



**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
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, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 19, 2006. 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 19, 2006, we reported other matters 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 19, 2006, we reported other matters 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 19, 2006

CITY OF HUBBARD, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

PREPARED BY:

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

INTRODUCTORY SECTION

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CITY OF HUBBARD, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

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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 19, 2006

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, 2005, 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, 2005, 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, 2005, 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 2004 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 2005.

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 8,400 with direct proxemic access to Interstate 80, United States Route 62, and Ohio State Routes 7, 616, and 304. The City's location provides direct exposure to four urban market areas—each with a population in excess of 20,000 people—Warren, Youngstown, Niles, and Sharon, Pennsylvania. The City's location in southeast Trumbull County places it adjacent to the City of Youngstown and Mahoning County to the south, and the State of Pennsylvania to the east. As a result, these neighboring communities have provided social and economic influences affecting the development patterns within the City.

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

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

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

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

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

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

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

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

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

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

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

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 25 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 65.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

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

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

During 2005, the economic condition of the City remained stable in light of the ongoing national economic recovery. Although manufacturing sector lay-offs and production declines continued during 2005, the City collected \$1,556,973 in local income taxes. Resulting from the slight improvements in the regional economy and a one-half percent increase in the City's local income tax approved in the November 2004 General Election, the City's income tax collections during 2005 were \$471,447 or 43.27% greater than 2004 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 76 agreements in eighteen local communities. During 2005, the City of Hubbard participated with two Enterprise Zone Agreements for businesses located within the City including the United States Can Company and Lighting Products, Inc.

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 2005, the J.E.D.D. continued to thrive with the existing J.E.D.D. businesses which include the Flying J Travel Center, Greenwood's Hubbard Chevrolet, Bi-State Truck Sales, Tri-State Trailer, and Best Western Penn-Ohio Suites. The district also added parcels containing Youngstown Waffles who plan to construct a Waffle House restaurant in mid-2006, and Joe's Radiator Service.

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 2005.

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 2007 and continue for seven to ten years.

Long-Term Financial Planning

In the November 2004 General Election, the City successfully passed a ½% increase in the local income tax for the purpose of completing several capital improvement projects. The tax rate increase will not be given a ½% credit for taxes paid to other municipalities. Therefore, all working residents are now required to pay the new ½% tax. Upon full realization, the new tax rate is anticipated to generate in excess of \$900,000 annually. The tax became effective January 1, 2005. With the new income tax proceeds, the City issued a \$5.1 million General Obligation Capital Improvement Bond in July 2005 to construct a new public safety center; repair of the service center drainage system, parking lot, and access bridge; purchase and replacement of various pieces of equipment; complete sidewalk replacement along main routes through the City including storm sewer catch basin upgrades; and other general operating and infrastructure improvements.

Major Initiatives

Throughout 2005, a number of projects were initiated enabling the City to operate with increased efficiency as well as compete for commercial and industrial development promoting an atmosphere conducive for job retention and growth.

Public Safety

Underscoring the administration's commitment to public safety, the City's Department of Public Safety continued its effort to improve the quality of facilities and equipment for its safety forces. During 2005, the City replaced three police cruisers and began construction of a new state of the art \$1.5 million Safety Center anticipated to be completed in June 2006.

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 2005, the City resurfaced thirty-nine streets totaling 8.99 miles with the proceeds from the General Obligation bond issue at a total cost of \$585,702.

The City also began construction of a comprehensive main street sidewalk replacement project which upon completion will replace 118,000 square feet of sidewalk, curbing, and catch basins. Additionally, the project includes decorative street lighting and brick inlay sidewalk panels in the downtown area. The total project cost of \$1,069,246 will be paid through a combination of General Obligation bond proceeds and \$350,000 of funding through State of Ohio Issue II grant monies.

The City Street Department purchased and placed into service one new International 7400 4x2 plow truck and an IR Bobcat 328G track excavator.

Utility Service

The goals of the City Utility Service departments are improving service and increasing quality while controlling costs. During 2005, 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 2005 to improve quality and efficiency of water service throughout the City. Particularly important is the continued installation of several replacement valves in order to isolate portions of the system in times of emergency as well as replacement of aged sections of waterline. The Department acquired a new IR Bobcat 331E track excavator for use in the repair of water and sewer lines.

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

In order to improve waste water treatment plant efficiency and capacity, the various system motors were rebuilt and operational maintenance was completed. The City continued its implementation of the inflow and infiltration study action steps through the repair of various damaged and deteriorated catch basins and sealing of manhole covers. These preventative investigations will aid in the continued operation of the plant while meeting or exceeding the standards as required by the Ohio Environmental Protection Agency for the processing and treatment of waste water.

General Government

The City was awarded a \$400,000 Community Development Block Grant for the purpose of rehabilitation to properties in the downtown area in accordance with Downtown Revitalization Plan. 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, downtown revitalization planning activities continued throughout 2005. The rehabilitative construction for façade, site, facility, and structure improvements in the central business district of the community are anticipated to begin in the Summer of 2006 upon completion of the environmental review of the impacted areas.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hubbard for its comprehensive annual financial report for the year ended December 31, 2004. This was the fifth consecutive year for the City to receive this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

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

Very truly yours,

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

Michael C. Villano, CPA, CMA
Auditor of City

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CITY OF HUBBARD, OHIO
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2005

ELECTED OFFICIALS

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 st Ward	Bonnie L. Viele
Council Member – 2 nd Ward	John R. Marshall
Council Member – 3 rd Ward	Lisha A. Pompili-Baumiller
Council Member – 4 th Ward	Edward F. Palestro, Sr.
Council Member – At-Large	Patton M. Gilliland
Council Member – At-Large	Douglas L. Rohrer
Council Member – At-Large	William J. Williams

APPOINTED OFFICIALS

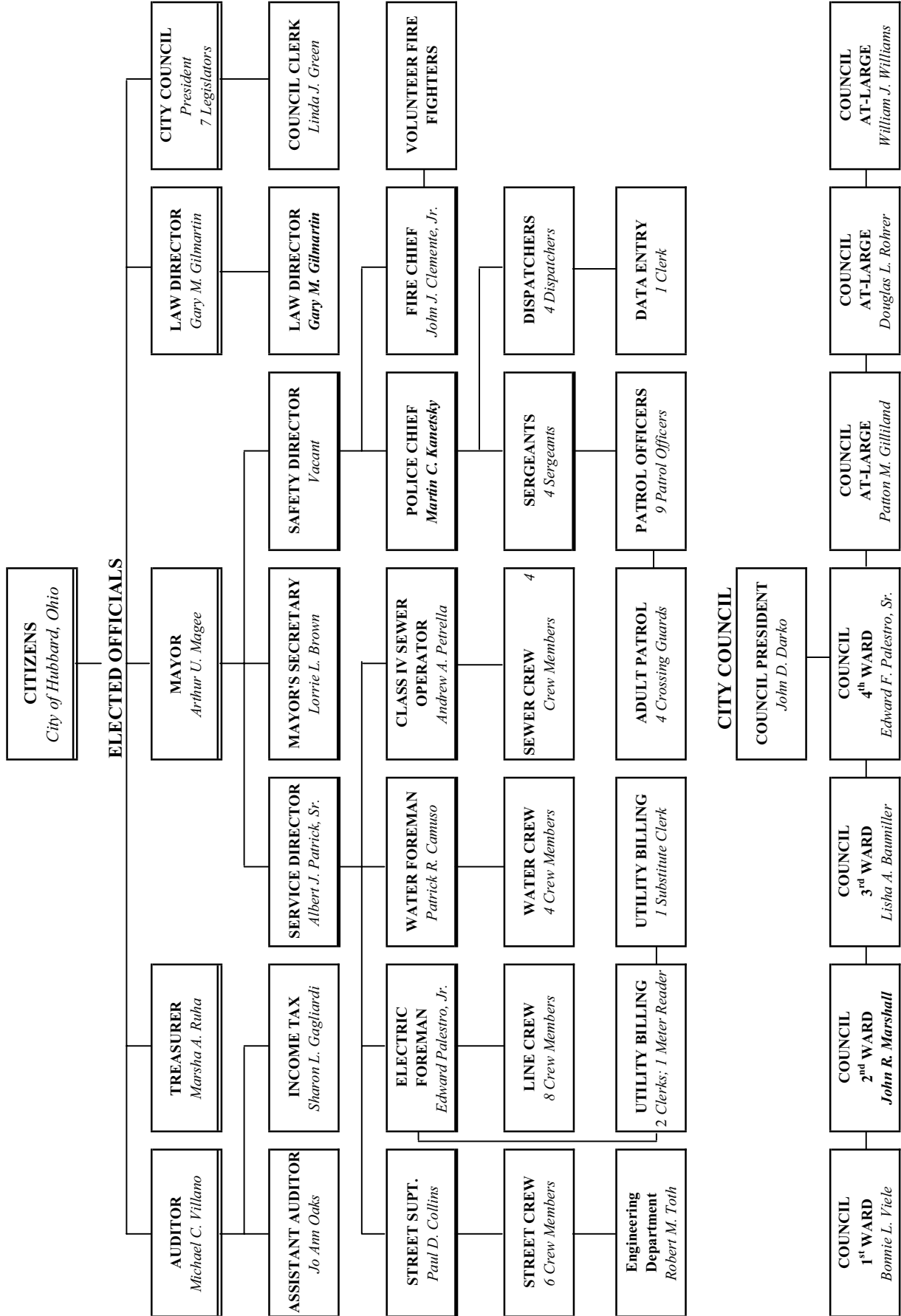
Department of Public Service

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

Department of Public Safety

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

CITY OF HUBBARD, OHIO
ORGANIZATIONAL CHART
 December 31, 2005



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, 2004

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.



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

City of Hubbard
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, 2005, 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, 2005, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and General Obligation Bond Construction 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 19, 2006, 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.

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

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

Betty Montgomery
Auditor of State

June 19, 2006

CITY OF HUBBARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 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, 2005. 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 2005 are as follows:

- The total net assets of the City decreased \$237,677. Net assets of governmental activities decreased \$763,389 or 17.78% under 2004 and net assets of business-type activities increased \$525,712 or 4.25% over 2004.
- General revenues accounted for \$2,716,024 or 85.25% of total governmental activities revenue. Program specific revenues accounted for \$469,847 or 14.75% of total governmental activities revenue.
- The City had \$3,961,191 in expenses related to governmental activities; \$469,847 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$3,491,344 were not completely offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$2,716,024.
- The general fund had revenues of \$2,575,363 in 2005. This represents an increase of \$427,046 from 2004 revenues. The expenditures and other financing uses of the general fund, which totaled \$2,540,510 in 2005, increased \$294,377 from 2004. The net increase in fund balance for the general fund was \$34,853 or 8.96%.
- The general obligation bond construction fund had revenues and other financing sources of \$5,166,881 in 2005. The expenditures of the general obligation bond construction fund, totaled \$2,231,431 in 2005. The net increase in fund balance for the general obligation bond construction fund was \$2,935,450 or 100%.
- Net assets for the business-type activities, which are made up of the Water, Sewer, Electric, and Guarantee Trust (utility connection deposits) enterprise funds, increased in 2005 by \$525,712. This increase in net assets was due primarily to an increase in charges for services in the electric fund.
- In the general fund, the actual revenues and other financing sources were \$2,399 higher than the final budgeted revenues and actual expenditures and other financing uses were \$795 less than the amount in the final budget. These positive variances are the result of the City's conservative budgeting. Budgeted revenues increased \$147,405 from the original to the final budget. Budgeted expenditures and other financing uses increased \$353,457 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, 2005 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 2005?" 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 F21.

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, 2005 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 general obligation bond construction fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages F21-F25 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 F26-F33 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 F34-F35 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 F36-F65 of this report.

CITY OF HUBBARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
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 2005 compared to 2004:

	Net Assets					
	Governmental Activities 2005	Business-type Activities 2005	Governmental Activities 2004	Business-type Activities 2004	2005 Total	2004 Total
<u>Assets</u>						
Current and other assets	\$ 5,304,865	\$ 8,099,390	\$ 1,908,091	\$ 7,634,022	\$ 13,404,255	\$ 9,542,113
Capital assets	<u>4,507,698</u>	<u>14,005,819</u>	<u>3,401,113</u>	<u>14,538,198</u>	<u>18,513,517</u>	<u>17,939,311</u>
Total assets	<u>9,812,563</u>	<u>22,105,209</u>	<u>5,309,204</u>	<u>22,172,220</u>	<u>31,917,772</u>	<u>27,481,424</u>
<u>Liabilities</u>						
Current liabilities	928,010	2,407,343	755,941	2,565,002	3,335,353	3,320,943
Long-term liabilities	<u>5,354,277</u>	<u>6,791,836</u>	<u>259,598</u>	<u>7,226,900</u>	<u>12,146,113</u>	<u>7,486,498</u>
Total liabilities	<u>6,282,287</u>	<u>9,199,179</u>	<u>1,015,539</u>	<u>9,791,902</u>	<u>15,481,466</u>	<u>10,807,441</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	2,400,517	5,452,270	3,401,113	5,457,562	7,852,787	8,858,675
Restricted	509,848	-	410,499	-	509,848	410,499
Unrestricted	<u>619,911</u>	<u>7,453,760</u>	<u>482,053</u>	<u>6,922,756</u>	<u>8,073,671</u>	<u>7,404,809</u>
Total net assets	<u>\$ 3,530,276</u>	<u>\$ 12,906,030</u>	<u>\$ 4,293,665</u>	<u>\$ 12,380,318</u>	<u>\$ 16,436,306</u>	<u>\$ 16,673,983</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2005, the City's assets exceeded liabilities by \$16,436,306. At year-end, net assets were \$3,530,276 and \$12,906,030 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 45.94% 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, 2005, were \$2,400,517 and \$5,452,270 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, 2005, 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, \$509,848, 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 \$619,911 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 2005.

CITY OF HUBBARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

	Change in Net Assets					
	Governmental Activities <u>2005</u>	Business-type Activities <u>2005</u>	Governmental Activities <u>2004</u>	Business-type Activities <u>2004</u>	2005 Total	2004 Total
Revenues						
Program revenues:						
Charges for services	\$ 51,901	\$ 8,476,890	\$ 79,231	\$ 7,180,302	\$ 8,528,791	\$ 7,259,533
Operating grants and contributions	369,384	23,734	333,642	-	393,118	333,642
Capital grants and contributions	<u>48,562</u>	<u>-</u>	<u>319,683</u>	<u>-</u>	<u>48,562</u>	<u>319,683</u>
Total program revenues	<u>469,847</u>	<u>8,500,624</u>	<u>732,556</u>	<u>7,180,302</u>	<u>8,970,471</u>	<u>7,912,858</u>
General revenues:						
Property taxes	347,445	-	344,770	-	347,445	344,770
Income taxes	1,679,734	-	1,090,187	-	1,679,734	1,090,187
Other local taxes	-	49,146	-	70,249	49,146	70,249
Unrestricted grants and entitlements	242,416	-	349,959	-	242,416	349,959
Investment earnings	280,567	67,284	207,831	17,365	347,851	225,196
Miscellaneous	<u>165,862</u>	<u>117,790</u>	<u>121,405</u>	<u>57,248</u>	<u>283,652</u>	<u>178,653</u>
Total general revenues	<u>2,716,024</u>	<u>234,220</u>	<u>2,114,152</u>	<u>144,862</u>	<u>2,950,244</u>	<u>2,259,014</u>
Total revenues	<u>3,185,871</u>	<u>8,734,844</u>	<u>2,846,708</u>	<u>7,325,164</u>	<u>11,920,715</u>	<u>10,171,872</u>
Expenses:						
General government	424,353	-	421,107	-	424,353	421,107
Security of persons and property	1,676,512	-	1,695,597	-	1,676,512	1,695,597
Public health and welfare	24,434	-	30,823	-	24,434	30,823
Transportation	1,658,724	-	981,678	-	1,658,724	981,678
Community environment	7,092	-	1,963	-	7,092	1,963
Leisure time activity	40,871	-	43,797	-	40,871	43,797
Other	11,567	-	1,222	-	11,567	1,222
Interest and fiscal charges	117,638	-	-	-	117,638	-
Water	-	1,454,211	-	1,301,547	1,454,211	1,301,547
Sewer	-	1,249,276	-	1,309,146	1,249,276	1,309,146
Electric	-	5,466,799	-	5,130,725	5,466,799	5,130,725
Guarantee trust	<u>-</u>	<u>26,915</u>	<u>-</u>	<u>24,290</u>	<u>26,915</u>	<u>24,290</u>
Total expenses	<u>3,961,191</u>	<u>8,197,201</u>	<u>3,176,187</u>	<u>7,765,708</u>	<u>12,158,392</u>	<u>10,941,895</u>
Decrease in net assets before						
transfers and capital contribuitons	(775,320)	537,643	(329,479)	(440,544)	(237,677)	(770,023)
Transfers	<u>11,931</u>	<u>(11,931)</u>	<u>(55,039)</u>	<u>55,039</u>	<u>-</u>	<u>-</u>
Change in net assets	(763,389)	525,712	(384,518)	(385,505)	(237,677)	(770,023)
Net assets at beginning 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>
Net assets at end of year	<u>\$ 3,530,276</u>	<u>\$ 12,906,030</u>	<u>\$ 4,293,665</u>	<u>\$ 12,380,318</u>	<u>\$ 16,436,306</u>	<u>\$ 16,673,983</u>

CITY OF HUBBARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Governmental Activities

Governmental activities net assets decreased \$763,389 in 2005. This decrease is a result of slightly increasing revenues and an increase in expenses reported in the prior year.

