



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF HUBBARD
TRUMBULL COUNTY
DECEMBER 31, 2022**

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**CITY OF HUBBARD
TRUMBULL COUNTY
DECEMBER 31, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hubbard, Trumbull County, Ohio (City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hubbard, Trumbull County, Ohio as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Street Construction and Maintenance, and CARES Act and ARPA Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a

going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 7, 2023

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CITY OF HUBBARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

The management's discussion and analysis of the City of Hubbard's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- The total net position of the City increased \$2,287,828. Net position of governmental activities increased \$1,109,619 or 19.23% and net position of business-type activities increased \$1,178,209 or 5.51%.
- General revenues accounted for \$3,421,612 or 80.42% of total governmental activities revenue while program specific revenues accounted for \$833,170 or 19.58%.
- The City had \$3,156,681 in expenses related to governmental activities; \$833,170 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$2,323,511 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$3,421,612.
- The City's major governmental funds are the general fund, the street construction and maintenance fund, and the CARES Act and ARPA fund. The general fund had revenues of \$3,540,776 in 2022 and expenditures and other financing uses of \$3,196,082. The net increase in fund balance for the general fund was \$344,694 or 15.06%.
- The street construction and maintenance fund had revenues and other financing sources of \$870,428 in 2022 and expenditures of \$685,002. The net increase in fund balance for the street construction and maintenance fund was \$185,426 or 22.60%.
- The CARES Act and ARPA fund did not have any revenues or expenditures during 2022; however, this fund reported a cash balance of \$780,251 at December 31, 2022.

Using this Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City perform financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

CITY OF HUBBARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

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

CITY OF HUBBARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Proprietary Funds

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

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (RSI)

The RSI contains information regarding the City's proportionate share of the Ohio Public Employees Retirement System's (OPERS) and Ohio Police and Fire (OP&F) net pension liability/net pension asset and net OPEB liability/net OPEB asset, and the City's schedule of contributions to OPERS and OP&F.

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CITY OF HUBBARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Government-Wide Financial Analysis

The statement of net position serves as a useful indicator of a government's financial position. The following table provides a summary of the City's net position at December 31, 2022 and December 31, 2021. The 2021 amounts were restated in the table below due to the implementation of GASB Statement No. 87 and a prior year capital asset omission (see Note 3.A and 3.B for detail).

	Governmental Activities		Business-Type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
<u>Assets</u>						
Current and other assets	\$ 7,150,935	\$ 6,183,660	\$ 13,898,763	\$ 13,374,914	\$ 21,049,698	\$ 19,558,574
Capital assets, net	<u>4,678,493</u>	<u>4,478,776</u>	<u>12,931,032</u>	<u>12,925,678</u>	<u>17,609,525</u>	<u>17,404,454</u>
Total assets	<u>11,829,428</u>	<u>10,662,436</u>	<u>26,829,795</u>	<u>26,300,592</u>	<u>38,659,223</u>	<u>36,963,028</u>
<u>Deferred outflows of resources</u>						
Pension	747,876	424,138	289,453	175,940	1,037,329	600,078
OPEB	<u>178,837</u>	<u>224,121</u>	<u>4,394</u>	<u>80,467</u>	<u>183,231</u>	<u>304,588</u>
Total deferred outflows of resources	<u>926,713</u>	<u>648,259</u>	<u>293,847</u>	<u>256,407</u>	<u>1,220,560</u>	<u>904,666</u>
<u>Liabilities</u>						
Current liabilities	986,551	610,253	1,656,883	1,374,626	2,643,434	1,984,879
Long-term liabilities:						
Due within one year	166,289	122,968	509,200	546,518	675,489	669,486
Net pension liability	2,214,955	2,595,014	639,675	1,154,270	2,854,630	3,749,284
Net OPEB liability	341,442	329,005	-	-	341,442	329,005
Other amounts	<u>400,504</u>	<u>487,642</u>	<u>634,444</u>	<u>1,048,086</u>	<u>1,034,948</u>	<u>1,535,728</u>
Total liabilities	<u>4,109,741</u>	<u>4,144,882</u>	<u>3,440,202</u>	<u>4,123,500</u>	<u>7,549,943</u>	<u>8,268,382</u>
<u>Deferred inflows of resources</u>						
Property taxes	340,312	338,918	-	-	340,312	338,918
Pension	1,142,703	665,964	865,497	579,879	2,008,200	1,245,843
OPEB	<u>283,227</u>	<u>390,392</u>	<u>263,516</u>	<u>477,402</u>	<u>546,743</u>	<u>867,794</u>
Total deferred inflows of resources	<u>1,766,242</u>	<u>1,395,274</u>	<u>1,129,013</u>	<u>1,057,281</u>	<u>2,895,255</u>	<u>2,452,555</u>
<u>Net position</u>						
Net investment in capital assets	4,418,823	4,174,647	11,565,662	11,406,616	15,984,485	15,581,263
Restricted	939,788	614,382	-	-	939,788	614,382
Unrestricted	<u>1,521,547</u>	<u>981,510</u>	<u>10,988,765</u>	<u>9,969,602</u>	<u>12,510,312</u>	<u>10,951,112</u>
Total net position	<u>\$ 6,880,158</u>	<u>\$ 5,770,539</u>	<u>\$ 22,554,427</u>	<u>\$ 21,376,218</u>	<u>\$ 29,434,585</u>	<u>\$ 27,146,757</u>

CITY OF HUBBARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

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

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

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

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

CITY OF HUBBARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2022, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,434,585. At year-end, net position was \$6,880,158 and \$22,554,427 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets, representing 45.55% of total assets at December 31, 2022. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and intangible right to use assets. The City's net investment in capital assets at December 31, 2022, was \$4,418,823 and \$11,565,662 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's net investment in capital assets is reported net of related long-term obligations, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$939,788, represents resources that are subject to external restriction on how they may be used. The unrestricted net position was \$12,510,312.

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CITY OF HUBBARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The following table presents a comparative analysis of changes in net position for 2022 and 2021.

	Governmental		Change in Net Position		Business-type		Total	
	Activities		Activities		Activities			
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues								
Program revenues:								
Charges for services	\$ 33,317	\$ 47,338	\$ 10,030,184	\$ 10,172,288	\$ 10,063,501	\$ 10,219,626		
Operating grants and contributions	612,518	626,298	-	-	612,518	626,298		
Capital grants and contributions	187,335	114,864	37,216	-	224,551	114,864		
Total program revenues	<u>833,170</u>	<u>788,500</u>	<u>10,067,400</u>	<u>10,172,288</u>	<u>10,900,570</u>	<u>10,960,788</u>		
General revenues:								
Property taxes	310,702	353,090	-	-	310,702	353,090		
Income taxes	2,608,325	2,728,454	-	-	2,608,325	2,728,454		
Other local taxes	-	-	27,167	27,458	27,167	27,458		
Unrestricted grants and entitlements	202,012	228,964	-	-	202,012	228,964		
Investment earnings	154,480	22,380	-	-	154,480	22,380		
Miscellaneous	146,093	197,934	28,497	43,568	174,590	241,502		
Total general revenues	<u>3,421,612</u>	<u>3,530,822</u>	<u>55,664</u>	<u>71,026</u>	<u>3,477,276</u>	<u>3,601,848</u>		
Total revenues	<u>4,254,782</u>	<u>4,319,322</u>	<u>10,123,064</u>	<u>10,243,314</u>	<u>14,377,846</u>	<u>14,562,636</u>		
Expenses:								
General government	487,906	343,218	-	-	487,906	343,218		
Security of persons and property	1,806,537	1,755,016	-	-	1,806,537	1,755,016		
Public health and welfare	28,265	20,053	-	-	28,265	20,053		
Transportation	777,010	639,182	-	-	777,010	639,182		
Community environment	26,388	26,473	-	-	26,388	26,473		
Leisure time activity	23,957	41,077	-	-	23,957	41,077		
Other	668	83	-	-	668	83		
Interest and fiscal charges	5,950	779	-	-	5,950	779		
Sewer	-	-	1,084,172	1,088,054	1,084,172	1,088,054		
Water	-	-	1,707,886	1,500,832	1,707,886	1,500,832		
Electric	-	-	6,072,529	5,928,153	6,072,529	5,928,153		
Guarantee trust	-	-	8,590	5,225	8,590	5,225		
Stormwater	-	-	60,160	68,850	60,160	68,850		
Total expenses	<u>3,156,681</u>	<u>2,825,881</u>	<u>8,933,337</u>	<u>8,591,114</u>	<u>12,090,018</u>	<u>11,416,995</u>		
Change in net position before transfers	1,098,101	1,493,441	1,189,727	1,652,200	2,287,828	3,145,641		
Transfers	11,518	-	(11,518)	-	-	-		
Change in net position	1,109,619	1,493,441	1,178,209	1,652,200	2,287,828	3,145,641		
Net position at beginning of year, restated	<u>5,770,539</u>	<u>4,277,098</u>	<u>21,376,218</u>	<u>19,724,018</u>	<u>27,146,757</u>	<u>24,001,116</u>		
Net position at end of year	<u>\$ 6,880,158</u>	<u>\$ 5,770,539</u>	<u>\$ 22,554,427</u>	<u>\$ 21,376,218</u>	<u>\$ 29,434,585</u>	<u>\$ 27,146,757</u>		

CITY OF HUBBARD, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Governmental Activities

The net position of the governmental activities increased \$1,109,619 or 19.23% in 2022. Overall, revenues decreased and expenses increased, and revenue still exceeded expenses.

The overall decrease in revenues was \$64,540 or 1.49%.

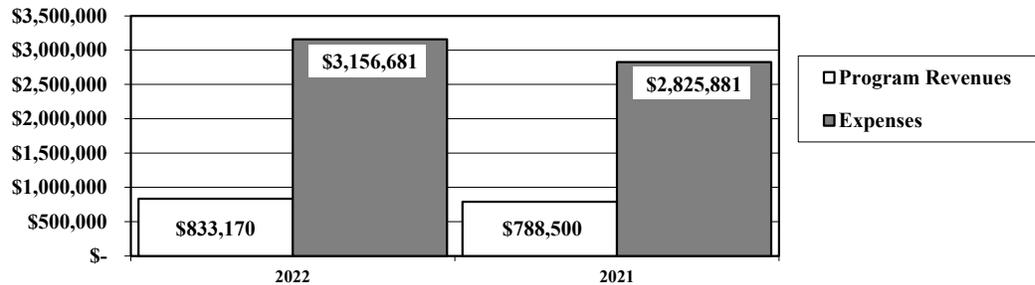
The State and federal government contributed to the City a total of \$612,518 in operating grants and contributions and \$187,335 in capital grants and contributions during 2022. These revenues are restricted to a particular program or purpose. Of the total operating and capital grants and contributions, \$736,035 subsidized the City’s transportation programs.

General revenues totaled \$3,421,612 and amounted to 80.42% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$2,919,027. These two revenue sources comprised 68.61% of total governmental revenues in 2022.

Expenses of the governmental activities increased \$330,800 or 11.71%. This increase is primarily the result of lower than normal expenses in 2021 due to the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). The 2022 governmental activities expenses are comparable to the 2020 governmental activities expenses.

