9,595,139 | \$ 4,300,435 |
| 2,245,683 | 250 |
| 306,906 | - |
| 5,586 | 490 |
| 109,944 | - |
| 73,545 | - |
| <u>12,336,803</u> | <u>4,301,175</u> |
| 52,089 | 1,406 |
| 5,734,777 | - |
| <u>38,422,877</u> | <u>456,752</u> |
| <u>44,157,654</u> | <u>456,752</u> |
| <u>44,209,743</u> | <u>458,158</u> |
| <u>56,546,546</u> | <u>4,759,333</u> |
| 1,836,167 | 49,364 |
| 367,425 | 9,917 |
| <u>2,203,592</u> | <u>59,281</u> |
| 859,872 | 782 |
| 427,458 | - |
| 380,426 | 21,775 |
| 113,754 | - |
| 124,218 | 10,102 |
| - | 1,144,713 |
| 615,000 | - |
| 1,713,851 | - |
| 21,145 | - |
| 383,886 | 4,056 |
| 291,121 | - |
| 193,958 | - |
| <u>5,124,689</u> | <u>1,181,428</u> |
| 1,972,129 | - |
| 12,959,686 | - |
| 377,236 | - |
| 309,155 | - |
| - | 1,073,813 |
| 1,616,055 | 155,172 |
| 7,407,631 | 199,930 |
| 4,954,215 | 133,713 |
| <u>29,596,107</u> | <u>1,562,628</u> |
| <u>34,720,796</u> | <u>2,744,056</u> |

CITY OF WARREN, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - (Continued)
DECEMBER 31, 2018

| | Business-type Activities - Enterprise Funds | | | |
|---|--|--------------|-------------------|---------------------------|
| | Sewer | Water | Sanitation | Nonmajor Funds |
| Deferred inflows of resources: | | | | |
| Pension | \$ 626,185 | \$ 1,183,766 | \$ 227,036 | \$ 91,654 |
| OPEB. | 143,431 | 311,412 | 58,194 | 38,054 |
| Total deferred inflows of resources | 769,616 | 1,495,178 | 285,230 | 129,708 |
| Net position: | | | | |
| Net investment in capital assets. | 12,236,849 | 9,272,317 | 710,770 | 3,250,937 |
| Unrestricted (deficit) | (2,771,645) | (3,315,287) | (1,154,169) | 3,119,838 |
| Total net position | \$ 9,465,204 | \$ 5,957,030 | \$ (443,399) | \$ 6,370,775 |

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

Net position of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Total Business-Type Activities - Enterprise Funds | Governmental Activities - Internal Service Funds |
|--|---|
| \$ 2,128,641 | \$ 62,681 |
| 551,091 | 15,755 |
| <u>2,679,732</u> | <u>78,436</u> |
| 25,470,873 | 456,752 |
| <u>(4,121,263)</u> | <u>1,539,370</u> |
| 21,349,610 | <u>\$ 1,996,122</u> |
| <u>(62,521)</u> | |
| <u>\$ 21,287,089</u> | |

CITY OF WARREN, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Business-type Activities - Enterprise Funds | | | |
|---|--|---------------------|---------------------|---------------------------|
| | Sewer | Water | Sanitation | Nonmajor Funds |
| Operating revenues: | | | | |
| Charges for services | \$ 7,428,811 | \$ 11,877,365 | \$ 3,730,285 | \$ 1,387,981 |
| Other operating revenues | 2,777 | 296,349 | 168,185 | 8,205 |
| Total operating revenues. | <u>7,431,588</u> | <u>12,173,714</u> | <u>3,898,470</u> | <u>1,396,186</u> |
| Operating expenses: | | | | |
| Personal services | 4,025,127 | 5,827,143 | 1,301,618 | 194,525 |
| Contract services. | 1,920,984 | 1,643,136 | 1,673,551 | 311,606 |
| Materials and supplies. | 404,655 | 1,478,513 | 308,925 | 29,958 |
| Administrative costs. | 764,732 | 799,279 | 215,442 | 84,338 |
| Utilities | 553,253 | 556,185 | 16,248 | 97,589 |
| Claims expense | - | - | - | - |
| Depreciation. | 835,724 | 1,987,106 | 434,390 | 97,302 |
| Other. | 2,621 | 235,869 | 4,139 | 14,597 |
| Total operating expenses. | <u>8,507,096</u> | <u>12,527,231</u> | <u>3,954,313</u> | <u>829,915</u> |
| Operating income (loss) | <u>(1,075,508)</u> | <u>(353,517)</u> | <u>(55,843)</u> | <u>566,271</u> |
| Nonoperating revenues (expenses): | | | | |
| Interest and fiscal charges | (103,271) | (338,975) | (17,896) | (423) |
| Interest income. | - | 12 | - | - |
| Other nonoperating expenses | - | (10,893) | - | - |
| Special assessments | 11 | - | - | 4 |
| Total nonoperating revenues (expenses) | <u>(103,260)</u> | <u>(349,856)</u> | <u>(17,896)</u> | <u>(419)</u> |
| Income (loss) before capital contributions and transfers | (1,178,768) | (703,373) | (73,739) | 565,852 |
| Transfers in | - | - | - | 88,540 |
| Capital contributions | 217,386 | 5,435 | - | 217,386 |
| Change in net position | (961,382) | (697,938) | (73,739) | 871,778 |
| Net position (deficit) at beginning of year (restated) | <u>10,426,586</u> | <u>6,654,968</u> | <u>(369,660)</u> | <u>5,498,997</u> |
| Net position (deficit) at end of year. | <u>\$ 9,465,204</u> | <u>\$ 5,957,030</u> | <u>\$ (443,399)</u> | <u>\$ 6,370,775</u> |

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

Change in net position of business-type activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Total Business-Type Activities - Enterprise Funds | Governmental Activities - Internal Service Funds |
|--|---|
| \$ 24,424,442 | \$ 7,868,947 |
| 475,516 | 35 |
| 24,899,958 | 7,868,982 |
| 11,348,413 | 311,143 |
| 5,549,277 | 162,081 |
| 2,222,051 | 3,562 |
| 1,863,791 | 206,283 |
| 1,223,275 | 14,334 |
| - | 7,262,016 |
| 3,354,522 | 155,259 |
| 257,226 | - |
| 25,818,555 | 8,114,678 |
| (918,597) | (245,696) |
| (460,565) | - |
| 12 | - |
| (10,893) | - |
| 15 | - |
| (471,431) | - |
| (1,390,028) | (245,696) |
| 88,540 | - |
| 440,207 | - |
| (861,281) | (245,696) |
| 22,210,891 | 2,241,818 |
| 21,349,610 | \$ 1,996,122 |
| (433,443) | |
| \$ (1,294,724) | |

CITY OF WARREN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Business-type Activities - Enterprise Funds

| | <u>Sewer</u> | <u>Water</u> | <u>Sanitation</u> | <u>Nonmajor Funds</u> |
|---|---------------------|---------------------|-------------------|---------------------------|
| Cash flows from operating activities: | | | | |
| Cash received from customers | \$ 7,260,980 | \$ 11,887,600 | \$ 3,793,752 | \$ 1,383,971 |
| Cash received from other operations. | 2,758 | 296,634 | 168,185 | 16,128 |
| Cash payments for personal services. | (3,596,426) | (5,435,645) | (1,158,673) | (240,095) |
| Cash payments for contractual services | (1,793,780) | (1,478,260) | (1,661,867) | (295,175) |
| Cash payments for materials and supplies | (430,963) | (1,472,104) | (260,511) | (29,958) |
| Cash payments for utilities | (553,253) | (556,185) | (16,248) | (97,589) |
| Cash payments for claims | - | - | - | - |
| Cash payments for administrative costs | (768,454) | (750,319) | (252,100) | (86,798) |
| Cash payments for other expenses | (2,621) | (235,869) | (4,139) | (14,597) |
| Net cash provided by operating activities | <u>118,241</u> | <u>2,255,852</u> | <u>608,399</u> | <u>635,887</u> |
| Cash flows from noncapital financing activities: | | | | |
| Cash received from special assessments. | - | 12 | - | - |
| Cash received in transfers from other funds | - | - | - | 82,779 |
| Net cash provided by noncapital financing activities. | <u>-</u> | <u>12</u> | <u>-</u> | <u>82,779</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets | (3,053,689) | (243,171) | (163,329) | (436,716) |
| Capital contributions. | 162,414 | 5,435 | - | 162,414 |
| OWDA loan issuance | 1,260,643 | - | - | - |
| Principal retirement | (601,493) | (1,704,457) | (273,000) | (39,972) |
| Interest and fiscal charges | (102,603) | (369,848) | (18,906) | (725) |
| Net cash used in capital and related financing activities | <u>(2,334,728)</u> | <u>(2,312,041)</u> | <u>(455,235)</u> | <u>(314,999)</u> |
| Net increase (decrease) in cash and cash equivalents | (2,216,487) | (56,177) | 153,164 | 403,667 |
| Cash and cash equivalents at beginning of year. | <u>3,865,810</u> | <u>4,521,631</u> | <u>226,939</u> | <u>2,696,592</u> |
| Cash and cash equivalents at end of year | <u>\$ 1,649,323</u> | <u>\$ 4,465,454</u> | <u>\$ 380,103</u> | <u>\$ 3,100,259</u> |

| Total Business-Type Activities - Enterprise Funds | Governmental Activities - Internal Service Funds |
|--|---|
| \$ 24,326,303 | \$ 7,998,697 |
| 483,705 | 35 |
| (10,430,839) | (279,349) |
| (5,229,082) | (152,693) |
| (2,193,536) | (3,562) |
| (1,223,275) | (14,334) |
| - | (6,483,522) |
| (1,857,671) | (203,572) |
| (257,226) | - |
| <u>3,618,379</u> | <u>861,700</u> |
| 12 | - |
| <u>82,779</u> | <u>-</u> |
| <u>82,791</u> | <u>-</u> |
| (3,896,905) | - |
| 330,263 | - |
| 1,260,643 | - |
| (2,618,922) | - |
| (492,082) | - |
| <u>(5,417,003)</u> | <u>-</u> |
| (1,715,833) | 861,700 |
| 11,310,972 | 3,438,735 |
| <u>\$ 9,595,139</u> | <u>\$ 4,300,435</u> |

-- Continued

CITY OF WARREN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | Business-type Activities - Enterprise Funds | | | |
|---|--|---------------------|-------------------|-----------------------|
| | Sewer | Water | Sanitation | Nonmajor Funds |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ (1,075,508) | \$ (353,517) | \$ (55,843) | \$ 566,271 |
| Adjustments: | | | | |
| Depreciation | 835,724 | 1,987,106 | 434,390 | 97,302 |
| Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources: | | | | |
| (Increase) decrease in materials and supplies inventory | (772) | 9,671 | 8,299 | - |
| (Increase) decrease in accounts receivable | (167,850) | 10,520 | 63,467 | 3,913 |
| Decrease in due to other governments | - | - | - | - |
| Decrease (increase) in due from other funds | - | - | (4,817) | (769) |
| (Increase) in net pension asset | (10,418) | (15,911) | (3,339) | (550) |
| Decrease in deferred outflows - pension | 803,390 | 1,372,082 | 275,752 | 93,795 |
| (Increase) in deferred outflows - OPEB | (101,602) | (158,930) | (33,057) | (6,619) |
| Increase (decrease) in accounts payable | 111,203 | 164,605 | 51,799 | 16,431 |
| Increase (decrease) in accrued wages and benefits | 24,583 | 26,556 | 36,542 | (2,416) |
| Increase (decrease) in due to other funds | (3,722) | 48,960 | (31,841) | (1,691) |
| Increase (decrease) in due to other governments | (5,738) | 1,111 | 5,645 | (374) |
| Increase (decrease) in compensated absences payable | 84,619 | 15,669 | 15,084 | (33,295) |
| Increase in claims payable | - | - | - | - |
| (Decrease) in net pension liability | (1,184,456) | (2,164,913) | (426,366) | (181,191) |
| Increase (decrease) in net OPEB liability | 88,775 | 15,301 | 12,519 | (34,970) |
| Increase in deferred inflows - pension | 576,582 | 986,130 | 201,971 | 81,996 |
| Increase in deferred inflows - OPEB | 143,431 | 311,412 | 58,194 | 38,054 |
| Net cash provided by operating activities | <u>\$ 118,241</u> | <u>\$ 2,255,852</u> | <u>\$ 608,399</u> | <u>\$ 635,887</u> |

Non-cash capital transactions:

At December 31, 2018 and December 31, 2017, the sewer fund purchased \$245,510 and \$124,996, respectively, in capital assets on account.

At December 31, 2018 and December 31, 2017, the water fund purchased \$54,450 and \$27,438, respectively, in capital assets on account.

The downtown parking nonmajor enterprise fund received a transfer of \$5,761 in capital assets, not being depreciated from governmental activities during 2018.

At December 31, 2018 and December 31, 2017, the storm water utility nonmajor enterprise fund purchased \$181,948 and \$6,878, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Total Business-Type Activities - Enterprise Funds | Governmental Activities - Internal Service Funds |
|--|---|
| \$ (918,597) | \$ (245,696) |
| 3,354,522 | 155,259 |
| 17,198 | - |
| (89,950) | (250) |
| - | 10,576 |
| (5,586) | 129,510 |
| (30,218) | (809) |
| 2,545,019 | 69,796 |
| (300,208) | (8,085) |
| 344,038 | (1,188) |
| 85,265 | 1,078 |
| 11,706 | (3,537) |
| 644 | 6,904 |
| 82,077 | 15,286 |
| - | 778,494 |
| (3,956,926) | (110,140) |
| 81,625 | 901 |
| 1,846,679 | 47,846 |
| 551,091 | 15,755 |
| <u>\$ 3,618,379</u> | <u>\$ 861,700</u> |

CITY OF WARREN, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2018

| | <u>Agency</u> |
|--|---------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents | \$ 1,865,717 |
| Cash with fiscal and escrow agents. | 392,416 |
| Accounts receivable. | <u>25,555</u> |
| Total assets | <u>\$ 2,283,688</u> |
| Liabilities: | |
| Due to other governments. | \$ 847,337 |
| Deposits held and due to others. | <u>1,436,351</u> |
| Total liabilities | <u>\$ 2,283,688</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, 2018

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’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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position 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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

The statement of net position 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, 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. Governmental fund assets and deferred outflows of resources less liabilities and deferred inflows of resources is reported as fund balance.

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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

Other governmental funds of the City are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (b) financial resources that are restricted or committed to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, 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 maintaining the local sewer system of the City.

Water fund - This fund accounts for the operations of providing water services to customers and maintaining 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 position and changes in net position. 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, auditor's 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, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position.

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, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities. Agency funds do not report a measurement focus as they do not report operations.

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 inflows and deferred outflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues 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 taxes, 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, 2018

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Notes 15 and 16 for deferred outflows of resources related the City's net pension liability and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 15 and 16 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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 2018.

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.

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, Cash Equivalents 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 2018, investments were limited to nonnegotiable certificates of deposit (CDs), negotiable CDs, federal agency securities, repurchase agreements, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market prices.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

The City invested in STAR Ohio during 2018. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During 2018, interest revenue in the general fund amounted to \$254,341, which includes \$222,126 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 position, 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.

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 materials 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. Prepaid Items

Payments made to vendors for services that will benefit beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which the services are consumed. The City had no prepaid items at December 31, 2018.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

J. 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 position, 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 position 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 acquisition 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 |
| Land improvements | 10 - 20 | N/A |
| Building improvements | 15 | 15 |
| Sewer and water treatment plants and buildings | N/A | 20 |
| Other buildings | 40 | 40 |
| Infrastructure | 15 - 30 | 20 - 70 |

K. 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.

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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments 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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Unamortized Bond Premiums and Accounting Gain or Loss

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

For advance refunding resulting in the defeasance of debt, 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 a deferred outflow of resources.

On the governmental fund financial statements, bond premiums and deferred charges from refunding are recognized in the current period.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

N. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as due to/from other funds. These amounts are eliminated in the governmental activities column on the statement of net position, except for any residual amounts between governmental and business-type activities, which are presented as internal balance.

O. 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.

P. 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 committed. City Council has by ordinance authorized the City Auditor to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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.

Q. Restricted Assets

The City 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.

R. 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.

S. Capital Contributions

Capital contributions in proprietary fund financial statements arise from 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. Governmental activities received \$500,000 in capital contributions from a private donor for an elevator project at the Packard Music Hall during 2018. The sewer fund, water fund and storm water utility nonmajor enterprise fund received contributions of capital in the amount of \$217,386, \$5,435 and \$217,386, respectively, from the Ohio Department of Transportation and Ohio Public Works Commission during 2018.

T. Net Position

Net position represents the difference between assets plus deferred outflows less liabilities plus deferred inflows. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of City Council and that are either unusual in nature or infrequent in occurrence. The City had no extraordinary or special items during 2018.

V. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

W. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the City has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the City's postemployment benefit plan disclosures, as presented in Note 16 to the basic financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the City.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

A prior period adjustment and net position restatement is required for the data processing internal service fund to remove the computer system improvement, series 2012 general obligation bonds (a component of the governmental activities general purpose, series 2012 general obligation bond issue presented in Note 13.A) and related unamortized premium and accrued interest payable, as a fund liability. The City does not intend to use financial resources from the data processing internal service fund in 2018 and future years to retire the general obligation bonds.

The governmental activities, business-type activities, enterprise funds and internal service funds at January 1, 2018 have been restated as follows for the implementation of GASB Statement No. 75 and the prior period adjustment for the computer system improvement, series 2012 general obligation bonds previously reported in the internal service funds:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | | |
|---|---------------------------------------|-------------------------------------|----------------------------|---------------------------|
| Net position as previously reported | \$ 39,554,097 | \$ 27,387,186 | | |
| Deferred outflows - payments subsequent to measurement date | 98,968 | 67,217 | | |
| Net OPEB liability | <u>(20,276,689)</u> | <u>(4,872,590)</u> | | |
| Restated net position at January 1, 2018 | <u>\$ 19,376,376</u> | <u>\$ 22,581,813</u> | | |
| | <u>Business-Type Enterprise Funds</u> | | | |
| | <u>Sewer Fund</u> | <u>Water Fund</u> | <u>Sanitation Fund</u> | <u>Nonmajor Funds</u> |
| Net position as previously reported | \$ 11,978,834 | \$ 9,232,758 | \$ 155,188 | \$ 5,649,484 |
| Deferred outflows - payments subsequent to measurement date | 21,713 | 36,058 | 7,341 | 2,105 |
| Net OPEB liability | <u>(1,573,961)</u> | <u>(2,613,848)</u> | <u>(532,189)</u> | <u>(152,592)</u> |
| Restated net position at January 1, 2018 | <u>\$ 10,426,586</u> | <u>\$ 6,654,968</u> | <u>\$ (369,660)</u> | <u>\$ 5,498,997</u> |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

| | Internal Service Funds |
|--|---------------------------|
| Net position as previously reported | \$ 1,947,617 |
| Prior period adjustment for computer system improvement general obligation bonds: | |
| G.O. bonds payable | 415,000 |
| Unamortized premium | 9,481 |
| Accrued interest payable on bonds | 700 |
| Implementation of GASB 75: | |
| Deferred outflows - payments made subsequent to the measurement date | 1,832 |
| Net OPEB liability | (132,812) |
| Restated net position at January 1, 2018 | \$ 2,241,818 |

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 4 - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "equity in pooled cash and cash equivalents". Statutes require the classification of monies held by the City into three categories:

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

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

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

Interim 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;

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

A. Deposits with Financial Institutions

At December 31, 2018, the carrying amount of all City deposits was \$13,068,097, which includes \$4,515,127 in nonnegotiable certificates of deposit. Of the \$13,471,585 bank balance, \$6,148,252 was covered by the FDIC, \$316,535 was covered by the Ohio Pooled Collateral System (OPCS), and \$7,006,798 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the City's financial institutions that were enrolled in OPCS were approved for a reduced collateral rate and one financial institution was not enrolled in OPCS. Although 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.

B. Investments

As of December 31, 2018, the City had the following investments and maturities:

| Measurement/ Investment type | Measurement Amount | Investment Maturities | | | | |
|-------------------------------------|-----------------------|-----------------------|---------------------|--------------------|--------------------|---------------------------|
| | | 6 months or less | 7 to 12 months | 13 to 18 months | 19 to 24 months | Greater than 24 months |
| <i>Net Asset Value</i> | | | | | | |
| <i>(NAV) per Share:</i> | | | | | | |
| STAR Ohio | \$ 31,840 | \$ 31,840 | \$ - | \$ - | \$ - | \$ - |
| <i>Cost Value:</i> | | | | | | |
| Repurchase agreement | 2,536,250 | - | 2,536,250 | - | - | - |
| <i>Fair Value (Level 2 Inputs):</i> | | | | | | |
| FHLB | 987,700 | - | 987,700 | - | - | - |
| FHLMC | 2,958,340 | - | 988,090 | - | - | 1,970,250 |
| FFCB | 984,230 | - | - | 984,230 | - | - |
| Negotiable CDs | 5,242,900 | 2,246,608 | 2,996,292 | - | - | - |
| Total | \$ 12,741,260 | \$ 2,278,448 | \$ 7,508,332 | \$ 984,230 | \$ - | \$ 1,970,250 |

The weighted average maturity of investments is 0.84 years.

The District's investments in federal agency securities (FHLB, FHLMC and FFCB) and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: STAR Ohio carries 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 were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The negotiable CDs were not rated. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

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. The City's investment in repurchase agreements 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, 2018:

| <u>Investment type</u> | Measurement | |
|------------------------|----------------------|-------------------|
| | <u>Value</u> | <u>% to Total</u> |
| STAR Ohio | \$ 31,840 | 0.25 |
| Repurchase agreement | 2,536,250 | 19.91 |
| FHLB | 987,700 | 7.75 |
| FHLMC | 2,958,340 | 23.22 |
| FFCB | 984,230 | 7.72 |
| Negotiable CDs | <u>5,242,900</u> | <u>41.15</u> |
| Total | <u>\$ 12,741,260</u> | <u>100.00</u> |

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

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 position as of December 31, 2018:

| | |
|--------------------------------------|----------------------|
| <u>Cash and investments per note</u> | |
| Carrying amount of deposits | \$ 13,068,097 |
| Investments | <u>12,741,260</u> |
| Total | <u>\$ 25,809,357</u> |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

| <u>Cash and investments per statement of net position</u> | |
|---|----------------------|
| Governmental activities | \$ 13,956,085 |
| Business-type activities | 9,595,139 |
| Agency funds | <u>2,258,133</u> |
| Total | <u>\$ 25,809,357</u> |

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended December 31, 2018, consisted of the following, as reported in the fund financial statements:

| <u>Transfers from</u> | <u>Transfers to</u> | | | <u>Total</u> |
|-----------------------|-------------------------------------|----------------------------------|--------------------------------|---------------------|
| | <u>General Capital Projects</u> | <u>Nonmajor Governmental</u> | <u>Nonmajor Enterprise</u> | |
| General | \$ 841,935 | \$ 99,393 | \$ 82,779 | \$ 1,024,107 |
| Nonmajor governmental | <u>124,769</u> | <u>-</u> | <u>-</u> | <u>124,769</u> |
| Total | <u>\$ 966,704</u> | <u>\$ 99,393</u> | <u>\$ 82,779</u> | <u>\$ 1,148,876</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 between governmental funds are eliminated on the government-wide financial statements.

The general fund transferred \$82,779 to the downtown parking nonmajor enterprise fund to subsidize operations. The general capital project fund received \$841,935 in transfers from the general fund during 2018 for various capital projects. Transfers from the motor vehicle levy fund, a nonmajor governmental fund, to the general capital projects fund in the amount of \$124,769 were for road improvement expenditures.

The downtown parking nonmajor enterprise fund received transfers of capital assets from governmental activities in the amount of \$5,761 during 2018.

- B. Due to/from other funds at December 31, 2018 consisted of the following:

| <u>Due from</u> | <u>Due to</u> | | | | <u>Total</u> |
|-----------------------|-----------------|-------------------------------------|------------------|------------------|-------------------|
| | <u>General</u> | <u>Nonmajor Special Revenue</u> | <u>Sewer</u> | <u>Water</u> | |
| General | \$ - | \$ 28,293 | \$ 19,548 | \$ 94,206 | \$ 142,047 |
| Nonmajor governmental | 2,185 | - | - | - | 2,185 |
| Sanitation | 4,817 | - | - | - | 4,817 |
| Nonmajor enterprise | 769 | - | - | - | 769 |
| Internal service | <u>490</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>490</u> |
| Total | <u>\$ 8,261</u> | <u>\$ 28,293</u> | <u>\$ 19,548</u> | <u>\$ 94,206</u> | <u>\$ 150,308</u> |

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are due within one year.

Amounts due to/from other funds between governmental funds are eliminated on the government-wide financial statements. Amounts due to/from other funds between governmental activities and business-type activities are reported as an internal balance on the statement of net position.

NOTE 6 - PROPERTY TAXES

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. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer 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, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2018 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2018 operations and the collection of delinquent taxes has been offset by a deferred inflows of resources 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 revenue.

The assessed value upon which the 2017 levy (collected in 2018) was based was \$361,725,920. 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 2.5 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. Voters approved a 0.5 percent income tax increase at the November 2016 election, which became effective January 1, 2017. Income tax revenue is reported to the extent that it is measurable and available to finance current operations at December 31, 2018. Income tax revenue for 2018 reported in the general fund was \$20,679,002.

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 8 - RECEIVABLES

Receivables at December 31, 2018, consisted of taxes, accounts (billings for user charged services and other fees), accrued interest, special assessments, loans and intergovernmental receivables arising from grants, entitlements and shared revenue. Receivables have been recorded to the extent that they are measurable at December 31, 2018. The only receivables not expected to be collected within one year are special assessments, which are collected over the life of the assessment.

NOTE 9 - LOANS RECEIVABLE

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

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CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

| <u>Governmental activities:</u> | Balance 12/31/17 | Additions | Disposals | Balance 12/31/18 |
|---|----------------------|---------------------|-----------------------|----------------------|
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 1,044,396 | \$ - | \$ (5,761) | \$ 1,038,635 |
| Easements | 13,353 | - | - | 13,353 |
| Construction in progress | <u>3,664,606</u> | <u>6,240,435</u> | <u>(3,339,163)</u> | <u>6,565,878</u> |
| Total capital assets, not being depreciated | <u>4,722,355</u> | <u>6,240,435</u> | <u>(3,344,924)</u> | <u>7,617,866</u> |
| <i>Capital assets, being depreciated:</i> | | | | |
| Land improvements | 5,189,911 | 602,324 | - | 5,792,235 |
| Buildings | 14,195,169 | - | - | 14,195,169 |
| Building improvements | 13,659,985 | 1,036,504 | - | 14,696,489 |
| Computer software | 1,116,189 | - | - | 1,116,189 |
| Computer equipment | 1,743,757 | 7,354 | (77,979) | 1,673,132 |
| Furniture and equipment | 2,494,690 | 147,118 | (75,285) | 2,566,523 |
| Vehicles | 5,254,609 | 124,159 | (91,108) | 5,287,660 |
| Infrastructure | <u>69,051,536</u> | <u>2,400,334</u> | <u>-</u> | <u>71,451,870</u> |
| Total capital assets, being depreciated | <u>112,705,846</u> | <u>4,317,793</u> | <u>(244,372)</u> | <u>116,779,267</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Land improvements | (891,150) | (339,518) | - | (1,230,668) |
| Buildings | (9,278,834) | (249,288) | - | (9,528,122) |
| Building improvements | (4,923,310) | (756,090) | - | (5,679,400) |
| Computer software | (807,041) | (199,253) | - | (1,006,294) |
| Computer equipment | (1,105,829) | (57,281) | 77,979 | (1,085,131) |
| Furniture and equipment | (2,089,662) | (82,286) | 75,285 | (2,096,663) |
| Vehicles | (4,670,284) | (268,129) | 36,221 | (4,902,192) |
| Infrastructure | <u>(34,910,153)</u> | <u>(2,363,479)</u> | <u>-</u> | <u>(37,273,632)</u> |
| Total accumulated depreciation | <u>(58,676,263)</u> | <u>(4,315,324)</u> | <u>189,485</u> | <u>(62,802,102)</u> |
| Total capital assets, being depreciated, net | <u>54,029,583</u> | <u>2,469</u> | <u>(54,887)</u> | <u>53,977,165</u> |
| Governmental activities capital assets, net | <u>\$ 58,751,938</u> | <u>\$ 6,242,904</u> | <u>\$ (3,399,811)</u> | <u>\$ 61,595,031</u> |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - CAPITAL ASSETS - (Continued)

Capital asset activity for the year ended December 31, 2018, was as follows:

| <u>Business-type activities:</u> | Balance 12/31/17 | Additions | Disposals | Balance 12/31/18 |
|---|----------------------|--------------------|--------------------|----------------------|
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 384,399 | \$ 5,761 | \$ - | \$ 390,160 |
| Construction in progress | <u>1,709,864</u> | <u>3,656,698</u> | <u>(21,945)</u> | <u>5,344,617</u> |
| Total capital assets, not being depreciated | <u>2,094,263</u> | <u>3,662,459</u> | <u>(21,945)</u> | <u>5,734,777</u> |
| <i>Capital assets, being depreciated:</i> | | | | |
| Buildings | 54,966,546 | - | - | 54,966,546 |
| Building improvements | 13,232,130 | - | - | 13,232,130 |
| Water and sewer lines | 55,691,742 | 5,804 | - | 55,697,546 |
| Computer software | 47,874 | - | - | 47,874 |
| Computer equipment | 107,343 | - | (34,185) | 73,158 |
| Furniture and equipment | 11,437,852 | 71,595 | (79,941) | 11,429,506 |
| Vehicles | <u>4,768,370</u> | <u>507,349</u> | <u>(379,103)</u> | <u>4,896,616</u> |
| Total capital assets, being depreciated | <u>140,251,857</u> | <u>584,748</u> | <u>(493,229)</u> | <u>140,343,376</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Buildings | (51,878,622) | (438,076) | - | (52,316,698) |
| Building improvements | (8,848,976) | (870,689) | - | (9,719,665) |
| Water and sewer lines | (26,713,707) | (795,638) | - | (27,509,345) |
| Computer software | (47,874) | - | - | (47,874) |
| Computer equipment | (107,343) | - | 34,185 | (73,158) |
| Furniture and equipment | (8,317,658) | (667,228) | 79,941 | (8,904,945) |
| Vehicles | <u>(3,145,026)</u> | <u>(582,891)</u> | <u>379,103</u> | <u>(3,348,814)</u> |
| Total accumulated depreciation | <u>(99,059,206)</u> | <u>(3,354,522)</u> | <u>493,229</u> | <u>(101,920,499)</u> |
| Total capital assets, being depreciated, net | <u>41,192,651</u> | <u>(2,769,774)</u> | <u>-</u> | <u>38,422,877</u> |
| Business-type activities capital assets, net | <u>\$ 43,286,914</u> | <u>\$ 892,685</u> | <u>\$ (21,945)</u> | <u>\$ 44,157,654</u> |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

| | |
|--|---------------------|
| General government | \$ 696,641 |
| Security of persons and property | 388,880 |
| Transportation | 2,508,117 |
| Community environment | 955 |
| Leisure time activity | 565,472 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>155,259</u> |
| Total depreciation expense - governmental activities | <u>\$ 4,315,324</u> |

Business-type activities:

| | |
|---|---------------------|
| Sewer | \$ 835,724 |
| Water | 1,987,106 |
| Sanitation | 434,390 |
| City redevelopment | 14,791 |
| Downtown parking | 48,058 |
| Stormwater utility | <u>34,453</u> |
| Total depreciation expense - business-type activities | <u>\$ 3,354,522</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, 2018, vested benefits for compensation time, vacation leave and sick leave for governmental fund type employees totaled \$5,230,103. For proprietary fund types, vested benefits for compensation time, vacation leave and sick leave totaled \$1,999,941 at December 31, 2018. Included in the vested benefits for sick leave figures is an additional liability to accrue and record termination (severance) payments for employees expected to become eligible to retire in the future in accordance with GASB Statement No. 16.

