



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CITY OF HUBBARD  
TRUMBULL COUNTY  
DECEMBER 31, 2024**

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TRUMBULL COUNTY  
DECEMBER 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

City of Hubbard  
Trumbull County  
PO Box 307  
220 West Liberty St.  
Hubbard, Ohio 44425-0307

To the City Council:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hubbard, Trumbull County, Ohio (City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hubbard, Trumbull County, Ohio as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required budgetary comparison schedules, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the

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Trumbull County  
Independent Auditor's Report  
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information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

August 19, 2025

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## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The management's discussion and analysis of the City of Hubbard's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the City'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 City's financial performance.

#### **Financial Highlights**

Key financial highlights for 2024 are as follows:

- The total net position of the City increased \$3,364,757 from 2023's restated total net position. Net position of governmental activities increased \$1,609,498 or 19.47% from 2023's restated net position and net position of business-type activities increased \$1,755,259 or 7.48% from 2023's restated net position.
- General revenues accounted for \$4,622,277 or 74.86% of total governmental activities revenue while program specific revenues accounted for \$1,552,070 or 25.14%.
- The City had \$4,576,367 in expenses related to governmental activities; \$1,552,070 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$3,024,297 were offset by general revenues (primarily property taxes, income taxes and investment earnings) of \$4,622,277.
- The City's major governmental funds are the general fund, the street construction and maintenance fund, and the CARES Act and ARPA fund. The general fund had revenues and other financing sources of \$4,415,171 in 2024 and expenditures and other financing uses of \$3,410,064. The net increase in fund balance for the general fund was \$1,005,107 or 30.05%.
- The street construction and maintenance fund had revenues and other financing sources of \$954,057 in 2024 and expenditures of \$807,469. The net increase in fund balance for the street construction and maintenance fund was \$146,588 or 12.07%.
- The CARES Act and ARPA fund had revenues of \$710,882 and expenditures of \$710,882. The net change in fund balance for the CARES Act and ARPA fund was \$0.

#### **Using this Annual Financial Report**

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

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

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

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

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City perform financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

*Governmental activities* - Most of the City's programs and services are reported here including police, street maintenance, cemetery, capital improvements, and general administration. These services are funded primarily by property taxes, income taxes, and intergovernmental revenues including federal and State grants and other shared revenues.

*Business-type activities* - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer, electric, guarantee trust and stormwater operations are reported here.

#### **Reporting the City's Most Significant Funds**

##### ***Fund Financial Statements***

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

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

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

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

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

The City maintains several individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, street construction and maintenance fund, and CARES Act and ARPA fund. Information for the major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the City's only fiduciary fund type.

#### ***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.

#### ***Required Supplementary Information (RSI)***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund, the street construction and maintenance fund, and the CARES Act and ARPA fund budgetary schedules, net pension liability/asset, and net OPEB liability/asset.

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# CITY OF HUBBARD, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

### Government-Wide Financial Analysis

The statement of net position serves as a useful indicator of a government's financial position. The following table provides a summary of the City's net position at December 31, 2024 and December 31, 2023. The net position as of December 31, 2023 was restated as described in Note 3.

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	\$ 9,624,066	\$ 8,501,054	\$ 15,513,106	\$ 14,104,859	\$ 25,137,172	\$ 22,605,913
Capital assets, net	4,946,317	4,930,378	13,456,940	12,676,144	18,403,257	17,606,522
Total assets	<u>14,570,383</u>	<u>13,431,432</u>	<u>28,970,046</u>	<u>26,781,003</u>	<u>43,540,429</u>	<u>40,212,435</u>
<b>Deferred outflows of resources</b>						
Pension	1,076,527	1,426,461	671,992	915,865	1,748,519	2,342,326
OPEB	138,076	231,485	64,922	144,765	202,998	376,250
Total deferred outflows of resources	<u>1,214,603</u>	<u>1,657,946</u>	<u>736,914</u>	<u>1,060,630</u>	<u>1,951,517</u>	<u>2,718,576</u>
<b>Liabilities</b>						
Current liabilities	327,687	951,133	1,395,259	1,304,264	1,722,946	2,255,397
Long-term liabilities:						
Due within one year	274,699	191,426	141,950	103,052	416,649	294,478
Net pension liability	3,424,993	3,968,881	1,916,645	2,103,655	5,341,638	6,072,536
Net OPEB liability	197,419	251,933	-	47,342	197,419	299,275
Other amounts	493,758	627,967	964,557	737,280	1,458,315	1,365,247
Total liabilities	<u>4,718,556</u>	<u>5,991,340</u>	<u>4,418,411</u>	<u>4,295,593</u>	<u>9,136,967</u>	<u>10,286,933</u>
<b>Deferred inflows of resources</b>						
Property taxes	466,903	291,848	-	-	466,903	291,848
Pension	473,782	258,432	24,748	59,871	498,530	318,303
OPEB	250,865	282,376	40,528	18,155	291,393	300,531
Total deferred inflows of resources	<u>1,191,550</u>	<u>832,656</u>	<u>65,276</u>	<u>78,026</u>	<u>1,256,826</u>	<u>910,682</u>
<b>Net position</b>						
Net investment in capital assets	4,688,322	4,616,891	12,517,936	12,061,895	17,206,258	16,678,786
Restricted	1,398,602	1,228,543	123,554	41,172	1,522,156	1,269,715
Unrestricted	3,787,956	2,419,948	12,581,783	11,364,947	16,369,739	13,784,895
Total net position	<u>\$ 9,874,880</u>	<u>\$ 8,265,382</u>	<u>\$ 25,223,273</u>	<u>\$ 23,468,014</u>	<u>\$ 35,098,153</u>	<u>\$ 31,733,396</u>

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, the net pension asset, and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

## **CITY OF HUBBARD, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024**

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2024, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,098,153. At year-end, net position was \$9,874,880 and \$25,223,273 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets, representing 40.73% of total assets at December 31, 2024. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and intangible right to use assets. The City's net investment in capital assets at December 31, 2024, was \$4,688,322 and \$12,517,936 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's net investment in capital assets is reported net of related long-term obligations, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$1,522,156, represents resources that are subject to external restriction on how they may be used. The unrestricted net position was \$16,369,739.

The following table presents a comparative analysis of changes in net position for 2024 and 2023. The net position as of December 31, 2023 was restated as described in Note 3.

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**CITY OF HUBBARD, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Change in Net Position</b>					
	Governmental Activities		Business-type Activities		Total	
	Restated 2024	Restated 2023	Restated 2024	Restated 2023	Restated 2024	Restated 2023
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 94,519	\$ 31,545	\$ 10,622,153	\$ 9,965,123	\$ 10,716,672	\$ 9,996,668
Operating grants and contributions	1,352,906	681,884	-	-	1,352,906	681,884
Capital grants and contributions	104,645	130,046	442,587	167,579	547,232	297,625
Total program revenues	<u>1,552,070</u>	<u>843,475</u>	<u>11,064,740</u>	<u>10,132,702</u>	<u>12,616,810</u>	<u>10,976,177</u>
General revenues:						
Property taxes	508,439	367,394	-	-	508,439	367,394
Income taxes	2,905,425	2,903,281	-	-	2,905,425	2,903,281
Other local taxes	-	-	26,551	26,288	26,551	26,288
Permissive motor vehicle license tax	80,810	81,150	-	-	80,810	81,150
Unrestricted grants and entitlements	254,495	228,622	-	-	254,495	228,622
Investment earnings	675,550	531,054	-	-	675,550	531,054
Miscellaneous	197,558	199,148	48,660	76,209	246,218	275,357
Total general revenues	<u>4,622,277</u>	<u>4,310,649</u>	<u>75,211</u>	<u>102,497</u>	<u>4,697,488</u>	<u>4,413,146</u>
Total revenues	<u>6,174,347</u>	<u>5,154,124</u>	<u>11,139,951</u>	<u>10,235,199</u>	<u>17,314,298</u>	<u>15,389,323</u>
<b>Expenses:</b>						
General government	594,733	488,655	-	-	594,733	488,655
Security of persons and property	2,212,903	2,228,484	-	-	2,212,903	2,228,484
Public health and welfare	44,349	35,790	-	-	44,349	35,790
Transportation	1,596,067	767,507	-	-	1,596,067	767,507
Community environment	36,647	25,725	-	-	36,647	25,725
Leisure time activity	85,118	56,426	-	-	85,118	56,426
Interest	6,550	14,174	-	-	6,550	14,174
Sewer	-	-	1,735,353	1,312,503	1,735,353	1,312,503
Water	-	-	1,204,116	1,804,739	1,204,116	1,804,739
Electric	-	-	6,201,045	6,060,166	6,201,045	6,060,166
Guarantee trust	-	-	5,377	7,221	5,377	7,221
Stormwater	-	-	227,283	56,592	227,283	56,592
Total expenses	<u>4,576,367</u>	<u>3,616,761</u>	<u>9,373,174</u>	<u>9,241,221</u>	<u>13,949,541</u>	<u>12,857,982</u>
Change in net position before transfers	1,597,980	1,537,363	1,766,777	993,978	3,364,757	2,531,341
Transfers	<u>11,518</u>	<u>11,518</u>	<u>(11,518)</u>	<u>(11,518)</u>	<u>-</u>	<u>-</u>
Change in net position	1,609,498	1,548,881	1,755,259	982,460	3,364,757	2,531,341
Net position at beginning of year	<u>8,265,382</u>	<u>N/A</u>	<u>23,468,014</u>	<u>N/A</u>	<u>31,733,396</u>	<u>N/A</u>
Net position at end of year	<u>\$ 9,874,880</u>	<u>\$ 8,265,382</u>	<u>\$ 25,223,273</u>	<u>\$ 23,468,014</u>	<u>\$ 35,098,153</u>	<u>\$ 31,733,396</u>

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

#### Governmental Activities

The net position of the governmental activities increased \$1,609,498 or 19.47% in 2024. Overall, revenues increased and expenses increased, and revenue still exceeded expenses.

The overall increase in revenues was \$1,020,223 or 19.79%. Income tax collections increased in 2024 in addition to an increase in 2023. Operating grants and contributions increased \$671,022 or 98.41% due to increased federal grants and other sources. Another significant change in revenues was investment earnings, which resulted from higher interest rates in 2024.

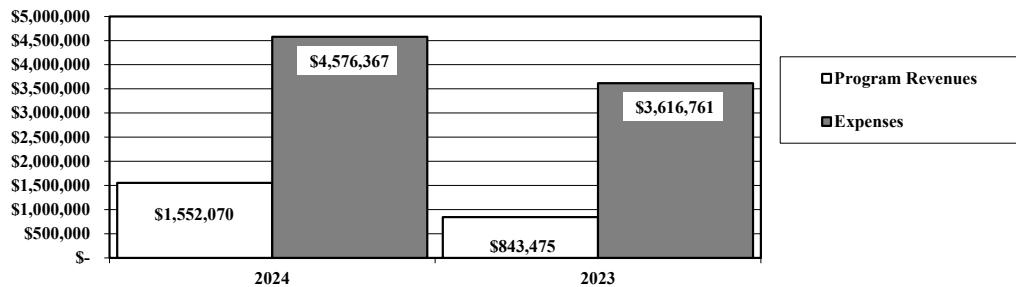
The State and federal government contributed to the City a total of \$1,352,906 in operating grants and contributions and \$104,645 in capital grants and contributions during 2024. These revenues are restricted to a particular program or purpose. Of the total operating and capital grants and contributions, \$661,632 subsidized the City's transportation programs.

General revenues totaled \$4,622,277 and amounted to 74.86% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$3,413,864. These two revenue sources comprised 55.29% of total governmental revenues in 2024.

Overall, expenses of the governmental activities increased \$959,606 or 26.53%. This is partially due to increases in costs within each department.

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

#### Governmental Activities – Program Revenues vs. Total Expenses



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## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

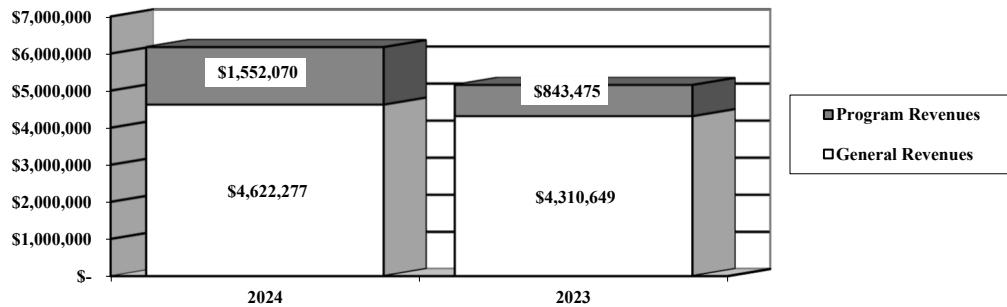
The following table shows, for governmental activities, the total cost of services and the net cost of services for 2024 and 2023. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

	<b>Governmental Activities</b>			
	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
<b>Program Expenses:</b>				
General government	\$ 594,733	\$ (199,901)	\$ 488,655	\$ 375,791
Security of persons and property	2,212,903	2,123,602	2,228,484	2,204,540
Public health and welfare	44,349	39,584	35,790	29,463
Transportation	1,596,067	934,435	767,507	68,467
Community environment	36,647	36,647	25,725	25,706
Leisure time activity	85,118	83,380	56,426	55,145
Interest	6,550	6,550	14,174	14,174
<b>Total</b>	<b><u>\$ 4,576,367</u></b>	<b><u>\$ 3,024,297</u></b>	<b><u>\$ 3,616,761</u></b>	<b><u>\$ 2,773,286</u></b>

The dependence upon general revenues for governmental activities is apparent, with 66.09% of expenses supported through taxes and other general revenues in 2024.

