



**Auditor of State  
Betty Montgomery**



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report on Compliance and on Internal Control Required By <i>Government Auditing Standards</i> .....	1
Independent Accountants' Report on Compliance with Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3
Schedule of Receipts and Expenditures of Federal Awards.....	5
Notes to the Schedule of Receipts and Expenditures of Federal Awards .....	6
Schedule of Findings.....	7

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

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

Hudson City School District  
Summit County  
2386 Hudson-Aurora Road  
Hudson, Ohio 44236

To the Board of Education:

We have audited the financial statements of Hudson City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2003 and have issued our report thereon dated February 20, 2004, in which we noted the District adopted Governmental Accounting Standards Board Statement No. 34 and changes in the District's policies for capital asset capitalization threshold and treatment of textbooks. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 20, 2004.

**Internal Control Over Financial Reporting**

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated February 20, 2004.

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

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

**Betty Montgomery**  
Auditor of State

February 20, 2004



## Auditor of State Betty Montgomery

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

Hudson City School District  
Summit County  
2386 Hudson-Aurora Road  
Hudson, Ohio 44236

To the Board of Education:

#### Compliance

We have audited the compliance of Hudson City School District, Summit County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

However, we noted an instance of noncompliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated February 20, 2004.

#### Internal Control Over Compliance

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

111 Second St., NW / Fourth Floor / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

#### **Schedule of Receipts and Expenditures of Federal Awards**

We have audited the basic financial statements of the District as of and for the year ended June 30, 2003, and have issued our report thereon dated February 20, 2004, in which we noted the District adopted Governmental Accounting Standards Board Statement No. 34 and changes in the District's policies for capital asset capitalization threshold and treatment of textbooks. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

February 20, 2004



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$ 64,245		\$ 64,245
National School Lunch Program	LL-P4-2002	10.555	\$ 26,012		\$ 26,012	
	LL-P4-2003		37,578		37,578	
Total National School Lunch Program			<u>63,590</u>		<u>63,590</u>	
Total U.S. Department of Agriculture - Child Nutrition Cluster			63,590	64,245	63,590	64,245
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	6B-SF-2002-P	84.027	69,723		172,141	
	6B-SF-2003-P		520,859		499,954	
	6B-PM-2003-P		25,000		19,197	
Total Special Education - Grants to States			<u>615,582</u>		<u>691,292</u>	
Special Education - Preschool Grants	PG-S1-2002-P	84.173	2,552		6,925	
	PG-S1-2003-P		21,677		24,968	
Total Special Education - Preschool Grants			<u>24,229</u>		<u>31,893</u>	
Total Special Education Cluster			639,811		723,185	
Safe and Drug-Free Schools and Communities - State Grants	DR-S1-2001	84.186	2,733		9,987	
	DR-S1-2003		15,431		36,373	
Total Safe and Drug-Free Schools and Communities State Grants			<u>18,164</u>		<u>46,360</u>	
Eisenhower Professional Development State Grants	MS-S1-2002	84.281			3,816	
Innovative Education Program Strategies	C2-S1-2001	84.298	16,203		27,389	
	C2-S1-2003		19,215		34,101	
Total Innovative Education Program Strategies			<u>35,418</u>		<u>61,490</u>	
Technology Literacy Challenge Fund Grants	TF-50-2001	84.318			14,864	
Assistive Technology Infusion Project	AT-S2-2002	84.352A	7,595		7,595	
	AT-S3-2002		6,477		6,191	
Total Assistive Technology Infusion Project			<u>14,072</u>		<u>13,786</u>	
Improving Teacher Quality State Grants	TR-S1-2003	84.367	31,853		13,385	
Total U.S. Department of Education			802,908		940,476	
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Learn and Serve America	SV-S2-2003	94.004	3,000		2,219	
Total Corporation for National and Community Service			<u>3,000</u>		<u>2,219</u>	
<b>Totals</b>			<u>\$ 805,908</u>	<u>\$ 64,245</u>	<u>\$ 942,695</u>	<u>\$ 64,245</u>

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

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the District had no significant food commodities in inventory.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2003**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster CFDA # 84.027 Grants to States CFDA # 84.173 Preschool Grants
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**This Page is Intentionally Left Blank.**

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

OF THE

HUDSON CITY  
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2003

PREPARED BY  
TREASURER'S OFFICE  
SCOTT SNYDER, CPA, TREASURER

2386 HUDSON-AURORA ROAD      HUDSON, OHIO 44236

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

TABLE OF CONTENTS

**I. INTRODUCTORY SECTION**

Table of Contents.....	I 1-3
Letter of Transmittal .....	I 4-11
Organizational Chart.....	I 12
Certificate of Achievement for Excellence in Financial Reporting .....	I 13
Certificate of Excellence in Financial Reporting .....	I 14

**II. FINANCIAL SECTION**

INDEPENDENT ACCOUNTANTS' REPORT .....	F 1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	F 3-15

**BASIC FINANCIAL STATEMENTS:**

Government-Wide Financial Statements:

Statement of Net Assets.....	F 16
Statement of Activities .....	F 17-18

Fund Financial Statements:

Balance Sheet - Governmental Funds.....	F 19
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	F 20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	F 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	F 22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund .....	F 23
Statement of Net Assets - Proprietary Funds.....	F 24
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds .....	F 25
Statement of Cash Flows - Proprietary Funds .....	F 26
Statement of Fiduciary Net Assets - Fiduciary Funds .....	F 27
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund.....	F 28

Notes to the Basic Financial Statements .....	F 29-57
---	---------

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Combining Statements - Nonmajor Funds:

Fund Descriptions.....	F 58-59
Combining Balance Sheet - Nonmajor Governmental Funds.....	F 60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	F 61
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	F 62-65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	F 66-69
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	F 70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds .....	F71

Combining Statements – All Agency Funds:

Fund Descriptions.....	F 72
Combining Statement of Changes in Assets and Liabilities Agency Funds.....	F 73

Individual Fund Schedules of Revenues, Expenditures/Expenses and  
Changes in Fund Balance/Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis):

Major Funds:

General Fund .....	F 74
Community Education.....	F 75

NonMajor Funds:

Public School Support .....	F 76
Other Grants .....	F 77
Athletic and Music.....	F 78
Auxiliary Services .....	F 79
Teacher Development.....	F 80
Management Information Systems .....	F 81
Data Communications .....	F 82
SchoolNet Professional Development .....	F 83
Ohio Reads .....	F 84
Summer Intervention .....	F 85
Other State Grants .....	F 86
Economic Security Act .....	F 87
Title VI-B .....	F 88
Title VI .....	F 89
Drug-Free Grant .....	F 90
EHA Preschool Grant.....	F 91
Classroom Reduction.....	F 92
Other Federal Grants .....	F 93
Food Service.....	F 94
Uniform School Supplies .....	F 95
Other Special Revenue .....	F 96
Debt Service .....	F 97
Permanent Improvement.....	F 98
Building.....	F 99
SchoolNet .....	F 100
Self-Insurance.....	F 101
Scholarship.....	F 102



### III. STATISTICAL SECTION

General Fund Revenues by Source Last Ten Fiscal Years .....	S 1-2
General Fund Expenditures by Function Last Ten Fiscal Years .....	S 3-4
Property Tax Levies and Collections-Real and Public Utility Taxes Last Ten Calendar Years .....	S 5
Assessed and Estimated Actual Value of Taxable Property Last Ten Calendar Years .....	S 6
Property Tax Rates - Direct and Overlapping Governments Last Ten Calendar Years .....	S 7
Computation of Legal Debt Margin - June 30, 2003 .....	S 8
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita - Last Ten Fiscal Years.....	S 9
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures - Last Ten Fiscal Years .....	S 10
Computation of Direct and Overlapping General Obligation Bonded Debt – December 31, 2002 .....	S 11
Demographic Statistics – Last Ten Calendar Years .....	S 12
Property Values, Construction, and Financial Institution Deposits Last Ten Calendar Years .....	S 13
Principal Taxpayers – Real Estate Tax - 2002 Tax Year .....	S 14
Principal Taxpayers – Tangible Personal Property Tax - 2002 Tax Year .....	S 15
Ten Year Attendance Data.....	S 16
Ten Year Enrollment History .....	S 17
Five Year Enrollment Projection.....	S 18
Cost to Educate a 2003 Graduate .....	S 19
Education Statistics – Last Five School Years .....	S 20

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**HUDSON CITY SCHOOL DISTRICT  
TREASURER'S OFFICE**  
2386 Hudson-Aurora Road  
Hudson, OH 44236-2322

**BOARD OF EDUCATION:**

Vicki Soukup, President  
Bruce Hubach, Vice-President  
James Antes  
Andrew Duff  
James Hackney

(Local) 330-653-1270

FAX: 330-656-2292

**ADMINISTRATORS:**

Joseph P. Siegfert, Superintendent  
Scott C. Snyder, CPA, Treasurer

---

February 20, 2004

Citizens and Board of Education, Hudson City School District:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Hudson City School District (the "District") for the fiscal year ended June 30, 2003. This CAFR, which includes an opinion from the Auditor of the State of Ohio, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The report provides the taxpayers of the District, bond rating agencies, and other interested parties with comprehensive financial information, enabling them to gain a clear understanding of the District's finances. This report is intended to meet the accountability requirements of the District to the public.

This CAFR is comprised of three distinct sections:

- ◆ *Introductory Section* includes the table of contents, letter of transmittal, organizational chart, Government Finance Officers Association (GFOA) Certificate of Achievement, and Association of School Business Officials (ASBO) Certificate of Excellence.
- ◆ *Financial Section* includes the independent accountants' report, a management's discussion and analysis, basic financial statements and explanatory notes, and combining statements and individual fund schedules.
- ◆ *Statistical Section* includes various tables reflecting social and economic information, financial trends, and the fiscal capacity of the District.

Copies of this report will be widely distributed throughout the District. A copy will be sent to all school buildings, the Chamber of Commerce, major taxpayers, Hudson Public Library, Moody's and Standard and Poor's Financial Rating Services, banks, the District's Business Advisory Council and any other interested parties.

The District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels; a broad range of co-curricular and extracurricular activities; adult and community education and recreation offerings; and special education programs and facilities.



### ***The Reporting Entity***

The District has reviewed its reporting entity definition in order to insure conformance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the District, the primary government and its potential component units.

The District has administrative responsibility for state funds distributed to private schools located within District boundaries. The private schools served are: Hudson Montessori School, Cuyahoga Valley Christian Academy, Seton Catholic School, Western Reserve Academy, Walsh Jesuit High School and Academy for Young Children (TLC). While these organizations share operational and service similarity with the District, all are separate and distinct entities. Because of their independent nature, none of these organizations' financial statements are included in this report. Their Boards are not appointed by the District, nor are they fiscally dependent on the District.

### ***The District And Its Facilities***

The District serves an area of approximately 34 square miles in and around the City of Hudson (the "City"). It is located in Summit County, approximately 28 miles southeast of downtown Cleveland and 14 miles north of Akron. The District is a rapidly growing affluent suburban district. Nearly 100 percent of the City of Hudson and portions of three other municipalities and a township are located within the District. They are: the City of Cuyahoga Falls, the City of Stow, the Village of Boston Heights and Boston Township. Hudson's population in 1980 was 12,645 residents. By 1990, according to the U.S. Census Bureau, Hudson's population had grown to 17,125 (11,966 Township and 5,159 Village). The 2000 Census shows the population of the City of Hudson is 22,139.

