



Mary Taylor, CPA
Auditor of State

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY

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HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education.</i>						
Food Distribution Program		10.550		\$87,969		\$87,969
Nutrition Cluster:						
National School Lunch Program	LLP4-2004	10.555	237,500		237,500	
National School Breakfast Program	05PU-2004	10.553	26,718		26,718	
Total Nutrition Cluster			264,218		264,218	
Total U.S. Department of Agriculture			264,218	87,969	264,218	87,969
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education.</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)						
	045427-6BSF-2005-P	84.027	(34,163)		10,271	
	045427-6BSD-2006-P	84.027	20,881		18,280	
	045427-6BSF-2006-P	84.027	475,279		373,358	
Total Special Education Cluster			461,997		401,909	
Grants to Local Educational Agencies (ESEA Title I)						
	045427-C1S1-2005	84.010	8,138		34,787	
	045427-C1S1-2006	84.010	328,670		298,070	
Total Grants to Local Educational Agencies			336,808		332,857	
Innovative Educational Program Strategies						
	045427-C2S1-2005	84.298	(27)		-	
	045427-C2S1-2006	84.298	7,143		7,143	
Total Innovative Educational Program Strategies			7,116		7,143	
Title II-D Technology Literacy Challenge Fund Grant	045427-TJS1-2006	84.318	5,980		5,980	
Drug-Free Schools Grant	045427-DRS1-2006	84.186	11,736		11,736	
Federal Subsidy Reimbursement						
	045427-AVTF-2004	84.330	-		312	
	045427-AVTF-2005	84.330	-		104	
Total Federal Subsidy Reimbursement			-		416	
<i>Passed Through Trumbull Educational Service Center</i>						
Title III _ LEP	045427-T3S1-2003	84.365	-		1,044	
Title II-A Improving Teacher Quality						
	045427-TRS1-2005	84.367	(715)		15,733	
	045427-TRS1-2006	84.367	76,313		79,601	
Total Title II-A Improving Teacher Quality			75,598		95,334	
TOTAL DEPARTMENT OF EDUCATION			899,235		856,419	
U.S. DEPARTMENT OF HOMELAND SECURITY						
Federal Emergency Management Assistance						
<i>Passed Through Ohio Emergency Management Agency</i>						
	155-02749-00	97.036	269,592		8,413	
TOTAL			1,433,045	87,969	1,129,050	87,969

The accompanying notes to this schedule are an integral part of this schedule

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2006**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State Grants. It is assumed federal monies are expended first. At June 30, 2006, the District had no significant food commodities in inventory.



Mary Taylor, CPA

Auditor of State

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

Hubbard Exempted Village School District
Trumbull County
50 Hall Ave
Hubbard, Ohio 44425

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hubbard Exempted Village School District, Trumbull County, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures 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 District's management dated March 20, 2007, 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 District'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 District's management dated March 20, 2007, we reported an other matter related to noncompliance we deemed immaterial.

Hubbard Exempted Village School District
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 management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

March 20, 2007



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Hubbard Exempted Village School District
Trumbull County
50 Hall Ave.
Hubbard, Ohio 44425

To the Board of Education:

Compliance

We have audited the compliance of the Hubbard Exempted Village School District, Trumbull County, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2006. Hubbard Exempted Village School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of Hubbard Exempted Village School District's management. Our responsibility is to express an opinion on Hubbard Exempted Village School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs. An audit includes examining, on a test basis, evidence about Hubbard Exempted Village School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Hubbard Exempted Village School District's compliance with those requirements.

In our opinion, Hubbard Exempted Village School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hubbard Exempted Village School District's internal control over compliance with requirements that could have a direct and material effect on the major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major federal programs being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Federal Awards Expenditures Schedule

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Hubbard Exempted Village School District, Trumbull County, as of and for the year ended June 30, 2006, and have issued our report thereon dated March 20, 2007. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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.

On May 31, 2007, our office released the audit report dated March 20, 2007 for the Hubbard Exempted Village School District, Trumbull County, for the year ending June 30, 2006. Subsequent to issuing that report, we became aware that the Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133 omitted the unqualified opinion on the fair presentation of the Schedule of Federal Awards Expenditures in relation to the aforementioned basic financial statements. The revised report above includes the unqualified opinion on the fair presentation of the Schedule of Federal Awards Expenditures previously omitted.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

March 20, 2007 and November 17, 2008

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 ' .505**

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under ' .510?	No
(d)(1)(vii)	Major Programs:	Title VI-B/84.027 Title I/84.010 Nutrition Cluster/10.553, 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Finding Number	
-----------------------	--

None

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	
-----------------------	--

None

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

HUBBARD EXEMPTED
VILLAGE SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2006

PREPARED BY
TREASURER'S DEPARTMENT
BLAISE E. KARLOVIC, TREASURER

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INTRODUCTORY SECTION

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**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

150 Hall Avenue • Hubbard, OH 44425 • Phone (330) 534-1921 • FAX (330) 534-0522

RICHARD J. BUCHENIC
Superintendent
Richard.Buchenic@neomin.org



BLAISE E. KARLOVIC
Treasurer
Blaise.Karlovic@neomin.org

LUCILLE A. ESPOSITO
Assistant Superintendent
Lucille.Esposito@neomin.org

LORI L. SAUNDERS
Director of Pupil Personnel
Lori.Saunders@neomin.org

March 20, 2007

Members of the Board of Education and Residents of the
Hubbard Exempted Village School District:

The Comprehensive Annual Financial Report (CAFR) of the Hubbard Exempted Village School District (the "District") for the fiscal year ended June 30, 2006 is hereby submitted. This CAFR includes financial statements and other financial and statistical data and conforms to accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in three sections as follows:

1. ***Introductory Section*** - This section contains a Letter of Transmittal, List of Principal Officers, and Organizational Chart of the District.
2. ***Financial Section*** - This section begins with the Independent Accountants' Report, the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District's financial position and operating results, the Combining Statements by Fund Type, and other schedules providing detailed information relative to the Basic Financial Statements.
3. ***Statistical Section*** - This section presents selected financial and demographic information, generally presented on a multi-year basis.

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Federal law requires an annual audit by independent accountants. The Ohio Auditor of State's office conducted the audit. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and include a review of internal controls and test of compliance with Federal and State laws and regulations. The Independent Accountant's Report is included in this CAFR.

As a part of the District's independent audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the school district has complied with applicable laws and regulations. The results of the District's independent audit for the fiscal year ended June 30, 2006 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the District, as well as compliment the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The District's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Accountant's Report.

PROFILE OF HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

The District ranks as 236th largest by total enrollment among the 615 public school districts in the state and is located in Trumbull County. As of the current school year (2005-06), the average daily membership (ADM) was 2,322 students. The District currently operates 1 elementary school, 1 middle school, and 1 comprehensive high school.

The District has 285 full and part time employees. The District employs 151 certified staff members, 94 non-certified staff members and 20 administrators.

The District offers a wide variety of educational programs. Hubbard High School is one of two high schools in Trumbull County to offer advanced placement classes. This year the District added sign language as a foreign language. Middle School students have the opportunity to take an exploratory language in seventh and eighth grade. The District has a range of core college preparatory courses along with a variety of electives. More than 69% of our students attend a 4-year college/university. Another fourteen percent will attend a trade or technical school or a two-year community college. All three of our schools provide after school extended programs for our students who need extra help. Since 2002, Hubbard kindergarten students attend all-day every day kindergarten. The District has a comprehensive gifted program for middle school students; differentiated learning is also a component of our educational delivery system. Special Education students in the elementary and middle school are in an inclusion setting.

The District offers a full range of extracurricular programs and activities to students beginning with students at Roosevelt Elementary School which continues through Reed Middle School and Hubbard High School. All three buildings have media centers, computers or labs and all students are provided with the instructional tools to assure academic success.

Students, whether through extracurricular activities through the school setting, or through the Little Eagles program through the community, are afforded athletic enrichment activities. Water sports are also an integral component of health and fitness in Hubbard because of the Hubbard Community Pool which is fiscally managed by the District and sits on the main campus of Hall Avenue.

Special teachers enhance the core curriculum offering physical education, fine arts, theater arts, guidance, instrumental and vocal music programs. All media centers are staffed by full-time teachers. A full-time nurse is on site at each of the three District buildings. Students who qualify for Title I are serviced at both the elementary and middle schools. All of our district teachers are highly qualified and receive on-going professional development during the academic year and in the summer through several grants.

Overlapping Governmental Entities

The major political subdivisions or other governmental entities that overlap the territory of the District are listed below. The stated percentage is that percentage of the tax valuation of the overlapping entity that is located within the District.

1. A portion (0.02%) of Mahoning County (functions allocated to counties by Ohio law, such as elections, health and human services, and judicial).
2. A portion (5.86%) of Trumbull County (functions allocated to counties by Ohio law, such as elections, health and human services, and judicial).
3. The City of Hubbard (100%) (municipal corporation responsibilities).

Each of these entities operates independently, with its own separate budget, taxing power, and sources of revenue. Mahoning County, Trumbull County and the City of Hubbard levy ad valorem property taxes within the ten-mill limitation (subject to available statutory allocation of the 10 mills). The District is not considered a component unit of another government.

Budgetary Controls

In addition to the internal control structure mentioned above, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level for all funds. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Unencumbered amounts lapse at year-end. A complete description of the District's Budgetary Process can be found in Note 2.E. to the basic financial statements.

ECONOMIC CONDITION

Local Economy

The District is located in Trumbull County, in Northeast Ohio, approximately eighty miles southeast of Cleveland and fifty-five miles southwest of Akron. A majority of the District is located within Trumbull County with a small overlap into Mahoning County and falls within the corporate boundary of the City of Hubbard and Hubbard Township.

The District is served by diversified transportation facilities including immediate access to Interstate 80 and the Ohio Turnpike. Major commercial banks with offices within the District include National City Bank, Key Bank, Sky Bank, First National as well as 717 Credit Union.

Two daily newspapers serve the District. The District falls within the broadcast area of five television stations as well as numerous AM/FM radio stations. The District broadcasts school information on cable Channel 16.

Within commuting distance of the District is Youngstown State University and Kent State University-Trumbull Branch. The District offers the advantages of a small town, a reasonable cost of living, with access to medical facilities such as St. Elizabeth Medical Center.

Long-Term Financial Planning

The District prepares a five-year financial forecast annually for use as a tool for long range planning. The five-year forecast contains projected local and state revenues, spending patterns within each area of the budget, and cash balances in the District's operating fund. The five-year forecast provides early warning signs of potential financial problems.

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Specific examples of recent decisions that have resulted in improvements in the District's financial condition include the renewal of a 5.2 mill emergency levy in November, 2005.

Major Initiatives for the Year

Textbooks for core subjects in all grade levels have been updated and the district will continue this process in subsequent years. The District employs a director of network technology and one technology assistant.

Major Initiatives for the Future

The District will continue to upgrade all areas of technology in the 2005-06 school year and beyond. Plans include the replacement of outdated computer software and hardware annually, as well as providing all staff with regularly scheduled in-service training in technology. More than 500 new computers will be purchased for all three schools and will be phased in over the next 2 years.

After choosing to participate in the Ohio School Facilities Commission Classroom program, the District was successful in passing a 5.5 mill bond issue at the November, 2006 election. The \$57,000,000 project encompasses the construction of a new elementary, middle and high school. Public meetings will be scheduled for community discussion and direction as the District prepares to implement the design phase of construction of the District's three new schools.

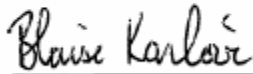
Ohio's growth industries require that Ohioans have a solid foundation in science and technology to meet workplace demands. Because of this tremendous growth, the Ohio Department of Education has developed Ohio High School Models for Science. Four high schools in Ohio have been chosen to provide model curriculum in science and to create assessments, and instructional programming to implement one of these models. Hubbard High School is one of the four schools chosen by the Ohio Department of Education to implement a science model so that it can be replicated throughout the state. The District's science team will meet in Columbus to present the Hubbard Science Program Model. The District has been granted a \$7,500 grant to implement this model.

ACKNOWLEDGEMENTS

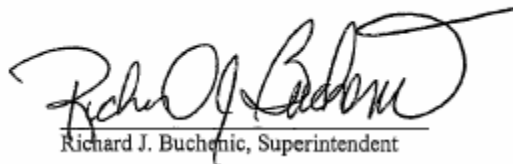
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the staff of the Treasurer's Office, various administrators and staff members of the District. Our consultant, Julian & Grube, Inc., provided us with expert technical assistance in all phases of preparing the report. The assistance of the Trumbull County Auditor's office in providing information is also appreciated. Finally, we wish to acknowledge the cooperation of the team from the Ohio Auditor of State's office, who conducted a thorough audit of our finances.

In closing, without the leadership and support of the Board of Education of the District, preparation of this report would not have been possible.

Sincerely,



Blaise Karlovic, Treasurer/CFO



Richard J. Buchenic, Superintendent

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

ELECTED OFFICIALS AND ADMINISTRATIVE STAFF

JUNE 30, 2006

Board of Education Members

President	Mr. Ray Wells
Vice President	Mr. Don Newell
Member	Mr. Ray DeLuco
Member	Dr. Benjamin Hayek
Member	Mr. Tim Herberger

Appointed Officials

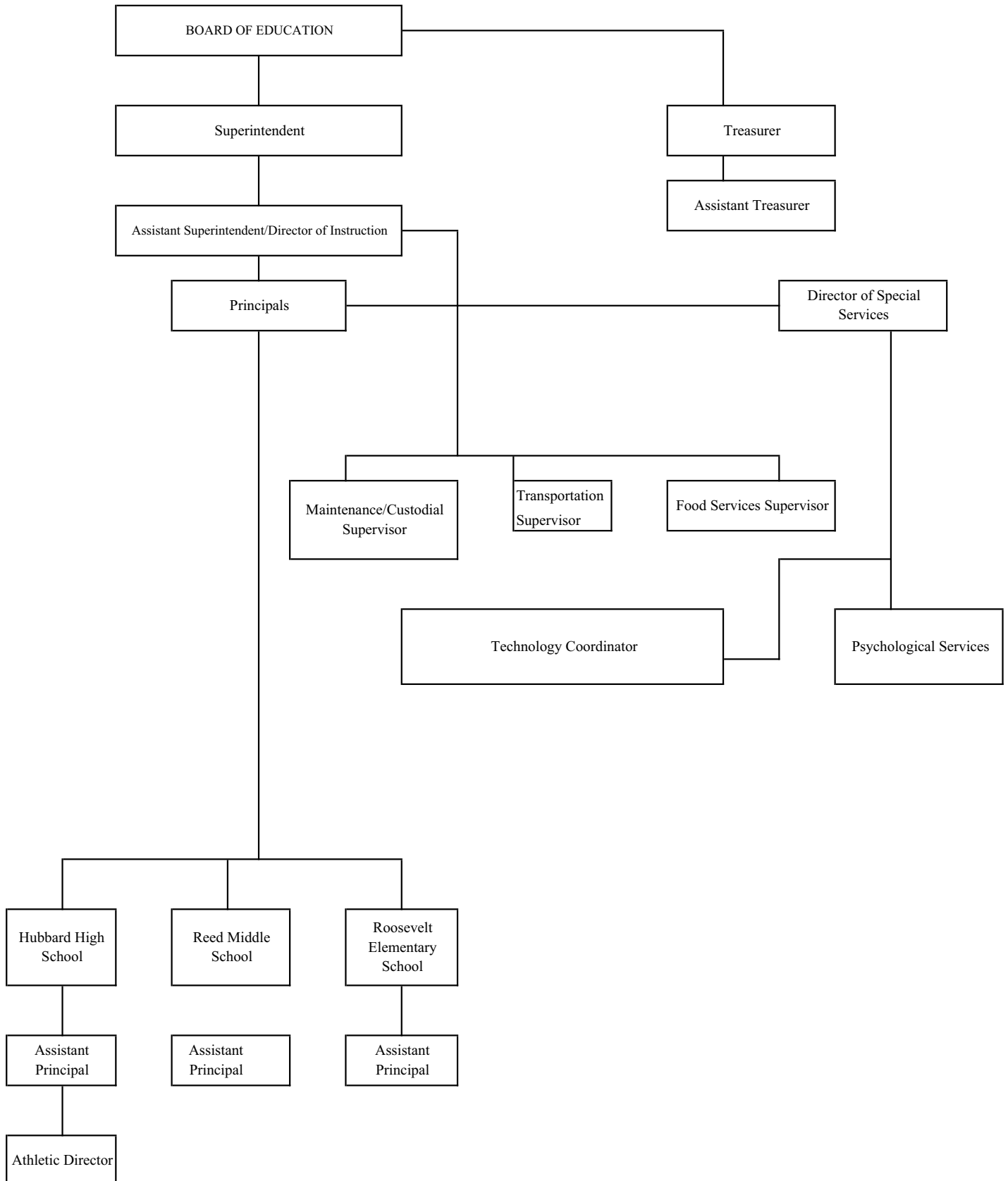
Superintendent	Richard J. Buchenic
Treasurer/CFO	Blaise E. Karlovic

