



**Auditor of State
Betty Montgomery**

**CITY OF HUBBARD
TRUMBULL COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report on Compliance and on Internal Control Required by Government Auditing Standards.....	1

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of City of Hubbard as of and for the year ended December 31, 2002, and have issued our report thereon dated June 16, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Hubbard's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management in a separate letter dated June 16, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Hubbard's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

City of Hubbard
Trumbull County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Hubbard in a separate letter dated June 16, 2003.

This report is intended for the information and use of the audit committee, management, and City Council, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

June 16, 2003

CITY OF HUBBARD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

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

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INTRODUCTORY SECTION

CITY OF HUBBARD, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2002

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Title Page	
Table of Contents	I 1-4
Letter of Transmittal	I 5-16
List of Elected and Appointed Officials	I 17
Organizational Chart	I 18
Certificate of Achievement for Excellence in Financial Reporting	I 19

II. FINANCIAL SECTION

REPORT OF INDEPENDENT ACCOUNTANTS	F 1-2
GENERAL PURPOSE FINANCIAL STATEMENTS (Combined Statements - Overview)	
Combined Balance Sheet - All Fund Types and Account Groups	F 3-6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	F 7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types	F 8-9
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - All Proprietary Fund Types and Nonexpendable Trust Funds	F 10
Combined Statement of Cash Flows - All Proprietary Fund Types and Nonexpendable Trust Funds	F 11-12
Notes to the General Purpose Financial Statements	F 13-41
COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP FINANCIAL STATEMENTS AND SCHEDULES:	
<i>Governmental Funds:</i>	
<u>General Fund</u>	
Description of Fund	F 42
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	F 43-45
<u>Special Revenue Funds</u>	
Description of Funds	F 46
Combining Balance Sheet	F 47-50

COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP FINANCIAL STATEMENTS AND SCHEDULES:

Special Revenue Funds - (Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances	F 51-54
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis)	
Indigent Drivers Fund	F 55
Enforcement and Education	F 56
Local Law Enforcement Block Grant	F 57
COPS Grant	F 58
Fire District	F 59
Street Construction and Maintenance	F 60
State Highway	F 61
Maple Grove Cemetery	F 62
Recreation	F 63
Drug and Law Enforcement	F 64
Range Fund	F 65
Escrow Account	F 66
Police Pension	F 67
All Special Revenue Funds	F 68-69

Capital Projects Funds

Description of Funds	F 70
Combining Balance Sheet	F 71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	F 72
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis)	
Capital Improvement	F 73
CDBG Street Resurfacing	F 74
All Capital Projects Funds	F 75

Proprietary Funds:

Enterprise Funds

Description of Funds	F 76
Combining Balance Sheet	F 77-78
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	F 79-80
Schedule of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual (Non-GAAP Budgetary Basis)	
Sewer Fund	F 81
Water Fund	F 82
Electric Fund	F 83
Guarantee Trust Fund	F 84
All Enterprise Funds	F 85
Combining Statement of Cash Flows	F 86-87

COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP FINANCIAL STATEMENTS AND SCHEDULES:

Internal Service Fund

Description of Fund	F 88
Schedule of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual (Non-GAAP Budgetary Basis) Employees Health	F 89

Fiduciary Funds:

Description of Funds	F 90
Combining Balance Sheet - All Fiduciary Fund Types	F 91
Combining Statement of Revenues, Expenses and Changes in Fund Balance - All Nonexpendable Trust Funds	F 92
Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	
Sugar Grove Trust	F 93
Mizner Trust	F 94
Hultz Trust	F 95
All Nonexpendable Trust Funds	F 96
Combining Statement of Cash Flows - All Nonexpendable Trust Funds	F 97
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	F 98

General Fixed Assets Account Group:

Description of Account Group	F 99
Schedule of General Fixed Assets by Function	F 100
Schedule of Changes in General Fixed Assets by Function	F 101
Schedule of General Fixed Assets by Source	F 102

III. STATISTICAL SECTION

General Government Expenditures By Function - Last Ten Years	S 1-2
General Government Revenues By Source - Last Ten Years	S 3-4
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	S 5-6
Real Property Tax Levies and Collections - Last Ten Years	S 7-8
Personal Property Tax Levies and Collections - Last Ten Years	S 9-10
Property Tax Rates - Direct and Overlapping Governments (Per \$1,000 of Assessed Valuation) - Last Ten Years	S 11
Special Assessment Billings and Collections - Last Ten Years	S 12

III. STATISTICAL SECTION - (Continued)

Computation of Legal Debt Margin	S 13
Computation of Direct and Overlapping General Obligation Bonded Debt	S 14
Revenue Bond Coverage - Sewer Authority - Last Ten Years	S 15
Demographic Statistics - Last Ten Years	S 16
Property Value, Construction and Bank Deposits - Last Ten Years	S 17-18
Principal Taxpayers - Real Property Tax	S 19
Principal Taxpayers - Personal Property Tax	S 20
Principal Taxpayers - Public Utility Property Tax	S 21
Principal Taxpayers - Income Tax Withholding	S 22
Principal Utility Consumers - Electric	S 23
Principal Utility Consumers - Water/Sewer	S 24
Miscellaneous Statistics	S 25-27



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MICHAEL C. VILLANO, CPA
AUDITOR

June 16, 2003

The Honorable Mayor, Members of City Council, and
The Citizens of the City of Hubbard, Ohio:

The Comprehensive Annual Financial Report (CAFR) of the City of Hubbard, Ohio, (the "City") for the fiscal year ended December 31, 2002, is hereby presented. As required by State of Ohio law, general purpose local governments presenting a CAFR are required to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP). Accordingly, this report has been prepared in accordance with GAAP as set forth by the Governmental Accounting Standards Board (GASB).

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

The CAFR is presented in the following three sections:

1. *Introductory Section* — This section introduces the reader to the report and contains a title page, table of contents, this transmittal letter, an organization chart of the City government, a list of principal City officials, and the 2001 Certificate of Achievement for Excellence in Financial Reporting. This section is unaudited.
2. *Financial Section* — This section includes the general purpose financial statements (GPFS), the combining and individual fund and account group financial statements and schedules, as well as the report of independent accountants on these financial statements and schedules. The GPFS are the City's basic financial statements and provide an overview for the users who require less detailed information than is contained in the remaining portions of the report. Additional detail relative to the GPFS is provided with the combining and individual fund and account group statements and schedules.
3. *Statistical Section* — This section, which is unaudited, presents selected financial, economic, and demographic information relative to the City, generally presented on a multi-year basis.

REPORTING ENTITY

For financial reporting purposes, the City includes all funds, account groups, agencies, boards, commissions, and departments for which the City is financially accountable. The City is the only governmental unit in the reporting entity; it has no component units.

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

The City participates in the Municipal Energy Services Agency which is an Intergovernmental Joint Venture Agreement which is described further in Note 2A of the GPFS.

The City maintains an equity interest participation in the Ohio Municipal Electric Generation Agency Joint Ventures One and Five (OMEGA JV1 and OMEGA JV5). The City's electric enterprise fund participates in OMEGA JV1 with 21 other municipal electric systems for the purpose of providing electric power and energy to its participants on a cooperative basis. The City electric enterprise fund also participates in OMEGA JV5 with 41 other municipal electric systems for the purpose of acquiring, constructing, and installing a 42 megawatt hydroelectric power generation facility along with related transmission and fossil-fired backup electric generation facilities. The Ohio Municipal Electric Generation Agency Joint Ventures (OMEGA JV1 and OMEGA JV5) are described and discussed further in Note 2A of the GPFS.

The City has entered into a contractual agreement with Hubbard Township (the "Township") and the Hubbard Volunteer Fire Department, Inc. (HVFD) to provide fire protection services to the citizens of the City and the Township. The City and the Township share equally (fifty percent) in the cost of operating the HVFD. The City's share of costs is reported as a separate special revenue fund in the City's GPFS. The contractual agreement with the HVFD is further described in Note 2A of the GPFS.

The City also participates in a contractual agreement with Hubbard Township establishing the Hubbard Township-City of Hubbard Joint Economic Development District (J.E.D.D.). The J.E.D.D. serves as a means to facilitate economic growth, create jobs, and expand overall employment opportunities within the City and Township without the need for land annexation. The City's participation is classified as a joint venture with equity interest and is further described in Note 2A of the GPFS.

A complete detailed discussion of the City's reporting entity is provided in Note 2 of the GPFS.

PROFILE OF THE GOVERNMENT

The City of Hubbard, Ohio, incorporated in 1868, is located in the Northeastern part of the State of Ohio. The City currently occupies a land area of 3.50 square miles and serves a population of 8,340 with direct proxemic access to Interstate 80, United States Route 62, and Ohio State Routes 7, 616, and 304. The City's location provides direct exposure to four urban market areas—each with a population in excess of 20,000 people—Warren, Youngstown, Niles, and Sharon, Pennsylvania. The City's location in southeast Trumbull County places it adjacent to the City of Youngstown and Mahoning County to the south, and the State of Pennsylvania to the east. As a result, these neighboring communities have provided social and economic influences affecting the development patterns within the City.

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

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

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

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

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

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

In addition to general government activities, the City provides a full range of municipal services, including police and fire protection; the construction and maintenance of streets, state highways, and sidewalks; parks and recreational facilities including the senior citizen center; cemetery; planning and zoning; and electric, water, and sewer utility services.

ECONOMIC CONDITION AND OUTLOOK

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

The City benefits from its highly accessible location with regard to the number of substantial arterials and highways intersecting the City and immediate surrounding area. The City is a component of the large regional Cleveland-Pittsburgh American manufacturing belt. Within 75 miles of the City, there are approximately 11,700 manufacturing plants, 12,500 wholesale distribution centers, and 46 Fortune 500 industrial, service, and corporate world headquarters. The residents greatly benefit from and have easy access to employment, educational, recreational, medical, and cultural facilities afforded by the greater Youngstown-Warren metropolitan area. Employment in the City and surrounding area is primarily in the manufacturing sector and within that sector largely in the automobile and steel industries. Since 1983, there have been overall decreases in manufacturing sector employment and increased employment in the non-manufacturing sector. However, the City experiences economic growth and expansion despite the transition of workforce demographics.

During 2002, the economic condition of the City remained stable despite the overall national economic recession. Although lay-offs and production declines in the manufacturing sector continued during 2002, the City collected \$1,066,337 in local income taxes. Despite the sluggish regional economy, the City's income tax collections during 2002 exceeded 2001 receipts by \$104,614 or 10.88%.

In an effort to encourage business ventures to enter into long-term commitments within the City, the City actively participates in the Enterprise Zone Program sponsored by Trumbull County and the State of Ohio. Since 1983, Trumbull County has assisted businesses expand or locate within the County through the use of this aggressive economic development program. The Enterprise Zone Program permits ad valorem property tax abatements for new real and personal property. Trumbull County's Enterprise Zone is one of the largest and most successful in the State of Ohio with over 113 agreements in eighteen local communities. During 2002, the City of Hubbard participated with three Enterprise Zone Agreements for businesses located within the City.

The United States Can Company, the City's second largest employer, participated in an Enterprise Zone Agreement with the City and County by pledging creation of 25 new jobs and a total investment commitment of \$2,500,000. In 2002, US Can created 6 new jobs, in addition to the 6 previously created under the agreement, and made actual personal property investments of \$3,092,187. J.P. Marsh and Company created 15 new jobs, in addition to the 6 previously created under the Enterprise Zone Agreement, with investments of \$368,000 in the construction and improvements to real property.

Lighting Products, Inc., an Enterprise Zone Program participant since August 2000, initially pledged to create 135 new jobs and agreed to invest \$6,225,000 in their project. Based upon the 2002 review of Lighting Products' agreement 48 employees continued in employment at the facility. In addition, the company's plan to invest an additional \$5,225,000 over three years in real/personal property at the site yielded a real property renovation investments of \$31,442 and personal property investments of \$1,837,458 during 2002. The cumulative total investment in real and personal property under the agreement amounted to \$1,142,482 and \$3,564,108 respectively.

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

Following the creation of the J.E.D.D., plans were announced by Flying J, Inc. of Ogden, Utah to locate an \$8.5 million travel plaza and service center within the district. Flying J began in 1968 as a small petroleum marketing company with four local gas stations. Today, Flying J is ranked 45th among *Forbes' 500* largest privately owned companies with 2002 sales exceeding \$4.6 billion nationwide. The company services its 163 travel plazas and fuel centers throughout the United States and Canada with over 11,500 employees. The project began construction during the summer of 2002 and opened in February 2003.

In addition to efforts to promote commercial development within the City, residential expansion also contributes to the City's economic vitality. Since 1999, the City gained approximately 85 new housing units comprised largely of single-family homes and condos ranging in value from \$100,000 to over \$250,000. Current single-family home construction is primarily based in two new subdivisions—Jerry Drive extension and Timberpoint. Likewise, expansion of the condo and villa communities continued with new units constructed in the Timberpoint development. During 2002, the City experienced three units of commercial construction and renovation.

Beyond the commercial and residential development within the City, project planning continued at the Pine Lakes Golf Club and Estates. Restoration of the Powell Estate on the property was completed in 2002, and re-opened as Julia's Bed and Breakfast. Preliminary planning continued concerning the proposed residential and condominium development slated to be known as Pine Lakes Estates. Construction and development on the project is anticipated to continue for seven to ten years.

In order to better illustrate the number of building permits (including commercial, industrial, both remodeling and new construction) and estimated value of the construction over the past five years, the following table has been compiled (for further detail see Statistical Section pages S18-S19):

<u>Year</u>	<u>Number of Permits</u>	<u>Approximate Value</u>
2002	21	\$ 2,630,000
2001	21	3,088,000
2000	24	2,940,408
1999	32	2,962,000
1998	29	2,993,130

Aside from commercial and residential development, the City has also engaged in localized utility rehabilitation projects in order to provide improved service and quality control. The City Water and Electric Departments engaged in various rebuild and waterline replacement projects throughout 2002 to insure the highest quality service for the utilities' new as well as existing customers.

The residential and commercial growth throughout the City and surrounding area support a positive economic trend which is expected to continue into the future.

MAJOR INITIATIVES – CURRENT AND FUTURE PROJECTS

Throughout 2002, a number of projects were initiated enabling the City to operate with increased efficiency as well as compete for commercial and industrial development promoting an atmosphere conducive for job retention and growth.

PUBLIC SAFETY

Underscoring the City administration's commitment to public safety, the City's Department of Public Safety continued its effort to improve the quality of equipment for its safety forces. During 2002, four of the City's nine police cruisers were equipped with M-16 assault rifles. Also during 2002, the Department of Public Safety sponsored several training programs to enhance the officer's skills in various areas of public safety.

In November 2002, the Hubbard Volunteer Fire Association, Inc., acting as the non-profit Ohio corporation serving the community as the Hubbard Volunteer Fire Department purchased and placed into service new Jaws of Life.

PUBLIC WORKS

The City engaged in an annual street resurfacing program focusing resources in areas of the community where streets required rehabilitation and resurfacing to prevent further damage. In 2002, the City paved portions of Wheeler Avenue, Cyrus Street, and School Street. A total of 0.57 miles of roadway were paved at a cost of \$25,537 paid through Federal Community Development Block Grant (CDBG) program monies.

Storm water improvement projects continued with the replacement of seventy-eight damaged storm sewers located in various neighborhoods throughout the City.

UTILITY SERVICE

The goals of the City Utility Service departments are improving service and increasing quality while controlling costs. During 2002, various programs were undertaken to achieve these objectives.

The City Light Department completed re-sagging of the 23 KV line conductor on Myron Street in order to alleviate stress condition which had contributed to periodic power failures in the past. The department also completed engineering and construction of single-phase overhead rebuilds on Fifth Avenue to repair deteriorated facilities and increased load capacities. Also, three-phase overhead line extensions along North Main Street were completed in order to service the new Flying J travel plaza.

In order to insure a more stable electrical system, site selections and preliminary construction of 5.5 megawatts of electric generation capacity continued during 2002. This additional capacity will have the capability of servicing nearly 1/3 of the entire City's electric load.

During 2002, the Light Department completed a three-phase line extension along State Route 304 for the purpose of servicing the Bell Wick Bowling facility.

The City Water Department engaged in a variety of projects during 2002 to improve quality and efficiency of water service throughout the City. The North Main Street Waterline Replacement Project began construction—a project replacing 5,200 feet of 12" and 360 feet of 8" water main distribution line, replacement of twenty-five fire hydrants and twenty-two valves, and reconnection of seventy-two existing service lines. The project cost was paid with a \$201,989 grant and a \$600,000 loan through the Ohio Public Works Commission Issue II program and the City of Hubbard Water Department paid the remaining \$159,088 of project costs as a local match.

The Water Department also purchased several pieces of new equipment for the purpose of improving distribution system service and reliability. Most notably, a new International Dump Truck, new Ford F-350 Utility Service Truck, a line locator, and a valve box locator were all placed into service during 2002.

The City of Hubbard Sewer Department continued upgrading sanitary sewer service throughout the City. The system's four existing lift station force mains were improved with the replacement of flow sensors with Mercury float switches. The automatic dialing alarms and electric generators were also repaired.

In order to improve waste water treatment plant efficiency and capacity, the clarifier and sludge holding tank interiors were sealed in order to prevent deterioration of the concrete structures. The City's engineering consultants, ms consultants, inc., began an inflow and infiltration study on the sanitary sewer system. These preventative investigations will aid in the continued operation of the plant while meeting or exceeding the standards as required by the Ohio Environmental Protection Agency for the processing and treatment of waste water.

GENERAL GOVERNMENT

In 2002, the City continued to promote the Direct Debit utility payment and payroll Direct Deposit programs with both gaining participation far exceeding initial expectations.

FINANCIAL INFORMATION

BASIS OF ACCOUNTING

The City's accounting system is organized on the basis of fund or account groups, each of which is considered a distinct, self-balancing accounting entity. Although the City maintains its day to day accounting records on a cash basis, the City has prepared its CAFR for the year ended December 31, 2002, on a modified accrual basis of accounting for the governmental and agency funds, and on an accrual basis for proprietary funds according to GAAP. The modified accrual basis of accounting recognizes revenue when measurable and available and expenditures when goods or services are received. The accrual basis of accounting recognizes revenue when measurable and available and expenditures when incurred. The basis of accounting for the City's various funds and account groups is fully described in Note 2C of the GPFS.

INTERNAL CONTROL

The City is committed to the highest standards of integrity and excellence in its financial reporting and accounting procedures. In order to maintain a high level of confidence in the City's financial reporting system, management believes that internal controls provide reasonable assurance that assets are safeguarded, transactions are recorded and reported appropriately, and policies are followed. The concept of reasonable assurance recognizes that the cost of a control procedure should not exceed the benefit derived from its implementation. As a part of the City's control structure, management continually promotes internal control consciousness throughout the organization.

BUDGETARY CONTROL

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

The City uses a fully automated accounting system. In order to maintain proper budgetary control, all expenditures are subjected to the controls afforded by the purchasing procedure. Purchase requisitions are submitted to the City Auditor's Office by department heads following approval by the Service or Safety Director; the purchase order is generated encumbering the necessary funds; revenue resources are certified as available and properly appropriated for expense by the City Auditor; the purchase order is released to the vendor. Those purchase requisitions which, if issued as a purchase order, exceed the available line item appropriations authorized are rejected until additional resources are secured. A computerized appropriation system enables the City Auditor's office to ascertain the status of a department's appropriations prior to authorizing additional purchases from a particular line item. Encumbrances do not lapse at year-end and are included as expenditures in the current budget year (non-GAAP budgetary basis). Additional information regarding the City's budgetary accounting controls can be found in the Note 2D of the GPFS.

Virtually all general government services of the City (i.e. administration, street construction and maintenance, cemetery, police and fire protection) have been financed with resources from the general fund and special revenue funds. Utility operations are financed with resources generated by their respective enterprise funds.

General fund revenues include property taxes, 65% of net City income tax collections, shared intergovernmental taxes, inheritance taxes, allocations of investment earnings, and other revenues provided by the residents of the City. The special revenue funds used for general services include property taxes for fire protection and intergovernmental as well as intragovernmental revenues for streets.

GENERAL GOVERNMENT FUNCTIONS

The following schedule presents a summary of revenue by source for the year ended December 31, 2002 for all governmental fund types (governmental fund types are comprised of the general, special revenue, and capital projects funds). Also presented are the amounts and percentages of increases and decreases in relation to revenues by source for the year ended December 31, 2001.

Revenue by Source	2002 Amount	Percent of Total	2001 Amount	Percent of Total	Increase or (Decrease)	Percent Change
Municipal Income Tax	\$ 1,051,085	45.28%	\$ 952,071	38.11%	\$ 99,014	10.40%
Property and Other	319,848	13.78%	316,350	12.67%	3,498	1.11%
Local Taxes						
Charges for Services	701	0.03%	300	0.01%	401	133.67%
Licenses, Permits, and Fees	55,068	2.37%	52,631	2.11%	2,437	4.63%
Fines and Forfeitures	55,478	2.39%	70,669	2.83%	(15,191)	-21.50%
Intergovernmental	557,998	24.04%	726,369	29.08%	(168,371)	-23.18%
Investment Income	236,390	10.18%	340,155	13.62%	(103,765)	-30.51%
Other	44,654	1.92%	39,220	1.57%	5,434	13.86%
Total Revenues	<u>\$ 2,321,222</u>	100.00%	<u>\$ 2,497,765</u>	100.00%	<u>(\$ 176,543)</u>	-7.07%

Municipal income tax, property and other taxes, and intergovernmental revenues are the major components of the City's general government revenues and represent \$1,928,931 or 83.10% and \$1,994,790 or 79.86% of 2002 and 2001 revenues respectively. Property and other local taxes include real estate taxes and personal property taxes.