NOTE 12 - LEASES

A. Capital Leases - Lessee Disclosure

During 2014 and 2016, the City entered into capitalized leases for a sewer cleaner and five sanitation vehicles, respectively. During 2017, the City entered into capitalized leases for two water vehicles. These lease agreements meet the criteria of a capital lease as defined by GASB Statement No. 62, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - LEASES - (Continued)

Capital assets consisting of equipment and vehicles have been capitalized in the amount of \$374,768 and \$1,434,762, which represents the present value of the future minimum lease payments at the time of acquisition. A corresponding liability in the amount of \$32,994 and \$567,282 was recorded in the water fund and sanitation fund, respectively. Principal payments during 2018 amounted to \$38,176, \$10,585, \$273,000, and \$38,175 paid by the sewer fund, water fund, sanitation fund, and stormwater utility nonmajor enterprise fund, respectively. At December 31, 2018, accumulated depreciation on the equipment amounted to \$117,115 leaving a book value of \$257,653 and accumulated depreciation on the vehicles amounted to \$425,878 leaving a book value of \$1,008,884.

The following is a schedule of the future long-term minimum lease payments required under the capital lease obligations and the present value of the minimum lease payments as of December 31, 2018:

| <u>Year Ended</u> <u>December 31,</u> | <u>Amount</u> |
|---|-------------------|
| 2019 | \$ 305,268 |
| 2020 | 306,251 |
| 2021 | <u>10,420</u> |
| Total | 621,939 |
| Less: amount representing interest | <u>(21,663)</u> |
| Present value of net minimum lease payments | <u>\$ 600,276</u> |

B. 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>(140,095)</u> |
| Total | <u>\$ 9,000</u> | <u>\$ 79,661</u> |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Activities

Long-term obligations activity for the year ended December 31, 2018 consist of the following. The long-term obligations at December 31, 2017 have been restated to include the net OPEB liability as described in Note 3.

| | (Restated) Balance 12/31/17 | Additions | Reductions | Balance 12/31/18 | Amounts Due in One Year |
|--|-----------------------------------|---------------------|-----------------------|----------------------|-------------------------------|
| Governmental activities: | | | | | |
| <u>General obligation bonds</u> | | | | | |
| Various purpose, series 2012 | \$ 720,000 | \$ - | \$ (140,000) | \$ 580,000 | \$ 60,000 |
| Pension refunding, series 2012 | 1,145,000 | - | (50,000) | 1,095,000 | 80,000 |
| Various purpose, series 2013 | 560,000 | - | (560,000) | - | 50,000 |
| Various purpose refunding bonds, series 2017 | 5,095,000 | - | - | 5,095,000 | 520,000 |
| Total general obligations bonds | <u>7,520,000</u> | <u>-</u> | <u>(750,000)</u> | <u>6,770,000</u> | <u>710,000</u> |
| <u>Other long-term obligations</u> | | | | | |
| HUD 108 loan | 775,000 | - | (135,000) | 640,000 | 145,000 |
| OPWC loan | 128,282 | - | (12,828) | 115,454 | 12,828 |
| Claims payable | 453,064 | 853,944 | (82,304) | 1,224,704 | 150,891 |
| Compensated absences | 4,935,053 | 1,408,361 | (1,113,311) | 5,230,103 | 1,296,305 |
| Net pension liability | 31,594,305 | - | (4,862,867) | 26,731,438 | - |
| Net OPEB liability | 20,276,689 | 2,650,508 | - | 22,927,197 | - |
| Total other long-term obligations | <u>58,162,393</u> | <u>4,912,813</u> | <u>(6,206,310)</u> | <u>56,868,896</u> | <u>1,605,024</u> |
| Total governmental activities long-term obligations | 65,682,393 | <u>\$ 4,912,813</u> | <u>\$ (6,956,310)</u> | 63,638,896 | <u>\$ 2,315,024</u> |
| Add: Unamortized premium on bond issues | 65,919 | | | 48,349 | |
| Total reported on the statement of net position | <u>\$ 65,748,312</u> | | | <u>\$ 63,687,245</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.

Claims Payable - See Note 14.C for additional detail.

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, community development block grant fund and street maintenance nonmajor governmental fund.

Net Pension Liability and Net OPEB Liability - See Notes 15 and 16 for additional detail. The payments will be made primarily from the general fund, the water fund, sewer fund, sanitation fund and nonmajor enterprise stormwater utility fund.

General Obligation Bonds:

On December 4, 2012, the City issued various purpose general obligation bonds in the amount of \$1,370,000 to finance the acquisition of a fire truck and computer system improvements. The issue is comprised of serial bonds with annual interest rates ranging from 2.00% - 2.25% and a final maturity date of December 1, 2022.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Also, on December 4, 2012, the City issued the pension refunding bonds to retire, together with money available in the police and fire pension nonmajor governmental funds, the City's police and fire pension liability. The issue is comprised of \$185,000 serial bonds and \$1,195,000 term bonds. The serial bonds had an annual interest rate of 1.50% and matured December 1, 2016, and the term bonds bear an annual interest rate ranging from 2.00% - 3.50% and mature December 1, 2035.

On December 24, 2013, the City issued various purpose general obligation bonds in the amount of \$8,585,000 to pay for constructing and improving City structures and street improvements. The issue was comprised of \$7,880,000 serial bonds with an annual interest rate ranging from 2.00% - 4.25% and a final maturity date of December 1, 2028, and \$705,000 term bonds with a 4.40% interest rate and December 1, 2033 maturity. During 2017, \$5,920,000 of the various purpose general obligation bonds, series 2013 were refunded by the various purpose refunding general obligation bonds, series 2017. \$560,000 of the 2013 issue was outstanding at December 31, 2017 and was retired in 2018. The refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net position. \$5,920,000 of the defeased debt was outstanding at December 31, 2018.

On August 10, 2017, the City issued various purpose refunding bonds, series 2017, in the amount of \$5,095,000 to advance refund \$5,920,000 of various purpose general obligation bonds, series 2013. The City made a cash contribution of \$1,050,000 from the general bond payment debt service fund as part of the refunding transaction. The reacquisition price exceeded the net carrying amount of the governmental activities by \$69,334. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense through maturity on December 1, 2033 using the straight-line method. The refunding had a net present value benefit of 6.7% and gross present value debt service savings of \$639,479. The unamortized deferred charges on the refunding has been included in the net investment in capital assets calculation.

The general obligation bonds are paid from the nonmajor general bond payment debt service fund.

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

| Year | General Obligation Bonds | | |
|-------------|--------------------------|--------------|--------------|
| | Principal | Interest | Total |
| 2019 | \$ 710,000 | \$ 168,110 | \$ 878,110 |
| 2020 | 720,000 | 151,882 | 871,882 |
| 2021 | 745,000 | 135,434 | 880,434 |
| 2022 | 765,000 | 117,859 | 882,859 |
| 2023 | 625,000 | 99,449 | 724,449 |
| 2024 - 2028 | 2,120,000 | 317,327 | 2,437,327 |
| 2029 - 2033 | 925,000 | 105,633 | 1,030,633 |
| 2034 - 2035 | 160,000 | 8,400 | 168,400 |
| Total | \$ 6,770,000 | \$ 1,104,094 | \$ 7,874,094 |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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 balance of the loan is not included in the net investment in capital assets component of net position. Interest payments (at approximately 5.28 percent) on the loan began in 2007 and principal payments began August 1, 2008. The loan matures August 1, 2022. 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:

| <u>Year</u> | Loan Payable | | |
|-------------|------------------|-----------------|--------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2019 | \$ 145,000 | \$ 35,468 | \$ 180,468 |
| 2020 | 155,000 | 27,566 | 182,566 |
| 2021 | 165,000 | 19,024 | 184,024 |
| 2022 | 175,000 | 9,836 | 184,836 |
| Total | \$ 640,000 | \$ 91,894 | \$ 731,894 |

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, with a final payment date of December 1, 2027. The proceeds were used to fund the North Road Reconstruction Project. The principal and interest payments are made out of the debt service fund.

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

| <u>Year</u> | OPWC Loan Payable | | |
|-------------|-------------------|-----------------|--------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2019 | \$ 12,828 | \$ - | \$ 12,828 |
| 2020 | 12,829 | - | 12,829 |
| 2021 | 12,828 | - | 12,828 |
| 2022 | 12,828 | - | 12,828 |
| 2023 | 12,828 | - | 12,828 |
| 2024 - 2027 | 51,313 | - | 51,313 |
| Total | \$ 115,454 | \$ - | \$ 115,454 |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

B. Business-Type Activities

Long-term obligations activity for the year ended December 31, 2018 consist of the following. The long-term obligations at December 31, 2017 have been restated to include the net OPEB liability as described in Note 3.

| | (Restated) Balance 12/31/17 | Additions | Reductions | Balance 12/31/18 | Amounts Due in One Year |
|---|-----------------------------------|---------------------|-----------------------|----------------------|-------------------------------|
| <u>General obligation bonds</u> | | | | | |
| Various purpose refunding, series 2012 | \$ 3,130,000 | \$ - | \$ (600,000) | \$ 2,530,000 | \$ 615,000 |
| Total general obligations bonds | <u>3,130,000</u> | <u>-</u> | <u>(600,000)</u> | <u>2,530,000</u> | <u>615,000</u> |
| <u>OWDA Loans</u> | | | | | |
| Griswold street sanitary sewer | 100,195 | - | (100,195) | - | - |
| Warren commerce park - phase II | 64,118 | - | (42,331) | 21,787 | 21,787 |
| Warren commerce park - phase II | 19,444 | - | (12,842) | 6,602 | 6,602 |
| Downtown combined sewer | 2,486,507 | - | (227,345) | 2,259,162 | 234,793 |
| Sewer inceptor rehabilitation | 413,394 | - | (26,017) | 387,377 | 26,870 |
| High street overflow parking | 570,219 | 728,224 | (154,587) | 1,143,856 | 311,570 |
| Wastewater treatment plant and pump station refurbishment - phase I | - | 532,419 | - | 532,419 | - |
| Water system improvements | 4,137,324 | - | (623,923) | 3,513,401 | 648,812 |
| Water meter replacements | 3,217,625 | - | (246,510) | 2,971,115 | 254,812 |
| Water treatment plant switch gear replacement | 1,992,380 | - | (103,533) | 1,888,847 | 105,551 |
| Waterline replacement | 1,444,176 | - | (74,742) | 1,369,434 | 76,237 |
| Bulk water dispensing station | 605,353 | - | (25,816) | 579,537 | 26,817 |
| Total OWDA loans | <u>15,050,735</u> | <u>1,260,643</u> | <u>(1,637,841)</u> | <u>14,673,537</u> | <u>1,713,851</u> |
| <u>Other long-term obligations</u> | | | | | |
| OPWC loans | 419,526 | - | (21,145) | 398,381 | 21,145 |
| Capital lease obligation | 960,212 | - | (359,936) | 600,276 | 291,121 |
| Compensated absences | 1,917,864 | 558,586 | (476,509) | 1,999,941 | 383,886 |
| Net pension liability | 11,364,557 | - | (3,956,926) | 7,407,631 | - |
| Net OPEB liability | 4,872,590 | 81,625 | - | 4,954,215 | - |
| Total other long-term obligations | <u>19,534,749</u> | <u>640,211</u> | <u>(4,814,516)</u> | <u>15,360,444</u> | <u>696,152</u> |
| Total business-type activities | 37,715,484 | <u>\$ 1,900,854</u> | <u>\$ (7,052,357)</u> | 32,563,981 | <u>\$ 3,025,003</u> |
| Add: Unamortized premium on bond issue | <u>71,715</u> | | | <u>57,129</u> | |
| Total reported on the statement of net position | <u>\$ 37,787,199</u> | | | <u>\$ 32,621,110</u> | |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds - 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.

On December 4, 2012, the City issued \$5,975,000 various purpose refunding bonds to advance refund a portion of the waterworks system revenue bonds stated to mature on November 1, 2015 and currently refund all of the waterworks system revenue bonds stated to mature on November 1, 2022. The portion of the proceeds issued for the advance refunding 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 2012 various purpose refunding issue is comprised of serial bonds with an annual interest rate ranging from 2.00% - 2.25%. The reacquisition price exceeded the net carrying amount of the old debt by \$182,459. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense through maturity on December 1, 2022 using the straight-line method.

OPWC Loans - The City received loans in the amount of \$53,921 and \$386,962 from the OPWC in 2011 and 2017, respectively, to help fund capital improvements for the City's storm sewer and waterline infrastructure. The interest free loans are payable in semi-annual installments over thirty-year periods, with the final payment due January 1, 2041. Payments on the loan are made from the stormwater utility nonmajor enterprise fund and the water 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, 2018, the City has outstanding borrowings of \$14,673,537. 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 High Street overflow and wastewater treatment plant (\$1,143,856) and pump station refurbishment-phase I (\$532,419) OWDA loans outstanding at December 31, 2018, is still being disbursed; therefore, a debt service schedule is not available for this loan.

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 2034. Annual principal and interest payments on the loans are expected to require 84.37% of available net revenues for the water fund and 100.00% of available net revenues for the sewer fund. The total principal and interest remaining to be paid on the loans is approximately \$11,850,726 for the water fund and \$3,070,666 for the sewer fund. Principal and interest payments in 2018 totaled \$1,378,226 and \$665,195 in the water fund and sewer fund, respectively.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

| Year | Bonds Payable | | | OPWC Loan Payable | | |
|-------------|---------------------|-------------------|---------------------|-------------------|-------------|------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2019 | \$ 615,000 | \$ 52,225 | \$ 667,225 | \$ 21,145 | \$ - | \$ 21,145 |
| 2020 | 625,000 | 39,925 | 664,925 | 21,146 | - | 21,146 |
| 2021 | 640,000 | 27,425 | 667,425 | 21,145 | - | 21,145 |
| 2022 | 650,000 | 14,625 | 664,625 | 21,145 | - | 21,145 |
| 2023 | - | - | - | 21,146 | - | 21,146 |
| 2024 - 2028 | - | - | - | 105,727 | - | 105,727 |
| 2029 - 2033 | - | - | - | 105,727 | - | 105,727 |
| 2034 - 2038 | - | - | - | 76,707 | - | 76,707 |
| 2039 - 2041 | - | - | - | 4,493 | - | 4,493 |
| Total | <u>\$ 2,530,000</u> | <u>\$ 134,200</u> | <u>\$ 2,664,200</u> | <u>\$398,381</u> | <u>\$ -</u> | <u>\$398,381</u> |

| Year | OWDA Loans Payable | | |
|-------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2019 | \$ 1,402,281 | \$ 350,824 | \$ 1,753,105 |
| 2020 | 1,421,548 | 310,377 | 1,731,925 |
| 2021 | 1,470,922 | 269,063 | 1,739,985 |
| 2022 | 1,522,067 | 226,286 | 1,748,353 |
| 2023 | 1,575,058 | 181,986 | 1,757,044 |
| 2024 - 2028 | 4,000,164 | 473,286 | 4,473,450 |
| 2029 - 2033 | 1,436,567 | 109,748 | 1,546,315 |
| 2034 | 168,655 | 2,560 | 171,215 |
| Total | <u>\$ 12,997,262</u> | <u>\$ 1,924,130</u> | <u>\$ 14,921,392</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.

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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 14 - RISK MANAGEMENT - (Continued)

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 \$969,677 reported in the internal service fund at December 31, 2018, 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:

| <u>Fund</u> | <u>Year</u> | <u>Beginning of Year Liability</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>End of Year Liability</u> |
|-----------------|-------------|--|---|----------------------------|--------------------------------------|
| Hospitalization | 2018 | \$ 985,499 | \$ 6,236,643 | \$ (6,252,465) | \$ 969,677 |
| self-insurance | 2017 | 745,658 | 6,024,513 | (5,784,672) | 985,499 |

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 | 2018 | \$ 1,469 | \$ 171,429 | \$ (148,753) | \$ 24,145 |
| | 2017 | 13,712 | 134,146 | (146,389) | 1,469 |

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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 14 - RISK MANAGEMENT - (Continued)

In 2018, the City paid premiums to the State Fund for Workers' Compensation for calendar year 2018 in the amount of \$177,331. The City reimbursed the Bureau of Workers Compensation for actual medical costs and compensation paid to injured workers in the amount of \$82,304 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.

The claims liability of \$1,224,704 reported at December 31, 2018, 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 total claims liability, \$150,891 is due within one year and is reported as a current liability on the statements of net position. The remaining portion is a noncurrent liability of \$1,073,813. 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 | 2018 | \$ 453,064 | \$ 853,944 | \$ (82,304) | \$ 1,224,704 |
| | 2017 | 898,414 | (291,398) | (153,952) | 453,064 |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate 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 and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

| Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Group C Members not in other Groups and members hired on or after January 7, 2013 |
|---|---|---|
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | State and Local |
|--|--------------------|
| 2018 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee | 10.0 % |
| 2018 Actual Contribution Rates | |
| Employer: | |
| Pension | 14.0 % |
| Post-employment Health Care Benefits | 0.0 % |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$1,795,303 for 2018. Of this amount, \$338,912 is reported as due to other governments.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension 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 information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | Police | Firefighters |
|--|---------|--------------|
| 2018 Statutory Maximum Contribution Rates | | |
| Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 % |
| 2018 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 19.00 % | 23.50 % |
| Post-employment Health Care Benefits | 0.50 % | 0.50 % |
| Total Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 % |

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,615,635 for 2018. Of this amount, \$237,423 is reported as due to other governments.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2017, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

| | OPERS - Traditional | OPERS - Combined | OPERS - Member- Directed | OP&F | Total |
|--|------------------------|---------------------|--------------------------------|-------------------|---------------|
| Proportion of the net pension liability/asset prior measurement date | 0.096746% | 0.075776% | 0.025474% | 0.331383% | |
| Proportion of the net pension liability/asset current measurement date | <u>0.091079%</u> | <u>0.073197%</u> | <u>0.023725%</u> | <u>0.323433%</u> | |
| Change in proportionate share | <u>-0.005667%</u> | <u>-0.002579%</u> | <u>-0.001749%</u> | <u>-0.007950%</u> | |
| Proportionate share of the net pension liability | \$ 14,288,530 | \$ - | \$ - | \$ 19,850,539 | \$ 34,139,069 |
| Proportionate share of the net pension asset | - | (99,646) | (828) | - | (100,474) |
| Pension expense | 2,479,476 | 16,087 | (269) | 1,876,836 | 4,372,130 |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | OPERS - Traditional | OPERS - Combined | OPERS - Member- Directed | OP&F | Total |
|--|------------------------|---------------------|--------------------------------|---------------------|---------------------|
| Deferred outflows of resources: | | | | | |
| Differences between expected and actual experience | \$ 14,593 | \$ - | \$ 1,614 | \$ 301,246 | \$ 317,453 |
| Changes of assumptions | 1,707,574 | 8,708 | 98 | 864,993 | 2,581,373 |
| Changes in employer's proportionate percentage/difference between employer contributions | 7,197 | - | - | - | 7,197 |
| City contributions subsequent to the measurement date | <u>1,738,050</u> | <u>43,533</u> | <u>13,720</u> | <u>1,615,635</u> | <u>3,410,938</u> |
| Total deferred outflows of resources | <u>\$ 3,467,414</u> | <u>\$ 52,241</u> | <u>\$ 15,432</u> | <u>\$ 2,781,874</u> | <u>\$ 6,316,961</u> |
| Deferred inflows of resources: | | | | | |
| Differences between expected and actual experience | \$ 281,581 | \$ 29,685 | \$ - | \$ 35,910 | \$ 347,176 |
| Net difference between projected and actual earnings on pension plan investments | 3,067,559 | 15,721 | 234 | 686,676 | 3,770,190 |
| Changes in employer's proportionate percentage/difference between employer contributions | <u>803,161</u> | <u>-</u> | <u>-</u> | <u>1,915,111</u> | <u>2,718,272</u> |
| Total deferred inflows of resources | <u>\$ 4,152,301</u> | <u>\$ 45,406</u> | <u>\$ 234</u> | <u>\$ 2,637,697</u> | <u>\$ 6,835,638</u> |

\$3,410,938 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2019.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending December 31: | OPERS - Traditional | OPERS - Combined | OPERS - Member- Directed | OP&F | Total |
|--------------------------|------------------------|---------------------|--------------------------------|-----------------------|-----------------------|
| 2019 | \$ 784,852 | \$ (4,998) | \$ 181 | \$ 9,899 | \$ 789,934 |
| 2020 | (596,495) | (5,428) | 177 | (170,633) | (772,379) |
| 2021 | (1,350,790) | (8,948) | 147 | (881,595) | (2,241,186) |
| 2022 | (1,260,504) | (8,578) | 153 | (596,760) | (1,865,689) |
| 2023 | - | (3,059) | 223 | 130,635 | 127,799 |
| Thereafter | - | (5,687) | 597 | 36,996 | 31,906 |
| Total | \$ (2,422,937) | \$ (36,698) | \$ 1,478 | \$ (1,471,458) | \$ (3,929,615) |

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

| | |
|---|--|
| Wage inflation | 3.25% |
| Future salary increases, including inflation COLA or ad hoc COLA | 3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple |
| Investment rate of return | 7.50% |
| Actuarial cost method | Individual entry age |

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------|----------------------|---|
| Fixed income | 23.00 % | 2.20 % |
| Domestic equities | 19.00 | 6.37 |
| Real estate | 10.00 | 5.26 |
| Private equity | 10.00 | 8.97 |
| International equities | 20.00 | 7.88 |
| Other investments | 18.00 | 5.26 |
| Total | <u>100.00 %</u> | <u>5.66 %</u> |

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net pension liability (asset): | | | |
| Traditional Pension Plan | \$ 25,372,788 | \$ 14,288,530 | \$ 5,047,598 |
| Combined Plan | (54,166) | (99,646) | (131,023) |
| Member-Directed Plan | (475) | (828) | (1,186) |

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below. The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the investment rate of return from 8.25% to 8.00%, (b) projected salary increases decreased from 4.25% - 11.00% to 3.75% - 10.50%, (c) payroll increases decreased from 3.75% to 3.25%, (d) inflation assumptions decreased from 3.25% to 2.75% and (e) Cost of Living Adjustments (COLAs) decreased from 2.60% to 2.20%.

| | |
|----------------------------|--|
| Valuation date | 1/1/17 with actuarial liabilities rolled forward to 12/31/17 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 8.00% |
| Projected salary increases | 3.75% - 10.50% |
| Payroll increases | 3.25% |
| Inflation assumptions | 2.75% |
| Cost of living adjustments | 2.20% and 3.00% for increases based on the lessor of the increase in CPI and 3.00% simple |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017 are summarized below:

| Asset Class | Target Allocation | 10 Year Expected Real Rate of Return ** | 30 Year Expected Real Rate of Return ** |
|-----------------------------|----------------------|--|--|
| Cash and Cash Equivalents | - % | | |
| Domestic Equity | 16.00 | 4.22 % | 5.39 % |
| Non-US Equity | 16.00 | 4.41 | 5.59 |
| Private Markets | 8.00 | 6.67 | 8.08 |
| Core Fixed Income * | 23.00 | 1.57 | 2.71 |
| High Yield Fixed Income | 7.00 | 2.94 | 4.71 |
| Private Credit | 5.00 | 6.93 | 7.26 |
| Global Inflation | | | |
| Protected Securities * | 17.00 | 0.98 | 2.52 |
| Master Limited Partnerships | 8.00 | 7.50 | 7.93 |
| Real Assets | 8.00 | 6.88 | 7.24 |
| Private Real Estate | 12.00 | 5.58 | 6.34 |
| Total | <u>120.00 %</u> | | |

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability/asset was calculated using the discount rate of 8.00%. A discount rate of 8.25% was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability/asset.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

| | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|--|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net pension liability | \$ 27,518,059 | \$ 19,850,539 | \$ 13,596,984 |

NOTE 16 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution was \$5,489 for 2018. Of this amount, \$1,036 is reported as due to other governments.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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 information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent 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 pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also 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.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$38,245 for 2018. Of this amount, \$5,620 is reported due to other governments.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

| | OPERS | OP&F | Total |
|---|-------------------|-------------------|---------------|
| Proportion of the net OPEB liability prior measurement date | 0.093257% | 0.331383% | |
| Proportion of the net OPEB liability current measurement date | <u>0.088000%</u> | <u>0.323433%</u> | |
| Change in proportionate share | <u>-0.005257%</u> | <u>-0.007950%</u> | |
| Proportionate share of the net OPEB liability | \$ 9,556,152 | \$ 18,325,260 | \$ 27,881,412 |
| OPEB expense | \$ 640,492 | \$ 1,648,666 | \$ 2,289,158 |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | OPERS | OP&F | Total |
|---|------------|--------------|--------------|
| Deferred outflows of resources: | | | |
| Differences between expected and actual experience | \$ 7,444 | \$ - | \$ 7,444 |
| Changes of assumptions | 695,790 | 1,788,156 | 2,483,946 |
| City contributions subsequent to the measurement date | 5,489 | 38,245 | 43,734 |
| Total deferred outflows of resources | \$ 708,723 | \$ 1,826,401 | \$ 2,535,124 |

| | OPERS | OP&F | Total |
|---|--------------|------------|--------------|
| Deferred inflows of resources: | | | |
| Differences between expected and actual experience | \$ - | \$ 92,425 | \$ 92,425 |
| Net difference between projected and actual earnings on pension plan investments | 711,870 | 120,625 | 832,495 |
| Changes in employer's proportionate percentage/ difference between employer contributions | 365,039 | 592,271 | 957,310 |
| Total deferred inflows of resources | \$ 1,076,909 | \$ 805,321 | \$ 1,882,230 |

\$43,734 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending December 31: | OPERS | OP&F | Total |
|--------------------------|---------------------|-------------------|-------------------|
| 2019 | \$ (16,274) | \$ 86,006 | \$ 69,732 |
| 2020 | (16,274) | 86,006 | 69,732 |
| 2021 | (163,159) | 86,006 | (77,153) |
| 2022 | (177,967) | 166,453 | (11,514) |
| 2023 | (1) | 196,608 | 196,607 |
| Thereafter | - | 361,756 | 361,756 |
| Total | \$ (373,675) | \$ 982,835 | \$ 609,160 |

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

| | |
|--|--|
| Wage Inflation | 3.25 percent |
| Projected Salary Increases, including inflation | 3.25 to 10.75 percent including wage inflation |
| Single Discount Rate: | |
| Current measurement date | 3.85 percent |
| Prior Measurement date | 4.23 percent |
| Investment Rate of Return | 6.50 percent |
| Municipal Bond Rate | 3.31 percent |
| Health Care Cost Trend Rate | 7.5 percent, initial 3.25 percent, ultimate in 2028 |
| Actuarial Cost Method | Individual Entry Age |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------------|----------------------|---|
| Fixed Income | 34.00 % | 1.88 % |
| Domestic Equities | 21.00 | 6.37 |
| Real Estate Investment Trust | 6.00 | 5.91 |
| International Equities | 22.00 | 7.88 |
| Other investments | 17.00 | 5.39 |
| Total | 100.00 % | 4.98 % |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

| | 1% Decrease (2.85%) | Current Discount Rate (3.85%) | 1% Increase (4.85%) |
|---|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net OPEB liability | \$ 12,695,760 | \$ 9,556,152 | \$ 7,016,240 |

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

| | 1% Decrease | Current Health Care Trend Rate Assumption | 1% Increase |
|---|--------------|---|--------------|
| City's proportionate share of the net OPEB liability | \$ 9,143,200 | \$ 9,556,152 | \$ 9,982,720 |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

| | |
|----------------------------|--|
| Valuation Date | January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017 |
| Actuarial Cost Method | Entry Age Normal |
| Investment Rate of Return | 8.0 percent |
| Projected Salary Increases | 3.75 percent to 10.5 percent |
| Payroll Growth | Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent |
| Single discount rate: | |
| Current measurement date | 3.24 percent |
| Prior measurement date | 3.79 percent |
| Cost of Living Adjustments | 3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent |

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

| <u>Age</u> | <u>Police</u> | <u>Fire</u> |
|------------|---------------|-------------|
| 67 or less | 77 % | 68 % |
| 68-77 | 105 | 87 |
| 78 and up | 115 | 120 |

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

| <u>Age</u> | <u>Police</u> | <u>Fire</u> |
|------------|---------------|-------------|
| 59 or less | 35 % | 35 % |
| 60-69 | 60 | 45 |
| 70-79 | 75 | 70 |
| 80 and up | 100 | 90 |

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--|--------------------------|---|
| Cash and Cash Equivalents | - % | 0.00 % |
| Domestic Equity | 16.00 | 5.21 |
| Non-US Equity | 16.00 | 5.40 |
| Core Fixed Income* | 20.00 | 2.37 |
| Global Inflation Protected Securities* | 20.00 | 2.33 |
| High Yield | 15.00 | 4.48 |
| Real Estate | 12.00 | 5.65 |
| Private Markets | 8.00 | 7.99 |
| Timber | 5.00 | 6.87 |
| Master Limited Partnerships | 8.00 | 7.36 |
| Total | <u>120.00 %</u> | |

Note: Assumptions are geometric.