Because of the rapid growth of Hudson and the surrounding area, the District's enrollment has been increasing since 1980. The District had recorded more than 19 consecutive years of increasing enrollment until fiscal year 2000 when enrollment slowed. The District's enrollment for fiscal year-end June 30, 2003, was 5,601 students.

The District's facilities include four elementary schools, one middle school (grades six to eight), one high school (grades nine to twelve), a field house, a maintenance building, a bus garage, central offices residing in four houses and several athletic fields.

### ***Economic Condition And Outlook***

Ohio's seasonally adjusted unemployment rate was 6.3 percent in June 2003, and the nation's unemployment rate for June 2003 was 6.4 percent. Additionally, June 2003 employment in the Akron Primary Metropolitan Statistical Area was 383,000. Specific employment figures for the Hudson City School District are not available. (Labor Force Estimates, June 2003, Ohio Bureau of Employment Services).

Hudson is the headquarters for companies such as JoAnn Stores, Inc. (retail); Alltel Service Company (telecommunications); The Flood Company (coatings and sealants); and Dairy Mart (convenient stores). The City is also home to the division headquarters of Little Tikes (Newell Corp.); Caliber Logistics, Inc. (Federal Express); and Allstate Insurance.

According to the latest available income data, the 2001 median Ohio adjusted gross income per tax return for Hudson City School District residents was \$58,139. That ranks our District 2<sup>nd</sup> in the State of Ohio. The 2001 average Federal adjusted gross income per tax return for Hudson City School District residents was \$103,305. Our District ranks 7<sup>th</sup> in the State in average Federal income per tax return.

The District receives 73 percent of its total operating revenues from local property tax collections. Therefore, the long-term financial health of the District is very dependent on its tax base. Total assessed valuation of the District rose by 56 percent in the last ten years. The increased value in the tax duplicate is attributed to new construction (50 percent) and the balance (50 percent) to revisions in property values made by the County Fiscal Officer over the most recent ten-year period.

The District has an excellent relationship with the City of Hudson, which assures that commercial development projects selected by the City are also highly desirable for the District. When the City of Hudson uses an inducement to attract a business, which is not a common practice, it is in participation with the District in a cooperative agreement. The District and the City of Hudson have agreed to a shared revenue arrangement where the District is to be reimbursed for property taxes it would have otherwise collected. The District will continue to work with the City of Hudson to attract desirable development to the community.



## INTRODUCTION

---

### ***Organization Of The District***

The District is governed by the Constitution of the State of Ohio and various statutes enacted by the Ohio General Assembly through the State Department of Education. Under Ohio law, the District is a separate and distinct unit of government. The Hudson City School District Board of Education is a five-member board elected at-large, with staggered four-year terms.

The Board serves as the taxing authority, contracting body, policy maker, approves the annual appropriation resolution and tax budget and ensures that all other general laws of the State of Ohio are followed in the expenditure of the District's tax dollars.

### ***Principal Officials***

#### **BOARD MEMBERS**

<b><u>Name</u></b>	<b><u>Began</u></b>	<b><u>Expires</u></b>	<b><u>Profession</u></b>
Vicki Soukup President	01-01-96	12-31-03	Accountant Drew & Company
Bruce Hubach Vice President	01-01-00	12-31-03	Manufacturers Representative N.T. Ruddock Company
James Antes	01-01-02	12-31-05	Computer Application & Business Analyst Goodyear Tire & Rubber Company
Andrew Duff	01-01-02	12-31-05	Attorney Amer Cunningham Co, L.P.A.
James Hackney	01-01-02	12-31-05	Senior Vice President of Operations America's Body Company

#### **ADMINISTRATION**

<b><u>Name</u></b>	<b><u>Position</u></b>
Joseph P. Siegerferth	Superintendent
Maryann Wolowiec	Assistant Superintendent
Joseph Spiccia	Director of Human Resources
Philip Wagner	Director of Pupil Personnel Services
Patricia Picard	Director of Curriculum and Instruction
Daniel Seiberling	Director of Pupil Services
Paul Smith	Business Manager
Scott C. Snyder	Treasurer



### ***Employee Relations***

The District currently has approximately 708 full-time and part-time employees. Two labor organizations represent District employees. Certified employees, including teachers and educational specialists, are represented for collective bargaining purposes by the Hudson Education Association (HEA). Support employees, including cooks, custodians, educational aides and clerical staff, are represented for collective bargaining purposes by the Ohio Association of Public School Employees Local 372 (OAPSE).

### ***Services Provided***

The District provides a wide variety of educational and support services as mandated by the Ohio Revised Code or Board directives. The District contracts out its transportation of students. During the 2002-03 fiscal year, the District's fleet of 43 buses traveled 2,558 miles each day providing transportation services to 3,675 public and 268 private and parochial students. The Food Service Department served an average of 4,118 meals daily for a total of 733,086 meals annually through the District's school lunchrooms.

In addition to transportation and school lunch support services offered to children in the District, guidance, special education, (including school psychology services) and health services are available free of charge. Guidance services support the school environment and are designed to help students achieve a well-adjusted social life. Special education services, including school psychology services, are provided for all 13 federal disability categories ranging from preschool-age students through high school. Health services consist of the staffing of school clinics with R.N. or L.P.N. level nurses and health promotion classes. The health services program is provided in collaboration with the Cleveland Clinic Foundation where a medical director oversees the District program.

At the center of the District's services are the instructional programs. The District offers regular instructional programs daily to students in grades pre-kindergarten to twelve. The District served approximately 500 identified students who need specially designed programs. These students received services through the wide array of special education programs offered in the District.

Finally, there are numerous academic and athletic programs for students, providing them with a number of enriching experiences. The District provides, through its Community Education and Recreation Department, a community-wide recreation program during the school year and throughout the summer months. The programs and activities provide a lifetime of memories for Hudson's students.

### ***Major Curricular Initiatives - Fiscal Year 2003***

Hudson City School District's Strategic Plan and Mission Statement continue to be the framework for continuous improvement.

- The professional development model, peer coaching, was used by K-6 language arts teachers to support the implementation of strategies and information learned during the CORE study.
- Parent curricular nights took place at the building level.
- Implementation of a new spelling program took place in grades 2-5.
- Teachers participated in reading the language arts standards to begin the process of writing the course of study.
- Graduate courses in language arts, math and technology were provided.
- Content area reading was studied by middle school teachers.
- Second year implementation professional development took place to support new curricula at the middle school level.
- Preparation of curricula, materials, and instructional strategies for the Ohio Graduation Test occurred.
- Preparation of curricula, materials, and instructional strategies for the 3<sup>rd</sup> grade test took place.
- Math teachers worked with the new standards and compared them with our course of study, while in science, the teachers read the new standards in preparation to write the course of study.



## INTRODUCTION

---

- Media specialists worked with the language arts and social studies teachers to choose an information literacy skills model that applies to the Hudson City School curricula.
- Media specialists worked with the implementation of the closed circuit cable system that supports teachers and students learning.
- The keyboarding pilot continued in 3<sup>rd</sup> grade and expanded to 4<sup>th</sup> grade. It remained a family-school project.
- In-service and software were provided to help teachers differentiate instruction for all levels of students.
- Our equipment K-12 replacement cycle met the curricular and students needs.
- Hardware and software were matched to the needs at the point of instruction to provide integration in the content areas.
- In the area of instruction of gifted students, we provided opportunities for REACH teachers to be consultants to teachers of high ability students.
- The literary magazine was re-instituted at the high school level.
- Regular education teachers attended workshops outside the District with nationally known experts of differentiation.
- The content-area District coordinators attended national conferences to provide professional development and shared with teachers.

### ***Major Curricular Initiatives - Fiscal Year 2004***

- The professional development model, peer coaching, will be expanded to math and science teachers, grades 4 and 5.
- Professional development of the middle school math teachers will continue to support the implementation of the new materials and to prepare the eighth grade teachers.
- Discussions between middle school mathematics teachers and high school mathematics teachers are planned for the teachers to work on students transitioning from middle school to high school.
- 3<sup>rd</sup>, 5<sup>th</sup>, and 10<sup>th</sup>s grade students will pilot new areas of state testing.
- High school teachers will review the Ohio Graduation Test objectives and test structure in preparation for students to take the high stakes tests.
- Parent curricular nights will continue at the building level.
- Graduate courses in language arts, math and technology will be provided.
- Media Specialists will update the Library/Media Course of Study and align the Ohio Library Guidelines with the other content area standards.
- Teachers will work on integrating the Ohio Technology Standards into other content area standards, courses of study, and instructional guides.
- Technology upgrades will be made to allow for online attendance at the middle school and high school along with making online interim grades available to the high school.
- Elementary teachers will have in-services on new software and websites.



- All K-12 Language Arts teachers will contribute to the writing of the Language Arts Course of Study K-12.
- The DIBELS assessment will be implemented in grades K-1 and piloted in grades 2-3.
- The spelling program will be fully implemented at grades 2-6.
- The District-wide writing assessments will be aligned with the language arts standards and course of study.
- TEAM Reading prevention/intervention will be used in all first grade classrooms.
- High School Ecology teachers will continue to work on developing an on-site land lab.

### ***Financial Reporting***

For the fiscal year ended June 30, 2003, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for the State and Local Governments." This pronouncement significantly changes the way the District reports its financial condition and results of operations as compared to previous years. The new basic financial statements for reporting on the District's financial activities are as follows:

- *Government-wide financial statements:* These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by business enterprises. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.
- *Fund financial statements:* These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

As part of this new reporting model, management is responsible for preparing a Discussion and Analysis of the District. This discussion appears after the Independent Accountants' Report in the financial section of this report. The Management Discussion and Analysis provides an assessment of the District's finances for 2003.

See Note 3.A for a full description of all applicable GASB pronouncements implemented during fiscal 2003 and their effect on fund balances/retained earnings previously reported by the District.

### ***Financial Information***

#### ***Internal Accounting and Budgetary Control***

The District's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. Governmental fund operations are presented on the modified accrual basis, whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. "Measurable" means the amount of the transaction can be determined. "Available" means collectable within the current fiscal period or soon enough thereafter to be used to pay liabilities of the current fiscal period, which the District considers to be sixty days after fiscal year-end. Proprietary funds and the private-purpose trust fund operations are presented on the accrual basis, whereby revenues are recognized when earned, and expenses when incurred.

In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing the financial statements and maintaining the accountability of assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation. Management believes that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.





## INTRODUCTION

---

The District utilizes a fully-automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts a permanent appropriation measure for the fiscal year. The permanent appropriation measure is adopted upon receipt from the County Fiscal Officer of an Amended Certificate of Estimated Resources based on final assessed values and tax rates, which is usually received before the beginning of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's Official Certificate of Estimated Resources. The County Fiscal Officer must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are managed at the object account level within a function but controlled at the fund level. All purchase order requests must be approved by the purchasing agent and certified, as to the availability of funds, by the Treasurer. Following certification, the necessary funds are encumbered and purchase orders released to vendors.

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. As an additional safeguard, all employees are covered by a blanket bond and certain individuals in policy-making roles are covered by a separate, higher limit bond.

The basis of accounting and the various funds utilized by the District are fully described in Note 2 of the basic financial statements. Additional information on the District's budgetary accounting can also be found in Note 2.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. As with the financial section, all amounts presented in the remainder of this letter are expressed in rounded dollar amounts.