Despite the overall national economic downturn, the \$99,014 or 10.40% increase in municipal income tax collections primarily resulted from the expansion of the City's taxable geographic region to include the properties comprising the Joint Economic Development District. Further, in order to mitigate the potential revenue loss from the general economic decline, the division has engaged in a concentrated effort in minimizing taxpayer delinquency.

The increase of \$3,498 or 1.11% in property and other local taxes is a result of additional property taxes paid to the City for land annexed into the municipal corporation.

Charges for services are composed of fees charged by the Mayor for marriages as well as the reclassification of charges for grave openings at the City's Maple Grove Cemetery. During 2002, the grave opening fee revenue reclassification resulted in the increase of \$401 or 133.67% in the charges for services revenue category.

Licenses, Permits and Fees increased by \$2,437 or 4.63% in 2002 because of continued growth in various residential housing developments throughout the City.

The \$15,191 or 21.50% decline in revenue from Fines and Forfeitures was a result of fewer citations and cases processed by the City of Hubbard Mayor's Court during 2002.

Intergovernmental revenues are primarily comprised of State and local grants, local government and local government revenue assistance funds, motor vehicle taxes, license taxes, inheritance taxes, and other State shared revenues designed to assist the City with major operations for the general benefit of the residents of the City. Intergovernmental revenues decreased by \$168,371 or 23.18% as a result of reduced allocations of estate tax, local government, and local government revenue assistance monies during 2002.

The City did not have any special assessments during the reporting year.

Investment income decreased in 2002 by \$103,765 or 30.51% over 2001 investment earnings due to a continued sluggish economy, lack of business investment, and exceedingly low interest rates.

The increase of \$5,434 or 13.86% in Other Miscellaneous Revenues was the result of one-time Bureau of Workers' Compensation premium reimbursement for participation in a BWC Public Employers Summit.

The following schedule presents a summary of expenditures by function for the year ended December 31, 2002 for all governmental fund types (governmental fund types are comprised of the general, special revenue, and capital projects funds). Also presented are the amounts and percentages of increases and decreases in relation to expenditures by function for the year ended December 31, 2001.

Expenditures by Function	2002 Amount	Percent of Total	2001 Amount	Percent of Total	Increase or (Decrease)	Percent Change
<i>Current:</i>						
General Government	\$ 345,965	14.70%	\$ 339,749	13.51%	\$ 6,216	1.83%
Security of Persons and Property	1,370,521	58.25%	1,374,984	54.65%	(4,463)	-0.32%
Public Health and Welfare	27,681	1.18%	29,314	1.17%	(1,633)	-5.57%
Transportation	491,493	20.89%	515,212	20.48%	(23,719)	-4.60%
Community Environment	3,194	0.14%	1,600	0.06%	1,594	99.63%
Leisure Time Activities	29,900	1.27%	26,500	1.05%	3,400	12.83%
Economic Development	-	0.00%	-	0.00%	-	0.00%
Other	988	0.04%	983	0.04%	5	0.51%
Capital Outlay	71,038	3.02%	211,397	8.40%	(140,359)	-66.40%
<i>Debt Service:</i>						
Principal Retirement	6,807	0.29%	6,335	0.25%	472	7.45%
Interest and Fiscal Charges	5,158	0.22%	9,697	0.39%	(4,539)	-46.81%
Total Expenditures	<u>\$ 2,352,745</u>	100.00%	<u>\$ 2,515,771</u>	100.00%	<u>\$ (163,026)</u>	-6.48%

General government, security of persons and property, and transportation are the major components of the City's expenditures and represent \$2,207,979 or 93.85% and \$2,229,945 or 88.64% of 2002 and 2001 expenditures respectively.

General government expenditures increased primarily due to contractual wage increases of 3%. Security of persons and property and transportation expenditures decreased due to a focus on cost containment as a result of the economic need for budget stabilization during this continuing period of economic uncertainty.

Community environment experienced a \$1,594 or 99.63% increase in expenditures as a result of legal fees required to defend the City in zoning litigation.

Expenditures increased by \$3,400 or 12.83% for leisure time activities during 2002 due to various maintenance and repair projects completed by the Recreation Department.

Capital expenditures decreased by \$140,359 or 66.40% in 2002 due to fewer capital acquisitions. Overall, the continuing economic uncertainty of the national economy has resulted in the City's decision to temporarily refrain from purchasing several non-mission critical capital assets. However, during 2002 the City resurfaced 2,950 feet of City streets under the Federal Community Development Block Grant (CDBG) program. Diorio Paving Contractors completed the program at a total cost of \$25,537.

GENERAL FUND

General fund revenues under the modified accrual basis of accounting totaled \$1,913,388 during 2002. The primary sources of revenue to the general fund were income taxes, investment income, and intergovernmental revenues which amounted to \$1,549,247 or 80.97% of total revenue.

General fund expenditures under the modified accrual basis of accounting totaled \$1,669,060 during 2002. General government and security of persons and property functions accounted for \$345,965 or 20.73% and \$1,294,203 or 77.54% of general fund expenditures, respectively.

General fund other financing sources and uses include \$500 in proceeds from the sale of fixed assets. During 2002, the general fund made operating transfers out of \$424,204 to various funds.

General fund balance decreased \$180,574 from \$937,002 at December 31, 2001 to \$756,428 at December 31, 2002.

SPECIAL REVENUE FUNDS

Revenue receipts in the special revenue funds totaled \$382,286 during 2002. Of this total, property and other taxes and intergovernmental revenues represent \$88,962 or 23.27% and \$269,581 or 70.52%, respectively. Property and other tax revenues increased by \$631 from \$88,331 in 2001 to \$88,962 in 2002 primarily due to new residential development throughout the City. Intergovernmental revenues consist primarily of shared license and gasoline excise taxes from both the State of Ohio and Trumbull County to be used for the repair of local roads and state highways located within the corporation limits of the City.

Special revenue fund expenditures under the modified accrual basis of accounting totaled \$622,981 during 2002. Special revenue incurred costs for transportation, security of persons and property, and leisure time activities amounting to \$491,493 or 78.89%, \$76,318 or 12.25%, and \$25,421 or 4.08%, of total special revenue fund expenditures respectively during 2002.

Special revenue funds' other financing sources and uses include \$800 in proceeds from the sale of fixed assets. The special revenue funds received operating transfers in of \$342,318.

CAPITAL PROJECTS FUNDS

The primary sources of revenue for capital projects funds are income tax allocations and State and Federal grants. During 2002, the capital projects funds received \$25,537 of CDBG formula funds spent on behalf of the City by Trumbull County and \$11 of miscellaneous income. Capital outlay expenditures totaled \$60,704.

Capital projects funds received operating transfers in of \$81,886 comprised of general fund transfers and income tax allocations.

ENTERPRISE FUNDS

The City operates and maintains three municipal utilities—electric, water, and sewer. The electric distribution system serves 3,984 customers throughout the City and surrounding Township areas. The City is a member of American Municipal Power of Ohio (AMP-Ohio) who acts as the electric supplier for its 90 member municipal electric systems in Ohio, Pennsylvania, and West Virginia. The electric distribution system is comprised of 44.76 miles of conductor that provide the 165,968 kilowatt hours of daily average electric system consumption.

The City also operates a municipal water distribution system that serves approximately 3,605 water customers throughout the City and Township. Since the City does not own or operate a water treatment plant, water supply is purchased in bulk from the Consumers Pennsylvania Water Company which is treated at their Shenango Reservoir treatment plant. The City consumes an average of 1.09 million gallons per day. The treatment facility produces an average of 10.2 million gallons per day. The City services its water distribution territory with 50.25 miles of water lines ranging in size from $\frac{3}{4}$ " to 20" in diameter. The oldest portions of the distribution system were installed over 90 years ago. Substantial upgrades and repairs were made to the system during the 1990's as well as during 2002.

In addition to electric and water systems, the City operates and maintains a sanitary sewer collection and treatment system that serves approximately 3,266 customers in its service area. The system contains 29.66 miles of sewer lines ranging in size from 4" to 42" in diameter. The current system was originally constructed in 1932 and incurred significant rehabilitations in 1953 and 1988—at which time a new treatment plant and main interceptor lines were reconstructed. The current system processes 2.15 million gallons of sanitary sewage per day.

The City's enterprise operations reported operating income and net income of \$550,932 and \$350,320, respectively, for the year ended December 31, 2002. Retained earnings for the enterprise funds increased \$350,320 from \$7,491,975 at December 31, 2001 to \$7,842,295 at December 31, 2002. Total fund equity for the electric, water, sewer, and guarantee trust funds at December 31, 2002 were \$4,576,431, \$1,728,903, \$1,437,625, and \$99,336, respectively.

INTERNAL SERVICE FUNDS

These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis.

The City maintains one internal service fund to account for the City's self-insured hospitalization plan used to provide health insurance and medical benefits to employees of the City. During 2002, the fund had operating revenues of \$569,836 and operating expenses of \$572,563. The fund's net loss of \$2,727 decreased total fund equity from \$307,579 at December 31, 2001 to \$304,852 at December 31, 2002.

FIDUCIARY FUNDS

Fiduciary funds account for assets held by the City in a trustee capacity, or as an agent, for individuals, private organizations, other governmental units, and/or other funds. The fiduciary funds maintained by the City are three non-expendable trust funds and two agency funds.

During 2002, the non-expendable trust funds received \$44 of investment earnings increasing total combined fund equity from \$8,993 at December 31, 2001 to \$9,037 at December 31, 2002.

At December 31, 2002 assets held in the agency funds totaled \$2,304.

GENERAL FIXED ASSETS

The general fixed assets of the City as of December 31, 2002 total \$2,678,715 and include all fixed assets of the City except those recorded in the proprietary funds. Such assets are accounted for at historical cost. Depreciation is not recognized on general fixed assets. Infrastructure is not reported in the general fixed assets account group.

GENERAL LONG-TERM OBLIGATIONS

The general long-term obligations account group is used to account for all long-term obligations of the City except those accounted for in a proprietary fund. At December 31, 2002, the City had \$242,246 in general long-term obligations outstanding. The December 31, 2002, general long-term obligation balance of \$242,246 reflects solely the City's compensated absences liability.

PENSION PLANS

Full-time uniformed employees of the City participate in the Ohio Police and Firemen's Disability Pension Fund (OP&F), a cost sharing multiple employer defined benefit pension plan. The City's required contributions for pension obligations to the OP&F for the years ended December 31, 2002, 2001, and 2000 were \$123,973, \$120,312, and \$117,524, respectively.

All other full-time and part-time employees of the City participate in the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple employer public employee retirement system created by the State of Ohio. The City's required contributions for pension obligations to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$233,325, \$227,550, and \$177,199, respectively. These pension plans are described further in Notes 16 and 17 of the GPFS.

DEBT ADMINISTRATION

Various debt obligations existed at December 31, 2002 for the City. During fiscal year 2000, the City entered into two loan agreements with the Second National Bank of Warren, Ohio, for the purchase of a fire truck and two new police cars. In November 2001, the \$87,000 outstanding principal balance of the fire truck loan was refinanced with Sky Bank. The Fire District special revenue fund will repay the loan with revenues derived from a 1-mill special voted property tax levy for the purpose of supporting the fire department. The operating revenues of the General fund support the debt associated with the second loan. At December 31, 2002, the fire truck loan had an outstanding principal balance of \$66,772. The police car loan was retired during 2002 with a final principal payment of \$13,882.

The general obligation note of the Street Construction special revenue fund issued in May 1998 for the acquisition of a new dump truck was retired in May 2002. Also, a general obligation note of the Water Fund issued in 1997 for the purchase of new water meters and related equipment was retired in May 2002.

The City's other long-term obligations are reported in the enterprise funds. These include \$4,585,000 in sewer system mortgage revenue refunding bonds used to partially fund the construction of the City's waste water treatment plant, \$814,671 in Ohio Public Works Commission loans for the construction of various water and sewer utility improvement projects, \$2,100,000 in one-year renewable notes for the construction of 5.5 megawatts of backup electric generation capacity, and a \$2,223,513 Ohio Water Development Authority loan used to construct the City's main water transmission line. These obligations are being repaid through enterprise operations and are intended to be self-supporting through such utility operations.

The City's sewer system mortgage revenue refunding bonds are rated *Aaa* by Moody's Investor Services and *AAA* by Standard and Poor's Rating Service.

CASH MANAGEMENT

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

The City strives to minimize credit and market risks while maintaining a competitive yield on its portfolio. During 2002, the City's cash resources were limited to bank deposits, repurchase agreements, certificates of deposit, United States Government money market mutual funds, and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Approximately 99% of all available monies are continuously maintained in interest-bearing activities. At December 31, 2002, the City maintained \$776,842 in U.S. Government money market mutual funds, \$43,372 in STAR Ohio, \$899,581 in repurchase agreements, \$2,987,418 in segregated savings accounts, and \$3,561,849 in certificates of deposit. Investment income from primary investment activities amounted to \$242,152 for 2002 compared to \$333,356 for 2001.

The City's cash management account average monthly balance in 2002 was \$2,236,820 with an average monthly yield of 1.79%. The City's four certificate of deposit investments ended 2002 with balances of \$1,017,671, \$1,017,671, \$1,017,671 and \$508,836, earning monthly compounded interest of 3.94%, with annual percentage yields of 4.00%. In accordance with State of Ohio constitutional and statutory requirements, interest receipts are deposited primarily in the general fund.

RISK MANAGEMENT

The City maintains comprehensive insurance coverage with Clarendon National Insurance Company carried through the Love Insurance Agency. The plan insures against losses related to property, general liability, wrongful acts, law enforcement professional liability, automobile, bond, crime, inland marine, and EDP liability. Automobile policies include \$6,000,000 of liability coverage for bodily injury and property damage as well as \$1,000,000 for uninsured/underinsured motorists. Real property and contents are insured by blanket coverage in the amount of \$16,310,126. General liability, public officials, and law enforcement professional liability insurances provide for \$6,000,000 per occurrence with \$8,000,000 aggregate coverage. There is no per occurrence deductible for general liability coverage, a \$5,000 deductible for law enforcement professional liability coverage, and a \$2,500 deductible for public official liability coverage.

The City operates and manages an employee hospitalization and health benefit plan on a self-insured basis. The City maintains an internal service fund to account for and finance its hospitalization claims liabilities as well as financing any uninsured risks of loss in the program. In order to mitigate the City's maximum health insurance liabilities, stop-loss insurance is carried with coverage of \$37,500 per individual and an aggregate amount of \$427,736. The City's risk management programs are further discussed in Note 15 of the GPFS.

OTHER INFORMATION

INDEPENDENT AUDIT

Included in this report is an unqualified audit opinion rendered on the City's GPFS as of and for the year ended December 31, 2002, by our auditor, State of Ohio, Betty D. Montgomery, Auditor of State. The City is not required to participate in the Federal single audit program.

City management intends to continue to subject the GPFS to an annual independent audit as part of the preparation of the Comprehensive Annual Financial Report (CAFR). The auditor's report on the GPFS and combining and individual fund statements and schedules are included in the financial section of this report. The annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

USE OF THE REPORT

The report is published to provide City Council and administration, as well as our citizens and other interested persons, detailed information concerning the financial condition of the City with particular emphasis placed on the utilization of resources during the past fiscal year. It is also intended that this report serve as a guide in formulating policies and in conducting the City's future day-to-day activities. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial activity of the City's various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Use of this report by the various officials and departments of the City is encouraged when furnishing information pertaining to the City and its associated activities. Copies of this report are available in the City Auditor's Office for public inspection.

SUBMISSION TO THE CERTIFICATE OF ACHIEVEMENT PROGRAM

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hubbard for its comprehensive annual financial report for the year ended December 31, 2001. This was the second year for the City to receive this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

The presentation of this Comprehensive Annual Financial Report would not have been possible without the continued commitment of City Council and its Finance Committee, City officials, and departments. The expertise of Steven Julian, CPA and Carrie Simmons of Trimble, Julian, & Grube, Inc. continues to insure the successful preparation of this report. Also, sincere appreciation is extended to David A. Hines, *Trumbull County Auditor*, and his staff, particularly Adrian Biviano, CPA, *Chief Deputy Auditor*, Mark DelFrate, CPA, and Marie Woloszyn. A very special thanks to Patty Tahos and Joseph R. Smith for their creative contributions to this CAFR and to James P. Marsh, CPA, for providing the Hubbard community with the Ohio Bicentennial barn pictured on this CAFR's cover.

Lastly, and certainly most importantly, the accomplishment of this report would not have been possible without the commitment and dedicated service of the Auditor's Office staff—Jo Ann Oaks, Joyce Schiraldi, and Daisy Evans—your professionalism and enthusiasm continues to be a great source and inspiration and is always appreciated.

Very truly yours,



Michael C. Villano, CPA, CMA
Auditor of City

CITY OF HUBBARD, OHIO
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2002

ELECTED OFFICIALS

Executive Branch

Mayor	George P. Praznik
Auditor	Michael C. Villano
Treasurer	Marsha A. Ruha
Law Director	Gary M. Gilmartin

Legislative Branch

Council Member – Council President	John D. Darko
Council Member – 1 st Ward	Bonnie L. Viele
Council Member – 2 nd Ward	John R. Marshall
Council Member – 3 rd Ward	Lisha A. Baumiller
Council Member – 4 th Ward	Richard D. Keenan
Council Member – At-Large	Raymond Farcas
Council Member – At-Large	Douglas L. Rohrer
Council Member – At-Large	William J. Williams

APPOINTED OFFICIALS

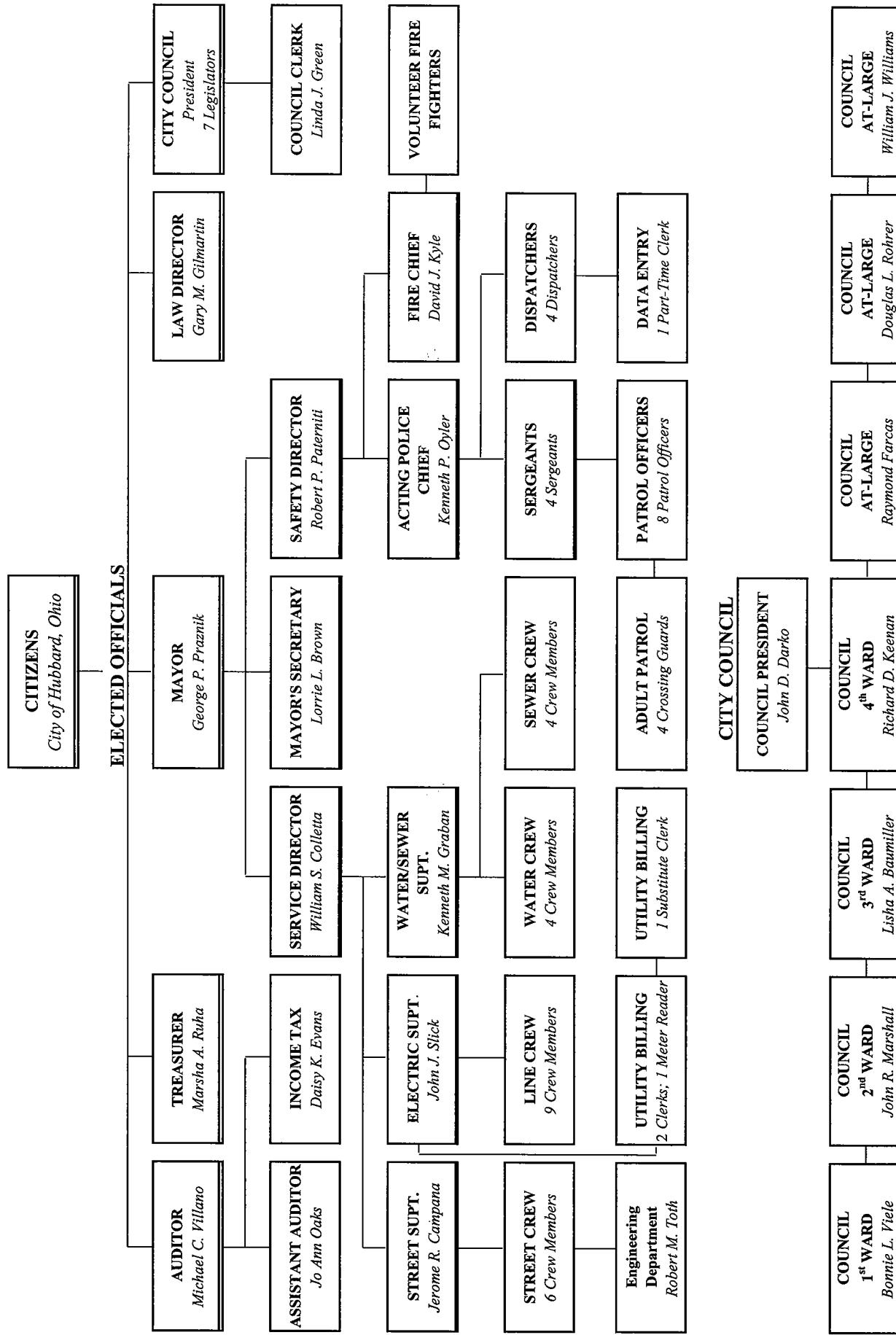
Department of Public Service

Director of Public Service	William S. Colletta
Street Superintendent	Jerome R. Campana
Water/Waste Water Superintendent	Kenneth M. Graban
Electric Superintendent	John J. Slick

Department of Public Safety

Director of Public Safety	Robert P. Paterniti
Acting Police Chief	Kenneth P. Oyler
Fire Chief	David J. Kyle

**CITY OF HUBBARD, OHIO
ORGANIZATIONAL CHART
December 31, 2002**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

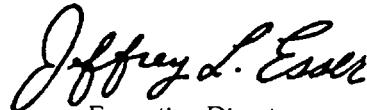
City of Hubbard,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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




