



Mary Taylor, CPA
Auditor of State

CITY OF HUBBARD
TRUMBULL COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hubbard, Trumbull County, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the City's management in a separate letter dated June 20, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the City's management in a separate letter dated June 20, 2007.

We intend this report solely for the information and use of the audit committee, management, and City Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 20, 2007

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

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, 2006

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Office of the Auditor City of Hubbard, Ohio

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www.cityofhubbard.com

MICHAEL C. VILLANO, CPA
AUDITOR

June 15, 2007

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, 2006, 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, Mary Taylor, CPA, 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, 2006, 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, 2006, 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 2005 Certificate of Achievement for Excellence in Financial Reporting. This section is unaudited.
2. *Financial Section* — Based on the standards prescribed by the 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 2006.

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 exceeding 8,400 residents 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 2A 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, this comparison is presented on page 25 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 69.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

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 has experienced economic growth and expansion despite the transition of workforce demographics.

In an effort to encourage business ventures to enter into long-term commitments in the region, 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.

During 2006, the J.E.D.D. continued to thrive with the existing J.E.D.D. businesses which include the Flying J Travel Center, Greenwood's Hubbard Chevrolet, Bi-State Truck Sales, Tri-State Trailer, Waffle House, Joe's Radiator Service, and Best Western Penn-Ohio Suites. Additional parcels were included within the district in 2006. These locations will include a Love's Travel Stop and Country Store and the Homestead RV Dealership. Construction of these new projects is anticipated to begin in the summer of 2007.

Long-Term Financial Planning

In the November 2004 General Election, the City successfully passed a ½% increase in the local income tax for the purpose of completing several capital improvement projects. The tax rate increase will not be given a ½% credit for taxes paid to other municipalities. Therefore, all working residents are now required to pay the new ½% tax. The tax became effective January 1, 2005. With the new income tax proceeds, the City issued a \$5.1 million General Obligation Capital Improvement Bond in July 2005 to construct a new public safety center; repair of the service center drainage system, parking lot, and access bridge; purchase and replacement of various pieces of equipment; complete sidewalk replacement along main routes through the City including storm sewer catch basin upgrades—all of these projects were completed in 2006. In addition to the City's capital improvement program, the City's Downtown Revitalization Project began construction in 2006. The City successfully secured a Federal \$400,000 Community Development Block Grant for façade and site improvements for downtown business owners. Over 30 business owners are actively participating in the program resulting in dramatic aesthetic improvements to the City's central business district.

Major Initiatives

Throughout 2006, a number of projects were initiated enabling the City to operate with increased efficiency as well as compete for commercial and industrial development promoting an atmosphere conducive for job retention and growth.

Public Safety

Underscoring the administration's commitment to public safety, the City's Department of Public Safety continued its effort to improve the quality of facilities and equipment for its safety forces. In June 2006, the City opened its new Safety Center/Police Station. The project cost over \$1.9 million and was funded through the general obligation bond issue. The facility is state of the art with several cutting-edge law enforcement features such as: video arraignment, sally port, closed circuit telemetry monitoring, training and workout rooms, and a completely new dispatch center.

Public Works

The City finalized its main street sidewalk replacement program focusing resources in the business corridors of the community. During 2006, the City completed the replacement of 100,000 square feet of sidewalk, 12,000 lineal feet of curbing, 6,800 square feet of brick inlay panels, and 34 decorative street lamps. The total project cost of \$1,069,246 was funded through a combination of General Obligation bond proceeds and \$350,000 of funding through State of Ohio Issue II grant monies.

During 2006, the City Street Department purchased and placed into service one new Ford F-550 dump truck complete with snow plow and salt spreading equipment.

Utility Service

The goals of the City Utility Service departments are improving service and increasing quality while controlling costs. During 2006, various programs were undertaken to achieve these objectives.

The City Light Department continued engineering and construction of services of various overhead rebuilds throughout the community to accommodate increased load capacities. The Department also continued its ongoing maintenance and testing procedures to ensure continued system reliability and sufficient capacity for future system expansion. The 5.1 megawatt backup diesel generation project entered its final stages of construction during 2006 and is anticipated to be operational in the summer of 2007.

The City Water Department engaged in a variety of repair, maintenance, and rehabilitation projects during 2006 to improve quality and efficiency of water service throughout the City. Particularly important is the continued installation of several replacement valves in order to isolate portions of the system in times of emergency as well as replacement of aged sections of waterline.

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 various system motors were rebuilt and operational maintenance was completed. The City continued its implementation of the inflow and infiltration study action steps through the repair of various damaged and deteriorated catch basins and sealing of manhole covers. In particular, the City completed the relining of the West Liberty Street sanitary sewer to eliminate clean water infiltration. 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.

General Government

The City was awarded a \$400,000 Community Development Block Grant for the purpose of rehabilitation to properties in the downtown area in accordance with Downtown Revitalization Plan. The rehabilitative construction for façade, site, facility, and structure improvements in the central business district of the community began in 2006 and will continue through the end of the grant period in 2007. Over 30 businesses are participating in the program and nearly 15 of those projects were completed in 2006.

The City in February of 2006 was assigned for the first time a bond rating of A1 from Moody's Investors Service of Chicago and New York. The A1 rating reflects the City's sound tax base, stable financial operations supported by healthy reserve fund levels, modest direct debt levels and strong management. This should result in more investors attracted to the City and lower rates of interest on future debt issuances.

The City established a minimum fund balance policy in 1998 by legislation. That policy was amended and expanded upon by Ordinance 33-2005 adopted by council. The new minimum fund balance policy provides a more extensive financial management plan with specific guidelines.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hubbard for its comprehensive annual financial report for the year ended December 31, 2005. This was the sixth 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.

ACKNOWLEDGEMENTS

The presentation of this Comprehensive Annual Financial Report would not have been possible without the continued commitment of City Council, City officials, and departments. The expertise of Steven Julian, CPA, and Becky Hilgenberg, CPA, of Julian & Grube, Inc. continue to insure the successful preparation of this report. Also, sincere appreciation is extended to Adrian S. Biviano, CPA, CGFM, *Trumbull County Auditor*, and his staff, particularly Mark DelFrate, CPA, *Chief Deputy Auditor*, Marie Woloszyn and Debbie Santangelo.

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 and Joyce Schiraldi—your professionalism in the management of the financial operations of the City serves as continued inspiration and is always greatly appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "M. C. Villano", written in a cursive style.

Michael C. Villano, CPA, CMA
Auditor of City

CITY OF HUBBARD, OHIO
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2006

ELECTED OFFICIALS

Executive Branch

Mayor	Arthur U. Magee
Auditor	Michael C. Villano
Treasurer	Marsha A. Ruha
Law Director	Jeffrey D. Adler

Legislative Branch

Council Member – Council President	John D. Darko
Council Member – 1 st Ward	Justin D. Silvidi
Council Member – 2 nd Ward	Richard Perry
Council Member – 3 rd Ward	Lisha A. Pompili-Baumiller
Council Member – 4 th Ward	Edward F. Palestro, Sr.
Council Member – At-Large	Patton M. Gilliland
Council Member – At-Large	Raymond L. Moffitt
Council Member – At-Large	William J. Williams

APPOINTED OFFICIALS

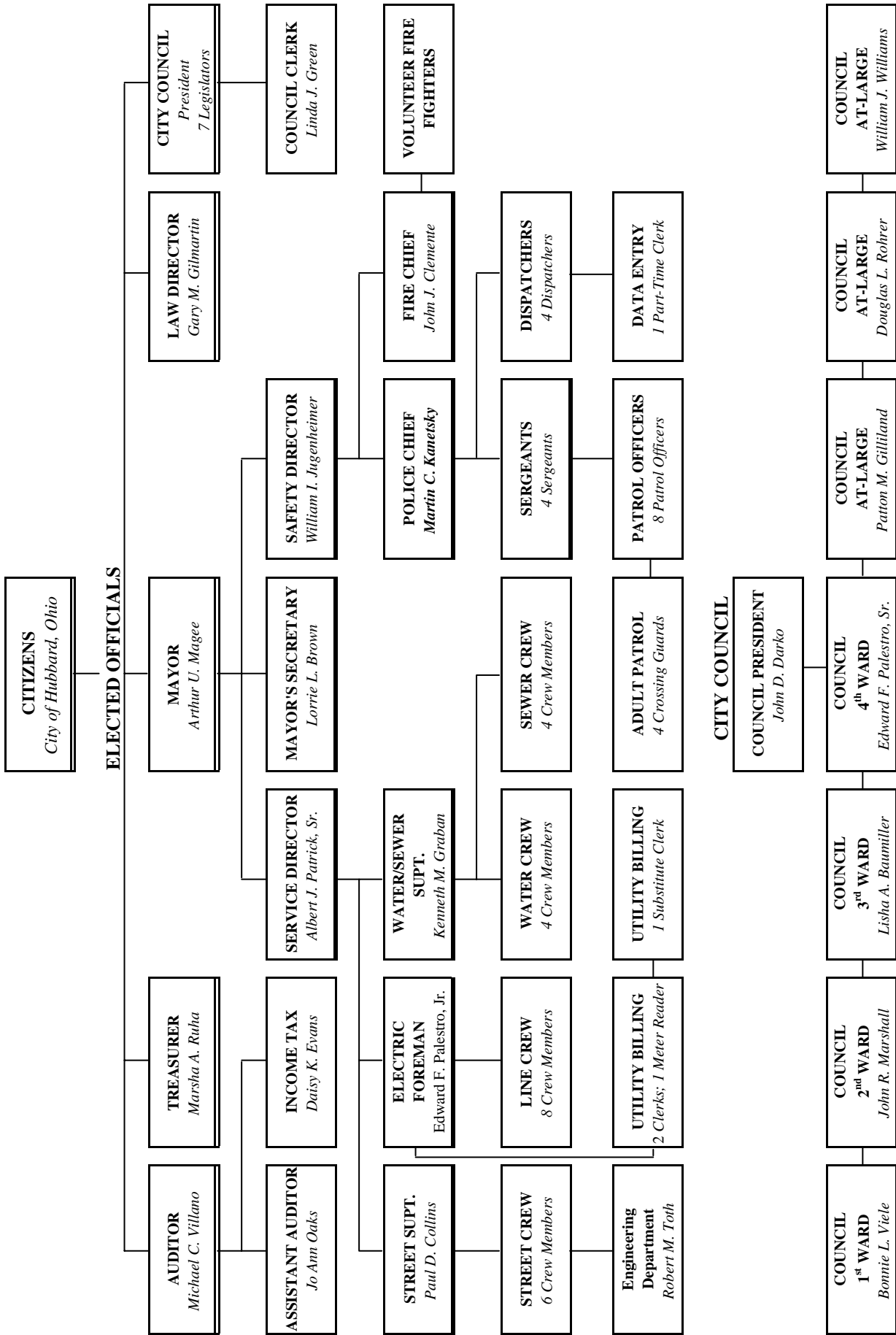
Department of Public Service

Director of Public Service	Albert J. Patrick, Sr.
Street Superintendent	Paul D. Collins
Waste Water Class IV Operator	Andrew A. Petrella
Water Foreman	Patrick R. Camuso
Electric Foreman	Edward F. Palestro, Jr.

Department of Public Safety

Director of Public Safety	John D. Battisti
Police Chief	Martin C. Kanetsky
Fire Chief	John J. Clemente, Jr.

**CITY OF HUBBARD, OHIO
ORGANIZATIONAL CHART
DECEMBER 31, 2006**



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, 2005

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



President

Executive Director

FINANCIAL SECTION



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hubbard, Trumbull County, Ohio, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine 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 provide additional information 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 20, 2007

CITY OF HUBBARD, OHIO

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

The management's 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, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- The total net assets of the City decreased \$1,230,549. Net assets of governmental activities decreased \$777,171 or 22.59% under 2005 and net assets of business-type activities decreased \$453,378 or 3.26% over 2005.
- General revenues accounted for \$3,192,596 or 74.93% of total governmental activities revenue. Program specific revenues accounted for \$1,067,774 or 25.07% of total governmental activities revenue.
- The City had \$5,020,826 in expenses related to governmental activities; \$1,067,774 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$3,953,052 were not completely offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$3,192,596.
- The general fund had revenues of \$2,971,602 in 2006. This represents an increase of \$396,239 from 2005 revenues. The expenditures and other financing uses of the general fund, which totaled \$2,859,510 in 2006, increased \$319,000 from 2005. The net increase in fund balance for the general fund was \$112,092 or 26.44%.
- The general obligation bond construction fund had revenues of \$61,682 in 2006. The expenditures of the general obligation bond construction fund, totaled \$2,503,604. The net decrease in fund balance for the general obligation bond construction fund was \$2,441,922 or 83.19%.
- Net assets for the business-type activities, which are made up of the Water, Sewer, Electric, and Guarantee Trust (utility connection deposits) enterprise funds, decreased in 2006 by \$453,378. This decrease in net assets was due primarily to charges for services not adequately covering expenditures in the sewer fund and the electric fund.
- In the general fund, the actual revenues and other financing sources were \$595 lower than the final budgeted revenues and actual expenditures and other financing uses were \$1,366 less than the amount in the final budget. These positive variances are the result of the City's conservative budgeting. Budgeted revenues increased \$39,310 from the original to the final budget. Budgeted expenditures and other financing uses decreased \$93,709 from the original to the final budget.

Using this Comprehensive Annual Financial Report

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

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

CITY OF HUBBARD, OHIO

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

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City perform financially during 2006?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

The City's statement of net assets and statement of activities can be found on pages 18-20 of this report.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 21.

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, 2006

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

The City maintains several individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and general obligation bond construction 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 21-25 of this report.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, 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 26-33 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency and private-purpose trust funds are the City's fiduciary fund types. The basic fiduciary fund financial statements can be found on pages 34-35 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 36-65 of this report.

CITY OF HUBBARD, OHIO

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

Government-Wide Financial Analysis

The net assets of the governmental and business-type activities have been restated as described in Note 3 to the financial statements. The table below provides a summary of the City's net assets for 2006 compared to 2005:

	Net Assets					
	Governmental	Business-type	Restated	Restated	2006	Restated
	Activities	Activities	Governmental	Business-type		
2006	2006	2005	2005	Total	2005	
<u>Assets</u>						
Current and other assets	\$ 3,176,366	\$ 7,719,286	\$ 5,304,865	\$ 8,099,390	\$ 10,895,652	\$ 13,404,255
Capital assets	<u>5,398,334</u>	<u>14,600,194</u>	<u>4,417,071</u>	<u>15,022,380</u>	<u>19,998,528</u>	<u>19,439,451</u>
Total assets	<u>8,574,700</u>	<u>22,319,480</u>	<u>9,721,936</u>	<u>23,121,770</u>	<u>30,894,180</u>	<u>32,843,706</u>
<u>Liabilities</u>						
Current liabilities	945,280	2,469,118	928,010	2,407,343	3,414,398	3,335,353
Long-term liabilities	<u>4,966,942</u>	<u>6,381,149</u>	<u>5,354,277</u>	<u>6,791,836</u>	<u>11,348,091</u>	<u>12,146,113</u>
Total liabilities	<u>5,912,222</u>	<u>8,850,267</u>	<u>6,282,287</u>	<u>9,199,179</u>	<u>14,762,489</u>	<u>15,481,466</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	768,312	6,139,069	2,309,890	6,468,831	6,907,381	8,778,721
Restricted	1,046,224	-	509,848	-	1,046,224	509,848
Unrestricted	<u>847,942</u>	<u>7,330,144</u>	<u>619,911</u>	<u>7,453,760</u>	<u>8,178,086</u>	<u>8,073,671</u>
Total net assets	<u>\$ 2,662,478</u>	<u>\$ 13,469,213</u>	<u>\$ 3,439,649</u>	<u>\$ 13,922,591</u>	<u>\$ 16,131,691</u>	<u>\$ 17,362,240</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2006, the City's assets exceeded liabilities by \$16,131,691. At year-end, net assets were \$2,662,478 and \$13,469,213 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 64.73% 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, 2006, were \$768,312 and \$6,139,069 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2006, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$1,046,224, 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 \$847,942 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, 2006**

The net assets of the governmental and business-type activities have been restated as described in Note 3 to the financial statements. The table below shows the changes in net assets for fiscal year 2006.

	Change in Net Assets					
	Governmental Activities <u>2006</u>	Business-type Activities <u>2006</u>	Governmental Activities <u>2005</u>	Business-type Activities <u>2005</u>	2006 Total	2005 Total
Revenues						
Program revenues:						
Charges for services	\$ 47,302	\$ 7,955,408	\$ 51,901	\$ 8,476,890	\$ 8,002,710	\$ 8,528,791
Operating grants and contributions	385,966	131,348	369,384	23,734	517,314	393,118
Capital grants and contributions	<u>634,506</u>	<u>-</u>	<u>48,562</u>	<u>-</u>	<u>634,506</u>	<u>48,562</u>
Total program revenues	<u>1,067,774</u>	<u>8,086,756</u>	<u>469,847</u>	<u>8,500,624</u>	<u>9,154,530</u>	<u>8,970,471</u>
General revenues:						
Property taxes	385,886	-	347,445	-	385,886	347,445
Income taxes	2,003,345	-	1,679,734	-	2,003,345	1,679,734
Other local taxes	-	30,835	-	49,146	30,835	49,146
Unrestricted grants and entitlements	269,572	-	242,416	-	269,572	242,416
Investment earnings	374,067	-	280,567	67,284	374,067	347,851
Miscellaneous	<u>159,726</u>	<u>40,085</u>	<u>165,862</u>	<u>117,790</u>	<u>199,811</u>	<u>283,652</u>
Total general revenues	<u>3,192,596</u>	<u>70,920</u>	<u>2,716,024</u>	<u>234,220</u>	<u>3,263,516</u>	<u>2,950,244</u>
Total revenues	<u>4,260,370</u>	<u>8,157,676</u>	<u>3,185,871</u>	<u>8,734,844</u>	<u>12,418,046</u>	<u>11,920,715</u>
Expenses:						
General government	436,931	-	424,353	-	436,931	424,353
Security of persons and property	2,009,360	-	1,676,512	-	2,009,360	1,676,512
Public health and welfare	32,313	-	24,434	-	32,313	24,434
Transportation	2,257,686	-	1,749,351	-	2,257,686	1,749,351
Community environment	485	-	7,092	-	485	7,092
Leisure time activity	75,190	-	40,871	-	75,190	40,871
Other	34,549	-	11,567	-	34,549	11,567
Interest and fiscal charges	174,312	-	117,638	-	174,312	117,638
Water	-	1,275,270	-	689,707	1,275,270	689,707
Sewer	-	1,422,711	-	845,624	1,422,711	845,624
Electric	-	5,895,874	-	5,618,394	5,895,874	5,618,394
Guarantee trust	<u>-</u>	<u>33,914</u>	<u>-</u>	<u>26,915</u>	<u>33,914</u>	<u>26,915</u>
Total expenses	<u>5,020,826</u>	<u>8,627,769</u>	<u>4,051,818</u>	<u>7,180,640</u>	<u>13,648,595</u>	<u>11,232,458</u>
Decrease in net assets before						
transfers and capital contributions	(760,456)	(470,093)	(865,947)	1,554,204	(1,230,549)	688,257
Transfers	<u>(16,715)</u>	<u>16,715</u>	<u>11,931</u>	<u>(11,931)</u>	<u>-</u>	<u>-</u>
Change in net assets	(777,171)	(453,378)	(854,016)	1,542,273	(1,230,549)	688,257
Net assets at beginning of year, restated	<u>3,439,649</u>	<u>13,922,591</u>	<u>4,293,665</u>	<u>12,380,318</u>	<u>17,362,240</u>	<u>16,673,983</u>
Net assets at end of year	<u>\$ 2,662,478</u>	<u>\$ 13,469,213</u>	<u>\$ 3,439,649</u>	<u>\$ 13,922,591</u>	<u>\$ 16,131,691</u>	<u>\$ 17,362,240</u>

CITY OF HUBBARD, OHIO

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

Governmental Activities

Governmental activities net assets decreased \$777,171 in 2006. This decrease is a result of slightly increasing revenues and an increase in expenses reported during the year.

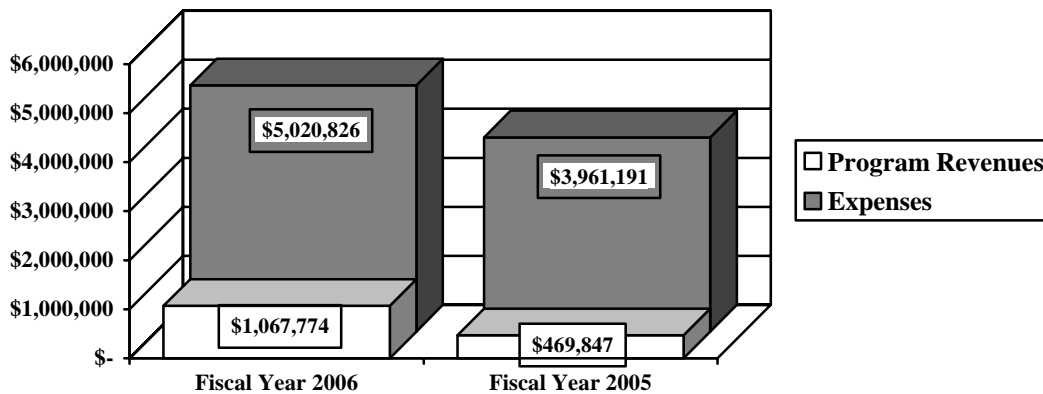
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$2,009,360 of the total expenses of the City. These expenses were partially funded by \$39,762 in direct charges to users of the services. Transportation expenses totaled \$2,257,686. Transportation expenses were partially funded by \$385,966 in operating grants and contributions and \$634,506 in capital grants and contributions.

The state and federal government contributed to the City a total of \$385,966 in operating grants and contributions and \$634,506 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total capital grants and contributions, \$634,506 subsidized transportation programs.

General revenues totaled \$3,192,596, and amounted to 74.94% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$2,389,231. 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 \$269,572. In August 2001, the State of Ohio froze the local government and local government revenue assistance to be distributed to local governments in 2006.

