



**Auditor of State  
Betty Montgomery**



CITY OF HUBBARD  
TRUMBULL COUNTY

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**Auditor of State  
Betty Montgomery**

**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 the City of Hubbard (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 3, 2005. 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated June 3, 2005, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

**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*. In a separate letter to the City's management dated June 3, 2005, we reported another matter related to noncompliance we deemed immaterial.

City of Hubbard  
Trumbull County  
Independent Accountants' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and City Council. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

June 3, 2005

**CITY OF HUBBARD, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2004

PREPARED BY:

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





# **INTRODUCTORY SECTION**



**CITY OF HUBBARD, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

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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 3, 2005

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, 2004, is hereby presented.

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

The City's financial statements have been audited by the State of Ohio, Betty D. Montgomery, Auditor of State. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2004, 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, 2004, 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 2003 Certificate of Achievement for Excellence in Financial Reporting. This section is unaudited.
2. *Financial Section* — Based on the standards prescribed by the new Governmental Accounting Standards Board Statement No. 34, this section includes the independent auditor's report, management's discussion and analysis, the basic financial statements and notes, the combining statements for non-major funds, and other relevant supplemental financial statements and schedules for 2004.

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

## **PROFILE OF THE GOVERNMENT**

The City of Hubbard, Ohio, incorporated in 1868, is located in the Northeastern part of the State of Ohio. The City currently occupies a land area of 3.50 square miles and serves a population of 8,380 with direct proxemic access to Interstate 80, United States Route 62, and Ohio State Routes 7, 616, and 304. The City's location provides direct exposure to four urban market areas—each with a population in excess of 20,000 people—Warren, Youngstown, Niles, and Sharon, Pennsylvania. The City's location in southeast Trumbull County places it adjacent to the City of Youngstown and Mahoning County to the south, and the State of Pennsylvania to the east. As a result, these neighboring communities have provided social and economic influences affecting the development patterns within the City.

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

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

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

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

The Treasurer is the custodian of all City funds. The Treasurer is responsible for the investment of active, inactive, and interim funds as specified by Ohio law. In addition, the Treasurer serves as an internal control function for the Auditor's office as the Treasurer co-signs all budgetary and payroll warrants, as well as performs bank reconciliations monthly.

The Law Director serves as the prosecuting attorney for all cases arising in the mayor's court as well as cases transferred to municipal court. The Law Director is also responsible for the preparation of all contracts, bonds, legislation, and other instruments in writing. As designated by Ohio law, the Law Director serves as chief legal counsel for all City officials, directors, departments, and boards.

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

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

The City participates in the Municipal Energy Services Agency which is an Intergovernmental Joint Venture Agreement. The City maintains an equity interest participation in the Ohio Municipal Electric Generation Agency Joint Ventures One and Five



(OMEGA JV1 and OMEGA JV5). The City's electric enterprise fund participates in OMEGA JV1 with 21 other municipal electric systems for the purpose of providing electric power and energy to its participants on a cooperative basis. The City electric enterprise fund also participates in OMEGA JV5 with 41 other municipal electric systems for the purpose of acquiring, constructing, and installing a 42 megawatt hydroelectric power generation facility along with related transmission and fossil-fired backup electric generation facilities.

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

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

The annual appropriation ordinance, or budget, serves as the foundation for the City's financial planning and control. In June of each year, the City Auditor provides each department an estimate of revenue receipts for the following fiscal year. All departments of the City are then required to submit requests for appropriation to the City Auditor by the first week of August. The City Auditor uses these requests as a starting point for developing a proposed budget. A complete budget proposal and revenue forecast is presented to City Council for their review prior to September 30<sup>th</sup>. The Council holds public hearings with regard to each department's proposed budget and the final budget is adopted by December 31<sup>st</sup>—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 30<sup>th</sup> 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 31<sup>st</sup> 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 F25 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 F66.

## **ECONOMIC CONDITION AND OUTLOOK**

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

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

manufacturing sector employment and increased employment in the non-manufacturing sector. However, the City experiences economic growth and expansion despite the transition of workforce demographics.

During 2004, the economic condition of the City remained stable in light of the ongoing national economic recovery. Although lay-offs and production declines in the manufacturing sector continued during 2004, the City collected \$1,085,545 in local income taxes. Resulting from the slight improvements in the regional economy, the City's income tax collections during 2004 were \$39,026 or 3.8% greater than 2003 receipts.

In an effort to encourage business ventures to enter into long-term commitments within the City, the City actively participates in the Enterprise Zone Program sponsored by Trumbull County and the State of Ohio. Since 1983, Trumbull County has assisted businesses expand or locate within the County through the use of this aggressive economic development program. The Enterprise Zone Program permits ad valorem property tax abatements for new real and personal property. Trumbull County's Enterprise Zone is one of the largest and most successful in the State of Ohio with over 115 agreements in eighteen local communities. During 2004, the City of Hubbard participated with three Enterprise Zone Agreements for businesses located within the City including the United States Can Company, Lighting Products, and J.P. Marsh & Company.

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

During 2004, the J.E.D.D. continued to thrive and expand. In addition to the existing J.E.D.D. businesses—Flying J Travel Center, Greenwood's Hubbard Chevrolet, Bi-State Truck Sales, and Tri-State Trailer—the Board of Directors also expanded the territories boundary to include the future development of a Best Western hotel and Waffle House restaurant.

In addition to efforts to promote commercial development within the City, residential expansion also contributes to the City's economic vitality. Current single-family home construction is primarily based in three subdivisions—Jerry Drive extension, Eastwood Meadows, and Timberpoint. Likewise, expansion of the Timberpoint villa community continued during 2004.

Beyond the commercial and residential development within the City, project planning continued at the Pine Lakes Golf Club and Estates. The final additions of new golf holes opened in 2004 and tourism remained strong at the facility's bed and breakfast—Julia's Bed and Breakfast. Engineering and infrastructure construction continued concerning the proposed residential and condominium development slated to be known as Pine Lakes Estates. The first phase of single-family residential home construction is anticipated to begin in 2005 and continue for seven to ten years.

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 will be required to pay the new ½% tax. Upon full realization, the new tax rate is anticipated to generate in excess of \$900,000 annually. The new monies will be used for construction of a police facility, downtown revitalization activities, purchase of equipment, sidewalk replacement, and other operating and infrastructure improvements.

## **MAJOR INITIATIVES – CURRENT AND FUTURE PROJECTS**

Throughout 2004, a number of projects were initiated enabling the City to operate with increased efficiency as well as compete for commercial and industrial development promoting an atmosphere conducive for job retention and growth.

### ***Public Safety***

Underscoring the administration's commitment to public safety, the City's Department of Public Safety continued its effort to improve the quality of equipment for its safety forces. During 2004, the City replaced one police cruiser. The City Administration along with representatives of the Police Force finalized details for the construction of a new police facility scheduled for construction in 2005. The Department of Public Safety sponsored several training programs to enhance the officer's skills in various areas of public safety. The Hubbard Volunteer Fire Department successfully secured a FEMA grant for the purposes of acquiring air tanks and other fire fighting equipment.

### ***Public Works***

The City engaged in street resurfacing and sidewalk replacement programs focusing resources in areas of the community where streets and sidewalks required rehabilitation and resurfacing to prevent further damage. In 2004, the City in conjunction with the Ohio Department of Transportation resurfaced nearly four miles of main roads within the City limits at a cost exceeding \$900,000—with the City sharing \$146,674 of the project cost. Aside from the State administrated project, the City also paved portions of Wheeler, Rebecca, Grace, Gladys, Center, Duer, Henry, Wendemere, Gardner, First, Walnut, Lloyd, Jones, East Park Avenue, and Moore Street at a total cost of \$178,114.

The City also replaced 20,751 square feet of sidewalk, curbing, and catch basins along the south side of West Liberty Street. The total project cost OF \$223,370 was paid through a combination of funding including Federal Local Transportation Improvement (LTIP) grant, State of Ohio Issue II grant, and local monies.

The City Street Department also purchased and placed into service one new International 4400 plow truck.

### ***Utility Service***

The goals of the City Utility Service departments are improving service and increasing quality while controlling costs. During 2004, 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 City Water Department engaged in a variety of repair, maintenance, and rehabilitation projects during 2004 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.

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. Also to limit storm water inflow and infiltration, the City entered into a contract with Utility Contracting in the amount of \$128,880 for the purpose of reconstructing the Saul-Hillview Drive storm sewer system.

In order to improve waste water treatment plant efficiency and capacity, the various system motors were rebuilt and operational maintenance was completed. The City began—with the Saul-Hillview project—implementation of the inflow and infiltration study action steps. 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 \$15,000 Community Development Block Grant for the purpose of developing a Downtown Revitalization Plan. In cooperation with the Trumbull County Planning Commission, the Hubbard Area Chamber of Commerce, Kent State University's Urban Design Center of Northeast Ohio, and the City administration, significant downtown revitalization activities were undertaken in 2004. The outcome of the planning phase will enable the City to submit an application to the Ohio Department of Development in 2005 for construction funds to be used for façade, site, facility, and structure improvements in the central business district of the community.

### ***Cash Management***

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

The City strives to minimize credit and market risks while maintaining a competitive yield on its portfolio. During 2004, the City's cash resources were limited to bank deposits, repurchase agreements, certificates of deposit, United States Government money market mutual funds, and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Approximately 99% of all available monies are continuously maintained in interest-bearing activities. At December 31, 2004, the City maintained \$806,341 in U.S. Government money market mutual funds, \$44,415 in STAR Ohio, \$351,309 in demand deposit accounts, \$883,863 in segregated savings accounts, and \$5,332,306 in certificates of deposit. Investment income from primary investment activities amounted to \$198,153 for 2004 compared to \$207,201 for 2003.

The City's demand deposit account average monthly balance in 2004 was \$512,357, as compared with \$534,265 in 2003 and an average monthly yield of 1.26% in 2004. The City's five certificate of deposit investments ended 2004 with balances of \$1,094,944, \$1,094,944, \$1,094,944, \$1,500,000 and \$547,472. Four certificates totaling \$3,832,806 are earning monthly compounded interest of 3.06%, with annual percentage yields of 3.10%. The fifth certificate totaling \$1,500,000 is earning quarterly compounded interest of 3.26%, with annual percentage yield of 3.30%. In accordance with State of Ohio constitutional and statutory requirements, interest receipts are deposited primarily in the general fund.

### ***Risk Management***

The City maintains comprehensive insurance coverage with Clarendon National Insurance Company carried through the Love Insurance Agency. The plan insures against losses related to property, general liability, wrongful acts, law enforcement professional liability, automobile, bond, crime, inland marine, and EDP liability. Automobile policies include \$5,000,000 of liability coverage for bodily injury and property damage. Real property and contents are insured by blanket coverage in the amount of \$18,075,523. General liability, public officials, and law enforcement professional liability insurances provide for \$5,000,000 per occurrence with \$7,000,000 aggregate coverage. There is no per occurrence deductible for general liability coverage, a \$5,000 deductible for law enforcement professional liability coverage, and a \$7,500 deductible for both public official liability and employment practices liability coverage.

The City operates and manages an employee hospitalization and health benefit plan on a self-insured basis. The City maintains an internal service fund to account for and finance its hospitalization claims liabilities as well as financing any uninsured risks of loss in the program. In order to mitigate the City's maximum health insurance liabilities, specific stop-loss insurance is carried through Spectrum Underwriting Managers with coverage of \$40,000 per individual. The City did not carry aggregate stop loss insurance in 2004. The City's risk management programs are further discussed in Note 13 of the notes to the financial statements.

### ***Pension and Other Post Employment Benefits***

Full-time uniformed employees of the City participate in the Ohio Police and Firemen's Disability Pension Fund (OP&F), a cost sharing multiple employer defined benefit pension plan. The City's required contributions for pension obligations to the OP&F for the years ended December 31, 2004, 2003, and 2002 were \$124,851, \$120,379, and \$123,973, respectively.

All other full-time and part-time employees of the City participate in the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple employer public employee retirement system created by the State of Ohio. The City's required contributions for pension obligations to OPERS for the years ended December 31, 2004, 2003, and 2002 were \$234,218, \$239,750, and \$233,325, respectively. Additional information on the City's pension arrangements and other post-employment benefits can be found in Notes 14 and 15 in the notes to the financial statements.

## **AWARDS & ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hubbard for its comprehensive annual financial report for the year ended December 31, 2003. This was the fourth consecutive year for the City to receive this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The presentation of this Comprehensive Annual Financial Report would not have been possible without the continued commitment of City Council, City officials, and departments. The expertise of Steven Julian, CPA and Carrie Simmons, CPA of Trimble, Julian, & Grube, Inc. continue to insure the successful preparation of this report. Also, sincere appreciation is extended to David A. Hines, *Trumbull County Auditor*, and his staff, particularly Adrian Biviano, CPA, *Chief Deputy Auditor*, Mark DelFrate, CPA, and Marie Woloszyn. A very special thanks to Gauri Torgolkar of the Urban Design Center of Northeast Ohio whose artistic abilities are displayed this CAFR's cover.

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

Very truly yours,

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

Michael C. Villano, CPA, CMA  
*Auditor of City*

**CITY OF HUBBARD, OHIO**  
ELECTED AND APPOINTED OFFICIALS  
DECEMBER 31, 2004

**ELECTED OFFICIALS**

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*Executive Branch*

|              |                    |
|--------------|--------------------|
| Mayor        | Arthur U. Magee    |
| Auditor      | Michael C. Villano |
| Treasurer    | Marsha A. Ruha     |
| Law Director | Gary M. Gilmartin  |

*Legislative Branch*

|                                       |                         |
|---------------------------------------|-------------------------|
| Council Member – Council President    | John D. Darko           |
| Council Member – 1 <sup>st</sup> Ward | Bonnie L. Viele         |
| Council Member – 2 <sup>nd</sup> Ward | John R. Marshall        |
| Council Member – 3 <sup>rd</sup> Ward | Lisha A. Baumiller      |
| Council Member – 4 <sup>th</sup> Ward | Edward F. Palestro, Sr. |
| Council Member – At-Large             | Patton M. Gilliland     |
| Council Member – At-Large             | Douglas L. Rohrer       |
| Council Member – At-Large             | William J. Williams     |

**APPOINTED OFFICIALS**

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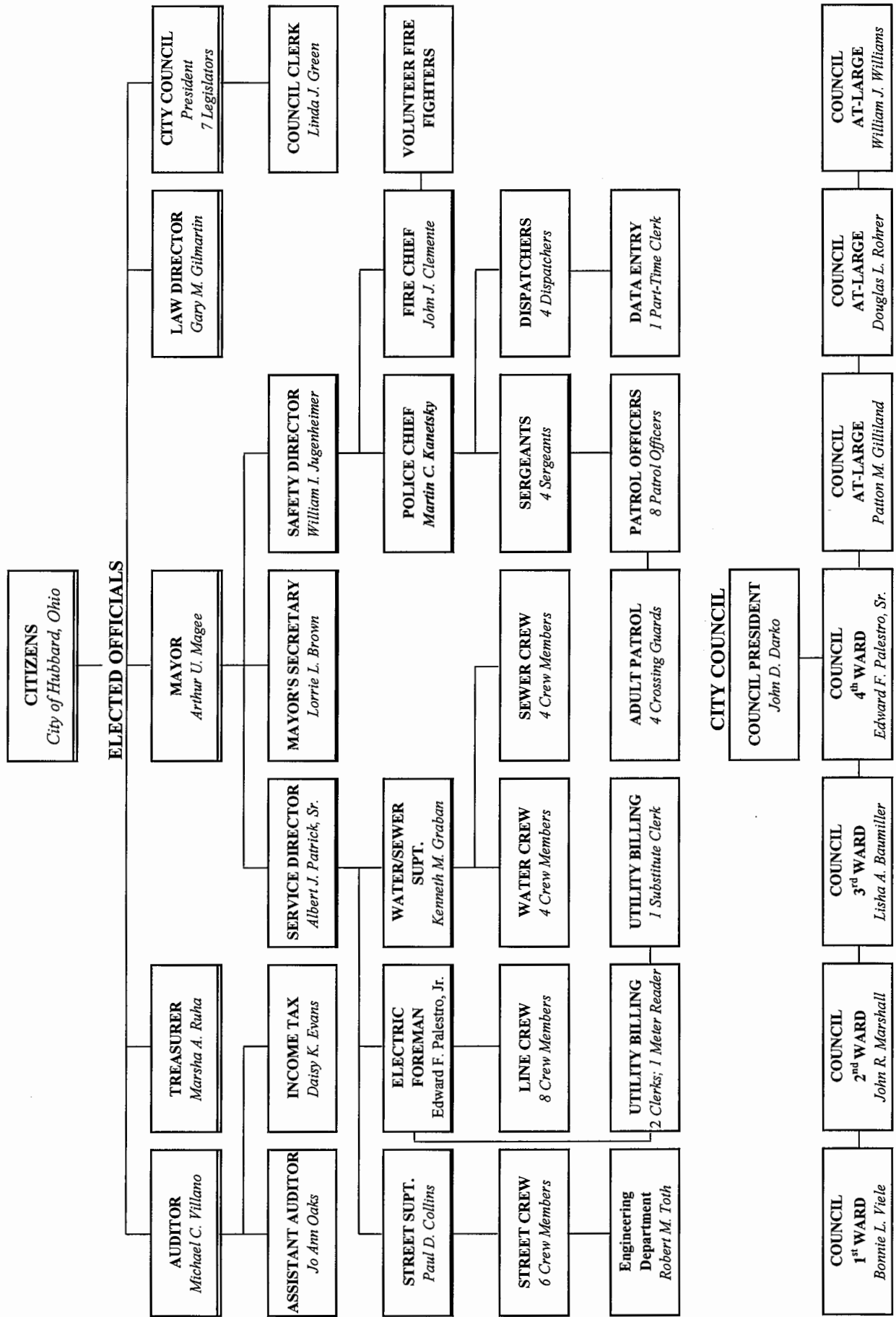
*Department of Public Service*

|                                  |                         |
|----------------------------------|-------------------------|
| Director of Public Service       | Albert J. Patrick, Sr.  |
| Street Superintendent            | Paul D. Collins         |
| Water/Waste Water Superintendent | Kenneth M. Graban       |
| Electric Foreman                 | Edward F. Palestro, Jr. |

*Department of Public Safety*

|                           |                        |
|---------------------------|------------------------|
| Director of Public Safety | William I. Jugenheimer |
| Police Chief              | Martin C. Kanetsky     |
| Fire Chief                | John J. Clemente       |

**CITY OF HUBBARD, OHIO  
ORGANIZATIONAL CHART  
DECEMBER 31, 2004**



# 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, 2003

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.



*Nancy L. Zielke*

President

*Jeffrey R. Egan*

Executive Director



# **FINANCIAL SECTION**





## Auditor of State Betty Montgomery

### 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, 2004, 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Street Construction Maintenance and Repair 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 3, 2005, 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 are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

**Betty Montgomery**  
Auditor of State

June 3, 2005

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

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, 2004. 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 2004 are as follows:

- The total net assets of the City decreased \$770,023. Net assets of governmental activities decreased \$384,518 or 8.22% under 2003 and net assets of business-type activities decreased \$385,505 or 3.02% under 2003.
- General revenues accounted for \$2,114,152 or 74.27% of total governmental activities revenue. Program specific revenues accounted for \$732,556 or 25.73% of total governmental activities revenue.
- The City had \$3,176,187 in expenses related to governmental activities; \$732,556 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$2,444,631 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$2,114,152.
- The general fund had revenues and other financing sources of \$2,148,317 in 2004. This represents an increase of \$24,103 from 2003 revenues. The expenditures and other financing uses of the general fund, which totaled \$2,246,133 in 2004, decreased \$152,262 from 2003. The net decrease in fund balance for the general fund was \$97,816 or 20.09%.
- The street construction and maintenance fund had revenues and other financing sources of \$598,724 in 2004. This represents an increase of \$41,914 from 2003 revenues. The expenditures of the street construction and maintenance fund, which totaled \$587,618 in 2004, increased \$70,284 from 2003. The net increase in fund balance for the street construction and maintenance fund was \$11,106 or 9.63%.
- 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 2004 by \$385,505. This decrease in net assets was due primarily to a lack of capital contributions from developers for water and sewer lines.
- In the general fund, the actual revenues and other financing sources were \$139,244 higher than the final budgeted revenues and actual expenditures and other financing uses were \$15,443 less than the amount in the final budget. These positive variances are the result of the City's conservative budgeting. Budgeted revenues increased \$208,906 from the original to the final budget. Budgeted expenditures and other financing uses increased \$132,486 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, 2004 UNAUDITED

#### **Reporting the City as a Whole**

##### ***Statement of Net Assets and the Statement of Activities***

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City perform financially during 2004?" 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 F18 – F20 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 F10.

##### ***Governmental Funds***

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

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

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

The City maintains several individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and street construction and maintenance fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages F21 – F26 of this report.

#### ***Proprietary Funds***

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, electric, and guarantee trust operations. The sewer, water, and electric enterprise funds are considered major funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages F27 – F34 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency and private-purpose trust funds are the City's fiduciary fund types. The basic fiduciary fund financial statements can be found on pages F35 – F36 of this report.

#### ***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F37 – F66 of this report.

**CITY OF HUBBARD, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED

**Government-Wide Financial Analysis**

The Statement of Net Assets provides the perspective of the City as a whole. The table below provides a summary of the City's net assets for 2004 compared to 2003:

|   | Net Assets                 |                             |                            |                             |                      |                      |
|---|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------|----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Governmental<br>Activities | Business-type<br>Activities | 2004<br>Total        | 2003<br>Total        |
|   | 2004                       | 2004                        | 2003                       | 2003                        |                      |                      |
| <u>Assets</u>                                   |                            |                             |                            |                             |                      |                      |
| Current and other assets                        | \$ 1,908,091               | \$ 7,634,022                | \$ 2,349,523               | \$ 7,916,842                | \$ 9,542,113         | \$ 10,266,365        |
| Capital assets                                  | <u>3,401,113</u>           | <u>14,538,198</u>           | <u>3,267,003</u>           | <u>15,024,917</u>           | <u>17,939,311</u>    | <u>18,291,920</u>    |
| Total assets                                    | <u>5,309,204</u>           | <u>22,172,220</u>           | <u>5,616,526</u>           | <u>22,941,759</u>           | <u>27,481,424</u>    | <u>28,558,285</u>    |
| <u>Liabilities</u>                              |                            |                             |                            |                             |                      |                      |
| Current liabilities                             | 755,941                    | 2,565,002                   | 712,159                    | 2,525,424                   | 3,320,943            | 3,237,583            |
| Long-term liabilities                           | <u>259,598</u>             | <u>7,226,900</u>            | <u>226,184</u>             | <u>7,650,512</u>            | <u>7,486,498</u>     | <u>7,876,696</u>     |
| Total liabilities                               | <u>1,015,539</u>           | <u>9,791,902</u>            | <u>938,343</u>             | <u>10,175,936</u>           | <u>10,807,441</u>    | <u>11,114,279</u>    |
| <u>Net Assets</u>                               |                            |                             |                            |                             |                      |                      |
| Invested in capital assets, net of related debt | 3,401,113                  | 5,457,562                   | 3,267,003                  | 5,448,545                   | 8,858,675            | 8,715,548            |
| Restricted                                      | 410,499                    | -                           | 579,472                    | -                           | 410,499              | 579,472              |
| Unrestricted                                    | <u>482,053</u>             | <u>6,922,756</u>            | <u>831,708</u>             | <u>7,317,278</u>            | <u>7,404,809</u>     | <u>8,148,986</u>     |
| Total net assets                                | <u>\$ 4,293,665</u>        | <u>\$ 12,380,318</u>        | <u>\$ 4,678,183</u>        | <u>\$ 12,765,823</u>        | <u>\$ 16,673,983</u> | <u>\$ 17,444,006</u> |

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2004, the City's assets exceeded liabilities by \$16,673,983. At year-end, net assets were \$4,293,665 and \$12,380,318 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 65.28% 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, 2004, were \$3,401,113 and \$5,457,562 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, 2004, 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, \$410,499, 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 \$482,053 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for fiscal year 2004.



**CITY OF HUBBARD, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED**

|                                      | <b>Change in Net Assets</b>               |  |   |  |                      |                      |
|--------------------------------------|---|--|---|--|----------------------|----------------------|
|                                      | Governmental<br>Activities<br><u>2004</u> | Business-type<br>Activities<br><u>2004</u> | Governmental<br>Activities<br><u>2003</u> | Business-type<br>Activities<br><u>2003</u> | 2004<br>Total        | 2003<br>Total        |
| <b>Revenues</b>                      |   |  |   |  |                      |                      |
| Program revenues:                    |   |  |   |  |                      |                      |
| Charges for services                 | \$ 79,231                                 | \$ 7,164,319                               | \$ 48,394                                 | \$ 6,906,215                               | \$ 7,243,550         | \$ 6,954,609         |
| Operating grants and contributions   | 333,642                                   | -  | 295,672                                   | -  | 333,642              | 295,672              |
| Capital grants and contributions     | <u>319,683</u>                            | <u>-</u>                                   | <u>297,614</u>                            | <u>10,516</u>                              | <u>319,683</u>       | <u>308,130</u>       |
| Total program revenues               | <u>732,556</u>                            | <u>7,164,319</u>                           | <u>641,680</u>                            | <u>6,916,731</u>                           | <u>7,896,875</u>     | <u>7,558,411</u>     |
| General revenues:                    |   |  |   |  |                      |                      |
| Property taxes                       | 344,770                                   | -  | 330,065                                   | -  | 344,770              | 330,065              |
| Income taxes                         | 1,090,187                                 | -  | 1,055,837                                 | -  | 1,090,187            | 1,055,837            |
| Other local taxes                    | -   | 70,249                                     | -   | 25,049                                     | 70,249               | 25,049               |
| Unrestricted grants and entitlements | 349,959                                   | -  | 479,298                                   | -  | 349,959              | 479,298              |
| Investment earnings                  | 207,831                                   | 17,365                                     | 207,265                                   | 7,239                                      | 225,196              | 214,504              |
| Investment in joint ventures         | -   | 15,983                                     | -   | 14,586                                     | 15,983               | 14,586               |
| Miscellaneous                        | <u>121,405</u>                            | <u>57,248</u>                              | <u>92,888</u>                             | <u>193,896</u>                             | <u>178,653</u>       | <u>286,784</u>       |
| Total general revenues               | <u>2,114,152</u>                          | <u>160,845</u>                             | <u>2,165,353</u>                          | <u>240,770</u>                             | <u>2,274,997</u>     | <u>2,406,123</u>     |
| Total revenues                       | <u>2,846,708</u>                          | <u>7,325,164</u>                           | <u>2,807,033</u>                          | <u>7,157,501</u>                           | <u>10,171,872</u>    | <u>9,964,534</u>     |
| Expenses:                            |   |  |   |  |                      |                      |
| General government                   | 421,107                                   | -  | 350,765                                   | -  | 421,107              | 350,765              |
| Security of persons and property     | 1,695,597                                 | -  | 1,572,403                                 | -  | 1,695,597            | 1,572,403            |
| Public health and welfare            | 30,823                                    | -  | 35,187                                    | -  | 30,823               | 35,187               |
| Transportation                       | 981,678                                   | -  | 971,326                                   | -  | 981,678              | 971,326              |
| Community environment                | 1,963                                     | -  | 4,524                                     | -  | 1,963                | 4,524                |
| Leisure time activity                | 43,797                                    | -  | 36,301                                    | -  | 43,797               | 36,301               |
| Other                                | 1,222                                     | -  | 1,008                                     | -  | 1,222                | 1,008                |
| Interest and fiscal charges          | -   | -  | 1,408                                     | -  | -                    | 1,408                |
| Water                                | -   | 1,301,547                                  | -   | 1,386,623                                  | 1,301,547            | 1,386,623            |
| Sewer                                | -   | 1,309,146                                  | -   | 1,368,214                                  | 1,309,146            | 1,368,214            |
| Electric                             | -   | 5,130,725                                  | -   | 4,387,184                                  | 5,130,725            | 4,387,184            |
| Guarantee trust                      | <u>-</u>                                  | <u>24,290</u>                              | <u>-</u>                                  | <u>18,038</u>                              | <u>24,290</u>        | <u>18,038</u>        |
| Total expenses                       | <u>3,176,187</u>                          | <u>7,765,708</u>                           | <u>2,972,922</u>                          | <u>7,160,059</u>                           | <u>10,941,895</u>    | <u>10,132,981</u>    |
| Decrease in net assets before        |   |  |   |  |                      |                      |
| transfers and capital contribuitons  | (329,479)                                 | (440,544)                                  | (165,889)                                 | (2,558)                                    | (770,023)            | (168,447)            |
| Transfers                            | (55,039)                                  | 55,039                                     | (23,180)                                  | 23,180                                     | -                    | -                    |
| Capital contributions                | <u>-</u>                                  | <u>-</u>                                   | <u>417,061</u>                            | <u>515,620</u>                             | <u>-</u>             | <u>932,681</u>       |
| Change in net assets                 | (384,518)                                 | (385,505)                                  | 227,992                                   | 536,242                                    | (770,023)            | 764,234              |
| Net assets at beginning of year      | <u>4,678,183</u>                          | <u>12,765,823</u>                          | <u>4,450,191</u>                          | <u>12,229,581</u>                          | <u>17,444,006</u>    | <u>16,679,772</u>    |
| Net assets at end of year            | <u>\$ 4,293,665</u>                       | <u>\$ 12,380,318</u>                       | <u>\$ 4,678,183</u>                       | <u>\$ 12,765,823</u>                       | <u>\$ 16,673,983</u> | <u>\$ 17,444,006</u> |

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

#### Governmental Activities

Governmental activities net assets decreased \$384,518 in 2004. This decrease is a result of slightly increasing revenues and an increase in expenses reported in the prior year.