The following graph shows a comparison of program revenues and general revenues for governmental activities for 2024 and 2023.

#### **Governmental Activities – Program Revenues and General Revenues**



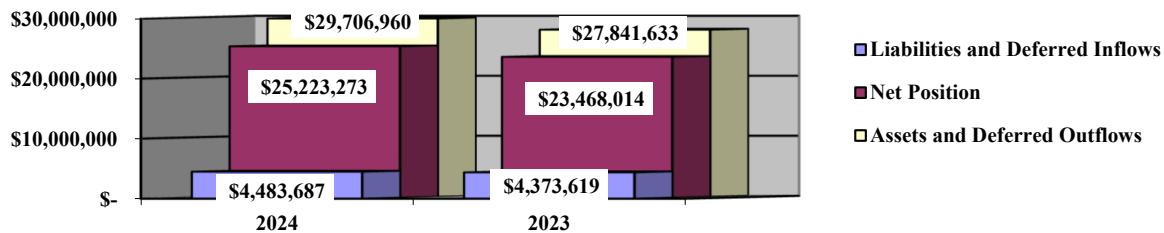
#### **Business-type Activities**

Business-type activities include the water, sewer, electric, guarantee trust and stormwater enterprise funds. These programs had program revenues of \$11,064,740, general revenues of \$75,211, and expenses of \$9,373,174 during 2024. The following graph shows the business-type activities assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position at December 31, 2024 and December 31, 2023. The amounts as of December 31, 2023 were restated as described in Note 3.

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

#### Business-type Activities



Business-type activities net position increased \$1,755,259 or 7.48%. Overall, revenues increased and expenses increased from 2023; however, revenues still exceeded expenses in 2024 resulting in an increase in net position.

#### Financial Analysis of the Government's Funds

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

#### *Governmental Funds*

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The City's governmental funds, as presented on the balance sheet, reported a combined fund balance of \$7,067,754, which is \$1,413,683 higher than last year's total of \$5,654,071. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2024 and December 31, 2023 for all major and nonmajor governmental funds.

	Fund Balances	Fund Balances	Change
	12/31/2024	12/31/2023	
General Fund	\$ 4,349,425	\$ 3,344,318	\$ 1,005,107
Street construction and maintenance	1,360,984	1,214,396	146,588
CARES Act and ARPA	-	-	-
Nonmajor Governmental Funds	1,357,345	1,095,357	261,988
<b>Total</b>	<b>\$ 7,067,754</b>	<b>\$ 5,654,071</b>	<b>\$ 1,413,683</b>

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

#### ***General Fund***

The City's general fund balance increased \$1,005,107 or 30.05%. The table that follows assists in illustrating the revenues of the general fund.

	2024 Amount	2023 Amount	Percentage Change
<b>Revenues</b>			
Taxes	\$ 3,318,442	\$ 3,116,179	6.49 %
Charges for services	482	402	19.90 %
Licenses and permits	73,253	106,807	(31.42) %
Fines, forfeitures, and settlements	13,328	15,736	(15.30) %
Intergovernmental	230,982	206,746	11.72 %
Investment income	675,550	531,054	27.21 %
Other	94,893	75,002	26.52 %
<b>Total</b>	<b><u>\$ 4,406,930</u></b>	<b><u>\$ 4,051,926</u></b>	<b><u>8.76 %</u></b>

Taxes revenue, consisting of property taxes and income taxes, represents 75.30% of all general fund revenue in 2024. The increase in investment income is primarily due to increased interest rates in 2024. Other revenues increased due to higher refunds and reimbursements received when compared to 2023.

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

	2024 Amount	2023 Amount	Percentage Change
<b>Expenditures</b>			
General government	\$ 537,067	\$ 477,254	12.53 %
Security of persons and property	1,893,383	1,966,629	(3.72) %
Public health and welfare	22,971	16,050	43.12 %
Community environment	502	298	68.46 %
Leisure time activity	2,919	2,384	22.44 %
Capital Outlay	-	58,651	(100.00) %
Debt service	60,523	58,986	2.61 %
<b>Total</b>	<b><u>\$ 2,517,365</u></b>	<b><u>\$ 2,580,252</u></b>	<b><u>(2.44) %</u></b>

General fund expenditures decreased \$62,887 or 2.44% in 2024. General government expenditures increased in 2024 due to increased costs in the following departments: Mayor, Council, Council clerk, auditor, treasurer, law director, and engineer. The increase in public health and welfare and community environment is due to increased costs in the respective departments. The decrease in capital outlay is due to the completion of outstanding projects during 2024.

#### ***Street Construction and Maintenance Fund***

The street construction and maintenance fund had revenues and other financing sources of \$954,057 and expenditures of \$807,469 in 2024. During 2024, fund balance increased \$146,588 or 12.07%, primarily due to a transfer in of \$362,659 from the general fund.

#### ***CARES Act and ARPA Fund***

The CARES Act and ARPA fund had revenues of \$710,882 and expenditures of \$710,882 during 2024.

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

#### ***Budgeting Highlights***

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

In the general fund, actual budgetary-basis revenues and other financing sources of \$3,567,147 were \$26,169 less than the amount projected in the final budget of \$3,593,316. Actual budgetary-basis expenditures and other financing uses of \$2,544,454 were \$14,006 less than the amount in the final budget of \$2,558,460. Budgeted revenues and other financing sources increased \$641,751 or 21.74% from the original to the final budget, with the greatest increase being attributed to investment income. Budgeted expenditures and other financing uses decreased \$262,220 or 9.30% from the original to the final budget, primarily due to a decrease in security of persons and property expenditures.

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

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

The City's major enterprise funds are the sewer fund, water fund and electric fund. The sewer, water, and electric funds reported an increase in net position during 2024.

The table below indicates the net position and the total change in net position as of December 31, 2024 and 2023 for all proprietary funds. The net position at December 31, 2023 was restated as described in Note 3.

	Restated		
	Net Position 12/31/2024	Net Position 12/31/2023	Change
<b>Major funds:</b>			
Sewer	\$ 8,643,501	\$ 8,616,199	\$ 27,302
Water	6,145,050	5,251,504	893,546
Electric	9,583,340	8,512,255	1,071,085
Nonmajor funds	<u>906,375</u>	<u>1,007,968</u>	<u>(101,593)</u>
Total	<u><u>\$ 25,278,266</u></u>	<u><u>\$ 23,387,926</u></u>	<u><u>\$ 1,890,340</u></u>

#### ***Sewer***

Net position of the City's sewer fund increased \$27,302 or 0.32% during 2024. The sewer fund had operating revenues of \$1,431,796 and operating expenses of \$1,704,494. The sewer fund had \$300,000 in capital contributions. The overall increase in net position is primarily the result of the direct charges for services and capital contributions exceeding operating expenses during 2024.

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

#### ***Water***

Net position of the City's water fund increased \$893,546 or 17.02% during 2024. The water fund had operating revenues of \$1,918,738 and operating expenses of \$1,161,129. The water fund had \$6,650 in non-operating expenses and \$142,587 in capital contributions. The overall increase in net position is primarily the result of the operating revenues exceeding operating expenses during 2024.

#### ***Electric***

Net position of the City's electric fund increased \$1,071,085 or 12.58% during 2024. The electric fund had operating revenues of \$7,177,694 and operating expenses of \$6,133,160. The electric fund had \$26,551 in non-operating revenues. The overall increase in net position is primarily the result of the direct charges for services exceeding operating expenses during 2024.

#### **Capital Assets and Debt Administration**

##### ***Capital Assets***

At the end of 2024, the City had \$18,403,257 (net of accumulated depreciation/amortized) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and intangible right to use assets. Of this total, \$4,946,317 was reported in governmental activities and \$13,456,940 was reported in business-type activities. See Note 9 in the notes to the basic financial statements for more detail on the City's capital assets.

The following table shows December 31, 2024 balances compared to December 31, 2023.

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 597,871	\$ 597,871	\$ 180,423	\$ 180,423	\$ 778,294	\$ 778,294
Construction in progress	-	-	334,367	253,080	334,367	253,080
Land improvements	2,475	8,269	1,170	1,951	3,645	10,220
Buildings and improvements	1,168,969	1,223,000	1,733,941	1,868,155	2,902,910	3,091,155
Furniture and equipment	36,961	50,588	821,116	834,581	858,077	885,169
Vehicles	245,539	223,933	15,756	32,072	261,295	256,005
Infrastructure	2,797,877	2,692,985	10,370,167	9,505,882	13,168,044	12,198,867
Intangible right to use assets	96,625	133,732	-	-	96,625	133,732
Totals	<u>\$ 4,946,317</u>	<u>\$ 4,930,378</u>	<u>\$ 13,456,940</u>	<u>\$ 12,676,144</u>	<u>\$ 18,403,257</u>	<u>\$ 17,606,522</u>

The overall increase in governmental capital assets of \$15,939 is due to capital asset additions of \$482,360 exceeding depreciation/amortization expense of \$466,421. The overall increase in business-type capital assets of \$780,796 is due to capital asset additions of \$1,401,052 exceeding depreciation expense of \$620,256.

One of the City's largest governmental capital asset categories is infrastructure, which includes roads, sidewalks, traffic lights and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation/amortization) represents 56.56% of the City's total governmental capital assets. Buildings and improvements is also a significant capital asset category, accounting for 23.63% of the City's total governmental capital assets.

## CITY OF HUBBARD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The City's largest business-type capital asset category is infrastructure, which primarily includes water, sewer, and electrical lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation/amortization) represents 77.06% of the City's total business-type capital assets.

#### ***Debt Administration***

At December 31, 2024, the City had long-term debt consisting of OPWC loans of \$295,583 and OWDA loans of \$782,935, leases of \$19,472, and SBITAs of \$42,717. Of this total, \$80,332 is due within one year and \$1,060,375 is due in more than one year. See Note 11 in the notes to the basic financial statements for more detail on the City's long-term obligations.

The City had the following long-term debt outstanding at December 31, 2024 and December 31, 2023.

<b>Governmental Activities</b>			
	<b>December 31, 2024</b>	<b>December 31, 2023</b>	
OPWC loans	\$ 195,806	\$ 207,324	
Leases payable	19,472	42,116	
SBITA Payable	42,717	64,047	
<b>Total long-term debt</b>	<b>\$ 257,995</b>	<b>\$ 313,487</b>	

<b>Business-type Activities</b>			
	<b>December 31, 2024</b>	<b>December 31, 2023</b>	
OPWC loans	\$ 99,777	\$ 113,081	
OWDA loans	782,935	505,553	
<b>Total long-term debt</b>	<b>\$ 882,712</b>	<b>\$ 618,634</b>	

#### **Economic Conditions and General Fund Budget Outlook**

The City's Administration considers the impact of various economic factors when establishing the 2024 budget. The stabilization of both revenue and expense streams have influenced the objectives established in the 2024 budget. As a result, the City continues to operate its financial decision making conservatively.

The City continues to carefully monitor two primary sources of revenue – local income taxes and shared intergovernmental (state) revenue. In order to sustain these revenue sources, City Council continues to make efforts to maintain the community's employment base, the community's reputation for high public safety standards, and adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2024 budget, the City continues initiatives which contain costs and maintain consistent revenues.

Final budgeted revenues and other financing sources in the general fund for 2024 were \$3,593,316, an increase of \$342,411 or 10.53% from the final 2023 budgeted amount of \$3,250,905. Final budgeted expenditures and other financing uses in the general fund for 2024 were \$2,558,460, an increase of \$42,010 or 1.67% from the final 2023 budgeted amount of \$2,516,450.

The average unemployment rate for Trumbull County in 2024 was 5.45% which represents an increase from the 2023 rate of 4.0%. Aside from new regional industrial development/investments, the overall economy has started to slow as 2024 ended. The Trumbull County unemployment rate is slightly higher than the 4.33% State of Ohio average as well as the 4.0% national average. The City Auditor anticipates the 2025 unemployment rate to remain constant.