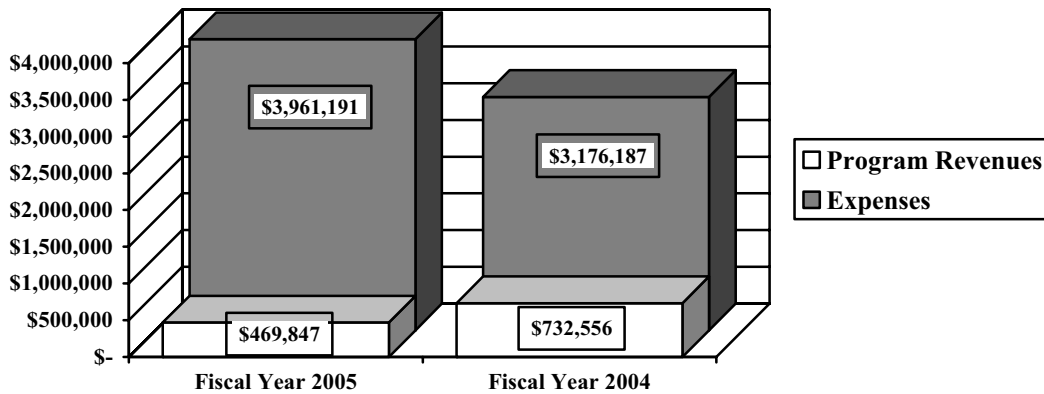
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$1,676,512 of the total expenses of the City. These expenses were partially funded by \$43,328 in direct charges to users of the services. Transportation expenses totaled \$1,658,724. Transportation expenses were partially funded by \$369,284 in operating grants and contributions and \$48,562 in capital grants and contributions.

The state and federal government contributed to the City a total of \$369,384 in operating grants and contributions and \$48,562 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total capital grants and contributions, \$48,562 subsidized transportation programs.

General revenues totaled \$2,716,024, and amounted to 85.25% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$2,027,179. 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 \$242,416.

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

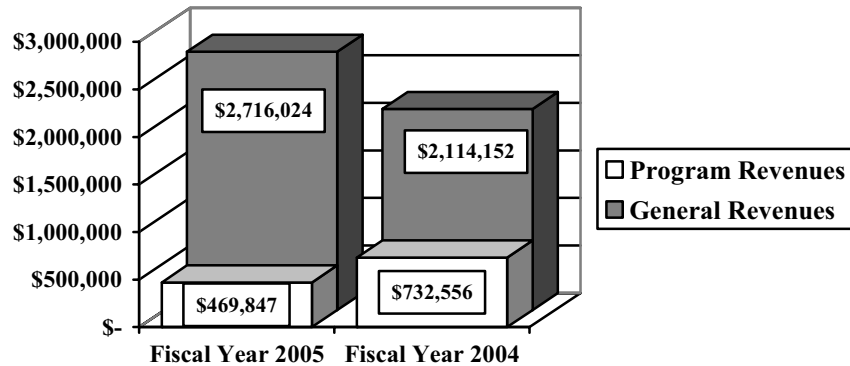
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

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

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>
Program Expenses:				
General government	\$ 424,353	\$ 415,780	\$ 421,107	\$ 370,463
Security of persons and property	1,676,512	1,633,184	1,695,597	1,630,088
Public health and welfare	24,434	24,434	30,823	24,590
Transportation	1,658,724	1,240,878	981,678	372,790
Community environment	7,092	7,092	1,963	1,963
Leisure time activity	40,871	40,771	43,797	42,515
Other	11,567	11,567	1,222	1,222
Interest and fiscal charges	<u>117,638</u>	<u>117,638</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,961,191</u>	<u>\$ 3,491,344</u>	<u>\$ 3,176,187</u>	<u>\$ 2,443,631</u>

The dependence upon general revenues for governmental activities is apparent, with 88.14% of expenses supported through taxes and other general revenues.

Governmental Activities – General and Program Revenues



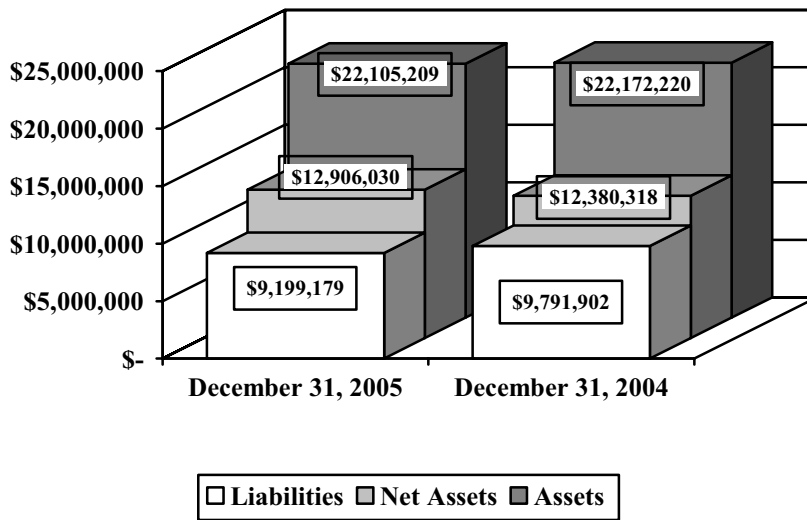
CITY OF HUBBARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Business-type Activities

Business-type activities include the sewer, water, electric and guarantee trust enterprise funds. These programs had program revenues of \$8,500,624, general revenues of \$234,220, and expenses of \$8,197,201 and transfers out of \$11,931 for 2005. 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, 2005
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 21) reported a combined fund balance of \$3,794,558 which is \$3,091,194 above last year's total of \$703,364. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2005 for all major and nonmajor governmental funds.

	<u>Fund Balances</u> <u>12/31/05</u>	<u>Fund Balances</u> <u>12/31/04</u>	<u>Increase</u> <u>(Decrease)</u>
Major funds:			
General	\$ 424,015	\$ 389,162	\$ 34,853
General Obligation Bond Construction	2,935,450	-	2,935,450
Other nonmajor governmental funds	<u>435,093</u>	<u>314,202</u>	<u>120,891</u>
Total	<u>\$ 3,794,558</u>	<u>\$ 703,364</u>	<u>\$ 3,091,194</u>

General Fund

The City's general fund balance increased \$34,853, primarily due to an increase in income taxes in the amount of \$559,083. The table that follows assists in illustrating the revenues of the general fund.

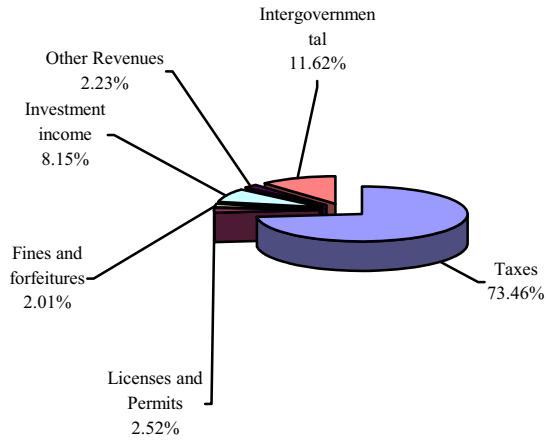
	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 1,891,956	\$ 1,331,618	42.08 %
Charges for services	-	1,402	(100.00) %
Licenses and permits	64,891	59,396	9.25 %
Fines and forfeitures	51,651	71,196	(27.45) %
Intergovernmental	299,382	397,105	(24.61) %
Investment income	209,959	202,444	3.71 %
Other	<u>57,524</u>	<u>5,422</u>	960.94 %
Total	<u>\$ 2,575,363</u>	<u>\$ 2,068,583</u>	24.50 %

Tax revenue represents 73.46% of all general fund revenue. The decrease in fines and forfeitures is due to a decrease in the number of cases presented within the City. The decrease in intergovernmental revenue is due to fewer grants received in 2005. All other revenue remained comparable to 2004.

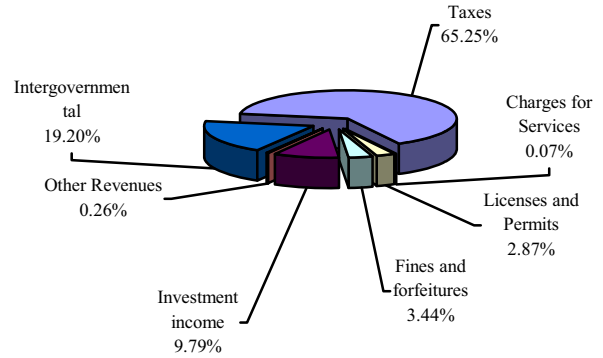
CITY OF HUBBARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Revenues – Fiscal Year 2005



Revenues – Fiscal Year 2004



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

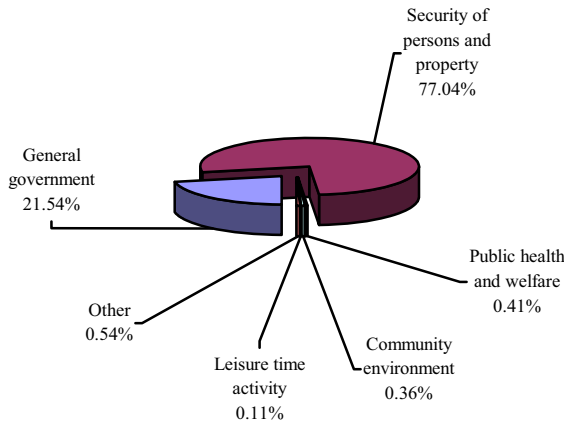
	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 418,976	\$ 373,980	12.03 %
Security of persons and property	1,498,717	1,345,548	11.38 %
Public health and welfare	7,896	13,997	(43.59) %
Community environment	7,092	1,963	261.28 %
Leisure time activity	2,112	3,271	(35.43) %
Other	<u>10,565</u>	<u>190</u>	5,460.53 %
Total	<u>\$ 1,945,358</u>	<u>\$ 1,738,949</u>	11.87 %

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

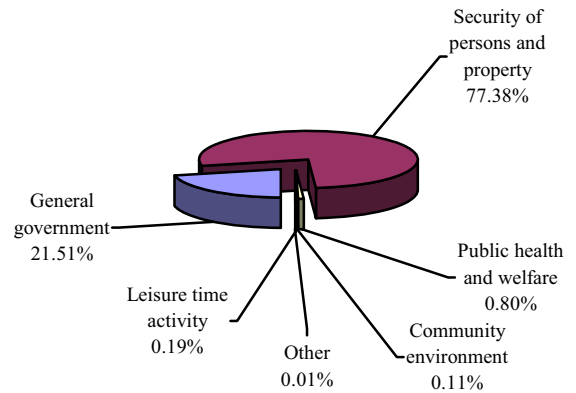
CITY OF HUBBARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Expenditures – Fiscal Year 2005



Expenditures – Fiscal Year 2004



General Obligation Bond Construction Fund

The City's general obligation bond construction fund balance increased \$2,935,450, primarily due proceeds of a bond issuance during 2005. The table that follows assists in illustrating the revenues, expenditures and other financing uses of the general obligation bond construction fund. This fund is new during 2005. Therefore, comparable data is not shown. It will be shown in future years.

	2005 <u>Amount</u>
<u>Revenues</u>	
Investment income	\$ 66,881
Total	<u>\$ 66,881</u>
<u>Expenditures</u>	
Capital outlay	\$ 2,107,181
Bond issuance costs	<u>124,250</u>
Total	<u>\$ 2,231,431</u>
<u>Other Financing Sources/Uses</u>	
Sale of bonds	\$ 5,100,000
Total	<u>\$ 5,100,000</u>

CITY OF HUBBARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
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 \$353,457 from \$3,367,493 to \$3,720,950. Actual revenues and other financing sources of \$3,660,498 were \$2,399 higher than final budgeted revenues of \$3,658,099. The other change was between the final budgeted expenditures and actual expenditures. Actual expenditures came in \$795 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 2005, the City had \$18,513,517 (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, \$4,507,698 was reported in governmental activities and \$14,005,819 was reported in business-type activities. See Note 9 to the basic financial statements for detail. The following table shows fiscal 2005 balances compared to 2004:

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

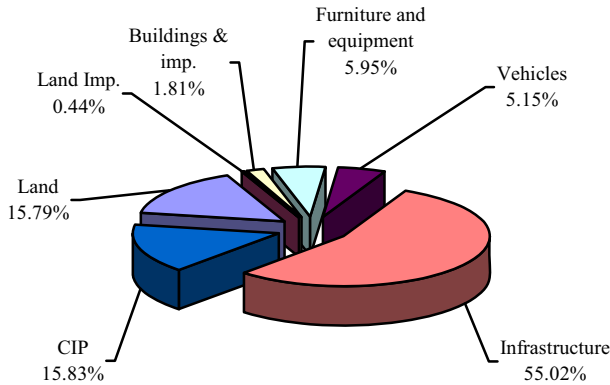
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 711,929	\$ 657,098	\$ 112,941	\$ 112,941	\$ 824,870	\$ 770,039
Construction in progress	713,399	-	2,088,658	2,193,270	2,802,057	2,193,270
Land improvements	19,979	22,440	-	-	19,979	22,440
Buildings and improvements	81,740	86,858	2,694,285	2,812,222	2,776,025	2,899,080
Furniture and equipment	268,308	274,124	378,557	351,167	646,865	625,291
Vehicles	232,059	228,537	27,110	57,622	259,169	286,159
Infrastructure	2,480,284	2,132,056	8,704,268	9,010,976	11,184,552	11,143,032
Totals	\$ 4,507,698	\$3,401,113	\$ 14,005,819	\$ 14,538,198	\$ 18,513,517	\$ 17,939,311

CITY OF HUBBARD, OHIO

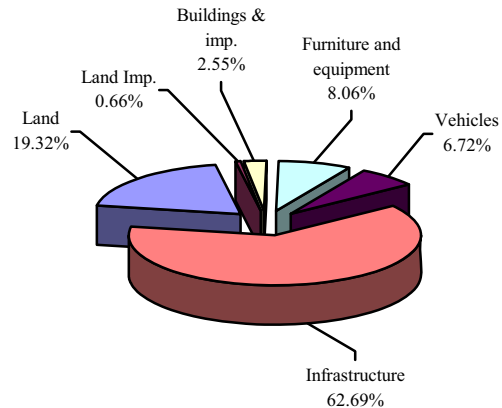
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

The following graphs show the breakdown of business-type capital assets by category for 2005 and 2004.

Capital Assets - Governmental Activities 2005



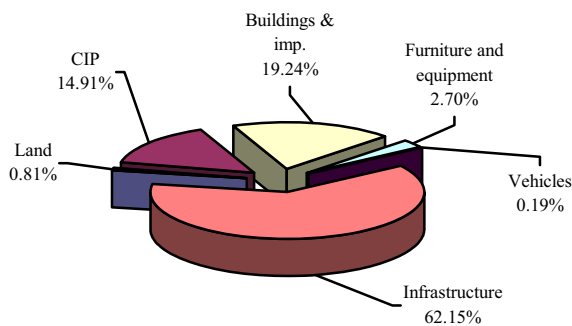
Capital Assets - Governmental Activities 2004



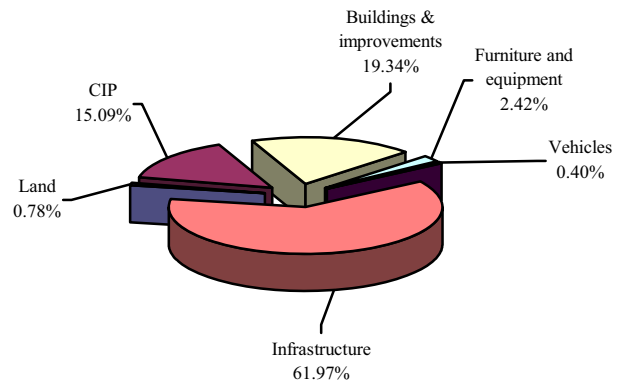
The City's largest capital asset category is infrastructure which includes roads, sidewalks, traffic lights and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 55.02% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2005 and 2004.