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

Governmental Activities – Program Revenues vs. Total Expenses



CITY OF HUBBARD, OHIO

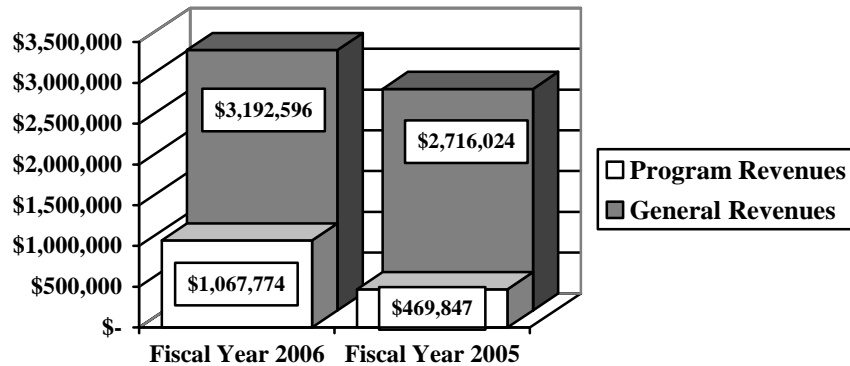
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
Program Expenses:				
General government	\$ 436,931	\$ 429,391	\$ 424,353	\$ 415,780
Security of persons and property	2,009,360	1,969,598	1,676,512	1,633,184
Public health and welfare	32,313	32,313	24,434	24,434
Transportation	2,257,686	1,237,214	1,658,724	1,240,878
Community environment	485	485	7,092	7,092
Leisure time activity	75,190	75,190	40,871	40,771
Other	34,549	34,549	11,567	11,567
Interest and fiscal charges	<u>174,312</u>	<u>174,312</u>	<u>117,638</u>	<u>117,638</u>
Total	<u>\$ 5,020,826</u>	<u>\$ 3,953,052</u>	<u>\$ 3,961,191</u>	<u>\$ 3,491,344</u>

The dependence upon general revenues for governmental activities is apparent, with 78.73% of expenses supported through taxes and other general revenues.

Governmental Activities – General and Program Revenues



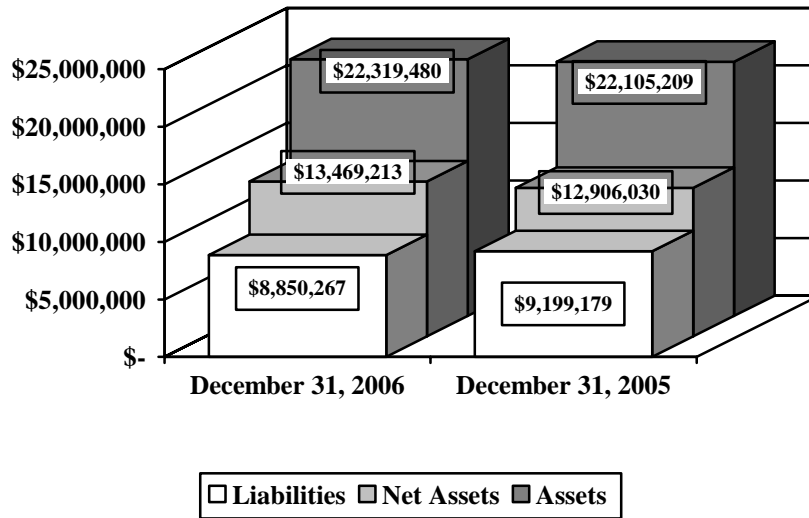
CITY OF HUBBARD, OHIO

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

Business-type Activities

Business-type activities include the sewer, water, electric and guarantee trust enterprise funds. These programs had program revenues of \$8,086,756, general revenues of \$70,920, and expenses of \$8,627,769 and transfers in of \$16,715 for 2006. The graph below shows the business-type activities assets, liabilities and net assets at year-end.

Net Assets in Business – Type Activities



Financial Analysis of the Government's Funds

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

CITY OF HUBBARD, OHIO

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

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 21) reported a combined fund balance of \$1,499,012 which is \$2,295,546 below last year's total of \$3,794,558. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2006 for all major and nonmajor governmental funds.

	<u>Fund Balances</u> <u>12/31/06</u>	<u>Fund Balances</u> <u>12/31/05</u>	<u>Increase</u> <u>(Decrease)</u>
Major funds:			
General	\$ 536,107	\$ 424,015	\$ 112,092
General Obligation Bond Construction	493,528	2,935,450	(2,441,922)
Other nonmajor governmental funds	<u>469,377</u>	<u>435,093</u>	<u>34,284</u>
Total	<u>\$ 1,499,012</u>	<u>\$ 3,794,558</u>	<u>\$(2,295,546)</u>

General Fund

The City's general fund balance increased \$112,092, primarily due to an increase in income taxes in the amount of \$345,332. The table that follows assists in illustrating the revenues of the general fund.

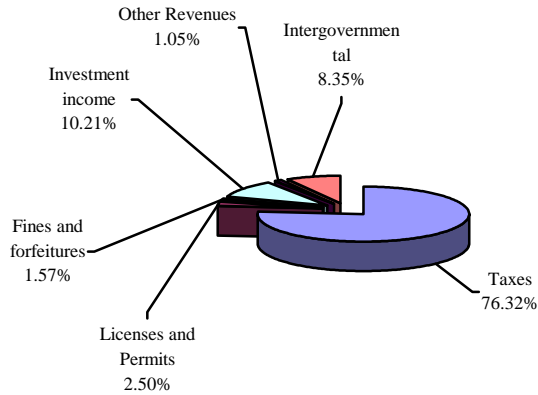
	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 2,267,803	\$ 1,891,956	19.87 %
Licenses and permits	74,180	64,891	14.31 %
Fines and forfeitures	46,599	51,651	(9.78) %
Intergovernmental	248,245	299,382	(17.08) %
Investment income	303,517	209,959	44.56 %
Other	<u>31,258</u>	<u>57,524</u>	(45.66) %
Total	<u>\$ 2,971,602</u>	<u>\$ 2,575,363</u>	15.39 %

Tax revenue represents 76.32% of all general fund revenue. The decrease in fines and forfeitures is due to a decrease in the number of cases presented within the City. The decrease in intergovernmental revenue is due to fewer grants received in 2006. Investment income increased due to higher interest rates in 2006. All other revenue remained comparable to 2005.

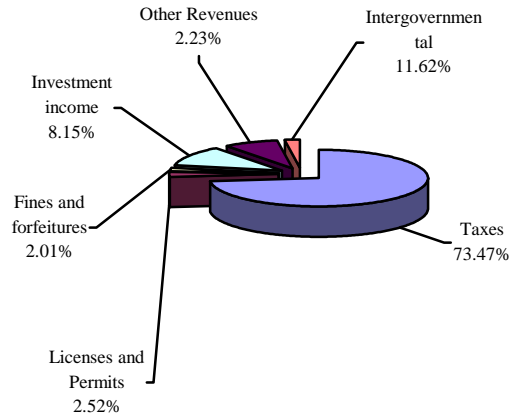
CITY OF HUBBARD, OHIO

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

Revenues – Fiscal Year 2006



Revenues – Fiscal Year 2005



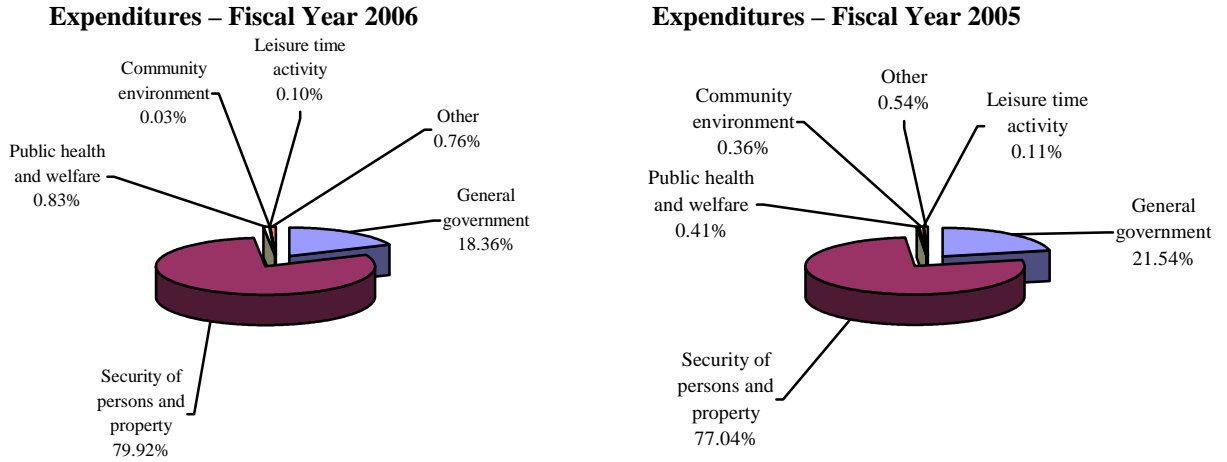
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 348,047	\$ 418,976	(16.93) %
Security of persons and property	1,515,716	1,498,717	1.13 %
Public health and welfare	15,650	7,896	98.20 %
Community environment	485	7,092	(93.16) %
Leisure time activity	1,835	2,112	(13.12) %
Other	<u>14,336</u>	<u>10,565</u>	35.69 %
Total	<u>\$ 1,896,069</u>	<u>\$ 1,945,358</u>	(2.53) %

The most significant decrease was in the area of general government. This decrease is primarily due to the decrease in the case load for the courts. All other expenditures increase or decreased by a large percentage but a small dollar amount. The largest expenditure line item, security of persons and property, increased slightly, which is primarily attributed to an increase of costs of purchased goods and services.

CITY OF HUBBARD, OHIO

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



General Obligation Bond Construction Fund

The City's general obligation bond construction fund balance decreased \$2,441,922, primarily due to capital outlay expenditures during the year. The table that follows assists in illustrating the revenues, expenditures and other financing uses of the general obligation bond construction fund.

	<u>2006</u> Amount	<u>2005</u> Amount
<u>Revenues</u>		
Investment income	\$ 56,247	\$ 66,881
Other	<u>5,435</u>	<u>-</u>
Total	<u>\$ 61,682</u>	<u>\$ 66,881</u>
<u>Expenditures</u>		
Capital outlay	\$ 2,503,604	\$ 2,107,181
Total	<u>\$ 2,503,604</u>	<u>\$ 2,107,181</u>
<u>Other Financing Sources/Uses</u>		
Sale of bonds	\$ -	\$ 5,100,000
Bond issuance costs	<u>-</u>	<u>(124,250)</u>
Total	<u>\$ -</u>	<u>\$ 4,975,750</u>

CITY OF HUBBARD, OHIO

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

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.

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 decreased \$93,709 from \$4,105,330 to \$4,011,621. Actual revenues and other financing sources of \$4,059,269 were \$595 lower than final budgeted revenues of \$4,059,864. The other change was between the final budgeted expenditures and actual expenditures. Actual expenditures came in \$1,366 lower than the final budgeted amounts.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2006, the City had \$19,998,528 (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, \$5,398,334 was reported in governmental activities and \$14,600,194 was reported in business-type activities. See Note 9 to the basic financial statements for detail. The balance of the City's capital assets have been restated as described in Note 3 to the financial statements. The following table shows fiscal 2006 balances compared to 2005:

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

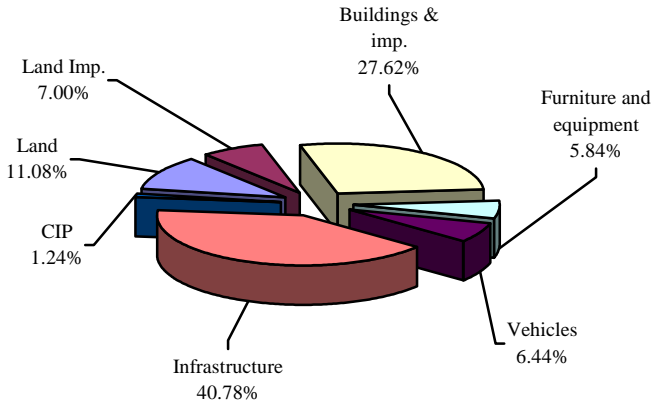
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>Restated 2005</u>	<u>2006</u>	<u>Restated 2005</u>	<u>2006</u>	<u>Restated 2005</u>
Land	\$ 597,871	\$ 597,871	\$ 180,423	\$ 180,423	\$ 778,294	\$ 778,294
Construction in progress	66,963	713,399	-	-	66,963	713,399
Land improvements	377,709	16,134	184,070	9,783	561,779	25,917
Buildings and improvements	1,491,238	79,914	2,455,219	2,488,396	3,946,457	2,568,310
Furniture and equipment	315,292	184,058	2,089,752	2,275,959	2,405,044	2,460,017
Vehicles	347,852	360,867	119,203	167,689	467,055	528,556
Infrastructure	<u>2,201,409</u>	<u>2,464,828</u>	<u>9,571,527</u>	<u>9,900,130</u>	<u>11,772,936</u>	<u>12,364,958</u>
Totals	<u>\$ 5,398,334</u>	<u>\$ 4,417,071</u>	<u>\$ 14,600,194</u>	<u>\$ 15,022,380</u>	<u>\$ 19,998,528</u>	<u>\$ 19,439,451</u>

CITY OF HUBBARD, OHIO

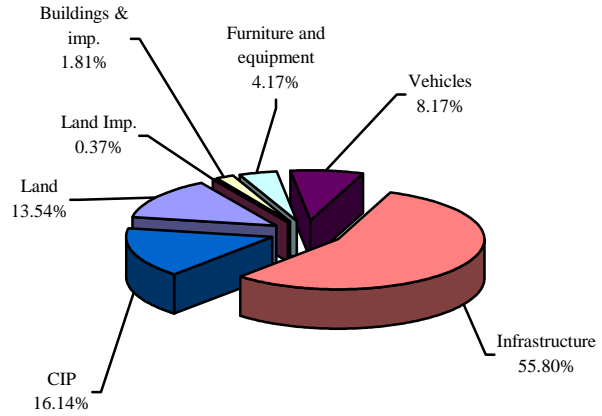
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

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

Capital Assets - Governmental Activities 2006



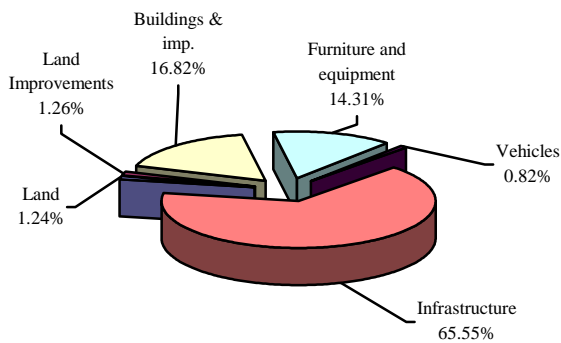
Capital Assets - Governmental Activities 2005



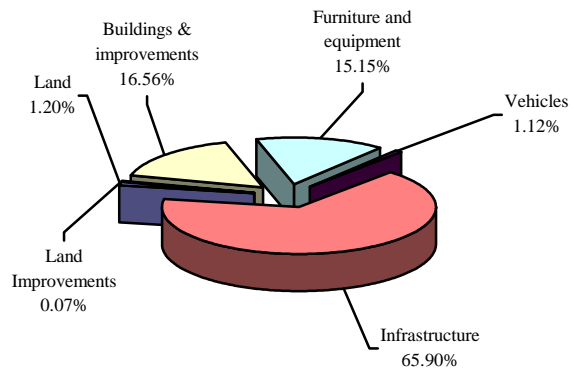
The City's largest capital asset category is infrastructure which includes roads, sidewalks, traffic lights and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 41.09% of the City's total governmental capital assets.

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

Capital Assets - Business-Type Activities 2006



Capital Assets - Business-Type Activities 2005



The City's largest business-type capital asset category is infrastructure that primarily includes water, 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 65.56% of the City's total business-type capital assets.

CITY OF HUBBARD, OHIO

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

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2006 and 2005 (See Note 11 to the basic financial statements for detail):

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
General obligation bonds	\$ 4,740,000	\$5,100,000
Compensated absences	<u>226,942</u>	<u>254,277</u>
Total long-term obligations	<u>\$ 4,966,942</u>	<u>\$5,354,277</u>
	<u>Business-type Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenue bond	\$ 3,475,000	\$3,770,000
OPWC loans	842,728	898,691
OWDA loan	1,908,397	1,994,858
Compensated absences	<u>155,024</u>	<u>128,287</u>
Total long-term obligations	<u>\$ 6,381,149</u>	<u>\$6,791,836</u>

Economic Conditions and Next Year's General Fund Budget Outlook

The City's Administration considers the impact of various economic factors when establishing the fiscal year 2006 budget. The continued challenges resulting from regional loss of employment, stagnant economic development, and the general national recession, have continued to influence the objectives established in the 2006 budget. However, the City successfully passed a one-half percent local income tax increase in the November 2004 General Election—generating additional funds annually for operations as well as various capital improvement projects.

Despite the uncertainty surrounding the economy, the City continues to carefully monitor two primary sources of revenue—local income taxes and shared intergovernmental (state) revenue. In order to stabilize the impact of the fluctuations in these revenue sources, City Council continues to pursue economic development and job creation; maintain the community's reputation for high public safety standards; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2006 budget, the City emphasized various efforts to continue to contain costs while pursuing new sources of revenue.

Budgeted revenues and other financing sources in the general fund for fiscal year 2006 are \$4,059,864, an increase of \$401,765 or 10.98% from final 2005 budgeted revenues and other financing sources of \$3,658,099. The 2006 general fund budget is \$4,011,621 as compared with the 2005 general fund budget of \$3,720,950. For financial reporting purposes, the general fund is comprised of the following funds: the general fund, income tax fund, and unclaimed monies fund.

CITY OF HUBBARD, OHIO

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

The average unemployment rate for Trumbull County in 2006 was 6.3%—a decline of 1.3% since the recent high in 2003 of 7.6%. The county unemployment rate compared slightly higher than the 5.5% State of Ohio average and 4.6% national average. The City Auditor anticipates the 2006 rate to increase slightly in 2007 due to reductions in force at both the General Motors Lordstown Complex and Delphi Automotive Systems facilities in the area. The combination of the City's increased local income tax, slight improvement in the national job market, and 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.

**BASIC
FINANCIAL STATEMENTS**

CITY OF HUBBARD, OHIO

STATEMENT OF NET ASSETS

DECEMBER 31, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 1,699,006	\$ 5,350,607	\$ 7,049,613
Cash in segregated accounts	503	501	1,004
Receivables (net of allowances for uncollectibles):			
Income taxes	512,036	-	512,036
Real and other taxes	449,494	3,408	452,902
Accounts	3,801	725,250	729,051
Accrued interest	17,270	-	17,270
Internal balance.	(27,999)	27,999	-
Due from other governments	386,881	1,611	388,492
Prepayments	5,945	13,405	19,350
Materials and supplies inventory.	19,451	506,448	525,899
Deferred charges	-	12,759	12,759
Unamortized bond issuance costs	109,978	-	109,978
Investment in joint ventures	-	245,866	245,866
Restricted assets:			
Cash and cash equivalents with fiscal agents	-	831,432	831,432
Capital assets:			
Land and construction in progress.	664,834	180,423	845,257
Depreciable capital assets, net	4,733,500	14,419,771	19,153,271
Total capital assets.	<u>5,398,334</u>	<u>14,600,194</u>	<u>19,998,528</u>
Total assets.	<u>8,574,700</u>	<u>22,319,480</u>	<u>30,894,180</u>
Liabilities:			
Accounts payable	38,864	101,483	140,347
Contracts payable.	279,354	-	279,354
Retainage payable	-	5,155	5,155
Accrued wages and benefits	47,666	40,984	88,650
Due to other governments	54,446	40,223	94,669
Unearned revenue.	405,576	-	405,576
Accrued interest payable.	10,270	46,273	56,543
Claims payable.	109,104	-	109,104
Revenue anticipation note	-	2,235,000	2,235,000
Long-term liabilities:			
Due within one year.	468,278	525,948	994,226
Due in more than one year	4,498,664	5,855,201	10,353,865
Total liabilities	<u>5,912,222</u>	<u>8,850,267</u>	<u>14,762,489</u>
Net assets:			
Invested in capital assets, net of related debt	768,312	6,139,069	6,907,381
Restricted for:			
Capital projects.	512,009	-	512,009
Street construction and maintenance	298,692	-	298,692
State highway.	30,225	-	30,225
Law enforcement	28,140	-	28,140
Fire district	110,082	-	110,082
Police pension	14,184	-	14,184
Maple Grove cemetery	683	-	683
Recreation	50,117	-	50,117
Other purposes	395	-	395
Perpetual care:			
Expendable	856	-	856
Nonexpendable	841	-	841
Unrestricted.	847,942	7,330,144	8,178,086
Total net assets	<u>\$ 2,662,478</u>	<u>\$ 13,469,213</u>	<u>\$ 16,131,691</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 436,931	\$ 7,540	\$ -	\$ -
Security of persons and property.	2,009,360	39,762	-	-
Public health and welfare	32,313	-	-	-
Transportation	2,257,686	-	385,966	634,506
Community environment.	485	-	-	-
Leisure time activity.	75,190	-	-	-
Other.	34,549	-	-	-
Interest and fiscal charges	174,312	-	-	-
Total governmental activities	<u>5,020,826</u>	<u>47,302</u>	<u>385,966</u>	<u>634,506</u>
Business-type Activities:				
Sewer	1,275,270	1,185,838	-	-
Water	1,422,711	1,470,741	-	-
Electric	5,895,874	5,298,829	131,348	-
Guarantee Trust	33,914	-	-	-
Total business-type activities	<u>8,627,769</u>	<u>7,955,408</u>	<u>131,348</u>	<u>-</u>
Total primary government.	<u>\$ 13,648,595</u>	<u>\$ 8,002,710</u>	<u>\$ 517,314</u>	<u>\$ 634,506</u>