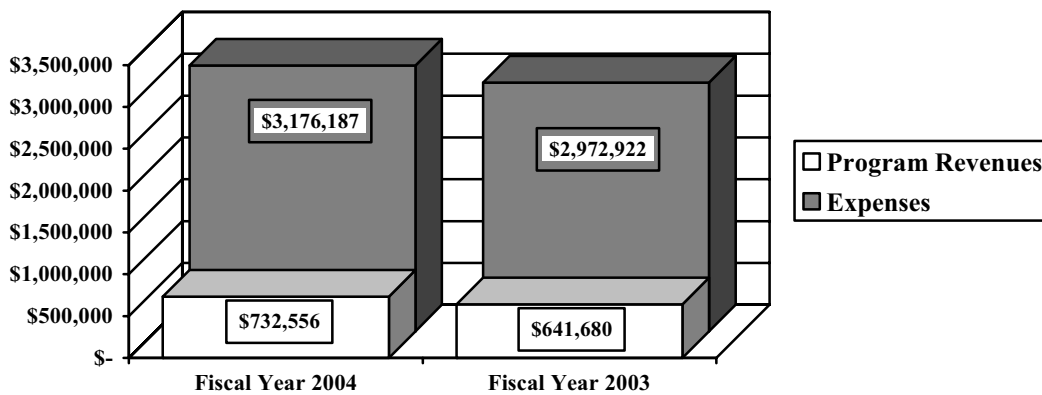
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$1,695,597 of the total expenses of the City. These expenses were partially funded by \$60,623 in direct charges to users of the services. Transportation expenses totaled \$981,678. Transportation expenses were partially funded by \$327,474 in operating grants and contributions and \$281,414 in capital grants and contributions.

The state and federal government contributed to the City a total of \$333,642 in operating grants and contributions and \$319,683 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total capital grants and contributions, \$38,269 subsidized general government programs and \$281,414 subsidized transportation programs.

General revenues totaled \$2,114,152, and amounted to 74.27% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$1,434,957. 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 \$349,959. In August 2001, the State of Ohio froze the local government and local government revenue assistance to be distributed to local governments in 2003 and 2004.

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**

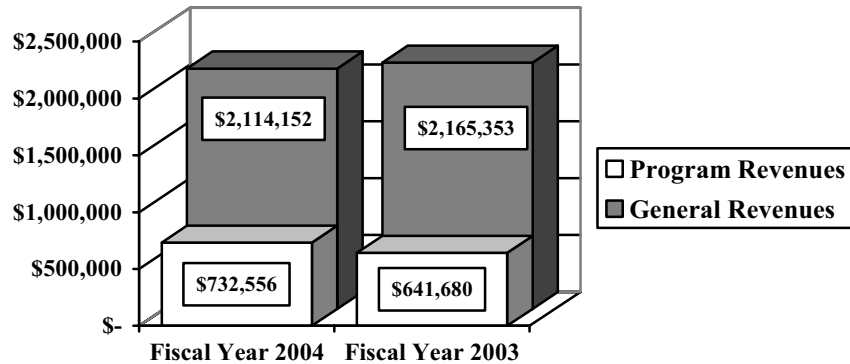
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED**

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

|                                  | <b>Governmental Activities</b> |                            |                            |                            |
|----------------------------------|--------------------------------|----------------------------|----------------------------|----------------------------|
|                                  | Total Cost of<br>Services      | Net Cost of<br>Services    | Total Cost of<br>Services  | Net Cost of<br>Services    |
|                                  | <u>2004</u>                    | <u>2004</u>                | <u>2003</u>                | <u>2003</u>                |
| Program Expenses:                |                                |                            |                            |                            |
| General government               | \$ 421,107                     | \$ 370,463                 | \$ 350,765                 | \$ 94,336                  |
| Security of persons and property | 1,695,597                      | 1,630,088                  | 1,572,403                  | 1,531,793                  |
| Public health and welfare        | 30,823                         | 24,590                     | 35,187                     | 30,187                     |
| Transportation                   | 981,678                        | 372,790                    | 971,326                    | 633,157                    |
| Community environment            | 1,963                          | 1,963                      | 4,524                      | 4,524                      |
| Leisure time activity            | 43,797                         | 42,515                     | 36,301                     | 34,829                     |
| Other                            | 1,222                          | 1,222                      | 1,008                      | 1,008                      |
| Interest and fiscal charges      | -                              | -                          | 1,408                      | 1,408                      |
| <b>Total</b>                     | <b><u>\$ 3,176,187</u></b>     | <b><u>\$ 2,443,631</u></b> | <b><u>\$ 2,972,922</u></b> | <b><u>\$ 2,331,242</u></b> |

The dependence upon general revenues for governmental activities is apparent, with 76.94% of expenses supported through taxes and other general revenues.

**Governmental Activities – General and Program Revenues**



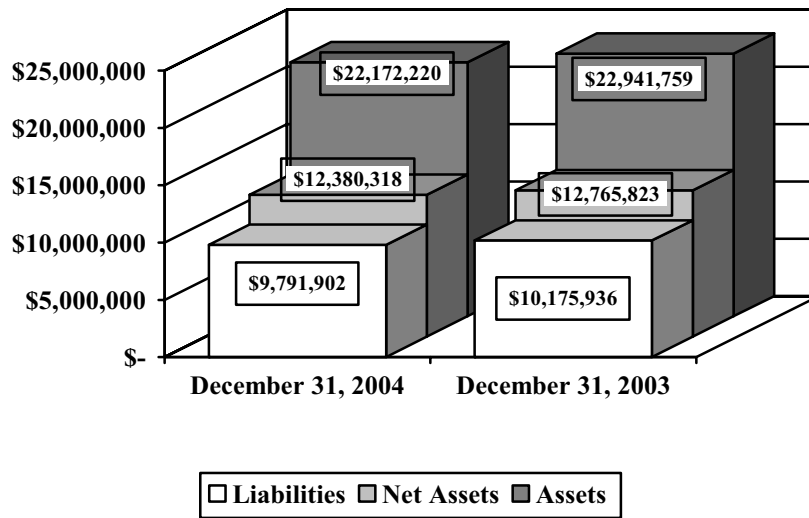
**CITY OF HUBBARD, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED**

**Business-type Activities**

Business-type activities include the sewer, water, electric and guarantee trust enterprise funds. These programs had program revenues of \$7,164,319, general revenues of \$160,845, transfers in of \$55,039 and expenses of \$7,765,708 for 2004. 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, 2004  
UNAUDITED

***Governmental Funds***

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

The City's governmental funds (as presented on the balance sheet on page F21) reported a combined fund balance of \$703,364 which is \$197,303 below last year's total of \$900,667. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2004 for all major and nonmajor governmental funds.

|                                     | <u>Fund Balances</u><br>12/31/04 | <u>Fund Balances</u><br>12/31/03 | <u>Increase</u><br><u>(Decrease)</u> |
|-------------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| Major funds:                        |                                  |                                  |                                      |
| General                             | \$ 389,162                       | \$ 486,978                       | \$ (97,816)                          |
| Street construction and maintenance | 126,442                          | 115,336                          | 11,106                               |
| Other nonmajor governmental funds   | <u>187,760</u>                   | <u>298,353</u>                   | <u>(110,593)</u>                     |
| Total                               | <u>\$ 703,364</u>                | <u>\$ 900,667</u>                | <u>\$ (197,303)</u>                  |

***General Fund***

The City's general fund balance decreased \$97,816, primarily due to transfers out to other funds in the amount of \$507,184. The table that follows assists in illustrating the revenues of the general fund.

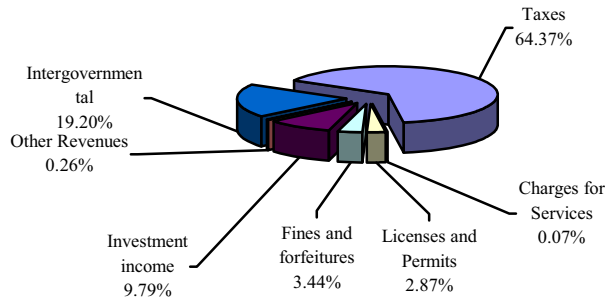
|                        | <u>2004</u><br><u>Amount</u> | <u>2003</u><br><u>Amount</u> | <u>Percentage</u><br><u>Change</u> |
|------------------------|------------------------------|------------------------------|------------------------------------|
| <b><u>Revenues</u></b> |                              |                              |                                    |
| Taxes                  | \$ 1,331,618                 | \$ 1,288,269                 | 3.36 %                             |
| Charges for services   | 1,402                        | 1,055                        | 32.89 %                            |
| Licenses and permits   | 59,396                       | 62,054                       | (4.28) %                           |
| Fines and forfeitures  | 71,196                       | 41,586                       | 71.20 %                            |
| Intergovernmental      | 397,105                      | 364,083                      | 9.07 %                             |
| Investment income      | 202,444                      | 205,314                      | (1.40) %                           |
| Other                  | <u>5,422</u>                 | <u>11,955</u>                | (54.65) %                          |
| Total                  | <u>\$ 2,068,583</u>          | <u>\$ 1,974,316</u>          | 4.77 %                             |

Tax revenue represents 64.37% of all general fund revenue. The increase in fines and forfeitures is due to an increase in the number of cases presented within the City. All other revenue remained comparable to 2003.

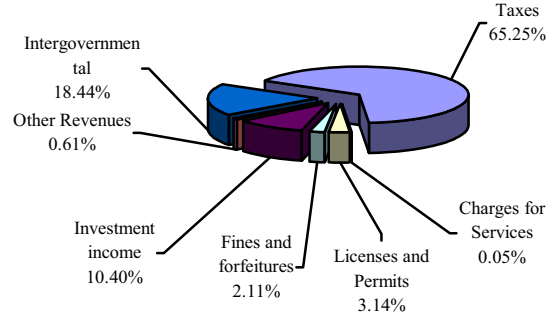
**CITY OF HUBBARD, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED

**Revenues – Fiscal Year 2004**



**Revenues – Fiscal Year 2003**



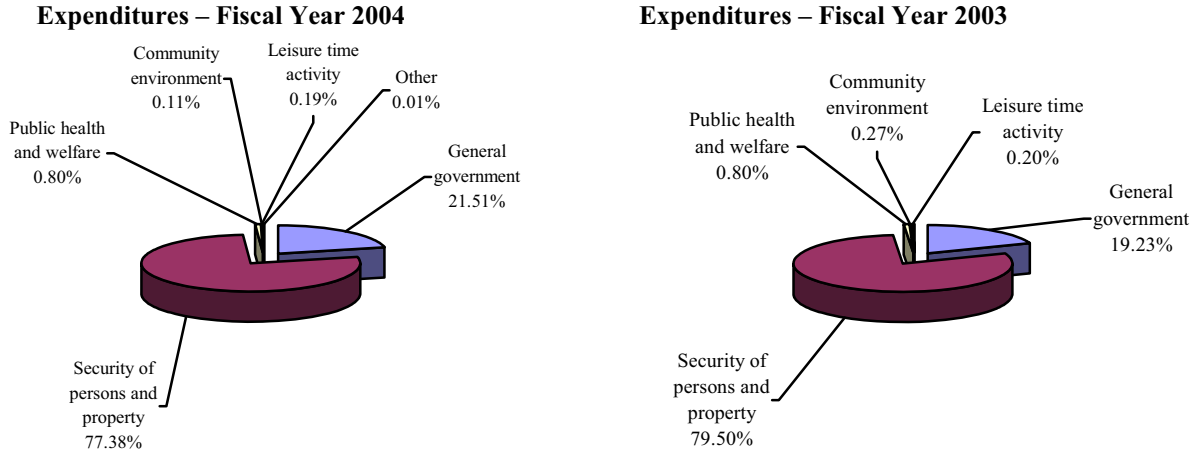
The table that follows assists in illustrating the expenditures of the general fund.

|                                  | <u>2004</u><br><u>Amount</u> | <u>2003</u><br><u>Amount</u> | <u>Percentage</u><br><u>Change</u> |
|----------------------------------|------------------------------|------------------------------|------------------------------------|
| <b><u>Expenditures</u></b>       |                              |                              |                                    |
| General government               | \$ 373,980                   | \$ 327,268                   | 14.27 %                            |
| Security of persons and property | 1,345,548                    | 1,352,762                    | (0.53) %                           |
| Public health and welfare        | 13,997                       | 13,615                       | 2.81 %                             |
| Community environment            | 1,963                        | 4,524                        | (56.61) %                          |
| Leisure time activity            | 3,271                        | 3,363                        | (2.74) %                           |
| Other                            | <u>190</u>                   | <u>-</u>                     | 100.00 %                           |
| <b>Total</b>                     | <b><u>\$ 1,738,949</u></b>   | <b><u>\$ 1,701,532</u></b>   | <b>2.20 %</b>                      |

The most significant increase was in the area of general government. This increase is primarily due to the increase in the case load for the courts. All other expenditures remained comparable to 2003. The largest expenditure line item, security of persons and property, decreased slightly, which is primarily attributed to an overall control of costs of purchased goods and services.

**CITY OF HUBBARD, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED**



***Street Construction and Maintenance***

The City's street construction and maintenance fund balance increased \$11,106, primarily due to an increase in intergovernmental gas tax receipts received from Trumbull County and the State of Ohio. The table that follows assists in illustrating the revenues, expenditures and other financing uses of the street construction and maintenance fund.

|                                       | <u>2004</u><br>Amount | <u>2003</u><br>Amount | <u>Percentage</u><br><u>Change</u> |
|---------------------------------------|-----------------------|-----------------------|------------------------------------|
| <b><u>Revenues</u></b>                |                       |                       |                                    |
| Intergovernmental                     | \$ 302,782            | \$ 268,732            | 12.67 %                            |
| Investment income                     | 2,812                 | 1,811                 | 55.27 %                            |
| Other                                 | <u>23,946</u>         | <u>3,523</u>          | 579.70 %                           |
| Total                                 | <u>\$ 329,540</u>     | <u>\$ 274,066</u>     | 20.24 %                            |
| <b><u>Expenditures</u></b>            |                       |                       |                                    |
| Transportation                        | \$ 492,445            | \$ 511,654            | (3.75) %                           |
| Capital outlay                        | <u>95,173</u>         | <u>5,680</u>          | 1,575.58 %                         |
| Total                                 | <u>\$ 587,618</u>     | <u>\$ 517,334</u>     | 13.59 %                            |
| <b><u>Other Financing Sources</u></b> |                       |                       |                                    |
| Sale of capital assets                | \$ 990                | \$ -                  | 100.00 %                           |
| Transfers in                          | <u>268,194</u>        | <u>282,744</u>        | (5.15) %                           |
| Total                                 | <u>\$ 269,184</u>     | <u>\$ 282,744</u>     | (4.80) %                           |

**CITY OF HUBBARD, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED

***Budgeting Highlights***

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

In the general fund, one of the most significant changes was between the original and final budgeted amount in the area of expenditures and other financing uses, which increased \$132,486 from \$2,942,316 to \$3,074,802. Actual revenues and other financing sources of \$2,865,068 were \$139,244 higher than final budgeted revenues of \$2,725,824. The other change was between the final budgeted expenditures and actual expenditures. Actual expenditures came in \$15,443 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 2004, the City had \$17,939,311 (net of accumulated depreciation) invested in land, construction in progress (CIP), land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Of this total, \$3,401,113 was reported in governmental activities and \$14,538,198 was reported in business-type activities. See Note 9 to the basic financial statements for detail. The following table shows fiscal 2004 balances compared to 2003:

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

|                            | <u>Governmental Activities</u> |                    | <u>Business-Type Activities</u> |                      | <u>Total</u>         |                      |
|----------------------------|--------------------------------|--------------------|---------------------------------|----------------------|----------------------|----------------------|
|                            | <u>2004</u>                    | <u>2003</u>        | <u>2004</u>                     | <u>2003</u>          | <u>2004</u>          | <u>2003</u>          |
| Land                       | \$ 657,098                     | \$ 657,098         | \$ 112,941                      | \$ 112,941           | \$ 770,039           | \$ 770,039           |
| Construction in progress   | -                              | -                  | 2,193,270                       | 2,088,658            | 2,193,270            | 2,088,658            |
| Land improvements          | 22,440                         | 24,901             | -                               | -                    | 22,440               | 24,901               |
| Buildings and improvements | 86,858                         | 80,211             | 2,812,222                       | 2,930,160            | 2,899,080            | 3,010,371            |
| Furniture and equipment    | 274,124                        | 269,784            | 351,167                         | 462,172              | 625,291              | 731,956              |
| Vehicles                   | 228,537                        | 276,392            | 57,622                          | 72,151               | 286,159              | 348,543              |
| Infrastructure             | <u>2,132,056</u>               | <u>1,958,617</u>   | <u>9,010,976</u>                | <u>9,358,835</u>     | <u>11,143,032</u>    | <u>11,317,452</u>    |
| Totals                     | <u>\$ 3,401,113</u>            | <u>\$3,267,003</u> | <u>\$ 14,538,198</u>            | <u>\$ 15,024,917</u> | <u>\$ 17,939,311</u> | <u>\$ 18,291,920</u> |

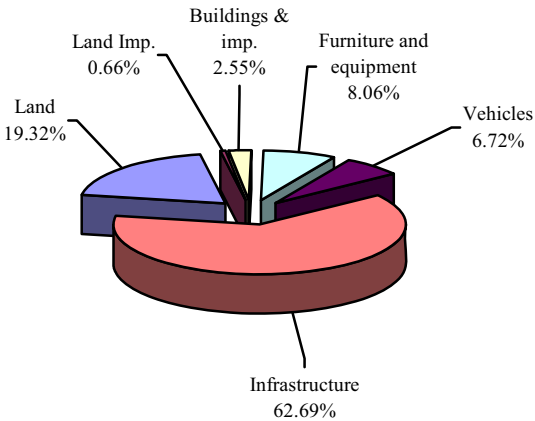
The following graphs show the breakdown of business-type capital assets by category for 2004 and 2003.



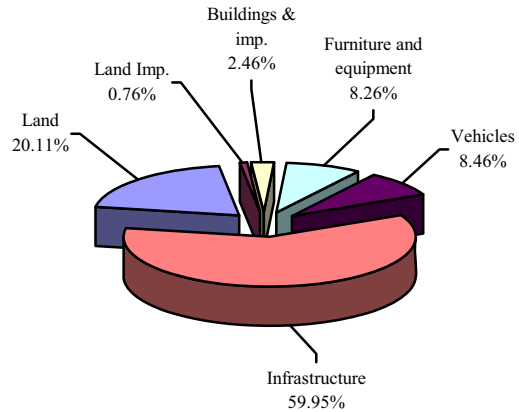
**CITY OF HUBBARD, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004  
UNAUDITED**

**Capital Assets - Governmental Activities 2004**



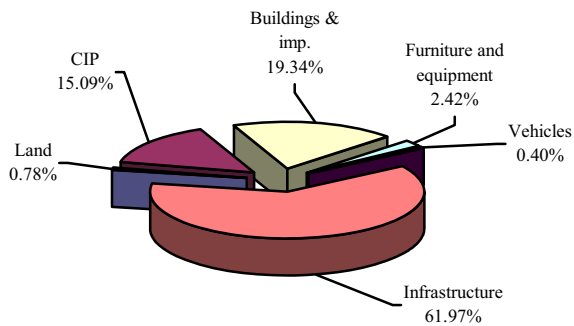
**Capital Assets - Governmental Activities 2003**



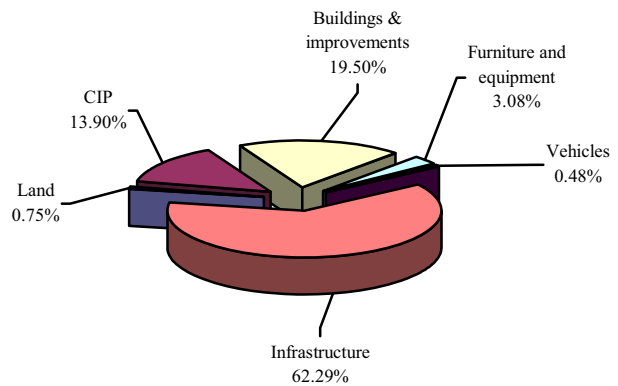
The City's largest capital asset category is infrastructure which includes roads, sidewalks, traffic lights and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 62.69% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2004 and 2003.

**Capital Assets - Business-Type Activities 2004**



**Capital Assets - Business-Type Activities 2003**



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 61.97% 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, 2002  
UNAUDITED

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2004 and 2003 (See Note 11 to the basic financial statements for detail):

|                             | <u>Governmental Activities</u>  |                    |
|-----------------------------|---------------------------------|--------------------|
|                             | <u>2004</u>                     | <u>2003</u>        |
| Compensated absences        | \$ 259,598                      | \$ 226,184         |
| Total long-term obligations | <u>\$ 259,598</u>               | <u>\$ 226,184</u>  |
|                             | <u>Business-type Activities</u> |                    |
|                             | <u>2004</u>                     | <u>2003</u>        |
| Revenue bond                | \$4,055,000                     | \$4,325,000        |
| OPWC loans                  | 954,654                         | 1,010,617          |
| OWDA loan                   | 2,075,982                       | 2,152,097          |
| Compensated absences        | <u>141,264</u>                  | <u>162,798</u>     |
| Total long-term obligations | <u>\$7,226,900</u>              | <u>\$7,650,512</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 2004 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 2004 budget. The primary objectives include continued improvement to constituent service delivery as well as long-term fiscal stability.

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

Budgeted revenues and other financing sources in the general fund for fiscal year 2004 are \$2,865,068, an increase of \$71,628 or 2.6% from final 2003 budgeted revenues and other financing sources of \$2,793,440. The 2004 general fund budget is \$3,074,802 as compared with the 2003 general fund budget of \$3,104,069. For financial reporting purposes, the general fund is comprised of the following funds: the general fund, income tax fund, and unclaimed monies fund.

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004 UNAUDITED

The average unemployment rate for Trumbull County in 2003 (7.6%) was the highest since 1994 (8.0%), compared to the 6.1% State of Ohio average and 6.0% national average. The City Auditor anticipates the 2004 rate to continue through 2005. In order to meet these challenges, the City successfully passed a ½% increase in its local income tax in the November 2004 General Election. In addition to the increase in the tax rate, the new ½% will not be afforded credit for tax paid to other cities. Therefore, the City expects to collect approximately \$900,000 additional local income tax dollars upon its full implementation. With the continuation of conservative budgeting practices, the City's financial position is anticipated to remain stable in future years.

#### **Contacting the City's Financial Management**

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

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BASIC  
FINANCIAL STATEMENTS

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**CITY OF HUBBARD, OHIO**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2004

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>Assets:</b>  |                                    |                                     |                      |
| Equity in pooled cash and cash equivalents. . . . .       | \$ 665,078                         | \$ 5,828,007                        | \$ 6,493,085         |
| Cash in segregated accounts . . . . .                     | 151                                | 501                                 | 652                  |
| Receivables (net of allowances for uncollectibles):       |                                    |                                     |                      |
| Income taxes . . . . .                                    | 309,623                            | -                                   | 309,623              |
| Real and other taxes . . . . .                            | 411,636                            | 5,464                               | 417,100              |
| Accounts . . . . .  | 35,153                             | 650,718                             | 685,871              |
| Accrued interest . . . . .                                | 7,233                              | -                                   | 7,233                |
| Internal balance. . . . .                                 | 73,924                             | (73,924)                            | -                    |
| Due from other governments . . . . .                      | 365,853                            | 10,516                              | 376,369              |
| Prepayments . . . . .                                     | 22,658                             | 22,225                              | 44,883               |
| Materials and supplies inventory. . . . .                 | 16,782                             | 179,934                             | 196,716              |
| Deferred charges . . . . .                                | -                                  | 12,620                              | 12,620               |
| Investment in joint ventures . . . . .                    |                                    | 196,516                             | 196,516              |
| Restricted assets:  |                                    |                                     |                      |
| Cash and cash equivalents with fiscal agents . . . . .    | -                                  | 801,445                             | 801,445              |
| Capital assets:   |                                    |                                     |                      |
| Land and construction in progress. . . . .                | 657,098                            | 2,306,211                           | 2,963,309            |
| Depreciable capital assets, net . . . . .                 | 2,744,015                          | 12,231,987                          | 14,976,002           |
| Total capital assets. . . . .                             | <u>3,401,113</u>                   | <u>14,538,198</u>                   | <u>17,939,311</u>    |
| Total assets. . . . .                                     | <u>5,309,204</u>                   | <u>22,172,220</u>                   | <u>27,481,424</u>    |
| <b>Liabilities:</b>                                       |                                    |                                     |                      |
| Accounts payable . . . . .                                | 61,648                             | 464,977                             | 526,625              |
| Retainage payable . . . . .                               | -                                  | 5,155                               | 5,155                |
| Accrued wages and benefits . . . . .                      | 48,194                             | 37,762                              | 85,956               |
| Due to other governments . . . . .                        | 52,658                             | 35,394                              | 88,052               |
| Deferred revenue. . . . .                                 | 380,566                            | -                                   | 380,566              |
| Accrued interest payable. . . . .                         | -                                  | 26,714                              | 26,714               |
| Claims payable. . . . .                                   | 212,875                            | -                                   | 212,875              |
| Revenue anticipation note . . . . .                       | -                                  | 1,995,000                           | 1,995,000            |
| Long-term liabilities:                                    |                                    |                                     |                      |
| Due within one year. . . . .                              | 86,314                             | 532,388                             | 618,702              |
| Due in more than one year . . . . .                       | 173,284                            | 6,694,512                           | 6,867,796            |
| Total liabilities . . . . .                               | <u>1,015,539</u>                   | <u>9,791,902</u>                    | <u>10,807,441</u>    |
| <b>Net assets:</b>  |                                    |                                     |                      |
| Invested in capital assets, net of related debt . . . . . | 3,401,113                          | 5,457,562                           | 8,858,675            |
| Restricted for:   |                                    |                                     |                      |
| Capital projects. . . . .                                 | 49,055                             | -                                   | 49,055               |
| Street construction and maintenance . . . . .             | 176,415                            | -                                   | 176,415              |
| State highway. . . . .                                    | 13,403                             | -                                   | 13,403               |
| Law enforcement . . . . .                                 | 18,515                             | -                                   | 18,515               |
| Fire district . . . . .                                   | 96,725                             | -                                   | 96,725               |
| Police pension . . . . .                                  | 22,482                             | -                                   | 22,482               |
| Maple Grove cemetery . . . . .                            | 10,864                             | -                                   | 10,864               |
| Recreation . . . . .                                      | 20,959                             | -                                   | 20,959               |
| Other purposes . . . . .                                  | 395                                | -                                   | 395                  |
| Perpetual care:   |                                    |                                     |                      |
| Expendable . . . . .                                      | 840                                | -                                   | 840                  |
| Nonexpendable . . . . .                                   | 846                                | -                                   | 846                  |
| Unrestricted. . . . .                                     | <u>482,053</u>                     | <u>6,922,756</u>                    | <u>7,404,809</u>     |
| Total net assets . . . . .                                | <u>\$ 4,293,665</u>                | <u>\$ 12,380,318</u>                | <u>\$ 16,673,983</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004

|  | <u>Program Revenues</u> |                                 |  |   |
|--|-------------------------|---------------------------------|--|---|
|  | <u>Expenses</u>         | <u>Charges for<br/>Services</u> | <u>Operating<br/>and<br/>Contributions</u> | <u>Capital Grants<br/>and<br/>Contributions</u> |
| <b>Governmental Activities:</b>            |                         |                                 |  |   |
| General government . . . . .               | \$ 421,107              | \$ 12,375                       | \$ -                                       | \$ 38,269                                       |
| Security of persons and property . . . . . | 1,695,597               | 60,623                          | 4,886                                      | -   |
| Public health and welfare . . . . .        | 30,823                  | 6,233                           | -  | -   |
| Transportation . . . . .                   | 981,678                 | -                               | 327,474                                    | 281,414   |
| Community environment . . . . .            | 1,963                   | -                               | -  | -   |
| Leisure time activity . . . . .            | 43,797                  | -                               | 1,282                                      | -   |
| Other . . . . .                            | 1,222                   | -                               | -  | -   |
| Total governmental activities . . . . .    | <u>3,176,187</u>        | <u>79,231</u>                   | <u>333,642</u>                             | <u>319,683</u>                                  |
| <b>Business-type Activities:</b>           |                         |                                 |  |   |
| Sewer . . . . .                            | 1,309,146               | 1,227,361                       | -  | -   |
| Water . . . . .                            | 1,301,547               | 1,479,650                       | -  | -   |
| Electric . . . . .                         | 5,130,725               | 4,457,308                       | -  | -   |
| Guarantee Trust . . . . .                  | 24,290                  | -                               | -  | -   |
| Total business-type activities . . . . .   | <u>7,765,708</u>        | <u>7,164,319</u>                | <u>-</u>                                   | <u>-</u>  |
| Total primary government . . . . .         | <u>\$ 10,941,895</u>    | <u>\$ 7,243,550</u>             | <u>\$ 333,642</u>                          | <u>\$ 319,683</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 . . . . .   |  |
| Investment in joint ventures . . . . .                                |  |
| Miscellaneous . . . . .   |  |
| Total general revenues . . . . .                                      |  |
| Transfers . . . . .   |  |
| Change in net assets . . . . .  |  |
| Net assets at beginning of year . . . . .                             |  |
| Net assets at end of year . . . . .                                   |  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|------------------------------------|-------------------------------------|----------------------|
| \$ (370,463)                       | \$ -                                | \$ (370,463)         |
| (1,630,088)                        | -                                   | (1,630,088)          |
| (24,590)                           | -                                   | (24,590)             |
| (372,790)                          | -                                   | (372,790)            |
| (1,963)                            | -                                   | (1,963)              |
| (42,515)                           | -                                   | (42,515)             |
| (1,222)                            | -                                   | (1,222)              |
| <u>(2,443,631)</u>                 | <u>-</u>                            | <u>(2,443,631)</u>   |
| -                                  | (81,785)                            | (81,785)             |
| -                                  | 178,103                             | 178,103              |
| -                                  | (673,417)                           | (673,417)            |
| -                                  | (24,290)                            | (24,290)             |
| <u>-</u>                           | <u>(601,389)</u>                    | <u>(601,389)</u>     |
| <u>(2,443,631)</u>                 | <u>(601,389)</u>                    | <u>(3,045,020)</u>   |
| 248,159                            | -                                   | 248,159              |
| 64,546                             | -                                   | 64,546               |
| 32,065                             | -                                   | 32,065               |
| 1,090,187                          | -                                   | 1,090,187            |
| -                                  | 70,249                              | 70,249               |
| 349,959                            | -                                   | 349,959              |
| 207,831                            | 17,365                              | 225,196              |
| -                                  | 15,983                              | 15,983               |
| 121,405                            | 57,248                              | 178,653              |
| 2,114,152                          | 160,845                             | 2,274,997            |
| <u>(55,039)</u>                    | <u>55,039</u>                       | <u>-</u>             |
| <u>(384,518)</u>                   | <u>(385,505)</u>                    | <u>(770,023)</u>     |
| <u>4,678,183</u>                   | <u>12,765,823</u>                   | <u>17,444,006</u>    |
| <u>\$ 4,293,665</u>                | <u>\$ 12,380,318</u>                | <u>\$ 16,673,983</u> |