**Risk Management** The District continues to protect its assets through a comprehensive insurance program. The District uses the State Workers' Compensation Plan and pays a premium based upon a rate per \$100 of salaries. The District is a member of Ohio School Boards Association Workers' Compensation Group Rating Program. The District contracts for general liability insurance with a \$1,000,000 limit per occurrence and \$5,000,000 in aggregate. The District also carries automobile liability insurance with a limit of \$1,000,000 and a \$1,000 deductible.

The District operates and manages health, dental and prescription drug benefits through a self-insurance program. The District's health insurance committee continually reviews the District's coverage provided under our self-insured system. See Note 11.C to the basic financial statements for further information.

**Cash Management** The District maintained its active cash management program, expediting the receipt of revenues and prudently investing available cash. Total interest earned by the governmental funds during fiscal year 2003 was \$330,738. Of that total \$322,266 was credited to the general fund. The balance was credited to other funds as directed by the Ohio Revised Code and Board of Education policy.

The cash management program is designed to minimize cash on hand and maximize investment holdings. All investments are spread among available investment options to insure reasonable returns while protecting principal.

The District's investment policy is to minimize credit and market risk while maintaining a competitive yield on its portfolio. Deposits were insured by federal depository insurance or collateralized direct obligations of the Federal Government. All collateral on deposits meets minimum requirements. Investments held by the District during the fiscal year-end at June 30, 2003, are classified as defined by the Governmental Accounting Standards Board (see Note 4 in the Notes to the Basic Financial Statements for further explanation of the risk categories). However, as required under Ohio law, pooled securities have been pledged in an amount equal to 105 percent of the total deposits, to secure the repayment of all public monies deposited in a financial institution.



**Independent Audit** State statutes require an annual audit by independent accountants. The Ohio Auditor of State conducted the District’s 2003 fiscal year audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. The auditor’s report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

***Other Information***

**Awards:**

***GFOA Certificate of Achievement***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Hudson City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. This was the fourth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

***ASBO Certificate of Excellence***

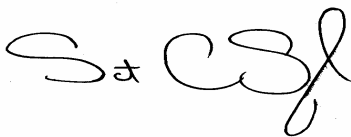
The District received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting Award for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. The award represents a significant achievement by the District and reflects the District’s commitment to the highest standards of school system financial reporting. The District is also submitting this report to the Association of School Business Officials (ASBO) International for consideration of the Certificate of Excellence in Financial Reporting award. This award will certify that the Comprehensive Annual Financial Report conforms to the principles and standards of financial reporting as recommended and adopted by the Association of Schools Business Officials. This award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials. Management believes the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003, which will be submitted to ASBO for review, will continue to conform to ASBO’s principles and standards.

***Acknowledgments***

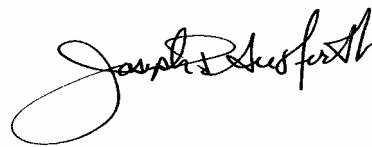
The continued publication of this report is an indication of the District’s commitment to be accountable to our investors, the residents of the Hudson City School District, and to our customers, the students.

The preparation and publication of this Comprehensive Annual Financial Report on a timely basis could not have been possible without the cooperation of the entire staff of the Treasurer’s Office. Additional appreciation is extended to Mr. Paul Smith, Business Manager, for working so diligently to maintain the District’s Capital Asset Records, to Ms. Sheryl Sheatzley, Communications Management Specialist, for her work on the cover and design, and also to Mr. Steve Julian of Trimble, Julian, & Grube Inc., for their expert guidance and assistance.

Respectfully submitted,



\_\_\_\_\_  
Scott C. Snyder, CPA  
Treasurer

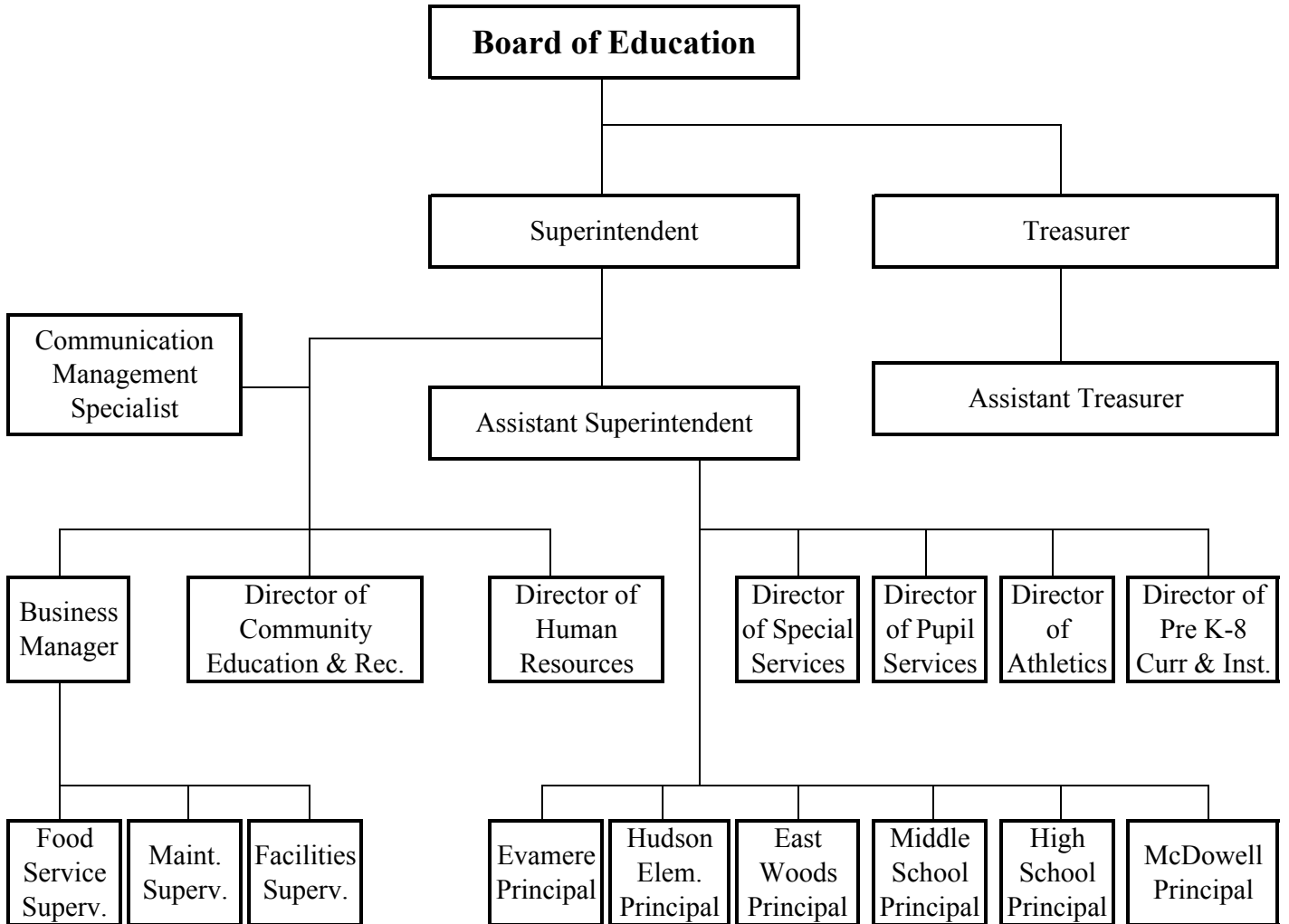


\_\_\_\_\_  
Joseph P. Siegfert  
Superintendent



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hudson City School  
District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

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



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS**  
**INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**HUDSON CITY SCHOOL DISTRICT**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2002

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

*B. Huey*  
President

*Emmie W. Keller*  
Executive Director

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

# FINANCIAL SECTION

**THIS PAGE IS INTENTIONALLY LEFT BLANK**





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Hudson City School District  
Summit County  
2386 Hudson-Aurora Road  
Hudson, Ohio 44236

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*. Additionally, as described in Note 2, the District increased the capital assets capitalization threshold and eliminated textbooks from capital assets. Accordingly, Governmental Activities' net assets have been restated as of July 1, 2002 to reflect the changes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

**Betty Montgomery**  
Auditor of State

February 20, 2004

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

The discussion and analysis of Hudson City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2003 are as follows:

- In total, net assets increased \$1,437,235. Net assets of governmental activities increased \$1,519,618, which represents a 5.80% increase from 2002. Net assets of business-type activities decreased \$82,383 or 41.28% from 2002.
- General revenues accounted for \$50,946,318 in revenue or 90.19% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,541,401 or 9.81% of total revenues of \$56,487,719.
- The District had \$54,067,721 in expenses related to governmental activities; only \$4,642,728 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$50,944,611 were adequate to provide for these programs resulting in an increase to net assets from \$26,182,414 to \$27,702,032.
- The District had \$982,763 in expenses related to business-type activities; a total of \$898,673 was offset by program specific charges for services. Total revenues were not adequate to provide for these programs by \$82,383 resulting in a decrease to net assets from \$199,590 to \$117,207.
- The District's only major governmental fund is the general fund. The general fund had \$47,180,930 in revenues and other financing sources and \$46,566,478 in expenditures and other financing uses. The general fund's fund balance increased \$614,452 from \$3,674,667 to \$4,289,119.

**Using the Comprehensive Annual Financial Statements (CAFR)**

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as a major fund.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service operations.

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 District's Community Education and Recreation programs are reported as business-type activities.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page F 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

***Governmental Funds***

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

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

***Proprietary Funds***

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole.

**Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages F27 – F28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

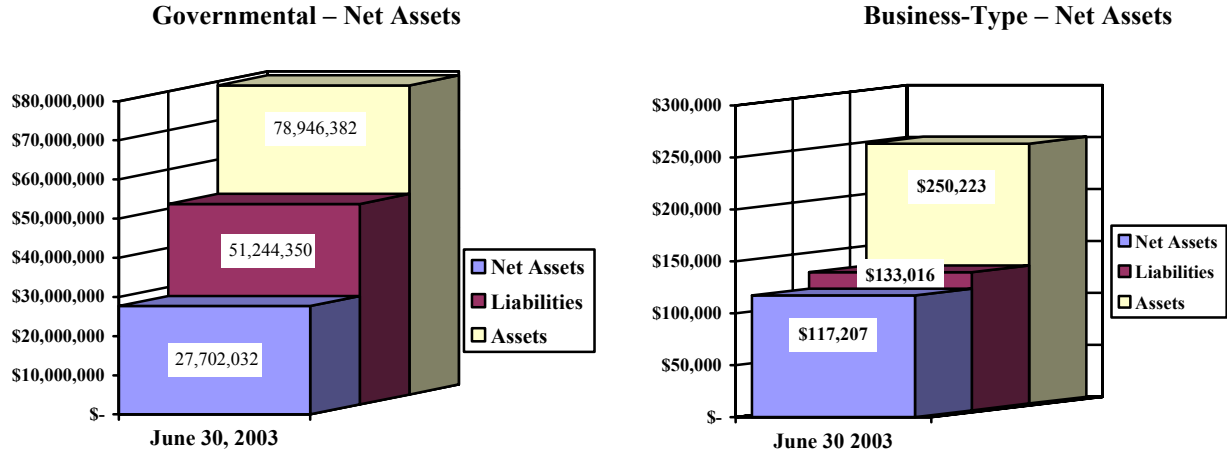
**The District as a Whole**

The Statement of Net Assets provides the perspective of the District as a whole. This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior years is not available. A comparative analysis will be provided in future years when prior year information is available. The table below provides a summary of the District's net assets for 2003.