Capital Assets - Business-Type Activities 2005



Capital Assets - Business-Type Activities 2004



The City's largest business-type capital asset category is infrastructure that primarily includes water, sewer, and electrical lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 62.15% 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, 2005
UNAUDITED

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2005 and 2004 (See Note 11 to the basic financial statements for detail):

	Governmental Activities	
	2005	2004
General obligation bonds	\$ 5,100,000	\$ -
Compensated absences	254,277	259,598
Total long-term obligations	\$ 5,354,277	\$ 259,598
	Business-type Activities	
	2004	2003
Revenue bond	\$ 3,770,000	\$4,055,000
OPWC loans	898,691	954,654
OWDA loan	1,994,858	2,075,982
Compensated absences	128,287	141,264
Total long-term obligations	\$ 6,791,836	\$7,226,900

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 2005 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 2005 budget. However, the City successfully passed a one-half percent local income tax increase in the November 2004 General Election. The new tax rate is anticipated to generate an additional \$900,000 annually which will be used for operations as well as various capital improvement projects.

Despite the uncertainty surrounding the economy, the City continues to carefully monitor two primary sources of revenue—local income taxes and shared intergovernmental (state) revenue. In order to stabilize the impact of the fluctuations in these revenue sources, City Council continues to pursue economic development and job creation; maintain the community's reputation for high public safety standards; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2005 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 2005 are \$3,658,099, an increase of \$793,031 or 27.7% from final 2004 budgeted revenues and other financing sources of \$2,865,068. The 2005 general fund budget is \$3,720,950 as compared with the 2004 general fund budget of \$3,074,802. 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, 2005 UNAUDITED

The average unemployment rate for Trumbull County in 2005 was 6.8%—a decline of 0.8% since the recent high in 2003 of 7.6%. The county unemployment rate compared slightly higher than the 5.9% State of Ohio average and 5.1% national average. The City Auditor anticipates the 2005 rate to continue through 2006. The combination of the City's increased local income tax, slight improvement in the national job market, and conservative budgeting practices, the City's financial position is anticipated to remain stable in future years.

Contacting the City's Financial Management

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

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BASIC
FINANCIAL STATEMENTS

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CITY OF HUBBARD, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 4,048,216	\$ 5,461,896	\$ 9,510,112
Cash in segregated accounts	450	500	950
Cash with fiscal agent	-	229,418	229,418
Receivables (net of allowances for uncollectibles):			
Income taxes	433,603	-	433,603
Real and other taxes	445,576	3,496	449,072
Accounts	49,574	732,082	781,656
Accrued interest	6,965	-	6,965
Internal balance	(106,170)	106,170	-
Due from other governments	282,432	-	282,432
Prepayments	7,550	7,090	14,640
Materials and supplies inventory	16,617	467,648	484,265
Deferred charges	-	12,964	12,964
Unamortized bond issuance costs	120,052	-	120,052
Investment in joint ventures	-	209,397	209,397
Restricted assets:			
Cash and cash equivalents with fiscal agents	-	868,729	868,729
Capital assets:			
Land and construction in progress	1,425,328	2,201,599	3,626,927
Depreciable capital assets, net	3,082,370	11,804,220	14,886,590
Total capital assets	<u>4,507,698</u>	<u>14,005,819</u>	<u>18,513,517</u>
Total assets	<u>9,812,563</u>	<u>22,105,209</u>	<u>31,917,772</u>
Liabilities:			
Accounts payable	27,590	399,917	427,507
Contracts payable	138,243	-	138,243
Retainage payable	57,073	5,155	62,228
Accrued wages and benefits	47,012	40,154	87,166
Due to other governments	58,885	45,566	104,451
Deferred revenue	409,434	-	409,434
Accrued interest payable	11,050	26,551	37,601
Claims payable	178,723	-	178,723
Revenue anticipation note	-	1,890,000	1,890,000
Long-term liabilities:			
Due within one year	473,904	493,841	967,745
Due in more than one year	4,880,373	6,297,995	11,178,368
Total liabilities	<u>6,282,287</u>	<u>9,199,179</u>	<u>15,481,466</u>
Net assets:			
Invested in capital assets, net of related debt	2,400,517	5,452,270	7,852,787
Restricted for:			
Street construction and maintenance	279,061	-	279,061
State highway	15,328	-	15,328
Law enforcement	22,460	-	22,460
Fire district	122,742	-	122,742
Police pension	15,232	-	15,232
Maple Grove cemetery	13,781	-	13,781
Recreation	39,158	-	39,158
Other purposes	395	-	395
Perpetual care:			
Expendable	840	-	840
Nonexpendable	851	-	851
Unrestricted	<u>619,911</u>	<u>7,453,760</u>	<u>8,073,671</u>
Total net assets	<u>\$ 3,530,276</u>	<u>\$ 12,906,030</u>	<u>\$ 16,436,306</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Revenues			
	Expenses	Charges for Services	Operating and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 424,353	\$ 8,573	\$ -	\$ -
Security of persons and property.	1,676,512	43,328	-	-
Public health and welfare	24,434	-	-	-
Transportation	1,658,724	-	369,284	48,562
Community environment.	7,092	-	-	-
Leisure time activity.	40,871	-	100	-
Other.	11,567	-	-	-
Interest and fiscal charges	117,638	-	-	-
Total governmental activities	3,961,191	51,901	369,384	48,562
Business-type Activities:				
Sewer	1,249,276	1,213,632	-	-
Water	1,454,211	1,490,852	7,275	-
Electric	5,466,799	5,772,406	16,459	-
Guarantee Trust	26,915	-	-	-
Total business-type activities	8,197,201	8,476,890	23,734	-
Total primary government.	\$ 12,158,392	\$ 8,528,791	\$ 393,118	\$ 48,562

General Revenues:

Property taxes levied for:	
General purposes	
Fire district	
Police pension.	
Income taxes levied for:	
General purposes	
Other local taxes	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues.	
Transfers.	
Change in net assets.	
Net assets at beginning of year	
Net assets at end of year.	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (415,780)	\$ -	\$ (415,780)
(1,633,184)	-	(1,633,184)
(24,434)	-	(24,434)
(1,240,878)	-	(1,240,878)
(7,092)	-	(7,092)
(40,771)	-	(40,771)
(11,567)	-	(11,567)
(117,638)	-	(117,638)
<u>(3,491,344)</u>	<u>-</u>	<u>(3,491,344)</u>
-	(35,644)	(35,644)
-	43,916	43,916
-	322,066	322,066
-	(26,915)	(26,915)
<u>-</u>	<u>303,423</u>	<u>303,423</u>
<u>(3,491,344)</u>	<u>303,423</u>	<u>(3,187,921)</u>
250,018	-	250,018
64,331	-	64,331
33,096	-	33,096
1,679,734	-	1,679,734
-	49,146	49,146
242,416	-	242,416
280,567	67,284	347,851
165,862	117,790	283,652
2,716,024	234,220	2,950,244
11,931	(11,931)	-
(763,389)	525,712	(237,677)
4,293,665	12,380,318	16,673,983
<u>\$ 3,530,276</u>	<u>\$ 12,906,030</u>	<u>\$ 16,436,306</u>

CITY OF HUBBARD, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	<u>General</u>	<u>General Obligation Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 137,378	\$ 3,130,766	\$ 396,323	\$ 3,664,467
Cash in segregated accounts	100	-	350	450
Receivables (net of allowance for uncollectibles):				
Income taxes	433,603	-	-	433,603
Real and other taxes	329,393	-	116,183	445,576
Accounts	39,613	-	1,145	40,758
Accrued interest	6,844	-	121	6,965
Due from other governments	100,885	-	181,547	282,432
Prepayments	7,500	-	50	7,550
Materials and supplies inventory	9,155	-	7,462	16,617
Total assets	<u>\$ 1,064,471</u>	<u>\$ 3,130,766</u>	<u>\$ 703,181</u>	<u>\$ 4,898,418</u>
Liabilities:				
Accounts payable	\$ 11,938	\$ -	\$ 15,652	\$ 27,590
Contracts payable	-	138,243	-	138,243
Retainage payable	-	57,073	-	57,073
Accrued wages and benefits	35,682	-	11,330	47,012
Compensated absences payable	25,114	-	-	25,114
Due to other governments	46,801	-	12,084	58,885
Deferred revenue	520,921	-	229,022	749,943
Total liabilities	<u>640,456</u>	<u>195,316</u>	<u>268,088</u>	<u>1,103,860</u>
Fund Balances:				
Reserved for encumbrances	-	1,972,696	296	1,972,992
Reserved for prepaids	7,500	-	50	7,550
Reserved for materials and supplies inventory	9,155	-	7,462	16,617
Reserved for unclaimed monies	1,228	-	-	1,228
Reserved for perpetual care	-	-	840	840
Unreserved, undesignated, reported in:				
General fund	406,132	-	-	406,132
Special revenue funds	-	-	415,755	415,755
Capital projects funds	-	962,754	9,839	972,593
Permanent fund	-	-	851	851
Total fund balances	<u>424,015</u>	<u>2,935,450</u>	<u>435,093</u>	<u>3,794,558</u>
Total liabilities and fund balances	<u>\$ 1,064,471</u>	<u>\$ 3,130,766</u>	<u>\$ 703,181</u>	<u>\$ 4,898,418</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, 2005

Total governmental fund balances		\$ 3,794,558
<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.		4,507,698
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	\$ 29,797	
Income taxes	136,886	
Intergovernmental revenues	173,826	
Total		340,509
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(11,050)
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.		213,842
Unamortized bond issuance costs are not recognized in the funds.		120,052
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(106,170)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(5,100,000)	
Compensated absences	(229,163)	
		(5,329,163)
Net assets of governmental activities		\$ 3,530,276

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, 2005

	<u>General</u>	<u>General Obligation Bond Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Income taxes	\$ 1,644,628	\$ -	\$ -	\$ 1,644,628
Property and other taxes	247,328	-	96,873	344,201
Licenses and permits	64,891	-	-	64,891
Fines and forfeitures	51,651	-	250	51,901
Intergovernmental	299,382	-	445,229	744,611
Investment income	209,959	66,881	3,727	280,567
Other	57,524	-	43,447	100,971
Total revenues	<u>2,575,363</u>	<u>66,881</u>	<u>589,526</u>	<u>3,231,770</u>
Expenditures:				
Current:				
General government	418,976	-	-	418,976
Security of persons and property	1,498,717	-	107,860	1,606,577
Public health and welfare	7,896	-	16,538	24,434
Transportation	-	-	629,992	629,992
Community environment	7,092	-	-	7,092
Leisure time activity	2,112	-	30,650	32,762
Other	10,565	-	1,002	11,567
Capital outlay	-	2,107,181	187,286	2,294,467
Debt service:				
Interest and fiscal charges	-	-	102,390	102,390
Bond issuance costs	-	124,250	-	124,250
Total expenditures	<u>1,945,358</u>	<u>2,231,431</u>	<u>1,075,718</u>	<u>5,252,507</u>
Excess (deficiency) of revenues over (under) expenditures	<u>630,005</u>	<u>(2,164,550)</u>	<u>(486,192)</u>	<u>(2,020,737)</u>
Other financing sources (uses):				
Sale of bonds	-	5,100,000	-	5,100,000
Transfers in	-	-	607,083	607,083
Transfers out	(595,152)	-	-	(595,152)
Total other financing sources (uses)	<u>(595,152)</u>	<u>5,100,000</u>	<u>607,083</u>	<u>5,111,931</u>
Net change in fund balances	34,853	2,935,450	120,891	3,091,194
Fund balances at beginning of year	<u>389,162</u>	<u>-</u>	<u>314,202</u>	<u>703,364</u>
Fund balances at end of year	<u>\$ 424,015</u>	<u>\$ 2,935,450</u>	<u>\$ 435,093</u>	<u>\$ 3,794,558</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, 2005

Net change in fund balances - total governmental funds		\$ 3,091,194
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital asset additions	1,553,856	
Current year depreciation	<u>(444,578)</u>	
Total		1,109,278
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.		
		(2,693)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	3,244	
Income taxes	35,106	
Intergovernmental revenues	<u>(84,249)</u>	
Total		(45,899)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		(11,050)
Proceeds of bonds are recorded as revenue in the governmental funds, however, the proceeds increase long-term liabilities on the statement net assets.		
		(5,100,000)
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities.		
		120,052
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.		
		30,435
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.		
		<u>45,294</u>
Change in net assets of governmental activities		<u><u>\$ (763,389)</u></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)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,493,489	\$ 1,556,197	\$ 1,556,973	\$ 776
Property and other taxes.	236,289	246,210	246,210	-
Licenses and permits	62,276	64,891	64,891	-
Fines and forfeitures	49,570	51,651	51,651	-
Intergovernmental.	290,444	302,639	302,639	-
Investment income	201,662	210,129	210,272	143
Other	17,238	17,962	19,442	1,480
Total revenues.	<u>2,350,968</u>	<u>2,449,679</u>	<u>2,452,078</u>	<u>2,399</u>
Expenditures:				
Current:				
General government	409,537	414,275	413,698	577
Security of persons and property.	1,377,506	1,495,376	1,475,173	20,203
Public health and welfare	13,500	7,900	7,896	4
Community environment.	3,700	7,095	7,091	4
Leisure time activity	4,600	2,165	2,160	5
Other	15,200	10,565	10,565	-
Total expenditures	<u>1,824,043</u>	<u>1,937,376</u>	<u>1,916,583</u>	<u>20,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>526,925</u>	<u>512,303</u>	<u>535,495</u>	<u>23,192</u>
Other financing sources (uses):				
Transfers in	1,159,726	1,208,420	1,208,420	-
Transfers out	<u>(1,543,450)</u>	<u>(1,783,574)</u>	<u>(1,803,572)</u>	<u>(19,998)</u>
Total other financing sources (uses)	<u>(383,724)</u>	<u>(575,154)</u>	<u>(595,152)</u>	<u>(19,998)</u>
Net change in fund balance	143,201	(62,851)	(59,657)	3,194
Fund balance at beginning of year	158,007	158,007	158,007	-
Prior year encumbrances appropriated.	<u>39,028</u>	<u>39,028</u>	<u>39,028</u>	<u>-</u>
Fund balance at end of year	<u>\$ 340,236</u>	<u>\$ 134,184</u>	<u>\$ 137,378</u>	<u>\$ 3,194</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF HUBBARD, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2005

	Business-type Activities -Enterprise Funds			
	Sewer	Water	Electric	Nonmajor
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 1,149,670	\$ 934,022	\$ 3,260,611	\$ 117,593
Cash in segregated accounts.	-	300	200	-
Cash with fiscal agent	-	-	229,418	-
Receivables (net of allowance for uncollectibles):				
Real and other taxes	3	-	3,493	-
Accounts	113,607	121,824	496,651	-
Prepayments.	2,373	2,888	1,829	-
Materials and supplies inventory	4,922	24,744	437,982	-
Deferred charges	-	-	12,964	-
Total current assets	<u>1,270,575</u>	<u>1,083,778</u>	<u>4,443,148</u>	<u>117,593</u>
Noncurrent assets:				
Investment in joint ventures.	-	-	209,397	-
Restricted assets:				
Cash with fiscal agent	868,729	-	-	-
Capital assets:				
Land and construction in progress	92,504	833	2,108,262	-
Depreciable capital assets, net	<u>5,899,428</u>	<u>4,704,586</u>	<u>1,200,206</u>	<u>-</u>
Total capital assets	<u>5,991,932</u>	<u>4,705,419</u>	<u>3,308,468</u>	<u>-</u>
Total noncurrent assets	<u>6,860,661</u>	<u>4,705,419</u>	<u>3,517,865</u>	<u>-</u>
Total assets	<u>8,131,236</u>	<u>5,789,197</u>	<u>7,961,013</u>	<u>117,593</u>
Liabilities:				
Current liabilities:				
Accounts payable.	13,212	38,141	348,564	-
Retainage payable.	5,155	-	-	-
Accrued wages and benefits	8,488	11,194	20,472	-
Compensated absences	17,882	13,121	25,414	-
Due to other governments	8,173	9,083	28,310	-
Claims payable.	-	-	-	-
Revenue anticipation note	-	-	1,890,000	-
Current portion of revenue bonds	295,000	-	-	-
Current portion of OWDA loans	-	86,461	-	-
Current portion of OPWC loans	11,746	44,217	-	-
Accrued interest payable.	<u>23,007</u>	<u>-</u>	<u>3,544</u>	<u>-</u>
Total current liabilities	<u>382,663</u>	<u>202,217</u>	<u>2,316,304</u>	<u>-</u>
Long-term liabilities:				
Revenue bonds	3,475,000	-	-	-
OWDA loans	-	1,908,397	-	-
OPWC loans	146,824	695,904	-	-
Compensated absences	<u>42,377</u>	<u>17,904</u>	<u>11,589</u>	<u>-</u>
Total long-term liabilities	<u>3,664,201</u>	<u>2,622,205</u>	<u>11,589</u>	<u>-</u>
Total liabilities	<u>4,046,864</u>	<u>2,824,422</u>	<u>2,327,893</u>	<u>-</u>
Net assets:				
Invested in capital assets, net of related debt.	2,063,362	1,970,440	1,418,468	-
Unrestricted	<u>2,021,010</u>	<u>994,335</u>	<u>4,214,652</u>	<u>117,593</u>
Total net assets	<u>\$ 4,084,372</u>	<u>\$ 2,964,775</u>	<u>\$ 5,633,120</u>	<u>\$ 117,593</u>

Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.
 Net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 5,461,896	\$ 383,749
500	-
229,418	
3,496	-
732,082	8,816
7,090	-
467,648	-
12,964	-
<u>6,915,094</u>	<u>392,565</u>
209,397	-
868,729	-
2,201,599	-
11,804,220	-
<u>14,005,819</u>	<u>-</u>
15,083,945	-
<u>21,999,039</u>	<u>392,565</u>
399,917	-
5,155	-
40,154	-
56,417	-
45,566	-
-	178,723
1,890,000	-
295,000	-
86,461	-
55,963	-
26,551	-
<u>2,901,184</u>	<u>178,723</u>
3,475,000	-
1,908,397	-
842,728	-
71,870	-
<u>6,297,995</u>	<u>-</u>
<u>9,199,179</u>	<u>178,723</u>
5,452,270	-
7,347,590	213,842
<u>12,799,860</u>	<u>\$ 213,842</u>
106,170	
<u>\$ 12,906,030</u>	

CITY OF HUBBARD, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Electric	Nonmajor
Operating revenues:				
Charges for services	\$ 1,213,632	\$ 1,490,852	\$ 5,759,525	\$ -
Other.	44,307	-	42,083	31,400
Total operating revenues	<u>1,257,939</u>	<u>1,490,852</u>	<u>5,801,608</u>	<u>31,400</u>
Operating expenses:				
Personal services	473,048	524,668	1,072,430	-
Contract services	221,284	574,427	4,162,566	26,915
Materials and supplies	94,650	49,069	-	-
Depreciation	281,698	217,892	119,056	-
Total operating expenses.	<u>1,070,680</u>	<u>1,366,056</u>	<u>5,354,052</u>	<u>26,915</u>
Operating income.	<u>187,259</u>	<u>124,796</u>	<u>447,556</u>	<u>4,485</u>
Nonoperating revenues (expenses):				
Interest revenue.	67,284	-	-	-
Property and other taxes	-	-	49,146	-
Intergovernmental.	-	7,275	16,459	-
Interest expense and fiscal charges	(219,838)	(136,600)	(202,774)	-
Investment in joint ventures	-	-	12,881	-
Loss on disposal of capital assets	-	-	(380)	-
Total nonoperating revenues (expenses)	<u>(152,554)</u>	<u>(129,325)</u>	<u>(124,668)</u>	<u>-</u>
Income (loss) before transfers.	34,705	(4,529)	322,888	4,485
Transfers out.	<u>(4,396)</u>	<u>(3,768)</u>	<u>(3,767)</u>	<u>-</u>
Changes in net assets	30,309	(8,297)	319,121	4,485
Net assets at beginning of year	<u>4,054,063</u>	<u>2,973,072</u>	<u>5,313,999</u>	<u>113,108</u>
Net assets at end of year.	<u>\$ 4,084,372</u>	<u>\$ 2,964,775</u>	<u>\$ 5,633,120</u>	<u>\$ 117,593</u>

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

Changes in net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 8,464,009	\$ 862,385
117,790	231,435
<u>8,581,799</u>	<u>1,093,820</u>
2,070,146	-
4,985,192	868,432
143,719	-
618,646	-
<u>7,817,703</u>	<u>868,432</u>
<u>764,096</u>	<u>225,388</u>
67,284	-
49,146	-
23,734	-
(559,212)	-
12,881	-
(380)	-
<u>(406,547)</u>	<u>-</u>
357,549	225,388
<u>(11,931)</u>	<u>-</u>
345,618	225,388
	<u>(11,546)</u>
	<u>\$ 213,842</u>
<u>180,094</u>	
<u>\$ 525,712</u>	

CITY OF HUBBARD, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities - Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Nonmajor</u>
Cash flows from operating activities:				
Cash received from customers	\$ 1,214,289	\$ 1,487,231	\$ 5,720,799	\$ -
Cash received from other operations.	37,853	217,723	10,696	31,400
Cash payments for personal services	(461,499)	(519,397)	(1,093,403)	-
Cash payments for contract services	(218,632)	(566,894)	(4,139,900)	(26,915)
Cash payments for materials and supplies	(97,231)	(43,543)	(290,048)	-
Cash payments for other expenses.	-	(217,723)	-	-
Net cash provided by operating activities.	<u>474,780</u>	<u>357,397</u>	<u>208,144</u>	<u>4,485</u>
Cash flows from noncapital financing activities:				
Cash payments from transfers out	(4,396)	(3,768)	(3,767)	-
Cash received from property and other taxes	-	-	50,991	-
Net cash provided by (used in) noncapital financing activities	<u>(4,396)</u>	<u>(3,768)</u>	<u>47,224</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(115,704)	(40,692)	(11,608)	-
Principal retirement on revenue bonds	(285,000)	-	-	-
Principal retirement on loans	(11,746)	(125,341)	-	-
Intergovernmental.	2,388	8,701	23,161	-
Principal retirement on notes	-	-	(1,995,000)	-
Sale of notes.	-	-	1,890,000	-
Note issuance costs.	-	-	(13,607)	-
Interest and fiscal charges.	(221,328)	(136,600)	(188,184)	-
Net cash used in capital and related financing activities	<u>(631,390)</u>	<u>(293,932)</u>	<u>(295,238)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received.	<u>67,284</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities.	<u>67,284</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents . .	(93,722)	59,697	(39,870)	4,485
Cash and cash equivalents at beginning of year . . .	<u>2,112,121</u>	<u>874,625</u>	<u>3,530,099</u>	<u>113,108</u>
Cash and cash equivalents at end of year	<u>\$ 2,018,399</u>	<u>\$ 934,322</u>	<u>\$ 3,490,229</u>	<u>\$ 117,593</u>

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 8,422,319	\$ 887,863
297,672	231,435
(2,074,299)	-
(4,952,341)	(932,455)
(430,822)	-
(217,723)	-
<u>1,044,806</u>	<u>186,843</u>
(11,931)	-
<u>50,991</u>	<u>-</u>
<u>39,060</u>	<u>-</u>
(168,004)	-
(285,000)	-
(137,087)	-
34,250	-
(1,995,000)	-
1,890,000	-
(13,607)	-
(546,112)	-
<u>(1,220,560)</u>	<u>-</u>
<u>67,284</u>	<u>-</u>
<u>67,284</u>	<u>-</u>
(69,410)	186,843
6,629,953	196,906
<u>\$ 6,560,543</u>	<u>\$ 383,749</u>

--Continued

CITY OF HUBBARD, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities - Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Nonmajor</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 187,259	\$ 124,796	\$ 447,556	\$ 4,485
Adjustments:				
Depreciation	281,698	217,892	119,056	-
Changes in assets and liabilities:				
Decrease (increase) in materials and supplies inventory	(2,811)	4,906	(289,809)	-
Decrease (increase) in accounts receivable	(7,630)	(3,621)	(70,113)	-
Decrease in prepayments	7,209	6,379	1,547	-
Increase (decrease) in accounts payable	(3,388)	1,590	18,095	-
Increase (decrease) in accrued wages and benefits	(735)	1,851	1,276	-
Increase in due to other governments.	510	-	7,783	-
Increase (decrease) in compensated absences payable	12,668	1,602	(27,247)	-
Increase in claims payable.	-	2,002	-	-
Net cash provided by operating activities	<u>\$ 474,780</u>	<u>\$ 357,397</u>	<u>\$ 208,144</u>	<u>\$ 4,485</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2005

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 7,416	\$ 2,480
Receivables:		
Real and other taxes.	-	25,336
Due from other governments	-	1,300
	<u>7,416</u>	<u>29,116</u>
Total assets.	<u>7,416</u>	<u>29,116</u>
Liabilities:		
Due to other governments	-	26,636
Deposits held and due to others.	-	2,480
	<u>-</u>	<u>29,116</u>
Total liabilities	<u>-</u>	<u>\$ 29,116</u>
Net assets:		
Held in trust for other purposes	<u>7,416</u>	
Total net assets	<u>\$ 7,416</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, 2005

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$ 22
Total additions	<u>22</u>
Changes in net assets	22
Net assets at beginning of year	<u>7,394</u>
Net assets at end of year	<u>\$ 7,416</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, 2005

NOTE 1 - DESCRIPTION OF THE CITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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

Hubbard Township-City of Hubbard Joint Economic Development District (District) - The City has entered into a contractual agreement with the Township to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, Trumbull County, the Township and the City. The District is administered by a five member Board of Directors consisting of a Trustee representative of the Township, a representative of the City, a representative of business owners within the District, a representative of persons working within the District, and an additional member selected by the previously mentioned members who shall serve as Board Chairman. The City and the Township are to make a minimum annual contribution of \$500 each to the District's operation reserve fund to provide for administrative costs and expenses of the Board. In 2005, the Board waived the \$500 annual contribution. The City has an ongoing financial responsibility to fund the District. Upon termination of the contractual agreement, any property, assets and obligations of the District shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party.

JOINT VENTURE WITH EQUITY INTEREST

Ohio Municipal Electric Generation Agency Joint Ventures (OMEGA JV1-OMEGA JV5) The City's Electric Enterprise Fund participates in a joint venture agreement with 20 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV1) for the purpose of providing electric power and energy to its participants on a cooperative basis. Title to these six diesel-powered generating units was transferred to the 21 municipal electric systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a non-profit trade association and wholesale power supplier for most of Ohio's 85 municipal electric systems. Each member has a contract which provides for AMP-Ohio to purchase the right to each participant's share of power and energy that is made available through the joint venture contract. The units performed at an excellent availability during 2005 to complete a successful year of operation for OMEGA JV1. In accordance with the joint venture agreement, the City remitted \$6,997 to the joint venture for 2005. Complete financial statements for OMEGA JV1 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

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

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

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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, 2005, 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 \$192,137 at December 31, 2005. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

The following is a summary of audited financial information of OMEGA JV1 and OMEGA JV5 as of the year ended December 31, 2005:

	<u>OMEGA JV1</u>	<u>OMEGA JV5</u>
Total assets	\$ 541,789	\$ 176,566,949
Total liabilities	86,368	167,284,966
Members equity	455,421	9,281,983
Total revenues	363,708	24,961,328
Total expenses	376,753	24,324,457
Change in net assets	(7,965)	636,871

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, 2005

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	\$ 17,260
Equity interest in OMEGA JV5	<u>192,137</u>
 Total investment in joint ventures	 <u><u>\$ 209,397</u></u>

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

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

B. Basis of Presentation - Fund Accounting

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

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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.

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

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, 2005

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, 2005

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, 2005, but which were levied to finance year 2006 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, 2005

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 original and final amended official certificate of estimated resources issued during 2005.

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

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

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.

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

G. Health Care

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

H. Cash and Investments

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

During fiscal year 2005, 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 2005. 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, 2005.

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 2005, interest revenue credited to the general fund amounted to \$209,959 which includes \$204,129 assigned from other City funds.

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

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

The City also had monies on deposit with AMP-Ohio at year-end. This deposit is reported as "Cash with fiscal agent" in the Electric fund on the financial statements.

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.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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

I. Inventories of Materials and Supplies

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

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

Inventory consists of expendable supplies held for consumption.

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. 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 Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Autos and trucks	4	4
Machinery, equipment, furniture and fixtures	5 - 20	5 - 20
Building improvements	15	15
Sewer and water treatment plants and buildings	N/A	20 - 40
Other buildings	40	40
Infrastructure	15 - 30	20 - 50

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

K. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2005, 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.

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

N. Interfund Balances

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

O. Interfund Activity

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

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

P. Fund Balance Reserves

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

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

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.

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

S. Net Assets

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

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

T. Operating Revenues and Expenses

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2005, the City has implemented GASB Statement No. 40 "Deposit and Investment Risk Disclosures", and GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries".

GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits.

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

The implementation of GASB Statement No. 40 and GASB Statement No. 42 did not have an effect on the financial statements of the City, however additional note disclosure can be found in Note 4 for GASB Statement No. 40.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year-end, the City had \$950 in undeposited cash on hand which is included on the financial statements of the City as part of "Cash in Segregated Accounts."

B. Deposits with Financial Institutions

At December 31, 2005, the carrying amount of all City deposits was \$9,474,211. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2005, \$9,377,286 of the City's bank balance of \$9,624,435 was exposed to custodial risk as discussed below, while \$247,149 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

C. Investments

As of December 31, 2005, the City had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 45,797	\$ 45,797
U.S. Government Money Market Mutual Fund	<u>868,729</u>	<u>868,729</u>
	<u>\$ 914,526</u>	<u>\$ 914,526</u>

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

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

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2005:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 45,797	5.01
U.S. Government Money Market Mutual Fund	<u>868,729</u>	<u>94.99</u>
	<u>\$ 914,526</u>	<u>100.00</u>

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 9,474,211
Investments	914,526
Cash on hand	950
Cash with fiscal agent	<u>229,418</u>
Total	<u>\$ 10,619,105</u>

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 4,048,666
Business type activities	6,560,543
Private-purpose trust funds	7,416
Agency funds	<u>2,480</u>
Total	<u>\$ 10,619,105</u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2005, 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>Sewer</u>	<u>Water</u>	<u>Electric</u>	
Nonmajor Debt Service	\$ 102,390	\$ -	\$ -	\$ -	\$ 102,390
Nonmajor Special Revenue	431,148	-	-	-	431,148
Nonmajor Capital Proejcts	<u>61,614</u>	<u>4,396</u>	<u>3,768</u>	<u>3,767</u>	<u>73,545</u>
	<u>\$ 595,152</u>	<u>\$ 4,396</u>	<u>\$ 3,768</u>	<u>\$ 3,767</u>	<u>\$ 607,083</u>

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 6 - PROPERTY TAXES

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

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

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, 2005, was \$4.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property located in the City, upon which taxes for 2005 were collected, are as follows:

<u>Category</u>	<u>Assessed Value</u>
Residential/agricultural	\$ 93,641,120
Commercial/industrial	<u>16,846,760</u>
Total real estate	<u>110,487,880</u>
Public utility - real	17,570
Public utility - personal	<u>1,467,660</u>
Total public utility	<u>1,485,230</u>
Tangible personal property	<u>6,235,795</u>
Grand total	<u>\$ 118,208,905</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, 2005. 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 2005 operations. Accordingly, the receivable is offset by a credit to "Deferred Revenue."

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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, 2005. Income tax revenue for 2005 was \$1,644,628 in the general fund.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2005, 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, 2005, as well as intended to finance fiscal 2005 operations.

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

Governmental Activities:

Income taxes	\$ 433,603
Real and other taxes	445,576
Accounts	49,574
Accrued interest	6,965
Due from other governments	282,432

Business-type Activities:

Real and other taxes	3,496
Accounts	732,082

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, 2005

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

	<u>Balance</u> <u>12/31/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/05</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 657,098	\$ 54,831	\$ -	\$ 711,929
Construction in progress	<u>-</u>	<u>713,399</u>	<u>-</u>	<u>713,399</u>
Total capital assets, not being depreciated	<u>657,098</u>	<u>768,230</u>	<u>-</u>	<u>1,425,328</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	50,631	-	-	50,631
Buildings and improvements	603,221	-	(7,065)	596,156
Furniture and equipment	775,731	56,055	(12,361)	819,425
Vehicles	1,201,496	141,869	(6,436)	1,336,929
Infrastructure	<u>4,353,504</u>	<u>587,702</u>	<u>-</u>	<u>4,941,206</u>
Total capital assets, being depreciated	<u>6,984,583</u>	<u>785,626</u>	<u>(25,862)</u>	<u>7,744,347</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(28,191)	(2,461)	-	(30,652)
Buildings and improvements	(516,363)	(5,118)	7,065	(514,416)
Furniture and equipment	(501,607)	(59,178)	9,668	(551,117)
Vehicles	(972,959)	(138,347)	6,436	(1,104,870)
Infrastructure	<u>(2,221,448)</u>	<u>(239,474)</u>	<u>-</u>	<u>(2,460,922)</u>
Total accumulated depreciation	<u>(4,240,568)</u>	<u>(444,578)</u>	<u>23,169</u>	<u>(4,661,977)</u>
Total capital assets being depreciated, net	<u>2,744,015</u>	<u>341,048</u>	<u>(2,693)</u>	<u>3,082,370</u>
Governmental activities capital assets, net	<u>\$ 3,401,113</u>	<u>\$ 1,109,278</u>	<u>\$ (2,693)</u>	<u>\$ 4,507,698</u>

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 9 - CAPITAL ASSETS - (Continued)

<u>Business-type Activities:</u>	<u>Balance</u> <u>12/31/04</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/05</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 112,941	\$ -	\$ -	\$ 112,941
Construction in progress	<u>2,193,270</u>	<u>-</u>	<u>(104,612)</u>	<u>2,088,658</u>
Total capital assets, not being depreciated	<u>2,306,211</u>	<u>-</u>	<u>(104,612)</u>	<u>2,201,599</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	4,662,011	-	-	4,662,011
Furniture and equipment	3,154,408	91,802	(4,966)	3,241,244
Vehicles	617,583	-	-	617,583
Infrastructure	<u>13,532,779</u>	<u>99,457</u>	<u>-</u>	<u>13,632,236</u>
Total capital assets, being depreciated	<u>21,966,781</u>	<u>191,259</u>	<u>(4,966)</u>	<u>22,153,074</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(1,849,789)	(117,937)	-	(1,967,726)
Furniture and equipment	(2,803,241)	(64,032)	4,586	(2,862,687)
Vehicles	(559,961)	(30,512)	-	(590,473)
Infrastructure	<u>(4,521,803)</u>	<u>(406,165)</u>	<u>-</u>	<u>(4,927,968)</u>
Total accumulated depreciation	<u>(9,734,794)</u>	<u>(618,646)</u>	<u>4,586</u>	<u>(10,348,854)</u>
Total capital assets, being depreciated, net	<u>12,231,987</u>	<u>(427,387)</u>	<u>(380)</u>	<u>11,804,220</u>
Business-type activities capital assets, net	<u>\$ 14,538,198</u>	<u>\$ (427,387)</u>	<u>\$ (104,992)</u>	<u>\$ 14,005,819</u>

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

Governmental activities:

General government	\$ 16,957
Security of persons and property	115,694
Transportation	303,818
Leisure time activity	<u>8,109</u>
Total depreciation expense - governmental activities	<u>\$ 444,578</u>

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 10 - VACATION AND SICK LEAVE LIABILITY

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

Upon termination of City service, a fully vested employee is entitled to a percentage of their accumulated sick leave based on their years of service. At December 31, 2005, vested benefits for vacation leave for governmental fund type employees, totaled \$88,790 and vested benefits for sick leave, totaled \$165,487. For proprietary fund types, vested benefits for vacation leave totaled \$56,417 and vested benefits for sick leave totaled \$71,870 at December 31, 2005. Included in the vested benefits for sick leave figures is an additional liability to accrue and record termination (severance) payments for employees expected to become eligible to retire in the future in accordance with GASB Statement No. 16.