President


Executive Director

FINANCIAL SECTION



Auditor of State Betty Montgomery

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

To City Council:

We have audited the accompanying general-purpose financial statements of the City of Hubbard, Trumbull County, (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Hubbard, Trumbull County, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

City of Hubbard
Trumbull County
Independent Accountants' Report
Page 2

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

Betty Montgomery

Betty Montgomery
Auditor of State

June 16, 2003

GENERAL PURPOSE
FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
Assets and Other Debits					
Assets:					
Equity in pooled cash and cash equivalents	\$ 622,028	\$ 214,986	\$ 107,707	\$ 6,102,604	\$ 381,802
Equity in pooled cash and cash equivalents - nonexpendable trust fund.	- -	- -	- -	- -	- -
Cash in segregated accounts	151	350	- -	500	6,782
Receivables (net of allowance for uncollectibles):					
Income taxes	258,876	- -	- -	- -	- -
Real and other taxes	297,743	111,647	- -	4,377	- -
Accounts	6	19	- -	589,694	- -
Due from other governments	119,913	134,954	- -	- -	- -
Prepayments.	8,771	38	- -	14,605	- -
Materials and supplies inventory	6,876	11,596	- -	539,228	- -
Deferred charges.	- -	- -	- -	11,339	- -
Investment in joint ventures	- -	- -	- -	165,947	- -
Restricted assets:					
Cash with fiscal agent	- -	- -	- -	776,841	- -
Property, plant and equipment (net of accumulated depreciation where applicable).	- -	- -	- -	10,535,885	- -
Total assets and other debits	<u>\$ 1,314,364</u>	<u>\$ 473,590</u>	<u>\$ 107,707</u>	<u>\$ 18,741,020</u>	<u>\$ 388,584</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Fiduciary Fund Types	Account Groups			Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations		
\$ 2,304	\$ -	\$ -	\$ 7,431,431	
9,037	-	-	9,037	
-	-	-	7,783	
-	-	-	258,876	
-	-	-	413,767	
-	-	-	589,719	
-	-	-	254,867	
-	-	-	23,414	
-	-	-	557,700	
-	-	-	11,339	
-	-	-	165,947	
-	-	-	776,841	
-	2,678,715	-	13,214,600	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	242,246	242,246
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 11,341</u>	<u>\$ 2,678,715</u>	<u>\$ 242,246</u>	<u>\$ 23,957,567</u>	

-- continued

CITY OF HUBBARD, OHIO

COMBINED BALANCE SHEET (CONTINUED)
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
Liabilities, Equity and Other Credits					
Liabilities:					
Accounts payable	\$ 16,280	\$ 22,477	\$ 2,000	\$ 291,317	\$ 16,015
Contracts payable	-	-	-	399,874	-
Retainage payable.	-	-	-	159,808	-
Accrued wages and benefits.	23,699	9,106	-	27,728	-
Compensated absences payable.	4,462	345	-	168,426	-
Accrued interest payable	-	-	-	27,781	-
Deferred revenue	457,874	208,314	-	-	-
Claims payable	-	-	-	-	67,717
Due to other governments	55,621	7,368	-	100,607	-
Deposits held and due to others	-	-	-	-	-
Notes payable.	-	-	-	2,100,000	-
Loans payable	-	66,772	-	-	-
Mortgage revenue bonds payable.	-	-	-	4,585,000	-
OWDA loan payable	-	-	-	2,223,513	-
OPWC loan payable	-	-	-	814,671	-
 Total liabilities	 557,936	 314,382	 2,000	 10,898,725	 83,732
 Equity and Other Credits:					
Investment in general fixed assets	-	-	-	-	-
Retained earnings:					
Reserved.	-	-	-	776,841	-
Unreserved	-	-	-	7,065,454	304,852
Fund balances:					
Reserved for encumbrances	12,545	2,180	1,000	-	-
Reserved for prepayments.	8,771	38	-	-	-
Reserved for materials and supplies inventory . . .	6,876	11,596	-	-	-
Reserved for principal endowment	-	-	-	-	-
Unreserved - undesignated.	728,236	145,394	104,707	-	-
 Total equity and other credits	 756,428	 159,208	 105,707	 7,842,295	 304,852
 Total liabilities, equity and other credits	 \$ 1,314,364	 \$ 473,590	 \$ 107,707	 \$ 18,741,020	 \$ 388,584

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Fiduciary Fund Types	Account Groups			Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations		
Trust and Agency				
\$ -	\$ -	\$ -	\$ 348,089	
-	-	-	399,874	
-	-	-	159,808	
-	-	-	60,533	
-	-	242,246	415,479	
-	-	-	27,781	
-	-	-	666,188	
-	-	-	67,717	
-	-	-	163,596	
2,304	-	-	2,304	
-	-	-	2,100,000	
-	-	-	66,772	
-	-	-	4,585,000	
-	-	-	2,223,513	
-	-	-	814,671	
<u>2,304</u>	<u>-</u>	<u>242,246</u>	<u>12,101,325</u>	
-	2,678,715	-	2,678,715	
-	-	-	776,841	
-	-	-	7,370,306	
-	-	-	15,725	
-	-	-	8,809	
-	-	-	18,472	
3,837	-	-	3,837	
5,200	-	-	983,537	
<u>9,037</u>	<u>2,678,715</u>	<u>-</u>	<u>11,856,242</u>	
<u>\$ 11,341</u>	<u>\$ 2,678,715</u>	<u>\$ 242,246</u>	<u>\$ 23,957,567</u>	

CITY OF HUBBARD, OHIO

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Revenues:				
Income taxes	\$ 1,051,085	\$ -	\$ -	\$ 1,051,085
Property and other taxes	230,886	88,962	-	319,848
Charges for services	701	-	-	701
Licenses, permits and fees	55,068	-	-	55,068
Fines and forfeitures	54,908	570	-	55,478
Intergovernmental	262,880	269,581	25,537	557,998
Investment income	235,282	1,108	-	236,390
Other	<u>22,578</u>	<u>22,065</u>	<u>11</u>	<u>44,654</u>
Total revenues.	<u>1,913,388</u>	<u>382,286</u>	<u>25,548</u>	<u>2,321,222</u>
Expenditures:				
Current operations:				
General government	345,965	-	-	345,965
Security of persons and property.	1,294,203	76,318	-	1,370,521
Public health and welfare	13,101	14,580	-	27,681
Transportation	-	491,493	-	491,493
Community environment	3,194	-	-	3,194
Leisure time activity	4,479	25,421	-	29,900
Other.	-	988	-	988
Capital outlay.	-	10,334	60,704	71,038
Debt service:				
Principal retirement.	6,807	-	-	6,807
Interest and fiscal charges	<u>1,311</u>	<u>3,847</u>	<u>-</u>	<u>5,158</u>
Total expenditures	<u>1,669,060</u>	<u>622,981</u>	<u>60,704</u>	<u>2,352,745</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>244,328</u>	<u>(240,695)</u>	<u>(35,156)</u>	<u>(31,523)</u>
Other financing sources (uses):				
Proceeds from sale of fixed assets	500	800	-	1,300
Operating transfers in	-	342,318	81,886	424,204
Operating transfers out	<u>(424,204)</u>	<u>-</u>	<u>-</u>	<u>(424,204)</u>
Total other financing sources (uses)	<u>(423,704)</u>	<u>343,118</u>	<u>81,886</u>	<u>1,300</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . .	<u>(179,376)</u>	<u>102,423</u>	<u>46,730</u>	<u>(30,223)</u>
Fund balances, January 1.	937,002	62,007	58,977	1,057,986
Decrease in reserve for inventory	(1,198)	(5,222)	-	(6,420)
Fund balances, December 31	<u>\$ 756,428</u>	<u>\$ 159,208</u>	<u>\$ 105,707</u>	<u>\$ 1,021,343</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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CITY OF HUBBARD, OHIO

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Revenues:				
Income taxes	\$ 1,051,085	\$ -	\$ -	\$ 1,051,085
Property and other taxes	230,886	88,962	-	319,848
Charges for services	701	-	-	701
Licenses, permits and fees	55,068	-	-	55,068
Fines and forfeitures	54,908	570	-	55,478
Intergovernmental	262,880	269,581	25,537	557,998
Investment income	235,282	1,108	-	236,390
Other	<u>22,578</u>	<u>22,065</u>	<u>11</u>	<u>44,654</u>
Total revenues.	<u>1,913,388</u>	<u>382,286</u>	<u>25,548</u>	<u>2,321,222</u>
Expenditures:				
Current operations:				
General government	345,965	-	-	345,965
Security of persons and property.	1,294,203	76,318	-	1,370,521
Public health and welfare	13,101	14,580	-	27,681
Transportation	-	491,493	-	491,493
Community environment	3,194	-	-	3,194
Leisure time activity	4,479	25,421	-	29,900
Other.	-	988	-	988
Capital outlay.	-	10,334	60,704	71,038
Debt service:				
Principal retirement.	6,807	-	-	6,807
Interest and fiscal charges	<u>1,311</u>	<u>3,847</u>	<u>-</u>	<u>5,158</u>
Total expenditures	<u>1,669,060</u>	<u>622,981</u>	<u>60,704</u>	<u>2,352,745</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>244,328</u>	<u>(240,695)</u>	<u>(35,156)</u>	<u>(31,523)</u>
Other financing sources (uses):				
Proceeds from sale of fixed assets	500	800	-	1,300
Operating transfers in	-	342,318	81,886	424,204
Operating transfers out	<u>(424,204)</u>	<u>-</u>	<u>-</u>	<u>(424,204)</u>
Total other financing sources (uses)	<u>(423,704)</u>	<u>343,118</u>	<u>81,886</u>	<u>1,300</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . .	<u>(179,376)</u>	<u>102,423</u>	<u>46,730</u>	<u>(30,223)</u>
Fund balances, January 1.	937,002	62,007	58,977	1,057,986
Decrease in reserve for inventory	(1,198)	(5,222)	-	(6,420)
Fund balances, December 31	<u>\$ 756,428</u>	<u>\$ 159,208</u>	<u>\$ 105,707</u>	<u>\$ 1,021,343</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Capital Projects			Total (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,066,337	\$ 1,066,337	\$ -
-	-	-	317,277	319,739	2,462
-	-	-	694	701	7
-	-	-	54,480	55,068	588
-	-	-	54,892	55,478	586
25,537	25,537	-	662,059	665,994	3,935
-	-	-	239,536	242,108	2,572
11	11	-	48,504	48,767	263
25,548	25,548	-	2,443,779	2,454,192	10,413
-	-	-	354,539	353,902	637
-	-	-	1,398,200	1,397,623	577
-	-	-	27,465	27,451	14
-	-	-	498,950	498,897	53
-	-	-	15,720	15,694	26
-	-	-	30,490	30,455	35
-	-	-	990	988	2
59,707	59,704	3	70,052	70,038	14
-	-	-	45,919	45,907	12
-	-	-	5,161	5,158	3
59,707	59,704	3	2,447,486	2,446,113	1,373
(34,159)	(34,156)	3	(3,707)	8,079	11,786
-	-	-	1,295	1,300	5
81,886	81,886	-	1,276,165	1,285,354	9,189
-	-	-	(1,285,354)	(1,285,354)	-
81,886	81,886	-	(7,894)	1,300	9,194
47,727	47,730	3	(11,601)	9,379	20,980
58,977	58,977	-	897,678	897,678	-
-	-	-	16,865	16,865	-
\$ 106,704	\$ 106,707	\$ 3	\$ 902,942	\$ 923,922	\$ 20,980

CITY OF HUBBARD, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Charges for services	\$ 6,779,669	\$ 524,677	\$ -	\$ 7,304,346
Investment earnings	-	-	44	44
Other operating revenues.	<u>74,345</u>	<u>45,159</u>	<u>-</u>	<u>119,504</u>
Total operating revenues.	<u>6,854,014</u>	<u>569,836</u>	<u>44</u>	<u>7,423,894</u>
Operating expenses:				
Personal services	1,591,574	-	-	1,591,574
Contractual services	3,351,378	572,563	-	3,923,941
Materials and supplies	751,404	-	-	751,404
Depreciation	588,085	-	-	588,085
Other operating expenses.	<u>20,641</u>	<u>-</u>	<u>-</u>	<u>20,641</u>
Total operating expenses	<u>6,303,082</u>	<u>572,563</u>	<u>-</u>	<u>6,875,645</u>
Operating income (loss).	<u>550,932</u>	<u>(2,727)</u>	<u>44</u>	<u>548,249</u>
Nonoperating revenues (expenses):				
Investment earnings.	16,089	-	-	16,089
Property and other taxes	20,435	-	-	20,435
Loss on sale of fixed assets	(3,108)	-	-	(3,108)
Intergovernmental.	201,989	-	-	201,989
Investment in joint venture	16,127	-	-	16,127
Interest and fiscal charges.	<u>(452,144)</u>	<u>-</u>	<u>-</u>	<u>(452,144)</u>
Total nonoperating revenues (expenses) .	<u>(200,612)</u>	<u>-</u>	<u>-</u>	<u>(200,612)</u>
Net income (loss).	<u>350,320</u>	<u>(2,727)</u>	<u>44</u>	<u>347,637</u>
Retained earnings/fund balance				
January 1	<u>7,491,975</u>	<u>307,579</u>	<u>8,993</u>	<u>7,808,547</u>
Retained earnings/fund balance				
December 31	<u>\$ 7,842,295</u>	<u>\$ 304,852</u>	<u>\$ 9,037</u>	<u>\$ 8,156,184</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF HUBBARD, OHIO

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash flows from operating activities:				
Cash received from customers	\$ 6,782,768	\$ 524,783	\$ -	\$ 7,307,551
Cash received from other operations	297,167	45,159	-	342,326
Cash payments for personal services	(1,522,162)	-	-	(1,522,162)
Cash payments for contract services	(3,350,814)	(549,374)	-	(3,900,188)
Cash payments for materials and supplies	(760,916)	-	-	(760,916)
Cash payments for other operating expenses.	(238,364)	-	-	(238,364)
Net cash provided by operating activities	1,207,679	20,568	-	1,228,247
Cash flows from noncapital financing activities:				
financing activities:				
Cash received from property and other taxes.	18,726	-	-	18,726
Cash received from operating grants	201,989	-	-	201,989
Transfers in from other funds.	1,874,630	-	-	1,874,630
Transfers out to other funds	(1,874,630)	-	-	(1,874,630)
Net cash provided by noncapital financing activities	220,715	-	-	220,715
Cash flows from capital and related financing activities:				
financing activities:				
Proceeds of loans	411,875	-	-	411,875
Proceeds of notes	2,100,000	-	-	2,100,000
Acquisition of capital assets	(2,474,530)	-	-	(2,474,530)
Gain on sale of fixed assets.	310	-	-	310
Note issuance costs.	(11,696)	-	-	(11,696)
Principal retirement.	(2,453,755)	-	-	(2,453,755)
Interest and fiscal charges.	(452,053)	-	-	(452,053)
Net cash used in capital and related financing activies	(2,879,849)	-	-	(2,879,849)
Cash flows from investing activities:				
Principal received on internal notes	24,636	-	-	24,636
Interest received	16,089	-	44	16,133
Net cash provided by investing activies	40,725	-	44	40,769
Net increase (decrease) in cash and cash equivalents.	(1,410,730)	20,568	44	(1,390,118)
Cash and cash equivalents at January 1	8,290,675	368,016	8,993	8,667,684
Cash and cash equivalents at December 31	\$ 6,879,945	\$ 388,584	\$ 9,037	\$ 7,277,566

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CITY OF HUBBARD, OHIO

COMBINED STATEMENT OF CASH FLOWS (CONTINUED)
ALL PROPRIETARY FUNDS AND NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 550,932	\$ (2,727)	\$ 44	\$ 548,249
Adjustments to reconcile income (loss) to net cash provided by operating activities:				
Depreciation	588,085	-	-	588,085
Interest reported as operating income	-	-	(44)	(44)
Changes in assets and liabilities:				
Increase in materials and supplies inventory.	(10,858)	-	-	(10,858)
Decrease in accounts receivable	8,198	106	-	8,304
Decrease in prepayments	85	-	-	85
Increase (decrease) in accounts payable	(4,234)	16,015	-	11,781
Decrease in accrued wages and benefits	(7,473)	-	-	(7,473)
Increase in compensated absences payable.	35,957	-	-	35,957
Increase in due to other governments	46,987	-	-	46,987
Increase in claims payable	-	7,174	-	7,174
Net cash provided by operating activities	\$ 1,207,679	\$ 20,568	\$ -	\$ 1,228,247

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

A. Reporting Entity

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

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

JOINTLY GOVERNED ORGANIZATION

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

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

JOINT VENTURES WITH EQUITY INTEREST

Hubbard Township-City of Hubbard Joint Economic Development District (District) - The City has entered into a contractual agreement with the Township to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, Trumbull County, the Township and the City. The District is administered by a five member Board of Directors consisting of a Trustee representative of the Township, a representative of the City, a representative of business owners within the District, a representative of persons working within the District, and an additional member selected by the previously mentioned members who shall serve as Board Chairman. The City and the Township are to make a minimum annual contribution of \$500 each to the District's operation reserve fund to provide for administrative costs and expenses of the Board. During 2002, the City and the township each made contributions of \$1,500 to the District. The City has an ongoing financial responsibility to fund the District. Upon termination of the contractual agreement, any property, assets and obligations of the District shall be divided equally between the parties, except that any items of infrastructure constructed by or for anybody shall be retained by that party.

Ohio Municipal Electric Generation Agency Joint Ventures (OMEGA JV1-OMEGA JV5) The City's Electric Enterprise Fund participates in a joint venture agreement with 20 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV1) for the purpose of providing electric power and energy to its participants on a cooperative basis. Title to these six diesel-powered generating units was transferred to the 21 municipal electric systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a non-profit trade association and wholesale power supplier for most of Ohio's 85 municipal electric systems. Each member has a contract which provides for AMP-Ohio to purchase the right to each participant's share of power and energy that is made available through the joint venture contract. The units performed at an excellent availability during 2002 to complete a successful year of operation for OMEGA JV1. In accordance with the joint venture agreement, the City remitted \$6,601 to the joint venture for 2002.

The City's Electric Enterprise Fund also participated in a joint venture agreement with 41 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) for the purpose of acquiring, constructing and installing a 42 megawatt hydroelectric generating facility along with related transmission facilities and fossil-fired backup electric generation facilities. The facility is located at the Belleville Locks and Dam on the Ohio River.

The OMEGA JV5 is managed by AMP-Ohio and acts as the joint venture's agent. The participants are obligated by the joint venture agreement to remit monthly for those costs incurred by using electricity generated by the joint venture and a portion of the \$153,415,000 certificates of beneficial interest debt that was issued to construct the facility. In accordance with the joint venture agreement, the City remitted \$367,764 to the joint venture for 2002. Construction of the facility began in 1996 and was completed in 1999.

CITY OF HUBBARD, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

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

The following is a summary of audited financial information of OMEGA JV1 and OMEGA JV5 as of the year ended December 31, 2002:

	<u>OMEGA JV1</u>	<u>OMEGA JV5</u>
Total assets	\$ 459,652	\$ 200,357,063
Total liabilities	13,191	193,157,763
Members equity	446,461	7,199,300
Total revenues	175,759	22,383,139
Total expenses	149,339	21,652,439
Excess income over/(under) expenses	26,420	730,700

The City's undivided ownership of OMEGA JV1 and OMEGA JV5 is 3.79 and 2.07 percent, respectively.

The City reports equity interest equal to their undivided ownership percentage of the joint ventures members equity. OMEGA JV1 does not have any debt outstanding. Separate financial statements for both joint ventures are available through either the City or AMP-Ohio.

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

Equity interest in OMEGA JV1	\$ 16,921
Equity interest in OMEGA JV5	<u>149,026</u>
Total investment in joint ventures	<u><u>\$ 165,947</u></u>

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

B. Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of fund or account groups, each of which is considered a separate account entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses, as appropriate. The various funds are summarized by type in the GPFS.

A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types.

General Fund - This fund accounts for the general operating revenues and expenditures of the City not recorded elsewhere.

Special Revenue Funds - These funds are used to account for specific governmental revenues (other than for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Projects Funds - These funds are used to account for the acquisition or construction of major capital assets other than those financed by proprietary funds.

PROPRIETARY FUNDS

The proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund - This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include nonexpendable trust funds and agency funds. The nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to present the general fixed assets of the City utilized in its general operations, exclusive of those accounted for in the enterprise funds. General fixed assets include land, buildings, building improvements, computer equipment, vehicles, and furniture and equipment owned by the City.

General Long-Term Obligations Account Group - This account group is used to account for all long-term obligations of the City, except that accounted for in the proprietary funds.

C. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental and agency funds use the modified accrual basis of accounting. Proprietary and nonexpendable trust funds use the accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the reporting of expenses and expenditures.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

REVENUES - EXCHANGE AND NON-EXCHANGE TRANSACTIONS

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 6). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fines and forfeitures, fees and rentals.

DEFERRED REVENUE

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenues. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

EXPENSES/EXPENDITURES

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

D. Budgetary Data

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

TAX BUDGET

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

ESTIMATED RESOURCES

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenues. The Commission certifies its actions to the City by September 1. As part of this certification the City receives an Official Certificate of Estimated Resources, the "Certificate," which states the projected revenue of each fund.

On or about January 1, the Certificate is amended to include any unencumbered fund balances at December 31. Further amendments may be made during the year if money from a new revenue source is received or if actual receipts exceed current estimates. The amounts set forth as "revised budget" revenues and other financing sources in the combined statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types represent estimates from the final amended official Certificate issued during 2002.

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 measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance may be amended during the year, provided that total fund appropriations do not exceed current estimated resources, as certified. Supplemental appropriations were legally enacted by Council during the year.

