



**Auditor of State
Betty Montgomery**

**CITY OF HUBBARD
TRUMBULL COUNTY**

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Hubbard
Trumbull County
P.O. Box 307
220 West Liberty Street
Hubbard, Ohio 44425

We have audited the financial statements of City of Hubbard as of and for the year ended December 31, 2003, and have issued our report thereon dated June 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Hubbard's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management in a separate letter dated June 10, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Hubbard's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Hubbard in a separate letter dated June 10, 2004.

City of Hubbard
Trumbull County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 10, 2004

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

PREPARED BY:

CITY AUDITOR'S OFFICE
MICHAEL C. VILLANO, CPA, CMA
AUDITOR OF CITY

INTRODUCTORY SECTION

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

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Office of the Auditor City of Hubbard, Ohio

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MICHAEL C. VILLANO, CPA
AUDITOR

June 10, 2004

The Honorable Mayor, Members of City Council, and
The Citizens of the City of Hubbard, Ohio:

As required by State of Ohio law, general purpose local governments presenting a CAFR are required to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP). Accordingly, this report has been prepared in accordance with GAAP as set forth by the Governmental Accounting Standards Board (GASB). Pursuant to that requirement, the comprehensive annual financial report (CAFR) of the City of Hubbard, Ohio, (the "City") for the fiscal year ended December 31, 2003, is hereby presented.

This report consists of management's representations concerning the finances of the City. Responsibility for the accuracy, reliability, completeness and fairness of the presentation, including all disclosures, rests with management of the City, and in particular, the City Auditor's Office. To provide a reasonable basis for making these assertions, management has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to assure adequate reliable financial information is available for the compilation of the City's financial statements in accordance with GAAP. The costs of an internal control framework should not outweigh the benefits. Therefore, the City's internal control structure has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed representations are accurate in all material respects and are presented in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities and status have been included.

The City's financial statements have been audited by the State of Ohio, Betty D. Montgomery, Auditor of State. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2003, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures presented in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hubbard's financial statements for the year ended December 31, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The City is not required to participate in the Federal single audit program.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Hubbard's MD&A can be found immediately following the report of the independent auditor's.

The CAFR is presented in the following three sections:

1. *Introductory Section* — This section introduces the reader to the report and contains a title page, table of contents, this transmittal letter, an organization chart of the City government, a list of principal City officials, and the 2002 Certificate of Achievement for Excellence in Financial Reporting. This section is unaudited.
2. *Financial Section* — Based on the standards prescribed by the new Governmental Accounting Standards Board Statement No. 34, this section includes the independent auditor's report, management's discussion and analysis, the basic financial statements and notes, the combining statements for non-major funds, and other relevant supplemental financial statements and schedules for 2003.

3. *Statistical Section* — This section, which is unaudited, presents selected financial, economic, and demographic information relative to the City, generally presented on a multi-year basis.

PROFILE OF THE GOVERNMENT

The City of Hubbard, Ohio, incorporated in 1868, is located in the Northeastern part of the State of Ohio. The City currently occupies a land area of 3.50 square miles and serves a population of 8,345 with direct proxemic access to Interstate 80, United States Route 62, and Ohio State Routes 7, 616, and 304. The City's location provides direct exposure to four urban market areas—each with a population in excess of 20,000 people—Warren, Youngstown, Niles, and Sharon, Pennsylvania. The City's location in southeast Trumbull County places it adjacent to the City of Youngstown and Mahoning County to the south, and the State of Pennsylvania to the east. As a result, these neighboring communities have provided social and economic influences affecting the development patterns within the City.

The City is empowered to levy a property tax on real, personal, and public utility properties located within its boundaries. It is also empowered by State Statute to extend its corporate limits by annexation, which occurs periodically when petitioned by the landowner and deemed appropriate by City Council.

The City has operated under the council-mayor form of government since June 20, 1868. Policymaking and legislative authority are vested in the Mayor and City Council, respectively. The City Council is responsible, among other things, for all legislative activities including passing ordinances and resolutions, adopting the annual appropriation ordinance (budget), and appointing legislative committees. The Mayor is elected at-large to serve a four-year term. The Mayor is responsible for administrating the policies and ordinances adopted by the City Council, for overseeing the day-to-day operations of the City, and for appointing the superintendents of various departments. The eight members of City Council are elected every two years with one serving as the President of Council, four serving as ward councilpersons, and three serving at-large.

Aside from the Mayor and Council, citizens elect three other at-large City administrative officials, each of whom is independent within the limits of Ohio law affecting the particular office. These officials, elected to four-year terms, are the Auditor, Treasurer, and Law Director.

The Auditor serves as the chief financial officer of the City. As chief financial officer, no contract or obligation involving the City can be made without the Auditor's certification that appropriations are sufficient and that funds are available, or are in the process of collection, to satisfy the contract or obligation. The Auditor is the central disbursing agent for the City who, by the issuance of warrants, 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, maintaining a permanent accounting system and records, and conducting internal audits.

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's office as the Treasurer co-signs all budgetary and payroll warrants, as well as performs bank reconciliations monthly.

The Law Director serves as the prosecuting attorney for all cases arising in the mayor's court as well as cases transferred to municipal court. The Law Director is also responsible for the preparation of 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.

In addition to general government activities, the City provides a full range of municipal services, including police and fire protection; the construction and maintenance of streets, state highways, and sidewalks; parks and recreational facilities including the senior citizen center; cemetery; planning and zoning; and electric, water, and sewer utility services. For financial reporting purposes, the City includes all funds, account groups, agencies, boards, commissions, and departments for which the City is financially accountable. The City is the only governmental unit in the reporting entity; it has no component units.

In determining what constitutes the City's reporting entity, criteria established by GASB Statement No. 14, "The Financial Reporting Entity", were used. The City is comprised of all entities not legally separate from the City. Trumbull County, Hubbard Township, and the Hubbard Exempted Village School District are separate governmental jurisdictions that overlap the City's boundaries. However, these entities are not included in the City's financial report.

The City participates in the Municipal Energy Services Agency which is an Intergovernmental Joint Venture Agreement. The City maintains an equity interest participation in the Ohio Municipal Electric Generation Agency Joint Ventures One and Five (OMEGA JV1 and OMEGA JV5). The City's electric enterprise fund participates in OMEGA JV1 with 21 other municipal electric systems for the purpose of providing electric power and energy to its participants on a cooperative basis. The City electric enterprise fund also participates in OMEGA JV5 with 41 other municipal electric systems for the purpose of acquiring, constructing, and installing a 42 megawatt hydroelectric power generation facility along with related transmission and fossil-fired backup electric generation facilities.

The City has entered into a contractual agreement with Hubbard Township (the "Township") and the Hubbard Volunteer Fire Department, Inc. (HVFD) to provide fire protection services to the citizens of the City and the Township. The City and the Township share equally (fifty percent) in the cost of operating the HVFD. The City's share of costs is reported as a separate special revenue fund.

The City also participates in a contractual agreement with Hubbard Township establishing the Hubbard Township-City of Hubbard Joint Economic Development District (J.E.D.D.). The J.E.D.D. serves as a means to facilitate economic growth, create jobs, and expand overall employment opportunities within the City and Township without the need for land annexation. The City's participation is classified as a joint venture with equity interest. Additional information concerning all of these agreements and contractual relationships of the City can be found in Note 2.A in the notes to the financial statements.

The annual appropriation ordinance, or budget, serves as the foundation for the City's financial planning and control. In June of each year, the City Auditor provides each department an estimate of revenue receipts for the following fiscal year. All departments of the City are then required to submit requests for appropriation to the City Auditor by the first week of August. The City Auditor uses these requests as a starting point for developing a proposed budget. A complete budget proposal and revenue forecast is presented to City Council for their review prior to September 30th. The Council holds public hearings with regard to each department's proposed budget and the final budget is adopted by December 31st—the close of the City's fiscal year. Periodically, Council operates for the first three months of the budgetary year on a temporary budget, passing the final budget by the March 30th statutory deadline. However, this practice is limited for use during periods of uncertain and adverse budgetary conditions. Generally, the City adopts its final budget prior to December 31st of the preceding budgetary year. The appropriated budget is prepared by fund, function (i.e. security of persons and property), department (i.e. police), and line item (i.e. salaries). 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. Budget-to-actual comparisons are provided in this report for all funds for which an appropriated annual budget has been adopted by City Council.

The City uses a fully automated accounting system. In order to maintain proper budgetary control, all expenditures are subjected to the controls afforded by the purchasing procedure. Purchase requisitions are submitted to the City Auditor's Office by department heads following approval by the Service or Safety Director; the purchase order is generated encumbering the necessary funds; revenue resources are certified as available and properly appropriated for expense by the City Auditor; the purchase order is released to the vendor. Those purchase requisitions which, if issued as a purchase order, exceed the available line item appropriations authorized are rejected until additional resources are secured. A computerized appropriation system enables the City Auditor's office to ascertain the status of a department's appropriations prior to authorizing additional purchases from a particular line item. Encumbrances do not lapse at year-end and are included as expenditures in the current budget year (non-GAAP budgetary basis).

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue fund, Street Construction and Maintenance, this comparison is presented on pages F25 and F26 as part of the basic financial statements for the governmental funds. For all governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page F85.

ECONOMIC CONDITION AND OUTLOOK

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The City benefits from its highly accessible location with regard to the number of substantial arterials and highways intersecting the City and immediate surrounding area. The City is a component of the large regional Cleveland-Pittsburgh American manufacturing belt. Within 75 miles of the City, there are approximately 11,000 manufacturing plants, 12,000 wholesale distribution centers, and 46 Fortune 500 industrial, service, and corporate world headquarters. The residents greatly benefit from and have easy access to employment, educational, recreational, medical, and cultural facilities afforded by the greater Youngstown-Warren metropolitan area. Employment in the City and surrounding area is primarily in the manufacturing sector and within that sector largely in the automobile and steel industries. Since 1983, there have been overall decreases in manufacturing sector employment and increased employment in the non-manufacturing sector. However, the City experiences economic growth and expansion despite the transition of workforce demographics.

During 2003, the economic condition of the City remained stable despite the overall national economic recession. Although lay-offs and production declines in the manufacturing sector continued during 2003, the City collected \$1,046,519 in local income taxes. Resulting from the sluggish regional economy, the City's income tax collections during 2003 were \$19,818 or 1.8% less than 2002 receipts.

In an effort to encourage business ventures to enter into long-term commitments within the City, the City actively participates in the Enterprise Zone Program sponsored by Trumbull County and the State of Ohio. Since 1983, Trumbull County has assisted businesses expand or locate within the County through the use of this aggressive economic development program. The Enterprise Zone Program permits ad valorem property tax abatements for new real and personal property. Trumbull County's Enterprise Zone is one of the largest and most successful in the State of Ohio with over 115 agreements in eighteen local communities. During 2003, the City of Hubbard participated with three Enterprise Zone Agreements for businesses located within the City including the United States Can Company, Lighting Products, and J.P. Marsh & Company.

In addition to the City's participation in the Enterprise Zone Program sponsored by Trumbull County, the City entered into a Joint Economic Development District (J.E.D.D.) agreement with Hubbard Township in December 2001. The J.E.D.D. agreement allows the City and Township to jointly pursue economic development projects. As part of the agreement, the City provides utility services to the site of commercial or industrial development, and the Township retains possession of the land. The tax-sharing component of the agreement allows for the City to collect its enacted one percent income tax within the J.E.D.D. property boundary, while the Township retains all property taxes paid on the site. The Hubbard Township-City of Hubbard Joint Economic Development District is the tenth agreement of its kind to be enacted between local government agencies in the State of Ohio.

In February 2003, Flying J, Inc. of Ogden, Utah, completed construction and opened its \$8.5 million travel plaza and service center within the district. The district continued its expansion in 2003 with the commencement of construction of a new car dealership—Greenwood's Hubbard Chevrolet.

In addition to efforts to promote commercial development within the City, residential expansion also contributes to the City's economic vitality. Current single-family home construction is primarily based in three subdivisions—Jerry Drive extension, Eastwood Meadows, and Timberpoint. Likewise, expansion of the Timberpoint villa community continued during 2003.

Beyond the commercial and residential development within the City, project planning continued at the Pine Lakes Golf Club and Estates. Restoration of the Powell Estate on the property was completed in 2002, and re-opened as Julia's Bed and Breakfast. Preliminary engineering continued concerning the proposed residential and condominium development slated to be known as Pine Lakes Estates with construction anticipated to begin in 2004 and continue for seven to ten years.

MAJOR INITIATIVES – CURRENT AND FUTURE PROJECTS

Throughout 2003, a number of projects were initiated enabling the City to operate with increased efficiency as well as compete for commercial and industrial development promoting an atmosphere conducive for job retention and growth.

Public Safety

Underscoring the administration's commitment to public safety, the City's Department of Public Safety continued its effort to improve the quality of equipment for its safety forces. During 2003, the City replaced three police cruisers. Also, the Department of Public Safety sponsored several training programs to enhance the officer's skills in various areas of public safety. The Hubbard Volunteer Fire Department fully retired the outstanding debt associated with the 2001 purchase of a new fire engine.

Public Works

The City engaged in an annual street resurfacing program focusing resources in areas of the community where streets required rehabilitation and resurfacing to prevent further damage. In 2003, the City paved portions of Belle Vista Drive, Bentley Avenue, Christian Avenue, Clingan Street, Elizabeth Street, Scott Street, Gary Drive, and Spring Street. The City also paid \$146,674 to the Ohio Department of Transportation for its local match portion of the repaving of State Routes 304, 62, and 7 within the City limits. The project began construction in early 2004.

The City also replaced 52 sidewalk curb-ramps at various locations throughout the City. The new handicap accessible ramps are Ohio Department of Transportation approved and incurred a total cost of \$34,450 with \$29,000 paid through the Federal Community Development Block Grant Program.

Utility Service

The goals of the City Utility Service departments are improving service and increasing quality while controlling costs. During 2003, various programs were undertaken to achieve these objectives.

The City Light Department completed engineering and construction of two-phase overhead rebuilds on Christian Avenue, Grandview Avenue, and Hager Street to accommodate increased load capacities. Also, three-phase overhead line extensions along North Main Street were completed in order to provide an underground service extension to the new Greenwood's Hubbard Chevrolet dealership.

During 2003, the Light Department completed an underground three-phase line extension along State Route 304 for the purpose of servicing the Pine Lakes Golf Club driving range and practice facility as well as enabling sufficient capacity for future system expansion.

The City Water Department engaged in a variety of projects during 2003 to improve quality and efficiency of water service throughout the City. The North Main Street Waterline Replacement Project was completed—a project replacing 5,200 feet of 12" and 360 feet of 8" water main distribution line, replacement of twenty-five fire hydrants and twenty-two valves, and reconnection of seventy-two existing service lines. The project cost was paid with a \$201,989 grant and a \$600,000 loan through the Ohio Public Works Commission Issue II program and the City of Hubbard Water Department paid the remaining portion of project costs as a local match.

The Water Department also entered into a contract with the W.E. Downie Company for the purpose of rebuilding and completing various improvements to the Creed Avenue water pump station. The completion of the project will improve water pressure, delivery, and reliability to residents in the eastern limits of the distribution system. The Department also installed several replacement valves in order to isolate portions of the system in times of emergency.

The City of Hubbard Sewer Department continued upgrading sanitary sewer service throughout the City. The system's four existing lift station force mains underwent various maintenance rebuilds in order to insure continued reliability and extend their useful life.

In order to improve waste water treatment plant efficiency and capacity, the effluent return motors were rebuilt, a new dehumidifier was placed in the clarifier building basement, and improved perimeter drainage was completed. The City's engineering consultants, ms consultants, inc., completed an inflow and infiltration study on the sanitary sewer system and also developed repair plans for various locations requiring sanitary sewer rebuilds. These preventative investigations will aid in the continued operation of the plant while meeting or exceeding the standards as required by the Ohio Environmental Protection Agency for the processing and treatment of waste water.

Cash Management

The City pools all idle cash to achieve maximum investment efficiency and to enhance accountability. The City Treasurer, as custodian of all City monies, is responsible for investing idle funds and directing the investments of the City.

The City strives to minimize credit and market risks while maintaining a competitive yield on its portfolio. During 2003, the City's cash resources were limited to bank deposits, repurchase agreements, certificates of deposit, United States Government money market mutual funds, and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Approximately 99% of all available monies are continuously maintained in interest-bearing activities. At December 31, 2003, the City maintained \$784,080 in U.S. Government money market mutual funds, \$43,854 in STAR Ohio, \$450,560 in demand deposit accounts, \$2,845,605 in segregated savings accounts, and \$3,704,273 in certificates of deposit. Investment income from primary investment activities amounted to \$207,201 for 2003 compared to \$242,152 for 2002.

The City's demand deposit account average monthly balance in 2003 was \$534,265 with an average monthly yield of 1.03%. The City's four certificate of deposit investments ended 2003 with balances of \$1,058,364, \$1,058,364, \$1,058,364 and \$529,182, earning monthly compounded interest of 3.94%, with annual percentage yields of 4.00%. In accordance with State of Ohio constitutional and statutory requirements, interest receipts are deposited primarily in the general fund.

Risk Management

The City maintains comprehensive insurance coverage with Clarendon National Insurance Company carried through the Love Insurance Agency. The plan insures against losses related to property, general liability, wrongful acts, law enforcement professional liability, automobile, bond, crime, inland marine, and EDP liability. Automobile policies include \$6,000,000 of liability coverage for bodily injury and property damage. Real property and contents are insured by blanket coverage in the amount of \$17,036,978. General liability, public officials, and law enforcement professional liability insurances provide for \$6,000,000 per occurrence with \$8,000,000 aggregate coverage. There is no per occurrence deductible for general liability coverage, a \$5,000 deductible for law enforcement professional liability coverage and public official liability coverage.

The City operates and manages an employee hospitalization and health benefit plan on a self-insured basis. The City maintains an internal service fund to account for and finance its hospitalization claims liabilities as well as financing any uninsured risks of loss in the program. In order to mitigate the City's maximum health insurance liabilities, stop-loss insurance is carried through Spectrum Underwriting Managers with coverage of \$40,000 per individual and an aggregate amount of \$477,812. The City's risk management programs are further discussed in Note 13 of the notes to the financial statements.

Pension and Other Post Employment Benefits

Full-time uniformed employees of the City participate in the Ohio Police and Firemen's Disability Pension Fund (OP&F), a cost sharing multiple employer defined benefit pension plan. The City's required contributions for pension obligations to the OP&F for the years ended December 31, 2003, 2002, and 2001 were \$120,379, \$123,973, and \$120,312, respectively.

All other full-time and part-time employees of the City participate in the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple employer public employee retirement system created by the State of Ohio. The City's required contributions for pension obligations to OPERS for the years ended December 31, 2003, 2002, and 2001 were \$239,750, \$233,325, and \$227,550, respectively. Additional information on the City's pension arrangements and other post-employment benefits can be found in Notes 14 and 15 in the notes to the financial statements.

AWARDS & ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hubbard for its comprehensive annual financial report for the year ended December 31, 2002. This was the third consecutive year for the City to receive this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The presentation of this Comprehensive Annual Financial Report would not have been possible without the continued commitment of City Council and its Finance Committee, City officials, and departments. The expertise of Steven Julian, CPA and Carrie Simmons, CPA of Trimble, Julian, & Grube, Inc. continues to insure the successful preparation of this report. Also, sincere appreciation is extended to David A. Hines, *Trumbull County Auditor*, and his staff, particularly Adrian Biviano, CPA, *Chief Deputy Auditor*, Mark DelFrate, CPA, and Marie Woloszyn. A very special thanks to Patty Baker for her photography which graces this CAFR's cover.

Lastly, and certainly most importantly, the accomplishment of this report would not have been possible without the commitment and dedicated service of the Auditor’s Office staff—Jo Ann Oaks, Joyce Schiraldi, and Daisy Evans—your professionalism in the management of the financial operations of the City serves as continued inspiration and is always appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "M. C. Villano". The signature is fluid and cursive, with the first name being the most prominent.