## **CITY OF HUBBARD, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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

**BASIC  
FINANCIAL STATEMENTS**

**CITY OF HUBBARD, OHIO**

**STATEMENT OF NET POSITION**  
DECEMBER 31, 2024

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 7,537,944	\$ 12,857,485	\$ 20,395,429
Cash in segregated accounts	550	500	1,050
Receivables (net of allowance for uncollectibles):			
Income taxes	811,443	-	811,443
Real and other taxes	529,267	5,141	534,408
Accounts	126,997	875,562	1,002,559
Special assessments	46,976	-	46,976
Internal balance	54,993	(54,993)	-
Due from other governments	371,901	51,410	423,311
Prepayments	57,289	218,483	275,772
Materials and supplies inventory	34,319	611,305	645,624
Investment in joint ventures	-	61,849	61,849
Regulatory asset	-	762,810	762,810
Net pension asset	23,090	54,458	77,548
Net OPEB asset	29,297	69,096	98,393
Capital assets:			
Nondepreciable/amortized capital assets	597,871	514,790	1,112,661
Depreciable/amortized capital assets, net	4,348,446	12,942,150	17,290,596
Total capital assets	<u>4,946,317</u>	<u>13,456,940</u>	<u>18,403,257</u>
Total assets	<u>14,570,383</u>	<u>28,970,046</u>	<u>43,540,429</u>
<b>Deferred outflows of resources:</b>			
Pension	1,076,527	671,992	1,748,519
OPEB	<u>138,076</u>	<u>64,922</u>	<u>202,998</u>
Total deferred outflows of resources	<u>1,214,603</u>	<u>736,914</u>	<u>1,951,517</u>
<b>Liabilities:</b>			
Accounts payable	61,481	454,667	516,148
Retainage payable	-	61,293	61,293
Accrued wages and benefits	60,804	60,703	121,507
Due to other governments	72,024	55,786	127,810
Accrued interest payable	3,578	-	3,578
Claims payable	129,800	-	129,800
Regulatory liability	-	762,810	762,810
Long-term liabilities:			
Due within one year	274,699	141,950	416,649
Due in more than one year:			
Net pension liability	3,424,993	1,916,645	5,341,638
Net OPEB liability	<u>197,419</u>	<u>-</u>	<u>197,419</u>
Other amounts due in more than one year	<u>493,758</u>	<u>964,557</u>	<u>1,458,315</u>
Total liabilities	<u>4,718,556</u>	<u>4,418,411</u>	<u>9,136,967</u>
<b>Deferred inflows of resources:</b>			
Property and other taxes levied for the next fiscal year	466,903	-	466,903
Pension	473,782	24,748	498,530
OPEB	<u>250,865</u>	<u>40,528</u>	<u>291,393</u>
Total deferred inflows of resources	<u>1,191,550</u>	<u>65,276</u>	<u>1,256,826</u>
<b>Net position:</b>			
Net investment in capital assets	4,688,322	12,517,936	17,206,258
Restricted for:			
Street construction and maintenance	1,076,864	-	1,076,864
State highway	100,612	-	100,612
Law enforcement	112,808	-	112,808
Cemetery	27,088	-	27,088
Other purposes	19,536	-	19,536
Perpetual care	9,307	-	9,307
Pension/OPEB	<u>52,387</u>	<u>123,554</u>	<u>175,941</u>
Unrestricted	<u>3,787,956</u>	<u>12,581,783</u>	<u>16,369,739</u>
Total net position	<u>\$ 9,874,880</u>	<u>\$ 25,223,273</u>	<u>\$ 35,098,153</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**

**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental activities:</b>				
General government	\$ 594,733	\$ 14,557	\$ 780,077	\$ -
Security of persons and property	2,212,903	75,587	13,714	-
Public health and welfare	44,349	4,375	390	-
Transportation	1,596,067	-	556,987	104,645
Community environment	36,647	-	-	-
Leisure time activity	85,118	-	1,738	-
Interest	6,550	-	-	-
<b>Total governmental activities</b>	<b>4,576,367</b>	<b>94,519</b>	<b>1,352,906</b>	<b>104,645</b>
<b>Business-type activities:</b>				
Sewer	1,735,353	1,430,612	-	300,000
Water	1,204,116	1,918,738	-	142,587
Electric	6,201,045	7,135,414	-	-
Other business-type activities:				
Guarantee trust	5,377	-	-	-
Stormwater	227,283	137,389	-	-
<b>Total business-type activities</b>	<b>9,373,174</b>	<b>10,622,153</b>	<b>-</b>	<b>442,587</b>
<b>Total primary government</b>	<b>\$ 13,949,541</b>	<b>\$ 10,716,672</b>	<b>\$ 1,352,906</b>	<b>\$ 547,232</b>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Hubbard Union Cemetery				
Police pension				
Income taxes levied for:				
General purposes				
Permissive motor vehicle license tax				
Other local taxes				
Grants and entitlements not restricted				
to specific programs				
Investment earnings				
Miscellaneous				
Total general revenues				
Transfers				
Total general revenues and transfers				
Change in net position				
<b>Net position at beginning of year, as previously reported</b>				
<b>Restatement - change in accounting principle</b>				
<b>Net position at beginning of year, restated</b>				
<b>Net position at end of year</b>				

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ 199,901	\$ -	\$ 199,901
(2,123,602)	- (4,741)	(2,123,602) (4,741)
(39,584)	857,209	857,209
(934,435)	934,369	934,369
(36,647)	(5,377)	(5,377)
(83,380)	(89,894)	(89,894)
(6,550)	1,691,566	1,691,566
<u>(3,024,297)</u>	<u>1,691,566</u>	<u>(1,332,731)</u>
428,724	-	428,724
31,595	-	31,595
48,120	-	48,120
2,905,425	-	2,905,425
80,810	-	80,810
-	26,551	26,551
254,495	-	254,495
675,550	-	675,550
<u>197,558</u>	<u>48,660</u>	<u>246,218</u>
4,622,277	75,211	4,697,488
<u>11,518</u>	<u>(11,518)</u>	<u>-</u>
<u>4,633,795</u>	<u>63,693</u>	<u>4,697,488</u>
1,609,498	1,755,259	3,364,757
8,429,039	23,536,887	31,965,926
<u>(163,657)</u>	<u>(68,873)</u>	<u>(232,530)</u>
<u>8,265,382</u>	<u>23,468,014</u>	<u>31,733,396</u>
<u>\$ 9,874,880</u>	<u>\$ 25,223,273</u>	<u>\$ 35,098,153</u>

**CITY OF HUBBARD, OHIO**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2024**

	<b>General</b>	<b>Street Construction and Maintenance</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 4,111,105	\$ 1,263,701	\$ 1,358,293	\$ 6,733,099
Cash in segregated accounts	200	350	-	550
Receivables (net of allowance for uncollectibles):				
Income taxes	811,443	-	-	811,443
Real and other taxes	448,536	-	80,731	529,267
Accounts	2,565	-	95,088	97,653
Special assessments	46,976	-	-	46,976
Due from other governments	115,017	232,447	24,437	371,901
Prepayments	33,790	23,499	-	57,289
Materials and supplies inventory	10,381	23,938	-	34,319
Total assets	<u>\$ 5,580,013</u>	<u>\$ 1,543,935</u>	<u>\$ 1,558,549</u>	<u>\$ 8,682,497</u>
<b>Liabilities:</b>				
Accounts payable	\$ 32,932	\$ 7,331	\$ 20,648	\$ 60,911
Accrued wages and benefits	42,229	18,575	-	60,804
Due to other governments	28,161	8,435	35,428	72,024
Total liabilities	<u>103,322</u>	<u>34,341</u>	<u>56,076</u>	<u>193,739</u>
<b>Deferred inflows of resources:</b>				
Property and other taxes levied for the next fiscal year	395,807	-	71,096	466,903
Income tax revenue not available	563,531	-	-	563,531
Delinquent property tax revenue not available	48,361	-	8,837	57,198
Special assessments revenue not available	46,976	-	-	46,976
Intergovernmental revenue not available	72,591	148,610	17,945	239,146
Miscellaneous revenue not available	-	-	47,250	47,250
Total deferred inflows of resources	<u>1,127,266</u>	<u>148,610</u>	<u>145,128</u>	<u>1,421,004</u>
<b>Fund balances:</b>				
Nonspendable	55,095	47,437	-	102,532
Restricted	-	1,313,547	240,389	1,553,936
Committed	-	-	293,750	293,750
Assigned	-	-	823,206	823,206
Unassigned	4,294,330	-	-	4,294,330
Total fund balances	<u>4,349,425</u>	<u>1,360,984</u>	<u>1,357,345</u>	<u>7,067,754</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,580,013</u>	<u>\$ 1,543,935</u>	<u>\$ 1,558,549</u>	<u>\$ 8,682,497</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2024**

<b>Total governmental fund balances</b>	\$ 7,067,754
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,946,317
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	
Income taxes receivable	\$ 563,531
Property taxes receivable	57,198
Special assessments receivable	46,976
Intergovernmental receivable	239,146
Accounts receivable	<u>47,250</u>
Total	954,101
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(3,578)
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.	703,819
An internal balance is recorded in governmental activities to reflect underpayments or overpayments to the internal service fund by the business-type activities.	54,993
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
OPWC loans payable	(195,806)
Leases payable	(19,472)
SBITA payable	(42,717)
Compensated absences payable	<u>(510,462)</u>
Total	(768,457)
The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in the governmental funds:	
Deferred outflows of resources - pension	1,076,527
Deferred inflows of resources - pension	(473,782)
Net pension asset	23,090
Net pension liability	<u>(3,424,993)</u>
Total	(2,799,158)
The net OPEB asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in the governmental funds:	
Deferred outflows of resources - OPEB	138,076
Deferred inflows of resources - OPEB	(250,865)
Net OPEB asset	29,297
Net OPEB liability	<u>(197,419)</u>
Total	<u>(280,911)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 9,874,880</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>General</b>	<b>Street Construction and Maintenance</b>	<b>CARES Act and ARPA</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Income taxes	\$ 2,906,595	\$ -	\$ -	\$ -	\$ 2,906,595
Property and other taxes	411,847	80,810	-	77,616	570,273
Charges for services	482	-	-	4,375	4,857
Licenses and permits	73,253	-	-	-	73,253
Fines, forfeitures, and settlements	13,328	-	-	6,996	20,324
Intergovernmental	230,982	466,672	710,882	166,504	1,575,040
Investment income	675,550	42,600	-	3,303	721,453
Other	94,893	1,316	-	104,096	200,305
<b>Total revenues</b>	<b>4,406,930</b>	<b>591,398</b>	<b>710,882</b>	<b>362,890</b>	<b>6,072,100</b>
<b>Expenditures:</b>					
Current:					
General government	537,067	-	-	21,352	558,419
Security of persons and property	1,893,383	-	-	51,475	1,944,858
Public health and welfare	22,971	-	-	21,386	44,357
Transportation	-	807,469	-	42,308	849,777
Community environment	502	-	-	36,145	36,647
Leisure time activity	2,919	-	-	62,648	65,567
Capital outlay	-	-	710,882	395,628	1,106,510
Debt service:					
Principal retirement	52,215	-	-	11,518	63,733
Interest	8,308	-	-	-	8,308
<b>Total expenditures</b>	<b>2,517,365</b>	<b>807,469</b>	<b>710,882</b>	<b>642,460</b>	<b>4,678,176</b>
Excess (deficiency) of revenues over (under) expenditures	1,889,565	(216,071)	-	(279,570)	1,393,924
<b>Other financing sources (uses):</b>					
SBITA transaction	8,241	-	-	-	8,241
Transfers in	-	362,659	-	541,558	904,217
Transfers out	(892,699)	-	-	-	(892,699)
<b>Total other financing sources (uses)</b>	<b>(884,458)</b>	<b>362,659</b>	<b>-</b>	<b>541,558</b>	<b>19,759</b>
Net change in fund balances	1,005,107	146,588	-	261,988	1,413,683
<b>Fund balances at beginning of year</b>	<b>3,344,318</b>	<b>1,214,396</b>	<b>-</b>	<b>1,095,357</b>	<b>5,654,071</b>
<b>Fund balances at end of year</b>	<b>\$ 4,349,425</b>	<b>\$ 1,360,984</b>	<b>\$ -</b>	<b>\$ 1,357,345</b>	<b>\$ 7,067,754</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