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	
Miscellaneous	
Total general revenues.	
Transfers.	
Change in net assets.	
Net assets at beginning of year (restated)	
Net assets at end of year.	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (429,391)	\$ -	\$ (429,391)
(1,969,598)	-	(1,969,598)
(32,313)	-	(32,313)
(1,237,214)	-	(1,237,214)
(485)	-	(485)
(75,190)	-	(75,190)
(34,549)	-	(34,549)
(174,312)	-	(174,312)
<u>(3,953,052)</u>	<u>-</u>	<u>(3,953,052)</u>
-	(89,432)	(89,432)
-	48,030	48,030
-	(465,697)	(465,697)
-	(33,914)	(33,914)
<u>-</u>	<u>(541,013)</u>	<u>(541,013)</u>
<u>(3,953,052)</u>	<u>(541,013)</u>	<u>(4,494,065)</u>
282,386	-	282,386
67,329	-	67,329
36,171	-	36,171
2,003,345	-	2,003,345
-	30,835	30,835
269,572	-	269,572
374,067	-	374,067
159,726	40,085	199,811
3,192,596	70,920	3,263,516
<u>(16,715)</u>	<u>16,715</u>	<u>-</u>
(777,171)	(453,378)	(1,230,549)
<u>3,439,649</u>	<u>13,922,591</u>	<u>17,362,240</u>
<u>\$ 2,662,478</u>	<u>\$ 13,469,213</u>	<u>\$ 16,131,691</u>

CITY OF HUBBARD, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	<u>General</u>	<u>General Obligation Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 187,426	\$ 702,868	\$ 405,835	\$ 1,296,129
Cash in segregated accounts	153	-	350	503
Receivables (net of allowance for uncollectibles):				
Income taxes	512,036	-	-	512,036
Real and other taxes	334,187	-	115,307	449,494
Accounts	-	3,749	52	3,801
Interfund loans	100	-	-	100
Accrued interest	10,309	-	6,961	17,270
Due from other governments	118,828	-	268,053	386,881
Prepayments	5,945	-	-	5,945
Materials and supplies inventory	10,279	-	9,172	19,451
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,179,263</u>	<u>\$ 706,617</u>	<u>\$ 805,730</u>	<u>\$ 2,691,610</u>
Liabilities:				
Accounts payable	\$ 8,127	\$ -	\$ 10,245	\$ 18,372
Contracts payable	-	213,089	66,265	279,354
Accrued wages and benefits	37,870	-	9,796	47,666
Interfund loan payable	-	-	100	100
Due to other governments	43,875	-	10,571	54,446
Deferred revenue	251,755	-	135,329	387,084
Unearned revenue	301,529	-	104,047	405,576
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>643,156</u>	<u>213,089</u>	<u>336,353</u>	<u>1,192,598</u>
Fund Balances:				
Reserved for encumbrances	882	146,431	3,942	151,255
Reserved for prepaids	5,945	-	-	5,945
Reserved for materials and supplies inventory	10,279	-	9,172	19,451
Reserved for unclaimed monies	1,365	-	-	1,365
Reserved for perpetual care	-	-	840	840
Unreserved, undesignated, reported in:				
General fund	517,636	-	-	517,636
Special revenue funds	-	-	425,815	425,815
Capital projects funds	-	347,097	28,751	375,848
Permanent fund	-	-	857	857
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>536,107</u>	<u>493,528</u>	<u>469,377</u>	<u>1,499,012</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 1,179,263</u>	<u>\$ 706,617</u>	<u>\$ 805,730</u>	<u>\$ 2,691,610</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, 2006

Total governmental fund balances		\$ 1,499,012
<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.		5,398,334
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	\$ 36,545	
Income taxes	149,671	
Intergovernmental revenues	200,868	
Total		387,084
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(10,270)
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.		273,281
Unamortized bond issuance costs are not recognized in the funds.		109,978
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(27,999)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(4,740,000)	
Compensated absences	(226,942)	
		(4,966,942)
Net assets of governmental activities		\$ 2,662,478

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, 2006

	<u>General</u>	<u>General Obligation Bond Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Income taxes	\$ 1,990,560	\$ -	\$ -	\$ 1,990,560
Property and other taxes	277,243	-	101,895	379,138
Licenses and permits	74,180	-	-	74,180
Fines and forfeitures	46,599	-	650	47,249
Intergovernmental	248,245	-	1,014,757	1,263,002
Investment income	303,517	56,247	14,303	374,067
Other	31,258	5,435	48,906	85,599
Total revenues	<u>2,971,602</u>	<u>61,682</u>	<u>1,180,511</u>	<u>4,213,795</u>
Expenditures:				
Current:				
General government	348,047	-	-	348,047
Security of persons and property	1,515,716	-	143,254	1,658,970
Public health and welfare	15,650	-	16,663	32,313
Transportation	-	-	547,210	547,210
Community environment	485	-	-	485
Leisure time activity	1,835	-	44,565	46,400
Other	14,336	-	20,213	34,549
Capital outlay	-	2,503,604	796,030	3,299,634
Debt service:				
Principal retirement	-	-	360,000	360,000
Interest and fiscal charges	-	-	165,018	165,018
Total expenditures	<u>1,896,069</u>	<u>2,503,604</u>	<u>2,092,953</u>	<u>6,492,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,075,533</u>	<u>(2,441,922)</u>	<u>(912,442)</u>	<u>(2,278,831)</u>
Other financing sources (uses):				
Transfers in	-	-	963,441	963,441
Transfers out	<u>(963,441)</u>	<u>-</u>	<u>(16,715)</u>	<u>(980,156)</u>
Total other financing sources (uses)	<u>(963,441)</u>	<u>-</u>	<u>946,726</u>	<u>(16,715)</u>
Net change in fund balances	112,092	(2,441,922)	34,284	(2,295,546)
Fund balances at beginning of year	<u>424,015</u>	<u>2,935,450</u>	<u>435,093</u>	<u>3,794,558</u>
Fund balances at end of year	<u>\$ 536,107</u>	<u>\$ 493,528</u>	<u>\$ 469,377</u>	<u>\$ 1,499,012</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, 2006

Net change in fund balances - total governmental funds \$ (2,295,546)

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 exceeded depreciation in the current period.

Capital asset additions	1,412,328	
Current year depreciation	(431,065)	
Total		981,263

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

Property taxes	6,748	
Income taxes	12,785	
Intergovernmental revenues	27,042	
Total		46,575

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 780

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 360,000

Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities. (10,074)

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. 2,221

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. 137,610

Change in net assets of governmental activities \$ (777,171)

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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,950,000	\$ 1,923,509	\$ 1,923,227	\$ (282)
Property and other taxes.	256,500	276,493	276,452	(41)
Licenses and permits	70,100	74,138	74,127	(11)
Fines and forfeitures	66,354	46,606	46,599	(7)
Intergovernmental.	298,200	245,913	245,877	(36)
Investment income	215,000	299,944	300,043	99
Other	4,400	70,881	70,871	(10)
Total revenues.	<u>2,860,554</u>	<u>2,937,484</u>	<u>2,937,196</u>	<u>(288)</u>
Expenditures:				
Current:				
General government	411,130	365,489	351,158	14,331
Security of persons and property.	1,628,750	1,541,110	1,541,000	110
Public health and welfare	14,000	15,655	15,650	5
Community environment.	2,700	485	485	-
Leisure time activity	4,600	1,865	1,860	5
Other	200	348	14,336	(13,988)
Total expenditures	<u>2,061,380</u>	<u>1,924,952</u>	<u>1,924,489</u>	<u>463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>799,174</u>	<u>1,012,532</u>	<u>1,012,707</u>	<u>175</u>
Other financing sources (uses):				
Transfers in	1,160,000	1,122,380	1,122,216	(164)
Transfers out	(2,043,850)	(2,086,569)	(2,085,657)	912
Advance out	(100)	(100)	(100)	-
Total other financing sources (uses)	<u>(883,950)</u>	<u>(964,289)</u>	<u>(963,541)</u>	<u>748</u>
Net change in fund balance	(84,776)	48,243	49,166	923
Fund balance at beginning of year	<u>137,378</u>	<u>137,378</u>	<u>137,378</u>	<u>-</u>
Fund balance at end of year	<u>\$ 52,602</u>	<u>\$ 185,621</u>	<u>\$ 186,544</u>	<u>\$ 923</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF HUBBARD, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2006

	Business-type Activities -Enterprise Funds			
	Sewer	Water	Electric	Nonmajor
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 1,071,961	\$ 979,988	\$ 3,178,169	\$ 120,489
Cash in segregated accounts.	-	300	201	-
Receivables (net of allowance for uncollectibles):				
Real and other taxes	5	-	3,403	-
Accounts	105,038	163,576	456,636	-
Due from other governments	-	-	1,611	-
Prepayments.	3,474	8,318	1,613	-
Materials and supplies inventory	6,259	37,317	462,872	-
Deferred charges	-	-	12,759	-
Total current assets	<u>1,186,737</u>	<u>1,189,499</u>	<u>4,117,264</u>	<u>120,489</u>
Noncurrent assets:				
Investment in joint ventures.	-	-	245,866	-
Restricted assets:				
Cash with fiscal agent	831,432	-	-	-
Capital assets:				
Land and construction in progress	95,078	85,345	-	-
Depreciable capital assets, net	6,074,743	5,221,320	3,123,708	-
Total capital assets	<u>6,169,821</u>	<u>5,306,665</u>	<u>3,123,708</u>	<u>-</u>
Total noncurrent assets	<u>7,001,253</u>	<u>5,306,665</u>	<u>3,369,574</u>	<u>-</u>
Total assets	<u>8,187,990</u>	<u>6,496,164</u>	<u>7,486,838</u>	<u>120,489</u>
Liabilities:				
Current liabilities:				
Accounts payable.	24,449	36,608	40,426	-
Retainage payable.	5,155	-	-	-
Accrued wages and benefits	8,946	11,017	21,021	-
Compensated absences	20,874	16,265	30,695	-
Due to other governments	6,862	8,614	24,747	-
Claims payable.	-	-	-	-
Revenue anticipation note	-	-	2,235,000	-
Current portion of revenue bonds	310,000	-	-	-
Current portion of OWDA loans	-	92,151	-	-
Current portion of OPWC loans	11,746	44,217	-	-
Accrued interest payable.	21,207	-	25,066	-
Total current liabilities	<u>409,239</u>	<u>208,872</u>	<u>2,376,955</u>	<u>-</u>
Long-term liabilities:				
Revenue bonds	3,165,000	-	-	-
OWDA loans	-	1,816,246	-	-
OPWC loans	135,078	651,687	-	-
Compensated absences	45,502	18,528	23,160	-
Total long-term liabilities	<u>3,345,580</u>	<u>2,486,461</u>	<u>23,160</u>	<u>-</u>
Total liabilities	<u>3,754,819</u>	<u>2,695,333</u>	<u>2,400,115</u>	<u>-</u>
Net assets:				
Invested in capital assets, net of related debt.	2,547,997	2,702,364	888,708	-
Unrestricted	1,885,174	1,098,467	4,198,015	120,489
Total net assets	<u>\$ 4,433,171</u>	<u>\$ 3,800,831</u>	<u>\$ 5,086,723</u>	<u>\$ 120,489</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>
\$ 5,350,607	\$ 402,877
501	-
3,408	-
725,250	-
1,611	-
13,405	-
506,448	-
12,759	-
<u>6,613,989</u>	<u>402,877</u>
245,866	-
831,432	-
180,423	-
14,419,771	-
<u>14,600,194</u>	<u>-</u>
15,677,492	-
<u>22,291,481</u>	<u>402,877</u>
101,483	20,492
5,155	-
40,984	-
67,834	-
40,223	-
-	109,104
2,235,000	-
310,000	-
92,151	-
55,963	-
46,273	-
<u>2,995,066</u>	<u>129,596</u>
3,165,000	-
1,816,246	-
786,765	-
87,190	-
<u>5,855,201</u>	<u>-</u>
<u>8,850,267</u>	<u>129,596</u>
6,139,069	-
7,302,145	273,281
<u>13,441,214</u>	<u>\$ 273,281</u>
27,999	-
<u>\$ 13,469,213</u>	

CITY OF HUBBARD, OHIO

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

Business-type Activities - Enterprise Funds

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Nonmajor</u>
Operating revenues:				
Charges for services	\$ 1,185,838	\$ 1,470,741	\$ 5,262,360	\$ -
Other.	-	2,500	-	36,810
Total operating revenues	<u>1,185,838</u>	<u>1,473,241</u>	<u>5,262,360</u>	<u>36,810</u>
Operating expenses:				
Personal services	437,369	493,538	815,937	-
Contract services	150,653	531,661	4,105,279	33,914
Materials and supplies	212,326	81,969	55,842	-
Depreciation	<u>255,063</u>	<u>163,258</u>	<u>296,723</u>	<u>-</u>
Total operating expenses.	<u>1,055,411</u>	<u>1,270,426</u>	<u>5,273,781</u>	<u>33,914</u>
Operating income (loss)	<u>130,427</u>	<u>202,815</u>	<u>(11,421)</u>	<u>2,896</u>
Nonoperating revenues (expenses):				
Interest revenue.	-	-	-	-
Property and other taxes	-	-	30,835	-
Intergovernmental.	-	-	131,348	-
Interest expense and fiscal charges	(201,995)	(131,263)	(293,423)	-
Investment in joint ventures	-	-	36,469	-
Gain on disposal of capital assets	-	-	775	-
Nonoperating expenses	<u>-</u>	<u>-</u>	<u>(289,385)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(201,995)</u>	<u>(131,263)</u>	<u>(383,381)</u>	<u>-</u>
Income (loss) before transfers.	(71,568)	71,552	(394,802)	2,896
Transfers in.	<u>16,715</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	(54,853)	71,552	(394,802)	2,896
Net assets at beginning of year (restated)	<u>4,488,024</u>	<u>3,729,279</u>	<u>5,481,525</u>	<u>117,593</u>
Net assets at end of year.	<u>\$ 4,433,171</u>	<u>\$ 3,800,831</u>	<u>\$ 5,086,723</u>	<u>\$ 120,489</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>
\$ 7,918,939	\$ 643,539
39,310	20,141
<u>7,958,249</u>	<u>663,680</u>
1,746,844	-
4,821,507	604,241
350,137	-
<u>715,044</u>	<u>-</u>
<u>7,633,532</u>	<u>604,241</u>
<u>324,717</u>	<u>59,439</u>
-	-
30,835	-
131,348	-
(626,681)	-
36,469	-
775	-
<u>(289,385)</u>	<u>-</u>
<u>(716,639)</u>	<u>-</u>
(391,922)	59,439
<u>16,715</u>	<u>-</u>
(375,207)	59,439
	<u>213,842</u>
	<u>\$ 273,281</u>
<u>(78,171)</u>	
<u>\$ (453,378)</u>	

CITY OF HUBBARD, OHIO

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

	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	\$ 1,186,120	\$ 1,428,989	\$ 5,290,000	\$ -
Cash received from other operations.	8,287	2,500	12,374	36,810
Cash payments for personal services	(433,041)	(490,251)	(801,849)	-
Cash payments for contract services	(156,978)	(538,512)	(4,400,196)	(33,914)
Cash payments for materials and supplies	(213,812)	(94,819)	(80,198)	-
Net cash provided by (used in) operating activities.	<u>390,576</u>	<u>307,907</u>	<u>20,131</u>	<u>2,896</u>
Cash flows from noncapital financing activities:				
Cash received from transfers in	16,715	-	-	-
Cash received from property and other taxes	-	-	30,819	-
Cash used for nonoperating expenses.	-	-	(289,385)	-
Net cash provided by noncapital financing activities	<u>16,715</u>	<u>-</u>	<u>(258,566)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(11,756)	-	(276,465)	-
Principal retirement on revenue bonds	(295,000)	-	-	-
Principal retirement on loans	(11,746)	(130,678)	-	-
Intergovernmental.	-	-	129,737	-
Principal retirement on notes	-	-	(1,890,000)	-
Sale of notes.	-	-	2,235,000	-
Note issuance costs.	-	-	(17,268)	-
Interest and fiscal charges.	(203,795)	(131,263)	(254,428)	-
Net cash used in capital and related financing activities	<u>(522,297)</u>	<u>(261,941)</u>	<u>(73,424)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(115,006)	45,966	(311,859)	2,896
Cash and cash equivalents at beginning of year	<u>2,018,399</u>	<u>934,322</u>	<u>3,490,229</u>	<u>117,593</u>
Cash and cash equivalents at end of year	<u>\$ 1,903,393</u>	<u>\$ 980,288</u>	<u>\$ 3,178,370</u>	<u>\$ 120,489</u>

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 7,905,109	\$ 652,355
59,971	20,141
(1,725,141)	-
(5,129,600)	(653,368)
(388,829)	-
721,510	19,128
16,715	-
30,819	-
(289,385)	-
(241,851)	-
(288,221)	-
(295,000)	-
(142,424)	-
129,737	-
(1,890,000)	-
2,235,000	-
(17,268)	-
(589,486)	-
(857,662)	-
(378,003)	19,128
6,560,543	383,749
\$ 6,182,540	\$ 402,877

--Continued

CITY OF HUBBARD, OHIO

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

	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).	\$ 130,427	\$ 202,815	\$ (11,421)	\$ 2,896
Adjustments:				
Depreciation	255,063	163,258	296,723	-
Changes in assets and liabilities:				
Increase in materials and supplies inventory	(1,337)	(12,573)	(24,890)	-
Decrease (increase) in accounts receivable	8,569	(41,752)	40,121	-
Decrease (increase) in prepayments	(1,101)	(5,430)	216	-
Increase (decrease) in accounts payable	(6,309)	(1,533)	(294,456)	-
Increase (decrease) in accrued wages and benefits	458	(177)	549	-
Decrease in due to other governments.	(1,311)	(469)	(3,563)	-
Increase in compensated absences payable	6,117	3,768	16,852	-
Decrease in claims payable.	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 390,576</u>	<u>\$ 307,907</u>	<u>\$ 20,131</u>	<u>\$ 2,896</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2006

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 7,444	\$ 1,635
Receivables:		
Real and other taxes.	-	25,705
Due from other governments	-	1,111
	<u>7,444</u>	<u>28,451</u>
Total assets.	<u>7,444</u>	<u>28,451</u>
Liabilities:		
Due to other governments	-	26,816
Deposits held and due to others.	-	1,635
	<u>-</u>	<u>28,451</u>
Total liabilities	<u>-</u>	<u>\$ 28,451</u>
Net assets:		
Held in trust for other purposes	<u>7,444</u>	
Total net assets	<u>\$ 7,444</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, 2006**

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$ 28
Total additions	<u>28</u>
Changes in net assets	28
Net assets at beginning of year	<u>7,416</u>
Net assets at end of year	<u>\$ 7,444</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

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

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 ORGANIZATIONS

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, 2006

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

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 2006, 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.

JOINT VENTURE WITH EQUITY INTEREST

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 2006 to complete a successful year of operation for OMEGA JV1. In accordance with the joint venture agreement, the City remitted \$5,849 to the joint venture for 2006. Complete financial statements for OMEGA JV1 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

The City is a Financing Participant with an ownership percentage of 2.07% and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interest, as tenants in common, without the right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis.

CITY OF HUBBARD, OHIO

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

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

Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2006, the City has met its debt coverage obligation.

The Agreement provides that the failure of any OMEGA JV5 participant to make payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting OMEGA JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting OMEGA JV5's Participant's entitlement to Project Power, which together with the share of the other non-defaulting OMEGA JV5 Participants, is equal to the defaulting OMEGA JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting OMEGA JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting OMEGA JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Certificates on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's Electric Enterprise fund. The City's net investment to date in OMEGA JV5 was \$223,626 at December 31, 2006. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

The following is a summary of audited financial information of OMEGA JV1 and OMEGA JV5 as of the year ended December 31, 2006:

	<u>OMEGA JV1</u>	<u>OMEGA JV5</u>
Total assets	\$ 670,068	\$ 173,270,506
Total liabilities	83,249	162,467,315
Members equity	586,819	10,803,191
Total revenues	309,982	24,338,381
Total expenses	178,584	22,817,173
Change in net assets	131,398	1,521,208

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.

CITY OF HUBBARD, OHIO

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

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

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

Equity interest in OMEGA JV1	\$ 22,240
Equity interest in OMEGA JV5	<u>223,626</u>
 Total investment in joint ventures	 <u>\$ 245,866</u>

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

OMEGA JV1		OMEGA JV5	
<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>100.00</u>	 Total	 <u>100.00</u>

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 are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

CITY OF HUBBARD, OHIO

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

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

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 and agency 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.

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.

General Obligation Bond Construction Fund - This fund accounts for money expended for construction projects.

CITY OF HUBBARD, OHIO

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

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

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 which account for the maintenance of the Mizner and Hultz family plots and agency funds which account for the Mayor's Court and Hubbard Union Cemetery.

D. Measurement Focus and Basis of Accounting

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

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

CITY OF HUBBARD, OHIO

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

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

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 and local government funds), fines and forfeitures and fees.

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, 2006, but which were levied to finance year 2007 operations, have been 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.

CITY OF HUBBARD, OHIO

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

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

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 original and final amended official certificate of estimated resources issued during 2006.

Appropriations - A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, function, department and line item 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 original and final appropriation amounts, including all amendments and modifications legally enacted by Council.

Budgeted Level of Expenditures - Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority of Council. Expenditures 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.

CITY OF HUBBARD, OHIO

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

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

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 2006, 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 2006. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2006.

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 2006, interest revenue credited to the general fund amounted to \$303,517 which includes \$296,189 assigned from other City funds.

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.

The City 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.

CITY OF HUBBARD, OHIO

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

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

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 capital assets are recorded at their fair market values as of the date received. During fiscal year 2006, the City increased its capitalization threshold from \$500 to \$5,000. The City’s infrastructure consists of traffic signals, sidewalks, storm sewers, streets, and water, sewer, and electric lines. Infrastructure acquired prior to the implementation of GASB Statement No. 34 has been reported. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

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

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

CITY OF HUBBARD, OHIO

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

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

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.

L. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2006, 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. Unamortized Issuance Costs

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

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

CITY OF HUBBARD, OHIO

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

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

N. 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.

O. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." 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.