	<b>Net Assets</b>	
	Governmental Activities 2003	Business-Type Activities 2003
	<u>2003</u>	<u>2003</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 45,016,504	\$ 250,223
Capital assets	<u>33,929,878</u>	<u>-</u>
Total assets	<u>78,946,382</u>	<u>250,223</u>
<b><u>Liabilities</u></b>		
Current liabilities	37,482,908	109,737
Long-term liabilities	<u>13,761,442</u>	<u>23,279</u>
Total liabilities	<u>51,244,350</u>	<u>133,016</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	22,678,949	-
Restricted	2,293,932	-
Unrestricted	<u>2,729,151</u>	<u>117,207</u>
Total net assets	<u>\$ 27,702,032</u>	<u>\$ 117,207</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED



The table below shows the changes in net assets for fiscal year 2003. Since this is the first year the District has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2002 are not available. A comparative analysis will be provided in future years when prior year information is available.

**Change in Net Assets**

	Governmental Activities <u>2003</u>	Business-Type Activities <u>2003</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 2,305,057	\$ 898,673
Operating grants and contributions	2,252,321	-
Capital grants and contributions	85,350	-
General revenues:		
Property taxes	34,693,766	-
Grants and entitlements	15,645,717	-
Investment earnings	315,327	-
Miscellaneous	289,801	1,707
Total revenues	<u>55,587,339</u>	<u>900,380</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

	Governmental Activities <u>2003</u>	Business-Type Activities <u>2003</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 23,731,674	\$ -
Special	4,101,950	-
Vocational	286,703	-
Other	817,998	-
Support services:		
Pupil	3,441,568	-
Instructional staff	3,591,957	-
Board of education	43,414	-
Administration	3,684,495	-
Fiscal	983,947	-
Business	369,361	-
Operations and maintenance	5,277,330	-
Pupil transportation	2,808,211	-
Central	311,047	-
Operation of non-instructional services	39,960	-
Extracurricular activities	1,169,803	-
Intergovernmental	1,272,469	-
Interest and fiscal charges	570,219	-
Food service	1,565,615	-
Community education	-	982,763
Total expenses	<u>54,067,721</u>	<u>982,763</u>
Changes in net assets	<u>\$ 1,519,618</u>	<u>\$ (82,383)</u>

**Governmental Activities**

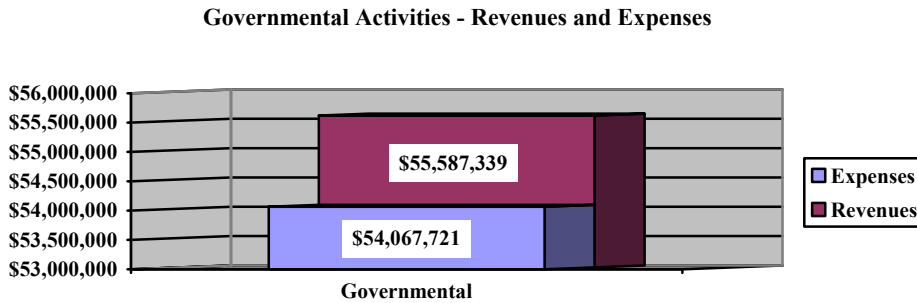
Net assets of the District's governmental activities increased by \$1,519,618. Total governmental expenses of \$54,067,721 were offset by program revenues of \$4,642,728 and general revenues of \$50,944,611. Program revenues supported 8.59% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 90.56% of total governmental revenue. Property taxes support 64.17% of total expenses while grants and entitlements supported 28.94% of total expenses. Between these two revenue items, 93.11% of total governmental expenses were funded.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2003.



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2003. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Program expenses:		
Instruction:		
Regular	\$ 23,731,674	\$ 23,069,109
Special	4,101,950	4,042,230
Vocational	286,703	286,703
Other	817,998	796,998



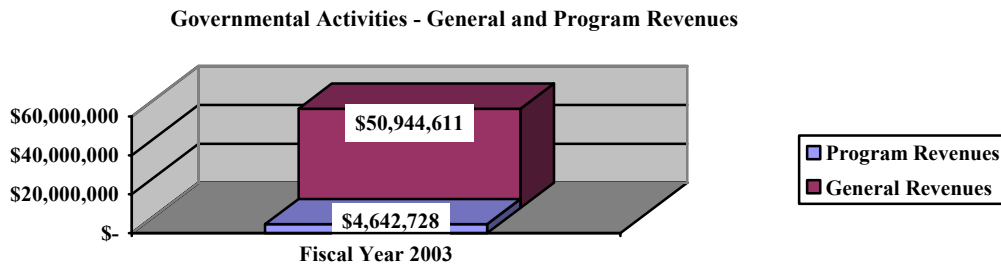
**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED**

	<u>Total Cost of Services 2003</u>	<u>Net Cost of Services 2003</u>
Support services:		
Pupil	3,441,568	2,840,395
Instructional staff	3,591,957	3,424,354
Board of education	43,414	43,414
Administration	3,684,495	3,629,974
Fiscal	983,947	983,947
Business	369,361	369,361
Operations and maintenance	5,277,330	5,277,330
Pupil transportation	2,808,211	2,808,211
Central	311,047	307,935
Operation of non-instructional services	39,960	31,898
Extracurricular activities	1,169,803	837,934
Intergovernmental	1,272,469	33,426
Food service operations	1,565,615	71,555
Interest and fiscal charges	<u>570,219</u>	<u>570,219</u>
 Total expenses	 <u>\$ 54,067,721</u>	 <u>\$ 49,424,993</u>

The dependence upon tax revenues during fiscal year 2003 for governmental activities is apparent, as 97.43% of 2003 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 91.41% in 2003. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2003.



**Business-Type Activities**

Business-type activities include Community Education and Recreation operations. These programs had revenues of \$900,380 and expenses of \$982,763 for fiscal year 2003. This resulted in a decrease to net assets for the fiscal year of \$82,383. This fund is self-supporting through user fees and charges. Management assesses its performance to ensure that they are run efficiently.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page F 19) reported a combined fund balance of \$7,310,325, which is above last year's total of \$7,081,411. The fund balance at June 30, 2002 has been restated for the reclassifications of funds and the implementation of new accounting standards (See Note 3.A. to the basic financial statements). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2003 and 2002.

	<u>Fund Balance</u> <u>June 30, 2003</u>	<u>Fund Balance</u> <u>June 30, 2002</u>	<u>Increase/</u> <u>(Decrease)</u>
General	\$ 4,289,119	\$ 3,674,667	\$ 614,452
Other Governmental	<u>3,021,206</u>	<u>3,406,744</u>	<u>(385,538)</u>
Total	<u>\$ 7,310,325</u>	<u>\$ 7,081,411</u>	<u>\$ 228,914</u>

**General Fund**

The District's general fund balance increased by \$614,452. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 31,174,122	\$ 29,337,617	6.26%
Tuition	89,584	87,709	2.14%
Interest earnings	322,266	422,655	(23.75)%
Intergovernmental	15,381,039	15,116,729	1.75%
Other revenues	<u>169,025</u>	<u>62,432</u>	170.73%
Total	<u>\$ 47,136,036</u>	<u>\$ 45,027,142</u>	4.68%

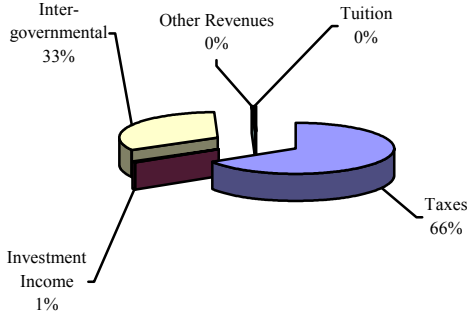
Tax revenue increased \$1,836,505 or 6.26% from the prior year. This is the result of an increase in the amount of taxes collected by the Summit County Fiscal Officer and available to the District as an advance at fiscal year end. These amounts are reserved on the fund financial statements as property tax unavailable for appropriation.

Intergovernmental revenue increased \$264,310 or 1.75% from the prior year. The decrease in investment income is due to drastic cuts in interest rates by the Federal Reserve Bank throughout the year. Tuition revenue remained comparable to 2002. Other revenue increased \$106,593 which is comprised of receipts which are not categorized elsewhere.

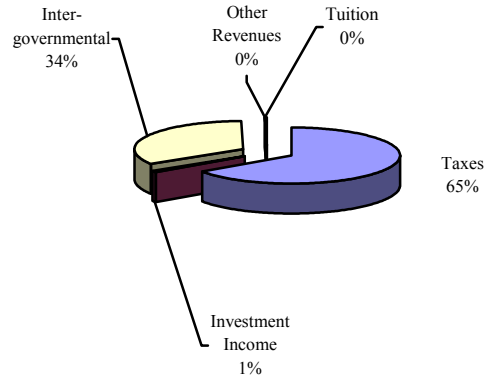
**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED**

**Revenues – Fiscal Year 2003**



**Revenues – Fiscal Year 2002**

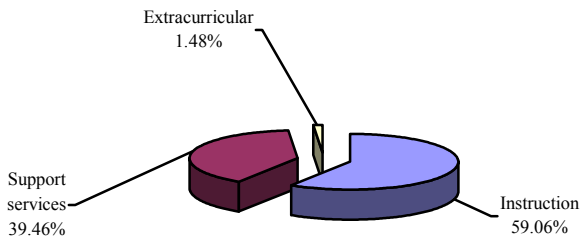


The table that follows assists in illustrating the expenditures of the general fund.

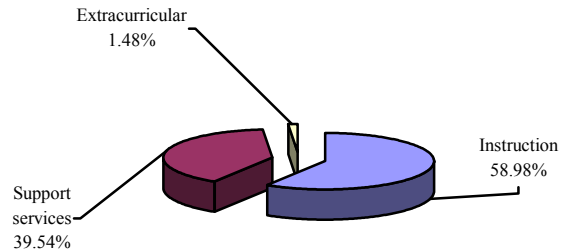
	<u>2003 Amount</u>	<u>2002 Amount</u>	<u>Percentage Change</u>
<b><u>Expenditures</u></b>			
Instruction	\$ 27,459,169	\$ 26,210,646	4.76%
Support services	18,343,766	17,569,408	4.41%
Extracurricular activities	<u>688,869</u>	<u>658,650</u>	4.59%
Total	<u>\$ 46,491,804</u>	<u>\$ 44,438,704</u>	4.62%

All expenditures of the general fund increased slightly from the prior year due primarily to standard personnel cost increases.

**Expenditures – Fiscal Year 2003**



**Expenditures – Fiscal Year 2002**



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

***Enterprise Fund***

The District maintains one enterprise fund to account for Community Education and Recreation Programs. The Community Education fund is considered a major enterprise fund of the District. Since the enterprise fund is accounted for on the same basis of accounting as business-type activities (the accrual basis of accounting), the statement of net assets and the results of operations on the fund financial statements mirror those reported as business-type activities on the District-wide financial statements. See page F 9 for a discussion of the District's business-type activities.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2003, the District amended its general fund budget numerous times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$45,530,083, above original budget estimates of \$44,208,629. Of this \$1,321,454 difference, most was due to conservative intergovernmental and property tax estimates in the original budget. The actual budgeted revenues and other financing sources for fiscal year 2003 totaled \$45,530,083, which was the same as the final budgeted revenues and other financing sources.