<b>Net change in fund balances - total governmental funds</b>	\$ 1,413,683
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation/amortization expense.	
Capital asset additions	\$ 482,360
Current year depreciation/amortization	<u>(466,421)</u>
Total	15,939
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Income taxes	(1,170)
Property taxes	18,976
Special assessments	22,088
Intergovernmental revenues	15,103
Other	<u>47,250</u>
Total	102,247
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	
	1,758
The SBITA transaction is an other financing source in the governmental funds, but it increases long term liabilities on the statement of net position.	
	(8,241)
Repayment of principal on debt obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	
	63,733
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources.	
Pension	264,495
OPEB	6,605
Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.	
Pension	(279,796)
OPEB	15,308
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	(4,556)
An internal service fund used by management to charge the costs of health insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, net of internal balance activity of \$135,081, is:	
	<u>18,323</u>
<b>Change in net position of governmental activities</b>	<u>\$ 1,609,498</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2024**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Electric</b>	<b>Nonmajor</b>	<b>Total</b>	
<b>Assets:</b>						
Current assets:						
Equity in pooled cash and cash equivalents	\$ 2,929,900	\$ 1,362,093	\$ 8,068,158	\$ 497,334	\$ 12,857,485	\$ 804,845
Cash in segregated accounts	-	300	200	-	500	-
Receivables (net of allowance for uncollectibles):						
Real and other taxes	-	-	5,141	-	5,141	-
Accounts	117,174	159,644	579,773	18,971	875,562	29,344
Due from other governments	1,410	50,000	-	-	51,410	-
Prepayments	28,611	34,134	155,738	-	218,483	-
Materials and supplies inventory	13,032	145,557	452,716	-	611,305	-
Total current assets	<u>3,090,127</u>	<u>1,751,728</u>	<u>9,261,726</u>	<u>516,305</u>	<u>14,619,886</u>	<u>834,189</u>
Noncurrent assets:						
Net pension asset	15,605	15,959	22,894	-	54,458	-
Net OPEB asset	19,800	20,249	29,047	-	69,096	-
Investment in joint ventures	-	-	61,849	-	61,849	-
Regulatory asset	-	-	762,810	-	762,810	-
Capital assets:						
Nondepreciable capital assets	95,078	419,712	-	-	514,790	-
Depreciable capital assets, net	5,982,715	5,249,566	1,312,731	397,138	12,942,150	-
Total capital assets	<u>6,077,793</u>	<u>5,669,278</u>	<u>1,312,731</u>	<u>397,138</u>	<u>13,456,940</u>	<u>-</u>
Total noncurrent assets	<u>6,113,198</u>	<u>5,705,486</u>	<u>2,189,331</u>	<u>397,138</u>	<u>14,405,153</u>	<u>-</u>
Total assets	<u>9,203,325</u>	<u>7,457,214</u>	<u>11,451,057</u>	<u>913,443</u>	<u>29,025,039</u>	<u>834,189</u>
<b>Deferred outflows of resources:</b>						
Pension	200,416	199,427	272,149	-	671,992	-
OPEB	18,283	18,699	27,940	-	64,922	-
Total deferred outflows of resources	<u>218,699</u>	<u>218,126</u>	<u>300,089</u>	<u>-</u>	<u>736,914</u>	<u>-</u>
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable	32,938	48,010	373,719	-	454,667	570
Retainage payable	-	61,293	-	-	61,293	-
Accrued wages and benefits	16,929	21,251	22,523	-	60,703	-
Current portion of compensated absences	25,504	11,422	69,668	-	106,594	-
Due to other governments	8,056	9,054	31,608	7,068	55,786	-
Claims payable	-	-	-	-	-	129,800
Regulatory liability	-	-	762,810	-	762,810	-
Current portion of OWDA loans	-	22,052	-	-	22,052	-
Current portion of OPWC loans	13,304	-	-	-	13,304	-
Total current liabilities	<u>96,731</u>	<u>173,082</u>	<u>1,260,328</u>	<u>7,068</u>	<u>1,537,209</u>	<u>130,370</u>
Long-term liabilities:						
OWDA loans	-	760,883	-	-	760,883	-
OPWC loans	86,473	-	-	-	86,473	-
Compensated absences	25,395	15,944	75,862	-	117,201	-
Net pension liability	549,217	561,689	805,739	-	1,916,645	-
Total long-term liabilities	<u>661,085</u>	<u>1,338,516</u>	<u>881,601</u>	<u>-</u>	<u>2,881,202</u>	<u>-</u>
Total liabilities	<u>757,816</u>	<u>1,511,598</u>	<u>2,141,929</u>	<u>7,068</u>	<u>4,418,411</u>	<u>130,370</u>
<b>Deferred inflows of resources:</b>						
Pension	8,722	6,771	9,255	-	24,748	-
OPEB	11,985	11,921	16,622	-	40,528	-
Total deferred inflows of resources	<u>20,707</u>	<u>18,692</u>	<u>25,877</u>	<u>-</u>	<u>65,276</u>	<u>-</u>
<b>Net position:</b>						
Net investment in capital assets	5,978,016	4,830,051	1,312,731	397,138	12,517,936	-
Restricted for pension/OPEB	35,405	36,208	51,941	-	123,554	-
Unrestricted	2,630,080	1,278,791	8,218,668	509,237	12,636,776	703,819
Total net position	<u>\$ 8,643,501</u>	<u>\$ 6,145,050</u>	<u>\$ 9,583,340</u>	<u>\$ 906,375</u>	<u>\$ 25,278,266</u>	<u>\$ 703,819</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds					(54,993)	
Net position of business-type activities					<u>\$ 25,223,273</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Electric</b>	<b>Nonmajor</b>	<b>Total</b>	
<b>Operating revenues:</b>						
Charges for services	\$ 1,430,612	\$ 1,918,738	\$ 7,135,414	\$ 137,389	\$ 10,622,153	\$ 1,177,956
Other	1,184	-	42,280	5,196	48,660	-
Total operating revenues	<u>1,431,796</u>	<u>1,918,738</u>	<u>7,177,694</u>	<u>142,585</u>	<u>10,670,813</u>	<u>1,177,956</u>
<b>Operating expenses:</b>						
Personal services	764,703	684,106	991,618	-	2,440,427	-
Contract services	283,347	177,716	4,746,616	220,450	5,428,129	-
Materials and supplies	317,171	130,618	294,842	-	742,631	-
Claims expense	-	-	-	-	-	1,294,714
Depreciation	339,273	168,689	100,084	12,210	620,256	-
Total operating expenses	<u>1,704,494</u>	<u>1,161,129</u>	<u>6,133,160</u>	<u>232,660</u>	<u>9,231,443</u>	<u>1,294,714</u>
Operating income (loss)	<u>(272,698)</u>	<u>757,609</u>	<u>1,044,534</u>	<u>(90,075)</u>	<u>1,439,370</u>	<u>(116,758)</u>
<b>Nonoperating revenues (expenses):</b>						
Interest expense	-	(6,650)	-	-	(6,650)	-
Other nonoperating revenues	-	-	26,551	-	26,551	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>(6,650)</u>	<u>26,551</u>	<u>-</u>	<u>19,901</u>	<u>-</u>
Income (loss) before transfers and capital contributions	<u>(272,698)</u>	<u>750,959</u>	<u>1,071,085</u>	<u>(90,075)</u>	<u>1,459,271</u>	<u>(116,758)</u>
Transfers out	-	-	-	(11,518)	(11,518)	-
Capital contributions	<u>300,000</u>	<u>142,587</u>	<u>-</u>	<u>-</u>	<u>442,587</u>	<u>-</u>
Change in net position	<u>27,302</u>	<u>893,546</u>	<u>1,071,085</u>	<u>(101,593)</u>	<u>1,890,340</u>	<u>(116,758)</u>
<b>Net position at beginning of year, as previously reported</b>	<u>8,638,125</u>	<u>5,257,491</u>	<u>8,553,215</u>	<u>1,007,968</u>		<u>820,577</u>
<b>Restatement - change in accounting principle</b>	<u>(21,926)</u>	<u>(5,987)</u>	<u>(40,960)</u>	<u>-</u>		<u>-</u>
<b>Net position at beginning of year, restated</b>	<u>8,616,199</u>	<u>5,251,504</u>	<u>8,512,255</u>	<u>1,007,968</u>		<u>820,577</u>
<b>Net position at end of year</b>	<u><u>\$ 8,643,501</u></u>	<u><u>\$ 6,145,050</u></u>	<u><u>\$ 9,583,340</u></u>	<u><u>\$ 906,375</u></u>		<u><u>\$ 703,819</u></u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						<u>(135,081)</u>
Change in net position of business-type activities						<u>\$ 1,755,259</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities - Internal Service Fund</b>	
	<b>Sewer</b>	<b>Water</b>	<b>Electric</b>	<b>Nonmajor</b>	<b>Total</b>		
<b>Cash flows from operating activities:</b>							
Cash received from customers	\$ 1,432,019	\$ 1,909,658	\$ 7,115,900	\$ 135,976	\$ 10,593,553	\$ 1,150,501	-
Cash received from other operations	2,386	14,300	26,220	5,196	48,102	-	-
Cash payments for personal services	(760,642)	(689,248)	(978,236)	-	(2,428,126)	-	-
Cash payments for contract services	(271,791)	(152,879)	(4,807,736)	(213,382)	(5,445,788)	-	-
Cash payments for materials and supplies	(320,452)	(186,990)	(325,103)	-	(832,545)	-	-
Cash payments for claims	-	-	-	-	-	-	(1,257,044)
Net cash provided by (used in) operating activities	81,520	894,841	1,031,045	(72,210)	1,935,196	(106,543)	-
<b>Cash flows from noncapital financing activities:</b>							
Cash payments for transfers out	-	-	-	(11,518)	(11,518)	-	-
Cash received from property and other taxes	-	-	26,400	-	26,400	-	-
Net cash provided by (used in) noncapital financing activities	-	-	26,400	(11,518)	14,882	-	-
<b>Cash flows from capital and related financing activities:</b>							
Acquisition of capital assets	(66,000)	(1,273,759)	-	-	(1,339,759)	-	-
Capital contributions	300,000	92,587	-	-	392,587	-	-
Cash received from OWDA loan	-	320,953	-	-	320,953	-	-
Principal retirement	(13,304)	(43,571)	-	-	(56,875)	-	-
Interest	-	(6,650)	-	-	(6,650)	-	-
Net cash provided by (used in) capital and related financing activities	220,696	(910,440)	-	-	(689,744)	-	-
Net change in cash and cash equivalents	302,216	(15,599)	1,057,445	(83,728)	1,260,334	(106,543)	-
<b>Cash and cash equivalents at beginning of year</b>	<b>2,627,684</b>	<b>1,377,992</b>	<b>7,010,913</b>	<b>581,062</b>	<b>11,597,651</b>	<b>911,388</b>	-
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,929,900</b>	<b>\$ 1,362,393</b>	<b>\$ 8,068,358</b>	<b>\$ 497,334</b>	<b>\$ 12,857,985</b>	<b>\$ 804,845</b>	-

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**CITY OF HUBBARD, OHIO**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities - Internal Service Fund</b>	
	<b>Sewer</b>	<b>Water</b>	<b>Electric</b>	<b>Nonmajor</b>	<b>Total</b>		
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ (272,698)	\$ 757,609	\$ 1,044,534	\$ (90,075)	\$ 1,439,370	\$ (116,758)	
Adjustments:							
Depreciation	339,273	168,689	100,084	12,210	620,256		-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:							
Materials and supplies inventory	810	(57,631)	(25,211)	-	(82,032)		-
Accounts receivable	4,019	5,220	(35,573)	(1,413)	(27,747)		(27,455)
Due from other governments	(1,410)	-	-	-	(1,410)		-
Prepayments	(1,650)	2,545	(39,951)	-	(39,056)		-
Net pension asset	(4,379)	(4,195)	(4,712)	-	(13,286)		-
Net OPEB asset	(19,800)	(20,249)	(29,047)	-	(69,096)		-
Deferred outflows - pension	45,667	58,457	139,749	-	243,873		-
Deferred outflows - OPEB	21,133	22,608	36,102	-	79,843		-
Accounts payable	9,982	45,298	(42,887)	-	12,393		570
Accrued wages and benefits	1,750	7,472	758	-	9,980		-
Due to other governments	799	(19,193)	18,439	7,068	7,113		-
Compensated absences payable	11,974	(10,748)	871	-	2,097		-
Claims payable	-	-	-	-	-		37,100
Net pension liability	(24,354)	(39,402)	(123,254)	-	(187,010)		-
Net OPEB liability	(12,908)	(13,527)	(20,907)	-	(47,342)		-
Deferred inflows - pension	(23,046)	(14,942)	2,865	-	(35,123)		-
Deferred inflows - OPEB	6,358	6,830	9,185	-	22,373		-
Net cash provided by (used in) operating activities	<u>\$ 81,520</u>	<u>\$ 894,841</u>	<u>\$ 1,031,045</u>	<u>\$ (72,210)</u>	<u>\$ 1,935,196</u>	<u>\$ (106,543)</u>	

**Non-cash transactions:**

At December 31, 2024, the water fund had \$61,293 in capital asset acquisitions on account (retainage payable).

At December 31, 2024, the water fund had \$50,000 in capital contributions and due from other governments from a state grant not yet received at year end.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2024

	<u><b>Custodial</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 750
Total assets	<u>750</u>
 <b>Net position:</b>	
Restricted for other purposes	750
Total net position	<u>\$ 750</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HUBBARD, OHIO**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Custodial</u>
<b>Net position at beginning of year</b>	<u>\$ 750</u>
<b>Net position at end of year</b>	<u><u>\$ 750</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### NOTE 1 - DESCRIPTION OF THE CITY

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

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

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City’s significant accounting policies are described below.

##### A. Reporting Entity

The City’s 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” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, this includes police protection, parks and recreation, water and sewer service, street maintenance and repairs and general administrative services.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s Governing Board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the City has no component units. The basic financial statements of the reporting entity include only those of the City (the primary government).

The following organizations are described due to their relationship to the City:

##### *JOINTLY GOVERNED ORGANIZATIONS*

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

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

Eagle Joint Fire District (Fire District) - The Eagle Joint Fire District is a jointly governed organization pursuant to the Ohio Revised Code 505.371. The Fire District was formed in 2008 and consists of the City and Hubbard Township. The Fire District Board consists of a Trustee from the City, a Trustee from Hubbard Township and three residents of the Fire District. A new resident is appointed by the City in odd numbered years and by Hubbard Township in even numbered years. Revenues are generated from Fire District levies. During 2024, the City did not make any contributions to the Fire District.

#### *JOINT VENTURE WITH EQUITY INTEREST*

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

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP. OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2024, the City has met their debt coverage obligation.