P. 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.

Q. 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.

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.

R. Estimates

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

CITY OF HUBBARD, OHIO

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

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

S. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements. The City had no contributions of capital during 2006.

T. 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.

U. 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

A. Changes in Accounting Principles

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

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

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

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

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

CITY OF HUBBARD, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Restatement of Net Assets

Net assets have been restated due to a reappraisal of capital assets and an increase in capitalization threshold during the current year. This prior period adjustment had the following effect on net assets as previously reported.

	Governmental Activities	Business-Type Activities
Net assets, December 31, 2005	\$ 3,530,276	\$ 12,906,030
Capital asset adjustment	(90,627)	1,016,561
Restated net assets, January 1, 2006	\$ 3,439,649	\$ 13,922,591

The prior period adjustment had the following effect on net assets of the enterprise funds as previously reported.

	Sewer	Water	Electric	Nonmajor	Total
Net assets, 12/31/05	\$ 4,084,372	\$ 2,964,775	\$ 5,633,120	\$ 117,593	\$ 12,799,860
Capital asset adjustment	403,652	764,504	(151,595)	-	1,016,561
Restated net assets, 01/01/06	\$ 4,488,024	\$ 3,729,279	\$ 5,481,525	\$ 117,593	\$ 13,816,421

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the City Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of 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 Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

CITY OF HUBBARD, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

A. Cash on Hand

At year-end, the City had \$1,004 in undeposited cash on hand which is included on the financial statements of the City as part of "Cash in Segregated Accounts."

CITY OF HUBBARD, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2006, the carrying amount of all City deposits was \$7,010,609. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2006, \$6,846,112 of the City’s bank balance of \$7,100,594 was exposed to custodial risk as discussed below, while \$254,482 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the City’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City. The City has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payments for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

C. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> 6 months or less
STAR Ohio	\$ 48,083	\$ 48,083
U.S. Government Money Market Mutual Fund	<u>831,432</u>	<u>831,432</u>
	<u>\$ 879,515</u>	<u>\$ 879,515</u>

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

Credit Risk: The City’s U.S. Government Money Market Mutual Funds, were rated AAAM and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned STAR Ohio an AAA money market rating.

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

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 48,083	5.47
U.S. Government Money Market Mutual Fund	<u>831,432</u>	<u>94.53</u>
	<u>\$ 879,515</u>	<u>100.00</u>

CITY OF HUBBARD, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 7,010,609
Investments	879,515
Cash on hand	<u>1,004</u>
Total	<u>\$ 7,891,128</u>

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 1,699,509
Business type activities	6,182,540
Private-purpose trust funds	7,444
Agency funds	<u>1,635</u>
Total	<u>\$ 7,891,128</u>

NOTE 5 - INTERFUND TRANSFERS

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

<u>Transfers to</u>	<u>Transfers from</u>		<u>Total</u>
	<u>General</u>	<u>Nonmajor Capital Projects</u>	
Nonmajor Debt Service	\$ 525,018	\$ -	\$ 525,018
Nonmajor Special Revenue	354,567	-	354,567
Nonmajor Capital Projects	83,856	-	83,856
Sewer	<u>-</u>	<u>16,715</u>	<u>16,715</u>
	<u>\$ 963,441</u>	<u>\$ 16,715</u>	<u>\$ 980,156</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.

CITY OF HUBBARD, OHIO

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

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied on January 1 in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years with a triennial update. The last revaluation was completed in 2005. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20, with the remainder payable June 20. In certain instances, state statute permits earlier or later payment dates to be established.

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the 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, 2006, was \$4.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property located in the City, upon which taxes for 2006 were collected, are as follows:

<u>Category</u>	<u>Assessed Value</u>
Residential/agricultural	\$ 94,633,770
Commercial/industrial	<u>16,745,870</u>
Total real estate	<u>111,379,640</u>
Public utility - real	17,180
Public utility - personal	<u>1,281,270</u>
Total public utility	<u>1,298,450</u>
Tangible personal property	<u>5,149,762</u>
Grand total	<u>\$ 117,827,852</u>

CITY OF HUBBARD, OHIO

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

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2006. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2006 operations. Accordingly, the receivable is offset by a credit to "Deferred Revenue."

NOTE 7 - LOCAL INCOME TAX

The one and a half 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, 2006. Income tax revenue for 2006 was \$1,990,560 in the general fund.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2006, consisted of taxes, accounts (billings for user charged services), accrued interest and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2006, as well as intended to finance fiscal 2006 operations.

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

Governmental Activities:

Income taxes	\$ 512,036
Real and other taxes	449,494
Accounts	3,801
Accrued interest	17,270
Due from other governments	386,881

Business-type Activities:

Real and other taxes	3,408
Accounts	725,250
Due from other governments	1,611

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.

CITY OF HUBBARD, OHIO

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

NOTE 9 - CAPITAL ASSETS

The capital asset balances of the governmental activities have been restated due to a reappraisal of capital assets and an increase in the capitalization threshold.

<u>Governmental Activities:</u>	Balance <u>12/31/05</u>	Adjustments	Restated Balance <u>01/01/06</u>
Land	\$ 711,929	\$ (114,058)	\$ 597,871
Construction in progress	713,399	-	713,399
Land improvements	50,631	83,161	133,792
Buildings and improvements	596,156	(54,204)	541,952
Furniture and equipment	819,425	(379,557)	439,868
Vehicles	1,336,929	(53,234)	1,283,695
Infrastructure	4,941,206	(6,222)	4,934,984
Less: accumulated depreciation	<u>(4,661,977)</u>	<u>433,487</u>	<u>(4,228,490)</u>
Total	<u>\$ 4,507,698</u>	<u>\$ (90,627)</u>	<u>\$ 4,417,071</u>

CITY OF HUBBARD, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

	Restated Balance <u>1/01/06</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/06</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 597,871	\$ -	\$ -	\$ 597,871
Construction in progress	<u>713,399</u>	<u>66,963</u>	<u>(713,399)</u>	<u>66,963</u>
Total capital assets, not being depreciated	<u>1,311,270</u>	<u>66,963</u>	<u>(713,399)</u>	<u>664,834</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	133,792	376,455	-	510,247
Buildings and improvements	541,952	1,434,100	-	1,976,052
Furniture and equipment	439,868	172,225	-	612,093
Vehicles	1,283,695	75,984	-	1,359,679
Infrastructure	<u>4,934,984</u>	<u>-</u>	<u>-</u>	<u>4,934,984</u>
Total capital assets, being depreciated	<u>7,334,291</u>	<u>2,058,764</u>	<u>-</u>	<u>9,393,055</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(117,658)	(14,880)	-	(132,538)
Buildings and improvements	(462,038)	(22,776)	-	(484,814)
Furniture and equipment	(255,810)	(40,991)	-	(296,801)
Vehicles	(922,828)	(88,999)	-	(1,011,827)
Infrastructure	<u>(2,470,156)</u>	<u>(263,419)</u>	<u>-</u>	<u>(2,733,575)</u>
Total accumulated depreciation	<u>(4,228,490)</u>	<u>(431,065)</u>	<u>-</u>	<u>(4,659,555)</u>
Total capital assets being depreciated, net	<u>3,105,801</u>	<u>1,627,699</u>	<u>-</u>	<u>4,733,500</u>
Governmental activities capital assets, net	<u>\$ 4,417,071</u>	<u>\$ 1,694,662</u>	<u>\$ (713,399)</u>	<u>\$ 5,398,334</u>

CITY OF HUBBARD, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

The capital asset balances of the business-type activities have been restated due to a reappraisal of capital assets and an increase in the capitalization threshold.

<u>Business-type Activities:</u>	Balance <u>12/31/05</u>	Adjustments	Restated Balance <u>01/01/06</u>
Land	\$ 112,941	\$ 67,482	\$ 180,423
Construction in progress	2,088,658	(2,088,658)	-
Land improvements	-	136,221	136,221
Buildings and improvements	4,662,011	(262,034)	4,399,977
Furniture and equipment	3,241,244	2,587,913	5,829,157
Vehicles	617,583	62,210	679,793
Infrastructure	13,632,236	351,052	13,983,288
Less: accumulated depreciation	<u>(10,348,854)</u>	<u>162,375</u>	<u>(10,186,479)</u>
Total	<u>\$ 14,005,819</u>	<u>\$ 1,016,561</u>	<u>\$ 15,022,380</u>

CITY OF HUBBARD, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

<u>Business-type Activities:</u>	Restated Balance 1/1/06	<u>Additions</u>	<u>Disposals</u>	Balance 12/31/06
<i>Capital assets, not being depreciated:</i>				
Land	\$ 180,423	\$ -	\$ -	\$ 180,423
Total capital assets, not being depreciated	<u>180,423</u>	<u>-</u>	<u>-</u>	<u>180,423</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	136,221	184,361	-	320,582
Buildings and improvements	4,399,977	79,197	-	4,479,174
Furniture and equipment	5,829,157	29,300	-	5,858,457
Vehicles	679,793	-	-	679,793
Infrastructure	<u>13,983,288</u>	<u>-</u>	<u>-</u>	<u>13,983,288</u>
Total capital assets, being depreciated	<u>25,028,436</u>	<u>292,858</u>	<u>-</u>	<u>25,321,294</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(126,438)	(10,074)	-	(136,512)
Buildings and improvements	(1,911,581)	(112,374)	-	(2,023,955)
Furniture and equipment	(3,553,198)	(215,507)	-	(3,768,705)
Vehicles	(512,104)	(48,486)	-	(560,590)
Infrastructure	<u>(4,083,158)</u>	<u>(328,603)</u>	<u>-</u>	<u>(4,411,761)</u>
Total accumulated depreciation	<u>(10,186,479)</u>	<u>(715,044)</u>	<u>-</u>	<u>(10,901,523)</u>
Total capital assets, being depreciated, net	<u>14,841,957</u>	<u>(422,186)</u>	<u>-</u>	<u>14,419,771</u>
Business-type activities capital assets, net	<u>\$ 15,022,380</u>	<u>\$ (422,186)</u>	<u>\$ -</u>	<u>\$ 14,600,194</u>

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

Governmental activities:

General government	\$ 18,203
Security of persons and property	89,345
Transportation	318,246
Leisure time activity	<u>5,271</u>
Total depreciation expense - governmental activities	<u>\$ 431,065</u>

CITY OF HUBBARD, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

Business-type activities:

Water	\$ 163,258
Sewer	255,063
Electric	<u>296,723</u>
Total depreciation expense - business-type activities	<u>\$ 715,044</u>

NOTE 10 - VACATION AND SICK LEAVE LIABILITY

Vacation and sick leave accumulated by governmental fund type employees have 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, 2006, vested benefits for vacation leave for governmental fund type employees, totaled \$98,278 and vested benefits for sick leave, totaled \$128,664. For proprietary fund types, vested benefits for vacation leave totaled \$67,834 and vested benefits for sick leave totaled \$87,190 at December 31, 2006. Included in the vested benefits for sick leave figures is an additional liability to accrue and record termination (severance) payments for employees expected to become eligible to retire in the future in accordance with GASB Statement No. 16.

CITY OF HUBBARD, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS

A. The City's long term obligations at December 31, 2006 were as follows:

	Interest Rate	Balance at 12/31/05	Additions	Reductions	Balance at 12/31/06	Amounts Due in One Year
Governmental Activities:						
Compensated absences		\$ 254,277	\$ 86,569	\$ (113,904)	\$ 226,942	\$ 98,278
General Obligation Bonds	2.6-3.7%	<u>5,100,000</u>	-	<u>(360,000)</u>	<u>4,740,000</u>	<u>370,000</u>
Total long-term obligations, governmental activities		<u>\$ 5,354,277</u>	<u>\$ 86,569</u>	<u>\$ (473,904)</u>	<u>\$ 4,966,942</u>	<u>\$ 468,278</u>
Business-type Activities:						
<u>Mortgage Revenue Bond:</u>						
Sewer System – 1997	4.00-5.45%	\$ 3,770,000	\$ -	\$ (295,000)	\$ 3,475,000	\$ 310,000
<u>OPWC Loans:</u>						
Sewer Issue II Lift Station	0.00%	158,570	-	(11,746)	146,824	11,746
Waterline Looping	0.00%	87,625	-	(6,490)	81,135	6,490
Waterline Replacement	0.00%	127,587	-	(7,732)	119,855	7,732
N. Main Waterline	0.00%	<u>524,909</u>	-	<u>(29,995)</u>	<u>494,914</u>	<u>29,995</u>
Total OPWC Loans		<u>898,691</u>	-	<u>(55,963)</u>	<u>842,728</u>	<u>55,963</u>
<u>OWDA Loan:</u>						
Transmission Waterlines	6.58%	<u>1,994,858</u>	-	<u>(86,461)</u>	<u>1,908,397</u>	<u>92,151</u>
<u>Other Long-Term Obligations</u>						
Compensated absences		<u>128,287</u>	<u>83,154</u>	<u>(56,417)</u>	<u>155,024</u>	<u>67,834</u>
Total long-term obligations, business-type activities		<u>\$ 6,791,836</u>	<u>\$ 83,154</u>	<u>\$ (493,841)</u>	<u>\$ 6,381,149</u>	<u>\$ 525,948</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, which, primarily is the general and street funds for governmental and electric, sewer and water for business-type activities.

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 State and Local Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. 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, 2006 was \$3,475,000.

CITY OF HUBBARD, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

As part of the bond indenture, Second National Bank currently transferred the trust activity to J.P. Morgan who 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 J.P. Morgan the following account balances at December 31, 2006.

1. Sewer Bond Fund Account - \$119,084 (which is required by the indenture and utilized to account for the principal and interest activity).
2. Sewer Bond Reserve Fund Account - \$712,348 (which is required by the indenture).

These monies have been invested in U.S. Government money market mutual funds and are reported on the financial statements 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, 2006, the City has outstanding borrowings of \$146,824, \$81,135, \$119,855 and \$494,914 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, 2006, the City has outstanding borrowings of \$1,908,397. The loan agreement requires semi-annual payments based on the actual amount loaned.

On July 7, 2005 the City issued \$5,100,000 in general obligation capital improvement bonds for various construction projects and improvements. The issue is comprised of general obligation bonds with an annual interest rate ranging from 2.60% - 3.70% and mature in 2017. The general obligation bonds are secured by the full faith and credit of the City. The general obligation bonds will be paid from the General Obligation Bond Retirement fund. The principal balance of the general obligation capital improvement bonds at December 31, 2006 was \$4,740,000.

CITY OF HUBBARD, OHIO

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The following is the summary of the City's future annual debt service and interest requirements for long-term obligations:

Year Ending December 31	General Obligation Capital Acquisition Bonds			OPWC Loans		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 370,000	\$ 155,658	\$ 525,658	\$ 55,963	\$ -	\$ 55,963
2008	380,000	145,667	525,667	55,964	-	55,964
2009	390,000	135,028	525,028	55,964	-	55,964
2010	400,000	123,522	523,522	55,964	-	55,964
2011	415,000	111,323	526,323	55,964	-	55,964
2012 - 2016	2,280,000	340,698	2,620,698	279,820	-	279,820
2017 - 2021	505,000	18,685	523,685	234,227	-	234,227
2022 - 2023	-	-	-	48,862	-	48,862
	<u>\$ 4,740,000</u>	<u>\$ 1,030,581</u>	<u>\$ 5,770,581</u>	<u>\$ 842,728</u>	<u>\$ -</u>	<u>\$ 842,728</u>

Year Ending December 31	Mortgage Revenue Bond			OWDA Loan		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 310,000	\$ 186,693	\$ 496,693	\$ 92,151	\$ 125,572	\$ 217,723
2008	325,000	171,193	496,193	98,214	119,509	217,723
2009	345,000	154,780	499,780	104,677	113,046	217,723
2010	360,000	135,977	495,977	111,564	106,159	217,723
2011	380,000	116,358	496,358	118,905	98,818	217,723
2012 - 2016	1,755,000	245,524	2,000,524	722,704	365,912	1,088,616
2017 - 2020	-	-	-	660,182	101,849	762,031
Total	<u>\$ 3,475,000</u>	<u>\$ 1,010,525</u>	<u>\$ 4,485,525</u>	<u>\$ 1,908,397</u>	<u>\$ 1,030,865</u>	<u>\$ 2,939,262</u>

NOTE 12 - SHORT-TERM OBLIGATIONS

On December 14, 2005, the City issued a \$1,890,000 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 13, 2006. On September 28, 2006, the City issued an additional \$2,235,000 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 2006:

	Interest Rate	Balance at 12/31/05	Additions	Reductions	Balance at 12/31/06
<u>Revenue Anticipation Notes</u>					
Electric System Improvements	3.75%	\$ 1,890,000	\$ -	\$(1,890,000)	\$ -
Electric System Improvements	4.25%	-	2,235,000	-	2,235,000
Total		<u>\$ 1,890,000</u>	<u>\$ 2,235,000</u>	<u>\$(1,890,000)</u>	<u>\$ 2,235,000</u>

CITY OF HUBBARD, OHIO

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

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 2006, the City was insured through the Argonaut Insurance Company for all property and equipment, general liability, wrongful acts, law enforcement, public official, employment practices, automobile, employee dishonesty, money and securities, inland marine, EDP and umbrella liability. The insurance plan was purchased through Victor Buck 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 and Equipment Breakdown	\$18,979,473	\$1,000
General liability:		
Per occurrence	1,000,000	0
Aggregate	3,000,000	0
Law enforcement liability/wrongful acts:		
Per occurrence	1,000,000	0
Aggregate	2,000,000	10,000
Public official liability/wrongful acts:		
Per occurrence	1,000,000	0
Aggregate	2,000,000	5,000
Employment Practices Liability	1,000,000	5,000
Automobile:		
Liability	1,000,000	0
Comprehensive	0	500
Collision	0	500
Employee Dishonesty	50,000	500
Money and Securities	50,000	500
Inland Marine	680,000	500
EDP	300,000	1,000
Umbrella Liability	4,000,000	10,000

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; annual claims above such amount are paid for by specific 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 \$109,104 reported in the Internal Service Fund at December 31, 2006, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by FASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

CITY OF HUBBARD, OHIO

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

NOTE 13 - RISK MANAGEMENT - (Continued)

Changes in the fund's liability during 2006 are as follows:

<u>Year</u>	<u>Liability</u>	<u>Estimates</u>	<u>Payments</u>	<u>Liability</u>
2006	\$ 178,723	\$ 583,749	\$ (653,368)	\$ 109,104
2005	212,875	898,303	(932,455)	178,723

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 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement under the traditional plan, were required to contribute 9.0% of their annual covered salaries. Members participating in the traditional plan that were in law enforcement contributed 10.1% of their annual covered salary. The City's contribution rate for pension benefits for 2006 was 13.70%, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 16.93% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

CITY OF HUBBARD, OHIO

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

NOTE 14 - PENSION PLANS - (Continued)

The City's contributions to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$256,030, \$227,475, and \$234,218, respectively; 100% has been contributed for 2006, 2005 and 2004. The City and plan members did not make any contributions to the member-directed plan for 2006.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. Contributions are authorized by State statute. The City's contributions to OP&F for the years ended December 31, 2006, 2005, and 2004 for police were \$114,661, \$135,599, and \$124,851, respectively. The full amount has been contributed for 2006, 2005 and 2004.

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 2006 local government employer contribution rate was 13.70% of covered payroll (16.93% for public safety and law enforcement); 4.50% of covered payroll was the portion that was used to fund health care.

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

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

CITY OF HUBBARD, OHIO

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

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The number of active contributing participants in the traditional and combined plans was 369,214 as of December 31, 2006. The number of active participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The City's actual employer contributions for 2006 which were used to fund postemployment benefits were \$84,097. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005 (the latest information available) were \$11.1 billion. At December 31, 2005 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

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

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2005 and 2006. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$45,520 for police. The OP&F's total health care expense for the year ended December 31, 2005 (the latest information available) was \$108.039 million, which was net of member contributions of \$55.272 million. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005 (the latest information available), was 13,922 for police and 10,537 for firefighters.

CITY OF HUBBARD, OHIO

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

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 and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses and other financing uses 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>
Budget basis	\$ 49,166
Net adjustment for revenue accruals	34,406
Net adjustment for expenditure accruals	27,538
Net adjustment for other financing sources/(uses)	100
Adjustment for encumbrances	<u>882</u>
GAAP basis	<u>\$ 112,092</u>

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, 2006.

CITY OF HUBBARD, OHIO

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

NOTE 17 - CONTINGENCIES - (Continued)

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.

Fiscal Year Ending	Amount
<u>December 31,</u>	
2007	\$ 6,250
2008	<u>6,250</u>
Total - Present Value of Minimum Lease Payment:	<u>\$ 12,500</u>

NOTE 19 - SIGNIFICANT SUBSEQUENT EVENTS

On February 15, 2007, the City issued \$2,980,000 in bond anticipation notes (BANs) to refund outstanding sewer system revenue bonds. The BANs have an interest rate of 4.50% and will mature in the year 2013.

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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

General Fund

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

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:

Nonmajor Special Revenue Fund

Street Construction and Maintenance

To account for revenues generated from license and gasoline taxes to be used on local roads within the City.

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 Cemetery

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.

CITY OF HUBBARD, OHIO

INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS (CONTINUED)

Nonmajor Special Revenue Funds (Continued)

Police Pension

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

Nonmajor Debt Service Fund

General Obligation Bond Retirement

To account for the retirement of the \$5,100,000, G.O. Capital Improvement Bonds.

Major Capital Projects Fund

The capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by

General Obligation Bond Construction

To account for the construction of the \$5,100,000 capital improvement projects.

Nonmajor Capital Projects 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 Flood Grant

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.

West Liberty Sidewalk Project

To account for grant monies received and expended for the West Liberty sidewalk project.

Street Resurfacing

To account for grant monies received and expended for resurfacing streets.

Downtown Coordination

To account for grant monies received and expended for the downtown construction projects.

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 Cemetery (now known as Maple Grove Cemetery).