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

Governmental Activities – Program Revenues vs. Total Expenses



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CITY OF HUBBARD, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

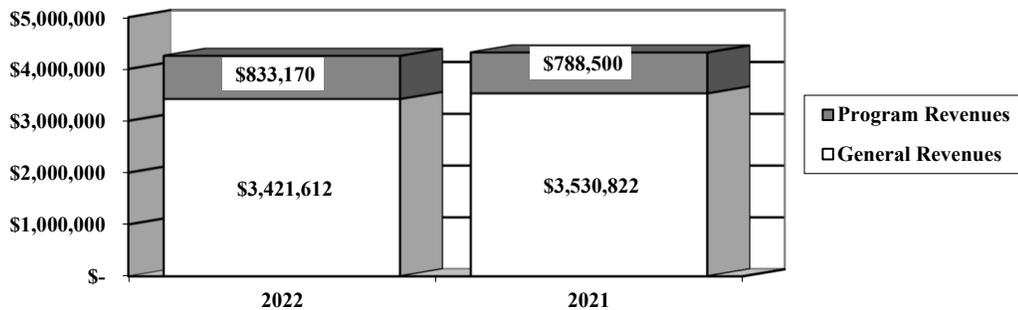
The following table shows, for governmental activities, the total cost of services and the net cost of services for 2022 and 2021. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
Program Expenses:				
General government	\$ 487,906	\$ 450,103	\$ 343,218	\$ 309,733
Security of persons and property	1,806,537	1,780,172	1,755,016	1,728,601
Public health and welfare	28,265	17,555	20,053	8,877
Transportation	777,010	40,975	639,182	(77,013)
Community environment	26,388	26,388	26,473	26,473
Leisure time activity	23,957	1,700	41,077	39,848
Other	668	668	83	83
Interest and fiscal charges	<u>5,950</u>	<u>5,950</u>	<u>779</u>	<u>779</u>
Total	<u>\$ 3,156,681</u>	<u>\$ 2,323,511</u>	<u>\$ 2,825,881</u>	<u>\$ 2,037,381</u>

The dependence upon general revenues for governmental activities is apparent, with 73.61% of expenses supported through taxes and other general revenues in 2022.

The following graph shows a comparison of program revenues and general revenues for governmental activities for 2022 and 2021.

Governmental Activities – Program Revenues and General Revenues



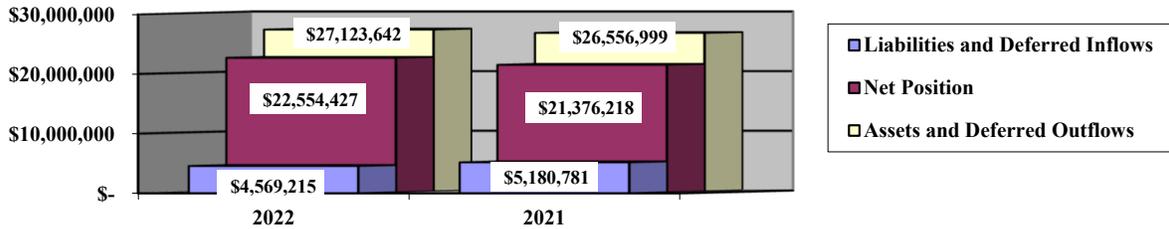
Business-type Activities

Business-type activities include the water, sewer, electric, guarantee trust and stormwater enterprise funds. These programs had program revenues of \$10,067,400, general revenues of \$55,664, and expenses of \$8,933,337 during 2022. The following graph shows the business-type activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2022 and December 31, 2021.

CITY OF HUBBARD, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Business-type Activities



Business-type activities net position increased \$1,178,209. Overall, revenues decreased and expenses increased from 2021; however, revenues still exceeded expenses in 2022 resulting in an increase in net position.

Financial Analysis of the Government’s Funds

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

Governmental Funds

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

The City’s governmental funds, as presented on the balance sheet, reported a combined fund balance of \$4,395,648, which is \$692,862 higher than last year’s total of \$3,702,786. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2022 and December 31, 2021 for all major and nonmajor governmental funds.

	Fund Balances 12/31/22	Fund Balances 12/31/21	Change
General Fund	\$ 2,632,758	\$ 2,288,064	\$ 344,694
Street construction and maintenance	1,005,782	820,356	185,426
CARES Act and ARPA	-	-	-
Nonmajor Governmental Funds	<u>757,108</u>	<u>594,366</u>	<u>162,742</u>
Total	<u>\$ 4,395,648</u>	<u>\$ 3,702,786</u>	<u>\$ 692,862</u>

General Fund

The City’s general fund balance increased \$344,694 or 15.06%. The table that follows assists in illustrating the revenues of the general fund.

CITY OF HUBBARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 3,003,223	\$ 2,812,618	6.78 %
Charges for services	389	406	(4.19) %
Licenses and permits	113,934	115,033	(0.96) %
Fines and forfeitures	19,151	20,912	(8.42) %
Intergovernmental	208,206	199,864	4.17 %
Special assessments	9,240	-	N/A
Investment income	154,480	22,380	590.26 %
Other	<u>32,153</u>	<u>82,901</u>	<u>(61.22) %</u>
Total	<u>\$ 3,540,776</u>	<u>\$ 3,254,114</u>	<u>8.81 %</u>

Taxes revenue, consisting of property taxes and income taxes, represents 84.82% of all general fund revenue in 2022. The increase in investment income is primarily due to increased interest rates in 2022. Other revenues decreased due to lower refunds and reimbursements received when compared to 2021.

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

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 540,245	\$ 456,595	18.32 %
Security of persons and property	1,797,136	1,708,410	5.19 %
Public health and welfare	16,230	16,162	0.42 %
Community environment	711	859	(17.23) %
Leisure time activity	985	2,095	(52.98) %
Other	668	83	704.82 %
Debt service	<u>38,844</u>	<u>-</u>	N/A
Total	<u>\$ 2,394,819</u>	<u>\$ 2,184,204</u>	9.64 %

General fund expenditures increased \$210,615 or 9.64% in 2022. General government expenditures increased in 2022 due to increased costs in the following departments: Mayor, Council, Council clerk, auditor, treasurer, law director, and engineer. Debt service expenditures are reported in the general fund in 2022 due to the implementation of GASB Statement No. 87 which requires all lease agreements to be reported and the principal and interest paid on those leases to be reported as debt service expenditures on the fund financial statements.

Street Construction and Maintenance Fund

The street construction and maintenance fund had revenues and other financing sources of \$870,428 and expenditures of \$685,002 in 2022. During 2022, fund balance increased \$185,426 or 22.60%, primarily due to a transfer in of \$325,513 from the general fund.

CARES Act and ARPA Fund

The CARES Act and ARPA fund did not have any revenues or expenditures during 2022. The CARES Act and ARPA fund reported assets of \$780,251 and liabilities of \$780,251 at December 31, 2022.

CITY OF HUBBARD, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Budgeting Highlights

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

In the general fund, actual budgetary-basis revenues and other financing sources of \$2,719,500 were \$6,381 less than the amount projected in the final budget of \$2,725,881. Actual budgetary-basis expenditures and other financing uses of \$2,365,914 were \$24,291 less than the amount in the final budget of \$2,390,205. Budgeted revenues and other financing sources increased \$184,223 or 7.25% from the original to the final budget, with the greatest increase being attributed to investment income. Budgeted expenditures and other financing uses decreased \$249,575 or 9.45% from the original to the final budget, primarily due to a decrease in security of persons and property expenditures.

Proprietary Funds

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

The City’s major enterprise funds are the sewer fund, water fund and electric fund. The sewer and electric funds reported an increase in net position during 2022, while the water fund reported a decrease in net position during 2022.

The table below indicates the net position and the total change in net position as of December 31, 2022 and 2021 for all proprietary funds.

	Net Position 12/31/2022	Net Position 12/31/2021	Change
Major funds:			
Sewer	\$ 8,524,666	\$ 8,162,754	\$ 361,912
Water	5,095,266	5,099,076	(3,810)
Electric	7,933,969	7,260,087	673,882
Nonmajor funds	940,382	878,048	62,334
Total	\$ 22,494,283	\$ 21,399,965	\$ 1,094,318

Sewer

Net position of the City’s sewer fund increased \$361,912 or 4.43% during 2022. The sewer fund had operating revenues of \$1,465,249 and operating expenses of \$1,076,832. The sewer fund had \$26,505 in non-operating expenses. The increase in net position is primarily the result of the direct charges for services exceeding operating expenses during 2022.

Water

Net position of the City’s water fund decreased \$3,810 or 0.07% during 2022. The water fund had operating revenues of \$1,689,427 and operating expenses of \$1,727,751. The water fund had \$2,702 in non-operating expenses and \$37,216 in capital contributions. The decrease in net position is primarily the result of the operating expenses exceeding operating revenues during 2022.

CITY OF HUBBARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Electric

Net position of the City's electric fund increased \$673,882 or 9.28% during 2022. The electric fund had operating revenues of \$6,761,403 and operating expenses of \$6,100,511. The electric fund had \$27,167 in non-operating revenues and \$14,177 in non-operating expenses. The increase in net position is primarily the result of the direct charges for services exceeding operating expenses during 2022.

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the City had \$17,609,525 (net of accumulated depreciation/amortized) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and intangible right to use assets. Of this total, \$4,678,493 was reported in governmental activities and \$12,931,032 was reported in business-type activities. See Note 9 in the notes to the basic financial statements for more detail on the City's capital assets.

The following table shows December 31, 2022 balances compared to December 31, 2021. The 2021 amounts are restated due to the implementation of GASB Statement No. 87 and a prior year omission (see Note 3.A and 3.B for detail).

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

	Governmental Activities		Business-type Activities		Total	
	Restated				Restated	
	2022	2021	2022	2021	2022	2021
Land	\$ 597,871	\$ 597,871	\$ 180,423	\$ 180,423	\$ 778,294	\$ 778,294
Construction in progress	173,900	-	-	-	173,900	-
Land improvements	17,330	38,956	2,732	3,512	20,062	42,468
Buildings and improvements	1,206,694	1,246,569	2,002,368	2,136,581	3,209,062	3,383,150
Furniture and equipment	59,176	22,717	904,547	926,728	963,723	949,445
Vehicles	149,688	197,958	61,979	90,580	211,667	288,538
Infrastructure	2,412,371	2,300,936	9,778,983	9,587,854	12,191,354	11,888,790
Intangible right to use assets	61,463	73,769	-	-	61,463	73,769
Totals	\$ 4,678,493	\$ 4,478,776	\$ 12,931,032	\$ 12,925,678	\$ 17,609,525	\$ 17,404,454

The overall increase in governmental capital assets of \$199,717 is due to capital asset additions \$607,170 exceeding depreciation/amortization expense of \$407,453. The overall increase in business-type capital assets of \$5,354 is due to capital asset additions of \$621,062 exceeding depreciation expense of \$615,708.

One of the City's largest governmental capital asset categories is infrastructure, which includes roads, sidewalks, traffic lights and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation/amortization) represents 51.56% of the City's total governmental capital assets. Buildings and improvements is also a significant capital asset category, accounting for 25.79% of the City's total governmental capital assets.

The City's largest business-type capital asset category is infrastructure, which primarily includes water, sewer, and electrical lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation/amortization) represents 75.62% of the City's total business-type capital assets.

CITY OF HUBBARD, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Debt Administration

At December 31, 2022, the City had long-term debt of \$400,000 in sewer revenue bonds, OPWC loans of \$360,224, OWDA loans of \$461,690 and leases of \$40,828. Of this total, \$496,803 is due within one year and \$765,939 is due in more than one year. See Note 12 in the notes to the basic financial statements for more detail on the City’s long-term obligations.