General fund original appropriations of \$48,217,091 were decreased to \$47,581,517 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2003 totaled \$47,123,295, which was \$458,222 less than the final budget appropriations, primarily because salary and benefit costs proved to be lower than anticipated in the original and final budget.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2003, the District had \$33,929,878 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The following table shows fiscal 2003 balances compared to 2002:

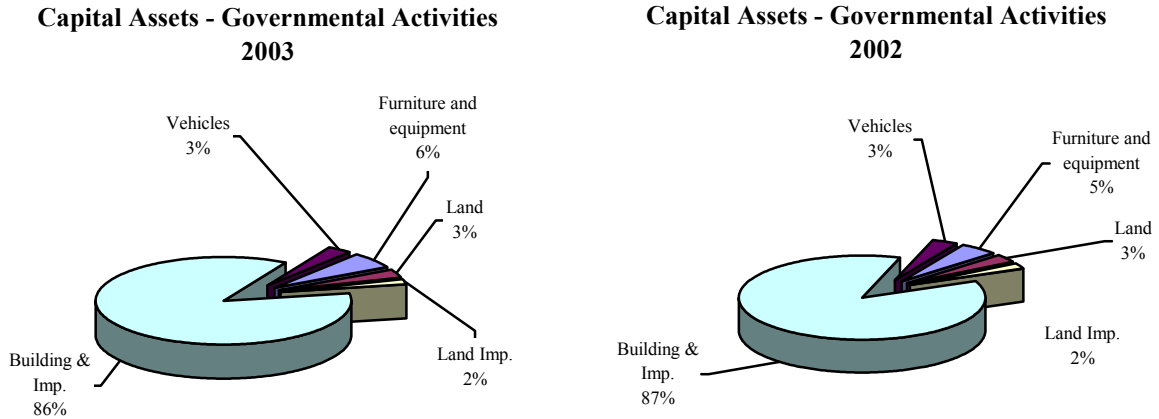
	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Land	\$ 1,032,204	\$ 1,032,204
Land improvements	736,871	794,963
Building and improvements	29,053,744	29,843,107
Furniture and equipment	2,043,635	1,757,437
Vehicles	<u>1,063,424</u>	<u>1,160,632</u>
Total	<u>\$ 33,929,878</u>	<u>\$ 34,588,343</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

The decrease from 2002 to 2003 was a result of depreciation expense (\$1,339,849) exceeding capital outlays (\$681,384) in fiscal 2003. See Note 8 to the basic financial statements for more information on the District's capital assets.

The following graphs show the breakdown of governmental activities capital assets by category for 2003 and 2002.



**Debt Administration**

At June 30, 2003 the District had \$11,250,929 in general obligation bonds outstanding. Of this total, \$643,436 is due within one year and \$10,607,493 is due within greater than one year. The following table summarizes the bonds outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2003</u>	Governmental Activities <u>2002</u>
High School Building	\$ 10,334,880	\$ 12,299,880
Energy Conservation Bonds	<u>916,049</u>	<u>1,073,008</u>
Total	<u>\$ 11,250,929</u>	<u>\$ 13,372,888</u>

The high school building and energy conservation bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment.

The high school building bonds were issued in April 1993 and mature on December 1, 2014. These bonds bear a 7.10% interest rate.

The energy conservation bonds were issued in April 1997 and mature on December 1, 2007. These bonds bear a 5.20% interest rate.

See Note 9 to the basic financial statements for more information on the District's long-term obligations.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

**Current Financial Related Activities**

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. The general fund cash balance was \$7,626,099 at June 30, 2003. Fiscal year-end general fund cash balances were \$8,082,506, \$6,396,977, \$7,547,863, and \$6,999,703 at June 30 in Fiscal Years 2002, 2001, 2000, and 1999, respectively. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance and continue a quality, comprehensive educational program.

The Board's five-year projections indicated that the natural budget cycle needs would require additional operating income beginning in fiscal year 2003. With Board guidance, the recent fiscal year budgets have been carefully managed in order to minimize the size of the 2003 tax requirements. In November 2003, the Board submitted, and the electors of the District approved (*by a vote of 55.66% to 44.34%*) a 5.5-mill ad valorem property tax for the purpose of current expenses for a continuing period of time. That levy is expected to generate approximately \$4.8 million annually. By monitoring its five-year forecast, the Board was able to extend its levy cycle from 3 to 5 years while maintaining a millage amount consistent with past levies. The Board is committed to utilizing the additional funds the District receives from the new levy to maintain the level of educational excellence our community expects. It is anticipated that additional operating funds from local taxes will be necessary again in fiscal year 2006.

Several significant legislative and judicial actions have occurred that will have a major impact on the District. The Ohio Supreme Court ruled in March 1997 that the State of Ohio was operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." The State has not yet developed a school-funding plan that has been deemed acceptable by the Court, and ultimate resolution still seems to be some time in the future. There is concern that the State may not have the ability to fully fund the previously approved subsidies for primary and secondary education in the State budget. The biennial budget approved by the State for fiscal years 2004 and 2005 did not prove helpful to the funding situation for the District. Changes to the State's school foundation funding formula did not bode well for additional revenue, and in fact, caused a decline in foundation funding for 2004. In spite of this, the Board is committed to upholding its levy promise to the community voters not to seek an additional operating levy for a period of three years.

Increasing enrollment has been the trend over the past ten years that has received, and will continue to receive, the attention of the Board and Administration. Though the City of Hudson limits the number of housing permits to 100 per calendar year, there are a number of substantial housing developments being planned in areas within the District but outside of the City's growth management ordinance. Anticipated increased student counts will further lead to the need for more staffing, additional building capacity, and quite possibly more resources. Each of these factors will have a profound impact on the operations of the District.

Another challenge facing the District is the need to update and expand its facilities to enhance and provide learning space designs for current and future students. The Board's last attempt at a bond issue was November of 2000. The \$46.5 million bond issue failed by a vote of 59.4% against to 40.6% for. As a result, the District began an extensive survey campaign to determine the reasons for the bond levy failure and to gather the necessary information to determine what the community was willing to support. Among the many responses, the overall cost of the project seemed to be a significant and consistent theme. It was also suggested that the District "phase-in" the facility improvements rather than a comprehensive attempt.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

In November 2002, the District, along with the other 16 public school districts in Summit County, unsuccessfully placed a ¼ % sales tax increase before the voters. The District would have realized approximately \$1.9 million annually for the specific purpose of capital improvements. It is important to note; however, that the voters within the District supported the issue. Consistent with this alternative revenue stream approach, the City of Hudson has placed before the electorate a 1% increase request to its municipal income tax rate on the March 2, 2004 ballot. In an effort to assist the District with its facility needs, the Hudson City Council has specifically earmarked 13.5% of the additional 1% to the District for capital improvements to existing or additional community learning centers. If the issue is successful, this dedicated tax revenue will generate approximately \$1.0 million in its first full year of collection and realize inflationary increases. It is anticipated that, if the issue is successful, the District will continue to re-evaluate its facility needs and look at either alternative revenue stream options or a traditional property tax based bond issue.

The District has committed itself to educational and financial excellence for many years. The budgeting and internal controls utilized by the District have resulted in unqualified audit opinions. Each challenge identified in this section is viewed simultaneously as an opportunity for the District to foray down paths not previously traveled to continue its commitment to excellence. The District is committed to living within its financial means, and working with the community it serves in order to garner adequate resources to support the educational program.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Scott Snyder, Treasurer, Hudson City School District, 2400 Hudson-Aurora Road, Hudson, Ohio 44236 or by calling (330) 653-1200.

THIS PAGE IS INTENTIONALLY LEFT BLANK



BASIC  
FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF NET ASSETS  
JUNE 30, 2003

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . .	\$ 11,084,987	\$ 248,966	\$ 11,333,953
Receivables:			
Taxes . . . . .	33,739,045	-	33,739,045
Accounts . . . . .	3,995	1,257	5,252
Intergovernmental . . . . .	81,170	-	81,170
Accrued interest . . . . .	19,318	-	19,318
Prepayments . . . . .	15,675	-	15,675
Materials and supplies inventory. . . . .	4,260	-	4,260
Inventory held for resale . . . . .	68,054	-	68,054
Capital assets:			
Land . . . . .	1,032,204	-	1,032,204
Depreciable capital assets, net . . . . .	32,897,674	-	32,897,674
Total capital assets . . . . .	<u>33,929,878</u>	<u>-</u>	<u>33,929,878</u>
 Total assets. . . . .	 <u>78,946,382</u>	 <u>250,223</u>	 <u>79,196,605</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	370,865	32,955	403,820
Accrued wages and benefits . . . . .	4,553,844	30,163	4,584,007
Pension obligation payable. . . . .	1,124,281	43,717	1,167,998
Intergovernmental payable . . . . .	324,376	2,902	327,278
Deferred revenue . . . . .	30,768,108	-	30,768,108
Accrued interest payable . . . . .	86,920	-	86,920
Claims payable . . . . .	254,514	-	254,514
Long-term liabilities:			
Due within one year. . . . .	926,104	7,855	933,959
Due within more than one year . . . . .	12,835,338	15,424	12,850,762
 Total liabilities . . . . .	 <u>51,244,350</u>	 <u>133,016</u>	 <u>51,377,366</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt. . . . .	22,678,949	-	22,678,949
Restricted for:			
Capital projects . . . . .	1,035,667	-	1,035,667
Debt service. . . . .	1,207,804	-	1,207,804
Other purposes . . . . .	50,461	-	50,461
Unrestricted . . . . .	<u>2,729,151</u>	<u>117,207</u>	<u>2,846,358</u>
 Total net assets . . . . .	 <u>\$ 27,702,032</u>	 <u>\$ 117,207</u>	 <u>\$ 27,819,239</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 23,731,674	\$ 405,206	\$ 172,009	\$ 85,350
Special . . . . .	4,101,950	-	59,720	-
Vocational . . . . .	286,703	-	-	-
Other . . . . .	817,998	-	21,000	-
Support services:				
Pupil . . . . .	3,441,568	202,237	398,936	-
Instructional staff . . . . .	3,591,957	-	167,603	-
Board of education . . . . .	43,414	-	-	-
Administration . . . . .	3,684,495	-	54,521	-
Fiscal . . . . .	983,947	-	-	-
Business . . . . .	369,361	-	-	-
Operations and maintenance . . . . .	5,277,330	-	-	-
Pupil transportation . . . . .	2,808,211	-	-	-
Central . . . . .	311,047	-	3,112	-
Operation of non-instructional services . . . . .	39,960	-	8,062	-
Extracurricular activities . . . . .	1,169,803	331,869	-	-
Intergovernmental . . . . .	1,272,469	-	1,239,043	-
Food service operations . . . . .	1,565,615	1,365,745	128,315	-
Interest and fiscal charges . . . . .	570,219	-	-	-
<b>Total governmental activities . . . . .</b>	<b>54,067,721</b>	<b>2,305,057</b>	<b>2,252,321</b>	<b>85,350</b>
<b>Business-type activities:</b>				
Community education . . . . .	982,763	898,673	-	-
<b>Total business-type activities . . . . .</b>	<b>982,763</b>	<b>898,673</b>	<b>-</b>	<b>-</b>
<b>Totals . . . . .</b>	<b>\$ 55,050,484</b>	<b>\$ 3,203,730</b>	<b>\$ 2,252,321</b>	<b>\$ 85,350</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	
Debt service . . . . .	
Capital outlay . . . . .	
Grants and entitlements not restricted to specific programs . . . . .	
Investment earnings . . . . .	
Miscellaneous . . . . .	
<b>Total general revenues . . . . .</b>	
<b>Change in net assets . . . . .</b>	
<b>Net assets at beginning of year . . . . .</b>	
<b>Net assets at end of year . . . . .</b>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (23,069,109)	\$ -	\$ (23,069,109)
(4,042,230)	-	(4,042,230)
(286,703)	-	(286,703)
(796,998)	-	(796,998)
(2,840,395)	-	(2,840,395)
(3,424,354)	-	(3,424,354)
(43,414)	-	(43,414)
(3,629,974)	-	(3,629,974)
(983,947)	-	(983,947)
(369,361)	-	(369,361)
(5,277,330)	-	(5,277,330)
(2,808,211)	-	(2,808,211)
(307,935)	-	(307,935)
(31,898)	-	(31,898)
(837,934)	-	(837,934)
(33,426)	-	(33,426)
(71,555)	-	(71,555)
(570,219)	-	(570,219)
(49,424,993)	-	(49,424,993)
-	(84,090)	(84,090)
-	(84,090)	(84,090)
(49,424,993)	(84,090)	(49,509,083)
31,148,442	-	31,148,442
2,453,157	-	2,453,157
1,092,167	-	1,092,167
15,645,717	-	15,645,717
315,327	-	315,327
289,801	1,707	291,508
50,944,611	1,707	50,946,318
1,519,618	(82,383)	1,437,235
26,182,414	199,590	26,382,004
\$ 27,702,032	\$ 117,207	\$ 27,819,239