Amounts shown as "revised budget" expenditures and other financing uses in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types represent the original appropriated budget and all supplemental appropriations.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

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 from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made by fund, function (i.e. security of persons and property), department (i.e. police), and line item (i.e. salaries). This is known as the legal level of budgetary control. Any changes in appropriations outside of the legal level of budgetary control require the approval of Council by an appropriation amendment ordinance.

LAPSING OF APPROPRIATIONS

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried over for the subsequent year's expenditures and need not be reappropriated.

ENCUMBRANCES

As a part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as a reduction of fund balance on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP-basis, encumbrances outstanding at year-end are reported as reservations of fund balances to indicate that a portion of fund balance has been segregated for expenditure on vendor performance.

E. 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 combined balance sheet.

During fiscal year 2002, investments were limited to repurchase agreements, U.S. government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The City has invested funds in STAR Ohio during fiscal 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2002.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During fiscal 2002, interest revenue credited to the general fund amounted to \$235,282 which includes \$215,809 assigned from other City funds.

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

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

For purpose of presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of one year or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than one year are reported as investments.

An analysis of the Treasurer's investment account at year end is provided in Note 3.

F. Health Care

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

G. Inventories of Materials and Supplies

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. The total of inventories at year end is reported as a reservation of fund balance in the governmental funds because it does not represent available, spendable resources.

H. Property, Plant, Equipment, and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year in the general fixed assets account group. The City follows a policy of not capitalizing infrastructure, which is defined as assets that are immovable and of value only to the City, (i.e., roads, bridges, etc.). No depreciation is recognized for assets in the account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group. The City has established a capitalization threshold of \$500 for general fixed assets.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

2. Proprietary Fund Fixed Assets

Property, plant, and equipment reflected in the proprietary funds are stated at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year. Contributed fixed assets are recorded at their fair market value as of the date donated. Depreciation and amortization have been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Life</u>
Autos and trucks	4
Machinery, equipment, furniture and fixtures	5 - 20
Building improvements	15
Sewer and water treatment plants and buildings	20 - 40
Other buildings	40
Sewer and water mains	20

The City also capitalizes the cost of major renovations which extend the useful life of an asset or which enable it to perform new or more valuable services. Interest on tax exempt debt issued to construct enterprise fund fixed assets is capitalized, net of interest earned on the proceeds of such debt. The City has established a capitalization threshold of \$500 for proprietary fixed assets.

I. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service or any employee with at least twenty (20) years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates. Payment of vacation and sick leave recorded in the general long-term obligations account group is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave when such payments become due.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

Accumulated vacation and sick leave of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave benefits for employees meeting the above requirements who are paid from proprietary funds are recorded as an expense when earned, and the liability for unused amounts is shown as a fund liability.

J. Long-Term Obligations

Long-term obligations for mortgage revenue bonds, OWDA loans, OPWC loans, capital lease obligations, vested sick and vacation leave, and any claims or judgment that are expected to be paid from the governmental funds are shown in the general long-term obligations account group, while those expected to be paid from proprietary funds are shown as a liability of those funds.

K. Contributions of Capital

Contributions of capital in proprietary funds arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. There was no capital contributions received in 2002.

L. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers. Intrafund transfers have been eliminated for GAAP reporting.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund balances, related to changes for goods and services rendered, are reflected as "due to/from other funds."

See Note 4 for an analysis of the City's interfund transactions.

M. Fund Balance/Retained Earnings Reserves

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

The City reports amounts representing material and supplies inventory, principal endowment, prepayments, and encumbrances outstanding as reservations of fund balance in the governmental funds.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

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

N. Estimates

The preparation of 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.

O. Total Columns on General Purpose Financial Statements

Total columns on the GPFS are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

As of December 31, 2002 the City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Combined Balance Sheet as "Equity in Pooled Cash and Cash Equivalents".

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

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

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

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

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

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

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

Cash on Hand: At year-end, the City had \$1,001 in undeposited cash on hand which is included on the Balance Sheet of the City as part of "Cash in Segregated Accounts".

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

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Deposits: At year-end, the carrying amount of the City's deposits, including cash in segregated accounts and certificates of deposit, was \$6,504,297 and the bank balance, including cash in segregated accounts and certificates of deposit, was \$6,560,248. Of the bank balance:

1. \$120,017 was covered by federal deposit insurance; and
2. \$6,440,231 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by a third party trustee, pursuant to Ohio Revised Code Section 135.181, in collateralized pools securing all public funds on deposits with specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

	Category			Reported	Fair
	1	2	3	Amount	Value
Repurchase agreements	\$ <u> </u> -	\$ <u> </u> -	\$ <u>899,581</u>	\$ 899,581	\$ 899,581
Investment in STAR Ohio				43,372	43,372
U.S. Government money market mutual funds				<u>776,841</u>	<u>776,841</u>
Total investments				<u>\$1,719,794</u>	<u>\$1,719,794</u>

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

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 8,225,092	\$ -
Investments of the cash management pool:		
U.S. Government money market mutual funds	(776,841)	776,841
Repurchase agreements	(899,581)	899,581
Investment in STAR Ohio	(43,372)	43,372
Cash on hand	<u>(1,001)</u>	<u>-</u>
GASB Statement No. 3	<u>\$ 6,504,297</u>	<u>\$ 1,719,794</u>

NOTE 4 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the City's operating transfers for 2002:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 424,204
<u>Special Revenue Funds</u>		
Street	297,409	-
Maple Grove Cemetery	5,000	-
Recreation	<u>39,909</u>	<u>-</u>
Total Special Revenue Funds	<u>342,318</u>	
<u>Capital Projects Fund</u>		
Capital Improvements	<u>81,886</u>	<u>-</u>
Total	<u>\$ 424,204</u>	<u>\$ 424,204</u>

NOTE 5 - PROPERTY TAXES

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

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 5 - PROPERTY TAXES - (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. The full rate for all City operations for the year ended December 31, 2002, was \$3.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property located in the City, upon which taxes for 2002 were collected, are as follows:

<u>Category</u>	<u>Assessed Value</u>
Residential/Agricultural	\$ 83,113,010
Commercial/Industrial	<u>13,925,870</u>
Total real estate	<u>97,038,880</u>
Public utility - real	16,620
Public utility - personal	<u>1,527,740</u>
Total public utility	<u>1,544,360</u>
Tangible personal property	<u>7,473,263</u>
Grand total	<u>\$ 106,056,503</u>

Accrued taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2002. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2003 operations. Accordingly, the receivable is offset by a credit to "Deferred Revenue."

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 6 - LOCAL INCOME TAX

The one percent City income tax, which is not subject to renewal, is levied on substantially all income earned within the City. In addition, the residents of the City are required to pay City income tax on income they earn outside the City; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City at least quarterly. Major employers are required to remit withholdings to the City monthly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. For governmental funds, income tax revenue is reported to the extent that it is measurable and available to finance current operations at December 31, 2002. Income tax revenue for 2002 was \$1,051,085.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2002, consisted of taxes, notes, accrued interest, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the combined balance sheet. Receivables have been recorded to the extent eligibility requirements have been met by year-end and the amounts are measurable.

A summary of the principal items of receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
General Fund	
Income taxes	\$ 258,876
Real and other taxes	297,743
Accounts	6
Intergovernmental	119,913
Special Revenue Funds	
Real and other taxes	111,647
Accounts	19
Intergovernmental	134,954
Enterprise Funds	
Real and other taxes	4,377
Accounts	589,694

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 8 - FIXED ASSETS

A. Proprietary Fixed Assets

A summary of the proprietary fixed assets at December 31, 2002, follows:

	<u>Water</u>	<u>Electric</u>	<u>Sewer</u>	<u>Total</u>
Land and improvements	\$ 3,610	\$ 6,771	\$ 11,491	\$ 21,872
Buildings and improvements	688,172	68,163	3,905,676	4,662,011
Furniture and equipment	81,568	312,207	2,729,392	3,123,167
Vehicles	120,120	374,251	111,045	605,416
Water and sewer lines	3,165,263	-	2,749,295	5,914,558
Construction in progress	806,123	2,055,250	-	2,861,373
Less: accumulated depreciation	<u>(843,447)</u>	<u>(534,400)</u>	<u>(5,274,665)</u>	<u>(6,652,512)</u>
Total net assets	<u><u>\$ 4,021,409</u></u>	<u><u>\$ 2,282,242</u></u>	<u><u>\$ 4,232,234</u></u>	<u><u>\$ 10,535,885</u></u>

B. General Fixed Assets

A summary of the changes in general fixed assets during 2002 follows:

	<u>Balance at 01/01/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/02</u>
Land and improvements	\$ 303,400	\$ -	\$ -	\$ 303,400
Buildings and improvements	588,026	-	-	588,026
Furniture and equipment	675,451	3,004	(3,620)	674,835
Vehicles	<u>1,150,186</u>	<u>-</u>	<u>(37,732)</u>	<u>1,112,454</u>
Total fixed assets	<u><u>\$ 2,717,063</u></u>	<u><u>\$ 3,004</u></u>	<u><u>\$ (41,352)</u></u>	<u><u>\$ 2,678,715</u></u>

NOTE 9 - VACATION AND SICK LEAVE LIABILITY

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the general long-term obligations account group to the extent they were not paid using current expendable available resources. Vacation and sick leave earned by proprietary funds type employees is expensed when earned and has been recorded in the fund.

Upon termination of City service, a fully vested employee is entitled to a percentage of their accumulated sick leave based on their years of service. At December 31, 2002, vested benefits for vacation leave for governmental fund type employees, net of amounts paid using current expendable available resources, totaled \$67,341 and vested benefits for sick leave, net of amounts paid using current expendable available resources, totaled \$174,905. For proprietary fund types, vested benefits for vacation leave totaled \$63,224 and vested benefits for sick leave totaled \$105,202 at December 31, 2002. Included in the vested benefits for sick leave figures is an additional liability to accrue and record termination (severance) payments for employees expected to become eligible to retire in the future in accordance with GASB Statement No. 16.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the City has entered into capitalized leases for three vehicles. These lease agreements meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reflected as debt service expenditures in the combined GPFS for the governmental funds and on the budgetary statements.

General fixed assets consisting of equipment has been capitalized in the general fixed assets account group in the amount of \$20,456. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2002 totaled \$6,807 in the general fund.

NOTE 11 - LONG-TERM OBLIGATIONS

A. General Long-Term Obligations

The City's general long-term obligations at year-end consist of the following:

	Balance at 01/01/02	Additions	Deletions	Balance at 12/31/02
Compensated absences	\$ 258,678	\$ -	\$ (16,432)	\$ 242,246
Capital lease obligation	<u>6,807</u>	<u>-</u>	<u>(6,807)</u>	<u>-</u>
Total fixed assets	<u><u>\$ 265,485</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (23,239)</u></u>	<u><u>\$ 242,246</u></u>

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

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. Enterprise Fund Obligations

The City had the following mortgage revenue bonds and long-term loans and notes payable outstanding at year-end related to enterprise fund operations:

	Interest Rate	Balance at 01/01/02	Additions	Reductions	Balance at 12/31/02
<u>Mortgage Revenue Bond</u>					
Sewer System – 1997	4.00-5.45%	<u>\$ 4,830,000</u>	\$ _____	\$ (245,000)	<u>\$ 4,585,000</u>
<u>OPWC Loans</u>					
Sewer Issue II					
Lift Station	0.00%	\$ 205,554	\$ -	\$ (11,746)	\$ 193,808
Waterline Looping	0.00%	113,585	-	(6,490)	107,095
Waterline Replacement	0.00%	105,759	48,890	(3,866)	150,783
N. Main Waterline	0.00%	_____ -	362,985	_____ -	362,985
Total OPWC Loans		<u>\$ 424,898</u>	<u>\$ 411,875</u>	<u>\$ (22,102)</u>	<u>\$ 814,671</u>
<u>OWDA Loan</u>					
Transmission Waterlines	6.58%	<u>\$ 2,290,520</u>	\$ _____ -	\$ (67,007)	<u>\$ 2,223,513</u>
Total Enterprise Fund Obligations		<u>\$ 7,545,418</u>	<u>\$ 411,875</u>	<u>\$ (334,109)</u>	<u>\$ 7,623,184</u>

On June 18, 1997, the City issued \$5,800,000 general obligation sewer system refunding bonds (Mortgage Revenue Bonds). The bonds bear interest at rates ranging from 4.0 percent to 5.45 percent per annum and mature at various installments through November 15, 2015. Property and revenues of the sewage system have been pledged to repay this debt. A portion of the proceeds of the bonds were used for the advance refunding of the 1987 and 1992 sewer system revenue bonds. The proceeds were used to purchase SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The 1987 series bonds were fully redeemed on May 15, 1998. The 1992 series bonds will be redeemed through various debt service payments concluding November 15, 2002. The monies held in trust as a result of the advance refundings and the corresponding refunded bonds are not included in the City's Financial Statements since the bonds are defeased and not considered a liability of the City. The principal balance of the general obligation sewer system refunding bonds (Mortgage Revenue Bonds) at December 31, 2002 was \$4,585,000.

As part of the bond indenture, Second National Bank was established as the Trustee (paying agent) for the City Sewer System Revenue Refunding Bonds (Mortgage Revenue Bonds), Series 1997. The City is maintaining at Second National Bank the following account balances at December 31, 2002.

1. Sewer Bond Service Fund Account - \$135,898 (which is utilized to account for the principal and interest activity).
2. Sewer Bond Reserve Fund Account - \$640,943 (which is required by the indenture).

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

The City has entered into three debt financing arrangements through the Ohio Public Works Commission (OPWC) to fund a lift station replacement, waterline looping project and a waterline replacement. The amounts due to the OPWC are payable solely from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2002, the City has outstanding borrowings of \$193,808, \$107,095, \$150,783, and \$362,985 in the Water and Sewer funds. The loan agreements require semi-annual payments based on the actual amount loaned. The OPWC loans are interest free.

The City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction projects. The amounts due to the OWDA are payable solely from water revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2002, the City has outstanding borrowings of \$2,223,513. The loan agreement requires semi-annual payments based on the actual amount loaned.

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

Year Ending <u>December 31</u>	Mortgage Revenue Bond			OPWC Loans		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 260,000	\$ 240,835	\$ 500,835	\$ 44,119	\$ -	\$ 44,119
2004	270,000	228,355	498,355	44,119	-	44,119
2005	285,000	215,260	500,260	44,119	-	44,119
2006	295,000	201,295	496,295	44,119	-	44,119
2007	310,000	186,693	496,693	44,119	-	44,119
2008-2012	1,815,000	673,955	2,488,955	220,595	-	220,595
2013-2017	1,350,000	149,875	1,499,875	220,595	-	220,595
2018-2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,886</u>	<u>-</u>	<u>152,886</u>
Total	<u>\$ 4,585,000</u>	<u>\$1,896,268</u>	<u>\$6,481,268</u>	<u>\$ 814,671</u>	<u>\$ -</u>	<u>\$ 814,671</u>

Year Ending <u>December 31</u>	OWDA Loan		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 71,416	\$ 146,307	\$ 217,723
2004	76,116	141,607	217,723
2005	81,124	136,599	217,723
2006	86,461	131,262	217,723
2007	92,151	125,572	217,723
2008-2012	560,090	528,526	1,088,616
2013-2017	770,257	318,359	1,088,616
2018-2020	<u>485,898</u>	<u>58,409</u>	<u>544,307</u>
Total	<u>\$ 2,223,513</u>	<u>\$1,586,641</u>	<u>\$3,810,154</u>

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 12 - NOTES PAYABLE

A. During fiscal 2002, the City repaid \$24,636 of treasury investment (internal City of Hubbard) notes outstanding. These notes represent amounts borrowed from other funds of the City. These notes are structured in essentially the same manner as note agreements with outside institutions. The Electric enterprise fund loaned the monies to the respective funds.

The City had the following internal note activity for fiscal year 2002:

	Balance at 01/01/02	Additions	Deletions	Balance at 12/31/02
<u>Special Revenue Funds</u>				
<i>General Obligation Notes</i>				
Street Construction	\$ 4,990	\$ _____ -	\$ (4,990)	\$ _____ -
<u>Enterprise Funds</u>				
<i>General Obligation Notes</i>				
Water	\$ 19,646	\$ _____ -	\$ (19,646)	\$ _____ -

B. On December 27, 2001, the City issued a \$2,100,000 electric system improvements note through American Municipal Power of Ohio. The note was used to provide interim financing for the acquisition and installation of diesel generators for use in the City's electric system. The note was retired on December 20, 2002. On December 20, 2002, the City issued an additional \$2,100,000 electric system improvements note through American Municipal Power of Ohio. The note, which is a liability of the Electric fund, is due within one year. The following is a summary of the note activity for fiscal year 2002:

	Interest Rate	Balance at 01/01/02	Additions	Reductions	Balance at 12/31/02
<u>Revenue Anticipation Notes</u>					
Electric System Improvements	2.15%	\$ 2,100,000	\$ _____ -	\$ (2,100,000)	\$ _____ -
Electric System Improvements	1.45%	\$ _____ -	\$ 2,100,000	\$ _____ -	\$ 2,100,000
Total		<u>\$ 2,100,000</u>	<u>\$ 2,100,000</u>	<u>\$ (2,100,000)</u>	<u>\$ 2,100,000</u>

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 13 - LOANS PAYABLE

During fiscal years 2000 and 2001, the City entered into two loan agreements with Sky Bank and Second National Bank to finance the purchase of a new fire truck and two new police cars. The principal and interest payments of the loans will be paid out of the Fire District special revenue fund and the general fund. The City had the following loan activity in fiscal year 2002:

	Interest Rate	Issue Date	Maturity Date	Balance at 01/01/02	Additions	Reductions	Balance at 12/31/02
<u>General Fund</u>							
<i>Loan Payable</i>							
Police Cars	5.75%	11/22/00	11/22/02	\$ 13,882	\$ -	\$ (13,882)	\$ -
<u>Special Revenue Fund</u>							
<i>Loan Payable</i>							
Fire Truck	4.69%	11/27/01	11/27/05	\$ 87,000	\$ -	\$ (20,228)	\$ 66,772

The following is a summary of the City's future annual debt service and interest requirements for the loan payable:

Year Ending <u>December 31</u>	Special Revenue Funds – Fire Truck		
	Principal	Interest	Total
2003	\$ 21,216	\$ 2,797	\$ 24,013
2004	22,237	1,776	24,013
2005	23,319	694	24,013
Total	\$ 66,772	\$ 5,267	\$ 72,039

CITY OF HUBBARD, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers. These enterprise funds include Sewer, Water, Electric, and the Guarantee Trust. Segment information for the year ended December 31, 2002 was as follows:

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Guarantee Trust</u>	<u>Total</u>
Operating revenues	\$ 1,207,621	\$ 1,380,030	\$ 4,229,929	\$ 36,434	\$ 6,854,014
Operating expenses before depreciation	642,113	991,635	4,060,608	20,641	5,714,997
Depreciation expense	371,368	145,538	71,179	-	588,085
Operating income	194,140	242,857	98,142	15,793	550,932
Net income/(loss)	(48,948)	294,518	88,957	15,793	350,320
Operating grants	-	201,989	-	-	201,989
Additions to property, plant and equipment	20,107	1,013,472	2,061,055	-	3,094,634
Net working capital	1,984,199	551,870	4,216,903	99,336	6,852,308
Total assets	6,312,262	4,920,928	7,408,494	99,336	18,741,020
Bonds and other long term liabilities payable from operating revenues	4,778,808	2,844,376	-	-	7,623,184
Total liabilities	4,874,637	3,192,025	2,832,063	-	10,898,725
Total equity	1,437,625	1,728,903	4,576,431	99,336	7,842,295

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 15 - 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 2002, the City was insured through the Clarendon National Insurance Company for all property, general liability, wrongful acts, law enforcement, automobile, bond, crime, inland marine and EDP liability. The insurance plan was purchased through the Love Insurance Agency. The City has transferred risk of loss to the insurance carrier to the extent of the limits below.

Type of Coverage	Limits of Coverage	Deductible
Property	\$16,310,126	\$1,000
General liability:		
Per occurrence	6,000,000	0
Aggregate	8,000,000	0
Law enforcement liability/wrongful acts:		
Per occurrence	6,000,000	5,000
Aggregate	8,000,000	5,000
Public official liability/wrongful acts:		
Per occurrence	6,000,000	3,500
Aggregate	8,000,000	3,500
Automobile:		
Comprehensive	6,000,000	250
Collision	8,000,000	250
Bond	50,000	250
Crime	10,000	0
Inland Marine	715,335	250
EDP	323,220	250

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 GPFS. 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 \$37,500 per participant and an aggregate amount of \$427,736; annual claims above such amount are paid for by stop-loss insurance which the City maintains.

The City had one occurrence in which settled claims exceeded the self-insurance amount. The liability for unpaid claims of \$67,717 reported in the Internal Service Fund at December 31, 2002, is based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by FASB Statement No. 30 “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 15 - RISK MANAGEMENT - (Continued)

Changes in the fund's liability during 2002 is as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2002	\$ 60,543	\$ 556,548	\$ (549,374)	\$ 67,717
2001	58,791	534,760	(533,008)	60,543

C. Workers' Compensation

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

All City full-time employees, other than uniformed employees, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2002 was 8.5% for employees other than law enforcement and public safety. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%. The employer contribution rate for employees other than law enforcement and public safety division was 13.55% of covered payroll and 8.55% was the portion used to fund pension obligations for 2002. The employer contribution rate for law enforcement and public safety divisions was 16.70% of covered payroll and 11.70% was the portion used to fund pension obligations for 2002. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The City's contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$233,325, \$227,550, and \$177,199, respectively; 100% has been contributed for 2002, 2001 and 2000.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. The City's contributions to OP&F for the years ended December 31, 2002, 2001, and 2000 were \$123,973, \$120,312, and \$117,524, respectively; 77.61% has been contributed for 2002 and 100% for the years 2001 and 2000. \$27,754, representing the unpaid contributions for 2002, is recorded as a liability within the general fund.