*levered 2x

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

| | 1% Decrease (2.24%) | Current Discount Rate (3.24%) | 1% Increase (4.24%) |
|---|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net OPEB liability | \$ 22,906,797 | \$ 18,325,260 | \$ 14,799,970 |

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

| | Non-Medicare | Non-AARP | AARP | Rx Drug | Medicare Part B |
|----------------|--------------|----------|-------|---------|--------------------|
| Year | | | | | |
| 2017 | -0.47% | -2.50% | 4.50% | -0.47% | 5.20% |
| 2018 | 7.00% | 7.00% | 4.50% | 7.00% | 5.10% |
| 2019 | 6.50% | 6.50% | 4.50% | 6.50% | 5.00% |
| 2020 | 6.00% | 6.00% | 4.50% | 6.00% | 5.00% |
| 2021 | 5.50% | 5.50% | 4.50% | 5.50% | 5.00% |
| 2022 | 5.00% | 5.00% | 4.50% | 5.00% | 5.00% |
| 2023 and Later | 4.50% | 4.50% | 4.50% | 4.50% | 5.00% |

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

| | 1% Decrease | Current Health Care Trend Rate Assumption | 1% Increase |
|---|---------------|---|---------------|
| City's proportionate share of the net OPEB liability | \$ 14,235,392 | \$ 18,325,260 | \$ 23,837,020 |

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 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. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

| | <u>General</u> |
|---|---------------------|
| Budget basis | \$ 2,179,861 |
| Net adjustment for revenue accruals | (299,440) |
| Net adjustment for expenditure accruals | (376,985) |
| Net adjustment for other financing sources/uses | 200,000 |
| Funds budgeted elsewhere | 69,608 |
| Adjustment for encumbrances | <u>425,823</u> |
| GAAP basis | <u>\$ 2,198,867</u> |

The Packard Music Hall fund is legally budgeted in a separate fund but is considered part of the general fund on GAAP basis.

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CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - 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 in the following table.

| Fund balance | General | General Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | |
| Materials and supplies inventory | \$ 3,729 | \$ - | \$ - | \$ 3,729 |
| Total nonspendable | <u>3,729</u> | <u>-</u> | <u>-</u> | <u>3,729</u> |
| Restricted: | | | | |
| Debt service | - | - | 1,269,247 | 1,269,247 |
| Capital projects | - | 878,397 | - | 878,397 |
| Street maintenance | - | - | 504,789 | 504,789 |
| State highway | - | - | 230,861 | 230,861 |
| Law enforcement | - | - | 211,242 | 211,242 |
| Courts | - | - | 1,776,789 | 1,776,789 |
| Community development and improvement | - | - | 6,377,772 | 6,377,772 |
| Warren Hills landfill | 419,020 | - | - | 419,020 |
| Total restricted | <u>419,020</u> | <u>878,397</u> | <u>10,370,700</u> | <u>11,668,117</u> |
| Assigned: | | | | |
| General government | 41,310 | - | - | 41,310 |
| Public safety programs | 176,333 | - | - | 176,333 |
| Public health programs | 1,814 | - | - | 1,814 |
| Community development and improvement | 4,849 | - | - | 4,849 |
| Parks and recreation | 5,427 | - | - | 5,427 |
| Subsequent year appropriations | 127,844 | - | - | 127,844 |
| Total assigned | <u>357,577</u> | <u>-</u> | <u>-</u> | <u>357,577</u> |
| Unassigned (deficit) | <u>4,379,649</u> | <u>-</u> | <u>-</u> | <u>4,379,649</u> |
| Total fund balances | <u>\$ 5,159,975</u> | <u>\$ 878,397</u> | <u>\$ 10,370,700</u> | <u>\$ 16,409,072</u> |

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 19 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2018.

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 which is \$350,000 at December 31, 2018. At this time, it is not determinable whether the City will sustain a liability related to this matter, therefore a liability has not been reported in the financial statements.

NOTE 20 - 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 | \$ 242,741 |
| General capital projects | 808,938 |
| Nonmajor governmental | <u>564,109</u> |
| Total | <u>\$ 1,615,788</u> |

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 21 - TAX ABATEMENTS

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The City has entered into Ezone Agreements with local businesses within the City. During 2018, the City's property tax revenues were reduced by \$4,300 as a result of these agreements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WARREN, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| <i>Traditional Plan:</i> | | | | | |
| City's proportion of the net pension liability | 0.091079% | 0.096746% | 0.099691% | 0.104124% | 0.104124% |
| City's proportionate share of the net pension liability | \$ 14,288,530 | \$ 21,969,371 | \$ 17,267,738 | \$ 12,558,519 | \$ 12,274,864 |
| City's covered payroll | \$ 12,173,938 | \$ 11,104,425 | \$ 13,388,225 | \$ 12,794,050 | \$ 13,672,708 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 117.37% | 197.84% | 128.98% | 98.16% | 89.78% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.66% | 77.25% | 81.08% | 86.45% | 86.36% |
| <i>Combined Plan:</i> | | | | | |
| City's proportion of the net pension asset | 0.073197% | 0.075776% | 0.063360% | 0.067311% | 0.067311% |
| City's proportionate share of the net pension asset | \$ 99,646 | \$ 42,175 | \$ 30,832 | \$ 25,915 | \$ 7,063 |
| City's covered payroll | \$ 299,777 | \$ 294,967 | \$ 235,000 | \$ 246,050 | \$ 244,900 |
| City's proportionate share of the net pension asset as a percentage of its covered payroll | 33.24% | 14.30% | 13.12% | 10.53% | 2.88% |
| Plan fiduciary net position as a percentage of the total pension asset | 137.28% | 116.55% | 116.90% | 114.83% | 104.56% |
| <i>Member Directed Plan:</i> | | | | | |
| City's proportion of the net pension asset | 0.023725% | 0.025474% | 0.025894% | | |
| City's proportionate share of the net pension asset | \$ 828 | \$ 106 | \$ 99 | | |
| City's covered payroll | \$ 130,040 | \$ 167,042 | \$ 182,158 | | |
| City's proportionate share of the net pension asset as a percentage of its covered payroll | 0.64% | 0.06% | 0.05% | | |
| Plan fiduciary net position as a percentage of the total pension asset | 124.45% | 103.40% | 103.91% | | |

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WARREN, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FIVE YEARS

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| City's proportion of the net pension liability | 0.323433% | 0.331383% | 0.356109% | 0.381035% | 0.381035% |
| City's proportionate share of the net pension liability | \$ 19,850,539 | \$ 20,989,491 | \$ 22,908,737 | \$ 19,739,218 | \$ 18,557,615 |
| City's covered payroll | \$ 7,249,257 | \$ 6,646,483 | \$ 7,813,926 | \$ 7,552,274 | \$ 7,830,751 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 273.83% | 315.80% | 293.18% | 261.37% | 236.98% |
| Plan fiduciary net position as a percentage of the total pension liability | 70.91% | 68.36% | 66.77% | 72.20% | 73.00% |

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WARREN, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| <i>Traditional Plan:</i> | | | | |
| Contractually required contribution | \$ 1,738,050 | \$ 1,582,612 | \$ 1,332,531 | \$ 1,606,587 |
| Contributions in relation to the contractually required contribution | <u>(1,738,050)</u> | <u>(1,582,612)</u> | <u>(1,332,531)</u> | <u>(1,606,587)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 12,414,643 | \$ 12,173,938 | \$ 11,104,425 | \$ 13,388,225 |
| Contributions as a percentage of covered payroll | 14.00% | 13.00% | 12.00% | 12.00% |
| <i>Combined Plan:</i> | | | | |
| Contractually required contribution | \$ 43,533 | \$ 38,971 | \$ 35,396 | \$ 28,200 |
| Contributions in relation to the contractually required contribution | <u>(43,533)</u> | <u>(38,971)</u> | <u>(35,396)</u> | <u>(28,200)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 310,950 | \$ 299,777 | \$ 294,967 | \$ 235,000 |
| Contributions as a percentage of covered payroll | 14.00% | 13.00% | 12.00% | 12.00% |
| <i>Member Directed Plan:</i> | | | | |
| Contractually required contribution | \$ 13,720 | \$ 13,004 | \$ 15,869 | \$ 17,305 |
| Contributions in relation to the contractually required contribution | <u>(13,720)</u> | <u>(13,004)</u> | <u>(15,869)</u> | <u>(17,305)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 137,200 | \$ 130,040 | \$ 167,042 | \$ 182,158 |
| Contributions as a percentage of covered payroll | 10.00% | 10.00% | 9.50% | 9.50% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 1,535,286 | \$ 1,777,452 | \$ 1,305,122 | \$ 1,300,432 | \$ 1,172,052 | \$ 1,109,199 |
| <u>(1,535,286)</u> | <u>(1,777,452)</u> | <u>(1,305,122)</u> | <u>(1,300,432)</u> | <u>(1,172,052)</u> | <u>(1,109,199)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 12,794,050 | \$ 13,672,708 | \$ 13,051,220 | \$ 13,004,320 | \$ 13,139,596 | \$ 13,643,284 |
| 12.00% | 13.00% | 10.00% | 10.00% | 8.92% | 8.13% |
| | | | | | |
| \$ 29,526 | \$ 31,837 | \$ 18,634 | \$ 19,506 | \$ 23,723 | |
| <u>(29,526)</u> | <u>(31,837)</u> | <u>(18,634)</u> | <u>(19,506)</u> | <u>(23,723)</u> | |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| \$ 246,050 | \$ 244,900 | \$ 234,390 | \$ 245,358 | \$ 244,819 | |
| 12.00% | 13.00% | 7.95% | 7.95% | 9.69% | |

CITY OF WARREN, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|------------------|------------------|
| <i>Police:</i> | | | | |
| Contractually required contribution | \$ 767,969 | \$ 737,987 | \$ 677,614 | \$ 790,943 |
| Contributions in relation to the contractually required contribution | <u>(767,969)</u> | <u>(737,987)</u> | <u>(677,614)</u> | <u>(790,943)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 4,041,942 | \$ 3,884,142 | \$ 3,566,389 | \$ 4,162,858 |
| Contributions as a percentage of covered payroll | 19.00% | 19.00% | 19.00% | 19.00% |
| <i>Fire:</i> | | | | |
| Contractually required contribution | \$ 847,666 | \$ 790,802 | \$ 723,822 | \$ 858,001 |
| Contributions in relation to the contractually required contribution | <u>(847,666)</u> | <u>(790,802)</u> | <u>(723,822)</u> | <u>(858,001)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 3,607,089 | \$ 3,365,115 | \$ 3,080,094 | \$ 3,651,068 |
| Contributions as a percentage of covered payroll | 23.50% | 23.50% | 23.50% | 23.50% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 770,359 | \$ 642,290 | \$ 529,665 | \$ 539,681 | \$ 489,866 | \$ 489,740 |
| <u>(770,359)</u> | <u>(642,290)</u> | <u>(529,665)</u> | <u>(539,681)</u> | <u>(489,866)</u> | <u>(489,740)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 4,054,521 | \$ 4,043,799 | \$ 4,154,235 | \$ 4,232,792 | \$ 3,842,086 | \$ 3,841,098 |
| 19.00% | 15.88% | 12.75% | 12.75% | 12.75% | 12.75% |
| | | | | | |
| \$ 821,972 | \$ 771,907 | \$ 676,223 | \$ 678,660 | \$ 584,723 | \$ 615,822 |
| <u>(821,972)</u> | <u>(771,907)</u> | <u>(676,223)</u> | <u>(678,660)</u> | <u>(584,723)</u> | <u>(615,822)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 3,497,753 | \$ 3,786,952 | \$ 3,920,133 | \$ 3,934,261 | \$ 3,389,699 | \$ 3,569,983 |
| 23.50% | 20.38% | 17.25% | 17.25% | 17.25% | 17.25% |

CITY OF WARREN, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TWO YEARS

| | <u>2018</u> | <u>2017</u> |
|---|---------------|---------------|
| City's proportion of the net OPEB liability | 0.088000% | 0.093257% |
| City's proportionate share of the net OPEB liability | \$ 9,556,152 | \$ 9,419,273 |
| City's covered payroll | \$ 12,603,755 | \$ 11,566,434 |
| City's proportionate share of the net OPEB liability as a percentage of its covered payroll | 75.82% | 81.44% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 54.14% | 54.05% |

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WARREN, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TWO YEARS

| | <u>2018</u> | <u>2017</u> |
|---|---------------|---------------|
| City's proportion of the net OPEB liability | 0.323433% | 0.331383% |
| City's proportionate share of the net OPEB liability | \$ 18,325,260 | \$ 15,730,006 |
| City's covered payroll | \$ 7,249,257 | \$ 6,646,483 |
| City's proportionate share of the net OPEB liability as a percentage of its covered payroll | 252.79% | 236.67% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 14.13% | 15.96% |

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WARREN, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 5,489 | \$ 129,938 | \$ 230,633 | \$ 272,465 |
| Contributions in relation to the contractually required contribution | <u>(5,489)</u> | <u>(129,938)</u> | <u>(230,633)</u> | <u>(272,465)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 12,862,793 | \$ 12,603,755 | \$ 11,566,434 | \$ 13,805,383 |
| Contributions as a percentage of covered payroll | 0.04% | 1.03% | 1.99% | 1.97% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 259,042 | \$ 139,176 | \$ 536,229 | \$ 535,017 | \$ 378,744 | \$ 818,740 |
| <u>(259,042)</u> | <u>(139,176)</u> | <u>(536,229)</u> | <u>(535,017)</u> | <u>(378,744)</u> | <u>(818,740)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 13,040,100 | \$ 13,917,608 | \$ 13,285,610 | \$ 13,249,678 | \$ 13,384,415 | \$ 13,643,284 |
| 1.99% | 1.00% | 4.04% | 4.04% | 2.83% | 6.00% |

CITY OF WARREN, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-----------------|-----------------|-----------------|-----------------|
| <i>Police:</i> | | | | |
| Contractually required contribution | \$ 20,210 | \$ 19,421 | \$ 17,832 | \$ 21,377 |
| Contributions in relation to the contractually required contribution | <u>(20,210)</u> | <u>(19,421)</u> | <u>(17,832)</u> | <u>(21,377)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 4,041,942 | \$ 3,884,142 | \$ 3,566,389 | \$ 4,162,858 |
| Contributions as a percentage of covered payroll | 0.50% | 0.50% | 0.50% | 0.50% |
| <i>Fire:</i> | | | | |
| Contractually required contribution | \$ 18,035 | \$ 16,826 | \$ 15,400 | \$ 18,255 |
| Contributions in relation to the contractually required contribution | <u>(18,035)</u> | <u>(16,826)</u> | <u>(15,400)</u> | <u>(18,255)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 3,607,089 | \$ 3,365,115 | \$ 3,080,094 | \$ 3,651,068 |
| Contributions as a percentage of covered payroll | 0.50% | 0.50% | 0.50% | 0.50% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|-----------------|------------------|------------------|------------------|------------------|------------------|
| \$ 18,585 | \$ 146,625 | \$ 280,411 | \$ 285,713 | \$ 259,341 | \$ 259,274 |
| <u>(18,585)</u> | <u>(146,625)</u> | <u>(280,411)</u> | <u>(285,713)</u> | <u>(259,341)</u> | <u>(259,274)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 4,054,521 | \$ 4,043,799 | \$ 4,154,235 | \$ 4,232,792 | \$ 3,842,086 | \$ 3,841,098 |
| 0.50% | 3.62% | 6.75% | 6.75% | 6.75% | 6.75% |
| | | | | | |
| \$ 16,034 | \$ 137,513 | \$ 264,609 | \$ 265,563 | \$ 228,805 | \$ 240,974 |
| <u>(16,034)</u> | <u>(137,513)</u> | <u>(264,609)</u> | <u>(265,563)</u> | <u>(228,805)</u> | <u>(240,974)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 3,497,753 | \$ 3,786,952 | \$ 3,920,133 | \$ 3,934,261 | \$ 3,389,699 | \$ 3,569,983 |
| 0.50% | 3.62% | 6.75% | 6.75% | 6.75% | 6.75% |

CITY OF WARREN, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.

COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES

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.

Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis):

Packard Music Hall

To account for the operations of the Packard Music Hall.

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.

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.

CITY OF WARREN, OHIO

INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds - (Continued)

Guarantee Loan

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

Highway Construction

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

Motor Vehicle Levy

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

Home Investment

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

Nonmajor Debt Service Fund

General Bond Payment

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

Major 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, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Income taxes | \$ 19,985,000 | \$ 20,291,200 | \$ 20,952,663 | \$ 661,463 |
| Property and other taxes | 187,143 | 187,143 | 154,372 | (32,771) |
| Charges for services | 2,231,000 | 2,231,000 | 2,318,810 | 87,810 |
| Licenses and permits | 1,867,550 | 1,867,550 | 1,990,003 | 122,453 |
| Fines and forfeitures | 1,009,300 | 1,009,300 | 913,707 | (95,593) |
| Intergovernmental | 2,333,150 | 2,457,691 | 2,154,953 | (302,738) |
| Special assessments. | - | - | 433 | 433 |
| Investment income | 93,000 | 93,000 | 256,751 | 163,751 |
| Rental income | 76,000 | 76,000 | 71,054 | (4,946) |
| Other | 450,500 | 450,500 | 532,136 | 81,636 |
| Total revenues | <u>28,232,643</u> | <u>28,663,384</u> | <u>29,344,882</u> | <u>681,498</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| City council | | | | |
| Personal services | 243,811 | 242,811 | 237,711 | 5,100 |
| Contract services | 28,399 | 28,399 | 22,362 | 6,037 |
| Materials and supplies. | 8,500 | 8,500 | 5,528 | 2,972 |
| Total city council | <u>280,710</u> | <u>279,710</u> | <u>265,601</u> | <u>14,109</u> |
| Municipal court | | | | |
| Personal services | 1,826,142 | 1,825,142 | 1,800,071 | 25,071 |
| Contract services | 62,098 | 62,098 | 54,870 | 7,228 |
| Total municipal court. | <u>1,888,240</u> | <u>1,887,240</u> | <u>1,854,941</u> | <u>32,299</u> |
| Victims of crimes | | | | |
| Personal services | 102,542 | 111,242 | 106,449 | 4,793 |
| Contract services | 5,100 | 5,100 | 3,050 | 2,050 |
| Materials and supplies. | 2,900 | 2,600 | 988 | 1,612 |
| Total victims of crimes | <u>110,542</u> | <u>118,942</u> | <u>110,487</u> | <u>8,455</u> |
| Operations - general | | | | |
| Personal services | 99,180 | 104,210 | 103,256 | 954 |
| Contract services | 18,000 | 18,000 | 18,000 | - |
| Materials and supplies. | - | 2,763 | 2,750 | 13 |
| Total operations - general | <u>117,180</u> | <u>124,973</u> | <u>124,006</u> | <u>967</u> |
| Operations - maintenance | | | | |
| Personal services | 621,411 | 741,521 | 721,298 | 20,223 |
| Contract services | 207,757 | 162,908 | 160,274 | 2,634 |
| Materials and supplies. | 49,194 | 45,436 | 39,944 | 5,492 |
| Total operations - maintenance. | <u>878,362</u> | <u>949,865</u> | <u>921,516</u> | <u>28,349</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, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | | |
| Mayor | | | | |
| Personal services | \$ 347,920 | \$ 422,920 | \$ 407,105 | \$ 15,815 |
| Contract services | 28,908 | 28,908 | 24,165 | 4,743 |
| Materials and supplies. | 26,629 | 24,129 | 14,957 | 9,172 |
| Total mayor. | <u>403,457</u> | <u>475,957</u> | <u>446,227</u> | <u>29,730</u> |
| Purchasing | | | | |
| Personal services | 52,125 | 55,625 | 54,540 | 1,085 |
| Contract services | 14,330 | 14,330 | 13,132 | 1,198 |
| Materials and supplies. | 2,873 | 2,873 | 2,643 | 230 |
| Total purchasing | <u>69,328</u> | <u>72,828</u> | <u>70,315</u> | <u>2,513</u> |
| Finance | | | | |
| Personal services | 550,621 | 535,321 | 511,900 | 23,421 |
| Contract services | 53,561 | 53,561 | 46,657 | 6,904 |
| Materials and supplies. | 9,440 | 6,940 | 3,573 | 3,367 |
| Total finance | <u>613,622</u> | <u>595,822</u> | <u>562,130</u> | <u>33,692</u> |
| Human resources | | | | |
| Personal services | 343,610 | 343,610 | 329,152 | 14,458 |
| Contract services | 33,350 | 33,350 | 29,033 | 4,317 |
| Materials and supplies. | 2,000 | 2,000 | 668 | 1,332 |
| Total human resources | <u>378,960</u> | <u>378,960</u> | <u>358,853</u> | <u>20,107</u> |
| Law department | | | | |
| Personal services | 933,107 | 931,307 | 925,460 | 5,847 |
| Contract services | 48,189 | 44,489 | 30,001 | 14,488 |
| Materials and supplies. | 5,500 | 5,500 | 5,192 | 308 |
| Capital outlay | - | 8,500 | 7,352 | 1,148 |
| Total law department. | <u>986,796</u> | <u>989,796</u> | <u>968,005</u> | <u>21,791</u> |
| Civil service | | | | |
| Personal services | 11,847 | 11,867 | 11,826 | 41 |
| Contract services | 12,950 | 14,000 | 13,882 | 118 |
| Materials and supplies. | 800 | 480 | - | 480 |
| Total civil service. | <u>25,597</u> | <u>26,347</u> | <u>25,708</u> | <u>639</u> |
| Administrative support | | | | |
| Contract services | 1,291,530 | 1,381,830 | 1,340,513 | 41,317 |
| Materials and supplies. | 10,500 | 29,900 | 18,964 | 10,936 |
| Other | 44,000 | 58,000 | 47,695 | 10,305 |
| Total administrative support | <u>1,346,030</u> | <u>1,469,730</u> | <u>1,407,172</u> | <u>62,558</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, 2018**

| | <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 | \$ 543,720 | \$ 524,220 | \$ 510,398 | \$ 13,822 |
| Contract services | 104,732 | 111,732 | 102,850 | 8,882 |
| Materials and supplies. | 18,728 | 21,728 | 18,877 | 2,851 |
| Capital outlay | - | 7,500 | - | 7,500 |
| Other | - | 131,000 | 82,702 | 48,298 |
| Total income tax | <u>667,180</u> | <u>796,180</u> | <u>714,827</u> | <u>81,353</u> |
| Total general government | <u>7,766,004</u> | <u>8,166,350</u> | <u>7,829,788</u> | <u>336,562</u> |
| Security of persons and property | | | | |
| Police | | | | |
| Personal services | 7,323,733 | 7,012,933 | 6,724,984 | 287,949 |
| Contract services | 1,478,899 | 1,449,348 | 1,428,171 | 21,177 |
| Materials and supplies. | 240,423 | 357,422 | 343,351 | 14,071 |
| Capital outlay | 134,813 | 154,313 | 153,703 | 610 |
| Total police. | <u>9,177,868</u> | <u>8,974,016</u> | <u>8,650,209</u> | <u>323,807</u> |
| Fire | | | | |
| Personal services | 7,360,658 | 7,111,738 | 6,062,301 | 1,049,437 |
| Contract services | 267,592 | 256,892 | 221,974 | 34,918 |
| Materials and supplies. | 191,683 | 233,794 | 220,825 | 12,969 |
| Capital outlay | - | 74,050 | 72,726 | 1,324 |
| Total fire | <u>7,819,933</u> | <u>7,676,474</u> | <u>6,577,826</u> | <u>1,098,648</u> |
| Bio-Terrorism | | | | |
| Contract services | 992 | 1,222 | 671 | 551 |
| Total bio-terrorism | <u>992</u> | <u>1,222</u> | <u>671</u> | <u>551</u> |
| Total security of persons and property . | <u>16,998,793</u> | <u>16,651,712</u> | <u>15,228,706</u> | <u>1,423,006</u> |
| Public health and welfare | | | | |
| Health | | | | |
| Personal services | 342,567 | 347,473 | 336,243 | 11,230 |
| Contract services | 115,608 | 201,071 | 185,018 | 16,053 |
| Materials and supplies. | 28,035 | 31,875 | 24,789 | 7,086 |
| Other. | 211,380 | 214,349 | 213,898 | 451 |
| Total health | <u>697,590</u> | <u>794,768</u> | <u>759,948</u> | <u>34,820</u> |
| Dental | | | | |
| Personal services | 1,965 | 1,115 | - | 1,115 |
| Contract services | 35,550 | 56,550 | 39,798 | 16,752 |
| Materials and supplies. | 7,300 | 7,300 | 6,188 | 1,112 |
| Total dental. | <u>44,815</u> | <u>64,965</u> | <u>45,986</u> | <u>18,979</u> |
| Total public health and welfare | <u>742,405</u> | <u>859,733</u> | <u>805,934</u> | <u>53,799</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, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Community environment | | | | |
| Environmental health | | | | |
| Personal services | \$ 612,417 | \$ 604,561 | \$ 586,434 | \$ 18,127 |
| Contract services | 19,760 | 22,535 | 21,167 | 1,368 |
| Materials and supplies. | 13,166 | 14,326 | 13,537 | 789 |
| Other. | 8,000 | 8,831 | 6,745 | 2,086 |
| Total environmental health | <u>653,343</u> | <u>650,253</u> | <u>627,883</u> | <u>22,370</u> |
| Weed control | | | | |
| Contract services | 5,150 | 10,920 | 8,546 | 2,374 |
| Materials and supplies. | 2,000 | 5,000 | 3,247 | 1,753 |
| Total weed control | <u>7,150</u> | <u>15,920</u> | <u>11,793</u> | <u>4,127</u> |
| Mosquito control | | | | |
| Contract services | 250 | 250 | - | 250 |
| Materials and supplies. | 2,650 | 2,650 | 1,212 | 1,438 |
| Total mosquito control | <u>2,900</u> | <u>2,900</u> | <u>1,212</u> | <u>1,688</u> |
| Engineering building and plant department | | | | |
| Personal services | 712,657 | 716,157 | 692,763 | 23,394 |
| Contract services | 287,684 | 318,484 | 312,570 | 5,914 |
| Materials and supplies. | 32,972 | 41,472 | 27,267 | 14,205 |
| Other | 8,000 | 8,000 | 5,222 | 2,778 |
| Total engineering building and plant department. | <u>1,041,313</u> | <u>1,084,113</u> | <u>1,037,822</u> | <u>46,291</u> |
| Total community environment. | <u>1,704,706</u> | <u>1,753,186</u> | <u>1,678,710</u> | <u>74,476</u> |
| Leisure time activity | | | | |
| Operations - Packard Park | | | | |
| Personal services | 18,110 | 19,135 | 14,480 | 4,655 |
| Contract services | 53,707 | 92,633 | 81,796 | 10,837 |
| Materials and supplies. | 13,250 | 19,877 | 17,648 | 2,229 |
| Capital outlay | - | 6,500 | 6,439 | 61 |
| Other. | 5,000 | 5,000 | 4,675 | 325 |
| Total operations - packard park. | <u>90,067</u> | <u>143,145</u> | <u>125,038</u> | <u>18,107</u> |
| Operations - parks | | | | |
| Personal services | 141,494 | 147,329 | 118,155 | 29,174 |
| Contract services | 106,825 | 133,149 | 128,139 | 5,010 |
| Materials and supplies. | 30,250 | 30,719 | 26,444 | 4,275 |
| Other. | 300 | 300 | - | 300 |
| Total operations - parks. | <u>278,869</u> | <u>311,497</u> | <u>272,738</u> | <u>38,759</u> |
| Total leisure time activity | <u>368,936</u> | <u>454,642</u> | <u>397,776</u> | <u>56,866</u> |
| Total expenditures. | <u>27,580,844</u> | <u>27,885,623</u> | <u>25,940,914</u> | <u>1,944,709</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Excess of revenues over expenditures . . | \$ 651,799 | \$ 777,761 | \$ 3,403,968 | \$ 2,626,207 |
| Other financing (uses): | | | | |
| Transfers (out). | (972,779) | (1,278,979) | (1,224,107) | 54,872 |
| Total other financing (uses). | (972,779) | (1,278,979) | (1,224,107) | 54,872 |
| Net change in fund balance. | (320,980) | (501,218) | 2,179,861 | 2,681,079 |
| Fund balance at beginning of year | 1,350,640 | 1,350,640 | 1,350,640 | - |
| Prior year encumbrances appropriated . | 320,980 | 320,980 | 320,980 | - |
| Fund balance at end of year | <u>\$ 1,350,640</u> | <u>\$ 1,170,402</u> | <u>\$ 3,851,481</u> | <u>\$ 2,681,079</u> |