NOTE 11 - LONG-TERM OBLIGATIONS

A. The City's long term obligations at December 31, 2005 were as follows:

	Interest Rate	Balance at 12/31/04	Additions	Reductions	Balance at 12/31/05	Amounts Due in One Year
Governmental Activities:						
Compensated absences		\$ 259,598	\$ 70,892	\$ (76,213)	\$ 254,277	\$ 113,904
General Obligation Bonds	2.6-3.7%	-	5,100,000	-	5,100,000	360,000
Total long-term obligations, governmental activities		<u>\$ 259,598</u>	<u>\$ 5,170,892</u>	<u>\$ (76,213)</u>	<u>\$ 5,354,277</u>	<u>\$ 473,904</u>
Business-type Activities:						
<u>Mortgage Revenue Bond:</u>						
Sewer System – 1997	4.00-5.45%	\$ 4,055,000	\$ -	\$ (285,000)	\$ 3,770,000	\$ 295,000
<u>OPWC Loans:</u>						
Sewer Issue II Lift Station	0.00%	170,316	-	(11,746)	158,570	11,746
Waterline Looping	0.00%	94,115	-	(6,490)	87,625	6,490
Waterline Replacement	0.00%	135,319	-	(7,732)	127,587	7,732
N. Main Waterline	0.00%	554,904	-	(29,995)	524,909	29,995
Total OPWC Loans		<u>954,654</u>	<u>-</u>	<u>(55,963)</u>	<u>898,691</u>	<u>55,963</u>
<u>OWDA Loan:</u>						
Transmission Waterlines	6.58%	2,075,982	-	(81,124)	1,994,858	86,461
<u>Other Long-Term Obligations</u>						
Compensated absences		141,264	51,043	(64,020)	128,287	56,417
Total long-term obligations, business-type activities		<u>\$ 7,226,900</u>	<u>\$ 51,043</u>	<u>\$ (486,107)</u>	<u>\$ 6,791,836</u>	<u>\$ 493,841</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.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

- B. On June 18, 1997, the City issued \$5,800,000 general obligation sewer system refunding bonds (Mortgage Revenue Bonds). The bonds bear interest at rates ranging from 4.0 percent to 5.45 percent per annum and mature at various installments through November 15, 2015. Property and revenues of the sewage system have been pledged to repay this debt. A portion of the proceeds of the bonds were used for the advance refunding of the 1987 and 1992 sewer system revenue bonds. The proceeds were used to purchase State and Local Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The monies held in trust as a result of the advance refundings and the corresponding refunded bonds are not included in the City's Financial Statements since the bonds are defeased and not considered a liability of the City. The principal balance of the general obligation sewer system refunding bonds (Mortgage Revenue Bonds) at December 31, 2005 was \$3,770,000.

As part of the bond indenture, Second National Bank currently transferred the trust activity to J.P. Morgan who was established as the Trustee (paying agent) for the City Sewer System Revenue Refunding Bonds (Mortgage Revenue Bonds), Series 1997. The City is maintaining at J.P. Morgan the following account balances at December 31, 2005.

1. Sewer Bond Fund Account - \$188,173 (which is required by the indenture and utilized to account for the principal and interest activity).
2. Sewer Bond Reserve Fund Account - \$680,556 (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, 2005, the City has outstanding borrowings of \$158,570, \$87,625, \$127,587 and \$524,909 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, 2005, the City has outstanding borrowings of \$1,994,858. The loan agreement requires semi-annual payments based on the actual amount loaned.

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

Year Ending December 31	General Obligation Capital Acquisition Bonds			OPWC Loans		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 360,000	\$ 165,017	\$ 525,017	\$ 55,964	\$ -	\$ 55,964
2007	370,000	155,658	525,658	55,964	-	55,964
2008	380,000	145,667	525,667	55,964	-	55,964
2009	390,000	135,028	525,028	55,964	-	55,964
2010	400,000	123,522	523,522	55,964	-	55,964
2011 - 2015	2,205,000	415,573	2,620,573	279,819	-	279,819
2016 - 2020	995,000	55,132	1,050,132	252,463	-	252,463
2021 - 2024	-	-	-	86,585	-	86,585
Total	<u>\$ 5,100,000</u>	<u>\$ 1,195,597</u>	<u>\$ 6,295,597</u>	<u>\$ 898,687</u>	<u>\$ -</u>	<u>\$ 898,687</u>

Year Ending December 31	Mortgage Revenue Bond			OWDA Loan		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 295,000	\$ 201,295	\$ 496,295	\$ 86,461	\$ 131,262	\$ 217,723
2007	310,000	186,693	496,693	92,151	125,572	217,723
2008	325,000	171,193	496,193	98,214	119,509	217,723
2009	345,000	154,780	499,780	104,677	113,046	217,723
2010	360,000	135,977	495,977	111,564	106,159	217,723
2011 - 2015	2,135,000	361,880	2,496,880	678,086	410,530	1,088,616
2016 - 2020	-	-	-	823,705	156,049	979,754
Total	<u>\$ 3,770,000</u>	<u>\$ 1,211,818</u>	<u>\$ 4,981,818</u>	<u>\$ 1,994,858</u>	<u>\$ 1,162,127</u>	<u>\$ 3,156,985</u>

NOTE 12 - SHORT-TERM OBLIGATIONS

On December 15, 2004, the City issued a \$1,995,000 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 14, 2005. On December 14, 2005, the City issued an additional \$1,890,000 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 2005:

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 12 - SHORT-TERM OBLIGATIONS - (Continued)

	<u>Interest</u> <u>Rate</u>	<u>Balance at</u> <u>12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/05</u>
<u>Revenue Anticipation Notes</u>					
Electric System Improvements	2.50%	\$ 1,995,000	\$ -	\$(1,995,000)	\$ -
Electric System Improvements	3.75%	-	<u>1,890,000</u>	-	<u>1,890,000</u>
Total		<u>\$ 1,995,000</u>	<u>\$1,890,000</u>	<u>\$(1,995,000)</u>	<u>\$ 1,890,000</u>

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 2005, 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</u> <u>Coverage</u>	<u>Limits of</u> <u>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	500
Money and Securities	50,000	500
Inland Marine	622,335	1,000
EDP	300,000	1,000
Umbrella Liability	4,000,000	10,000

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 13 - RISK MANAGEMENT - (Continued)

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 \$178,723 reported in the Internal Service Fund at December 31, 2005, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by FASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in the fund's liability during 2005 are as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2005	\$ 212,875	\$ 898,303	\$ (932,455)	\$ 178,723
2004	196,006	897,440	(880,571)	212,875

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.

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

For the year ended December 31, 2005, 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 2005 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, 2005, 2004, and 2003 were \$227,475, \$234,218, and \$239,750, respectively; 100% has been contributed for 2005, 2004 and 2003. The City and plan members did not make any contributions to the member-directed plan for 2005.

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, 2005, 2004, and 2003 were \$135,599, \$124,851, and \$120,379. The full amount has been contributed for 2005, 2004 and 2003.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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 2005 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.

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 at the projected wage inflation plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

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 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$67,151. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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. Members and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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 2005 and 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 2005 that were used to fund postemployment benefits was \$53,833 for police. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004 (the latest information available), was 13,812 for police and 10,528 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 and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

Net Change in Fund Balance

	<u>General</u>
Budget basis	\$ (59,657)
Net adjustment for revenue accruals	123,285
Net adjustment for expenditure accruals	<u>(28,775)</u>
GAAP basis	<u>\$ 34,853</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, 2005.

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) photocopier machines, commencing on January 1, 2004 through December 31, 2008. The following is a schedule of the future minimum lease payments.

Fiscal Year Ending	<u>Amount</u>
<u>December 31,</u>	
2006	\$ 6,250
2007	6,250
2008	<u>6,250</u>
Total - Present Value of Minimum Lease Payments	<u>\$ 18,750</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:

Nonmajor Special Revenue Fund

Street Construction and Maintenance

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

Indigent Drivers Fund

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

Enforcement and Education

To account for grant monies received from DUI arrests to be used for enforcement and education and for DUI housing reimbursements pursuant to Ohio Revised Code Section 4511.191.

Fire District

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

State Highway

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

Maple Grove Cemetery

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

Recreation

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

Drug and Law Enforcement

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

Range Fund

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

Escrow Account

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

CITY OF HUBBARD, OHIO

INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS (CONTINUED)

Nonmajor Special Revenue Funds (Continued)

Police Pension

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

Nonmajor Debt Service Fund

2005 General Obligation Bond Retirement

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

Major Capital Projects Fund

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

2005 General Obligation Bond Construction

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

Nonmajor Capital Projects Funds

Capital Improvement

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

CDBG Sidewalk Project

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

FEMA Flood Grant

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

West Liberty Sidewalk Project

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

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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Income taxes	\$ 1,493,489	\$ 1,556,197	\$ 1,556,973	\$ 776
Property and other taxes	236,289	246,210	246,210	-
Licenses and permits	62,276	64,891	64,891	-
Fines and forfeitures	49,570	51,651	51,651	-
Intergovernmental	290,444	302,639	302,639	-
Investment income	201,662	210,129	210,272	143
Other	17,238	17,962	19,442	1,480
Total revenues	<u>2,350,968</u>	<u>2,449,679</u>	<u>2,452,078</u>	<u>2,399</u>
Expenditures:				
Current:				
General government:				
Postage				
Contractual services	2,000	-	-	-
Total postage	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income tax				
Personal services	59,550	61,658	61,658	-
Contractual services	7,200	6,700	6,700	-
Materials and supplies.	4,400	4,187	4,187	-
Capital outlay	5,400	4,197	4,197	-
Total income tax	<u>76,550</u>	<u>76,742</u>	<u>76,742</u>	<u>-</u>
Mayor				
Personal services	27,750	29,410	29,394	16
Contractual services	7,900	12,765	12,753	12
Materials and supplies.	3,300	2,080	2,076	4
Capital outlay	5,725	1,615	1,610	5
Total mayor.	<u>44,675</u>	<u>45,870</u>	<u>45,833</u>	<u>37</u>
Council				
Personal services	15,380	14,405	14,391	14
Contractual services	11,450	24,550	24,544	6
Materials and supplies.	1,150	265	265	-
Capital outlay	400	100	100	-
Total council	<u>28,380</u>	<u>39,320</u>	<u>39,300</u>	<u>20</u>
Council Clerk				
Personal services	3,480	2,875	2,869	6
Contractual services	550	-	-	-
Materials and supplies.	4,550	3,405	3,397	8
Capital outlay	850	645	641	4
Total council clerk	<u>9,430</u>	<u>6,925</u>	<u>6,907</u>	<u>18</u>
Auditor				
Personal services	35,350	34,890	34,864	26
Contractual services	5,600	4,510	4,501	9
Materials and supplies.	6,200	5,765	5,764	1
Capital outlay	10,900	7,715	7,703	12
Total auditor	<u>58,050</u>	<u>52,880</u>	<u>52,832</u>	<u>48</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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Treasurer				
Personal services	\$ 4,350	\$ 3,700	\$ 3,694	\$ 6
Contractual services	1,750	1,335	1,329	6
Materials and supplies.	700	300	293	7
Capital outlay	600	430	430	-
Total treasurer.	<u>7,400</u>	<u>5,765</u>	<u>5,746</u>	<u>19</u>
Law director				
Personal services	10,230	9,546	9,540	6
Contractual services	1,400	1,165	1,159	6
Materials and supplies.	6,500	5,895	5,892	3
Capital outlay	400	130	130	-
Total law director.	<u>18,530</u>	<u>16,736</u>	<u>16,721</u>	<u>15</u>
Service director				
Personal services	18,800	19,575	19,553	22
Contractual services	83,972	98,662	98,320	342
Materials and supplies.	1,000	575	574	1
Total service director	<u>103,772</u>	<u>118,812</u>	<u>118,447</u>	<u>365</u>
Engineer				
Personal services	17,500	19,775	19,754	21
Contractual services	2,600	1,890	1,886	4
Materials and supplies.	1,250	1,000	991	9
Capital outlay	800	445	444	1
Total engineer	<u>22,150</u>	<u>23,110</u>	<u>23,075</u>	<u>35</u>
County auditor fees				
Contractual services	12,400	9,085	9,080	5
Total county auditor fees.	<u>12,400</u>	<u>9,085</u>	<u>9,080</u>	<u>5</u>
State examiners fees				
Contractual services	26,200	19,030	19,015	15
Total state examiners fees	<u>26,200</u>	<u>19,030</u>	<u>19,015</u>	<u>15</u>
Total general government.	<u>409,537</u>	<u>414,275</u>	<u>413,698</u>	<u>577</u>
Security of persons and property:				
Police				
Personal services	1,225,756	1,333,646	1,313,510	20,136
Contractual services	56,050	44,495	44,484	11
Materials and supplies.	52,200	64,575	64,551	24
Capital outlay	39,800	49,815	49,809	6
Total police.	<u>1,373,806</u>	<u>1,492,531</u>	<u>1,472,354</u>	<u>20,177</u>
Civil service				
Contractual services	3,500	2,730	2,730	-
Materials and supplies.	200	115	89	26
Total civil service.	<u>3,700</u>	<u>2,845</u>	<u>2,819</u>	<u>26</u>
Total security of persons and property .	<u>1,377,506</u>	<u>1,495,376</u>	<u>1,475,173</u>	<u>20,203</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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public health and welfare:				
County health district				
Contractual services	\$ 13,500	\$ 7,900	\$ 7,896	\$ 4
Total county health district.	13,500	7,900	7,896	4
Total public health and welfare	13,500	7,900	7,896	4
Community environment:				
Planning and zoning				
Contractual services	2,500	7,040	7,038	2
Materials and supplies.	200	55	53	2
Total planning and zoning	2,700	7,095	7,091	4
War memorial				
Materials and supplies.	1,000	-	-	-
Total war memorial.	1,000	-	-	-
Total community environment.	3,700	7,095	7,091	4
Leisure time activity:				
Recreation				
Contractual services	1,600	465	460	5
Materials and supplies	3,000	1,700	1,700	-
Total recreation.	4,600	2,165	2,160	5
Total leisure time activity	4,600	2,165	2,160	5
Other:				
Unclaimed monies				
Other	15,200	10,565	10,565	-
Total unclaimed monies.	15,200	10,565	10,565	-
Total other	15,200	10,565	10,565	-
Total expenditures	1,824,043	1,937,376	1,916,583	20,793
Excess (deficiency) of revenues over (under) expenditures.	526,925	512,303	535,495	23,192
Other financing sources (uses):				
Transfers in.	1,159,726	1,208,420	1,208,420	-
Transfers out	(1,543,450)	(1,783,574)	(1,803,572)	(19,998)
Total other financing sources (uses)	(383,724)	(575,154)	(595,152)	(19,998)
Net change in fund balance.	143,201	(62,851)	(59,657)	3,194
Fund balance at beginning of year	158,007	158,007	158,007	-
Prior year encumbrances appropriated	39,028	39,028	39,028	-
Fund balance at end of year	<u>\$ 340,236</u>	<u>\$ 134,184</u>	<u>\$ 137,378</u>	<u>\$ 3,194</u>