Michael C. Villano, CPA, CMA
Auditor of City

CITY OF HUBBARD, OHIO
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2003

ELECTED OFFICIALS

Executive Branch

Mayor	George P. Praznik
Auditor	Michael C. Villano
Treasurer	Marsha A. Ruha
Law Director	Gary M. Gilmartin

Legislative Branch

Council Member – Council President	John D. Darko
Council Member – 1 st Ward	Bonnie L. Viele
Council Member – 2 nd Ward	John R. Marshall
Council Member – 3 rd Ward	Lisha A. Baumiller
Council Member – 4 th Ward	Richard D. Keenan
Council Member – At-Large	Raymond Farcas
Council Member – At-Large	Douglas L. Rohrer
Council Member – At-Large	William J. Williams

APPOINTED OFFICIALS

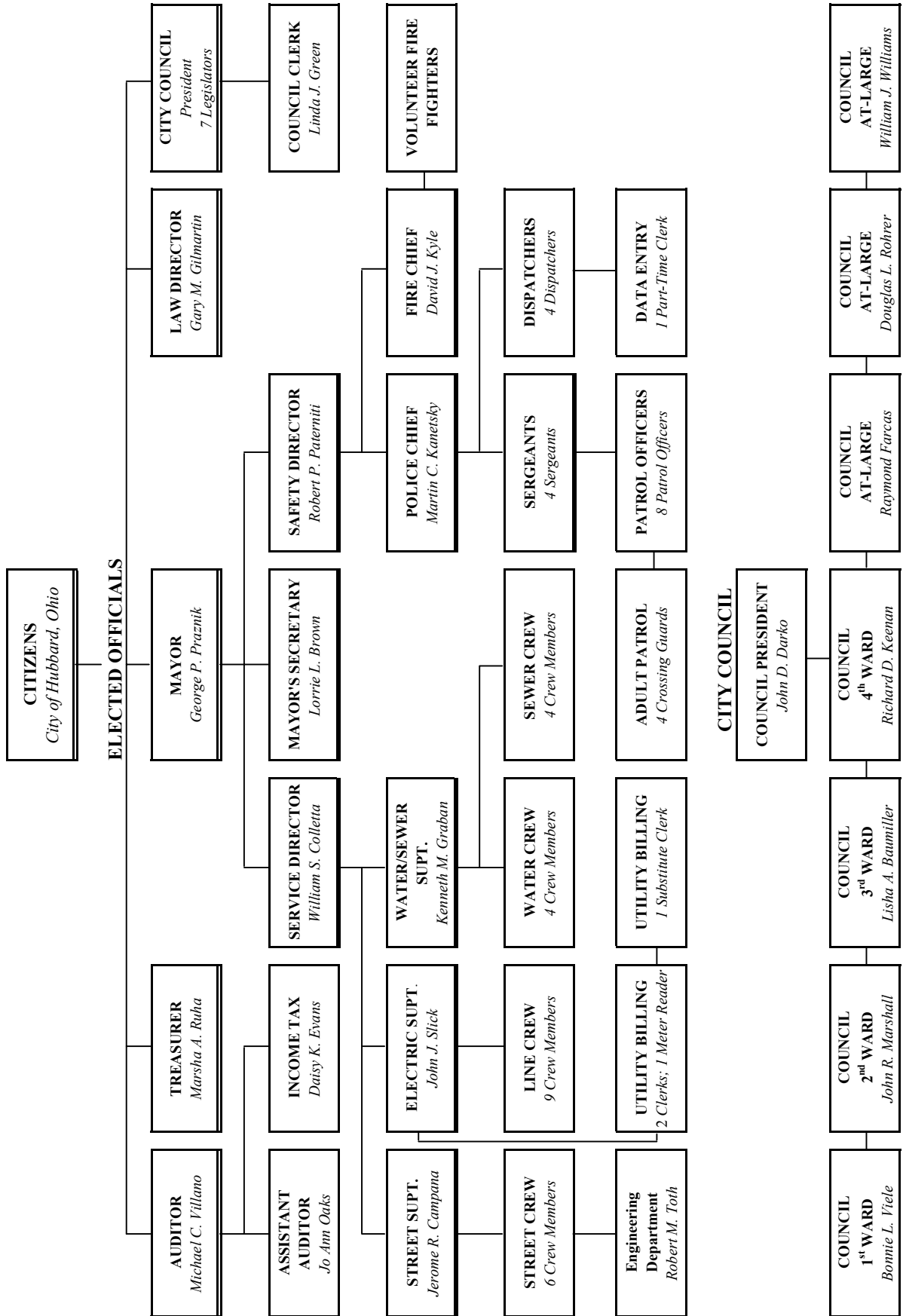
Department of Public Service

Director of Public Service	William S. Colletta
Street Superintendent	Jerome R. Campana
Water/Waste Water Superintendent	Kenneth M. Graban
Electric Superintendent	John J. Slick

Department of Public Safety

Director of Public Safety	Robert P. Paterniti
Police Chief	Martin C. Kanetsky
Fire Chief	David J. Kyle

CITY OF HUBBARD, OHIO
ORGANIZATIONAL CHART
 December 31, 2003



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hubbard,
Ohio

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

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



President

Executive Director

FINANCIAL SECTION

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City Council
City of Hubbard
P.O. Box 307
220 West Liberty Street
Hubbard, Ohio 44425

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 Hubbard, Trumbull County, Ohio (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

June 10, 2004

CITY OF HUBBARD, OHIO

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

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

Financial Highlights

Key financial highlights for 2003 are as follows:

- The total net assets of the City increased \$764,234. Net assets of governmental activities increased \$227,992 or 5.12% over 2002 and net assets of business-type activities increased \$536,242 or 4.38% over 2002.
- General revenues accounted for \$2,165,353 or 77.14% of total governmental activities revenue. Program specific revenues accounted for \$641,680 or 22.86% of total governmental activities revenue.
- The City had \$2,972,922 in expenses related to governmental activities; \$641,680 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$2,331,242 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$2,165,353.
- The general fund had revenues of \$1,974,316 in 2003. This represents an increase of \$60,928 from 2002 revenues. The expenditures of the general fund, which totaled \$1,701,532 in 2003, increased \$32,472 from 2002. The net decrease in fund balance for the general fund was \$274,181 or 36.02%.
- Net assets for the business-type activities, which are made up of the Water, Sewer, Electric, and Guarantee Trust (utility connection deposits) enterprise funds, increased in 2003 by \$536,242. This increase in net assets was due primarily to capital contributions from developers for water and sewer lines.
- In the general fund, the actual revenues and other financing sources were \$17,536 higher than in the final budget and actual expenditures and other financing uses were \$1,043 less than the amount in the final budget. These positive variances are the result of the City's conservative budgeting. Budgeted revenues increased \$148,294 from the original to the final budget due primarily to the City's receipt of a larger than anticipated inheritance tax settlement as well as FEMA grant revenue resulting from the July 27, 2003 flood. Budgeted expenditures and other financing uses increased \$399,465 from the original to the final budget due primarily to an increase in the cost of general government expenditures and an increase in transfers out to other City funds in order to fund operations as well as long-term capital improvement projects such as the local match of the Ohio Department of Transportation resurfacing project.

Using this Comprehensive Annual Financial Report

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

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

CITY OF HUBBARD, OHIO

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

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, cemetery, 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, electric, and guarantee trust operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

CITY OF HUBBARD, OHIO

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

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

The City maintains several individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and street construction and maintenance fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages F21 and F23 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, electric, and guarantee trust operations. The sewer, water and electric 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 F27 - F34 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 and private purpose trust funds are the City's fiduciary fund types. The basic fiduciary fund financial statements can be found on pages F35 - F36 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 F37 - F68 of this report.

Government-Wide Financial Analysis

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

CITY OF HUBBARD, OHIO

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

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

	Net Assets		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Current and other assets	\$ 2,349,523	\$ 7,916,842	\$ 10,266,365
Capital assets	<u>3,267,003</u>	<u>15,024,917</u>	<u>18,291,920</u>
Total assets	<u>5,616,526</u>	<u>22,941,759</u>	<u>28,558,285</u>
<u>Liabilities</u>			
Current liabilities	712,159	2,525,424	3,237,583
Long-term liabilities	<u>226,184</u>	<u>7,650,512</u>	<u>7,876,696</u>
Total liabilities	<u>938,343</u>	<u>10,175,936</u>	<u>11,114,279</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	3,267,003	5,448,545	8,715,548
Restricted	579,472	-	579,472
Unrestricted	<u>831,708</u>	<u>7,317,278</u>	<u>8,148,986</u>
Total net assets	<u>\$ 4,678,183</u>	<u>\$ 12,765,823</u>	<u>\$ 17,444,006</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2003, the City's assets exceeded liabilities by \$17,444,006. At year-end, net assets were \$4,678,183 and \$12,765,823 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 64.05% of total assets. Capital assets include land, construction in progress (CIP), land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2003, were \$3,267,003 and \$5,448,545 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

A portion of the City's net assets, \$579,472, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$831,708 may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF HUBBARD, OHIO

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

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

	Change in Net Assets		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues			
Program revenues:			
Charges for services	\$ 48,394	\$ 6,906,215	\$ 6,954,609
Operating grants and contributions	295,672	-	295,672
Capital grants and contributions	<u>297,614</u>	<u>10,516</u>	<u>308,130</u>
Total program revenues	<u>641,680</u>	<u>6,916,731</u>	<u>7,558,411</u>
General revenues:			
Property taxes	330,065	-	330,065
Income taxes	1,055,837	-	1,055,837
Other local taxes	-	25,049	25,049
Unrestricted grants and entitlements	479,298	-	479,298
Investment earnings	207,265	7,239	214,504
Investment in joint ventures	-	14,586	14,586
Miscellaneous	<u>92,888</u>	<u>193,896</u>	<u>286,784</u>
Total general revenues	<u>2,165,353</u>	<u>240,770</u>	<u>2,406,123</u>
Total revenues	<u>2,807,033</u>	<u>7,157,501</u>	<u>9,964,534</u>
Expenses:			
General government	350,765	-	350,765
Security of persons and property	1,572,403	-	1,572,403
Public health and welfare	35,187	-	35,187
Transportation	971,326	-	971,326
Community environment	4,524	-	4,524
Leisure time activity	36,301	-	36,301
Other	1,008	-	1,008
Interest and fiscal charges	1,408	-	1,408
Water	-	1,386,623	1,386,623
Sewer	-	1,368,214	1,368,214
Solid waste	-	4,387,184	4,387,184
Guarantee trust	<u>-</u>	<u>18,038</u>	<u>18,038</u>
Total expenses	<u>2,972,922</u>	<u>7,160,059</u>	<u>10,132,981</u>
Decrease in net assets before transfers and capital contributions	(165,889)	(2,558)	(168,447)
Transfers	(23,180)	23,180	-
Capital contributions	<u>417,061</u>	<u>515,620</u>	<u>932,681</u>
Increase in net assets	<u>\$ 227,992</u>	<u>\$ 536,242</u>	<u>\$ 764,234</u>

CITY OF HUBBARD, OHIO

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

Governmental Activities

Governmental activities net assets increased \$227,992 in 2003. This increase is a result of slightly decreasing expenses and an increase in municipal income taxes versus amounts reported in the prior year.

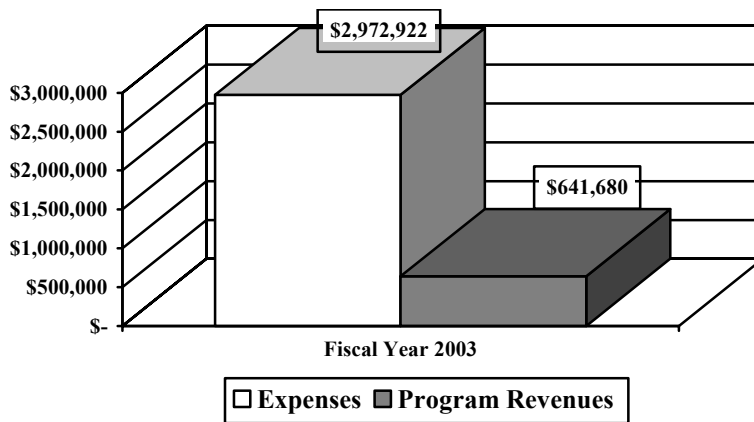
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$1,572,403 of the total expenses of the City. These expenses were partially funded by \$37,417 in direct charges to users of the services. Transportation expenses totaled \$971,326. Transportation expenses were partially funded by \$291,007 in operating grants and contributions and \$47,162 in capital grants and contributions.

The state and federal government contributed to the City a total of \$295,672 in operating grants and contributions and \$297,614 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total capital grants and contributions, \$250,452 subsidized general government programs and \$47,162 subsidized transportation programs.

General revenues totaled \$2,165,353, and amounted to 77.14% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$1,385,902. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$479,298. In August 2001, the State of Ohio froze the local government and local government revenue assistance to be distributed to local governments in 2002 and 2003.

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

Governmental Activities – Program Revenues vs. Total Expenses



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

CITY OF HUBBARD, OHIO

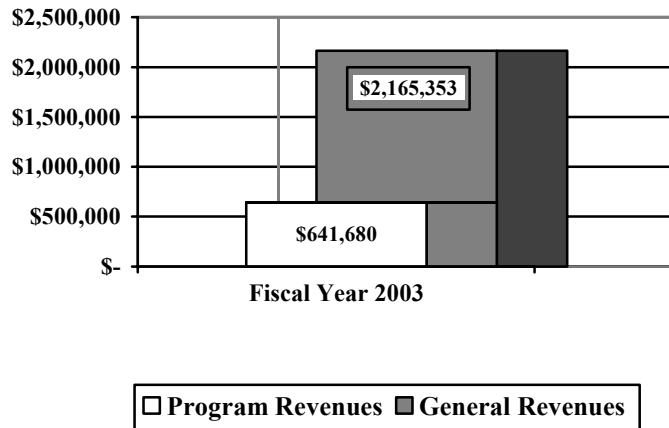
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

Governmental Activities

	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Program expenses:		
General government	\$ 350,765	\$ 94,336
Security of persons and property	1,572,403	1,531,793
Public health and welfare	35,187	30,187
Transportation	971,326	633,157
Community environment	4,524	4,524
Leisure time activity	36,301	34,829
Other	1,008	1,008
Interest and fiscal charges	<u>1,408</u>	<u>1,408</u>
Total expenses	<u>\$ 2,972,922</u>	<u>\$ 2,331,242</u>

The dependence upon general revenues for governmental activities is apparent, with 78.42% of expenses supported through taxes and other general revenues.

Governmental Activities – General and Program Revenues

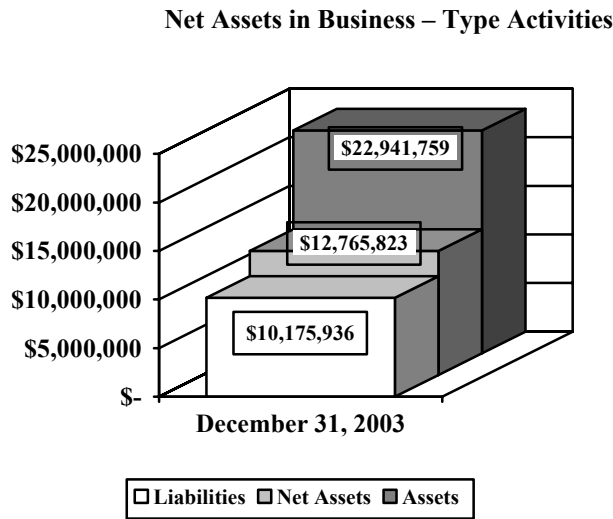


CITY OF HUBBARD, OHIO

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

Business-type Activities

Business-type activities include the sewer, water, electric and guarantee trust enterprise funds. These programs had program revenues of \$6,916,731, general revenues of \$240,770, capital contributions of \$515,620 and expenses of \$7,160,059 for 2003. The graph below shows the business-type activities assets, liabilities and net assets at year-end.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page F21) reported a combined fund balance of \$900,667 which is \$127,430 below last year's total of \$1,028,097 (as restated). The December 31, 2002 fund balances have been restated as described in Note 3 to the basic financial statements. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2003 for all major and nonmajor governmental funds.

CITY OF HUBBARD, OHIO

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

	<u>Fund Balances</u> <u>12/31/03</u>	<u>Fund Balances</u> <u>12/31/02</u>	<u>Increase</u> <u>(Decrease)</u>
Major funds:			
General	\$ 486,978	\$ 761,159	\$ (274,181)
Street construction and maintenance	115,336	75,860	39,476
Other nonmajor governmental funds	<u>298,353</u>	<u>191,078</u>	<u>107,275</u>
Total	<u>\$ 900,667</u>	<u>\$ 1,028,097</u>	<u>\$ (127,430)</u>

General Fund

The City's general fund balance decreased \$274,181, primarily due to transfers out to other funds in the amount of \$696,863. The table that follows assists in illustrating the revenues of the general fund.

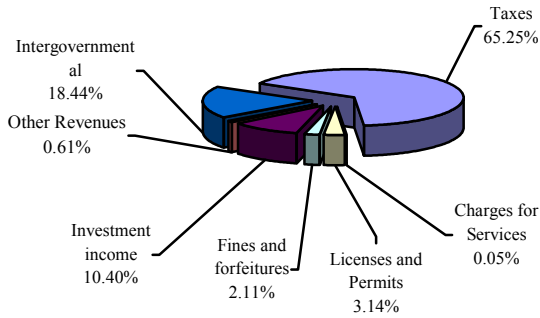
	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 1,288,269	\$ 1,281,971	0.49%
Charges for services	1,055	701	50.50%
Licenses and permits	62,054	55,068	12.69%
Fines and forfeitures	41,586	54,908	(24.26)%
Intergovernmental	364,083	262,880	38.50%
Investment income	205,314	235,282	(12.74)%
Other	<u>11,955</u>	<u>22,578</u>	(47.05)%
Total	<u>\$ 1,974,316</u>	<u>\$ 1,913,388</u>	3.18%

Tax revenue represents 62.25% of all general fund revenue. The decrease in investment income is due to drastic cuts in interest rates by the Federal Reserve Bank throughout the year. The increase in taxes revenue is due to an increase in the collections of municipal income taxes. All other revenue remained comparable to 2002.

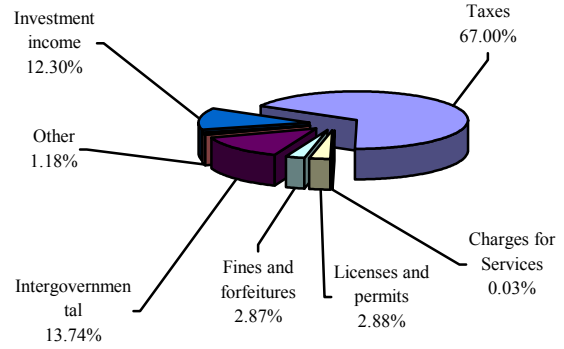
CITY OF HUBBARD, OHIO

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

Revenues – Fiscal Year 2003



Revenues – Fiscal Year 2002



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

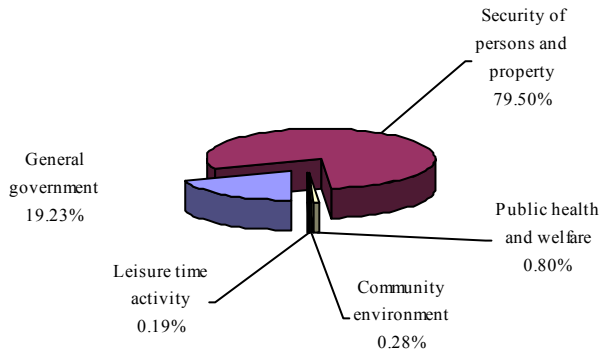
	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 327,268	\$ 345,965	(5.40)%
Security of persons and property	1,352,762	1,294,203	4.52%
Public health and welfare	13,615	13,101	3.92%
Community environment	4,524	3,194	41.64%
Leisure time activity	3,363	4,479	(24.92)%
Debt service	-	8,118	(100.00)%
Total	<u>\$ 1,701,532</u>	<u>\$ 1,669,060</u>	1.95%

The most significant decrease was in the area of leisure time activity. This decrease is primarily due to the need for fewer mechanical repairs to the senior citizen van in 2003. All other expenditures remained comparable to 2002. The largest expenditure line item, security of persons and property, increased slightly, which is primarily attributed to wage and benefit increases and overall cost increases in purchased goods and services.

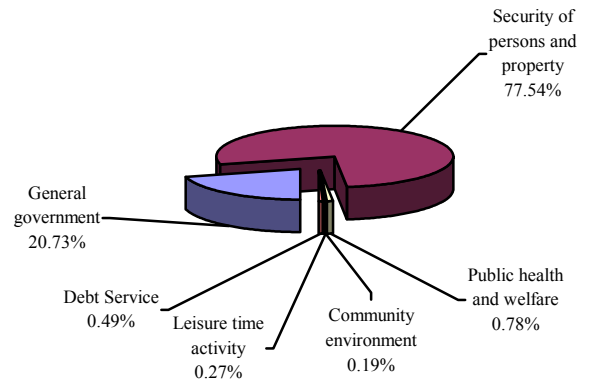
CITY OF HUBBARD, OHIO

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

Expenditures - Fiscal Year 2003



Expenditures - Fiscal Year 2002



Street Construction and Maintenance

The City's street construction and maintenance fund balance increased \$39,476, primarily due to an increase in intergovernmental gas tax receipts received from Trumbull County and the State of Ohio. The table that follows assists in illustrating the revenues, expenditures and other financing uses of the street construction and maintenance fund.

	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Intergovernmental	\$ 268,732	\$ 236,818	13.48%
Investment income	1,811	820	120.85%
Other	<u>3,523</u>	<u>3,451</u>	2.09%
Total	<u>\$ 274,066</u>	<u>\$ 241,089</u>	13.68%
<u>Expenditures</u>			
Transportation	\$ 511,654	\$ 475,832	7.53%
Capital outlay	5,680	5,180	9.65%
Debt service	<u>-</u>	<u>62</u>	(100.00)%
Total	<u>\$ 517,334</u>	<u>\$ 481,074</u>	7.54%
<u>Other Financing Sources</u>			
Sale of capital assets	\$ -	\$ 800	(100.00)%
Transfers in	<u>282,744</u>	<u>297,409</u>	(4.93)%
Total	<u>\$ 282,744</u>	<u>\$ 298,209</u>	(5.19)%

CITY OF HUBBARD, OHIO

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

Budgeting Highlights

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

Budgetary information is presented for the general fund and street construction and maintenance fund. In the general fund, one of the most significant changes was between the original and final budgeted amount in the area of expenditures and other financing uses, which increased \$399,465 from \$2,704,604 to \$3,104,069. Actual revenues and other financing sources of \$2,810,976 exceeded final budgeted revenues of \$2,793,440. The other change was between the final budgeted expenditures and actual expenditures. Actual expenditures came in \$1,043 lower than the final budgeted amounts.

Actual revenues and other financing sources for the street construction and maintenance fund exceeded final budgeted revenues by \$1 while actual expenditures were \$69 lower than final budgeted expenditures. The only significant variance was that final budgeted expenditures exceeded original budgeted expenditures by \$30,494 and final budgeted revenues and other financing sources exceeded original budgeted revenues by \$66,430.