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PACKARD MUSIC HALL
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ 200,000 | \$ 200,000 | \$ - |
| Other | 94,100 | 94,100 | 89,256 | (4,844) |
| Total revenues | <u>94,100</u> | <u>294,100</u> | <u>289,256</u> | <u>(4,844)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Contract services | 294,651 | 284,651 | 218,845 | 65,806 |
| Materials and supplies | - | 11,875 | 2,445 | 9,430 |
| Capital outlay | - | 200,000 | 200,000 | - |
| Total expenditures | <u>294,651</u> | <u>496,526</u> | <u>421,290</u> | <u>75,236</u> |
| Excess of expenditures over revenues . . . | <u>(200,551)</u> | <u>(202,426)</u> | <u>(132,034)</u> | <u>70,392</u> |
| Other financing sources: | | | | |
| Transfers in | 200,000 | 200,000 | 200,000 | - |
| Total other financing sources | <u>200,000</u> | <u>200,000</u> | <u>200,000</u> | <u>-</u> |
| Net change in fund balance | (551) | (2,426) | 67,966 | 70,392 |
| Fund balance at beginning of year | 2,430 | 2,430 | 2,430 | - |
| Prior year encumbrances appropriated . . | 551 | 551 | 551 | - |
| Fund balance at end of year | <u>\$ 2,430</u> | <u>\$ 555</u> | <u>\$ 70,947</u> | <u>\$ 70,392</u> |

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Nonmajor Special Revenue Funds</u> | <u>Nonmajor Debt Service Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|---|---|--|
| Assets: | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 3,109,721 | \$ 1,269,247 | \$ 4,378,968 |
| Receivables (net of allowance of uncollectibles): | | | |
| Real and other taxes | - | 1,298,087 | 1,298,087 |
| Accounts. | 31,783 | - | 31,783 |
| Intergovernmental | 794,277 | 72,512 | 866,789 |
| Due from other funds. | 2,185 | - | 2,185 |
| Loans. | 5,914,280 | - | 5,914,280 |
| Special assessments | 1,671,782 | 164,140 | 1,835,922 |
| Total assets. | <u>\$ 11,524,028</u> | <u>\$ 2,803,986</u> | <u>\$ 14,328,014</u> |
| Liabilities: | | | |
| Accounts payable | \$ 150,535 | \$ - | \$ 150,535 |
| Contracts payable | 4,505 | - | 4,505 |
| Accrued wages and benefits payable | 37,089 | - | 37,089 |
| Due to other funds. | 28,293 | - | 28,293 |
| Due to other governments | 8,736 | - | 8,736 |
| Total liabilities | <u>229,158</u> | <u>-</u> | <u>229,158</u> |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year. | - | 919,883 | 919,883 |
| Delinquent property tax revenue not available. | - | 378,204 | 378,204 |
| Special assessments revenue not available. | 1,671,782 | 164,140 | 1,835,922 |
| Intergovernmental revenue not available. | 521,635 | 72,512 | 594,147 |
| Total deferred inflows of resources | <u>2,193,417</u> | <u>1,534,739</u> | <u>3,728,156</u> |
| Fund balances: | | | |
| Restricted. | <u>9,101,453</u> | <u>1,269,247</u> | <u>10,370,700</u> |
| Total fund balances | <u>9,101,453</u> | <u>1,269,247</u> | <u>10,370,700</u> |
| Total liabilities, deferred inflows of resources and fund balances. | <u>\$ 11,524,028</u> | <u>\$ 2,803,986</u> | <u>\$ 14,328,014</u> |

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Total Nonmajor Governmental Funds |
|---|---|---|--|
| Revenues: | | | |
| Property and other taxes | \$ - | \$ 922,622 | \$ 922,622 |
| Charges for services | 147,705 | - | 147,705 |
| Licenses and permits | 97,678 | - | 97,678 |
| Fines and forfeitures. | 408,129 | - | 408,129 |
| Intergovernmental | 3,340,906 | 145,023 | 3,485,929 |
| Special assessments | - | 10,615 | 10,615 |
| Investment income. | 29,304 | - | 29,304 |
| Other. | 53,641 | - | 53,641 |
| Total revenues | <u>4,077,363</u> | <u>1,078,260</u> | <u>5,155,623</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 49,668 | 31,753 | 81,421 |
| Security of persons and property | 406,715 | - | 406,715 |
| Transportation | 1,533,931 | - | 1,533,931 |
| Economic development. | 1,442,020 | - | 1,442,020 |
| Capital outlay | 417,184 | - | 417,184 |
| Debt service: | | | |
| Principal retirement | 135,000 | 762,828 | 897,828 |
| Interest and fiscal charges. | 42,782 | 184,508 | 227,290 |
| Total expenditures. | <u>4,027,300</u> | <u>979,089</u> | <u>5,006,389</u> |
| Excess of revenues over expenditures | <u>50,063</u> | <u>99,171</u> | <u>149,234</u> |
| Other financing sources (uses): | | | |
| Transfers in | 99,393 | - | 99,393 |
| Transfers (out) | <u>(124,769)</u> | <u>-</u> | <u>(124,769)</u> |
| Total other financing sources (uses). | <u>(25,376)</u> | <u>-</u> | <u>(25,376)</u> |
| Net change in fund balance | 24,687 | 99,171 | 123,858 |
| Fund balances at beginning of year | <u>9,076,766</u> | <u>1,170,076</u> | <u>10,246,842</u> |
| Fund balances at end of year | <u>\$ 9,101,453</u> | <u>\$ 1,269,247</u> | <u>\$ 10,370,700</u> |

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2017

| | <u>Court Computerization</u> | <u>Street Maintenance</u> | <u>Police Grants</u> |
|---|----------------------------------|-------------------------------|--------------------------|
| Assets: | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 321,159 | \$ 61,516 | \$ 14,877 |
| Receivables (net of allowance for uncollectibles): | | | |
| Accounts | 6,864 | - | - |
| Intergovernmental | - | 679,389 | 8,442 |
| Due from other funds | - | 2,185 | - |
| Loans | - | - | - |
| Special assessments | - | - | - |
| Total assets | <u>\$ 328,023</u> | <u>\$ 743,090</u> | <u>\$ 23,319</u> |
| Liabilities: | | | |
| Accounts payable | \$ 305 | \$ 7,656 | \$ 1,265 |
| Contracts payable | - | - | - |
| Accrued wages and benefits payable | - | 19,615 | - |
| Due to other funds | - | 28,293 | - |
| Due to other governments | - | 3,943 | - |
| Total liabilities | <u>305</u> | <u>59,507</u> | <u>1,265</u> |
| Deferred inflows of resources: | | | |
| Special assessments revenue not available | - | - | - |
| Intergovernmental revenue not available | - | 480,000 | 2,716 |
| Total deferred inflows of resources | <u>-</u> | <u>480,000</u> | <u>2,716</u> |
| Fund balances: | | | |
| Restricted | <u>327,718</u> | <u>203,583</u> | <u>19,338</u> |
| Total fund balances | <u>327,718</u> | <u>203,583</u> | <u>19,338</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 328,023</u> | <u>\$ 743,090</u> | <u>\$ 23,319</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> |
|----------------------------------|-----------------------------|------------------------------|----------------------------------|----------------------------|------------------------------------|
| \$ 4,523 | \$ 26,666 | \$ 20,150 | \$ 67,521 | \$ 71,371 | \$ 390,083 |
| 72 | - | - | 69 | - | 5,117 |
| - | 750 | - | 782 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 4,595</u> | <u>\$ 27,416</u> | <u>\$ 20,150</u> | <u>\$ 68,372</u> | <u>\$ 71,371</u> | <u>\$ 395,200</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 757 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 757 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 4,595 | 27,416 | 20,150 | 68,372 | 71,371 | 394,443 |
| 4,595 | 27,416 | 20,150 | 68,372 | 71,371 | 394,443 |
| <u>\$ 4,595</u> | <u>\$ 27,416</u> | <u>\$ 20,150</u> | <u>\$ 68,372</u> | <u>\$ 71,371</u> | <u>\$ 395,200</u> |

- Continued

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 DECEMBER 31, 2018

| | <u>Special Projects - Courts</u> | <u>Legal Research - Courts</u> | <u>CDBG</u> |
|---|--------------------------------------|------------------------------------|---------------------|
| Assets: | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 863,233 | \$ 182,423 | \$ 259,172 |
| Receivables (net of allowance for uncollectibles): | | | |
| Accounts. | 17,664 | 1,997 | - |
| Intergovernmental | - | - | - |
| Due from other funds. | - | - | - |
| Loans | - | - | 1,312,424 |
| Special assessments. | - | - | 1,671,782 |
| Total assets | <u>\$ 880,897</u> | <u>\$ 184,420</u> | <u>\$ 3,243,378</u> |
| Liabilities: | | | |
| Accounts payable | \$ 10,689 | \$ - | \$ 56,859 |
| Contracts payable | - | - | 4,505 |
| Accrued wages and benefits payable | - | - | 17,474 |
| Due to other funds | - | - | - |
| Due to other governments | - | - | 4,793 |
| Total liabilities | <u>10,689</u> | <u>-</u> | <u>83,631</u> |
| Deferred inflows of resources: | | | |
| Special assessments revenue not available. | - | - | 1,671,782 |
| Intergovernmental revenue not available. | - | - | - |
| Total deferred inflows of resources. | <u>-</u> | <u>-</u> | <u>1,671,782</u> |
| Fund balances: | | | |
| Restricted. | <u>870,208</u> | <u>184,420</u> | <u>1,487,965</u> |
| Total fund balances. | <u>870,208</u> | <u>184,420</u> | <u>1,487,965</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 880,897</u> | <u>\$ 184,420</u> | <u>\$ 3,243,378</u> |

| <u>Guarantee Loan</u> | <u>Highway Construction</u> | <u>Motor Vehicle Levy</u> | <u>Home Investment</u> | <u>Total</u> |
|---------------------------|---------------------------------|-------------------------------|----------------------------|----------------------|
| \$ 115,909 | \$ 216,585 | \$ 265,557 | \$ 228,976 | \$ 3,109,721 |
| - | - | - | - | 31,783 |
| - | 55,086 | 49,828 | - | 794,277 |
| - | - | - | - | 2,185 |
| 859,302 | - | - | 3,742,554 | 5,914,280 |
| - | - | - | - | 1,671,782 |
| <u>\$ 975,211</u> | <u>\$ 271,671</u> | <u>\$ 315,385</u> | <u>\$ 3,971,530</u> | <u>\$ 11,524,028</u> |
| \$ - | \$ 1,891 | \$ 14,179 | \$ 56,934 | \$ 150,535 |
| - | - | - | - | 4,505 |
| - | - | - | - | 37,089 |
| - | - | - | - | 28,293 |
| - | - | - | - | 8,736 |
| - | 1,891 | 14,179 | 56,934 | 229,158 |
| - | - | - | - | 1,671,782 |
| - | 38,919 | - | - | 521,635 |
| - | 38,919 | - | - | 2,193,417 |
| 975,211 | 230,861 | 301,206 | 3,914,596 | 9,101,453 |
| 975,211 | 230,861 | 301,206 | 3,914,596 | 9,101,453 |
| <u>\$ 975,211</u> | <u>\$ 271,671</u> | <u>\$ 315,385</u> | <u>\$ 3,971,530</u> | <u>\$ 11,524,028</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, 2018

| | <u>Court Computerization</u> | <u>Street Maintenance</u> | <u>Police Grants</u> |
|--|----------------------------------|-------------------------------|--------------------------|
| Revenues: | | | |
| Charges for services | \$ - | \$ - | \$ - |
| Licenses and permits | - | 3,700 | - |
| Fines and forfeitures. | 89,962 | - | - |
| Intergovernmental. | - | 1,363,985 | 50,561 |
| Investment income | - | - | - |
| Other | 369 | 1,772 | - |
| | <hr/> | <hr/> | <hr/> |
| Total revenues. | 90,331 | 1,369,457 | 50,561 |
| | <hr/> | <hr/> | <hr/> |
| Expenditures: | | | |
| Current operations: | | | |
| General government | 49,668 | - | - |
| Security of persons and property | - | - | 41,218 |
| Transportation. | - | 1,533,931 | - |
| Economic development | - | - | - |
| Capital outlay. | - | - | - |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | 49,668 | 1,533,931 | 41,218 |
| | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenues over (under) expenditures | 40,663 | (164,474) | 9,343 |
| | <hr/> | <hr/> | <hr/> |
| Other financing sources (uses): | | | |
| Transfers in | - | 60,000 | - |
| Transfers (out). | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total other financing sources (uses) | - | 60,000 | - |
| | <hr/> | <hr/> | <hr/> |
| Net change in fund balance | 40,663 | (104,474) | 9,343 |
| | <hr/> | <hr/> | <hr/> |
| Fund balances at beginning of year. | 287,055 | 308,057 | 9,995 |
| | <hr/> | <hr/> | <hr/> |
| Fund balances at end of year | \$ 327,718 | \$ 203,583 | \$ 19,338 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

| Drivers Alcohol Treatment | Drug Law Enforcement | Law Enforcement Trust | Enforcement and Education | Federal Forfeitures | Probation - Municipal Court |
|----------------------------------|-----------------------------|------------------------------|----------------------------------|----------------------------|------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | 93,978 |
| 7,361 | 45,543 | - | 8,703 | - | - |
| - | - | 12,065 | - | 1,037 | - |
| - | - | - | - | 989 | - |
| - | - | 1,015 | - | - | - |
| <u>7,361</u> | <u>45,543</u> | <u>13,080</u> | <u>8,703</u> | <u>2,026</u> | <u>93,978</u> |
| - | - | - | - | - | - |
| 7,949 | 29,557 | 345 | 256 | 14,651 | 55,585 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>7,949</u> | <u>29,557</u> | <u>345</u> | <u>256</u> | <u>14,651</u> | <u>55,585</u> |
| <u>(588)</u> | <u>15,986</u> | <u>12,735</u> | <u>8,447</u> | <u>(12,625)</u> | <u>38,393</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>(588)</u> | <u>15,986</u> | <u>12,735</u> | <u>8,447</u> | <u>(12,625)</u> | <u>38,393</u> |
| <u>5,183</u> | <u>11,430</u> | <u>7,415</u> | <u>59,925</u> | <u>83,996</u> | <u>356,050</u> |
| <u>\$ 4,595</u> | <u>\$ 27,416</u> | <u>\$ 20,150</u> | <u>\$ 68,372</u> | <u>\$ 71,371</u> | <u>\$ 394,443</u> |

- Continued

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Special Projects - Courts</u> | <u>Legal Research - Courts</u> | <u>CDBG</u> |
|--|--------------------------------------|------------------------------------|--------------|
| Revenues: | | | |
| Charges for services | \$ - | \$ - | \$ 147,705 |
| Licenses and permits | - | - | - |
| Fines and forfeitures. | 230,521 | 26,039 | - |
| Intergovernmental. | 6,173 | - | 848,726 |
| Investment income | - | - | 9,953 |
| Other | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total revenues. | 236,694 | 26,039 | 1,006,384 |
| | <hr/> | <hr/> | <hr/> |
| Expenditures: | | | |
| Current operations: | | | |
| General government | - | - | - |
| Security of persons and property | 236,987 | 20,167 | - |
| Transportation. | - | - | - |
| Economic development | - | - | 1,195,305 |
| Capital outlay. | - | - | - |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | 236,987 | 20,167 | 1,195,305 |
| | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenues over (under) expenditures | (293) | 5,872 | (188,921) |
| | <hr/> | <hr/> | <hr/> |
| Other financing sources (uses): | | | |
| Transfers in. | - | - | 39,393 |
| Transfers (out) | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total other financing sources (uses) | - | - | 39,393 |
| | <hr/> | <hr/> | <hr/> |
| Net change in fund balance. | (293) | 5,872 | (149,528) |
| | <hr/> | <hr/> | <hr/> |
| Fund balances at beginning of year. | 870,501 | 178,548 | 1,637,493 |
| | <hr/> | <hr/> | <hr/> |
| Fund balances at end of year | \$ 870,208 | \$ 184,420 | \$ 1,487,965 |
| | <hr/> | <hr/> | <hr/> |

| Guarantee Loan | Highway Construction | Motor Vehicle Levy | Home Investment | Total |
|---------------------------|---------------------------------|-------------------------------|----------------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 147,705 |
| - | - | - | - | 97,678 |
| - | - | - | - | 408,129 |
| - | 110,594 | 625,109 | 322,656 | 3,340,906 |
| 112 | 2,008 | 2,046 | 14,196 | 29,304 |
| 47,250 | 2,125 | - | 1,110 | 53,641 |
| <u>47,362</u> | <u>114,727</u> | <u>627,155</u> | <u>337,962</u> | <u>4,077,363</u> |
| - | - | - | - | 49,668 |
| - | - | - | - | 406,715 |
| - | - | - | - | 1,533,931 |
| - | - | - | 246,715 | 1,442,020 |
| - | 41,623 | 375,561 | - | 417,184 |
| 135,000 | - | - | - | 135,000 |
| 42,782 | - | - | - | 42,782 |
| <u>177,782</u> | <u>41,623</u> | <u>375,561</u> | <u>246,715</u> | <u>4,027,300</u> |
| <u>(130,420)</u> | <u>73,104</u> | <u>251,594</u> | <u>91,247</u> | <u>50,063</u> |
| - | - | - | - | 99,393 |
| - | - | (124,769) | - | (124,769) |
| - | - | (124,769) | - | (25,376) |
| (130,420) | 73,104 | 126,825 | 91,247 | 24,687 |
| <u>1,105,631</u> | <u>157,757</u> | <u>174,381</u> | <u>3,823,349</u> | <u>9,076,766</u> |
| <u>\$ 975,211</u> | <u>\$ 230,861</u> | <u>\$ 301,206</u> | <u>\$ 3,914,596</u> | <u>\$ 9,101,453</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Fines and forfeitures | \$ 100,000 | \$ 100,000 | \$ 90,065 | \$ (9,935) |
| Other | - | - | 369 | 369 |
| Total revenues | <u>100,000</u> | <u>100,000</u> | <u>90,434</u> | <u>(9,566)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Personal services | 19,900 | 19,900 | 18,451 | 1,449 |
| Contract services | 31,000 | 31,000 | 23,878 | 7,122 |
| Materials and supplies. | 10,000 | 10,000 | 9,084 | 916 |
| Capital outlay | 15,000 | 15,000 | - | 15,000 |
| Total general government | <u>75,900</u> | <u>75,900</u> | <u>51,413</u> | <u>24,487</u> |
| Total expenditures | <u>75,900</u> | <u>75,900</u> | <u>51,413</u> | <u>24,487</u> |
| Net change in fund balance. | 24,100 | 24,100 | 39,021 | 14,921 |
| Fund balance at beginning of year | 280,088 | 280,088 | 280,088 | - |
| Prior year encumbrances appropriated . | <u>1,500</u> | <u>1,500</u> | <u>1,500</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 305,688</u> | <u>\$ 305,688</u> | <u>\$ 320,609</u> | <u>\$ 14,921</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Licenses and permits | \$ 2,200 | \$ 2,200 | \$ 3,700 | \$ 1,500 |
| Intergovernmental | 1,353,000 | 1,353,000 | 1,384,527 | 31,527 |
| Other | - | - | 1,772 | 1,772 |
| Total revenues | <u>1,355,200</u> | <u>1,355,200</u> | <u>1,389,999</u> | <u>34,799</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | | | | |
| Personal services | 993,546 | 1,043,546 | 1,004,021 | 39,525 |
| Contract services | 446,823 | 452,823 | 452,672 | 151 |
| Materials and supplies | 126,659 | 126,659 | 79,341 | 47,318 |
| Total transportation | <u>1,567,028</u> | <u>1,623,028</u> | <u>1,536,034</u> | <u>86,994</u> |
| Total expenditures | <u>1,567,028</u> | <u>1,623,028</u> | <u>1,536,034</u> | <u>86,994</u> |
| Excess of expenditures over revenues | <u>(211,828)</u> | <u>(267,828)</u> | <u>(146,035)</u> | <u>121,793</u> |
| Other financing sources: | | | | |
| Transfers in | 200,000 | 200,000 | 60,000 | (140,000) |
| Total other financing sources | <u>200,000</u> | <u>200,000</u> | <u>60,000</u> | <u>(140,000)</u> |
| Net change in fund balance | (11,828) | (67,828) | (86,035) | (18,207) |
| Fund balance at beginning of year | 124,138 | 124,138 | 124,138 | - |
| Prior year encumbrances appropriated | <u>11,828</u> | <u>11,828</u> | <u>11,828</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 124,138</u> | <u>\$ 68,138</u> | <u>\$ 49,931</u> | <u>\$ (18,207)</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ 92,000 | \$ 92,000 | \$ 44,835 | \$ (47,165) |
| Total revenues | <u>92,000</u> | <u>92,000</u> | <u>44,835</u> | <u>(47,165)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | | | | |
| Other | 77,000 | 77,000 | 45,162 | 31,838 |
| Total security of persons and property. . | <u>77,000</u> | <u>77,000</u> | <u>45,162</u> | <u>31,838</u> |
| Total expenditures. | <u>77,000</u> | <u>77,000</u> | <u>45,162</u> | <u>31,838</u> |
| Net change in fund balance | 15,000 | 15,000 | (327) | (15,327) |
| Fund balance at beginning of year | <u>15,204</u> | <u>15,204</u> | <u>15,204</u> | <u>-</u> |
| Fund balance at end of year. | <u>\$ 30,204</u> | <u>\$ 30,204</u> | <u>\$ 14,877</u> | <u>\$ (15,327)</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, 2018

| | <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 | \$ 31,000 | \$ 31,000 | \$ 7,471 | \$ (23,529) |
| Total revenues | <u>31,000</u> | <u>31,000</u> | <u>7,471</u> | <u>(23,529)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | | | | |
| Contract services. | 31,000 | 31,000 | 7,949 | 23,051 |
| Total security of persons and property . | <u>31,000</u> | <u>31,000</u> | <u>7,949</u> | <u>23,051</u> |
| Total expenditures | <u>31,000</u> | <u>31,000</u> | <u>7,949</u> | <u>23,051</u> |
| Net change in fund balance | - | - | (478) | (478) |
| Fund balance at beginning of year. | <u>5,001</u> | <u>5,001</u> | <u>5,001</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 5,001</u> | <u>\$ 5,001</u> | <u>\$ 4,523</u> | <u>\$ (478)</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|--------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Fines and forfeitures | \$ 5,500 | \$ 5,500 | \$ 44,793 | \$ 39,293 |
| Total revenues. | <u>5,500</u> | <u>5,500</u> | <u>44,793</u> | <u>39,293</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | | | | |
| Contractual services | 6,137 | 6,137 | 1,144 | 4,993 |
| Capital outlay | 101,110 | 101,110 | 101,110 | - |
| Total security of persons and property . | <u>107,247</u> | <u>107,247</u> | <u>102,254</u> | <u>4,993</u> |
| Total expenditures | <u>107,247</u> | <u>107,247</u> | <u>102,254</u> | <u>4,993</u> |
| Net change in fund balance | (101,747) | (101,747) | (57,461) | 44,286 |
| Fund balance (deficit) at beginning of year. | (17,620) | (17,620) | (17,620) | - |
| Prior year encumbrances appropriated . | <u>101,747</u> | <u>101,747</u> | <u>101,747</u> | <u>-</u> |
| Fund balance (deficit) at end of year . . . | <u>\$ (17,620)</u> | <u>\$ (17,620)</u> | <u>\$ 26,666</u> | <u>\$ 44,286</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|--------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental. | \$ - | \$ - | \$ 18,404 | \$ 18,404 |
| Other | - | - | 1,015 | 1,015 |
| Total revenues. | <u>-</u> | <u>-</u> | <u>19,419</u> | <u>19,419</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | | | | |
| Contract services. | - | 600 | - | 600 |
| Materials and supplies | 78 | 78 | 78 | - |
| Other | - | 397 | 345 | 52 |
| Total security of persons and property . | <u>78</u> | <u>1,075</u> | <u>423</u> | <u>652</u> |
| Total expenditures | <u>78</u> | <u>1,075</u> | <u>423</u> | <u>652</u> |
| Net change in fund balance. | (78) | (1,075) | 18,996 | 20,071 |
| Fund balance at beginning of year | 998 | 998 | 998 | - |
| Prior year encumbrances appropriated . | <u>78</u> | <u>78</u> | <u>78</u> | <u>-</u> |
| Fund balance at end of year. | <u>\$ 998</u> | <u>\$ 1</u> | <u>\$ 20,072</u> | <u>\$ 20,071</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Fines and forfeitures | \$ 5,000 | \$ 5,000 | \$ 7,994 | \$ 2,994 |
| Total revenues | <u>5,000</u> | <u>5,000</u> | <u>7,994</u> | <u>2,994</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | | | | |
| Contractual services | 2,000 | 2,000 | - | 2,000 |
| Materials and supplies | 3,000 | 3,000 | 256 | 2,744 |
| Capital outlay | - | 45,000 | 41,119 | 3,881 |
| Total security of persons and property . | <u>5,000</u> | <u>50,000</u> | <u>41,375</u> | <u>8,625</u> |
| Total expenditures | <u>5,000</u> | <u>50,000</u> | <u>41,375</u> | <u>8,625</u> |
| Net change in fund balance | - | (45,000) | (33,381) | 11,619 |
| Fund balance at beginning of year | <u>59,783</u> | <u>59,783</u> | <u>59,783</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 59,783</u> | <u>\$ 14,783</u> | <u>\$ 26,402</u> | <u>\$ 11,619</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ 9,000 | \$ 9,000 | \$ 1,037 | \$ (7,963) |
| Investment income | 500 | 500 | 989 | 489 |
| Total revenues | <u>9,500</u> | <u>9,500</u> | <u>2,026</u> | <u>(7,474)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | | | | |
| Contract services | 3,500 | 13,000 | 9,651 | 3,349 |
| Materials and supplies. | 6,000 | 6,000 | 5,000 | 1,000 |
| Total security of persons and property . | <u>9,500</u> | <u>19,000</u> | <u>14,651</u> | <u>4,349</u> |
| Total expenditures | <u>9,500</u> | <u>19,000</u> | <u>14,651</u> | <u>4,349</u> |
| Net change in fund balance. | - | (9,500) | (12,625) | (3,125) |
| Fund balance at beginning of year | <u>83,996</u> | <u>83,996</u> | <u>83,996</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 83,996</u> | <u>\$ 74,496</u> | <u>\$ 71,371</u> | <u>\$ (3,125)</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, 2018