The City had the following long-term debt outstanding at December 31, 2022 and December 31, 2021. The amounts at December 31, 2021 are restated due to the implementation of GASB Statement No. 87 (see Note 3 for detail).

	Governmental Activities	
	Restated	
	December 31, 2022	December 31, 2021
OPWC loans	\$ 218,842	\$ 230,360
Leases payable	40,828	73,769
Total long-term debt	\$ 259,670	\$ 304,129
	Business-type Activities	
	December 31, 2022	December 31, 2021
OPWC loans	\$ 141,382	\$ 214,062
OWDA loans	461,690	-
Bond anticipation notes	-	365,000
Sewer revenue bonds	400,000	800,000
Total long-term debt	\$ 1,003,072	\$ 1,379,062

Economic Conditions and General Fund Budget Outlook

The City’s Administration considers the impact of various economic factors when establishing the 2023 budget. The stabilization of both revenue and expense streams have influenced the objectives established in the 2023 budget. As a result, the City continues to operate its financial decision making conservatively.

The City continues to carefully monitor two primary sources of revenue – local income taxes and shared intergovernmental (state) revenue. In order to sustain these revenue sources, City Council continues to make efforts to maintain the community’s employment base, the community’s reputation for high public safety standards, and adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2023 budget, the City continues initiatives which contain costs and maintain consistent revenues.

Final budgeted revenues and other financing sources in the general fund for 2022 were \$2,725,881, an increase of \$200,552 or 7.94% from the final 2021 budgeted amount of \$2,525,329. Final budgeted expenditures and other financing uses in the general fund for 2022 were \$2,390,205, an increase of \$71,200 or 3.07% from the final 2021 budgeted amount of \$2,319,005.

The average unemployment rate for Trumbull County in 2022 was 4.7% which represents a decrease from the 2021 rate of 6.3%. New regional industrial development/investments continue with the ongoing construction of the General Motors/Ultium Cells, LLC battery plant in Lordstown, Ohio. The Trumbull County unemployment rate compared slightly higher than the 4.1% State of Ohio average as well as the 3.64% national average. The City Auditor anticipates the 2023 unemployment rate to remain constant.

CITY OF HUBBARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

Contacting the City's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

CITY OF HUBBARD, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 5,486,184	\$ 11,251,174	\$ 16,737,358
Cash in segregated accounts	551	500	1,051
Receivables (net of allowance for uncollectibles):			
Income taxes	775,041	-	775,041
Real and other taxes	362,368	4,443	366,811
Accounts	29,216	875,169	904,385
Special assessments	23,593	-	23,593
Internal balance	(60,144)	60,144	-
Due from other governments	294,484	2,590	297,074
Prepayments	75,427	148,959	224,386
Materials and supplies inventory	33,827	420,860	454,687
Investment in joint ventures	-	61,849	61,849
Regulatory asset	-	762,810	762,810
Net pension asset	28,459	67,720	96,179
Net OPEB asset	101,929	242,545	344,474
Capital assets:			
Nondepreciable/amortized capital assets	771,771	180,423	952,194
Depreciable/amortized capital assets, net	3,906,722	12,750,609	16,657,331
Total capital assets	<u>4,678,493</u>	<u>12,931,032</u>	<u>17,609,525</u>
Total assets	<u>11,829,428</u>	<u>26,829,795</u>	<u>38,659,223</u>
Deferred outflows of resources:			
Pension	747,876	289,453	1,037,329
OPEB	178,837	4,394	183,231
Total deferred outflows of resources	<u>926,713</u>	<u>293,847</u>	<u>1,220,560</u>
Liabilities:			
Accounts payable	32,347	451,758	484,105
Accrued wages and benefits	50,064	48,170	98,234
Due to other governments	31,742	23,809	55,551
Accrued interest payable	47	5,336	5,383
Claims payable	92,100	-	92,100
Bond anticipation notes payable	-	365,000	365,000
Regulatory liability	-	762,810	762,810
Unearned revenue	780,251	-	780,251
Long-term liabilities:			
Due within one year	166,289	509,200	675,489
Due in more than one year:			
Net pension liability	2,214,955	639,675	2,854,630
Net OPEB liability	341,442	-	341,442
Other amounts due in more than one year	400,504	634,444	1,034,948
Total liabilities	<u>4,109,741</u>	<u>3,440,202</u>	<u>7,549,943</u>
Deferred inflows of resources:			
Property and other taxes levied for the next fiscal year	340,312	-	340,312
Pension	1,142,703	865,497	2,008,200
OPEB	283,227	263,516	546,743
Total deferred inflows of resources	<u>1,766,242</u>	<u>1,129,013</u>	<u>2,895,255</u>
Net position:			
Net investment in capital assets	4,418,823	11,565,662	15,984,485
Restricted for:			
Street construction and maintenance	761,430	-	761,430
State highway	81,852	-	81,852
Law enforcement	38,291	-	38,291
Cemetery	29,382	-	29,382
Other purposes	19,536	-	19,536
Perpetual care	9,297	-	9,297
Unrestricted	<u>1,521,547</u>	<u>10,988,765</u>	<u>12,510,312</u>
Total net position	<u>\$ 6,880,158</u>	<u>\$ 22,554,427</u>	<u>\$ 29,434,585</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 487,906	\$ 5,329	\$ 32,474	\$ -
Security of persons and property	1,806,537	18,688	7,677	-
Public health and welfare	28,265	9,300	1,410	-
Transportation	777,010	-	548,700	187,335
Community environment	26,388	-	-	-
Leisure time activity	23,957	-	22,257	-
Other	668	-	-	-
Interest and fiscal charges	5,950	-	-	-
Total governmental activities	<u>3,156,681</u>	<u>33,317</u>	<u>612,518</u>	<u>187,335</u>
Business-type activities:				
Sewer	1,084,172	1,457,683	-	-
Water	1,707,886	1,688,064	-	37,216
Electric	6,072,529	6,752,235	-	-
Other business-type activities:				
Guarantee trust	8,590	-	-	-
Stormwater	60,160	132,202	-	-
Total business-type activities	<u>8,933,337</u>	<u>10,030,184</u>	<u>-</u>	<u>37,216</u>
Total primary government	<u>\$ 12,090,018</u>	<u>\$ 10,063,501</u>	<u>\$ 612,518</u>	<u>\$ 224,551</u>

General Revenues:

Property taxes levied for:

- General purposes
- Hubbard Union Cemetery
- Police pension

Income taxes levied for:

- General purposes
- Other local taxes
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, restated

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (450,103)	\$ -	\$ (450,103)
(1,780,172)	-	(1,780,172)
(17,555)	-	(17,555)
(40,975)	-	(40,975)
(26,388)	-	(26,388)
(1,700)	-	(1,700)
(668)	-	(668)
(5,950)	-	(5,950)
<u>(2,323,511)</u>	<u>-</u>	<u>(2,323,511)</u>
-	373,511	373,511
-	17,394	17,394
-	679,706	679,706
-	(8,590)	(8,590)
-	72,042	72,042
<u>-</u>	<u>1,134,063</u>	<u>1,134,063</u>
<u>(2,323,511)</u>	<u>1,134,063</u>	<u>(1,189,448)</u>
260,919	-	260,919
19,912	-	19,912
29,871	-	29,871
2,608,325	-	2,608,325
-	27,167	27,167
202,012	-	202,012
154,480	-	154,480
<u>146,093</u>	<u>28,497</u>	<u>174,590</u>
3,421,612	55,664	3,477,276
<u>11,518</u>	<u>(11,518)</u>	<u>-</u>
<u>3,433,130</u>	<u>44,146</u>	<u>3,477,276</u>
1,109,619	1,178,209	2,287,828
<u>5,770,539</u>	<u>21,376,218</u>	<u>27,146,757</u>
<u>\$ 6,880,158</u>	<u>\$ 22,554,427</u>	<u>\$ 29,434,585</u>

CITY OF HUBBARD, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Street Construction and Maintenance	CARES Act and ARPA	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 2,319,121	\$ 895,182	\$ 780,251	\$ 751,032	\$ 4,745,586
Cash in segregated accounts	201	350	-	-	551
Receivables (net of allowance for uncollectibles):					
Income taxes	775,041	-	-	-	775,041
Real and other taxes	304,359	-	-	58,009	362,368
Accounts	26,686	-	-	-	26,686
Special assessments	23,593	-	-	-	23,593
Due from other governments	75,876	198,522	-	20,086	294,484
Prepayments	56,981	18,384	-	62	75,427
Materials and supplies inventory	6,624	27,203	-	-	33,827
Total assets	<u>\$ 3,588,482</u>	<u>\$ 1,139,641</u>	<u>\$ 780,251</u>	<u>\$ 829,189</u>	<u>\$ 6,337,563</u>
Liabilities:					
Accounts payable	\$ 30,180	\$ 1,677	\$ -	\$ -	\$ 31,857
Accrued wages and benefits	39,457	10,607	-	-	50,064
Due to other governments	26,091	5,507	-	144	31,742
Unearned revenue	-	-	780,251	-	780,251
Total liabilities	<u>95,728</u>	<u>17,791</u>	<u>780,251</u>	<u>144</u>	<u>893,914</u>
Deferred inflows of resources:					
Property and other taxes levied for the next fiscal year	285,861	-	-	54,451	340,312
Income tax revenue not available	482,075	-	-	-	482,075
Delinquent property tax revenue not available	18,431	-	-	3,545	21,976
Special assessments revenue not available	23,593	-	-	-	23,593
Intergovernmental revenue not available	50,036	116,068	-	13,941	180,045
Total deferred inflows of resources	<u>859,996</u>	<u>116,068</u>	<u>-</u>	<u>71,937</u>	<u>1,048,001</u>
Fund balances:					
Nonspendable	72,553	45,587	-	62	118,202
Restricted	-	960,195	-	186,640	1,146,835
Committed	-	-	-	125,841	125,841
Assigned	-	-	-	444,565	444,565
Unassigned	2,560,205	-	-	-	2,560,205
Total fund balances	<u>2,632,758</u>	<u>1,005,782</u>	<u>-</u>	<u>757,108</u>	<u>4,395,648</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,588,482</u>	<u>\$ 1,139,641</u>	<u>\$ 780,251</u>	<u>\$ 829,189</u>	<u>\$ 6,337,563</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Total governmental fund balances	\$	4,395,648
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,678,493
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		
Income taxes receivable	\$ 482,075	
Property taxes receivable	21,976	
Special assessments receivable	23,593	
Intergovernmental receivable	180,045	
Total		707,689
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(47)
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		650,538
An internal balance is recorded in governmental activities to reflect underpayments or overpayments to the internal service fund by the business-type activities.		(60,144)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
OPWC loans payable	(218,842)	
Leases payable	(40,828)	
Compensated absences payable	(307,123)	
Total		(566,793)
The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in the governmental funds:		
Deferred outflows of resources - pension	747,876	
Deferred inflows of resources - pension	(1,142,703)	
Net pension asset	28,459	
Net pension liability	(2,214,955)	
Total		(2,581,323)
The net OPEB asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in the governmental funds:		
Deferred outflows of resources - OPEB	178,837	
Deferred inflows of resources - OPEB	(283,227)	
Net OPEB asset	101,929	
Net OPEB liability	(341,442)	
Total		(343,903)
Net position of governmental activities	\$	6,880,158