Proprietary Funds

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

CITY OF HUBBARD, OHIO

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

Capital Assets and Debt Administration

Capital Assets

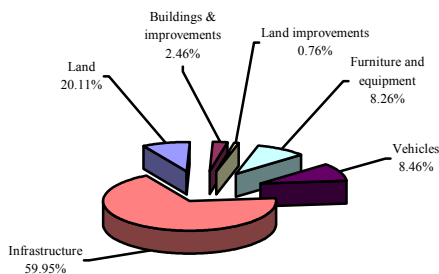
At the end of fiscal 2003, the City had \$18,291,920 (net of accumulated depreciation) invested in land, construction in progress (CIP), land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Of this total, \$3,267,003 was reported in governmental activities and \$15,024,917 was reported in business-type activities. See Note 9 to the basic financial statements for detail. The following table shows fiscal 2003 balances compared to 2002:

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

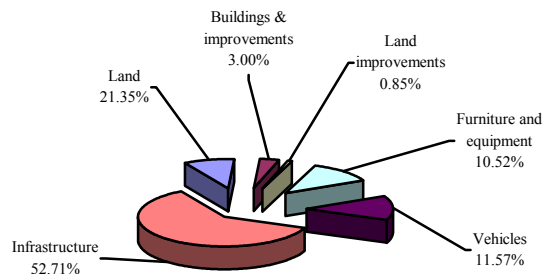
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Land	\$ 657,098	\$ 657,098	\$ 112,941	\$ 112,941	\$ 770,039	\$ 770,039
Construction in progress	-	-	2,088,658	2,861,373	2,088,658	2,861,373
Land improvements	24,901	26,244	-	-	24,901	26,244
Buildings and improvements	80,211	92,188	2,930,160	3,048,097	3,010,371	3,140,285
Furniture and equipment	269,784	323,783	462,172	659,799	731,956	983,582
Vehicles	276,392	355,873	72,151	123,957	348,543	479,830
Infrastructure	<u>1,958,617</u>	<u>1,622,214</u>	<u>9,358,835</u>	<u>8,117,004</u>	<u>11,317,452</u>	<u>9,739,218</u>
Totals	<u>\$3,267,003</u>	<u>\$3,077,400</u>	<u>\$ 15,024,917</u>	<u>\$ 14,923,171</u>	<u>\$ 18,291,920</u>	<u>\$ 18,000,571</u>

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

Capital Assets - Governmental Activities 2003



Capital Assets - Governmental Activities 2002



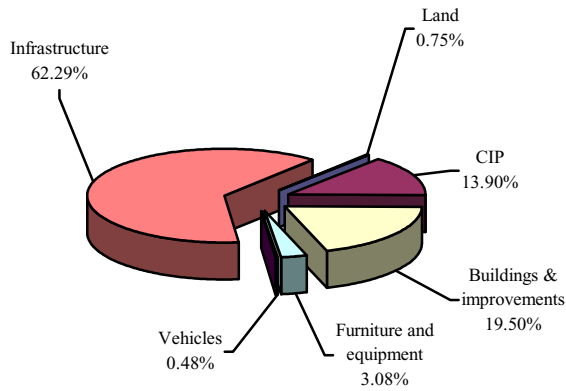
The City's largest capital asset category is infrastructure which includes roads, sidewalks, traffic lights and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 59.95% of the City's total governmental capital assets.

CITY OF HUBBARD, OHIO

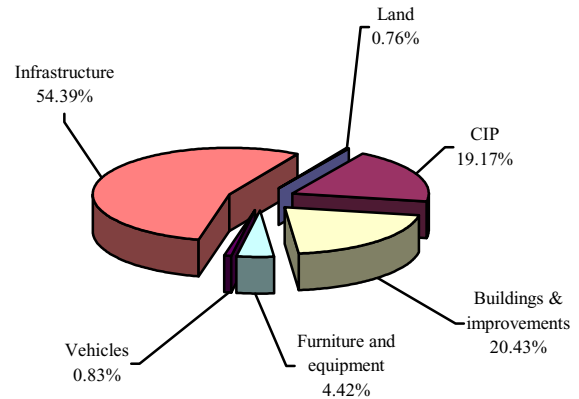
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002
UNAUDITED

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

Capital Assets - Business-Type Activities 2003



Capital Assets - Business-Type Activities 2002



The City's largest business-type capital asset category is infrastructure that primarily includes water, sewer, and electrical 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 62.29% of the City's total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2003 and 2002 (See Note 11 to the basic financial statements for detail):

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Loan payable	\$ -	\$ 66,772
Compensated absences	<u>226,184</u>	<u>247,053</u>
Total long-term obligations	<u>\$ 226,184</u>	<u>\$ 313,825</u>
	<u>Business-type Activities</u>	
	<u>2003</u>	<u>2002</u>
Revenue bond	\$4,325,000	\$4,585,000
OPWC loans	1,010,617	814,671
OWDA loan	2,152,097	2,223,513
Compensated absences	<u>162,798</u>	<u>168,426</u>
Total long-term obligations	<u>\$7,650,512</u>	<u>\$7,791,610</u>

CITY OF HUBBARD, OHIO

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

Economic Conditions and Next Year's General Fund Budget Outlook

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

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

Budgeted revenues and other financing sources in the general fund for fiscal year 2004 are \$2,983,453, an increase of \$190,013 or 6.8% from final 2003 budgeted revenues and other financing sources of \$2,793,440. The 2004 general fund budget is \$2,942,316 as compared with the 2003 general fund budget of \$3,104,069. For financial reporting purposes, the general fund is comprised of the following funds: the general fund, income tax fund, and unclaimed monies fund.

The average unemployment rate for Trumbull County in 2003 (7.6%) was the highest since 1994 (8.0%), compared to the 6.1% State of Ohio average and 6.0% national average. The City Auditor anticipates the 2003 rate to continue through 2004. In order to meet these challenges, further cost containment and/or revenue enhancement actions will be essential. With the continuation of conservative budgeting practices, the City's financial position is anticipated to remain stable in future years.

Contacting the City's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the City Auditor's Office, Mr. Michael C. Villano, CPA, CMA, Auditor, City of Hubbard, Ohio, 220 West Liberty Street, Hubbard, Ohio 44425 or visit our website at www.cityofhubbard.com.

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BASIC
FINANCIAL STATEMENTS

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CITY OF HUBBARD, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2003

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 928,539	\$ 5,901,735	\$ 6,830,274
Cash in segregated accounts	1,350	500	1,850
Cash with fiscal agent.	144,002	-	144,002
Receivables (net of allowances for uncollectibles):			
Income taxes	265,045	-	265,045
Real and other taxes	410,729	2,878	413,607
Accounts	4,124	607,181	611,305
Internal balances	75,116	(75,116)	-
Due from other governments	485,511	10,516	496,027
Prepayments	13,715	26,247	39,962
Materials and supplies inventory.	21,392	465,610	487,002
Deferred charges	-	12,678	12,678
Investment in joint ventures.	-	180,533	180,533
Restricted assets:	-		
Cash and cash equivalents with fiscal agents	-	784,080	784,080
Capital assets:			
Land and construction in progress.	657,098	2,201,599	2,858,697
Depreciable capital assets, net	2,609,905	12,823,318	15,433,223
Total capital assets.	<u>3,267,003</u>	<u>15,024,917</u>	<u>18,291,920</u>
Total assets.	<u>5,616,526</u>	<u>22,941,759</u>	<u>28,558,285</u>
Liabilities:			
Accounts payable.	16,196	326,728	342,924
Accrued wages and benefits	35,466	33,178	68,644
Due to other governments	82,870	39,121	121,991
Deferred revenue.	381,621	-	381,621
Accrued interest payable.	-	26,397	26,397
Claims payable.	196,006	-	196,006
Revenue anticipation note	-	2,100,000	2,100,000
Long-term liabilities:			
Due within one year	76,176	481,932	558,108
Due in more than one year	<u>150,008</u>	<u>7,168,580</u>	<u>7,318,588</u>
Total liabilities	<u>938,343</u>	<u>10,175,936</u>	<u>11,114,279</u>
Net assets:			
Invested in capital assets, net of related debt	3,267,003	5,448,545	8,715,548
Restricted for:			
Capital projects.	283,437	-	283,437
Perpetual care:			
Expendable	837	-	837
Nonexpendable	846	-	846
Other purposes	294,352	-	294,352
Unrestricted.	<u>831,708</u>	<u>7,317,278</u>	<u>8,148,986</u>
Total net assets	<u>\$ 4,678,183</u>	<u>\$ 12,765,823</u>	<u>\$ 17,444,006</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 350,765	\$ 5,977	\$ -	\$ 250,452
Security of persons and property.	1,572,403	37,417	3,193	-
Public health and welfare	35,187	5,000	-	-
Transportation	971,326	-	291,007	47,162
Community environment.	4,524	-	-	-
Leisure time activity.	36,301	-	1,472	-
Other	1,008	-	-	-
Interest and fiscal charges.	1,408	-	-	-
Total governmental activities	2,972,922	48,394	295,672	297,614
Business-type Activities:				
Sewer	1,386,623	1,239,766	-	2,388
Water	1,368,214	1,445,216	-	1,426
Electric	4,387,184	4,221,233	-	6,702
Guarantee Trust	18,038	-	-	-
Total business-type activities	7,160,059	6,906,215	-	10,516
Total primary government.	\$ 10,132,981	\$ 6,954,609	\$ 295,672	\$ 308,130

General Revenues:

Property taxes levied for:

- General purposes.
- Fire district.
- Police pension

Income taxes levied for:

- General purposes.
- Other local taxes
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Investment in joint ventures
- Miscellaneous

Total general revenues.

Transfers.

Capital contributions

Change in net assets.

Net assets at beginning of year (restated)

Net assets at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (94,336)	\$ -	\$ (94,336)
(1,531,793)	-	(1,531,793)
(30,187)	-	(30,187)
(633,157)	-	(633,157)
(4,524)	-	(4,524)
(34,829)	-	(34,829)
(1,008)	-	(1,008)
(1,408)	-	(1,408)
<u>(2,331,242)</u>	<u>-</u>	<u>(2,331,242)</u>
-	(144,469)	(144,469)
-	78,428	78,428
-	(159,249)	(159,249)
-	(18,038)	(18,038)
<u>-</u>	<u>(243,328)</u>	<u>(243,328)</u>
<u>(2,331,242)</u>	<u>(243,328)</u>	<u>(2,574,570)</u>
239,943	-	239,943
62,439	-	62,439
27,683	-	27,683
1,055,837	-	1,055,837
-	25,049	25,049
479,298	-	479,298
207,265	7,239	214,504
-	14,586	14,586
92,888	193,896	286,784
<u>2,165,353</u>	<u>240,770</u>	<u>2,406,123</u>
(23,180)	23,180	-
<u>417,061</u>	<u>515,620</u>	<u>932,681</u>
227,992	536,242	764,234
<u>4,450,191</u>	<u>12,229,581</u>	<u>16,679,772</u>
<u>\$ 4,678,183</u>	<u>\$ 12,765,823</u>	<u>\$ 17,444,006</u>

CITY OF HUBBARD, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	<u>General</u>	<u>Street Construction and Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 352,298	\$ 82,156	\$ 153,541	\$ 587,995
Cash in segregated accounts.	150	350	-	500
Cash with fiscal agent.	-	-	144,002	144,002
Receivables (net of allowance for uncollectibles):				
Income taxes	265,045	-	-	265,045
Real and other taxes	299,052	-	111,677	410,729
Due from other governments	234,619	133,570	117,322	485,511
Prepayments	12,894	783	38	13,715
Materials and supplies inventory	9,824	11,425	143	21,392
Total assets	<u>\$ 1,173,882</u>	<u>\$ 228,284</u>	<u>\$ 526,723</u>	<u>\$ 1,928,889</u>
Liabilities:				
Accounts payable	\$ 8,657	\$ 1,657	\$ 1,758	\$ 12,072
Accrued wages and benefits	26,455	9,011	-	35,466
Due to other governments	69,368	10,645	2,857	82,870
Deferred revenue	582,424	91,635	223,755	897,814
Total liabilities.	<u>686,904</u>	<u>112,948</u>	<u>228,370</u>	<u>1,028,222</u>
Fund Balances:				
Reserved for encumbrances	22,033	400	-	22,433
Reserved for prepaids	12,894	783	38	13,715
Reserved for materials and supplies inventory	9,824	11,425	143	21,392
Reserved for unclaimed monies	404	-	-	404
Reserved for perpetual care	-	-	837	837
Unreserved, undesignated, reported in:				
General fund	441,823	-	-	441,823
Special revenue funds.	-	102,728	119,748	222,476
Capital projects funds.	-	-	176,741	176,741
Permanent fund	-	-	846	846
Total fund balances	<u>486,978</u>	<u>115,336</u>	<u>298,353</u>	<u>900,667</u>
Total liabilities and fund balances	<u>\$ 1,173,882</u>	<u>\$ 228,284</u>	<u>\$ 526,723</u>	<u>\$ 1,928,889</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

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

Total governmental fund balances		\$ 900,667
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,267,003
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	\$ 23,693	
Income taxes	97,138	
Intergovernmental revenues	395,362	
Total		516,193
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of assets. The net assets of the internal service fund, including internal balances of \$75,116, are:		
		220,504
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities (excluding amounts reported in the internal service fund) are as follows:		
Compensated absences		(226,184)
Net assets of governmental activities		\$ 4,678,183

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

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

	<u>General</u>	<u>Street Construction and Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Income taxes	\$ 1,046,519	\$ -	\$ -	\$ 1,046,519
Property and other taxes	241,750	-	90,826	332,576
Charges for services	1,055	-	-	1,055
Licenses and permits	62,054	-	-	62,054
Fines and forfeitures	41,586	-	753	42,339
Intergovernmental	364,083	268,732	210,255	843,070
Investment income	205,314	1,811	140	207,265
Other	11,955	3,523	27,526	43,004
Total revenues	<u>1,974,316</u>	<u>274,066</u>	<u>329,500</u>	<u>2,577,882</u>
Expenditures:				
Current:				
General government	327,268	-	-	327,268
Security of persons and property	1,352,762	-	55,201	1,407,963
Public health and welfare	13,615	-	21,572	35,187
Transportation	-	511,654	26,816	538,470
Community environment	4,524	-	-	4,524
Leisure time activity	3,363	-	27,076	30,439
Other	-	-	1,008	1,008
Capital outlay	-	5,680	330,038	335,718
Debt service:				
Interest and fiscal charges	-	-	1,555	1,555
Total expenditures	<u>1,701,532</u>	<u>517,334</u>	<u>463,266</u>	<u>2,682,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>272,784</u>	<u>(243,268)</u>	<u>(133,766)</u>	<u>(104,250)</u>
Other financing sources (uses):				
Transfers in	149,898	282,744	390,939	823,581
Transfers out	<u>(696,863)</u>	<u>-</u>	<u>(149,898)</u>	<u>(846,761)</u>
Total other financing sources (uses)	<u>(546,965)</u>	<u>282,744</u>	<u>241,041</u>	<u>(23,180)</u>
Net change in fund balances	(274,181)	39,476	107,275	(127,430)
Fund balances at beginning of year (restated).	761,159	75,860	191,078	1,028,097
Fund balances at end of year	<u>\$ 486,978</u>	<u>\$ 115,336</u>	<u>\$ 298,353</u>	<u>\$ 900,667</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

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

Net change in fund balances - total governmental funds \$ (127,430)

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

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$590,257) exceeded depreciation expense (\$399,146) in the current period.	191,111
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(1,508)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	229,151
In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due.	147
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	20,869
An internal service fund is used by management to charge the costs of health insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balances of \$75,116 is allocated among the governmental activities.	(84,348)

Change in net assets of governmental activities \$ 227,992

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Income taxes	\$ 990,500	\$ 1,043,071	\$ 1,043,071	\$ -
Property and other taxes	225,319	238,354	240,742	2,388
Charges for services	987	1,045	1,055	10
Licenses and permits	58,079	61,438	62,054	616
Fines and forfeitures	38,922	41,174	41,586	412
Intergovernmental	340,968	360,695	364,308	3,613
Investment income	192,161	203,277	205,314	2,037
Other	11,196	11,843	11,962	119
Total revenues	<u>1,858,132</u>	<u>1,960,897</u>	<u>1,970,092</u>	<u>9,195</u>
Expenditures:				
Current:				
General government	353,134	330,399	329,571	828
Security of persons and property	1,200,995	1,351,721	1,351,555	166
Public health and welfare	13,500	13,620	13,615	5
Community environment	14,350	17,060	17,024	36
Leisure time activity	2,500	3,370	3,362	8
Other	200	50	50	-
Total expenditures	<u>1,584,679</u>	<u>1,716,220</u>	<u>1,715,177</u>	<u>1,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>273,453</u>	<u>244,677</u>	<u>254,915</u>	<u>10,238</u>
Other financing sources (uses):				
Transfers in	787,014	832,543	840,884	8,341
Transfers out	<u>(1,119,925)</u>	<u>(1,387,849)</u>	<u>(1,387,849)</u>	<u>-</u>
Total other financing sources (uses)	<u>(332,911)</u>	<u>(555,306)</u>	<u>(546,965)</u>	<u>8,341</u>
Net change in fund balance	(59,458)	(310,629)	(292,050)	18,579
Fund balance at beginning of year (restated) . . .	604,878	604,878	604,878	-
Prior year encumbrances appropriated.	17,619	17,619	17,619	-
Fund balance at end of year	<u>\$ 563,039</u>	<u>\$ 311,868</u>	<u>\$ 330,447</u>	<u>\$ 18,579</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 229,266	\$ 260,831	\$ 260,829	\$ (2)
Investment income	1,220	1,388	1,811	423
Other	3,113	3,542	3,542	-
Total revenues	233,599	265,761	266,182	421
Expenditures:				
Current:				
Transportation	478,600	509,094	509,025	69
Capital outlay	5,680	5,680	5,680	-
Total expenditures	484,280	514,774	514,705	69
Excess (deficiency) of revenues over (under) expenditures	(250,681)	(249,013)	(248,523)	490
Other financing sources (uses):				
Transfers in	248,896	283,164	282,744	(420)
Total other financing sources (uses)	248,896	283,164	282,744	(420)
Net change in fund balance	(1,785)	34,151	34,221	70
Fund balance at beginning of year	45,355	45,355	45,355	-
Prior year encumbrances appropriated	2,180	2,180	2,180	-
Fund balance at end of year	\$ 45,750	\$ 81,686	\$ 81,756	\$ 70

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2003

	Business-type Activities -Enterprise Funds			
	Sewer	Water	Electric	Nonmajor
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 1,307,081	\$ 683,397	\$ 3,805,809	\$ 105,448
Cash in segregated accounts	300	-	200	-
Receivables (net of allowance for uncollectibles):				
Real and other taxes	-	-	2,878	-
Accounts	104,646	112,699	389,836	-
Due from other governments	2,388	1,426	6,702	-
Prepayments	10,589	11,164	4,494	-
Materials and supplies inventory	2,920	17,123	445,567	-
Deferred charges	-	-	12,678	-
Total current assets	<u>1,427,924</u>	<u>825,809</u>	<u>4,668,164</u>	<u>105,448</u>
Noncurrent assets:				
Investment in joint ventures	-	-	180,533	-
Restricted assets:				
Cash with fiscal agent	784,080	-	-	-
Capital assets:				
Land and construction in progress	92,504	833	2,108,262	-
Depreciable capital assets, net	6,389,101	5,032,094	1,402,123	-
Total capital assets	<u>6,481,605</u>	<u>5,032,927</u>	<u>3,510,385</u>	<u>-</u>
Total noncurrent assets	<u>7,265,685</u>	<u>5,032,927</u>	<u>3,690,918</u>	<u>-</u>
Total assets	<u>8,693,609</u>	<u>5,858,736</u>	<u>8,359,082</u>	<u>105,448</u>
Liabilities:				
Current liabilities:				
Accounts payable	6,060	40,359	280,309	-
Accrued wages and benefits	7,181	8,785	17,212	-
Compensated absences	20,326	14,612	61,095	-
Due to other governments	7,981	6,988	24,152	-
Claims payable	-	-	-	-
Revenue anticipation note	-	-	2,100,000	-
Current portion of revenue bonds	270,000	-	-	-
Current portion of OWDA loans	-	74,934	-	-
Current portion of OPWC loans	11,746	29,219	-	-
Accrued interest payable	25,595	-	802	-
Total current liabilities	<u>348,889</u>	<u>174,897</u>	<u>2,483,570</u>	<u>-</u>
Long-term liabilities:				
Revenue bonds	4,055,000	-	-	-
OWDA loans	-	2,077,163	-	-
OPWC loans	170,316	799,336	-	-
Compensated absences	25,456	13,936	27,373	-
Total long-term liabilities	<u>4,250,772</u>	<u>2,890,435</u>	<u>27,373</u>	<u>-</u>
Total liabilities	<u>4,599,661</u>	<u>3,065,332</u>	<u>2,510,943</u>	<u>-</u>
Net assets:				
Invested in capital assets, net of related debt	1,974,543	2,052,275	1,421,727	-
Unrestricted	2,119,405	741,129	4,426,412	105,448
Total net assets	<u>\$ 4,093,948</u>	<u>\$ 2,793,404</u>	<u>\$ 5,848,139</u>	<u>\$ 105,448</u>

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

Net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 5,901,735	\$ 340,544
500	850
2,878	-
607,181	4,124
10,516	-
26,247	-
465,610	-
12,678	-
7,027,345	345,518
180,533	-
784,080	-
2,201,599	-
12,823,318	-
15,024,917	-
15,989,530	-
23,016,875	345,518
326,728	4,124
33,178	-
96,033	-
39,121	-
-	196,006
2,100,000	-
270,000	-
74,934	-
40,965	-
26,397	-
3,007,356	200,130
4,055,000	-
2,077,163	-
969,652	-
66,765	-
7,168,580	-
10,175,936	200,130
5,448,545	-
7,392,394	145,388
12,840,939	\$ 145,388
(75,116)	
\$ 12,765,823	

CITY OF HUBBARD, OHIO

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

Business-type Activities - Enterprise Funds

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Nonmajor</u>
Operating revenues:				
Charges for services	\$ 1,239,766	\$ 1,445,216	\$ 4,221,233	\$ -
Other	149,913	3,076	16,757	24,150
Total operating revenues	<u>1,389,679</u>	<u>1,448,292</u>	<u>4,237,990</u>	<u>24,150</u>
Operating expenses:				
Personal services	398,179	420,293	866,555	-
Contract services	221,723	483,487	3,044,474	-
Materials and supplies	83,938	97,388	258,596	-
Other	-	-	-	18,038
Depreciation	425,038	200,538	137,370	-
Total operating expenses	<u>1,128,878</u>	<u>1,201,706</u>	<u>4,306,995</u>	<u>18,038</u>
Operating income (loss)	<u>260,801</u>	<u>246,586</u>	<u>(69,005)</u>	<u>6,112</u>
Nonoperating revenues (expenses):				
Interest revenue	7,239	-	-	-
Property and other taxes	-	-	25,049	-
Intergovernmental	2,388	1,426	6,702	-
Interest expense and fiscal charges	(240,579)	(146,308)	(41,976)	-
Investment in joint ventures	-	-	14,586	-
Loss on disposal of capital assets	-	-	(463)	-
Total nonoperating revenues (expenses)	<u>(230,952)</u>	<u>(144,882)</u>	<u>3,898</u>	<u>-</u>
Income (loss) before contributions and transfers	29,849	101,704	(65,107)	6,112
Capital contributions	515,620	-	-	-
Transfers in	8,341	6,858	7,981	-
Changes in net assets	553,810	108,562	(57,126)	6,112
Net assets at beginning of year (restated)	<u>3,540,138</u>	<u>2,684,842</u>	<u>5,905,265</u>	<u>99,336</u>
Net assets at end of year	<u>\$ 4,093,948</u>	<u>\$ 2,793,404</u>	<u>\$ 5,848,139</u>	<u>\$ 105,448</u>