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

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$61,849 at December 31, 2024. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

The following is a summary of audited financial information for the OMEGA JV5 as of the year ended December 31, 2024:

<u>OMEGA JV5</u>	
Total assets and deferred outflows of resources	\$ 108,256,483
Total liabilities and deferred inflows of resources	105,268,596
Net position	2,987,887
Total revenues	27,686,217
Total expenses	27,686,217
Change in net position	-

The City reports equity interest equal to their undivided ownership percentage of the joint ventures members' equity. The City's undivided ownership of the OMEGA JV5 is 2.07 percent.

The City reports the equity interest of the joint venture on the statement of net position in the amount of \$61,849.

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## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

<u>Participants</u>	Percentage of Ownership
Cuyahoga Falls	16.67
Bowling Green	15.73
Niles	10.63
Napoleon	7.35
Jackson	7.14
Hudson	5.69
Wadsworth	5.62
Oberlin	3.02
New Bremen	2.38
Bryan	2.19
Other	<u>23.58</u>
Total	<u>100.00</u>

#### **B. Basis of Presentation - Fund Accounting**

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

***Government-Wide Financial Statements*** - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service fund are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. On the statement of activities, interfund services provided and used are not eliminated in the process of consolidation.

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

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

***Fund Financial Statements*** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the enterprise funds include personnel and other expenses related to sewer, water and electric operations, and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

#### C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

*General fund* - The general fund is used to account for and report all financial resources not accounted for and reported 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.

*Street construction and maintenance fund* - This fund accounts for the portion of state gasoline tax and motor vehicle registration fees restricted for the maintenance of the streets within the City.

*CARES Act and ARPA fund* - This fund accounts for monies received from the federal government as part of the American Rescue Plan Act of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

Other governmental funds of the City are used to account for:

*Nonmajor special revenue funds* - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Nonmajor capital projects funds* - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Nonmajor debt service funds* - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Proprietary Funds** - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

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

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

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

Other enterprise funds of the City are used to account for guarantee trust and stormwater operations.

Internal service fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on the operations of hospitalization and health insurance.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Custodial funds are used to account for other fiduciary activities that are not held in a trust. The City's fiduciary fund is a custodial fund, which accounts for the Mayor's Court fines and forfeitures collected for and distributed to other governments.

#### D. Measurement Focus and Basis of Accounting

**Government-Wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

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

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

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

##### E. Basis of Accounting

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

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

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

On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**Deferred Outflows of Resources and Deferred Inflows of Resources** - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 14 and 15 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 14 and 15 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

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

#### **F. Budgetary Data**

The City follows these procedures in establishing the budgetary data reported in the required supplementary information:

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

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

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

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

***Lapsing of Appropriations*** - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

##### **G. Health Care**

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

##### **H. Cash and Investments**

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

The City does not have any investments at December 31, 2024.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During 2024, interest revenue credited to the general fund amounted to \$675,550, which includes \$539,318 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account. The accounts are presented on the basic financial statements as "cash in segregated accounts" since they are not required to be deposited into the City treasury.

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

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

##### **I. Materials and Supplies Inventory**

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

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

Inventory consists of expendable supplies held for consumption.

##### **J. Capital Assets**

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of traffic signals, sidewalks, storm sewers, streets, and water, sewer, and electric lines. Infrastructure acquired prior to the implementation of GASB Statement No. 34 has been reported. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. In addition, assets having an estimated useful life of more than one year that are below the \$5,000 threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

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

Description	Governmental Activities <u>Estimated Lives</u>	Business-type Activities <u>Estimated Lives</u>
Land improvements	15 - 20	15 - 20
Buildings improvements	15	15
Furniture and equipment	5 - 20	5 - 20
Vehicles	8	8
Infrastructure	15 - 30	20 - 50
Intangible right to use assets	4 - 8	N/A
Sewer and water treatment plants and buildings	N/A	20 - 40
Other buildings	40	40

The City is reporting intangible right to use assets related to leased equipment and vehicles and software subscriptions. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/subscription term or the useful life of the underlying asset, except in the case of the leased vehicles. The lease for the vehicles contains a bargain purchase option that the City is reasonably certain of exercising, so the leased vehicles are being amortized over their estimated useful lives.

#### **K. Compensated Absences**

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

##### Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

##### Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the City and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

##### **L. Prepayments**

Payments made to vendors for services that will benefit periods beyond December 31, 2024 are recorded as prepayments using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expense/expenditure in the year in which services are consumed.

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

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims payable, compensated absences and net pension/OPEB liability that will be paid from governmental funds are reported as liabilities on 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 governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

##### **N. Interfund Balances**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is referred to as interfund balances. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

##### **O. Interfund Activity**

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

##### **P. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

**Committed** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

**Unassigned** - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

#### **Q. Estimates**

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

#### **R. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net position restricted for other purposes consists primarily of resources intended for technological improvements for the Mayor's Court.

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

#### **S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2024.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

##### **T. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net pension asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

##### **U. Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

#### **NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

##### **A. Change in Accounting Principles**

For 2024, the City has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*", Implementation Guide No. 2023-1 and GASB Statement No. 101, "*Compensated Absences*".

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the City.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the City.

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. These changes were incorporated into the City's 2024 financial statements.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

##### **B. Restatement of Net Position**

During 2024, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is shown in the table below.

	12/31/2023 As Previously Reported	Change in Accounting Principle	12/31/2023 As Restated
<b>Net Position</b>			
Governmental Activities	\$ 8,429,039	\$ (163,657)	\$ 8,265,382
Business-Type Activities	23,536,887	(68,873)	23,468,014
<b>Total Net Position</b>	<b>\$ 31,965,926</b>	<b>\$ (232,530)</b>	<b>\$ 31,733,396</b>
 <b>Proprietary Funds</b>			
Major Funds:			
Sewer	\$ 8,638,125	\$ (21,926)	\$ 8,616,199
Water	5,257,491	(5,987)	5,251,504
Electric	8,553,215	(40,960)	8,512,255
<b>Total Proprietary Funds</b>	<b>\$ 22,448,831</b>	<b>\$ (68,873)</b>	<b>\$ 22,379,958</b>

#### **NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies 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.

Interim monies may 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

#### **A. Cash on Hand**

At year end, the City had \$1,050 in undeposited cash on hand, which is included on the financial statements of the City as part of "cash in segregated accounts".

#### **B. Deposits with Financial Institutions**

At December 31, 2024, the carrying amount of all City deposits was \$20,396,179 and the bank balance of all City deposits was \$20,567,241. Of the bank balance, \$20,317,241 was exposed to custodial risk as discussed below because those deposits were uninsured and uncollateralized and \$250,000 was covered by the FDIC.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

#### **C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2024:

Cash and investments per note

Carrying amount of deposits	\$ 20,396,179
Cash on hand	<u>1,050</u>
Total	<u><u>\$ 20,397,229</u></u>

Cash and investments per statement of net position

Governmental activities	\$ 7,538,494
Business-type activities	12,857,985
Custodial funds	750
Total	<u><u>\$ 20,397,229</u></u>

#### **NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2024, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:

Street construction and maintenance fund	\$ 362,659
Nonmajor governmental funds	530,040

Transfers from nonmajor enterprise fund to:

Nonmajor governmental funds	<u>11,518</u>
Total	<u><u>\$ 904,217</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated for reporting on the statement of activities. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. 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 later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Hubbard. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2024 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2024 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. 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 is considered a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2024 was \$3.10 per \$1,000 of assessed value. The assessed values of real and public utility tangible personal property upon which 2024 property tax receipts were based are as follows:

Real personal property	\$ 173,389,610
Public utility tangible personal property	<u>1,414,960</u>
Total assessed valuation	<u>\$ 174,804,570</u>

#### **NOTE 7 - LOCAL INCOME TAX**

The one and a half percent City income tax, which is not subject to renewal, is levied on substantially all income earned within the City. In addition, the residents of the City are required to pay City income tax on income they earn outside the City, however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City at least quarterly. Major employers are required to remit withholdings to the City monthly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. For governmental funds, income tax revenue is reported to the extent that it is measurable and available to finance current operations at December 31, 2024. Income tax revenue for 2024 was \$2,906,595 in the general fund.

#### **NOTE 8 - RECEIVABLES**

Receivables at December 31, 2024, consisted of taxes, accounts (billings for user charged services and other reimbursements), special assessments and intergovernmental receivables arising from grants, entitlements and shared revenues. All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2024.

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year with the exception of the opioid settlement receivable which will be collected over the course of the settlement agreements. Receivables in the amount of \$43,926 will not be received within one year.

**NOTE 9 - CAPITAL ASSETS**

**A.** Governmental activities capital asset activity for the year ended December 31, 2024 was as follows:

	<u>Balance</u> <u>12/31/23</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/24</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 597,871	\$ _____ -	\$ _____ -	\$ 597,871
Total capital assets, not being depreciated/amortized	<u>597,871</u>	<u>_____ -</u>	<u>_____ -</u>	<u>597,871</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	616,277	-	-	616,277
Buildings and improvements	2,506,335	-	-	2,506,335
Furniture and equipment	760,793	-	-	760,793
Vehicles	1,777,000	94,798	-	1,871,798
Infrastructure	9,245,452	379,321	-	9,624,773
Intangible right to use:				
Leased equipment	14,809	-	(14,809)	-
Leased vehicles	58,651	-	-	58,651
Software	<u>98,112</u>	<u>8,241</u>	<u>-</u>	<u>106,353</u>
Total capital assets, being depreciated/amortized	<u>15,077,429</u>	<u>482,360</u>	<u>(14,809)</u>	<u>15,544,980</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(608,008)	(5,794)	-	(613,802)
Buildings and improvements	(1,283,335)	(54,031)	-	(1,337,366)
Furniture and equipment	(710,205)	(13,627)	-	(723,832)
Vehicles	(1,553,067)	(73,192)	-	(1,626,259)
Infrastructure	(6,552,467)	(274,429)	-	(6,826,896)
Intangible right to use:				
Leased equipment	(9,872)	(4,937)	14,809	-
Leased vehicles	(611)	(7,332)	-	(7,943)
Software	<u>(27,357)</u>	<u>(33,079)</u>	<u>-</u>	<u>(60,436)</u>
Total accumulated depreciation/amortization	<u>(10,744,922)</u>	<u>(466,421)</u>	<u>14,809</u>	<u>(11,196,534)</u>
Total capital assets, being depreciated/amortized, net	<u>4,332,507</u>	<u>15,939</u>	<u>-</u>	<u>4,348,446</u>
Governmental activities capital assets, net	<u>\$ 4,930,378</u>	<u>\$ 15,939</u>	<u>\$ _____ -</u>	<u>\$ 4,946,317</u>

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Depreciation/amortization expense was charged to governmental activities as follows:

**Governmental activities:**

General government	\$ 19,279
Security of persons and property	119,063
Transportation	319,715
Leisure time activity	<u>8,364</u>
Total depreciation/amortization expense - governmental activities	<u><u>\$ 466,421</u></u>

**B.** Business-type activities capital asset activity for the year ended December 31, 2024 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>12/31/23</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/24</u>
<b>Business-type activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 180,423	\$ -	\$ -	\$ 180,423
Construction in progress	<u>253,080</u>	<u>1,171,321</u>	<u>(1,090,034)</u>	<u>334,367</u>
Total capital assets, not being depreciated	<u>433,503</u>	<u>1,171,321</u>	<u>(1,090,034)</u>	<u>514,790</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	320,582	-	-	320,582
Buildings and improvements	5,729,227	-	-	5,729,227
Furniture and equipment	6,978,997	69,895	-	7,048,892
Vehicles	1,110,779	-	-	1,110,779
Infrastructure	<u>20,105,600</u>	<u>1,249,870</u>	<u>-</u>	<u>21,355,470</u>
Total capital assets, being depreciated	<u>34,245,185</u>	<u>1,319,765</u>	<u>-</u>	<u>35,564,950</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(318,631)	(781)	-	(319,412)
Buildings and improvements	(3,861,072)	(134,214)	-	(3,995,286)
Furniture and equipment	(6,144,416)	(83,360)	-	(6,227,776)
Vehicles	(1,078,707)	(16,316)	-	(1,095,023)
Infrastructure	<u>(10,599,718)</u>	<u>(385,585)</u>	<u>-</u>	<u>(10,985,303)</u>
Total accumulated depreciation	<u>(22,002,544)</u>	<u>(620,256)</u>	<u>-</u>	<u>(22,622,800)</u>
Total capital assets, being depreciated, net	<u>12,242,641</u>	<u>699,509</u>	<u>-</u>	<u>12,942,150</u>
Business-type activities capital assets, net	<u><u>\$ 12,676,144</u></u>	<u><u>\$ 1,870,830</u></u>	<u><u>\$ (1,090,034)</u></u>	<u><u>\$ 13,456,940</u></u>

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Depreciation expense was charged to business-type activities as follows:

**Business-type activities:**

Sewer	\$ 339,273
Water	168,689
Electric	100,084
Stormwater (a nonmajor enterprise fund)	<u>12,210</u>
Total depreciation expense - business-type activities	<u><u>\$ 620,256</u></u>

#### **NOTE 10 - EMPLOYEE BENEFITS**

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

Upon termination of City service, a fully vested employee is entitled to a percentage of accumulated sick leave based on years of service. At December 31, 2024, vested benefits for vacation leave for governmental fund type employees totaled \$143,477 and vested benefits for sick leave totaled \$366,985. For proprietary fund type employees, vested benefits for vacation leave totaled \$70,588 and vested benefits for sick leave totaled \$153,207 at December 31, 2024.