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General</u>	<u>Street Construction and Maintenance</u>	<u>CARES Act and ARPA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Income taxes	\$ 2,720,604	\$ -	\$ -	\$ -	\$ 2,720,604
Property and other taxes	282,619	-	-	53,956	336,575
Charges for services	389	-	-	9,300	9,689
Licenses and permits	113,934	-	-	-	113,934
Fines and forfeitures	19,151	-	-	4,477	23,628
Intergovernmental	208,206	535,036	-	278,685	1,021,927
Special assessments	9,240	-	-	-	9,240
Investment income	154,480	9,004	-	626	164,110
Other	32,153	875	-	18,397	51,425
Total revenues	<u>3,540,776</u>	<u>544,915</u>	<u>-</u>	<u>365,441</u>	<u>4,451,132</u>
Expenditures:					
Current:					
General government	540,245	-	-	12,937	553,182
Security of persons and property	1,797,136	-	-	50,132	1,847,268
Public health and welfare	16,230	-	-	17,980	34,210
Transportation	-	685,002	-	193,033	878,035
Community environment	711	-	-	25,677	26,388
Leisure time activity	985	-	-	61,392	62,377
Other	668	-	-	-	668
Capital outlay	-	-	-	317,298	317,298
Debt service:					
Principal retirement	32,941	-	-	11,518	44,459
Interest and fiscal charges	5,903	-	-	-	5,903
Total expenditures	<u>2,394,819</u>	<u>685,002</u>	<u>-</u>	<u>689,967</u>	<u>3,769,788</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,145,957</u>	<u>(140,087)</u>	<u>-</u>	<u>(324,526)</u>	<u>681,344</u>
Other financing sources (uses):					
Transfers in	-	325,513	-	487,268	812,781
Transfers out	(801,263)	-	-	-	(801,263)
Total other financing sources (uses)	<u>(801,263)</u>	<u>325,513</u>	<u>-</u>	<u>487,268</u>	<u>11,518</u>
Net change in fund balances	344,694	185,426	-	162,742	692,862
Fund balances at beginning of year	<u>2,288,064</u>	<u>820,356</u>	<u>-</u>	<u>594,366</u>	<u>3,702,786</u>
Fund balances at end of year	<u>\$ 2,632,758</u>	<u>\$ 1,005,782</u>	<u>\$ -</u>	<u>\$ 757,108</u>	<u>\$ 4,395,648</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds	\$	692,862
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation/amortization expense.		
Capital asset additions	\$ 607,170	
Current year depreciation/amortization	<u>(407,453)</u>	
Total		199,717
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(112,279)	
Property taxes	(25,873)	
Special assessments	(9,240)	
Intergovernmental revenues	<u>(48,958)</u>	
Total		(196,350)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		
		(47)
Repayment of principal on debt obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		44,459
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources.		
Pension		240,071
OPEB		5,537
Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.		
Pension		(5,227)
OPEB		85,437
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(642)
An internal service fund used by management to charge the costs of health insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, net of internal balance activity of \$60,144, is:		
		<u>43,802</u>
Change in net position of governmental activities	\$	<u>1,109,619</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 290,690	\$ 288,833	\$ 288,836	\$ 3
Charges for services	600	360	361	1
Licenses and permits	115,000	113,885	113,898	13
Fines and forfeitures	20,500	19,127	19,151	24
Intergovernmental	176,000	207,562	207,564	2
Investment income	25,000	154,475	154,480	5
Other	62,868	45,899	39,471	(6,428)
Total revenues	<u>690,658</u>	<u>830,141</u>	<u>823,761</u>	<u>(6,380)</u>
Expenditures:				
Current:				
General government	416,680	363,980	341,773	22,207
Security of persons and property	1,999,500	1,815,175	1,813,183	1,992
Public health and welfare	16,200	16,250	16,230	20
Community environment	900	700	690	10
Leisure time activity	6,500	1,000	985	15
Total expenditures	<u>2,439,780</u>	<u>2,197,105</u>	<u>2,172,861</u>	<u>24,244</u>
Excess of expenditures over revenues	<u>(1,749,122)</u>	<u>(1,366,964)</u>	<u>(1,349,100)</u>	<u>17,864</u>
Other financing sources (uses):				
Sale of capital assets	1,000	-	-	-
Transfers in	1,850,000	1,895,740	1,895,739	(1)
Transfers out	(200,000)	(193,100)	(193,053)	47
Total other financing sources (uses)	<u>1,651,000</u>	<u>1,702,640</u>	<u>1,702,686</u>	<u>46</u>
Net change in fund balance	(98,122)	335,676	353,586	17,910
Fund balance at beginning of year	<u>1,956,587</u>	<u>1,956,587</u>	<u>1,956,587</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,858,465</u>	<u>\$ 2,292,263</u>	<u>\$ 2,310,173</u>	<u>\$ 17,910</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 STREET CONSTRUCTION AND MAINTENANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 541,500	\$ 536,332	\$ 536,332	\$ -
Investment income	1,000	9,004	9,004	-
Other	2,000	875	875	-
Total revenues	<u>544,500</u>	<u>546,211</u>	<u>546,211</u>	<u>-</u>
Expenditures:				
Current:				
Transportation	893,400	686,020	684,460	1,560
Total expenditures	<u>893,400</u>	<u>686,020</u>	<u>684,460</u>	<u>1,560</u>
Excess of expenditures over revenues	<u>(348,900)</u>	<u>(139,809)</u>	<u>(138,249)</u>	<u>1,560</u>
Other financing sources:				
Transfers in	290,000	325,513	325,513	-
Total other financing sources	<u>290,000</u>	<u>325,513</u>	<u>325,513</u>	<u>-</u>
Net change in fund balance	(58,900)	185,704	187,264	1,560
Fund balance at beginning of year	<u>707,918</u>	<u>707,918</u>	<u>707,918</u>	<u>-</u>
Fund balance at end of year	<u>\$ 649,018</u>	<u>\$ 893,622</u>	<u>\$ 895,182</u>	<u>\$ 1,560</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 CARES ACT AND ARPA FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 388,574	\$ 391,677	\$ 391,677	\$ -
Total revenues	<u>388,574</u>	<u>391,677</u>	<u>391,677</u>	<u>-</u>
Expenditures:				
Capital outlay	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(111,426)	391,677	391,677	-
Fund balance at beginning of year	<u>388,574</u>	<u>388,574</u>	<u>388,574</u>	<u>-</u>
Fund balance at end of year	<u>\$ 277,148</u>	<u>\$ 780,251</u>	<u>\$ 780,251</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Sewer	Water	Electric	Nonmajor	Total	
Assets:						
Current assets:						
Equity in pooled cash and cash equivalents	\$ 2,605,197	\$ 1,392,782	\$ 6,702,033	\$ 551,162	\$ 11,251,174	\$ 740,598
Cash in segregated accounts	-	300	200	-	500	-
Receivables (net of allowance for uncollectibles):						
Real and other taxes	-	-	4,443	-	4,443	-
Accounts	115,764	131,451	609,681	18,273	875,169	2,530
Due from other governments	2,047	-	543	-	2,590	-
Prepayments	28,132	33,530	87,297	-	148,959	-
Materials and supplies inventory	17,519	59,082	344,259	-	420,860	-
Total current assets	2,768,659	1,617,145	7,748,456	569,435	12,703,695	743,128
Noncurrent assets:						
Net pension asset	19,869	20,165	27,686	-	67,720	-
Net OPEB asset	71,161	72,223	99,161	-	242,545	-
Investment in joint ventures	-	-	61,849	-	61,849	-
Regulatory asset	-	-	762,810	-	762,810	-
Capital assets:						
Nondepreciable capital assets	95,078	85,345	-	-	180,423	-
Depreciable capital assets, net	6,579,438	4,324,295	1,475,929	370,947	12,750,609	-
Total capital assets	6,674,516	4,409,640	1,475,929	370,947	12,931,032	-
Total noncurrent assets	6,765,546	4,502,028	2,427,435	370,947	14,065,956	-
Total assets	9,534,205	6,119,173	10,175,891	940,382	26,769,651	743,128
Deferred outflows of resources:						
Pension	84,928	86,189	118,336	-	289,453	-
OPEB	2,522	789	1,083	-	4,394	-
Total deferred outflows of resources	87,450	86,978	119,419	-	293,847	-
Liabilities:						
Current liabilities:						
Accounts payable	180	56,217	395,361	-	451,758	490
Accrued wages and benefits	12,596	15,204	20,370	-	48,170	-
Current portion of compensated absences	12,029	11,290	36,232	-	59,551	-
Due to other governments	5,612	6,581	11,616	-	23,809	-
Claims payable	-	-	-	-	-	92,100
Regulatory liability	-	-	762,810	-	762,810	-
Current portion of OWDA loans	-	21,348	-	-	21,348	-
Current portion of OPWC loans	13,304	14,997	-	-	28,301	-
Bond anticipation notes payable	-	-	365,000	-	365,000	-
Current portion of revenue bonds	400,000	-	-	-	400,000	-
Accrued interest payable	1,172	-	4,164	-	5,336	-
Total current liabilities	444,893	125,637	1,595,553	-	2,166,083	92,590
Long-term liabilities:						
OWDA loans	-	440,342	-	-	440,342	-
OPWC loans	113,081	-	-	-	113,081	-
Compensated absences	12,562	22,339	46,120	-	81,021	-
Net pension liability	187,677	190,476	261,522	-	639,675	-
Total long-term liabilities	313,320	653,157	307,642	-	1,274,119	-
Total liabilities	758,213	778,794	1,903,195	-	3,440,202	92,590
Deferred inflows of resources:						
Pension	261,497	254,756	349,244	-	865,497	-
OPEB	77,279	77,335	108,902	-	263,516	-
Total deferred inflows of resources	338,776	332,091	458,146	-	1,129,013	-
Net position:						
Net investment in capital assets	6,148,131	3,935,655	1,110,929	370,947	11,565,662	-
Unrestricted	2,376,535	1,159,611	6,823,040	569,435	10,928,621	650,538
Total net position	\$ 8,524,666	\$ 5,095,266	\$ 7,933,969	\$ 940,382	22,494,283	\$ 650,538
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds					60,144	
Net position of business-type activities					\$ 22,554,427	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Electric	Nonmajor
Operating revenues:				
Charges for services	\$ 1,457,683	\$ 1,688,064	\$ 6,752,235	\$ 132,202
Other	7,566	1,363	9,168	10,400
Total operating revenues	<u>1,465,249</u>	<u>1,689,427</u>	<u>6,761,403</u>	<u>142,602</u>
Operating expenses:				
Personal services	490,362	454,411	488,380	-
Contract services	102,460	1,028,515	5,251,432	59,521
Materials and supplies	147,203	89,422	246,430	-
Claims expense	-	-	-	-
Depreciation	336,807	155,403	114,269	9,229
Total operating expenses	<u>1,076,832</u>	<u>1,727,751</u>	<u>6,100,511</u>	<u>68,750</u>
Operating income (loss)	<u>388,417</u>	<u>(38,324)</u>	<u>660,892</u>	<u>73,852</u>
Nonoperating revenues (expenses):				
Interest expense and fiscal charges	(26,505)	(2,702)	(11,811)	-
Debt issuance costs	-	-	(2,366)	-
Other nonoperating revenues	-	-	27,167	-
Total nonoperating revenues (expenses)	<u>(26,505)</u>	<u>(2,702)</u>	<u>12,990</u>	<u>-</u>
Income (loss) before transfers and capital contributions	361,912	(41,026)	673,882	73,852
Transfers out	-	-	-	(11,518)
Capital contributions	-	37,216	-	-
Change in net position	361,912	(3,810)	673,882	62,334
Net position at beginning of year	<u>8,162,754</u>	<u>5,099,076</u>	<u>7,260,087</u>	<u>878,048</u>
Net position at end of year	<u>\$ 8,524,666</u>	<u>\$ 5,095,266</u>	<u>\$ 7,933,969</u>	<u>\$ 940,382</u>