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 1,950,000	\$ 1,923,509	\$ 1,923,227	\$ (282)
Property and other taxes	256,500	276,493	276,452	(41)
Licenses and permits	70,100	74,138	74,127	(11)
Fines and forfeitures	66,354	46,606	46,599	(7)
Intergovernmental	298,200	245,913	245,877	(36)
Investment income	215,000	299,944	300,043	99
Other	4,400	70,881	70,871	(10)
Total revenues	<u>2,860,554</u>	<u>2,937,484</u>	<u>2,937,196</u>	<u>(288)</u>
Expenditures:				
Current:				
General government:				
Postage				
Contractual services	2,000	2,210	2,209	1
Total postage	<u>2,000</u>	<u>2,210</u>	<u>2,209</u>	<u>1</u>
Income tax				
Personal services	71,550	50,271	36,138	14,133
Contractual services	8,500	4,409	4,409	-
Materials and supplies.	4,400	4,054	4,054	-
Capital outlay	6,600	1,800	1,800	-
Other	15,000	14,124	14,124	-
Total income tax	<u>106,050</u>	<u>74,658</u>	<u>60,525</u>	<u>14,133</u>
Mayor				
Personal services	30,350	29,370	29,357	13
Contractual services	7,800	7,210	7,205	5
Materials and supplies.	3,700	2,385	2,378	7
Capital outlay	5,650	1,635	1,632	3
Total mayor.	<u>47,500</u>	<u>40,600</u>	<u>40,572</u>	<u>28</u>
Council				
Personal services	16,100	15,440	15,433	7
Contractual services	10,550	19,530	19,519	11
Materials and supplies.	1,150	655	654	1
Capital outlay	400	-	-	-
Total council	<u>28,200</u>	<u>35,625</u>	<u>35,606</u>	<u>19</u>
Council Clerk				
Personal services	3,580	3,330	3,323	7
Contractual services	550	3,665	-	3,665
Materials and supplies.	4,550	180	3,661	(3,481)
Capital outlay	675	-	176	(176)
Total council clerk	<u>9,355</u>	<u>7,175</u>	<u>7,160</u>	<u>15</u>
Auditor				
Personal services	37,550	39,370	39,347	23
Contractual services	5,800	5,310	5,304	6
Materials and supplies.	6,500	6,446	6,445	1
Capital outlay	10,750	4,430	4,423	7
Total auditor	<u>60,600</u>	<u>55,556</u>	<u>55,519</u>	<u>37</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, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Treasurer				
Personal services	\$ 4,950	\$ 4,385	\$ 4,380	\$ 5
Contractual services	1,750	1,625	1,621	4
Materials and supplies.	700	275	268	7
Capital outlay	500	480	476	4
Total treasurer.	<u>7,900</u>	<u>6,765</u>	<u>6,745</u>	<u>20</u>
Law director				
Personal services	10,780	10,000	9,991	9
Contractual services	1,400	7,935	7,931	4
Materials and supplies.	6,500	3,060	3,057	3
Capital outlay	300	180	176	4
Total law director.	<u>18,980</u>	<u>21,175</u>	<u>21,155</u>	<u>20</u>
Service director				
Personal services	16,775	15,940	15,922	18
Contractual services	54,500	38,145	38,136	9
Materials and supplies.	1,500	895	892	3
Total service director	<u>72,775</u>	<u>54,980</u>	<u>54,950</u>	<u>30</u>
Engineer				
Personal services	21,650	19,680	19,668	12
Contractual services	2,850	2,350	2,349	1
Materials and supplies.	1,750	875	874	1
Capital outlay	700	540	533	7
Total engineer	<u>26,950</u>	<u>23,445</u>	<u>23,424</u>	<u>21</u>
County auditor fees				
Contractual services	9,320	18,170	18,166	4
Total county auditor fees.	<u>9,320</u>	<u>18,170</u>	<u>18,166</u>	<u>4</u>
State examiners fees				
Contractual services	21,500	25,130	25,127	3
Total state examiners fees	<u>21,500</u>	<u>25,130</u>	<u>25,127</u>	<u>3</u>
Total general government.	<u>411,130</u>	<u>365,489</u>	<u>351,158</u>	<u>14,331</u>
Security of persons and property:				
Police				
Personal services	1,425,000	1,393,140	1,393,081	59
Contractual services	62,400	45,130	45,113	17
Materials and supplies.	66,150	61,260	61,242	18
Capital outlay	72,500	39,220	39,214	6
Total police.	<u>1,626,050</u>	<u>1,538,750</u>	<u>1,538,650</u>	<u>100</u>
Civil service				
Contractual services	2,500	2,360	2,350	10
Materials and supplies.	200	-	-	-
Total civil service.	<u>2,700</u>	<u>2,360</u>	<u>2,350</u>	<u>10</u>
Total security of persons and property .	<u>1,628,750</u>	<u>1,541,110</u>	<u>1,541,000</u>	<u>110</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public health and welfare:				
County health district				
Contractual services	\$ 14,000	\$ 15,655	\$ 15,650	\$ 5
Total county health district.	14,000	15,655	15,650	5
Total public health and welfare	14,000	15,655	15,650	5
Community environment:				
Planning and zoning				
Contractual services	2,000	485	485	-
Materials and supplies.	200	-	-	-
Total planning and zoning	2,200	485	485	-
War memorial				
Materials and supplies.	500	-	-	-
Total war memorial.	500	-	-	-
Total community environment.	2,700	485	485	-
Leisure time activity:				
Recreation				
Contractual services	1,600	850	847	3
Materials and supplies	3,000	1,015	1,013	2
Total recreation.	4,600	1,865	1,860	5
Total leisure time activity	4,600	1,865	1,860	5
Other:				
Unclaimed monies				
Other	200	348	14,336	(13,988)
Total unclaimed monies.	200	348	14,336	(13,988)
Total other	200	348	14,336	(13,988)
Total expenditures	2,061,380	1,924,952	1,924,489	463
Excess of revenues over expenditures.	799,174	1,012,532	1,012,707	175
Other financing sources (uses):				
Transfers in.	1,160,000	1,122,380	1,122,216	(164)
Transfers out	(2,043,850)	(2,086,569)	(2,085,657)	912
Advances out	(100)	(100)	(100)	-
Total other financing sources (uses)	(883,950)	(964,289)	(963,541)	748
Net change in fund balance.	(84,776)	48,243	49,166	923
Fund balance at beginning of year	137,378	137,378	137,378	-
Fund balance at end of year	\$ 52,602	\$ 185,621	\$ 186,544	\$ 923

CITY OF HUBBARD, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	<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	\$ 382,523	\$ 21,615	\$ 1,697	\$ 405,835
Cash in segregated accounts	350	-	-	350
Receivables (net of allowances of uncollectibles):				
Real and other taxes	115,307	-	-	115,307
Accounts	52	-	-	52
Accrued interest	6,961	-	-	6,961
Due from other governments.	188,464	79,589	-	268,053
Materials and supplies inventory.	9,172	-	-	9,172
Total assets	<u>\$ 702,829</u>	<u>\$ 101,204</u>	<u>\$ 1,697</u>	<u>\$ 805,730</u>
Liabilities:				
Accounts payable	\$ 4,487	\$ 5,758	\$ -	\$ 10,245
Contracts payable	-	66,265	-	66,265
Accrued wages and benefits	9,796	-	-	9,796
Due to other governments	10,241	330	-	10,571
Interfund payable	-	100	-	100
Deferred revenue.	239,376	-	-	239,376
Total liabilities	<u>263,900</u>	<u>72,453</u>	<u>-</u>	<u>336,353</u>
Fund Balances:				
Fund balances:				
Reserved for encumbrances	3,942	-	-	3,942
Reserved for materials and supplies	9,172	-	-	9,172
Reserved for perpetual care	-	-	840	840
Unreserved, undesignated, reported in:				
Special revenue funds	425,815	-	-	425,815
Capital projects funds	-	28,751	-	28,751
Permanent fund.	-	-	857	857
Total fund balances	<u>438,929</u>	<u>28,751</u>	<u>1,697</u>	<u>469,377</u>
Total liabilities and fund equity	<u>\$ 702,829</u>	<u>\$ 101,204</u>	<u>\$ 1,697</u>	<u>\$ 805,730</u>

CITY OF HUBBARD, OHIO

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property and other local taxes	\$ 101,895	\$ -	\$ -	\$ -	\$ 101,895
Fines and forfeitures	650	-	-	-	650
Intergovernmental	380,251	-	634,506	-	1,014,757
Investment income	14,297	-	-	6	14,303
Other	48,906	-	-	-	48,906
Total revenues	545,999	-	634,506	6	1,180,511
Expenditures:					
Current:					
Security of persons and property	143,254	-	-	-	143,254
Public health and welfare	16,663	-	-	-	16,663
Transportation	547,210	-	-	-	547,210
Leisure time activity	44,565	-	-	-	44,565
Other	20,213	-	-	-	20,213
Capital outlay	113,295	-	682,735	-	796,030
Debt Service:					
Principal retirement	-	360,000	-	-	360,000
Interest and fiscal charges	-	165,018	-	-	165,018
Total expenditures	885,200	525,018	682,735	-	2,092,953
Excess (deficiency) of revenues over (under) expenditures	(339,201)	(525,018)	(48,229)	6	(912,442)
Other financing sources:					
Transfers in	354,567	525,018	83,856	-	963,441
Transfers out	-	-	(16,715)	-	(16,715)
Total other financing sources	354,567	525,018	67,141	-	946,726
Net change in fund balances	15,366	-	18,912	6	34,284
Fund balances at beginning of year	423,563	-	9,839	1,691	435,093
Fund balances at end of year	\$ 438,929	\$ -	\$ 28,751	\$ 1,697	\$ 469,377

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CITY OF HUBBARD, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2006

	<u>Street Construction and Maintenance</u>	<u>Indigent Drivers Fund</u>	<u>Enforcement and Education</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 178,852	\$ 3,927	\$ 4,928
Cash in segregated accounts	350	-	-
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	-	-
Accounts	-	-	-
Accrued interest	3,558	-	-
Due from other governments	168,478	-	-
Materials and supplies inventory	9,139	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 360,377</u>	<u>\$ 3,927</u>	<u>\$ 4,928</u>
Liabilities:			
Accounts payable	\$ 977	\$ -	\$ -
Accrued wages and benefits	9,796	-	-
Due to other governments	9,172	-	-
Deferred revenue.	111,991	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>131,936</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Reserved for encumbrances	642	-	-
Reserved for materials and supplies inventory	9,139	-	-
Unreserved:			
Undesignated.	218,660	3,927	4,928
Total fund balances	<u>228,441</u>	<u>3,927</u>	<u>4,928</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity.	<u>\$ 360,377</u>	<u>\$ 3,927</u>	<u>\$ 4,928</u>

<u>Fire District</u>	<u>State Highway</u>	<u>Maple Grove Cemetery</u>	<u>Recreation</u>	<u>Drug and Law Enforcement</u>
\$ 101,539	\$ 13,161	\$ 1,225	\$ 50,459	\$ 5,720
-	-	-	-	-
76,750	-	-	-	-
-	-	-	52	-
-	3,403	-	-	-
4,558	13,661	-	100	-
-	-	-	33	-
<u>\$ 182,847</u>	<u>\$ 30,225</u>	<u>\$ 1,225</u>	<u>\$ 50,644</u>	<u>\$ 5,720</u>
\$ 3,510	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	542	527	-
78,710	9,081	-	-	-
<u>82,220</u>	<u>9,081</u>	<u>542</u>	<u>527</u>	<u>-</u>
-	-	-	3,300	-
-	-	-	33	-
100,627	21,144	683	46,784	5,720
<u>100,627</u>	<u>21,144</u>	<u>683</u>	<u>50,117</u>	<u>5,720</u>
<u>\$ 182,847</u>	<u>\$ 30,225</u>	<u>\$ 1,225</u>	<u>\$ 50,644</u>	<u>\$ 5,720</u>

Continued

CITY OF HUBBARD, OHIO

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

	<u>Range Fund</u>	<u>Escrow Account</u>	<u>Police Pension</u>	<u>Totals</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 13,565	\$ 395	\$ 8,752	\$ 382,523
Cash in segregated accounts	-	-	-	350
Receivables (net of allowances for uncollectibles):				
Real and other taxes.	-	-	38,557	115,307
Accounts	-	-	-	52
Accrued interest	-	-	-	6,961
Due from other governments	-	-	1,667	188,464
Materials and supplies inventory	-	-	-	9,172
Total assets	<u><u>\$ 13,565</u></u>	<u><u>\$ 395</u></u>	<u><u>\$ 48,976</u></u>	<u><u>\$ 702,829</u></u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,487
Accrued wages and benefits	-	-	-	9,796
Due to other governments	-	-	-	10,241
Deferred revenue.	-	-	39,594	239,376
Total liabilities	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>39,594</u></u>	<u><u>263,900</u></u>
Fund Balances:				
Reserved for encumbrances	-	-	-	3,942
Reserved for materials and supplies inventory	-	-	-	9,172
Unreserved:				
Undesignated.	13,565	395	9,382	425,815
Total fund balances	<u><u>13,565</u></u>	<u><u>395</u></u>	<u><u>9,382</u></u>	<u><u>210,488</u></u>
Total liabilities and fund equity.	<u><u>\$ 13,565</u></u>	<u><u>\$ 395</u></u>	<u><u>\$ 48,976</u></u>	<u><u>\$ 474,388</u></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, 2006

	<u>Street Construction and Maintenance</u>	<u>Indigent Drivers Fund</u>	<u>Enforcement and Education</u>
Revenues:			
Property and other taxes	\$ -	\$ -	\$ -
Fines and forfeitures	-	650	-
Intergovernmental	344,916	-	-
Investment income	10,570	-	-
Other	527	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	356,013	650	-
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of persons and property	-	-	-
Public health and welfare	-	-	-
Transportation	529,364	-	-
Leisure time activity	-	-	-
Other	-	-	-
Capital outlay	112,085	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	641,449	-	-
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(285,436)	650	-
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Transfers in	297,110	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources	297,110	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	11,674	650	-
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	216,767	3,277	4,928
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Fund balances at end of year	\$ 228,441	\$ 3,927	\$ 4,928
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<u>Fire District</u>	<u>State Highway</u>	<u>Maple Grove Cemetery</u>	<u>Recreation</u>	<u>Drug and Law Enforcement</u>
\$ 66,317	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
7,226	27,965	-	-	-
-	3,727	-	-	-
40,507	-	1,565	1,277	690
<u>114,050</u>	<u>31,692</u>	<u>1,565</u>	<u>1,277</u>	<u>690</u>
106,224	-	-	-	-
-	-	16,663	-	-
-	17,846	-	-	-
-	-	-	44,565	-
20,213	-	-	-	-
-	-	-	1,210	-
<u>126,437</u>	<u>17,846</u>	<u>16,663</u>	<u>45,775</u>	<u>-</u>
<u>(12,387)</u>	<u>13,846</u>	<u>(15,098)</u>	<u>(44,498)</u>	<u>690</u>
-	-	2,000	55,457	-
-	-	2,000	55,457	-
(12,387)	13,846	(13,098)	10,959	690
113,014	7,298	13,781	39,158	5,030
<u>\$ 100,627</u>	<u>\$ 21,144</u>	<u>\$ 683</u>	<u>\$ 50,117</u>	<u>\$ 5,720</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, 2006

	<u>Range Fund</u>	<u>Escrow Account</u>	<u>Police Pension</u>	<u>Totals</u>
Revenues:				
Property and other taxes	\$ -	\$ -	\$ 35,578	\$ 101,895
Fines and forfeitures	-	-	-	650
Intergovernmental	-	-	144	380,251
Investment income	-	-	-	14,297
Other	4,340	-	-	48,906
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	4,340	-	35,722	545,999
Expenditures:				
Current:				
Security of persons and property	-	-	37,030	143,254
Public health and welfare	-	-	-	16,663
Transportation	-	-	-	547,210
Leisure time activity	-	-	-	44,565
Other	-	-	-	20,213
Capital outlay	-	-	-	113,295
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	37,030	885,200
Excess (deficiency) of revenues over (under) expenditures	4,340	-	(1,308)	(339,201)
Other financing sources:				
Transfers in	-	-	-	354,567
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	-	354,567
Net change in fund balances	4,340	-	(1,308)	15,366
Fund balances at beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
	9,225	395	10,690	423,563
Fund balances at end of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 13,565	\$ 395	\$ 9,382	\$ 438,929

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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 352,604	\$ 348,525	\$ 348,624	\$ 99
Investment income.	7,214	7,131	7,133	2
Other.	781	772	772	-
Total revenues.	<u>360,599</u>	<u>356,428</u>	<u>356,529</u>	<u>101</u>
Expenditures:				
Current:				
Transportation				
Personal services	505,941	455,317	450,492	4,825
Contractual services	20,571	18,257	18,050	207
Materials and supplies	97,650	66,379	72,234	(5,855)
Total transportation.	<u>624,162</u>	<u>539,953</u>	<u>540,776</u>	<u>(823)</u>
Capital outlay				
Capital outlay	15,163	113,282	112,085	1,197
Total capital outlay	<u>15,163</u>	<u>113,282</u>	<u>112,085</u>	<u>1,197</u>
Total expenditures.	<u>639,325</u>	<u>653,235</u>	<u>652,861</u>	<u>374</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(278,726)</u>	<u>(296,807)</u>	<u>(296,332)</u>	<u>475</u>
Other financing sources:				
Transfers in	300,501	297,026	297,110	84
Total other financing sources	<u>300,501</u>	<u>297,026</u>	<u>297,110</u>	<u>84</u>
Net change in fund balance.	21,775	219	778	559
Fund balance at beginning of year	170,317	170,317	170,317	-
Prior year encumbrances appropriated	<u>6,875</u>	<u>6,875</u>	<u>6,875</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 198,967</u>	<u>\$ 177,411</u>	<u>\$ 177,970</u>	<u>\$ 559</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 200	\$ 650	\$ 650	\$ -
Total revenues	<u>200</u>	<u>650</u>	<u>650</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	500	-	-	-
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	(300)	650	650	-
Fund balance at beginning of year	<u>3,277</u>	<u>3,277</u>	<u>3,277</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,977</u>	<u>\$ 3,927</u>	<u>\$ 3,927</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Fines and forfeitures.	\$ 100	\$ -	\$ -	\$ -
Total revenues.	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance.	100	-	-	-
Fund balance at beginning of year	<u>4,928</u>	<u>4,928</u>	<u>4,928</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 5,028</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes.	\$ 59,525	\$ 66,172	\$ 66,171	\$ (1)
Intergovernmental	6,987	7,767	7,767	-
Other.	36,438	40,507	40,507	-
Total revenues.	<u>102,950</u>	<u>114,446</u>	<u>114,445</u>	<u>(1)</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	62,450	59,448	59,430	18
Materials and supplies	32,400	45,175	45,161	14
Total security of persons and property . .	<u>94,850</u>	<u>104,623</u>	<u>104,591</u>	<u>32</u>
Other				
Other expenses	25,300	20,215	20,213	2
Total other	<u>25,300</u>	<u>20,215</u>	<u>20,213</u>	<u>2</u>
Total expenditures	<u>120,150</u>	<u>124,838</u>	<u>124,804</u>	<u>34</u>
Net change in fund balance.	(17,200)	(10,392)	(10,359)	33
Fund balance at beginning of year	<u>111,898</u>	<u>111,898</u>	<u>111,898</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 94,698</u>	<u>\$ 101,506</u>	<u>\$ 101,539</u>	<u>\$ 33</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 26,398	\$ 28,231	\$ 28,266	\$ 35
Investment income.	302	324	324	-
Total revenues	<u>26,700</u>	<u>28,555</u>	<u>28,590</u>	<u>35</u>
Expenditures:				
Current:				
Transportation				
Personal services	1,000	-	-	-
Materials and supplies.	26,000	17,855	17,846	9
Total transportation.	<u>27,000</u>	<u>17,855</u>	<u>17,846</u>	<u>9</u>
Total expenditures	<u>27,000</u>	<u>17,855</u>	<u>17,846</u>	<u>9</u>
Net change in fund balance.	(300)	10,700	10,744	44
Fund balance at beginning of year	<u>2,417</u>	<u>2,417</u>	<u>2,417</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 2,117</u>	<u>\$ 13,117</u>	<u>\$ 13,161</u>	<u>\$ 44</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Other	\$ 8,253	\$ 1,566	\$ 1,565	\$ (1)
Total revenues	<u>8,253</u>	<u>1,566</u>	<u>1,565</u>	<u>(1)</u>
Expenditures:				
Current:				
Public health and welfare				
Personal services	15,000	16,455	16,446	9
Contractual services.	1,000	-	-	-
Materials and supplies.	2,500	950	946	4
Total public health and welfare	<u>18,500</u>	<u>17,405</u>	<u>17,392</u>	<u>13</u>
Total expenditures	<u>18,500</u>	<u>17,405</u>	<u>17,392</u>	<u>13</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,247)</u>	<u>(15,839)</u>	<u>(15,827)</u>	<u>12</u>
Other financing sources:				
Transfers in.	10,547	2,000	2,000	-
Total other financing sources.	<u>10,547</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Net change in fund balance.	300	(13,839)	(13,827)	12
Fund balance at beginning of year	<u>15,052</u>	<u>15,052</u>	<u>15,052</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 15,352</u>	<u>\$ 1,213</u>	<u>\$ 1,225</u>	<u>\$ 12</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 852	\$ 1,225	\$ 1,225	\$ -
Total revenues	852	1,225	1,225	-
Expenditures:				
Current:				
Leisure time activity				
Personal services	33,226	34,091	31,776	2,315
Contractual services	14,486	7,138	6,651	487
Materials and supplies	13,813	7,666	7,140	526
Total leisure time activity	61,525	48,895	45,567	3,328
Capital outlay				
Capital outlay	1,175	1,210	4,510	(3,300)
Total capital outlay	1,175	1,210	4,510	(3,300)
Total expenditures	62,700	50,105	50,077	28
Excess (deficiency) of revenues over (under) expenditures	(61,848)	(48,880)	(48,852)	28
Other financing sources:				
Transfers in	38,548	55,457	55,457	-
Total other financing sources	38,548	55,457	55,457	-
Net change in fund balance	(23,300)	6,577	6,605	28
Fund balance at beginning of year	40,554	40,554	40,554	-
Fund balance at end of year	\$ 17,254	\$ 47,131	\$ 47,159	\$ 28