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

Changes in net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 6,906,215	\$ 601,753
193,896	205,832
<u>7,100,111</u>	<u>807,585</u>
1,685,027	-
3,749,684	967,049
439,922	-
18,038	-
762,946	-
<u>6,655,617</u>	<u>967,049</u>
<u>444,494</u>	<u>(159,464)</u>
7,239	-
25,049	-
10,516	-
(428,863)	-
14,586	-
(463)	-
<u>(371,936)</u>	<u>-</u>
72,558	(159,464)
515,620	-
23,180	-
611,358	(159,464)
	<u>304,852</u>
	<u>\$ 145,388</u>
<u>(75,116)</u>	
<u>\$ 536,242</u>	

CITY OF HUBBARD, OHIO

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

	Business-type Activities - Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Nonmajor</u>
Cash flows from operating activities:				
Cash received from customers	\$ 1,236,366	\$ 1,437,832	\$ 4,214,530	\$ -
Cash received from other operations.	149,913	220,799	16,757	24,150
Cash payments for personal services	(392,740)	(498,041)	(843,862)	-
Cash payments for contract services	(223,666)	(675,324)	(3,019,064)	-
Cash payments for materials and supplies	(95,457)	(102,556)	(166,049)	-
Cash payments for other expenses.	-	(217,723)	-	(18,038)
Net cash provided by (used in) operating activities.	<u>674,416</u>	<u>164,987</u>	<u>202,312</u>	<u>6,112</u>
Cash flows from noncapital financing activities:				
Cash received from transfers in	8,341	6,858	7,981	-
Cash received from property and other taxes	-	-	26,364	-
Net cash provided by noncapital financing activities	<u>8,341</u>	<u>6,858</u>	<u>34,345</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Capital contributions	515,620	-	-	-
Acquisition of capital assets	(571,041)	(256,117)	(419,646)	-
Principal retirement on revenue bonds	(260,000)	-	-	-
Principal retirement on loans	(11,746)	(100,635)	-	-
Principal retirement on notes	-	-	(2,100,000)	-
Proceeds of loans.	-	236,911	-	-
Proceeds of notes.	-	-	2,100,000	-
Note issuance costs.	-	-	(13,078)	-
Interest and fiscal charges.	(241,835)	(146,308)	(30,365)	-
Net cash used in capital and related financing activities	<u>(569,002)</u>	<u>(266,149)</u>	<u>(463,089)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received.	7,239	-	-	-
Net cash provided by investing activities.	<u>7,239</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	120,994	(94,304)	(226,432)	6,112
Cash and cash equivalents at beginning of year	<u>1,970,467</u>	<u>777,701</u>	<u>4,032,441</u>	<u>99,336</u>
Cash and cash equivalents at end of year	<u>\$ 2,091,461</u>	<u>\$ 683,397</u>	<u>\$ 3,806,009</u>	<u>\$ 105,448</u>

<u>Total</u>	Governmental Activities - Internal Service Fund
\$ 6,888,728	\$ 591,697
411,619	205,832
(1,734,643)	-
(3,918,054)	(844,719)
(364,062)	-
(235,761)	-
<u>1,047,827</u>	<u>(47,190)</u>
23,180	-
<u>26,364</u>	<u>-</u>
49,544	-
515,620	-
(1,246,804)	-
(260,000)	-
(112,381)	-
(2,100,000)	-
236,911	-
2,100,000	-
(13,078)	-
(418,508)	-
<u>(1,298,240)</u>	<u>-</u>
7,239	-
<u>7,239</u>	<u>-</u>
(193,630)	(47,190)
6,879,945	388,584
<u>\$ 6,686,315</u>	<u>\$ 341,394</u>

-- continued

CITY OF HUBBARD, OHIO

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

	Business-type Activities - Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Nonmajor</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 260,801	\$ 246,586	\$ (69,005)	\$ 6,112
Adjustments:				
Depreciation	425,038	200,538	137,370	-
Changes in assets and liabilities:				
Increase (decrease) in materials and supplies inventory	109	(6,812)	80,321	-
Increase in accounts receivable	(3,400)	(7,384)	(6,703)	-
Increase in prepayments	(6,158)	(4,972)	(512)	-
Decrease in contracts payable	-	(137,057)	-	-
Increase (decrease) in accounts payable	(1,651)	(4,717)	41,779	-
Increase in accrued wages and benefits	971	2,269	2,210	-
Decrease in retainage payable	-	(40,792)	-	-
Increase (decrease) in due to other governments	(3,125)	(64,340)	5,979	-
Increase (decrease) in compensated absences payable	1,831	(18,332)	10,873	-
Increase in claims payable	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 674,416</u>	<u>\$ 164,987</u>	<u>\$ 202,312</u>	<u>\$ 6,112</u>

Non-cash transactions:

The Sewer enterprise fund received capital contributions of \$515,620 from developers during fiscal year 2003.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 444,494	\$ (159,464)
762,946	-
73,618	-
(17,487)	(4,124)
(11,642)	-
(137,057)	-
35,411	(11,891)
5,450	-
(40,792)	-
(61,486)	-
(5,628)	-
-	128,289
<u>\$ 1,047,827</u>	<u>\$ (47,190)</u>

CITY OF HUBBARD, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2003

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 7,379	\$ 1,265
Total assets.	<u>7,379</u>	<u>1,265</u>
Liabilities:		
Deposits held and due to others.	-	1,265
Total liabilities	-	<u>\$ 1,265</u>
Net assets:		
Held in trust for other purposes	<u>7,379</u>	
Total net assets	<u>\$ 7,379</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$ 20
Total additions	<u>20</u>
Changes in net assets	20
Net assets at beginning of year	<u>7,359</u>
Net assets at end of year	<u>\$ 7,379</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF HUBBARD, OHIO

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

NOTE 1 - DESCRIPTION OF THE CITY

The City of Hubbard, Ohio (the "City") was created in 1868. 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), Mayor's court, highways and streets, public improvements, community development (planning and zoning), water, sewer, electric, parks and recreation, and general administrative services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's BFS to be misleading or incomplete. Based upon the foregoing criteria, the City has no component units. The City has entered into a contractual agreement with Hubbard Township (the "Township") and the Hubbard Volunteer Fire Department, Inc. (HVFD) to provide fire protection services to the citizens of the City and the Township. The HVFD is a legally separate not-for-profit corporation. City Council does have representation on the Fire District Board, however, this does not represent a voting majority of the Board.

The City and the Township share equally (fifty percent) in the cost of operations of the HVFD. The City's share of these costs are accounted for as a separate special revenue fund in the City's BFS. The following organizations are described due to their relationship to the City:

JOINTLY GOVERNED ORGANIZATION

Municipal Energy Services Agency (MESA) - The City has signed an Intergovernmental Joint Venture Agreement with MESA to access a pool of personnel experienced in the planning, management, engineering, construction, safety training and other technical aspects of the operation and maintenance of municipal electric and other utility systems; to provide those services on call, as needed and as available for the benefit of the City. The City will incur no financial obligation to the jointly governed organization unless and until it avails itself of the services of the jointly governed organization.

CITY OF HUBBARD, OHIO

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

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

JOINT VENTURES WITH EQUITY INTEREST

Hubbard Township-City of Hubbard Joint Economic Development District (District) - The City has entered into a contractual agreement with the Township to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, Trumbull County, the Township and the City. The District is administered by a five member Board of Directors consisting of a Trustee representative of the Township, a representative of the City, a representative of business owners within the District, a representative of persons working within the District, and an additional member selected by the previously mentioned members who shall serve as Board Chairman. The City and the Township are to make a minimum annual contribution of \$500 each to the District's operation reserve fund to provide for administrative costs and expenses of the Board. In 2003, the Board waived the \$500 annual contribution. The City has an ongoing financial responsibility to fund the District. Upon termination of the contractual agreement, any property, assets and obligations of the District shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party.

Ohio Municipal Electric Generation Agency Joint Ventures (OMEGA JV1-OMEGA JV5) The City's Electric Enterprise Fund participates in a joint venture agreement with 20 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV1) for the purpose of providing electric power and energy to its participants on a cooperative basis. Title to these six diesel-powered generating units was transferred to the 21 municipal electric systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a non-profit trade association and wholesale power supplier for most of Ohio's 85 municipal electric systems. Each member has a contract which provides for AMP-Ohio to purchase the right to each participant's share of power and energy that is made available through the joint venture contract. The units performed at an excellent availability during 2003 to complete a successful year of operation for OMEGA JV1. In accordance with the joint venture agreement, the City remitted \$7,017 to the joint venture for 2003.

The City's Electric Enterprise Fund also participated in a joint venture agreement with 41 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) for the purpose of acquiring, constructing and installing a 42 megawatt hydroelectric generating facility along with related transmission facilities and fossil-fired backup electric generation facilities. The facility is located at the Belleville Locks and Dam on the Ohio River.

The OMEGA JV5 is managed by AMP-Ohio and acts as the joint venture's agent. The participants are obligated by the joint venture agreement to remit monthly for those costs incurred by using electricity generated by the joint venture and a portion of the \$153,415,000 certificates of beneficial interest debt that was issued to construct the facility. In accordance with the joint venture agreement, the City remitted \$372,586 to the joint venture for 2003. Construction of the facility began in 1996 and was completed in 1999.

CITY OF HUBBARD, OHIO

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

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

The following is a summary of audited financial information of OMEGA JV1 and OMEGA JV5 as of the year ended December 31, 2003:

	<u>OMEGA JV1</u>	<u>OMEGA JV5</u>
Total assets	\$ 674,077	\$ 195,104,812
Total liabilities	221,946	187,211,238
Members equity	452,131	7,893,574
Total revenues	186,907	22,724,498
Total expenses	181,237	22,030,224
Change in net assets	5,670	694,274

The City's undivided ownership of OMEGA JV1 and OMEGA JV5 is 3.79 and 2.07 percent, respectively.

The City reports equity interest equal to their undivided ownership percentage of the joint ventures members' equity. OMEGA JV1 does not have any debt outstanding. Separate financial statements for both joint ventures are available through either the City or AMP-Ohio.

The City will report the equity interest of these joint ventures on the balance sheet as follows:

Equity interest in OMEGA JV1	\$ 17,136
Equity interest in OMEGA JV5	<u>163,397</u>
Total investment in joint ventures	<u><u>\$ 180,533</u></u>

The following tables show the major participants and percentage of ownership for the JV1 and JV5 projects:

<u>OMEGA JV1</u>		<u>OMEGA JV5</u>	
<u>Participants</u>	<u>Percentage of Ownership</u>	<u>Participants</u>	<u>Percentage of Ownership</u>
Cuyahoga Falls	21.05	Cuyahoga Falls	16.67
Niles	17.71	Bowling Green	15.73
Wadsworth	11.24	Niles	10.63
Hudson	10.37	Napoleon	7.35
Galion	6.53	Jackson	7.14
Oberlin	5.52	Hudson Village	5.69
Amherst	5.42	Wadsworth	5.62
Hubbard	3.79	Oberlin	3.02
Columbiana	3.03	New Bremen	2.38
Wellington	2.95	Bryan	2.19
Other	<u>12.39</u>	Other	<u>23.58</u>
Total	<u><u>100.00</u></u>	Total	<u><u>100.00</u></u>

CITY OF HUBBARD, OHIO

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

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

B. Basis of Presentation - Fund Accounting

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

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

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

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is 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 sales and services. Operating expenses for the enterprise fund include personnel and other expenses related to sewer, water and electric 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 private-purpose trust funds are reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does 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.

CITY OF HUBBARD, OHIO

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

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

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

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

Street Construction and Maintenance - The street construction and maintenance fund accounts for revenues generated from license and gasoline taxes to be used on local roads within the City.

Other governmental funds of the City are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; and (b) for grants and other resources whose use is restricted to a particular purpose.

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

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

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

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

Electric Fund - This fund accounts for the operations of providing electric services to customers and to maintain the local electric system of the City.

Internal Service Fund - The internal service fund accounts 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 fund reports on the operations of hospitalization and health insurance.

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

D. Measurement Focus and Basis of Accounting

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

CITY OF HUBBARD, OHIO

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

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

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

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

E. Basis of Accounting

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

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

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

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

CITY OF HUBBARD, OHIO

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

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

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

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

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

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

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

F. Budgetary Data

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

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or about January 1, the Certificate is amended to include any unencumbered fund balances at December 31. Further amendments may be made during the year if money from a new revenue source is received or if actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

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

CITY OF HUBBARD, OHIO

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

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

Budgeted Level of Expenditures – Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority of Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made by fund, function (i.e. security of persons and property), department (i.e. police), and line item (i.e. salaries). 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. Health Care

The Comprehensive Omnibus Budget Reconciliation Act (COBRA) of 1986 required the City to offer and provide terminated or retired employees continued participation in the City's employee health care benefits program, provided that the employees pay the rate established by the plan administrator. The City incurred no expenditures or revenues in providing these services. The participating former employees make premium payments directly to the City's Insurance Provider and the Provider is responsible for all claims.

H. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2003, investments were limited to U.S. government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts are reported at cost.

The City has invested funds in STAR Ohio during fiscal 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2003.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During fiscal 2003, interest revenue credited to the general fund amounted to \$205,314 which includes \$191,168 assigned from other City funds.

CITY OF HUBBARD, OHIO

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

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

The City has segregated bank accounts for monies held separate from the City's central bank account. This interest bearing depository account is presented on the financial statements as "Cash in Segregated Accounts" since it is not required to be deposited into the City treasury.

At year-end, the City had monies on deposit with the Ohio Department of Transportation. This deposit relates to the North Main/West Liberty Street resurfacing project that will commence in fiscal year 2004 and has been reported on the financial statements as "Cash with Fiscal Agent".

The City also maintains segregated bank accounts with a trustee to provide for principal and interest debt service and a bond reserve as designated by the bond indenture. These amounts are presented on the financial statements as "Cash with Fiscal Agent" under restricted assets.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

An analysis of the City's investment account at year-end is provided in Note 4.

I. Inventories of Materials and Supplies

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

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

Inventory consists of expendable supplies held for consumption.

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 assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$500. The City's infrastructure consists of traffic signals, sidewalks, storm sewers, streets, and water, sewer, and electric 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.

CITY OF HUBBARD, OHIO

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Autos and trucks	4	4
Machinery, equipment, furniture and fixtures	5 - 20	5 - 20
Building improvements	15	15
Sewer and water treatment plants and buildings	20 - 40	N/A
Other buildings	40	40
Infrastructure	15 - 30	20 - 50

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 are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service or any employee with at least twenty (20) years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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.

CITY OF HUBBARD, OHIO

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

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

L. Prepayments

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Interfund Balances

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

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 Reserves

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

The City reports a reservation of fund balance for amounts representing encumbrances outstanding, prepaids, materials and supplies inventory, and unclaimed monies in the governmental fund financial statements.

CITY OF HUBBARD, OHIO

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

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

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

Q. Estimates

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

R. Contributions of Capital

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

S. Net Assets

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

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

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer and electric programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Changes in Accounting Principles and Restatement of Fund Balance

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

CITY OF HUBBARD, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

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

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

The government-wide financial statements show the District's programs for governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2002, caused by the conversion to the accrual basis of accounting.

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

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

CITY OF HUBBARD, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Governmental Activities - Fund Reclassification and Restatement of Fund Balance - Certain funds have been reclassified to properly reflect their intended purpose in accordance with GASB Statement No. 34. It was also determined that GASB Interpretation No. 6 had an effect on fund balances as previously reported at December 31, 2002. The fund reclassification and the implementation of GASB Interpretation No. 6 had the following effect on the City's governmental fund balances as previously reported:

	General	Street Construction and Maintenance	Nonmajor	Total
Fund balance				
December 31, 2002	\$ 756,428	\$ 75,515	\$ 189,400	\$ 1,021,343
Fund reclassifications	269	-	1,678	1,947
GASB Interpretation No. 6 adjustments	4,462	345	-	4,807
Restated fund balance January 1, 2003	\$ 761,159	\$ 75,860	\$ 191,078	\$ 1,028,097

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

Restated fund balance	
December 31, 2002	\$ 1,028,097
GASB Statement No. 34 adjustments:	
Capital assets	3,077,400
Internal service fund	304,852
Long-term liabilities	(247,053)
Long-term (deferred assets)	287,042
Accrued interest payable	(147)
Governmental activities net assets, December 31, 2002	\$ 4,450,191

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund - The general fund unencumbered fund balance at the beginning of the year has been restated from \$604,409 to \$604,878 due to a fund reclassification to properly reflect its intended purpose in accordance with GASB Statement No. 34.

CITY OF HUBBARD, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Business-type Activities - Restatement of Fund Equity - A prior period adjustment is required to correct errors and omissions in amounts previously reported in land and infrastructure capital assets. This prior period adjustment had the following effect on fund equity as previously reported:

	Sewer	Water	Electric	Nonmajor	Total Enterprise Funds
Fund equity at December 31, 2002	\$ 1,437,625	\$ 1,728,903	\$4,576,431	\$ 99,336	\$ 7,842,295
Adjustment for capital assets	<u>2,102,513</u>	<u>955,939</u>	<u>1,328,834</u>	<u>-</u>	<u>4,387,286</u>
Restated net assets at January 1, 2003	<u>\$ 3,540,138</u>	<u>\$ 2,684,842</u>	<u>\$5,905,265</u>	<u>\$ 99,336</u>	<u>\$12,229,581</u>

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

As of December 31, 2003 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".

Legal Requirements: Statutes require the classification of moneys held by the City into three categories. Category 1 consists of "active" moneys, those moneys required to be kept in a "cash" or "near-cash" status for immediate use by the City. Such moneys must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" moneys, those moneys not required for use within the current two year period of designation of depositories. Inactive moneys may be deposited or invested only as certificates of deposit maturing not later than the end of the current designation of depositories.

Category 3 consists of "interim" moneys, those moneys which are not needed for immediate use but which will be needed before the end of the current period of depositories. Interim moneys may be invested or deposited in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in the eligible institutions applying for interim moneys;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);

CITY OF HUBBARD, OHIO

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

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

7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

Notwithstanding the foregoing requirements, the City may invest any moneys not required to be used for a period of six months in the following classes of investments:

1. Bonds or other obligations of the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Discount notes of the Federal National Mortgage Association;
3. Bonds issued by the Home Owners' Loan Corporation;
4. Bonds of the State of Ohio; and
5. 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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At year-end, the City had \$1,000 in undeposited cash on hand which is included on the financial statements of the City as part of "Cash in Segregated Accounts".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the City's deposits, including cash in segregated accounts and certificates of deposit, was \$6,795,914 and the bank balance, including cash in segregated accounts and certificates of deposit, was \$7,047,965. Of the bank balance:

1. \$278,620 was covered by federal deposit insurance; and

CITY OF HUBBARD, OHIO

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

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

2. \$6,769,345 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by a third party trustee, pursuant to Ohio Revised Code Section 135.181, in collateralized pools securing all public funds on deposits with specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments: The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name. Investments in STAR Ohio and U.S. government money market mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form. The City had investments of \$43,854 in STAR Ohio and \$784,080 in U.S. government money market funds at December 31, 2003.

The classification of cash and cash equivalents on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 7,768,850	\$ -
Investments of the cash management pool:		
U.S. Government money market mutual funds	(784,080)	784,080
Investment in STAR Ohio	(43,854)	43,854
Cash on hand	(1,000)	-
Cash with fiscal agent	<u>(144,002)</u>	<u>-</u>
GASB Statement No. 3	<u>\$ 6,795,914</u>	<u>\$ 827,934</u>

CITY OF HUBBARD, OHIO

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

NOTE 5 - INTERFUND TRANSFERS

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

<u>Transfers to</u>	<u>Transfers from</u>		<u>Total</u>
	<u>General</u>	Nonmajor Capital <u>Projects</u>	
General	\$ -	\$ 149,898	\$ 149,898
Street	282,744	-	282,744
Nonmajor Special Revenue	47,587	-	47,587
Nonmajor Capital Projects	343,352	-	343,352
Sewer	8,341	-	8,341
Water	6,858	-	6,858
Electric	<u>7,981</u>	<u>-</u>	<u>7,981</u>
	<u>\$ 696,863</u>	<u>\$ 149,898</u>	<u>\$ 846,761</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. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied on January 1 in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years with a triennial update. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20, with the remainder payable June 20. In certain instances, state statute permits earlier or later payment dates to be established.

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

CITY OF HUBBARD, OHIO

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

NOTE 6 - PROPERTY TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. The full rate for all City operations for the year ended December 31, 2003, was \$3.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property located in the City, upon which taxes for 2003 were collected, are as follows:

<u>Category</u>	<u>Assessed Value</u>
Residential/agricultural	\$ 84,073,350
Commercial/industrial	<u>14,725,650</u>
Total real estate	<u>98,799,000</u>
Public utility - real	17,660
Public utility - personal	<u>1,560,000</u>
Total public utility	<u>1,577,660</u>
Tangible personal property	<u>6,490,903</u>
Grand total	<u>\$ 106,867,563</u>

Accrued taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2003. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2003 operations. Accordingly, the receivable is offset by a credit to "Deferred Revenue."

NOTE 7 - LOCAL INCOME TAX

The one percent City income tax, which is not subject to renewal, 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. For governmental funds, income tax revenue is reported to the extent that it is measurable and available to finance current operations at December 31, 2003. Income tax revenue for 2003 was \$1,046,519.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2003, consisted of taxes, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2003, as well as intended to finance fiscal 2003 operations.

CITY OF HUBBARD, OHIO

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

NOTE 8 - RECEIVABLES - (Continued)

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

Governmental Activities:

Income taxes	\$ 265,045
Real and other taxes	410,729
Accounts	4,124
Due from other governments	485,511

Business-type Activities:

Accounts	607,181
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Receivables have been disaggregated on the face of the BFS. The only receivable not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment.

NOTE 9 - CAPITAL ASSETS

- A. The capital asset balances of the governmental activities and business-type activities have been restated due to the reporting of infrastructure in governmental activities and due to the reporting of errors and omissions in the prior year in governmental activities and business-type activities.