Administrative Staff

Assistant Superintendent	Lucille Esposito
Director of Special Services	Catherine Reesman
Assistant Treasurer	Jacqueline Toth
Assistant to Treasurer/Budgetary	Sonya Lucius
Secretary to Treasurer	Beth Mauch
Psychologist	Audrey Richards
Secretary to Superintendent	Kathy Mroski
EMIS Coordinator/Secretary to Assistant Superintendent	Linda McMonagle
Secretary to Director of Special Services	Judy McCowin
Principal, Hubbard High School	Ronald Garrett
Assistant Principal, Hubbard High School	Brandie Gough
Principal, Reed Middle School	Jon Young
Assistant Principal, Reed Middle School	Tina Hughes
Principal, Roosevelt Elementary School	Raymond Soloman
Assistant Principal, Roosevelt Elementary School	Robyn Fette
Athletic Director	James Vivo
Aquatic Director	Craig Yaniglos
Building & Grounds Supervisor	Phillip Bolchalk
Food Service Director	Sam Mantas
Technology Director	Ryan Catcott
Transportation Supervisor	James Pagley, Jr.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

ORGANIZATIONAL CHART



FINANCIAL SECTION

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Mary Taylor, CPA

Auditor of State

Hubbard Exempted Village School District
Trumbull County
150 Hall Avenue
Hubbard, Ohio 44425

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Hubbard Exempted Village School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Hubbard Exempted Village School District, Trumbull County, Ohio, as of June 30, 2006, and the respective changes in financial position and the budgetary comparison for the General Fund thereof 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 March 20, 2007 on our consideration of the District'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, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Mary Taylor, CPA
Auditor of State

March 20, 2007

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED

The discussion and analysis of the Hubbard Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- In total, net assets of governmental activities increased \$486,185 which represents an 7.88% increase from 2005.
- General revenues accounted for \$16,392,890 in revenue or 83.86% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,155,382 or 16.14% of total revenues of \$19,548,272.
- The District had \$19,062,087 in expenses related to governmental activities; \$3,155,382 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The District's major governmental fund the general fund had \$17,768,520 in revenues and \$17,199,873 in expenditures and other financing uses. The fund balance of the general fund increased from \$3,060,136 to \$3,628,783.

Using this Comprehensive Annual Financial Report (CAFR)

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 District 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 District, presenting both an aggregate view of the District'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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant funds, and the only governmental fund reported as major funds.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all non-fiduciary 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 will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages F13-F14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages F15-F19 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages F20 and F21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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 F22-F48 of this report.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2006 and 2005.

	Net Assets	
	Governmental Activities 2006	Governmental Activities 2005
<u>Assets</u>		
Current and other assets	\$ 13,846,364	\$ 13,920,951
Capital assets	4,972,010	4,501,468
Total assets	18,818,374	18,422,419
<u>Liabilities</u>		
Current liabilities	9,077,048	8,816,346
Long-term liabilities	3,081,759	3,432,691
Total liabilities	12,158,807	12,249,037
<u>Net Assets</u>		
Invested in capital assets, net of related debt	3,693,434	3,015,373
Restricted	1,009,987	1,026,915
Unrestricted	1,956,146	2,131,094
Total net assets	\$ 6,659,567	\$ 6,173,382

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$6,659,567.

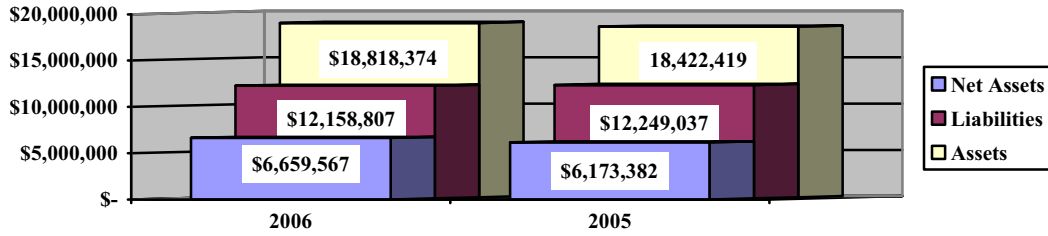
At year-end, capital assets represented 26.42% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2006, were \$3,693,434. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,009,987, represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$23,936 is restricted for capital projects. The remaining balance of unrestricted net assets of \$1,956,146 may be used to meet the District's ongoing obligations to the students and creditors.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED

Governmental Activities



The table below shows the change in net assets for fiscal years 2006 and 2005.

	Change in Net Assets	
	Governmental Activities 2006	Governmental Activities 2005
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,310,549	\$ 935,770
Operating grants and contributions	1,729,326	1,514,149
Capital grants and contributions	115,507	-
General revenues:		
Property taxes	5,920,522	6,813,106
Grants and entitlements	10,171,730	9,987,477
Investment earnings	150,485	106,058
Other	150,153	97,042
Total revenues	19,548,272	19,453,602

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED

Change in Net Assets

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 7,868,441	\$ 7,695,256
Special	1,722,999	1,198,506
Vocational	299,196	296,973
Other	401,063	264,468
Support services:		
Pupil	860,906	773,478
Instructional staff	733,418	1,193,641
Board of education	57,731	23,307
Administration	1,318,041	1,270,624
Fiscal	420,838	424,878
Business	42,159	52,674
Operations and maintenance	1,986,807	2,273,906
Pupil transportation	1,134,901	1,066,460
Central	121,341	159,677
Food service operations	708,977	798,139
Operations of non-instructional services	407,093	102,471
Extracurricular activities	741,283	626,383
Intergovernmental-pass through	131,842	120,013
Interest and fiscal charges	<u>105,051</u>	<u>102,616</u>
Total	<u>19,062,087</u>	<u>18,443,470</u>
Change in net assets	486,185	1,010,132
Net assets at beginning of year	<u>6,173,382</u>	<u>5,163,250</u>
Net assets at end of year	<u><u>\$ 6,659,567</u></u>	<u><u>\$ 6,173,382</u></u>

Governmental Activities

Net assets of the District's governmental activities increased \$486,185. Total governmental expenses of \$19,062,087 were offset by program revenues of \$3,155,382 and general revenues of \$16,392,890. Program revenues supported 16.55% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These two revenue sources represent 82.32% of total governmental revenue. Real estate property is reappraised every six years.

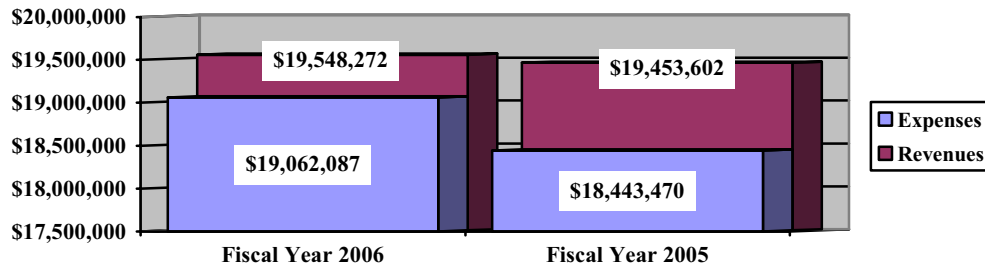
The largest expense of the District is for instructional programs. Instruction expenses totaled \$10,291,699 or 53.99% of total governmental expenses for fiscal 2006.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2006 and 2005.

Governmental Activities - Revenues and Expenses



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. 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

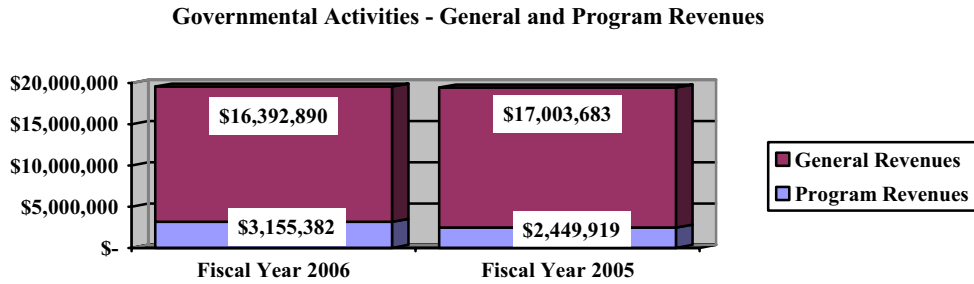
	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Program expenses				
Instruction:				
Regular	\$ 7,868,441	\$ 7,020,414	\$ 7,695,256	\$ 7,185,627
Special	1,722,999	1,201,362	1,198,506	638,385
Vocational	299,196	299,196	296,973	296,973
Other	401,063	401,063	264,468	264,468
Support services:				
Pupil	860,906	839,999	773,478	751,505
Instructional staff	733,418	622,215	1,193,641	1,133,801
Board of education	57,731	55,314	23,307	23,307
Administration	1,318,041	1,179,787	1,270,624	1,109,339
Fiscal	420,838	420,838	424,878	424,878
Business	42,159	42,159	52,674	52,674
Operations and maintenance	1,986,807	1,826,355	2,273,906	2,265,055
Pupil transportation	1,134,901	832,658	1,066,460	1,039,415
Central	121,341	112,341	159,677	150,677
Food service operations	708,977	(13,668)	798,139	103
Operations of non-instructional services	407,093	340,600	102,471	79,720
Extracurricular activities	741,283	583,619	626,383	473,912
Intergovernmental pass-through	131,842	37,402	120,013	1,096
Interest and fiscal charges	105,051	105,051	102,616	102,616
Total	<u>\$ 19,062,087</u>	<u>\$ 15,906,705</u>	<u>\$ 18,443,470</u>	<u>\$ 15,993,551</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED

The dependence upon tax and other general revenues for governmental activities is apparent, 86.69% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 83.45%. The District's taxpayers, as a whole, are by far the primary support for District students.

The graph below presents the District's governmental activities revenue for fiscal years 2006 and 2005.



The District's Funds

The District's governmental funds (as presented on the balance sheet on page F17) reported a combined fund balance of \$3,777,754, which is higher than last year's total of \$3,457,161. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	Fund Balance <u>June 30, 2006</u>	Fund Balance <u>June 30, 2005</u>	Increase <u>(Decrease)</u>
General	\$ 3,628,783	\$ 3,060,136	\$ 568,647
Other Governmental	<u>148,971</u>	<u>397,025</u>	<u>(248,054)</u>
Total	<u>\$ 3,777,754</u>	<u>\$ 3,457,161</u>	<u>\$ 320,593</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED

General Fund

During fiscal year 2006, the District's general fund balance increased by \$568,647. The table that follows assists in illustrating the financial activities of the general fund.

	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 6,638,956	\$ 6,604,228	0.53 %
Tuition	615,640	271,056	127.13 %
Earnings on investments	125,620	105,263	19.34 %
Intergovernmental	10,153,691	9,964,087	1.90 %
Other revenues	<u>234,613</u>	<u>151,053</u>	55.32 %
Total	<u>\$17,768,520</u>	<u>\$ 17,095,687</u>	3.94 %
<u>Expenditures</u>			
Instruction	\$ 9,647,398	\$ 8,648,181	11.55 %
Support services	6,274,901	6,504,637	(3.53) %
Non-instructional	307,822	59,654	416.01 %
Extracurricular activities	432,335	366,569	17.94 %
Capital outlay	-	248,864	(100.00) %
Debt service	<u>65,874</u>	<u>55,961</u>	17.71 %
Total	<u>\$16,728,330</u>	<u>\$ 15,883,866</u>	5.32 %

Tuition increased significantly, by \$344,584, due to increased open enrollment. Non-instructional expenditures increased by over 416% due to the operation of the community pool.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2006, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources of \$17,936,107 were \$686,593 higher than the original budgeted revenues estimate of \$17,249,514. Actual revenues and other financing sources for fiscal 2006 was \$17,814,943. This represents a \$121,164 decrease from final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$16,444,188 were increased \$873,343 to \$17,317,531 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$17,317,531, which was equal to the final budget appropriations.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the District had \$4,972,010 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2006 balances compared to 2005:

	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Land	\$ 462,720	\$ 462,720
Land improvements	1,033,310	890,498
Buildings and improvements	2,669,837	2,349,510
Furniture and equipment	233,289	278,170
Vehicles	<u>572,854</u>	<u>520,570</u>
Total	<u>\$ 4,972,010</u>	<u>\$ 4,501,468</u>

Total additions to capital assets for 2006 were \$930,780 and total depreciation expense was \$422,831. The District had \$37,407 in disposals (net of accumulated depreciation). The total net change in assets for the year was an increase of \$470,542.

See Note 8 to the basic financial statements for additional capital asset information.

Debt Administration

At June 30, 2006, the District had \$2,068,576 in Library improvement bonds, Ohio Association of School Board Officials (OASBO) lease-purchase agreement, capital leases and a loan payable outstanding. Of this total, \$426,456 is due within one year and \$1,642,120 is due within greater than one year. The following table summarizes the debt outstanding.

	Outstanding Debt, at Year End	
	Governmental	Governmental
	Activities	Activities
	<u>2006</u>	<u>2005</u>
Library improvement bonds	\$ 790,000	\$ 925,000
Loan payable	459,380	566,218
Capital lease obligation	180,843	231,090
OASBO lease-purchase	<u>638,353</u>	<u>745,360</u>
Total	<u>\$ 2,068,576</u>	<u>\$ 2,467,668</u>

At June 30, 2006, the District's overall legal debt margin was \$19,501,325 with an unvoted debt margin of \$224,374.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED

Current Financial Related Activities

The District has continued to maintain its high standards of service to students, parents and the community. We are continually pressed with challenges and opportunities that compel us to remain proactive in our efforts to provide children with a quality education in an environment that is conducive to learning. Current events, the economy and market conditions have an impact on how the District conducts business.

The District has managed its financial operation with prudence, while continually monitoring revenues and expenditures in accordance with the five year forecast. The current forecast projects year end balances through fiscal year 2011. These surpluses are relative to the many challenges that the District is faced with.

House Bill 66 effectively eliminated the Tangible Personal Property Tax (TPP) to the tune of a budget loss of \$1 million for the District. The District has offset this loss of revenue through state reimbursements and open enrollment dollars. Open enrollment generates roughly \$615,000 in annual revenue for the District. Without these funds available, the Board of Education would need to look into alternative methods of revenue replacement to help compensate for this shortfall. There is currently no plan in place to permanently reimburse Ohio School Districts for the paramount loss of funds that the TPP generated for their respective budgets.