**CITY OF HUBBARD, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004

|   | <u>General</u>      | <u>Street<br/>Construction<br/>and Maintenance</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|--|---|---|
| <b>Assets:</b>  |                     |  |   |   |
| Equity in pooled cash and cash equivalents. . . . .     | \$ 197,035          | \$ 80,842  | \$ 190,295                              | \$ 468,172                              |
| Cash in segregated accounts. . . . .                    | 151                 | -  | -                                       | 151                                     |
| Receivables (net of allowance for uncollectibles):      |                     |  |   |   |
| Income taxes . . . . .                                  | 309,623             | -  | -                                       | 309,623                                 |
| Real and other taxes . . . . .                          | 299,776             | -  | 111,860                                 | 411,636                                 |
| Accounts . . . . .                                      | -                   | 459  | 400                                     | 859                                     |
| Accrued interest . . . . .                              | 7,157               | 76   | -                                       | 7,233                                   |
| Due from other governments . . . . .                    | 172,003             | 149,242  | 44,608                                  | 365,853                                 |
| Prepayments . . . . .                                   | 12,705              | 732  | -                                       | 13,437                                  |
| Materials and supplies inventory . . . . .              | 6,365               | 10,404   | 13                                      | 16,782                                  |
| Total assets . . . . .                                  | <u>\$ 1,004,815</u> | <u>\$ 241,755</u>                                  | <u>\$ 347,176</u>                       | <u>\$ 1,593,746</u>                     |
| <b>Liabilities:</b>                                     |                     |  |   |   |
| Accounts payable . . . . .                              | \$ 13,635           | \$ 550   | \$ 8,371                                | \$ 22,556                               |
| Accrued wages and benefits . . . . .                    | 35,929              | 12,265   | -                                       | 48,194                                  |
| Due to other governments . . . . .                      | 40,912              | 10,731   | 1,015                                   | 52,658                                  |
| Deferred revenue . . . . .                              | 525,177             | 91,767   | 150,030                                 | 766,974                                 |
| Total liabilities. . . . .                              | <u>615,653</u>      | <u>115,313</u>                                     | <u>159,416</u>                          | <u>890,382</u>                          |
| <b>Fund Balances:</b>                                   |                     |  |   |   |
| Reserved for encumbrances . . . . .                     | 39,028              | 21,135   | 15,925                                  | 76,088                                  |
| Reserved for prepaids . . . . .                         | 12,705              | 732  | -                                       | 13,437                                  |
| Reserved for materials and supplies inventory . . . . . | 6,365               | 10,404   | 13                                      | 16,782                                  |
| Reserved for unclaimed monies . . . . .                 | 1,131               | -  | -                                       | 1,131                                   |
| Reserved for perpetual care . . . . .                   | -                   | -  | 840                                     | 840                                     |
| Unreserved, undesignated, reported in:                  |                     |  |   |   |
| General fund . . . . .                                  | 329,933             | -  | -                                       | 329,933                                 |
| Special revenue funds. . . . .                          | -                   | 94,171   | 160,953                                 | 255,124                                 |
| Capital projects funds. . . . .                         | -                   | -  | 9,183                                   | 9,183                                   |
| Permanent fund . . . . .                                | -                   | -  | 846                                     | 846                                     |
| Total fund balances . . . . .                           | <u>389,162</u>      | <u>126,442</u>                                     | <u>187,760</u>                          | <u>703,364</u>                          |
| Total liabilities and fund balances . . . . .           | <u>\$ 1,004,815</u> | <u>\$ 241,755</u>                                  | <u>\$ 347,176</u>                       | <u>\$ 1,593,746</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, 2004

|   |           |                     |
|---|-----------|---------------------|
| <b>Total governmental fund balances</b>   |           | \$ 703,364          |
| <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>   |           |                     |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.   |           | 3,401,113           |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.  |           |                     |
| Property taxes  | \$ 26,553 |                     |
| Income taxes  | 101,780   |                     |
| Intergovernmental revenues  | 258,075   |                     |
| Total   |           | 386,408             |
| 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. |           | (11,546)            |
| An internal service fund is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.   |           | 73,924              |
| Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.   |           | (259,598)           |
| <b>Net assets of governmental activities</b>  |           | <b>\$ 4,293,665</b> |

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, 2004

|  | <u>General</u>    | <u>Street<br/>Construction<br/>and Maintenance</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------|--|---|---|
| <b>Revenues:</b>   |                   |  |   |   |
| Income taxes . . . . .   | \$ 1,085,545      | \$ -   | \$ -                                    | \$ 1,085,545                            |
| Property and other taxes . . . . .                                     | 246,073           | -  | 95,837                                  | 341,910                                 |
| Charges for services . . . . .   | 1,402             | -  | -                                       | 1,402                                   |
| Licenses and permits . . . . .   | 59,396            | -  | -                                       | 59,396                                  |
| Fines and forfeitures . . . . .  | 71,196            | -  | 400                                     | 71,596                                  |
| Intergovernmental . . . . .  | 397,105           | 302,782  | 434,516                                 | 1,134,403                               |
| Investment income . . . . .  | 202,444           | 2,812  | 115                                     | 205,371                                 |
| Other . . . . .  | 5,422             | 23,946   | 44,127                                  | 73,495                                  |
| Total revenues . . . . .   | <u>2,068,583</u>  | <u>329,540</u>                                     | <u>574,995</u>                          | <u>2,973,118</u>                        |
| <b>Expenditures:</b>   |                   |  |   |   |
| Current:   |                   |  |   |   |
| General government . . . . .   | 373,980           | -  | -                                       | 373,980                                 |
| Security of persons and property . . . . .                             | 1,345,548         | -  | 96,434                                  | 1,441,982                               |
| Public health and welfare . . . . .                                    | 13,997            | -  | 16,826                                  | 30,823                                  |
| Transportation . . . . .   | -                 | 492,445  | 26,924                                  | 519,369                                 |
| Community environment . . . . .  | 1,963             | -  | -                                       | 1,963                                   |
| Leisure time activity . . . . .  | 3,271             | -  | 32,607                                  | 35,878                                  |
| Other . . . . .  | 190               | -  | 1,032                                   | 1,222                                   |
| Capital outlay . . . . .   | -                 | 95,173   | 618,367                                 | 713,540                                 |
| Total expenditures . . . . .   | <u>1,738,949</u>  | <u>587,618</u>                                     | <u>792,190</u>                          | <u>3,118,757</u>                        |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | <u>329,634</u>    | <u>(258,078)</u>                                   | <u>(217,195)</u>                        | <u>(145,639)</u>                        |
| <b>Other financing sources (uses):</b>                                 |                   |  |   |   |
| Transfers in . . . . .   | 78,749            | 268,194  | 183,951                                 | 530,894                                 |
| Transfers out . . . . .  | (507,184)         | -  | (78,749)                                | (585,933)                               |
| Sale of capital assets . . . . .                                       | 985               | 990  | 1,400                                   | 3,375                                   |
| Total other financing sources (uses) . . . . .                         | <u>(427,450)</u>  | <u>269,184</u>                                     | <u>106,602</u>                          | <u>(51,664)</u>                         |
| Net change in fund balances . . . . .                                  | (97,816)          | 11,106   | (110,593)                               | (197,303)                               |
| <b>Fund balances at beginning of year . . . . .</b>                    | 486,978           | 115,336  | 298,353                                 | 900,667                                 |
| <b>Fund balances at end of year . . . . .</b>                          | <u>\$ 389,162</u> | <u>\$ 126,442</u>                                  | <u>\$ 187,760</u>                       | <u>\$ 703,364</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, 2004

**Net change in fund balances - total governmental funds** \$ (197,303)

*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   | 563,988          |         |
| Current year depreciation | <u>(425,300)</u> |         |
| Total                     |                  | 138,688 |

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

(4,578)

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

|                            |                  |           |
|----------------------------|------------------|-----------|
| Property taxes             | 2,860            |           |
| Income taxes               | 4,642            |           |
| Intergovernmental revenues | <u>(137,287)</u> |           |
| Total                      |                  | (129,785) |

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.

(33,414)

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.

(158,126)

**Change in net assets of governmental activities** \$ (384,518)

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, 2004

|  | Budgeted Amounts |                  |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            | Actual            |   |
| <b>Revenues:</b>   |                  |                  |                   |   |
| Income taxes . . . . .   | \$ 970,082       | \$ 995,525       | \$ 1,046,380      | \$ 50,855   |
| Property and other taxes. . . . .                                      | 228,471          | 234,463          | 246,440           | 11,977  |
| Charges for services. . . . .  | 1,300            | 1,334            | 1,402             | 68  |
| Licenses and permits . . . . .   | 55,065           | 56,509           | 59,396            | 2,887   |
| Fines and forfeitures . . . . .  | 66,005           | 67,736           | 71,196            | 3,460   |
| Intergovernmental. . . . .   | 367,813          | 377,459          | 396,741           | 19,282  |
| Investment income . . . . .  | 181,048          | 185,796          | 195,287           | 9,491   |
| Other . . . . .  | 5,026            | 5,158            | 5,421             | 263   |
| Total revenues. . . . .  | <u>1,874,810</u> | <u>1,923,980</u> | <u>2,022,263</u>  | <u>98,283</u>   |
| <b>Expenditures:</b>   |                  |                  |                   |   |
| Current:   |                  |                  |                   |   |
| General government . . . . .   | 394,333          | 413,002          | 412,613           | 389   |
| Security of persons and property. . . . .                              | 1,336,283        | 1,359,675        | 1,357,143         | 2,532   |
| Public health and welfare . . . . .                                    | 13,500           | 14,000           | 13,997            | 3   |
| Community environment. . . . .   | 16,200           | 14,475           | 1,963             | 12,512  |
| Leisure time activity . . . . .  | 4,100            | 3,205            | 3,198             | 7   |
| Other . . . . .  | 150              | 190              | 190               | -   |
| Total expenditures . . . . .   | <u>1,764,566</u> | <u>1,804,547</u> | <u>1,789,104</u>  | <u>15,443</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | <u>110,244</u>   | <u>119,433</u>   | <u>233,159</u>    | <u>113,726</u>  |
| <b>Other financing sources (uses):</b>                                 |                  |                  |                   |   |
| Transfers in . . . . .   | 780,439          | 800,907          | 841,820           | 40,913  |
| Transfers out . . . . .  | (1,177,750)      | (1,270,255)      | (1,270,255)       | -   |
| Sale of capital assets . . . . .                                       | 913              | 937              | 985               | 48  |
| Total other financing sources (uses) . . . . .                         | <u>(396,398)</u> | <u>(468,411)</u> | <u>(427,450)</u>  | <u>40,961</u>   |
| Net change in fund balance . . . . .                                   | (286,154)        | (348,978)        | (194,291)         | 154,687   |
| <b>Fund balance at beginning of year . . . . .</b>                     | 330,247          | 330,247          | 330,247           | -   |
| <b>Prior year encumbrances appropriated. . . . .</b>                   | 22,051           | 22,051           | 22,051            | -   |
| <b>Fund balance at end of year . . . . .</b>                           | <u>\$ 66,144</u> | <u>\$ 3,320</u>  | <u>\$ 158,007</u> | <u>\$ 154,687</u>                                       |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 STREET CONSTRUCTION AND MAINTENANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2004

|  | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------|---|
|  | Original         | Final            |                  |   |
| <b>Revenues:</b>   |                  |                  |                  |   |
| Intergovernmental . . . . .  | \$ 253,887       | \$ 263,902       | \$ 287,242       | \$ 23,340   |
| Investment income . . . . .  | 2,418            | 2,514            | 2,736            | 222   |
| Other . . . . .  | 21,069           | 21,900           | 23,837           | 1,937   |
| Total revenues. . . . .  | <u>277,374</u>   | <u>288,316</u>   | <u>313,815</u>   | <u>25,499</u>   |
| <b>Expenditures:</b>   |                  |                  |                  |   |
| Current:   |                  |                  |                  |   |
| Transportation . . . . .   | 510,650          | 510,530          | 510,433          | 97  |
| Capital outlay. . . . .  | <u>5,000</u>     | <u>95,175</u>    | <u>95,173</u>    | <u>2</u>  |
| Total expenditures . . . . .   | <u>515,650</u>   | <u>605,705</u>   | <u>605,606</u>   | <u>99</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | <u>(238,276)</u> | <u>(317,389)</u> | <u>(291,791)</u> | <u>25,598</u>   |
| <b>Other financing sources:</b>  |                  |                  |                  |   |
| Transfers in. . . . .  | 237,051          | 246,402          | 268,194          | 21,792  |
| Sale of capital assets . . . . .                                       | <u>875</u>       | <u>910</u>       | <u>990</u>       | <u>80</u>   |
| Total other financing sources. . . . .                                 | <u>237,926</u>   | <u>247,312</u>   | <u>269,184</u>   | <u>21,872</u>   |
| Net change in fund balance . . . . .                                   | (350)            | (70,077)         | (22,607)         | 47,470  |
| <b>Fund balance at beginning of year . . . . .</b>                     | 81,756           | 81,756           | 81,756           | -   |
| <b>Prior year encumbrances appropriated . . . . .</b>                  | <u>400</u>       | <u>400</u>       | <u>400</u>       | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>                           | <u>\$ 81,806</u> | <u>\$ 12,079</u> | <u>\$ 59,549</u> | <u>\$ 47,470</u>  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2004

|   | <b>Business-type Activities -Enterprise Funds</b> |                     |                     |                   |
|---|---|---------------------|---------------------|-------------------|
|   | <b>Sewer</b>                                      | <b>Water</b>        | <b>Electric</b>     | <b>Nonmajor</b>   |
| <b>Assets:</b>  |   |                     |                     |                   |
| Current assets:   |   |                     |                     |                   |
| Equity in pooled cash and cash equivalents . . . . .      | \$ 1,310,375                                      | \$ 874,625          | \$ 3,529,899        | \$ 113,108        |
| Cash in segregated accounts . . . . .                     | 301   | -                   | 200                 | -                 |
| Receivables (net of allowance for uncollectibles):        |   |                     |                     |                   |
| Real and other taxes . . . . .                            | 5   | -                   | 5,459               | -                 |
| Accounts . . . . .  | 105,977   | 118,203             | 426,538             | -                 |
| Due from other governments . . . . .                      | 2,388   | 1,426               | 6,702               | -                 |
| Prepayments . . . . .                                     | 9,582   | 9,267               | 3,376               | -                 |
| Materials and supplies inventory . . . . .                | 2,111   | 29,650              | 148,173             | -                 |
| Deferred charges . . . . .                                | -   | -                   | 12,620              | -                 |
| Total current assets . . . . .                            | <u>1,430,739</u>                                  | <u>1,033,171</u>    | <u>4,132,967</u>    | <u>113,108</u>    |
| Noncurrent assets:  |   |                     |                     |                   |
| Investment in joint ventures . . . . .                    | -   | -                   | 196,516             | -                 |
| Restricted assets:  |   |                     |                     |                   |
| Cash with fiscal agent . . . . .                          | 801,445   | -                   | -                   | -                 |
| Capital assets:   |   |                     |                     |                   |
| Land and construction in progress . . . . .               | 197,116   | 833                 | 2,108,262           | -                 |
| Depreciable capital assets, net . . . . .                 | <u>6,055,867</u>                                  | <u>4,881,786</u>    | <u>1,294,334</u>    | <u>-</u>          |
| Total capital assets . . . . .                            | <u>6,252,983</u>                                  | <u>4,882,619</u>    | <u>3,402,596</u>    | <u>-</u>          |
| Total noncurrent assets . . . . .                         | <u>7,054,428</u>                                  | <u>4,882,619</u>    | <u>3,599,112</u>    | <u>-</u>          |
| Total assets . . . . .                                    | <u>8,485,167</u>                                  | <u>5,915,790</u>    | <u>7,732,079</u>    | <u>113,108</u>    |
| <b>Liabilities:</b>                                       |   |                     |                     |                   |
| Current liabilities:                                      |   |                     |                     |                   |
| Accounts payable . . . . .                                | 111,657   | 36,551              | 316,769             | -                 |
| Retainage payable . . . . .                               | 5,155   | -                   | -                   | -                 |
| Accrued wages and benefits . . . . .                      | 9,223   | 9,343               | 19,196              | -                 |
| Compensated absences . . . . .                            | 34,146  | 23,863              | 52,292              | -                 |
| Due to other governments . . . . .                        | 7,665   | 7,081               | 20,648              | -                 |
| Claims payable . . . . .                                  | -   | -                   | -                   | -                 |
| Revenue anticipation note . . . . .                       | -   | -                   | 1,995,000           | -                 |
| Current portion of revenue bonds . . . . .                | 285,000   | -                   | -                   | -                 |
| Current portion of OWDA loans . . . . .                   | -   | 81,124              | -                   | -                 |
| Current portion of OPWC loans . . . . .                   | 11,746  | 44,217              | -                   | -                 |
| Accrued interest payable . . . . .                        | <u>24,497</u>                                     | <u>-</u>            | <u>2,217</u>        | <u>-</u>          |
| Total current liabilities . . . . .                       | <u>489,089</u>                                    | <u>202,179</u>      | <u>2,406,122</u>    | <u>-</u>          |
| Long-term liabilities:                                    |   |                     |                     |                   |
| Revenue bonds . . . . .                                   | 3,770,000   | -                   | -                   | -                 |
| OWDA loans . . . . .                                      | -   | 1,994,858           | -                   | -                 |
| OPWC loans . . . . .                                      | 158,570   | 740,121             | -                   | -                 |
| Compensated absences . . . . .                            | <u>13,445</u>                                     | <u>5,560</u>        | <u>11,958</u>       | <u>-</u>          |
| Total long-term liabilities . . . . .                     | <u>3,942,015</u>                                  | <u>2,740,539</u>    | <u>11,958</u>       | <u>-</u>          |
| Total liabilities . . . . .                               | <u>4,431,104</u>                                  | <u>2,942,718</u>    | <u>2,418,080</u>    | <u>-</u>          |
| <b>Net assets:</b>  |   |                     |                     |                   |
| Invested in capital assets, net of related debt . . . . . | 2,027,667   | 2,022,299           | 1,407,596           | -                 |
| Unrestricted . . . . .                                    | <u>2,026,396</u>                                  | <u>950,773</u>      | <u>3,906,403</u>    | <u>113,108</u>    |
| Total net assets . . . . .                                | <u>\$ 4,054,063</u>                               | <u>\$ 2,973,072</u> | <u>\$ 5,313,999</u> | <u>\$ 113,108</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<br/>Activities -<br/>Internal<br/>Service Fund</u> |
|----------------------|--|
| \$ 5,828,007         | \$ 196,906   |
| 501                  | -  |
| 5,464                | -  |
| 650,718              | 34,294   |
| 10,516               | -  |
| 22,225               | 9,221  |
| 179,934              | -  |
| 12,620               | -  |
| <u>6,709,985</u>     | <u>240,421</u>   |
| 196,516              | -  |
| 801,445              | -  |
| 2,306,211            | -  |
| 12,231,987           | -  |
| <u>14,538,198</u>    | <u>-</u>   |
| 15,536,159           | -  |
| <u>22,246,144</u>    | <u>240,421</u>   |
| 464,977              | 39,092   |
| 5,155                | -  |
| 37,762               | -  |
| 110,301              | -  |
| 35,394               | -  |
| -                    | 212,875  |
| 1,995,000            | -  |
| 285,000              | -  |
| 81,124               | -  |
| 55,963               | -  |
| 26,714               | -  |
| <u>3,097,390</u>     | <u>251,967</u>   |
| 3,770,000            | -  |
| 1,994,858            | -  |
| 898,691              | -  |
| 30,963               | -  |
| <u>6,694,512</u>     | <u>-</u>   |
| <u>9,791,902</u>     | <u>251,967</u>   |
| 5,457,562            | -  |
| 6,996,680            | (11,546)   |
| <u>12,454,242</u>    | <u>\$ (11,546)</u>   |
| (73,924)             |  |
| <u>\$ 12,380,318</u> |  |

**CITY OF HUBBARD, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

|  | <b>Business-type Activities - Enterprise Funds</b> |                     |                     |                   |
|--|--|---------------------|---------------------|-------------------|
|  | <b>Sewer</b>                                       | <b>Water</b>        | <b>Electric</b>     | <b>Nonmajor</b>   |
| <b>Operating revenues:</b>                       |  |                     |                     |                   |
| Charges for services . . . . .                   | \$ 1,227,361                                       | \$ 1,479,650        | \$ 4,457,308        | \$ -              |
| Other . . . . .                                  | 17,981   | 63                  | 4,275               | 31,950            |
| Total operating revenues . . . . .               | <u>1,245,342</u>                                   | <u>1,479,713</u>    | <u>4,461,583</u>    | <u>31,950</u>     |
| <b>Operating expenses:</b>                       |  |                     |                     |                   |
| Personal services . . . . .                      | 453,274  | 398,731             | 783,125             | -                 |
| Contract services . . . . .                      | 188,156  | 463,353             | 3,515,385           | -                 |
| Materials and supplies . . . . .                 | 84,554   | 79,930              | 119,953             | -                 |
| Other . . . . .                                  | -  | -                   | -                   | 24,290            |
| Depreciation . . . . .                           | 355,177  | 218,245             | 130,342             | -                 |
| Total operating expenses . . . . .               | <u>1,081,161</u>                                   | <u>1,160,259</u>    | <u>4,548,805</u>    | <u>24,290</u>     |
| Operating income (loss) . . . . .                | <u>164,181</u>                                     | <u>319,454</u>      | <u>(87,222)</u>     | <u>7,660</u>      |
| <b>Nonoperating revenues (expenses):</b>         |  |                     |                     |                   |
| Interest revenue . . . . .                       | 17,365   | -                   | -                   | -                 |
| Property and other taxes . . . . .               | -  | -                   | 70,249              | -                 |
| Interest expense and fiscal charges . . . . .    | (228,257)  | (141,609)           | (40,949)            | -                 |
| Investment in joint ventures . . . . .           | -  | -                   | 15,983              | -                 |
| Gain on disposal of capital assets . . . . .     | 2,526  | 218                 | 235                 | -                 |
| Nonoperating expenses . . . . .                  | -  | -                   | (541,570)           | -                 |
| Total nonoperating revenues (expenses) . . . . . | <u>(208,366)</u>                                   | <u>(141,391)</u>    | <u>(496,052)</u>    | <u>-</u>          |
| Income (loss) before transfers . . . . .         | (44,185)   | 178,063             | (583,274)           | 7,660             |
| Transfers in . . . . .                           | 4,300  | 1,605               | 49,134              | -                 |
| Changes in net assets . . . . .                  | (39,885)   | 179,668             | (534,140)           | 7,660             |
| <b>Net assets at beginning of year . . . . .</b> | <u>4,093,948</u>                                   | <u>2,793,404</u>    | <u>5,848,139</u>    | <u>105,448</u>    |
| <b>Net assets at end of year . . . . .</b>       | <u>\$ 4,054,063</u>                                | <u>\$ 2,973,072</u> | <u>\$ 5,313,999</u> | <u>\$ 113,108</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<br/>Activities -<br/>Internal<br/>Service Fund</u> |
|---------------------|--|
| \$ 7,164,319        | \$ 613,008   |
| 54,269              | 153,245  |
| <u>7,218,588</u>    | <u>766,253</u>   |
| 1,635,130           | -  |
| 4,166,894           | 923,187  |
| 284,437             | -  |
| 24,290              | -  |
| 703,764             | -  |
| <u>6,814,515</u>    | <u>923,187</u>   |
| <u>404,073</u>      | <u>(156,934)</u>   |
| 17,365              | -  |
| 70,249              | -  |
| (410,815)           | -  |
| 15,983              | -  |
| 2,979               | -  |
| (541,570)           | -  |
| <u>(845,809)</u>    | <u>-</u>   |
| (441,736)           | (156,934)  |
| 55,039              | -  |
| <u>(386,697)</u>    | <u>(156,934)</u>   |
|                     | <u>145,388</u>   |
|                     | <u>\$ (11,546)</u>   |
| <u>1,192</u>        |  |
| <u>\$ (385,505)</u> |  |

**CITY OF HUBBARD, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004

|  | <b>Business-type Activities - Enterprise Funds</b> |                   |                     |                   |
|--|--|-------------------|---------------------|-------------------|
|  | <u>Sewer</u>                                       | <u>Water</u>      | <u>Electric</u>     | <u>Nonmajor</u>   |
| <b>Cash flows from operating activities:</b>                             |  |                   |                     |                   |
| Cash received from customers . . . . .                                   | \$ 1,226,030                                       | \$ 1,474,196      | \$ 4,420,163        | \$ -              |
| Cash received from other operations. . . . .                             | 17,981   | 217,736           | 4,718               | 31,950            |
| Cash payments for personal services . . . . .                            | (448,526)  | (397,205)         | (809,650)           | -                 |
| Cash payments for contract services . . . . .                            | (176,285)  | (463,344)         | (3,165,366)         | -                 |
| Cash payments for materials and supplies . . . . .                       | (83,742)   | (94,377)          | (131,118)           | -                 |
| Cash payments for other expenses. . . . .                                | -  | (217,723)         | -                   | (24,290)          |
| Net cash provided by (used in) operating activities.                     | <u>535,458</u>                                     | <u>519,283</u>    | <u>318,747</u>      | <u>7,660</u>      |
| <b>Cash flows from noncapital financing activities:</b>                  |  |                   |                     |                   |
| Cash received from transfers in . . . . .                                | 4,300  | 1,605             | 49,134              | -                 |
| Cash received from property and other taxes . . . . .                    | -  | -                 | 68,455              | -                 |
| Cash used for nonoperating expenses. . . . .                             | -  | -                 | (541,570)           | -                 |
| Net cash provided by (used in) noncapital financing activities . . . . . | <u>4,300</u>                                       | <u>1,605</u>      | <u>(423,981)</u>    | <u>-</u>          |
| <b>Cash flows from capital and related financing activities:</b>         |  |                   |                     |                   |
| Acquisition of capital assets . . . . .                                  | (27,888)   | (68,020)          | (26,550)            | -                 |
| Sale of capital assets . . . . .   | 2,526  | 301               | 350                 | -                 |
| Principal retirement on revenue bonds . . . . .                          | (270,000)  | -                 | -                   | -                 |
| Principal retirement on loans . . . . .                                  | (11,746)   | (120,332)         | -                   | -                 |
| Principal retirement on notes . . . . .                                  | -  | -                 | (2,100,000)         | -                 |
| Proceeds of notes. . . . .   | -  | -                 | 1,995,000           | -                 |
| Note issuance costs. . . . .   | -  | -                 | (13,207)            | -                 |
| Interest and fiscal charges. . . . .                                     | (229,355)  | (141,609)         | (26,269)            | -                 |
| Net cash used in capital and related financing activities . . . . .      | <u>(536,463)</u>                                   | <u>(329,660)</u>  | <u>(170,676)</u>    | <u>-</u>          |
| <b>Cash flows from investing activities:</b>                             |  |                   |                     |                   |
| Interest received. . . . .   | 17,365   | -                 | -                   | -                 |
| Net cash provided by investing activities. . . . .                       | <u>17,365</u>                                      | <u>-</u>          | <u>-</u>            | <u>-</u>          |
| Net increase (decrease) in cash and cash equivalents . . . . .           | 20,660   | 191,228           | (275,910)           | 7,660             |
| <b>Cash and cash equivalents at beginning of year . . . . .</b>          | <u>2,091,461</u>                                   | <u>683,397</u>    | <u>3,806,009</u>    | <u>105,448</u>    |
| <b>Cash and cash equivalents at end of year . . . . .</b>                | <u>\$ 2,112,121</u>                                | <u>\$ 874,625</u> | <u>\$ 3,530,099</u> | <u>\$ 113,108</u> |

| <u>Total</u>        | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Fund</u> |
|---------------------|--|
| \$ 7,120,389        | \$ 582,838   |
| 272,385             | 153,245  |
| (1,655,381)         | -  |
| (3,804,995)         | (880,571)  |
| (309,237)           | -  |
| (242,013)           | -  |
| <u>1,381,148</u>    | <u>(144,488)</u>   |
| 55,039              | -  |
| 68,455              | -  |
| <u>(541,570)</u>    | <u>-</u>   |
| <u>(418,076)</u>    | <u>-</u>   |
| (122,458)           | -  |
| 3,177               | -  |
| (270,000)           | -  |
| (132,078)           | -  |
| (2,100,000)         | -  |
| 1,995,000           | -  |
| (13,207)            | -  |
| (397,233)           | -  |
| <u>(1,036,799)</u>  | <u>-</u>   |
| <u>17,365</u>       | <u>-</u>   |
| <u>17,365</u>       | <u>-</u>   |
| (56,362)            | (144,488)  |
| 6,686,315           | 341,394  |
| <u>\$ 6,629,953</u> | <u>\$ 196,906</u>  |