CITY OF HUBBARD, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 379,219	\$ -	\$ 15,413	\$ 1,691	\$ 396,323
Cash in segregated accounts	350	-	-	-	350
Receivables (net of allowances of uncollectibles):					
Real and other taxes	116,183	-	-	-	116,183
Accounts	1,145	-	-	-	1,145
Accrued interest	121	-	-	-	121
Due from other governments.	181,547	-	-	-	181,547
Prepayments	50	-	-	-	50
Materials and supplies inventory.	7,462	-	-	-	7,462
Total assets	<u>\$ 686,077</u>	<u>\$ -</u>	<u>\$ 15,413</u>	<u>\$ 1,691</u>	<u>\$ 703,181</u>
Liabilities:					
Accounts payable	\$ 10,078	\$ -	\$ 5,574	\$ -	\$ 15,652
Accrued wages and benefits	11,330	-	-	-	11,330
Due to other governments	12,084	-	-	-	12,084
Deferred revenue.	229,022	-	-	-	229,022
Total liabilities	<u>262,514</u>	<u>-</u>	<u>5,574</u>	<u>-</u>	<u>268,088</u>
Fund Balances:					
Fund balances:					
Reserved for encumbrances	296	-	-	-	296
Reserved for prepayments.	50	-	-	-	50
Reserved for materials and supplies inventory	7,462	-	-	-	7,462
Unreserved, undesignated, reported in:					
Special revenue funds	415,755	-	-	-	415,755
Capital projects funds	-	-	9,839	-	9,839
Permanent fund.	-	-	-	1,691	1,691
Total fund balances	<u>423,563</u>	<u>-</u>	<u>9,839</u>	<u>1,691</u>	<u>435,093</u>
Total liabilities and fund equity	<u>\$ 686,077</u>	<u>\$ -</u>	<u>\$ 15,413</u>	<u>\$ 1,691</u>	<u>\$ 703,181</u>

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property and other local taxes	\$ 96,873	\$ -	\$ -	\$ -	\$ 96,873
Fines and forfeitures	250	-	-	-	250
Intergovernmental	370,820	-	74,409	-	445,229
Investment income	3,722	-	-	-	3,722
Other	43,447	-	-	5	43,452
Total revenues	515,112	-	74,409	5	589,526
Expenditures:					
Current:					
Security of persons and property	107,860	-	-	-	107,860
Public health and welfare	16,538	-	-	-	16,538
Transportation	629,992	-	-	-	629,992
Leisure time activity	30,650	-	-	-	30,650
Other	1,002	-	-	-	1,002
Capital outlay	25,963	-	161,323	-	187,286
Debt Service:					
Interest and fiscal charges	-	102,390	-	-	102,390
Total expenditures	812,005	102,390	161,323	-	1,075,718
Excess (deficiency) of revenues over (under) expenditures	(296,893)	(102,390)	(86,914)	5	(486,192)
Other financing sources:					
Transfers in	431,148	102,390	73,545	-	607,083
Total other financing sources	431,148	102,390	73,545	-	607,083
Net change in fund balances	134,255	-	(13,369)	5	120,891
Fund balances at beginning of year	289,308	-	23,208	1,686	314,202
Fund balances at end of year	\$ 423,563	\$ -	\$ 9,839	\$ 1,691	\$ 435,093

CITY OF HUBBARD, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

	Indigent Drivers Fund	Enforcement and Education	Fire District
Assets:			
Equity in pooled cash and cash equivalents.	\$ 3,277	\$ 4,928	\$ 111,898
Cash in segregated accounts	-	-	-
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	-	78,178
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	6,384
Prepayments	-	-	-
Materials and supplies inventory	-	-	-
	<u>3,277</u>	<u>4,928</u>	<u>196,460</u>
Total assets	<u>\$ 3,277</u>	<u>\$ 4,928</u>	<u>\$ 196,460</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,877
Accrued wages and benefits	-	-	-
Due to other governments	-	-	-
Deferred revenue.	-	-	81,569
	<u>-</u>	<u>-</u>	<u>83,446</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>83,446</u>
Fund Balances:			
Reserved for encumbrances	-	-	-
Reserved for prepayments.	-	-	-
Reserved for materials and supplies inventory	-	-	-
Unreserved:			
Undesignated.	3,277	4,928	113,014
Total fund balances	<u>3,277</u>	<u>4,928</u>	<u>113,014</u>
Total liabilities and fund equity.	<u>\$ 3,277</u>	<u>\$ 4,928</u>	<u>\$ 196,460</u>

<u>Street Construction and Maintenance</u>	<u>State Highway</u>	<u>Maple Grove Cemetery</u>	<u>Recreation</u>	<u>Drug and Law Enforcement</u>
\$ 177,192	\$ 2,417	\$ 15,052	\$ 40,554	\$ 5,030
350	-	-	-	-
-	-	-	-	-
245	-	-	-	-
121	-	-	-	-
160,152	12,911	-	100	-
50	-	-	-	-
7,445	-	-	17	-
<u>\$ 345,555</u>	<u>\$ 15,328</u>	<u>\$ 15,052</u>	<u>\$ 40,671</u>	<u>\$ 5,030</u>
\$ 7,339	\$ -	\$ -	\$ 862	\$ -
10,718	-	612	-	-
10,774	-	659	651	-
99,957	8,030	-	-	-
<u>128,788</u>	<u>8,030</u>	<u>1,271</u>	<u>1,513</u>	<u>-</u>
296	-	-	-	-
50	-	-	17	-
7,445	-	-	-	-
<u>208,976</u>	<u>7,298</u>	<u>13,781</u>	<u>39,141</u>	<u>5,030</u>
<u>216,767</u>	<u>7,298</u>	<u>13,781</u>	<u>39,158</u>	<u>5,030</u>
<u>\$ 345,555</u>	<u>\$ 15,328</u>	<u>\$ 15,052</u>	<u>\$ 40,671</u>	<u>\$ 5,030</u>

Continued

CITY OF HUBBARD, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 DECEMBER 31, 2005

	<u>Range Fund</u>	<u>Escrow Account</u>	<u>Police Pension</u>	<u>Totals</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 8,325	\$ 395	\$ 10,151	\$ 379,219
Cash in segregated accounts	-	-	-	350
Receivables (net of allowances for uncollectibles):				
Real and other taxes.	-	-	38,005	116,183
Accounts	900	-	-	1,145
Accrued interest	-	-	-	121
Due from other governments	-	-	2,000	181,547
Prepayments	-	-	-	50
Materials and supplies inventory	-	-	-	7,462
Total assets	<u>\$ 9,225</u>	<u>\$ 395</u>	<u>\$ 50,156</u>	<u>\$ 686,077</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 10,078
Accrued wages and benefits	-	-	-	11,330
Due to other governments	-	-	-	12,084
Deferred revenue.	-	-	39,466	229,022
Total liabilities	<u>-</u>	<u>-</u>	<u>39,466</u>	<u>262,514</u>
Fund Balances:				
Reserved for encumbrances	-	-	-	296
Reserved for prepayments.	-	-	-	67
Reserved for materials and supplies inventory	-	-	-	7,445
Unreserved:				
Undesignated.	9,225	395	10,690	415,755
Total fund balances	<u>9,225</u>	<u>395</u>	<u>10,690</u>	<u>423,563</u>
Total liabilities and fund equity.	<u>\$ 9,225</u>	<u>\$ 395</u>	<u>\$ 50,156</u>	<u>\$ 686,077</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, 2005

	<u>Indigent Drivers Fund</u>	<u>Enforcement and Education</u>	<u>Fire District</u>
Revenues:			
Property and other taxes	\$ -	\$ -	\$ 64,088
Fines and forfeitures	250	-	-
Intergovernmental	-	-	10,649
Investment income	-	-	-
Other	-	-	27,940
	<hr/>	<hr/>	<hr/>
Total revenues	250	-	102,677
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of persons and property	-	-	67,368
Public health and welfare	-	-	-
Transportation	-	-	-
Leisure time activity	-	-	-
Other	-	-	1,002
Capital outlay	-	-	8,633
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	77,003
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	250	-	25,674
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Transfers in	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	250	-	25,674
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	3,027	4,928	87,340
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 3,277	\$ 4,928	\$ 113,014
	<hr/>	<hr/>	<hr/>

Street Construction and Maintenance	State Highway	Maple Grove Cemetery	Recreation	Drug and Law Enforcement
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
332,930	26,995	-	100	-
3,604	118	-	-	-
5,484	-	4,455	1,873	100
<u>342,018</u>	<u>27,113</u>	<u>4,455</u>	<u>1,973</u>	<u>100</u>
-	-	-	-	-
-	-	16,538	-	-
603,635	26,357	-	-	-
-	-	-	30,650	-
-	-	-	-	-
5,370	-	-	11,960	-
<u>609,005</u>	<u>26,357</u>	<u>16,538</u>	<u>42,610</u>	<u>-</u>
<u>(266,987)</u>	<u>756</u>	<u>(12,083)</u>	<u>(40,637)</u>	<u>100</u>
<u>357,312</u>	<u>-</u>	<u>15,000</u>	<u>58,836</u>	<u>-</u>
<u>357,312</u>	<u>-</u>	<u>15,000</u>	<u>58,836</u>	<u>-</u>
90,325	756	2,917	18,199	100
126,442	6,542	10,864	20,959	4,930
<u>\$ 216,767</u>	<u>\$ 7,298</u>	<u>\$ 13,781</u>	<u>\$ 39,158</u>	<u>\$ 5,030</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, 2005

	<u>Range Fund</u>	<u>Escrow Account</u>	<u>Police Pension</u>	<u>Totals</u>
Revenues:				
Property and other taxes	\$ -	\$ -	\$ 32,785	\$ 96,873
Fines and forfeitures	-	-	-	250
Intergovernmental	-	-	146	370,820
Investment income	-	-	-	3,722
Other	3,595	-	-	43,447
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	3,595	-	32,931	515,112
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
Security of persons and property	-	-	40,492	107,860
Public health and welfare	-	-	-	16,538
Transportation	-	-	-	629,992
Leisure time activity	-	-	-	30,650
Other	-	-	-	1,002
Capital outlay	-	-	-	25,963
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	40,492	812,005
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	3,595	-	(7,561)	(296,893)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources:				
Transfers in	-	-	-	431,148
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	-	431,148
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	3,595	-	(7,561)	134,255
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	5,630	395	18,251	289,308
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 9,225	\$ 395	\$ 10,690	\$ 423,563
	<hr/>	<hr/>	<hr/>	<hr/>

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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 310,614	\$ 342,120	\$ 330,210	\$ (11,910)
Investment income.	3,348	3,687	3,559	(128)
Other.	4,748	5,230	5,048	(182)
Total revenues.	<u>318,710</u>	<u>351,037</u>	<u>338,817</u>	<u>(12,220)</u>
Expenditures:				
Current:				
Transportation				
Personal services	446,500	490,995	490,951	44
Contractual services	20,350	18,280	18,247	33
Materials and supplies	86,393	92,588	92,386	202
Total transportation.	<u>553,243</u>	<u>601,863</u>	<u>601,584</u>	<u>279</u>
Capital outlay				
Capital outlay	10,000	5,370	5,370	-
Total capital outlay	<u>10,000</u>	<u>5,370</u>	<u>5,370</u>	<u>-</u>
Total expenditures.	<u>563,243</u>	<u>607,233</u>	<u>606,954</u>	<u>279</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(244,533)</u>	<u>(256,196)</u>	<u>(268,137)</u>	<u>(11,941)</u>
Other financing sources (uses):				
Transfers in	336,108	370,200	382,431	12,231
Transfers out.	-	(25,120)	(25,119)	1
Sale of capital assets	282	311	300	(11)
Total other financing sources (uses)	<u>336,390</u>	<u>345,391</u>	<u>357,612</u>	<u>12,221</u>
Net change in fund balance.	91,857	89,195	89,475	280
Fund balance at beginning of year	59,549	59,549	59,549	-
Prior year encumbrances appropriated	21,293	21,293	21,293	-
Fund balance at end of year.	<u>\$ 172,699</u>	<u>\$ 170,037</u>	<u>\$ 170,317</u>	<u>\$ 280</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 300	\$ 250	\$ 250	\$ -
Total revenues	<u>300</u>	<u>250</u>	<u>250</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total security of persons and property . .	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(200)	250	250	-
Fund balance at beginning of year	<u>3,027</u>	<u>3,027</u>	<u>3,027</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,827</u>	<u>\$ 3,277</u>	<u>\$ 3,277</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, 2005

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

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE DISTRICT
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes.	\$ 66,763	\$ 63,895	\$ 63,895	\$ -
Intergovernmental	5,360	9,398	9,398	-
Other.	35,165	27,940	27,940	-
Total revenues.	<u>107,288</u>	<u>101,233</u>	<u>101,233</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property				
Personal services	7,500	17,935	17,931	4
Contractual services.	52,900	42,245	42,230	15
Materials and supplies	21,950	7,670	7,408	262
Capital outlay.	25,250	8,635	8,633	2
Total security of persons and property . .	<u>107,600</u>	<u>76,485</u>	<u>76,202</u>	<u>283</u>
Other				
Contractual services	1,200	1,002	1,002	-
Total other	<u>1,200</u>	<u>1,002</u>	<u>1,002</u>	<u>-</u>
Total expenditures	<u>108,800</u>	<u>77,487</u>	<u>77,204</u>	<u>283</u>
Net change in fund balance.	(1,512)	23,746	24,029	283
Fund balance at beginning of year	87,619	87,619	87,619	-
Prior year encumbrances appropriated . .	<u>250</u>	<u>250</u>	<u>250</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 86,357</u>	<u>\$ 111,615</u>	<u>\$ 111,898</u>	<u>\$ 283</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 25,000	\$ 26,774	\$ 26,774	\$ -
Investment income.	100	118	118	-
Total revenues	<u>25,100</u>	<u>26,892</u>	<u>26,892</u>	<u>-</u>
Expenditures:				
Current:				
Transportation				
Personal services	1,000	-	-	-
Materials and supplies.	25,650	26,460	26,357	103
Total transportation.	<u>26,650</u>	<u>26,460</u>	<u>26,357</u>	<u>103</u>
Total expenditures	<u>26,650</u>	<u>26,460</u>	<u>26,357</u>	<u>103</u>
Net change in fund balance.	(1,550)	432	535	103
Fund balance at beginning of year	232	232	232	-
Prior year encumbrances appropriated	<u>1,650</u>	<u>1,650</u>	<u>1,650</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 332</u>	<u>\$ 2,314</u>	<u>\$ 2,417</u>	<u>\$ 103</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 4,800	\$ 4,455	\$ 4,455	\$ -
Total revenues	<u>4,800</u>	<u>4,455</u>	<u>4,455</u>	<u>-</u>
Expenditures:				
Current:				
Public health and welfare				
Personal services	15,600	14,220	14,212	8
Contractual services.	1,000	-	-	-
Materials and supplies.	2,500	1,525	1,522	3
Total public health and welfare	<u>19,100</u>	<u>15,745</u>	<u>15,734</u>	<u>11</u>
Total expenditures	<u>19,100</u>	<u>15,745</u>	<u>15,734</u>	<u>11</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,300)</u>	<u>(11,290)</u>	<u>(11,279)</u>	<u>11</u>
Other financing sources:				
Transfers in.	15,000	15,000	15,000	-
Total other financing sources.	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance.	700	3,710	3,721	11
Fund balance at beginning of year	<u>11,331</u>	<u>11,331</u>	<u>11,331</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 12,031</u>	<u>\$ 15,041</u>	<u>\$ 15,052</u>	<u>\$ 11</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 1,300	\$ 1,255	\$ 1,255	\$ -
Total revenues	1,300	1,255	1,255	-
Expenditures:				
Current:				
Leisure time activity				
Personal services	19,700	21,960	21,952	8
Contractual services	8,550	2,240	2,235	5
Materials and supplies	6,700	5,965	5,958	7
Total leisure time activity	34,950	30,165	30,145	20
Capital outlay				
Capital outlay	17,000	11,965	11,961	4
Total capital outlay	17,000	11,965	11,961	4
Total expenditures	51,950	42,130	42,106	24
Excess (deficiency) of revenues over (under) expenditures	(50,650)	(40,875)	(40,851)	24
Other financing sources:				
Transfers in	51,000	58,836	58,836	-
Sale of capital assets	-	800	800	-
Total other financing sources	51,000	59,636	59,636	-
Net change in fund balance	350	18,761	18,785	24
Fund balance at beginning of year	21,769	21,769	21,769	-
Fund balance at end of year	\$ 22,119	\$ 40,530	\$ 40,554	\$ 24