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

Change in net position of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 10,030,184	\$ 1,040,367
28,497	-
10,058,681	1,040,367
1,433,153	-
6,441,928	-
483,055	-
-	912,674
615,708	-
8,973,844	912,674
1,084,837	127,693
(41,018)	-
(2,366)	-
27,167	-
(16,217)	-
1,068,620	127,693
(11,518)	-
37,216	-
1,094,318	127,693
	522,845
	\$ 650,538
83,891	
\$ 1,178,209	

CITY OF HUBBARD, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Electric	Nonmajor
Cash flows from operating activities:				
Cash received from customers	\$ 1,461,728	\$ 1,695,325	\$ 6,774,686	\$ 131,783
Cash received from other operations	9,289	1,769	18,080	10,400
Cash payments for personal services	(657,529)	(623,079)	(821,584)	-
Cash payments for contract services	(107,053)	(1,045,978)	(5,167,855)	(59,521)
Cash payments for materials and supplies	(147,356)	(82,691)	(260,378)	-
Cash payments for claims	-	-	-	-
Net cash provided by (used in) operating activities	<u>559,079</u>	<u>(54,654)</u>	<u>542,949</u>	<u>82,662</u>
Cash flows from noncapital financing activities:				
Cash payments for transfers out	-	-	-	(11,518)
Cash received from property and other taxes	-	-	27,006	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>27,006</u>	<u>(11,518)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(21,734)	(539,351)	(4,000)	(55,977)
Capital contributions	-	37,216	-	-
Cash received from OWDA loan	-	461,690	-	-
Note issuance	-	-	365,000	-
Principal retirement	(419,955)	(52,725)	(505,000)	-
Interest and fiscal charges	(27,677)	(2,702)	(14,205)	-
Debt issuance costs	-	-	(2,366)	-
Premium on debt issuance	-	-	2,366	-
Net cash used in capital and related financing activities	<u>(469,366)</u>	<u>(95,872)</u>	<u>(158,205)</u>	<u>(55,977)</u>
Net change in cash and cash equivalents	89,713	(150,526)	411,750	15,167
Cash and cash equivalents at beginning of year	2,515,484	1,543,608	6,290,483	535,995
Cash and cash equivalents at end of year	<u>\$ 2,605,197</u>	<u>\$ 1,393,082</u>	<u>\$ 6,702,233</u>	<u>\$ 551,162</u>

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 10,063,522	\$ 1,064,768
39,538	-
(2,102,192)	-
(6,380,407)	-
(490,425)	-
-	(939,349)
1,130,036	125,419
(11,518)	-
27,006	-
15,488	-
(621,062)	-
37,216	-
461,690	-
365,000	-
(977,680)	-
(44,584)	-
(2,366)	-
2,366	-
(779,420)	-
366,104	125,419
10,885,570	615,179
\$ 11,251,674	\$ 740,598

--Continued

CITY OF HUBBARD, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Nonmajor</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 388,417	\$ (38,324)	\$ 660,892	\$ 73,852
Adjustments:				
Depreciation	336,807	155,403	114,269	9,229
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
Materials and supplies inventory	203	9,549	(15,929)	-
Accounts receivable	4,045	7,261	31,363	(419)
Due from other governments	1,723	406	-	-
Prepayments	(4,377)	(64)	7,028	-
Net pension asset	(4,618)	(5,442)	(7,749)	-
Net OPEB asset	(26,608)	(29,213)	(40,920)	-
Deferred outflows - pension	(29,642)	(34,544)	(49,327)	-
Deferred outflows - OPEB	26,316	21,176	28,581	-
Accounts payable	(572)	(20,221)	78,530	-
Accrued wages and benefits	(1,061)	1,017	664	-
Due to other governments	(294)	(308)	770	-
Compensated absences payable	(10,865)	(6,030)	(58,075)	-
Claims payable	-	-	-	-
Net pension liability	(165,030)	(150,017)	(199,548)	-
Deferred inflows - pension	103,483	91,382	90,753	-
Deferred inflows - OPEB	(58,848)	(56,685)	(98,353)	-
Net cash provided by operating activities	<u>\$ 559,079</u>	<u>\$ (54,654)</u>	<u>\$ 542,949</u>	<u>\$ 82,662</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 1,084,837	\$ 127,693
615,708	-
(6,177)	-
42,250	24,401
2,129	-
2,587	-
(17,809)	-
(96,741)	-
(113,513)	-
76,073	-
57,737	(275)
620	-
168	-
(74,970)	-
-	(26,400)
(514,595)	-
285,618	-
(213,886)	-
<u>\$ 1,130,036</u>	<u>\$ 125,419</u>

CITY OF HUBBARD, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HUBBARD, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Custodial</u>
Additions:	
Fines and forfeitures collected for other governments	\$ 6,470
Total additions	<u>6,470</u>
Deductions:	
Fines and forfeitures distributed to other governments	<u>6,445</u>
Total deductions	<u>6,445</u>
Change in net position	25
Net position at beginning of year	<u>725</u>
Net position at end of year	<u>\$ 750</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - DESCRIPTION OF THE CITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, this includes police protection, parks and recreation, water and sewer service, street maintenance and repairs and general administrative services.

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

Eagle Joint Fire District (Fire District) - The Eagle Joint Fire District is a jointly governed organization pursuant to the Ohio Revised Code 505.371. The Fire District was formed in 2008 and consists of the City and Hubbard Township. The Fire District Board consists of a Trustee from the City, a Trustee from Hubbard Township and three residents of the Fire District. A new resident is appointed by the City in odd numbered years and by Hubbard Township in even numbered years. Revenues are generated from Fire District levies. During 2022, the City did not make any contributions to the Fire District.

JOINT VENTURE WITH EQUITY INTEREST

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

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

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2022, the City has met their debt coverage obligation.

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

The City’s net investment and its share of operating results of OMEGA JV5 are reported in the City’s electric fund (an enterprise fund). The City’s net investment to date in OMEGA JV5 was \$61,849 at December 31, 2021 (the latest information available). Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor’s website at www.ohioauditor.gov.

The following is a summary of audited financial information for the OMEGA JV5 as of the year ended December 31, 2021 (the latest information available):

	<u>OMEGA JV5</u>
Total assets and deferred outflows of resources	\$ 90,480,768
Total liabilities and deferred inflows of resources	87,492,881
Net position	2,987,887
Total revenues	19,463,223
Total expenses	21,698,668
Change in net position	-

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

B. Basis of Presentation - Fund Accounting

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

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

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

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

C. Fund Accounting

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

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

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

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

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

E. Basis of Accounting

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 15 and 16 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 15 and 16 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

F. Budgetary Data

The City follows these procedures in establishing the budgetary data reported in the basic 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 custodial funds, are legally required to be budgeted; however, only the general fund and major special revenue funds are required to be reported in the basic financial statements.

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

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

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

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

G. Health Care

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

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

H. Cash and Investments

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

The City does not have any investments at December 31, 2022.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During 2022, interest revenue credited to the general fund amounted to \$154,480, which includes \$132,425 assigned from other City funds.

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

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

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

I. Materials and Supplies Inventory

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

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

Inventory consists of expendable supplies held for consumption.

J. Capital Assets

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-type Activities <u>Estimated Lives</u>
Autos and trucks	8	8
Machinery, equipment, furniture and fixtures	5 - 20	5 - 20
Building improvements	15	15
Sewer and water treatment plants and buildings	N/A	20 - 40
Other buildings	40	40
Infrastructure	15 - 30	20 - 50
Land improvements	15 - 20	15 - 20
Intangible right to use:		
Leased equipment	4	N/A
Leased vehicles	8	N/A

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

K. Compensated Absences

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

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

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

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

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

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

L. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2022 are recorded as prepayments using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expense/expenditure in the year in which services are consumed.

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Interfund Balances

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

O. Interfund Activity

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

P. Fund Balance

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

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

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

Q. Estimates

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

R. Net Position

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

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2022.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Fair Value Measurements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2022, the City has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the City's 2022 financial statements. The City recognized \$73,769 in governmental activities in leases payable at January 1, 2022; however, this entire amount was offset by intangible right to use assets for leased equipment and vehicles.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the City.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the City.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the City.

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

B. Restatement of Net Position

The City restated the governmental activities capital asset amount at December 31, 2021 due to an omission in the previous year. The restatement of the governmental activities capital assets had the following effect on the net position as previously reported at December 31, 2021:

	Governmental Activities <u>12/31/2021</u>
Net position as previously reported	\$ 5,204,308
Capital asset restatement	<u>566,231</u>
Restated net position at end of year	<u>\$ 5,770,539</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if trading requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if trading requirements have been met.

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At year end, the City had \$1,051 in undeposited cash on hand, which is included on the financial statements of the City as part of “cash in segregated accounts”.

B. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all City deposits was \$16,738,108 and the bank balance of all City deposits was \$16,950,676. Of the bank balance, \$16,700,676 was exposed to custodial risk as discussed below because those deposits were uninsured and uncollateralized and \$250,000 was covered by the FDIC.

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

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2022:

Cash and investments per note

Carrying amount of deposits	\$ 16,738,108
Cash on hand	<u>1,051</u>
Total	<u>\$ 16,739,159</u>

Cash and investments per statement of net position

Governmental activities	\$ 5,486,735
Business-type activities	11,251,674
Custodial funds	<u>750</u>
Total	<u>\$ 16,739,159</u>

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2022, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Street construction and maintenance fund	\$ 325,513
Nonmajor governmental funds	475,750
<u>Transfers from nonmajor enterprise fund to:</u>	
Nonmajor governmental funds	<u>11,518</u>
 Total	 <u>\$ 812,781</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated for reporting on the statement of activities. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Hubbard. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2022 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2022 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is considered a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2022 was \$3.10 per \$1,000 of assessed value. The assessed values of real and public utility tangible personal property upon which 2022 property tax receipts were based are as follows:

Real personal property	\$ 125,721,480
Public utility tangible personal property	<u>1,300,470</u>
 Total assessed valuation	 <u>\$ 127,021,950</u>

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 7 - LOCAL INCOME TAX

The one and a half percent City income tax, which is not subject to renewal, is levied on substantially all income earned within the City. In addition, the residents of the City are required to pay City income tax on income they earn outside the City, however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City at least quarterly. Major employers are required to remit withholdings to the City monthly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. For governmental funds, income tax revenue is reported to the extent that it is measurable and available to finance current operations at December 31, 2022. Income tax revenue for 2022 was \$2,720,604 in the general fund.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2022, consisted of taxes, accounts (billings for user charged services), special assessments and intergovernmental receivables arising from grants, entitlements and shared revenues. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2022.

Receivables have been disaggregated on the face of the basic financial statements. The only receivables not expected to be collected within the subsequent year are the special assessments, which are collected over the life of the assessment.