In May, 2006 the District passed its second of two renewal levies that were on the ballot within six months of each other. Again, the margin of passage was one of the largest in the state, indicating that the Hubbard community's support of the District is irrefutable. In November 2006 the District issued bonds in conjunction with the Ohio School's Facilities Commission (OSFC), to build three new school buildings on a centralized campus. The OSFC has committed 68 cents on each dollar the District spends on new facilities. Community support will generate the remaining 32 cents.

The District's commitment to instruction remains strident. We have set-aside nearly \$200,000 per school year for the purchase of new text books on a district wide level. This does not include the additional funds that we spend on teaching aides, other instructional materials, and new computers for Hubbard students. Furthermore, the District has been able to spend these dollars on instruction in view of a 25% increase in utility costs from fiscal year 2005 to fiscal year 2006, and a 65% increase in fuel expenditures during the same time period. With this in mind, it remains imperative that the Board of Education and management team continue to carefully plan in order to provide the resources required in meeting the students, parents, and communities desired needs over the next several years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the Board of Educations accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mr. Blaise Karlovic, Treasurer, Hubbard Exempted Village School District, 150 Hall Avenue, Hubbard, Ohio 44425.

BASIC
FINANCIAL STATEMENTS

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 6,128,983
Receivables:	
Taxes	7,512,506
Accounts	3,421
Intergovernmental	130,430
Accrued interest	29,939
Prepayments	26,176
Materials and supplies inventory	14,909
Capital assets:	
Land	462,720
Depreciable capital assets, net	4,509,290
Capital assets, net.	4,972,010
 Total assets.	 18,818,374
 Liabilities:	
Accounts payable.	21,099
Contracts payable.	211,085
Accrued wages and benefits	1,355,725
Pension obligation payable.	402,443
Intergovernmental payable	253,103
Deferred revenue	6,830,364
Accrued interest payable	3,229
Long-term liabilities:	
Due within one year.	710,739
Due within more than one year	2,371,020
 Total liabilities	 12,158,807
 Net Assets:	
Invested in capital assets, net of related debt.	3,693,434
Restricted for:	
Capital projects	23,936
Debt service.	110,963
Locally funded programs.	6,471
State funded programs.	12,108
Federally funded programs.	135,199
Other purposes	721,310
Unrestricted.	1,956,146
 Total net assets	 \$ 6,659,567

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 7,868,441	\$ 685,048	\$ 162,979	\$ -
Special	1,722,999	-	521,637	-
Vocational	299,196	-	-	-
Other	401,063	-	-	-
Support services:				
Pupil	860,906	999	19,908	-
Instructional staff	733,418	1,345	109,858	-
Board of education	57,731	2,417	-	-
Administration	1,318,041	13,420	124,834	-
Fiscal	420,838	-	-	-
Business	42,159	-	-	-
Operations and maintenance	1,986,807	-	44,945	115,507
Pupil transportation	1,134,901	45,016	257,227	-
Central	121,341	-	9,000	-
Operation of non-instructional services:				
Food service operations	708,977	404,640	318,005	-
Other non-instructional services	407,093	-	66,493	-
Extracurricular activities	741,283	157,664	-	-
Intergovernmental pass-through	131,842	-	94,440	-
Interest and fiscal charges	105,051	-	-	-
Total governmental activities	<u>\$ 19,062,087</u>	<u>\$ 1,310,549</u>	<u>\$ 1,729,326</u>	<u>\$ 115,507</u>
General Revenues:				
Property taxes levied for:				
General purposes				5,771,027
Debt service				149,495
Grants and entitlements not restricted to specific programs				10,171,730
Investment earnings				150,485
Miscellaneous				150,153
Total general revenues				<u>16,392,890</u>
Change in net assets				486,185
Net assets at beginning of year				<u>6,173,382</u>
Net assets at end of year				<u>\$ 6,659,567</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 4,704,020	\$ 716,218	\$ 5,420,238
Receivables:			
Taxes	7,322,441	190,065	7,512,506
Accounts	3,421	-	3,421
Intergovernmental	5,653	124,777	130,430
Accrued interest	29,939	-	29,939
Interfund loans	228,288	-	228,288
Prepayments	26,176	-	26,176
Materials and supplies inventory	-	14,909	14,909
Restricted assets:			
Equity in pooled cash and cash equivalents	708,745	-	708,745
Total assets	<u>\$ 13,028,683</u>	<u>\$ 1,045,969</u>	<u>\$ 14,074,652</u>
Liabilities:			
Accounts payable	\$ 13,562	\$ 7,537	\$ 21,099
Contracts payable	-	211,085	211,085
Accrued wages and benefits	1,230,315	125,410	1,355,725
Compensated absences payable	258,074	3,196	261,270
Pension obligation payable	349,243	53,200	402,443
Intergovernmental payable	232,130	20,973	253,103
Interfund loans payable	-	228,288	228,288
Deferred revenue	7,316,576	247,309	7,563,885
Total liabilities	<u>9,399,900</u>	<u>896,998</u>	<u>10,296,898</u>
Fund Balances:			
Reserved for encumbrances	17,546	20,872	38,418
Reserved for materials and supplies inventory	-	14,909	14,909
Reserved for prepayments	26,176	-	26,176
Reserved for property tax unavailable for appropriation	27,975	726	28,701
Reserved for debt service	-	96,934	96,934
Reserved for unclaimed monies	12,565	-	12,565
Reserved for BWC refunds	66,895	-	66,895
Reserved for textbooks	204,773	-	204,773
Reserved for capital acquisitions	437,077	-	437,077
Unreserved, undesignated (deficit), reported in:			
General fund	2,835,776	-	2,835,776
Special revenue funds	-	283,727	283,727
Capital projects funds	-	(268,197)	(268,197)
Total fund balances	<u>3,628,783</u>	<u>148,971</u>	<u>3,777,754</u>
Total liabilities and fund balances	<u>\$ 13,028,683</u>	<u>\$ 1,045,969</u>	<u>\$ 14,074,652</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2006

Total governmental fund balances		\$	3,777,754
<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.			4,972,010
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	653,441	
Interest		22,110	
Intergovernmental revenue		57,970	
			733,521
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(3,229)
Long-term liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(751,913)	
General obligation bonds payable		(790,000)	
Lease-purchase agreement		(638,353)	
Capital lease payable		(180,843)	
Loan payable		(459,380)	
Total			(2,820,489)
Net assets of governmental activities		\$	6,659,567

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 6,638,956	\$ 170,392	\$ 6,809,348
Tuition.	615,640	-	615,640
Transportation fees.	45,016	-	45,016
Charges for services.	-	404,640	404,640
Earnings on investments.	125,620	2,877	128,497
Extracurricular.	-	154,380	154,380
Classroom materials and fees.	37,931	22,290	60,221
Other local revenues.	151,666	127,309	278,975
Intergovernmental - State.	10,094,692	216,020	10,310,712
Intergovernmental - Federal	58,999	1,490,746	1,549,745
Total revenue	<u>17,768,520</u>	<u>2,588,654</u>	<u>20,357,174</u>
Expenditures:			
Current:			
Instruction:			
Regular	7,724,158	148,162	7,872,320
Special.	1,224,415	495,731	1,720,146
Vocational.	297,762	-	297,762
Other.	401,063	-	401,063
Support services:			
Pupil.	845,046	13,102	858,148
Instructional staff	646,817	80,017	726,834
Board of education	14,522	-	14,522
Administration.	1,307,651	32,333	1,339,984
Fiscal	419,019	2,774	421,793
Business	42,159	-	42,159
Operations and maintenance.	1,906,427	2,300	1,908,727
Pupil transportation	982,678	207,563	1,190,241
Central.	110,582	9,000	119,582
Operation of non-instructional services:			
Food service operations	-	698,389	698,389
Other non-instructional services	307,822	60,819	368,641
Extracurricular activities.	432,335	195,654	627,989
Intergovernmental pass-through	-	131,842	131,842
Facilities acquisition and construction	-	789,205	789,205
Debt service:			
Principal retirement	50,247	348,845	399,092
Interest and fiscal charges	15,627	89,938	105,565
Total expenditures	<u>16,728,330</u>	<u>3,305,674</u>	<u>20,034,004</u>
Excess of revenues over (under) expenditures.	<u>1,040,190</u>	<u>(717,020)</u>	<u>323,170</u>
Other financing sources (uses):			
Transfers in	-	471,543	471,543
Transfers (out).	(471,543)	-	(471,543)
Total other financing sources (uses)	<u>(471,543)</u>	<u>471,543</u>	<u>-</u>
Net change in fund balances	568,647	(245,477)	323,170
Fund balances at beginning of year	3,060,136	397,025	3,457,161
Decrease in reserve for inventory	-	(2,577)	(2,577)
Fund balances at end of year.	<u>\$ 3,628,783</u>	<u>\$ 148,971</u>	<u>\$ 3,777,754</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds	\$	323,170
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
<p>Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.</p>		
Capital asset additions	\$ 930,780	
Current year depreciation	(422,831)	
Total	507,949	507,949
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.</p>		
		(37,407)
<p>Governmental funds report expenditures for inventory when purchased. However, on the statement of activities, they are reported as an expense when consumed.</p>		
		(2,577)
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Taxes	(888,826)	
Accrued interest	21,954	
Intergovernmental revenue	57,970	
Total	(808,902)	(808,902)
<p>Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.</p>		
		399,092
<p>Governmental funds report expenditures for interest when it is due. On the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		514
<p>Some expenses reported on 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.</p>		
		104,346
Change in net assets of governmental activities	\$	486,185

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 6,450,668	\$ 6,679,980	\$ 6,632,486	\$ (47,494)
Tuition	598,763	620,049	615,640	(4,409)
Transportation Fees	43,782	45,338	45,016	(322)
Earnings on investments	144,660	149,763	148,697	(1,066)
Classroom materials and fees	36,891	38,203	37,931	(272)
Other local revenues	94,151	143,357	148,505	5,148
Intergovernmental - State	9,816,998	10,165,982	10,093,701	(72,281)
Intergovernmental - Federal	63,601	65,862	65,394	(468)
Total revenue	<u>17,249,514</u>	<u>17,908,534</u>	<u>17,787,370</u>	<u>(121,164)</u>
Expenditures:				
Current:				
Instruction:				
Regular	7,560,843	7,580,859	7,580,859	-
Special	1,213,160	1,236,520	1,236,520	-
Vocational	294,279	300,526	300,526	-
Other	392,432	400,763	400,763	-
Support services:				
Pupil	844,850	862,020	862,020	-
Instructional staff	651,304	659,096	659,096	-
Board of education	14,219	14,388	14,388	-
Administration	1,303,920	1,330,107	1,330,107	-
Fiscal	422,055	430,846	430,846	-
Business	42,041	42,934	42,934	-
Operations and maintenance	1,917,563	1,910,748	1,910,748	-
Pupil transportation	991,112	1,011,739	1,011,739	-
Central	98,340	100,295	100,295	-
Operation of non-instructional services	280,230	282,870	282,870	-
Extracurricular activities	417,840	426,711	426,711	-
Total expenditures	<u>16,444,188</u>	<u>16,590,422</u>	<u>16,590,422</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>805,326</u>	<u>1,318,112</u>	<u>1,196,948</u>	<u>(121,164)</u>
Other financing sources (uses):				
Refund of prior year expenditure	-	319	319	-
Transfers in	-	27,254	27,254	-
Transfers (out)	-	(498,821)	(498,821)	-
Advances (out)	-	(228,288)	(228,288)	-
Total other financing sources (uses)	<u>-</u>	<u>(699,536)</u>	<u>(699,536)</u>	<u>-</u>
Net change in fund balance	805,326	618,576	497,412	(121,164)
Fund balance at beginning of year (restated).	4,728,410	4,728,410	4,728,410	-
Prior year encumbrances appropriated	198,650	198,650	198,650	-
Fund balance at end of year	<u>\$ 5,732,386</u>	<u>\$ 5,545,636</u>	<u>\$ 5,424,472</u>	<u>\$ (121,164)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 33,689	\$ 105,585
Receivables:		
Accounts	<u>-</u>	<u>328</u>
Total assets.	<u>33,689</u>	<u>\$ 105,913</u>
Liabilities:		
Accounts payable.	-	\$ 3,313
Due to students	<u>-</u>	<u>102,600</u>
Total liabilities	<u>-</u>	<u>\$ 105,913</u>
Net Assets:		
Held in trust for scholarships	<u>33,689</u>	
Total net assets	<u>\$ 33,689</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 361
Gifts and contributions.	2,474
	2,835
Total additions.	2,835
Deductions:	
Scholarships awarded	2,749
	86
Change in net assets	86
Net assets at beginning of year.	33,603
Net assets at end of year	\$ 33,689

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Hubbard Exempted Village School District (the "District") is organized under Section 2 and 3, Article VI of the Constitution of the state of Ohio to provide educational services to the students and other community members of the District. Under such laws there is no authority for a School District to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms by the citizens of the District.

The District serves an area of approximately 25 square miles in Trumbull County, including the City of Hubbard and portions of surrounding townships.

The District ranks as the 236th largest by enrollment among the 615 public school districts in the State. It currently operates 1 elementary school, 1 middle school, and 1 comprehensive high school. The District employs 112 non-certified employees, 136 certified employees and 15 administrators to provide services to approximately 2,306 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' government board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise have access to the organization's resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes.

The District serves as a taxing authority for the Hubbard Public Library (the "Library"). The Library is a separate political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The District does not appoint a majority of the Library's Board of Trustees nor does the District approve the Library's budget or influence its operations. The District has reported tax related debt for the Library in its basic financial statements (see Note 10.B.).

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

Based upon the application of these criteria, there are no potential component units that should be blended or discretely presented in the financial statements of the District. The following organizations are described due to their relationship with the District:

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among twenty-eight school districts and two county boards of education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NEOMIN based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contribution. NEOMIN is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in NEOMIN as a residual interest in the net resources of an organization upon dissolution is not equivalent to an equity interest. Complete financial statements for NEOMIN may be obtained from the administrative offices at 528 Educational Highway, Warren, Ohio 44483.

North East Ohio Instructional Media Center (NEOIMC)

NEOIMC is a jointly governed organization among 45 school districts. The organization was formed for the purpose of providing quality films and/or other media to support the curricula of the District. Each member pays a monthly premium based on use of the media materials. NEOIMC is governed by an advisory committee made up of a member from a parochial school, a joint vocational school, one county superintendent from each participating county, one city superintendent, and two local superintendents rotating every two years. Financial information can be obtained by contacting the treasurer at the Trumbull County Educational Service Center, 6000 Youngstown-Warren Road, Niles, Ohio 44446.

North East Ohio Special Education Regional Resource Center (NEO/SERRC)

NEO/SERRC is a special education service center which selects its own board, adopts its own budget and receives direct federal and state grants for its operation. NEO/SERRC is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose terms rotate every year. Information can be obtained by contacting the treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Youngstown, Ohio 44512.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (the "Program"), an insurance purchasing pool. The Program was established under section 4123.29 of the Ohio Revised Code. The Program's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the program.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

RELATED ORGANIZATION

Hubbard Parks and Recreation

The Board of Education appoints citizens to the Parks and Recreation Board when there are vacancies. This is the Board of Education's only involvement with the Board of Parks and Recreation.

B. Fund Accounting

The District 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. The District does not have proprietary funds.

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 is the District's major governmental fund:

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

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; and (c) for grants and other resources whose use is restricted to a particular purpose.

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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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 statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. 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. Fiduciary funds use the accrual basis of accounting.

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 District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

Revenue from grants, entitlements and donations is recognized in the fiscal 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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District 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 fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

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 June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

3. Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2006.

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2006. All amounts reported in the budgetary statement reflect the original and final appropriations legally enacted by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

During fiscal year 2006, investments were limited to repurchase agreements, federal agency securities, and a U.S Government money market. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund except for those specifically related to the Food Service fund, Auxiliary Services fund and Student Activity fund individually authorized by Board resolution. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$125,620, which includes \$13,599 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

G. Inventory

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 purchase 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, donated food and purchased food.