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 500	\$ 690	\$ 690	\$ -
Total revenues	<u>500</u>	<u>690</u>	<u>690</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property				
Other	2,000	-	-	-
Total security of persons and property . .	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance.	(1,500)	690	690	-
Fund balance at beginning of year	<u>5,030</u>	<u>5,030</u>	<u>5,030</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 3,530</u>	<u>\$ 5,720</u>	<u>\$ 5,720</u>	<u>\$ -</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 1,500	\$ 5,240	\$ 5,240	\$ -
Total revenues	<u>1,500</u>	<u>5,240</u>	<u>5,240</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property				
Capital outlay	3,000	-	-	-
Total security of persons and property. . .	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,500)</u>	<u>5,240</u>	<u>5,240</u>	<u>-</u>
Net change in fund balance.	(1,500)	5,240	5,240	-
Fund balance at beginning of year	<u>8,325</u>	<u>8,325</u>	<u>8,325</u>	
Fund balance at end of year.	<u>\$ 6,825</u>	<u>\$ 13,565</u>	<u>\$ 13,565</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year	\$ 395	\$ 395	\$ 395	\$ -
Fund balance at end of year.	<u>\$ 395</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 35,320	\$ 35,320	\$ 35,487	\$ 167
Intergovernmental	143	143	144	1
Total revenues	<u>35,463</u>	<u>35,463</u>	<u>35,631</u>	<u>168</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	<u>35,000</u>	<u>37,030</u>	<u>37,030</u>	<u>-</u>
Total security of persons and property. . .	<u>35,000</u>	<u>37,030</u>	<u>37,030</u>	<u>-</u>
Total expenditures	<u>35,000</u>	<u>37,030</u>	<u>37,030</u>	<u>-</u>
Net change in fund balance.	463	(1,567)	(1,399)	168
Fund balance at beginning of year	<u>10,151</u>	<u>10,151</u>	<u>10,151</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 10,614</u>	<u>\$ 8,584</u>	<u>\$ 8,752</u>	<u>\$ 168</u>

CITY OF HUBBARD, OHIO

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

	<u>G.O. Bond Retirement</u>
Expenditures:	
Debt Service:	
Principal retirement.	\$ 360,000
Interest and fiscal charges.	<u>165,018</u>
Total expenditures	<u>525,018</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(525,018)</u>
Other financing sources:	
Transfers in	<u>525,018</u>
Total other financing sources	<u>525,018</u>
Net change in fund balances	-
Fund balances at beginning of year.	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL OBLIGATION BOND RETIREMENT
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures:				
Debt Service:				
Principal retirement	\$ 360,000	\$ 360,000	\$ 360,000	\$ -
Interest and fiscal charges.	165,020	165,017	165,018	(1)
Total debt service	<u>525,020</u>	<u>525,017</u>	<u>525,018</u>	<u>(1)</u>
 Total expenditures.	 <u>525,020</u>	 <u>525,017</u>	 <u>525,018</u>	 <u>(1)</u>
 Excess (deficiency) of revenues over (under) expenditures.	 <u>(525,020)</u>	 <u>(525,017)</u>	 <u>(525,018)</u>	 <u>(1)</u>
 Other financing sources:				
Transfers in.	527,000	525,017	525,018	1
Total other financing sources.	<u>527,000</u>	<u>525,017</u>	<u>525,018</u>	<u>1</u>
 Net change in fund balance.	 1,980	 -	 -	 -
 Fund balance at beginning of year	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund balance at end of year.	 <u>\$ 1,980</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

CITY OF HUBBARD, OHIO

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2006

	<u>Capital Improvement</u>	<u>FEMA Flood Grant</u>	<u>West Liberty Sidewalk Project</u>	<u>Street Resurfacing</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 21,033	\$ 382	\$ -	\$ -
Due from other governments	-	-	15,384	46,631
Total assets.	<u>21,033</u>	<u>382</u>	<u>15,384</u>	<u>46,631</u>
Liabilities:				
Accounts payable	-	-	-	-
Contracts payable.	4,250	-	15,384	46,631
Interfund loans payable	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	<u>4,250</u>	<u>-</u>	<u>15,384</u>	<u>46,631</u>
Fund Balances:				
Unreserved, undesignated, reported in:				
Capital projects funds	16,783	382	-	-
Total fund balances	<u>16,783</u>	<u>382</u>	<u>-</u>	<u>-</u>
Total liabilities and fund equity.	<u>21,033</u>	<u>382</u>	<u>15,384</u>	<u>46,631</u>

Downtown Coordination	Total
\$ 200	\$ 21,615
17,574	79,589
<hr/>	<hr/>
17,774	101,204
<hr/>	<hr/>
5,758	5,758
-	66,265
100	100
330	330
<hr/>	<hr/>
6,188	72,453
<hr/>	<hr/>
11,586	28,751
11,586	28,751
<hr/>	<hr/>
17,774	101,204
<hr/>	<hr/>

CITY OF HUBBARD, OHIO

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

	<u>Capital Improvement</u>	<u>CDBG Sidewalk Project</u>	<u>FEMA Flood Grant</u>	<u>West Liberty Sidewalk Project</u>
Revenues:				
Intergovernmental	\$ -	\$ 48,160	\$ 17,097	\$ 267,984
Total revenues	<u>-</u>	<u>48,160</u>	<u>17,097</u>	<u>267,984</u>
Expenditures:				
Capital outlay	<u>76,912</u>	<u>48,160</u>	<u>-</u>	<u>267,984</u>
Total expenditures	<u>76,912</u>	<u>48,160</u>	<u>-</u>	<u>267,984</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(76,912)</u>	<u>-</u>	<u>17,097</u>	<u>-</u>
Other financing sources:				
Transfers in	83,856	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(16,715)</u>	<u>-</u>
Total other financing sources.	<u>83,856</u>	<u>-</u>	<u>(16,715)</u>	<u>-</u>
Net change in fund balances	6,944	-	382	-
Fund balances at beginning of year.	<u>9,839</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 16,783</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 382</u></u>	<u><u>\$ -</u></u>

<u>Street Resurfacing</u>	<u>Downtown Coordination</u>	<u>Total</u>
\$ 46,631	\$ 254,634	\$ 634,506
<u>46,631</u>	<u>254,634</u>	<u>634,506</u>
<u>46,631</u>	<u>243,048</u>	<u>682,735</u>
<u>46,631</u>	<u>243,048</u>	<u>682,735</u>
<u>-</u>	<u>11,586</u>	<u>(48,229)</u>
<u>-</u>	<u>-</u>	<u>83,856</u>
<u>-</u>	<u>-</u>	<u>(16,715)</u>
<u>-</u>	<u>-</u>	<u>67,141</u>
<u>-</u>	<u>11,586</u>	<u>18,912</u>
<u>-</u>	<u>-</u>	<u>9,839</u>
<u>\$ -</u>	<u>\$ 11,586</u>	<u>28,751</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL OBLIGATION CONSTRUCTION
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment income	\$ 223,306	\$ 54,377	\$ 56,247	\$ 1,870
Other	6,694	1,630	1,686	56
Total revenues.	<u>230,000</u>	<u>56,007</u>	<u>57,933</u>	<u>1,926</u>
Expenditures:				
Capital outlay				
Capital outlay	<u>3,360,672</u>	<u>2,808,212</u>	<u>2,799,883</u>	<u>8,329</u>
Total capital outlay	<u>3,360,672</u>	<u>2,808,212</u>	<u>2,799,883</u>	<u>8,329</u>
Total expenditures.	<u>3,360,672</u>	<u>2,808,212</u>	<u>2,799,883</u>	<u>8,329</u>
Net change in fund balance.	(3,130,672)	(2,752,205)	(2,741,950)	10,255
Fund balance at beginning of year	1,020,094	1,020,094	1,020,094	
Prior year encumbrances appropriated	<u>2,110,672</u>	<u>2,110,672</u>	<u>2,110,672</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 94</u>	<u>\$ 378,561</u>	<u>\$ 388,816</u>	<u>\$ 10,255</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures:				
Capital outlay				
Capital outlay	90,000	82,490	82,486	4
Total capital outlay	<u>90,000</u>	<u>82,490</u>	<u>82,486</u>	<u>4</u>
Total expenditures.	<u>90,000</u>	<u>82,490</u>	<u>82,486</u>	<u>4</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(90,000)</u>	<u>(82,490)</u>	<u>(82,486)</u>	<u>4</u>
Other financing sources:				
Transfers in.	92,500	83,856	83,856	-
Total other financing sources.	<u>92,500</u>	<u>83,856</u>	<u>83,856</u>	<u>-</u>
Net change in fund balance.	2,500	1,366	1,370	4
Fund balance at beginning of year	<u>15,413</u>	<u>15,413</u>	<u>15,413</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 17,913</u>	<u>\$ 16,779</u>	<u>\$ 16,783</u>	<u>\$ 4</u>

CITY OF HUBBARD, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 17,097	\$ 17,097	\$ -
Total revenues.	-	17,097	17,097	-
Excess (deficiency) of revenues over (under) expenditures.	-	17,097	17,097	-
Other financing (uses):				
Transfers out	-	(16,715)	(16,715)	-
Total other financing (uses)	-	(16,715)	(16,715)	-
Net change in fund balance.	-	382	382	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year.	<u>\$ -</u>	<u>\$ 382</u>	<u>\$ 382</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WEST LIBERTY SIDEWALK PROJECT
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 65,000	\$ 252,600	\$ 252,600	\$ -
Total revenues.	<u>65,000</u>	<u>252,600</u>	<u>252,600</u>	<u>-</u>
Expenditures:				
Capital outlay				
Capital outlay	<u>65,000</u>	<u>252,600</u>	<u>252,600</u>	<u>-</u>
Total capital outlay	<u>65,000</u>	<u>252,600</u>	<u>252,600</u>	<u>-</u>
Total expenditures.	<u>65,000</u>	<u>252,600</u>	<u>252,600</u>	<u>-</u>
Net change in fund balance.	-	-	-	-
Fund balance at beginning of year	<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)
STREET RESURFACING
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 30,000	\$ 48,160	\$ 48,160	\$ -
Total revenues.	<u>30,000</u>	<u>48,160</u>	<u>48,160</u>	<u>-</u>
Expenditures:				
Capital outlay				
Capital outlay	<u>30,000</u>	<u>48,160</u>	<u>48,160</u>	<u>-</u>
Total capital outlay	<u>30,000</u>	<u>48,160</u>	<u>48,160</u>	<u>-</u>
Total expenditures.	<u>30,000</u>	<u>48,160</u>	<u>48,160</u>	<u>-</u>
Net change in fund balance.	-	-	-	-
Fund balance at beginning of year	<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)
DOWNTOWN COORDINATION
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 237,060	\$ 237,060	\$ -
Total revenues	-	237,060	237,060	-
Expenditures:				
Capital outlay				
Capital outlay	-	236,960	236,960	-
Total capital outlay	-	236,960	236,960	-
Total expenditures	-	236,960	236,960	-
Excess (deficiency) of revenues over (under) expenditures.	-	100	100	-
Other financing sources:				
Advance in.	-	100	100	-
Total other financing sources.	-	100	100	-
Net change in fund balance.	-	-	200	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 5	\$ 5	\$ 6	\$ 1
Total revenues	<u>5</u>	<u>5</u>	<u>6</u>	<u>1</u>
Net change in fund balance.	5	5	6	1
Fund balance at beginning of year	<u>1,691</u>	<u>1,691</u>	<u>1,691</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 1,696</u>	<u>\$ 1,696</u>	<u>\$ 1,697</u>	<u>\$ 1</u>

CITY OF HUBBARD, OHIO

**INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - PROPRIETARY FUNDS**

Enterprise Funds

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

Major Enterprise Funds

Sewer Fund

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

Water Fund

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

Electric Fund

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

Nonmajor Enterprise Fund

Guarantee Trust Fund

To account for deposits from utility services which the City applies and /or refunds upon termination of services.

Nonmajor Internal Service Fund

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

Employees Health

To account for the employer and employee charges and the payment of claims for the health care benefits provided to the employees of the City.

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 1,232,022	\$ 1,197,228	\$ 1,197,228	\$ -
Other operating revenues	8,527	8,286	8,286	-
Total operating revenues	<u>1,240,549</u>	<u>1,205,514</u>	<u>1,205,514</u>	<u>-</u>
Operating expenses:				
Personal services.	476,000	433,071	433,041	30
Contractual services	170,410	182,835	182,060	775
Materials and supplies	131,321	105,257	105,483	(226)
Capital outlay	128,566	131,366	128,283	3,083
Total operating expenses	<u>906,297</u>	<u>852,529</u>	<u>848,867</u>	<u>3,662</u>
Operating income.	<u>334,252</u>	<u>352,985</u>	<u>356,647</u>	<u>3,662</u>
Nonoperating revenues (expenses):				
Debt service:				
Principal retirement	(306,750)	(306,750)	(306,746)	4
Interest and fiscal charges	(204,295)	(203,795)	(203,795)	-
Other nonoperating revenue.	26,951	26,190	26,190	-
Total nonoperating revenues (expenses)	<u>(484,094)</u>	<u>(484,355)</u>	<u>(484,351)</u>	<u>4</u>
Net loss before transfers	(149,842)	(131,370)	(127,704)	3,666
Transfers in	48,000	64,715	64,715	-
Transfers out	<u>(48,000)</u>	<u>(48,000)</u>	<u>(48,000)</u>	<u>-</u>
Net change in fund balance	(149,842)	(114,655)	(110,989)	3,666
Fund balance at beginning of year.	1,134,388	1,134,388	1,134,388	-
Prior year encumbrances appropriated	<u>15,282</u>	<u>15,282</u>	<u>15,282</u>	<u>-</u>
Fund balance at end of year	<u>\$ 999,828</u>	<u>\$ 1,035,015</u>	<u>\$ 1,038,681</u>	<u>\$ 3,666</u>

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 1,445,557	\$ 1,428,989	\$ 1,428,989	\$ -
Other operating revenues	222,777	220,223	220,223	-
Total operating revenues	<u>1,668,334</u>	<u>1,649,212</u>	<u>1,649,212</u>	<u>-</u>
Operating expenses:				
Personal services.	512,000	490,285	490,251	34
Contractual services	656,667	567,472	564,392	3,080
Materials and supplies.	114,700	81,720	81,683	37
Capital outlay	48,800	15,140	15,126	14
Other operating expenses	217,725	217,723	217,723	-
Total operating expenses	<u>1,549,892</u>	<u>1,372,340</u>	<u>1,369,175</u>	<u>3,165</u>
Operating income	<u>118,442</u>	<u>276,872</u>	<u>280,037</u>	<u>3,165</u>
Nonoperating (expenses):				
Debt service:				
Principal retirement.	(130,820)	(130,680)	(130,678)	2
Interest and fiscal charges	(131,405)	(131,265)	(131,263)	2
Total nonoperating (expenses)	<u>(262,225)</u>	<u>(261,945)</u>	<u>(261,941)</u>	<u>4</u>
Net income (loss) before transfers.	(143,783)	14,927	18,096	3,169
Transfers in.	121,391	120,000	120,000	-
Transfers out	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Net change in fund balance	(142,392)	14,927	18,096	3,169
Fund balance at beginning of year	927,355	927,355	927,355	-
Prior year encumbrances appropriated	<u>6,667</u>	<u>6,667</u>	<u>6,667</u>	<u>-</u>
Fund balance at end of year	<u>\$ 791,630</u>	<u>\$ 948,949</u>	<u>\$ 952,118</u>	<u>\$ 3,169</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 4,814,922	\$ 5,289,999	\$ 5,290,000	\$ 1
Other operating revenues	11,263	12,374	12,374	-
Total operating revenues	<u>4,826,185</u>	<u>5,302,373</u>	<u>5,302,374</u>	<u>1</u>
Operating expenses:				
Personal services.	857,288	801,868	801,849	19
Contractual services	3,099,804	3,694,594	3,690,737	3,857
Materials and supplies.	127,745	85,590	84,837	753
Capital outlay	443,652	765,262	758,724	6,538
Total operating expenses	<u>4,528,489</u>	<u>5,347,314</u>	<u>5,336,147</u>	<u>11,167</u>
Operating income (loss)	<u>297,696</u>	<u>(44,941)</u>	<u>(33,773)</u>	<u>11,168</u>
Nonoperating revenues (expenses):				
Intergovernmental revenues	118,086	129,737	129,737	-
Property and other taxes.	28,051	30,819	30,819	-
Sale of notes	2,034,282	2,235,000	2,235,000	-
Non-operating expense	(289,385)	(289,385)	(289,385)	-
Note issuance costs	(13,500)	(17,270)	(17,268)	2
Debt service:				
Principal retirement.	(1,890,000)	(1,890,000)	(1,890,000)	-
Interest and fiscal charges	(270,858)	(254,438)	(254,428)	10
Proceeds from sale of capital assets.	705	775	775	-
Total nonoperating revenues	<u>(282,619)</u>	<u>(54,762)</u>	<u>(54,750)</u>	<u>12</u>
Net income (loss) before transfers.	15,077	(99,703)	(88,523)	11,180
Transfers in.	338,291	371,670	371,670	-
Transfers out	<u>(344,000)</u>	<u>(371,670)</u>	<u>(371,670)</u>	<u>-</u>
Net change in fund balance	9,368	(99,703)	(88,523)	11,180
Fund balance at beginning of year	3,201,737	3,201,737	3,201,737	-
Prior year encumbrances appropriated.	58,874	58,874	58,874	-
Fund balance at end of year	<u>\$ 3,269,979</u>	<u>\$ 3,160,908</u>	<u>\$ 3,172,088</u>	<u>\$ 11,180</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Other operating revenues	\$ 30,000	\$ 36,810	\$ 36,810	\$ -
Total operating revenues	<u>30,000</u>	<u>36,810</u>	<u>36,810</u>	<u>-</u>
Operating income.	<u>30,000</u>	<u>36,810</u>	<u>36,810</u>	<u>-</u>
Operating expenses:				
Contractual services	<u>30,000</u>	<u>33,920</u>	<u>33,914</u>	<u>6</u>
Total operating expenses	<u>30,000</u>	<u>33,920</u>	<u>33,914</u>	<u>6</u>
Net change in fund balance.	-	2,890	2,896	6
Fund balance at beginning of year	<u>117,593</u>	<u>117,593</u>	<u>117,593</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 117,593</u>	<u>\$ 120,483</u>	<u>\$ 120,489</u>	<u>\$ 6</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Charges for services	\$ 750,000	\$ 652,355	\$ 652,355	\$ -
Other	20,000	20,141	20,141	-
Total operating revenues	<u>770,000</u>	<u>672,496</u>	<u>672,496</u>	<u>-</u>
Operating expenses:				
Contractual services	<u>750,000</u>	<u>653,370</u>	<u>653,368</u>	<u>2</u>
Total operating expenses	<u>750,000</u>	<u>653,370</u>	<u>653,368</u>	<u>2</u>
Net change in fund balance.	20,000	19,126	19,128	2
Fund balance at beginning of year	<u>383,749</u>	<u>383,749</u>	<u>383,749</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 403,749</u>	<u>\$ 402,875</u>	<u>\$ 402,877</u>	<u>\$ 2</u>

CITY OF HUBBARD, OHIO

**INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - 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 are the City's agency funds:

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.

Hubbard Union Cemetery

To account for property tax revenues received and disbursed by City of behalf of the Hubbard Union Cemetery.

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
DECEMBER 31, 2006

	Mizner Trust	Hultz Trust	Total Private Purpose Trust
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,768	\$ 5,676	\$ 7,444
Total assets	\$ 1,768	\$ 5,676	\$ 7,444
 Net assets:			
Held in trust for other purposes	1,768	5,676	7,444
Total net assets.	\$ 1,768	\$ 5,676	\$ 7,444

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Mizner Trust</u>	<u>Hultz Trust</u>	<u>Totals</u>
Additions:			
Investment earnings	\$ 7	\$ 21	\$ 28
Total additions	<u>7</u>	<u>21</u>	<u>28</u>
Changes in net assets	7	21	28
Fund balances at beginning of year.	<u>1,761</u>	<u>5,655</u>	<u>7,416</u>
Fund balances at end of year	<u>\$ 1,768</u>	<u>\$ 5,676</u>	<u>\$ 7,444</u>

CITY OF HUBBARD, OHIO

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

	<u>Balance</u> <u>1/1/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2006</u>
Mayor's Court				
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,480	\$ -	\$ 845	\$ 1,635
Total assets.	<u>\$ 2,480</u>	<u>\$ -</u>	<u>\$ 845</u>	<u>\$ 1,635</u>
Liabilities:				
Deposits held and due to others	\$ 2,480	\$ -	\$ 845	\$ 1,635
Total liabilities	<u>\$ 2,480</u>	<u>\$ -</u>	<u>\$ 845</u>	<u>\$ 1,635</u>
 Hubbard Union Cemetery				
Assets:				
Receivables (net of allowances for uncollectibles):				
Real and other taxes	25,336	369	-	25,705
Due from other governments	1,300	-	189	1,111
Total assets.	<u>\$ 26,636</u>	<u>\$ 369</u>	<u>\$ 189</u>	<u>\$ 26,816</u>
Liabilities:				
Due to other governments	\$ 26,636	\$ 180	\$ -	\$ 26,816
Total liabilities	<u>\$ 26,636</u>	<u>\$ 180</u>	<u>\$ -</u>	<u>\$ 26,816</u>
 Total Agency				
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,480	\$ -	\$ 845	\$ 1,635
Receivables (net of allowances for uncollectibles):				
Real and other taxes	25,336	369	-	25,705
Due from other governments	-	-	189	1,111
Total assets.	<u>\$ 27,816</u>	<u>\$ 369</u>	<u>\$ 1,034</u>	<u>\$ 28,451</u>
Liabilities:				
Due to other governments	\$ 26,636	\$ 180	\$ -	\$ 26,816
Deposits held and due to others	2,480	-	845	1,635
Total liabilities	<u>\$ 29,116</u>	<u>\$ 180</u>	<u>\$ 845</u>	<u>\$ 28,451</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, 2006

	<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	\$ 10	\$ 5	\$ 7	\$ 2
Total operating revenues	<u>10</u>	<u>5</u>	<u>7</u>	<u>2</u>
Net change in fund balance	10	5	7	2
Fund balance at beginning of year	<u>1,761</u>	<u>1,761</u>	<u>1,761</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,771</u>	<u>\$ 1,766</u>	<u>\$ 1,768</u>	<u>\$ 2</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Investment earnings	\$ 15	\$ 16	\$ 21	\$ 5
Total operating revenues	<u>15</u>	<u>16</u>	<u>21</u>	<u>5</u>
Net change in fund balance	15	16	21	5
Fund balance at beginning of year	<u>5,655</u>	<u>5,655</u>	<u>5,655</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,670</u>	<u>\$ 5,671</u>	<u>\$ 5,676</u>	<u>\$ 5</u>

STATISTICAL SECTION

CITY OF HUBBARD, OHIO
STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S 2 - S 8
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property	S 9 - S 19
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S 20 - S 24
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	S 25 - S 27
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S 28 - S 30

Sources: Sources are noted on the individual schedules. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year. The City began reporting on a GAAP-basis in 1999; schedules presenting GAAP-basis financial information include information beginning in that year.