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

OPERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2002 employer contribution rate for local government employers was 13.55% of covered payroll and 5.00% was the portion that was used to fund health care. For both the public safety and law enforcement divisions the 2002 employer rate was 16.70% of covered payroll and 5.00% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The City's contribution actually made to fund postemployment benefits was \$86,098.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. OPEB's are advance funded on an actuarially determined basis.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 17 - POSTEMPLOYMENT BENEFITS - (Continued)

As of December 31, 2001 (the latest information available), the actuarial value of the Retirement System's net assets available for future OPEB payments were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively, at December 31, 2001 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 2001 (the latest information available) was 402,041.

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

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

Additional information on the OPERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the OPERS December 31, 2002, Comprehensive Annual Financial Report.

B. Ohio Police and Fire Pension Fund

The OP&F provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. The Ohio Revised Code provides the authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.50% and 7.75% of covered payroll in 2001 and 2002, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2001 (the latest information available), is 13,174 for police officers and 10,239 for firefighters. The amount of employer contributions used to pay postemployment benefits for police officers was \$49,217. OP&F's total health care expense for the year ending December 31, 2001 (the latest information available), was \$122.299 million, which was net of member contributions of \$6.875 million.

CITY OF HUBBARD, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

The City's budgetary process is based upon accounting for transactions on a cash basis. The differences between the cash basis (budget basis) and the modified accrual basis (GAAP basis) are that revenues are recorded when actually received (budget) as opposed to when susceptible to accrual (GAAP) and the expenditures are recorded when paid (budget) as opposed to when incurred (GAAP). Additionally, the City reflects outstanding encumbrances as expenditures on the budgetary basis of accounting. Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Budget basis	\$ (112,915)	\$ 74,564	\$ 47,730
Adjustments:			
Net adjustment for revenue accruals	(128,854)	(4,116)	-
Net adjustment for expenditure accruals	44,774	29,795	(2,000)
Net adjustment for other financing sources/(uses) accruals	-	-	-
Encumbrances	<u>17,619</u>	<u>2,180</u>	<u>1,000</u>
GAAP basis	<u><u>\$ (179,376)</u></u>	<u><u>\$ 102,423</u></u>	<u><u>\$ 46,730</u></u>

NOTE 19 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2002.

B. Litigation

There is one case pending (since 1999) against the City. In the opinion of the City Law Director, any potential liability would not have a material effect on the GPFS.

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**COMBINING, INDIVIDUAL FUND AND
ACCOUNT GROUP FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF HUBBARD, OHIO

GENERAL FUND

The general fund is used to account for all financial resources of the City except as required to be accounted for in another fund. The major revenue sources are municipal income taxes, property taxes, investment earnings and state and local government receipts. It is the operating fund of the City.

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, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Income taxes	\$ 1,066,337	\$ 1,066,337	\$ -
Property and other taxes	228,261	230,723	2,462
Charges for services	694	701	7
Licenses, permits and fees	54,480	55,068	588
Fines and forfeitures	54,322	54,908	586
Intergovernmental	364,884	368,819	3,935
Investment income	238,428	241,000	2,572
Other	24,423	24,686	263
Total revenues	2,031,829	2,042,242	10,413
Expenditures:			
Current:			
General government:			
Postage	970	968	2
Contractual services	970	968	2
Total postage	970	968	2
Income tax			
Personal services	47,899	47,899	-
Contractual services	14,902	14,902	-
Materials and supplies.	2,753	2,753	-
Capital outlay	3,059	3,059	-
Total income tax	68,613	68,613	-
Mayor			
Personal services	51,500	51,484	16
Contractual services	8,915	8,891	24
Materials and supplies.	1,940	1,839	101
Capital outlay	2,675	2,463	212
Total mayor.	65,030	64,677	353
Council			
Personal services	14,265	14,256	9
Contractual services	8,800	8,782	18
Materials and supplies.	1,005	998	7
Capital outlay	575	569	6
Total council	24,645	24,605	40
Council Clerk			
Personal services	2,715	2,708	7
Contractual services	455	452	3
Materials and supplies.	3,765	3,763	2
Capital outlay	250	249	1
Total council clerk	7,185	7,172	13
Auditor			
Personal services	30,285	30,263	22
Contractual services	5,285	5,266	19
Materials and supplies.	6,831	6,822	9
Capital outlay	6,760	6,750	10
Total auditor	49,161	49,101	60

Continued

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Treasurer			
Personal services	\$ 3,590	\$ 3,579	\$ 11
Contractual services	1,665	1,644	21
Materials and supplies.	220	202	18
Capital outlay	250	246	4
Total treasurer.	<u>5,725</u>	<u>5,671</u>	<u>54</u>
Law director			
Personal services	9,605	9,593	12
Contractual services	1,185	1,175	10
Materials and supplies.	5,830	5,827	3
Capital outlay	250	246	4
Total law director.	<u>16,870</u>	<u>16,841</u>	<u>29</u>
Service director			
Personal services	18,780	18,759	21
Contractual services	45,445	45,425	20
Materials and supplies.	1,700	1,699	1
Total service director	<u>65,925</u>	<u>65,883</u>	<u>42</u>
Engineer			
Personal services	11,030	11,011	19
Contractual services	2,855	2,843	12
Materials and supplies.	540	535	5
Capital outlay	945	942	3
Total engineer	<u>15,370</u>	<u>15,331</u>	<u>39</u>
County auditor fees			
Contractual services	13,305	13,303	2
Total county auditor fees.	<u>13,305</u>	<u>13,303</u>	<u>2</u>
State examiners fees			
Contractual services	21,740	21,737	3
Total state examiners fees	<u>21,740</u>	<u>21,737</u>	<u>3</u>
Total general government.	<u>354,539</u>	<u>353,902</u>	<u>637</u>
Security of persons and property:			
Police			
Personal services	1,173,480	1,173,030	450
Contractual services	77,705	77,650	55
Materials and supplies.	54,320	54,297	23
Capital outlay	16,030	16,022	8
Total police.	<u>1,321,535</u>	<u>1,320,999</u>	<u>536</u>
Civil service			
Contractual services	1,160	1,160	-
Total civil service.	<u>1,160</u>	<u>1,160</u>	<u>-</u>
Total security of persons and property	<u>1,322,695</u>	<u>1,322,159</u>	<u>536</u>

Continued

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Public health and welfare:			
County health district			
Contractual services	\$ 13,105	\$ 13,101	\$ 4
Total county health district.	<u>13,105</u>	<u>13,101</u>	<u>4</u>
Total public health and welfare	<u>13,105</u>	<u>13,101</u>	<u>4</u>
Community environment:			
Planning and zoning			
Contractual services	15,000	14,980	20
Materials and supplies.	200	196	4
Total planning and zoning	<u>15,200</u>	<u>15,176</u>	<u>24</u>
War memorial			
Materials and supplies.	520	518	2
Total war memorial.	<u>520</u>	<u>518</u>	<u>2</u>
Total community environment.	<u>15,720</u>	<u>15,694</u>	<u>26</u>
Leisure time activity:			
Recreation			
Contractual services	4,600	4,597	3
Total recreation.	<u>4,600</u>	<u>4,597</u>	<u>3</u>
Total leisure time activity.	<u>4,600</u>	<u>4,597</u>	<u>3</u>
Debt service:			
Principal retirement.	20,689	20,689	-
Interest and fiscal charges	1,311	1,311	-
Total debt service	<u>22,000</u>	<u>22,000</u>	<u>-</u>
Total expenditures	<u>1,732,659</u>	<u>1,731,453</u>	<u>1,206</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>299,170</u>	<u>310,789</u>	<u>11,619</u>
Other financing sources (uses):			
Proceeds from sale of fixed assets	495	500	5
Operating transfers in.	851,961	861,150	9,189
Operating transfers out.	(1,285,354)	(1,285,354)	-
Total other financing sources (uses)	<u>(432,898)</u>	<u>(423,704)</u>	<u>9,194</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses .	<u>(133,728)</u>	<u>(112,915)</u>	<u>20,813</u>
Fund balance, January 1	<u>700,459</u>	<u>700,459</u>	<u>-</u>
Prior year encumbrances appropriated .	<u>16,865</u>	<u>16,865</u>	<u>-</u>
Fund balance, December 31.	<u>\$ 583,596</u>	<u>\$ 604,409</u>	<u>\$ 20,813</u>

CITY OF HUBBARD, OHIO

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for all specific financial resources (other than major capital projects) that are legally restricted for specified expenditure purposes. The following are the special revenue funds which the City operates:

Indigent Drivers Fund

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

Enforcement and Education

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

Local Law Enforcement Block Grant

To account for grant monies received from the State of Ohio Criminal Justice Services Local Law Enforcement Block Grant (LLEBG) program enabling the City to upgrade computer hardware and software used for Ohio Incident Based Reporting System (OIBRS) police reports.

COPS Grant

To account for United States Department of Justice monies received and personnel expenses related to the COPS Universal Hiring Program grant.

Fire District

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

Street Construction and Maintenance

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

State Highway

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

Maple Grove Cemetery

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

Recreation

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

Drug and Law Enforcement

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

Range Fund

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

Escrow Account

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

Police Pension

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

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CITY OF HUBBARD, OHIO

**COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2002**

	Indigent Drivers Fund	Enforcement and Education	Local Law Enforcement Block Grant
Assets:			
Equity in pooled cash and cash equivalents.	\$ 2,247	\$ 4,555	\$ -
Cash in segregated accounts	-	-	-
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	-	-
Accounts	-	-	-
Due from other governments	-	-	-
Prepayments	-	-	-
Materials and supplies inventory	-	-	-
 Total assets	<hr/> <u>\$ 2,247</u>	<hr/> <u>\$ 4,555</u>	<hr/> <u>\$ -</u>
 Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-
Compensated absences payable	-	-	-
Deferred revenue.	-	-	-
Due to other governments	-	-	-
Loans payable	-	-	-
 Total liabilities	<hr/> <u>-</u>	<hr/> <u>-</u>	<hr/> <u>-</u>
 Fund Equity:			
Reserved for encumbrances	-	-	-
Reserved for prepayments.	-	-	-
Reserved for materials and supplies inventory	-	-	-
Unreserved:			
Undesignated.	<hr/> <u>2,247</u>	<hr/> <u>4,555</u>	<hr/> <u>-</u>
Total fund equity	<hr/> <u>2,247</u>	<hr/> <u>4,555</u>	<hr/> <u>-</u>
 Total liabilities and fund equity.	<hr/> <u>\$ 2,247</u>	<hr/> <u>\$ 4,555</u>	<hr/> <u>\$ -</u>

COPS Grant	Fire District	Street Construction and Maintenance	State Highway	Maple Grove Cemetery
\$ -	\$ 84,607	\$ 47,535	\$ 13,457	\$ 9,534
	-	350	-	-
-	77,292	-	-	-
-	-	19	-	-
-	293	124,463	10,098	-
-	-	-	-	-
-	-	11,328	-	-
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\$ -	<u>\$ 162,192</u>	<u>\$ 183,695</u>	<u>\$ 23,555</u>	<u>\$ 9,534</u>
\$ -	\$ 18,741	\$ 1,446	\$ 2,290	\$ -
-	-	9,106	-	-
-	-	345	-	-
-	76,529	90,431	7,338	-
-	-	6,852	-	230
-	66,772	-	-	-
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<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	162,042	108,180	9,628	230
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	2,180	-	-
-	-	-	-	-
-	-	11,328	-	-
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-	150	62,007	13,927	9,304
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	150	75,515	13,927	9,304
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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\$ -	<u>\$ 162,192</u>	<u>\$ 183,695</u>	<u>\$ 23,555</u>	<u>\$ 9,534</u>

Continued

CITY OF HUBBARD, OHIO

**COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2002**

	Recreation	Drug and Law Enforcement	Range Fund
Assets:			
Equity in pooled cash and cash equivalents.	\$ 38,226	\$ 3,478	\$ 284
Cash in segregated accounts	-	-	-
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	-	-
Accounts	-	-	-
Due from other governments	100	-	-
Prepayments	38	-	-
Materials and supplies inventory	<u>268</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 38,632</u></u>	<u><u>\$ 3,478</u></u>	<u><u>\$ 284</u></u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-
Compensated absences payable	-	-	-
Deferred revenue.	-	-	-
Due to other governments	286	-	-
Loans payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>286</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund Equity:			
Reserved for encumbrances	-	-	-
Reserved for prepayments.	38	-	-
Reserved for materials and supplies inventory	268	-	-
Unreserved:			
Undesignated.	<u>38,040</u>	<u>3,478</u>	<u>284</u>
Total fund equity	<u><u>38,346</u></u>	<u><u>3,478</u></u>	<u><u>284</u></u>
Total liabilities and fund equity.	<u><u>\$ 38,632</u></u>	<u><u>\$ 3,478</u></u>	<u><u>\$ 284</u></u>

Escrow Account		Police Pension		Totals	
\$ 395		\$ 10,668		\$ 214,986	
-		-		350	
-		34,355		111,647	
-		-		19	
-		-		134,954	
-		-		38	
-		-		11,596	
\$ 395		\$ 45,023		\$ 473,590	
\$ -		\$ -		\$ 22,477	
-		-		9,106	
-		-		345	
-		34,016		208,314	
-		-		7,368	
-		-		66,772	
-		34,016		314,382	
-		-		2,180	
-		-		38	
-		-		11,596	
395		11,007		145,394	
395		11,007		159,208	
\$ 395		\$ 45,023		\$ 473,590	

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Indigent Drivers Fund	Enforcement and Education	Local Law Enforcement Block Grant
Revenues:			
Property and other taxes	\$ -	\$ -	\$ -
Fines and forfeitures	422	148	-
Intergovernmental	-	-	-
Investment income.	-	-	-
Other.	-	-	-
 Total revenues.	 422	 148	 -
 Expenditures:			
Current:			
Security of persons and property	-	-	-
Public health and welfare.	-	-	-
Transportation	-	-	-
Leisure time activity	-	-	-
Other	-	-	-
Capital outlay	-	-	815
Debt service:			
Interest and fiscal charges.	-	-	-
 Total expenditures	 -	 -	 815
 Excess (deficiency) of revenues over (under) expenditures	 422	 148	 (815)
 Other financing sources (uses):			
Proceeds from sale of fixed assets	-	-	-
Operating transfers in.	-	-	-
 Total other financing sources (uses)	 -	 -	 -
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	 422	 148	 (815)
 Fund balances, January 1	 1,825	 4,407	 815
Increase (decrease) in reserve for inventory	 -	 -	 -
 Fund balances, December 31	 \$ 2,247	 \$ 4,555	 \$ -

COPS Grant	Fire District	Street Construction and Maintenance	State Highway	Maple Grove Cemetery
\$ -	\$ 62,348	\$ -	\$ -	\$ -
-	-	-	-	-
12,500	869	236,818	19,202	-
-	-	820	288	-
-	13,609	3,451	-	2,336
<u>12,500</u>	<u>76,826</u>	<u>241,089</u>	<u>19,490</u>	<u>2,336</u>
 11,077	 40,251	 -	 -	 -
-	-	-	-	14,580
-	-	475,832	15,661	-
-	-	-	-	-
-	988	-	-	-
-	631	5,180	-	-
<u>-</u>	<u>3,785</u>	<u>62</u>	<u>-</u>	<u>-</u>
<u>11,077</u>	<u>45,655</u>	<u>481,074</u>	<u>15,661</u>	<u>14,580</u>
 1,423	 31,171	 (239,985)	 3,829	 (12,244)
-	-	800	-	-
<u>-</u>	<u>-</u>	<u>297,409</u>	<u>-</u>	<u>5,000</u>
<u>-</u>	<u>-</u>	<u>298,209</u>	<u>-</u>	<u>5,000</u>
 1,423	 31,171	 58,224	 3,829	 (7,244)
(1,423)	(31,021)	22,524	10,098	16,548
<u>-</u>	<u>-</u>	<u>(5,233)</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 75,515</u>	<u>\$ 13,927</u>	<u>\$ 9,304</u>

Continued

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Recreation	Drug and Law Enforcement	Range Fund
Revenues:			
Property and other taxes	\$ -	\$ -	\$ -
Fines and forfeitures	- -	- -	- -
Intergovernmental	- -	- -	- -
Investment income.	- -	- -	- -
Other.	<u>1,589</u>	<u>11</u>	<u>1,069</u>
Total revenues.	<u>1,589</u>	<u>11</u>	<u>1,069</u>
Expenditures:			
Current:			
Security of persons and property	- -	1,166	4,431
Public health and welfare.	- -	- -	- -
Transportation	- -	- -	- -
Leisure time activity	25,421	- -	- -
Other	- -	- -	- -
Capital outlay	3,708	- -	- -
Debt service:			
Interest and fiscal charges.	- -	- -	- -
Total expenditures	<u>29,129</u>	<u>1,166</u>	<u>4,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,540)</u>	<u>(1,155)</u>	<u>(3,362)</u>
Other financing sources (uses):			
Proceeds from sale of fixed assets	- -	- -	- -
Operating transfers in.	<u>39,909</u>	- -	- -
Total other financing sources (uses)	<u>39,909</u>	- -	- -
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	12,369	(1,155)	(3,362)
Fund balances, January 1	25,966	4,633	3,646
Increase (decrease) in reserve for inventory	11	-	-
Fund balances, December 31	<u>\$ 38,346</u>	<u>\$ 3,478</u>	<u>\$ 284</u>

Escrow Account	Police Pension	Totals
\$ -	\$ 26,614	\$ 88,962
-	-	570
-	192	269,581
-	-	1,108
-	-	22,065
<hr/>	<hr/>	<hr/>
-	26,806	382,286
<hr/>	<hr/>	<hr/>
-	19,393	76,318
-	-	14,580
-	-	491,493
-	-	25,421
-	-	988
-	-	10,334
<hr/>	<hr/>	<hr/>
-	-	3,847
<hr/>	<hr/>	<hr/>
-	19,393	622,981
<hr/>	<hr/>	<hr/>
-	7,413	(240,695)
<hr/>	<hr/>	<hr/>
-	-	800
<hr/>	<hr/>	<hr/>
-	-	342,318
<hr/>	<hr/>	<hr/>
-	-	343,118
<hr/>	<hr/>	<hr/>
-	7,413	102,423
395	3,594	62,007
<hr/>	<hr/>	<hr/>
-	-	(5,222)
<hr/>	<hr/>	<hr/>
\$ 395	\$ 11,007	\$ 159,208
<hr/>	<hr/>	<hr/>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INDIGENT DRIVERS FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Fines and forfeitures.	\$ 422	\$ 422	\$ -
Total revenues	<u>422</u>	<u>422</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures			
	422	422	-
Fund balance, January 1	1,825	1,825	-
Prior year encumbrances appropriated . .	-	-	-
Fund balance, December 31	<u>\$ 2,247</u>	<u>\$ 2,247</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENFORCEMENT AND EDUCATION
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Fines and forfeitures.	\$ 148	\$ 148	\$ -
Total revenues	<u>148</u>	<u>148</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures.			
	148	148	-
Fund balance, January 1	4,407	4,407	-
Prior year encumbrances appropriated . .	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31	<u><u>\$ 4,555</u></u>	<u><u>\$ 4,555</u></u>	<u><u>\$ -</u></u>

CITY OF HUBBARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LOCAL LAW ENFORCEMENT BLOCK GRANT
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Expenditures:			
Capital outlay			
Capital outlay	\$ 815	\$ 815	\$ -
Total capital outlay	<u>815</u>	<u>815</u>	<u>-</u>
Total expenditures	<u>815</u>	<u>815</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures.	(815)	(815)	-
Fund balance, January 1	815	815	-
Prior year encumbrances appropriated . . .	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COPS GRANT
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 12,500	\$ 12,500	\$ -
Total revenues	<u>12,500</u>	<u>12,500</u>	<u>-</u>
Expenditures:			
Current:			
Security of persons and property			
Personal services	12,500	12,500	-
Total security of persons and property . . .	<u>12,500</u>	<u>12,500</u>	<u>-</u>
Total expenditures	<u>12,500</u>	<u>12,500</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balance, January 1	-	-	-
Prior year encumbrances appropriated . . .	-	-	-
Fund balance, December 31.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Property and other taxes.	\$ 62,394	\$ 62,394	\$ -
Intergovernmental.	3,126	3,126	- -
Other.	14,015	14,015	- -
Total revenues.	79,535	79,535	- -
Expenditures:			
Current:			
Security of persons and property			
Contractual services.	33,085	33,068	17
Materials and supplies	4,915	4,906	9
Total security of persons and property	38,000	37,974	26
Other			
Contractual services.	990	988	2
Total other.	990	988	2
Capital outlay			
Capital outlay	635	631	4
Total capital outlay	635	631	4
Debt service			
Principal retirement.	20,230	20,228	2
Interest and fiscal charges.	3,785	3,785	- -
Total debt service.	24,015	24,013	2
Total expenditures.	63,640	63,606	34
Excess (deficiency) of revenues over (under) expenditures	15,895	15,929	34
Fund balance, January 1	68,678	68,678	- -
Prior year encumbrances appropriated	-	-	- -
Fund balance, December 31.	\$ 84,573	\$ 84,607	\$ 34