H. Capital Assets

General capital assets are those related to governmental activities. 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.

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 District maintains a capitalization threshold of \$5,000. 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.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	10-45 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 20 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column on the Statement of Net Assets.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments 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 District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for this future severance eligibility, all employees at least fifty years of age with at least ten years of service, or all employees with twenty years of service at any age, were included.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2006, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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. Bonds are recognized as a liability on the fund financial statements when due.

L. Fund Reserves

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepayments, materials and supplies, unclaimed monies, textbooks, capital acquisitions, debt service, tax revenue unavailable for appropriation, and Bureau of Worker's Compensation (BWC) refunds. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for property tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

O. Estimates

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

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by state statute. A fund balance has also been established. See Note 17 for details.

Q. Interfund Activity

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

R. Parochial Schools

Within the District's boundaries is St. Patrick's parochial school, which is operated through the Youngstown Catholic Diocese. Current state legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The fiduciary responsibility of the District for these monies is reflected in a special revenue fund for financial reporting purposes.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

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

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

The implementation of GASB Statement No. 42, GASB Statement No. 44, GASB Statement No. 46 and GASB Statement No. 47 did not have an effect on the fund balances/net assets of the District as previously reported at June 30, 2005.

B. Deficit Fund Balances

Fund balances at June 30, 2006 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Funds</u>	
District Managed Student Activities	\$ 1,537
Auxiliary Services	10,065
DPIA	662
Poverty Aid	1,775
Title I	19,136
Title V	123
Title II-A	152
Permanent Improvement	292,133

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District 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 District 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 Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public 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);
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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At June 30, 2006, the carrying amount of all District deposits was \$(304,945), exclusive of the \$3,203,579 repurchase agreement included in investments below. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft due to the “zero-balance” nature of the District’s bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements, which are reported as “investments”. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2006, the District’s entire bank balance of \$81,419 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District’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 District.

B. Investments

As of June 30, 2006, the District had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>
Repurchase Agreement	\$ 3,203,579	\$ 3,203,579	\$ -	\$ -
U.S. Government money market	70,672	70,672	-	-
FHLB	2,992,866	-	980,940	2,011,926
FHLMC	306,085	113,585	192,500	-
	<u>\$ 6,573,202</u>	<u>\$ 3,387,836</u>	<u>\$ 1,173,440</u>	<u>\$ 2,011,926</u>

The weighted average maturity of investments is .54 years.

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 District’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District’s investments, except for the repurchase agreement as discussed above, were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District’s investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment’s counterparty, not in the name of the District.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District 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 District at June 30, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Repurchase agreement	\$ 3,203,579	48.73
U.S. Government money market	70,672	1.08
FHLB	2,992,866	45.53
FHLMC	306,085	4.66
	<u>\$ 6,573,202</u>	<u>100.00</u>

C. 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 June 30, 2006:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ (304,945)
Investments	<u>6,573,202</u>
Total	<u>\$ 6,268,257</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 6,128,983
Private-purpose trust funds	33,689
Agency funds	<u>105,585</u>
Total	<u>\$ 6,268,257</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended June 30, 2006, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$471,543

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

- B.** Interfund balances at June 30, 2006 as reported on the fund statements; consist of the following amounts due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 228,288

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2006 are reported on the Statement of Net Assets.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2006, on the value as of December 31, 2005. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county 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. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 6 - PROPERTY TAXES – (Continued)

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006 was \$27,975 in the general fund, and \$726 in the debt service fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2005 was \$21,505 in the general fund, and \$535 in the debt service fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 177,862,710	87.64	\$ 202,294,790	90.16
Public utility personal	6,579,450	3.24	6,272,000	2.80
Tangible personal property	<u>18,505,532</u>	<u>9.12</u>	<u>15,807,265</u>	<u>7.04</u>
Total	<u>\$ 202,947,692</u>	<u>100.00</u>	<u>\$ 224,374,055</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$61.70		\$60.55	

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 7 - RECEIVABLES

Receivables at June 30, 2006 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

Governmental Activities

Taxes	\$ 7,512,506
Accounts	3,421
Intergovernmental	130,430
Accrued interest	<u>29,939</u>
 Total	 <u>\$ 7,676,296</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within subsequent years.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Balance 06/30/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/06</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 462,720	\$ -	\$ -	\$ 462,720
Total capital assets, not being depreciated	<u>462,720</u>	<u>-</u>	<u>-</u>	<u>462,720</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,569,480	195,500	-	1,764,980
Buildings and improvements	9,640,620	533,078	-	10,173,698
Furniture and equipment	708,788	18,400	-	727,188
Vehicles	1,716,311	183,802	(368,674)	1,531,439
Total capital assets, being depreciated	<u>13,635,199</u>	<u>930,780</u>	<u>(368,674)</u>	<u>14,197,305</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(678,982)	(52,688)	-	(731,670)
Buildings and improvements	(7,291,110)	(212,751)	-	(7,503,861)
Furniture and equipment	(430,618)	(63,281)	-	(493,899)
Vehicles	(1,195,741)	(94,111)	331,267	(958,585)
Total accumulated depreciation	<u>(9,596,451)</u>	<u>(422,831)</u>	<u>331,267</u>	<u>(9,688,015)</u>
Governmental activities capital assets, net	<u>\$ 4,501,468</u>	<u>\$ 507,949</u>	<u>\$ (37,407)</u>	<u>\$ 4,972,010</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 136,887
Special	738
<u>Support Services:</u>	
Pupil	367
Instructional staff	4,887
Board of education	1,468
Administration	15,799
Operations and maintenance	12,146
Pupil transportation	94,111
Non-instructional	37,376
Extracurricular activities	112,221
Food service operations	<u>6,831</u>
Total depreciation expense	<u>\$ 422,831</u>

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

- A. In prior years, the District entered into a capitalized lease for copier equipment. This lease agreement meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copier equipment have been capitalized in the amount of \$275,451. This amount represents the fair market value of the copiers at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2006 was \$87,957 leaving a current book value of \$187,494. Principal payments in fiscal year 2006 totaled \$50,247 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2006:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2007	\$ 65,874
2008	65,874
2009	61,612
2010	<u>9,914</u>
Total minimum lease payments	203,274
Less amount representing interest	<u>(22,431)</u>
Total	<u>\$ 180,843</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)

B. Lease Purchase Agreement

During fiscal 2004, the District entered into a lease-purchase agreement with the Rickenbacker Port Authority (through the OASBO Expanded Asset Pooled Financing Program) to finance new windows in the high school, a new drainage system in the stadium and boiler replacement. The annual payments will be payable from the permanent improvement fund. At June 30, 2006, the District had outstanding borrowings of \$638,353. The permissible borrowings under the lease-purchase agreement are \$984,000. As of June 30, 2006, the future minimum lease payments for the lease-purchase agreement are not available, because the monies related to the projects are still being disbursed.

Capital assets consisting of land improvements and buildings and improvements have been capitalized in the amount of \$983,772. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2006 was \$161,639 leaving a current book value of \$822,133.

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2006, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/05</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/06</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
Loan payable	\$ 566,218	\$ -	\$ (106,838)	\$ 459,380	\$ 111,309
Capital lease obligation	231,090	-	(50,247)	180,843	54,147
Lease-purchase agreements	745,360	-	(107,007)	638,353	116,000
Library improvement bonds	925,000	-	(135,000)	790,000	145,000
Compensated absences	<u>965,023</u>	<u>232,216</u>	<u>(184,056)</u>	<u>1,013,183</u>	<u>284,283</u>
Total long-term obligations, governmental activities	<u>\$ 3,432,691</u>	<u>\$ 232,216</u>	<u>\$ (583,148)</u>	<u>\$ 3,081,759</u>	<u>\$ 710,739</u>

Compensated absences will be paid from the fund from which the employee's salaries are paid.

B. On October 25, 2001, the District issued \$1,400,000 in general obligation bonds on behalf of the Hubbard Public Library. The bonds were placed in the name of the Hubbard Exempted Village School District. In accordance with Ohio Revised Code Section 3375.43 - 45, local libraries are not allowed to issue debt or levy taxes in their name, therefore, after School Board approval, the levy was placed in the name of Hubbard Exempted Village School District. The District acts as taxing authority for the Library, collects levied taxes and makes required debt service payments. The bonds were issued to provide funds for library improvements, and are a general obligation of the District for which the full faith and credit of the District is pledged for repayment. The bonds mature on December 1, 2010 and bear an annual interest rate of 2.4% - 5.4%. The source of payment is derived from a current bonded debt tax levy. A summary of the general obligation bond transactions for the fiscal year ended June 30, 2006 follows:

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

	Balance 07/01/05	Additions in 2006	Retired in 2006	Balance 06/30/06
Library improvement bonds-2.40%	\$ 925,000	\$ -	\$ (135,000)	\$ 790,000

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 145,000	\$ 38,745	\$ 183,745
2008	150,000	30,780	180,780
2009	155,000	22,545	177,545
2010	165,000	13,905	178,905
2011	175,000	9,450	184,450
Total	\$ 790,000	\$ 115,425	\$ 905,425

- C. On November 22, 2004, the District received \$575,000, in proceeds from a loan. The loan bears an interest rate of 4.017% and was obtained through Sky Bank. The proceeds were used to finance renovations to the community pool complex.

The loan is a general obligation of the District for which full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the government-wide financial statements. Payments of principal and interest relating to this liability are recorded as an expenditure in the permanent improvement fund.

The following is a summary of the District's future annual debt service requirements to maturity for the loan:

<u>Fiscal Year Ending June 30</u>	<u>Principal on Loan</u>	<u>Interest on Loan</u>	<u>Total</u>
2007	\$ 111,309	\$ 16,010	\$ 127,319
2008	115,899	11,420	127,319
2009	120,737	6,582	127,319
2010	111,435	5,274	116,709
Total	\$ 459,380	\$ 39,286	\$ 498,666

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2006 are a voted debt margin of \$19,501,325 (including available funds of \$97,660) and an unvoted debt margin of \$224,374.

NOTE 11 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-third of the accrued, but unused, sick leave balance to a maximum of 80 days for all employees.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District 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. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles and liability. Vehicle policies include liability coverage for bodily injury and property damage.

Real property and contents are fully insured with a liability limit of \$42,230,800 and a deductible of \$5,000.

The District's fleet insurance coverage has a liability of \$1,000,000 for each accident, \$250,000 for each uninsured motorist accident, aggregate of \$1,000,000. The property damage liability is a combined single limit not to exceed the aggregate of \$1,000,000.

The District's liability policy has a liability limit of \$1,000,000 for each occurrence and \$3,000,000 aggregate.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 12 - RISK MANAGEMENT - (Continued)

B. Employee Group Medical, Dental, Prescription and Life Insurance

The District has elected to provide a comprehensive medical benefits package to the employees through a fully-insured program. This package provides a comprehensive medical, prescription and dental plan, which are administered by United Health Care located in Cleveland, Ohio. The District also provides life insurance for its employees through Sunlife Financial.

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (the "Program"), an insurance purchasing pool (see Note 2.A.). The Program's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the program.

The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to school districts that can meet the Program's selection criteria.

The firm of Sheakley Unicomp provides administrative, cost control and actuarial services to the Program. Sheakley also serves the District as its Managed Care Organization (MCO), in which they manage the financing and delivery of appropriate health care services to covered individuals by means of arrangement with selected providers, standard so selection of providers, formal quality assurance, and utilization management. Each year, the District pays an enrollment fee to the Program to cover the costs of administering the program.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 13 - PENSION PLANS - (Continued)

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$284,730, \$298,310, and \$267,228 respectively; 53.37% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$132,758, represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

NOTE 13 - PENSION PLANS - (Continued)

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,122,079, \$1,114,398 and \$1,013,487, respectively; 85.19% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$166,125, represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal 2006 were \$15,363 made by the District and \$28,699 made by plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/ STRS. As of June 30, 2006, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$86,314 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS were \$254.780 million and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2005.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 14 - POSTEMPLOYMENT BENEFITS – (Continued)

In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, District paid \$137,064 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178.221 million. At June 30, 2005 (the latest information available), SERS had net assets available for payment of health care benefits of \$267.5 million, which is about 168 percent of next years projected net health care costs of \$158.776 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has 58,123 participants currently receiving health care benefits.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Certain funds that are classified as part of the general fund (GAAP basis) are reported in other fund types on a cash basis (budget basis). These items are reflected as "fund reclassifications".

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

	<u>General Fund</u>
Budget basis	\$ 497,412
Net adjustment for revenue accruals	(18,850)
Net adjustment for expenditure accruals	(156,068)
Net adjustment for other sources/uses	227,993
Adjustment for encumbrances	<u>18,160</u>
GAAP basis	<u>\$ 568,647</u>

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2006, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2005	\$ 193,496	\$ 286,643	\$ 66,895
Current year set-aside requirement	345,214	345,214	-
Qualifying disbursements	<u>(333,937)</u>	<u>(194,780)</u>	<u>-</u>
Total	<u>\$ 204,773</u>	<u>\$ 437,077</u>	<u>\$ 66,895</u>
Cash balance carried forward to FY 2007	<u>\$ 204,773</u>	<u>\$ 437,077</u>	<u>\$ 66,895</u>

A schedule of the restricted assets at June 30, 2006 follows:

Amount restricted for textbooks	\$ 204,773
Amount restricted for capital acquisitions	437,077
Amount restricted for BWC refunds	<u>66,895</u>
Total	<u>\$ 708,745</u>

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

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**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MAJOR FUND

General Fund

The general fund is used to account for resources traditionally associated with a school district which are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, student transportation, and administration.

Since there is only one general fund and the legal level of budgetary control is not greater than that presented in the basic financial statements, no additional financial statements are presented here.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 457,820	\$ 96,934	\$ 161,464	\$ 716,218
Receivables:				
Property taxes	-	190,065	-	190,065
Intergovernmental	124,777	-	-	124,777
Materials and supplies inventory	14,909	-	-	14,909
Total assets.	<u>\$ 597,506</u>	<u>\$ 286,999</u>	<u>\$ 161,464</u>	<u>\$ 1,045,969</u>
Liabilities:				
Accounts payable.	\$ 3,961	\$ -	\$ 3,576	\$ 7,537
Contracts payable	-	-	211,085	211,085
Accrued wages and benefits	125,410	-	-	125,410
Compensated absences payable	3,196	-	-	3,196
Pension obligation payable.	53,200	-	-	53,200
Intergovernmental payable	20,973	-	-	20,973
Interfund loan payable	13,288	-	215,000	228,288
Deferred revenue.	57,970	189,339	-	247,309
Total liabilities.	<u>277,998</u>	<u>189,339</u>	<u>429,661</u>	<u>896,998</u>
Fund balances:				
Reserved for encumbrances.	20,872	-	-	20,872
Reserved for materials and supplies inventory . . .	14,909	-	-	14,909
Reserved for property tax unavailable for appropriation.	-	726	-	726
Reserved for debt service	-	96,934	-	96,934
Unreserved-undesignated:				
Special revenue funds	283,727	-	-	283,727
Capital projects funds	-	-	(268,197)	(268,197)
Total fund balances	<u>319,508</u>	<u>97,660</u>	<u>(268,197)</u>	<u>148,971</u>
Total liabilities and fund balances.	<u>\$ 597,506</u>	<u>\$ 286,999</u>	<u>\$ 161,464</u>	<u>\$ 1,045,969</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ -	\$ 170,392	\$ -	\$ 170,392
Charges for services	404,640	-	-	404,640
Earnings on investments	2,877	-	-	2,877
Classroom materials and fees	22,290	-	-	22,290
Extracurricular	154,380	-	-	154,380
Other local revenues	35,738	-	91,571	127,309
Intergovernmental - state	174,045	18,039	23,936	216,020
Intergovernmental - federal	1,490,746	-	-	1,490,746
Total revenues	<u>2,284,716</u>	<u>188,431</u>	<u>115,507</u>	<u>2,588,654</u>
Expenditures:				
Current:				
Instruction:				
Regular	148,162	-	-	148,162
Special	495,731	-	-	495,731
Support services:				
Pupil	13,102	-	-	13,102
Instructional staff	80,017	-	-	80,017
Administration	32,333	-	-	32,333
Fiscal	-	2,774	-	2,774
Operations and maintenance	2,300	-	-	2,300
Pupil transportation	207,563	-	-	207,563
Central	9,000	-	-	9,000
Operation of non-instructional services	60,819	-	-	60,819
Food service operations	698,389	-	-	698,389
Extracurricular activities	195,654	-	-	195,654
Facilities acquisition and construction	-	-	789,205	789,205
Intergovernmental pass through	131,842	-	-	131,842
Debt service:				
Principal retirement	-	135,000	213,845	348,845
Interest and fiscal charges	-	44,921	45,017	89,938
Total expenditures	<u>2,074,912</u>	<u>182,695</u>	<u>1,048,067</u>	<u>3,305,674</u>
Excess of revenues over (under) expenditures	<u>209,804</u>	<u>5,736</u>	<u>(932,560)</u>	<u>(717,020)</u>
Other financing sources:				
Transfers in	-	-	471,543	471,543
Total other financing sources	<u>-</u>	<u>-</u>	<u>471,543</u>	<u>471,543</u>
Net change in fund balances	209,804	5,736	(461,017)	(245,477)
Fund balances, July 1	112,281	91,924	192,820	397,025
Decrease in reserve for inventory	(2,577)	-	-	(2,577)
Fund balances, June 30	<u>\$ 319,508</u>	<u>\$ 97,660</u>	<u>\$ (268,197)</u>	<u>\$ 148,971</u>

**HUBBARD EXEMPTED VILLAGE SCHOOLS
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are:

Food Services Fund

This fund is used to record financial transactions related to food service operations.