	Balance		Restated
	12/31/02	Adjustments	Balance
<u>Governmental Activities:</u>	<u>12/31/02</u>	<u>Adjustments</u>	<u>12/31/02</u>
Land	\$ 253,777	\$ 403,321	\$ 657,098
Land improvements	49,623	-	49,623
Buildings and improvements	588,026	-	588,026
Furniture and equipment	674,835	55,292	730,127
Vehicles	1,112,454	21,557	1,134,011
Infrastructure	-	3,417,944	3,417,944
Less: accumulated depreciation	<u>-</u>	<u>(3,499,429)</u>	<u>(3,499,429)</u>
Total	<u>\$ 2,678,715</u>	<u>\$ 398,685</u>	<u>\$ 3,077,400</u>
<u>Business-type Activities:</u>			
Land	\$ 21,872	\$ 91,069	\$ 112,941
Buildings and improvements	4,662,011	-	4,662,011
Furniture and equipment	3,123,167	-	3,123,167
Vehicles	605,416	-	605,416
Infrastructure	5,914,558	5,938,876	11,853,434
Construction in progress	2,861,373	-	2,861,373
Less: accumulated depreciation	<u>(6,652,512)</u>	<u>(1,642,659)</u>	<u>(8,295,171)</u>
Total	<u>\$ 10,535,885</u>	<u>\$ 4,387,286</u>	<u>\$ 14,923,171</u>

CITY OF HUBBARD, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

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

<u>Governmental Activities:</u>	Restated Balance 01/01/03	Additions	Disposals	Balance 12/31/03
<i>Capital assets, not being depreciated:</i>				
Land	\$ 657,098	\$ -	\$ -	\$ 657,098
Total capital assets, not being depreciated	<u>657,098</u>	<u>-</u>	<u>-</u>	<u>657,098</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	49,623	1,008	-	50,631
Buildings and improvements	588,026	-	-	588,026
Furniture and equipment	730,127	7,111	(5,928)	731,310
Vehicles	1,134,011	44,633	-	1,178,644
Infrastructure	<u>3,417,944</u>	<u>537,505</u>	<u>-</u>	<u>3,955,449</u>
Total capital assets, being depreciated	<u>5,919,731</u>	<u>590,257</u>	<u>(5,928)</u>	<u>6,504,060</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(23,379)	(2,351)	-	(25,730)
Buildings and improvements	(495,838)	(11,977)	-	(507,815)
Furniture and equipment	(406,344)	(59,602)	4,420	(461,526)
Vehicles	(778,138)	(124,114)	-	(902,252)
Infrastructure	<u>(1,795,730)</u>	<u>(201,102)</u>	<u>-</u>	<u>(1,996,832)</u>
Total accumulated depreciation	<u>(3,499,429)</u>	<u>(399,146)</u>	<u>4,420</u>	<u>(3,894,155)</u>
Total capital assets, being depreciated, net	<u>2,420,302</u>	<u>191,111</u>	<u>(1,508)</u>	<u>2,609,905</u>
Governmental activities capital assets, net	<u>\$ 3,077,400</u>	<u>\$ 191,111</u>	<u>\$ (1,508)</u>	<u>\$ 3,267,003</u>

CITY OF HUBBARD, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

<u>Business-type Activities:</u>	<u>Restated Balance 01/01/03</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/03</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 112,941	\$ -	\$ -	\$ 112,941
Construction in progress	<u>2,861,373</u>	<u>33,408</u>	<u>(806,123)</u>	<u>2,088,658</u>
Total capital assets, not being depreciated	<u>2,974,314</u>	<u>33,408</u>	<u>(806,123)</u>	<u>2,201,599</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	4,662,011	-	-	4,662,011
Furniture and equipment	3,123,167	15,267	(4,919)	3,133,515
Vehicles	605,416	-	-	605,416
Infrastructure	<u>11,853,434</u>	<u>1,622,603</u>	<u>-</u>	<u>13,476,037</u>
Total capital assets, being depreciated	<u>20,244,028</u>	<u>1,637,870</u>	<u>(4,919)</u>	<u>21,876,979</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(1,613,914)	(117,937)	-	(1,731,851)
Furniture and equipment	(2,463,368)	(212,431)	4,456	(2,671,343)
Vehicles	(481,459)	(51,806)	-	(533,265)
Infrastructure	<u>(3,736,430)</u>	<u>(380,772)</u>	<u>-</u>	<u>(4,117,202)</u>
Total accumulated depreciation	<u>(8,295,171)</u>	<u>(762,946)</u>	<u>4,456</u>	<u>(9,053,661)</u>
Total capital assets, being depreciated, net	<u>11,948,857</u>	<u>874,924</u>	<u>(463)</u>	<u>12,823,318</u>
Business-type activities capital assets, net	<u>\$ 14,923,171</u>	<u>\$ 908,332</u>	<u>\$ (806,586)</u>	<u>\$ 15,024,917</u>

CITY OF HUBBARD, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$ 27,907
Security of persons and property	113,077
Transportation	252,300
Leisure time activity	<u>5,862</u>
Total depreciation expense - governmental activities	<u>\$ 399,146</u>

NOTE 10 - VACATION AND SICK LEAVE LIABILITY

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

Upon termination of City service, a fully vested employee is entitled to a percentage of their accumulated sick leave based on their years of service. At December 31, 2003, vested benefits for vacation leave for governmental fund type employees, totaled \$76,176 and vested benefits for sick leave, totaled \$150,008. For proprietary fund types, vested benefits for vacation leave totaled \$68,259 and vested benefits for sick leave totaled \$94,539 at December 31, 2003. Included in the vested benefits for sick leave figures is an additional liability to accrue and record termination (severance) payments for employees expected to become eligible to retire in the future in accordance with GASB Statement No. 16.

CITY OF HUBBARD, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS

A. The City's long term obligations at December 31, 2003 were as follows:

Governmental Activities:	Interest Rate	Balance at 01/01/03	Additions	Reductions	Balance at 12/31/03	Amounts Due in One Year
Loan payable	4.69%	\$ 66,772	\$ -	\$ (66,772)	\$ -	\$ -
Compensated absences		<u>247,053</u>	<u>-</u>	<u>(20,869)</u>	<u>226,184</u>	<u>76,176</u>
Total long-term obligations, governmental activities		<u>\$ 313,825</u>	<u>\$ -</u>	<u>\$ (87,641)</u>	<u>\$ 226,184</u>	<u>\$ 76,176</u>
 <u>Business-type Activities:</u>						
<u>Mortgage Revenue Bond:</u>						
Sewer System – 1997	4.00-5.45%	\$ 4,585,000	\$ -	\$ (260,000)	\$ 4,325,000	\$ 270,000
 <u>OPWC Loans:</u>						
Sewer Issue II Lift Station	0.00%	193,808	-	(11,746)	182,062	11,746
Waterline Looping	0.00%	107,095	-	(6,490)	100,605	6,490
Waterline Replacement	0.00%	150,783	-	(7,732)	143,051	7,732
N. Main Waterline	0.00%	<u>362,985</u>	<u>236,911</u>	<u>(14,997)</u>	<u>584,899</u>	<u>14,997</u>
Total OPWC Loans		<u>814,671</u>	<u>236,911</u>	<u>(40,965)</u>	<u>1,010,617</u>	<u>40,965</u>
 <u>OWDA Loan:</u>						
Transmission Waterlines	6.58%	<u>2,223,513</u>	<u>-</u>	<u>(71,416)</u>	<u>2,152,097</u>	<u>74,934</u>
 <u>Other Long-Term Obligations</u>						
Compensated absences		<u>168,426</u>	<u>-</u>	<u>(5,628)</u>	<u>162,798</u>	<u>96,033</u>
Total long-term obligations, business-type activities		<u>\$ 7,791,610</u>	<u>\$ 236,911</u>	<u>\$ (378,009)</u>	<u>\$ 7,650,512</u>	<u>\$ 481,932</u>

Compensated absences are presented net of actual increases and decreases due to the practicality of determining these values. The benefits will be paid from the fund from which the employee is paid.

B. On June 18, 1997, the City issued \$5,800,000 general obligation sewer system refunding bonds (Mortgage Revenue Bonds). The bonds bear interest at rates ranging from 4.0 percent to 5.45 percent per annum and mature at various installments through November 15, 2015. Property and revenues of the sewage system have been pledged to repay this debt. A portion of the proceeds of the bonds were used for the advance refunding of the 1987 and 1992 sewer system revenue bonds. The proceeds were used to purchase SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The 1987 series bonds were fully redeemed on May 15, 1998. The 1992 series bonds will be redeemed through various debt service payments concluding November 15, 2002. The monies held in trust as a result of the advance refundings and the corresponding refunded bonds are not included in the City's Financial Statements since the bonds are defeased and not considered a liability of the City. The principal balance of the general obligation sewer system refunding bonds (Mortgage Revenue Bonds) at December 31, 2003 was \$4,325,000.

CITY OF HUBBARD, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

As part of the bond indenture, Second National Bank was established as the Trustee (paying agent) for the City Sewer System Revenue Refunding Bonds (Mortgage Revenue Bonds), Series 1997. The City is maintaining at Second National Bank the following account balances at December 31, 2003.

1. Sewer Bond Fund Account - \$137,980 (which is required by the indenture and utilized to account for the principal and interest activity).
2. Sewer Bond Reserve Fund Account - \$646,100 (which is required by the indenture).

These monies have been invested in U.S. Government money market mutual funds and are reported on the combined balance sheet as "Restricted Assets - Cash with Fiscal Agent".

The City has entered into four debt financing arrangements through the Ohio Public Works Commission (OPWC) to fund a lift station replacement, waterline looping project and waterline replacements. The amounts due to the OPWC are payable solely from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2003, the City has outstanding borrowings of \$182,062, \$100,605, \$143,051, and \$584,899 in the Water and Sewer funds. The loan agreements require semi-annual payments based on the actual amount loaned. The OPWC loans are interest free.

The City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction projects. The amounts due to the OWDA are payable solely from water revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2003, the City has outstanding borrowings of \$2,152,097. The loan agreement requires semi-annual payments based on the actual amount loaned.

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

Year Ending December 31	Mortgage Revenue Bond			OPWC Loans		
	Principal	Interest	Total	Principal	Interest	Total
2003	\$ 270,000	\$ 228,355	\$ 498,355	\$ 55,964	\$ -	\$ 55,964
2004	285,000	215,260	500,260	55,964	-	55,964
2005	295,000	201,295	496,295	55,964	-	55,964
2006	310,000	186,693	496,693	55,964	-	55,964
2007	325,000	171,193	496,193	55,964	-	55,964
2008-2012	1,915,000	576,338	2,491,338	279,819	-	279,819
2013-2017	925,000	76,300	1,001,300	279,819	-	279,819
2018-2019	-	-	-	171,159	-	171,159
Total	<u>\$ 4,325,000</u>	<u>\$1,655,434</u>	<u>\$5,980,434</u>	<u>\$ 1,010,617</u>	<u>\$ -</u>	<u>\$1,010,617</u>

CITY OF HUBBARD, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31	OWDA Loan		
	Principal	Interest	Total
2003	\$ 76,115	\$ 141,608	\$ 217,723
2004	81,124	136,600	217,724
2005	86,461	131,262	217,723
2006	92,151	125,573	217,724
2007	98,214	119,509	217,723
2008-2012	596,944	491,672	1,088,616
2013-2017	820,941	267,675	1,088,616
2018-2020	<u>300,147</u>	<u>26,437</u>	<u>326,584</u>
Total	<u>\$ 2,152,097</u>	<u>\$1,440,336</u>	<u>\$3,592,433</u>

C. During fiscal year 2001, the City entered into a loan agreement with Second National Bank to finance the purchase of a new fire truck. The final principal and interest payments of the loan was paid out of the Fire District special revenue fund. The City had the following loan activity in fiscal year 2003:

	Interest Rate	Issue Date	Maturity Date	Balance at 01/01/03	Additions	Reductions	Balance at 12/31/03
<u>Special Revenue Fund</u>							
<i>Loan Payable</i>							
Fire Truck	4.69%	11/27/01	11/27/05	<u>\$ 66,772</u>	<u>\$ -</u>	<u>\$ (66,772)</u>	<u>\$ -</u>

NOTE 12 - SHORT-TERM OBLIGATIONS

On December 20, 2002, the City issued a \$2,100,000 electric system improvements note through American Municipal Power of Ohio. The note was used to provide interim financing for the acquisition and installation of diesel generators for use in the City's electric system. The note was retired on December 19, 2003. On December 19, 2003, the City issued an additional \$2,100,000 electric system improvements note through American Municipal Power of Ohio. The note, which is a liability of the Electric fund, is due within one year. The following is a summary of the note activity for fiscal year 2003:

	Interest Rate	Balance at 01/01/03	Additions	Reductions	Balance at 12/31/03
<u>Revenue Anticipation Notes</u>					
Electric System Improvements	1.45%	\$ 2,100,000	\$ -	\$ (2,100,000)	\$ -
Electric System Improvements	1.25%	-	<u>2,100,000</u>	-	<u>2,100,000</u>
Total		<u>\$ 2,100,000</u>	<u>\$2,100,000</u>	<u>\$ (2,100,000)</u>	<u>\$ 2,100,000</u>

CITY OF HUBBARD, OHIO

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

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2003, the City was insured through the Clarendon National Insurance Company for all property, general liability, wrongful acts, law enforcement, automobile, bond, crime, inland marine and EDP liability. The insurance plan was purchased through the Love Insurance Agency. The City has transferred risk of loss to the insurance carrier to the extent of the limits below.

<u>Type of Coverage</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
Property	\$17,036,978	\$1,000
General liability:		
Per occurrence	6,000,000	0
Aggregate	8,000,000	0
Law enforcement liability/wrongful acts:		
Per occurrence	1,000,000	0
Aggregate	3,000,000	5,000
Public official liability/wrongful acts:		
Per occurrence	1,000,000	0
Aggregate	3,000,000	5,000
Automobile:		
Liability	6,000,000	0
Comprehensive	0	500
Collision	0	500
Bond	50,000	250
Crime	20,000	0
Inland Marine	715,335	1,000
EDP	323,220	1,000

B. Employee Health Insurance

The City maintains an Employees Health 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 \$40,000 per participant and an aggregate amount of \$477,812; annual claims above such amount are paid for by stop-loss insurance which the City maintains.

The City had one occurrence in which settled claims exceeded the self-insurance amount. The liability for unpaid claims of \$196,006 reported in the Internal Service Fund at December 31, 2003, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by FASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

CITY OF HUBBARD, OHIO

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

NOTE 13 - RISK MANAGEMENT - (Continued)

Changes in the fund's liability during 2003 are as follows:

<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>
2003	\$ 67,717	\$ 973,008	\$ (844,719)	\$ 196,006
2002	60,543	556,548	(549,374)	67,717

C. Workers' Compensation

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate of \$100 of payroll plus administrative costs. The rate is determined based on accident history of the City. The City also pays unemployment claims to the State of Ohio as incurred.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

CITY OF HUBBARD, OHIO

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$239,750, \$233,325, and \$227,550, respectively; 100% has been contributed for 2003, 2002 and 2001. The City and plan members did not make any contributions to the member-directed plan for 2003.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.0% of their annual covered salary to fund pension obligations while the City is required to contribute 19.5% for police officers and 24.0% for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police for the years ended December 31, 2003, 2002, and 2001 were \$120,379, \$123,973, and \$120,312, respectively. The full amount has been contributed for 2002 and 2001. 77.07% for police has been contributed for 2003 with the remainder being reported as a liability in the respective funds.

NOTE 15 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 5.00% of covered payroll was the portion that was used to fund health care.

CITY OF HUBBARD, OHIO

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

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

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

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$88,469. The actual contribution and the actuarially required contribution amounts are the same. OPER's net assets available for payment of benefits at December 31, 2002 (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

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

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

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

CITY OF HUBBARD, OHIO

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

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's actual contributions for 2003 that were used to fund postemployment benefits were \$47,790 for police. The OP&F's total health care expense for the year ended December 31, 2002 (the latest information available) was \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002 (the latest information available), was 13,527 for police and 10,396 for firefighters.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

	Net Change in Fund Balance	
	<u>General</u>	<u>Street Maintenance and Construction</u>
Budget basis	\$ (292,050)	\$ 34,221
Net adjustment for revenue accruals	4,224	7,884
Net adjustment for expenditure accruals	(8,406)	(3,029)
Adjustment for encumbrances	<u>22,051</u>	<u>400</u>
GAAP basis	<u>\$ (274,181)</u>	<u>\$ 39,476</u>

CITY OF HUBBARD, OHIO

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

NOTE 17 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2003.

B. Litigation

The City is not currently a party to any legal proceedings.

NOTE 18 - OPERATING LEASE

As per Ordinance No. 36-03, the City entered on December 16, 2003, into a 60-month lease and maintenance agreement with IKON Office Solutions (IOS), for five (5) photocopy machines, commencing on January 1, 2004 through December 31, 2008. The following is a schedule of the future minimum lease payments.

<u>Fiscal Year Ending</u>	<u>Amount</u>
<u>December 31,</u>	
2004	\$ 6,250
2005	6,250
2006	6,250
2007	6,250
2008	<u>6,250</u>
Total - Present Value of Minimum Lease Payments	<u>\$ 31,250</u>

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

CITY OF HUBBARD, OHIO

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

The special revenue funds are used to account for all specific financial resources (other than major capital projects) that are legally restricted for specified expenditure purposes. The following are the special revenue funds which the City operates:

Indigent Drivers Fund

To account for revenues generated from fines imposed by the Mayor's Court for DUI arrests to be used for DUI enforcement training for police officers and other traffic safety programs.

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.

Fire District

To account for voted property tax levies and contracts that relate to the operations of the Fire Department.

State Highway

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

Maple Grove Cementary

To account for revenue generated from the sale of grave lots and fees for grave openings to provide maintenance and long-term care of the City's public cemetery.

Recreation

To account for shared intergovernmental revenues and allocations of local income tax monies for the maintenance of public parks located within the City as well as community recreation/activity programs for area children during the summer months.

Drug and Law Enforcement

To account for revenues received from seizures of State drug cases.

Range Fund

To account for revenues generated from police firing range rental fees and the related expenditures for the maintenance and improvement of the outdoor firing range facility.

Escrow Account

To account for monies being held by the City for cash deposit in lieu of construction surety bonds.

Police Pension

To account for property taxes levied for the payment of the current police disability and pension benefits.

CITY OF HUBBARD, OHIO

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Capital Projects Funds

The capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary fund types. Following is a description of all capital project funds:

Capital Improvement

To account for property and municipal income tax transfers for various capital improvement expenditures within the City.

CDBG Sidewalk Project

To account for on-behalf grant monies received and expended for City sidewalk projects from the Small Cities Community Development Block Grant (CDBG) Formula Allocation program.

FEMA 2003 Flood Fund

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

Nonmajor Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs. The following is the City's permanent fund.

Sugar Grove Trust Fund

To account for \$837 received in trust on October 26, 1937 for the creation of a nonexpendable endowment for the Sugar Grove Cemetary (now known as Maple Grove Cemetery).