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**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 11 - LONG-TERM OBLIGATIONS**

**A.** Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated compensated absences as of December 31, 2023, which is reflected in the schedule below. The City's long-term obligations at December 31, 2024 were as follows:

	Interest Rate	Restated Balance 12/31/23	Additions	Reductions	Balance 12/31/24	Amounts Due in One Year
<b><u>Governmental activities:</u></b>						
OPWC Loan (direct borrowing):						
Grandview Avenue Culvert	0.00%	\$ 207,324	\$ -	\$ (11,518)	\$ 195,806	\$ 11,518
<b><u>Other Long-term Obligations:</u></b>						
Leases payable	5.64-11.00%	42,116	-	(22,644)	19,472	19,472
SBITA Payable	8.38%	64,047	8,241	(29,571)	42,717	13,986
Compensated absences*		505,906	4,556	-	510,462	229,723
Net pension liability		3,968,881	-	(543,888)	3,424,993	-
Net OPEB liability		251,933	-	(54,514)	197,419	-
Total long-term obligations, governmental activities		<u>\$ 5,040,207</u>	<u>\$ 12,797</u>	<u>\$ (662,135)</u>	<u>\$ 4,390,869</u>	<u>\$ 274,699</u>
<b><u>Business-type activities:</u></b>						
OPWC Loan (direct borrowing):						
Bar Screen Replacement	0.00%	\$ 113,081	\$ -	\$ (13,304)	\$ 99,777	\$ 13,304
OWDA Loans (direct borrowing):						
Christian Ave Tank Rehabilitation	1.63%	418,820	-	(43,571)	375,249	22,052
2023 Waterline Replacement	0.00%	86,733	320,953	-	407,686	-
Total OWDA loans		<u>505,553</u>	<u>320,953</u>	<u>(43,571)</u>	<u>782,935</u>	<u>22,052</u>
<b><u>Other Long-term Obligations:</u></b>						
Compensated absences*		221,699	2,096	-	223,795	106,594
Net pension liability		2,103,655	-	(187,010)	1,916,645	-
Net OPEB liability		47,342	-	(47,342)	-	-
Total other long-term obligations		<u>2,372,696</u>	<u>2,096</u>	<u>(234,352)</u>	<u>2,140,440</u>	<u>106,594</u>
Total long-term obligations, business-type activities		<u>\$ 2,991,330</u>	<u>\$ 323,049</u>	<u>\$ (291,227)</u>	<u>\$ 3,023,152</u>	<u>\$ 141,950</u>

\*The change in compensated absences liability is presented as a net change.

See Note 14 and Note 15 for detail regarding the net pension liability and net OPEB liability, respectively.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

**B.** The City has entered into two debt financing arrangements through the Ohio Public Works Commission (OPWC) to fund a culvert replacement project and a wastewater bar screen replacement. The amounts due to the OPWC from the business-type activities are payable solely from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2024, the City has outstanding borrowings of \$99,777 in the sewer fund and \$195,806 for the governmental activities. The loan agreements require semi-annual payments based on the actual amount loaned. The OPWC loans are interest free.

OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the County for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

The City has entered into two loan agreements with the Ohio Water Development Authority (OWDA) to finance the rehabilitation of the Christian Avenue water tank and a waterline replacement. The 2023 waterline replacement loan is not closed out, and therefore a repayment schedule is not yet available.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

The City has entered into lease agreements for the right to use equipment and vehicles. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The leases will be paid from the general fund.

The City has entered into agreements for the right to use software. Due to the implementation of GASB Statement No. 96, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the agreements. The SBITA agreements will be paid from the general fund.

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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

Year Ending <u>December 31,</u>	Governmental Activities			Business-Type Activities			OWDA Loan		
	OPWC Loan			OPWC Loan			OWDA Loan		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 11,518	\$ -	\$ 11,518	\$ 13,304	\$ -	\$ 13,304	\$ 22,052	\$ 3,058	\$ 25,110
2026	11,518	-	11,518	13,303	-	13,303	44,645	5,575	50,220
2027	11,518	-	11,518	13,303	-	13,303	45,376	4,845	50,221
2028	11,518	-	11,518	13,303	-	13,303	46,119	4,103	50,222
2029	11,518	-	11,518	13,304	-	13,304	46,874	3,348	50,222
2030 - 2034	57,590	-	57,590	33,260	-	33,260	170,183	5,593	175,776
2035 - 2039	57,590	-	57,590	-	-	-	-	-	-
2040 - 2042	23,036	-	23,036	-	-	-	-	-	-
Total	<u>\$ 195,806</u>	<u>\$ -</u>	<u>\$ 195,806</u>	<u>\$ 99,777</u>	<u>\$ -</u>	<u>\$ 99,777</u>	<u>\$ 375,249</u>	<u>\$ 26,522</u>	<u>\$ 401,771</u>

Year Ending <u>December 31,</u>	Governmental Activities					
	Leases Payable			SBITA Payable		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 19,472	\$ 2,253	\$ 21,725	\$ 13,986	\$ 3,720	\$ 17,706
2026	-	-	-	15,204	2,502	17,706
2027	-	-	-	13,527	1,179	14,706
Total	<u>\$ 19,472</u>	<u>\$ 2,253</u>	<u>\$ 21,725</u>	<u>\$ 42,717</u>	<u>\$ 7,401</u>	<u>\$ 50,118</u>

C. The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of the property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2024, the City's total debt margin was \$18,358,920, including available funds of \$4,440, and the unvoted debt margin was \$9,614,251.

**NOTE 12 - AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT**

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 6,400 kilowatts of a total 771,281 kilowatts, giving the City a 0.83 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 12 - AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT - (Continued)**

In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability.

The City's estimated share at March 31, 2014 of the impaired costs is \$1,104,718. The City received a credit of \$473,371 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$289,439 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU). The City also made payments of \$124,709 leaving a net impaired cost estimate of \$217,199. Because payment is now probable and reasonably estimable, the City is reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the settlement among the participants and AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the City has made payments of \$306,755 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the City's allocation of additional costs incurred by the project is \$13,870 and interest expense incurred on AMP's line-of-credit of \$6,225, resulting in a net impaired cost estimate at December 31, 2024 of a deficit of \$95,761. This credit balance is available to offset any potential future obligations and is reported as a prepayment in the City's electric fund. The City does have a potential PHFU liability of \$35,218 resulting in a net total potential liability of (\$60,543) assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include negative items such as property taxes as well as positive revenue from leases or sale of all or a portion of the Meigs County site property.

The City intends to recover the costs associated with the AMPGS Project liability and repay AMP over the next several years through a power cost adjustment. Thus, this incurred cost has been capitalized and reported as a regulatory asset in the amount of \$762,810 as of December 31, 2024, as allowed by GASB Codification Re10.

#### **NOTE 13 - RISK MANAGEMENT**

##### **A. Comprehensive**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2024, the City was insured through the Munich RE for all property and equipment, general liability, wrongful acts, law enforcement, public official, employment practices, automobile, employee dishonesty, money and securities, inland marine, EDP and umbrella liability. The insurance plan was purchased through Arthur Gallagher Risk Management Group.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

The City has transferred risk of loss to the insurance carrier to the extent of the limits as follows:

<u>Type of Coverage</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
Property and Equipment Breakdown	\$40,332,024	\$ 5,000
General Liability:		
Per occurrence	1,000,000	0
Aggregate	3,000,000	0
Law Enforcement Liability/Wrongful Acts:		
Per occurrence	1,000,000	10,000
Aggregate	3,000,000	0
Public Official Liability/Wrongful Acts:		
Per occurrence	1,000,000	10,000
Aggregate	3,000,000	0
Employment Practices Liability	1,000,000	5,000
Automobile:		
Liability	1,000,000	0
Comprehensive	1,000,000	1,000
Collision	1,000,000	1,000
Employee Dishonesty	250,000	1,000
Money and Securities	25,000	1,000
Inland Marine - scheduled	233,000	1,000
EDP	399,000	0
Umbrella Liability	10,000,000	10,000
Inland Marine - hired/leased	200,000	2,500
Cyber Liability	2,000,000	10,000

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

#### **B. Employee Health Insurance**

The City maintains an Employees Health Self-Insurance Fund, which has been classified as an internal service fund in the accompanying basic financial statements. The purpose of this fund is to pay the cost of medical benefits provided to City employees and their covered dependents for which the City is self-insured. The City is self-insured for the first \$55,000 per participant; annual claims above such amounts are paid for by specific stop-loss insurance that the City maintains.

The City had one occurrence in a prior year in which settled claims exceeded the self-insurance amount. The liability for unpaid claims of \$129,800 reported in the internal service fund at December 31, 2024, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The entire claims liability is expected to be paid within one year.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Changes in the claims liability amount for the last two years are:

	Balance at Beginning <u>of Year</u>	Current <u>Claims</u>	Claims <u>Payment</u>	Balance at <u>End of Year</u>
2024	\$ 92,700	\$ 1,294,144	\$ (1,257,044)	\$ 129,800
2023	92,100	944,493	(943,893)	92,700

#### **C. Workers' Compensation**

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

#### **NOTE 14 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

##### ***Net Pension Liability (Asset) and Net OPEB Liability (Asset)***

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note 15 for the OPEB disclosures.

#### ***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed. (The latest information available.) Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

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## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Law enforcement members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local		
	Traditional	Combined	Law Enforcement
	2024 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %	18.1 %
Employee *	10.0 %	10.0 %	**
<b>2024 Actual Contribution Rates</b>			
Employer:			
Pension ***	14.0 %	12.0 %	18.1 %
Post-employment Health Care Benefits ***	0.0	2.0	0.0
Total Employer	14.0 %	14.0 %	18.1 %
Employee	10.0 %	10.0 %	13.0 %

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

\*\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$290,105 for 2024. Of this amount, \$34,908 is reported as due to other governments.

#### ***Plan Description - Ohio Police & Fire Pension Fund (OP&F)***

Plan Description - City full-time police participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

**Funding Policy** - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

		<u>Police</u>
<b>2024 Statutory Maximum Contribution Rates</b>		
Employer		19.50 %
Employee		12.25 %
<b>2024 Actual Contribution Rates</b>		
Employer:		
Pension		19.00 %
Post-employment Health Care Benefits		0.50 %
Total Employer		<u>19.50 %</u>
Employee		<u>12.25 %</u>

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$178,116 for 2024. Of this amount, \$22,178 is reported as due to other governments.

***Net Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.01006100%	0.02422100%	0.01382200%	0.03264030%	
Proportion of the net pension liability/asset current measurement date	<u>0.01042500%</u>	<u>0.02476100%</u>	<u>0.01288400%</u>	<u>0.02703890%</u>	
Change in proportionate share	<u>0.00036400%</u>	<u>0.00054000%</u>	<u>-0.00093800%</u>	<u>-0.00560140%</u>	
Proportionate share of the net pension liability	\$ 2,729,307	\$ -	\$ -	\$ 2,612,331	\$ 5,341,638
Proportionate share of the net pension asset	-	(76,111)	(1,437)	-	(77,548)
Pension expense	298,960	5,590	(136)	187,561	491,975

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**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	\$ 44,608	\$ 3,086	\$ 3,083	\$ 83,862	\$ 134,639
Net difference between projected and actual earnings on pension plan investments	550,886	12,381	258	296,028	859,553
Changes of assumptions	-	2,825	51	165,098	167,974
Changes in employer's proportionate percentage/ difference between employer contributions	53,792	-	-	64,340	118,132
Contributions subsequent to the measurement date	265,446	14,667	9,992	178,116	468,221
<b>Total deferred outflows of resources</b>	<b>\$ 914,732</b>	<b>\$ 32,959</b>	<b>\$ 13,384</b>	<b>\$ 787,444</b>	<b>\$ 1,748,519</b>
 <b>Deferred inflows of resources</b>					
Differences between expected and actual experience	\$ -	\$ 7,535	\$ -	\$ 29,218	\$ 36,753
Changes of assumptions	-	-	-	39,672	39,672
Changes in employer's proportionate percentage/ difference between employer contributions	24,579	-	-	397,526	422,105
<b>Total deferred inflows of resources</b>	<b>\$ 24,579</b>	<b>\$ 7,535</b>	<b>\$ -</b>	<b>\$ 466,416</b>	<b>\$ 498,530</b>

\$468,221 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2025.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS -					OP&F	Total
	OPERS - Traditional	OPERS - Combined	Member- Directed				
2025	\$ 153,989	\$ 1,890	\$ 530	\$ 41,792	\$ 198,201		
2026	197,617	3,406	542	66,789	268,354		
2027	351,546	7,128	610	155,889	515,173		
2028	(78,445)	(2,056)	362	(64,489)	(144,628)		
2029	-	209	338	(57,422)	(56,875)		
Thereafter	-	180	1,010	353	1,543		
<b>Total</b>	<b>\$ 624,707</b>	<b>\$ 10,757</b>	<b>\$ 3,392</b>	<b>\$ 142,912</b>	<b>\$ 781,768</b>		

#### *Actuarial Assumptions - OPERS*

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023, compared to the December 31, 2022 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 2.30%, simple through 2024, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	24.00 %	2.85 %
Domestic equities	21.00	4.27
Real estate	13.00	4.46
Private equity	15.00	7.52
International equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	100.00 %	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

***Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate -***  
The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
<b>City's proportionate share of the net pension liability (asset):</b>			
Traditional Pension Plan	\$ 4,296,664	\$ 2,729,307	\$ 1,425,723
Combined Plan	(46,055)	(76,111)	(99,787)
Member-Directed Plan	(1,031)	(1,437)	(1,804)

#### ***Actuarial Assumptions - OP&F***

OP&F's total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No.67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. A comprehensive experience study was performed during 2022 by OP&F's actuary and completed as of December 31, 2021. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 6.03 years at December 31, 2023.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2023, compared to December 31, 2022, are presented below.