| | <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 | \$ 90,000 | \$ 90,000 | \$ 94,220 | \$ 4,220 |
| Total revenues | <u>90,000</u> | <u>90,000</u> | <u>94,220</u> | <u>4,220</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | | | | |
| Personal services | 23,640 | 29,220 | 21,062 | 8,158 |
| Contract services | 38,299 | 38,299 | 34,430 | 3,869 |
| Materials and supplies. | 6,000 | 8,076 | 3,685 | 4,391 |
| Total security of persons and property. | <u>67,939</u> | <u>75,595</u> | <u>59,177</u> | <u>16,418</u> |
| Total expenditures | <u>67,939</u> | <u>75,595</u> | <u>59,177</u> | <u>16,418</u> |
| Net change in fund balance | 22,061 | 14,405 | 35,043 | 20,638 |
| Fund balance at beginning of year | 350,392 | 350,392 | 350,392 | - |
| Prior year encumbrances appropriated | <u>3,799</u> | <u>3,799</u> | <u>3,799</u> | <u>-</u> |
| Fund balance at end of year. | <u>\$ 376,252</u> | <u>\$ 368,596</u> | <u>\$ 389,234</u> | <u>\$ 20,638</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ 6,173 | \$ 6,173 | \$ - |
| Fines and forfeitures | 228,000 | 228,000 | 229,164 | 1,164 |
| Total revenues | <u>228,000</u> | <u>234,173</u> | <u>235,337</u> | <u>1,164</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | | | | |
| Contract services | 167,379 | 256,707 | 240,404 | 16,303 |
| Materials and supplies. | 45,506 | 57,506 | 30,747 | 26,759 |
| Capital outlay | 15,000 | 21,173 | 6,173 | 15,000 |
| Total security of persons and property . | <u>227,885</u> | <u>335,386</u> | <u>277,324</u> | <u>58,062</u> |
| Total expenditures | <u>227,885</u> | <u>335,386</u> | <u>277,324</u> | <u>58,062</u> |
| Net change in fund balance | 115 | (101,213) | (41,987) | 59,226 |
| Fund balance at beginning of year | 813,238 | 813,238 | 813,238 | - |
| Prior year encumbrances appropriated. . | <u>60,685</u> | <u>60,685</u> | <u>60,685</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 874,038</u> | <u>\$ 772,710</u> | <u>\$ 831,936</u> | <u>\$ 59,226</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Fines and forfeitures | \$ 25,500 | \$ 25,500 | \$ 26,069 | \$ 569 |
| Total revenues | <u>25,500</u> | <u>25,500</u> | <u>26,069</u> | <u>569</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | | | | |
| Contract services | 25,500 | 25,500 | 20,167 | 5,333 |
| Total security of persons and property. | <u>25,500</u> | <u>25,500</u> | <u>20,167</u> | <u>5,333</u> |
| Total expenditures | <u>25,500</u> | <u>25,500</u> | <u>20,167</u> | <u>5,333</u> |
| Net change in fund balance. | - | - | 5,902 | 5,902 |
| Fund balance at beginning of year | <u>176,521</u> | <u>176,521</u> | <u>176,521</u> | <u>-</u> |
| Fund balance at end of year. | <u>\$ 176,521</u> | <u>\$ 176,521</u> | <u>\$ 182,423</u> | <u>\$ 5,902</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, 2018

| | <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 | \$ 121,837 | \$ 121,837 | \$ 182,058 | \$ 60,221 |
| Intergovernmental | 1,027,242 | 1,142,242 | 848,726 | (293,516) |
| Investment income | 500 | 500 | 2,482 | 1,982 |
| Other | 67,540 | 67,540 | 82,750 | 15,210 |
| Total revenues | <u>1,217,119</u> | <u>1,332,119</u> | <u>1,116,016</u> | <u>(216,103)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic development | | | | |
| Personal services | 318,133 | 337,200 | 310,480 | 26,720 |
| Contract services | 397,777 | 397,777 | 384,713 | 13,064 |
| Materials and supplies. | 12,600 | 12,600 | 9,913 | 2,687 |
| Capital outlay | 195,748 | 310,748 | 308,011 | 2,737 |
| Other | 422,525 | 459,891 | 286,051 | 173,840 |
| Total economic development | <u>1,346,783</u> | <u>1,518,216</u> | <u>1,299,168</u> | <u>219,048</u> |
| Total expenditures | <u>1,346,783</u> | <u>1,518,216</u> | <u>1,299,168</u> | <u>219,048</u> |
| Excess of expenditures over revenues . . | <u>(129,664)</u> | <u>(186,097)</u> | <u>(183,152)</u> | <u>2,945</u> |
| Other financing sources: | | | | |
| Transfers in | - | - | 39,393 | 39,393 |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>39,393</u> | <u>39,393</u> |
| Net change in fund balance. | (129,664) | (186,097) | (143,759) | 42,338 |
| Fund balance at beginning of year | <u>159,102</u> | <u>159,102</u> | <u>159,102</u> | <u>-</u> |
| Prior year encumbrances appropriated . | <u>143,199</u> | <u>143,199</u> | <u>143,199</u> | <u>-</u> |
| Fund balance at end of year. | <u>\$ 172,637</u> | <u>\$ 116,204</u> | <u>\$ 158,542</u> | <u>\$ 42,338</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, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------|------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Investment income | \$ 110 | \$ 110 | \$ 112 | \$ 2 |
| Other | 182,250 | 182,250 | 182,250 | - |
| Total revenues | 182,360 | 182,360 | 182,362 | 2 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement. | 135,000 | 135,000 | 135,000 | - |
| Interest and fiscal charges | 42,850 | 42,850 | 42,782 | 68 |
| Total debt service | 177,850 | 177,850 | 177,782 | 68 |
| Total expenditures | 177,850 | 177,850 | 177,782 | 68 |
| Net change in fund balance. | 4,510 | 4,510 | 4,580 | 70 |
| Fund balance at beginning of year | 111,329 | 111,329 | 111,329 | - |
| Fund balance at end of year | \$ 115,839 | \$ 115,839 | \$ 115,909 | \$ 70 |

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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ 112,000 | \$ 112,000 | \$ 112,259 | \$ 259 |
| Investment income | 1,000 | 1,000 | 2,008 | 1,008 |
| Other | - | - | 2,125 | 2,125 |
| Total revenues | <u>113,000</u> | <u>113,000</u> | <u>116,392</u> | <u>3,392</u> |
| Expenditures: | | | | |
| Capital outlay | | | | |
| Contract services | 33,565 | 33,565 | 25,106 | 8,459 |
| Materials and supplies | 81,342 | 81,342 | 41,385 | 39,957 |
| Total capital outlay | <u>114,907</u> | <u>114,907</u> | <u>66,491</u> | <u>48,416</u> |
| Total expenditures | <u>114,907</u> | <u>114,907</u> | <u>66,491</u> | <u>48,416</u> |
| Net change in fund balance | (1,907) | (1,907) | 49,901 | 51,808 |
| Fund balance at beginning of year | 162,886 | 162,886 | 162,886 | - |
| Prior year encumbrances appropriated . | <u>1,907</u> | <u>1,907</u> | <u>1,907</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 162,886</u> | <u>\$ 162,886</u> | <u>\$ 214,694</u> | <u>\$ 51,808</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, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 616,000 | \$ 616,000 | \$ 627,245 | 11,245 |
| Investment income | 850 | 850 | 2,046 | 1,196 |
| Total revenues | <u>616,850</u> | <u>616,850</u> | <u>629,291</u> | <u>12,441</u> |
| Expenditures: | | | | |
| Capital outlay | | | | |
| Contract services | 241,350 | 241,330 | 167,360 | 73,970 |
| Materials and supplies. | 250,920 | 250,940 | 207,469 | 43,471 |
| Total capital outlay | <u>492,270</u> | <u>492,270</u> | <u>374,829</u> | <u>117,441</u> |
| Total expenditures | <u>492,270</u> | <u>492,270</u> | <u>374,829</u> | <u>117,441</u> |
| Excess of revenues over expenditures . . | <u>124,580</u> | <u>124,580</u> | <u>254,462</u> | <u>129,882</u> |
| Other financing (uses): | | | | |
| Transfers (out). | (125,000) | (125,000) | (124,769) | 231 |
| Total other financing (uses) | <u>(125,000)</u> | <u>(125,000)</u> | <u>(124,769)</u> | <u>231</u> |
| Net change in fund balance. | (420) | (420) | 129,693 | 130,113 |
| Fund balance at beginning of year | 121,321 | 121,321 | 121,321 | - |
| Prior year encumbrances appropriated . | 420 | 420 | 420 | - |
| Fund balance at end of year. | <u>\$ 121,321</u> | <u>\$ 121,321</u> | <u>\$ 251,434</u> | <u>\$ 130,113</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ 616,800 | \$ 616,800 | \$ 322,656 | \$ (294,144) |
| Investment income | 500 | 500 | 2,191 | 1,691 |
| Other | 35,000 | 35,000 | 30,642 | (4,358) |
| Total revenues | <u>652,300</u> | <u>652,300</u> | <u>355,489</u> | <u>(296,811)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic development | | | | |
| Personal services | 47,300 | 47,300 | 47,100 | 200 |
| Other | 891,580 | 891,580 | 768,826 | 122,754 |
| Total economic development | <u>938,880</u> | <u>938,880</u> | <u>815,926</u> | <u>122,954</u> |
| Total expenditures | <u>938,880</u> | <u>938,880</u> | <u>815,926</u> | <u>122,954</u> |
| Net change in fund balance | (286,580) | (286,580) | (460,437) | (173,857) |
| Fund balance (deficit) at beginning of year | (110,252) | (110,252) | (110,252) | - |
| Prior year encumbrances appropriated | <u>286,580</u> | <u>286,580</u> | <u>286,580</u> | <u>-</u> |
| Fund balance (deficit) at end of year | <u>\$ (110,252)</u> | <u>\$ (110,252)</u> | <u>\$ (284,109)</u> | <u>\$ (173,857)</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, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Property and other taxes | \$ 924,555 | \$ 924,555 | \$ 922,622 | \$ (1,933) |
| Intergovernmental | 153,596 | 153,596 | 145,023 | (8,573) |
| Special assessments | 10,000 | 10,000 | 10,615 | 615 |
| Total revenues | <u>1,088,151</u> | <u>1,088,151</u> | <u>1,078,260</u> | <u>(9,891)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Contract services | 45,600 | 45,600 | 31,753 | 13,847 |
| Total general government | <u>45,600</u> | <u>45,600</u> | <u>31,753</u> | <u>13,847</u> |
| Debt service: | | | | |
| Principal retirement | 775,429 | 762,831 | 762,828 | 3 |
| Interest and fiscal charges | 171,910 | 184,508 | 184,508 | - |
| Total debt service | <u>947,339</u> | <u>947,339</u> | <u>947,336</u> | <u>3</u> |
| Total expenditures | <u>992,939</u> | <u>992,939</u> | <u>979,089</u> | <u>13,850</u> |
| Net change in fund balance | 95,212 | 95,212 | 99,171 | 3,959 |
| Fund balance at beginning of year | 1,164,476 | 1,164,476 | 1,164,476 | - |
| Prior year encumbrances appropriated . | 5,600 | 5,600 | 5,600 | - |
| Fund balance at end of year | <u>\$ 1,265,288</u> | <u>\$ 1,265,288</u> | <u>\$ 1,269,247</u> | <u>\$ 3,959</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, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|--------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 6,927,822 | \$ 6,927,822 | \$ 5,167,884 | \$ (1,759,938) |
| Total revenues | 6,927,822 | 6,927,822 | 5,167,884 | (1,759,938) |
| Expenditures: | | | | |
| Capital outlay | | | | |
| Contract services | 50,652 | 50,652 | 11,706 | 38,946 |
| Capital outlay | 11,785,302 | 11,785,302 | 6,921,485 | 4,863,817 |
| Total capital outlay | 11,835,954 | 11,835,954 | 6,933,191 | 4,902,763 |
| Total expenditures | 11,835,954 | 11,835,954 | 6,933,191 | 4,902,763 |
| Excess of expenditures over revenues . . | (4,908,132) | (4,908,132) | (1,765,307) | 3,142,825 |
| Other financing sources: | | | | |
| Transfers in | 625,000 | 625,000 | 966,704 | 341,704 |
| Total other financing sources | 625,000 | 625,000 | 966,704 | 341,704 |
| Net change in fund balance. | (4,283,132) | (4,283,132) | (798,603) | 3,484,529 |
| Fund balance (deficit) at beginning of year. | (3,532,683) | (3,532,683) | (3,532,683) | - |
| Prior year encumbrances appropriated . | 4,283,132 | 4,283,132 | 4,283,132 | - |
| Fund balance (deficit) at end of year . . . | \$ (3,532,683) | \$ (3,532,683) | \$ (48,154) | \$ 3,484,529 |

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

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 POSITION
NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2018

| | <u>City Redevelopment</u> | <u>Downtown Parking</u> | <u>Stormwater Utility</u> | <u>Totals</u> |
|--|-------------------------------|-----------------------------|-------------------------------|---------------------|
| Assets: | | | | |
| Current assets: | | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 456,379 | \$ 13,621 | \$ 2,630,259 | \$ 3,100,259 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts | 1,710 | 1,926 | 424,493 | 428,129 |
| Special assessments | - | - | 103 | 103 |
| Due from other funds | - | - | 769 | 769 |
| Due from other governments | - | - | 54,972 | 54,972 |
| Total current assets | <u>458,089</u> | <u>15,547</u> | <u>3,110,596</u> | <u>3,584,232</u> |
| Noncurrent assets: | | | | |
| Net pension asset | - | - | 1,237 | 1,237 |
| Capital assets: | | | | |
| Non-depreciable capital assets | 133,280 | 155,761 | 699,892 | 988,933 |
| Depreciable capital assets, net | <u>157,712</u> | <u>744,911</u> | <u>1,581,770</u> | <u>2,484,393</u> |
| Total capital assets, net | <u>290,992</u> | <u>900,672</u> | <u>2,281,662</u> | <u>3,473,326</u> |
| Total noncurrent assets | <u>290,992</u> | <u>900,672</u> | <u>2,282,899</u> | <u>3,474,563</u> |
| Total assets | <u>749,081</u> | <u>916,219</u> | <u>5,393,495</u> | <u>7,058,795</u> |
| Deferred outflows of resources: | | | | |
| Pension | - | - | 43,422 | 43,422 |
| OPEB | - | - | 8,724 | 8,724 |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>52,146</u> | <u>52,146</u> |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable | 23,844 | 7,319 | 1,110 | 32,273 |
| Contracts payable | - | - | 181,948 | 181,948 |
| Accrued wages and benefits payable | - | - | 5,057 | 5,057 |
| Due to other governments | - | - | 781 | 781 |
| Current portion of OPWC loans | - | - | 1,797 | 1,797 |
| Current portion of compensated absences | - | - | 8,458 | 8,458 |
| Total current liabilities | <u>23,844</u> | <u>7,319</u> | <u>199,151</u> | <u>230,314</u> |
| Long-term liabilities: | | | | |
| OPWC loans payable | - | - | 38,644 | 38,644 |
| Compensated absences payable | - | - | 48,008 | 48,008 |
| Net pension liability | - | - | 175,870 | 175,870 |
| Net OPEB liability | - | - | 117,622 | 117,622 |
| Total long-term liabilities | <u>-</u> | <u>-</u> | <u>380,144</u> | <u>380,144</u> |
| Total liabilities | <u>23,844</u> | <u>7,319</u> | <u>579,295</u> | <u>610,458</u> |
| Deferred inflows of resources: | | | | |
| Pension | - | - | 91,654 | 91,654 |
| OPEB | - | - | 38,054 | 38,054 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>129,708</u> | <u>129,708</u> |
| Net position: | | | | |
| Net investment in capital assets | 290,992 | 900,672 | 2,059,273 | 3,250,937 |
| Unrestricted | <u>434,245</u> | <u>8,228</u> | <u>2,677,365</u> | <u>3,119,838</u> |
| Total net position | <u>\$ 725,237</u> | <u>\$ 908,900</u> | <u>\$ 4,736,638</u> | <u>\$ 6,370,775</u> |

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

| | City Redevelopment | Downtown Parking | Stormwater Utility | Totals |
|--|-------------------------------|-----------------------------|-------------------------------|---------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 329,493 | \$ 23,836 | \$ 1,034,652 | \$ 1,387,981 |
| Other operating revenues | 8,205 | - | - | 8,205 |
| Total operating revenues | <u>337,698</u> | <u>23,836</u> | <u>1,034,652</u> | <u>1,396,186</u> |
| Operating expenses: | | | | |
| Personal services | - | - | 194,525 | 194,525 |
| Contract services. | 148,118 | 84,385 | 79,103 | 311,606 |
| Materials and supplies. | 8,750 | 1,400 | 19,808 | 29,958 |
| Administrative costs. | - | - | 84,338 | 84,338 |
| Utilities | 91,540 | 6,049 | - | 97,589 |
| Depreciation. | 14,791 | 48,058 | 34,453 | 97,302 |
| Other. | 14,500 | - | 97 | 14,597 |
| Total operating expenses | <u>277,699</u> | <u>139,892</u> | <u>412,324</u> | <u>829,915</u> |
| Operating income (loss). | <u>59,999</u> | <u>(116,056)</u> | <u>622,328</u> | <u>566,271</u> |
| Nonoperating revenues (expenses): | | | | |
| Interest and fiscal charges | - | - | (423) | (423) |
| Special assessments | - | - | 4 | 4 |
| Total nonoperating revenues (expenses). | <u>-</u> | <u>-</u> | <u>(419)</u> | <u>(419)</u> |
| Income (loss) before capital contributions and transfers. | 59,999 | (116,056) | 621,909 | 565,852 |
| Transfers in. | - | 88,540 | - | 88,540 |
| Capital contributions. | - | - | 217,386 | 217,386 |
| Changes in net position | 59,999 | (27,516) | 839,295 | 871,778 |
| Net position at beginning of year (restated) | <u>665,238</u> | <u>936,416</u> | <u>3,897,343</u> | <u>5,498,997</u> |
| Net position at end of year | <u>\$ 725,237</u> | <u>\$ 908,900</u> | <u>\$ 4,736,638</u> | <u>\$ 6,370,775</u> |

CITY OF WARREN, OHIO

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

| | City Redevelopment | Downtown Parking | Stormwater Utility | Totals |
|--|-------------------------------|-----------------------------|-------------------------------|----------------------------|
| Cash flows from operating activities: | | | | |
| Cash received from customers | \$ 331,638 | \$ 21,910 | \$ 1,030,423 | \$ 1,383,971 |
| Cash received from other operations | 16,128 | - | - | 16,128 |
| Cash payments for personal services | - | - | (240,095) | (240,095) |
| Cash payments for contractual services | (128,098) | (84,349) | (82,728) | (295,175) |
| Cash payments for materials and supplies | (8,750) | (1,400) | (19,808) | (29,958) |
| Cash payments for utilities | (91,540) | (6,049) | - | (97,589) |
| Cash payments for administrative costs. | - | - | (86,798) | (86,798) |
| Cash payments for other expenses | (14,500) | - | (97) | (14,597) |
| Net cash provided by (used in) operating activities | <u>104,878</u> | <u>(69,888)</u> | <u>600,897</u> | <u>635,887</u> |
| Cash flows from noncapital financing activities: | | | | |
| Cash received in transfers in from other funds | - | 82,779 | - | 82,779 |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>82,779</u> | <u>-</u> | <u>82,779</u> |
| Cash flows from capital and related financing activities: | | | | |
| Aquisition of capital assets | - | - | (436,716) | (436,716) |
| Capital contributions | - | - | 162,414 | 162,414 |
| Principal retirement. | - | - | (39,972) | (39,972) |
| Interest and fiscal charges. | - | - | (725) | (725) |
| Net cash used in capital and related financing activities. | <u>-</u> | <u>-</u> | <u>(314,999)</u> | <u>(314,999)</u> |
| Net increase in cash and cash equivalents | 104,878 | 12,891 | 285,898 | 403,667 |
| Cash and cash equivalents at beginning of year. | 351,501 | 730 | 2,344,361 | 2,696,592 |
| Cash and cash equivalents at end of year | <u>\$ 456,379</u> | <u>\$ 13,621</u> | <u>\$ 2,630,259</u> | <u>\$ 3,100,259</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 59,999 | \$ (116,056) | \$ 622,328 | \$ 566,271 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 14,791 | 48,058 | 34,453 | 97,302 |
| Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources: | | | | |
| (Increase) decrease in accounts receivable. | 10,068 | (1,926) | (4,229) | 3,913 |
| (Increase) in due from other funds. | - | - | (769) | (769) |
| (Increase) in net pension asset | - | - | (550) | (550) |
| Decrease in deferred outflows - pension | - | - | 93,795 | 93,795 |
| (Increase) in deferred outflows - OPEB | - | - | (6,619) | (6,619) |
| Increase (decrease) in accounts payable | 20,020 | 36 | (3,625) | 16,431 |
| (Decrease) in accrued wages and benefits. | - | - | (2,416) | (2,416) |
| (Decrease) in due to other funds. | - | - | (1,691) | (1,691) |
| (Decrease) in due to other governments | - | - | (374) | (374) |
| (Decrease) in compensated absences payable. | - | - | (33,295) | (33,295) |
| (Decrease) in net pension liability. | - | - | (181,191) | (181,191) |
| (Decrease) in net OPEB liability | - | - | (34,970) | (34,970) |
| Increase in deferred inflows - pension. | - | - | 81,996 | 81,996 |
| Increase in deferred inflows - OPEB | - | - | 38,054 | 38,054 |
| Net cash provided by (used in) operating activities | <u>\$ 104,878</u> | <u>\$ (69,888)</u> | <u>\$ 600,897</u> | <u>\$ 635,887</u> |

Non-cash capital transactions:

The Downtown Parking fund received a transfer of \$5,761 in capital assets, not being depreciated from governmental activities during 2018.

At December 31, 2018 and December 31, 2017, the Storm Water Utility fund purchased \$181,948 and \$6,878, respectively, in capital assets on account.

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|---|
| | Original | Final | | |
| Operating revenues: | | | | |
| Charges for services | \$ 8,749,000 | \$ 8,749,000 | \$ 7,260,980 | \$ (1,488,020) |
| Other | 5,330 | 5,330 | 2,758 | (2,572) |
| Total operating revenues | 8,754,330 | 8,754,330 | 7,263,738 | (1,490,592) |
| Operating expenses: | | | | |
| Personal services. | 3,912,414 | 3,912,414 | 3,596,426 | 315,988 |
| Contract services. | 2,184,737 | 2,430,137 | 1,919,950 | 510,187 |
| Materials and supplies. | 830,071 | 902,071 | 593,684 | 308,387 |
| Capital outlay | 4,662,272 | 5,442,322 | 5,352,154 | 90,168 |
| Administrative costs. | 720,000 | 786,000 | 785,142 | 858 |
| Utilities | 608,199 | 588,799 | 553,253 | 35,546 |
| Other. | 16,750 | 16,750 | 2,621 | 14,129 |
| Total operating expenses. | 12,934,443 | 14,078,493 | 12,803,230 | 1,275,263 |
| Operating loss | (4,180,113) | (5,324,163) | (5,539,492) | (215,329) |
| Nonoperating revenues (expenses): | | | | |
| Loan issuance. | 2,500,000 | 2,697,915 | 1,260,643 | (1,437,272) |
| Debt service: | | | | |
| Principal retirement | (408,728) | (563,318) | (563,317) | 1 |
| Interest and fiscal charges | (89,472) | (101,885) | (101,878) | 7 |
| Total nonoperating revenues (expenses) | 2,001,800 | 2,032,712 | 595,448 | (1,437,264) |
| Loss before capital contributions | (2,178,313) | (3,291,451) | (4,944,044) | (1,652,593) |
| Capital contributions | - | - | 162,414 | 162,414 |
| Net change in fund equity. | (2,178,313) | (3,291,451) | (4,781,630) | (1,490,179) |
| Fund equity at beginning of year | 1,561,913 | 1,561,913 | 1,561,913 | - |
| Prior year encumbrances appropriated | 2,303,897 | 2,303,897 | 2,303,897 | - |
| Fund equity (deficit) at end of year | \$ 1,687,497 | \$ 574,359 | \$ (915,820) | \$ (1,490,179) |

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|---------------|---------------|---|
| | Original | Final | | |
| Operating revenues: | | | | |
| Charges for services | \$ 11,741,136 | \$ 11,741,136 | \$ 11,887,600 | \$ 146,464 |
| Other. | 239,000 | 239,000 | 296,634 | 57,634 |
| Total operating revenues | 11,980,136 | 11,980,136 | 12,184,234 | 204,098 |
| Operating expenses: | | | | |
| Personal services. | 6,184,436 | 6,127,323 | 5,435,645 | 691,678 |
| Contract services. | 1,032,926 | 1,334,327 | 1,191,548 | 142,779 |
| Materials and supplies. | 1,186,504 | 1,701,053 | 1,604,476 | 96,577 |
| Capital outlay | 700,992 | 825,593 | 803,562 | 22,031 |
| Administrative costs. | 570,354 | 800,354 | 784,857 | 15,497 |
| Utilities | 603,519 | 602,120 | 561,662 | 40,458 |
| Other. | 80,275 | 260,535 | 235,869 | 24,666 |
| Total operating expenses | 10,359,006 | 11,651,305 | 10,617,619 | 1,033,686 |
| Operating income | 1,621,130 | 328,831 | 1,566,615 | 1,237,784 |
| Nonoperating revenues (expenses): | | | | |
| Investment earnings. | - | - | 12 | 12 |
| Debt service: | | | | |
| Principal retirement. | (1,693,874) | (1,693,873) | (1,693,872) | 1 |
| Interest and fiscal charges | (335,816) | (367,929) | (367,928) | 1 |
| Total nonoperating revenues (expenses) | (2,029,690) | (2,061,802) | (2,061,788) | 14 |
| Loss before capital contributions. | (408,560) | (1,732,971) | (495,173) | 1,237,798 |
| Capital contributions | 10,000 | 10,000 | 5,435 | (4,565) |
| Net change in fund equity. | (398,560) | (1,722,971) | (489,738) | 1,233,233 |
| Fund equity at beginning of year | 3,742,617 | 3,742,617 | 3,742,617 | - |
| Prior year encumbrances appropriated | 779,014 | 779,014 | 779,014 | - |
| Fund equity at end of year | \$ 4,123,071 | \$ 2,798,660 | \$ 4,031,893 | \$ 1,233,233 |

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SANITATION
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|------------------|-------------------|---|
| | Original | Final | | |
| Operating revenues: | | | | |
| Charges for services | \$ 3,495,905 | \$ 3,527,905 | \$ 3,793,752 | \$ 265,847 |
| Other | 6,500 | 165,600 | 168,185 | 2,585 |
| Total operating revenues | <u>3,502,405</u> | <u>3,693,505</u> | <u>3,961,937</u> | <u>268,432</u> |
| Operating expenses: | | | | |
| Personal services. | 1,051,867 | 1,179,867 | 1,158,673 | 21,194 |
| Contract services. | 1,969,709 | 1,976,683 | 1,957,563 | 19,120 |
| Materials and supplies. | 253,775 | 327,275 | 291,498 | 35,777 |
| Capital outlay | - | 164,725 | 159,100 | 5,625 |
| Administrative costs. | 293,000 | 280,000 | 256,329 | 23,671 |
| Utilities | 13,315 | 17,216 | 16,757 | 459 |
| Other. | 3,000 | 5,000 | 4,139 | 861 |
| Total operating expenses | <u>3,584,666</u> | <u>3,950,766</u> | <u>3,844,059</u> | <u>106,707</u> |
| Operating income (loss) before capital contributions | (82,261) | (257,261) | 117,878 | 375,139 |
| Capital contributions | <u>33,522</u> | <u>33,522</u> | <u>-</u> | <u>(33,522)</u> |
| Net change in fund equity. | (48,739) | (223,739) | 117,878 | 341,617 |
| Fund equity at beginning of year | 178,200 | 178,200 | 178,200 | - |
| Prior year encumbrances appropriated . . | 48,739 | 48,739 | 48,739 | - |
| Fund equity at end of year | <u>\$ 178,200</u> | <u>\$ 3,200</u> | <u>\$ 344,817</u> | <u>\$ 341,617</u> |

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CITY REDEVELOPMENT
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Operating revenues: | | | | |
| Charges for services | \$ 328,000 | \$ 328,000 | \$ 331,638 | \$ 3,638 |
| Other | - | - | 16,128 | 16,128 |
| Total operating revenues | <u>328,000</u> | <u>328,000</u> | <u>347,766</u> | <u>19,766</u> |
| Operating expenses: | | | | |
| Contract services | 226,831 | 221,832 | 196,252 | 25,580 |
| Materials and supplies | 37,459 | 37,459 | 8,777 | 28,682 |
| Utilities | 92,041 | 97,041 | 96,216 | 825 |
| Other | 5,000 | 19,500 | 14,500 | 5,000 |
| Total operating expenses | <u>361,331</u> | <u>375,832</u> | <u>315,745</u> | <u>60,087</u> |
| Net change in fund equity | (33,331) | (47,832) | 32,021 | 79,853 |
| Fund equity at beginning of year | 318,170 | 318,170 | 318,170 | - |
| Prior year encumbrances appropriated . . | 33,331 | 33,331 | 33,331 | - |
| Fund equity at end of year | <u>\$ 318,170</u> | <u>\$ 303,669</u> | <u>\$ 383,522</u> | <u>\$ 79,853</u> |

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DOWNTOWN PARKING
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | <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 | \$ 19,625 | \$ 20,025 | \$ 21,910 | \$ 1,885 |
| Total operating revenues | <u>19,625</u> | <u>20,025</u> | <u>21,910</u> | <u>1,885</u> |
| Operating expenses: | | | | |
| Contract services. | 96,863 | 97,029 | 96,541 | 488 |
| Materials and supplies. | 1,000 | 1,400 | 1,400 | - |
| Utilities | 7,308 | 7,142 | 6,596 | 546 |
| Total operating expenses | <u>105,171</u> | <u>105,571</u> | <u>104,537</u> | <u>1,034</u> |
| Operating (loss) before transfers | (85,546) | (85,546) | (82,627) | 2,919 |
| Transfers in | <u>72,779</u> | <u>72,779</u> | <u>82,779</u> | <u>10,000</u> |
| Net change in fund equity | (12,767) | (12,767) | 152 | 12,919 |
| Fund equity (deficit) at beginning of year . | (12,037) | (12,037) | (12,037) | - |
| Prior year encumbrances appropriated . . | <u>12,767</u> | <u>12,767</u> | <u>12,767</u> | <u>-</u> |
| Fund equity (deficit) at end of year. | <u>\$ (12,037)</u> | <u>\$ (12,037)</u> | <u>\$ 882</u> | <u>\$ 12,919</u> |