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CITY OF HUBBARD, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 119,119	\$ 32,739	\$ 1,683	\$ 153,541
Cash with fiscal agent	-	144,002	-	144,002
Receivables (net of allowances of uncollectibles):				-
Real and other taxes	111,677	-	-	111,677
Due from other governments.	10,626	106,696	-	117,322
Prepayments	38	-	-	38
Materials and supplies inventory	143	-	-	143
Total assets	<u>\$ 241,603</u>	<u>\$ 283,437</u>	<u>\$ 1,683</u>	<u>\$ 526,723</u>
Liabilities:				
Accounts payable	\$ 1,758	\$ -	\$ -	\$ 1,758
Due to other governments	2,857	-	-	2,857
Deferred revenue.	117,059	106,696	-	223,755
Total liabilities	<u>121,674</u>	<u>106,696</u>	<u>-</u>	<u>228,370</u>
Fund Balances:				
Reserved for prepayments.	38	-	-	38
Reserved for materials and supplies inventory	143	-	-	143
Reserved for perpetual care	-	-	837	837
Unreserved, undesignated, reported in:				
Special revenue funds	119,748	-	-	119,748
Capital projects funds	-	176,741	-	176,741
Permanent fund	-	-	846	846
Total fund balances	<u>119,929</u>	<u>176,741</u>	<u>1,683</u>	<u>298,353</u>
Total liabilities and fund equity	<u>\$ 241,603</u>	<u>\$ 283,437</u>	<u>\$ 1,683</u>	<u>\$ 526,723</u>

CITY OF HUBBARD, OHIO

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

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Property and other local taxes	\$ 90,826	\$ -	\$ -	\$ 90,826
Fines and forfeitures	753	-	-	753
Intergovernmental	21,842	188,413	-	210,255
Investment income	135	-	5	140
Other	25,021	2,505	-	27,526
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	138,577	190,918	5	329,500
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
Security of persons and property.	55,201	-	-	55,201
Public health and welfare.	21,572	-	-	21,572
Transportation	26,816	-	-	26,816
Leisure time activity	27,076	-	-	27,076
Other	1,008	-	-	1,008
Capital outlay.	16,700	313,338	-	330,038
Debt service:				
Interest and fiscal charges	1,555	-	-	1,555
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	149,928	313,338	-	463,266
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(11,351)	(122,420)	5	(133,766)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers in	47,587	343,352	-	390,939
Transfers out	-	(149,898)	-	(149,898)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	47,587	193,454	-	241,041
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	36,236	71,034	5	107,275
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	83,693	105,707	1,678	191,078
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances at end of year.	\$ 119,929	\$ 176,741	\$ 1,683	\$ 298,353
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CITY OF HUBBARD, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2003

	Indigent Drivers Fund	Enforcement and Education	Fire District
Assets:			
Equity in pooled cash and cash equivalents.	\$ 2,627	\$ 4,928	\$ 55,299
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	-	77,173
Due from other governments	-	-	193
Prepayments	-	-	-
Materials and supplies inventory	-	-	-
	<u>2,627</u>	<u>4,928</u>	<u>132,665</u>
Total assets	<u>\$ 2,627</u>	<u>\$ 4,928</u>	<u>\$ 132,665</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,527
Deferred revenue.	-	-	76,158
Due to other governments	-	-	1,903
	<u>-</u>	<u>-</u>	<u>79,588</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>79,588</u>
Fund Balances:			
Reserved for prepayments.	-	-	-
Reserved for materials and supplies inventory	-	-	-
Unreserved:			
Undesignated.	2,627	4,928	53,077
Total fund balances	<u>2,627</u>	<u>4,928</u>	<u>53,077</u>
Total liabilities and fund equity.	<u>\$ 2,627</u>	<u>\$ 4,928</u>	<u>\$ 132,665</u>

<u>State Highway</u>	<u>Maple Grove Cemetery</u>	<u>Recreation</u>	<u>Drug and Law Enforcement</u>	<u>Range Fund</u>
\$ 5,635	\$ 8,138	\$ 22,834	\$ 3,444	\$ 2,230
-	-	-	-	-
10,251	-	182	-	-
-	-	38	-	-
-	-	143	-	-
<u>\$ 15,886</u>	<u>\$ 8,138</u>	<u>\$ 23,197</u>	<u>\$ 3,444</u>	<u>\$ 2,230</u>
\$ 231	\$ -	\$ -	\$ -	\$ -
6,851	-	-	-	-
-	406	548	-	-
<u>7,082</u>	<u>406</u>	<u>548</u>	<u>-</u>	<u>-</u>
-	-	38	-	-
-	-	143	-	-
<u>8,804</u>	<u>7,732</u>	<u>22,468</u>	<u>3,444</u>	<u>2,230</u>
<u>8,804</u>	<u>7,732</u>	<u>22,649</u>	<u>3,444</u>	<u>2,230</u>
<u>\$ 15,886</u>	<u>\$ 8,138</u>	<u>\$ 23,197</u>	<u>\$ 3,444</u>	<u>\$ 2,230</u>

Continued

CITY OF HUBBARD, OHIO

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

	<u>Escrow Account</u>	<u>Police Pension</u>	<u>Totals</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 395	\$ 13,589	\$ 119,119
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	34,504	111,677
Due from other governments	-	-	10,626
Prepayments	-	-	38
Materials and supplies inventory	-	-	143
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 395</u>	<u>\$ 48,093</u>	<u>\$ 241,603</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,758
Deferred revenue.	-	34,050	117,059
Due to other governments	-	-	2,857
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>34,050</u>	<u>121,674</u>
Fund Balances:			
Reserved for prepayments.	-	-	38
Reserved for materials and supplies inventory	-	-	143
Unreserved:			
Undesignated.	395	14,043	119,748
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>395</u>	<u>14,043</u>	<u>119,929</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity.	<u>\$ 395</u>	<u>\$ 48,093</u>	<u>\$ 241,603</u>

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CITY OF HUBBARD, OHIO

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

	Indigent Drivers Fund	Enforcement and Education	Fire District
Revenues:			
Property and other taxes	\$ -	\$ -	\$ 62,934
Fines and forfeitures	380	373	-
Intergovernmental	-	-	133
Investment income.	-	-	-
Other.	-	-	15,356
	<hr/>	<hr/>	<hr/>
Total revenues.	380	373	78,423
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of persons and property	-	-	26,738
Public health and welfare.	-	-	-
Transportation	-	-	-
Leisure time activity	-	-	-
Other	-	-	1,008
Capital outlay	-	-	-
Debt service:			
Interest and fiscal charges.	-	-	1,555
	<hr/>	<hr/>	<hr/>
Total expenditures.	-	-	29,301
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	380	373	49,122
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	-	3,805
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	3,805
	<hr/>	<hr/>	<hr/>
Net change in fund balances	380	373	52,927
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	2,247	4,555	150
	<hr/>	<hr/>	<hr/>
Fund balances at end of year.	\$ 2,627	\$ 4,928	\$ 53,077
	<hr/>	<hr/>	<hr/>

<u>State Highway</u>	<u>Maple Grove Cemetery</u>	<u>Recreation</u>	<u>Drug and Law Enforcement</u>	<u>Range Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
21,558	-	-	-	-
135	-	-	-	-
-	5,000	1,472	143	3,050
<u>21,693</u>	<u>5,000</u>	<u>1,472</u>	<u>143</u>	<u>3,050</u>
-	-	-	177	3,279
-	21,572	-	-	-
26,816	-	-	-	-
-	-	27,076	-	-
-	-	-	-	-
-	-	16,700	-	-
-	-	-	-	-
<u>26,816</u>	<u>21,572</u>	<u>43,776</u>	<u>177</u>	<u>3,279</u>
<u>(5,123)</u>	<u>(16,572)</u>	<u>(42,304)</u>	<u>(34)</u>	<u>(229)</u>
-	15,000	26,607	-	2,175
-	15,000	26,607	-	2,175
(5,123)	(1,572)	(15,697)	(34)	1,946
13,927	9,304	38,346	3,478	284
<u>\$ 8,804</u>	<u>\$ 7,732</u>	<u>\$ 22,649</u>	<u>\$ 3,444</u>	<u>\$ 2,230</u>

Continued

CITY OF HUBBARD, OHIO

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

	Escrow Account	Police Pension	Totals
Revenues:			
Property and other taxes	\$ -	\$ 27,892	\$ 90,826
Fines and forfeitures	-	-	753
Intergovernmental	-	151	21,842
Investment income.	-	-	135
Other.	-	-	25,021
	<hr/>	<hr/>	<hr/>
Total revenues.	-	28,043	138,577
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of persons and property	-	25,007	55,201
Public health and welfare.	-	-	21,572
Transportation	-	-	26,816
Leisure time activity	-	-	27,076
Other	-	-	1,008
Capital outlay	-	-	16,700
Debt service:			
Interest and fiscal charges.	-	-	1,555
	<hr/>	<hr/>	<hr/>
Total expenditures.	-	25,007	149,928
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	3,036	(11,351)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	-	47,587
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	47,587
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	3,036	36,236
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	395	11,007	83,693
	<hr/>	<hr/>	<hr/>
Fund balances at end of year.	\$ 395	\$ 14,043	\$ 119,929
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF HUBBARD, OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2003

	Capital Improvement	CDBG Street Resurfacing	FEMA Flood Grant	Total
Assets:				
Equity in pooled cash and cash equivalents	\$ 27,742	\$ -	\$ 4,997	\$ 32,739
Cash with fiscal agent	144,002	-	-	144,002
Due from other governments	11,139	-	95,557	106,696
	<u>182,883</u>	<u>-</u>	<u>100,554</u>	<u>283,437</u>
Total assets.	<u>\$ 182,883</u>	<u>\$ -</u>	<u>\$ 100,554</u>	<u>\$ 283,437</u>
Liabilities:				
Deferred revenue.	\$ 11,139	\$ -	\$ 95,557	\$ 106,696
Total liabilities	<u>11,139</u>	<u>-</u>	<u>95,557</u>	<u>106,696</u>
Fund Balances:				
Unreserved, undesignated, reported in:				
Capital projects funds	171,744	-	4,997	176,741
Total fund balances	<u>171,744</u>	<u>-</u>	<u>4,997</u>	<u>176,741</u>
Total liabilities and fund equity.	<u>\$ 182,883</u>	<u>\$ -</u>	<u>\$ 100,554</u>	<u>\$ 283,437</u>

CITY OF HUBBARD, OHIO

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

	<u>Capital Improvement</u>	<u>CDBG Street Resurfacing</u>	<u>FEMA Flood Grant</u>	<u>Total</u>
Revenues:				
Intergovernmental	\$ 4,518	\$ 29,000	\$ 154,895	\$ 188,413
Other	2,505	-	-	2,505
Total revenues	<u>7,023</u>	<u>29,000</u>	<u>154,895</u>	<u>190,918</u>
Expenditures:				
Capital outlay	284,338	29,000	-	313,338
Total expenditures	<u>284,338</u>	<u>29,000</u>	<u>-</u>	<u>313,338</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(277,315)</u>	<u>-</u>	<u>154,895</u>	<u>(122,420)</u>
Other financing sources (uses):				
Transfers in	343,352	-	-	343,352
Transfers out	-	-	(149,898)	(149,898)
Total other financing sources (uses)	<u>343,352</u>	<u>-</u>	<u>(149,898)</u>	<u>193,454</u>
Net change in fund balances	66,037	-	4,997	71,034
Fund balances at beginning of year.	<u>105,707</u>	<u>-</u>	<u>-</u>	<u>105,707</u>
Fund balances at end of year	<u><u>\$ 171,744</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,997</u></u>	<u><u>\$ 176,741</u></u>

CITY OF HUBBARD, OHIO

COMBINING STATEMENTS - NONMAJOR FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a trustee capacity, or as an agency for individuals, private organizations, other governments and/or funds. The following are the City's fiduciary fund types:

Private Purpose Trust Funds

Private purpose 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. The following are the City's private purpose trust funds:

Mizner Trust Fund

To account for \$500 received in trust on December 12, 1950 for the creation of a nonexpendable endowment for Mr. Nelson Mizner with the interest to be used for the maintenance of Mizner family plots.

Hultz Trust Fund

To account for \$2,500 received in trust on April 28, 1976 for the creation of a nonexpendable endowment for Ms. Carrie M. Hultz with the interest to be used for the maintenance of Hultz family plots.

Agency Fund

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

Mayor's Court

To account for assets received and disbursed by the Mayor's Court as an agent or custodian related to various court matters and cases.

CITY OF HUBBARD, OHIO

COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES
DECEMBER 31, 2003

	<u>Private Purpose Trust</u>			
	<u>Mizner Trust</u>	<u>Hultz Trust</u>	<u>Total Agency</u>	<u>Totals</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,753	\$ 5,626	\$ 1,265	\$ 8,644
Total assets	<u>\$ 1,753</u>	<u>\$ 5,626</u>	<u>\$ 1,265</u>	<u>\$ 8,644</u>
Liabilities:				
Deposits held and due to others	\$ -	\$ -	\$ 1,265	\$ 1,265
Total liabilities.	<u>-</u>	<u>-</u>	<u>\$ 1,265</u>	<u>1,265</u>
Net assets:				
Held in trust for other purposes	<u>1,753</u>	<u>5,626</u>		<u>7,379</u>
Total net assets.	<u>\$ 1,753</u>	<u>\$ 5,626</u>		<u>\$ 8,644</u>

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Mizner Trust</u>	<u>Hultz Trust</u>	<u>Totals</u>
Additions:			
Investment earnings	\$ 5	\$ 15	\$ 20
Total additions	<u>5</u>	<u>15</u>	<u>20</u>
Changes in net assets	5	15	20
Fund balances at beginning of year.	<u>1,748</u>	<u>5,611</u>	<u>7,359</u>
Fund balances at end of year	<u>\$ 1,753</u>	<u>\$ 5,626</u>	<u>\$ 7,379</u>

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31 2003

Mayor's Court	<u>Balance</u> <u>1/1/2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2003</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,035	\$ 53,600	\$ 54,370	\$ 1,265
Total assets.	<u>\$ 2,035</u>	<u>\$ 53,600</u>	<u>\$ 54,370</u>	<u>\$ 1,265</u>
Liabilities:				
Deposits held and due to others	\$ 2,035	\$ 53,600	\$ 54,370	\$ 1,265
Total liabilities	<u>\$ 2,035</u>	<u>\$ 53,600</u>	<u>\$ 54,370</u>	<u>\$ 1,265</u>

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

CITY OF HUBBARD, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Income taxes	\$ 990,500	\$ 1,043,071	\$ 1,043,071	\$ -
Property and other taxes	225,319	238,354	240,742	2,388
Charges for services	987	1,045	1,055	10
Licenses, permits and fees	58,079	61,438	62,054	616
Fines and forfeitures	38,922	41,174	41,586	412
Intergovernmental	340,968	360,695	364,308	3,613
Investment income	192,161	203,277	205,314	2,037
Other	11,196	11,843	11,962	119
Total revenues	<u>1,858,132</u>	<u>1,960,897</u>	<u>1,970,092</u>	<u>9,195</u>
Expenditures:				
Current:				
General government:				
Postage				
Contractual services	2,000	200	(137)	337
Total postage	<u>2,000</u>	<u>200</u>	<u>(137)</u>	<u>337</u>
Income tax				
Personal services	52,375	50,709	50,709	-
Contractual services	21,900	24,399	24,399	-
Materials and supplies	3,400	3,656	3,656	-
Capital outlay	2,900	2,413	2,413	-
Total income tax	<u>80,575</u>	<u>81,177</u>	<u>81,177</u>	<u>-</u>
Mayor				
Personal services	29,275	26,850	26,832	18
Contractual services	6,800	6,485	6,475	10
Materials and supplies	2,840	1,910	1,898	12
Capital outlay	4,000	1,190	1,187	3
Total mayor	<u>42,915</u>	<u>36,435</u>	<u>36,392</u>	<u>43</u>
Council				
Personal services	15,150	14,265	14,256	9
Contractual services	11,450	7,970	7,948	22
Materials and supplies	1,450	1,450	1,437	13
Capital outlay	700	130	126	4
Total council	<u>28,750</u>	<u>23,815</u>	<u>23,767</u>	<u>48</u>
Council Clerk				
Personal services	3,305	2,775	2,765	10
Contractual services	1,100	90	88	2
Materials and supplies	4,250	3,930	3,926	4
Capital outlay	800	225	223	2
Total council clerk	<u>9,455</u>	<u>7,020</u>	<u>7,002</u>	<u>18</u>
Auditor				
Personal services	31,175	31,310	31,289	21
Contractual services	4,000	5,111	5,087	24
Materials and supplies	5,200	5,115	5,112	3
Capital outlay	7,400	6,005	6,000	5
Total auditor	<u>47,775</u>	<u>47,541</u>	<u>47,488</u>	<u>53</u>

Continued

CITY OF HUBBARD, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Treasurer				
Personal services	\$ 4,150	\$ 3,625	\$ 3,616	\$ 9
Contractual services	1,650	1,592	1,587	5
Materials and supplies.	750	510	306	204
Capital outlay	1,000	260	258	2
Total treasurer.	<u>7,550</u>	<u>5,987</u>	<u>5,767</u>	<u>220</u>
Law director				
Personal services	10,130	9,690	9,679	11
Contractual services	1,550	995	993	2
Materials and supplies.	6,600	5,365	5,363	2
Capital outlay	400	225	223	2
Total law director.	<u>18,680</u>	<u>16,275</u>	<u>16,258</u>	<u>17</u>
Service director				
Personal services	20,150	18,210	18,193	17
Contractual services	40,434	45,174	45,142	32
Materials and supplies.	1,000	940	939	1
Total service director	<u>61,584</u>	<u>64,324</u>	<u>64,274</u>	<u>50</u>
Engineer				
Personal services	13,550	13,331	13,313	18
Contractual services	3,400	2,095	2,091	4
Materials and supplies.	800	675	666	9
Capital outlay	800	685	680	5
Total engineer	<u>18,550</u>	<u>16,786</u>	<u>16,750</u>	<u>36</u>
County auditor fees				
Contractual services	10,500	9,544	9,539	5
Total county auditor fees.	<u>10,500</u>	<u>9,544</u>	<u>9,539</u>	<u>5</u>
State examiners fees				
Contractual services	24,800	21,295	21,294	1
Total state examiners fees	<u>24,800</u>	<u>21,295</u>	<u>21,294</u>	<u>1</u>
Total general government.	<u>353,134</u>	<u>330,399</u>	<u>329,571</u>	<u>828</u>
Security of persons and property:				
Police				
Personal services	1,083,045	1,188,790	1,188,737	53
Contractual services	63,850	70,036	70,014	22
Materials and supplies.	40,200	53,155	53,076	79
Capital outlay	12,500	34,395	34,388	7
Total police.	<u>1,199,595</u>	<u>1,346,376</u>	<u>1,346,215</u>	<u>161</u>
Civil service				
Contractual services	1,400	5,345	5,340	5
Total civil service.	<u>1,400</u>	<u>5,345</u>	<u>5,340</u>	<u>5</u>
Total security of persons and property	<u>1,200,995</u>	<u>1,351,721</u>	<u>1,351,555</u>	<u>166</u>

Continued

CITY OF HUBBARD, OHIO

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public health and welfare:				
County health district				
Contractual services	\$ 13,500	\$ 13,620	\$ 13,615	\$ 5
Total county health district	<u>13,500</u>	<u>13,620</u>	<u>13,615</u>	<u>5</u>
Total public health and welfare	<u>13,500</u>	<u>13,620</u>	<u>13,615</u>	<u>5</u>
Community environment:				
Planning and zoning				
Contractual services	13,500	16,500	16,464	36
Materials and supplies	<u>200</u>	<u>80</u>	<u>80</u>	<u>-</u>
Total planning and zoning	<u>13,700</u>	<u>16,580</u>	<u>16,544</u>	<u>36</u>
War memorial				
Materials and supplies	<u>650</u>	<u>480</u>	<u>480</u>	<u>-</u>
Total war memorial	<u>650</u>	<u>480</u>	<u>480</u>	<u>-</u>
Total community environment	<u>14,350</u>	<u>17,060</u>	<u>17,024</u>	<u>36</u>
Leisure time activity:				
Recreation				
Contractual services	1,000	1,240	1,235	5
Materials and supplies	<u>1,500</u>	<u>2,130</u>	<u>2,127</u>	<u>3</u>
Total recreation	<u>2,500</u>	<u>3,370</u>	<u>3,362</u>	<u>8</u>
Total leisure time activity	<u>2,500</u>	<u>3,370</u>	<u>3,362</u>	<u>8</u>
Other:				
Unclaimed monies				
Other	<u>200</u>	<u>50</u>	<u>50</u>	<u>-</u>
Total unclaimed monies	<u>200</u>	<u>50</u>	<u>50</u>	<u>-</u>
Total other	<u>200</u>	<u>50</u>	<u>50</u>	<u>-</u>
Total expenditures	<u>1,584,679</u>	<u>1,716,220</u>	<u>1,715,177</u>	<u>1,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>273,453</u>	<u>244,677</u>	<u>254,915</u>	<u>10,238</u>
Other financing sources (uses):				
Transfers in	787,014	832,543	840,884	8,341
Transfers out	<u>(1,119,925)</u>	<u>(1,387,849)</u>	<u>(1,387,849)</u>	<u>-</u>
Total other financing sources (uses)	<u>(332,911)</u>	<u>(555,306)</u>	<u>(546,965)</u>	<u>8,341</u>
Net change in fund balance	(59,458)	(310,629)	(292,050)	18,579
Fund balance at beginning of year (restated)	604,878	604,678	604,678	-
Prior year encumbrances appropriated	<u>17,619</u>	<u>17,619</u>	<u>17,619</u>	<u>-</u>
Fund balance at end of year	<u>\$ 563,039</u>	<u>\$ 311,668</u>	<u>\$ 330,247</u>	<u>\$ 18,579</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 229,266	\$ 260,831	\$ 260,829	\$ (2)
Investment income.	1,220	1,388	1,811	423
Other.	3,113	3,542	3,542	-
Total revenues.	<u>233,599</u>	<u>265,761</u>	<u>266,182</u>	<u>421</u>
Expenditures:				
Current:				
Transportation				
Personal services	417,200	426,269	426,251	18
Contractual services	17,300	18,595	18,569	26
Materials and supplies	44,100	64,230	64,205	25
Total transportation.	<u>478,600</u>	<u>509,094</u>	<u>509,025</u>	<u>69</u>
Capital outlay				
Capital outlay	5,680	5,680	5,680	-
Total capital outlay	<u>5,680</u>	<u>5,680</u>	<u>5,680</u>	<u>-</u>
Total expenditures	<u>484,280</u>	<u>514,774</u>	<u>514,705</u>	<u>69</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(250,681)</u>	<u>(249,013)</u>	<u>(248,523)</u>	<u>490</u>
Other financing sources (uses):				
Transfers in.	248,896	283,164	282,744	(420)
Total other financing sources (uses)	<u>248,896</u>	<u>283,164</u>	<u>282,744</u>	<u>(420)</u>
Net change in fund balance.	(1,785)	34,151	34,221	70
Fund balance at beginning of year	45,355	45,355	45,355	-
Prior year encumbrances appropriated . .	<u>2,180</u>	<u>2,180</u>	<u>2,180</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 45,750</u>	<u>\$ 81,686</u>	<u>\$ 81,756</u>	<u>\$ 70</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 300	\$ 380	\$ 380	\$ -
Total revenues	<u>300</u>	<u>380</u>	<u>380</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total security of persons and property . .	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(200)	380	380	-
Fund balance at beginning of year	2,247	2,247	2,247	-
Prior year encumbrances appropriated . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,047</u>	<u>\$ 2,627</u>	<u>\$ 2,627</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Fines and forfeitures.	\$ 300	\$ 373	\$ 373	\$ -
Total revenues	<u>300</u>	<u>373</u>	<u>373</u>	<u>-</u>
Net change in fund balance.	300	373	373	-
Fund balance at beginning of year	4,555	4,555	4,555	-
Prior year encumbrances appropriated . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 4,855</u>	<u>\$ 4,928</u>	<u>\$ 4,928</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