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CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - CAPITAL ASSETS

- A. Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the City has reported capital assets for the right to use leased equipment and vehicles which are reflected in the schedule below. Additionally, the capital assets as of December 31, 2021 have been restated as described in Note 3.B. Governmental activities capital asset activity for the year ended December 31, 2022 was as follows:

	Restated Balance <u>12/31/21</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/22</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 597,871	\$ -	\$ -	\$ 597,871
Construction in progress	<u>-</u>	<u>173,900</u>	<u>-</u>	<u>173,900</u>
Total capital assets, not being depreciated/amortized	<u>597,871</u>	<u>173,900</u>	<u>-</u>	<u>771,771</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	616,277	-	-	616,277
Buildings and improvements	2,427,616	10,350	-	2,437,966
Furniture and equipment	717,540	43,253	-	760,793
Vehicles	1,602,980	21,660	-	1,624,640
Infrastructure	8,350,094	358,007	-	8,708,101
Intangible right to use:				
Leased equipment	14,809	-	-	14,809
Leased vehicles	<u>58,960</u>	<u>-</u>	<u>-</u>	<u>58,960</u>
Total capital assets, being depreciated/amortized	<u>13,788,276</u>	<u>433,270</u>	<u>-</u>	<u>14,221,546</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(577,321)	(21,626)	-	(598,947)
Buildings and improvements	(1,181,047)	(50,225)	-	(1,231,272)
Furniture and equipment	(694,823)	(6,794)	-	(701,617)
Vehicles	(1,405,022)	(69,930)	-	(1,474,952)
Infrastructure	(6,049,158)	(246,572)	-	(6,295,730)
Intangible right to use:				
Leased equipment	-	(4,936)	-	(4,936)
Leased vehicles	<u>-</u>	<u>(7,370)</u>	<u>-</u>	<u>(7,370)</u>
Total accumulated depreciation/amortization	<u>(9,907,371)</u>	<u>(407,453)</u>	<u>-</u>	<u>(10,314,824)</u>
Total capital assets, being depreciated/amortized, net	<u>3,880,905</u>	<u>25,817</u>	<u>-</u>	<u>3,906,722</u>
Governmental activities capital assets, net	<u>\$ 4,478,776</u>	<u>\$ 199,717</u>	<u>\$ -</u>	<u>\$ 4,678,493</u>

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

Governmental activities:

General government	\$ 18,698
Security of persons and property	107,474
Transportation	278,336
Leisure time activity	<u>2,945</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 407,453</u>

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - CAPITAL ASSETS – (Continued)

B. Business-type activities capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/22</u>
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 180,423	\$ -	\$ -	\$ 180,423
Total capital assets, not being depreciated	<u>180,423</u>	<u>-</u>	<u>-</u>	<u>180,423</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	320,582	-	-	320,582
Buildings and improvements	5,729,227	-	-	5,729,227
Furniture and equipment	6,903,855	61,082	-	6,964,937
Vehicles	1,106,779	4,000	-	1,110,779
Infrastructure	19,449,290	555,980	-	20,005,270
Total capital assets, being depreciated	<u>33,509,733</u>	<u>621,062</u>	<u>-</u>	<u>34,130,795</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(317,070)	(780)	-	(317,850)
Buildings and improvements	(3,592,646)	(134,213)	-	(3,726,859)
Furniture and equipment	(5,977,127)	(83,263)	-	(6,060,390)
Vehicles	(1,016,199)	(32,601)	-	(1,048,800)
Infrastructure	(9,861,436)	(364,851)	-	(10,226,287)
Total accumulated depreciation	<u>(20,764,478)</u>	<u>(615,708)</u>	<u>-</u>	<u>(21,380,186)</u>
Total capital assets, being depreciated, net	<u>12,745,255</u>	<u>5,354</u>	<u>-</u>	<u>12,750,609</u>
Business-type activities capital assets, net	<u>\$ 12,925,678</u>	<u>\$ 5,354</u>	<u>\$ -</u>	<u>\$ 12,931,032</u>

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

Business-type activities:

Water	\$ 155,403
Sewer	336,807
Electric	114,269
Stormwater (a nonmajor enterprise fund)	<u>9,229</u>
Total depreciation expense - business-type activities	<u>\$ 615,708</u>

NOTE 10 - EMPLOYEE BENEFITS

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

Upon termination of City service, a fully vested employee is entitled to a percentage of accumulated sick leave based on years of service. At December 31, 2022, vested benefits for vacation leave for governmental fund type employees totaled \$119,135 and vested benefits for sick leave totaled \$187,988. For proprietary fund type employees, vested benefits for vacation leave totaled \$59,551 and vested benefits for sick leave totaled \$81,021 at December 31, 2022. Not included in the vested benefits for sick leave figures is a liability to accrue and record termination (severance) payments for employees expected to become eligible to retire in the future in accordance with GASB Statement No. 16.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - NOTES PAYABLE

Changes in the City's notes payable activity for the year ended December 31, 2022, were as follows:

	Balance			Balance
	<u>12/31/2021</u>	<u>Issued</u>	<u>Retired</u>	<u>12/31/2022</u>
<u>Business-type activities:</u>				
<u>Bond anticipation notes:</u>				
2021 Electric System Improvements - 1.00%	\$ 140,000	\$ -	\$ (140,000)	\$ -
2022 Electric System Improvements - 2.00%	<u>-</u>	<u>365,000</u>	<u>-</u>	<u>365,000</u>
Total business-type activities notes	<u>\$ 140,000</u>	<u>\$ 365,000</u>	<u>\$ (140,000)</u>	<u>\$ 365,000</u>

On March 3, 2022 the City issued bond anticipation notes to finance its electric system improvements line of credit liability. The notes are reported as a liability in the electric fund and mature on March 2, 2023.

NOTE 12 - LONG-TERM OBLIGATIONS

A. Due to the implementation of GASB Statement No. 87 (see Note 3 for detail), the City has reported obligations for leases payable which are reflected in the schedule below. The City's long-term obligations at December 31, 2022 were as follows:

	Interest	Restated			Balance	Amounts
	<u>Rate</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/22</u>	<u>Due in</u>
		<u>12/31/21</u>				<u>One Year</u>
<u>Governmental activities:</u>						
<u>OPWC Loan (direct borrowing):</u>						
Grandview Avenue Culvert	0.00%	\$ 230,360	\$ -	\$ (11,518)	\$ 218,842	\$ 11,518
<u>Other Long-term Obligations:</u>						
Leases payable	3.10%	73,769	-	(32,941)	40,828	35,636
Compensated absences		306,481	117,851	(117,209)	307,123	119,135
Net pension liability		2,595,014	-	(380,059)	2,214,955	-
Net OPEB liability		<u>329,005</u>	<u>12,437</u>	<u>-</u>	<u>341,442</u>	<u>-</u>
Total long-term obligations, governmental activities		<u>\$ 3,534,629</u>	<u>\$ 130,288</u>	<u>\$ (541,727)</u>	<u>\$ 3,123,190</u>	<u>\$ 166,289</u>
<u>Business-type activities:</u>						
<u>OPWC Loans (direct borrowing):</u>						
Bar Screen Replacement	0.00%	\$ 146,340	\$ -	\$ (19,955)	\$ 126,385	\$ 13,304
Waterline Replacement	0.00%	7,732	-	(7,732)	-	-
N. Main Waterline	0.00%	59,990	-	(44,993)	14,997	14,997
Total OPWC loans		<u>214,062</u>	<u>-</u>	<u>(72,680)</u>	<u>141,382</u>	<u>28,301</u>
<u>OWDA Loans (direct borrowing):</u>						
Christian Ave Tank Rehabilitation	1.63%	<u>-</u>	<u>461,690</u>	<u>-</u>	<u>461,690</u>	<u>21,348</u>
Total OWDA loan		<u>-</u>	<u>461,690</u>	<u>-</u>	<u>461,690</u>	<u>21,348</u>
<u>Other Long-term Obligations:</u>						
Compensated absences		215,542	20,518	(95,488)	140,572	59,551
Net pension liability		1,154,270	-	(514,595)	639,675	-
Bond anticipation notes (direct borrowing)	1.00%	365,000	-	(365,000)	-	-
Sewer revenue bonds, 2018	3.45%	<u>800,000</u>	<u>-</u>	<u>(400,000)</u>	<u>400,000</u>	<u>400,000</u>
Total other long-term obligations		<u>2,534,812</u>	<u>20,518</u>	<u>(1,375,083)</u>	<u>1,180,247</u>	<u>459,551</u>
Total long-term obligations, business-type activities		<u>\$ 2,748,874</u>	<u>\$ 482,208</u>	<u>\$ (1,447,763)</u>	<u>\$ 1,783,319</u>	<u>\$ 509,200</u>

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences will be paid from the fund from which the employee is paid, which is primarily the general fund and the street construction, maintenance, and repair fund for governmental activities and the electric, sewer and water funds for business-type activities.

See Note 15 and Note 16 for detail regarding the net pension liability and net OPEB liability, respectively.

- B.** The City has entered into four debt financing arrangements through the Ohio Public Works Commission (OPWC) to fund a culvert replacement project, a wastewater bar screen replacement, waterline looping project and a waterline replacement. The amounts due to the OPWC from the business-type activities are payable solely from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2022, the City has outstanding borrowings of \$14,997 and \$126,385 in the water and sewer funds, respectively, and \$218,842 for the governmental activities. The loan agreements require semi-annual payments based on the actual amount loaned. The OPWC loans are interest free.

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

The City has entered into one loan agreement with the Ohio Water Development Authority (OWDA) to finance the rehabilitation of the Christian Avenue water tank. This loan accrues interest that will be capitalized as it comes due. The interest rate on this loan is 1.63%.

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

On March 7, 2019 the City issued bond anticipation notes of \$785,000 in order to finance electric system improvements. The notes are a direct borrowing because they are negotiated directly between the City and the lender and are not offered for public sale. The notes carried an interest rate of 3.00% and matured on March 5, 2020. On March 5, 2020 the City issued bond anticipation notes of \$645,000 to refinance the 2019 notes. The notes carried an interest rate of 2.25% and matured on March 4, 2021. On March 4, 2021 the City issued bond anticipation notes of \$505,000 to refinance the 2020 notes. \$140,000 was reported as a short-term fund liability (see Note 11) and \$365,000 was reported as a long-term liability. The notes carried an interest rate of 1.00% and matured on March 3, 2022.

On May 1, 2015, the City issued \$2,000,000 in Sewer System Mortgage Revenue Bonds, Series 2015 for the purpose of funding the Municipal Wastewater Dewatering Equipment Replacement Project. On December 6, 2018, the City issued \$2,000,000 in Sewer System Revenue Bonds, Series 2018 in order to currently refund the \$800,000 outstanding principal on the Series 2015 bonds, and to provide additional funding for sewer system improvements. The refunded debt has been defeased and, accordingly, has been removed from the statement of net position. The Series 2018 bonds carry an interest rate of 3.45% and mature on December 1, 2023.