**CITY OF HUBBARD, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2004

|  | <b>Business-type Activities - Enterprise Funds</b> |                   |                   |                 |
|--|--|-------------------|-------------------|-----------------|
|  | <u>Sewer</u>                                       | <u>Water</u>      | <u>Electric</u>   | <u>Nonmajor</u> |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |  |                   |                   |                 |
| Operating income (loss) . . . . .  | \$ 164,181   | \$ 319,454        | \$ (87,222)       | \$ 7,660        |
| Adjustments:   |  |                   |                   |                 |
| Depreciation . . . . .   | 355,177  | 218,245           | 130,342           | -               |
| Changes in assets and liabilities:   |  |                   |                   |                 |
| Increase (decrease) in materials and supplies inventory . . . . .  | 809  | (12,527)          | 297,394           | -               |
| Increase in accounts receivable . . . . .  | (1,331)  | (5,504)           | (36,702)          | -               |
| Increase in prepayments . . . . .  | 1,007  | 1,897             | 1,118             | -               |
| Increase (decrease) in accounts payable . . . . .  | 6,930  | (3,808)           | 40,342            | -               |
| Increase in retainage payable . . . . .  | 5,155  | -                 | -                 | -               |
| Increase in accrued wages and benefits . . . . .   | 2,042  | 558               | 1,984             | -               |
| Increase (decrease) in due to other governments . . . . .  | (321)  | 93                | (4,291)           | -               |
| Increase (decrease) in compensated absences payable . . . . .  | 1,809  | 875               | (24,218)          | -               |
| Increase in claims payable . . . . .   | -  | -                 | -                 | -               |
| Net cash provided by (used in) operating activities . . . . .  | <u>\$ 535,458</u>                                  | <u>\$ 519,283</u> | <u>\$ 318,747</u> | <u>\$ 7,660</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| <u>Total</u> | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Fund</u> |
|--------------|--|
| \$ 404,073   | \$ (156,934)   |
| 703,764      | -  |
| 285,676      | -  |
| (43,537)     | (30,170)   |
| 4,022        | (9,221)  |
| 43,464       | 34,968   |
| 5,155        | -  |
| 4,584        | -  |
| (4,519)      | -  |
| (21,534)     | -  |
| -            | 16,869   |
| \$ 1,381,148 | \$ (144,488)   |

**CITY OF HUBBARD, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2004

|  | <u>Private<br/>Purpose Trust</u> | <u>Agency</u>    |
|--|----------------------------------|------------------|
| <b>Assets:</b>                                       |                                  |                  |
| Equity in pooled cash and cash equivalents . . . . . | \$ 7,394                         | \$ 1,480         |
| Receivables:   |                                  |                  |
| Real and other taxes. . . . .                        | -                                | 23,058           |
| Due from other governments . . . . .                 | -                                | 1,300            |
|  | <u>7,394</u>                     | <u>25,838</u>    |
| Total assets . . . . .                               | <u>7,394</u>                     | <u>25,838</u>    |
| <b>Liabilities:</b>                                  |                                  |                  |
| Due to other governments . . . . .                   | -                                | 24,358           |
| Deposits held and due to others. . . . .             | -                                | 1,480            |
|  | <u>-</u>                         | <u>25,838</u>    |
| Total liabilities . . . . .                          | <u>-</u>                         | <u>\$ 25,838</u> |
| <b>Net assets:</b>                                   |                                  |                  |
| Held in trust for other purposes . . . . .           | <u>7,394</u>                     |                  |
| Total net assets . . . . .                           | <u>\$ 7,394</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, 2004

|   | <u>Private<br/>Purpose Trust</u> |
|---|----------------------------------|
| <b>Additions:</b>                         |                                  |
| Interest . . . . .                        | \$ 15                            |
| Total additions . . . . .                 | <u>15</u>                        |
| Changes in net assets . . . . .           | 15                               |
| Net assets at beginning of year . . . . . | <u>7,379</u>                     |
| Net assets at end of year . . . . .       | <u>\$ 7,394</u>                  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

#### NOTE 1 - DESCRIPTION OF THE CITY

The City of Hubbard, Ohio (the "City") was created in 1868. It is located in Trumbull County and is a politic and corporate body established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a Council-Mayor form of government and provides the following services to its residents: public safety (police), Mayor's court, highways and streets, public improvements, community development (planning and zoning), water, sewer, electric, parks and recreation, and general administrative services.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. Reporting Entity

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

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

##### *JOINTLY GOVERNED ORGANIZATION*

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

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

*JOINT VENTURES WITH EQUITY INTEREST*

Hubbard Township-City of Hubbard Joint Economic Development District (District) - The City has entered into a contractual agreement with the Township to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, Trumbull County, the Township and the City. The District is administered by a five member Board of Directors consisting of a Trustee representative of the Township, a representative of the City, a representative of business owners within the District, a representative of persons working within the District, and an additional member selected by the previously mentioned members who shall serve as Board Chairman. The City and the Township are to make a minimum annual contribution of \$500 each to the District's operation reserve fund to provide for administrative costs and expenses of the Board. In 2004, the Board waived the \$500 annual contribution. The City has an ongoing financial responsibility to fund the District. Upon termination of the contractual agreement, any property, assets and obligations of the District shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party.

Ohio Municipal Electric Generation Agency Joint Ventures (OMEGA JV1-OMEGA JV5) The City's Electric Enterprise Fund participates in a joint venture agreement with 20 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV1) for the purpose of providing electric power and energy to its participants on a cooperative basis. Title to these six diesel-powered generating units was transferred to the 21 municipal electric systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a non-profit trade association and wholesale power supplier for most of Ohio's 85 municipal electric systems. Each member has a contract which provides for AMP-Ohio to purchase the right to each participant's share of power and energy that is made available through the joint venture contract. The units performed at an excellent availability during 2004 to complete a successful year of operation for OMEGA JV1. In accordance with the joint venture agreement, the City remitted \$5,600 to the joint venture for 2004. 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](http://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, 2004

**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, 2004, 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 \$178,954 at December 31, 2004. 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](http://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, 2004:

|                      | <u>OMEGA JV1</u> | <u>OMEGA JV5</u> |
|----------------------|------------------|------------------|
| Total assets         | \$ 761,171       | \$ 181,033,333   |
| Total liabilities    | 297,785          | 172,388,221      |
| Members equity       | 463,386          | 8,645,112        |
| Total revenues       | 248,319          | 21,527,028       |
| Total expenses       | 237,064          | 20,775,490       |
| Change in net assets | 11,255           | 751,538          |

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, 2004

**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       | \$ 17,562         |
| Equity interest in OMEGA JV5       | <u>178,954</u>    |
| Total investment in joint ventures | <u>\$ 196,516</u> |

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

| OMEGA JV1      |                            | OMEGA JV5      |                            |
|----------------|----------------------------|----------------|----------------------------|
| Participants   | Percentage<br>of Ownership | Participants   | Percentage<br>of Ownership |
| 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 is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**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 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.

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

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

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

***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.

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.



**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

**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, 2004, but which were levied to finance year 2005 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.

**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.

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

**F. Budgetary Data**

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

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

***Estimated Resources*** - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or about January 1, the Certificate is amended to include any unencumbered fund balances at December 31. Further amendments may be made during the year if money from a new revenue source is received or if actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2004.

***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 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.

***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.

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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

**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 2004, 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 2004. 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, 2004.

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 2004, interest revenue credited to the general fund amounted to \$202,444 which includes \$194,033 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 also maintains segregated bank accounts with a trustee to provide for principal and interest debt service and a bond reserve as designated by the bond indenture. These amounts are presented on the financial statements as "Cash with Fiscal Agent" under restricted assets.

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

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

**I. Inventories of Materials and Supplies**

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

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

Inventory consists of expendable supplies held for consumption.

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

**J. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$500. 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<br/>Activities<br/>Estimated Lives</u> | <u>Business-type<br/>Activities<br/>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   |

**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.

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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

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, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which it was consumed.

**M. Accrued Liabilities and Long-Term Obligations**

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

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

**N. Interfund Balances**

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

**O. Interfund Activity**

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

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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

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

**P. Fund Balance Reserves**

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

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

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

**Q. Estimates**

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

**R. Contributions of Capital**

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

**S. Net Assets**

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

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

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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

**T. Operating Revenues and Expenses**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Deficit Fund Balance**

Fund balances at December 31, 2004 included the following individual fund deficit:

|                 | <u>Deficit</u> |
|-----------------|----------------|
| Employee Health | \$ 11,546      |

The Employees Health internal service fund complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficit in this. The deficit fund balance results from adjustments for accrued liabilities.

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

As of December 31, 2004 the City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash and Cash Equivalents".

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

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

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

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

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

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

1. Bonds or other obligations of the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Discount notes of the Federal National Mortgage Association;
3. Bonds issued by the Home Owners' Loan Corporation;
4. Bonds of the State of Ohio; and
5. Bonds of any municipal corporation, village, county, township, or other political subdivision of this state, as to which there is no default of principal, interest, or coupons.

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

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

*Cash on Hand:* At year-end, the City had \$652 in undeposited cash on hand which is included on the financial statements of the City as part of "Cash in Segregated Accounts".

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



**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

*Deposits:* At year-end, the carrying amount of the City’s deposits, including certificates of deposit, was \$6,457,544 and the bank balance, including certificates of deposit, was \$6,678,837. Of the bank balance:

1. \$463,032 was covered by federal deposit insurance; and
2. \$6,215,805 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by a third party trustee, pursuant to Ohio Revised Code Section 135.181, in collateralized pools securing all public funds on deposits with specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

*Investments:* The City’s investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the City’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City’s name. Investments in STAR Ohio and U.S. government money market mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form. The City had investments of \$44,415 in STAR Ohio and \$801,445 in U.S. government money market funds at December 31, 2004.

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

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

|   | Cash and Cash<br><u>Equivalents/Deposits</u> | <u>Investments</u> |
|---|--|--------------------|
| GASB Statement No. 9                      | \$ 7,304,056                                 | \$ -               |
| Investments of the cash management pool:  |  |                    |
| U.S. Government money market mutual funds | (801,445)                                    | 801,445            |
| Investment in STAR Ohio                   | (44,415)                                     | 44,415             |
| Cash on hand                              | (652)  | -                  |
| GASB Statement No. 3                      | <u>\$ 6,457,544</u>                          | <u>\$ 845,860</u>  |

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2004, 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<br/>Capital<br/>Projects</u> |                   |
| General                      | \$ -                  | \$ 78,749                                | \$ 78,749         |
| Street                       | 268,194               | -  | 268,194           |
| Nonmajor<br>Special Revenue  | 51,603                | -  | 51,603            |
| Nonmajor<br>Capital Projects | 132,348               | -  | 132,348           |
| Sewer                        | 4,300                 | -  | 4,300             |
| Water                        | 1,605                 | -  | 1,605             |
| Electric                     | <u>49,134</u>         | <u>-</u>                                 | <u>49,134</u>     |
|                              | <u>\$ 507,184</u>     | <u>\$ 78,749</u>                         | <u>\$ 585,933</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 6 - PROPERTY TAXES**

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

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

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 6 - PROPERTY TAXES - (Continued)**

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. The full rate for all City operations for the year ended December 31, 2004, was \$3.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property located in the City, upon which taxes for 2004 were collected, are as follows:

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

Accrued taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2004. 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 2004 operations. Accordingly, the receivable is offset by a credit to "Deferred Revenue."

**NOTE 7 - LOCAL INCOME TAX**

The one percent City income tax, which is not subject to renewal, is levied on substantially all income earned within the City. In addition, the residents of the City are required to pay City income tax on income they earn outside the City; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City at least quarterly. Major employers are required to remit withholdings to the City monthly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. For governmental funds, income tax revenue is reported to the extent that it is measurable and available to finance current operations at December 31, 2004. Income tax revenue for 2004 was \$1,085,545.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2004, 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, 2004, as well as intended to finance fiscal 2004 operations.

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 8 – RECEIVABLES – (Continued)**

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

**Governmental Activities:**

|                            |            |
|----------------------------|------------|
| Income taxes               | \$ 309,623 |
| Real and other taxes       | 411,636    |
| Accounts                   | 35,153     |
| Accrued interest           | 7,233      |
| Due from other governments | 365,853    |

**Business-type Activities:**

|          |         |
|----------|---------|
| Accounts | 650,718 |
|----------|---------|

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, 2004

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2004, was as follows:

| <b><u>Governmental Activities:</u></b>        | <u>Balance</u><br>01/01/04 | <u>Additions</u>  | <u>Disposals</u>  | <u>Balance</u><br>12/31/04 |
|---|----------------------------|-------------------|-------------------|----------------------------|
| <i>Capital assets, not being depreciated:</i> |                            |                   |                   |                            |
| Land  | \$ 657,098                 | \$ -              | \$ -              | \$ 657,098                 |
| Total capital assets, not being depreciated   | <u>657,098</u>             | <u>-</u>          | <u>-</u>          | <u>657,098</u>             |
| <i>Capital assets, being depreciated:</i>     |                            |                   |                   |                            |
| Land improvements                             | 50,631                     | -                 | -                 | 50,631                     |
| Buildings and improvements                    | 588,026                    | 15,195            | -                 | 603,221                    |
| Furniture and equipment                       | 731,310                    | 68,065            | (23,644)          | 775,731                    |
| Vehicles                                      | 1,178,644                  | 82,673            | (59,821)          | 1,201,496                  |
| Infrastructure                                | <u>3,955,449</u>           | <u>398,055</u>    | <u>-</u>          | <u>4,353,504</u>           |
| Total capital assets, being depreciated       | <u>6,504,060</u>           | <u>563,988</u>    | <u>(83,465)</u>   | <u>6,984,583</u>           |
| <i>Less: accumulated depreciation:</i>        |                            |                   |                   |                            |
| Land improvements                             | (25,730)                   | (2,461)           | -                 | (28,191)                   |
| Buildings and improvements                    | (507,815)                  | (8,548)           | -                 | (516,363)                  |
| Furniture and equipment                       | (461,526)                  | (59,147)          | 19,066            | (501,607)                  |
| Vehicles                                      | (902,252)                  | (130,528)         | 59,821            | (972,959)                  |
| Infrastructure                                | <u>(1,996,832)</u>         | <u>(224,616)</u>  | <u>-</u>          | <u>(2,221,448)</u>         |
| Total accumulated depreciation                | <u>(3,894,155)</u>         | <u>(425,300)</u>  | <u>78,887</u>     | <u>(4,240,568)</u>         |
| Total capital assets, being depreciated, net  | <u>2,609,905</u>           | <u>138,688</u>    | <u>(4,578)</u>    | <u>2,744,015</u>           |
| Governmental activities capital assets, net   | <u>\$ 3,267,003</u>        | <u>\$ 138,688</u> | <u>\$ (4,578)</u> | <u>\$ 3,401,113</u>        |

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 9 - CAPITAL ASSETS - (Continued)**

| <b><u>Business-type Activities:</u></b>       | <u>Balance</u><br>01/01/04 | <u>Additions</u>    | <u>Disposals</u> | <u>Balance</u><br>12/31/04 |
|---|----------------------------|---------------------|------------------|----------------------------|
| <i>Capital assets, not being depreciated:</i> |                            |                     |                  |                            |
| Land  | \$ 112,941                 | \$ -                | \$ -             | \$ 112,941                 |
| Construction in progress                      | <u>2,088,658</u>           | <u>104,612</u>      | <u>-</u>         | <u>2,193,270</u>           |
| Total capital assets, not being depreciated   | <u>2,201,599</u>           | <u>104,612</u>      | <u>-</u>         | <u>2,306,211</u>           |
| <i>Capital assets, being depreciated:</i>     |                            |                     |                  |                            |
| Buildings and improvements                    | 4,662,011                  | -                   | -                | 4,662,011                  |
| Furniture and equipment                       | 3,133,515                  | 27,223              | (6,330)          | 3,154,408                  |
| Vehicles                                      | 605,416                    | 28,666              | (16,499)         | 617,583                    |
| Infrastructure                                | <u>13,476,037</u>          | <u>56,742</u>       | <u>-</u>         | <u>13,532,779</u>          |
| Total capital assets, being depreciated       | <u>21,876,979</u>          | <u>112,631</u>      | <u>(22,829)</u>  | <u>21,966,781</u>          |
| <i>Less: accumulated depreciation:</i>        |                            |                     |                  |                            |
| Buildings and improvements                    | (1,731,851)                | (117,938)           | -                | (1,849,789)                |
| Furniture and equipment                       | (2,671,343)                | (138,030)           | 6,132            | (2,803,241)                |
| Vehicles                                      | (533,265)                  | (43,195)            | 16,499           | (559,961)                  |
| Infrastructure                                | <u>(4,117,202)</u>         | <u>(404,601)</u>    | <u>-</u>         | <u>(4,521,803)</u>         |
| Total accumulated depreciation                | <u>(9,053,661)</u>         | <u>(703,764)</u>    | <u>22,631</u>    | <u>(9,734,794)</u>         |
| Total capital assets, being depreciated, net  | <u>12,823,318</u>          | <u>(591,133)</u>    | <u>(198)</u>     | <u>12,231,987</u>          |
| Business-type activities capital assets, net  | <u>\$ 15,024,917</u>       | <u>\$ (486,521)</u> | <u>\$ (198)</u>  | <u>\$ 14,538,198</u>       |

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 9 - CAPITAL ASSETS - (Continued)**

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

**Governmental activities:**

|  |                   |
|--|-------------------|
| General government                                   | \$ 24,173         |
| Security of persons and property                     | 116,386           |
| Transportation                                       | 276,822           |
| Leisure time activity                                | <u>7,919</u>      |
| Total depreciation expense - governmental activities | <u>\$ 425,300</u> |

**NOTE 10 - VACATION AND SICK LEAVE LIABILITY**

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

Upon termination of City service, a fully vested employee is entitled to a percentage of their accumulated sick leave based on their years of service. At December 31, 2004, vested benefits for vacation leave for governmental fund type employees, totaled \$86,314 and vested benefits for sick leave, totaled \$173,284. For proprietary fund types, vested benefits for vacation leave totaled \$67,884 and vested benefits for sick leave totaled \$73,380 at December 31, 2004. 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, 2004

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. The City's long term obligations at December 31, 2004 were as follows:

| <b>Governmental Activities:</b>                          | <u>Interest<br/>Rate</u> | <u>Balance at<br/>01/01/04</u> | <u>Additions</u> | <u>Reductions</u>   | <u>Balance at<br/>12/31/04</u> | <u>Amounts<br/>Due in<br/>One Year</u> |
|--|--------------------------|--------------------------------|------------------|---------------------|--------------------------------|--|
| Compensated absences                                     |                          | \$ 226,184                     | \$108,544        | \$ (75,130)         | \$ 259,598                     | \$ 86,314                              |
| Total long-term obligations,<br>governmental activities  |                          | <u>\$ 226,184</u>              | <u>\$108,544</u> | <u>\$ (75,130)</u>  | <u>\$ 259,598</u>              | <u>\$ 86,314</u>                       |
| <b><u>Business-type Activities:</u></b>                  |                          |                                |                  |                     |                                |  |
| <b><u>Mortgage Revenue Bond:</u></b>                     |                          |                                |                  |                     |                                |  |
| Sewer System – 1997                                      | 4.00-5.45%               | \$ 4,325,000                   | \$ -             | \$ (270,000)        | \$ 4,055,000                   | \$ 285,000                             |
| <b><u>OPWC Loans:</u></b>                                |                          |                                |                  |                     |                                |  |
| Sewer Issue II Lift Station                              | 0.00%                    | 182,062                        | -                | (11,746)            | 170,316                        | 11,746                                 |
| Waterline Looping  | 0.00%                    | 100,605                        | -                | (6,490)             | 94,115                         | 6,490                                  |
| Waterline Replacement                                    | 0.00%                    | 143,051                        | -                | (7,732)             | 135,319                        | 7,732                                  |
| N. Main Waterline  | 0.00%                    | 584,899                        | -                | (29,995)            | 554,904                        | 29,995                                 |
| Total OPWC Loans   |                          | <u>1,010,617</u>               | <u>-</u>         | <u>(55,963)</u>     | <u>954,654</u>                 | <u>55,963</u>                          |
| <b><u>OWDA Loan:</u></b>                                 |                          |                                |                  |                     |                                |  |
| Transmission Waterlines                                  | 6.58%                    | 2,152,097                      | 52,449           | (128,564)           | 2,075,982                      | 81,124                                 |
| <b><u>Other Long-Term Obligations</u></b>                |                          |                                |                  |                     |                                |  |
| Compensated absences                                     |                          | 162,798                        | -                | (21,534)            | 141,264                        | 110,301                                |
| Total long-term obligations,<br>business-type activities |                          | <u>\$ 7,650,512</u>            | <u>\$ 52,449</u> | <u>\$ (476,061)</u> | <u>\$ 7,226,900</u>            | <u>\$ 532,388</u>                      |

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

B. On June 18, 1997, the City issued \$5,800,000 general obligation sewer system refunding bonds (Mortgage Revenue Bonds). The bonds bear interest at rates ranging from 4.0 percent to 5.45 percent per annum and mature at various installments through November 15, 2015. Property and revenues of the sewage system have been pledged to repay this debt. A portion of the proceeds of the bonds were used for the advance refunding of the 1987 and 1992 sewer system revenue bonds. The proceeds were used to purchase SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The 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, 2004 was \$4,055,000.



**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

As part of the bond indenture, Second National Bank was established as the Trustee (paying agent) for the City Sewer System Revenue Refunding Bonds (Mortgage Revenue Bonds), Series 1997. The City is maintaining at Second National Bank the following account balances at December 31, 2004.

1. Sewer Bond Fund Account - \$141,159 (which is required by the indenture and utilized to account for the principal and interest activity).
2. Sewer Bond Reserve Fund Account - \$660,286 (which is required by the indenture).

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

The City has entered into four debt financing arrangements through the Ohio Public Works Commission (OPWC) to fund a lift station replacement, waterline looping project and waterline replacements. The amounts due to the OPWC are payable solely from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2004, the City has outstanding borrowings of \$170,316, \$94,115, \$135,319, and \$554,904 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, 2004, the City has outstanding borrowings of \$2,075,982. The loan agreement requires semi-annual payments based on the actual amount loaned.

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

| Year Ending<br>December 31 | Mortgage Revenue Bond |                    |                    | OPWC Loans        |             |                   |
|----------------------------|-----------------------|--------------------|--------------------|-------------------|-------------|-------------------|
|                            | Principal             | Interest           | Total              | Principal         | Interest    | Total             |
| 2005                       | \$ 285,000            | \$ 215,260         | \$ 500,260         | \$ 55,964         | \$ -        | \$ 55,964         |
| 2006                       | 295,000               | 201,295            | 496,295            | 55,964            | -           | 55,964            |
| 2007                       | 310,000               | 186,693            | 496,693            | 55,964            | -           | 55,964            |
| 2008                       | 325,000               | 171,193            | 496,193            | 55,964            | -           | 55,964            |
| 2009                       | 345,000               | 154,780            | 499,780            | 55,964            | -           | 55,964            |
| 2010-2014                  | 2,020,000             | 471,970            | 2,491,970          | 279,820           | -           | 279,820           |
| 2015-2019                  | 475,000               | 25,888             | 500,888            | 270,700           | -           | 270,700           |
| 2020-2024                  | -                     | -                  | -                  | 124,314           | -           | 124,314           |
| Total                      | <u>\$ 4,055,000</u>   | <u>\$1,427,079</u> | <u>\$5,482,079</u> | <u>\$ 954,654</u> | <u>\$ -</u> | <u>\$ 954,654</u> |

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

| Year Ending<br>December 31 | OWDA Loan           |                    |                    |
|----------------------------|---------------------|--------------------|--------------------|
|                            | Principal           | Interest           | Total              |
| 2005                       | \$ 81,124           | \$ 136,600         | \$ 217,724         |
| 2006                       | 86,461              | 131,262            | 217,723            |
| 2007                       | 92,151              | 125,573            | 217,724            |
| 2008                       | 98,214              | 119,509            | 217,723            |
| 2009                       | 104,677             | 625,989            | 730,666            |
| 2010-2014                  | 636,222             | 452,393            | 1,088,615          |
| 2015-2019                  | 874,959             | 213,656            | 1,088,615          |
| 2020                       | <u>102,174</u>      | <u>6,688</u>       | <u>108,862</u>     |
| Total                      | <u>\$ 2,075,982</u> | <u>\$1,811,670</u> | <u>\$3,887,652</u> |

**NOTE 12 - SHORT-TERM OBLIGATIONS**

On December 19, 2003, the City issued a \$2,100,000 electric system improvements note through American Municipal Power of Ohio. The note was used to provide interim financing for the acquisition and installation of diesel generators for use in the City's electric system. The note was retired on December 18, 2004. On December 15, 2004, the City issued an additional \$1,995,000 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 2004:

|                                   | Interest<br>Rate | Balance at<br>01/01/04 | Additions          | Reductions           | Balance at<br>12/31/04 |
|-----------------------------------|------------------|------------------------|--------------------|----------------------|------------------------|
| <u>Revenue Anticipation Notes</u> |                  |                        |                    |                      |                        |
| Electric System Improvements      | 1.25%            | \$ 2,100,000           | \$ -               | \$(2,100,000)        | \$ -                   |
| Electric System Improvements      | 2.50%            | -                      | 1,995,000          | -                    | 1,995,000              |
| Total                             |                  | <u>\$ 2,100,000</u>    | <u>\$1,995,000</u> | <u>\$(2,100,000)</u> | <u>\$ 1,995,000</u>    |

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**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 2004, the City was insured through the Clarendon National 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 the Love Insurance Agency. The City has transferred risk of loss to the insurance carrier to the extent of the limits below.

| <u>Type of Coverage</u>                  | <u>Limits of Coverage</u> | <u>Deductible</u> |
|--|---------------------------|-------------------|
| Property and Equipment Breakdown         | \$18,075,523              | \$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                                | 3,000,000                 | 5,000             |
| Public official liability/wrongful acts: |                           |                   |
| Per occurrence                           | 1,000,000                 | 0                 |
| Aggregate                                | 3,000,000                 | 7,500             |
| Employment Practices Liability           |                           |                   |
| Per occurrence                           | 1,000,000                 | 0                 |
| Aggregate                                | 3,000,000                 | 7,500             |
| Automobile:                              |                           |                   |
| Liability                                | 1,000,000                 | 0                 |
| Comprehensive                            | 0                         | 500               |
| Collision                                | 0                         | 500               |
| Employee Dishonesty                      | 50,000                    | 250               |
| Money and Securities                     | 20,000                    | 0                 |
| Inland Marine                            | 782,335                   | 1,000             |
| EDP                                      | 250,000                   | 1,000             |
| Umbrella Liability                       | 4,000,000                 | 0                 |

**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 \$212,875 reported in the Internal Service Fund at December 31, 2004, 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, 2004

**NOTE 13 - RISK MANAGEMENT - (Continued)**

Changes in the fund's liability during 2004 are as follows:

| <u>Year</u> | <u>Beginning<br/>of Year<br/>Liability</u> | <u>Current Year<br/>Claims and<br/>Changes in<br/>Estimates</u> | <u>Claims<br/>Payments</u> | <u>End of Year<br/>Liability</u> |
|-------------|--|---|----------------------------|----------------------------------|
| 2004        | \$ 196,006                                 | \$ 897,440  | \$ (880,571)               | \$ 212,875                       |
| 2003        | 67,717                                     | 973,008   | (844,719)                  | 196,006                          |

**C. Workers' Compensation**

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

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

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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

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

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The City's contribution rate for pension benefits for 2004 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$234,218, \$239,750, and \$233,325, respectively; 100% has been contributed for 2004, 2003 and 2002. The City and plan members did not make any contributions to the member-directed plan for 2004.