Special Trusts Fund

This fund is used to account for assets held by a school system in trustee capacity or as an agent for individuals, private organizations, and other governmental and/or other funds.

Uniform School Supplies Fund

This fund accounts for the purchase and sale of school supplies for use in the District. Profits derived from such sales are used for school purposes or activities connected with the school.

Public School Support Fund

A fund provided to account for special local revenue sources, other than taxes or expendable trusts (i.e., profits from vending machines) that are restricted to expenditures for specified purposes approved by board resolution. Such expenditures may include curricular and extra-curricular related purchases.

Martha Holdings Grant Fund

This fund is used to account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

District Managed Student Activities Fund

A fund provided to account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes the athletic programs and the drama program.

Auxiliary Services

This fund is used to account for monies which provide services and materials to pupils attending non-public schools within the school district.

Educational Management Information System (EMIS) Fund

A fund provided to account for state funds provided to assist the district in implementing a staff, student and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

Disadvantaged Pupil Impact Aid (DPIA) Fund

This fund is used to account for monies received for disadvantaged pupil impact aid.

Data Communication Fund

A fund provided to account for money for Ohio Educational Computer Network Connections.

SchoolNet Professional Development Fund

A fund provided to account for state funds received to provide professional development programs related to technology

Ohio Reads Fund

A fund provided to account for monies used to develop reading skills funded by the State of Ohio, Department of Education.

**HUBBARD EXEMPTED VILLAGE SCHOOLS
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Special Revenue Funds (Continued)

Summer Intervention Fund

A fund provided to account for monies received for summer intervention services funded by the State of Ohio, Department of Education.

Poverty Aid

This fund is used to account for monies appropriated for poverty based assistance as part of the state foundations system. Programs include are academic intervention, all-day kindergarten, class-size reduction, Limited English Proficient students, professional development, dropout prevention, and community outreach.

Miscellaneous State Grants Fund

A fund provided to account for environmental education to support children and adults in protecting the environment and conserving its natural resources funded by the State of Ohio, Environmental Protection Agency.

Title VI-B Fund

A fund which accounts for Federal funds used in the identification of handicapped children, development of procedural safeguards, implementation of least-restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at preschool elementary, and secondary levels.

Title III Fund

This fund is used to account for Federal funds to provide educational services and to meet special education needs of non-english speaking children.

Title I Fund

To account for funds which are to: 1) establish or improve programs designed to meet the special needs of migratory agricultural workers or migratory fishers' and 2) enable State education agencies to coordinate their state migrant education programs and local projects with similar programs and projects in other states, including the transfer of school records or other information about migratory children.

Title V Fund

A fund which accounts for Federal funds which consolidates various programs into a single authorization used in accordance with the educational needs and priorities of the District.

Title IV Fund

A fund which accounts for Federal funds used to establish, operate, and improve local programs of drug abuse prevention, early intervention, rehabilitation referral, and education in the District.

Title II-A Fund

To account for a federal grant aimed to reducing class sizes throughout the district.

Miscellaneous Federal Grants Fund

To account for federal grants not classified elsewhere.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2006

	Food Services	Special Trusts	Uniform School Supplies	Public School Support
Assets:				
Equity in pooled cash and cash equivalents.	\$ 205,475	\$ 14,990	\$ 28,794	\$ 18,947
Receivables:				
Intergovernmental	42,731	-	-	-
Materials and supplies inventory	14,909	-	-	-
Total assets.	\$ 263,115	\$ 14,990	\$ 28,794	\$ 18,947
Liabilities:				
Accounts payable.	\$ 165	\$ -	\$ -	\$ 98
Accrued wages and benefits	30,569	-	-	-
Compensated absences payable	-	-	-	-
Pension obligation payable.	32,472	-	-	-
Intergovernmental payable	5,683	-	-	-
Interfund loan payable	-	-	-	-
Deferred revenue.	-	-	-	-
Total liabilities.	68,889	-	-	98
Fund balances (deficits):				
Reserved for encumbrances	5,000	-	2,704	3,910
Reserved for materials and supplies inventory	14,909	-	-	-
Unreserved-undesignated (deficits)	174,317	14,990	26,090	14,939
Total fund balances (deficits)	194,226	14,990	28,794	18,849
Total liabilities and fund balances.	\$ 263,115	\$ 14,990	\$ 28,794	\$ 18,947

<u>Martha Holdings Grant</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>EMIS</u>	<u>DPIA</u>	<u>Ohio Reads</u>	<u>Summer Intervention</u>
\$ 6,471	\$ 12,001	\$ 16,982	\$ 9,290	\$ -	\$ 440	\$ 936
-	-	-	-	-	-	-
<u>6,471</u>	<u>12,001</u>	<u>16,982</u>	<u>9,290</u>	<u>-</u>	<u>440</u>	<u>936</u>
\$ -	\$ 3,538	\$ 160	\$ -	\$ -	\$ -	\$ -
-	-	19,798	324	-	-	-
-	-	3,196	-	-	-	-
-	-	2,236	724	-	-	-
-	-	1,657	359	662	53	352
-	10,000	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>13,538</u>	<u>27,047</u>	<u>1,407</u>	<u>662</u>	<u>53</u>	<u>352</u>
-	706	1,800	-	-	440	-
-	-	-	-	-	-	-
<u>6,471</u>	<u>(2,243)</u>	<u>(11,865)</u>	<u>7,883</u>	<u>(662)</u>	<u>(53)</u>	<u>584</u>
<u>6,471</u>	<u>(1,537)</u>	<u>(10,065)</u>	<u>7,883</u>	<u>(662)</u>	<u>387</u>	<u>584</u>
<u>\$ 6,471</u>	<u>\$ 12,001</u>	<u>\$ 16,982</u>	<u>\$ 9,290</u>	<u>\$ -</u>	<u>\$ 440</u>	<u>\$ 936</u>

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**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2006

	<u>Poverty Aid</u>	<u>Miscellaneous State Grant</u>	<u>Title VI-B</u>	<u>Title I</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 4,667	\$ 3,605	\$ 104,522	\$ 30,600
Receivables:				
Intergovernmental	-	-	66,015	-
Materials and supplies inventory	-	-	-	-
Total assets.	<u>\$ 4,667</u>	<u>\$ 3,605</u>	<u>\$ 170,537</u>	<u>\$ 30,600</u>
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	5,428	-	21,715	38,157
Compensated absences payable	-	-	-	-
Pension obligation payable.	620	-	10,136	5,402
Intergovernmental payable	394	60	3,587	6,177
Interfund loan payable	-	-	-	-
Deferred revenue.	-	-	57,970	-
Total liabilities.	<u>6,442</u>	<u>60</u>	<u>93,408</u>	<u>49,736</u>
Fund balances (deficits):				
Reserved for encumbrances	-	-	6,312	-
Reserved for materials and supplies inventory	-	-	-	-
Unreserved-undesignated (deficits)	<u>(1,775)</u>	<u>3,545</u>	<u>70,817</u>	<u>(19,136)</u>
Total fund balances (deficits)	<u>(1,775)</u>	<u>3,545</u>	<u>77,129</u>	<u>(19,136)</u>
Total liabilities and fund balances.	<u>\$ 4,667</u>	<u>\$ 3,605</u>	<u>\$ 170,537</u>	<u>\$ 30,600</u>

<u>Title V</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 100	\$ 457,820
-	16,031	-	124,777
-	-	-	14,909
<u>\$ -</u>	<u>\$ 16,031</u>	<u>\$ 100</u>	<u>\$ 597,506</u>
\$ -	\$ -	\$ -	\$ 3,961
-	9,419	-	125,410
-	-	-	3,196
-	1,610	-	53,200
123	1,866	-	20,973
-	3,288	-	13,288
-	-	-	57,970
<u>123</u>	<u>16,183</u>	<u>-</u>	<u>277,998</u>
-	-	-	20,872
-	-	-	14,909
<u>(123)</u>	<u>(152)</u>	<u>100</u>	<u>283,727</u>
<u>(123)</u>	<u>(152)</u>	<u>100</u>	<u>319,508</u>
<u>\$ -</u>	<u>\$ 16,031</u>	<u>\$ 100</u>	<u>\$ 597,506</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Food Services</u>	<u>Special Trusts</u>	<u>Uniform School Supplies</u>	<u>Public School Support</u>
Revenues:				
From local sources:				
Charges for services	\$ 404,640	\$ -	\$ -	\$ -
Earnings on investments	1,718	-	-	-
Classroom materials and fees.	-	-	22,290	-
Extracurricular	-	-	-	-
Other local revenues	-	1,000	-	22,993
Intergovernmental - state	12,023	-	-	-
Intergovernmental - federal	305,982	-	-	-
Total revenues	<u>724,363</u>	<u>1,000</u>	<u>22,290</u>	<u>22,993</u>
Expenditures:				
Current:				
Instruction:				
Regular.	-	220	22,546	2,960
Special	-	-	-	-
Support services:				
Pupil	-	-	-	750
Instructional staff.	-	-	-	1,009
Administration	-	-	-	10,071
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services.	165	1,699	-	-
Food service operations.	698,389	-	-	-
Extracurricular activities	-	-	-	2,464
Intergovernmental pass through	-	-	-	-
Total expenditures.	<u>698,554</u>	<u>1,919</u>	<u>22,546</u>	<u>17,254</u>
Net change in fund balances.	25,809	(919)	(256)	5,739
Fund balances, July 1.	170,994	15,909	29,050	13,110
Decrease in reserve for inventory	<u>(2,577)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), June 30	<u>\$ 194,226</u>	<u>\$ 14,990</u>	<u>\$ 28,794</u>	<u>\$ 18,849</u>

Martha Holding Grants	District Managed Student Activities	Auxiliary Serives	EMIS	DPIA
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,159	-	-
-	-	-	-	-
-	154,380	-	-	-
6,565	5,146	-	-	-
-	-	94,440	7,937	-
-	-	-	-	-
<u>6,565</u>	<u>159,526</u>	<u>95,599</u>	<u>7,937</u>	<u>-</u>
2,855	-	-	-	8,420
-	-	-	-	-
200	-	-	-	-
-	-	-	19,233	-
-	-	-	283	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	193,190	-	-	-
-	-	131,842	-	-
<u>3,055</u>	<u>193,190</u>	<u>131,842</u>	<u>19,516</u>	<u>8,420</u>
3,510	(33,664)	(36,243)	(11,579)	(8,420)
2,961	32,127	26,178	19,462	7,758
-	-	-	-	-
<u>\$ 6,471</u>	<u>\$ (1,537)</u>	<u>\$ (10,065)</u>	<u>\$ 7,883</u>	<u>\$ (662)</u>

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**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Data Communication</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>Summer Intervention</u>
Revenues:				
From local sources:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Classroom materials and fees.	-	-	-	-
Extracurricular	-	-	-	-
Other local revenues	-	-	-	34
Intergovernmental - state	9,000	-	1,908	-
Intergovernmental - federal	-	-	-	-
Total revenues	<u>9,000</u>	<u>-</u>	<u>1,908</u>	<u>34</u>
Expenditures:				
Current:				
Instruction:				
Regular.	-	-	3,111	9
Special	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff.	-	4,140	-	-
Administration	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	9,000	-	-	-
Operation of non-instructional services.	-	-	2,022	-
Food service operations.	-	-	-	-
Extracurricular activities	-	-	-	-
Intergovernmental pass through	-	-	-	-
Total expenditures.	<u>9,000</u>	<u>4,140</u>	<u>5,133</u>	<u>9</u>
Net change in fund balances.	-	(4,140)	(3,225)	25
Fund balances, July 1.	-	4,140	3,612	559
Decrease in reserve for inventory	-	-	-	-
Fund balances (deficits), June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387</u>	<u>\$ 584</u>

<u>Poverty Aid</u>	<u>Miscellaneous State Grant</u>	<u>516 Title VI-B</u>	<u>Title III</u>	<u>Title I</u>	<u>Title V</u>	<u>Title IV</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
43,037	5,700	-	-	-	-	-
-	-	470,041	-	328,670	7,116	11,736
<u>43,037</u>	<u>5,700</u>	<u>470,041</u>	<u>-</u>	<u>328,670</u>	<u>7,116</u>	<u>11,736</u>
-	-	-	1,044	-	6,677	-
6,442	-	162,908	-	326,381	-	-
-	-	-	-	-	-	11,736
-	3,994	42,432	-	7,007	-	-
-	9,080	1,723	-	5,063	-	-
-	-	-	-	-	-	-
-	-	207,563	-	-	-	-
-	-	-	-	-	-	-
38,370	-	11,440	-	3,655	540	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>44,812</u>	<u>13,074</u>	<u>426,066</u>	<u>1,044</u>	<u>342,106</u>	<u>7,217</u>	<u>11,736</u>
(1,775)	(7,374)	43,975	(1,044)	(13,436)	(101)	-
-	10,919	33,154	1,044	(5,700)	(22)	-
-	-	-	-	-	-	-
<u>\$ (1,775)</u>	<u>\$ 3,545</u>	<u>\$ 77,129</u>	<u>\$ -</u>	<u>\$ (19,136)</u>	<u>\$ (123)</u>	<u>\$ -</u>