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

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

Year Ending December 31,	Governmental Activities			Business-Type Activities					
	OPWC Loan			OPWC Loans			OWDA Loan		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 11,518	\$ -	\$ 11,518	\$ 28,301	\$ -	\$ 28,301	\$ 21,348	\$ 3,763	\$ 25,111
2024	11,518	-	11,518	13,303	-	13,303	43,219	7,002	50,221
2025	11,518	-	11,518	13,304	-	13,304	43,926	6,295	50,221
2026	11,518	-	11,518	13,303	-	13,303	44,645	5,575	50,220
2027	11,518	-	11,518	13,304	-	13,304	45,376	4,845	50,221
2028 - 2032	57,590	-	57,590	59,867	-	59,867	238,268	12,841	251,109
2033 - 2037	57,590	-	57,590	-	-	-	24,908	203	25,111
2038 - 2042	46,072	-	46,072	-	-	-	-	-	-
Total	\$ 218,842	\$ -	\$ 218,842	\$ 141,382	\$ -	\$ 141,382	\$ 461,690	\$ 40,524	\$ 502,214

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	Leases Payable			Sewer Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 35,636	\$ 3,160	\$ 38,796	\$ 400,000	\$ 13,800	\$ 413,800
2024	5,192	160	5,352	-	-	-
Total	\$ 40,828	\$ 3,320	\$ 44,148	\$ 400,000	\$ 13,800	\$ 413,800

C. The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of the property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City’s legal debt margin excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2022, the City’s total debt margin was \$13,341,745, including available funds of \$4,440, and the unvoted debt margin was \$6,986,207.

NOTE 13 - AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT – (Continued)

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

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

Since March 31, 2014 the City has made payments of \$285,035 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the City's allocation of additional costs incurred by the project is \$13,797 and interest expense incurred on AMP's line-of-credit of \$9,211, resulting in a net impaired cost estimate at December 31, 2022 of a deficit of \$44,828. This credit balance is available to offset any potential future obligations and is reported as a prepayment in the City's electric fund. The City does have a potential PHFU liability of \$88,517 resulting in a net total potential liability of \$43,689, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include negative items such as property taxes as well as positive revenue from leases or sale of all or a portion of the Meigs County site property.

The City intends to recover the costs associated with the AMPGS Project liability and repay AMP over the next several years through a power cost adjustment. Thus, this incurred cost has been capitalized and reported as a regulatory asset in the amount of \$762,810 as of December 31, 2022, as allowed by GASB Codification Re10.

NOTE 14 - 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 2022, the City was insured through the Argonaut Insurance Group for all property and equipment, general liability, wrongful acts, law enforcement, public official, employment practices, automobile, employee dishonesty, money and securities, inland marine, EDP and umbrella liability. The insurance plan was purchased through Guy G. Latessa Insurance Agency.

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - RISK MANAGEMENT – (Continued)

<u>Type of Coverage</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
Property and Equipment Breakdown	\$40,288,852	\$ 5,000
General Liability:		
Per occurrence	1,000,000	0
Aggregate	3,000,000	0
Law Enforcement Liability/Wrongful Acts:		
Per occurrence	1,000,000	10,000
Aggregate	3,000,000	0
Public Official Liability/Wrongful Acts:		
Per occurrence	1,000,000	10,000
Aggregate	3,000,000	0
Employment Practices Liability	1,000,000	5,000
Automobile:		
Liability	1,000,000	0
Comprehensive	1,000,000	1,000
Collision	1,000,000	1,000
Employee Dishonesty	250,000	1,000
Money and Securities	25,000	1,000
Inland Marine - scheduled	659,000	1,000
EDP	399,000	0
Umbrella Liability	10,000,000	10,000
Inland Marine - hired/leased	200,000	2,500
Cyber Liability	2,000,000	5,000

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

B. Employee Health Insurance

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

The City had one occurrence in a prior year in which settled claims exceeded the self-insurance amount. The liability for unpaid claims of \$92,100 reported in the internal service fund at December 31, 2022, is based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30 “Risk Financing Omnibus”, which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The entire claims liability is expected to be paid within one year.

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

	Balance at Beginning <u>of Year</u>	Current <u>Claims</u>	Claims <u>Payment</u>	Balance at <u>End of Year</u>
2022	\$ 118,500	\$ 912,949	\$ (939,349)	\$ 92,100
2021	89,500	1,143,023	(1,114,023)	118,500

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 14 - RISK MANAGEMENT – (Continued)

C. Workers' Compensation

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

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

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

The remainder of this note includes the pension disclosures. See Note 16 for the OPEB disclosures.

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local	Public Safety	Law Enforcement
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	***	****
2022 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits **	0.0 %	0.0 %	0.0 %
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$243,193 for 2022. Of this amount, \$28,142 is reported as due to other governments.

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

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

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

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

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

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

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

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2022 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$168,111 for 2022. Of this amount, \$21,280 is reported as due to other governments.

Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for OPERS was measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.01102400%	0.02346100%	0.01569800%	0.03105240%	
Proportion of the net pension liability/asset current measurement date	<u>0.01044200%</u>	<u>0.02373900%</u>	<u>0.01457600%</u>	<u>0.03115100%</u>	
Change in proportionate share	<u>-0.00058200%</u>	<u>0.00027800%</u>	<u>-0.00112200%</u>	<u>0.00009860%</u>	
Proportionate share of the net pension liability	\$ 908,496	\$ -	\$ -	\$ 1,946,134	\$ 2,854,630
Proportionate share of the net pension asset	-	(93,533)	(2,646)	-	(96,179)
Pension expense	(264,560)	(3,375)	(425)	84,522	(183,838)

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 46,314	\$ 580	\$ 2,614	\$ 56,122	\$ 105,630
Changes of assumptions	113,607	4,699	87	355,669	474,062
Changes in employer's proportionate percentage/difference between employer contributions	-	-	-	46,333	46,333
Contributions subsequent to the measurement date	218,111	15,675	9,407	168,111	411,304
Total deferred outflows of resources	<u>\$ 378,032</u>	<u>\$ 20,954</u>	<u>\$ 12,108</u>	<u>\$ 626,235</u>	<u>\$ 1,037,329</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 19,925	\$ 10,453	\$ -	\$ 101,172	\$ 131,550
Net difference between projected and actual earnings on pension plan investments	1,080,624	20,053	604	510,248	1,611,529
Changes in employer's proportionate percentage/difference between employer contributions	95,511	-	-	169,610	265,121
Total deferred inflows of resources	<u>\$ 1,196,060</u>	<u>\$ 30,506</u>	<u>\$ 604</u>	<u>\$ 781,030</u>	<u>\$ 2,008,200</u>

\$411,304 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2023.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2023	\$ (217,885)	\$ (6,148)	\$ 264	\$ (50,861)	\$ (274,630)
2024	(392,252)	(8,495)	198	(171,764)	(572,313)
2025	(254,099)	(5,571)	232	(79,828)	(339,266)
2026	(171,903)	(4,117)	244	(60,072)	(235,848)
2027	-	(546)	323	39,620	39,397
Thereafter	-	(350)	836	(1)	485
Total	\$ (1,036,139)	\$ (25,227)	\$ 2,097	\$ (322,906)	\$ (1,382,175)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

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

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,395,290	\$ 908,496	\$ (328,714)
Combined Plan	(69,793)	(93,533)	(112,048)
Member-Directed Plan	(2,332)	(2,646)	(2,915)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below.

Valuation date	1/1/21 with actuarial liabilities rolled forward to 12/31/21
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	125.00 %	

Note: assumptions are geometric.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 8.00% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
City’s proportionate share of the net pension liability	\$ 2,886,090	\$ 1,946,134	\$ 1,163,383

NOTE 16 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 15 for a description of the net OPEB liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree’s years of service and age when they first enrolled in OPERS coverage.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.00%.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$3,763 for 2022. Of this amount, \$435 is reported as due to other governments.

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

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

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

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$4,424 for 2022. Of this amount, \$560 is reported as due to other governments.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability/asset was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.01157400%	0.03105240%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.01099800%</u>	<u>0.03115100%</u>	
Change in proportionate share	<u>-0.00057600%</u>	<u>0.00009860%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 341,442	\$ 341,442
Proportionate share of the net OPEB asset	(344,474)	-	(344,474)
OPEB expense	(329,889)	12,546	(317,343)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 15,532	\$ 15,532
Changes of assumptions	-	151,132	151,132
Changes in employer's proportionate percentage/ difference between employer contributions	1,745	6,635	8,380
Contributions subsequent to the measurement date	3,763	4,424	8,187
Total deferred outflows of resources	<u>\$ 5,508</u>	<u>\$ 177,723</u>	<u>\$ 183,231</u>

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 52,251	\$ 45,128	\$ 97,379
Net difference between projected and actual earnings on OPEB plan investments	164,218	30,846	195,064
Changes of assumptions	139,439	39,655	179,094
Changes in employer's proportionate percentage/ difference between employer contributions	19,478	55,728	75,206
Total deferred inflows of resources	<u>\$ 375,386</u>	<u>\$ 171,357</u>	<u>\$ 546,743</u>

\$8,187 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability/asset in the year ending December 31, 2023.

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

	OPERS	OP&F	Total
Year Ending December 31:			
2023	\$ (234,684)	\$ (1,565)	\$ (236,249)
2024	(79,493)	(6,141)	(85,634)
2025	(35,881)	(3,146)	(39,027)
2026	(23,583)	1,645	(21,938)
2027	-	5,715	5,715
Thereafter	-	5,434	5,434
Total	<u>\$ (373,641)</u>	<u>\$ 1,942</u>	<u>\$ (371,699)</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	3.25 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

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

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00 %</u>	<u>3.45 %</u>

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	\$ 202,583	\$ 344,474	\$ 462,246

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate
- Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 348,197	\$ 344,474	\$ 340,058

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.84%
Prior measurement date	2.96%
Cost of Living Adjustments	2.20% simple per year

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

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

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

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

Discount Rate - For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020 was blended with the long-term rate of 7.50%, which resulted in a blended discount rate of 2.84%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84%), or one percentage point higher (3.84%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 429,200	\$ 341,442	\$ 269,304

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, the street construction maintenance and repair fund and the CARES Act and ARPA fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

	Net Change in Fund Balance		
	<u>General fund</u>	Street Construction and <u>Maintenance fund</u>	CARES Act and ARPA fund <u>and ARPA fund</u>
Budget basis	\$ 353,586	\$ 187,264	\$ 391,677
Net adjustment for revenue accruals	4,329	(1,296)	(391,677)
Net adjustment for expenditure accruals	1,689,338	(542)	-
Net adjustment for other sources/uses	(1,702,686)	-	-
Funds budgeted elsewhere	127	-	-
GAAP basis	<u>\$ 344,694</u>	<u>\$ 185,426</u>	<u>\$ -</u>

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the income tax fund and the unclaimed monies fund.

CITY OF HUBBARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 18 - CONTINGENCIES

A. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2022.

B. Litigation

The City is not currently a party to any legal proceedings that would have a materially adverse effect on the financial statements at December 31, 2022.