Valuation date	1/1/23 with actuarial liabilities rolled forward to 12/31/23
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year

#### ***Healthy Mortality***

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

#### ***Disabled Mortality***

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

##### *Contingent Annuitant Mortality*

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

##### *Pre-Retirement Mortality*

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation		
linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
Total	<u><u>125.00 %</u></u>	

Note: assumptions are geometric.

\* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

**Discount Rate** - Total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 3,460,227	\$ 2,612,331	\$ 1,907,223

#### **NOTE 15 - POSTEMPLOYMENT BENEFITS**

##### ***Net OPEB Liability (Asset)***

See Note 14 for a description of the net OPEB liability (asset).

##### ***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

**Age 65 or older Retirees** Minimum of 20 years of qualifying service credit

**Age 60 to 64 Retirees** Based on the following age-and-service criteria:

**Group A** 30 years of total service with at least 20 years of qualified health care service credit;

**Group B** 31 years of total service credit with at least 20 years of qualified health care service credit;

**Group C** 32 years of total service credit with at least 20 years of qualified health care service credit.

**Age 59 or younger** Based on the following age-and-service criteria:

**Group A** 30 years of qualified health care service credit;

**Group B** 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52;

**Group C** 32 years of qualified health care service credit and at least age 55.

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
<b>Age and Service Requirements</b> <i>December 1, 2014 or Prior</i>	<b>Age and Service Requirements</b> <i>December 1, 2014 or Prior</i>	<b>Age and Service Requirements</b> <i>December 1, 2014 or Prior</i>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
<i>January 1, 2015 through December 31, 2021</i>	<i>January 1, 2015 through December 31, 2021</i>	<i>January 1, 2015 through December 31, 2021</i>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20.00% per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

**Funding Policy** - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.00%. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$6,442 for 2024. Of this amount, \$775 is reported as due to other governments.

#### ***Plan Description - Ohio Police & Fire Pension Fund (OP&F)***

**Plan Description** - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Funding Policy** - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$4,687 for 2024. Of this amount, \$584 is reported as due to other governments.

#### ***Net OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability			
prior measurement date	0.01060800%	0.03264030%	
Proportion of the net OPEB liability/asset			
current measurement date	<u>0.01090200%</u>	<u>0.02703890%</u>	
Change in proportionate share	<u>0.00029400%</u>	<u>-0.00560140%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 197,419	\$ 197,419
Proportionate share of the net OPEB asset	(98,393)	-	(98,393)
OPEB expense	(13,910)	(11,095)	(25,005)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
<b>Differences between expected and actual experience</b>			
	\$ -	\$ 9,495	\$ 9,495
Net difference between projected and actual earnings on OPEB plan investments	59,089	14,579	73,668
Changes of assumptions	25,331	67,929	93,260
Changes in employer's proportionate percentage/difference between employer contributions	1,126	14,320	15,446
Contributions subsequent to the measurement date	6,442	4,687	11,129
<b>Total deferred outflows of resources</b>	<u>\$ 91,988</u>	<u>\$ 111,010</u>	<u>\$ 202,998</u>

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 14,005	\$ 36,279	\$ 50,284
Changes of assumptions	42,296	127,133	169,429
Changes in employer's proportionate percentage/ difference between employer contributions	1,477	70,203	71,680
Total deferred inflows of resources	<u>\$ 57,778</u>	<u>\$ 233,615</u>	<u>\$ 291,393</u>

\$11,129 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2025	\$ (2,707)	\$ (20,766)	\$ (23,473)
2026	4,432	(15,009)	(10,577)
2027	45,996	(11,511)	34,485
2028	(19,953)	(23,457)	(43,410)
2029	-	(22,357)	(22,357)
Thereafter	-	(34,192)	(34,192)
Total	<u>\$ 27,768</u>	<u>\$ (127,292)</u>	<u>\$ (99,524)</u>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
Prior Measurement date	2.75 to 10.75%
including wage inflation	
Single Discount Rate:	
Current measurement date	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic equities	25.00	4.27
Real Estate Investment Trusts (REITs)	5.00	4.68
International equities	25.00	5.16
Risk parity	3.00	4.38
Other investments	5.00	2.43
<b>Total</b>	<b>100.00 %</b>	

**Discount Rate** - A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** - The following table presents the proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70%, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 54,074	\$ (98,393)	\$ (224,690)

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

##### ***Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate***

- Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	Current Health Care Trend Rate		
	1% Decrease	Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 102,479	\$ 98,393	\$ 93,757

##### ***Actuarial Assumptions - OP&F***

OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

Key methods and assumptions used in the December 31, 2023, compared to the December 31, 2022 actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	
Current measurement date	3.50% to 10.50%
Prior measurement date	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.07%
Prior measurement date	4.27%
Cost of Living Adjustments	2.20% simple per year

#### *Health Mortality*

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

#### *Disabled Mortality*

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

#### *Contingent Annuitant Mortality*

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

#### *Pre-Retirement Mortality*

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

## CITY OF HUBBARD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation		
linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
 Total	 <u>125.00 %</u>	

Note: assumptions are geometric.

\* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** - Total OPEB liability was calculated using the discount rate of 4.07%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38% was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07%.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.07%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07%), or one percentage point higher (5.07%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 243,166	\$ 197,419	\$ 158,892

**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2024.

**B. Litigation**

The City is not currently a party to any legal proceedings that would have a materially adverse effect on the financial statements at December 31, 2024.

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**CITY OF HUBBARD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 17 - FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental fund and all nonmajor governmental funds are presented below:

Fund balance	General	Street	Nonmajor	Total
		Construction and Maintenance	Governmental Funds	Governmental Funds
<b>Nonspendable:</b>				
Materials and supplies inventory	\$ 10,381	\$ 23,938	\$ -	\$ 34,319
Prepayments	33,790	23,499	-	57,289
Unclaimed monies	10,924	-	-	10,924
<b>Total nonspendable</b>	<b>55,095</b>	<b>47,437</b>	<b>-</b>	<b>102,532</b>
<b>Restricted:</b>				
Street construction and maintenance	-	1,313,547	-	1,313,547
State highway	-	-	88,562	88,562
Law enforcement	-	-	65,558	65,558
Cemetery	-	-	35,037	35,037
Police pension	-	-	22,389	22,389
Perpetual care	-	-	9,307	9,307
Other purposes	-	-	19,536	19,536
<b>Total restricted</b>	<b>-</b>	<b>1,313,547</b>	<b>240,389</b>	<b>1,553,936</b>
<b>Committed:</b>				
Law enforcement	-	-	6,565	6,565
Recreation	-	-	198,249	198,249
Other purposes	-	-	88,936	88,936
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>293,750</b>	<b>293,750</b>
<b>Assigned:</b>				
Debt service	-	-	4,440	4,440
Capital projects	-	-	818,766	818,766
<b>Total assigned</b>	<b>-</b>	<b>-</b>	<b>823,206</b>	<b>823,206</b>
Unassigned	4,294,330	-	-	4,294,330
<b>Total fund balances</b>	<b>\$ 4,349,425</b>	<b>\$ 1,360,984</b>	<b>\$ 1,357,345</b>	<b>\$ 7,067,754</b>

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUBBARD, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget - Over (Under) Actual Amounts</b>	
	<b>Original</b>		<b>Budgetary Basis</b>			
	<b>Final</b>		<b>Final</b>			
<b>Budgetary revenues:</b>						
Real and other taxes	\$ 300,065		\$ 412,769		\$ -	
Charges for services	500		492		492	
Licenses and permits	106,000		74,358		74,358	
Fines and forfeitures	17,000		13,328		13,328	
Intergovernmental	190,500		227,358		227,358	
Investment earnings	450,000		675,550		675,550	
Other	37,500		105,099		78,930	
Total budgetary revenues	<u>1,101,565</u>		<u>1,508,954</u>		<u>(26,169)</u>	
<b>Budgetary expenditures:</b>						
Current:						
General government	425,330		384,025		375,399	
Security of persons and property	2,183,250		1,959,835		1,955,164	
Public health and welfare	16,500		23,000		22,971	
Community environment	600		550		540	
Leisure time activity	5,000		3,050		3,007	
Total budgetary expenditures	<u>2,630,680</u>		<u>2,370,460</u>		<u>(2,357,081)</u>	
Budgetary deficiency of revenues under expenditures	<u>(1,529,115)</u>		<u>(861,506)</u>		<u>(874,296)</u>	
					<u>(12,790)</u>	
<b>Budgetary other financing sources (uses):</b>						
Transfers in	1,850,000		2,084,362		2,084,362	
Transfers out	<u>(190,000)</u>		<u>(188,000)</u>		<u>(187,373)</u>	
Total budgetary other financing sources (uses)	<u>1,660,000</u>		<u>1,896,362</u>		<u>1,896,989</u>	
Net change in fund balances	130,885		1,034,856		1,022,693	
<b>Budgetary fund balance at beginning of year</b>	<u>3,077,488</u>		<u>3,077,488</u>		<u>3,077,488</u>	
<b>Budgetary fund balance at end of year</b>	<u>\$ 3,208,373</u>		<u>\$ 4,112,344</u>		<u>\$ 4,100,181</u>	
					<u>\$ (12,163)</u>	

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUBBARD, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
STREET CONSTRUCTION AND MAINTENANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget - Over (Under) Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Actual Amounts</b>	
<b>Budgetary revenues:</b>					
Intergovernmental	\$ 514,000	\$ 545,755	\$ 545,755	\$ 545,755	-
Investment income	50,000	42,464	42,464	42,464	-
Other	2,000	1,316	1,316	1,316	-
<b>Total budgetary revenues</b>	<b>566,000</b>	<b>589,535</b>	<b>589,535</b>	<b>589,535</b>	<b>-</b>
<b>Budgetary expenditures:</b>					
Current:					
Transportation	894,365	787,400	784,288	784,288	(3,112)
Total budgetary expenditures	894,365	787,400	784,288	784,288	(3,112)
Budgetary deficiency of revenues under expenditures	(328,365)	(197,865)	(194,753)	(194,753)	3,112
<b>Budgetary other financing sources (uses):</b>					
Transfers in	350,000	362,659	362,659	362,659	-
Total budgetary other financing sources (uses)	350,000	362,659	362,659	362,659	-
Net change in fund balances	21,635	164,794	167,906	167,906	3,112
<b>Budgetary fund balance at beginning of year</b>	<b>1,095,795</b>	<b>1,095,795</b>	<b>1,095,795</b>	<b>1,095,795</b>	<b>-</b>
<b>Budgetary fund balance at end of year</b>	<b>\$ 1,117,430</b>	<b>\$ 1,260,589</b>	<b>\$ 1,263,701</b>	<b>\$ 1,263,701</b>	<b>\$ 3,112</b>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUBBARD, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CARES ACT AND ARPA FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b> <b>Budgetary</b> <b>Basis</b>	<b>Variance with</b> <b>Final Budget -</b> <b>Over (Under)</b> <b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary revenues:</b>				
Intergovernmental	\$ -	\$ 358	\$ -	(358)
Total budgetary revenues	-	358	-	(358)
<b>Budgetary expenditures:</b>				
Capital outlay	700,000	711,283	-	(711,283)
Total budgetary expenditures	700,000	711,283	-	(711,283)
Net change in fund balances	(700,000)	(710,925)	-	710,925
<b>Budgetary fund balance at beginning of year</b>	710,925	710,925	-	(710,925)
<b>Budgetary fund balance at end of year</b>	<u>\$ 10,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUBBARD, OHIO**

**SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY AND  
CITY PENSION CONTRIBUTIONS**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - TRADITIONAL PLAN**

**LAST TEN FISCAL YEARS**

<b>Calendar Year (1)</b>	<b>City's Proportion of the Net Pension Liability</b>	<b>City's Proportionate Share of the Net Pension Liability</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.010425000%	\$ 2,729,307	\$ 1,735,250	157.29%	79.01%
2023	0.010061000%	2,972,024	1,557,936	190.77%	75.74%
2022	0.010442000%	908,496	1,526,971	59.50%	92.62%
2021	0.011024000%	1,632,414	1,594,707	102.36%	86.88%
2020	0.011554000%	2,283,726	1,619,343	141.03%	82.17%
2019	0.012075000%	3,307,098	1,633,257	202.48%	74.70%
2018	0.011998000%	1,882,254	1,590,746	118.33%	84.66%
2017	0.012762000%	2,898,033	1,515,550	191.22%	77.25%
2016	0.013435000%	2,327,111	1,879,283	123.83%	81.08%
2015	0.013078000%	1,577,352	1,584,983	99.52%	86.45%