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 500	\$ 125	\$ 125	\$ -
Total revenues	<u>500</u>	<u>125</u>	<u>125</u>	<u>-</u>
Expenditures:				
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)	125	125	-
Fund balance at beginning of year	<u>4,905</u>	<u>4,905</u>	<u>4,905</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 2,405</u>	<u>\$ 5,030</u>	<u>\$ 5,030</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 1,500	\$ 3,095	\$ 3,095	\$ -
Total revenues	<u>1,500</u>	<u>3,095</u>	<u>3,095</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property				
Capital outlay	3,000	-	-	-
Total security of persons and property. . .	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance.	(1,500)	3,095	3,095	-
Fund balance at beginning of year	<u>5,230</u>	<u>5,230</u>	<u>5,230</u>	
Fund balance at end of year.	<u>\$ 3,730</u>	<u>\$ 8,325</u>	<u>\$ 8,325</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, 2005

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

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE PENSION
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 32,210	\$ 32,210	\$ 32,268	\$ 58
Intergovernmental	146	146	146	-
Total revenues	<u>32,356</u>	<u>32,356</u>	<u>32,414</u>	<u>58</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	<u>32,000</u>	<u>40,495</u>	<u>40,492</u>	<u>3</u>
Total security of persons and property. . .	<u>32,000</u>	<u>40,495</u>	<u>40,492</u>	<u>3</u>
Total expenditures	<u>32,000</u>	<u>40,495</u>	<u>40,492</u>	<u>3</u>
Net change in fund balance.	356	(8,139)	(8,078)	61
Fund balance at beginning of year	<u>18,229</u>	<u>18,229</u>	<u>18,229</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 18,585</u>	<u>\$ 10,090</u>	<u>\$ 10,151</u>	<u>\$ 61</u>

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>G.O. Bond Retirement</u>
Expenditures:	
Debt Service:	
Interest and fiscal charges.	\$ 102,390
Total expenditures	<u>102,390</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(102,390)</u>
Other financing sources (uses):	
Transfers in	<u>102,390</u>
Total other financing sources (uses)	<u>102,390</u>
Net change in fund balances	-
Fund balances at beginning of year.	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2005 GENERAL OBLIGATION BOND RETIREMENT
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Debt Service:				
Interest and fiscal charges.	\$ -	\$ 102,390	\$ 102,390	\$ -
Total debt service	-	102,390	102,390	-
 Total expenditures.	 -	 102,390	 102,390	 -
 Excess (deficiency) of revenues over (under) expenditures.	 -	 (102,390)	 (102,390)	 -
 Other financing sources:				
Transfers in.	-	102,390	102,390	-
Total other financing sources.	-	102,390	102,390	-
 Net change in fund balance.	 -	 -	 -	 -
 Fund balance at beginning of year	 -	 -	 -	 -
 Fund balance at end of year.	 \$ -	 \$ -	 \$ -	 \$ -

CITY OF HUBBARD, OHIO

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2005

	Capital Improvement
Assets:	
Equity in pooled cash and cash equivalents	\$ 15,413
Total assets	<u>\$ 15,413</u>
Liabilities:	
Accounts payable	<u>5,574</u>
Total liabilities	<u>5,574</u>
Fund Balances:	
Unreserved, undesignated, reported in:	
Capital projects funds	<u>9,839</u>
Total fund balances	<u>9,839</u>
Total liabilities and fund equity.	<u>\$ 15,413</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, 2005

	<u>Capital Improvement</u>	<u>FEMA Flood Grant</u>	<u>West Liberty Sidewalk Project</u>	<u>Total</u>
Revenues:				
Intergovernmental	\$ 7,801	\$ -	\$ 66,608	\$ 74,409
Total revenues	<u>7,801</u>	<u>-</u>	<u>66,608</u>	<u>74,409</u>
Expenditures:				
Capital outlay	87,618	7,097	66,608	161,323
Total expenditures	<u>87,618</u>	<u>7,097</u>	<u>66,608</u>	<u>161,323</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(79,817)</u>	<u>(7,097)</u>	<u>-</u>	<u>(86,914)</u>
Other financing sources:				
Transfers in	73,545	-	-	73,545
Total other financing sources.	<u>73,545</u>	<u>-</u>	<u>-</u>	<u>73,545</u>
Net change in fund balances	(6,272)	(7,097)	-	(13,369)
Fund balances at beginning of year.	<u>16,111</u>	<u>7,097</u>	<u>-</u>	<u>23,208</u>
Fund balances at end of year	<u>\$ 9,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,839</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2005 G.O. BOND CONSTRUCTION
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment income	\$ -	\$ 66,881	\$ 66,881	\$ -
Total revenues.	<u>-</u>	<u>66,881</u>	<u>66,881</u>	<u>-</u>
Expenditures:				
Capital outlay				
Capital outlay	-	3,843,832	3,843,831	1
Total capital outlay	<u>-</u>	<u>3,843,832</u>	<u>3,843,831</u>	<u>1</u>
Debt service				
Bond issuance costs.	-	124,254	124,250	4
Total debt service	<u>-</u>	<u>124,254</u>	<u>124,250</u>	<u>4</u>
Total expenditures.	<u>-</u>	<u>3,968,086</u>	<u>3,968,081</u>	<u>5</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>-</u>	<u>(3,901,205)</u>	<u>(3,901,200)</u>	<u>5</u>
Other financing sources (uses):				
Sale of bonds	-	5,100,000	5,100,000	-
Transfers out.	-	(178,710)	(178,706)	4
Total other financing sources (uses)	<u>-</u>	<u>4,921,290</u>	<u>4,921,294</u>	<u>4</u>
Net change in fund balance.	-	1,020,085	1,020,094	9
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ 1,020,085</u>	<u>\$ 1,020,094</u>	<u>\$ 9</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,500	\$ 8,457	\$ 7,801	\$ (656)
Total revenues.	<u>2,500</u>	<u>8,457</u>	<u>7,801</u>	<u>(656)</u>
Expenditures:				
Capital outlay				
Capital outlay	<u>94,025</u>	<u>251,700</u>	<u>237,673</u>	<u>14,027</u>
Total capital outlay	<u>94,025</u>	<u>251,700</u>	<u>237,673</u>	<u>14,027</u>
Total expenditures.	<u>94,025</u>	<u>251,700</u>	<u>237,673</u>	<u>14,027</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(91,525)</u>	<u>(243,243)</u>	<u>(229,872)</u>	<u>13,371</u>
Other financing sources:				
Transfers in.	<u>95,000</u>	<u>242,130</u>	<u>223,338</u>	<u>(18,792)</u>
Total other financing sources.	<u>95,000</u>	<u>242,130</u>	<u>223,338</u>	<u>(18,792)</u>
Net change in fund balance.	3,475	(1,113)	(6,534)	(5,421)
Fund balance at beginning of year	7,922	7,922	7,922	-
Prior year encumbrances appropriated	<u>14,025</u>	<u>14,025</u>	<u>14,025</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 25,422</u>	<u>\$ 20,834</u>	<u>\$ 15,413</u>	<u>\$ (5,421)</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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 30,000	\$ -	\$ -	\$ -
Total revenues	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance.	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u><u>\$ 30,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FEMA FLOOD GRANT
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Capital outlay				
Capital outlay	\$ -	\$ 7,097	\$ 7,097	\$ -
Total capital outlay	-	7,097	7,097	-
Total expenditures.	-	7,097	7,097	-
Net change in fund balance.	-	(7,097)	(7,097)	-
Fund balance at beginning of year	<u>7,097</u>	<u>7,097</u>	<u>7,097</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 7,097</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)
WEST LIBERTY SIDEWALK PROJECT
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ -	\$ 67,608	\$ 66,608	\$ (1,000)
Total revenues.	<u>-</u>	<u>67,608</u>	<u>66,608</u>	<u>(1,000)</u>
Expenditures:				
Capital outlay				
Capital outlay	-	67,608	66,608	1,000
Total capital outlay	<u>-</u>	<u>67,608</u>	<u>66,608</u>	<u>1,000</u>
Total expenditures.	<u>-</u>	<u>67,608</u>	<u>66,608</u>	<u>1,000</u>
Net change in fund balance.	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SUGAR GROVE TRUST
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment earnings	\$ 5	\$ 5	\$ 5	\$ -
Total revenues	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Net change in fund balance.	5	5	5	-
Fund balance at beginning of year	<u>1,686</u>	<u>1,686</u>	<u>1,686</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 1,691</u>	<u>\$ 1,691</u>	<u>\$ 1,691</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 1,201,847	\$ 1,214,590	\$ 1,214,590	\$ -
Other operating revenues	37,456	37,853	37,853	-
Total operating revenues	<u>1,239,303</u>	<u>1,252,443</u>	<u>1,252,443</u>	<u>-</u>
Operating expenses:				
Personal services.	550,000	450,150	461,499	(11,349)
Contractual services	186,535	178,560	165,525	13,035
Materials and supplies	138,958	105,652	98,262	7,390
Capital outlay	251,380	247,270	181,229	66,041
Total operating expenses	<u>1,126,873</u>	<u>981,632</u>	<u>906,515</u>	<u>75,117</u>
Operating income.	<u>112,430</u>	<u>270,811</u>	<u>345,928</u>	<u>75,117</u>
Nonoperating revenues (expenses):				
Intergovernmental revenues.	549	555	555	-
Debt service:				
Principal retirement	(281,750)	(296,750)	(296,746)	4
Interest and fiscal charges	(231,860)	(220,970)	(221,328)	(358)
Total nonoperating revenues (expenses)	<u>(513,061)</u>	<u>(517,165)</u>	<u>(517,519)</u>	<u>(354)</u>
Net loss before transfers	(400,631)	(246,354)	(171,591)	74,763
Transfers in	50,648	51,185	48,000	(3,185)
Transfers out	<u>(48,000)</u>	<u>(52,400)</u>	<u>(52,396)</u>	<u>4</u>
Net change in fund balance	(397,983)	(247,569)	(175,987)	71,582
Fund balance at beginning of year.	1,148,802	1,148,802	1,148,802	-
Prior year encumbrances appropriated	<u>161,573</u>	<u>161,573</u>	<u>161,573</u>	<u>-</u>
Fund balance at end of year	<u>\$ 912,392</u>	<u>\$ 1,062,806</u>	<u>\$ 1,134,388</u>	<u>\$ 71,582</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 1,406,599	\$ 1,486,931	\$ 1,486,931	\$ -
Other operating revenues	205,960	217,723	217,723	-
Total operating revenues	<u>1,612,559</u>	<u>1,704,654</u>	<u>1,704,654</u>	<u>-</u>
Operating expenses:				
Personal services.	518,000	507,685	519,397	(11,712)
Contractual services	728,912	564,947	573,561	(8,614)
Materials and supplies.	116,700	73,725	65,060	8,665
Capital outlay	62,200	24,915	19,175	5,740
Other operating expenses	217,725	217,723	217,723	-
Total operating expenses	<u>1,643,537</u>	<u>1,388,995</u>	<u>1,394,916</u>	<u>(5,921)</u>
Operating loss	<u>(30,978)</u>	<u>315,659</u>	<u>309,738</u>	<u>(5,921)</u>
Nonoperating revenues (expenses):				
Intergovernmental revenues	8,231	8,701	8,701	-
Proceeds from sale of fixed assets.				-
Debt service:				
Principal retirement.	(125,341)	(125,341)	(125,341)	-
Interest and fiscal charges	<u>(136,884)</u>	<u>(136,604)</u>	<u>(136,600)</u>	<u>4</u>
Total nonoperating revenues (expenses)	<u>(253,994)</u>	<u>(253,244)</u>	<u>(253,240)</u>	<u>4</u>
Net income (loss) before transfers.	(284,972)	62,415	56,498	(5,917)
Transfers in.	118,935	125,728	120,000	(5,728)
Transfers out	<u>(120,000)</u>	<u>(123,768)</u>	<u>(123,768)</u>	<u>-</u>
Net change in fund balance	(286,037)	64,375	52,730	(11,645)
Fund balance at beginning of year	838,713	838,713	838,713	-
Prior year encumbrances appropriated	<u>35,912</u>	<u>35,912</u>	<u>35,912</u>	<u>-</u>
Fund balance at end of year	<u>\$ 588,588</u>	<u>\$ 939,000</u>	<u>\$ 927,355</u>	<u>\$ (11,645)</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Final	Final		
Operating revenues:				
Charges for services	\$ 4,706,979	\$ 5,720,799	\$ 5,720,799	\$ -
Other operating revenues	8,800	10,696	10,696	-
Total operating revenues	<u>4,715,779</u>	<u>5,731,495</u>	<u>5,731,495</u>	<u>-</u>
Operating expenses:				
Personal services.	1,052,250	1,093,430	1,093,403	27
Contractual services	3,154,500	4,253,925	4,332,905	(78,980)
Materials and supplies.	207,775	182,430	182,111	319
Capital outlay	460,156	215,419	214,832	587
Total operating expenses	<u>4,874,681</u>	<u>5,745,204</u>	<u>5,823,251</u>	<u>(78,047)</u>
Operating loss	<u>(158,902)</u>	<u>(13,709)</u>	<u>(91,756)</u>	<u>(78,047)</u>
Nonoperating revenues (expenses):				
Intergovernmental revenues	19,056	23,161	23,161	-
Property and other taxes.	41,955	50,991	50,991	-
Sale of notes	1,555,061	1,890,000	1,890,000	-
Note issuance costs	(13,500)	(13,610)	(13,607)	3
Debt service:				
Principal retirement.	(2,069,935)	(2,074,005)	(1,995,000)	79,005
Interest and fiscal charges	<u>(201,010)</u>	<u>(188,184)</u>	<u>(188,184)</u>	<u>-</u>
Total nonoperating revenues	<u>(668,373)</u>	<u>(311,647)</u>	<u>(232,639)</u>	<u>79,008</u>
Net loss before transfers.	(827,275)	(325,356)	(324,395)	961
Transfers in.	309,649	376,343	376,343	-
Transfers out	<u>(344,000)</u>	<u>(380,115)</u>	<u>(380,110)</u>	<u>5</u>
Net change in fund balance	(861,626)	(329,128)	(328,162)	966
Fund balance at beginning of year	3,473,493	3,473,493	3,473,493	-
Prior year encumbrances appropriated.	<u>56,406</u>	<u>56,406</u>	<u>56,406</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,668,273</u>	<u>\$ 3,200,771</u>	<u>\$ 3,201,737</u>	<u>\$ 966</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Other operating revenues	\$ 30,000	\$ 31,400	\$ 31,400	\$ -
Total operating revenues	<u>30,000</u>	<u>31,400</u>	<u>31,400</u>	<u>-</u>
Operating income.	<u>30,000</u>	<u>31,400</u>	<u>31,400</u>	<u>-</u>
Operating expenses:				
Contractual services	<u>30,000</u>	<u>26,920</u>	<u>26,915</u>	<u>5</u>
Total operating expenses	<u>30,000</u>	<u>26,920</u>	<u>26,915</u>	<u>5</u>
Net change in fund balance.	-	4,480	4,485	5
Fund balance at beginning of year	<u>113,108</u>	<u>113,108</u>	<u>113,108</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 113,108</u>	<u>\$ 117,588</u>	<u>\$ 117,593</u>	<u>\$ 5</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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Charges for services	\$ 625,000	\$ 887,863	\$ 887,863	\$ -
Other	20,000	231,435	231,435	-
Total operating revenues	<u>645,000</u>	<u>1,119,298</u>	<u>1,119,298</u>	<u>-</u>
Operating expenses:				
Contractual services	<u>700,000</u>	<u>1,004,080</u>	<u>1,004,077</u>	<u>3</u>
Total operating expenses	<u>700,000</u>	<u>1,004,080</u>	<u>1,004,077</u>	<u>3</u>
Net change in fund balance.	(55,000)	115,218	115,221	3
Fund balance at beginning of year	<u>268,528</u>	<u>268,528</u>	<u>268,528</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 213,528</u>	<u>\$ 383,746</u>	<u>\$ 383,749</u>	<u>\$ 3</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, 2005

	<u>Mizner Trust</u>	<u>Hultz Trust</u>	<u>Total Private Purpose Trust</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,761	\$ 5,655	\$ 7,416
Total assets	<u>\$ 1,761</u>	<u>\$ 5,655</u>	<u>\$ 7,416</u>
Net assets:			
Held in trust for other purposes	<u>1,761</u>	<u>5,655</u>	<u>7,416</u>
Total net assets.	<u>\$ 1,761</u>	<u>\$ 5,655</u>	<u>\$ 7,416</u>

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Mizner Trust</u>	<u>Hultz Trust</u>	<u>Totals</u>
Additions:			
Investment earnings	\$ 5	\$ 17	\$ 22
Total additions	<u>5</u>	<u>17</u>	<u>22</u>
Changes in net assets	5	17	22
Fund balances at beginning of year.	<u>1,756</u>	<u>5,638</u>	<u>7,394</u>
Fund balances at end of year	<u>\$ 1,761</u>	<u>\$ 5,655</u>	<u>\$ 7,416</u>