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET CONSTRUCTION AND MAINTENANCE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 236,634	\$ 236,634	\$ -
Investment income.	820	820	- -
Other.	5,000	5,000	- -
Total revenues.	<u>242,454</u>	<u>242,454</u>	- -
Expenditures:			
Current:			
Transportation			
Personal services	445,080	445,054	26
Contractual services	16,465	16,460	5
Materials and supplies	24,030	24,012	18
Total transportation.	<u>485,575</u>	<u>485,526</u>	49
Capital outlay			
Capital outlay	5,180	5,180	- -
Total capital outlay	<u>5,180</u>	<u>5,180</u>	- -
Debt service			
Principal retirement.	5,000	4,990	10
Interest and fiscal charges	65	62	3
Total debt service	<u>5,065</u>	<u>5,052</u>	13
Total expenditures	<u>495,820</u>	<u>495,758</u>	62
Excess (deficiency) of revenues over (under) expenditures	<u>(253,366)</u>	<u>(253,304)</u>	62
Other financing sources (uses):			
Proceeds from sale of fixed assets	800	800	- -
Operating transfers in	285,334	297,409	12,075
Total other financing sources (uses)	<u>286,134</u>	<u>298,209</u>	12,075
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	32,768	44,905	12,137
Fund balance, January 1	450	450	- -
Prior year encumbrances appropriated . . .	<u>-</u>	<u>-</u>	- -
Fund balance, December 31.	<u>\$ 33,218</u>	<u>\$ 45,355</u>	<u>\$ 12,137</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE HIGHWAY
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 19,186	\$ 19,186	\$ -
Investment income.	288	288	-
Total revenues	<u>19,474</u>	<u>19,474</u>	<u>-</u>
Expenditures:			
Current:			
Transportation			
Materials and supplies.	13,375	13,371	4
Total transportation.	<u>13,375</u>	<u>13,371</u>	<u>4</u>
Total expenditures	<u>13,375</u>	<u>13,371</u>	<u>4</u>
Excess (deficiency) of revenues over (under) expenditures	6,099	6,103	4
Fund balance, January 1	7,354	7,354	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31.	<u>\$ 13,453</u>	<u>\$ 13,457</u>	<u>\$ 4</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAPLE GROVE CEMETERY
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Other	\$ 2,336	\$ 2,336	\$ -
Total revenues	<u>2,336</u>	<u>2,336</u>	<u>-</u>
Expenditures:			
Current:			
Public health and welfare			
Personal services	1,820	1,812	8
Contractual services.	11,515	11,513	2
Materials and supplies.	1,025	1,025	-
Total public health and welfare	<u>14,360</u>	<u>14,350</u>	<u>10</u>
Total expenditures	<u>14,360</u>	<u>14,350</u>	<u>10</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,024)</u>	<u>(12,014)</u>	<u>10</u>
Other financing sources:			
Operating transfers in.	5,000	5,000	-
Total other financing sources	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	<u>(7,024)</u>	<u>(7,014)</u>	<u>10</u>
Fund balance, January 1	16,548	16,548	-
Prior year encumbrances appropriated . . .	-	-	-
Fund balance, December 31.	<u>\$ 9,524</u>	<u>\$ 9,534</u>	<u>\$ 10</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RECREATION
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Other.	\$ 1,489	\$ 1,489	\$ -
Total revenues	<u>1,489</u>	<u>1,489</u>	<u>-</u>
Expenditures:			
Current:			
Leisure time activity			
Personal services.	17,165	17,149	16
Contractual services	4,425	4,414	11
Materials and supplies.	4,300	4,295	5
Total leisure time activity	<u>25,890</u>	<u>25,858</u>	<u>32</u>
Capital outlay			
Capital outlay	3,715	3,708	7
Total capital outlay	<u>3,715</u>	<u>3,708</u>	<u>7</u>
Total expenditures	<u>29,605</u>	<u>29,566</u>	<u>39</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,116)</u>	<u>(28,077)</u>	<u>39</u>
Other financing sources:			
Operating transfers in	<u>51,984</u>	<u>39,909</u>	<u>(12,075)</u>
Total other financing sources	<u>51,984</u>	<u>39,909</u>	<u>(12,075)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	23,868	11,832	(12,036)
Fund balance, January 1	26,394	26,394	-
Prior year encumbrances appropriated . . .	-	-	-
Fund balance, December 31.	\$ 50,262	\$ 38,226	\$ (12,036)

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG AND LAW ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Other	\$ 11	\$ 11	\$ -
Total revenues	<u>11</u>	<u>11</u>	<u>-</u>
Expenditures:			
Current:			
Security of persons and property			
Other.	1,170	1,166	4
Total security of persons and property . . .	<u>1,170</u>	<u>1,166</u>	<u>4</u>
Total expenditures	<u>1,170</u>	<u>1,166</u>	<u>4</u>
Excess (deficiency) of revenues over (under) expenditures	(1,159)	(1,155)	4
Fund balance, January 1	4,633	4,633	-
Prior year encumbrances appropriated . . .	-	-	-
Fund balance, December 31.	<u>\$ 3,474</u>	<u>\$ 3,478</u>	<u>\$ 4</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Other	\$ 1,219	\$ 1,219	\$ -
Total revenues	<u>1,219</u>	<u>1,219</u>	<u>-</u>
 Expenditures:			
Current:			
Security of persons and property			
Contractual services	4,435	4,431	4
Total security of persons and property	<u>4,435</u>	<u>4,431</u>	<u>4</u>
Total expenditures	<u>4,435</u>	<u>4,431</u>	<u>4</u>
Excess (deficiency) of revenues over (under) expenditures	(3,216)	(3,212)	4
 Fund balance, January 1	3,496	3,496	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance, December 31.	<u><u>\$ 280</u></u>	<u><u>\$ 284</u></u>	<u><u>\$ 4</u></u>

CITY OF HUBBARD, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ESCROW ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Fund balance, January 1	\$ 395	\$ 395	\$ -
Prior year encumbrances appropriated . .	-	-	-
Fund balance, December 31.	\$ 395	\$ 395	\$ -

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE PENSION
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Property and other taxes	\$ 26,622	\$ 26,622	\$ -
Intergovernmental	192	192	-
Total revenues	<u>26,814</u>	<u>26,814</u>	<u>-</u>
Expenditures:			
Current:			
Security of persons and property			
Contractual services	19,400	19,393	7
Total security of persons and property	<u>19,400</u>	<u>19,393</u>	<u>7</u>
Total expenditures	<u>19,400</u>	<u>19,393</u>	<u>7</u>
Excess (deficiency) of revenues over (under) expenditures	7,414	7,421	7
Fund balance, January 1	3,247	3,247	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31.	<u>\$ 10,661</u>	<u>\$ 10,668</u>	<u>\$ 7</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Property and other taxes	\$ 89,016	\$ 89,016	\$ -
Fines and forfeitures	570	570	- -
Intergovernmental	271,638	271,638	- -
Investment income	1,108	1,108	- -
Other	24,070	24,070	- -
Total revenues	<u>386,402</u>	<u>386,402</u>	<u>- -</u>
Expenditures:			
Current:			
Security of persons and property			
Personal services	12,500	12,500	- -
Contractual services	56,920	56,892	28
Materials and supplies	4,915	4,906	9
Other	1,170	1,166	4
Total security of persons and property	<u>75,505</u>	<u>75,464</u>	<u>41</u>
Public health and welfare			
Personal services	1,820	1,812	8
Contractual services	11,515	11,513	2
Materials and supplies	1,025	1,025	- -
Total public health and welfare	<u>14,360</u>	<u>14,350</u>	<u>10</u>
Transportation			
Personal services	445,080	445,054	26
Contractual services	16,465	16,460	5
Materials and supplies	37,405	37,383	22
Total transportation	<u>498,950</u>	<u>498,897</u>	<u>53</u>
Leisure time activity			
Personal services	17,165	17,149	16
Contractual services	4,425	4,414	11
Materials and supplies	4,300	4,295	5
Total leisure time activity	<u>25,890</u>	<u>25,858</u>	<u>32</u>
Other			
Contractual services	990	988	2
Total other	<u>990</u>	<u>988</u>	<u>2</u>
Capital outlay			
Capital outlay	10,345	10,334	11
Total capital outlay	<u>10,345</u>	<u>10,334</u>	<u>11</u>
Debt service:			
Principal retirement	25,230	25,218	12
Interest and fiscal charges	3,850	3,847	3
Total debt service	<u>29,080</u>	<u>29,065</u>	<u>15</u>
Total expenditures	<u>655,120</u>	<u>654,956</u>	<u>164</u>

Continued

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Excess (deficiency) of revenues over (under) expenditures	\$ (268,718)	\$ (268,554)	\$ 164
Other financing sources:			
Proceeds from sale of fixed assets	800	800	-
Operating transfers in	342,318	342,318	-
Total other financing sources	<u>343,118</u>	<u>343,118</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	74,400	74,564	164
Fund balances, January 1	138,242	138,242	-
Prior year encumbrances appropriated. . .	-	-	-
Fund balances, December 31	<u>\$ 212,642</u>	<u>\$ 212,806</u>	<u>\$ 164</u>

CITY OF HUBBARD, OHIO

CAPITAL PROJECTS FUNDS

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

Capital Improvement

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

CDBG Street Resurfacing

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

CITY OF HUBBARD, OHIO

**COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS
DECEMBER 31, 2002**

	Capital Improvement	CDBG Street Resurfacing	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 107,707	\$ -	\$ 107,707
Total assets	<u>\$ 107,707</u>	<u>\$ -</u>	<u>\$ 107,707</u>
Liabilities:			
Accounts payable	\$ 2,000	\$ -	\$ 2,000
Total liabilities	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Fund Equity:			
Reserved for encumbrances.	1,000	-	1,000
Unreserved - undesignated	<u>104,707</u>	<u>-</u>	<u>104,707</u>
Total fund equity.	<u>105,707</u>	<u>-</u>	<u>105,707</u>
Total liabilities and fund equity	<u><u>\$ 107,707</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 107,707</u></u>

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Capital Improvement	CDBG Street Resurfacing	Total
Revenues:			
Intergovernmental	\$ -	\$ 25,537	\$ 25,537
Other.	11	-	11
Total revenues	<u>11</u>	<u>25,537</u>	<u>25,548</u>
Expenditures:			
Capital outlay	<u>35,167</u>	<u>25,537</u>	<u>60,704</u>
Total expenditures	<u>35,167</u>	<u>25,537</u>	<u>60,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,156)</u>	<u>-</u>	<u>(35,156)</u>
Other financing sources (uses):			
Operating transfers in.	<u>81,886</u>	<u>-</u>	<u>81,886</u>
Total other financing sources (uses)	<u>81,886</u>	<u>-</u>	<u>81,886</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	<u>46,730</u>	<u>-</u>	<u>46,730</u>
Fund balances, January 1	<u>58,977</u>	<u>-</u>	<u>58,977</u>
Fund balances, December 31	<u>\$ 105,707</u>	<u>\$ -</u>	<u>\$ 105,707</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL IMPROVEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Other.	\$ 11	\$ 11	\$ -
Total revenues.	11	11	-
Expenditures:			
Capital outlay			
Capital outlay	34,170	34,167	3
Total capital outlay	34,170	34,167	3
Total expenditures.	34,170	34,167	3
Excess (deficiency) of revenues over (under) expenditures.	(34,159)	(34,156)	3
Other financing sources (uses):			
Operating transfers in.	81,886	81,886	-
Total other financing sources (uses) . . .	81,886	81,886	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	47,727	47,730	3
Fund balance, January 1	58,977	58,977	-
Prior year encumbrances appropriated . . .	-	-	-
Fund balance, December 31.	\$ 106,704	\$ 106,707	\$ 3

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CDBG STREET RESURFACING
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 25,537	\$ 25,537	\$ -
Total revenues	<u>25,537</u>	<u>25,537</u>	<u>-</u>
Expenditures:			
Capital outlay	25,537	25,537	-
Capital outlay	<u>25,537</u>	<u>25,537</u>	<u>-</u>
Total capital outlay	<u>25,537</u>	<u>25,537</u>	<u>-</u>
Total expenditures	<u>25,537</u>	<u>25,537</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	- - - - -	- - - - -	- - - - -
Fund balance, January 1	- - - - -	- - - - -	- - - - -
Prior year encumbrances appropriated . . .	- - - - -	- - - - -	- - - - -
Fund balance, December 31.	<u>\$ - - - - -</u>	<u>\$ - - - - -</u>	<u>\$ - - - - -</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental.	\$ 25,537	\$ 25,537	\$ -
Other.	11	11	-
Total revenues.	<u>25,548</u>	<u>25,548</u>	<u>-</u>
Expenditures:			
Capital outlay			
Capital outlay.	59,707	59,704	3
Total capital outlay	<u>59,707</u>	<u>59,704</u>	<u>3</u>
Total expenditures.	<u>59,707</u>	<u>59,704</u>	<u>3</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,159)</u>	<u>(34,156)</u>	<u>3</u>
Other financing sources (uses):			
Operating transfers in	81,886	81,886	-
Total other financing sources (uses)	<u>81,886</u>	<u>81,886</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	47,727	47,730	3
Fund balances, January 1	58,977	58,977	-
Prior year encumbrances appropriated . . .	-	-	-
Fund balances, December 31	<u>\$ 106,704</u>	<u>\$ 106,707</u>	<u>\$ 3</u>

CITY OF HUBBARD, OHIO

ENTERPRISE FUNDS

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

Sewer Fund

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

Water Fund

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

Electric Fund

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

Guarantee Trust

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

CITY OF HUBBARD, OHIO

**COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 2002**

	Sewer	Water	Electric
Assets:			
Equity in pooled cash and cash equivalents.	\$ 1,193,326	\$ 777,701	\$ 4,032,241
Cash in segregated accounts	300	-	200
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	855	-	3,522
Accounts	101,246	105,315	383,133
Prepayments.	4,431	6,192	3,982
Materials and supplies inventory	3,029	10,311	525,888
Deferred charges	-	-	11,339
Investment in joint ventures.	-	-	165,947
Restricted assets:			
Cash with fiscal agent.	776,841	-	-
Property, plant and equipment (net of accumulated depreciation)	<u>4,232,234</u>	<u>4,021,409</u>	<u>2,282,242</u>
Total assets	<u><u>\$ 6,312,262</u></u>	<u><u>\$ 4,920,928</u></u>	<u><u>\$ 7,408,494</u></u>
Liabilities:			
Accounts payable	\$ 7,711	\$ 45,076	\$ 238,530
Contracts payable	-	137,057	262,817
Retainage payable	-	40,792	119,016
Accrued wages and benefits	6,210	6,516	15,002
Compensated absences payable	43,951	46,880	77,595
Accrued interest payable.	26,851	-	930
Due to other governments	11,106	71,328	18,173
Notes payable	-	-	2,100,000
Mortgage revenue bond payable.	<u>4,585,000</u>	-	-
OWDA loan payable.	-	<u>2,223,513</u>	-
OPWC loans payable	<u>193,808</u>	<u>620,863</u>	-
Total liabilities.	<u><u>4,874,637</u></u>	<u><u>3,192,025</u></u>	<u><u>2,832,063</u></u>
Fund Equity:			
Retained earnings:			
Reserved.	776,841	-	-
Unreserved.	<u>660,784</u>	<u>1,728,903</u>	<u>4,576,431</u>
Total fund equity.	<u><u>1,437,625</u></u>	<u><u>1,728,903</u></u>	<u><u>4,576,431</u></u>
Total liabilities and fund equity	<u><u>\$ 6,312,262</u></u>	<u><u>\$ 4,920,928</u></u>	<u><u>\$ 7,408,494</u></u>

Guarantee

Trust	Totals
\$ 99,336	\$ 6,102,604
-	500
-	4,377
-	589,694
-	14,605
-	539,228
-	11,339
-	165,947
-	776,841
-	<u>10,535,885</u>
\$ 99,336	\$ 18,741,020
\$ -	\$ 291,317
-	399,874
-	159,808
-	27,728
-	168,426
-	27,781
-	100,607
-	2,100,000
-	4,585,000
-	2,223,513
-	<u>814,671</u>
<u>-</u>	<u>10,898,725</u>
\$ 99,336	\$ 776,841
\$ 99,336	\$ 7,065,454
\$ 99,336	\$ 7,842,295
\$ 99,336	\$ 18,741,020

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Sewer	Water	Electric
Operating revenues:			
Charges for services.	\$ 1,192,514	\$ 1,377,399	\$ 4,209,756
Other operating revenues.	<u>15,107</u>	<u>2,631</u>	<u>20,173</u>
Total operating revenues.	<u>1,207,621</u>	<u>1,380,030</u>	<u>4,229,929</u>
Operating expenses:			
Personal services.	369,421	439,806	782,347
Contractual services.	117,799	497,078	2,736,501
Materials and supplies.	154,893	54,751	541,760
Depreciation.	371,368	145,538	71,179
Other operating expenses.	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses.	<u>1,013,481</u>	<u>1,137,173</u>	<u>4,131,787</u>
Operating income.	<u>194,140</u>	<u>242,857</u>	<u>98,142</u>
Nonoperating revenues (expenses):			
Investment earnings.	15,752	274	63
Property and other taxes.	<u>-</u>	<u>-</u>	<u>20,435</u>
Gain (loss) on sale of fixed assets.	(3,408)	300	-
Intergovernmental.	<u>-</u>	<u>201,989</u>	<u>-</u>
Investment in joint venture.	<u>-</u>	<u>-</u>	<u>16,127</u>
Interest and fiscal charges.	<u>(255,432)</u>	<u>(150,902)</u>	<u>(45,810)</u>
Total nonoperating revenues (expenses).	<u>(243,088)</u>	<u>51,661</u>	<u>(9,185)</u>
Net income (loss).	<u>(48,948)</u>	<u>294,518</u>	<u>88,957</u>
Retained earnings, January 1.	<u>1,486,573</u>	<u>1,434,385</u>	<u>4,487,474</u>
Retained earnings, December 31.	<u><u>\$ 1,437,625</u></u>	<u><u>\$ 1,728,903</u></u>	<u><u>\$ 4,576,431</u></u>

Guarantee	
Trust	Totals
\$ -	\$ 6,779,669
<u>36,434</u>	<u>74,345</u>
<u>36,434</u>	<u>6,854,014</u>
 - 1,591,574	
- 3,351,378	
- 751,404	
- 588,085	
<u>20,641</u>	<u>20,641</u>
<u>20,641</u>	<u>6,303,082</u>
<u>15,793</u>	<u>550,932</u>
 - 16,089	
- 20,435	
- (3,108)	
- 201,989	
- 16,127	
<u>-</u>	<u>(452,144)</u>
<u>-</u>	<u>(200,612)</u>
15,793	350,320
<u>83,543</u>	<u>7,491,975</u>
<u>\$ 99,336</u>	<u>\$ 7,842,295</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$ 1,193,253	\$ 1,193,253	\$ -
Other operating revenues	15,107	15,107	-
Total operating revenues	<u>1,208,360</u>	<u>1,208,360</u>	<u>-</u>
Operating expenses:			
Personal services.	392,020	391,982	38
Contractual services	118,505	118,433	72
Materials and supplies	81,805	81,637	168
Capital outlay	97,669	97,557	112
Total operating expenses	<u>689,999</u>	<u>689,609</u>	<u>390</u>
Operating income.	<u>518,361</u>	<u>518,751</u>	<u>390</u>
Nonoperating revenues (expenses):			
Proceeds from sale of fixed assets.	10	10	-
Debt service:			
Principal retirement	(256,746)	(256,746)	-
Interest and fiscal charges	(255,979)	(255,973)	6
Total nonoperating revenues (expenses)	<u>(512,715)</u>	<u>(512,709)</u>	<u>6</u>
Net income before operating transfers.	5,646	6,042	396
Operating transfers in.	248,000	248,000	-
Operating transfers out	(248,000)	(248,000)	-
Net income.	5,646	6,042	396
Retained earnings, January 1	1,170,383	1,170,383	-
Prior year encumbrances appropriated	94	94	-
Retained earnings, December 31.	<u>\$ 1,176,123</u>	<u>\$ 1,176,519</u>	<u>\$ 396</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$ 1,381,606	\$ 1,381,606	\$ -
Other operating revenues	221,354	221,354	-
Total operating revenues	<u>1,602,960</u>	<u>1,602,960</u>	<u>-</u>
Operating expenses:			
Personal services.	364,600	364,556	44
Contractual services	1,258,447	1,245,109	13,338
Materials and supplies.	52,100	52,027	73
Capital outlay	76,155	76,147	8
Other operating expenses	217,723	217,723	-
Total operating expenses	<u>1,969,025</u>	<u>1,955,562</u>	<u>13,463</u>
Operating loss	<u>(366,065)</u>	<u>(352,602)</u>	<u>13,463</u>
Nonoperating revenues (expenses):			
Investment earnings	274	274	-
Proceeds of loans	411,875	411,875	-
Intergovernmental revenues	201,989	201,989	-
Proceeds from sale of fixed assets.	300	300	-
Debt service:			
Principal retirement.	(97,009)	(97,009)	-
Interest and fiscal charges	(150,936)	(150,930)	6
Total nonoperating revenues (expenses)	<u>366,493</u>	<u>366,499</u>	<u>6</u>
Net loss before operating transfers.	428	13,897	13,469
Operating transfers in.	270,000	270,000	-
Operating transfers out	<u>(270,000)</u>	<u>(270,000)</u>	<u>-</u>
Net income.	428	13,897	13,469
Retained earnings, January 1	614,249	614,249	-
Prior year encumbrances appropriated	106,438	106,438	-
Retained earnings, December 31.	<u>\$ 721,115</u>	<u>\$ 734,584</u>	<u>\$ 13,469</u>