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**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Revenues:			
From local sources:			
Charges for services	\$ -	\$ -	\$ 404,640
Earnings on investments	-	-	2,877
Classroom materials and fees.	-	-	22,290
Extracurricular	-	-	154,380
Other local revenues	-	-	35,738
Intergovernmental - state	-	-	174,045
Intergovernmental - federal	91,629	275,572	1,490,746
	<u>91,629</u>	<u>275,572</u>	<u>1,490,746</u>
Total revenues	<u>91,629</u>	<u>275,572</u>	<u>2,284,716</u>
Expenditures:			
Current:			
Instruction:			
Regular.	97,145	3,175	148,162
Special	-	-	495,731
Support services:			
Pupil	-	416	13,102
Instructional staff.	-	2,202	80,017
Administration	-	6,113	32,333
Operations and maintenance	-	2,300	2,300
Pupil transportation	-	-	207,563
Central	-	-	9,000
Operation of non-instructional services.	2,326	602	60,819
Food service operations.	-	-	698,389
Extracurricular activities	-	-	195,654
Intergovernmental pass through	-	-	131,842
	<u>99,471</u>	<u>14,808</u>	<u>2,074,912</u>
Total expenditures.	<u>99,471</u>	<u>14,808</u>	<u>2,074,912</u>
Net change in fund balances.	(7,842)	260,764	209,804
Fund balances, July 1.	7,690	(260,664)	112,281
Increase in reserve for inventory.	-	-	(2,577)
	<u>-</u>	<u>-</u>	<u>(2,577)</u>
Fund balances (deficits), June 30	<u>\$ (152)</u>	<u>\$ 100</u>	<u>\$ 319,508</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Food Services				
Total Revenues and Other Sources	\$ 685,489	\$ 646,710	\$ 862,599	\$ 215,889
Total Expenditures and Other Uses	<u>683,618</u>	<u>713,506</u>	<u>877,665</u>	<u>(164,159)</u>
Net Change in Fund Balances	1,871	(66,796)	(15,066)	51,730
Fund Balance, July 1	215,239	215,239	215,239	-
Prior Year Encumbrances Appropriated	<u>302</u>	<u>302</u>	<u>302</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 217,412</u>	<u>\$ 148,745</u>	<u>\$ 200,475</u>	<u>\$ 51,730</u>
Special Trusts				
Total Revenues and Other Sources	\$ -	\$ -	\$ 1,000	\$ 1,000
Total Expenditures and Other Uses	<u>14,787</u>	<u>14,787</u>	<u>1,919</u>	<u>12,868</u>
Net Change in Fund Balances	(14,787)	(14,787)	(919)	13,868
Fund Balance, July 1	15,909	15,909	15,909	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,122</u>	<u>\$ 1,122</u>	<u>\$ 14,990</u>	<u>\$ 13,868</u>
Uniform School Supplies				
Total Revenues and Other Sources	\$ 22,236	\$ -	\$ 22,290	\$ 22,290
Total Expenditures and Other Uses	<u>21,792</u>	<u>25,250</u>	<u>25,250</u>	<u>-</u>
Net Change in Fund Balances	444	(25,250)	(2,960)	22,290
Fund Balance, July 1	26,258	26,258	26,258	-
Prior Year Encumbrances Appropriated	<u>2,792</u>	<u>2,792</u>	<u>2,792</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 29,494</u>	<u>\$ 3,800</u>	<u>\$ 26,090</u>	<u>\$ 22,290</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Public School Support				
Total Revenues and Other Sources	\$ 21,539	\$ 23,653	\$ 22,993	\$ (660)
Total Expenditures and Other Uses	<u>10,066</u>	<u>21,581</u>	<u>21,066</u>	<u>515</u>
Net Change in Fund Balances	11,473	2,072	1,927	(145)
Fund Balance, July 1	12,544	12,544	12,544	-
Prior Year Encumbrances Appropriated	<u>566</u>	<u>566</u>	<u>566</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 24,583</u>	<u>\$ 15,182</u>	<u>\$ 15,037</u>	<u>\$ (145)</u>
Martha Holdings Grant				
Total Revenues and Other Sources	\$ -	\$ 6,700	\$ 6,565	\$ (135)
Total Expenditures and Other Uses	<u>1,000</u>	<u>3,060</u>	<u>3,055</u>	<u>5</u>
Net Change in Fund Balances	(1,000)	3,640	3,510	(130)
Fund Balance, July 1	2,961	2,961	2,961	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,961</u>	<u>\$ 6,601</u>	<u>\$ 6,471</u>	<u>\$ (130)</u>
District Managed Student Activities				
Total Revenues and Other Sources	\$ 177,517	\$ 173,042	\$ 171,176	\$ (1,866)
Total Expenditures and Other Uses	<u>149,325</u>	<u>211,671</u>	<u>208,164</u>	<u>3,507</u>
Net Change in Fund Balances	28,192	(38,629)	(36,988)	1,641
Fund Balance, July 1	37,965	37,965	37,965	-
Prior Year Encumbrances Appropriated	<u>10,318</u>	<u>10,318</u>	<u>10,318</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 76,475</u>	<u>\$ 9,654</u>	<u>\$ 11,295</u>	<u>\$ 1,641</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Auxiliary Services				
Total Revenues and Other Sources	\$ 119,438	\$ 103,141	\$ 95,599	\$ (7,542)
Total Expenditures and Other Uses	<u>165,236</u>	<u>139,847</u>	<u>126,214</u>	<u>13,633</u>
Net Change in Fund Balances	(45,798)	(36,706)	(30,615)	6,091
Fund Balance, July 1	18,823	18,823	18,823	-
Prior Year Encumbrances Appropriated	<u>26,974</u>	<u>26,974</u>	<u>26,974</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (1)</u>	<u>\$ 9,091</u>	<u>\$ 15,182</u>	<u>\$ 6,091</u>
EMIS				
Total Revenues and Other Sources	\$ 7,489	\$ 7,937	\$ 7,937	\$ -
Total Expenditures and Other Uses	<u>18,092</u>	<u>25,845</u>	<u>19,430</u>	<u>6,415</u>
Net Change in Fund Balances	(10,603)	(17,908)	(11,493)	6,415
Fund Balance, July 1	20,721	20,721	20,721	-
Prior Year Encumbrances Appropriated	<u>62</u>	<u>62</u>	<u>62</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 10,180</u>	<u>\$ 2,875</u>	<u>\$ 9,290</u>	<u>\$ 6,415</u>
DPIA				
Total Revenues and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>23,100</u>	<u>19,514</u>	<u>19,514</u>	<u>-</u>
Net Change in Fund Balances	(23,100)	(19,514)	(19,514)	-
Fund Balance, July 1	19,514	19,514	19,514	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (3,586)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Data Communication				
Total Revenues and Other Sources	\$ -	\$ 9,000	\$ 9,000	\$ -
Total Expenditures and Other Uses	-	9,000	9,000	-
Net Change in Fund Balances	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SchoolNet Professional Development				
Total Revenues and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	4,140	4,140	4,140	-
Net Change in Fund Balances	(4,140)	(4,140)	(4,140)	-
Fund Balance, July 1	4,140	4,140	4,140	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ohio Reads				
Total Revenues and Other Sources	\$ -	\$ 2,000	\$ 1,908	\$ (92)
Total Expenditures and Other Uses	-	5,551	5,551	-
Net Change in Fund Balances	-	(3,551)	(3,643)	(92)
Fund Balance, July 1	92	92	92	-
Prior Year Encumbrances Appropriated	3,551	3,551	3,551	-
Fund Balance, June 30	<u>\$ 3,643</u>	<u>\$ 92</u>	<u>\$ -</u>	<u>\$ (92)</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Summer Intervention				
Total Revenues and Other Sources	\$ -	\$ -	\$ (9)	\$ (9)
Total Expenditures and Other Uses	-	-	-	-
Net Change in Fund Balances	-	-	(9)	(9)
Fund Balance, July 1	945	945	945	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ 945</u>	<u>\$ 945</u>	<u>\$ 936</u>	<u>\$ (9)</u>
Poverty Aid				
Total Revenues and Other Sources	\$ 43,037	\$ 43,037	\$ 43,037	\$ -
Total Expenditures and Other Uses	43,037	43,037	38,370	4,667
Net Change in Fund Balances	-	-	4,667	4,667
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,667</u>	<u>\$ 4,667</u>
Miscellaneous State Grants				
Total Revenues and Other Sources	\$ -	\$ (3,577)	\$ (3,127)	\$ 450
Total Expenditures and Other Uses	-	4,251	4,250	1
Net Change in Fund Balances	-	(7,828)	(7,377)	451
Fund Balance, July 1	10,982	10,982	10,982	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ 10,982</u>	<u>\$ 3,154</u>	<u>\$ 3,605</u>	<u>\$ 451</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Title VI-B				
Total Revenues and Other Sources	\$ 528,012	\$ 562,176	\$ 461,996	\$ (100,180)
Total Expenditures and Other Uses	<u>538,310</u>	<u>572,446</u>	<u>408,220</u>	<u>164,226</u>
Net Change in Fund Balances	(10,298)	(10,270)	53,776	64,046
Fund Balance, July 1	44,407	44,407	44,407	-
Prior Year Encumbrances Appropriated	<u>27</u>	<u>27</u>	<u>27</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 34,136</u>	<u>\$ 34,164</u>	<u>\$ 98,210</u>	<u>\$ 64,046</u>
Title III				
Total Revenues and Other Sources	\$ 486	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>486</u>	<u>1,044</u>	<u>1,044</u>	<u>-</u>
Net Change in Fund Balances	-	(1,044)	(1,044)	-
Fund Balance, July 1	1,044	1,044	1,044	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Title I				
Total Revenues and Other Sources	\$ 317,979	\$ 337,308	\$ 336,808	\$ (500)
Total Expenditures and Other Uses	<u>353,684</u>	<u>363,457</u>	<u>332,857</u>	<u>30,600</u>
Net Change in Fund Balances	(35,705)	(26,149)	3,951	30,100
Fund Balance, July 1	25,731	25,731	25,731	-
Prior Year Encumbrances Appropriated	<u>918</u>	<u>918</u>	<u>918</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (9,056)</u>	<u>\$ 500</u>	<u>\$ 30,600</u>	<u>\$ 30,100</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Title V				
Total Revenues and Other Sources	\$ 7,116	\$ 7,143	\$ 7,116	\$ (27)
Total Expenditures and Other Uses	<u>7,116</u>	<u>7,143</u>	<u>7,143</u>	<u>-</u>
Net Change in Fund Balances	-	-	(27)	(27)
Fund Balance, July 1	27	27	27	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 27</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ (27)</u>
Title IV				
Total Revenues and Other Sources	\$ 10,801	\$ 11,736	\$ 11,736	\$ -
Total Expenditures and Other Uses	<u>10,801</u>	<u>11,736</u>	<u>11,736</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Title II-A				
Total Revenues and Other Sources	\$ 92,428	\$ 92,344	\$ 78,886	\$ (13,458)
Total Expenditures and Other Uses	<u>101,009</u>	<u>108,076</u>	<u>95,333</u>	<u>12,743</u>
Net Change in Fund Balances	(8,581)	(15,732)	(16,447)	(715)
Fund Balance, July 1	16,447	16,447	16,447	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 7,866</u>	<u>\$ 715</u>	<u>\$ -</u>	<u>\$ (715)</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous Federal Grants				
Total Revenues and Other Sources	\$ 266,957	\$ 275,572	\$ 275,572	\$ -
Total Expenditures and Other Uses	<u>5,777</u>	<u>14,809</u>	<u>14,808</u>	<u>1</u>
Net Change in Fund Balances	261,180	260,763	260,764	1
Fund Balance, July 1	(260,664)	(260,664)	(260,664)	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 516</u>	<u>\$ 99</u>	<u>\$ 100</u>	<u>\$ 1</u>

**HUBBARD EXEMPTED VILLAGE SCHOOLS
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Debt Service Fund

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation notes payable, as required by Ohio Law. The nonmajor debt service fund is:

Bond Retirement

This fund is used to provide for the retirement of bonds or short term loans.

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Bond Retirement				
Total Revenues and Other Sources	\$ 190,019	\$ 190,012	\$ 188,240	\$ (1,772)
Total Expenditures and Other Uses	<u>181,688</u>	<u>182,694</u>	<u>182,695</u>	<u>(1)</u>
Net Change in Fund Balances	8,331	7,318	5,545	(1,773)
Fund Balance, July 1	91,389	91,389	91,389	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 99,720</u>	<u>\$ 98,707</u>	<u>\$ 96,934</u>	<u>\$ (1,773)</u>

**HUBBARD EXEMPTED VILLAGE SCHOOLS
COMBINING STATEMENTS - NONMAJOR FUNDS**

Nonmajor Capital Projects Funds

Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The nonmajor capital projects funds are:

Permanent Improvement Fund

To account for the acquisition, construction, or improvement of capital facilities.

SchoolNet Fund

To account for monies received that are used to help the school district obtain computers and related educational technology equipment and or the necessary infrastructure for educational technology.

**HUBBARD EXEMPTED VILLAGESCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2006

	<u>Permanent Improvement</u>	<u>SchoolNet</u>	<u>Nonmajor Capital Projects Funds</u>
Assets:			
Equity in pooled cash and cash equivalents. . .	\$ 137,528	\$ 23,936	\$ 161,464
Total assets.	<u>\$ 137,528</u>	<u>\$ 23,936</u>	<u>\$ 161,464</u>
Liabilities:			
Accounts payable.	\$ 3,576	\$ -	\$ 3,576
Contracts payable.	211,085	-	211,085
Interfund loans payable	<u>215,000</u>	<u>-</u>	<u>215,000</u>
Total liabilities.	<u>429,661</u>	<u>-</u>	<u>429,661</u>
Fund balances:			
Unreserved-undesignated	<u>(292,133)</u>	<u>23,936</u>	<u>(268,197)</u>
Total fund balances	<u>(292,133)</u>	<u>23,936</u>	<u>(268,197)</u>
Total liabilities and fund balances.	<u>\$ 137,528</u>	<u>\$ 23,936</u>	<u>\$ 161,464</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Permanent Improvement	SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:			
From local sources:			
Other local revenues	\$ 91,571	\$ -	\$ 91,571
Intergovernmental - state	-	23,936	23,936
	91,571	23,936	115,507
Expenditures:			
Facilities acquisition and construction.	789,205	-	789,205
Debt service:			
Principal retirement	213,845	-	213,845
Interest and fiscal charges	45,017	-	45,017
	1,048,067	-	1,048,067
Excess of revenues over (under) expenditures.	(956,496)	23,936	(932,560)
Other financing sources:			
Transfers in.	471,543	-	471,543
	471,543	-	471,543
Net change in fund balances	(484,953)	23,936	(461,017)
Fund balances, July 1	192,820	-	192,820
Fund balances, June 30	\$ (292,133)	\$ 23,936	\$ (268,197)

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Permanent Improvement				
Total Revenues and Other Sources	\$ 725,298	\$ 493,715	\$ 778,114	\$ 284,399
Total Expenditures and Other Uses	<u>695,712</u>	<u>922,418</u>	<u>833,406</u>	<u>89,012</u>
Net Change in Fund Balances	29,586	(428,703)	(55,292)	373,411
Fund Balance, July 1	192,108	192,108	192,108	-
Prior Year Encumbrances Appropriated	<u>712</u>	<u>712</u>	<u>712</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 222,406</u>	<u>\$ (235,883)</u>	<u>\$ 137,528</u>	<u>\$ 373,411</u>
SchoolNet				
Total Revenues and Other Sources	\$ -	\$ 23,936	\$ 23,936	\$ -
Total Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	23,936	23,936	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 23,936</u>	<u>\$ 23,936</u>	<u>\$ -</u>

**HUBBARD EXEMPTED VILLAGE SCHOOLS
COMBINING STATEMENTS - FIDUCIARY FUNDS**

Fiduciary Funds

The trust fund is used to account for assets held by the district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

The agency fund is used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Special Trust Fund

The district has one special trust fund, a private-purpose trust fund, which is comprised of assets held in trust that were created by donations for the establishment of memorial funds.

Student Activity Fund

An agency fund provided to account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer and faculty advisor.