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2003

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 7,626,099	\$ 3,131,081	\$ 10,757,180
Receivables:			
Taxes . . . . .	30,455,138	3,283,907	33,739,045
Accounts . . . . .	2,327	1,668	3,995
Intergovernmental . . . . .	-	81,170	81,170
Accrued interest . . . . .	13,484	5,834	19,318
Interfund loans . . . . .	47,934	-	47,934
Prepayments . . . . .	15,675	-	15,675
Materials and supplies inventory . . . . .	-	4,260	4,260
Inventory held for resale . . . . .	-	68,054	68,054
<b>Total assets . . . . .</b>	<u>\$ 38,160,657</u>	<u>\$ 6,575,974</u>	<u>\$ 44,736,631</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 164,467	\$ 194,930	\$ 359,397
Accrued wages and benefits . . . . .	4,358,996	194,848	4,553,844
Compensated absences payable . . . . .	166,493	-	166,493
Pension obligation payable . . . . .	712,784	21,732	734,516
Intergovernmental payable . . . . .	312,696	11,680	324,376
Interfund loan payable . . . . .	-	47,934	47,934
Deferred revenue . . . . .	28,156,102	3,083,644	31,239,746
<b>Total liabilities . . . . .</b>	<u>33,871,538</u>	<u>3,554,768</u>	<u>37,426,306</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	883,343	709,874	1,593,217
Reserved for materials and supplies inventory . . . . .	-	72,314	72,314
Reserved for debt service . . . . .	-	1,099,774	1,099,774
Reserved for property tax unavailable for appropriation . . . . .	2,312,488	261,589	2,574,077
Reserved for prepayments . . . . .	15,675	-	15,675
Unreserved, undesignated, reported in:			
General fund . . . . .	1,077,613	-	1,077,613
Special revenue funds . . . . .	-	590,061	590,061
Capital projects funds . . . . .	-	287,594	287,594
<b>Total fund balances . . . . .</b>	<u>4,289,119</u>	<u>3,021,206</u>	<u>7,310,325</u>
<b>Total liabilities and fund balances . . . . .</b>	<u>\$ 38,160,657</u>	<u>\$ 6,575,974</u>	<u>\$ 44,736,631</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2003

<b>Total governmental fund balances</b>		\$	7,310,325
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			33,929,878
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	396,860	
Accrued interest		13,452	
Intergovernmental revenue		61,326	
Total			471,638
An internal service fund is used by management to charge the costs of medical and dental insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			61,825
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		11,250,929	
Compensated absences		2,344,020	
Pension obligation payable		389,765	
Accrued interest payable		86,920	
Total			(14,071,634)
<b>Net assets of governmental activities</b>		\$	27,702,032

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 31,174,122	\$ 3,543,785	\$ 34,717,907
Tuition . . . . .	89,584	-	89,584
Earnings on investments . . . . .	322,266	8,472	330,738
Extracurricular . . . . .	-	468,735	468,735
Charges for services . . . . .	-	1,648,559	1,648,559
Other local revenues . . . . .	169,025	218,955	387,980
Intergovernmental - Intermediate sources . . . . .	109,581	-	109,581
Intergovernmental - State . . . . .	15,130,838	1,761,440	16,892,278
Intergovernmental - Federal . . . . .	140,620	807,073	947,693
Total revenue . . . . .	<u>47,136,036</u>	<u>8,457,019</u>	<u>55,593,055</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	22,874,652	516,808	23,391,460
Special . . . . .	3,972,436	73,102	4,045,538
Vocational . . . . .	260,876	-	260,876
Other . . . . .	351,205	471,428	822,633
Support Services:			
Pupil . . . . .	2,705,562	727,196	3,432,758
Instructional staff . . . . .	3,318,632	190,358	3,508,990
Board of Education . . . . .	41,612	-	41,612
Administration . . . . .	3,602,302	50,881	3,653,183
Fiscal . . . . .	945,826	43,569	989,395
Business . . . . .	372,889	12	372,901
Operations and maintenance . . . . .	4,404,810	1,085	4,405,895
Pupil transportation . . . . .	2,644,567	43,861	2,688,428
Central . . . . .	307,566	924	308,490
Operation of non-instructional services . . . . .	-	33,555	33,555
Extracurricular activities . . . . .	688,869	435,304	1,124,173
Food service operations . . . . .	-	1,488,850	1,488,850
Intergovernmental pass through . . . . .	-	1,266,389	1,266,389
Facilities acquisition and construction . . . . .	-	900,496	900,496
Debt service:			
Principal retirement . . . . .	-	2,121,959	2,121,959
Interest and fiscal charges . . . . .	-	506,560	506,560
Total expenditures . . . . .	<u>46,491,804</u>	<u>8,872,337</u>	<u>55,364,141</u>
Excess of revenues over (under) expenditures . . . . .	<u>644,232</u>	<u>(415,318)</u>	<u>228,914</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	44,894	74,974	119,868
Transfers (out) . . . . .	(74,674)	(45,194)	(119,868)
Total other financing sources (uses) . . . . .	<u>(29,780)</u>	<u>29,780</u>	<u>-</u>
Net change in fund balances . . . . .	614,452	(385,538)	228,914
<b>Fund balances at beginning of year (restated) . . . . .</b>			
	<u>3,674,667</u>	<u>3,406,744</u>	<u>7,081,411</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 4,289,119</u>	<u>\$ 3,021,206</u>	<u>\$ 7,310,325</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

<b>Net change in fund balances - total governmental funds</b>	\$	228,914
<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 cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays were less than depreciation expense in the current period.		(658,465)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(69,961)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		2,121,959
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(63,659)
Some expenses reported in the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(131,399)
The internal service fund used by management to charge the costs of medical and dental insurance to individual funds are not reported in the District-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 is allocated among the governmental activities.		92,229
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>1,519,618</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 28,653,278	\$ 29,540,503	\$ 29,540,503	\$ -
Tuition . . . . .	97,167	89,584	89,584	-
Earnings on investments . . . . .	338,563	349,046	349,046	-
Other local revenues . . . . .	202,727	176,171	176,171	-
Intergovernmental - Intermediate sources . . . . .	106,290	109,581	109,581	-
Intergovernmental - State . . . . .	14,676,396	15,130,838	15,130,838	-
Total revenue . . . . .	<u>44,074,421</u>	<u>45,395,723</u>	<u>45,395,723</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	23,225,848	22,863,540	22,812,760	50,780
Special . . . . .	3,635,358	3,882,883	3,870,699	12,184
Vocational . . . . .	288,555	267,024	259,321	7,703
Other . . . . .	881,346	710,176	685,407	24,769
Support Services:				
Pupil . . . . .	2,838,699	2,712,630	2,704,709	7,921
Instructional staff . . . . .	3,261,525	3,334,415	3,247,654	86,761
Board of Education . . . . .	51,458	56,693	42,823	13,870
Administration . . . . .	3,781,288	3,634,342	3,604,538	29,804
Fiscal . . . . .	1,037,758	967,524	943,111	24,413
Business . . . . .	445,233	415,598	386,745	28,853
Operations and maintenance . . . . .	4,899,615	4,664,329	4,559,371	104,958
Pupil transportation . . . . .	2,594,990	2,766,110	2,760,466	5,644
Central . . . . .	407,367	419,384	376,344	43,040
Extracurricular activities . . . . .	704,100	676,335	659,139	17,196
Total expenditures . . . . .	<u>48,053,140</u>	<u>47,370,983</u>	<u>46,913,087</u>	<u>457,896</u>
Excess of revenues over (under) expenditures . . . . .	<u>(3,978,719)</u>	<u>(1,975,260)</u>	<u>(1,517,364)</u>	<u>457,896</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	3,428	3,509	3,509	-
Refund of prior year receipt . . . . .	-	(1,158)	(1,158)	-
Transfers in . . . . .	110,483	109,926	109,926	-
Transfers (out) . . . . .	(106,000)	(149,631)	(149,305)	326
Advances in . . . . .	20,297	20,925	20,925	-
Advances (out) . . . . .	(57,951)	(59,745)	(59,745)	-
Total other financing sources (uses) . . . . .	<u>(29,743)</u>	<u>(76,174)</u>	<u>(75,848)</u>	<u>326</u>
Net change in fund balance . . . . .	(4,008,462)	(2,051,434)	(1,593,212)	458,222
<b>Fund balance at beginning of year (restated) . . . . .</b>	<b>7,180,814</b>	<b>7,180,814</b>	<b>7,180,814</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>984,023</b>	<b>984,023</b>	<b>984,023</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<u><b>\$ 4,156,375</b></u>	<u><b>\$ 6,113,403</b></u>	<u><b>\$ 6,571,625</b></u>	<u><b>\$ 458,222</b></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2003

	<b>Business-Type Activities - Community Education Fund</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 248,966	\$ 327,807
Receivables:		
Accounts . . . . .	1,257	-
Total assets . . . . .	250,223	327,807
<b>Liabilities:</b>		
Current:		
Accounts payable . . . . .	32,955	11,468
Accrued wages and benefits . . . . .	30,163	-
Compensated absences . . . . .	7,855	-
Pension obligation payable . . . . .	43,717	-
Intergovernmental payable . . . . .	2,902	-
Claims payable . . . . .	-	254,514
Total current liabilities . . . . .	117,592	265,982
Long-term liabilities:		
Compensated absences payable . . . . .	15,424	-
Total liabilities . . . . .	133,016	265,982
<b>Net assets:</b>		
Unrestricted . . . . .	117,207	61,825
Total net assets . . . . .	\$ 117,207	\$ 61,825