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

FIRE DISTRICT

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 108,127	\$ 69,454	\$ 62,682	\$ (6,772)
Intergovernmental	402	258	233	(25)
Other	26,489	17,015	15,356	(1,659)
Total revenues	<u>135,018</u>	<u>86,727</u>	<u>78,271</u>	<u>(8,456)</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	50,400	35,890	35,876	14
Capital	20,250	230	230	-
Materials and supplies	25,700	5,965	5,943	22
Total security of persons and property . .	<u>96,350</u>	<u>42,085</u>	<u>42,049</u>	<u>36</u>
Other				
Contractual services	1,200	1,010	1,008	2
Total other	<u>1,200</u>	<u>1,010</u>	<u>1,008</u>	<u>2</u>
Debt service				
Principal retirement	48,025	66,775	66,772	3
Interest and fiscal charges	2,800	1,560	1,555	5
Total debt service	<u>50,825</u>	<u>68,335</u>	<u>68,327</u>	<u>8</u>
Total expenditures	<u>148,375</u>	<u>111,430</u>	<u>111,384</u>	<u>46</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,357)</u>	<u>(24,703)</u>	<u>(33,113)</u>	<u>(8,410)</u>
Other financing sources (uses):				
Transfers in	6,564	4,216	3,805	(411)
Total other financing sources (uses)	<u>6,564</u>	<u>4,216</u>	<u>3,805</u>	<u>(411)</u>
Net change in fund balance	(6,793)	(20,487)	(29,308)	(8,821)
Fund balance at beginning of year	84,607	84,607	84,607	-
Prior year encumbrances appropriated . .	-	-	-	-
Fund balance at end of year	<u>\$ 77,814</u>	<u>\$ 64,120</u>	<u>\$ 55,299</u>	<u>\$ (8,821)</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 19,504	\$ 20,890	\$ 20,918	\$ 28
Investment income.	126	135	135	-
Total revenues	<u>19,630</u>	<u>21,025</u>	<u>21,053</u>	<u>28</u>
Expenditures:				
Current:				
Transportation				
Personal services	2,500	2,500	2,500	-
Materials and supplies.	17,000	26,380	26,375	5
Total transportation.	<u>19,500</u>	<u>28,880</u>	<u>28,875</u>	<u>5</u>
Total expenditures	<u>19,500</u>	<u>28,880</u>	<u>28,875</u>	<u>5</u>
Net change in fund balance.	130	(7,855)	(7,822)	33
Fund balance at beginning of year	13,457	13,457	13,457	-
Prior year encumbrances appropriated . .	-	-	-	-
Fund balance at end of year.	<u>\$ 13,587</u>	<u>\$ 5,602</u>	<u>\$ 5,635</u>	<u>\$ 33</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 4,908	\$ 5,000	\$ 5,000	\$ -
Total revenues	<u>4,908</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Expenditures:				
Current:				
Public health and welfare				
Personal services	13,150	17,651	17,649	2
Contractual services.	1,000	1,000	1,000	-
Materials and supplies.	3,000	2,755	2,747	8
Total public health and welfare	<u>17,150</u>	<u>21,406</u>	<u>21,396</u>	<u>10</u>
Total expenditures	<u>17,150</u>	<u>21,406</u>	<u>21,396</u>	<u>10</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,242)</u>	<u>(16,406)</u>	<u>(16,396)</u>	<u>10</u>
Other financing sources:				
Transfers in.	14,722	15,000	15,000	-
Total other financing sources (uses)	<u>14,722</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance.	2,480	(1,406)	(1,396)	10
Fund balance at beginning of year	9,534	9,534	9,534	-
Prior year encumbrances appropriated . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 12,014</u>	<u>\$ 8,128</u>	<u>\$ 8,138</u>	<u>\$ 10</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other.	\$ 1,879	\$ 1,390	\$ 1,390	\$ -
Total revenues	<u>1,879</u>	<u>1,390</u>	<u>1,390</u>	<u>-</u>
Expenditures:				
Current:				
Leisure time activity				
Personal services.	23,990	17,350	17,341	9
Contractual services	7,039	5,095	5,088	7
Materials and supplies.	5,893	4,265	4,260	5
Total leisure time activity	<u>36,922</u>	<u>26,710</u>	<u>26,689</u>	<u>21</u>
Capital outlay				
Capital outlay	23,103	16,705	16,700	5
Total capital outlay	<u>23,103</u>	<u>16,705</u>	<u>16,700</u>	<u>5</u>
Total expenditures	<u>60,025</u>	<u>43,415</u>	<u>43,389</u>	<u>26</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(58,146)</u>	<u>(42,025)</u>	<u>(41,999)</u>	<u>26</u>
Other financing sources:				
Transfers in.	35,971	26,608	26,607	(1)
Total other financing sources (uses)	<u>35,971</u>	<u>26,608</u>	<u>26,607</u>	<u>(1)</u>
Net change in fund balance.	(22,175)	(15,417)	(15,392)	25
Fund balance at beginning of year	38,226	38,226	38,226	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year.	<u>\$ 16,051</u>	<u>\$ 22,809</u>	<u>\$ 22,834</u>	<u>\$ 25</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 500	\$ 143	\$ 143	\$ -
Total revenues	<u>500</u>	<u>143</u>	<u>143</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property				
Other	3,000	180	177	3
Total security of persons and property	<u>3,000</u>	<u>180</u>	<u>177</u>	<u>3</u>
Total expenditures	<u>3,000</u>	<u>180</u>	<u>177</u>	<u>3</u>
Net change in fund balance.	(2,500)	(37)	(34)	3
Fund balance at beginning of year	3,478	3,478	3,478	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 978</u>	<u>\$ 3,441</u>	<u>\$ 3,444</u>	<u>\$ 3</u>

CITY OF HUBBARD, OHIO

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 1,167	\$ 3,050	\$ 3,050	\$ -
Total revenues	<u>1,167</u>	<u>3,050</u>	<u>3,050</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	500	379	379	-
Other	<u>1,500</u>	<u>2,900</u>	<u>2,900</u>	<u>-</u>
Total security of persons and property.	<u>2,000</u>	<u>3,279</u>	<u>3,279</u>	<u>-</u>
Total expenditures	<u>2,000</u>	<u>3,279</u>	<u>3,279</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(833)</u>	<u>(229)</u>	<u>(229)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	833	2,175	2,175	-
Total other financing sources (uses)	<u>833</u>	<u>2,175</u>	<u>2,175</u>	<u>-</u>
Net change in fund balance.	-	1,946	1,946	-
Fund balance at beginning of year	284	284	284	
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u><u>\$ 284</u></u>	<u><u>\$ 2,230</u></u>	<u><u>\$ 2,230</u></u>	<u><u>\$ -</u></u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year		\$ 395	\$ 395	\$ -
Prior year encumbrances appropriated . .	-	-	-	-
Fund balance at end of year.	<u>\$ -</u>	<u>\$ 395</u>	<u>\$ 395</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 31,645	\$ 31,645	\$ 27,777	\$ (3,868)
Intergovernmental	172	172	151	(21)
Total revenues	<u>31,817</u>	<u>31,817</u>	<u>27,928</u>	<u>(3,889)</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	<u>25,000</u>	<u>25,010</u>	<u>25,007</u>	<u>3</u>
Total security of persons and property.	<u>25,000</u>	<u>25,010</u>	<u>25,007</u>	<u>3</u>
Total expenditures	<u>25,000</u>	<u>25,010</u>	<u>25,007</u>	<u>3</u>
Net change in fund balance.	6,817	6,807	2,921	(3,886)
Fund balance at beginning of year	10,668	10,668	10,668	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 17,485</u>	<u>\$ 17,475</u>	<u>\$ 13,589</u>	<u>\$ (3,886)</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 587	\$ 4,518	\$ 4,518	\$ -
Other	325	2,506	2,505	(1)
Total revenues.	<u>912</u>	<u>7,024</u>	<u>7,023</u>	<u>(1)</u>
Expenditures:				
Capital outlay				
Capital outlay	<u>81,000</u>	<u>430,345</u>	<u>430,340</u>	<u>5</u>
Total capital outlay	<u>81,000</u>	<u>430,345</u>	<u>430,340</u>	<u>5</u>
Total expenditures.	<u>81,000</u>	<u>430,345</u>	<u>430,340</u>	<u>5</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(80,088)</u>	<u>(423,321)</u>	<u>(423,317)</u>	<u>4</u>
Other financing sources (uses):				
Transfers in.	<u>44,588</u>	<u>343,352</u>	<u>343,352</u>	<u>-</u>
Total other financing sources (uses)	<u>44,588</u>	<u>343,352</u>	<u>343,352</u>	<u>-</u>
Net change in fund balance.	(35,500)	(79,969)	(79,965)	4
Fund balance at beginning of year	106,707	106,707	106,707	-
Prior year encumbrances appropriated	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 72,207</u>	<u>\$ 27,738</u>	<u>\$ 27,742</u>	<u>\$ 4</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 25,000	\$ 29,000	\$ 29,000	\$ -
Total revenues	<u>25,000</u>	<u>29,000</u>	<u>29,000</u>	<u>-</u>
Expenditures:				
Capital outlay				
Capital outlay	25,000	29,000	29,000	-
Total capital outlay	<u>25,000</u>	<u>29,000</u>	<u>29,000</u>	<u>-</u>
Total expenditures	<u>25,000</u>	<u>29,000</u>	<u>29,000</u>	<u>-</u>
Net change in fund balance.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 154,895	\$ 154,895	\$ -
Total revenues.	-	154,895	154,895	-
Excess (deficiency) of revenues over (under) expenditures.	-	154,895	154,895	-
Other financing sources (uses):				
Transfers out.	-	(149,898)	(149,898)	-
Total other financing sources (uses)	-	(149,898)	(149,898)	-
Net change in fund balance.	-	4,997	4,997	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year.	<u>\$ -</u>	<u>\$ 4,997</u>	<u>\$ 4,997</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment earnings	\$ 10	\$ 5	\$ 5	\$ -
Total revenues.	<u>10</u>	<u>5</u>	<u>5</u>	<u>-</u>
Net change in fund balance	10	5	5	-
Fund balance at beginning of year	1,678	1,678	1,678	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 1,688</u>	<u>\$ 1,683</u>	<u>\$ 1,683</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 1,078,926	\$ 1,236,366	\$ 1,236,366	\$ -
Other operating revenues	130,823	149,913	149,913	-
Total operating revenues	1,209,749	1,386,279	1,386,279	-
Operating expenses:				
Personal services	460,407	405,429	392,740	12,689
Contractual services	156,000	234,957	234,436	521
Materials and supplies	111,700	96,480	95,457	1,023
Capital outlay	80,800	45,660	45,651	9
Total operating expenses	808,907	782,526	768,284	14,242
Operating income	400,842	603,753	617,995	14,242
Nonoperating revenues (expenses):				
Debt service:				
Principal retirement	(271,750)	(271,746)	(271,746)	-
Interest and fiscal charges	(244,340)	(241,835)	(241,835)	-
Total nonoperating revenues (expenses)	(516,090)	(513,581)	(513,581)	-
Net income (loss) before transfers	(115,248)	90,172	104,414	14,242
Transfers in	49,167	56,341	56,341	-
Transfers out	(48,000)	(48,000)	(48,000)	-
Net change in fund balance	(114,081)	98,513	112,755	14,242
Fund balance at beginning of year	1,176,519	1,176,519	1,176,519	-
Prior year encumbrances appropriated	16,807	16,807	16,807	-
Fund balance at end of year	\$ 1,079,245	\$ 1,291,839	\$ 1,306,081	\$ 14,242

CITY OF HUBBARD, OHIO

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

WATER FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 1,348,370	\$ 1,437,834	\$ 1,437,834	\$ -
Other operating revenues	207,060	220,799	220,799	-
Total operating revenues	<u>1,555,430</u>	<u>1,658,633</u>	<u>1,658,633</u>	<u>-</u>
Operating expenses:				
Personal services	430,800	498,060	498,042	18
Contractual services	902,307	987,231	970,391	16,840
Materials and supplies	86,210	78,910	77,881	1,029
Capital outlay	50,500	31,735	31,726	9
Other operating expenses	217,725	217,723	217,723	-
Total operating expenses	<u>1,687,542</u>	<u>1,813,659</u>	<u>1,795,763</u>	<u>17,896</u>
Operating loss	<u>(132,112)</u>	<u>(155,026)</u>	<u>(137,130)</u>	<u>17,896</u>
Nonoperating revenues (expenses):				
Proceeds of notes	222,170	236,911	236,911	-
Debt service:				
Principal retirement	(101,418)	(100,637)	(100,635)	2
Interest and fiscal charges	(146,309)	(146,309)	(146,308)	1
Total nonoperating revenues (expenses)	<u>(25,557)</u>	<u>(10,035)</u>	<u>(10,032)</u>	<u>3</u>
Net loss before transfers	(157,669)	(165,061)	(147,162)	17,899
Transfers in	118,965	126,858	126,858	-
Transfers out	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Net change in fund balance	(158,704)	(158,203)	(140,304)	17,899
Fund balance at beginning of year	734,584	734,584	734,584	-
Prior year encumbrances appropriated	<u>43,117</u>	<u>43,117</u>	<u>43,117</u>	<u>-</u>
Fund balance at end of year	<u>\$ 618,997</u>	<u>\$ 619,498</u>	<u>\$ 637,397</u>	<u>\$ 17,899</u>

CITY OF HUBBARD, OHIO

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

ELECTRIC FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 4,066,822	\$ 4,214,530	\$ 4,214,530	\$ -
Other operating revenues	16,170	16,757	16,757	-
Total operating revenues	<u>4,082,992</u>	<u>4,231,287</u>	<u>4,231,287</u>	<u>-</u>
Operating expenses:				
Personal services	873,600	843,890	843,861	29
Contractual services	2,871,965	3,018,378	3,018,202	176
Materials and supplies	223,350	185,750	185,720	30
Capital outlay	597,148	427,248	426,550	698
Total operating expenses	<u>4,566,063</u>	<u>4,475,266</u>	<u>4,474,333</u>	<u>933</u>
Operating loss	<u>(483,071)</u>	<u>(243,979)</u>	<u>(243,046)</u>	<u>933</u>
Nonoperating revenues:				
Property and other taxes	25,440	26,364	26,364	-
Proceeds of notes	2,026,401	2,100,000	2,100,000	-
Note issuance costs	(13,500)	(13,080)	(13,078)	2
Debt service:				
Principal retirement	(2,000,000)	(2,100,000)	(2,100,000)	-
Interest and fiscal charges	(44,000)	(30,371)	(30,365)	6
Total nonoperating revenues	<u>(5,659)</u>	<u>(17,087)</u>	<u>(17,079)</u>	<u>8</u>
Net income (loss) before transfers	(488,730)	(261,066)	(260,125)	941
Transfers in	350,217	362,937	362,937	-
Transfers out	<u>(344,000)</u>	<u>(354,956)</u>	<u>(354,956)</u>	<u>-</u>
Net change in fund balance	(482,513)	(253,085)	(252,144)	941
Fund balance at beginning of year	3,810,193	3,810,193	3,810,193	-
Prior year encumbrances appropriated	<u>222,048</u>	<u>222,048</u>	<u>222,048</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,549,728</u>	<u>\$ 3,779,156</u>	<u>\$ 3,780,097</u>	<u>\$ 941</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Other operating revenues	\$ 20,000	\$ 24,150	\$ 24,150	\$ -
Total operating revenues	<u>20,000</u>	<u>24,150</u>	<u>24,150</u>	<u>-</u>
Operating income.	<u>20,000</u>	<u>24,150</u>	<u>24,150</u>	<u>-</u>
Operating expenses:				
Contractual services	<u>20,000</u>	<u>18,040</u>	<u>18,038</u>	<u>2</u>
Total operating expenses	<u>20,000</u>	<u>18,040</u>	<u>18,038</u>	<u>2</u>
Net change in fund balance	-	6,110	6,112	2
Fund balance at beginning of year	99,336	99,336	99,336	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 99,336</u>	<u>\$ 105,446</u>	<u>\$ 105,448</u>	<u>\$ 2</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Charges for services	\$ 434,018	\$ 597,629	\$ 597,629	\$ -
Other	149,482	205,832	205,832	-
Total operating revenues	<u>583,500</u>	<u>803,461</u>	<u>803,461</u>	<u>-</u>
Operating expenses:				
Contractual services	<u>580,000</u>	<u>844,720</u>	<u>844,719</u>	<u>1</u>
Total operating expenses	<u>580,000</u>	<u>844,720</u>	<u>844,719</u>	<u>1</u>
Net change in fund balance.	3,500	(41,259)	(41,258)	1
Fund balance at beginning of year	381,802	381,802	381,802	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 385,302</u>	<u>\$ 340,543</u>	<u>\$ 340,544</u>	<u>\$ 1</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Investment earnings	\$ 11	\$ 5	\$ 5	\$ -
Total operating revenues	<u>11</u>	<u>5</u>	<u>5</u>	<u>-</u>
Net change in fund balance	11	5	5	-
Fund balance at beginning of year	1,748	1,748	1,748	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 1,759</u>	<u>\$ 1,753</u>	<u>\$ 1,753</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Investment earnings	\$ 35	\$ 16	\$ 15	\$ (1)
Total operating revenues	<u>35</u>	<u>16</u>	<u>15</u>	<u>(1)</u>
Net change in fund balance	35	16	15	(1)
Fund balance at beginning of year	5,611	5,611	5,611	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 5,646</u>	<u>\$ 5,627</u>	<u>\$ 5,626</u>	<u>\$ (1)</u>

STATISTICAL SECTION

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STATISTICAL SECTION

In accordance with Governmental Accounting Standards Board Codification Section 2800.13, the City of Hubbard has excluded all statistical tables related to general obligation bonded debt in governmental funds. The City of Hubbard has not issued or carried general obligation bonded debt in the governmental funds in the last ten years, all bonded debt is supported by enterprise fund operations. In accordance with GASB Codification Section 2800.13, the City of Hubbard has presented other appropriate statistical tables that will give the reader a better historical perspective and assist in assessing the current financial status and trends of the City.

CITY OF HUBBARD, OHIO

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

<u>Year</u>	<u>General Government</u>	<u>Security of Persons and Property</u>	<u>Public Health and Welfare</u>	<u>Transportation</u>	<u>Community Environment</u>	<u>Leisure Time Activities</u>
2003	\$ 327,268	\$ 1,407,963	\$ 35,187	\$ 538,470	\$ 4,524	\$ 30,439
2002	345,965	1,370,521	27,681	491,493	3,194	29,900
2001	339,749	1,374,984	29,314	515,212	1,600	26,500
2000	348,155	1,324,594	27,857	502,597	3,445	29,427
1999	286,517	1,208,958	24,135	474,008	650	37,891
1998	349,261	1,152,531	25,028	460,410	514	26,062
1997	259,921	1,065,320	31,945	430,680	584	37,788
1996	311,547	1,057,480	30,112	522,561	2,408	38,281
1995	305,666	865,147	12,524	449,237	1,665	28,332
1994	277,687	880,050	26,891	382,916	1,390	31,615

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

(2) Principal Retirement and Interest and Fiscal Charges amounts are reflected as a combined amount in the Total Debt Service column.
Amounts were not able to be separated for these years.

Note: 1999 - 2003 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting.

Source: City of Hubbard, Ohio, City Auditor's Office

<u>Economic Development</u>	<u>Other</u>	<u>Capital Outlay</u>	<u>Debt Service</u>			<u>Total</u>
			<u>Principal Retirement</u>	<u>Interest & Fiscal Charges</u>	<u>Total Debt Service</u>	
\$ -	\$ 1,008	\$ 335,718	\$ -	\$ 1,555	\$ 1,555	\$ 2,682,132
-	988	71,038	6,807	5,158	11,965	2,352,745
-	983	211,397	6,335	9,697	16,032	2,515,771
200	985	362,308	17,646	2,224	19,870	2,619,438
1,157	10,517	244,004	13,277	4,006	17,283	2,305,120
-	-	412,645	27,101	2,201	29,302	2,455,753
-	-	105,390	79,251	3,643	82,894	2,014,522
-	-	219,278	112,994	8,370	121,364	2,303,031
-	-	30,307	406,355	14,556	420,911	2,113,789
-	-	171,893	149,626	18,420	168,046	1,940,488

CITY OF HUBBARD, OHIO

GENERAL GOVERNMENT REVENUES BY SOURCE (1)
LAST TEN YEARS

<u>Year</u>	<u>Income Taxes</u>	<u>Property and Other Taxes</u>	<u>Charges for Services</u>	<u>Licenses, Permits and Fees</u>	<u>Fines and Forfeitures</u>
2003	\$ 1,046,519	\$ 332,576	\$ 1,055	\$ 62,054	\$ 42,339
2002	1,051,085	319,848	701	55,068	55,478
2001	952,071	316,350	300	52,631	70,669
2000	994,671	316,478	300	36,407	51,310
1999	1,003,790	267,959	380	34,563	65,779
1998	1,087,372	242,399	525	13,179	69,551
1997	1,052,925	244,190	500	9,140	62,179
1996	980,471	206,181	-	9,360	38,442
1995	958,890	184,469	-	11,497	37,133
1994	936,725	162,784	-	12,684	40,101

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

Note: 1999 - 2003 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting

Source: City of Hubbard, Ohio, City Auditor's Office

<u>Intergovernmental</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
\$ 843,070	\$ 207,265	\$ 43,004	\$ 2,577,882
557,998	236,390	44,654	2,321,222
726,369	340,155	39,220	2,497,765
705,513	441,245	68,590	2,614,514
861,076	295,810	45,035	2,574,392
592,073	247,179	155,487	2,407,765
533,511	208,170	76,428	2,187,043
648,605	152,125	96,560	2,131,744
538,523	153,794	60,464	1,944,770
631,245	124,184	46,869	1,954,592

CITY OF HUBBARD, OHIO

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
LAST TEN YEARS

<u>Year</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Public Utilities</u>	
	<u>Assessed Value</u>	<u>Estimated Actual Value (2)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value (2)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value (2)</u>
2003	\$ 98,799,000	\$ 282,282,857	\$ 6,490,903	\$ 25,963,612	\$ 1,577,660	\$ 1,792,795
2002 (a)	97,038,880	277,253,943	7,473,263	29,893,052	1,544,360	1,754,955
2001	90,428,070	258,365,914	7,779,366	31,117,464	2,030,000	2,306,818
2000	88,629,600	253,227,429	7,223,222	28,892,888	2,210,780	2,512,250
1999 (b)	71,969,610	205,627,457	7,148,928	28,595,712	2,448,470	2,782,352
1998	71,038,050	202,965,857	6,566,022	26,264,088	2,514,520	2,857,409
1997	69,980,770	199,945,057	7,347,863	29,391,452	2,583,920	2,936,273
1996 (a)	61,609,350	176,026,714	8,477,288	33,909,152	2,693,160	3,060,409
1995	60,216,200	172,046,286	7,574,871	30,299,484	2,820,810	3,205,466
1994	59,808,580	170,881,657	7,160,689	28,642,756	2,828,320	3,214,000

(1) Source: Trumbull County Auditor

(2) This amount is calculated by dividing the assessed value by the assessment percentage. The assessment percentages for 2001 were thirty-five percent (35%) for all real property, eighty-eight (88%) for public utility property and twenty five percent (25%) for tangible personal property.