CITY OF HUBBARD, OHIO

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 768,312	\$ 2,400,517	\$ 3,401,113	\$ 3,267,003
Restricted for:				
Capital projects	512,009	-	49,055	283,437
Perpetual Care	1,697	1,691	1,686	-
Other projects	532,518	508,157	359,758	296,035
Unrestricted	<u>847,942</u>	<u>619,911</u>	<u>482,053</u>	<u>831,708</u>
Total governmental activities net assets	<u>\$ 2,662,478</u>	<u>\$ 3,530,276</u>	<u>\$ 4,293,665</u>	<u>\$ 4,678,183</u>
Business-type Activities				
Invested in capital assets, net of related debt	\$ 6,139,069	\$ 5,452,270	\$ 5,457,562	\$ 5,448,545
Unrestricted	<u>7,330,144</u>	<u>7,453,760</u>	<u>6,922,756</u>	<u>7,317,278</u>
Total business-type activities net assets	<u>\$ 13,469,213</u>	<u>\$ 12,906,030</u>	<u>\$ 12,380,318</u>	<u>\$ 12,765,823</u>
Total Primary Government				
Invested in capital assets, net of related debt	\$ 6,907,381	\$ 7,852,787	\$ 8,858,675	\$ 8,715,548
Restricted for:				
Capital projects	512,009	-	49,055	283,437
Perpetual Care	1,697	1,691	1,686	-
Other projects	532,518	508,157	359,758	296,035
Unrestricted	<u>8,178,086</u>	<u>8,073,671</u>	<u>7,404,809</u>	<u>8,148,986</u>
Total primary government net assets	<u>\$ 16,131,691</u>	<u>\$ 16,436,306</u>	<u>\$ 16,673,983</u>	<u>\$ 17,444,006</u>

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

CITY OF HUBBARD, OHIO
CHANGES IN NET ASSETS
LAST FOUR YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Expenses:	2006	2005	2004	2003
Governmental Activities				
General Government	\$ 436,931	\$ 424,353	\$ 421,107	\$ 350,765
Security of Persons and Property	2,009,360	1,676,512	1,695,597	1,572,403
Public Health and Welfare	32,313	24,434	30,823	35,187
Transportation	2,257,686	1,658,724	981,678	971,326
Community Environment	485	7,092	1,963	4,524
Leisure Time Activity	75,190	40,871	43,797	36,301
Other	34,549	11,567	1,222	1,008
Interest and Fiscal Charges	174,312	117,638	-	1,408
Total Governmental Activities Expenses	5,020,826	3,961,191	3,176,187	2,972,922
Business-Type Activities				
Sewer	1,275,270	1,249,276	1,309,146	1,386,623
Water	1,422,711	1,454,211	1,301,547	1,368,214
Electric	5,895,874	5,466,799	5,130,725	4,387,184
Guarantee Trust	33,914	26,915	24,290	18,038
Total Business-Type Activities Expenses	8,627,769	8,197,201	7,765,708	7,160,059
Total Primary Government Expenses	\$ 13,648,595	\$ 12,158,392	\$ 10,941,895	\$ 10,132,981
Program Revenues:				
Governmental Activities				
Charges for Services:				
General Government	\$ 7,540	\$ 8,573	\$ 12,375	\$ 5,977
Security of Persons and Property	39,762	43,328	60,623	37,417
Public Health and Welfare	-	-	-	5,000
Transportation	-	-	6,233	-
Operating Grants and Contributions:				
Security of Persons and Property	-	-	4,886	3,193
Transportation	385,966	369,284	327,474	291,007
Leisure Time Activity	-	100	1,282	1,472
Capital Grants and Contributions:				
General Government	-	-	38,269	250,452
Transportation	634,506	48,562	281,414	47,162
Total Governmental Activities Program Revenues	1,067,774	469,847	732,556	641,680
Business-Type Activities				
Charges for Services:				
Sewer	1,185,838	1,213,632	1,227,361	1,239,766
Water	1,470,741	1,490,852	1,479,650	1,445,216
Electric	5,298,829	5,772,406	4,457,308	4,221,233
Operating Grants and Contributions:				
Water	-	7,275	-	-
Electric	131,348	16,459	-	-
Capital Grants and Contributions:				
Sewer	-	-	-	2,388
Water	-	-	-	1,426
Electric	-	-	-	6,702
Total Business-Type Activities Program Revenues	8,086,756	8,500,624	7,164,319	6,916,731
Total Primary Government Program Revenues	9,154,530	8,970,471	7,896,875	7,558,411

CITY OF HUBBARD, OHIO

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net (Expense) Revenue				
Governmental Activities	(3,953,052)	(3,491,344)	(2,443,631)	(2,331,242)
Business-Type Activities	<u>(541,013)</u>	<u>303,423</u>	<u>(601,389)</u>	<u>(243,328)</u>
Total Primary Government Net (Expense)/Revenue	<u>\$ (4,494,065)</u>	<u>\$ (3,187,921)</u>	<u>\$ (3,045,020)</u>	<u>\$ (2,574,570)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes:				
Property & Other Local Taxes Levied For:				
General Purposes	\$ 282,386	\$ 250,018	\$ 248,159	\$ 239,943
Fire District	67,329	64,331	64,546	62,439
Police Pension	36,171	33,096	32,065	27,683
Income Taxes Levied For:				
General Purposes	2,003,345	1,679,734	1,090,187	1,055,837
Grants and Entitlements not Restricted to Specific Programs	269,572	242,416	349,959	479,298
Investment Earnings	374,067	280,567	207,831	207,265
Miscellaneous	159,726	165,862	121,405	92,888
Transfers	(16,715)	11,931	(55,039)	(23,180)
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,061</u>
Total Governmental Activities	<u>3,175,881</u>	<u>2,727,955</u>	<u>2,059,113</u>	<u>2,559,234</u>
Business-Type Activities				
Other Local Taxes	30,835	49,146	70,249	25,049
Investment Earnings	-	67,284	17,365	7,239
Investment in Joint Ventures	-	-	15,983	14,586
Miscellaneous	40,085	117,790	57,248	193,896
Transfers	16,715	(11,931)	55,039	23,180
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>515,620</u>
Total Business- Type Activities	<u>87,635</u>	<u>222,289</u>	<u>215,884</u>	<u>779,570</u>
Total Primary Government	<u>3,263,516</u>	<u>2,950,244</u>	<u>2,274,997</u>	<u>3,338,804</u>
Change in Net Assets				
Governmental Activities	(777,171)	(763,389)	(384,518)	227,992
Business-Type Activities	<u>(453,378)</u>	<u>525,712</u>	<u>(385,505)</u>	<u>536,242</u>
Total Primary Government Change in Net Assets	<u>\$ (1,230,549)</u>	<u>\$ (237,677)</u>	<u>\$ (770,023)</u>	<u>\$ 764,234</u>

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

CITY OF HUBBARD, OHIO

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues					
Income taxes	\$ 1,990,560	\$ 1,644,628	\$ 1,085,545	\$ 1,046,519	\$ 1,051,085
Property and other taxes	379,138	344,201	341,910	332,576	319,848
Charges for services	-	-	1,402	1,055	701
Licenses and permits	74,180	64,891	59,396	62,054	55,068
Fines and forfeitures	47,249	51,901	71,596	42,339	55,478
Intergovernmental	1,263,002	744,611	1,134,403	843,070	557,998
Investment income	374,067	280,567	205,371	207,265	236,390
Other	85,599	100,971	73,495	43,004	44,654
Total revenues	<u>4,213,795</u>	<u>3,231,770</u>	<u>2,973,118</u>	<u>2,577,882</u>	<u>2,321,222</u>
Expenditures					
Current:					
General government	348,047	418,976	373,980	327,268	345,965
Security of persons and property	1,658,970	1,606,577	1,441,982	1,407,963	1,370,521
Public health and welfare	32,313	24,434	30,823	35,187	27,681
Transportation	547,210	629,992	519,369	538,470	491,493
Community environment	485	7,092	1,963	4,524	3,194
Leisure time activity	46,400	32,762	35,878	30,439	29,900
Economic development	-	-	-	-	-
Other	34,549	11,567	1,222	1,008	988
Capital outlay	3,299,634	2,294,467	713,540	335,718	71,038
Debt service:					
Principal retirement	360,000	-	-	-	6,807
Interest and fiscal charges	165,018	102,390	-	1,555	5,158
Bond issuance cost	-	124,250	-	-	-
Total expenditures	<u>6,492,626</u>	<u>5,252,507</u>	<u>3,118,757</u>	<u>2,682,132</u>	<u>2,352,745</u>
Excess of revenues over (under) expenditures	(2,278,831)	(2,020,737)	(145,639)	(104,250)	(31,523)
Other Financing Sources (Uses)					
Transfers in	963,441	607,083	530,894	823,581	424,204
Transfers (out)	(980,156)	(595,152)	(585,933)	(846,761)	(424,204)
Sale of bonds	-	5,100,000	-	-	-
Sale of capital assets	-	-	3,375	-	1,300
Proceeds of capital lease	-	-	-	-	-
Total other financing sources (uses)	<u>(16,715)</u>	<u>5,111,931</u>	<u>(51,664)</u>	<u>(23,180)</u>	<u>1,300</u>
Net change in fund balances	<u>\$ (2,295,546)</u>	<u>\$ 3,091,194</u>	<u>\$ (197,303)</u>	<u>\$ (127,430)</u>	<u>\$ (30,223)</u>
Debt service as a percentage of noncapital expenditures					
	8.09%	4.31%	0.00%	0.06%	0.51%

Note: The City implemented GAAP-basis accounting during 1999, information prior to that year is not available.

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

<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 952,071	\$ 994,671	\$ 1,003,790
316,350	316,478	267,959
300	300	380
52,631	36,407	34,563
70,669	51,310	65,779
726,369	705,513	861,076
340,155	441,245	295,810
39,220	68,590	45,035
<u>2,497,765</u>	<u>2,614,514</u>	<u>2,574,392</u>

339,749	348,155	286,517
1,374,984	1,324,594	1,208,958
29,314	27,857	24,135
515,212	502,597	474,008
1,600	3,445	650
26,500	29,427	37,891
-	200	1,157
983	985	10,517
211,397	362,308	244,004
6,335	17,646	13,277
9,697	2,224	4,006
-	-	-
<u>2,515,771</u>	<u>2,619,438</u>	<u>2,305,120</u>

(18,006)	(4,924)	269,272
----------	---------	---------

402,372	538,148	377,150
(402,372)	(538,148)	(377,150)
-	-	-
635	1,100	-
-	20,456	-
<u>635</u>	<u>21,556</u>	<u>-</u>
<u>\$ (17,371)</u>	<u>\$ 16,632</u>	<u>\$ 269,272</u>

0.64%	0.76%	0.75%
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CITY OF HUBBARD, OHIO

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund					
Reserved	\$ 18,471	\$ 17,883	\$ 59,229	\$ 45,155	\$ 28,192
Unreserved	517,636	406,132	329,933	441,823	728,236
Total general fund	<u>\$ 536,107</u>	<u>\$ 424,015</u>	<u>\$ 389,162</u>	<u>\$ 486,978</u>	<u>\$ 756,428</u>
All Other Governmental Funds					
Reserved	\$ 160,385	\$ 1,981,344	\$ 49,049	\$ 13,626	\$ 14,814
Unreserved, reported in:					
Special revenue funds	425,815	415,755	255,124	222,476	145,394
Capital projects funds	375,848	972,593	9,183	176,741	104,707
Permanent fund	857	851	846	846	-
Total all other governmental funds	<u>\$ 962,905</u>	<u>\$ 3,370,543</u>	<u>\$ 314,202</u>	<u>\$ 413,689</u>	<u>\$ 264,915</u>

Note: The City implemented GAAP-basis accounting during 1999, information prior to that year is not available.

<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 31,467	\$ 14,445	\$ 26,840
905,535	839,194	804,693
<u>\$ 937,002</u>	<u>\$ 853,639</u>	<u>\$ 831,533</u>
\$ 16,877	\$ 47,587	\$ 20,125
45,130	26,870	124,711
58,977	92,006	21,716
-	-	-
<u>\$ 120,984</u>	<u>\$ 166,463</u>	<u>\$ 166,552</u>

CITY OF HUBBARD, OHIO

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

Collection Year	Real Property		Personal Property (b)		Public Utility (c)	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2006	\$ 110,505,450	315,729,857	\$ 5,149,762	20,599,048	\$ 1,467,660	1,667,795
2005	110,487,880	315,679,657	6,235,795	25,815,880	1,485,230	1,687,761
2004	98,799,000	282,282,857	6,490,903	25,963,612	1,577,660	1,792,795
2003 (a)	97,072,120	277,348,914	7,473,263	29,893,052	1,511,120	1,717,182
2002	90,428,070	258,365,914	7,779,366	31,117,464	2,030,000	2,306,818
2001	88,629,600	253,227,429	7,223,222	28,892,888	2,210,780	2,512,250
2000 (b)	71,969,610	205,627,457	7,148,928	28,595,712	2,448,470	2,782,352
1999	71,038,050	202,965,857	6,566,022	26,264,088	2,514,520	2,857,409
1998	69,980,770	199,945,057	7,347,863	29,391,452	2,583,920	2,936,273
1997 (b)	61,609,350	176,026,714	8,477,288	33,909,152	2,693,160	3,060,409

Source: Trumbull County Auditor

(1) This amount is calculated based on the following percentages:

Real property is assessed at thirty-five percent of actual value.

Public utility is assessed at eighty-eight percent of actual value.

Tangible personal is assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory included in tangible personal property.

(a) Update year.

(b) Reappraisal year.

Exemptions		Total		
Real Property	Assessed Value	Estimated Actual Value (1)	%	
\$ 10,362,940	\$ 117,122,872	\$ 337,996,701	34.65%	
8,312,500	118,208,905	343,183,299	34.44%	
8,267,760	106,867,563	310,039,265	34.47%	
8,125,200	106,056,503	308,959,148	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%	

CITY OF HUBBARD, OHIO

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

Tax Year/ Collection Year	City Direct Rates			
	General Rate	Fire District	Police Pension	Total Direct Rate
2006	2.80	0.70	0.30	3.80
2005	2.80	0.70	0.30	3.80
2004	2.80	0.70	0.30	3.80
2003	2.80	0.70	0.30	3.80
2002	2.80	0.70	0.30	3.80
2001	2.80	0.70	0.30	3.80
2000	2.80	0.70	0.30	3.80
1999	2.80	0.70	0.30	3.80
1998	2.80	0.70	0.30	3.80
1997	2.80	0.70	0.30	3.80

Tax Year/ Collection Year	Overlapping Rates				
	Trumbull County	Hubbard EVSD	Vocational School	Township (1)	Other (1)
2006	11.10	58.85	2.40	14.60	1.20
2005	10.35	54.20	2.40	14.60	1.20
2004	10.35	54.20	2.40	14.60	1.20
2003	10.35	54.25	2.40	14.40	1.20
2002	10.35	54.25	2.40	14.40	1.20
2001	10.35	54.35	2.40	14.40	1.20
2000	10.35	48.26	2.40	12.85	1.20
1999	10.35	49.60	2.40	12.85	1.20
1998	9.30	49.70	2.40	12.85	1.20
1997	9.30	49.67	2.40	12.85	0.20

Source: Trumbull County Treasurer

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

CITY OF HUBBARD, OHIO
PRINCIPAL TAXPAYERS
REAL PROPERTY TAX
DECEMBER 31, 2006 AND DECEMBER 31, 2000

December 31, 2006			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
McConnell Enterprises	\$ 846,030	1	0.77%
W.B.S. Company	648,940	2	0.59%
Valley View Properties	610,340	3	0.55%
Gary D. Mayle	571,130	4	0.52%
Simon-Westview Limited Partnership	567,880	5	0.51%
Cocca Properties, LLC	549,330	6	0.50%
United States Can Company	518,250	7	0.47%
James R. Carsone, Sr.	477,640	8	0.43%
CVS Discount Drug	460,290	9	0.42%
Anthony L. Cocca	425,020	10	0.38%
Total, Top Ten Principal Real Property Taxpayers	\$ 5,674,850		5.14%
Total City Real Property Assessed Valuation	\$ 110,505,450		

December 31, 2000			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
McConnell Enterprises	\$ 769,480	1	1.07%
Fleisher Realty	616,500	2	0.86%
Anthony L. Cocca	608,650	3	0.85%
United States Can Company	578,800	4	0.80%
W.B.S. Company	553,850	5	0.77%
Simon-Westview Limited Partnership	523,040	6	0.73%
James P. Marsh	427,720	7	0.59%
Anthony M. Villano	366,450	8	0.51%
James R. Carsone	344,770	9	0.48%
Valley View Properties	343,820	10	0.48%
Total, Top Ten Principal Real Property Taxpayers	\$ 5,133,080		7.13%
Total City Real Property Assessed Valuation	\$ 71,969,610		

Source: Trumbull County Auditor

Note: Information prior to 2000 was unavailable.

CITY OF HUBBARD, OHIO

PRINCIPAL TAXPAYERS
PERSONAL PROPERTY TAX
DECEMBER 31, 2006 AND DECEMBER 31, 2000

<u>December 31, 2006</u>			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Ball Corporation	\$ 1,566,010	1	30.41%
Greenwood's Hubbard Chevrolet	1,273,960	2	24.74%
Lighting Products, Inc.	572,320	3	11.11%
CVS Discount Drug	189,500	4	3.68%
Devine Food, Inc.	140,550	5	2.73%
Rite Aid of Ohio	136,370	6	2.65%
Patton's IGA Super Center, Inc.	121,420	7	2.36%
Gasser Chair Company	114,740	8	2.23%
Time Warner Cable	108,110	9	2.10%
Handyman Supply of Hubbard	75,650	10	1.47%
Total, Top Ten Principal Personal Property Taxpayers	<u>\$ 4,298,630</u>		<u>83.47%</u>
Total City Personal Property Assessed Valuation	<u>\$ 5,149,762</u>		

<u>December 31, 2000</u>			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
United States Can Company	\$ 2,787,710	1	38.99%
Devine Food, Inc.	293,916	2	4.11%
Federal Wholesale, Inc.	223,870	3	3.13%
Patton's IGA Super Center, Inc.	195,610	4	2.74%
CVS Discount Drug	184,010	5	2.57%
Time Warner Company	139,060	6	1.95%
Gasser Chair Company	138,420	7	1.94%
IBM Credit Corporation	93,250	8	1.30%
PBG Capital Partners	85,450	9	1.20%
Advance Stores Company, Inc.	83,390	10	1.17%
Total, Top Ten Principal Personal Property Taxpayers	<u>\$ 4,224,686</u>		<u>59.10%</u>
Total City Personal Property Assessed Valuation	<u>\$ 7,148,928</u>		

Source: Trumbull County Auditor

Note: Information prior to 2000 was unavailable.

CITY OF HUBBARD, OHIO

PRINCIPAL TAXPAYERS
PUBLIC UTILITY PROPERTY TAX
DECEMBER 31, 2006 AND DECEMBER 31, 2000

December 31, 2006			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ohio Bell Telephone	\$ 596,910	1	40.67%
Dominion East Ohio Gas Company	271,270	2	18.48%
First Energy - Ohio Edison	260,420	3	17.74%
Norfolk Southern Combined	160,070	4	10.91%
Cingular Wireless	53,450	5	3.64%
Sprint Communications	25,160	6	1.71%
American Transmission Systems	23,570	7	1.61%
CSX Transportation	16,920	8	1.15%
Allegheny Communications	3,710	9	0.25%
Metrocall	1,140	10	0.08%
Total, Top Ten Principal Public Utility Taxpayers	\$ 1,412,620		96.25%
Total City Public Utility Assessed Valuation	\$ 1,467,660		

December 31, 2000			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ohio Bell Telephone	\$ 873,850	1	35.69%
Dominion East Ohio Gas Company	790,560	2	32.29%
Ohio Edison	304,220	3	12.42%
Norfolk Southern Combined	166,980	4	6.82%
CSX Transportation	22,520	5	0.92%
Americal Municipal Power	4,880	6	0.20%
Intellicall Operator Service	390	7	0.02%
Davel Communications	200	8	0.01%
Total, Top Ten Principal Public Utility Taxpayers	\$ 2,163,600		88.37%
Total City Public Utility Assessed Valuation	\$ 2,448,470		

Source: Trumbull County Auditor

Note: Information prior to 2000 is unavailable

CITY OF HUBBARD, OHIO

**REAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Tax Year/ Collection Year	Total Levy (1)	Current Collection (1)	Percent of Current Levy Collected	Delinquent Collection (1)	Total Collection (1)	Total Collection as a Percent of Total Levy
2006	\$ 390,400	\$ 374,828	96.01%	\$ 13,695	\$ 388,523	99.52%
2005	377,790	357,559	94.64%	8,756	366,315	96.96%
2004	377,032	366,590	97.23%	11,150	377,740	100.19%
2003	350,748	340,268	97.01%	9,398	349,666	99.69%
2002	334,821	324,767	97.00%	7,381	332,148	99.20%
2001	331,420	320,902	96.83%	5,911	326,813	98.61%
2000	325,641	316,050	97.05%	9,147	325,197	99.86%
1999	277,567	270,313	97.39%	6,046	276,359	99.56%
1998	274,329	266,165	97.02%	6,672	272,837	99.46%
1997	270,654	264,100	97.58%	7,326	271,426	100.29%

Source: Trumbull County Auditor

Note: (1) The amount expressed does not include 0.2 mills set aside for financial support of Hubbard Union Cemetery.