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Business-Type Activities - Community Education Fund</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>		
Sales/charges for services. . . . .	\$ 898,673	\$ 5,110,118
Other . . . . .	1,707	-
	900,380	5,110,118
<b>Operating expenses:</b>		
Personal services. . . . .	505,017	38,346
Purchased services. . . . .	411,921	897,525
Materials and supplies . . . . .	64,690	-
Claims . . . . .	-	4,082,018
Other. . . . .	1,135	-
	982,763	5,017,889
Total operating expenses. . . . .	982,763	5,017,889
Operating income (loss) . . . . .	(82,383)	92,229
Change in net assets . . . . .	(82,383)	92,229
<b>Net assets at beginning of year (restated) .</b>	<b>199,590</b>	<b>(30,404)</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 117,207</b>	<b>\$ 61,825</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Business-Type Activities - Community Education Fund</b>	<b>Governmental Activities - Internal Service Fund</b>
	<b>Education Fund</b>	<b>Service Fund</b>
<b>Cash flows from operating activities:</b>		
Cash received from sales/charges for services . . . . .	\$ 899,123	\$ 5,110,118
Cash payments for personal services . . . . .	(460,390)	(38,483)
Cash payments for contractual services . . . . .	(417,464)	(886,057)
Cash payments for materials and supplies . . . . .	(69,739)	-
Cash payments for claims . . . . .	-	(4,312,809)
Cash payments for other expenses . . . . .	(2,497)	-
	(50,967)	(127,231)
Net cash used in operating activities . . . . .	(50,967)	(127,231)
Net decrease in cash and cash equivalents . . . . .	(50,967)	(127,231)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>299,933</b>	<b>455,038</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 248,966</b>	<b>\$ 327,807</b>
<b>Reconciliation of operating income (loss) to net cash used in operating activities:</b>		
Operating income (loss) . . . . .	\$ (82,383)	\$ 92,229
Changes in assets and liabilities:		
Increase in accounts receivable . . . . .	(1,257)	-
Increase (decrease) in accounts payable . . . . .	(10,345)	11,468
Increase in accrued wages and benefits . . . . .	24,734	-
Decrease in intergovernmental payable . . . . .	(1,537)	(137)
Increase in compensated absences payable . . . . .	5,001	-
Increase in pension obligation payable . . . . .	14,820	-
Decrease in claims payable . . . . .	-	(230,791)
	(50,967)	(127,231)
Net cash used in operating activities . . . . .	\$ (50,967)	\$ (127,231)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2003

	<b>Private-Purpose Trust</b>	
	<b>Scholarships</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents. . . . .	\$ 2,985	\$ 60,255
Receivables:		
Accounts. . . . .	-	20
	2,985	60,275
Total assets. . . . .		
<b>Liabilities:</b>		
Accounts payable. . . . .	-	8,881
Undistributed monies. . . . .	-	9,009
Due to students. . . . .	-	42,385
	-	60,275
Total liabilities. . . . .		\$ 60,275
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	2,985	
Total net assets. . . . .	\$ 2,985	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Private-Purpose Trust</b>
	<b>Scholarships</b>
<b>Additions:</b>	
Gifts and contributions . . . . .	\$ 38,800
Total additions . . . . .	38,800
<b>Deductions:</b>	
Scholarships awarded . . . . .	38,800
Change in net assets . . . . .	-
Net assets at beginning of year . . . . .	2,985
Net assets at end of year . . . . .	\$ 2,985

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Hudson City School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally-elected five-member Board of Education and provides educational services as mandated by state and/or federal agencies. This Board controls the District's nine instructional/support facilities. The District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These District operations will be included as part of the reporting entity.

The District ranks as the 61<sup>st</sup> largest by enrollment among the 740 public and community school districts in the state. The District employs 263 non-certified, 414 certified and 31 administrative employees to provide services to approximately 5,601 students and community groups.

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

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

**A. Reporting Entity**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organizations resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

*JOINTLY GOVERNED ORGANIZATIONS*

Six District Educational Compact (the "Compact")

The Compact is a jointly governed organization to provide for the vocational needs of the students of six participating school districts. The six member board consists of the superintendent from each of the participating school districts. Students may attend any vocational class offered by any of the six school districts. Hudson City School District serves as one of the fiscal agents for this agreement, collecting and distributing payments pertaining to the administrative portion of the compact. The board exercises total control over the operations of the compact, including budgeting, appropriating, contracting and designating management.

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Program

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those accounted for in the building fund or financed by proprietary funds; (b) for food service and uniform school supplies operations; (c) for grants and other resources whose use is restricted to a particular purpose; and (d) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. Proprietary funds consist of an enterprise fund and an internal service fund.

*Enterprise Fund* - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's major enterprise fund is the Community Education fund which accounts for all financial activities related to the Community Education and Recreation Center operations.

*Internal Service Fund* - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The internal service fund accounts for operations of the District's self-insurance program for medical and dental benefits.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities and for the fiscal agent activity for the Six District Educational Compact.

**C. Basis of Presentation and Measurement Focus**

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

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 District's proprietary funds are charges for sales and services. Operating expenses for the enterprise fund include personnel and other expenses related to the operations of the Community Education and Recreation Center and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, and student fees.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operation, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year is reported in the government-wide financial statements as an expense with a like amount reported as intergovernmental revenue.

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

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget:

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts from the certificate of estimated resources that was in effect at the time the original permanent appropriations covering the entire fiscal year were passed by the Board of Education. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts from the certificate of amended resources that was in effect at the time the final appropriations were passed by the Board of Education.

Appropriations:

Upon receipt from the County Fiscal Officer of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, at the fund level, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the level of budgetary control must be approved by the Board of Education.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget amounts reflect the first appropriation for that fund covering the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Lapsing of Appropriations:

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2003, investments were limited to overnight repurchase agreements, federal agency securities, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$322,266, which includes \$107,159 assigned from other District funds.

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

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

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**G. Inventory**

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

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

Inventory consists of expendable supplies held for consumption, donated food, purchased food and bookstore inventory held for resale.

**H. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District increased its capitalization threshold from \$1,000 to \$5,000 for its general capital assets during fiscal 2003 and changed its policy to no longer capitalize the costs of textbooks. The change in the capitalization policy was a result of differences in asset costs between the time that the previous policy was adopted and the current fiscal year and due to a perceived lack of future economic benefit to be derived from deferring the costs of smaller capital assets (see Note 8). Interest is not capitalized in the governmental or proprietary funds and the District does not possess any infrastructure. 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.

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	15 - 20 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 8 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivables/payables." Interfund balances between governmental funds are eliminated in the governmental activities column on the statement of net assets.



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**J. Compensated Absences**

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

The District reports compensated absences and salary related payments in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The District has accrued a liability for these compensated absences using the termination method which is based on the District's past experience of making termination payments for sick leave.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**K. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**L. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, debt service, prepayments, and property taxes unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute.

**M. Net Assets**

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

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset on the fund financial statements.

**O. Estimates**

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

**P. Interfund Activity**

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

Transfers between governmental funds are eliminated for reporting on the government-wide statement of activities.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**Q. Nonpublic Schools**

Within the District boundaries, there are six private or parochial schools which receive funding from the State of Ohio through current state legislation. These monies are received and disbursed on behalf of the private or parochial schools by the Treasurer of the District, as directed by the schools. The fiduciary responsibility of the District for these monies is reflected in a special revenue fund (a nonmajor governmental fund) for financial reporting purposes.

**R. 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 Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2003.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Changes in Accounting Principles and Restatement of Fund Balance**

For fiscal year 2003, the District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedule - Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". At June 30, 2002, there was no effect on fund balance as a result of implementing GASB Statement Nos. 37, 38 and 41.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38, modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparison for the general and each major special revenue fund.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

GASB No. 34 creates new basic financial statements for reporting on the District's financial activities. The basic financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

The government-wide financial statements show the District's programs for governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2002, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

**Governmental Activities - Fund Reclassification and Restatement of Fund Balance** - Certain funds have been reclassified to properly reflect their intended purpose in accordance with the Standards of GASB Statement No. 34. It was also determined that GASB Interpretation No. 6 had an effect on fund balance as previously reported at June 30, 2002.

The fund reclassifications and the implementation of GASB Interpretation No. 6 had the following effect on the District's governmental fund balances as previously reported:

	General	Nonmajor	Total
Fund balance, June 30, 2002	\$ 3,636,818	\$ 3,028,552	\$ 6,665,370
Fund reclassifications	98,223	377,915	476,138
Implementation of GASB Interpretation No. 6	(60,374)	277	(60,097)
Adjusted fund balance, June 30, 2002	\$ 3,674,667	\$ 3,406,744	\$ 7,081,411

The transition from governmental fund balance to net assets of the governmental activities is presented as follows:

	Total
Adjusted fund balance, June 30, 2002	\$ 7,081,411
GASB 34 adjustments:	
Long-term (deferred) assets	541,599
Capital assets	34,588,343
Accrued interest payable	(23,261)
Pension obligations	(330,069)
Long-term liabilities	(15,645,205)
Internal service fund	(30,404)
Governmental activities net assets, June 30, 2002	\$ 26,182,414

In addition to the above, the July 1, 2002, general fund balance in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) has been restated from \$7,061,903 to \$7,180,814 to properly record fund reclassifications resulting from the implementation of GASB Statement No. 34.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

*Business-type Activities - Restatement of Retained Earnings/Net Assets* - The retained earnings of the Community Education enterprise fund has been restated due to the removal of capital assets as a result of the District's capitalization threshold increase from \$1,000 to \$5,000. The increase in the capitalization threshold had the following effect on retained earnings as previously reported:

Retained earnings, June 30, 2002	\$ 201,482
Removal of capital assets	<u>(1,892)</u>
Restated net assets, June 30, 2002	<u>\$ 199,590</u>

The above adjustment for the capitalization threshold increase did not have a material effect on net income as previously reported at June 30, 2002.

**B. Deficit Fund Balances**

Fund balances at June 30, 2003 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Governmental Funds</u>	
Auxiliary Services	\$ 7,131
SchoolNet Professional Development	14
Summer Intervention	3
EHA Preschool Grant	4,468
Title VI	15,089
Title VI-B	21,524
Drug-Free Schools	21,247
SchoolNet	4

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

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

The District maintains a cash and investment pool used by all funds. Each funds portion of this pool is displayed on the basic financial statements as "Equity in Pooled Cash and Cash Equivalents". State statutes require the classification of monies held by the District into three categories.

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

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

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

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 accounts, including passbook accounts.