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CITY OF HUBBARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 19 - FUND BALANCE

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

Fund balance	General	Street Construction and Maintenance	CARES Act and ARPA	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 6,624	\$ 27,203	\$ -	\$ -	\$ 33,827
Prepayments	56,981	18,384	-	62	75,427
Unclaimed monies	<u>8,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,948</u>
Total nonspendable	<u>72,553</u>	<u>45,587</u>	<u>-</u>	<u>62</u>	<u>118,202</u>
Restricted:					
Street construction and maintenance	-	960,195	-	-	960,195
State highway	-	-	-	72,441	72,441
Law enforcement	-	-	-	38,291	38,291
Cemetery	-	-	-	37,771	37,771
Police pension	-	-	-	9,304	9,304
Perpetual care	-	-	-	9,297	9,297
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,536</u>	<u>19,536</u>
Total restricted	<u>-</u>	<u>960,195</u>	<u>-</u>	<u>186,640</u>	<u>1,146,835</u>
Committed:					
Law enforcement	-	-	-	9,296	9,296
Recreation	-	-	-	114,150	114,150
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,395</u>	<u>2,395</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,841</u>	<u>125,841</u>
Assigned:					
Debt service	-	-	-	4,440	4,440
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,125</u>	<u>440,125</u>
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>444,565</u>	<u>444,565</u>
Unassigned	<u>2,560,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,560,205</u>
Total fund balances	<u>\$ 2,632,758</u>	<u>\$ 1,005,782</u>	<u>\$ -</u>	<u>\$ 757,108</u>	<u>\$ 4,395,648</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HUBBARD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.010442%	0.011024%	0.011554%	0.012075%
City's proportionate share of the net pension liability	\$ 908,496	\$ 1,632,414	\$ 2,283,726	\$ 3,307,098
City's covered payroll	\$ 1,526,971	\$ 1,594,707	\$ 1,619,343	\$ 1,633,257
City's proportionate share of the net pension liability as a percentage of its covered payroll	59.50%	102.36%	141.03%	202.48%
Plan fiduciary net position as a percentage of the total pension liability	96.62%	86.88%	82.17%	74.70%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.023739%	0.023461%	0.022964%	0.027061%
City's proportionate share of the net pension asset	\$ 93,533	\$ 67,724	\$ 47,885	\$ 30,260
City's covered payroll	\$ 108,229	\$ 103,393	\$ 102,221	\$ 115,736
City's proportionate share of the net pension asset as a percentage of its covered payroll	86.42%	65.50%	46.84%	26.15%
Plan fiduciary net position as a percentage of the total pension asset	169.88%	157.67%	145.28%	126.64%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.014576%	0.015698%	0.010294%	0.009865%
City's proportionate share of the net pension asset	\$ 2,646	\$ 2,862	\$ 389	\$ 225
City's covered payroll	\$ 91,390	\$ 94,280	\$ 61,190	\$ 56,390
City's proportionate share of the net pension asset as a percentage of its covered payroll	2.90%	3.04%	0.64%	0.40%
Plan fiduciary net position as a percentage of the total pension asset	171.84%	188.21%	118.84%	113.42%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.011998%	0.012762%	0.013435%	0.013078%	0.013078%
\$ 1,882,254	\$ 2,898,033	\$ 2,327,111	\$ 1,577,352	\$ 1,541,726
\$ 1,590,746	\$ 1,515,550	\$ 1,879,283	\$ 1,584,983	\$ 1,624,262
118.33%	191.22%	123.83%	99.52%	94.92%
84.66%	77.25%	81.08%	86.45%	86.36%
0.028392%	0.026830%	0.019680%	0.014421%	0.014421%
\$ 38,651	\$ 14,933	\$ 9,577	\$ 5,553	\$ 1,513
\$ 116,277	\$ 104,433	\$ 50,042	\$ 52,717	\$ 52,292
33.24%	14.30%	19.14%	10.53%	2.89%
137.28%	116.55%	116.90%	114.83%	104.56%
0.009507%	0.010347%	0.010521%	n/a	n/a
\$ 332	\$ 43	\$ 40	n/a	n/a
\$ 52,110	\$ 53,716	\$ 58,592	n/a	n/a
0.64%	0.08%	0.07%	n/a	n/a
124.45%	103.40%	103.91%	n/a	n/a

CITY OF HUBBARD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.03115100%	0.03105240%	0.03364280%	0.03233600%
City's proportionate share of the net pension liability	\$ 1,946,134	\$ 2,116,870	\$ 2,266,359	\$ 2,639,472
City's covered payroll	\$ 889,647	\$ 661,600	\$ 907,837	\$ 833,147
City's proportionate share of the net pension liability as a percentage of its covered payroll	218.75%	319.96%	249.64%	316.81%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	70.65%	69.89%	63.07%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.03312200%	0.03439500%	0.03403400%	0.03269990%	0.03269990%
\$ 2,032,833	\$ 2,178,546	\$ 2,189,406	\$ 1,693,991	\$ 1,592,588
\$ 605,900	\$ 731,268	\$ 876,253	\$ 767,395	\$ 688,262
335.51%	297.91%	249.86%	220.75%	231.39%
70.91%	68.36%	66.77%	72.20%	73.00%

CITY OF HUBBARD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 218,111	\$ 213,776	\$ 223,259	\$ 226,708
Contributions in relation to the contractually required contribution	<u>(218,111)</u>	<u>(213,776)</u>	<u>(223,259)</u>	<u>(226,708)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,557,936	\$ 1,526,971	\$ 1,594,707	\$ 1,619,343
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 15,675	\$ 15,152	\$ 14,475	\$ 14,311
Contributions in relation to the contractually required contribution	<u>(15,675)</u>	<u>(15,152)</u>	<u>(14,475)</u>	<u>(14,311)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 111,964	\$ 108,229	\$ 103,393	\$ 102,221
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 9,407	\$ 9,139	\$ 9,428	\$ 6,119
Contributions in relation to the contractually required contribution	<u>(9,407)</u>	<u>(9,139)</u>	<u>(9,428)</u>	<u>(6,119)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 94,070	\$ 91,390	\$ 94,280	\$ 61,190
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 228,656	\$ 206,797	\$ 181,866	\$ 225,514	\$ 190,198	\$ 211,154
<u>(228,656)</u>	<u>(206,797)</u>	<u>(181,866)</u>	<u>(225,514)</u>	<u>(190,198)</u>	<u>(211,154)</u>
<u>\$ -</u>					
\$ 1,633,257	\$ 1,590,746	\$ 1,515,550	\$ 1,879,283	\$ 1,584,983	\$ 1,624,262
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$ 16,203	\$ 15,116	\$ 12,532	\$ 6,005	\$ 6,326	\$ 6,798
<u>(16,203)</u>	<u>(15,116)</u>	<u>(12,532)</u>	<u>(6,005)</u>	<u>(6,326)</u>	<u>(6,798)</u>
<u>\$ -</u>					
\$ 115,736	\$ 116,277	\$ 104,433	\$ 50,042	\$ 52,717	\$ 52,292
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$ 5,639	\$ 5,211	\$ 5,103	\$ 7,031		
<u>(5,639)</u>	<u>(5,211)</u>	<u>(5,103)</u>	<u>(7,031)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ 56,390	\$ 52,110	\$ 42,525	\$ 58,592		
10.00%	10.00%	12.00%	12.00%		

CITY OF HUBBARD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Police:</i>				
Contractually required contribution	\$ 168,111	\$ 169,033	\$ 125,716	\$ 172,489
Contributions in relation to the contractually required contribution	<u>(168,111)</u>	<u>(169,033)</u>	<u>(125,716)</u>	<u>(172,489)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 884,795	\$ 889,647	\$ 661,663	\$ 907,837
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 158,298	\$ 115,121	\$ 138,941	\$ 166,488	\$ 145,805	\$ 109,296
<u>(158,298)</u>	<u>(115,121)</u>	<u>(138,941)</u>	<u>(166,488)</u>	<u>(145,805)</u>	<u>(109,296)</u>
<u>\$ -</u>					
\$ 833,147	\$ 605,900	\$ 731,268	\$ 876,253	\$ 767,395	\$ 688,118
19.00%	19.00%	19.00%	19.00%	19.00%	15.88%

CITY OF HUBBARD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net OPEB liability/asset	0.010998%	0.011574%	0.011842%	0.012431%
City's proportionate share of the net OPEB liability/(asset)	\$ (344,474)	\$ (206,201)	\$ 1,635,688	\$ 1,620,709
City's covered payroll	\$ 1,726,590	\$ 1,792,380	\$ 1,782,754	\$ 1,805,383
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.95%	11.50%	91.75%	89.77%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	128.23%	115.57%	47.80%	46.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.012380%	0.013036%
\$ 1,344,377	\$ 1,316,664
\$ 1,759,133	\$ 1,673,699
76.42%	78.67%
54.14%	54.05%

CITY OF HUBBARD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net OPEB liability	0.03115100%	0.03105240%	0.03364280%	0.03233600%
City's proportionate share of the net OPEB liability	\$ 341,442	\$ 329,005	\$ 332,315	\$ 294,469
City's covered payroll	\$ 889,647	\$ 661,600	\$ 907,837	\$ 833,147
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.38%	49.73%	36.61%	35.34%
Plan fiduciary net position as a percentage of the total OPEB liability	46.86%	45.42%	47.08%	46.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.03312200%	0.03439500%
\$ 1,876,629	\$ 1,632,653
\$ 605,900	\$ 731,268
309.73%	223.26%
14.13%	15.96%

CITY OF HUBBARD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 3,763	\$ 3,655	\$ 3,771	\$ 2,448
Contributions in relation to the contractually required contribution	<u>(3,763)</u>	<u>(3,655)</u>	<u>(3,771)</u>	<u>(2,448)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,763,970	\$ 1,726,590	\$ 1,792,380	\$ 1,782,754
Contributions as a percentage of covered payroll	0.21%	0.21%	0.21%	0.14%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 2,256	\$ 19,154	\$ 34,817	\$ 38,587	\$ 33,077	\$ 16,758
<u>(2,256)</u>	<u>(19,154)</u>	<u>(34,817)</u>	<u>(38,587)</u>	<u>(33,077)</u>	<u>(16,758)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,805,383	\$ 1,759,133	\$ 1,662,508	\$ 1,987,917	\$ 1,637,700	\$ 1,676,554
0.12%	1.09%	2.09%	1.94%	2.02%	1.00%

CITY OF HUBBARD, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Police:</i>				
Contractually required contribution	\$ 4,424	\$ 4,448	\$ 3,308	\$ 4,539
Contributions in relation to the contractually required contribution	<u>(4,424)</u>	<u>(4,448)</u>	<u>(3,308)</u>	<u>(4,539)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 884,795	\$ 889,647	\$ 661,663	\$ 907,837
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 4,166	\$ 3,029	\$ 3,656	\$ 4,500	\$ 3,330	\$ 24,557
<u>(4,166)</u>	<u>(3,029)</u>	<u>(3,656)</u>	<u>(4,500)</u>	<u>(3,330)</u>	<u>(24,557)</u>
<u>\$ -</u>					
\$ 833,147	\$ 605,900	\$ 731,268	\$ 876,253	\$ 767,395	\$ 688,118
0.50%	0.50%	0.50%	0.50%	0.50%	3.62%

CITY OF HUBBARD, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.

(Continued)

CITY OF HUBBARD, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

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

(Continued)

CITY OF HUBBARD, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

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

Changes in assumptions :

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

(Continued)

CITY OF HUBBARD, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

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

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

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

To the Members of Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hubbard, Trumbull County, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 7, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

City's Response to Findings

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

November 7, 2023

**CITY OF HUBBARD
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022**

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

FINANCIAL REPORTING

FINDING NUMBER 2022-001

MATERIAL WEAKNESS

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

While testing capital assets, it was determined that an Ohio Department of Transportation (ODOT) street resurfacing project that was completed in 2020 was never picked up as infrastructure in governmental type activities by the City. This results in the understatement of infrastructure (and overall capital assets) by \$629,146 and the understatement of accumulated depreciation by \$62,915 for governmental type activities, respectively. Accumulated depreciation in 2022 would also be understated by \$41,943. In addition, we also noted that the 2022 construction in progress for governmental type activities was understated by \$173,900 as a result of a sidewalk project that was not completed as of December 31, 2022.

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

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

Officials' Response: We will comply moving forward.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF HUBBARD

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/5/2023

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

This report is a matter of public record and is available online at
www.ohioauditor.gov