CITY OF HUBBARD, OHIO

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

Tax Year/ Collection Year	Total Levy (1)	Current Collection (1)	Percent of Current Levy Collected	Delinquent Collection (1)	Total Collection (1)	Total Collection as a Percent of Total Levy
2006	\$ 21,558	\$ 21,207	98.37%	\$ 532	\$ 21,739	100.84%
2005	26,694	26,553	99.47%	384	26,937	100.91%
2004	26,690	26,304	98.55%	580	26,884	100.73%
2003	26,243	26,144	99.62%	310	26,454	100.80%
2002	28,398	29,726	104.68%	379	30,105	106.01%
2001	29,562	30,696	103.84%	1,150	31,846	107.73%
2000	27,448	27,231	99.21%	378	27,609	100.59%
1999	27,165	25,879	95.27%	742	26,621	98.00%
1998	24,950	24,264	97.25%	1,057	25,321	101.49%
1997	27,922	27,332	97.89%	921	28,253	101.19%

Source: Trumbull County Auditor

Note: (1) The amount expressed does not include 0.2 mills set aside for financial support of Hubbard Union Cemetery.

CITY OF HUBBARD, OHIO

PRINCIPAL TAXPAYERS
INCOME TAX WITHHOLDING
DECEMBER 31, 2006 AND DECEMBER 31, 2000

<u>December 31, 2006</u>				
<u>Taxpayer</u>	<u>Number of Employees</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Hubbard Board of Education	303	\$ 160,656	1	8.07%
United States Can Company	164	94,666	2	4.76%
Delphi Automotive Systems	104	89,366	3	4.49%
City of Hubbard, Ohio	99	41,289	4	2.07%
General Motors Corporation	67	27,256	5	1.37%
Greenwood's Hubbard Chevrolet	77	25,881	6	1.30%
Flying J Travel Center	175	18,937	7	0.95%
Lighting Products, Inc.	75	18,033	8	0.91%
Devine Foods, Inc.	66	14,897	9	0.75%
Gasser Chair Company	42	11,687	10	0.59%
Total, Top Ten Principal Income Tax Withholders		<u>\$ 502,668</u>		<u>25.25%</u>
Total Income Tax Collections, Year 2006		<u>\$ 1,990,560</u>		

<u>December 31, 2000</u>				
<u>Taxpayer</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Hubbard Board of Education	492	\$ 92,712	1	9.64%
United States Can Company	319	89,417	2	9.30%
Delphi Automotive Systems	136	44,235	3	4.60%
General Motors Corporation	94	27,327	4	2.84%
City of Hubbard, Ohio	88	22,092	5	2.30%
Patton's IGA Super Center, Inc.	110	12,389	6	1.29%
Greenwood's Hubbard Chevrolet	58	10,410	7	1.08%
Devine Foods, Inc.	110	7,283	8	0.76%
Sharon Tube Company	43	6,712	9	0.70%
Gasser Chair Company	25	6,535	10	0.68%
Total, Top Ten Principal Income Tax Withholders		<u>\$ 319,112</u>		<u>33.20%</u>
Total Income Tax Collections, Year 2000		<u>\$ 961,289</u>		

Source: City of Hubbard, Ohio, Income Tax Administration Division

Note: Information prior to 2000 was not available

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CITY OF HUBBARD, OHIO

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

Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits
2006	1.50%	\$ 1,923,227	\$ 1,035,237	53.83%	\$ 161,303	8.39%
2005	1.50%	1,556,973	1,040,315	66.82%	111,685	7.17%
2004	1.00%	1,046,380	629,225	60.13%	65,920	6.30%
2003	1.00%	1,042,971	625,597	59.98%	76,278	7.31%
2002	1.00%	1,066,337	602,454	56.50%	92,300	8.66%
2001	1.00%	961,723	609,894	63.42%	58,858	6.12%
2000	1.00%	961,289	568,144	59.10%	82,872	8.62%
1999	1.00%	1,008,313	632,205	62.70%	70,713	7.01%
1998	1.00%	-	-	0.00%	-	0.00%
1997	1.00%	-	-	0.00%	-	0.00%

Source: The Regional Income Tax Agency

Note: Information is not available for 1997 & 1998.

	Taxes from Individuals	Percentage of Taxes from Individuals
\$	726,687	37.78%
	404,973	26.01%
	351,235	33.57%
	341,097	32.70%
	371,583	34.85%
	292,971	30.46%
	310,273	32.28%
	305,395	30.29%
	-	0.00%
	-	0.00%

CITY OF HUBBARD, OHIO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Year	Governmental Activities		Business-Type Activities		(a) Total Primary Government	(b) Total Personal Income
	General Obligation Bonds	Mortgage Revenue Bonds	OWDA Loans	OPWC Loans		
2006	\$ 4,740,000	\$ 3,475,000	\$ 1,908,397	\$ 842,728	\$ 10,966,125	\$ -
2005	5,100,000	3,770,000	1,994,858	898,691	11,763,549	27,720
2004	-	4,055,000	2,075,982	954,654	7,085,636	26,859
2003	-	4,325,000	2,152,097	1,010,617	7,487,714	26,314
2002	-	4,585,000	2,223,513	814,671	7,623,184	25,358
2001	-	4,830,000	2,290,520	424,898	7,545,418	25,326
2000	-	5,065,000	2,353,390	337,376	7,755,766	25,582
1999	-	5,290,000	2,412,379	355,613	8,057,992	25,022
1998	-	5,505,000	2,468,144	240,286	8,213,430	24,264
1997	-	5,710,000	2,595,058	-	8,305,058	23,642

Sources:

(a) See notes to the financial statements regarding the City's outstanding debt information.

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

Percentage of Personal Income	(b) Population	Per Capita
0.00%	8,415	1,303
0.24%	8,400	1,400
0.38%	8,380	846
0.35%	8,345	897
0.33%	8,340	914
0.34%	8,329	906
0.33%	8,284	936
0.31%	7,793	1,034
0.30%	7,841	1,047
0.28%	7,982	1,040

CITY OF HUBBARD, OHIO

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS**

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2006	\$ 4,740,000	\$ 4,740,000	1.40%	563
2005	5,100,000	5,100,000	1.49%	607

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
The City did not have any outstanding governmental fund debt prior to 2005.

CITY OF HUBBARD, OHIO

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Hubbard (2)	\$ 5,100,000	100.00%	\$ 5,100,000
Overlapping debt:			
Hubbard Township (3)	-	0.00%	-
Hubbard Exempted Village School District (4)	790,000	52.65%	415,910
Trumbull County (5)	21,242,906	3.13%	664,972
Total direct and overlapping debt	<u>\$ 27,132,906</u>		<u>\$ 6,180,882</u>

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

<u>Overlapping Government</u>	<u>2006 Assessed Valuation</u>
City of Hubbard	117,122,872
Hubbard Township	105,346,250
Hubbard E.V. School District	222,469,122
Trumbull County	3,741,554,420

Sources:

- (2) City of Hubbard, Ohio, City Auditor's Office
- (3) Hubbard Township, Ohio, Clerk
- (4) Hubbard Exempted Village School District Treasurer's Office
- (5) Trumbull County Auditor

CITY OF HUBBARD, OHIO

LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2006	\$ 12,297,902	4,740,000	\$ 7,557,902	38.54%
2005	12,411,935	5,100,000	7,311,935	41.09%
2004	11,221,094	-	11,221,094	0.00%
2003	11,135,933	-	11,135,933	0.00%
2002	10,524,931	-	10,524,931	0.00%
2001	10,296,678	-	10,296,678	0.00%
2000	8,564,536	-	8,564,536	0.00%
1999	8,412,452	-	8,412,452	0.00%
1998	8,390,818	-	8,390,818	0.00%
1997	7,641,879	-	7,641,879	0.00%

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

Note: Ohio Bond Law sets a limit of 10.5% for voted debt and 5.5% for unvoted debt.

CITY OF HUBBARD, OHIO

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

<u>Year</u>	<u>Estimated Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4) Ohio</u>
2006	8,415	(5)	2,384	6.3%
2005	8,400	27,720	2,435	6.8%
2004	8,380	26,859	2,512	6.9%
2003	8,345	26,314	2,306	7.6%
2002	8,340	25,358	2,319	5.8%
2001	8,329	25,326	2,366	6.1%
2000	8,284	25,582	2,438	5.3%
1999	7,793	25,022	2,431	5.4%
1998	7,841	24,264	2,430	6.1%
1997	7,982	23,642	2,392	5.8%

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 unavailable. Bureau of Economic Analysis preliminary data to be released in May 2007 for data year 2006.

CITY OF HUBBARD, OHIO

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

Employer	December 31, 2006		
	Employees	Rank	Percentage of Total City Employment
Hubbard Board of Education	303	1	25.85%
Flying J Travel Center	175	2	14.93%
United States Can Company	164	3	13.99%
Delphi Automotive Systems	104	4	8.87%
City of Hubbard, Ohio	99	5	8.45%
Greenwood's Hubbard Chevrolet	77	6	6.57%
Lighting Products, Inc.	75	7	6.40%
General Motors Corporation	67	8	5.72%
Devine Foods, Inc.	66	9	5.63%
Gasser Chair Company	42	10	3.58%
Total	1,172		100.00%

Employer	December 31, 1997		
	Employees	Rank	Percentage of Total City Employment
General Motors Corporation	941	1	39.72%
Hubbard Board of Education	458	2	19.33%
Ball Corporation	374	3	15.79%
Federal Wholesale Group	115	4	4.85%
City of Hubbard, Ohio	94	5	3.97%
Patton's Sparkle Market, Inc.	94	6	3.97%
Greenwood's Hubbard Chevrolet	80	7	3.38%
PAG Eggs and Cake, Inc.	77	8	3.25%
Devine Foods, Inc.	68	9	2.87%
St. Patrick's Roman Catholic Church	68	10	2.87%
Total	2,369		100.00%

Source: City of Hubbard, Income Tax Administration Division

CITY OF HUBBARD, OHIO

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

Function/Program	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Government										
Council	8	8	8	8	8	8	8	8	8	8
Mayor	1	1	1	1	1	1	1	1	1	1
Finance	4	4	4	4	4	4	4	4	4	4
Law	1	1	1	1	1	1	1	1	1	1
Civil Service	4	4	4	4	4	4	4	4	4	4
Security of Persons and Property										
Police										
Part-Time	2.0	2.0	2.0	2.0	1.0	1.5	1.5	1.5	1.5	1.5
Full-Time	15	15	13	13	13	13	13	13	13	13
Police Dispatchers										
Part-Time	1.0	1.0	0.5	1.5	0.0	1.0	1.0	1.5	1.0	1.0
Full-Time	4	4	4	4	4	4	4	4	4	4
Fire										
Volunteer officers	5	5	5	6	6	6	6	6	6	6
Volunteer fire fighters	28	28	26	26	26	28	28	28	28	28
Community Environment										
Engineering	1	1	1	1	1	1	1	1	1	1
Leisure Time Activity										
Recreation	5	4	4	4	4	4	4	4	4	4
Sewer										
Waste Water Treatment Plant	5	5	5	5	5	5	5	5	5	5
Water										
Water	5	5	4	4	4	4	4	4	4	4
Electric										
Electric	<u>12</u>	<u>12</u>	<u>12</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>
Total	<u>101.00</u>	<u>100.00</u>	<u>94.50</u>	<u>98.50</u>	<u>96.00</u>	<u>99.50</u>	<u>99.50</u>	<u>100.00</u>	<u>99.50</u>	<u>99.50</u>

Source: City of Hubbard records

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee.

CITY OF HUBBARD, OHIO

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST SEVEN YEARS**

Function/Program	2006	2005	2004	2003	2002	2001	2000
Security of persons and property							
Police							
Physical arrests	146	361	72	275	298	407	340
Parking violations	334	404	377	70	275	223	208
Traffic citations	680	657	973	639	741	1,216	864
Traffic accidents	94	119	N/A	N/A	N/A	N/A	N/A
Stations	1	1	1	1	1	1	1
Marked patrol units	11	11	7	8	7	9	9
Unmarked patrol units	2	2	2	2	3	2	2
Calls for service answered	6,457	6,368	7,069	5,905	5,776	5,588	4,653
Fire							
Stations	1	1	1	1	1	1	1
Fire engines	4	4	4	4	4	4	4
Calls answered	214	196	141	192	142	143	182
Calls answered within City	80	74	46	63	57	63	62
Calls answered within Township	134	122	95	129	85	80	120
Number of inspections conducted	N/A	N/A	N/A	50	55	26	10
Leisure Time Activity							
Parks and Recreation							
City owned parks	2	2	2	2	2	2	2
Park acreage	8.15	8.15	8.15	8.15	8.15	8.15	8.15
Volleyball courts	1	1	1	1	1	1	1
Basketball courts	3	3	3	3	3	3	3
Baseball fields	1	1	1	1	1	1	1
Restroom facilities	1	1	2	2	2	2	2
Transportation							
Center lane miles of streets	29.59	29.49	29.39	29.39	29.39	29.39	28.99
Miles of state highway within the City	7.50	7.50	7.50	7.50	7.50	7.50	7.25
Number of bridges	4	4	4	4	4	4	4
Miles of bridges	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Number of street lights	887	885	885	875	865	865	864
Number of signalized intersections	8	8	8	8	8	8	8
Sewer							
Number of Waste Water Treatment Plants	1	1	1	1	1	1	1
Miles of sanitary sewers	30.46	30.46	29.66	29.66	29.66	29.51	29.51
Miles of storm sewers	16.25	16.25	16.25	16.25	16.25	16.25	16.25
Number of sanitary sewer lift stations	4	4	4	4	4	4	4
Number of service connections	3,287	3,285	3,285	3,277	3,266	3,239	3,223
Daily average treatment in millions gallons	590,731	587,436	595,021	2,160,000	2,150,000	2,000,000	2,000,000
Maximum daily capacity of treatment plant in gallon	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000
Water							
Miles of water mains	50.25	50.25	50.25	50.25	50.25	50.1	50.1
Number of water tanks	1	1	1	1	1	1	1
Maximum holding capacity of water tank in gallons	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Number of service connections	3,619	3,613	3,613	3,607	3,605	3,568	3,559
Number of fire hydrants	383	382	382	376	397	394	387
Daily average consumption in gallons	716,483	715,572	730,240	961,087	1,090,734	1,088,168	1,115,371

CITY OF HUBBARD, OHIO

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST SEVEN YEARS (CONTINUED)

Function/Program	2006	2005	2004	2003	2002	2001	2000
Electric							
Total miles of electric service	55.15	55.15	55.05	55.05	55.05	55.05	46.90
Electric 23 KV Transmission System							
Miles of transmission services	4.23	4.23	4.23	4.23	4.23	4.23	4.69
Number of transmission poles	111	111	111	111	111	111	111
Number of sub-stations	3	3	3	3	3	3	3
Line feet of overhead transmission conductor	22,326	22,326	22,326	22,326	22,326	22,326	22,435
Conductor feet of overhead transmission conductor	66,978	66,978	66,978	66,978	66,978	66,978	67,305
Line feet of underground transmission conductor	2,335	2,335	2,335	2,335	2,335	2,335	2,335
Conductor feet of underground transmission conductor	7,005	7,005	7,005	7,005	7,005	7,005	7,005
Electric Distribution System							
Miles of distribution service	45.01	45.01	45.01	45.01	44.76	50.82	42.21
Overhead Distribution System							
Miles of overhead distribution service	36.00	36.00	36.00	36.00	35.75	35	34
Number of distribution poles	1,585	1,585	1,578	1,578	1,576	1,539	1,514
Number of pole mount transformers	614	614	613	613	604	591	582
Total line feet of overhead primary conductor	189,144	189,144	189,144	189,144	188,744	183,388	179,710
Total conductor feet of overhead primary conductor	366,019	366,019	366,019	366,019	365,619	350,489	339,365
Single Phase Overhead Distribution System							
Line feet of single-phase conductor	96,834	96,834	96,834	96,834	96,434	95,965	96,010
Conductor feet of two phase primary conductor	96,834	96,834	96,834	96,834	96,434	95,965	96,010
Two Phase Overhead Distribution System							
Line feet of single-phase primary conductor	7,745	7,745	7,745	7,745	7,745	7,745	7,745
Conductor feet of two-phase primary conductor	15,490	15,490	15,490	15,490	15,490	15,490	15,490
Three Phase Overhead Distribution System							
Line feet of three-phase primary conductor	84,565	84,565	84,565	84,565	84,565	79,678	75,955
Conductor feet of three phase primary conductor	253,696	253,696	253,696	253,696	253,695	239,034	227,865
Line/conductor feet of neutral conductor	30,060	30,060	30,060	30,060	29,660	22,662	36,022
Line feet of secondary conductor	167,421	167,421	167,421	167,421	167,421	166,984	166,243
Conductor feet of secondary conductor	346,193	346,193	346,193	346,193	346,193	345,753	347,655
Underground Distribution System							
Miles of underground distribution service	9.01	9.01	9.01	9.01	9.01	16.09	8.17
Number of pad mount single phase transformers	84	84	84	84	84	83	77
Number of pad mount three phase transformers	37	37	37	37	37	35	34
Total line feet of underground primary conductor	47,703	47,703	47,703	47,703	47,553	84,926	43,120
Total conductor feet of underground primary conductor	88,269	88,269	88,269	88,269	87,819	15,528	79,900
Single Phase Underground Distribution System							
Line feet of single-phase primary conductor	27,420	27,420	27,420	27,420	27,420	27,185	24,730
Conductor feet of single-phase primary conductor	27,420	27,420	27,420	27,420	27,420	15,528	24,730
Three Phase Underground Distribution System							
Line feet of three-phase primary conductor	20,283	20,283	20,283	20,283	20,133	57,741	18,390
Conductor feet of three-phase primary conductor	60,849	60,849	60,849	60,849	60,399	0	55,170
Line feet of secondary conductor	15,528	15,528	15,528	15,528	15,528	15,368	14,693
Conductor feet of secondary conductor	15,528	15,528	15,528	15,528	15,528	15,368	14,853
Distribution System Service Connections							
Number of residential service connections	3,478	3,471	3,454	3,435	3,381	3,388	3,360
Number of demand residential service connections	11	11	12	59	59	59	59
Number of general service small (commercial) connections	357	357	363	366	326	298	300
Number of general service large (industrial) connections	1	1	1	1	1	1	1
Number of security light connections	159	157	153	154	217	212	182
Distribution System Service Connections							
Daily average gross consumption in kilowatt hours	182,438	182,850	173,423	168,196	165,968	159,380	156,357
Daily average consumption in kilowatt hours-billed to consur	162,357	161,907	154,197	142,966	142,270	138,624	135,991

Source: City of Hubbard

Note: Information for 10 years prior was not available for all functions/programs since 2000 was the first year the City prepared a CAFR.

CITY OF HUBBARD, OHIO

CAPITAL ASSET STATISTICS BY FUNCTION/ASSET CLASS
FOR GOVERNMENTAL ACTIVITIES
LAST FOUR YEARS

Function/Program	2006	2005	2004	2003
<u>General Government</u>				
Land	597,871	\$ 597,871	\$ 37,348	\$ 37,348
Land Improvements	95,022	10,086	-	-
Building and improvements	-	-	36,784	48,480
Equipment	40,500	37,109	80,457	79,099
Vehicles	2,395	5,425	5,590	7,110
Construction in Progress	66,963	713,399	-	-
	<u>802,751</u>	<u>1,363,890</u>	<u>160,179</u>	<u>172,037</u>
<u>Security of Persons and Property</u>				
Land	-	-	179,819	179,819
Land Improvements	105,137	-	-	-
Building and improvements	1,436,387	20,898	6,970	4,594
Equipment	138,475	20,025	88,609	89,632
Vehicles	187,045	241,811	169,100	206,188
	<u>1,867,044</u>	<u>282,734</u>	<u>444,498</u>	<u>480,233</u>
<u>Transportation</u>				
Land	-	-	427,696	427,696
Land Improvements	167,156	-	-	-
Building and improvement	39,451	42,906	35,107	23,139
Equipment	136,317	126,924	99,696	95,816
Vehicles	150,507	103,969	47,694	59,181
Infrastructure	2,201,409	2,464,828	2,132,056	1,958,617
	<u>2,694,840</u>	<u>2,738,627</u>	<u>2,742,249</u>	<u>2,564,449</u>
<u>Leisure Time Activity</u>				
Land	-	-	12,235	12,235
Land Improvements	10,394	6,048	22,440	24,901
Building and improvements	15,400	16,110	7,997	3,998
Equipment	-	-	5,362	5,237
Vehicles	7,905	9,662	6,152	3,913
	<u>33,699</u>	<u>31,820</u>	<u>54,186</u>	<u>50,284</u>
<u>Total Capital Assets, Net</u>				
Land	597,871	597,871	657,098	657,098
Land Improvements	377,709	16,134	22,440	24,901
Building and improvements	1,491,238	79,914	86,858	80,211
Equipment	315,292	184,058	274,124	269,784
Vehicles	347,852	360,867	228,536	276,392
Infrastructure	2,201,409	2,464,828	2,132,056	1,958,617
Construction in Progress	66,963	713,399	-	-
	<u>\$ 5,398,334</u>	<u>\$ 4,417,071</u>	<u>\$ 3,401,112</u>	<u>\$ 3,267,003</u>

Note: The year ended December 31, 2003 was the first year of implementation of GASB Statement No. 34, therefore only four years of information are available.



Mary Taylor, CPA
Auditor of State

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 17, 2007