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Balance</u> <u>1/1/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2005</u>
Mayor's Court				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,480	\$ 73,749	\$ 72,749	\$ 2,480
Total assets.	<u>\$ 1,480</u>	<u>\$ 73,749</u>	<u>\$ 72,749</u>	<u>\$ 2,480</u>
Liabilities:				
Deposits held and due to others	\$ 1,480	\$ 73,749	\$ 72,749	\$ 2,480
Total liabilities	<u>\$ 1,480</u>	<u>\$ 73,749</u>	<u>\$ 72,749</u>	<u>\$ 2,480</u>
 Hubbard Union Cemetery				
Assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ 20,099	\$ 20,099	\$ -
Receivables (net of allowances for uncollectibles):				
Real and other taxes	-	25,336	-	25,336
Due from other governments	-	1,300	-	1,300
Total assets.	<u>\$ -</u>	<u>\$ 46,735</u>	<u>\$ 20,099</u>	<u>\$ 26,636</u>
Liabilities:				
Due to other governments	\$ -	\$ 26,636	\$ -	\$ 26,636
Total liabilities	<u>\$ -</u>	<u>\$ 26,636</u>	<u>\$ -</u>	<u>\$ 26,636</u>
 Total Agency				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,480	\$ 93,848	\$ 92,848	\$ 2,480
Receivables (net of allowances for uncollectibles):				
Real and other taxes	-	25,336	-	25,336
Due from other governments	-	1,300	-	1,300
Total assets.	<u>\$ 1,480</u>	<u>\$ 120,484</u>	<u>\$ 92,848</u>	<u>\$ 29,116</u>
Liabilities:				
Due to other governments	\$ -	\$ 26,636	\$ -	\$ 26,636
Deposits held and due to others	1,480	73,749	72,749	2,480
Total liabilities	<u>\$ 1,480</u>	<u>\$ 100,385</u>	<u>\$ 72,749</u>	<u>\$ 29,116</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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Investment earnings	\$ 5	\$ 5	\$ 5	\$ -
Total operating revenues	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Net change in fund balance	5	5	5	-
Fund balance at beginning of year	<u>1,756</u>	<u>1,756</u>	<u>1,756</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,761</u>	<u>\$ 1,761</u>	<u>\$ 1,761</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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Investment earnings	\$ 8	\$ 17	\$ 17	\$ -
Total operating revenues	<u>8</u>	<u>17</u>	<u>17</u>	<u>-</u>
Net change in fund balance	8	17	17	-
Fund balance at beginning of year	<u>5,638</u>	<u>5,638</u>	<u>5,638</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,646</u>	<u>\$ 5,655</u>	<u>\$ 5,655</u>	<u>\$ -</u>

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STATISTICAL SECTION

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STATISTICAL SECTION

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

CITY OF HUBBARD, OHIO

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

<u>Year</u>	<u>General Government</u>	<u>Security of Persons and Property</u>	<u>Public Health and Welfare</u>	<u>Transportation</u>	<u>Community Environment</u>	<u>Leisure Time Activity</u>
2005	\$ 418,976	\$ 1,606,577	\$ 24,434	\$ 629,992	\$ 7,092	\$ 32,762
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

(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 - 2005 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting.

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

Economic Development	Other	Capital Outlay	Debt Service			Total Debt Service	Total
			Principal Retirement	Interest & Fiscal Charges	Bond Issuance Costs		
\$ -	\$ 11,567	\$ 2,294,467	\$ -	\$ 102,390	\$ 124,250	\$ 226,640	5,252,507
-	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

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>
2005	\$ 1,644,628	\$ 344,201	\$ -	\$ 64,891	\$ 51,901
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

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

Note: 1999 - 2005 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting

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

<u>Intergovernmental</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
\$ 744,611	\$ 280,567	\$ 100,971	3,231,770
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

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>
2005	\$ 110,487,880	\$ 315,679,657	\$ 6,235,795	\$ 25,815,880	\$ 1,485,230	1,687,761
2004	98,799,000	282,282,857	6,490,903	25,963,612	1,577,660	1,792,795
2003 (a)	97,072,120	277,348,914	7,473,263	29,893,052	1,511,120	1,717,182
2002	90,428,070	258,365,914	7,779,366	31,117,464	2,030,000	2,306,818
2001	88,629,600	253,227,429	7,223,222	28,892,888	2,210,780	2,512,250
2000 (b)	71,969,610	205,627,457	7,148,928	28,595,712	2,448,470	2,782,352
1999	71,038,050	202,965,857	6,566,022	26,264,088	2,514,520	2,857,409
1998	69,980,770	199,945,057	7,347,863	29,391,452	2,583,920	2,936,273
1997 (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

(1) Source: Trumbull County Auditor

(2) This amount is calculated by dividing the assessed value by the assessment percentage. The assessment percentages for 2005 were thirty-five percent (35%) for all real property, eighty-eight (88%) for public utility property and twenty five percent (25%) for tangible personal property.

(a) Update year

(b) Reappraisal Year

	Exemptions	Total		Ratio of Assessed to Actual Value
	Real Property	Assessed Value	Estimated Actual Value (2)	
\$	8,312,500	118,208,905	343,183,299	34.44%
	8,267,760	106,867,563	310,039,265	34.47%
	8,125,200	106,056,503	308,959,148	34.33%
	8,116,100	100,237,436	291,790,196	34.35%
	8,097,060	98,063,602	284,632,567	34.45%
	6,485,120	81,567,008	237,005,521	34.42%
	6,581,300	80,118,592	232,087,354	34.52%
	6,493,800	79,912,553	232,272,782	34.40%
	6,475,170	72,779,798	212,996,275	34.17%
	6,498,300	70,611,881	205,551,236	34.35%

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>
2005	\$ 377,790	\$ 357,559	94.6%	\$ 8,756	\$ 366,315
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

(1) Source: Trumbull County Auditor

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

Ratio of Total Tax Collection to Total Tax Levy	Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Total Tax Levy
97.0%	\$ 19,537	5.2%
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%

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>
2005	\$ 26,694	\$ 26,553	99.5%	\$ 384	26,937
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

(1) Source: Trumbull County Auditor

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

Ratio of Total Tax Collection to Total Tax Levy	Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Total Tax Levy
100.9%	\$ 1,294	4.8%
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%

CITY OF HUBBARD, OHIO

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

<u>Fiscal Year</u>	<u>City of Hubbard</u>	<u>County</u>	<u>School</u>	<u>Vocational School</u>	<u>Township (2)</u>	<u>Other (2)</u>	<u>Total</u>
<u>Taxing District: Hubbard Exempted Village School District</u>							
2004 for 2005	3.80	10.35	54.20	2.40	14.60	1.20	86.55
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

(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>
2005	\$ -	\$ -
2004	-	-
2003	-	-
2002	-	-
2001	-	-
2000	-	-
1999	-	-
1998	-	-
1997	(a) 1,237	1,237
1996	-	-

(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, 2005

	<u>Total Debt Limit (2)</u>	<u>Total Unvoted Debt Limit (3)</u>
Assessed valuation of the City	\$ 118,208,905	\$ 118,208,905
Legal debt margin:		
Debt limitation	12,411,935	6,501,490
Debt applicable to limitation		
Total bonded debt	16,899,680	16,899,680
Exemptions:		
Debt supported by enterprise fund operations	<u>(16,899,680)</u>	<u>(16,899,680)</u>
Net Debt applicable to limitation:	<u>-</u>	<u>-</u>
Total legal debt margin (debt limitation minus total debt applicable to limitation)	<u>\$ 12,411,935</u>	<u>\$ 6,501,490</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, 2005

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable To the City (1)</u>	<u>Amount Applicable to the City</u>
Direct:			
City of Hubbard (2)	\$ 5,100,000	100.00%	\$ 5,100,000
Overlapping:			
Hubbard Township (3)	-	0.00%	-
Hubbard Exempted Village School District (4)	790,000	53.14%	419,828
Trumbull County (5)	15,226,300	3.12%	473,809
Total			<u>\$ 5,993,637</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>2005 Assessed Valuation</i>
City of Hubbard, Ohio	\$ 118,208,905
Hubbard Township	94,388,492
Hubbard Exempted Village School District	202,947,692
Trumbull County	3,460,237,733

(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	
2005	\$ 1,220,771	\$ 1,070,680	150,091	\$ 285,000	\$ 219,838	504,838	0.30
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

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

CITY OF HUBBARD, OHIO

DEMOGRAPHIC STATISTICS
LAST TEN YEARS

<u>Year</u>	<u>Estimated Population (1)</u>	<u>Per Capita Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2005	8,400	(5)	2,435	6.80%
2004	8,380	\$ 27,994	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%

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 2007 for data year 2005.

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>
2005	\$ 48,133,600	\$ 267,546,057	\$ 8,312,500	\$ 323,992,157	5	\$ 1,365,559
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

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

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

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

Residential Construction (2)		
Number of Units	Value	Bank Deposits (3)
21	\$ 2,449,000	\$ 145,527,000
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

CITY OF HUBBARD, OHIO

PRINCIPAL TAXPAYERS
REAL PROPERTY TAX (1)
DECEMBER 31, 2005

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
McConnell Enterprises	\$ 846,030	0.77%
W.B.S. Company	648,940	0.59%
Valley View Properties	610,340	0.55%
Gary D. Mayle	571,130	0.52%
Simon-Westview Limited Partnership	567,880	0.51%
Fleisher Realty	549,330	0.50%
United States Can Company	518,250	0.47%
James R. Carsone, Sr.	477,640	0.43%
Kala Realty Limited	471,740	0.43%
CVS Discount Drug	460,290	0.42%
Totals, Top Ten Principal Real Property Taxpayers	<u>\$ 5,721,570</u>	<u>5.18%</u>
Total City Real Property Assessed Valuation	<u>\$ 110,487,880</u>	

(1) Source: Trumbull County Auditor

CITY OF HUBBARD, OHIO

PRINCIPAL TAXPAYERS
PERSONAL PROPERTY TAX (1)
DECEMBER 31, 2005

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
United States Can Company	\$ 1,883,240	30.20%
Greenwood's Hubbard Chevrolet	1,554,146	24.92%
Lighting Products, Inc.	610,780	9.79%
CVS Discount Drug	226,590	3.63%
Time Warner Cablevision of Ohio	219,960	3.53%
Devine Food, Inc.	209,390	3.36%
Gasser Chair Company	197,880	3.17%
Patton's IGA Super Center, Inc.	157,630	2.53%
Rite Aid of Ohio	155,270	2.49%
Handyman Supply of Hubbard	93,360	1.50%
Totals, Top Ten Principal Personal Property Taxpayers	<u>\$ 5,308,246</u>	<u>85.13%</u>
Total City Personal Property Assessed Valuation	<u>\$ 6,235,795</u>	

(1) Source: Trumbull County Auditor

CITY OF HUBBARD, OHIO
PRINCIPAL TAXPAYERS
PUBLIC UTILITY PROPERTY TAX (1)
DECEMBER 31, 2005

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Ohio Bell Telephone	\$ 632,100	42.56%
Dominion East Ohio Gas Company	267,870	18.04%
First Energy - Ohio Edison	248,330	16.72%
Norfolk Southern Combined	204,490	13.77%
Dobson Cellular Systems	98,190	6.61%
Sprint Communications	27,350	1.84%
American Transmission Systems	23,460	1.58%
CSX Transportation	20,200	1.36%
Allegheny Communications	4,010	0.27%
Arch Wireless	2,510	0.17%
Totals, Top Ten Principal Public Utility Property Taxpayers	<u>\$ 1,528,510</u>	<u>102.91%</u>
Total City Public Utility Assessed Valuation	<u>\$ 1,485,230</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, 2005

<u>Taxpayer</u>	<u>Number of Employees</u>	<u>Income Tax Withholding</u>	<u>Percent of Total Tax Collections</u>
Hubbard Exempted Village School District	451	\$ 154,187	9.90%
United States Can Company	50	91,829	5.90%
Delphi Automotive Systems	99	71,229	4.57%
General Motors Corporation	70	39,009	2.51%
City of Hubbard, Ohio	96	38,797	2.49%
Greenwood's Hubbard Chevrolet	73	26,513	1.70%
Flying J Travel Center	209	17,666	1.13%
Devine Foods, Inc.	92	15,110	0.97%
Patton's IGA Super Center, Inc.	80	13,285	0.85%
Gasser Chair Company	38	11,418	0.73%
Totals, Top Ten Principal Income Tax Withholders		<u>\$ 479,043</u>	<u>30.77%</u>
Total Income Tax Collections, Year 2005		<u>\$ 1,556,973</u>	

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

CITY OF HUBBARD, OHIO

PRINCIPAL UTILITY CONSUMERS
ELECTRIC (1)
DECEMBER 31, 2005

<u>Utility Consumer</u>	<u>Annual Consumption</u>	<u>Percent of Total Billed Consumption</u>
United States Can Company	\$ 4,789,000	8.32%
Flying J Travel Center	1,823,800	3.17%
Patton's IGA Super Center, Inc.	1,669,200	2.90%
Devine Foods, Inc.	1,657,280	2.88%
Greenwood's Hubbard Chevrolet	1,014,624	1.76%
Simco Management - Shadow Run Apartments	858,960	1.49%
Board of Education - Hubbard High School	794,000	1.38%
Board of Education - Reed Middle School	580,080	1.01%
Trumbull Metropolitan Housing Authority	528,480	0.92%
Lighting Products, Inc.	517,800	0.90%
Totals, Top Ten Principal Electric Utility Consumers	<u>\$ 14,233,224</u>	<u>24.72%</u>
Total Billed Consumption for Year (in kilowatt hours)	<u>\$ 57,583,698</u>	

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

CITY OF HUBBARD, OHIO

PRINCIPAL UTILITY CONSUMERS
WATER/SEWER (1)
DECEMBER 31, 2005

<u>Utility Consumer</u>	<u>Annual Consumption (3)</u>	<u>Percent of Billed Water Consumption</u>	<u>Percent of Billed Sewer Consumption</u>
Ellwood Engineered Casting Company	\$ 3,378,200	9.67%	(2)
Flying J Travel Center	826,100	2.37%	2.88%
Blue Beacon Truck Wash of Hubbard	459,800	1.32%	1.60%
The Globe Restaurant	442,200	1.27%	1.54%
Simco Management - Shadow Run Apartments	416,800	1.19%	1.45%
Hubbard Laundromat	327,200	0.94%	1.14%
Truck World, Inc.	214,300	0.61%	0.75%
OK KE, Inc.	151,100	0.43%	0.53%
Trumbull Metropolitan Housing Authority	114,000	0.33%	0.40%
Uptown Auto Wash	141,500	0.41%	0.49%
Board of Education - Hubbard High School	65,000	0.19%	0.23%
Totals, Top Eleven Principal Water/Sewer Utility Consumers	<u>\$ 6,536,200</u>	<u>18.72%</u>	<u>11.02%</u>
Total Billed Consumption for Year (in cubic feet)		34,917,600	28,665,000

(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, 2005

Date of Incorporation	1868
Form of Government	Council/Mayor
Type of Government	Staatury
Number of employees (excluding police)	
Classified	34
Exempt	18
Area in square miles	3.50
City of Hubbard, Ohio facilities and services:	
Center lane miles of streets	29.49
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	1
<i>Volunteer Fire Protection:</i>	
Number of stations	1
Number of volunteer officers	5
Number of volunteer fire fighters	28
Number of fire engines	4
Total number of calls answered	196
Number of calls answered within City	74
Number of calls answered within Township	122
<i>Police Protection:</i>	
Number of stations	1
Number of full-time police officers	15
Number of part-time police officers	4
Number of full time-police dispatchers	4
Number of part-time police dispatchers	2
Number of marked patrol units	11
Number of unmarked patrol units	2
Number of calls for service answered	6,368
Number of law violations:	
Physical arrests	361
Traffic citations	657
Parking violations	404
Traffic accidents	119
<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	30.46
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	587,436
Maximum daily capacity of treatment plant in gallon	17,000,000

CITY OF HUBBARD, OHIO

MISCELLANEOUS STATISTICS (CONTINUED)
DECEMBER 31, 2005

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	715,572

Electric System:

Number of Electric employees	12
Total miles of electric service	55.15

Electric 23 KV Transmission System:

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

Electric Distribution System:

Miles of distribution service	45.01
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Overhead Distribution System:

Miles of overhead distribution service	36.00
Number of distribution poles	1,585
Number of pole mount transformers	614
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, 2005

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	3,471
Number of demand residential service connections	11
Number of general service small (commercial) connections	357
Number of general service large (industrial) connections	1
Number of security light connections	157

Distribution System Service Connections:

Daily average gross consumption in kilowatt hours	182,850
Daily average consumption in kilowatt hours-billed to consumers	161,907

Facilities and Services not included in the reporting entity:

Education:

Number of elementary schools	2
Number of elementary school instructors	69
Number of middle schools	1
Number of middle school instructors	52
Number of high schools	1
Number of high school instructors	50

Voter Statistics-Election of November 2005:

Number of registered voters in County	140,675
Number of ballots cast County wide - Last General Election	66,031
Percentage of voters voting throughout the County	46.9%
Number of registered voters in City	5,389
Number of ballots cast City wide - Last General Election	2,063
Percentage of voters voting throughout the City	38.3%
Number of Precincts in County	274
Number of Precincts in City	11



**Auditor of State
Betty Montgomery**

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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
JULY 11, 2006**