CITY OF HUBBARD, OHIO
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELECTRIC FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$ 4,207,910	\$ 4,207,910	\$ -
Other operating revenues	24,272	24,272	-
Total operating revenues	<u>4,232,182</u>	<u>4,232,182</u>	<u>-</u>
Operating expenses:			
Personal services.	778,965	778,931	34
Contractual services	2,951,710	2,951,557	153
Materials and supplies.	201,345	201,295	50
Capital outlay	2,031,195	2,031,163	32
Total operating expenses	<u>5,963,215</u>	<u>5,962,946</u>	<u>269</u>
Operating loss	<u>(1,731,033)</u>	<u>(1,730,764)</u>	<u>269</u>
Nonoperating revenues:			
Investment earnings	63	63	-
Property and other taxes.	18,726	18,726	-
Proceeds of notes	2,100,000	2,100,000	-
Note issuance costs	(11,700)	(11,696)	4
Debt service:			
Principal retirement.	(2,100,000)	(2,100,000)	-
Interest and fiscal charges	(45,150)	(45,150)	-
Total nonoperating revenues	<u>(38,061)</u>	<u>(38,057)</u>	<u>4</u>
Net loss before operating transfers.	<u>(1,769,094)</u>	<u>(1,768,821)</u>	<u>273</u>
Operating transfers in.	1,356,630	1,356,630	-
Operating transfers out	<u>(1,356,630)</u>	<u>(1,356,630)</u>	<u>-</u>
Net loss	<u>(1,769,094)</u>	<u>(1,768,821)</u>	<u>273</u>
Retained earnings, January 1	5,579,014	5,579,014	-
Prior year encumbrances appropriated	-	-	-
Retained earnings, December 31.	<u>\$ 3,809,920</u>	<u>\$ 3,810,193</u>	<u>\$ 273</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GUARANTEE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Other operating revenues	\$ 36,434	\$ 36,434	\$ -
Total operating revenues	<u>36,434</u>	<u>36,434</u>	<u>-</u>
Operating income.	<u>36,434</u>	<u>36,434</u>	<u>-</u>
Operating expenses:			
Other operating expenses	20,650	20,641	9
Total operating expenses	<u>20,650</u>	<u>20,641</u>	<u>9</u>
Net income (loss).	15,784	15,793	9
Retained earnings, January 1	83,543	83,543	-
Prior year encumbrances appropriated	-	-	-
Retained earnings, December 31.	<u>\$ 99,327</u>	<u>\$ 99,336</u>	<u>\$ 9</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$ 6,782,769	\$ 6,782,769	\$ -
Other operating revenues	297,167	297,167	-
Total operating revenues	<u>7,079,936</u>	<u>7,079,936</u>	<u>-</u>
Operating expenses:			
Personal services.	1,535,585	1,535,469	116
Contractual services	4,328,662	4,315,099	13,563
Materials and supplies.	335,250	334,959	291
Capital outlay	2,205,019	2,204,867	152
Other operating expenses	238,373	238,364	9
Total operating expenses	<u>8,642,889</u>	<u>8,628,758</u>	<u>14,131</u>
Operating loss	<u>(1,562,953)</u>	<u>(1,548,822)</u>	<u>14,131</u>
Nonoperating revenues (expenses):			
Investment earnings	337	337	-
Property and other taxes.	18,726	18,726	-
Proceeds of loans	411,875	411,875	-
Proceeds of notes	2,100,000	2,100,000	-
Intergovernmental revenues	201,989	201,989	-
Proceeds from sale of fixed assets.	310	310	-
Note issuance costs	(11,700)	(11,696)	4
Debt service:			
Principal retirement	(2,453,755)	(2,453,755)	-
Interest and fiscal charges	(452,065)	(452,053)	12
Total nonoperating revenues (expenses)	<u>(184,283)</u>	<u>(184,267)</u>	<u>16</u>
Net loss before operating transfers.	<u>(1,747,236)</u>	<u>(1,733,089)</u>	<u>14,147</u>
Operating transfers in.	1,874,630	1,874,630	-
Operating transfers out	<u>(1,874,630)</u>	<u>(1,874,630)</u>	<u>-</u>
Net loss	<u>(1,747,236)</u>	<u>(1,733,089)</u>	<u>14,147</u>
Retained earnings, January 1	7,447,189	7,447,189	-
Prior year encumbrances appropriated. . . .	<u>106,532</u>	<u>106,532</u>	<u>-</u>
Retained earnings, December 31.	<u>\$ 5,806,485</u>	<u>\$ 5,820,632</u>	<u>\$ 14,147</u>

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CITY OF HUBBARD, OHIO

**COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Sewer	Water	Electric
Cash flows from operating activities:			
Cash received from customers	\$ 1,193,252	\$ 1,381,606	\$ 4,207,910
Cash received from other operations	15,107	221,354	24,272
Cash payments for personal services	(378,675)	(364,556)	(778,931)
Cash payments for contractual services.	(115,933)	(504,872)	(2,730,009)
Cash payments for materials and supplies	(158,087)	(48,022)	(554,807)
Cash payments for other expenses	<u>-</u>	<u>(217,723)</u>	<u>-</u>
Net cash provided by operating activities.	<u>555,664</u>	<u>467,787</u>	<u>168,435</u>
Cash flows from noncapital financing activities:			
Cash received from property and other taxes	-	-	18,726
Cash received from operating grants	-	201,989	-
Transfers in from other funds	248,000	270,000	1,356,630
Transfers out to other funds	<u>(248,000)</u>	<u>(270,000)</u>	<u>(1,356,630)</u>
Net cash provided by noncapital financing activities.	<u>-</u>	<u>201,989</u>	<u>18,726</u>
Cash flows from capital and related financing activities:			
Proceeds of loans	-	411,875	-
Proceeds of notes	-	-	2,100,000
Aquisition of capital assets	(20,107)	(777,272)	(1,677,151)
Gain on sale of fixed assets	10	300	-
Note issuance costs	-	-	(11,696)
Principal retirement	(256,746)	(97,009)	(2,100,000)
Interest and fiscal charges.	<u>(255,973)</u>	<u>(150,930)</u>	<u>(45,150)</u>
Net cash used in capital and related financing activities	<u>(532,816)</u>	<u>(613,036)</u>	<u>(1,733,997)</u>
Cash flows from investing activities:			
Principal payment received on internal notes.	-	-	24,636
Interest received.	15,752	274	63
Net cash provided by investing activities	<u>15,752</u>	<u>274</u>	<u>24,699</u>
Net increase (decrease) in cash and cash equivalents. . .	38,600	57,014	(1,522,137)
Cash and cash equivalents, January 1	1,931,867	720,687	5,554,578
Cash and cash equivalents, December 31	<u>\$ 1,970,467</u>	<u>\$ 777,701</u>	<u>\$ 4,032,441</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 194,140	\$ 242,857	\$ 98,142
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation.	371,368	145,538	71,179
Changes in assets and liabilities:			
(Increase) decrease in materials and supplies inventory.	1,175	6,305	(18,338)
Decrease in accounts receivable	738	5,207	2,253
(Increase) decrease in prepayments	(866)	575	376
Increase (decrease) in accounts payable	(739)	(10,600)	7,105
Decrease in accrued wages and benefits	(928)	(3,249)	(3,296)
Increase (decrease) in compensated absences payable .	(3,746)	20,104	19,599
Increase (decrease) in due to other governments. . . .	<u>(5,478)</u>	<u>61,050</u>	<u>(8,585)</u>
Net cash provided by operating activities	<u>\$ 555,664</u>	<u>\$ 467,787</u>	<u>\$ 168,435</u>

Guarantee Trust	Totals
\$ -	\$ 6,782,768
36,434	297,167
-	(1,522,162)
-	(3,350,814)
-	(760,916)
<u>(20,641)</u>	<u>(238,364)</u>
 <u>15,793</u>	<u>1,207,679</u>
 - 18,726	
- 201,989	
- 1,874,630	
<u>-</u> <u>(1,874,630)</u>	<u>220,715</u>
 - 411,875	
- 2,100,000	
- (2,474,530)	
- 310	
- (11,696)	
- (2,453,755)	
<u>-</u> <u>(452,053)</u>	<u>(2,879,849)</u>
 - 24,636	
<u>-</u> <u>16,089</u>	<u>40,725</u>
 15,793	(1,410,730)
83,543	8,290,675
<u>\$ 99,336</u>	<u>\$ 6,879,945</u>

\$ 15,793	\$ 550,932
- 588,085	
- (10,858)	
- 8,198	
- 85	
- (4,234)	
- (7,473)	
- 35,957	
- 46,987	
 <u>\$ 15,793</u>	<u>\$ 1,207,679</u>

CITY OF HUBBARD, OHIO

INTERNAL SERVICE FUND

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

Employees Health

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

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMPLOYEES HEALTH
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$ 524,783	\$ 524,783	\$ -
Other	45,159	45,159	-
Total operating revenues	<u>569,942</u>	<u>569,942</u>	<u>-</u>
Operating expenses:			
Contractual services	<u>550,225</u>	<u>550,220</u>	5
Total operating expenses	<u>550,225</u>	<u>550,220</u>	5
Net income.	19,717	19,722	5
Retained earnings, January 1	362,080	362,080	-
Prior year encumbrances appropriated	-	-	-
Retained earnings, December 31.	<u>\$ 381,797</u>	<u>\$ 381,802</u>	<u>5</u>

CITY OF HUBBARD, OHIO

FIDUCIARY FUNDS

These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the City's fiduciary fund types:

Nonexpendable Trust Funds

Nonexpendable trust funds are used to account for money, securities or lands which have been set aside as an investment for City purposes. The income from such a fund may be expended, but the principal must remain intact. Such funds are also identified as nonexpendable trust funds. The following are the City's nonexpendable trust funds:

Sugar Grove Trust Fund

To account for \$837 received in trust on October 26, 1937 for the creation of a nonexpendable endowment for the Sugar Grove Cemetery (now known as Maple Grove Cemetery).

Mizner Trust Fund

To account for \$500 received in trust on December 12, 1950 for the creation of a nonexpendable endowment for Mr. Nelson Mizner with the interest to be used for the maintenance of Mizner family plots.

Hultz Trust Fund

To account for \$2,500 received in trust on April 28, 1976 for the creation of a nonexpendable endowment for Ms. Carrie M. Hultz with the interest to be used for the maintenance of Hultz family plots.

Agency Funds

Agency funds maintain assets held by the City as an agent for individuals, private organizations, other governmental units and/or funds. These funds are purely custodial (assets equal liabilities) and therefore do not involve the measurement of results of operation. The following are the City's agency funds:

Mayor's Court

To account for assets received and disbursed by the Mayor's Court as an agent or custodian related to various court matters and cases.

Undistributed Monies

To account for all monies and disbursements of funds held by the City whose rightful owners have not claimed.

CITY OF HUBBARD, OHIO

**COMBINING BALANCE SHEET
ALL FIDUCIARY FUND TYPES
DECEMBER 31, 2002**

Nonexpendable Trust					
	Sugar Grove Trust	Mizner Trust	Hultz Trust	Total Agency	Totals
Assets:					
Equity in pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,304	\$ 2,304
Equity in pooled cash and cash equivalents - nonexpendable trust fund . . .	<u>1,678</u>	<u>1,748</u>	<u>5,611</u>	<u>-</u>	<u>9,037</u>
Total assets	<u><u>\$ 1,678</u></u>	<u><u>\$ 1,748</u></u>	<u><u>\$ 5,611</u></u>	<u><u>\$ 2,304</u></u>	<u><u>\$ 11,341</u></u>
Liabilities:					
Deposits held and due to others	\$ -	\$ -	\$ -	\$ 2,304	\$ 2,304
Total liabilities.	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,304</u>	<u>2,304</u>
Fund Equity:					
Reserved:					
Reserved for principal endowment	837	500	2,500	-	3,837
Unreserved:					
Undesignated	<u>841</u>	<u>1,248</u>	<u>3,111</u>	<u>-</u>	<u>5,200</u>
Total fund equity	<u><u>1,678</u></u>	<u><u>\$ 1,748</u></u>	<u><u>\$ 5,611</u></u>	<u><u>-</u></u>	<u><u>9,037</u></u>
Total liabilities and fund equity	<u><u>\$ 1,678</u></u>	<u><u>\$ 1,748</u></u>	<u><u>\$ 5,611</u></u>	<u><u>\$ 2,304</u></u>	<u><u>\$ 11,341</u></u>

CITY OF HUBBARD, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
ALL NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Sugar Grove Trust	Mizner Trust	Hultz Trust	Totals
Operating revenues:				
Investment earnings	\$ 8	\$ 9	\$ 27	\$ 44
Total operating revenues	8	9	27	44
Net income	8	9	27	44
Fund balances, January 1	1,670	1,739	5,584	8,993
Fund balances, December 31.	<u>1,678</u>	<u>1,748</u>	<u>5,611</u>	<u>9,037</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SUGAR GROVE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Investment earnings.	\$ 8	\$ 8	\$ -
Total operating revenues.	<u>8</u>	<u>8</u>	<u>-</u>
Net income	8	8	-
Fund balance, January 1	1,670	1,670	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31.	<u>\$ 1,678</u>	<u>\$ 1,678</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MIZNER TRUST
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Investment earnings.	\$ 9	\$ 9	\$ -
Total operating revenues.	<u>9</u>	<u>9</u>	<u>-</u>
Net income	9	9	-
Fund balance, January 1	1,739	1,739	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31.	<u>\$ 1,748</u>	<u>\$ 1,748</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HULTZ TRUST
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Investment earnings.	\$ 27	\$ 27	\$ -
Total operating revenues.	<u>27</u>	<u>27</u>	<u>-</u>
Net income	27	27	-
Fund balance, January 1	5,584	5,584	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31.	<u>\$ 5,611</u>	<u>\$ 5,611</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

**SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Investment earnings.	\$ 44	\$ 44	\$ -
Total operating revenues.	<u>44</u>	<u>44</u>	<u>-</u>
Net income	44	44	-
Fund balance, January 1	8,993	8,993	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31.	<u>\$ 9,037</u>	<u>\$ 9,037</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO

**COMBINING STATEMENT OF CASH FLOWS
ALL NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31 2002**

	Sugar Grove Trust	Mizner Trust	Hultz Trust	Totals
Cash flows from investing activities:				
Interest received	\$ 8	\$ 9	\$ 27	\$ 44
Net cash provided by investing activities	8	9	27	44
Net increase in cash and cash equivalents.	8	9	27	44
Cash and cash equivalents, January 1	1,670	1,739	5,584	8,993
Cash and cash equivalents, December 31	<u>\$ 1,678</u>	<u>\$ 1,748</u>	<u>\$ 5,611</u>	<u>\$ 9,037</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 8	\$ 9	\$ 27	\$ 44
Adjustments to reconcile operating income to net cash provided by operating activities:				
Interest reported as operating income.	(8)	(9)	(27)	(44)
Net cash provided by operating activities.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUBBARD, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31 2002

	Balance 1/1/02	Additions	Reductions	Balance 12/31/02
Mayor's Court				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,685	\$ 70,440	\$ 70,090	\$ 2,035
Total assets.	<u>\$ 1,685</u>	<u>\$ 70,440</u>	<u>\$ 70,090</u>	<u>\$ 2,035</u>
Liabilities:				
Deposits held and due to others	\$ 1,685	\$ 70,440	\$ 70,090	\$ 2,035
Total liabilities	<u>\$ 1,685</u>	<u>\$ 70,440</u>	<u>\$ 70,090</u>	<u>\$ 2,035</u>
Unclaimed Monies				
Assets:				
Equity in pooled cash and cash equivalents	\$ 203	\$ 66	\$ -	\$ 269
Total assets.	<u>\$ 203</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ 269</u>
Liabilities:				
Deposits held and due to others	\$ 203	\$ 66	\$ -	\$ 269
Total liabilities	<u>\$ 203</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ 269</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,888	\$ 70,506	\$ 70,090	\$ 2,304
Total assets.	<u>\$ 1,888</u>	<u>\$ 70,506</u>	<u>\$ 70,090</u>	<u>\$ 2,304</u>
Liabilities:				
Deposits held and due to others	\$ 1,888	\$ 70,506	\$ 70,090	\$ 2,304
Total liabilities	<u>\$ 1,888</u>	<u>\$ 70,506</u>	<u>\$ 70,090</u>	<u>\$ 2,304</u>

CITY OF HUBBARD, OHIO

GENERAL FIXED ASSET ACCOUNT GROUP

The general fixed assets account group is used to account for all general fixed assets of the City, other than those accounted for in proprietary funds.

CITY OF HUBBARD, OHIO

**SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION
DECEMBER 31, 2002**

Function	Land and Improvements	Buildings and Improvements	Furniture and Equipment	Vehicles	Total
General government.	\$ 256,264	\$ 394,796	\$ 223,497	\$ -	\$ 874,557
Security of persons and property	- -	118,896	188,663	838,966	1,146,525
Transportation.	- -	27,553	245,143	267,052	539,748
Leisure time activities.	47,136	46,781	- -	6,436	100,353
Capital outlay.	- -	- -	17,532	- -	17,532
Total general fixed assets.	\$ 303,400	\$ 588,026	\$ 674,835	\$ 1,112,454	\$ 2,678,715

CITY OF HUBBARD, OHIO

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2002**

Function	Balance 1/1/02	Additions	Deletions	Balance 12/31/02
General government.	\$ 875,173	\$ 3,004	\$ 3,620	\$ 874,557
Security of persons and property	1,162,568	-	16,043	1,146,525
Transportation.	561,437	-	21,689	539,748
Leisure time activities.	100,353	-	-	100,353
Capital outlay	17,532	-	-	17,532
Total general fixed assets	\$ 2,717,063	\$ 3,004	\$ 41,352	\$ 2,678,715

CITY OF HUBBARD, OHIO

**SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2002**

General Fixed Assets:

Land and improvements	\$ 303,400
Buildings and improvements.	588,026
Furniture and equipment.	674,835
Vehicles	<u>1,112,454</u>
Total general fixed assets	<u>\$ 2,678,715</u>

Investment in General Fixed Assets:

General fund revenues	\$ 1,323,902
Special revenue funds revenues.	1,337,281
Capital projects funds revenues.	<u>17,532</u>
Total investment in general fixed assets . . .	<u>\$ 2,678,715</u>

STATISTICAL SECTION

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STATISTICAL SECTION

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

CITY OF HUBBARD, OHIO
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

Year	General Government	Security of Persons and Property	Public Health and Welfare	Transportation	Community Environment	Leisure Time Activities
2002	\$ 345,965	\$ 1,370,521	\$ 27,681	\$ 491,493	\$ 3,194	\$ 29,900
2001	339,749	1,374,984	29,314	515,212	1,600	26,500
2000	348,155	1,324,594	27,857	502,597	3,445	29,427
1999	286,517	1,208,958	24,135	474,008	650	37,891
1998	349,261	1,152,531	25,028	460,410	514	26,062
1997	259,921	1,065,320	31,945	430,680	584	37,788
1996	311,547	1,057,480	30,112	522,561	2,408	38,281
1995	305,666	865,147	12,524	449,237	1,665	28,332
1994	277,687	880,050	26,891	382,916	1,390	31,615
1993	309,086	776,354	-	425,536	9,300	36,262

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

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

Note: 1999 - 2002 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting.

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

Economic Development	Other	Capital Outlay	Debt Service			Total Debt Service	Total
			Principal Retirement	Interest & Fiscal Charges	Total		
\$ -	\$ 988	\$ 71,038	\$ 6,807	\$ 5,158	\$ 11,965	\$ 2,352,745	
	- 983	211,397	6,335	9,697	16,032	2,515,771	
200	985	362,308	17,646	2,224	19,870	2,619,438	
1,157	10,517	244,004	13,277	4,006	17,283	2,305,120	
-	- 412,645	27,101	2,201	29,302	2,455,753		
-	- 105,390	79,251	3,643	82,894	2,014,522		
-	- 219,278	112,994	8,370	121,364	2,303,031		
-	- 30,307	406,355	14,556	420,911	2,113,789		
-	- 171,893	149,626	18,420	168,046	1,940,488		
-	- 250,449	(2)	(2)	203,759	2,010,746		

CITY OF HUBBARD, OHIO

**GENERAL GOVERNMENT REVENUES BY SOURCE (1)
LAST TEN YEARS**

Year	Income Taxes	Property and Other Taxes	Charges for Services	Licenses, Permits and Fees	Fines and Forfeitures
2002	\$ 1,051,085	\$ 319,848	\$ 701	\$ 55,068	\$ 55,478
2001	952,071	316,350	300	52,631	70,669
2000	994,671	316,478	300	36,407	51,310
1999	1,003,790	267,959	380	34,563	65,779
1998	1,087,372	242,399	525	13,179	69,551
1997	1,052,925	244,190	500	9,140	62,179
1996	980,471	206,181	-	9,360	38,442
1995	958,890	184,469	-	11,497	37,133
1994	936,725	162,784	-	12,684	40,101
1993	898,567	234,510	23,506	11,173	34,239

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

Note: 1999 - 2002 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting

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

Intergovernmental	Investment Income	Other	Total
\$ 557,998	\$ 236,390	\$ 44,654	\$ 2,321,222
726,369	340,155	39,220	2,497,765
705,513	441,245	68,590	2,614,514
861,076	295,810	45,035	2,574,392
592,073	247,179	155,487	2,407,765
533,511	208,170	76,428	2,187,043
648,605	152,125	96,560	2,131,744
538,523	153,794	60,464	1,944,770
631,245	124,184	46,869	1,954,592
487,305	115,577	79,049	1,883,926

CITY OF HUBBARD, OHIO

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

Year	Real Property		Personal Property		Public Utilities	
	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)
2002	\$ 97,038,880	\$ 277,253,943	\$ 7,473,263	\$ 29,893,052	\$ 1,544,360	\$ 1,754,955
2001	90,428,070	258,365,914	7,779,366	31,117,464	2,030,000	2,306,818
2000	88,629,600	253,227,429	7,223,222	28,892,888	2,210,780	2,512,250
1999 (b)	71,969,610	205,627,457	7,148,928	28,595,712	2,448,470	2,782,352
1998	71,038,050	202,965,857	6,566,022	26,264,088	2,514,520	2,857,409
1997	69,980,770	199,945,057	7,347,863	29,391,452	2,583,920	2,936,273
1996 (a)	61,609,350	176,026,714	8,477,288	33,909,152	2,693,160	3,060,409
1995	60,216,200	172,046,286	7,574,871	30,299,484	2,820,810	3,205,466
1994	59,808,580	170,881,657	7,160,689	28,642,756	2,828,320	3,214,000
1993 (b)	49,396,060	141,131,600	6,809,759	27,239,036	2,773,730	3,151,966

(1) Source: Trumbull County Auditor

(2) This amount is calculated by dividing the assessed value by the assessment percentage. The assessment percentages for 2002 were thirty-five percent (35%) for all real property, eighty-eight (88%) for public utility property and twenty five percent (25%) for tangible personal property.