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORMWATER UTILITY
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Operating revenues: | | | | |
| Charges for services | \$ 1,050,000 | \$ 1,050,000 | \$ 1,030,423 | \$ (19,577) |
| Total operating revenues | <u>1,050,000</u> | <u>1,050,000</u> | <u>1,030,423</u> | <u>(19,577)</u> |
| Operating expenses: | | | | |
| Personal services. | 403,528 | 403,528 | 240,095 | 163,433 |
| Contract services. | 153,736 | 159,436 | 137,403 | 22,033 |
| Materials and supplies. | 35,332 | 35,332 | 20,132 | 15,200 |
| Capital outlay | 13,394 | 741,447 | 720,150 | 21,297 |
| Administrative costs. | 124,446 | 120,946 | 86,798 | 34,148 |
| Other. | 2,000 | 2,000 | 97 | 1,903 |
| Total operating expenses | <u>732,436</u> | <u>1,462,689</u> | <u>1,204,675</u> | <u>258,014</u> |
| Operating income (loss) | 317,564 | (412,689) | (174,252) | 238,437 |
| Nonoperating revenues (expenses): | | | | |
| Loan issuance. | - | 197,915 | - | (197,915) |
| Debt service: | | | | |
| Principal retirement. | (1,798) | (1,798) | (1,797) | 1 |
| Total nonoperating revenues (expenses) | <u>(1,798)</u> | <u>196,117</u> | <u>(1,797)</u> | <u>(197,914)</u> |
| Income (loss) before capital contributions | 315,766 | (216,572) | (176,049) | 40,523 |
| Capital contributions | - | - | 162,414 | 162,414 |
| Net change in fund equity | 315,766 | (216,572) | (13,635) | 202,937 |
| Fund equity at beginning of year. | 2,299,079 | 2,299,079 | 2,299,079 | - |
| Prior year encumbrances appropriated | <u>45,282</u> | <u>45,282</u> | <u>45,282</u> | <u>-</u> |
| Fund equity at end of year | <u>\$ 2,660,127</u> | <u>\$ 2,127,789</u> | <u>\$ 2,330,726</u> | <u>\$ 202,937</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 POSITION
INTERNAL SERVICE FUNDS
 DECEMBER 31, 2018

| | Life Insurance and Hospitalization | Workers Compensation | Data Processing | Risk Management | Totals |
|--|---|---------------------------------|----------------------------|----------------------------|---------------------|
| Assets: | | | | | |
| Current assets: | | | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 1,127,775 | \$ 2,213,231 | \$ 174,815 | \$ 784,614 | \$ 4,300,435 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Accounts | - | - | - | 250 | 250 |
| Due from other funds | - | - | 490 | - | 490 |
| Total current assets | <u>1,127,775</u> | <u>2,213,231</u> | <u>175,305</u> | <u>784,864</u> | <u>4,301,175</u> |
| Noncurrent assets: | | | | | |
| Net pension asset | - | - | 1,406 | - | 1,406 |
| Capital assets: | | | | | |
| Depreciable capital assets, net | - | - | 456,752 | - | 456,752 |
| Total capital assets, net | - | - | 456,752 | - | 456,752 |
| Total noncurrent assets | - | - | 458,158 | - | 458,158 |
| Total assets | <u>1,127,775</u> | <u>2,213,231</u> | <u>633,463</u> | <u>784,864</u> | <u>4,759,333</u> |
| Deferred outflows of resources: | | | | | |
| Pension | - | - | 49,364 | - | 49,364 |
| OPEB | - | - | 9,917 | - | 9,917 |
| Total deferred outflows of resources | - | - | 59,281 | - | 59,281 |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | - | - | 782 | - | 782 |
| Accrued wages and benefits payable | - | - | 21,775 | - | 21,775 |
| Due to other governments | - | 6,738 | 3,364 | - | 10,102 |
| Claims payable | 969,677 | 150,891 | - | 24,145 | 1,144,713 |
| Current portion of compensated absences | - | - | 4,056 | - | 4,056 |
| Total current liabilities. | <u>969,677</u> | <u>157,629</u> | <u>29,977</u> | <u>24,145</u> | <u>1,181,428</u> |
| Long-term liabilities: | | | | | |
| Claims payable | - | 1,073,813 | - | - | 1,073,813 |
| Compensated absences payable | - | - | 155,172 | - | 155,172 |
| Net pension liability | - | - | 199,930 | - | 199,930 |
| Net OPEB liability | - | - | 133,713 | - | 133,713 |
| Total long-term liabilities | - | 1,073,813 | 488,815 | - | 1,562,628 |
| Total liabilities | <u>969,677</u> | <u>1,231,442</u> | <u>518,792</u> | <u>24,145</u> | <u>2,744,056</u> |
| Deferred inflows of resources: | | | | | |
| Pension | - | - | 62,681 | - | 62,681 |
| OPEB | - | - | 15,755 | - | 15,755 |
| Total deferred inflows of resources. | - | - | 78,436 | - | 78,436 |
| Net position: | | | | | |
| Net investment in capital assets | - | - | 456,752 | - | 456,752 |
| Unrestricted (deficit). | 158,098 | 981,789 | (361,236) | 760,719 | 1,539,370 |
| Total net position. | <u>\$ 158,098</u> | <u>\$ 981,789</u> | <u>\$ 95,516</u> | <u>\$ 760,719</u> | <u>\$ 1,996,122</u> |

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Life Insurance and Hospitalization | Workers Compensation | Data Processing | Risk Management | Totals |
|---|---|---------------------------------|----------------------------|----------------------------|---------------------|
| Operating revenues: | | | | | |
| Charges for services | \$ 5,837,175 | \$ 1,304,923 | \$ 390,000 | \$ 336,849 | \$ 7,868,947 |
| Other operating revenues. | - | - | 35 | - | 35 |
| Total operating revenues. | <u>5,837,175</u> | <u>1,304,923</u> | <u>390,035</u> | <u>336,849</u> | <u>7,868,982</u> |
| Operating expenses: | | | | | |
| Personal services | - | - | 311,143 | - | 311,143 |
| Contract services | - | 15,772 | 146,309 | - | 162,081 |
| Materials and supplies | - | - | 3,562 | - | 3,562 |
| Administrative costs | - | 177,331 | 28,952 | - | 206,283 |
| Utilities | - | - | 14,334 | - | 14,334 |
| Claims expense. | 6,236,643 | 853,944 | - | 171,429 | 7,262,016 |
| Depreciation | - | - | 155,259 | - | 155,259 |
| Total operating expenses. | <u>6,236,643</u> | <u>1,047,047</u> | <u>659,559</u> | <u>171,429</u> | <u>8,114,678</u> |
| Changes in net position | (399,468) | 257,876 | (269,524) | 165,420 | (245,696) |
| Net position (deficit) at beginning of year (restated) | <u>557,566</u> | <u>723,913</u> | <u>365,040</u> | <u>595,299</u> | <u>2,241,818</u> |
| Net position at end of year. | <u>\$ 158,098</u> | <u>\$ 981,789</u> | <u>\$ 95,516</u> | <u>\$ 760,719</u> | <u>\$ 1,996,122</u> |

CITY OF WARREN, OHIO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

| | Life Insurance and Hospitalization | Workers Compensation | Data Processing | Risk Management | Totals |
|--|---|---------------------------------|----------------------------|----------------------------|----------------------------|
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$ 5,837,175 | \$ 1,304,923 | \$ 520,000 | \$ 336,599 | \$ 7,998,697 |
| Cash received from other operations | - | - | 35 | - | 35 |
| Cash payments for personal services | - | - | (279,349) | - | (279,349) |
| Cash payments for contractual services | - | (5,196) | (147,497) | - | (152,693) |
| Cash payments for materials and supplies | - | - | (3,562) | - | (3,562) |
| Cash payments for utilities | - | - | (14,334) | - | (14,334) |
| Cash payments for claims | (6,252,465) | (82,304) | - | (148,753) | (6,483,522) |
| Cash payments for administrative costs. | - | (170,593) | (32,979) | - | (203,572) |
| Net cash provided by (used in) operating activities | <u>(415,290)</u> | <u>1,046,830</u> | <u>42,314</u> | <u>187,846</u> | <u>861,700</u> |
| Net increase (decrease) in cash and cash equivalents. . . | (415,290) | 1,046,830 | 42,314 | 187,846 | 861,700 |
| Cash and cash equivalents at beginning of year . . . | <u>1,543,065</u> | <u>1,166,401</u> | <u>132,501</u> | <u>596,768</u> | <u>3,438,735</u> |
| Cash and cash equivalents at end of year. | <u><u>\$ 1,127,775</u></u> | <u><u>\$ 2,213,231</u></u> | <u><u>\$ 174,815</u></u> | <u><u>\$ 784,614</u></u> | <u><u>\$ 4,300,435</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss) | \$ (399,468) | \$ 257,876 | \$ (269,524) | \$ 165,420 | \$ (245,696) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation. | - | - | 155,259 | - | 155,259 |
| Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources: | | | | | |
| (Increase) in accounts receivable | - | - | - | (250) | (250) |
| Decrease in due from other governments. | - | 10,576 | - | - | 10,576 |
| Decrease in due from other funds. | - | - | 129,510 | - | 129,510 |
| (Increase) in net pension asset. | - | - | (809) | - | (809) |
| Decrease in deferred outflows - pension | - | - | 69,796 | - | 69,796 |
| (Increase) in deferred outflows - OPEB | - | - | (8,085) | - | (8,085) |
| (Decrease) in accounts payable | - | - | (1,188) | - | (1,188) |
| Increase in accrued wages and benefits | - | - | 1,078 | - | 1,078 |
| (Decrease) in due to other funds | - | - | (3,537) | - | (3,537) |
| Increase in due to other governments | - | 6,738 | 166 | - | 6,904 |
| Increase in compensated absences payable | - | - | 15,286 | - | 15,286 |
| Increase (decrease) in claims payable | (15,822) | 771,640 | - | 22,676 | 778,494 |
| (Decrease) in net pension liability | - | - | (110,140) | - | (110,140) |
| Increase in net OPEB liability | - | - | 901 | - | 901 |
| Increase in deferred inflows - pension | - | - | 47,846 | - | 47,846 |
| Increase in deferred inflows - OPEB | - | - | 15,755 | - | 15,755 |
| Net cash provided by (used in) operating activities | <u><u>\$ (415,290)</u></u> | <u><u>\$ 1,046,830</u></u> | <u><u>\$ 42,314</u></u> | <u><u>\$ 187,846</u></u> | <u><u>\$ 861,700</u></u> |

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LIFE INSURANCE AND HOSPITALIZATION
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Operating revenues: | | | | |
| Charges for services | \$ 6,347,239 | \$ 6,347,239 | \$ 5,837,175 | \$ (510,064) |
| Total operating revenues | <u>6,347,239</u> | <u>6,347,239</u> | <u>5,837,175</u> | <u>(510,064)</u> |
| Operating expenses: | | | | |
| Claims expense | 6,347,947 | 6,347,947 | 6,253,123 | 94,824 |
| Total operating expenses | <u>6,347,947</u> | <u>6,347,947</u> | <u>6,253,123</u> | <u>94,824</u> |
| Net change in fund equity | (708) | (708) | (415,948) | (415,240) |
| Fund equity at beginning of year. | 1,542,357 | 1,542,357 | 1,542,357 | - |
| Prior year encumbrances appropriated . . | <u>708</u> | <u>708</u> | <u>708</u> | <u>-</u> |
| Fund equity at end of year | <u>\$ 1,542,357</u> | <u>\$ 1,542,357</u> | <u>\$ 1,127,117</u> | <u>\$ (415,240)</u> |

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WORKERS COMPENSATION
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | <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 | \$ 879,755 | \$ 879,755 | \$ 1,304,923 | \$ 425,168 |
| Total operating revenues | <u>879,755</u> | <u>879,755</u> | <u>1,304,923</u> | <u>425,168</u> |
| Operating expenses: | | | | |
| Contract services | 10,000 | 10,000 | 5,196 | 4,804 |
| Claims expense. | 469,755 | 469,755 | 82,304 | 387,451 |
| Administrative costs | 400,000 | 400,000 | 170,593 | 229,407 |
| Total operating expenses | <u>879,755</u> | <u>879,755</u> | <u>258,093</u> | <u>621,662</u> |
| Net change in fund equity | - | - | 1,046,830 | 1,046,830 |
| Fund equity at beginning of year. | <u>1,166,401</u> | <u>1,166,401</u> | <u>1,166,401</u> | <u>-</u> |
| Fund equity at end of year | <u>\$ 1,166,401</u> | <u>\$ 1,166,401</u> | <u>\$ 2,213,231</u> | <u>\$ 1,046,830</u> |

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DATA PROCESSING
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | <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 | \$ 520,000 | \$ 520,000 | \$ 520,000 | \$ - |
| Other | 2,000 | 2,000 | 35 | (1,965) |
| Total operating revenues | <u>522,000</u> | <u>522,000</u> | <u>520,035</u> | <u>(1,965)</u> |
| Operating expenses: | | | | |
| Personal services | 285,989 | 285,989 | 279,349 | 6,640 |
| Contract services | 137,901 | 160,100 | 147,820 | 12,280 |
| Materials and supplies | 7,673 | 7,673 | 3,762 | 3,911 |
| Administrative costs | 36,000 | 36,000 | 32,979 | 3,021 |
| Utilities | 17,300 | 17,300 | 14,334 | 2,966 |
| Total operating expenses | <u>484,863</u> | <u>507,062</u> | <u>478,244</u> | <u>28,818</u> |
| Net change in fund equity | 37,137 | 14,938 | 41,791 | 26,853 |
| Fund equity at beginning of year | 130,638 | 130,638 | 130,638 | - |
| Prior year encumbrances appropriated . . | <u>1,863</u> | <u>1,863</u> | <u>1,863</u> | <u>-</u> |
| Fund equity at end of year | <u>\$ 169,638</u> | <u>\$ 147,439</u> | <u>\$ 174,292</u> | <u>\$ 26,853</u> |

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RISK MANAGEMENT
 FOR THE YEAR ENDED DECEMBER 31, 2018

| | <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 | \$ 150,000 | \$ 150,000 | \$ 336,599 | \$ 186,599 |
| Total operating revenues | <u>150,000</u> | <u>150,000</u> | <u>336,599</u> | <u>186,599</u> |
| Operating expenses: | | | | |
| Claims expense | 150,000 | 200,000 | 172,898 | 27,102 |
| Total operating expenses | <u>150,000</u> | <u>200,000</u> | <u>172,898</u> | <u>27,102</u> |
| Net change in fund equity | - | (50,000) | 163,701 | 213,701 |
| Fund equity at beginning of year. | <u>596,768</u> | <u>596,768</u> | <u>596,768</u> | <u>-</u> |
| Fund equity at end of year | <u>\$ 596,768</u> | <u>\$ 546,768</u> | <u>\$ 760,469</u> | <u>\$ 213,701</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, 2018

| | Balance 1/1/2018 | Additions | Reductions | Balance 12/31/2018 |
|---|-----------------------------|---------------------|-------------------|-------------------------------|
| Highway Patrol Fines | | | | |
| Assets: | | | | |
| Equity in pooled cash and cash equivalents | \$ - | \$ 27,418 | \$ 27,418 | \$ - |
| Accounts receivable | 2,321 | 1,907 | 2,321 | 1,907 |
| Total assets. | \$ 2,321 | \$ 29,325 | \$ 29,739 | \$ 1,907 |
| Liabilities: | | | | |
| Due to other governments | \$ 2,321 | \$ - | \$ 2,321 | \$ - |
| Deposits held and due to others | - | 29,325 | 27,418 | 1,907 |
| Total liabilities. | \$ 2,321 | \$ 29,325 | \$ 29,739 | \$ 1,907 |
| Auditors Escrow | | | | |
| Assets: | | | | |
| Equity in pooled cash and cash equivalents | \$ 1,264,849 | \$ 528,733 | \$ 382,786 | \$ 1,410,796 |
| Accounts receivable | - | 23,648 | - | 23,648 |
| Total assets. | \$ 1,264,849 | \$ 552,381 | \$ 382,786 | \$ 1,434,444 |
| Liabilities: | | | | |
| Due to other governments | \$ 4,927 | \$ - | \$ 4,927 | \$ - |
| Deposits held and due to others | 1,259,922 | 552,381 | 377,859 | 1,434,444 |
| Total liabilities. | \$ 1,264,849 | \$ 552,381 | \$ 382,786 | \$ 1,434,444 |
| Payroll | | | | |
| Assets: | | | | |
| Equity in pooled cash and cash equivalents | \$ 342,431 | \$ 112,490 | \$ - | \$ 454,921 |
| Total assets. | \$ 342,431 | \$ 112,490 | \$ - | \$ 454,921 |
| Liabilities: | | | | |
| Due to other governments | \$ 342,431 | \$ 112,490 | \$ - | \$ 454,921 |
| Total liabilities. | \$ 342,431 | \$ 112,490 | \$ - | \$ 454,921 |
| Municipal Court | | | | |
| Assets: | | | | |
| Cash with fiscal and escrow agents. | \$ 461,005 | \$ 392,416 | \$ 461,005 | \$ 392,416 |
| Total assets. | \$ 461,005 | \$ 392,416 | \$ 461,005 | \$ 392,416 |
| Liabilities: | | | | |
| Due to other governments | \$ 461,005 | \$ 392,416 | \$ 461,005 | \$ 392,416 |
| Total liabilities. | \$ 461,005 | \$ 392,416 | \$ 461,005 | \$ 392,416 |
| Total Agency Funds | | | | |
| Assets: | | | | |
| Equity in pooled cash and cash equivalents | \$ 1,607,280 | \$ 668,641 | \$ 410,204 | \$ 1,865,717 |
| Cash with fiscal and escrow agents. | 461,005 | 392,416 | 461,005 | 392,416 |
| Accounts receivable | 2,321 | 25,555 | 2,321 | 25,555 |
| Total assets. | \$ 2,070,606 | \$ 1,086,612 | \$ 873,530 | \$ 2,283,688 |
| Liabilities: | | | | |
| Due to other governments | \$ 810,684 | \$ 504,906 | \$ 468,253 | \$ 847,337 |
| Deposits held and due to others | 1,259,922 | 581,706 | 405,277 | 1,436,351 |
| Total liabilities. | \$ 2,070,606 | \$ 1,086,612 | \$ 873,530 | \$ 2,283,688 |

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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. | 178-187 |
| 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. | 188-197 |
| 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. | 198-205 |
| 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. | 206-207 |
| 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. | 208-213 |

Sources: Sources are noted on the individual schedules.

CITY OF WARREN, OHIO

NET POSITION BY COMPONENT
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | <u>2018</u> | <u>2017 (a)</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 55,619,553 | \$ 52,287,647 | \$ 49,327,471 | \$ 48,863,065 |
| Restricted for: | | | | |
| Debt service | 1,855,516 | 1,843,561 | 2,220,095 | 1,869,362 |
| Capital projects | 899,883 | 576,256 | 764,564 | 1,476,319 |
| Street maintenance | 301,206 | 174,381 | 332,590 | 162,939 |
| State highway | 269,780 | 194,694 | 176,679 | 173,276 |
| Law enforcement | 213,958 | 177,944 | 384,759 | 363,589 |
| Courts | 1,712,210 | 1,650,347 | 1,484,004 | 1,291,177 |
| Community development and improvements | 7,539,282 | 7,796,740 | 7,991,263 | 8,313,048 |
| Police and fire pension | - | - | - | - |
| Warren Hills landfill | 419,020 | 505,366 | 513,419 | 558,717 |
| Unrestricted (deficit) | <u>(44,328,382)</u> | <u>(45,830,560)</u> | <u>(23,448,369)</u> | <u>(21,620,364)</u> |
| Total governmental activities net position | <u>\$ 24,502,026</u> | <u>\$ 19,376,376</u> | <u>\$ 39,746,475</u> | <u>\$ 41,451,128</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 25,470,873 | \$ 23,698,307 | \$ 23,136,628 | \$ 21,880,703 |
| Restricted for: | | | | |
| Debt service | - | - | - | - |
| Unrestricted (deficit) | <u>(4,183,784)</u> | <u>(1,116,494)</u> | <u>4,610,430</u> | <u>5,812,598</u> |
| Total business-type activities net position | <u>\$ 21,287,089</u> | <u>\$ 22,581,813</u> | <u>\$ 27,747,058</u> | <u>\$ 27,693,301</u> |
| Total primary government | | | | |
| Net investment in capital assets | \$ 81,090,426 | \$ 75,985,954 | \$ 72,464,099 | \$ 70,743,768 |
| Restricted for: | | | | |
| Debt service | 1,855,516 | 1,843,561 | 2,220,095 | 1,869,362 |
| Capital projects | 899,883 | 576,256 | 764,564 | 1,476,319 |
| Street maintenance | 301,206 | 174,381 | 332,590 | 162,939 |
| State highway | 269,780 | 194,694 | 176,679 | 173,276 |
| Law enforcement | 213,958 | 177,944 | 384,759 | 363,589 |
| Courts | 1,712,210 | 1,650,347 | 1,484,004 | 1,291,177 |
| Community development and improvements | 7,539,282 | 7,796,740 | 7,991,263 | 8,313,048 |
| Police and fire pension | - | - | - | - |
| Warren Hills landfill | 419,020 | 505,366 | 513,419 | 558,717 |
| Unrestricted (deficit) | <u>(48,512,166)</u> | <u>(46,947,054)</u> | <u>(18,837,939)</u> | <u>(15,807,766)</u> |
| Total primary government net position | <u>\$ 45,789,115</u> | <u>\$ 41,958,189</u> | <u>\$ 67,493,533</u> | <u>\$ 69,144,429</u> |

Source: City of Warren, Financial Records

(a) Amounts have been restated to reflect the implementation of GASB Statement No. 75, which was implemented in 2018.

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 47,726,468 | \$ 44,093,603 | \$ 42,910,889 | \$ 41,689,055 | \$ 41,287,935 | \$ 37,644,539 |
| 2,145,641 | 2,723,376 | 1,996,713 | 1,615,731 | 1,123,312 | 1,013,994 |
| 899,088 | - | - | 21,924 | - | 49,172 |
| 844,586 | 828,714 | 808,811 | 771,607 | 725,984 | 712,053 |
| 178,562 | 272,923 | 345,451 | 274,377 | 223,765 | 159,839 |
| 292,581 | 399,651 | 345,503 | 413,142 | 461,705 | 501,540 |
| 1,588,016 | 1,369,045 | 1,315,547 | 1,122,989 | 842,855 | 947,689 |
| 8,900,592 | 9,491,103 | 10,168,030 | 10,218,860 | 9,560,569 | 8,319,608 |
| - | - | 104,782 | 1,108,729 | 1,002,814 | 901,168 |
| 611,275 | 622,922 | 665,959 | 692,804 | 702,538 | 696,863 |
| (24,345,765) | (353,410) | (659,287) | (1,555,360) | (4,588,636) | (4,856,639) |
| <u>\$ 38,841,044</u> | <u>\$ 59,447,927</u> | <u>\$ 58,002,398</u> | <u>\$ 56,373,858</u> | <u>\$ 51,342,841</u> | <u>\$ 46,089,826</u> |
| | | | | | |
| \$ 22,123,436 | \$ 26,353,429 | \$ 25,997,973 | \$ 24,563,803 | \$ 23,458,196 | \$ 21,755,533 |
| - | - | - | 963,817 | 962,846 | 967,855 |
| 3,522,316 | 7,037,170 | 7,100,100 | 6,435,075 | 5,387,270 | 6,493,160 |
| <u>\$ 25,645,752</u> | <u>\$ 33,390,599</u> | <u>\$ 33,098,073</u> | <u>\$ 31,962,695</u> | <u>\$ 29,808,312</u> | <u>\$ 29,216,548</u> |
| | | | | | |
| \$ 69,849,904 | \$ 70,447,032 | \$ 68,908,862 | \$ 66,252,858 | \$ 64,746,131 | \$ 59,400,072 |
| 2,145,641 | 2,723,376 | 1,996,713 | 2,579,548 | 2,086,158 | 1,981,849 |
| 899,088 | - | - | 21,924 | - | 49,172 |
| 844,586 | 828,714 | 808,811 | 771,607 | 725,984 | 712,053 |
| 178,562 | 272,923 | 345,451 | 274,377 | 223,765 | 159,839 |
| 292,581 | 399,651 | 345,503 | 413,142 | 461,705 | 501,540 |
| 1,588,016 | 1,369,045 | 1,315,547 | 1,122,989 | 842,855 | 947,689 |
| 8,900,592 | 9,491,103 | 10,168,030 | 10,218,860 | 9,560,569 | 8,319,608 |
| - | - | 104,782 | 1,108,729 | 1,002,814 | 901,168 |
| 611,275 | 622,922 | 665,959 | 692,804 | 702,538 | 696,863 |
| (20,823,449) | 6,683,760 | 6,440,813 | 4,879,715 | 798,634 | 1,636,521 |
| <u>\$ 64,486,796</u> | <u>\$ 92,838,526</u> | <u>\$ 91,100,471</u> | <u>\$ 88,336,553</u> | <u>\$ 81,151,153</u> | <u>\$ 75,306,374</u> |

CITY OF WARREN, OHIO

CHANGES IN NET POSITION
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Program revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 1,259,301 | \$ 1,294,087 | \$ 1,155,198 | \$ 1,142,087 |
| Security of persons and property | 1,320,428 | 1,343,467 | 1,238,827 | 1,525,792 |
| Public health and welfare | 133,265 | 108,576 | 121,106 | 195,126 |
| Transportation | 3,700 | 2,550 | 2,050 | 1,300 |
| Community environment | 786,293 | 761,418 | 751,395 | 801,817 |
| Leisure time activity | 44,079 | 63,471 | 29,158 | 51,053 |
| Economic development | 216,132 | 111,174 | - | - |
| Operating grants and contributions: | | | | |
| General government | 369 | - | 129 | - |
| Security of persons and property | 74,556 | 71,592 | 250,762 | 110,795 |
| Transportation | 2,134,069 | 2,076,358 | 2,009,714 | 1,944,652 |
| Community environment | - | - | - | - |
| Economic development | 1,244,003 | 1,639,750 | 2,074,252 | 1,484,273 |
| Capital grants and contributions: | | | | |
| General government | 700,000 | - | - | - |
| Transportation | 5,306,983 | 1,831,422 | 2,293,735 | 4,718,978 |
| Total governmental activities program revenues | <u>13,223,178</u> | <u>9,303,865</u> | <u>9,926,326</u> | <u>11,975,873</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Sewer | 7,428,822 | 8,207,341 | 7,992,246 | 8,025,072 |
| Water | 11,877,365 | 11,440,010 | 10,392,869 | 11,932,352 |
| Sanitation | 3,730,285 | 3,720,156 | 3,097,256 | 3,624,806 |
| Other business-type activities: | | | | |
| Packard Music Hall | - | - | - | - |
| City Redevelopment | 329,493 | 358,938 | 421,570 | 404,767 |
| Downtown parking | 23,836 | 18,490 | 21,165 | 30,614 |
| Stormwater Utility | 1,034,656 | 1,087,434 | 877,355 | 1,105,928 |
| Capital grants and contributions | | | | |
| Sewer | 217,386 | - | - | - |
| Water | 5,435 | 189,516 | 1,090,634 | 10,000 |
| Sanitation | - | 12,500 | 2,985 | 17,500 |
| Other business-type activities: | | | | |
| Packard Music Hall | - | - | - | - |
| Stormwater Utility | 217,386 | - | - | - |
| Total business-type activities program revenues | <u>24,864,664</u> | <u>25,034,385</u> | <u>23,896,080</u> | <u>25,151,039</u> |
| Total primary government | <u>\$ 38,087,842</u> | <u>\$ 34,338,250</u> | <u>\$ 33,822,406</u> | <u>\$ 37,126,912</u> |
| Expenses: | | | | |
| Governmental activities: | | | | |
| General government | \$ 7,128,383 | \$ 7,193,770 | \$ 6,373,481 | \$ 6,488,811 |
| Security of persons and property | 17,604,592 | 15,589,381 | 16,529,431 | 16,095,857 |
| Public health and welfare | 841,137 | 780,424 | 755,064 | 615,477 |
| Transportation | 3,714,265 | 3,560,975 | 3,953,939 | 3,442,801 |
| Community environment | 1,758,730 | 1,824,742 | 1,901,508 | 1,813,704 |
| Leisure time activity | 966,023 | 689,808 | 781,777 | 737,876 |
| Economic development | 1,471,834 | 1,792,666 | 2,215,336 | 1,717,280 |
| Interest and fiscal charges | 209,570 | 321,509 | 361,464 | 386,234 |
| Bond issuance costs | - | - | - | - |
| Total governmental activities expenses | <u>33,694,534</u> | <u>31,753,275</u> | <u>32,872,000</u> | <u>31,298,040</u> |