<b>Calendar Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 265,446	\$ (265,446)	\$ -	\$ 1,896,043	14.00%
2023	242,935	(242,935)	-	1,735,250	14.00%
2022	218,111	(218,111)	-	1,557,936	14.00%
2021	213,776	(213,776)	-	1,526,971	14.00%
2020	223,259	(223,259)	-	1,594,707	14.00%
2019	226,708	(226,708)	-	1,619,343	14.00%
2018	228,656	(228,656)	-	1,633,257	14.00%
2017	206,797	(206,797)	-	1,590,746	13.00%
2016	181,866	(181,866)	-	1,515,550	12.00%
2015	225,514	(225,514)	-	1,879,283	12.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

**SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HUBBARD, OHIO**

**SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION ASSET AND  
CITY PENSION CONTRIBUTIONS**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - COMBINED PLAN**

**LAST TEN FISCAL YEARS**

<b>Calendar Year (1)</b>	<b>City's Proportion of the Net Pension Asset</b>	<b>City's Proportionate Share of the Net Pension Asset</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.024761000%	\$ 76,111	\$ 113,700	66.94%	144.55%
2023	0.024221000%	57,086	111,964	50.99%	137.14%
2022	0.023739000%	93,533	108,229	86.42%	169.88%
2021	0.023461000%	67,724	103,393	65.50%	157.67%
2020	0.022964000%	47,885	102,221	46.84%	145.28%
2019	0.027061000%	30,260	115,736	26.15%	126.64%
2018	0.028392000%	38,651	116,277	33.24%	137.28%
2017	0.026830000%	14,933	104,433	14.30%	116.55%
2016	0.019680000%	9,577	50,042	19.14%	116.90%
2015	0.014421000%	5,553	52,717	10.53%	114.83%

<b>Calendar Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 14,667	\$ (14,667)	\$ -	\$ 122,225	12.00%
2023	13,644	(13,644)	-	113,700	12.00%
2022	15,675	(15,675)	-	111,964	14.00%
2021	15,152	(15,152)	-	108,229	14.00%
2020	14,475	(14,475)	-	103,393	14.00%
2019	14,311	(14,311)	-	102,221	14.00%
2018	16,203	(16,203)	-	115,736	14.00%
2017	15,116	(15,116)	-	116,277	13.00%
2016	12,532	(12,532)	-	104,433	12.00%
2015	6,005	(6,005)	-	50,042	12.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

**SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HUBBARD, OHIO**

**SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION ASSET AND  
CITY PENSION CONTRIBUTIONS**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - MEMBER DIRECTED PLAN**

**LAST TEN FISCAL YEARS**

<b>Calendar Year (1)</b>	<b>City's Proportion of the Net Pension Asset</b>	<b>City's Proportionate Share of the Net Pension Asset</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.012884000%	\$ 1,437	\$ 94,920	1.51%	134.44%
2023	0.013822000%	1,081	94,070	1.15%	126.74%
2022	0.014576000%	2,646	91,390	2.90%	171.84%
2021	0.015698000%	2,862	94,280	3.04%	188.21%
2020	0.010294000%	389	61,190	0.64%	118.84%
2019	0.009865000%	225	56,390	0.40%	113.42%
2018	0.009507000%	332	52,110	0.64%	124.46%
2017	0.010347000%	43	53,716	0.08%	103.40%
2016	0.010521000%	40	58,592	0.07%	103.91%
2015	n/a	n/a	n/a	0.00%	107.10%

<b>Calendar Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 9,992	\$ (9,992)	\$ -	\$ 99,920	10.00%
2023	9,492	(9,492)	-	94,920	10.00%
2022	9,407	(9,407)	-	94,070	10.00%
2021	9,139	(9,139)	-	91,390	10.00%
2020	9,428	(9,428)	-	94,280	10.00%
2019	6,119	(6,119)	-	61,190	10.00%
2018	5,639	(5,639)	-	56,390	10.00%
2017	5,211	(5,211)	-	52,110	10.00%
2016	5,103	(5,103)	-	42,525	12.00%
2015	7,031	(7,031)	-	58,592	12.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.  
n/a - information not available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUBBARD, OHIO**

**SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY AND  
CITY PENSION CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND**

**LAST TEN FISCAL YEARS**

<b>Calendar Year (1)</b>	<b>City's Proportion of the Net Pension Liability</b>	<b>City's Proportionate Share of the Net Pension Liability</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.027038900%	\$ 2,612,331	\$ 945,405	276.32%	63.63%
2023	0.032640300%	3,100,512	884,795	350.42%	62.90%
2022	0.031151000%	1,946,134	889,647	218.75%	75.03%
2021	0.031052400%	2,116,870	661,600	319.96%	70.65%
2020	0.033642800%	2,266,359	907,837	249.64%	69.89%
2019	0.032336000%	2,639,472	833,147	316.81%	63.07%
2018	0.033122000%	2,032,833	605,900	335.51%	70.91%
2017	0.034395000%	2,178,546	731,268	297.91%	68.36%
2016	0.034034000%	2,189,406	876,253	249.86%	66.77%
2015	0.032699900%	1,693,991	767,395	220.75%	71.71%

<b>Calendar Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<i>Police:</i>					
2024	\$ 178,116	\$ (178,116)	\$ -	\$ 937,453	19.00%
2023	179,627	(179,627)	-	945,405	19.00%
2022	168,111	(168,111)	-	884,795	19.00%
2021	169,033	(169,033)	-	889,647	19.00%
2020	125,716	(125,716)	-	661,663	19.00%
2019	172,489	(172,489)	-	907,837	19.00%
2018	158,298	(158,298)	-	833,147	19.00%
2017	115,121	(115,121)	-	605,900	19.00%
2016	138,941	(138,941)	-	731,268	19.00%
2015	166,488	(166,488)	-	876,253	19.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUBBARD, OHIO**

**SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/(ASSET) AND  
CITY OPEB CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

LAST EIGHT AND TEN FISCAL YEARS

<b>Fiscal Year (1) (2)</b>	<b>City's Proportion of the Net OPEB Liability/(Asset)</b>	<b>City's Proportionate Share of the Net OPEB Liability/(Asset)</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)</b>
2024	0.010902000%	\$ (98,393)	\$ 1,943,870	5.06%	107.76%
2023	0.010608000%	66,885	1,763,970	3.79%	94.79%
2022	0.010998000%	(344,474)	1,726,590	19.95%	128.23%
2021	0.011574000%	(206,201)	1,792,380	11.50%	115.57%
2020	0.011842000%	1,635,688	1,782,754	91.75%	47.80%
2019	0.012431000%	1,620,709	1,805,383	89.77%	46.33%
2018	0.012380000%	1,344,377	1,759,133	76.42%	54.14%
2017	0.013035840%	1,316,664	1,673,699	78.67%	54.05%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 6,442	\$ (6,442)	\$ -	\$ 2,118,188	0.30%
2023	6,071	(6,071)	-	1,943,870	0.31%
2022	3,763	(3,763)	-	1,763,970	0.21%
2021	3,655	(3,655)	-	1,726,590	0.21%
2020	3,771	(3,771)	-	1,792,380	0.21%
2019	2,448	(2,448)	-	1,782,754	0.14%
2018	2,256	(2,256)	-	1,805,383	0.12%
2017	19,154	(19,154)	-	1,759,133	1.09%
2016	34,817	(34,817)	-	1,662,508	2.09%
2015	38,587	(38,587)	-	1,987,917	1.94%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUBBARD, OHIO**

**SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY AND  
CITY OPEB CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND**

LAST EIGHT AND TEN FISCAL YEARS

<b>Fiscal Year (1) (2)</b>	<b>City's Proportion of the Net OPEB Liability</b>	<b>City's Proportionate Share of the Net OPEB Liability</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2024	0.027038900%	\$ 197,419	\$ 945,405	20.88%	51.89%
2023	0.032640300%	232,390	884,795	26.26%	52.59%
2022	0.031151000%	341,442	889,647	38.38%	46.86%
2021	0.031052400%	329,005	661,600	49.73%	45.42%
2020	0.033642800%	332,315	907,837	36.61%	47.08%
2019	0.032336000%	294,469	833,147	35.34%	46.57%
2018	0.033122000%	1,876,629	605,900	309.73%	14.13%
2017	0.034395000%	1,632,653	731,268	223.26%	15.96%

<b>Fiscal Year</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>			<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
	<b>Contractually Required Contributions</b>	<b>Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>		
<i>Police:</i>					
2024	\$ 4,687	\$ (4,687)	\$ -	\$ 937,453	0.50%
2023	4,727	(4,727)	-	945,405	0.50%
2022	4,424	(4,424)	-	884,795	0.50%
2021	4,448	(4,448)	-	889,647	0.50%
2020	3,308	(3,308)	-	661,663	0.50%
2019	4,539	(4,539)	-	907,837	0.50%
2018	4,166	(4,166)	-	833,147	0.50%
2017	3,029	(3,029)	-	605,900	0.50%
2016	3,656	(3,656)	-	731,268	0.50%
2015	4,500	(4,500)	-	876,253	0.50%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

## CITY OF HUBBARD, OHIO

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 1 - BUDGETARY PROCESS**

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 schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, the street construction and maintenance fund, and the CARES Act and ARPA fund are 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 and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses 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 assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

#### **Net Change in Fund Balance**

	<u>General fund</u>	<u>Street Construction and Maintenance fund</u>	<u>CARES Act and ARPA fund</u>
Budget basis	\$ 1,022,693	\$ 167,906	\$ -
Net adjustment for revenue accruals	(3,375)	1,863	710,882
Net adjustment for expenditure accruals	1,878,446	(23,181)	(710,882)
Net adjustment for other sources/uses	(1,888,748)	-	-
Funds budgeted elsewhere	<u>(3,909)</u>	<u>-</u>	<u>-</u>
GAAP Basis	<u>\$ 1,005,107</u>	<u>\$ 146,588</u>	<u>\$ -</u>

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the income tax fund and the unclaimed monies fund.

## CITY OF HUBBARD, OHIO

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

##### **PENSION**

###### ***OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)***

###### *Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

###### *Change in assumptions:*

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25%, (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75% and (d) COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2018, then 2.15% simple.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- For 2020, COLA for post 1/7/2013 retirees were changed to 1.40%, simple through 2020, then 2.15% simple.
- For 2021, COLA for post 1/7/2013 retirees were changed to 0.50%, simple through 2021, then 2.15% simple.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- For 2023, COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2023, then 2.05% simple.
- For 2024, COLA for post 1/7/2013 retirees were changed to 2.30%, simple through 2024, then 2.05% simple.

###### ***OHIO POLICE AND FIRE (OP&F) PENSION FUND***

###### *Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.

## CITY OF HUBBARD, OHIO

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

*Changes in assumptions:*

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.
- There were no changes in assumptions for 2024.

#### **OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

##### **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

## CITY OF HUBBARD, OHIO

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

##### *Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) the investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% down to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% down to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

#### *OHIO POLICE AND FIRE (OP&F) PENSION FUND*

##### *Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

**CITY OF HUBBARD, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) investment rate of return was reduced from 8.25% to 8.00%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66% and (b) the municipal bond rate was increased from 3.16% to 4.13%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56% and (b) the municipal bond rate was decreased from 4.13% to 2.75%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96% and (b) the municipal bond rate was decreased from 2.75% to 2.12%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50%, (b) the discount rate was changed from 2.96% to 2.84% and (c) the municipal bond rate was decreased from 2.12% to 2.05%.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed from 2.84% to 4.27% and (b) the municipal bond rate was increased from 2.05% to 3.65%.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed to 4.07% and (b) and the municipal bond rate was changed to 3.38%.

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

City of Hubbard  
Trumbull County  
PO Box 307  
220 West Liberty St.  
Hubbard, Ohio 44425-0307

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hubbard, Trumbull County, Ohio (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 19, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

City of Hubbard  
Trumbull County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards  
Page 102

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***City's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER  
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

August 19, 2025

CITY OF HUBBARD  
TRUMBULL COUNTY  
DECEMBER 31, 2024

**SCHEDULE OF FINDINGS**

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

**1. Financial Reporting**

**FINDING NUMBER 2024-001**

**MATERIAL WEAKNESS**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and and contractual provisions.

The City did not accurately calculate the utility accounts receivable accounts causing an overstatement of Accounts Receivable and Charges for Services revenue for the Sewer, Water, and Electric funds in the amounts of \$110,021, \$904,189, and \$631,124 respectively. In addition, these line items were also overstated in the aggregate on the Business Type Activity statements.

The City did not have adequate controls to help prevent or detect these errors. The financial statements have been adjusted for these errors.

The City should review the accounting system reports, GAAP compilation workpapers, and basic financial statements as applicable to help ensure all amounts are properly classified and recorded.

**Official's Response:** The City will update Internal Control procedures in order to ensure future financial reporting is accurate.

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# Office of the Auditor

## City of Hubbard, Ohio

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MICHAEL C. VILLANO, PhD, CPA, CMA, CGMA

AUDITOR

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Financial Reporting	Not Corrected	Repeated finding, see schedule of findings 2024-001

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# OHIO AUDITOR OF STATE KEITH FABER



CITY OF HUBBARD

TRUMBULL COUNTY

## AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/21/2025

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)