(a) Update year

(b) Reappraisal Year

Exemptions		Total		Ratio of Assessed to Actual Value
Real Property	Assessed Value	Estimated Actual Value (2)		
\$ 8,267,760	\$ 106,867,563	\$ 310,039,265	34.47%	
8,125,200	106,056,503	308,901,949	34.33%	
8,116,100	100,237,436	291,790,196	34.35%	
8,097,060	98,063,602	284,632,567	34.45%	
6,485,120	81,567,008	237,005,521	34.42%	
6,581,300	80,118,592	232,087,354	34.52%	
6,493,800	79,912,553	232,272,782	34.40%	
6,475,170	72,779,798	212,996,275	34.17%	
6,498,300	70,611,881	205,551,236	34.35%	
6,427,410	69,797,589	202,738,413	34.43%	

CITY OF HUBBARD, OHIO

REAL PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN YEARS

<u>Year</u>	<u>Total Tax Levy (2)</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections (2)</u>	<u>Total Tax Collections (2)</u>
2003	\$ 350,748	\$ 340,268	97.0%	\$ 9,398	\$ 349,666
2002	334,821	324,767	97.0%	7,381	332,148
2001	331,420	320,902	96.8%	5,911	326,813
2000	325,641	316,050	97.1%	9,147	325,197
1999	277,567	270,313	97.4%	6,046	276,359
1998	274,329	266,165	97.0%	6,672	272,837
1997	270,654	264,100	97.6%	7,326	271,426
1996	244,349	237,681	97.3%	5,335	243,016
1995	182,807	178,547	97.7%	5,152	183,699
1994	181,647	177,093	97.5%	4,250	181,343

(1) Source: Trumbull County Auditor

(2) Note: The amount expressed does not include 0.2 mills set aside for financial support of Hubbard Union Cemetery

Ratio of Total Tax Collection to Total Tax Levy		Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Total Tax Levy
99.7%	\$	19,389	5.5%
99.2%		19,305	5.8%
98.6%		16,726	5.0%
99.9%		13,859	4.3%
99.6%		12,903	4.6%
99.5%		12,373	4.5%
100.3%		12,188	4.5%
99.5%		12,664	5.2%
100.5%		9,037	4.9%
99.8%		10,291	5.7%

CITY OF HUBBARD, OHIO

PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN YEARS

<u>Year</u>	<u>Total Tax Levy (2)</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections (2)</u>	<u>Total Tax Collections (2)</u>
2003	\$ 26,243	\$ 26,144	99.6%	\$ 310	\$ 26,454
2002	28,398	29,726	104.7%	379	30,105
2001	29,562	30,696	103.8%	1,150	31,846
2000	27,448	27,231	99.2%	378	27,609
1999	27,165	25,879	95.3%	742	26,621
1998	24,950	24,264	97.3%	1,057	25,321
1997	27,922	27,332	97.9%	921	28,253
1996	32,214	31,213	96.9%	1,058	32,271
1995	21,967	21,866	99.5%	243	22,109
1994	20,765	19,723	95.0%	1,143	20,866

(1) Source: Trumbull County Auditor

(2) Note: The amount expressed does not include 0.2 mills set aside for financial support of Hubbard Union Cemetery

Ratio of Total Tax Collection to Total Tax Levy	Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Total Tax Levy
100.8%	\$ 1,261	4.8%
106.0%	1,181	4.2%
107.7%	1,215	4.1%
100.6%	1,163	4.2%
98.0%	1,426	5.2%
101.5%	1,610	6.5%
101.2%	2,198	7.9%
100.2%	1,814	5.6%
100.6%	899	4.1%
100.5%	775	3.7%

CITY OF HUBBARD, OHIO

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

<u>Fiscal Year</u>	<u>City of Hubbard</u>	<u>County</u>	<u>School</u>	<u>Vocational School</u>	<u>Township (2)</u>	<u>Other (2)</u>	<u>Total</u>
<u>Taxing District: Hubbard Exempted Village School District</u>							
2002 for 2003	3.80	10.35	54.25	2.40	14.40	1.20	86.40
2001 for 2002	3.80	10.35	54.25	2.40	14.40	1.20	86.40
2000 for 2001	3.80	10.35	54.35	2.40	14.40	1.20	86.50
1999 for 2000	3.80	10.35	48.26	2.40	12.85	1.20	78.86
1998 for 1999	3.80	10.35	49.60	2.40	12.85	1.20	80.20
1997 for 1998	3.80	9.30	49.70	2.40	12.85	1.20	79.25
1996 for 1997	3.80	9.30	49.67	2.40	12.85	0.20	78.22
1995 for 1996	3.80	9.30	50.50	2.40	12.85	0.20	79.05
1994 for 1995	2.90	9.30	51.10	2.40	12.50	0.20	78.40
1993 for 1994	2.90	9.30	51.10	2.40	12.50	0.20	78.40

(1) Source: Trumbull County Treasurer

(2) Includes 0.2 mills set aside for Hubbard Union Cemetery

CITY OF HUBBARD, OHIO

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS (1)
LAST TEN YEARS**

<u>Year</u>		<u>Special Assessment Billings</u>		<u>Special Assessment Collections</u>
2003	\$	-	\$	-
2002		-		-
2001		-		-
2000		-		-
1999		-		-
1998		-		-
1997	(a)	1,237		1,237
1996		-		-
1995		-		-
1994		-		-

(1) Source: Trumbull County Auditor

(a) Delinquent charges carried forward and collected from 1987 assessment

CITY OF HUBBARD, OHIO

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

	<u>Total Debt Limit (2)</u>	<u>Total Unvoted Debt Limit (3)</u>
Assessed valuation of the City	\$ 106,867,563	\$ 106,867,563
Legal debt margin:		
Debt limitation	11,221,094	5,877,716
Debt applicable to limitation		
Total bonded debt	4,325,000	4,325,000
Exemptions:		
Debt supported by enterprise fund operations	<u>(4,325,000)</u>	<u>(4,325,000)</u>
Net Debt applicable to limitation:	<u>-</u>	<u>-</u>
Total legal debt margin (debt limitation minus total debt applicable to limitation)	<u>\$ 11,221,094</u>	<u>\$ 5,877,716</u>

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

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

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

Source: City of Hubbard, Ohio, City Auditor's Office

CITY OF HUBBARD, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
DECEMBER 31, 2003

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable To the City (1)</u>	<u>Amount Applicable to the City</u>
Direct:			
City of Hubbard (2)	\$ -	100.00%	\$ -
Overlapping:			
Hubbard Township (3)	-	0.00%	-
Hubbard Exempted Village School District (4)	1,055,000	53.60%	565,439
Trumbull County (5)	1,490,498	3.15%	471,015
Total			<u>\$ 1,036,454</u>

(1) Percentages determined by dividing the assessed valuation of the political subdivision located within the boundaries of the city by the total assessed valued of the political subdivision.

<i>Overlapping Government</i>	<i>2003 Assessed Valuation</i>
City of Hubbard, Ohio	\$ 106,867,563
Hubbard Township	92,526,635
Hubbard Exempted Village School District	199,394,198
Trumbull County	3,389,816,466

(2) Source: City of Hubbard, Ohio, City Auditor's Office

(3) Source: Hubbard Township, Ohio, Clerk

(4) Source: Hubbard Exempted Village School District Treasurer's Office

(5) Source: Trumbull County Auditor

CITY OF HUBBARD, OHIO

REVENUE BOND COVERAGE
SEWER AUTHORITY (1)
LAST TEN YEARS

Year	Gross Revenues (1)	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$ 1,389,679	\$ 1,128,878	\$ 260,801	\$ 260,000	\$ 240,835	\$ 500,835	0.52
2002	1,207,621	1,013,481	194,140	245,000	252,473	497,473	0.39
2001	1,251,845	916,768	335,077	235,000	263,283	498,283	0.67
2000	1,266,022	973,389	292,633	225,000	273,408	498,408	0.59
1999	1,342,451	1,077,969	264,482	215,000	282,868	497,868	0.53
1998	1,308,646	639,840	668,806	205,000	291,273	496,273	1.35
1997	1,273,382	569,871	703,511	133,750	315,584	449,334	1.57
1996	1,237,677	573,642	664,035	105,000	442,358	547,358	1.21
1995	1,246,438	575,102	671,336	95,000	448,740	543,740	1.23
1994	1,166,798	460,446	706,352	90,000	454,420	544,420	1.30

(1) Source: City of Hubbard, Ohio, City Auditor's Office

CITY OF HUBBARD, OHIO

DEMOGRAPHIC STATISTICS
LAST TEN YEARS

<u>Year</u>	<u>Estimated Population (1)</u>	<u>Per Capita Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2003	8,345	(5)	2,306	7.60%
2002	8,340	(5)	2,319	5.80%
2001	8,329	\$ 25,326	2,366	6.10%
2000	8,284	25,582	2,438	5.30%
1999	7,793	25,022	2,431	5.40%
1998	7,841	24,264	2,430	6.10%
1997	7,982	23,642	2,392	5.80%
1996	8,068	22,655	2,413	6.40%
1995	8,139	23,494	2,376	6.50%
1994	8,233	22,238	2,394	8.00%

Sources:

- (1) Ohio Department of Development Office of Strategic Research and United States Bureau of Census
- (2) United States Department of Commerce Bureau of Economic Analysis
- (3) Hubbard Exempted Village School District Treasurer's Office
- (4) Ohio Department of Job and Family Services Labor Market Information Division
- (5) Per capita income information not available. Bureau of Economic Analysis preliminary data to be released in May 2004 for data year 2002.

CITY OF HUBBARD, OHIO

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN YEARS

<u>Year</u>	<u>Property Value (1)</u>				<u>Commercial Construction (2)</u>	
	<u>Commercial</u>	<u>Residential</u>	<u>Exemptions</u>	<u>Total</u>	<u>Number of Units</u>	<u>Value</u>
2003	\$ 42,073,286	\$ 240,209,571	\$ 8,267,760	\$ 290,550,617	5	\$ 979,211
2002	39,788,200	237,465,743	8,125,200	285,379,143	3	347,000
2001	38,615,800	219,750,114	8,116,100	266,482,014	6	1,228,000
2000	37,694,000	215,533,429	8,097,060	261,324,489	2	390,000
1999	33,246,343	172,381,114	6,485,120	212,112,577	2	400,000
1998	32,261,086	170,704,771	6,581,300	209,547,157	3	393,740
1997	31,876,000	168,069,057	6,493,800	206,438,857	1	59,000
1996	31,264,229	144,762,485	6,475,170	182,501,884	1	500,000
1995	30,731,200	141,315,086	6,498,300	178,544,586	3	273,000
1994	30,634,229	140,247,428	6,427,410	177,309,067	4	167,400

(1) Estimated actual value from pages S 5-6.

(2) Source: City of Hubbard, Ohio, Engineer's Office - Zoning Inspection Department

(3) Federal Deposit Insurance Corporation, Office of Thrift Supervision, Metropolitan National Bank

Residential Construction (2)		
Number of Units	Value	Bank Deposits (3)
20	\$ 2,335,400	\$ 141,749,000
18	2,283,000	150,409,000
15	1,860,000	125,581,000
22	2,550,408	126,177,000
30	2,562,000	126,415,000
26	2,599,390	128,188,000
21	1,885,500	126,656,000
14	1,429,000	126,391,000
20	1,795,000	125,297,000
33	1,978,300	124,409,000

CITY OF HUBBARD, OHIO

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

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
McConnell Enterprises	\$ 769,480	0.78%
Fleisher Realty	616,500	0.62%
SCP	603,760	0.61%
United States Can Company	578,800	0.59%
WBS Company	553,850	0.56%
Anthony L. Cocca	534,220	0.54%
Simon-Westview Limited Partnership	523,040	0.53%
Valley View Properties	503,700	0.51%
James R. Carsone	443,110	0.45%
Kala Realty Limited	374,860	0.38%
Totals, Top Ten Principal Real Property Taxpayers	<u>\$ 5,501,320</u>	<u>5.57%</u>
Total City Real Property Assessed Valuation	<u>\$ 98,799,000</u>	

(1) Source: Trumbull County Auditor

CITY OF HUBBARD, OHIO

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

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
United States Can Company	\$ 2,319,270	35.73%
Greenwood's Hubbard Chevrolet	762,170	11.74%
Lighting Products, Inc.	295,010	4.54%
Devine Food, Inc.	240,480	3.70%
CVS Discount Drug	238,630	3.68%
Time Warner Cablevision of Ohio	227,710	3.51%
Patton's IGA Super Center, Inc.	219,820	3.39%
Gasser Chair Company	175,990	2.71%
Rite Aid of Ohio	144,170	2.22%
Handyman Supply of Hubbard	94,890	1.46%
Totals, Top Ten Principal Personal Property Taxpayers	<u>\$ 4,718,140</u>	<u>72.69%</u>
Total City Personal Property Assessed Valuation	<u>\$ 6,490,903</u>	

(1) Source: Trumbull County Auditor

CITY OF HUBBARD, OHIO
PRINCIPAL TAXPAYERS
PUBLIC UTILITY PROPERTY TAX (1)
DECEMBER 31, 2003

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Ohio Bell Telephone	\$ 874,790	55.45%
Dominion East Ohio Gas Company	244,370	15.49%
First Energy - Ohio Edison	226,710	14.37%
Norfolk Southern Combined	191,990	12.17%
Sygnnet Communications	61,580	3.90%
Sprint Communications	37,070	2.35%
American Transmission Systems	28,360	1.80%
CSX Transportation	20,280	1.29%
Allegheny Communications	13,910	0.88%
Arch Wireless	5,460	0.35%
Totals, Top Ten Principal Public Utility Property Taxpayers	<u>\$ 1,704,520</u>	<u>108.04%</u>
Total City Public Utility Assessed Valuation	<u>\$ 1,577,660</u>	

(1) Source: Trumbull County Auditor.

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

CITY OF HUBBARD, OHIO

PRINCIPAL TAXPAYERS
INCOME TAX WITHHOLDING (1)
DECEMBER 31, 2003

<u>Taxpayer</u>	<u>Number of Employees</u>	<u>Income Tax Withholding</u>	<u>Percent of Total Tax Collections</u>
Hubbard Exempted Village School District	498	\$ 100,105	9.57%
United States Can Company	231	72,683	6.95%
Delphi Automotive Systems	99	43,536	4.16%
City of Hubbard, Ohio	92	24,131	2.31%
Flying J Travel Center	203	12,789	1.22%
Greenwood's Hubbard Chevrolet	51	11,309	1.08%
Patton's IGA Super Center, Inc.	94	10,668	1.02%
Devine Foods, Inc.	90	9,120	0.87%
Lighting Products, Inc.	61	8,844	0.85%
Saint Patrick Roman Catholic Church	70	7,132	0.68%
Totals, Top Ten Principal Income Tax Withholders		<u>\$ 300,317</u>	<u>28.70%</u>
Total Income Tax Collections, Year 2003		<u>\$ 1,046,519</u>	

(1) Source: City of Hubbard, Ohio, Income Tax Administration Division

CITY OF HUBBARD, OHIO

PRINCIPAL UTILITY CONSUMERS
ELECTRIC (1)
DECEMBER 31, 2003

<u>Utility Consumer</u>	<u>Annual Consumption</u>	<u>Percent of Total Billed Consumption</u>
United States Can Company	\$ 5,267,000	9.28%
Patton's IGA Super Center, Inc.	1,583,400	2.79%
Flying J Travel Center	1,579,200	2.78%
Devine Foods, Inc.	1,563,440	2.75%
Board of Education - Hubbard High School	870,240	1.53%
Simco Management - Shadow Run Apartments	755,200	1.33%
The Globe Restaurant	626,240	1.10%
Board of Education - Reed Middle School	557,040	0.98%
Lighting Products, Inc.	548,400	0.97%
Trumbull Metropolitan Housing Authority	456,480	0.80%
Totals, Top Ten Principal Electric Utility Consumers	<u>\$ 13,806,640</u>	<u>24.32%</u>
Total Billed Consumption for Year (in kilowatt hours)	<u>\$ 56,759,619</u>	

(1) Source: City of Hubbard, Ohio, Utility Billing Office

CITY OF HUBBARD, OHIO

PRINCIPAL UTILITY CONSUMERS
WATER/SEWER (1)
DECEMBER 31, 2003

<u>Utility Consumer</u>	<u>Annual Consumption (3)</u>	<u>Percent of Billed Water Consumption</u>	<u>Percent of Billed Sewer Consumption</u>
Ellwood Engineered Casting Company	\$ 1,404,200	4.21%	(2)
Flying J Travel Center	738,300	2.21%	2.53%
The Globe Restaurant	549,700	1.65%	1.89%
Simco Management - Shadow Run Apartments	518,200	1.55%	1.78%
Blue Beacon Truck Wash of Hubbard	437,900	1.31%	1.50%
Hubbard Laundromat	332,000	1.00%	1.14%
Truck World, Inc.	311,200	0.93%	1.07%
Trumbull Metropolitan Housing Authority	181,300	0.54%	0.62%
Board of Education - Reed Middle School	134,100	0.40%	0.46%
Simco Management - Westview Heights Apartments	128,700	0.39%	0.44%
OK KE, Inc.	102,300	0.31%	0.35%
Totals, Top Eleven Principal Water/Sewer Utility Consumers	<u>\$ 4,837,900</u>	<u>14.50%</u>	<u>11.78%</u>
Total Billed Consumption for Year (in cubic feet)		33,358,200	29,145,500

(1) Source: City of Hubbard, Ohio, Utility Billing Office

(2) Customer does not have a city sewer service connection

(3) Measured in cubic feet

CITY OF HUBBARD, OHIO

MISCELLANEOUS STATISTICS
DECEMBER 31, 2003

Date of Incorporation	1868
Form of Government	Council/Mayor
Type of Government	Statutory
Number of employees (excluding police)	
Classified	32
Exempt	22
Area in square miles	3.50
City of Hubbard, Ohio facilities and services:	
Center lane miles of streets	29.39
Miles of state highway within the City	7.50
Number of bridges	4
Miles of bridges	0.03
Number of street lights	875
Number of signalized intersections	8
<i>Parks and Recreation:</i>	
City Owned Parks	2
Park acreage	8.15
Volleyball courts	1
Basketball courts	3
Baseball fields	1
Restroom facilities	2
<i>Volunteer Fire Protection:</i>	
Number of stations	1
Number of volunteer officers	6
Number of volunteer fire fighters	26
Number of fire engines	4
Total number of calls answered	192
Number of calls answered within City	63
Number of calls answered within Township	129
Number of inspections conducted	50
<i>Police Protection:</i>	
Number of stations	1
Number of full-time police officers	13
Number of part-time police officers	4
Number of full time-police dispatchers	4
Number of part-time police dispatchers	3
Number of marked patrol units	8
Number of unmarked patrol units	2
Number of calls for service answered	5,905
Number of law violations:	
Physical arrests	275
Traffic citations	639
Parking violations	70
<i>Waste Water Pollution Control System:</i>	
Number of Waste Water Treatment Plants	1
Number of Waste Water Treatment Plant employees	5
Miles of sanitary sewers	29.66
Miles of storm sewers	16.25
Number of sanitary sewer lift stations	4
Number of service connections	3,277
Daily average treatment in millions gallons	2,160,000
Maximum daily capacity of treatment plant in gallon	17,000,000

CITY OF HUBBARD, OHIO

MISCELLANEOUS STATISTICS (CONTINUED)

DECEMBER 31, 2003

Water Distribution System:

Number of Water employees	4
Miles of water mains	50.25
Number of water tanks	1
Maximum holding capacity of water tank in gallons	1,000,000
Number of service connections	3,607
Number of fire hydrants	376
Daily average consumption in gallons	961,087

Electric System:

Number of Electric employees	14
Total miles of electric service	55.05

Electric 23 KV Transmission System:

Miles of transmission services	4.23
Number of transmission poles	111
Number of sub-stations	3
Line feet of overhead transmission conductor	22,326
Conductor feet of overhead transmission conductor	66,978
Line feet of underground transmission conductor	2,335
Conductor feet of underground transmission conductor	7,005

Electric Distribution System:

Miles of distribution service	45.01
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Overhead Distribution System:

Miles of overhead distribution service	36.00
Number of distribution poles	1,578
Number of pole mount transformers	613
Total line feet of overhead primary conductor	189,144
Total conductor feet of overhead primary conductor	366,019

Single Phase Overhead Distribution System:

Line feet of single-phase conductor	96,834
Conductor feet of two phase primary conductor	96,834

Two Phase Overhead Distribution System:

Line feet of single-phase primary conductor	7,745
Conductor feet of two-phase primary conductor	15,490

Three Phase Overhead Distribution System:

Line feet of three-phase primary conductor	84,565
Conductor feet of three phase primary conductor	253,696
Line/conductor feet of neutral conductor	30,060
Line feet of secondary conductor	167,421
Conductor feet of secondary conductor	346,193

Underground Distribution System:

Miles of underground distribution service	9.01
Number of pad mount single phase transformers	84
Number of pad mount three phase transformers	37
Total line feet of underground primary conductor	47,703
Total conductor feet of underground primary conductor	88,269

Single Phase Underground Distribution System:

Line feet of single-phase primary conductor	27,420
Conductor feet of single-phase primary conductor	27,420

CITY OF HUBBARD, OHIO

MISCELLANEOUS STATISTICS (CONTINUED)

DECEMBER 31, 2003

Three Phase Underground Distribution System:

Line feet of three-phase primary conductor	20,283
Conductor feet of three-phase primary conductor	60,849
Line feet of secondary conductor	15,528
Conductor feet of secondary conductor	15,528

Distribution System Service Connections:

Number of residential service connections	3,435
Number of demand residential service connections	59
Number of general service small (commercial) connections	366
Number of general service large (industrial) connections	1
Number of security light connections	154

Distribution System Service Connections:

Daily average gross consumption in kilowatt hours	168,196
Daily average consumption in kilowatt hours-billed to consumers	142,966

Facilities and Services not included in the reporting entity:

Education:

Number of elementary schools	2
Number of elementary school instructors	75
Number of middle schools	1
Number of middle school instructors	46
Number of high schools	1
Number of high school instructors	51

Voter Statistics-Election of November 2000:

Number of registered voters in County	127,031
Number of ballots cast County wide - Last General Election	58,210
Percentage of voters voting throughout the County	45.8%
Number of registered voters in City	4,944
Number of ballots cast City wide - Last General Election	2,799
Percentage of voters voting throughout the City	56.6%
Number of Precincts in County	274
Number of Precincts in City	11



**Auditor of State
Betty Montgomery**

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CITY OF HUBBARD

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
JULY 20, 2004**