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|----|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ | 1,258,784 | \$ 1,219,533 | \$ 1,304,044 | \$ 1,331,458 | \$ 1,355,736 | \$ 1,380,902 |
| | 1,598,937 | 1,452,930 | 1,739,425 | 1,827,410 | 1,898,051 | 1,695,936 |
| | 212,498 | 204,455 | 201,798 | 193,402 | 206,308 | 220,439 |
| | 350 | 1,050 | 21,750 | 35,950 | 22,700 | 4,400 |
| | 783,143 | 762,676 | 794,078 | 698,223 | 845,630 | 747,261 |
| | 23,252 | 36,082 | 34,033 | 17,643 | 28,350 | 21,494 |
| | - | 371,154 | 526,844 | 587,408 | 30,482 | 181,329 |
| | - | - | - | - | - | - |
| | 139,755 | 166,236 | 162,239 | 116,784 | 132,324 | 548,325 |
| | 2,085,454 | 1,968,489 | 2,000,968 | 2,063,252 | 2,127,786 | 1,881,928 |
| | 515,924 | 362,596 | - | - | - | - |
| | 2,060,026 | 1,592,956 | 2,859,913 | 3,794,352 | 5,212,448 | 3,059,516 |
| | - | - | 309,751 | - | - | - |
| | 2,573,034 | 3,971,851 | 982,257 | 2,646,972 | 2,647,295 | 3,501,520 |
| | <u>11,251,157</u> | <u>12,110,008</u> | <u>10,937,100</u> | <u>13,312,854</u> | <u>14,507,110</u> | <u>13,243,050</u> |
| | 8,188,147 | 8,026,141 | 8,487,821 | 9,862,861 | 7,364,686 | 7,437,372 |
| | 10,930,207 | 10,276,785 | 11,042,614 | 10,746,044 | 9,762,568 | 9,631,170 |
| | 3,446,470 | 3,434,612 | 3,323,515 | 3,146,892 | 3,182,299 | 3,157,449 |
| | 149,163 | 211,795 | 185,971 | 213,131 | 197,508 | 216,722 |
| | 426,888 | 57,092 | 40,111 | 51,778 | 31,378 | 42,711 |
| | 23,088 | 34,024 | 24,530 | 29,566 | 30,940 | 29,448 |
| | 1,103,573 | 1,009,629 | 1,038,686 | 983,029 | 921,907 | 888,267 |
| | - | - | - | 246,037 | 1,072,931 | - |
| | 8,600 | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | 37,028 | 59,020 | 232,913 | 675,680 | 1,236,504 |
| | - | - | 23,469 | 227,296 | 23,697 | 30,225 |
| | <u>24,276,136</u> | <u>23,087,106</u> | <u>24,225,737</u> | <u>25,739,547</u> | <u>23,263,594</u> | <u>22,669,868</u> |
| \$ | <u>35,527,293</u> | <u>35,197,114</u> | <u>35,162,837</u> | <u>39,052,401</u> | <u>37,770,704</u> | <u>35,912,918</u> |
| \$ | 5,938,254 | \$ 5,490,149 | \$ 5,841,107 | \$ 5,614,737 | \$ 5,400,182 | \$ 6,087,221 |
| | 15,374,111 | 16,292,351 | 16,753,174 | 16,860,682 | 15,449,385 | 15,993,727 |
| | 652,802 | 681,620 | 634,143 | 615,238 | 633,699 | 545,444 |
| | 4,256,445 | 4,124,435 | 3,790,997 | 4,034,308 | 3,548,603 | 3,662,641 |
| | 2,165,295 | 2,545,832 | 1,758,742 | 1,797,152 | 1,817,279 | 2,020,146 |
| | 499,936 | 499,204 | 482,998 | 453,413 | 520,453 | 484,294 |
| | 2,381,519 | 2,481,991 | 2,402,035 | 2,821,164 | 2,936,898 | 1,620,800 |
| | 413,785 | 195,930 | 266,413 | 312,812 | 503,530 | 566,227 |
| | - | 226,597 | 59,662 | - | - | - |
| | <u>31,682,147</u> | <u>32,538,109</u> | <u>31,989,271</u> | <u>32,509,506</u> | <u>30,810,029</u> | <u>30,980,500</u> |

CITY OF WARREN, OHIO

CHANGES IN NET POSITION
LAST TEN YEARS (CONTINUED)
(ACCRUAL BASIS OF ACCOUNTING)

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------------|------------------------|------------------------|------------------------|
| Business-type activities: | | | | |
| Sewer | \$ 8,773,308 | \$ 7,964,421 | \$ 7,839,689 | \$ 7,097,645 |
| Water | 13,082,604 | 12,690,692 | 11,786,057 | 12,013,437 |
| Sanitation | 4,020,987 | 3,733,769 | 3,570,325 | 3,326,132 |
| Other business-type activities: | | | | |
| Packard Music Hall | - | - | - | - |
| City Redevelopment | 277,699 | 314,064 | 367,444 | 215,209 |
| Downtown Parking | 139,892 | 162,080 | 129,999 | 136,252 |
| Stormwater Utility | 428,966 | 603,721 | 715,346 | 580,172 |
| Total business-type activities expenses | <u>26,723,456</u> | <u>25,468,747</u> | <u>24,408,860</u> | <u>23,368,847</u> |
| Total primary government | <u>\$ 60,417,990</u> | <u>\$ 57,222,022</u> | <u>\$ 57,280,860</u> | <u>\$ 54,666,887</u> |
| Net (expense) revenue: | | | | |
| Governmental activities | \$ (20,471,356) | \$ (22,449,410) | \$ (22,945,674) | \$ (19,322,167) |
| Business-type activities | (1,858,792) | (434,362) | (512,780) | 1,782,192 |
| Total primary government net expense | <u>\$ (22,330,148)</u> | <u>\$ (22,883,772)</u> | <u>\$ (23,458,454)</u> | <u>\$ (17,539,975)</u> |
| General revenues and other changes in net position: | | | | |
| Governmental activities | | | | |
| Taxes: | | | | |
| Property taxes levied for: | | | | |
| General Purposes | \$ 217,738 | \$ - | \$ - | \$ - |
| Debt service | 835,333 | 1,337,229 | 1,136,724 | 1,221,461 |
| Fire pension | - | - | - | - |
| Police pension | - | - | - | - |
| Income taxes levied for: | | | | |
| General Purposes | 21,345,452 | 18,091,853 | 16,990,041 | 17,237,265 |
| Grants and entitlements | | | | |
| not restricted to specific programs | 2,336,729 | 1,974,260 | 1,458,525 | 1,601,526 |
| Investment earnings | 260,018 | 125,442 | 117,016 | 73,839 |
| Change in fair value of investments | 12,050 | 5,522 | (78,842) | - |
| Miscellaneous | 678,226 | 579,992 | 1,646,101 | 1,698,877 |
| Special item | - | - | - | - |
| Transfers | (88,540) | 142,734 | (28,544) | 99,283 |
| Total governmental activities | <u>25,597,006</u> | <u>22,257,032</u> | <u>21,241,021</u> | <u>21,932,251</u> |
| Business-type activities | | | | |
| Investment earnings | 12 | - | - | - |
| Miscellaneous | 475,516 | 217,224 | 537,993 | 364,640 |
| Special item | - | - | - | - |
| Transfers | 88,540 | (142,734) | 28,544 | (99,283) |
| Total business-type activities | <u>564,068</u> | <u>74,490</u> | <u>566,537</u> | <u>265,357</u> |
| Total primary government | <u>\$ 26,161,074</u> | <u>\$ 22,331,522</u> | <u>\$ 21,807,558</u> | <u>\$ 22,197,608</u> |
| Change in net position: | | | | |
| Governmental activities | \$ 5,125,650 | \$ (192,378) | \$ (1,704,653) | \$ 2,610,084 |
| Business-type activities | (1,294,724) | (359,872) | 53,757 | 2,047,549 |
| Total primary government | <u>\$ 3,830,926</u> | <u>\$ (552,250)</u> | <u>\$ (1,650,896)</u> | <u>\$ 4,657,633</u> |

Source: City of Warren, Financial Records

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 7,157,384 | \$ 7,126,141 | \$ 6,684,587 | \$ 7,130,457 | \$ 7,211,259 | \$ 7,291,440 |
| 11,815,365 | 11,723,619 | 12,190,368 | 12,240,091 | 11,925,632 | 11,875,667 |
| 3,631,799 | 3,214,243 | 3,331,447 | 3,212,094 | 3,129,254 | 3,118,475 |
| 525,830 | 706,478 | 657,521 | 563,301 | 387,126 | 440,581 |
| 260,920 | 76,175 | 46,689 | 45,514 | 58,066 | 20,650 |
| 136,077 | 149,373 | 131,147 | 145,216 | 128,252 | 136,918 |
| 634,430 | 551,745 | 715,049 | 760,294 | 557,878 | 769,785 |
| 24,161,805 | 23,547,774 | 23,756,808 | 24,096,967 | 23,397,467 | 23,653,516 |
| \$ 55,843,952 | \$ 56,085,883 | \$ 55,746,079 | \$ 56,606,473 | \$ 54,207,496 | \$ 54,634,016 |
| \$ (20,430,990) | \$ (20,428,101) | \$ (21,052,171) | \$ (19,196,652) | \$ (16,302,919) | \$ (17,737,450) |
| 114,331 | (460,668) | 468,929 | 1,642,580 | (133,873) | (983,648) |
| \$ (20,316,659) | \$ (20,888,769) | \$ (20,583,242) | \$ (17,554,072) | \$ (16,436,792) | \$ (18,721,098) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1,370,616 | 1,311,792 | 995,193 | 1,223,713 | 1,129,724 | 1,298,598 |
| - | - | 94,034 | 128,896 | 118,708 | 133,797 |
| - | - | 94,034 | 117,974 | 116,983 | 133,797 |
| 16,247,030 | 16,624,172 | 16,968,167 | 17,292,458 | 16,247,214 | 16,411,492 |
| 2,016,181 | 3,639,724 | 4,115,473 | 4,750,099 | 3,375,874 | 2,908,110 |
| 67,940 | 53,299 | 67,451 | 128,848 | 111,444 | 302,100 |
| - | - | - | - | - | - |
| 666,755 | 562,200 | 673,628 | 834,099 | 716,079 | 605,315 |
| 2,280,036 | - | - | - | - | - |
| (323,000) | (317,557) | (327,269) | (220,975) | (260,092) | (510,000) |
| 22,325,558 | 21,873,630 | 22,680,711 | 24,255,112 | 21,555,934 | 21,283,209 |
| - | - | 143 | - | - | 1,772 |
| 322,482 | 435,637 | 339,037 | 416,949 | 465,545 | 295,990 |
| (2,280,036) | - | - | - | - | - |
| 323,000 | 317,557 | 327,269 | 220,975 | 260,092 | 510,000 |
| (1,634,554) | 753,194 | 666,449 | 637,924 | 725,637 | 807,762 |
| \$ 20,691,004 | \$ 22,626,824 | \$ 23,347,160 | \$ 24,893,036 | \$ 22,281,571 | \$ 22,090,971 |
| \$ 1,894,568 | \$ 1,445,529 | \$ 1,628,540 | \$ 5,058,460 | \$ 5,253,015 | \$ 3,545,759 |
| (1,520,223) | 292,526 | 1,135,378 | 2,280,504 | 591,764 | (175,886) |
| \$ 374,345 | \$ 1,738,055 | \$ 2,763,918 | \$ 7,338,964 | \$ 5,844,779 | \$ 3,369,873 |

CITY OF WARREN, OHIO

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund: | | | | | |
| Nonspendable | \$ 3,729 | \$ 3,013 | \$ 2,438 | \$ 3,283 | \$ 4,877 |
| Restricted | 419,020 | 505,366 | 513,419 | 558,717 | 611,275 |
| Assigned | 357,577 | 311,428 | 58,956 | 85,482 | 210,808 |
| Unassigned | 4,379,649 | 2,141,301 | 973,017 | 1,729,249 | 1,506,015 |
| Reserved | - | - | - | - | - |
| Unreserved | - | - | - | - | - |
| Total general fund | <u>\$ 5,159,975</u> | <u>\$ 2,961,108</u> | <u>\$ 1,547,830</u> | <u>\$ 2,376,731</u> | <u>\$ 2,332,975</u> |
| All other governmental funds: | | | | | |
| Nonspendable | \$ - | \$ 12,130 | \$ 100,125 | \$ 133,500 | \$ 315 |
| Restricted | 11,249,097 | 10,810,968 | 11,516,013 | 11,473,582 | 14,060,602 |
| Unassigned (deficit) | - | - | - | - | (7,863) |
| Reserved | - | - | - | - | - |
| Unreserved (deficit), reported in: | | | | | |
| Special revenue funds | - | - | - | - | - |
| Debt service fund | - | - | - | - | - |
| Capital projects fund | - | - | - | - | - |
| Total all other governmental funds | <u>\$ 11,249,097</u> | <u>\$ 10,823,098</u> | <u>\$ 11,616,138</u> | <u>\$ 11,607,082</u> | <u>\$ 14,053,054</u> |

Source: City of Warren, Financial Records

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

| <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 4,426 | \$ 3,538 | \$ 7,445 | \$ - | \$ - |
| 622,922 | 665,959 | 692,804 | - | - |
| 212,483 | 743,525 | 74,882 | - | - |
| 3,230,863 | 3,810,108 | 4,810,152 | - | - |
| - | - | - | 324,890 | 88,913 |
| - | - | - | 4,250,122 | 4,027,419 |
| <u>\$ 4,070,694</u> | <u>\$ 5,223,130</u> | <u>\$ 5,585,283</u> | <u>\$ 4,575,012</u> | <u>\$ 4,116,332</u> |
| \$ - | \$ - | \$ 10,596 | \$ - | \$ - |
| 17,497,378 | 12,285,612 | 12,966,986 | - | - |
| - | (492,011) | - | - | - |
| - | - | - | 10,966,339 | 9,384,585 |
| - | - | - | 1,481,434 | 2,183,565 |
| - | - | - | 505,151 | 300,006 |
| - | - | - | (2,073,152) | (1,341,226) |
| <u>\$ 17,497,378</u> | <u>\$ 11,793,601</u> | <u>\$ 12,977,582</u> | <u>\$ 10,879,772</u> | <u>\$ 10,526,930</u> |

CITY OF WARREN, OHIO

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|---------------------|--------------------|---------------------|-----------------------|
| Revenues | | | | |
| Income taxes | \$ 20,679,002 | \$ 19,574,834 | \$ 16,115,081 | \$ 16,939,262 |
| Property and other taxes | 1,077,304 | 1,256,067 | 1,249,316 | 1,283,266 |
| Charges for services | 2,529,584 | 2,315,057 | 2,252,949 | 2,172,819 |
| Licenses and permits | 2,097,794 | 1,932,851 | 1,849,308 | 2,103,295 |
| Fines and forfeitures | 1,325,672 | 1,361,117 | 1,236,826 | 1,543,176 |
| Intergovernmental | 11,153,774 | 7,502,554 | 7,826,195 | 9,923,751 |
| Special assessments | 11,048 | 10,104 | 10,522 | 16,123 |
| Investment income | 283,645 | 164,024 | 137,484 | 101,689 |
| Rental income | 71,054 | 69,529 | 72,547 | 48,899 |
| Change in fair value of investments | 12,050 | 5,522 | (78,842) | - |
| Other | 535,500 | 730,284 | 1,951,250 | 1,842,483 |
| Total revenues | <u>39,776,427</u> | <u>34,921,943</u> | <u>32,622,636</u> | <u>35,974,763</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 8,339,458 | 7,825,008 | 7,631,063 | 8,101,494 |
| Security of persons and property | 15,404,934 | 15,083,909 | 14,431,020 | 15,786,930 |
| Public health and welfare | 812,647 | 730,301 | 729,262 | 607,931 |
| Transportation | 1,533,931 | 1,459,169 | 1,438,403 | 1,690,699 |
| Community environment | 1,646,638 | 1,707,294 | 1,844,028 | 1,786,984 |
| Leisure time activity | 396,792 | 286,373 | 458,214 | 418,546 |
| Economic development | 1,442,020 | 1,749,327 | 2,199,189 | 1,711,494 |
| Capital outlay | 6,367,244 | 3,310,574 | 3,437,790 | 7,107,269 |
| Debt service: | | | | |
| Principal retirement | 897,828 | 792,828 | 872,828 | 869,882 |
| Interest and fiscal charges | 227,290 | 271,418 | 372,140 | 395,033 |
| Bond/refunding bond issuance costs | - | 69,003 | - | - |
| Total expenditures | <u>37,068,782</u> | <u>33,285,204</u> | <u>33,413,937</u> | <u>38,476,262</u> |
| Excess of revenues over (under) expenditures | <u>2,707,645</u> | <u>1,636,739</u> | <u>(791,301)</u> | <u>(2,501,499)</u> |
| Other financing sources (uses) | | | | |
| Sale of refunding bonds | - | 5,095,000 | - | - |
| Sale of bonds | - | - | - | - |
| Sale of notes | - | - | - | - |
| Payment to refunded bond escrow agent | - | (6,170,449) | - | - |
| Loan proceeds | - | - | - | - |
| Premium on bonds/refunding bonds | - | - | - | - |
| Transfers in | 1,066,097 | 937,283 | 336,868 | 1,237,739 |
| Transfers (out) | (1,148,876) | (878,335) | (365,412) | (1,138,456) |
| Total other financing sources (uses) | <u>(82,779)</u> | <u>(1,016,501)</u> | <u>(28,544)</u> | <u>99,283</u> |
| Special items | - | - | - | - |
| Net change in fund balances | <u>\$ 2,624,866</u> | <u>\$ 620,238</u> | <u>\$ (819,845)</u> | <u>\$ (2,402,216)</u> |
| Capital expenditures | 6,719,065 | 3,786,808 | 3,257,331 | 8,068,858 |
| Debt service as a percentage of noncapital expenditures | 3.71% | 3.61% | 4.13% | 4.16% |

Source: City of Warren, Financial Records

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|----------------|---------------|----------------|---------------|---------------|---------------|
| \$ 16,409,208 | \$ 16,624,224 | \$ 17,080,705 | \$ 16,996,981 | \$ 15,872,631 | \$ 15,624,357 |
| 1,318,438 | 1,315,316 | 1,356,637 | 1,404,962 | 1,475,498 | 1,511,528 |
| 2,118,099 | 2,146,723 | 2,068,967 | 2,085,260 | 2,084,254 | 2,139,791 |
| 2,114,415 | 2,129,625 | 2,281,768 | 2,193,463 | 2,303,729 | 2,070,754 |
| 1,668,265 | 1,465,518 | 1,751,023 | 1,827,530 | 1,918,363 | 1,747,233 |
| 8,554,302 | 11,242,468 | 10,388,955 | 13,551,987 | 13,198,824 | 12,037,848 |
| 20,549 | 23,663 | 35,896 | 65,724 | 50,813 | 27,680 |
| 107,227 | 163,524 | 125,471 | 271,739 | 216,055 | 393,622 |
| 47,749 | 30,606 | 26,274 | 31,653 | 36,552 | 94,831 |
| - | - | - | - | - | - |
| 1,478,244 | 983,926 | 760,098 | 916,099 | 803,079 | 697,315 |
| 33,836,496 | 36,125,593 | 35,875,794 | 39,345,398 | 37,959,798 | 36,344,959 |
| 7,579,223 | 7,375,113 | 7,614,421 | 7,387,486 | 7,565,426 | 7,313,305 |
| 15,484,022 | 16,951,166 | 17,396,017 | 16,783,776 | 15,299,674 | 15,187,309 |
| 650,352 | 682,462 | 631,915 | 621,583 | 627,133 | 585,216 |
| 1,619,094 | 1,311,023 | 1,661,599 | 1,584,939 | 1,568,297 | 1,640,909 |
| 1,825,474 | 1,738,663 | 1,766,330 | 1,770,245 | 1,707,275 | 1,761,935 |
| 730,344 | 550,457 | 493,165 | 456,404 | 440,263 | 491,804 |
| 2,276,793 | 2,417,744 | 3,291,712 | 3,500,283 | 3,631,183 | 2,032,605 |
| 7,275,418 | 7,601,061 | 2,681,709 | 2,379,047 | 4,238,297 | 3,920,919 |
| 815,983 | 1,153,216 | 3,494,229 | 1,342,926 | 1,937,447 | 1,530,310 |
| 399,298 | 164,201 | 256,922 | 277,837 | 481,373 | 534,299 |
| - | 226,597 | 44,710 | - | - | - |
| 38,656,001 | 40,171,703 | 39,332,729 | 36,104,526 | 37,496,368 | 34,998,611 |
| (4,819,505) | (4,046,110) | (3,456,935) | 3,240,872 | 463,430 | 1,346,348 |
| - | - | - | - | - | - |
| - | 8,585,000 | 1,960,000 | - | - | - |
| - | - | 13,529 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 520,000 | - |
| - | 241,824 | 62,088 | - | - | - |
| 1,428,160 | 429,120 | 960,193 | 552,103 | 384,562 | 1,104,143 |
| (1,751,160) | (658,493) | (1,085,009) | (684,894) | (556,470) | (1,525,959) |
| (323,000) | 8,597,451 | 1,910,801 | (132,791) | 348,092 | (421,816) |
| (39,538) | - | - | - | - | - |
| \$ (5,182,043) | \$ 4,551,341 | \$ (1,546,134) | \$ 3,108,081 | \$ 811,522 | \$ 924,532 |
| 7,247,084 | 7,166,035 | 3,438,531 | 2,066,359 | 5,200,379 | 4,465,719 |
| 3.87% | 3.99% | 10.45% | 4.76% | 7.49% | 6.76% |

CITY OF WARREN, OHIO

ASSESSSED 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) |
| 2018 | \$ 337,744,240 | \$ 964,983,543 | \$ 23,981,680 | \$ 27,251,909 | \$ - | \$ - |
| 2017 | 344,190,630 | 983,401,800 | 22,702,200 | 25,797,955 | - | - |
| 2016 | 347,125,760 | 991,787,886 | 21,582,300 | 24,525,341 | - | - |
| 2015 | 350,800,170 | 1,002,286,200 | 20,536,880 | 23,337,364 | - | - |
| 2014 | 373,901,310 | 1,068,289,457 | 19,577,610 | 22,247,284 | - | - |
| 2013 | 377,697,430 | 1,079,135,514 | 17,925,480 | 20,369,864 | - | - |
| 2012 | 381,924,920 | 1,091,214,057 | 16,126,650 | 18,325,739 | - | - |
| 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 |

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 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

| | Assessed Value | Estimated Actual Value | Total Direct Tax Rate | Assessed Value as a Percentage of Actual Value |
|----|-----------------------|-------------------------------|------------------------------|---|
| \$ | 361,725,920 | \$ 992,235,452 | 3.50 | 36.46% |
| | 366,892,830 | 1,009,199,755 | 3.50 | 36.35% |
| | 368,708,060 | 1,016,313,227 | 3.50 | 36.28% |
| | 371,337,050 | 1,025,623,564 | 3.50 | 36.21% |
| | 393,478,920 | 1,090,536,741 | 3.50 | 36.08% |
| | 395,622,910 | 1,099,505,378 | 3.50 | 35.98% |
| | 398,051,570 | 1,109,539,796 | 3.50 | 35.88% |
| | 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% |

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 | Warren City School District | Labrae Local School District | Howland Local School District |
| 2018 | 2.90 | 0.30 | 0.30 | 3.50 | 12.30 | 65.20 | 55.80 | 43.55 |
| 2017 | 2.90 | 0.30 | 0.30 | 3.50 | 12.30 | 64.30 | 55.80 | 43.85 |
| 2016 | 2.90 | 0.30 | 0.30 | 3.50 | 12.30 | 63.90 | 56.50 | 43.95 |
| 2015 | 2.90 | 0.30 | 0.30 | 3.50 | 12.30 | 63.65 | 56.50 | 43.95 |
| 2014 | 2.90 | 0.30 | 0.30 | 3.50 | 12.30 | 62.20 | 56.30 | 43.95 |
| 2013 | 2.90 | 0.30 | 0.30 | 3.50 | 12.30 | 62.10 | 56.05 | 43.95 |
| 2012 | 2.90 | 0.30 | 0.30 | 3.50 | 12.30 | 62.30 | 56.55 | 43.45 |
| 2011 | 2.90 | 0.30 | 0.30 | 3.50 | 12.30 | 59.50 | 56.55 | 43.05 |
| 2010 | 2.90 | 0.30 | 0.30 | 3.50 | 12.30 | 59.25 | 56.50 | 43.00 |
| 2009 | 2.90 | 0.30 | 0.30 | 3.50 | 12.30 | 58.95 | 56.30 | 42.90 |

Source: Trumbull County Auditor's Office

Overlapping Rates - Continued

| Lakeview Local School District | Vocational School | Library | Total Tax Rates | Total Direct and Overlapping Rates |
|---|------------------------------|----------------|--------------------------------|---|
| 50.90 | 2.40 | 1.00 | 231.15 | 234.65 |
| 51.40 | 2.40 | 1.00 | 231.05 | 234.55 |
| 51.65 | 2.40 | 1.00 | 231.70 | 235.20 |
| 46.60 | 2.40 | 1.00 | 226.40 | 229.90 |
| 48.10 | 2.40 | 1.00 | 226.25 | 229.75 |
| 48.00 | 2.40 | 1.00 | 242.80 | 246.30 |
| 47.65 | 2.40 | 1.00 | 238.65 | 242.15 |
| 47.05 | 2.40 | 1.00 | 221.85 | 225.35 |
| 43.15 | 2.40 | 1.00 | 230.60 | 234.10 |
| 43.05 | 2.40 | 1.00 | 229.90 | 233.40 |

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CITY OF WARREN, OHIO

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

| December 31, 2018 | | | |
|---|-------------------------------|-------------|-------------------------------------|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Assessed Value |
| Ohio Edison | \$ 15,718,340 | 1 | 4.35% |
| Medical Properties Trust of Warren-Steward LLC | 11,777,240 | 2 | 3.26% |
| American Transmission Systems Inc | 6,009,580 | 3 | 1.66% |
| East Ohio Gas Co | 2,709,400 | 4 | 0.75% |
| Rydyl I LLC | 2,565,160 | 5 | 0.71% |
| Wal-Mart Stores Inc. | 2,345,500 | 6 | 0.65% |
| Simon-Northbury Colony Ltd | 1,981,450 | 7 | 0.55% |
| NRR Commerce Ltd | 1,953,680 | 8 | 0.54% |
| Warren Plaza Co | 1,558,760 | 9 | 0.43% |
| Lowes Home Center | 1,545,640 | 10 | 0.43% |
| Total, Top Ten Property Taxpayers | \$ 48,164,750 | | 13.33% |
| Total City Property Tax Assessed Valuation | \$ 361,725,920 | | |

| December 31, 2009 | | | |
|---|-------------------------------|-------------|-------------------------------------|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Assessed Value |
| Ohio Edison | \$ 10,094,660 | 1 | 2.27% |
| United Telephone | 5,999,370 | 2 | 1.35% |
| Sam's Real Estate Business | 2,637,010 | 3 | 0.59% |
| Rydyl I LLC | 2,490,680 | 4 | 0.56% |
| Covelli Real Estate | 2,314,320 | 5 | 0.52% |
| NRR Commerce | 1,990,350 | 6 | 0.45% |
| American Transmission | 1,820,380 | 7 | 0.41% |
| East Ohio Gas Co. | 1,783,170 | 8 | 0.40% |
| Lowes Home Center | 1,771,070 | 9 | 0.40% |
| North Mar Center | 1,461,430 | 10 | 0.33% |
| Total, Top Ten Property Taxpayers | \$ 32,362,440 | | 7.28% |
| Total City Property Tax Assessed Valuation | \$ 444,000,350 | | |

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 (a)</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> |
|-------------|-------------------------|--------------------------------|---|---------------------------------------|------------------------------|---|-------------------------------------|---|
| 2018 | \$ 1,264,944 | \$ 1,168,195 | 92.35% | \$ 77,452 | \$ 1,245,647 | 98.47% | \$ 441,260 | 34.88% |
| 2017 | 1,283,007 | 1,181,848 | 92.12% | 73,234 | 1,255,082 | 97.82% | 465,494 | 36.28% |
| 2016 | 1,289,364 | 1,180,694 | 91.57% | 75,016 | 1,255,710 | 97.39% | 466,318 | 36.17% |
| 2015 | 1,289,364 | 1,193,504 | 92.57% | 92,748 | 1,286,252 | 99.76% | 487,497 | 37.81% |
| 2014 | 1,376,055 | 1,251,055 | 90.92% | 79,058 | 1,330,113 | 96.66% | 540,846 | 39.30% |
| 2013 | 1,383,574 | 1,260,201 | 91.08% | 71,295 | 1,331,496 | 96.24% | 482,854 | 34.90% |
| 2012 | 1,392,078 | 1,264,311 | 90.82% | 88,358 | 1,352,669 | 97.17% | 486,316 | 34.93% |
| 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% |

Source: Trumbull County Auditor's Office

(a) Trumbull County does not identify delinquent collections by tax year; delinquent collections are therefore reported in the year collected.