**B. Ohio Police and Fire Pension Fund**

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

Plan members are required to contribute 10.0% of their annual covered salary to fund pension obligations while the City is required to contribute 11.75% for police officers and 16.25% for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for the police for the years ended December 31, 2004, 2003, and 2002 were \$124,851 and \$120,379, and \$123,973. The full amount has been contributed for 2004, 2003 and 2002.

**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 2004 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase 4.00% annually.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$69,142. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003 (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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

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

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

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

**B. Ohio Police and Fire Pension Fund**

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

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2004. 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 2004 that were used to fund postemployment benefits was \$49,566 for police. The OP&F's total health care expense for the year ended December 31, 2003 (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003 (the latest information available), was 13,662 for police and 10,474 for firefighters.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

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

**CITY OF HUBBARD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

**Net Change in Fund Balance**

|   | <u>General</u>     | <u>Street Maintenance<br/>and<br/>Construction</u> |
|---|--------------------|--|
| Budget basis                            | \$ (194,291)       | \$ (22,607)  |
| Net adjustment for revenue accruals     | 46,320             | 15,725   |
| Net adjustment for expenditure accruals | 11,127             | (3,305)  |
| Adjustment for encumbrances             | <u>39,028</u>      | <u>21,293</u>                                      |
| GAAP basis                              | <u>\$ (97,816)</u> | <u>\$ 11,106</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, 2004.

**B. Litigation**

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

**NOTE 18 - OPERATING LEASE**

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

| <u>Fiscal Year Ending<br/>December 31,</u>      | <u>Amount</u>    |
|---|------------------|
| 2005  | \$ 6,250         |
| 2006  | 6,250            |
| 2007  | 6,250            |
| 2008  | <u>6,250</u>     |
| Total - Present Value of Minimum Lease Payments | <u>\$ 25,000</u> |



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:

**Major 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.

**Nonmajor Special Revenue Funds**

***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 Capital Projects Funds**

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

***Capital Improvement***

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

***CDBG Sidewalk Project***

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

***FEMA 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.

**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, 2004

|                                      | Budgeted Amounts |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|------------------|------------------|------------------|---|
|                                      | Original         | Final            | Actual           |   |
| <b>Revenues:</b>                     |                  |                  |                  |   |
| Income taxes . . . . .               | \$ 970,082       | \$ 995,525       | \$ 1,046,380     | \$ 50,855   |
| Property and other taxes . . . . .   | 228,471          | 234,463          | 246,440          | 11,977  |
| Charges for services . . . . .       | 1,300            | 1,334            | 1,402            | 68  |
| Licenses, permits and fees . . . . . | 55,065           | 56,509           | 59,396           | 2,887   |
| Fines and forfeitures . . . . .      | 66,005           | 67,736           | 71,196           | 3,460   |
| Intergovernmental . . . . .          | 367,813          | 377,459          | 396,741          | 19,282  |
| Investment income . . . . .          | 181,048          | 185,796          | 195,287          | 9,491   |
| Other . . . . .                      | 5,026            | 5,158            | 5,421            | 263   |
| Total revenues . . . . .             | <u>1,874,810</u> | <u>1,923,980</u> | <u>2,022,263</u> | <u>98,283</u>   |
| <b>Expenditures:</b>                 |                  |                  |                  |   |
| Current:                             |                  |                  |                  |   |
| General government:                  |                  |                  |                  |   |
| Postage                              |                  |                  |                  |   |
| Contractual services . . . . .       | 2,000            | 350              | 346              | 4   |
| Total postage . . . . .              | <u>2,000</u>     | <u>350</u>       | <u>346</u>       | <u>4</u>  |
| Income tax                           |                  |                  |                  |   |
| Personal services . . . . .          | 56,550           | 55,060           | 55,059           | 1   |
| Contractual services . . . . .       | 21,900           | 16,407           | 16,407           | -   |
| Materials and supplies. . . . .      | 4,400            | 4,085            | 4,085            | -   |
| Capital outlay . . . . .             | 9,400            | 23,871           | 23,871           | -   |
| Total income tax . . . . .           | <u>92,250</u>    | <u>99,423</u>    | <u>99,422</u>    | <u>1</u>  |
| Mayor                                |                  |                  |                  |   |
| Personal services . . . . .          | 29,850           | 24,670           | 24,644           | 26  |
| Contractual services . . . . .       | 8,200            | 7,820            | 7,814            | 6   |
| Materials and supplies. . . . .      | 3,300            | 2,265            | 2,251            | 14  |
| Capital outlay . . . . .             | 9,225            | 2,895            | 2,883            | 12  |
| Total mayor. . . . .                 | <u>50,575</u>    | <u>37,650</u>    | <u>37,592</u>    | <u>58</u>   |
| Council                              |                  |                  |                  |   |
| Personal services . . . . .          | 15,280           | 14,795           | 14,786           | 9   |
| Contractual services . . . . .       | 10,950           | 10,870           | 10,863           | 7   |
| Materials and supplies. . . . .      | 1,450            | 752              | 750              | 2   |
| Capital outlay . . . . .             | 718              | 218              | 208              | 10  |
| Total council . . . . .              | <u>28,398</u>    | <u>26,635</u>    | <u>26,607</u>    | <u>28</u>   |
| Council Clerk                        |                  |                  |                  |   |
| Personal services . . . . .          | 3,430            | 3,030            | 3,020            | 10  |
| Contractual services . . . . .       | 600              | 80               | 77               | 3   |
| Materials and supplies. . . . .      | 4,550            | 4,335            | 4,334            | 1   |
| Capital outlay . . . . .             | 850              | 725              | 721              | 4   |
| Total council clerk . . . . .        | <u>9,430</u>     | <u>8,170</u>     | <u>8,152</u>     | <u>18</u>   |
| Auditor                              |                  |                  |                  |   |
| Personal services . . . . .          | 33,250           | 32,895           | 32,874           | 21  |
| Contractual services . . . . .       | 5,300            | 5,310            | 5,296            | 14  |
| Materials and supplies. . . . .      | 6,200            | 6,230            | 6,223            | 7   |
| Capital outlay . . . . .             | 14,500           | 13,750           | 13,725           | 25  |
| Total auditor . . . . .              | <u>59,250</u>    | <u>58,185</u>    | <u>58,118</u>    | <u>67</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, 2004

|  | Budgeted Amounts |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------|---|
|  | Original         | Final            | Actual           |   |
| Treasurer                                |                  |                  |                  |   |
| Personal services . . . . .              | \$ 4,150         | \$ 3,940         | \$ 3,919         | \$ 21   |
| Contractual services . . . . .           | 1,750            | 1,335            | 1,315            | 20  |
| Materials and supplies. . . . .          | 750              | 300              | 300              | -   |
| Capital outlay . . . . .                 | 1,000            | 675              | 671              | 4   |
| Total treasurer. . . . .                 | <u>7,650</u>     | <u>6,250</u>     | <u>6,205</u>     | <u>45</u>   |
| Law director                             |                  |                  |                  |   |
| Personal services . . . . .              | 10,130           | 9,900            | 9,888            | 12  |
| Contractual services . . . . .           | 1,650            | 1,200            | 1,192            | 8   |
| Materials and supplies. . . . .          | 6,600            | 5,570            | 5,568            | 2   |
| Capital outlay . . . . .                 | 400              | 225              | 221              | 4   |
| Total law director. . . . .              | <u>18,780</u>    | <u>16,895</u>    | <u>16,869</u>    | <u>26</u>   |
| Service director                         |                  |                  |                  |   |
| Personal services . . . . .              | 20,850           | 14,180           | 14,153           | 27  |
| Contractual services . . . . .           | 40,000           | 82,959           | 82,942           | 17  |
| Materials and supplies. . . . .          | 1,500            | 900              | 897              | 3   |
| Total service director . . . . .         | <u>62,350</u>    | <u>98,039</u>    | <u>97,992</u>    | <u>47</u>   |
| Engineer                                 |                  |                  |                  |   |
| Personal services . . . . .              | 17,000           | 17,000           | 16,947           | 53  |
| Contractual services . . . . .           | 3,150            | 2,400            | 2,386            | 14  |
| Materials and supplies. . . . .          | 1,300            | 815              | 799              | 16  |
| Capital outlay . . . . .                 | 800              | 630              | 626              | 4   |
| Total engineer . . . . .                 | <u>22,250</u>    | <u>20,845</u>    | <u>20,758</u>    | <u>87</u>   |
| County auditor fees                      |                  |                  |                  |   |
| Contractual services . . . . .           | 14,900           | 13,750           | 13,745           | 5   |
| Total county auditor fees. . . . .       | <u>14,900</u>    | <u>13,750</u>    | <u>13,745</u>    | <u>5</u>  |
| State examiners fees                     |                  |                  |                  |   |
| Contractual services . . . . .           | 26,500           | 26,810           | 26,807           | 3   |
| Total state examiners fees . . . . .     | <u>26,500</u>    | <u>26,810</u>    | <u>26,807</u>    | <u>3</u>  |
| Total general government. . . . .        | <u>394,333</u>   | <u>413,002</u>   | <u>412,613</u>   | <u>389</u>  |
| Security of persons and property:        |                  |                  |                  |   |
| Police                                   |                  |                  |                  |   |
| Personal services . . . . .              | 1,178,429        | 1,216,686        | 1,216,233        | 453   |
| Contractual services . . . . .           | 61,262           | 45,202           | 45,155           | 47  |
| Materials and supplies. . . . .          | 54,500           | 53,800           | 53,776           | 24  |
| Capital outlay . . . . .                 | 39,392           | 40,492           | 38,489           | 2,003   |
| Total police. . . . .                    | <u>1,333,583</u> | <u>1,356,180</u> | <u>1,353,653</u> | <u>2,527</u>  |
| Civil service                            |                  |                  |                  |   |
| Contractual services . . . . .           | 2,500            | 3,360            | 3,358            | 2   |
| Materials and supplies. . . . .          | 200              | 135              | 132              | 3   |
| Total civil service. . . . .             | <u>2,700</u>     | <u>3,495</u>     | <u>3,490</u>     | <u>5</u>  |
| Total security of persons and property . | <u>1,336,283</u> | <u>1,359,675</u> | <u>1,357,143</u> | <u>2,532</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, 2004

|   | <u>Budgeted Amounts</u> |                  |                   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|------------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>     |   |
| Public health and welfare:  |                         |                  |                   |   |
| County health district  |                         |                  |                   |   |
| Contractual services . . . . .  | \$ 13,500               | \$ 14,000        | \$ 13,997         | \$ 3  |
| Total county health district. . . . .                                 | <u>13,500</u>           | <u>14,000</u>    | <u>13,997</u>     | <u>3</u>  |
| Total public health and welfare . . . . .                             | <u>13,500</u>           | <u>14,000</u>    | <u>13,997</u>     | <u>3</u>  |
| Community environment:  |                         |                  |                   |   |
| Planning and zoning   |                         |                  |                   |   |
| Contractual services . . . . .  | 15,000                  | 13,795           | 1,295             | 12,500  |
| Materials and supplies. . . . .                                       | <u>200</u>              | <u>200</u>       | <u>191</u>        | <u>9</u>  |
| Total planning and zoning . . . . .                                   | <u>15,200</u>           | <u>13,995</u>    | <u>1,486</u>      | <u>12,509</u>   |
| War memorial  |                         |                  |                   |   |
| Materials and supplies. . . . .                                       | 1,000                   | 480              | 477               | 3   |
| Total war memorial. . . . .   | <u>1,000</u>            | <u>480</u>       | <u>477</u>        | <u>3</u>  |
| Total community environment. . . . .                                  | <u>16,200</u>           | <u>14,475</u>    | <u>1,963</u>      | <u>12,512</u>   |
| Leisure time activity:  |                         |                  |                   |   |
| Recreation  |                         |                  |                   |   |
| Contractual services . . . . .  | 2,100                   | 640              | 637               | 3   |
| Materials and supplies . . . . .                                      | <u>2,000</u>            | <u>2,565</u>     | <u>2,561</u>      | <u>4</u>  |
| Total recreation. . . . .   | <u>4,100</u>            | <u>3,205</u>     | <u>3,198</u>      | <u>7</u>  |
| Total leisure time activity . . . . .                                 | <u>4,100</u>            | <u>3,205</u>     | <u>3,198</u>      | <u>7</u>  |
| Other:  |                         |                  |                   |   |
| Unclaimed monies  |                         |                  |                   |   |
| Other . . . . .   | 150                     | 190              | 190               | -   |
| Total unclaimed monies. . . . .                                       | <u>150</u>              | <u>190</u>       | <u>190</u>        | <u>-</u>  |
| Total other . . . . .   | <u>150</u>              | <u>190</u>       | <u>190</u>        | <u>-</u>  |
| Total expenditures . . . . .  | <u>1,764,566</u>        | <u>1,804,547</u> | <u>1,789,104</u>  | <u>15,443</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | <u>110,244</u>          | <u>119,433</u>   | <u>233,159</u>    | <u>113,726</u>  |
| <b>Other financing sources (uses):</b>                                |                         |                  |                   |   |
| Transfers in. . . . .   | 780,439                 | 800,907          | 841,820           | 40,913  |
| Transfers out . . . . .   | (1,177,750)             | (1,270,255)      | (1,270,255)       | -   |
| Sale of capital assets . . . . .                                      | <u>913</u>              | <u>937</u>       | <u>985</u>        | <u>48</u>   |
| Total other financing sources (uses) . . . . .                        | <u>(396,398)</u>        | <u>(468,411)</u> | <u>(427,450)</u>  | <u>40,961</u>   |
| Net change in fund balance. . . . .                                   | (286,154)               | (348,978)        | (194,291)         | 154,687   |
| <b>Fund balance at beginning of year . . . . .</b>                    | <b>330,247</b>          | <b>330,247</b>   | <b>330,247</b>    | <b>-</b>  |
| <b>Prior year encumbrances appropriated . . . . .</b>                 | <b>22,051</b>           | <b>22,051</b>    | <b>22,051</b>     | <b>-</b>  |
| <b>Fund balance at end of year . . . . .</b>                          | <b>\$ 66,144</b>        | <b>\$ 3,320</b>  | <b>\$ 158,007</b> | <b>\$ 154,687</b>   |

**CITY OF HUBBARD, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004

|   | <u>Nonmajor<br/>Special Revenue<br/>Funds</u> | <u>Nonmajor<br/>Capital Projects<br/>Funds</u> | <u>Nonmajor<br/>Permanent<br/>Fund</u> | <u>Total Nonmajor<br/>Governmental<br/>Funds</u> |
|---|---|--|--|--|
| <b>Assets:</b>  |   |  |  |  |
| Equity in pooled cash and cash equivalents . . . . .    | \$ 159,565                                    | \$ 29,044                                      | \$ 1,686                               | \$ 190,295                                       |
| Receivables (net of allowances of uncollectibles):      |   |  |  |  |
| Real and other taxes . . . . .                          | 111,860                                       | -  | -                                      | 111,860  |
| Accounts . . . . .                                      | 400   | -  | -                                      | 400  |
| Due from other governments. . . . .                     | 18,761  | 25,847   | -                                      | 44,608   |
| Materials and supplies inventory. . . . .               | 13  | -  | -                                      | 13   |
|   | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| Total assets . . . . .                                  | <u>\$ 290,599</u>                             | <u>\$ 54,891</u>                               | <u>\$ 1,686</u>                        | <u>\$ 347,176</u>                                |
| <b>Liabilities:</b>                                     |   |  |  |  |
| Accounts payable . . . . .                              | \$ 2,535                                      | \$ 5,836                                       | \$ -                                   | \$ 8,371   |
| Due to other governments . . . . .                      | 1,015   | -  | -                                      | 1,015  |
| Deferred revenue. . . . .                               | 124,183                                       | 25,847   | -                                      | 150,030  |
|   | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| Total liabilities . . . . .                             | <u>127,733</u>                                | <u>31,683</u>                                  | <u>-</u>                               | <u>159,416</u>                                   |
| <b>Fund Balances:</b>                                   |   |  |  |  |
| Fund balances:  |   |  |  |  |
| Reserved for encumbrances . . . . .                     | 1,900   | 14,025   | -                                      | 15,925   |
| Reserved for materials and supplies inventory . . . . . | 13  | -  | -                                      | 13   |
| Reserved for perpetual care . . . . .                   | -   | -  | 840                                    | 840  |
| Unreserved, undesignated, reported in:                  |   |  |  |  |
| Special revenue funds . . . . .                         | 160,953                                       | -  | -                                      | 160,953  |
| Capital projects funds . . . . .                        | -   | 9,183  | -                                      | 9,183  |
| Permanent fund. . . . .                                 | -   | -  | 846                                    | 846  |
|   | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| Total fund balances . . . . .                           | <u>162,866</u>                                | <u>23,208</u>                                  | <u>1,686</u>                           | <u>187,760</u>                                   |
|   | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| Total liabilities and fund equity . . . . .             | <u>\$ 290,599</u>                             | <u>\$ 54,891</u>                               | <u>\$ 1,686</u>                        | <u>\$ 347,176</u>                                |

**CITY OF HUBBARD, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

|  | <u>Nonmajor<br/>Special Revenue<br/>Funds</u> | <u>Nonmajor<br/>Capital Projects<br/>Funds</u> | <u>Nonmajor<br/>Permanent<br/>Fund</u> | <u>Total Nonmajor<br/>Governmental<br/>Funds</u> |
|--|---|--|--|--|
| <b>Revenues:</b>   |   |  |  |  |
| Property and other local taxes . . . . .                               | \$ 95,837                                     | \$ -   | \$ -                                   | \$ 95,837  |
| Fines and forfeitures . . . . .  | 400   | -  | -                                      | 400  |
| Intergovernmental . . . . .  | 33,984  | 400,532  | -                                      | 434,516  |
| Investment income . . . . .  | 112   | -  | 3                                      | 115  |
| Other . . . . .  | 41,667  | 2,460  | -                                      | 44,127   |
|  | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| Total revenues . . . . .   | 172,000                                       | 402,992  | 3                                      | 574,995  |
|  | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| <b>Expenditures:</b>   |   |  |  |  |
| Current:   |   |  |  |  |
| Security of persons and property. . . . .                              | 96,434  | -  | -                                      | 96,434   |
| Public health and welfare . . . . .                                    | 16,826  | -  | -                                      | 16,826   |
| Transportation . . . . .   | 26,924  | -  | -                                      | 26,924   |
| Leisure time activity. . . . .   | 32,607  | -  | -                                      | 32,607   |
| Other . . . . .  | 1,032   | -  | -                                      | 1,032  |
| Capital outlay. . . . .  | 8,243   | 610,124  | -                                      | 618,367  |
|  | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| Total expenditures . . . . .   | 182,066                                       | 610,124  | -                                      | 792,190  |
|  | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | (10,066)                                      | (207,132)                                      | 3                                      | (217,195)  |
|  | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| <b>Other financing sources (uses):</b>                                 |   |  |  |  |
| Transfers in . . . . .   | 51,603  | 132,348  | -                                      | 183,951  |
| Transfers out . . . . .  | -   | (78,749)                                       | -                                      | (78,749)   |
| Sale of capital assets. . . . .  | 1,400   | -  | -                                      | 1,400  |
|  | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| Total other financing sources (uses). . . . .                          | 53,003  | 53,599   | -                                      | 106,602  |
|  | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| Net change in fund balances . . . . .                                  | 42,937  | (153,533)                                      | 3                                      | (110,593)  |
|  | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| <b>Fund balances at beginning of year . . . . .</b>                    | <b>119,929</b>                                | <b>176,741</b>                                 | <b>1,683</b>                           | <b>298,353</b>                                   |
|  | <hr/>   | <hr/>  | <hr/>                                  | <hr/>  |
| <b>Fund balances at end of year . . . . .</b>                          | <b>\$ 162,866</b>                             | <b>\$ 23,208</b>                               | <b>\$ 1,686</b>                        | <b>\$ 187,760</b>                                |
|  | <hr/> <hr/>                                   | <hr/> <hr/>                                    | <hr/> <hr/>                            | <hr/> <hr/>                                      |



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**CITY OF HUBBARD, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2004**

|   | <b>Indigent Drivers<br/>Fund</b> | <b>Enforcement<br/>and Education</b> | <b>Fire District</b> |
|---|----------------------------------|--------------------------------------|----------------------|
| <b>Assets:</b>  |                                  |                                      |                      |
| Equity in pooled cash<br>and cash equivalents. . . . .  | \$ 3,027                         | \$ 4,928                             | \$ 87,869            |
| Receivables (net of allowances for uncollectibles):     |                                  |                                      |                      |
| Real and other taxes. . . . .                           | -                                | -                                    | 77,273               |
| Accounts . . . . .                                      | -                                | -                                    | -                    |
| Due from other governments . . . . .                    | -                                | -                                    | 5,033                |
| Materials and supplies inventory . . . . .              | -                                | -                                    | -                    |
| Total assets . . . . .                                  | \$ 3,027                         | \$ 4,928                             | \$ 170,175           |
| <b>Liabilities:</b>                                     |                                  |                                      |                      |
| Accounts payable . . . . .                              | \$ -                             | \$ -                                 | \$ 2,078             |
| Due to other governments . . . . .                      | -                                | -                                    | -                    |
| Deferred revenue. . . . .                               | -                                | -                                    | 80,757               |
| Total liabilities . . . . .                             | -                                | -                                    | 82,835               |
| <b>Fund Balances:</b>                                   |                                  |                                      |                      |
| Reserved for encumbrances . . . . .                     | -                                | -                                    | 250                  |
| Reserved for materials and supplies inventory . . . . . | -                                | -                                    | -                    |
| Unreserved:   |                                  |                                      |                      |
| Undesignated. . . . .                                   | 3,027                            | 4,928                                | 87,090               |
| Total fund balances . . . . .                           | 3,027                            | 4,928                                | 87,340               |
| Total liabilities and fund equity. . . . .              | \$ 3,027                         | \$ 4,928                             | \$ 170,175           |

| <u>State Highway</u> | <u>Maple Grove Cemetery</u> | <u>Recreation</u> | <u>Drug and Law Enforcement</u> | <u>Range Fund</u> |
|----------------------|-----------------------------|-------------------|---------------------------------|-------------------|
| \$ 1,882             | \$ 11,331                   | \$ 21,769         | \$ 4,905                        | \$ 5,230          |
| -                    | -                           | -                 | -                               | -                 |
| -                    | -                           | -                 | -                               | 400               |
| 11,521               | -                           | 182               | 25                              | -                 |
| -                    | -                           | 13                | -                               | -                 |
| <u>\$ 13,403</u>     | <u>\$ 11,331</u>            | <u>\$ 21,964</u>  | <u>\$ 4,930</u>                 | <u>\$ 5,630</u>   |
| \$ -                 | \$ -                        | \$ 457            | \$ -                            | \$ -              |
| -                    | 467                         | 548               | -                               | -                 |
| 6,861                | -                           | -                 | -                               | -                 |
| <u>6,861</u>         | <u>467</u>                  | <u>1,005</u>      | <u>-</u>                        | <u>-</u>          |
| 1,650                | -                           | -                 | -                               | -                 |
| -                    | -                           | 13                | -                               | -                 |
| <u>4,892</u>         | <u>10,864</u>               | <u>20,946</u>     | <u>4,930</u>                    | <u>5,630</u>      |
| <u>6,542</u>         | <u>10,864</u>               | <u>20,959</u>     | <u>4,930</u>                    | <u>5,630</u>      |
| <u>\$ 13,403</u>     | <u>\$ 11,331</u>            | <u>\$ 21,964</u>  | <u>\$ 4,930</u>                 | <u>\$ 5,630</u>   |

Continued

**CITY OF HUBBARD, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2004

|   | <u>Escrow<br/>Account</u> | <u>Police<br/>Pension</u> | <u>Totals</u>     |
|---|---------------------------|---------------------------|-------------------|
| <b>Assets:</b>  |                           |                           |                   |
| Equity in pooled cash<br>and cash equivalents. . . . .  | \$ 395                    | \$ 18,229                 | \$ 159,565        |
| Receivables (net of allowances for uncollectibles):     |                           |                           |                   |
| Real and other taxes. . . . .                           | -                         | 34,587                    | 111,860           |
| Accounts . . . . .                                      | -                         | -                         | 400               |
| Due from other governments . . . . .                    | -                         | 2,000                     | 18,761            |
| Materials and supplies inventory . . . . .              | -                         | -                         | 13                |
|   | <hr/>                     | <hr/>                     | <hr/>             |
| Total assets . . . . .                                  | <u>\$ 395</u>             | <u>\$ 54,816</u>          | <u>\$ 290,599</u> |
| <b>Liabilities:</b>                                     |                           |                           |                   |
| Accounts payable . . . . .                              | \$ -                      | \$ -                      | \$ 2,535          |
| Due to other governments . . . . .                      | -                         | -                         | 1,015             |
| Deferred revenue. . . . .                               | -                         | 36,565                    | 124,183           |
|   | <hr/>                     | <hr/>                     | <hr/>             |
| Total liabilities . . . . .                             | <u>-</u>                  | <u>36,565</u>             | <u>127,733</u>    |
| <b>Fund Balances:</b>                                   |                           |                           |                   |
| Reserved for encumbrances . . . . .                     | -                         | -                         | 1,900             |
| Reserved for materials and supplies inventory . . . . . | -                         | -                         | 13                |
| Unreserved:   |                           |                           |                   |
| Undesignated. . . . .                                   | 395                       | 18,251                    | 160,953           |
|   | <hr/>                     | <hr/>                     | <hr/>             |
| Total fund balances . . . . .                           | <u>395</u>                | <u>18,251</u>             | <u>162,866</u>    |
|   | <hr/>                     | <hr/>                     | <hr/>             |
| Total liabilities and fund equity. . . . .              | <u>\$ 395</u>             | <u>\$ 54,816</u>          | <u>\$ 290,599</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, 2004

|  | <b>Indigent Drivers<br/>Fund</b> | <b>Enforcement<br/>and Education</b> | <b>Fire District</b> |
|--|----------------------------------|--------------------------------------|----------------------|
|  | <hr/>                            | <hr/>                                | <hr/>                |
| <b>Revenues:</b>   |                                  |                                      |                      |
| Property and other taxes . . . . .                                     | \$ -                             | \$ -                                 | \$ 64,013            |
| Fines and forfeitures . . . . .  | 400                              | -                                    | -                    |
| Intergovernmental . . . . .  | -                                | -                                    | 9,282                |
| Investment income. . . . .   | -                                | -                                    | -                    |
| Other. . . . .   | -                                | -                                    | 25,305               |
|  | <hr/>                            | <hr/>                                | <hr/>                |
| Total revenues . . . . .   | 400                              | -                                    | 98,600               |
|  | <hr/>                            | <hr/>                                | <hr/>                |
| <b>Expenditures:</b>   |                                  |                                      |                      |
| Current:   |                                  |                                      |                      |
| Security of persons and property . . . . .                             | -                                | -                                    | 64,705               |
| Public health and welfare. . . . .                                     | -                                | -                                    | -                    |
| Transportation . . . . .   | -                                | -                                    | -                    |
| Leisure time activity . . . . .  | -                                | -                                    | -                    |
| Other . . . . .  | -                                | -                                    | 1,032                |
| Capital outlay . . . . .   | -                                | -                                    | -                    |
|  | <hr/>                            | <hr/>                                | <hr/>                |
| Total expenditures. . . . .  | -                                | -                                    | 65,737               |
|  | <hr/>                            | <hr/>                                | <hr/>                |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | 400                              | -                                    | 32,863               |
|  | <hr/>                            | <hr/>                                | <hr/>                |
| <b>Other financing sources:</b>  |                                  |                                      |                      |
| Transfers in. . . . .  | -                                | -                                    | -                    |
| Sale of capital assets. . . . .  | -                                | -                                    | 1,400                |
|  | <hr/>                            | <hr/>                                | <hr/>                |
| Total other financing sources. . . . .                                 | -                                | -                                    | 1,400                |
|  | <hr/>                            | <hr/>                                | <hr/>                |
| Net change in fund balances . . . . .                                  | 400                              | -                                    | 34,263               |
|  | <hr/>                            | <hr/>                                | <hr/>                |
| <b>Fund balances at beginning of year . . . . .</b>                    | 2,627                            | 4,928                                | 53,077               |
|  | <hr/>                            | <hr/>                                | <hr/>                |
| <b>Fund balances at end of year . . . . .</b>                          | \$ 3,027                         | \$ 4,928                             | \$ 87,340            |
|  | <hr/> <hr/>                      | <hr/> <hr/>                          | <hr/> <hr/>          |

| <u>State Highway</u> | <u>Maple Grove Cemetery</u> | <u>Recreation</u> | <u>Drug and Law Enforcement</u> | <u>Range Fund</u> |
|----------------------|-----------------------------|-------------------|---------------------------------|-------------------|
| \$ -                 | \$ -                        | \$ -              | \$ -                            | \$ -              |
| -                    | -                           | -                 | -                               | -                 |
| 24,550               | -                           | -                 | -                               | -                 |
| 112                  | -                           | -                 | -                               | -                 |
| -                    | 6,233                       | 1,282             | 1,486                           | 3,400             |
| <u>24,662</u>        | <u>6,233</u>                | <u>1,282</u>      | <u>1,486</u>                    | <u>3,400</u>      |
| -                    | -                           | -                 | -                               | -                 |
| -                    | 16,826                      | -                 | -                               | -                 |
| 26,924               | -                           | -                 | -                               | -                 |
| -                    | -                           | 32,607            | -                               | -                 |
| -                    | -                           | -                 | -                               | -                 |
| -                    | -                           | 8,243             | -                               | -                 |
| <u>26,924</u>        | <u>16,826</u>               | <u>40,850</u>     | <u>-</u>                        | <u>-</u>          |
| <u>(2,262)</u>       | <u>(10,593)</u>             | <u>(39,568)</u>   | <u>1,486</u>                    | <u>3,400</u>      |
| -                    | 13,725                      | 37,878            | -                               | -                 |
| -                    | -                           | -                 | -                               | -                 |
| -                    | 13,725                      | 37,878            | -                               | -                 |
| (2,262)              | 3,132                       | (1,690)           | 1,486                           | 3,400             |
| <u>8,804</u>         | <u>7,732</u>                | <u>22,649</u>     | <u>3,444</u>                    | <u>2,230</u>      |
| <u>\$ 6,542</u>      | <u>\$ 10,864</u>            | <u>\$ 20,959</u>  | <u>\$ 4,930</u>                 | <u>\$ 5,630</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, 2004

|  | <u>Escrow<br/>Account</u> | <u>Police<br/>Pension</u> | <u>Totals</u> |
|--|---------------------------|---------------------------|---------------|
| <b>Revenues:</b>   |                           |                           |               |
| Property and other taxes . . . . .                                     | \$ -                      | \$ 31,824                 | \$ 95,837     |
| Fines and forfeitures . . . . .  | -                         | -                         | 400           |
| Intergovernmental . . . . .  | -                         | 152                       | 33,984        |
| Investment income. . . . .   | -                         | -                         | 112           |
| Other. . . . .   | -                         | 3,961                     | 41,667        |
|  | <hr/>                     | <hr/>                     | <hr/>         |
| Total revenues . . . . .   | -                         | 35,937                    | 172,000       |
| <b>Expenditures:</b>   |                           |                           |               |
| Current:   |                           |                           |               |
| Security of persons and property . . . . .                             | -                         | 31,729                    | 96,434        |
| Public health and welfare. . . . .                                     | -                         | -                         | 16,826        |
| Transportation . . . . .   | -                         | -                         | 26,924        |
| Leisure time activity . . . . .  | -                         | -                         | 32,607        |
| Other . . . . .  | -                         | -                         | 1,032         |
| Capital outlay . . . . .   | -                         | -                         | 8,243         |
|  | <hr/>                     | <hr/>                     | <hr/>         |
| Total expenditures. . . . .  | -                         | 31,729                    | 182,066       |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | <hr/>                     | <hr/>                     | <hr/>         |
|  | -                         | 4,208                     | (10,066)      |
| <b>Other financing sources:</b>  |                           |                           |               |
| Transfers in. . . . .  | -                         | -                         | 51,603        |
| Sale of capital assets. . . . .  | -                         | -                         | 1,400         |
|  | <hr/>                     | <hr/>                     | <hr/>         |
| Total other financing sources. . . . .                                 | -                         | -                         | 53,003        |
| Net change in fund balances . . . . .                                  | -                         | 4,208                     | 42,937        |
| <b>Fund balances at beginning of year . . . . .</b>                    | <hr/>                     | <hr/>                     | <hr/>         |
|  | 395                       | 14,043                    | 119,929       |
| <b>Fund balances at end of year . . . . .</b>                          | <hr/>                     | <hr/>                     | <hr/>         |
|  | \$ 395                    | \$ 18,251                 | \$ 162,866    |