**HUBBARD EXEMPTED VILLAGE SCHOOLS
TRUMBULL COUNTY, OHIO**

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2006

	Beginning Balance July 1, 2005	Additions	Deletions	Ending Balance June 30, 2006
Student Activity				
Assets:				
Equity in pooled cash and cash equivalents	\$ 94,276	\$ 105,585	\$ 94,276	\$ 105,585
Receivables				
Accounts	333	328	333	328
Total assets	<u>\$ 94,609</u>	<u>\$ 105,913</u>	<u>\$ 94,609</u>	<u>\$ 105,913</u>
Liabilities:				
Accounts payable	\$ 1,920	\$ 3,313	\$ 1,920	\$ 3,313
Due to students	92,689	102,600	92,689	102,600
Total liabilities.	<u>\$ 94,609</u>	<u>\$ 105,913</u>	<u>\$ 94,609</u>	<u>\$ 105,913</u>

**HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Special Trust				
Total Revenues and Other Sources	\$ 7,075	\$ 2,702	\$ 2,835	\$ 133
Total Expenditures and Other Uses	<u>8,340</u>	<u>8,340</u>	<u>2,749</u>	<u>\$ 5,591</u>
Net Change in Fund Balances	(1,265)	(5,638)	86	5,724
Fund Balance, July 1	<u>33,603</u>	<u>33,603</u>	<u>33,603</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 32,338</u>	<u>\$ 27,965</u>	<u>\$ 33,689</u>	<u>\$ 5,724</u>
Student Activity				
Total Revenues and Other Sources	\$ 146,651	\$ 180,047	\$ 165,018	\$ (15,029)
Total Expenditures and Other Uses	<u>62,735</u>	<u>183,277</u>	<u>156,019</u>	<u>27,258</u>
Net Change in Fund Balances	83,916	(3,230)	8,999	12,229
Fund Balance, July 1	90,970	90,970	90,970	-
Prior Year Encumbrances Appropriated	<u>3,306</u>	<u>3,306</u>	<u>3,306</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 178,192</u>	<u>\$ 91,046</u>	<u>\$ 103,275</u>	<u>\$ 12,229</u>

STATISTICAL SECTION

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HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT
STATISTICAL SECTION

This part of the Hubbard Exempted Village School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the Districts's financial performance and well-being have changed over time.	S 2 - S 8
Revenue Capacity These schedules contain information to help the reader assess the Districts's most significant local revenue source, the property tax.	S 8 - S 16
Debt Capacity These schedules present information to help the reader assess the affordability of the Districts's current levels of outstanding debt and the District's ability to issue additional debt in the future.	S 17 - S 21
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	S 22 - S 24
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	S 26 - S 29

Sources: This is the Districts first comprehensive annual financial report. Sources are noted on the individual schedules. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 3,693,434	\$ 3,015,373	\$ 3,090,164	\$ 2,951,167
Restricted	1,009,987	1,026,915	618,699	340,404
Unrestricted	1,956,146	2,131,094	1,454,387	436,790
Total governmental activities net assets	<u>\$ 6,659,567</u>	<u>\$ 6,173,382</u>	<u>\$ 5,163,250</u>	<u>\$ 3,728,361</u>

Source: District records.

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 7,868,441	\$ 7,695,256	\$ 7,885,461	\$ 7,250,045
Special	1,722,999	1,198,506	1,145,885	1,060,704
Vocational	299,196	296,973	270,312	267,888
Other instructional	401,063	264,468	280,371	312,564
Support services:				
Pupil	860,906	773,478	738,704	670,623
Instructional staff	733,418	1,193,641	1,055,114	1,111,077
Board of education	57,731	23,307	15,571	22,406
Administration	1,318,041	1,270,624	1,160,228	1,140,570
Fiscal	420,838	424,878	429,632	411,968
Business	42,159	52,674	44,708	51,803
Operations and maintenance	1,986,807	2,273,906	1,771,201	1,957,135
Pupil transportation	1,134,901	1,066,460	845,120	858,274
Central	121,341	159,677	197,110	168,265
Operation of non-instructional services:				
Food service operations	708,977	798,139	715,329	610,752
Other non-instructional services	407,093	102,471	170,982	202,393
Extracurricular activities	741,283	626,383	579,447	533,635
Intergovernmental pass-through	131,842	120,013	131,049	116,063
Interest and fiscal charges	105,051	102,616	75,492	65,839
Total governmental activities expenses	<u>19,062,087</u>	<u>18,443,470</u>	<u>17,511,716</u>	<u>16,812,004</u>

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

CHANGES IN NET ASSETS - (Continued)
 LAST FOUR FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 685,048	\$ 334,330	\$ 195,783	\$ 141,907
Support services:				
Pupil	999	1,189	-	-
Instructional staff	1,345	336	-	9,078
Board of education	2,417	-	-	-
Administration	13,420	6,284	-	17,950
Business	-	-	-	14,046
Pupil transportation	45,016	27,045	144	-
Operation of non-instructional services:				
Food service operations	404,640	410,803	417,791	379,356
Other non-instructional services	-	3,312	-	73,654
Extracurricular activities	157,664	152,471	145,883	185,439
Operating grants and contributions				
Instruction:				
Regular	162,979	175,299	226,429	116,915
Special	521,637	560,121	437,483	134,652
Vocational	-	-	-	185,623
Support services:				
Pupil	19,908	20,784	14,418	31,389
Instructional staff	109,858	59,504	46,783	41,162
Administration	124,834	155,001	32,853	4,850
Operations and maintenance	44,945	8,851	23,411	-
Pupil transportation	257,227	-	133,944	111,195
Central	9,000	9,000	9,000	2,161
Operation of non-instructional services:				
Food service operations	318,005	387,233	331,327	313,702
Other non-instructional services	66,493	19,439	14,310	6,739
Intergovernmental pass-through	94,440	118,917	112,641	114,067
Capital grants and contributions				
Instruction:				
Regular	-	-	23,962	-
Support services:				
Operations and maintenance	115,507	-	-	-
Central	-	-	25,263	-
Total governmental program revenues	<u>3,155,382</u>	<u>2,449,919</u>	<u>2,191,425</u>	<u>1,883,885</u>
Net (Expense)/Revenue				
Governmental activities	<u>\$ (15,906,705)</u>	<u>\$ (15,993,551)</u>	<u>\$ (15,320,291)</u>	<u>\$ (14,928,119)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 5,771,027	\$ 6,639,309	\$ 6,594,337	\$ 6,275,990
Debt service	149,495	173,797	164,686	300,295
Grants and entitlements not restricted				
to specific programs	10,171,730	9,987,477	9,870,048	9,635,116
Investment earnings	150,485	106,058	47,947	52,056
Miscellaneous	150,153	97,042	78,162	76,876
Total governmental activities	<u>16,392,890</u>	<u>17,003,683</u>	<u>16,755,180</u>	<u>16,340,333</u>
Change in Net Assets				
Governmental activities	<u>\$ 486,185</u>	<u>\$ 1,010,132</u>	<u>\$ 1,434,889</u>	<u>\$ 1,412,214</u>

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund				
Reserved	\$ 793,007	\$ 749,207	\$ 440,944	\$ 128,169
Designated	-	-	104,105	104,105
Unreserved, undesignated	<u>2,835,776</u>	<u>2,310,929</u>	<u>1,690,647</u>	<u>865,015</u>
Total general fund	<u>\$ 3,628,783</u>	<u>\$ 3,060,136</u>	<u>\$ 2,235,696</u>	<u>\$ 1,097,289</u>
All Other Governmental Funds				
Reserved	\$ 133,441	\$ 143,256	\$ 129,319	\$ 176,394
Unreserved, reported in:				
Special revenue funds	283,727	61,661	404,643	271,893
Capital projects funds	<u>(268,197)</u>	<u>192,108</u>	<u>23,555</u>	<u>94,981</u>
Total all other governmental funds	<u>\$ 148,971</u>	<u>\$ 397,025</u>	<u>\$ 557,517</u>	<u>\$ 543,268</u>

Note: Fiscal years 1998 and 1997 were not available.

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 109,205	\$ 96,651	\$ 201,370	\$ 228,712
104,105	104,105	-	-
<u>(363,888)</u>	<u>(1,494,584)</u>	<u>(1,316,620)</u>	<u>(1,292,197)</u>
<u>\$ (150,578)</u>	<u>\$ (1,293,828)</u>	<u>\$ (1,115,250)</u>	<u>\$ (1,063,485)</u>
\$ 101,892	\$ 119,015	\$ 40,026	\$ 144,849
214,295	87,122	44,275	48,462
<u>163,987</u>	<u>27,888</u>	<u>108,441</u>	<u>445,024</u>
<u>\$ 480,174</u>	<u>\$ 234,025</u>	<u>\$ 192,742</u>	<u>\$ 638,335</u>

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues					
From local sources:					
Taxes	\$ 6,809,348	\$ 6,774,572	\$ 6,766,897	\$ 6,496,726	\$ 6,257,728
Tuition	615,640	271,056	130,414	12,580	-
Transportation fees	45,016	27,045	144	-	-
Charges for services	404,640	410,803	417,791	379,356	-
Earnings on investments	128,497	106,346	47,403	52,366	68,856
Extracurricular	154,380	146,526	145,762	175,036	128,599
Classroom materials and fees	60,221	61,801	63,890	-	-
Other local revenues	278,975	115,581	79,862	337,914	193,703
Other revenue	-	2,880	-	9,879	2,423
Intergovernmental - State	10,310,712	10,231,214	10,158,629	9,839,897	9,731,646
Intergovernmental - Federal	1,549,745	1,267,532	1,143,243	856,290	481,570
Total revenues	20,357,174	19,415,356	18,954,035	18,160,044	16,864,525
Expenditures					
Current:					
Instruction:					
Regular	7,872,320	7,658,788	7,769,777	7,161,824	7,052,526
Special	1,720,146	1,213,023	1,144,056	1,052,381	951,815
Vocational	297,762	294,938	278,935	265,291	250,689
Other	401,063	264,468	284,291	316,139	281,567
Current:					
Pupil	858,148	777,770	761,374	672,549	751,902
Instructional staff	726,834	1,179,967	1,057,033	1,098,912	1,017,013
Board of education	14,522	23,307	15,571	22,406	17,586
Administration	1,339,984	1,244,588	1,165,697	1,127,639	923,228
Fiscal	421,793	422,355	437,466	408,746	384,793
Business	42,159	52,674	47,719	49,384	30,905
Operations and maintenance	1,908,727	2,152,490	1,852,210	1,729,838	1,613,482
Pupil transportation	1,190,241	1,109,517	929,436	927,228	829,502
Central	119,582	159,677	194,770	167,481	119,520
Operation of non-instructional services:					
Food service operations	698,389	799,755	712,078	610,326	-
Other non-instructional services	368,641	77,108	98,064	185,847	160,585
Extracurricular activities	627,989	537,202	541,996	505,165	516,308
Intergovernmental pass-through	131,842	120,013	131,049	116,063	103,417
Facilities acquisitions and construction	789,205	672,790	1,035,417	206,688	46,661
Capital outlay	-	248,864	26,587	-	-
Debt service:					
Principal retirement	399,092	294,145	241,998	298,824	1,673,824
Interest and fiscal charges	105,565	102,973	75,803	66,904	109,070
Total expenditures	20,034,004	19,406,412	18,801,327	16,989,635	16,834,393
Excess of revenues over (under) expenditures	323,170	8,944	152,708	1,170,409	30,132
Other Financing Sources (Uses)					
Transfers in	471,543	481,587	259,640	258,233	276,425
Transfers (out)	(471,543)	(481,587)	(259,640)	(258,233)	(287,804)
Other financing sources	-	-	-	-	-
Capital lease transaction	-	248,864	26,587	-	-
Lease-purchase agreement	-	-	973,360	-	-
Bond issuance	-	-	-	-	1,400,000
Note issuance	-	-	-	-	-
Loan	-	575,000	-	-	-
Pass through payments to library	-	-	-	-	-
Premium on notes sold	-	-	-	-	4,011
Sale of capital assets	-	-	-	-	940
Total other financing sources (uses)	-	823,864	999,947	-	1,393,572
Net change in fund balances	\$ 323,170	\$ 832,808	\$ 1,152,655	\$ 1,170,409	\$ 1,423,704
Debt service as a percentage of noncapital expenditures	2.52%	2.07%	1.69%	2.15%	10.59%

Note: Fiscal years 1998 and 1997 were not available.

	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$	5,668,593	\$ 5,621,332	\$ 5,348,435
	-	23,308	19,934
	-	-	-
	-	-	-
	79,692	68,158	58,413
	-	-	-
	-	-	-
	368,061	486,952	365,676
	-	2,546	-
	8,898,613	7,984,264	8,444,897
	364,508	354,034	287,023
	<u>15,379,467</u>	<u>14,540,594</u>	<u>14,524,378</u>

	7,021,155	6,607,671	6,118,479
	1,242,993	1,203,505	1,093,106
	247,150	243,161	245,946
	275,246	98,701	117,839
	678,280	685,526	707,523
	926,871	852,327	798,151
	18,130	21,117	25,594
	1,045,170	904,373	933,193
	352,011	297,679	319,008
	39,794	29,467	24,907
	1,684,875	1,526,928	1,577,244
	851,638	895,794	721,222
	14,422	11,515	13,505
	-	-	-
	156,853	144,532	224,232
	435,257	400,246	341,577
	104,897	102,513	105,772
	207,576	796,075	359,134
	-	-	-
	163,825	158,825	162,675
	33,370	35,932	56,627
	<u>15,499,513</u>	<u>15,015,887</u>	<u>13,945,734</u>

	(120,046)	(475,293)	578,644
	1,479,088	1,250,627	1,241,590
	(1,507,663)	(1,273,025)	(1,248,282)
	-	-	25
	-	-	-
	-	-	-
	-	-	-
	1,400,000	-	-
	-	-	-
	(1,400,000)	-	-
	-	-	-
	3,906	977	2,957
	<u>(24,669)</u>	<u>(21,421)</u>	<u>(3,710)</u>
\$	<u>(144,715)</u>	<u>(496,714)</u>	<u>\$ 574,934</u>

1.27% 1.30% 1.57%

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

ASSESS VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2006	\$ 202,294,790	\$ 577,985,114	\$ 15,807,265	\$ 63,229,060	\$ 6,272,000	\$ 17,920,000
2005	177,862,710	508,179,171	15,830,365	63,321,460	6,579,450	18,798,429
2004	175,673,830	501,925,229	18,505,532	74,022,128	6,507,780	18,593,657
2003	173,092,140	494,548,971	19,957,954	79,831,816	6,264,910	17,899,743
2002	164,562,250	470,177,857	19,180,335	76,721,340	6,284,560	17,955,886
2001	162,036,800	462,962,286	24,638,153	98,552,612	7,770,420	22,201,200
2000	159,148,900	454,711,143	22,049,138	88,196,552	7,917,470	22,621,343
1999	129,608,790	370,310,829	21,184,562	84,738,248	8,623,140	24,637,543
1998	128,166,550	366,190,143	19,584,778	78,339,112	8,729,470	24,941,343
1997	126,451,230	361,289,229	18,709,733	74,838,932	8,763,240	25,037,829

Source: Trumbull County Auditor's Office

- (a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.
- (b) The rate at which tangible personal property used in business is assessed for purposes ad valorem property taxation decreased one percent each year from 35% in 1983 until it reached 25% in 1993.
- (c) Assumes public utilities are assessed at true value which is 35%.

Total

Assessed Value	Estimated Actual Value	%
\$ 224,374,055	\$ 659,134,174	34%
200,272,525	590,299,060	34%
200,687,142	594,541,014	34%
199,315,004	592,280,530	34%
190,027,145	564,855,083	34%
194,445,373	583,716,098	33%
189,115,508	565,529,038	33%
159,416,492	479,686,619	33%
156,480,798	469,470,598	33%
153,924,203	461,165,989	33%

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

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

Tax Year/ Collection Year	Overlapping Rates					Direct Rates		
	County	City	Township	Special Districts	Voted			
					General	Library Bond	Bond	
2005/2006	\$ 11.10	\$ 4.00	\$ 14.60	\$ 1.00	\$ 24.06	\$ 0.85	\$ 10.40	
2004/2005	10.35	4.00	14.60	1.00	27.31	0.95	11.45	
2003/2004	10.35	4.00	14.60	1.20	27.25	0.95	11.45	
2002/2003	10.35	3.80	14.40	1.20	27.45	0.90	11.55	
2001/2002	10.35	3.80	14.40	2.20	27.45	0.85	11.70	
2000/2001	10.35	3.80	12.65	2.20	27.44	-	6.42	
1999/2000	10.35	3.80	12.65	1.20	27.39	-	6.46	
1998/1999	10.35	3.80	12.65	1.20	31.71	-	7.80	
1997/1998	9.30	3.80	12.65	1.20	31.71	-	7.90	

Source: Trumbull County Auditor's Office

Note: Information for tax year 1996 was not available.