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 |
|-------------|-------------------------|--------------------------------|---|-----------------------------------|------------------------------|---|-------------------------------------|---|
| 2018 | \$ 200,366 | \$ 19,785 | 9.87% | \$ 114,455 | \$ 134,240 | 67.00% | \$ 2,179,283 | 1087.65% |
| 2017 | 114,882 | 14,300 | 12.45% | 4,928 | 19,228 | 16.74% | 2,129,435 | 1853.58% |
| 2016 | 46,517 | 23,630 | 50.80% | 23,033 | 46,663 | 100.31% | 2,112,438 | 4541.22% |
| 2015 | 31,049 | 12,516 | 40.31% | 13,282 | 25,798 | 83.09% | 2,127,913 | 6853.40% |
| 2014 | 166,177 | 43,500 | 26.18% | 11,213 | 54,713 | 32.92% | 2,296,344 | 1381.87% |
| 2013 | 526,229 | 69,452 | 13.20% | - | 69,452 | 13.20% | 2,600,219 | 494.12% |
| 2012 | 541,272 | 54,573 | 10.08% | 1,705 | 56,278 | 10.40% | 2,143,442 | 396.00% |
| 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% |

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 |
|-------------|-----------------|----------------------------|-------------------------------|---|-------------------------------|---|
| 2018 | 2.50% | \$ 20,868,056 | \$ 16,796,297 | 80.49% | \$ 1,865,784 | 8.94% |
| 2017 | 2.50% | 19,486,241 | 15,839,986 | 81.29% | 1,475,457 | 7.57% |
| 2016 | 2.00% | 17,095,349 | 13,513,180 | 79.05% | 1,597,201 | 9.34% |
| 2015 | 2.00% | 16,616,546 | 12,983,653 | 78.14% | 1,495,240 | 9.00% |
| 2014 | 2.00% | 16,547,733 | 12,880,337 | 77.84% | 1,585,072 | 9.58% |
| 2013 | 2.00% | 16,594,792 | 12,852,413 | 77.45% | 1,749,744 | 10.54% |
| 2012 | 2.00% | 17,337,806 | 13,278,181 | 76.59% | 1,967,183 | 11.35% |
| 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% |

Source: The City of Warren Income Tax Department

| | Taxes from Individuals | Percentage of Taxes from Individuals |
|----|---------------------------------------|---|
| \$ | 2,205,975 | 10.57% |
| | 2,170,798 | 11.14% |
| | 1,984,968 | 11.61% |
| | 2,137,653 | 12.86% |
| | 2,082,324 | 12.58% |
| | 1,992,635 | 12.01% |
| | 2,092,442 | 12.07% |
| | 1,983,701 | 11.79% |
| | 1,888,790 | 11.99% |
| | 1,994,131 | 12.28% |

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 |
| 2018 | \$ 6,818,349 | \$ - | \$ - | \$ 640,000 | \$ - | \$ 115,454 | \$ - |
| 2017 | 7,585,919 | - | - | 775,000 | - | 128,282 | - |
| 2016 | 9,344,605 | - | - | 900,000 | - | 141,110 | - |
| 2015 | 10,082,176 | 100,000 | - | 1,015,000 | - | 153,938 | - |
| 2014 | 10,804,746 | 195,000 | - | 1,125,000 | 22,053 | 166,767 | - |
| 2013 | 11,482,316 | 290,000 | - | 1,225,000 | 45,208 | 179,595 | - |
| 2012 | 3,611,929 | 375,000 | - | 1,320,000 | 67,457 | 192,423 | 61,139 |
| 2011 | 1,533,091 | 450,000 | - | 1,405,000 | 53,928 | 205,251 | 119,660 |
| 2010 | 2,595,673 | 520,000 | - | 1,485,000 | 53,928 | 218,079 | 180,152 |
| 2009 | 3,664,858 | 585,000 | 80,728 | 1,560,000 | 53,928 | 230,908 | 240,369 |

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 |
|---|--------------------------|-----------------------|----------------------|---------------------------|---|--|--|---------------------------|-----------------------|
| \$ 2,587,129 | \$ - | \$ 14,673,537 | \$398,381 | \$ 600,276 | \$ 25,833,126 | \$ 690,837,618 | 3.74% | 38,382 | \$ 673 |
| 3,201,715 | - | 15,050,735 | 419,526 | 960,212 | 28,121,389 | 699,456,160 | 4.02% | 39,562 | 711 |
| 3,806,301 | - | 16,417,608 | 44,036 | 1,258,560 | 31,912,220 | 691,472,238 | 4.62% | 39,898 | 800 |
| 4,395,887 | - | 18,307,791 | 45,833 | 224,808 | 34,325,433 | 690,418,575 | 4.97% | 40,425 | 849 |
| 4,980,473 | - | 19,569,057 | 47,631 | 296,967 | 37,207,694 | 690,569,152 | 5.39% | 40,768 | 913 |
| 5,555,059 | - | 19,808,127 | 49,428 | - | 38,634,733 | 680,236,992 | 5.68% | 40,723 | 949 |
| 6,695,533 | - | 18,881,084 | 51,225 | - | 31,255,790 | 680,008,236 | 4.60% | 41,358 | 756 |
| 1,131,689 | 7,330,000 | 20,800,593 | 53,022 | - | 33,082,234 | 688,641,047 | 4.80% | 41,557 | 796 |
| 1,671,990 | 7,810,000 | 22,494,105 | - | 61,980 | 37,090,907 | 1,248,588,736 | 2.97% | 43,402 | 855 |
| 2,193,791 | 8,265,000 | 24,606,332 | - | 127,262 | 41,608,176 | 1,259,721,952 | 3.30% | 43,789 | 950 |

CITY OF WARREN, OHIO

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

| <u>Year</u> | <u>Population (a)</u> | <u>Estimated Actual Value of Taxable Property (b)</u> | <u>General Obligation Bonds (c)</u> | <u>Less Amounts Restricted for Repayment</u> | <u>Net General Obligation Bonds</u> | <u>Ratio of Net Bonded Debt to Estimated Actual Value of Property</u> | <u>Net Bonded Debt Per Capita</u> |
|-------------|-----------------------|---|-------------------------------------|--|-------------------------------------|---|-----------------------------------|
| 2018 | 38,382 | \$ 992,235,452 | \$ 9,405,478 | \$ 1,269,247 | \$ 8,136,231 | 0.82% | \$ 212 |
| 2017 | 39,562 | 1,009,199,755 | 10,787,634 | 1,170,076 | 9,617,558 | 0.95% | 243 |
| 2016 | 39,898 | 1,016,313,227 | 13,150,906 | 1,649,264 | 11,501,642 | 1.13% | 288 |
| 2015 | 40,425 | 1,025,623,564 | 14,478,063 | 1,175,776 | 13,302,287 | 1.30% | 329 |
| 2014 | 40,768 | 1,090,536,741 | 15,785,219 | 1,395,410 | 14,389,809 | 1.32% | 353 |
| 2013 | 40,723 | 1,099,505,378 | 17,037,375 | 2,017,079 | 15,020,296 | 1.37% | 369 |
| 2012 | 41,358 | 1,109,539,796 | 10,307,462 | 1,398,296 | 8,909,166 | 0.80% | 215 |
| 2011 | 41,557 | 1,232,473,970 | 2,664,780 | 1,615,731 | 1,049,049 | 0.09% | 25 |
| 2010 | 43,402 | 1,245,512,599 | 4,267,663 | 1,123,312 | 3,144,351 | 0.25% | 72 |
| 2009 | 43,789 | 1,254,450,204 | 5,858,649 | 1,013,994 | 4,844,655 | 0.39% | 111 |

Sources:

(a) See Schedule "Demographic and Economic Statistics - Last Ten Years" for population.

(b) See Schedule "Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years".

(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, 2018

| <u>Governmental Unit</u> | <u>Governmental Activities Debt Outstanding</u> | <u>Estimated Percentage Applicable (a)</u> | <u>Direct and Overlapping Debt</u> |
|-----------------------------------|---|--|--|
| Direct: | | | |
| City of Warren | \$ 7,573,803 | 100.00% | \$ 7,573,803 |
| Total direct debt | | | <u>7,573,803</u> |
| Overlapping debt: | | | |
| Trumbull County | 19,886,841 | 10.81% | 2,149,768 |
| Howland Local School District | 575,280 | 13.15% | 75,649 |
| LaBrae Local School District | 3,335,000 | 9.07% | 302,485 |
| Lakeview Local School District | 23,200,000 | 0.03% | 6,960 |
| Total overlapping debt | | | <u>2,534,862</u> |
| Total direct and overlapping debt | | | <u>\$ 10,108,665</u> |

(a) The estimated percentage applicable to the City is calculated as the assessed property value of each governmental unit within the City divided by the total assessed value of the governmental unit.

Source: Ohio Municipal Advisory Council

CITY OF WARREN, OHIO

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Assessed value | \$ 361,725,920 | \$ 366,892,830 | \$ 368,708,060 | \$ 371,337,050 |
| Legal debt margin: | | | | |
| Debt limitation - 10.5% of assessed value | 37,981,222 | 38,523,747 | 38,714,346 | 38,990,390 |
| Debt applicable to limitation: | | | | |
| Total bonded debt | 9,300,000 | 10,650,000 | 12,800,000 | 14,095,000 |
| Exemptions: | | | | |
| Debt service fund balance | (1,269,247) | (1,170,076) | (1,649,264) | (1,175,776) |
| Debt supported by enterprise fund operations | <u>(2,530,000)</u> | <u>(3,130,000)</u> | <u>(3,720,000)</u> | <u>(4,295,000)</u> |
| Total exemptions | <u>(3,799,247)</u> | <u>(4,300,076)</u> | <u>(5,369,264)</u> | <u>(5,470,776)</u> |
| Total debt applicable to limitation | <u>5,500,753</u> | <u>6,349,924</u> | <u>7,430,736</u> | <u>8,624,224</u> |
| Total legal debt margin within 10.5% limitation | <u>\$ 32,480,469</u> | <u>\$ 32,173,823</u> | <u>\$ 31,283,610</u> | <u>\$ 30,366,166</u> |
| Unvoted debt limitation - 5.5% of assessed valuation | \$ 19,894,926 | \$ 20,179,106 | \$ 20,278,943 | \$ 20,423,538 |
| Debt applicable to limitation: | | | | |
| Total bonded debt | 9,300,000 | 10,650,000 | 12,800,000 | 14,095,000 |
| Exemptions: | | | | |
| Debt supported by enterprise fund operations | <u>(2,530,000)</u> | <u>(3,130,000)</u> | <u>(3,720,000)</u> | <u>(4,295,000)</u> |
| Total debt within 5.5% limitations | <u>6,770,000</u> | <u>7,520,000</u> | <u>9,080,000</u> | <u>9,800,000</u> |
| Unvoted debt margin within 5.5% limitation | <u>\$ 13,124,926</u> | <u>\$ 12,659,106</u> | <u>\$ 11,198,943</u> | <u>\$ 10,623,538</u> |

Source: City of Warren, Financial Records

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 393,478,920 | \$ 395,622,910 | \$ 398,051,570 | \$ 440,168,950 | \$ 442,367,630 | \$ 443,215,720 |
| 41,315,287 | 41,540,406 | 41,795,415 | 46,217,740 | 46,448,601 | 46,537,651 |
| 15,370,000 | 16,590,000 | 10,075,000 | 9,980,000 | 12,055,000 | 14,093,104 |
| (1,395,410) | (2,017,079) | (1,398,296) | (874,361) | (505,151) | (336,286) |
| <u>(4,865,000)</u> | <u>(5,425,000)</u> | <u>(6,548,000)</u> | <u>(8,455,500)</u> | <u>(9,472,500)</u> | <u>(10,446,000)</u> |
| <u>(6,260,410)</u> | <u>(7,442,079)</u> | <u>(7,946,296)</u> | <u>(9,329,861)</u> | <u>(9,977,651)</u> | <u>(10,782,286)</u> |
| 9,109,590 | 9,147,921 | 2,128,704 | 650,139 | 2,077,349 | 3,310,818 |
| <u>\$ 32,205,697</u> | <u>\$ 32,392,485</u> | <u>\$ 39,666,711</u> | <u>\$ 45,567,601</u> | <u>\$ 44,371,252</u> | <u>\$ 43,226,833</u> |
| \$ 21,641,341 | \$ 21,759,260 | \$ 21,892,836 | \$ 24,209,292 | \$ 24,330,220 | \$ 24,376,865 |
| 15,370,000 | 16,590,000 | 10,075,000 | 9,980,000 | 12,055,000 | 14,093,104 |
| <u>(4,865,000)</u> | <u>(5,425,000)</u> | <u>(6,548,000)</u> | <u>(8,455,500)</u> | <u>(9,472,500)</u> | <u>(10,446,000)</u> |
| <u>10,505,000</u> | <u>11,165,000</u> | <u>3,527,000</u> | <u>1,524,500</u> | <u>2,582,500</u> | <u>3,647,104</u> |
| <u>\$ 11,136,341</u> | <u>\$ 10,594,260</u> | <u>\$ 18,365,836</u> | <u>\$ 22,684,792</u> | <u>\$ 21,747,720</u> | <u>\$ 20,729,761</u> |

CITY OF WARREN, OHIO

PLEGDED REVENUE COVERAGE - WATER FUND
LAST TEN YEARS

REVENUE BONDS:

| <u>Year</u> | <u>Operating Revenues</u> | <u>Operating Expenses (a)</u> | <u>Net Revenue Available for Debt Service</u> | <u>Debt Service Requirements</u> | | | <u>Coverage</u> |
|-------------|---------------------------|-------------------------------|---|----------------------------------|-----------------|--------------|-----------------|
| | | | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 2011 (b) | \$ 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 |

OWDA LOANS:

| <u>Year</u> | <u>Net Revenue Available for Debt Service</u> | <u>Debt Service Required for Revenue Bonds</u> | <u>Net Revenue Available for OWDA Loans</u> | <u>Debt Service Requirements</u> | | | <u>Coverage</u> |
|-------------|---|--|---|----------------------------------|-----------------|--------------|-----------------|
| | | | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 2018 | \$ 1,633,601 | \$ - | \$ 1,633,601 | \$ 1,074,525 | \$ 303,703 | \$ 1,378,228 | 1.19 |
| 2017 | 1,261,080 | - | 1,261,080 | 1,038,152 | 333,505 | 1,371,657 | 0.92 |
| 2016 | 1,418,581 | - | 1,418,581 | 985,789 | 362,799 | 1,348,588 | 1.05 |
| 2015 | 3,528,745 | - | 3,528,745 | 977,614 | 457,801 | 1,435,415 | 2.46 |
| 2014 | 2,161,670 | - | 2,161,670 | 835,990 | 425,025 | 1,261,015 | 1.71 |
| 2013 | 1,587,073 | - | 1,587,073 | 721,975 | 411,209 | 1,133,184 | 1.40 |
| 2012 | 2,084,390 | - | 2,084,390 | 588,698 | 440,140 | 1,028,838 | 2.03 |
| 2011 | 1,140,919 | 880,840 | 260,079 | 677,898 | 468,330 | 1,146,228 | 0.23 |
| 2010 | 1,161,210 | 881,285 | 279,925 | 641,133 | 425,840 | 1,066,973 | 0.26 |
| 2009 | 2,166,579 | 880,582 | 1,285,997 | 640,956 | 528,141 | 1,169,097 | 1.10 |

Source: City of Warren, Financial Records

(a) Total operating expenses are exclusive of depreciation.

(b) The water revenue bonds were refunded in 2012 and replaced with general obligation bonds, therefore 2011 is the last year presented.

CITY OF WARREN, OHIO

PLEDGED REVENUE COVERAGE - SEWER FUND
LAST TEN YEARS

OWDA LOANS:

| <u>Year</u> | <u>Operating Revenues</u> | <u>Operating Expenses (a)</u> | <u>Net Revenue Available for Debt Service</u> | <u>Debt Service Requirements (b)</u> | | | <u>Coverage</u> |
|-------------|---------------------------|-------------------------------|---|--------------------------------------|-----------------|--------------|-----------------|
| | | | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 2018 | \$ 7,431,588 | \$ 7,671,372 | \$ (239,784) | \$ 563,317 | \$ 101,878 | \$ 665,195 | -0.36 |
| 2017 | 8,222,278 | 7,206,870 | 1,015,408 | 898,940 | 112,529 | 1,011,469 | 1.00 |
| 2016 | 7,999,222 | 6,993,102 | 1,006,120 | 904,394 | 139,873 | 1,044,267 | 0.96 |
| 2015 | 8,036,425 | 6,198,887 | 1,837,538 | 875,660 | 181,900 | 1,057,560 | 1.74 |
| 2014 | 8,195,004 | 5,994,030 | 2,200,974 | 928,923 | 212,310 | 1,141,233 | 1.93 |
| 2013 | 8,027,797 | 5,971,569 | 2,056,228 | 935,977 | 246,772 | 1,182,749 | 1.74 |
| 2012 | 8,495,601 | 5,578,884 | 2,916,717 | 1,279,509 | 303,062 | 1,582,571 | 1.84 |
| 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 |

Source: City of Warren, Financial Records

(a) Total operating expenses are exclusive of depreciation.

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

CITY OF WARREN, OHIO

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

| Year | Population (a) | Personal Income (c) | Per Capita Personal Income (a) | Annual Average Unemployment Rates (b) | | | |
|------|----------------|---------------------|--------------------------------|---------------------------------------|-----------------|-------|---------------|
| | | | | City of Warren | Trumbull County | Ohio | United States |
| 2018 | 38,382 | \$ 690,837,618 | \$ 17,999 | 7.3% | 6.2% | 4.6% | 3.9% |
| 2017 | 39,562 | 699,456,160 | 17,680 | 7.2% | 6.1% | 4.5% | 3.9% |
| 2016 | 39,898 | 691,472,238 | 17,331 | 7.7% | 6.7% | 4.9% | 4.9% |
| 2015 | 40,425 | 690,418,575 | 17,079 | 7.3% | 6.5% | 4.9% | 5.3% |
| 2014 | 40,768 | 690,569,152 | 16,939 | 8.4% | 7.0% | 5.7% | 6.2% |
| 2013 | 40,723 | 680,236,992 | 16,704 | 8.8% | 8.1% | 7.4% | 7.4% |
| 2012 | 41,358 | 680,008,236 | 16,442 | 9.2% | 8.1% | 7.2% | 8.1% |
| 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% |

Sources:

(a) U.S. Census Bureau estimates (www.census.gov).

(b) Ohio Labor Market Information (www.ohiolmi.com).

(c) Population times per capita personal income.

CITY OF WARREN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

| Employer | 2018 | | |
|--|-------------------------------|-------------|---|
| | Income Tax Withholding | Rank | Percentage of Total City Withholding |
| Trumbull County Auditor | \$ 1,383,335 | 1 | 8.27% |
| Steward Trumbull Memorial | 1,126,546 | 2 | 6.73% |
| Humility of Mary Health Partners | 1,012,243 | 3 | 6.05% |
| Warren City Schools | 983,158 | 4 | 5.88% |
| State of Ohio, Dep't of Adm. Services | 653,628 | 5 | 3.91% |
| City of Warren | 512,168 | 6 | 3.06% |
| AVI Food Systems | 454,775 | 7 | 2.72% |
| Charter Communications Holding | 200,465 | 8 | 1.20% |
| Laird Controls, North America | 198,610 | 9 | 1.19% |
| Wal-Mart Assoc Inc. | 178,397 | 10 | 1.07% |
| Total | \$ 6,703,325 | | 40.07% |
| Total 2018 City Income Tax Withholding | <u>\$ 16,730,800</u> | | |

| Employer | 2009 | | |
|--|-------------------------------|-------------|---|
| | Income Tax Withholding | Rank | Percentage of Total City Withholding |
| Trumbull Memorial Hospital | \$ 1,199,430 | 1 | 9.24% |
| Trumbull County Auditor | 1,003,189 | 2 | 7.72% |
| Warren City Schools | 788,648 | 3 | 6.07% |
| St. Elizabeth Medical Center | 782,451 | 4 | 6.02% |
| State of Ohio, Dep't of Adm. Services | 486,113 | 5 | 3.74% |
| City of Warren | 448,355 | 6 | 3.45% |
| GE Lighting | 408,009 | 7 | 3.14% |
| AVI Food System Inc. | 234,561 | 8 | 1.81% |
| Kenilworth Steel Co. | 137,637 | 9 | 1.06% |
| Novelis Corporation | 131,070 | 10 | 1.01% |
| Total | \$ 5,619,463 | | 43.27% |
| Total 2009 City Income Tax Withholding | <u>\$ 12,987,466</u> | | |

Source: The City of Warren Income Tax Department

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 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | |
| Council | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 11.00 | 12.00 |
| Mayor | 4.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Finance | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Income Tax | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Law | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 11.00 | 11.00 |
| Civil Service | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Purchasing | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 2.00 | 2.00 |
| Human Resources | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Municipal Court | 30.00 | 29.00 | 33.00 | 31.00 | 32.00 | 31.00 | 31.00 |
| Judges | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Operations | 25.00 | 27.00 | 24.00 | 26.00 | 29.00 | 29.00 | 28.00 |
| Engineering | 8.00 | 8.00 | 10.00 | 11.00 | 12.00 | 11.00 | 11.00 |
| Security of Persons and Property | | | | | | | |
| Police | 75.00 | 64.00 | 63.00 | 65.00 | 80.00 | 82.00 | 83.00 |
| Fire | 66.00 | 68.00 | 51.00 | 53.00 | 58.00 | 70.00 | 73.00 |
| Public Health and Welfare | | | | | | | |
| Health Services | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Economic Development | | | | | | | |
| Community Development | 4.00 | 4.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Packard Music Hall (a) | - | - | - | - | - | 5.00 | 5.00 |
| Data Processing | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Utility Services | | | | | | | |
| Water | 75.00 | 74.00 | 73.00 | 71.00 | 75.00 | 75.00 | 78.00 |
| Sewer/Stormwater | 56.00 | 52.00 | 45.00 | 46.00 | 48.00 | 45.00 | 44.00 |
| Sanitation | 16.00 | 16.00 | 16.00 | 16.00 | 15.00 | 15.00 | 15.00 |
| Total | <u>419.00</u> | <u>405.00</u> | <u>383.00</u> | <u>387.00</u> | <u>417.00</u> | <u>432.00</u> | <u>438.00</u> |

(a) Effective September 1, 2014 the operations of the Packard Music Hall were assumed by JAC Management Group.

Source: City of Warren records

| <u>2011</u> | <u>2010</u> | <u>2009</u> |
|---------------|---------------|---------------|
| 12.00 | 12.00 | 12.00 |
| 3.00 | 3.00 | 3.00 |
| 6.00 | 6.00 | 5.00 |
| 7.00 | 6.00 | 5.00 |
| 9.00 | 9.00 | 9.00 |
| 4.00 | 4.00 | 4.00 |
| 1.00 | 1.00 | 1.00 |
| 3.00 | 3.00 | 3.00 |
| 30.00 | 33.00 | 34.00 |
| 2.00 | 2.00 | 2.00 |
| 29.00 | 26.00 | 25.00 |
| 11.00 | 10.00 | 11.00 |
| 84.00 | 81.00 | 77.00 |
| 73.00 | 63.00 | 57.00 |
| 12.00 | 12.00 | 10.00 |
| 5.00 | 5.00 | 6.00 |
| 4.00 | 3.00 | 2.00 |
| 2.00 | 2.00 | 2.00 |
| 79.00 | 82.00 | 85.00 |
| 42.00 | 51.00 | 53.00 |
| 15.00 | 15.00 | 15.00 |
| <u>433.00</u> | <u>429.00</u> | <u>421.00</u> |

CITY OF WARREN, OHIO

OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

| Function | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Security of Persons and Property | | | | | | | |
| Police: | | | | | | | |
| Physical Arrests | 2,525 | 2,060 | 2,125 | 2,211 | 2,204 | 2,301 | 1,848 |
| Parking Violations | 644 | 302 | 624 | 1,369 | 547 | 1,728 | 452 |
| Traffic Violations | 2,139 | 1,386 | 1,391 | 2,208 | 3,406 | 2,849 | 2,036 |
| Fire: | | | | | | | |
| Calls for Service | 1,418 | 1,346 | 1,318 | 1,369 | 1,322 | 952 | 1,122 |
| Fire Safety Inspections | 1,204 | 1,125 | 1,042 | 1,152 | 935 | 1,346 | 1,213 |
| Leisure Time Activities | | | | | | | |
| Enclosed Shelter Rentals | 139 | 108 | 105 | 135 | 111 | 105 | 112 |
| Log Cabin Rentals | 25 | 13 | 28 | 34 | 21 | 25 | 11 |
| Pavilion Rentals | 140 | 150 | 146 | 168 | 194 | 231 | 260 |
| Transportation | | | | | | | |
| Street Resurfacing (Miles) | 13.0 | 9.9 | 5.6 | 6.6 | 23.5 | 6.46 | 8 |
| Potholes Repaired | 1,550 | 1,450 | 1,282 | 1,041 | 1,480 | 1,350 | 1,140 |
| Water | | | | | | | |
| New Connections | 8 | 13 | 10 | 50 | 7 | 5 | 17 |
| Water Main Breaks | 117 | 95 | 125 | 123 | 111 | 137 | 128 |
| Average Daily Consumption (thousands of gallons) | 12,235 | 10,661 | 10,614 | 11,377 | 11,591 | 11,383 | 11,380 |
| Sewer | | | | | | | |
| Average Daily Consumption (thousands of gallons) | 12,500 | 11,373 | 10,430 | 11,430 | 14,090 | 13,920 | 13,310 |
| Sanitation | | | | | | | |
| Refuse Collected (tons daily) | 91 | 94 | 106 | 92 | 95 | 92 | 91 |

Source: City of Warren Departments.

| <u>2011</u> | <u>2010</u> | <u>2009</u> |
|-------------|-------------|-------------|
| 2,668 | 2,229 | 2,887 |
| 545 | 273 | 453 |
| 4,238 | 3,803 | 3,036 |
| 1,386 | 1,230 | 1,030 |
| 1,152 | 1,125 | 1,135 |
| 92 | 76 | 78 |
| 18 | 5 | 10 |
| 205 | 200 | 177 |
| 6 | 8 | 16 |
| 1,157 | 1,236 | 1,006 |
| 13 | 11 | 16 |
| 70 | 94 | 53 |
| 12,504 | 11,625 | 11,285 |
| 17,240 | 12,560 | 13,380 |
| 90 | 90 | 88 |

CITY OF WARREN, OHIO

CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN YEARS

| Function | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Security of Persons and Property | | | | | | | |
| Police: | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units (Marked) | 30 | 30 | 30 | 29 | 29 | 32 | 30 |
| Fire: | | | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Fire Pumpers | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Reserve Fire Pumpers | 0 | 0 | 1 | 1 | 1 | 1 | 1 |
| Ladder Trucks | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Heavy Rescue Truck | 1 | 1 | 1 | 1 | 1 | 2 | 1 |
| Leisure Time Activities | | | | | | | |
| Park Acreage | 262.92 | 262.92 | 262.92 | 262.92 | 262.92 | 262.92 | 262.92 |
| Packard Park | | | | | | | |
| Hardball Fields | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Softball Fields | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Tennis Courts | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Perkins Park | | | | | | | |
| Hardball Fields | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Softball Fields | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Burbank Park | | | | | | | |
| Little League Fields | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Deemer Park | | | | | | | |
| Tennis Courts | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| Transportation | | | | | | | |
| Streets (Paved Miles) | 184.423 | 184.423 | 184.423 | 184.423 | 184.423 | 184.423 | 184.423 |
| Traffic Signals | 60 | 60 | 60 | 60 | 60 | 60 | 63 |
| Water | | | | | | | |
| Water Mains (miles) | 300 | 300 | 300 | 300 | 300 | 300 | 300 |
| Fire Hydrants | 1,905 | 1,905 | 1,905 | 1,905 | 1,905 | 1,905 | 1,906 |
| Maximum Daily Capacity | 22,800 | 22,800 | 22,800 | 22,800 | 22,800 | 22,800 | 22,700 |
| (thousands of gallons) | 22,800 | 22,800 | 22,800 | 22,800 | 22,800 | 22,800 | 22,700 |
| Sewer | | | | | | | |
| Sanitary Sewers (miles) | 201.390 | 201.390 | 201.390 | 201.390 | 201.390 | 201.390 | 199.200 |
| Storm Sewers (miles) | 123.902 | 123.902 | 123.902 | 123.902 | 123.394 | 123.394 | 125.500 |
| Maximum Daily Capacity | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| (thousands of gallons) | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Sanitation | | | | | | | |
| Collection Trucks | 12 | 12 | 14 | 10 | 9 | 9 | 9 |

Source: City of Warren Departments.

| <u>2011</u> | <u>2010</u> | <u>2009</u> |
|-------------|-------------|-------------|
| 1 | 1 | 1 |
| 27 | 27 | 29 |
| 3 | 3 | 3 |
| 2 | 2 | 2 |
| 1 | 1 | 1 |
| 2 | 2 | 2 |
| 1 | 1 | 1 |
| 262.92 | 256.78 | 256.78 |
| 1 | 1 | 1 |
| 3 | 3 | 3 |
| 6 | 6 | 6 |
| 6 | 6 | 6 |
| 2 | 2 | 2 |
| 4 | 4 | 4 |
| 4 | 4 | 4 |
| 184.423 | 184.309 | 184.309 |
| 63 | 63 | 61 |
| 300 | 300 | 300 |
| 1,906 | 1,904 | 1,904 |
| 22,700 | 22,700 | 22,700 |
| 199.200 | 199.200 | 196.943 |
| 125.500 | 125.500 | 123.390 |
| 40,000 | 40,000 | 40,000 |
| 9 | 9 | 8 |

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OHIO AUDITOR OF STATE
KEITH FABER



CITY OF WARREN

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 15, 2019**