(a) Update year

(b) Reappraisal Year

Exemptions	Total			Ratio of Assessed to Actual Value
	Real Property	Assessed Value	Estimated Actual Value (2)	
\$ 8,125,200	\$ 106,056,503	\$ 308,901,949		34.33%
8,116,100	100,237,436	291,790,196		34.35%
8,097,060	98,063,602	284,632,567		34.45%
6,485,120	81,567,008	237,005,521		34.42%
6,581,300	80,118,592	232,087,354		34.52%
6,493,800	79,912,553	232,272,782		34.40%
6,475,170	72,779,798	212,996,275		34.17%
6,498,300	70,611,881	205,551,236		34.35%
6,427,410	69,797,589	202,738,413		34.43%
5,963,510	58,979,549	171,522,602		34.39%

CITY OF HUBBARD, OHIO

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

Year	Total Tax Levy (2)	Current Tax Collections (2)	Percent of Current Taxes Collected	Delinquent Tax Collections (2)	Total Tax Collections (2)
2002	\$ 334,821	\$ 324,767	97.0%	\$ 7,381	\$ 332,148
2001	331,420	320,902	96.8%	5,911	326,813
2000	325,641	316,050	97.1%	9,147	325,197
1999	277,567	270,313	97.4%	6,046	276,359
1998	274,329	266,165	97.0%	6,672	272,837
1997	270,654	264,100	97.6%	7,326	271,426
1996	244,349	237,681	97.3%	5,335	243,016
1995	182,807	178,547	97.7%	5,152	183,699
1994	181,647	177,093	97.5%	4,250	181,343
1993	151,292	147,251	97.3%	2,583	149,834

(1) Source: Trumbull County Auditor

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

Ratio of Total Tax Collection to Total Tax Levy	Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Total Tax Levy
99.2%	\$ 19,305	5.8%
98.6%	16,726	5.0%
99.9%	13,859	4.3%
99.6%	12,903	4.6%
99.5%	12,373	4.5%
100.3%	12,188	4.5%
99.5%	12,664	5.2%
100.5%	9,037	4.9%
99.8%	10,291	5.7%
99.0%	8,961	5.9%

CITY OF HUBBARD, OHIO

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

Year	Total Tax Levy (2)	Current Tax Collections (2)	Percent of Current Taxes Collected	Delinquent Tax Collections (2)	Total Tax Collections (2)
2002	\$ 28,398	\$ 29,726	104.7%	\$ 379	\$ 30,105
2001	29,562	30,696	103.8%	1,150	31,846
2000	27,448	27,231	99.2%	378	27,609
1999	27,165	25,879	95.3%	742	26,621
1998	24,950	24,264	97.3%	1,057	25,321
1997	27,922	27,332	97.9%	921	28,253
1996	32,214	31,213	96.9%	1,058	32,271
1995	21,967	21,866	99.5%	243	22,109
1994	20,765	19,723	95.0%	1,143	20,866
1993	19,748	19,736	99.9%	851	20,587

(1) Source: Trumbull County Auditor

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

Ratio of Total Tax Collection to Total Tax Levy	Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Total Tax Levy
106.0%	\$ 1,181	4.2%
107.7%	1,215	4.1%
100.6%	1,163	4.2%
98.0%	1,426	5.2%
101.5%	1,610	6.5%
101.2%	2,198	7.9%
100.2%	1,814	5.6%
100.6%	899	4.1%
100.5%	775	3.7%
104.2%	1,221	6.2%

CITY OF HUBBARD, OHIO

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

Fiscal Year	City of Hubbard	County	School	Vocational School	Township (2)	Other (2)	Total
<u>Taxing District: Hubbard Exempted Village School District</u>							
2001 for 2002	3.80	10.35	54.25	2.40	14.40	1.20	86.40
2000 for 2001	3.80	10.35	54.35	2.40	14.40	1.20	86.50
1999 for 2000	3.80	10.35	48.26	2.40	12.85	1.20	78.86
1998 for 1999	3.80	10.35	49.60	2.40	12.85	1.20	80.20
1997 for 1998	3.80	9.30	49.70	2.40	12.85	1.20	79.25
1996 for 1997	3.80	9.30	49.67	2.40	12.85	0.20	78.22
1995 for 1996	3.80	9.30	50.50	2.40	12.85	0.20	79.05
1994 for 1995	2.90	9.30	51.10	2.40	12.50	0.20	78.40
1993 for 1994	2.90	9.30	51.10	2.40	12.50	0.20	78.40
1992 for 1993	2.90	9.30	52.30	2.40	12.50	0.20	79.60

(1) Source: Trumbull County Treasurer

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

CITY OF HUBBARD, OHIO

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS (1)
LAST TEN YEARS**

Year		Special Assessment Billings	Special Assessment Collections
2002		\$ -	\$ -
2001		-	-
2000		-	-
1999		-	-
1998		-	-
1997	(a)	1,237	1,237
1996		-	-
1995		-	-
1994		-	-
1993		-	-

(1) Source: Trumbull County Auditor

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

CITY OF HUBBARD, OHIO

COMPUTATION OF LEGAL DEBT MARGIN (1)
DECEMBER 31, 2002

	Total Debt Limit (2)	Total Unvoted Debt Limit (3)
Assessed valuation of the City	\$ 106,056,503	\$ 106,056,503
Legal debt margin:		
Debt limitation	11,135,933	5,833,108
Debt applicable to limitation		
Total bonded debt	4,585,000	4,585,000
Exemptions:		
Debt supported by enterprise fund operations	<u>(4,585,000)</u>	<u>(4,585,000)</u>
Net Debt applicable to limitation:	-	-
Total legal debt margin (debt limitation minus total debt applicable to limitation)	<u>\$ 11,135,933</u>	<u>\$ 5,833,108</u>

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

(2) The Statutory Total Debt Limitation is calculated as follows:

Ten and one-half percent (10 1/2%) of the assessed valuation

(3) The Direct Limitation on unvoted debt is calculated as follows:

Five and one-half percent (5 1/2%) of the total assessed valuation

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

CITY OF HUBBARD, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
DECEMBER 31, 2002

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable To the City (1)	Amount Applicable to the City
Direct:			
City of Hubbard (2)	\$ -	100.00%	\$ -
Overlapping:			
Hubbard Township (3)	\$ -	0.00%	\$ -
Hubbard Exempted Village School District (4)	\$ 1,180,000	55.81%	\$ 658,573
Trumbull County (5)	\$ 16,355,026	3.26%	\$ 533,258
Total			\$ 1,191,831

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

<i>Overlapping Government</i>	<i>2002 Assessed Valuation</i>
City of Hubbard, Ohio	\$ 106,056,503
Hubbard Township	\$ 83,970,642
Hubbard Exempted Village School District	\$ 190,027,145
Trumbull County	\$ 3,252,755,183

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

(3) Source: Hubbard Township, Ohio, Clerk

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

(5) Source: Trumbull County Auditor

CITY OF HUBBARD, OHIO

REVENUE BOND COVERAGE
SEWER AUTHORITY (1)
LAST TEN YEARS

Year	Gross Revenues (1)	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$ 1,207,621	\$ 642,113	\$ 565,508	\$ 245,000	\$ 252,473	\$ 497,473	1.14
2001	1,251,845	602,294	649,551	235,000	263,283	498,283	1.30
2000	1,266,022	617,988	648,034	225,000	273,408	498,408	1.30
1999	1,342,451	735,180	607,271	215,000	282,868	497,868	1.22
1998	1,308,646	639,840	668,806	205,000	291,273	496,273	1.35
1997	1,273,382	569,871	703,511	133,750	315,584	449,334	1.57
1996	1,237,677	573,642	664,035	105,000	442,358	547,358	1.21
1995	1,246,438	575,102	671,336	95,000	448,740	543,740	1.23
1994	1,166,798	460,446	706,352	90,000	454,420	544,420	1.30
1993	966,561	479,356	487,205	80,000	459,043	539,043	0.90

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

CITY OF HUBBARD, OHIO

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year	Estimated Population (1)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2002	8,340	(5)	2,319	5.80%
2001	8,329	\$ 25,326	2,366	6.10%
2000	8,284	25,582	2,438	5.30%
1999	7,793	25,022	2,431	5.40%
1998	7,841	24,264	2,430	6.10%
1997	7,982	23,642	2,392	5.80%
1996	8,068	22,655	2,413	6.40%
1995	8,139	23,494	2,376	6.50%
1994	8,233	22,238	2,394	8.00%
1993	8,314	20,657	2,369	8.50%

Sources:

- (1) Ohio Department of Development Office of Strategic Research and United States Bureau of Census
- (2) United States Department of Commerce Bureau of Economic Analysis
- (3) Hubbard Exempted Village School District Treasurer's Office
- (4) Ohio Department of Job and Family Services Labor Market Information Division
- (5) Per capita income information not available. Bureau of Economic Analysis preliminary data to be released in May 2004 for data year 2002.

CITY OF HUBBARD, OHIO

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN YEARS**

Year	Property Value (1)				Commercial Construction (2)		
	Commercial	Residential	Exemptions	Total	Number of Units	Value	
2002	\$ 39,788,200	\$ 237,465,743	\$ 8,125,200	\$ 285,379,143	3	\$ 347,000	
2001	38,615,800	219,750,114	8,116,100	266,482,014	6	1,228,000	
2000	37,694,000	215,533,429	8,097,060	261,324,489	2	390,000	
1999	33,246,343	172,381,114	6,485,120	212,112,577	2	400,000	
1998	32,261,086	170,704,771	6,581,300	209,547,157	3	393,740	
1997	31,876,000	168,069,057	6,493,800	206,438,857	1	59,000	
1996	31,264,229	144,762,485	6,475,170	182,501,884	1	500,000	
1995	30,731,200	141,315,086	6,498,300	178,544,586	3	273,000	
1994	30,634,229	140,247,428	6,427,410	177,309,067	4	167,400	
1993	27,332,114	113,799,486	5,963,510	147,095,110	2	34,000	

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

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

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

Residential Construction (2)		Bank
Number of Units	Value	Deposits (3)
18	\$ 2,283,000	\$ 150,409,000
15	1,860,000	125,581,000
22	2,550,408	126,177,000
30	2,562,000	126,415,000
26	2,599,390	128,188,000
21	1,885,500	126,656,000
14	1,429,000	126,391,000
20	1,795,000	125,297,000
33	1,978,300	124,409,000
16	1,258,000	123,353,000

CITY OF HUBBARD, OHIO

PRINCIPAL TAXPAYERS
REAL PROPERTY TAX (1)
DECEMBER 31, 2002

Taxpayer	Asessed Valuation	Percent of Total Assessed Valuation
McConnell Enterprises	\$ 769,480	0.79%
Fleisher Realty	616,500	0.64%
Anthony L. Cocca	615,720	0.63%
United States Can Company	578,800	0.60%
WBS Company	553,850	0.57%
Simon-Westview Limited Partnership	523,040	0.54%
GPC Land Development Corporation	476,670	0.49%
Valley View Properties	463,940	0.48%
James P. Marsh	432,790	0.45%
James R. Carsone	382,060	0.39%
Totals, Top Ten Principal Real Property Taxpayers	<u>\$ 5,412,850</u>	<u>5.58%</u>
Total City Real Property Assessed Valuation	<u>\$ 97,038,880</u>	

(1) Source: Trumbull County Auditor

CITY OF HUBBARD, OHIO

PRINCIPAL TAXPAYERS
PERSONAL PROPERTY TAX (1)
DECEMBER 31, 2002

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
United States Can Company	\$ 2,571,670	34.41%
Lighting Products, Inc.	299,440	4.01%
Time Warner Cablevision of Ohio	266,270	3.56%
CVS Discount Drug	246,320	3.30%
Patton's IGA Super Center, Inc.	219,820	2.94%
Gasser Chair Company	194,890	2.61%
Rite Aid of Ohio	193,650	2.59%
Autozone Stores, Inc.	73,790	0.99%
Speedway SuperAmerica	69,390	0.93%
PBG Capital Partners	67,010	0.90%
Totals, Top Ten Principal Personal Property Taxpayers	<u>\$ 4,202,250</u>	<u>56.23%</u>
Total City Personal Property Assessed Valuation	<u>\$ 7,473,263</u>	

(1) Source: Trumbull County Auditor

CITY OF HUBBARD, OHIO

PRINCIPAL TAXPAYERS
PUBLIC UTILITY PROPERTY TAX (1)
DECEMBER 31, 2002

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
Ohio Bell Telephone	\$ 896,250	58.03%
Dominion East Ohio Gas Company	268,900	17.41%
First Energy - Ohio Edison	211,970	13.73%
Norfolk Southern Combined	136,650	8.85%
Sygent Communications	68,190	4.42%
American Transportation Systems	29,180	1.89%
Sprint Communications	25,460	1.65%
CSX Transportation	20,570	1.33%
American Municipal Corporation	1,190	0.08%
Davel Communications	120	0.01%
Totals, Top Ten Principal Public Utility Property Taxpayers	\$ 1,658,480	107.39%
Total City Public Utility Assessed Valuation	\$ 1,544,360	

(1) Source: Trumbull County Auditor.

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

CITY OF HUBBARD, OHIO

PRINCIPAL TAXPAYERS
INCOME TAX WITHHOLDING (1)
DECEMBER 31, 2002

Taxpayer	Number of Employees	Income Tax Withholding	Percent of Total Tax Collections
Hubbard Exempted Village School District	533	\$ 94,843	8.89%
United States Can Company	262	78,751	7.39%
City of Hubbard, Ohio	89	23,651	2.22%
General Motors Corporation	74	20,784	1.95%
Lighting Products, Inc.	81	12,068	1.13%
Patton's IGA Super Center, Inc.	92	11,453	1.07%
Greenwood's Hubbard Chevrolet	57	11,432	1.07%
Delphi Automotive Systems	25	9,087	0.85%
Devine Foods, Inc.	96	8,722	0.82%
Saint Patrick Roman Catholic Church	70	6,789	0.64%
Totals, Top Ten Principal Income Tax Withholders		<u>\$ 277,580</u>	<u>26.03%</u>
Total Income Tax Collections, Year 2002		<u>\$ 1,066,337</u>	

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

CITY OF HUBBARD, OHIO

**PRINCIPAL UTILITY CONSUMERS
ELECTRIC (1)
DECEMBER 31, 2002**

Utility Consumer	Annual Consumption	Percent of Total Billed Consumption
United States Can Company	\$ 5,594,000	10.19%
Patton's IGA Super Center, Inc.	1,622,400	2.96%
Devine Foods, Inc.	1,580,400	2.88%
Simco Management - Shadow Run Apartments	801,600	1.46%
Board of Education - Hubbard High School	771,600	1.41%
The Globe Restaurant	642,080	1.17%
Lighting Products, Inc.	553,200	1.01%
Board of Education - Reed Middle School	504,000	0.92%
Trumbull Metropolitan Housing Authority	460,080	0.84%
OK KE, Inc.	<u>422,960</u>	<u>0.77%</u>
Totals, Top Ten Principal Electric Utility Consumers	<u>\$ 12,952,320</u>	<u>23.59%</u>
Total Billed Consumption for Year (in kilowatt hours)	<u>\$ 54,896,304</u>	

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

CITY OF HUBBARD, OHIO

PRINCIPAL UTILITY CONSUMERS
WATER/SEWER (1)
DECEMBER 31, 2002

Utility Consumer	Annual Consumption (3)	Percent of Billed Water Consumption	Percent of Billed Sewer Consumption
Ellwood Engineered Casting Company	\$ 756,600	2.33%	(2)
Simco Management - Shadow Run Apartments	588,700	1.82%	2.04%
The Globe Restaurant	491,100	1.51%	1.70%
Blue Beacon Truck Wash of Hubbard	470,300	1.45%	1.63%
Simco Management - Westview Heights Apartments	410,800	1.27%	1.42%
Truck World, Inc.	323,300	1.00%	1.12%
Hubbard Laundromat	313,100	0.97%	1.09%
Guliano's Restaurant	269,100	0.83%	0.93%
Trumbull Metropolitan Housing Authority	212,400	0.66%	0.74%
Board of Education - Reed Middle School	158,800	0.49%	0.55%
Board of Education - Hubbard High School	138,800	0.43%	0.48%
Totals, Top Eleven Principal Water/Sewer Utility Consumers	\$ 4,133,000	12.76%	11.70%

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

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

(3) Measured in cubic feet

CITY OF HUBBARD, OHIO

MISCELLANEOUS STATISTICS
DECEMBER 31, 2002

Date of Incorporation	1868
Form of Government	Council/Mayor
Type of Government	Statutory
Number of employees (excluding police)	
Classified	32
Exempt	22
Area in square miles	3.50
City of Hubbard, Ohio facilities and services:	
Center lane miles of streets	29.39
Miles of state highway within the City	7.50
Number of bridges	4
Miles of bridges	0.03
Number of street lights	865
Number of signalized intersections	8
<i>Parks and Recreation:</i>	
City Owned Parks	2
Park acreage	8.15
Volleyball courts	1
Basketball courts	3
Baseball fields	1
Restroom facilities	2
<i>Volunteer Fire Protection:</i>	
Number of stations	1
Number of volunteer officers	6
Number of volunteer fire fighters	26
Number of fire engines	4
Total number of calls answered	142
Number of calls answered within City	57
Number of calls answered within Township	85
Number of inspections conducted	55
<i>Police Protection:</i>	
Number of stations	1
Number of full-time police officers	13
Number of part-time police officers	2
Number of full time-police dispatchers	4
Number of part-time police dispatchers	-
Number of marked patrol units	7
Number of unmarked patrol units	3
Number of calls for service answered	5,776
Number of law violations:	
Physical arrests	298
Traffic citations	741
Parking violations	275
<i>Waste Water Pollution Control System:</i>	
Number of Waste Water Treatment Plants	1
Number of Waste Water Treatment Plant employees	5
Miles of sanitary sewers	29.66
Miles of storm sewers	16.25
Number of sanitary sewer lift stations	4
Number of service connections	3,266
Daily average treatment in millions gallons	2,150,000
Maximum daily capacity of treatment plant in gallon	17,000,000

CITY OF HUBBARD, OHIO

MISCELLANEOUS STATISTICS (CONTINUED)
DECEMBER 31, 2002

Water Distribution System:

Number of Water employees	4
Miles of water mains	50.25
Number of water tanks	1
Maximum holding capacity of water tank in gallons	1,000,000
Number of service connections	3,605
Number of fire hydrants	397
Daily average consumption in gallons	1,090,734

Electric System:

Number of Electric employees	14
Total miles of electric service	55.05

Electric 23 KV Transmission System:

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

Electric Distribution System:

Miles of distribution service	44.76
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Overhead Distribution System:

Miles of overhead distribution service	35.75
Number of distribution poles	1,576
Number of pole mount transformers	604
Total line feet of overhead primary conductor	188,744
Total conductor feet of overhead primary conductor	365,619

Single Phase Overhead Distribution System:

Line feet of single-phase conductor	96,434
Conductor feet of two phase primary conductor	96,434

Two Phase Overhead Distribution System:

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

Three Phase Overhead Distribution System:

Line feet of three-phase primary conductor	84,565
Conductor feet of three phase primary conductor	253,695
Line/conductor feet of neutral conductor	29,660
Line feet of secondary conductor	167,421
Conductor feet of secondary conductor	346,193

Underground Distribution System:

Miles of underground distribution service	9.01
Number of pad mount single phase transformers	84
Number of pad mount three phase transformers	37
Total line feet of underground primary conductor	47,553
Total conductor feet of underground primary conductor	87,819

Single Phase Underground Distribution System:

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

CITY OF HUBBARD, OHIO

MISCELLANEOUS STATISTICS (CONTINUED)
DECEMBER 31, 2002

Three Phase Underground Distribution System:

Line feet of three-phase primary conductor	20,133
Conductor feet of three-phase primary conductor	60,399
Line feet of secondary conductor	15,528
Conductor feet of secondary conductor	15,528

Distribution System Service Connections:

Number of residential service connections	3,381
Number of demand residential service connections	59
Number of general service small (commercial) connections	326
Number of general service large (industrial) connections	1
Number of security light connections	217

Distribution System Service Connections:

Daily average gross consumption in kilowatt hours	165,968
Daily average consumption in kilowatt hours-billed to consumers	142,270

Facilities and Services not included in the reporting entity:

Education:

Number of elementary schools	2
Number of elementary school instructors	62
Number of middle schools	1
Number of middle school instructors	44
Number of high schools	1
Number of high school instructors	49

Voter Statistics-Election of November 2000:

Number of registered voters in County	132,957
Number of ballots cast County wide - Last General Election	74,759
Percentage of voters voting throughout the County	56.2%
Number of registered voters in City	5,169
Number of ballots cast City wide - Last General Election	3,151
Percentage of voters voting throughout the City	61.0%
Number of Precincts in County	274
Number of Precincts in City	11



**Auditor of State
Betty Montgomery**

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Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF HUBBARD

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 1, 2003**