**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, 2004

|   | <u>Budgeted Amounts</u> |                  |                  | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|------------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>    |   |
| <b>Revenues:</b>  |                         |                  |                  |   |
| Intergovernmental . . . . .   | \$ 253,887              | \$ 263,902       | \$ 287,242       | \$ 23,340   |
| Investment income. . . . .  | 2,418                   | 2,514            | 2,736            | 222   |
| Other. . . . .  | 21,069                  | 21,900           | 23,837           | 1,937   |
| <b>Total revenues.</b> . . . .  | <u>277,374</u>          | <u>288,316</u>   | <u>313,815</u>   | <u>25,499</u>   |
| <b>Expenditures:</b>  |                         |                  |                  |   |
| Current:  |                         |                  |                  |   |
| Transportation  |                         |                  |                  |   |
| Personal services . . . . .   | 458,500                 | 425,625          | 425,596          | 29  |
| Contractual services . . . . .  | 14,250                  | 15,270           | 15,243           | 27  |
| Materials and supplies . . . . .                                      | 37,900                  | 69,635           | 69,594           | 41  |
| <b>Total transportation.</b> . . . .                                  | <u>510,650</u>          | <u>510,530</u>   | <u>510,433</u>   | <u>97</u>   |
| Capital outlay  |                         |                  |                  |   |
| Capital outlay . . . . .  | 5,000                   | 95,175           | 95,173           | 2   |
| <b>Total capital outlay</b> . . . . .                                 | <u>5,000</u>            | <u>95,175</u>    | <u>95,173</u>    | <u>2</u>  |
| <b>Total expenditures.</b> . . . .                                    | <u>515,650</u>          | <u>605,705</u>   | <u>605,606</u>   | <u>99</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | <u>(238,276)</u>        | <u>(317,389)</u> | <u>(291,791)</u> | <u>25,598</u>   |
| <b>Other financing sources (uses):</b>                                |                         |                  |                  |   |
| Transfers in . . . . .  | 237,051                 | 246,402          | 268,194          | 21,792  |
| Sale of capital assets . . . . .                                      | 875                     | 910              | 990              | 80  |
| <b>Total other financing sources (uses)</b> . . . . .                 | <u>237,926</u>          | <u>247,312</u>   | <u>269,184</u>   | <u>21,872</u>   |
| Net change in fund balance. . . . .                                   | (350)                   | (70,077)         | (22,607)         | 47,470  |
| <b>Fund balance at beginning of year</b> . . . . .                    | 81,756                  | 81,756           | 81,756           | -   |
| <b>Prior year encumbrances appropriated</b> . . . . .                 | <u>400</u>              | <u>400</u>       | <u>400</u>       | <u>-</u>  |
| <b>Fund balance at end of year.</b> . . . . .                         | <u>\$ 81,806</u>        | <u>\$ 12,079</u> | <u>\$ 59,549</u> | <u>\$ 47,470</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, 2004

|  | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    |                 |   |
| <b>Revenues:</b>                                   |                         |                 |                 |   |
| Fines and forfeitures . . . . .                    | \$ 300                  | \$ 400          | \$ 400          | \$ -  |
| Total revenues . . . . .                           | <u>300</u>              | <u>400</u>      | <u>400</u>      | <u>-</u>  |
| <b>Expenditures:</b>                               |                         |                 |                 |   |
| Current:   |                         |                 |                 |   |
| Security of persons and property                   |                         |                 |                 |   |
| Contractual services . . . . .                     | <u>500</u>              | <u>-</u>        | <u>-</u>        | <u>-</u>  |
| Total security of persons and property . .         | <u>500</u>              | <u>-</u>        | <u>-</u>        | <u>-</u>  |
| Total expenditures . . . . .                       | <u>500</u>              | <u>-</u>        | <u>-</u>        | <u>-</u>  |
| Net change in fund balance . . . . .               | (200)                   | 400             | 400             | -   |
| <b>Fund balance at beginning of year . . . . .</b> | <u>2,627</u>            | <u>2,627</u>    | <u>2,627</u>    | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>       | <u>\$ 2,427</u>         | <u>\$ 3,027</u> | <u>\$ 3,027</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, 2004

|  | <u>Budgeted Amounts</u> |                 |                 | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    | <u>Actual</u>   |   |
| <b>Revenues:</b>                                   |                         |                 |                 |   |
| Fines and forfeitures . . . . .                    | \$ 400                  | \$ -            | \$ -            | \$ -  |
| Total revenues . . . . .                           | <u>400</u>              | <u>-</u>        | <u>-</u>        | <u>-</u>  |
| Net change in fund balance. . . . .                | 400                     | -               | -               | -   |
| <b>Fund balance at beginning of year . . . . .</b> | <u>4,928</u>            | <u>4,928</u>    | <u>4,928</u>    | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>        | <u>\$ 5,328</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, 2004

|  | <u>Budgeted Amounts</u> |                  |                  | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>    |   |
| <b>Revenues:</b>   |                         |                  |                  |   |
| Property and other taxes. . . . .                                      | \$ 71,862               | \$ 64,112        | \$ 64,112        | \$ -  |
| Intergovernmental . . . . .  | 9,911                   | 8,842            | 8,842            | -   |
| Other. . . . .   | 28,364                  | 25,305           | 25,305           | -   |
| Total revenues. . . . .  | <u>110,137</u>          | <u>98,259</u>    | <u>98,259</u>    | <u>-</u>  |
| <b>Expenditures:</b>   |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| Security of persons and property                                       |                         |                  |                  |   |
| Contractual services. . . . .  | 52,900                  | 51,098           | 51,087           | 11  |
| Materials and supplies . . . . .                                       | 23,200                  | 2,935            | 2,928            | 7   |
| Capital outlay. . . . .  | 20,250                  | 12,300           | 12,292           | 8   |
| Total security of persons and property . .                             | <u>96,350</u>           | <u>66,333</u>    | <u>66,307</u>    | <u>26</u>   |
| Other  |                         |                  |                  |   |
| Contractual services . . . . .   | 1,200                   | 1,035            | 1,032            | 3   |
| Total other . . . . .  | <u>1,200</u>            | <u>1,035</u>     | <u>1,032</u>     | <u>3</u>  |
| Total expenditures . . . . .   | <u>97,550</u>           | <u>67,368</u>    | <u>67,339</u>    | <u>29</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | <u>12,587</u>           | <u>30,891</u>    | <u>30,920</u>    | <u>29</u>   |
| <b>Other financing sources (uses):</b>                                 |                         |                  |                  |   |
| Proceeds from sale of capital assets. . . . .                          | 1,569                   | 1,400            | 1,400            | -   |
| Total other financing sources (uses) . . . . .                         | <u>1,569</u>            | <u>1,400</u>     | <u>1,400</u>     | <u>-</u>  |
| Net change in fund balance. . . . .                                    | 14,156                  | 32,291           | 32,320           | 29  |
| <b>Fund balance at beginning of year . . . . .</b>                     | <u>55,299</u>           | <u>55,299</u>    | <u>55,299</u>    | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>                            | <u>\$ 69,455</u>        | <u>\$ 87,590</u> | <u>\$ 87,619</u> | <u>\$ 29</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, 2004

|  | <u>Budgeted Amounts</u> |               | <u>Actual</u> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------|---------------|---|
|  | <u>Original</u>         | <u>Final</u>  |               |   |
| <b>Revenues:</b>                                   |                         |               |               |   |
| Intergovernmental . . . . .                        | \$ 20,452               | \$ 23,290     | \$ 23,290     | \$ -  |
| Investment income. . . . .                         | 98                      | 112           | 112           | -   |
| Total revenues . . . . .                           | <u>20,550</u>           | <u>23,402</u> | <u>23,402</u> | <u>-</u>  |
| <b>Expenditures:</b>                               |                         |               |               |   |
| Current:   |                         |               |               |   |
| Transportation                                     |                         |               |               |   |
| Personal services . . . . .                        | 2,000                   | 4,150         | 4,148         | 2   |
| Materials and supplies. . . . .                    | <u>20,000</u>           | <u>24,660</u> | <u>24,657</u> | <u>3</u>  |
| Total transportation. . . . .                      | <u>22,000</u>           | <u>28,810</u> | <u>28,805</u> | <u>5</u>  |
| Total expenditures . . . . .                       | <u>22,000</u>           | <u>28,810</u> | <u>28,805</u> | <u>5</u>  |
| Net change in fund balance. . . . .                | (1,450)                 | (5,408)       | (5,403)       | 5   |
| <b>Fund balance at beginning of year . . . . .</b> | <u>5,635</u>            | <u>5,635</u>  | <u>5,635</u>  | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>        | <u>\$ 4,185</u>         | <u>\$ 227</u> | <u>\$ 232</u> | <u>\$ 5</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, 2004

|  | <u>Budgeted Amounts</u> |                  |                  | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>    |   |
| <b>Revenues:</b>   |                         |                  |                  |   |
| Other . . . . .  | \$ 4,778                | \$ 6,233         | \$ 6,233         | \$ -  |
| Total revenues . . . . .   | <u>4,778</u>            | <u>6,233</u>     | <u>6,233</u>     | <u>-</u>  |
| <b>Expenditures:</b>   |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| Public health and welfare  |                         |                  |                  |   |
| Personal services . . . . .  | 14,990                  | 14,630           | 14,623           | 7   |
| Contractual services. . . . .  | 1,000                   | 170              | 170              | -   |
| Materials and supplies. . . . .  | 2,000                   | 1,975            | 1,972            | 3   |
| Total public health and welfare . . . . .                              | <u>17,990</u>           | <u>16,775</u>    | <u>16,765</u>    | <u>10</u>   |
| Total expenditures . . . . .   | <u>17,990</u>           | <u>16,775</u>    | <u>16,765</u>    | <u>10</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | <u>(13,212)</u>         | <u>(10,542)</u>  | <u>(10,532)</u>  | <u>10</u>   |
| <b>Other financing sources:</b>  |                         |                  |                  |   |
| Transfers in. . . . .  | 10,522                  | 13,725           | 13,725           | -   |
| Total other financing sources (uses) . . . . .                         | <u>10,522</u>           | <u>13,725</u>    | <u>13,725</u>    | <u>-</u>  |
| Net change in fund balance. . . . .                                    | (2,690)                 | 3,183            | 3,193            | 10  |
| <b>Fund balance at beginning of year . . . . .</b>                     | <u>8,138</u>            | <u>8,138</u>     | <u>8,138</u>     | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>                            | <u>\$ 5,448</u>         | <u>\$ 11,321</u> | <u>\$ 11,331</u> | <u>\$ 10</u>  |

**CITY OF HUBBARD, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**RECREATION**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues:</b>   |                         |                  |                  |   |
| Other . . . . .  | \$ 1,188                | \$ 1,282         | \$ 1,282         | \$ -  |
| Total revenues . . . . .   | <u>1,188</u>            | <u>1,282</u>     | <u>1,282</u>     | <u>-</u>  |
| <b>Expenditures:</b>   |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| Leisure time activity  |                         |                  |                  |   |
| Personal services . . . . .  | 19,350                  | 21,510           | 21,502           | 8   |
| Contractual services . . . . .   | 7,700                   | 6,080            | 6,075            | 5   |
| Materials and supplies . . . . .                                       | 6,700                   | 4,410            | 4,405            | 5   |
| Total leisure time activity . . . . .                                  | <u>33,750</u>           | <u>32,000</u>    | <u>31,982</u>    | <u>18</u>   |
| Capital outlay   |                         |                  |                  |   |
| Capital outlay . . . . .   | 20,000                  | 8,245            | 8,243            | 2   |
| Total capital outlay . . . . .   | <u>20,000</u>           | <u>8,245</u>     | <u>8,243</u>     | <u>2</u>  |
| Total expenditures . . . . .   | <u>53,750</u>           | <u>40,245</u>    | <u>40,225</u>    | <u>20</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | <u>(52,562)</u>         | <u>(38,963)</u>  | <u>(38,943)</u>  | <u>20</u>   |
| <b>Other financing sources:</b>  |                         |                  |                  |   |
| Transfers in . . . . .   | 35,112                  | 37,878           | 37,878           | -   |
| Total other financing sources (uses) . . . . .                         | <u>35,112</u>           | <u>37,878</u>    | <u>37,878</u>    | <u>-</u>  |
| Net change in fund balance . . . . .                                   | (17,450)                | (1,085)          | (1,065)          | 20  |
| <b>Fund balance at beginning of year . . . . .</b>                     | <u>22,834</u>           | <u>22,834</u>    | <u>22,834</u>    | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>                           | <u>\$ 5,384</u>         | <u>\$ 21,749</u> | <u>\$ 21,769</u> | <u>\$ 20</u>  |

**CITY OF HUBBARD, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**DRUG AND LAW ENFORCEMENT**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

|  | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    |                 |   |
| <b>Revenues:</b>                                   |                         |                 |                 |   |
| Other . . . . .                                    | \$ 500                  | \$ 1,461        | \$ 1,461        | \$ -  |
| Total revenues . . . . .                           | <u>500</u>              | <u>1,461</u>    | <u>1,461</u>    | <u>-</u>  |
| <b>Expenditures:</b>                               |                         |                 |                 |   |
| Current:   |                         |                 |                 |   |
| Security of persons and property                   |                         |                 |                 |   |
| Other . . . . .                                    | 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>  |
| Net change in fund balance. . . . .                | (2,500)                 | 1,461           | 1,461           | -   |
| <b>Fund balance at beginning of year . . . . .</b> | <u>3,444</u>            | <u>3,444</u>    | <u>3,444</u>    | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>        | <u>\$ 944</u>           | <u>\$ 4,905</u> | <u>\$ 4,905</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, 2004

|  | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    |                 |   |
| <b>Revenues:</b>                                   |                         |                 |                 |   |
| Other . . . . .                                    | \$ 1,200                | \$ 3,000        | \$ 3,000        | \$ -  |
| Total revenues . . . . .                           | <u>1,200</u>            | <u>3,000</u>    | <u>3,000</u>    | <u>-</u>  |
| <b>Expenditures:</b>                               |                         |                 |                 |   |
| Current:   |                         |                 |                 |   |
| Security of persons and property                   |                         |                 |                 |   |
| Capital outlay . . . . .                           | 1,500                   | -               | -               | -   |
| Total security of persons and property. . .        | <u>1,500</u>            | <u>-</u>        | <u>-</u>        | <u>-</u>  |
| Total expenditures . . . . .                       | <u>1,500</u>            | <u>-</u>        | <u>-</u>        | <u>-</u>  |
| Net change in fund balance. . . . .                | (300)                   | 3,000           | 3,000           | -   |
| <b>Fund balance at beginning of year . . . . .</b> | <u>2,230</u>            | <u>2,230</u>    | <u>2,230</u>    |   |
| <b>Fund balance at end of year. . . . .</b>        | <u>\$ 1,930</u>         | <u>\$ 5,230</u> | <u>\$ 5,230</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, 2004

|  | <u>Budgeted Amounts</u> |               | <u>Actual</u> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------|---------------|---|
|  | <u>Original</u>         | <u>Final</u>  |               |   |
| <b>Fund balance at beginning of year . . . . .</b> | \$ 395                  | \$ 395        | \$ 395        | \$ -  |
| <b>Fund balance at end of year. . . . .</b>        | <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, 2004

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues:</b>                                   |                         |                  |                  |   |
| Property and other taxes . . . . .                 | \$ 28,434               | \$ 32,256        | \$ 32,256        | \$ -  |
| Intergovernmental . . . . .                        | 134                     | 152              | 152              | -   |
| Other . . . . .                                    | 3,492                   | 3,961            | 3,961            | -   |
| <b>Total revenues . . . . .</b>                    | <u>32,060</u>           | <u>36,369</u>    | <u>36,369</u>    | <u>-</u>  |
| <b>Expenditures:</b>                               |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| Security of persons and property                   |                         |                  |                  |   |
| Contractual services . . . . .                     | 25,000                  | 31,730           | 31,729           | 1   |
| Total security of persons and property. . .        | <u>25,000</u>           | <u>31,730</u>    | <u>31,729</u>    | <u>1</u>  |
| <b>Total expenditures . . . . .</b>                | <u>25,000</u>           | <u>31,730</u>    | <u>31,729</u>    | <u>1</u>  |
| Net change in fund balance. . . . .                | 7,060                   | 4,639            | 4,640            | 1   |
| <b>Fund balance at beginning of year . . . . .</b> | <u>13,589</u>           | <u>13,589</u>    | <u>13,589</u>    | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>        | <u>\$ 20,649</u>        | <u>\$ 18,228</u> | <u>\$ 18,229</u> | <u>\$ 1</u>   |

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**CITY OF HUBBARD, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2004**

|   | <u>Capital<br/>Improvement</u> | <u>CDBG<br/>Sidewalk Project</u> | <u>FEMA Flood<br/>Grant</u> | <u>Total</u>     |
|---|--------------------------------|----------------------------------|-----------------------------|------------------|
| <b>Assets:</b>  |                                |                                  |                             |                  |
| Equity in pooled cash<br>and cash equivalents . . . . . | \$ 21,947                      | \$ -                             | \$ 7,097                    | \$ 29,044        |
| Due from other governments . . . . .                    | 11,139                         | -                                | 14,708                      | 25,847           |
| Total assets. . . . .                                   | <u>\$ 33,086</u>               | <u>\$ -</u>                      | <u>\$ 21,805</u>            | <u>\$ 54,891</u> |
| <b>Liabilities:</b>                                     |                                |                                  |                             |                  |
| Accounts payable . . . . .                              | \$ 5,836                       | \$ -                             | \$ -                        | \$ 5,836         |
| Deferred revenue. . . . .                               | 11,139                         | -                                | 14,708                      | 25,847           |
| Total liabilities . . . . .                             | <u>16,975</u>                  | <u>-</u>                         | <u>14,708</u>               | <u>31,683</u>    |
| <b>Fund Balances:</b>                                   |                                |                                  |                             |                  |
| Reserved for encumbrances. . . . .                      | 14,025                         | -                                | -                           | 14,025           |
| Unreserved, undesignated, reported in:                  |                                |                                  |                             |                  |
| Capital projects funds . . . . .                        | 2,086                          | -                                | 7,097                       | 9,183            |
| Total fund balances . . . . .                           | <u>16,111</u>                  | <u>-</u>                         | <u>7,097</u>                | <u>23,208</u>    |
| Total liabilities and fund equity. . . . .              | <u>\$ 33,086</u>               | <u>\$ -</u>                      | <u>\$ 21,805</u>            | <u>\$ 54,891</u> |

**CITY OF HUBBARD, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

|   | <u>Capital<br/>Improvement</u> | <u>CDBG<br/>Sidewalk Project</u> | <u>FEMA Flood<br/>Grant</u> | <u>West Liberty<br/>Sidewalk Project</u> |
|---|--------------------------------|----------------------------------|-----------------------------|--|
| <b>Revenues:</b>  |                                |                                  |                             |  |
| Intergovernmental . . . . .   | \$ 38,269                      | \$ 69,832                        | \$ 80,849                   | \$ 211,582                               |
| Other . . . . .   | 2,460                          | -                                | -                           | -  |
|   | <hr/>                          | <hr/>                            | <hr/>                       | <hr/>                                    |
| Total revenues . . . . .  | 40,729                         | 69,832                           | 80,849                      | 211,582                                  |
|   | <hr/>                          | <hr/>                            | <hr/>                       | <hr/>                                    |
| <b>Expenditures:</b>  |                                |                                  |                             |  |
| Capital outlay . . . . .  | 328,710                        | 69,832                           | -                           | 211,582                                  |
|   | <hr/>                          | <hr/>                            | <hr/>                       | <hr/>                                    |
| Total expenditures . . . . .  | 328,710                        | 69,832                           | -                           | 211,582                                  |
|   | <hr/>                          | <hr/>                            | <hr/>                       | <hr/>                                    |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | (287,981)                      | -                                | 80,849                      | -  |
|   | <hr/>                          | <hr/>                            | <hr/>                       | <hr/>                                    |
| <b>Other financing sources (uses):</b>                                |                                |                                  |                             |  |
| Transfers in . . . . .  | 132,348                        | -                                | -                           | -  |
| Transfers out . . . . .   | -                              | -                                | (78,749)                    | -  |
|   | <hr/>                          | <hr/>                            | <hr/>                       | <hr/>                                    |
| Total other financing sources (uses) . . . . .                        | 132,348                        | -                                | (78,749)                    | -  |
|   | <hr/>                          | <hr/>                            | <hr/>                       | <hr/>                                    |
| Net change in fund balances . . . . .                                 | (155,633)                      | -                                | 2,100                       | -  |
|   | <hr/>                          | <hr/>                            | <hr/>                       | <hr/>                                    |
| <b>Fund balances at beginning of year. . . . .</b>                    | 171,744                        | -                                | 4,997                       | -  |
|   | <hr/>                          | <hr/>                            | <hr/>                       | <hr/>                                    |
| <b>Fund balances at end of year . . . . .</b>                         | <u>\$ 16,111</u>               | <u>\$ -</u>                      | <u>\$ 7,097</u>             | <u>\$ -</u>                              |

**Total**

|    |                      |
|----|----------------------|
| \$ | 400,532              |
|    | <u>2,460</u>         |
|    | 402,992              |
|    | <u>610,124</u>       |
|    | <u>610,124</u>       |
|    | <u>(207,132)</u>     |
|    | 132,348              |
|    | <u>(78,749)</u>      |
|    | 53,599               |
|    | <u>(153,533)</u>     |
|    | 176,741              |
| \$ | <u><u>23,208</u></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, 2004

|   | <u>Budgeted Amounts</u> |                  |                  | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|------------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>    |   |
| <b>Revenues:</b>  |                         |                  |                  |   |
| Intergovernmental . . . . .   | \$ 18,352               | \$ 38,269        | \$ 38,269        | \$ -  |
| Other . . . . .   | 1,180                   | 2,460            | 2,460            | -   |
| Total revenues. . . . .   | <u>19,532</u>           | <u>40,729</u>    | <u>40,729</u>    | <u>-</u>  |
| <b>Expenditures:</b>  |                         |                  |                  |   |
| Capital outlay  |                         |                  |                  |   |
| Capital outlay . . . . .  | <u>80,000</u>           | <u>192,900</u>   | <u>192,897</u>   | <u>3</u>  |
| Total capital outlay . . . . .  | <u>80,000</u>           | <u>192,900</u>   | <u>192,897</u>   | <u>3</u>  |
| Total expenditures. . . . .   | <u>80,000</u>           | <u>192,900</u>   | <u>192,897</u>   | <u>3</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | <u>(60,468)</u>         | <u>(152,171)</u> | <u>(152,168)</u> | <u>3</u>  |
| <b>Other financing sources (uses):</b>                                |                         |                  |                  |   |
| Transfers in. . . . .   | <u>63,468</u>           | <u>132,348</u>   | <u>132,348</u>   | <u>-</u>  |
| Total other financing sources (uses) . . . . .                        | <u>63,468</u>           | <u>132,348</u>   | <u>132,348</u>   | <u>-</u>  |
| Net change in fund balance. . . . .                                   | 3,000                   | (19,823)         | (19,820)         | 3   |
| <b>Fund balance at beginning of year . . . . .</b>                    | <u>27,742</u>           | <u>27,742</u>    | <u>27,742</u>    | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>                           | <u>\$ 30,742</u>        | <u>\$ 7,919</u>  | <u>\$ 7,922</u>  | <u>\$ 3</u>   |



**CITY OF HUBBARD, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**CDBG SIDEWALK PROJECT**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

|  | <u>Budgeted Amounts</u> |               | <u>Actual</u> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------|---------------|---|
|  | <u>Original</u>         | <u>Final</u>  |               |   |
| <b>Revenues:</b>                                   |                         |               |               |   |
| Intergovernmental . . . . .                        | \$ 30,000               | \$ 69,832     | \$ 69,832     | \$ -  |
| Total revenues . . . . .                           | <u>30,000</u>           | <u>69,832</u> | <u>69,832</u> | <u>-</u>  |
| <b>Expenditures:</b>                               |                         |               |               |   |
| Capital outlay                                     |                         |               |               |   |
| Capital outlay . . . . .                           | <u>28,000</u>           | <u>69,832</u> | <u>69,832</u> | <u>-</u>  |
| Total capital outlay . . . . .                     | <u>28,000</u>           | <u>69,832</u> | <u>69,832</u> | <u>-</u>  |
| Total expenditures . . . . .                       | <u>28,000</u>           | <u>69,832</u> | <u>69,832</u> | <u>-</u>  |
| Net change in fund balance. . . . .                | <u>2,000</u>            | <u>-</u>      | <u>-</u>      | <u>-</u>  |
| <b>Fund balance at beginning of year . . . . .</b> | <u>-</u>                | <u>-</u>      | <u>-</u>      | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>        | <u>\$ 2,000</u>         | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |

**CITY OF HUBBARD, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FEMA FLOOD GRANT**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

|   | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-----------------|-----------------|---|
|   | <u>Original</u>         | <u>Final</u>    |                 |   |
| <b>Revenues:</b>  |                         |                 |                 |   |
| Intergovernmental . . . . .   | \$ 100,000              | \$ 80,849       | \$ 80,849       | \$ -  |
| Total revenues. . . . .   | <u>100,000</u>          | <u>80,849</u>   | <u>80,849</u>   | <u>-</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | <u>100,000</u>          | <u>80,849</u>   | <u>80,849</u>   | <u>-</u>  |
| <b>Other financing sources (uses):</b>                                |                         |                 |                 |   |
| Transfers out . . . . .   | -                       | (78,749)        | (78,749)        | -   |
| Total other financing sources (uses) . . . . .                        | <u>-</u>                | <u>(78,749)</u> | <u>(78,749)</u> | <u>-</u>  |
| Net change in fund balance. . . . .                                   | 100,000                 | 2,100           | 2,100           | -   |
| <b>Fund balance at beginning of year . . . . .</b>                    | <u>4,997</u>            | <u>4,997</u>    | <u>4,997</u>    | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>                           | <u>\$ 104,997</u>       | <u>\$ 7,097</u> | <u>\$ 7,097</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, 2004

|  | <u>Budgeted Amounts</u> |                |                | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|----------------|----------------|---|
|  | <u>Original</u>         | <u>Final</u>   | <u>Actual</u>  |   |
| <b>Revenues:</b>                                   |                         |                |                |   |
| Intergovernmental . . . . .                        | \$ 225,000              | \$ 211,582     | \$ 211,582     | \$ -  |
| Total revenues. . . . .                            | <u>225,000</u>          | <u>211,582</u> | <u>211,582</u> | <u>-</u>  |
| <b>Expenditures:</b>                               |                         |                |                |   |
| Capital outlay                                     |                         |                |                |   |
| Capital outlay . . . . .                           | <u>225,000</u>          | <u>211,582</u> | <u>211,582</u> | <u>-</u>  |
| Total capital outlay . . . . .                     | <u>225,000</u>          | <u>211,582</u> | <u>211,582</u> | <u>-</u>  |
| Total expenditures. . . . .                        | <u>225,000</u>          | <u>211,582</u> | <u>211,582</u> | <u>-</u>  |
| Net change in fund balance. . . . .                | -                       | -              | -              | -   |
| <b>Fund balance at beginning of year . . . . .</b> | <u>-</u>                | <u>-</u>       | <u>-</u>       | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>        | <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)  
**SUGAR GROVE TRUST**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

|  | <u>Budgeted Amounts</u> |                 |                 | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    | <u>Actual</u>   |   |
| <b>Revenues:</b>                                   |                         |                 |                 |   |
| Investment earnings . . . . .                      | \$ 6                    | \$ 3            | \$ 3            | \$ -  |
| Total revenues . . . . .                           | <u>6</u>                | <u>3</u>        | <u>3</u>        | <u>-</u>  |
| Net change in fund balance. . . . .                | 6                       | 3               | 3               | -   |
| <b>Fund balance at beginning of year . . . . .</b> | <u>1,683</u>            | <u>1,683</u>    | <u>1,683</u>    | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>        | <u>\$ 1,689</u>         | <u>\$ 1,686</u> | <u>\$ 1,686</u> | <u>\$ -</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, 2004

|   | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|---------------------|---------------------|---|
|   | <u>Original</u>         | <u>Final</u>        |                     |   |
| <b>Operating revenues:</b>                            |                         |                     |                     |   |
| Charges for services . . . . .                        | \$ 958,915              | \$ 1,226,029        | \$ 1,226,029        | \$ -  |
| Other operating revenues . . . . .                    | 14,064                  | 17,981              | 17,981              | -   |
| Total operating revenues . . . . .                    | <u>972,979</u>          | <u>1,244,010</u>    | <u>1,244,010</u>    | <u>-</u>  |
| <b>Operating expenses:</b>                            |                         |                     |                     |   |
| Personal services. . . . .                            | 512,500                 | 448,565             | 448,526             | 39  |
| Contractual services . . . . .                        | 152,500                 | 167,867             | 167,772             | 95  |
| Materials and supplies . . . . .                      | 128,700                 | 87,035              | 87,000              | 35  |
| Capital outlay . . . . .                              | 104,000                 | 194,810             | 194,716             | 94  |
| Total operating expenses . . . . .                    | <u>897,700</u>          | <u>898,277</u>      | <u>898,014</u>      | <u>263</u>  |
| Operating income. . . . .                             | <u>75,279</u>           | <u>345,733</u>      | <u>345,996</u>      | <u>263</u>  |
| <b>Nonoperating revenues (expenses):</b>              |                         |                     |                     |   |
| Debt service:   |                         |                     |                     |   |
| Principal retirement . . . . .                        | (281,750)               | (281,750)           | (281,746)           | 4   |
| Interest and fiscal charges . . . . .                 | (231,860)               | (229,360)           | (229,355)           | 5   |
| Proceeds from sale of capital assets . . . . .        | 1,976                   | 2,526               | 2,526               | -   |
| Total nonoperating revenues (expenses) . . . . .      | <u>(511,634)</u>        | <u>(508,584)</u>    | <u>(508,575)</u>    | <u>9</u>  |
| Net income (loss) before transfers . . . . .          | (436,355)               | (162,851)           | (162,579)           | 272   |
| Transfers in . . . . .                                | 275,545                 | 352,300             | 352,300             | -   |
| Transfers out . . . . .                               | <u>(48,000)</u>         | <u>(348,000)</u>    | <u>(348,000)</u>    | <u>-</u>  |
| Net change in fund balance . . . . .                  | (208,810)               | (158,551)           | (158,279)           | 272   |
| <b>Fund balance at beginning of year. . . . .</b>     | 1,306,081               | 1,306,081           | 1,306,081           | -   |
| <b>Prior year encumbrances appropriated . . . . .</b> | <u>1,000</u>            | <u>1,000</u>        | <u>1,000</u>        | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>          | <u>\$ 1,098,271</u>     | <u>\$ 1,148,530</u> | <u>\$ 1,148,802</u> | <u>\$ 272</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, 2004

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|-------------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Operating revenues:</b>                            |                         |                   |                   |   |
| Charges for services . . . . .                        | \$ 1,245,720            | \$ 1,474,196      | \$ 1,474,196      | \$ -  |
| Other operating revenues . . . . .                    | 183,990                 | 217,736           | 217,736           | -   |
| Total operating revenues . . . . .                    | <u>1,429,710</u>        | <u>1,691,932</u>  | <u>1,691,932</u>  | <u>-</u>  |
| <b>Operating expenses:</b>                            |                         |                   |                   |   |
| Personal services. . . . .                            | 431,800                 | 397,230           | 397,205           | 25  |
| Contractual services . . . . .                        | 723,900                 | 544,363           | 539,248           | 5,115   |
| Materials and supplies. . . . .                       | 110,200                 | 77,390            | 77,344            | 46  |
| Capital outlay . . . . .                              | 68,200                  | 45,070            | 45,061            | 9   |
| Other operating expenses . . . . .                    | <u>217,725</u>          | <u>217,725</u>    | <u>217,723</u>    | <u>2</u>  |
| Total operating expenses . . . . .                    | <u>1,551,825</u>        | <u>1,281,778</u>  | <u>1,276,581</u>  | <u>5,197</u>  |
| Operating loss . . . . .                              | <u>(122,115)</u>        | <u>410,154</u>    | <u>415,351</u>    | <u>5,197</u>  |
| <b>Nonoperating revenues (expenses):</b>              |                         |                   |                   |   |
| Debt service:   |                         |                   |                   |   |
| Principal retirement. . . . .                         | (120,333)               | (120,333)         | (120,332)         | 1   |
| Interest and fiscal charges . . . . .                 | (141,892)               | (141,612)         | (141,609)         | 3   |
| Proceeds from sale of capital assets. . . . .         | 254                     | 301               | 301               | -   |
| Total nonoperating revenues (expenses) . . . . .      | <u>(261,971)</u>        | <u>(261,644)</u>  | <u>(261,640)</u>  | <u>4</u>  |
| Net loss before transfers. . . . .                    | (384,086)               | 148,510           | 153,711           | 5,201   |
| Transfers in. . . . .                                 | 271,761                 | 321,605           | 321,605           | -   |
| Transfers out . . . . .                               | <u>(120,000)</u>        | <u>(320,000)</u>  | <u>(320,000)</u>  | <u>-</u>  |
| Net change in fund balance . . . . .                  | (232,325)               | 150,115           | 155,316           | 5,201   |
| <b>Fund balance at beginning of year . . . . .</b>    | 637,397                 | 637,397           | 637,397           | -   |
| <b>Prior year encumbrances appropriated . . . . .</b> | <u>46,000</u>           | <u>46,000</u>     | <u>46,000</u>     | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>          | <u>\$ 451,072</u>       | <u>\$ 833,512</u> | <u>\$ 838,713</u> | <u>\$ 5,201</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, 2004

|  | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Final               | Final               |                     |   |
| <b>Operating revenues:</b>                           |                     |                     |                     |   |
| Charges for services . . . . .                       | \$ 4,029,396        | \$ 4,420,163        | \$ 4,420,163        | \$ -  |
| Other operating revenues . . . . .                   | 4,301               | 4,718               | 4,718               | -   |
| Total operating revenues . . . . .                   | <u>4,033,697</u>    | <u>4,424,881</u>    | <u>4,424,881</u>    | <u>-</u>  |
| <b>Operating expenses:</b>                           |                     |                     |                     |   |
| Personal services. . . . .                           | 1,101,950           | 1,043,540           | 1,043,503           | 37  |
| Contractual services . . . . .                       | 3,114,445           | 3,404,276           | 3,404,059           | 217   |
| Materials and supplies. . . . .                      | 150,896             | 131,711             | 131,668             | 43  |
| Capital outlay . . . . .                             | 277,841             | 151,921             | 151,430             | 491   |
| Total operating expenses . . . . .                   | <u>4,645,132</u>    | <u>4,731,448</u>    | <u>4,730,660</u>    | <u>788</u>  |
| Operating loss . . . . .                             | <u>(611,435)</u>    | <u>(306,567)</u>    | <u>(305,779)</u>    | <u>788</u>  |
| <b>Nonoperating revenues (expenses):</b>             |                     |                     |                     |   |
| Property and other taxes. . . . .                    | 62,403              | 68,455              | 68,455              | -   |
| Proceeds of notes . . . . .                          | 1,818,631           | 1,995,000           | 1,995,000           | -   |
| Note issuance costs . . . . .                        | (13,500)            | (13,210)            | (13,207)            | 3   |
| Debt service:  |                     |                     |                     |   |
| Principal retirement. . . . .                        | (2,014,850)         | (2,100,000)         | (2,100,000)         | -   |
| Interest and fiscal charges . . . . .                | (43,320)            | (26,271)            | (26,269)            | 2   |
| Proceeds from sale of capital assets. . . . .        | 319                 | 350                 | 350                 |   |
| Total nonoperating revenues . . . . .                | <u>(190,317)</u>    | <u>(75,676)</u>     | <u>(75,671)</u>     | <u>5</u>  |
| Net income (loss) before transfers. . . . .          | (801,752)           | (382,243)           | (381,450)           | 793   |
| Transfers in. . . . .                                | 655,830             | 719,432             | 719,432             | -   |
| Transfers out . . . . .                              | <u>(344,000)</u>    | <u>(670,303)</u>    | <u>(670,298)</u>    | <u>5</u>  |
| Net change in fund balance . . . . .                 | (489,922)           | (333,114)           | (332,316)           | 798   |
| <b>Fund balance at beginning of year . . . . .</b>   | 3,780,097           | 3,780,097           | 3,780,097           | -   |
| <b>Prior year encumbrances appropriated. . . . .</b> | <u>25,712</u>       | <u>25,712</u>       | <u>25,712</u>       | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>         | <u>\$ 3,315,887</u> | <u>\$ 3,472,695</u> | <u>\$ 3,473,493</u> | <u>\$ 798</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, 2004

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Operating revenues:</b>                         |                         |                   |                   |   |
| Other operating revenues . . . . .                 | \$ 28,000               | \$ 31,950         | \$ 31,950         | \$ -  |
| Total operating revenues . . . . .                 | <u>28,000</u>           | <u>31,950</u>     | <u>31,950</u>     | <u>-</u>  |
| Operating income. . . . .                          | <u>28,000</u>           | <u>31,950</u>     | <u>31,950</u>     | <u>-</u>  |
| <b>Operating expenses:</b>                         |                         |                   |                   |   |
| Contractual services . . . . .                     | <u>28,000</u>           | <u>24,300</u>     | <u>24,290</u>     | <u>10</u>   |
| Total operating expenses . . . . .                 | <u>28,000</u>           | <u>24,300</u>     | <u>24,290</u>     | <u>10</u>   |
| Net change in fund balance. . . . .                | -                       | 7,650             | 7,660             | 10  |
| <b>Fund balance at beginning of year . . . . .</b> | <u>105,448</u>          | <u>105,448</u>    | <u>105,448</u>    | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>        | <u>\$ 105,448</u>       | <u>\$ 113,098</u> | <u>\$ 113,108</u> | <u>\$ 10</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, 2004

|  | <u>Budgeted Amounts</u> |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      | <u>Actual</u>     |   |
| <b>Operating revenues:</b>                         |                         |                   |                   |   |
| Charges for services . . . . .                     | \$ 490,922              | \$ 582,838        | \$ 582,838        | \$ -  |
| Other . . . . .                                    | 129,078                 | 153,245           | 153,245           | -   |
| Total operating revenues . . . . .                 | <u>620,000</u>          | <u>736,083</u>    | <u>736,083</u>    | <u>-</u>  |
| <b>Operating expenses:</b>                         |                         |                   |                   |   |
| Contractual services . . . . .                     | <u>620,000</u>          | <u>808,100</u>    | <u>808,099</u>    | <u>1</u>  |
| Total operating expenses . . . . .                 | <u>620,000</u>          | <u>808,100</u>    | <u>808,099</u>    | <u>1</u>  |
| Net change in fund balance. . . . .                | -                       | (72,017)          | (72,016)          | 1   |
| <b>Fund balance at beginning of year . . . . .</b> | <u>340,544</u>          | <u>340,544</u>    | <u>340,544</u>    | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>        | <u>\$ 340,544</u>       | <u>\$ 268,527</u> | <u>\$ 268,528</u> | <u>\$ 1</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, 2004

|   | <u>Mizner<br/>Trust</u> | <u>Hultz<br/>Trust</u> | <u>Total<br/>Private Purpose<br/>Trust</u> |
|---|-------------------------|------------------------|--|
| <b>Assets:</b>  |                         |                        |  |
| Equity in pooled cash<br>and cash equivalents . . . . . | \$ 1,756                | \$ 5,638               | \$ 7,394                                   |
| Total assets . . . . .                                  | <u>\$ 1,756</u>         | <u>\$ 5,638</u>        | <u>\$ 7,394</u>                            |
| <b>Net assets:</b>                                      |                         |                        |  |
| Held in trust for other purposes . . . . .              | <u>1,756</u>            | <u>5,638</u>           | <u>7,394</u>                               |
| Total net assets. . . . .                               | <u>\$ 1,756</u>         | <u>\$ 5,638</u>        | <u>\$ 7,394</u>                            |

**CITY OF HUBBARD, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND BALANCES  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

|  | <u>Mizner<br/>Trust</u> | <u>Hultz<br/>Trust</u> | <u>Totals</u>   |
|--|-------------------------|------------------------|-----------------|
| <b>Additions:</b>                                  |                         |                        |                 |
| Investment earnings . . . . .                      | \$ 3                    | \$ 12                  | \$ 15           |
| Total additions . . . . .                          | <u>3</u>                | <u>12</u>              | <u>15</u>       |
| Changes in net assets . . . . .                    | 3                       | 12                     | 15              |
| <b>Fund balances at beginning of year. . . . .</b> | <u>1,753</u>            | <u>5,626</u>           | <u>7,379</u>    |
| <b>Fund balances at end of year . . . . .</b>      | <u>\$ 1,756</u>         | <u>\$ 5,638</u>        | <u>\$ 7,394</u> |

**CITY OF HUBBARD, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31 2004

|   | <u>Balance</u><br><u>1/1/2004</u> | <u>Additions</u>  | <u>Reductions</u> | <u>Balance</u><br><u>12/31/2004</u> |
|---|-----------------------------------|-------------------|-------------------|-------------------------------------|
| <b>Mayor's Court</b>                                    |                                   |                   |                   |                                     |
| <b>Assets:</b>  |                                   |                   |                   |                                     |
| Equity in pooled cash<br>and cash equivalents . . . . . | \$ 1,265                          | \$ 94,651         | \$ 94,436         | \$ 1,480                            |
| Total assets. . . . .                                   | <u>\$ 1,265</u>                   | <u>\$ 94,651</u>  | <u>\$ 94,436</u>  | <u>\$ 1,480</u>                     |
| <b>Liabilities:</b>                                     |                                   |                   |                   |                                     |
| Deposits held and due to others . . . . .               | \$ 1,265                          | \$ 94,651         | \$ 94,436         | \$ 1,480                            |
| Total liabilities . . . . .                             | <u>\$ 1,265</u>                   | <u>\$ 94,651</u>  | <u>\$ 94,436</u>  | <u>\$ 1,480</u>                     |
| <br><b>Hubbard Union Cemetary</b>                       |                                   |                   |                   |                                     |
| <b>Assets:</b>  |                                   |                   |                   |                                     |
| Equity in pooled cash<br>and cash equivalents . . . . . | \$ -                              | \$ 20,099         | \$ 20,099         | \$ -                                |
| Receivables (net of allowances for uncollectibles):     |                                   |                   |                   |                                     |
| Real and other taxes . . . . .                          | -                                 | 23,058            | -                 | 23,058                              |
| Due from other governments . . . . .                    | -                                 | 1,300             | -                 | 1,300                               |
| Total assets. . . . .                                   | <u>\$ -</u>                       | <u>\$ 44,457</u>  | <u>\$ 20,099</u>  | <u>\$ 24,358</u>                    |
| <b>Liabilities:</b>                                     |                                   |                   |                   |                                     |
| Due to other governments . . . . .                      | \$ -                              | \$ 44,457         | \$ 20,099         | \$ 24,358                           |
| Total liabilities . . . . .                             | <u>\$ -</u>                       | <u>\$ 44,457</u>  | <u>\$ 20,099</u>  | <u>\$ 24,358</u>                    |
| <br><b>Total Agency</b>                                 |                                   |                   |                   |                                     |
| <b>Assets:</b>  |                                   |                   |                   |                                     |
| Equity in pooled cash<br>and cash equivalents . . . . . | \$ 1,265                          | \$ 114,750        | \$ 114,535        | \$ 1,480                            |
| Receivables (net of allowances for uncollectibles):     |                                   |                   |                   |                                     |
| Real and other taxes . . . . .                          | -                                 | 23,058            | -                 | 23,058                              |
| Due from other governments . . . . .                    | -                                 | 1,300             | -                 | 1,300                               |
| Total assets. . . . .                                   | <u>\$ 1,265</u>                   | <u>\$ 139,108</u> | <u>\$ 114,535</u> | <u>\$ 25,838</u>                    |
| <b>Liabilities:</b>                                     |                                   |                   |                   |                                     |
| Due to other governments . . . . .                      | \$ -                              | \$ 44,457         | \$ 20,099         | \$ 24,358                           |
| Deposits held and due to others . . . . .               | 1,265                             | 94,651            | 94,436            | 1,480                               |
| Total liabilities . . . . .                             | <u>\$ 1,265</u>                   | <u>\$ 139,108</u> | <u>\$ 114,535</u> | <u>\$ 25,838</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, 2004

|  | <u>Budgeted Amounts</u> |                 |                 | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    | <u>Actual</u>   |   |
| <b>Operating revenues:</b>                         |                         |                 |                 |   |
| Investment earnings . . . . .                      | \$ 6                    | \$ 3            | \$ 3            | \$ -  |
| Total operating revenues . . . . .                 | <u>6</u>                | <u>3</u>        | <u>3</u>        | <u>-</u>  |
| Net change in fund balance . . . . .               | 6                       | 3               | 3               | -   |
| <b>Fund balance at beginning of year . . . . .</b> | <u>1,753</u>            | <u>1,753</u>    | <u>1,753</u>    | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>       | <u>\$ 1,759</u>         | <u>\$ 1,756</u> | <u>\$ 1,756</u> | <u>\$ -</u>   |

**CITY OF HUBBARD, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**HULTZ TRUST**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

|  | <u>Budgeted Amounts</u> |                 |                 | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    | <u>Actual</u>   |   |
| <b>Operating revenues:</b>                         |                         |                 |                 |   |
| Investment earnings . . . . .                      | \$ 20                   | \$ 12           | \$ 12           | \$ -  |
| Total operating revenues . . . . .                 | <u>20</u>               | <u>12</u>       | <u>12</u>       | <u>-</u>  |
| Net change in fund balance . . . . .               | 20                      | 12              | 12              | -   |
| <b>Fund balance at beginning of year . . . . .</b> | <u>5,626</u>            | <u>5,626</u>    | <u>5,626</u>    | <u>-</u>  |
| <b>Fund balance at end of year . . . . .</b>       | <u>\$ 5,646</u>         | <u>\$ 5,638</u> | <u>\$ 5,638</u> | <u>\$ -</u>   |



# **STATISTICAL SECTION**



## STATISTICAL SECTION

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

**CITY OF HUBBARD, OHIO**

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)  
LAST TEN YEARS

| <u>Year</u> | <u>General<br/>Government</u> | <u>Security<br/>of Persons<br/>and Property</u> | <u>Public<br/>Health<br/>and Welfare</u> | <u>Transportation</u> | <u>Community<br/>Environment</u> | <u>Leisure Time<br/>Activity</u> |
|-------------|-------------------------------|---|--|-----------------------|----------------------------------|----------------------------------|
| 2004        | \$ 373,980                    | \$ 1,441,982                                    | \$ 30,823                                | \$ 519,369            | \$ 1,963                         | \$ 35,878                        |
| 2003        | 327,268                       | 1,407,963                                       | 35,187                                   | 538,470               | 4,524                            | 30,439                           |
| 2002        | 345,965                       | 1,370,521                                       | 27,681                                   | 491,493               | 3,194                            | 29,900                           |
| 2001        | 339,749                       | 1,374,984                                       | 29,314                                   | 515,212               | 1,600                            | 26,500                           |
| 2000        | 348,155                       | 1,324,594                                       | 27,857                                   | 502,597               | 3,445                            | 29,427                           |
| 1999        | 286,517                       | 1,208,958                                       | 24,135                                   | 474,008               | 650                              | 37,891                           |
| 1998        | 349,261                       | 1,152,531                                       | 25,028                                   | 460,410               | 514                              | 26,062                           |
| 1997        | 259,921                       | 1,065,320                                       | 31,945                                   | 430,680               | 584                              | 37,788                           |
| 1996        | 311,547                       | 1,057,480                                       | 30,112                                   | 522,561               | 2,408                            | 38,281                           |
| 1995        | 305,666                       | 865,147   | 12,524                                   | 449,237               | 1,665                            | 28,332                           |

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

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

Note: 1999 - 2004 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting.

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

| <u>Economic<br/>Development</u> | <u>Other</u> | <u>Capital<br/>Outlay</u> | <u>Debt Service</u>             |  |                               | <u>Total</u> |
|---------------------------------|--------------|---------------------------|---------------------------------|--|-------------------------------|--------------|
|                                 |              |                           | <u>Principal<br/>Retirement</u> | <u>Interest &amp;<br/>Fiscal Charges</u> | <u>Total<br/>Debt Service</u> |              |
| \$ -                            | \$ 1,222     | \$ 713,540                | \$ -                            | \$ -                                     | \$ -                          | \$ 3,118,757 |
| -                               | 1,008        | 335,718                   | -                               | 1,555                                    | 1,555                         | 2,682,132    |
| -                               | 988          | 71,038                    | 6,807                           | 5,158                                    | 11,965                        | 2,352,745    |
| -                               | 983          | 211,397                   | 6,335                           | 9,697                                    | 16,032                        | 2,515,771    |
| 200                             | 985          | 362,308                   | 17,646                          | 2,224                                    | 19,870                        | 2,619,438    |
| 1,157                           | 10,517       | 244,004                   | 13,277                          | 4,006                                    | 17,283                        | 2,305,120    |
| -                               | -            | 412,645                   | 27,101                          | 2,201                                    | 29,302                        | 2,455,753    |
| -                               | -            | 105,390                   | 79,251                          | 3,643                                    | 82,894                        | 2,014,522    |
| -                               | -            | 219,278                   | 112,994                         | 8,370                                    | 121,364                       | 2,303,031    |
| -                               | -            | 30,307                    | 406,355                         | 14,556                                   | 420,911                       | 2,113,789    |

**CITY OF HUBBARD, OHIO**

GENERAL GOVERNMENT REVENUES BY SOURCE (1)  
LAST TEN YEARS

| <u>Year</u> | <u>Income Taxes</u> | <u>Property and Other Taxes</u> | <u>Charges for Services</u> | <u>Licenses and Permits</u> | <u>Fines and Forfeitures</u> |
|-------------|---------------------|---------------------------------|-----------------------------|-----------------------------|------------------------------|
| 2004        | \$ 1,085,545        | \$ 341,910                      | \$ 1,402                    | \$ 59,396                   | \$ 71,596                    |
| 2003        | 1,046,519           | 332,576                         | 1,055                       | 62,054                      | 42,339                       |
| 2002        | 1,051,085           | 319,848                         | 701                         | 55,068                      | 55,478                       |
| 2001        | 952,071             | 316,350                         | 300                         | 52,631                      | 70,669                       |
| 2000        | 994,671             | 316,478                         | 300                         | 36,407                      | 51,310                       |
| 1999        | 1,003,790           | 267,959                         | 380                         | 34,563                      | 65,779                       |
| 1998        | 1,087,372           | 242,399                         | 525                         | 13,179                      | 69,551                       |
| 1997        | 1,052,925           | 244,190                         | 500                         | 9,140                       | 62,179                       |
| 1996        | 980,471             | 206,181                         | -                           | 9,360                       | 38,442                       |
| 1995        | 958,890             | 184,469                         | -                           | 11,497                      | 37,133                       |

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

Note: 1999 - 2004 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting

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

| <u>Intergovernmental</u> | <u>Investment<br/>Income</u> | <u>Other</u> | <u>Total</u> |
|--------------------------|------------------------------|--------------|--------------|
| \$ 1,134,403             | \$ 205,371                   | \$ 73,495    | \$ 2,973,118 |
| 843,070                  | 207,265                      | 43,004       | 2,577,882    |
| 557,998                  | 236,390                      | 44,654       | 2,321,222    |
| 726,369                  | 340,155                      | 39,220       | 2,497,765    |
| 705,513                  | 441,245                      | 68,590       | 2,614,514    |
| 861,076                  | 295,810                      | 45,035       | 2,574,392    |
| 592,073                  | 247,179                      | 155,487      | 2,407,765    |
| 533,511                  | 208,170                      | 76,428       | 2,187,043    |
| 648,605                  | 152,125                      | 96,560       | 2,131,744    |
| 538,523                  | 153,794                      | 60,464       | 1,944,770    |

**CITY OF HUBBARD, OHIO**

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

| <u>Year</u> | <u>Real Property</u>  |                                   | <u>Personal Property</u> |                                   | <u>Public Utilities</u> |                                   |
|-------------|-----------------------|-----------------------------------|--------------------------|-----------------------------------|-------------------------|-----------------------------------|
|             | <u>Assessed Value</u> | <u>Estimated Actual Value (2)</u> | <u>Assessed Value</u>    | <u>Estimated Actual Value (2)</u> | <u>Assessed Value</u>   | <u>Estimated Actual Value (2)</u> |
| 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 (a)    | 61,609,350            | 176,026,714                       | 8,477,288                | 33,909,152                        | 2,693,160               | 3,060,409                         |
| 1996        | 60,216,200            | 172,046,286                       | 7,574,871                | 30,299,484                        | 2,820,810               | 3,205,466                         |
| 1995        | 59,508,580            | 170,881,657                       | 7,160,689                | 28,642,756                        | 2,828,320               | 3,214,000                         |

(1) Source: Trumbull County Auditor

(2) This amount is calculated by dividing the assessed value by the assessment percentage. The assessment percentages for 2004 were thirty-five percent (35%) for all real property, eighty-eight (88%) for public utility property and twenty five percent (25%) for tangible personal property.