Direct Rates

Unvoted	Total	Trumbull County Joint Vocational School District
\$ 17.74	\$ 53.05	\$ 2.40
14.49	54.20	2.40
14.55	54.20	2.40
14.35	54.25	2.40
14.35	54.35	2.40
14.36	48.22	2.40
14.41	48.26	2.40
10.09	49.60	2.40
10.09	49.70	2.40

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

PRINCIPAL REAL ESTATE PROPERTY TAX PAYERS

JUNE 30, 2006 AND JUNE 30, 2004

June 30, 2006			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
J Gary Burke Corporation	\$ 1,924,650	1	0.95%
M K Hospitality Inc.	1,203,110	2	0.59%
Warren Fabrication	886,950	3	0.44%
McConnell Enterprises	846,030	4	0.42%
James T Weller	812,530	5	0.40%
AFJ	773,650	6	0.38%
TG Investments, LLC	684,750	7	0.34%
WBS Co.	648,940	8	0.32%
Valley View Properties	610,340	9	0.30%
Ellwood Engineered	589,520	10	0.29%
Total	\$ 8,980,470		\$ 202,294,790

June 30, 2004			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
J Gary Burke Corporation	\$ 1,364,610	1	0.78%
Warren Fabrication	910,960	2	0.52%
McConnell Enterprises	769,480	3	0.44%
James T Weller	661,450	4	0.38%
Ellwood Engineered	621,930	5	0.35%
Fleisher Realty	616,500	6	0.35%
SCP	603,760	7	0.34%
United States Canning Company	578,800	8	0.33%
WBS Co	553,850	9	0.32%
Anthony L Cocca	534,220	10	0.30%
Total	\$ 7,215,560		175,673,830

Source: Trumbull County Auditor's Office

Note: Tangible property tax information was not available.

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

PRINCIPAL PUBLIC UTILITY PROPERTY TAX PAYERS

JUNE 30, 2006 AND JUNE 30, 2004

June 30, 2006			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ohio Edison	\$ 2,895,520	1	46.17%
Ohio Bell	589,490	2	9.40%
Norfolk Southern Combined	577,580	3	9.21%
American Transmission System	480,320	4	7.66%
East Ohio Gas	320,300	5	5.11%
Dobson Cellular Systems	271,270	6	4.33%
CSX Transportation	260,420	7	4.15%
Youngstown-Warren MSA	160,070	8	2.55%
Voicestream Columbus	156,680	9	2.50%
Eastern Natural Gas	122,300	10	1.95%
Total	\$ 5,833,950		\$ 6,272,000

June 30, 2004			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ohio Edison	\$ 2,644,460	1	14.22%
Ohio Bell	832,950	2	4.48%
Norfolk Southern Combined	651,510	3	3.50%
American Transmission System	527,750	4	2.84%
East Ohio Gas	274,720	5	1.48%
Youngstown-Warren MSA	127,940	6	0.69%
CSX Transportation	109,470	7	0.59%
Voicestream Columbus	101,740	8	0.55%
Dobson Cellular Systems	80,940	9	0.44%
Eastern Natural Gas	56,700	10	0.30%
Total	\$ 5,408,180		18,593,657

Source: Trumbull County Auditor's Office

Note: Tangible property tax information was not available.

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2005/2006	\$ 7,554,822	\$ 548,192	\$ 8,103,014	\$ 7,214,606	95.50%
2004/2005	7,416,468	756,963	8,173,431	7,254,172	97.81%
2003/2004	7,589,136	1,622,654	9,211,790	7,317,761	96.42%
2002/2003	7,497,403	1,648,921	9,146,324	7,232,950	96.47%
2001/2002	7,284,143	1,794,785	9,078,928	7,058,982	96.91%
2000/2001	6,379,719	1,523,196	7,902,915	6,314,503	98.98%
1999/2000	6,182,471	1,356,610	7,539,081	6,040,107	97.70%
1998/1999	6,018,587	1,297,727	7,316,314	5,867,372	97.49%
1997/1998	5,908,405	1,365,396	7,273,801	5,748,254	97.29%
1996/1997	5,807,201	1,327,382	7,134,583	5,665,818	97.57%

Source: Trumbull County Auditor

<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection As a Percent of Total Levy</u>
\$ 249,565	\$ 7,464,171	92.12%
199,570	7,453,742	91.19%
262,083	7,579,844	82.28%
245,458	7,478,408	81.76%
194,130	7,253,112	79.89%
135,295	6,449,798	81.61%
201,809	6,241,916	82.79%
211,417	6,078,789	83.09%
189,028	5,937,282	81.63%
187,535	5,853,353	82.04%

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Governmental Activities						
Fiscal Year	Library Improvement Bonds	Energy Conservation Notes	Bond Anticipation Notes	Lease Purchase Agreements	Capital Leases	Loan
2006	\$ 790,000	\$ -	\$ -	\$ 638,353	\$ 180,843	\$ 459,380
2005	925,000	-	-	745,360	231,090	566,218
2004	1,055,000	-	-	859,360	23,589	-
2003	1,180,000	-	-	-	-	-
2002	1,300,000	178,824	-	-	-	-
2001	-	352,648	1,300,000	-	-	-
2000	-	516,473	-	-	-	-
1999	-	675,298	-	-	-	-
1998	-	837,973	-	-	-	-
1997	-	1,023,785	-	-	-	-

Sources:

- (a) See notes to the financial statements regarding the District's outstanding debt information.
- (b) See schedule " Demographic and Economic Statistic, Last Ten Years" for personal income, population and enrollment information.

	(a) Total Primary Government	(b) Percentage of Personal Income	(b) Per Capita	(b) Per ADM
\$	2,068,576	0.88%	\$ 246	\$ 897
	2,467,668	1.05%	294	1,070
	1,937,949	0.83%	231	841
	1,180,000	0.55%	141	513
	1,478,824	0.70%	177	631
	1,652,648	0.78%	198	689
	516,473	0.24%	62	213
	675,298	0.35%	87	279
	837,973	0.44%	107	346
	1,023,785	0.54%	127	428

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	Library Improvement Bonds	Energy Conservation Notes	Total		
2006	\$ 790,000	\$ -	\$ 790,000	0.12%	\$ 94
2005	925,000	-	925,000	0.16%	110
2004	1,055,000	-	1,055,000	0.18%	126
2003	1,180,000	-	1,180,000	0.20%	141
2002	1,300,000	178,824	1,478,824	0.26%	177
2001	-	352,648	352,648	0.06%	42
2000	-	516,473	516,473	0.09%	62
1999	-	675,298	675,298	0.14%	87
1998	-	837,973	837,973	0.18%	107
1997	-	1,023,785	1,023,785	0.22%	127

Note: Details regarding the Distirct's outstanding debt can be found in the notes to the financial statements.

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Hubbard Exempted Village School District	\$ 790,000	100.00%	\$ 790,000
City of Hubbard	5,100,000	100.00%	5,100,000
Total direct debt	<u>5,890,000</u>		<u>5,890,000</u>
Overlapping debt:			
Trumbull County	16,551,343	5.86%	969,909
Mahoning County	28,115,303	0.02%	5,623
Geauga-Trumbull Joint Solid Waste Management	900,000	3.25%	29,250
Total overlapping debt	<u>45,566,646</u>		<u>1,004,782</u>
Total direct and overlapping debt	<u>\$ 51,456,646</u>		<u>\$ 6,894,782</u>

Source: Ohio Municipal Advisory Council

Note: Percent applicable to Hubbard Exempted Village School District calculated using assessed valuation of the District area value contained within the noted governmental unit divided by assessed valuation of the governmental unit.

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Debt Service Available Balance	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2006	\$ 23,559,276	\$ 790,000	\$ 97,660	\$ 22,866,936	3.35%
2005	21,028,615	925,000	91,924	20,195,539	4.40%
2004	21,072,150	1,055,000	79,486	20,096,636	5.01%
2003	20,928,075	1,180,000	75,565	19,823,640	5.64%
2002	19,952,850	1,478,824	83,233	18,557,259	7.41%
2001	20,416,764	352,648	102,353	20,166,469	1.73%
2000	19,857,128	516,473	14,254	19,354,909	2.60%
1999	16,738,732	675,298	14,254	16,077,688	4.03%
1998	16,430,484	837,973	14,254	15,606,765	5.10%
1997	16,162,041	1,023,785	15,836	15,154,092	6.33%

Source: Trumbull County Auditor and District financial records

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.

Voted Debt Margins are determined without reference to applicable monies in the Districts debt service fund.

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rates</u>		
					<u>City of Hubbard</u>	<u>Ohio</u>	<u>United States</u>
2006	8,400	\$ 27,994	40.5	2,306	5.4%	5.9%	5.1%
2005	8,400	27,994	40.5	2,322	6.8%	6.2%	5.5%
2004	8,380	27,994	40.5	2,304	6.9%	5.7%	5.1%
2003	8,345	25,916	40.5	2,301	7.6%	5.5%	5.7%
2002	8,340	25,358	40.5	2,345	5.8%	5.3%	6.0%
2001	8,329	25,326	40.5	2,399	6.1%	4.8%	5.8%
2000	8,284	25,582	40.5	2,420	5.3%	3.9%	4.0%
1999	7,793	25,022	40.5	2,420	5.4%	4.0%	4.1%
1998	7,841	24,264	40.5	2,420	6.1%	4.3%	4.5%
1997	8,068	23,642	40.5	2,391	5.8%	4.6%	4.9%

(1) Mid-Ohio Regional Planning Commission

(2) U. S. Census Bureau

(3) District records

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

PRINCIPAL INCOME TAXPAYERS
CURRENT YEAR AND SIX YEARS AGO

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>December 31, 2005</u>	
			<u>Income Tax Withholding</u>	<u>Percentage of Total Tax Collections</u>
Hubbard Exempted Village School District	451	1	\$ 154,187	9.90%
United States Can Company	50	2	91,829	5.90%
Delphi Automotive Systems	99	3	71,229	4.57%
General Motors Corpotation	70	4	39,009	2.51%
City of Hubbard, Ohio	96	5	38,797	2.49%
Greenwood's Hubbard Chevrolet	73	6	26,513	1.70%
Flying J Travel Center	209	7	17,666	1.13%
Devine Foods, Inc.	92	8	15,110	0.97%
Patton's IGA Super Center, Inc.	80	9	13,285	0.85%
Gasser Chair Company	38	10	11,418	0.73%
Total, Top Ten Income Tax Withholders			<u>\$ 479,043</u>	<u>30.77%</u>
Total Income Tax Collections, Year 2005			\$ 1,556,973	

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>December 31, 2000</u>	
			<u>Income Tax Withholding</u>	<u>Percentage of Total Tax Collections</u>
Hubbard Exempted Village School District	492	1	\$ 92,712	5.95%
United State Can Company	319	2	89,417	5.74%
Delphi Automotive Systems	136	3	44,236	2.84%
General Motors Corporation	94	4	27,327	1.76%
City of Hubbard, Ohio	88	5	22,092	1.42%
Patton's IGA Supercenter	110	6	12,389	0.80%
Greenwood's Hubbard Chevrolet	58	7	10,410	0.67%
Devine's Foods, Inc.	110	8	7,283	0.47%
Sharon Tube Company	43	9	6,712	0.43%
Gasser Chair Company	25	10	6,535	0.42%
Total			<u>\$ 319,113</u>	<u>20.50%</u>
Total Income Tax Collections, Year 2000			\$ 961,289	

Source: City of Hubbard, Income Tax Administration

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

STAFFING STATISTICS
FULL TIME EQUIVALENTS (FTE) BY TYPE
CURRENT YEAR

<u>Type</u>	<u>2006</u>
Professional Staff:	
Teaching Staff:	
Elementary	45
Middle	48
High	48
Administration:	
District	15
Auxiliary Positions:	
Counselors	4
Nurses	3
Speech	2
Mental Health Specialists	1
Support Staff:	
Secretarial	14
Aides	17
Crossing Guards	2
Technical	2
Cooks	14
Custodial	23
Bus Driver	23
Mechanics	<u>2</u>
Total	<u><u>263</u></u>

Source: District records

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

OPERATING INDICATORS BY FUNCTION
CURRENT YEAR

Function	2006
Instruction:	
Regular and Special	
Enrollment (students)	2,306
Graduates	192
Support services:	
Instructional staff	
Guidance counselors	
Avg. students seen daily	25
Speech therapist	
Avg. students seen daily	16
Library	
Daily circulation	120
Board of education	
Regular meetings per year	12
Special meetings per year	18
Administration	
Student attendance rate	94.60%
Fiscal	
Purchase orders processed	3,355
Nonpayroll checks issued	2,826
Operations and maintenance	
Work orders completed	810
Square footage maintained	413,559
Pupil transportation	
Avg. students transported daily	1,972
Avg. daily bus stops	875
Central	
Information technology	
Work orders completed	720
Extracurricular activities	
Varsity teams	9
Junior varsity teams	8
Food service operations	
Meals served to students	249,210

Source: District records

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

**CAPITAL ASSET STATISTICS BY TYPE
LAST FOUR FISCAL YEARS**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Land	\$ 462,720	\$ 462,720	\$ 462,720	\$ 462,720
Land improvements	1,033,310	890,498	950,000	709,276
Buildings and improvements	2,669,837	2,349,510	1,962,533	1,338,859
Furniture and equipment	233,289	278,170	62,178	159,848
Vehicles	<u>572,854</u>	<u>520,570</u>	<u>479,109</u>	<u>280,464</u>
Total Governmental Activities				
Capital Assets	<u>\$ 4,972,010</u>	<u>\$ 4,501,468</u>	<u>\$ 3,916,540</u>	<u>\$2,951,167</u>

Source: District financial records

Note: Amounts above are presented net of accumulated depreciation.

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION
CURRENT YEAR

	<u>2006</u>
Roosevelt Elementary	
Square feet	92,417
Capacity (students)	1,730
Enrollment	709
Reed Middle School	
Square feet	104,260
Capacity (students)	1,385
Enrollment	752
Hubbard High School	
Square feet	191,122
Capacity (students)	1,680
Enrollment	809
Central office	
Square feet	3,000
Grounds and maintenance	
Square feet	5,617
Transportation and warehouse	
Square feet	15,600

Source: District records

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HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Expenses	Enrollment	Cost per pupil	Percent Change	Teaching Staff
2006	\$ 20,034,004	2,306	\$ 8,688	3.95%	160
2005	19,406,412	2,322	8,358	2.42%	160
2004	18,801,327	2,304	8,160	10.52%	150
2003	16,989,635	2,301	7,384	2.91%	150
2002	16,824,393	2,345	7,175	11.05%	158
2001	15,499,513	2,399	6,461	4.12%	158
2000	15,015,887	2,420	6,205	(10.29)%	164
1999	16,738,732	2,420	6,917	1.88%	160
1998	16,430,484	2,420	6,789	0.44%	160
1997	16,162,041	2,391	6,760	n/a	144

Source: District records

Pupil/Teacher Ratio	Student Attendance Percentage
14.41	94.60%
14.51	94.80%
15.36	94.80%
15.34	95.00%
14.84	94.80%
15.18	94.80%
14.76	95.00%
15.13	94.50%
15.13	94.99%
16.60	94.74%



Mary Taylor, CPA
Auditor of State

HUBBARD EXEMPTED VILLAGE SCHOOL DISTRICT

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
DECEMBER 2, 2008**