(a) Update year

(b) Reappraisal Year



| <b>Exemptions</b>        |                           | <b>Total</b>                          |        | <b>Ratio of<br/>Assessed to<br/>Actual Value</b> |
|--------------------------|---------------------------|---------------------------------------|--------|--|
| <b>Real<br/>Property</b> | <b>Assessed<br/>Value</b> | <b>Estimated<br/>Actual Value (2)</b> |        |  |
| \$ 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% |  |
| 6,498,300                | 70,611,881                | 205,551,236                           | 34.35% |  |
| 6,427,410                | 69,797,589                | 202,738,413                           | 34.43% |  |

**CITY OF HUBBARD, OHIO**

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

| <u>Year</u> | <u>Total Tax Levy (2)</u> | <u>Current Tax Collections (2)</u> | <u>Percent of Current Taxes Collected</u> | <u>Delinquent Tax Collections (2)</u> | <u>Total Tax Collections (2)</u> |
|-------------|---------------------------|------------------------------------|---|---------------------------------------|----------------------------------|
| 2004        | \$ 377,032                | \$ 366,590                         | 97.2%                                     | \$ 11,150                             | \$ 377,740                       |
| 2003        | 350,748                   | 340,268                            | 97.0%                                     | 9,398                                 | 349,666                          |
| 2002        | 334,821                   | 324,767                            | 97.0%                                     | 7,381                                 | 332,148                          |
| 2001        | 331,420                   | 320,902                            | 96.8%                                     | 5,911                                 | 326,813                          |
| 2000        | 325,641                   | 316,050                            | 97.1%                                     | 9,147                                 | 325,197                          |
| 1999        | 277,567                   | 270,313                            | 97.4%                                     | 6,046                                 | 276,359                          |
| 1998        | 274,329                   | 266,165                            | 97.0%                                     | 6,672                                 | 272,837                          |
| 1997        | 270,654                   | 264,100                            | 97.6%                                     | 7,326                                 | 271,426                          |
| 1996        | 244,349                   | 237,681                            | 97.3%                                     | 5,335                                 | 243,016                          |
| 1995        | 182,807                   | 178,547                            | 97.7%                                     | 5,152                                 | 183,699                          |

(1) Source: Trumbull County Auditor

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

| <b>Ratio of<br/>Total Tax<br/>Collection to<br/>Total Tax Levy</b> | <b>Outstanding<br/>Delinquent<br/>Taxes (2)</b> | <b>Ratio of<br/>Delinquent Taxes<br/>to Total<br/>Tax Levy</b> |
|--|---|--|
| 100.2%   | \$ 17,510                                       | 4.6%   |
| 99.7%  | 19,389  | 5.5%   |
| 99.2%  | 19,305  | 5.8%   |
| 98.6%  | 16,726  | 5.0%   |
| 99.9%  | 13,859  | 4.3%   |
| 99.6%  | 12,903  | 4.6%   |
| 99.5%  | 12,373  | 4.5%   |
| 100.3%   | 12,188  | 4.5%   |
| 99.5%  | 12,664  | 5.2%   |
| 100.5%   | 9,037   | 4.9%   |

**CITY OF HUBBARD, OHIO**

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

| <u>Year</u> | <u>Total Tax Levy (2)</u> | <u>Current Tax Collections (2)</u> | <u>Percent of Current Taxes Collected</u> | <u>Delinquent Tax Collections (2)</u> | <u>Total Tax Collections (2)</u> |
|-------------|---------------------------|------------------------------------|---|---------------------------------------|----------------------------------|
| 2004        | \$ 26,690                 | \$ 26,304                          | 98.6%                                     | \$ 580                                | \$ 26,884                        |
| 2003        | 26,243                    | 26,144                             | 99.6%                                     | 310                                   | 26,454                           |
| 2002        | 28,398                    | 29,726                             | 104.7%                                    | 379                                   | 30,105                           |
| 2001        | 29,562                    | 30,696                             | 103.8%                                    | 1,150                                 | 31,846                           |
| 2000        | 27,448                    | 27,231                             | 99.2%                                     | 378                                   | 27,609                           |
| 1999        | 27,165                    | 25,879                             | 95.3%                                     | 742                                   | 26,621                           |
| 1998        | 24,950                    | 24,264                             | 97.3%                                     | 1,057                                 | 25,321                           |
| 1997        | 27,922                    | 27,332                             | 97.9%                                     | 921                                   | 28,253                           |
| 1996        | 32,214                    | 31,213                             | 96.9%                                     | 1,058                                 | 32,271                           |
| 1995        | 21,967                    | 21,866                             | 99.5%                                     | 243                                   | 22,109                           |

(1) Source: Trumbull County Auditor

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

| <b>Ratio of<br/>Total Tax<br/>Collection to<br/>Total Tax Levy</b> | <b>Outstanding<br/>Delinquent<br/>Taxes (2)</b> | <b>Ratio of<br/>Delinquent Taxes<br/>to Total<br/>Tax Levy</b> |
|--|---|--|
| 100.7%   | \$ 1,339  | 5.0%   |
| 100.8%   | 1,261   | 4.8%   |
| 106.0%   | 1,181   | 4.2%   |
| 107.7%   | 1,215   | 4.1%   |
| 100.6%   | 1,163   | 4.2%   |
| 98.0%  | 1,426   | 5.2%   |
| 101.5%   | 1,610   | 6.5%   |
| 101.2%   | 2,198   | 7.9%   |
| 100.2%   | 1,814   | 5.6%   |
| 100.6%   | 899   | 4.1%   |

**CITY OF HUBBARD, OHIO**

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

| <u>Fiscal Year</u>   | <u>City of<br/>Hubbard</u> | <u>County</u> | <u>School</u> | <u>Vocational<br/>School</u> | <u>Township (2)</u> | <u>Other (2)</u> | <u>Total</u> |
|--|----------------------------|---------------|---------------|------------------------------|---------------------|------------------|--------------|
| <u>Taxing District: Hubbard Exempted Village School District</u> |                            |               |               |                              |                     |                  |              |
| 2003 for 2004  | 3.80                       | 10.35         | 54.20         | 2.40                         | 14.60               | 1.20             | 86.55        |
| 2002 for 2003  | 3.80                       | 10.35         | 54.25         | 2.40                         | 14.40               | 1.20             | 86.40        |
| 2001 for 2002  | 3.80                       | 10.35         | 54.25         | 2.40                         | 14.40               | 1.20             | 86.40        |
| 2000 for 2001  | 3.80                       | 10.35         | 54.35         | 2.40                         | 14.40               | 1.20             | 86.50        |
| 1999 for 2000  | 3.80                       | 10.35         | 48.26         | 2.40                         | 12.85               | 1.20             | 78.86        |
| 1998 for 1999  | 3.80                       | 10.35         | 49.60         | 2.40                         | 12.85               | 1.20             | 80.20        |
| 1997 for 1998  | 3.80                       | 9.30          | 49.70         | 2.40                         | 12.85               | 1.20             | 79.25        |
| 1996 for 1997  | 3.80                       | 9.30          | 49.67         | 2.40                         | 12.85               | 0.20             | 78.22        |
| 1995 for 1996  | 3.80                       | 9.30          | 50.50         | 2.40                         | 12.85               | 0.20             | 79.05        |
| 1994 for 1995  | 2.90                       | 9.30          | 51.10         | 2.40                         | 12.50               | 0.20             | 78.40        |

(1) Source: Trumbull County Treasurer

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

**CITY OF HUBBARD, OHIO**

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS (1)  
LAST TEN YEARS

| <u>Year</u> | <u>Special Assessment Billings</u> |       | <u>Special Assessment Collections</u> |       |
|-------------|------------------------------------|-------|---------------------------------------|-------|
| 2004        | \$                                 | -     | \$                                    | -     |
| 2003        |                                    | -     |                                       | -     |
| 2002        |                                    | -     |                                       | -     |
| 2001        |                                    | -     |                                       | -     |
| 2000        |                                    | -     |                                       | -     |
| 1999        |                                    | -     |                                       | -     |
| 1998        |                                    | -     |                                       | -     |
| 1997        | (a)                                | 1,237 |                                       | 1,237 |
| 1996        |                                    | -     |                                       | -     |
| 1995        |                                    | -     |                                       | -     |

(1) Source: Trumbull County Auditor

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

**CITY OF HUBBARD, OHIO**

COMPUTATION OF LEGAL DEBT MARGIN (1)  
DECEMBER 31, 2004

|  | <u><b>Total Debt<br/>Limit (2)</b></u> | <u><b>Total Unvoted<br/>Debt Limit (3)</b></u> |
|--|--|--|
| Assessed valuation of the City   | \$ 106,867,563                         | \$ 106,867,563                                 |
| Legal debt margin:   |  |  |
| Debt limitation  | 11,221,094                             | 5,877,716                                      |
| Debt applicable to limitation  |  |  |
| Total bonded debt  | 4,055,000                              | 4,055,000                                      |
| Exemptions:  |  |  |
| Debt supported by enterprise<br>fund operations  | <u>(4,055,000)</u>                     | <u>(4,055,000)</u>                             |
| Net Debt applicable to limitation:   | <u>-</u>                               | <u>-</u>                                       |
| Total legal debt margin (debt limitation<br>minus total debt applicable to limitation) | <u>\$ 11,221,094</u>                   | <u>\$ 5,877,716</u>                            |

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

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

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

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



**CITY OF HUBBARD, OHIO**

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT  
DECEMBER 31, 2004

| <u>Jurisdiction</u>                          | <u>Net General<br/>Obligation Debt<br/>Outstanding</u> | <u>Percentage<br/>Applicable<br/>To the City (1)</u> | <u>Amount<br/>Applicable<br/>to the City</u> |
|--|--|--|--|
| Direct:                                      |  |  |  |
| City of Hubbard (2)                          | \$ -   | 100.00%  | \$ -   |
| Overlapping:                                 |  |  |  |
| Hubbard Township (3)                         | -  | 0.00%  | -  |
| Hubbard Exempted Village School District (4) | 925,000  | 52.87%   | 489,031                                      |
| Trumbull County (5)                          | 18,737,905   | 3.13%  | 586,161                                      |
| Total  |  |  | <u>\$ 1,075,192</u>                          |

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

| <i>Overlapping Government</i>            | <i>2004 Assessed Valuation</i> |
|--|--------------------------------|
| City of Hubbard, Ohio                    | \$ 106,867,563                 |
| Hubbard Township                         | 94,552,701                     |
| Hubbard Exempted Village School District | 202,139,564                    |
| Trumbull County                          | 3,416,252,788                  |

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

(3) Source: Hubbard Township, Ohio, Clerk

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

(5) Source: Trumbull County Auditor

**CITY OF HUBBARD, OHIO**

REVENUE BOND COVERAGE  
SEWER AUTHORITY (1)  
LAST TEN YEARS

| Year | Gross Revenues | Operating Expenses | Net Revenue Available for Debt Service | Debt Service Requirements |            |            | Coverage |
|------|----------------|--------------------|--|---------------------------|------------|------------|----------|
|      |                |                    |  | Principal                 | Interest   | Total      |          |
| 2004 | \$ 1,245,342   | \$ 1,081,161       | \$ 164,181                             | \$ 270,000                | \$ 228,355 | \$ 498,355 | 0.33     |
| 2003 | 1,389,679      | 1,128,878          | 260,801                                | 260,000                   | 240,835    | 500,835    | 0.52     |
| 2002 | 1,207,621      | 1,013,481          | 194,140                                | 245,000                   | 252,473    | 497,473    | 0.39     |
| 2001 | 1,251,845      | 916,768            | 335,077                                | 235,000                   | 263,283    | 498,283    | 0.67     |
| 2000 | 1,266,022      | 973,389            | 292,633                                | 225,000                   | 273,408    | 498,408    | 0.59     |
| 1999 | 1,342,451      | 1,077,969          | 264,482                                | 215,000                   | 282,868    | 497,868    | 0.53     |
| 1998 | 1,308,646      | 639,840            | 668,806                                | 205,000                   | 291,273    | 496,273    | 1.35     |
| 1997 | 1,273,382      | 569,871            | 703,511                                | 133,750                   | 315,584    | 449,334    | 1.57     |
| 1996 | 1,237,677      | 573,642            | 664,035                                | 105,000                   | 442,358    | 547,358    | 1.21     |
| 1995 | 1,246,438      | 575,102            | 671,336                                | 95,000                    | 448,740    | 543,740    | 1.23     |

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

**CITY OF HUBBARD, OHIO**

DEMOGRAPHIC STATISTICS  
LAST TEN YEARS

| <u>Year</u> | <u>Estimated<br/>Population (1)</u> | <u>Per Capita<br/>Income (2)</u> | <u>School<br/>Enrollment (3)</u> | <u>Unemployment<br/>Rate (4)</u> |
|-------------|-------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| 2004        | 8,380                               | (5)                              | 2,512                            | 6.90%                            |
| 2003        | 8,345                               | \$ 25,916                        | 2,306                            | 7.60%                            |
| 2002        | 8,340                               | 25,358                           | 2,319                            | 5.80%                            |
| 2001        | 8,329                               | 25,326                           | 2,366                            | 6.10%                            |
| 2000        | 8,284                               | 25,582                           | 2,438                            | 5.30%                            |
| 1999        | 7,793                               | 25,022                           | 2,431                            | 5.40%                            |
| 1998        | 7,841                               | 24,264                           | 2,430                            | 6.10%                            |
| 1997        | 7,982                               | 23,642                           | 2,392                            | 5.80%                            |
| 1996        | 8,068                               | 22,655                           | 2,413                            | 6.40%                            |
| 1995        | 8,139                               | 23,494                           | 2,376                            | 6.50%                            |

Sources:

- (1) Ohio Department of Development Office of Strategic Research and United States Bureau of Census
- (2) United States Department of Commerce Bureau of Economic Analysis
- (3) Hubbard Exempted Village School District Treasurer's Office
- (4) Ohio Department of Job and Family Services Labor Market Information Division
- (5) Per capita income information not available. Bureau of Economic Analysis preliminary data to be released in May 2006 for data year 2004.

**CITY OF HUBBARD, OHIO**

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN YEARS

| <u>Year</u> | <u>Property Value (1)</u> |                    |                   |                | <u>Commercial Construction (2)</u> |              |
|-------------|---------------------------|--------------------|-------------------|----------------|------------------------------------|--------------|
|             | <u>Commercial</u>         | <u>Residential</u> | <u>Exemptions</u> | <u>Total</u>   | <u>Number of Units</u>             | <u>Value</u> |
| 2004        | \$ 42,073,286             | \$ 240,209,571     | \$ 8,267,760      | \$ 290,550,617 | 3                                  | \$ 152,220   |
| 2003        | 39,835,686                | 237,465,743        | 8,125,200         | 285,426,629    | 5                                  | 979,211      |
| 2002        | 38,615,800                | 219,750,114        | 8,116,100         | 266,482,014    | 3                                  | 347,000      |
| 2001        | 37,694,000                | 215,533,429        | 8,097,060         | 261,324,489    | 6                                  | 1,228,000    |
| 2000        | 33,246,343                | 172,381,114        | 6,485,120         | 212,112,577    | 2                                  | 390,000      |
| 1999        | 32,261,086                | 170,704,771        | 6,581,300         | 209,547,157    | 2                                  | 400,000      |
| 1998        | 31,876,000                | 168,069,057        | 6,493,800         | 206,438,857    | 3                                  | 393,740      |
| 1997        | 31,264,229                | 144,762,485        | 6,475,170         | 182,501,884    | 1                                  | 59,000       |
| 1996        | 30,731,200                | 141,315,086        | 6,498,300         | 178,544,586    | 1                                  | 500,000      |
| 1995        | 30,634,229                | 140,247,428        | 6,427,410         | 177,309,067    | 3                                  | 273,000      |

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

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

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

| <b>Residential Construction (2)</b> |              |                              |
|-------------------------------------|--------------|------------------------------|
| <b>Number of<br/>Units</b>          | <b>Value</b> | <b>Bank<br/>Deposits (3)</b> |
| 17                                  | \$ 1,660,516 | \$ 146,047,000               |
| 20                                  | 2,335,400    | 141,749,000                  |
| 18                                  | 2,283,000    | 150,409,000                  |
| 15                                  | 1,860,000    | 125,581,000                  |
| 22                                  | 2,550,408    | 126,177,000                  |
| 30                                  | 2,562,000    | 126,415,000                  |
| 26                                  | 2,599,390    | 128,188,000                  |
| 21                                  | 1,885,500    | 126,656,000                  |
| 14                                  | 1,429,000    | 126,391,000                  |
| 20                                  | 1,795,000    | 125,297,000                  |

**CITY OF HUBBARD, OHIO**

PRINCIPAL TAXPAYERS  
REAL PROPERTY TAX (1)  
DECEMBER 31, 2004

| <u>Taxpayer</u>                                   | <u>Assessed<br/>Valuation</u> | <u>Percent of<br/>Total Assessed<br/>Valuation</u> |
|---|-------------------------------|--|
| McConnell Enterprises                             | \$ 769,480                    | 0.78%  |
| Fleisher Realty                                   | 616,500                       | 0.62%  |
| CVS Discount Drug                                 | 603,760                       | 0.61%  |
| United States Can Company                         | 578,800                       | 0.59%  |
| Simco Management-Shadow Run Apts.                 | 553,850                       | 0.56%  |
| Anthony L. Cocca                                  | 534,220                       | 0.54%  |
| Simon-Westview Limited Partnership                | 523,040                       | 0.53%  |
| Valley View Properties                            | 503,700                       | 0.51%  |
| Gary D. Mayle                                     | 479,840                       | 0.49%  |
| Kala Realty Limited                               | 416,720                       | 0.42%  |
| Totals, Top Ten Principal Real Property Taxpayers | <u>\$ 5,579,910</u>           | <u>5.65%</u>                                       |
| Total City Real Property Assessed Valuation       | <u>\$ 98,799,000</u>          |  |

(1) Source: Trumbull County Auditor

**CITY OF HUBBARD, OHIO**

**PRINCIPAL TAXPAYERS  
PERSONAL PROPERTY TAX (1)  
DECEMBER 31, 2004**

| <b>Taxpayer</b>                                       | <b>Assessed<br/>Valuation</b> | <b>Percent of<br/>Total Assessed<br/>Valuation</b> |
|---|-------------------------------|--|
| United States Can Company                             | \$ 1,909,340                  | 29.42%   |
| Greenwood's Hubbard Chevrolet                         | 1,031,360                     | 15.89%   |
| Lighting Products, Inc.                               | 712,000                       | 10.97%   |
| Devine Food, Inc.                                     | 228,760                       | 3.52%  |
| CVS Discount Drug                                     | 213,310                       | 3.29%  |
| Patton's IGA Super Center, Inc.                       | 207,030                       | 3.19%  |
| Time Warner Cablevision of Ohio                       | 194,030                       | 2.99%  |
| Gasser Chair Company                                  | 186,310                       | 2.87%  |
| Rite Aid of Ohio                                      | 172,340                       | 2.66%  |
| Handyman Supply of Hubbard                            | 92,080                        | 1.42%  |
| Totals, Top Ten Principal Personal Property Taxpayers | <u>\$ 4,946,560</u>           | <u>76.21%</u>                                      |
| Total City Personal Property Assessed Valuation       | <u>\$ 6,490,903</u>           |  |

(1) Source: Trumbull County Auditor

**CITY OF HUBBARD, OHIO**  
**PRINCIPAL TAXPAYERS**  
**PUBLIC UTILITY PROPERTY TAX (1)**  
**DECEMBER 31, 2004**

| <u>Taxpayer</u>   | <u>Assessed<br/>Valuation</u> | <u>Percent of<br/>Total Assessed<br/>Valuation</u> |
|---|-------------------------------|--|
| Ohio Bell Telephone   | \$ 840,370                    | 53.27%   |
| Dominion East Ohio Gas Company                              | 274,720                       | 17.41%   |
| First Energy - Ohio Edison                                  | 243,990                       | 15.47%   |
| Norfolk Southern Combined                                   | 190,880                       | 12.10%   |
| Sprint Communications                                       | 34,390                        | 2.18%  |
| American Transmission Systems                               | 25,920                        | 1.64%  |
| Allegheny Communications                                    | 20,900                        | 1.32%  |
| CSX Transportation  | 19,970                        | 1.27%  |
| Arch Wireless   | 4,220                         | 0.27%  |
| American Municipal  | 950                           | 0.06%  |
| Totals, Top Ten Principal Public Utility Property Taxpayers | <u>\$ 1,656,310</u>           | <u>104.99%</u>                                     |
| Total City Public Utility Assessed Valuation                | <u>\$ 1,577,660</u>           |  |

(1) Source: Trumbull County Auditor.

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



**CITY OF HUBBARD, OHIO**

PRINCIPAL TAXPAYERS  
INCOME TAX WITHHOLDING (1)  
DECEMBER 31, 2004

| <u>Taxpayer</u>                                  | <u>Number of<br/>Employees</u> | <u>Income<br/>Tax Withholding</u> | <u>Percent of<br/>Total Tax<br/>Collections</u> |
|--|--------------------------------|-----------------------------------|---|
| Hubbard Exempted Village School District         | 580                            | \$ 101,228                        | 9.67%   |
| United States Can Company                        | 228                            | 73,588                            | 7.03%   |
| Delphi Automotive Systems                        | 98                             | 48,508                            | 4.64%   |
| City of Hubbard, Ohio                            | 92                             | 24,330                            | 2.33%   |
| General Motors Corporation                       | 72                             | 21,020                            | 2.01%   |
| Greenwood's Hubbard Chevrolet                    | 71                             | 13,109                            | 1.25%   |
| Flying J Travel Center                           | 199                            | 11,502                            | 1.10%   |
| Devine Foods, Inc.                               | 110                            | 9,889                             | 0.95%   |
| Patton's IGA Super Center, Inc.                  | 70                             | 9,479                             | 0.91%   |
| Gasser Chair Company                             | 33                             | 7,261                             | 0.69%   |
| Totals, Top Ten Principal Income Tax Withholders |                                | <u>\$ 319,914</u>                 | <u>30.57%</u>                                   |
| Total Income Tax Collections, Year 2004          |                                | <u>\$ 1,046,380</u>               |   |

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

**CITY OF HUBBARD, OHIO**

PRINCIPAL UTILITY CONSUMERS  
ELECTRIC (1)  
DECEMBER 31, 2004

| <u>Utility Consumer</u>                               | <u>Annual<br/>Consumption</u> | <u>Percent of<br/>Total Billed<br/>Consumption</u> |
|---|-------------------------------|--|
| United States Can Company                             | \$ 5,611,000                  | 9.97%  |
| Flying J Travel Center                                | 1,841,600                     | 3.27%  |
| Devine Foods, Inc.                                    | 1,666,560                     | 2.96%  |
| Patton's IGA Super Center, Inc.                       | 1,666,200                     | 2.96%  |
| Board of Education - Hubbard High School              | 872,400                       | 1.55%  |
| Simco Management - Shadow Run Apartments              | 730,000                       | 1.30%  |
| Greenwood's Hubbard Chevrolet                         | 707,404                       | 1.26%  |
| Lighting Products, Inc.                               | 625,600                       | 1.11%  |
| Board of Education - Reed Middle School               | 569,280                       | 1.01%  |
| Myrna Kline   | 538,800                       | 0.96%  |
| Totals, Top Ten Principal Electric Utility Consumers  | <u>\$ 14,828,844</u>          | <u>26.35%</u>                                      |
| Total Billed Consumption for Year (in kilowatt hours) | <u>\$ 56,281,927</u>          |  |

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

**CITY OF HUBBARD, OHIO**

PRINCIPAL UTILITY CONSUMERS  
WATER/SEWER (1)  
DECEMBER 31, 2004

| <u>Utility Consumer</u>                                    | <u>Annual<br/>Consumption (3)</u> | <u>Percent of<br/>Billed Water<br/>Consumption</u> | <u>Percent of<br/>Billed Sewer<br/>Consumption</u> |
|--|-----------------------------------|--|--|
| Ellwood Engineered Casting Company                         | \$ 2,197,400                      | 6.17%  | (2)  |
| Flying J Travel Center                                     | 1,104,400                         | 3.10%  | 3.80%  |
| Simco Management - Shadow Run Apartments                   | 486,600                           | 1.37%  | 1.68%  |
| The Globe Restaurant                                       | 459,900                           | 1.29%  | 1.58%  |
| Blue Beacon Truck Wash of Hubbard                          | 426,300                           | 1.20%  | 1.47%  |
| Hubbard Laundromat   | 341,400                           | 0.96%  | 1.18%  |
| Truck World, Inc.  | 259,800                           | 0.73%  | 0.89%  |
| Board of Education - Reed Middle School                    | 179,900                           | 0.50%  | 0.62%  |
| Trumbull Metropolitan Housing Authority                    | 167,200                           | 0.47%  | 0.58%  |
| OK KE, Inc.  | 141,500                           | 0.40%  | 0.49%  |
| Simco Management - Westview Heights Apartments             | 125,900                           | 0.35%  | 0.43%  |
| Totals, Top Eleven Principal Water/Sewer Utility Consumers | <u>\$ 5,890,300</u>               | <u>16.53%</u>                                      | <u>12.72%</u>                                      |
| Total Billed Consumption for Year (in cubic feet)          |                                   | 35,633,378   | 29,035,100   |

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

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

(3) Measured in cubic feet

**CITY OF HUBBARD, OHIO**

MISCELLANEOUS STATISTICS  
DECEMBER 31, 2004

---

|   |               |
|---|---------------|
| Date of Incorporation                                 | 1868          |
| Form of Government                                    | Council/Mayor |
| Type of Government                                    | Statutory     |
| Number of employees (excluding police)                |               |
| Classified  | 33            |
| Exempt  | 18            |
| Area in square miles                                  | 3.50          |
| <b>City of Hubbard, Ohio facilities and services:</b> |               |
| Center lane miles of streets                          | 29.39         |
| Miles of state highway within the City                | 7.50          |
| Number of bridges                                     | 4             |
| Miles of bridges                                      | 0.03          |
| Number of street lights                               | 885           |
| Number of signalized intersections                    | 8             |
| <i>Parks and Recreation:</i>                          |               |
| City Owned Parks                                      | 2             |
| Park acreage  | 8.15          |
| Volleyball courts                                     | 1             |
| Basketball courts                                     | 3             |
| Baseball fields                                       | 1             |
| Restroom facilities                                   | 2             |
| <i>Volunteer Fire Protection:</i>                     |               |
| Number of stations                                    | 1             |
| Number of volunteer officers                          | 5             |
| Number of volunteer fire fighters                     | 26            |
| Number of fire engines                                | 4             |
| Total number of calls answered                        | 141           |
| Number of calls answered within City                  | 46            |
| Number of calls answered within Township              | 95            |
| <i>Police Protection:</i>                             |               |
| Number of stations                                    | 1             |
| Number of full-time police officers                   | 13            |
| Number of part-time police officers                   | 4             |
| Number of full time-police dispatchers                | 4             |
| Number of part-time police dispatchers                | 1             |
| Number of marked patrol units                         | 7             |
| Number of unmarked patrol units                       | 2             |
| Number of calls for service answered                  | 7,069         |
| Number of law violations:                             |               |
| Physical arrests                                      | 72            |
| Traffic citations                                     | 973           |
| Parking violations                                    | 377           |
| <i>Waste Water Pollution Control System:</i>          |               |
| Number of Waste Water Treatment Plants                | 1             |
| Number of Waste Water Treatment Plant employees       | 5             |
| Miles of sanitary sewers                              | 29.66         |
| Miles of storm sewers                                 | 16.25         |
| Number of sanitary sewer lift stations                | 4             |
| Number of service connections                         | 3,285         |
| Daily average treatment in millions gallons           | 595,021       |
| Maximum daily capacity of treatment plant in gallon   | 17,000,000    |

**CITY OF HUBBARD, OHIO**

MISCELLANEOUS STATISTICS (CONTINUED)  
DECEMBER 31, 2004

*Water Distribution System:*

|   |           |
|---|-----------|
| Number of Water employees                         | 4         |
| Miles of water mains                              | 50.25     |
| Number of water tanks                             | 1         |
| Maximum holding capacity of water tank in gallons | 1,000,000 |
| Number of service connections                     | 3,613     |
| Number of fire hydrants                           | 382       |
| Daily average consumption in gallons              | 730,240   |

*Electric System:*

|                                 |       |
|---------------------------------|-------|
| Number of Electric employees    | 12    |
| Total miles of electric service | 55.05 |

*Electric 23 KV Transmission System:*

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

*Electric Distribution System:*

|                               |       |
|-------------------------------|-------|
| Miles of distribution service | 45.01 |
|-------------------------------|-------|

*Overhead Distribution System:*

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

*Single Phase Overhead Distribution System:*

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

*Two Phase Overhead Distribution System:*

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

*Three Phase Overhead Distribution System:*

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

*Underground Distribution System:*

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

*Single Phase Underground Distribution System:*

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

**CITY OF HUBBARD, OHIO**

MISCELLANEOUS STATISTICS (CONTINUED)  
DECEMBER 31, 2004

*Three Phase Underground Distribution System:*

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

*Distribution System Service Connections:*

|  |       |
|--|-------|
| Number of residential service connections                | 3,454 |
| Number of demand residential service connections         | 12    |
| Number of general service small (commercial) connections | 363   |
| Number of general service large (industrial) connections | 1     |
| Number of security light connections                     | 153   |

*Distribution System Service Connections:*

|   |         |
|---|---------|
| Daily average gross consumption in kilowatt hours               | 173,423 |
| Daily average consumption in kilowatt hours-billed to consumers | 154,197 |

*Facilities and Services not included in the reporting entity:*

*Education:*

|   |    |
|---|----|
| Number of elementary schools            | 2  |
| Number of elementary school instructors | 56 |
| Number of middle schools                | 1  |
| Number of middle school instructors     | 51 |
| Number of high schools                  | 1  |
| Number of high school instructors       | 48 |

*Voter Statistics-Election of November 2004:*

|  |         |
|--|---------|
| Number of registered voters in County                      | 142,436 |
| Number of ballots cast County wide - Last General Election | 110,747 |
| Percentage of voters voting throughout the County          | 77.8%   |
| Number of registered voters in City                        | 5,493   |
| Number of ballots cast City wide - Last General Election   | 4,443   |
| Percentage of voters voting throughout the City            | 80.9%   |
| Number of Precincts in County                              | 274     |
| Number of Precincts in City                                | 11      |



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
AUGUST 4, 2005**