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

Interim monies 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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not the exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

*Cash on Hand:* At fiscal year-end, the District had \$1,400 in undeposited cash on hand, which is included on the basic financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

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

*Deposits:* At fiscal year-end, the carrying amount of the District's deposits was \$8,284,250 and the bank balance was \$9,021,882. Of the bank balance:

1. \$228,481 was covered by federal depository insurance; and
2. \$8,793,001 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

*Investments:* The District's investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at fiscal year-end. Category 1 includes investments that are insured or registered or for which securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the District's name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 2</u>	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreements	\$ -	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
Federal agency securities	<u>1,992,161</u>	<u>-</u>	1,992,161	1,992,161
Total	<u>\$ 1,992,161</u>	<u>\$ 1,100,000</u>		
Investment in STAR Ohio			<u>19,382</u>	<u>19,382</u>
Total investments			<u>\$ 3,111,543</u>	<u>\$ 3,111,543</u>

The federal agency securities have maturity dates ranging from December 2003 through February 2005.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

The classification of cash and cash equivalents and investments on the statement of net assets is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 11,397,193	\$ -
Investments of the cash management pool:		
Repurchase agreements	(1,100,000)	1,100,000
Federal agency securities	(1,992,161)	1,992,161
Investment in STAR Ohio	(19,382)	19,382
Cash on hand	(1,400)	-
GASB Statement No. 3	<u>\$ 8,284,250</u>	<u>\$ 3,111,543</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund loans receivable/payable consisted of the following at June 30, 2003, as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 47,934

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

- B.** Interfund transfers for the fiscal year ended June 30, 2003, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 74,674
Transfers from nonmajor governmental funds to:	
Nonmajor governmental funds	300
Transfers from nonmajor governmental funds to:	
General fund	44,894

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



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2001. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available as an advance at June 30, 2003 was \$2,312,488 in the general fund, \$174,294 in the debt service fund and \$87,295 in the Permanent Improvement capital projects fund (a nonmajor governmental fund). The amount available for advance at June 30, 2002 was \$678,869 in the general fund, \$50,813 in the debt service fund and \$23,709 in the Permanent Improvement capital projects fund (a nonmajor governmental fund).

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second Half Collections		2003 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 715,164,690	90.07	\$ 795,743,250	91.02
Tangible personal property	62,661,329	7.89	61,203,761	7.00
Public utility personal	<u>16,195,670</u>	<u>2.04</u>	<u>17,332,170</u>	<u>1.98</u>
<b>Total</b>	<b><u>\$ 794,021,689</u></b>	<b><u>100.00</u></b>	<b><u>\$ 874,279,181</u></b>	<b><u>100.00</u></b>
Tax rate per \$1,000 of assessed valuation:				
General operations	\$ 71.03		\$ 71.03	
Debt service	3.10		2.62	
Permanent improvement	1.50		1.50	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2003 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental Activities:**

Property taxes	\$ 33,739,045
Accounts	3,995
Accrued interest	19,318
Intergovernmental	<u>81,170</u>
<b>Total</b>	<b><u>\$ 33,843,528</u></b>

**Business-type Activities:**

Accounts	<u>\$ 1,257</u>
<b>Total</b>	<b><u>\$ 1,257</u></b>

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

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 8 - CAPITAL ASSETS**

- A. The capital asset balances of the governmental activities have been restated due to a change in the District's capital asset policy (see Note 2.H. for detail), due to errors and omissions in the amount previously reported as land improvements and buildings, and for recording accumulated depreciation as of July 1, 2002 and for fund reclassifications in connection with the adoption of GASB Statement No. 34.

	<u>Balance</u> <u>06/30/02</u>	<u>Adjustments</u>	<u>Restated Balance</u> <u>07/01/02</u>
<b>Governmental Activities:</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 1,036,704	\$ (4,500)	\$ 1,032,204
Total capital assets, not being depreciated	<u>1,036,704</u>	<u>(4,500)</u>	<u>1,032,204</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	1,472,581	89,214	1,561,795
Building and improvements	44,339,398	669,842	45,009,240
Furniture and equipment	14,156,594	(6,578,626)	7,577,968
Vehicles	2,948,880	-	2,948,880
Textbooks	3,044,133	(3,044,133)	-
Total capital assets, being depreciated	<u>65,961,586</u>	<u>(8,863,703)</u>	<u>57,097,883</u>
<i>Less: accumulated depreciation</i>	<u>-</u>	<u>(23,541,744)</u>	<u>(23,541,744)</u>
Governmental activities capital assets, net	<u>\$ 66,998,290</u>	<u>\$ (32,409,947)</u>	<u>\$ 34,588,343</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 8 - CAPITAL ASSETS - (Continued)**

**B.** Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Restated Balance <u>07/01/02</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/03</u>
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,032,204	\$ -	\$ -	\$ 1,032,204
Total capital assets, not being depreciated	<u>1,032,204</u>	<u>-</u>	<u>-</u>	<u>1,032,204</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,561,795	-	-	1,561,795
Building and improvements	45,009,240	-	-	45,009,240
Furniture and equipment	7,577,968	604,585	(5,884)	8,176,669
Vehicles	2,948,880	76,799	-	3,025,679
Total capital assets, being depreciated	<u>57,097,883</u>	<u>681,384</u>	<u>(5,884)</u>	<u>57,773,383</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(766,832)	(58,092)	-	(824,924)
Building and improvements	(15,166,133)	(789,363)	-	(15,955,496)
Furniture and equipment	(5,820,531)	(318,387)	5,884	(6,133,034)
Vehicles	(1,788,248)	(174,007)	-	(1,962,255)
Total accumulated depreciation	<u>(23,541,744)</u>	<u>(1,339,849)</u>	<u>5,884</u>	<u>(24,875,709)</u>
Governmental activities capital assets, net	<u>\$ 34,588,343</u>	<u>\$ (658,465)</u>	<u>\$ -</u>	<u>\$ 33,929,878</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 846,533
Special	36,849
Vocational	31,340
Other	13,296

Support Services:

Pupil	18,184
Instructional staff	45,821
Administration	29,867
Board of education	1,144
Operations and maintenance	80,772
Pupil transportation	143,783
Operation of non-instructional	6,849
Extracurricular activities	63,940
Food service operations	21,471
Total depreciation expense	<u>\$ 1,339,849</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. The balance of the District's governmental activities long-term obligations at June 30, 2002 has been restated. The compensated absences liability increased \$56,631 from \$2,215,686 to \$2,272,317 due to the implementation of GASB Interpretation No. 6 and the fund reclassifications described in Note 3.A. In addition, pension obligations of \$284,178 at June 30, 2002 are not reported as a component of governmental activities long-term obligations as they are paid within one year of fiscal year-end. Pension obligations are reported separately on the statement of net assets. The effect on the total governmental activities long-term obligations at July 1, 2002 was a decrease of \$227,547 from \$15,872,752 to \$15,645,205. During the fiscal year 2003, the following changes occurred in the District's long-term obligations:

	Restated Balance Outstanding 07/01/02	Additions	Deletions	Balance Outstanding 06/30/03	Amount Due in One Year
<b>Governmental Activities:</b>					
<u>General Obligation Bonds:</u>					
High School Building 7.10%, 04/93 - 12/14	\$ 12,299,880	\$ -	\$ (1,965,000)	\$ 10,334,880	\$ 478,315
Energy Conservation Bonds 5.20%, 04/97 - 12/07	<u>1,073,008</u>	<u>-</u>	<u>(156,959)</u>	<u>916,049</u>	<u>165,121</u>
Total, general obligation bonds	<u>13,372,888</u>	<u>-</u>	<u>(2,121,959)</u>	<u>11,250,929</u>	<u>643,436</u>
Compensated absences	<u>2,272,317</u>	<u>424,374</u>	<u>(186,178)</u>	<u>2,510,513</u>	<u>282,668</u>
Total, governmental activities	<u>\$ 15,645,205</u>	<u>\$ 424,374</u>	<u>\$ (2,308,137)</u>	<u>\$ 13,761,442</u>	<u>\$ 926,104</u>
<b>Business-type Activities:</b>					
Compensated absences	<u>\$ 18,278</u>	<u>\$ 8,966</u>	<u>\$ (3,965)</u>	<u>\$ 23,279</u>	<u>\$ 7,855</u>
Total, business-type activities	<u>\$ 18,278</u>	<u>\$ 8,966</u>	<u>\$ (3,965)</u>	<u>\$ 23,279</u>	<u>\$ 7,855</u>

The high school building bonds and the energy conservation bonds will be paid from the debt service fund. All bonds are backed by the full faith and credit of the District. Compensated absences will be paid from the fund from which the employee is paid.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2003, \$21,165,000 of bonds outstanding is considered defeased.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

- B.** Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2003, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds High School Building			General Obligation Bonds Energy Conservation		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 478,315	\$ 1,999,405	\$ 2,477,720	\$ 165,121	\$ 43,341	\$ 208,462
2005	449,051	2,031,669	2,480,720	173,707	34,532	208,239
2006	422,786	2,072,934	2,495,720	182,739	25,264	208,003
2007	394,425	2,101,295	2,495,720	192,242	15,515	207,757
2008	368,133	2,132,587	2,500,720	202,240	5,258	207,498
2009 - 2013	5,357,170	7,134,510	12,491,680	-	-	-
2014 - 2015	2,865,000	106,820	2,971,820	-	-	-
Total	<u>\$ 10,334,880</u>	<u>\$ 17,579,220</u>	<u>\$ 27,914,100</u>	<u>\$ 916,049</u>	<u>\$ 123,910</u>	<u>\$ 1,039,959</u>

**C. Legal Debt Margin**

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

The effects of these debt limitations at June 30, 2003 are a voted debt margin of \$69,624,614 (including available funds of \$1,274,068) and an unvoted debt margin of \$874,279.

**NOTE 10 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working 11 or 12 months per year are entitled to an annual vacation, with pay, based on length of service in the District. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for an unlimited number of days. For certified and classified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 136 days and adding to that one day for every eight days of the next 272 days accumulated, to a maximum of 68 days. See Note 2.J. for further detail on the financial reporting of the District's compensated absences.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 11 - RISK MANAGEMENT**

**A. General Insurance**

The District is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$1,000 per incident. The District's vehicle liability insurance policy limit is \$1,000,000 with a \$1,000 collision deductible. All board members, administrators and employees are covered under a District liability policy. The limits of this coverage are \$1,000,000 per occurrence and \$5,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior year.

**B. Fidelity Bond**

The Board President and Superintendent have a \$50,000 position bond. The Treasurer is covered under a surety bond in the amount of \$50,000. All other school employees who are not specifically bonded are covered by a \$50,000 position bond and a money and securities bond of \$5,000, subject to a \$250 deductible.

**C. Employee Health Insurance**

The District has elected to provide employee medical, prescription and dental benefits through a self-insurance program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$250 family and \$125 single deductible. A third party administrator, Employee Benefit Consultants located in Cleveland, Ohio, reviews and processes all claims for payment. The District purchases stop-loss coverage of \$125,000 per employee and \$3,989,277 in the aggregate.

The District pays into the self-insurance internal service fund for full-time medical and prescription drug family coverage \$751.24 per month for certified, classified and administrative employees. Single coverage full-time costs are \$342.62 for certified, classified and administrative employees. Employees are considered part-time if they work 20 or more hours per week and less than 35-hours per week. Part-time employees are eligible for family and single coverage. The premiums for part-time employees are prorated according to hours worked per week for certified employees and hours worked per 35 hour week for classified employees.

Dental coverage is also provided on a self-insured basis through Employee Benefit Consultants. Premium costs for this coverage are \$27.09 per month for family coverage and \$11.67 per month for single coverage for certified employees. Premiums for classified employees are prorated according to hours worked per 35-hour week with premiums ranging from \$54.32 to \$31.04 for family coverage and \$21.70 to \$12.40 for single coverage. Employees working 20 or more hours per week are eligible for dental coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages of fixed rates established in each plan.

The premiums are paid by the funds that pay the salary for the employees, except for those grant funds whose agreements do not fund employee health insurance, and is based on historical cost information.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 11 - RISK MANAGEMENT - (Continued)**

The District also provides prescription drug insurance to its employees through a self-insured program. The plan pays 80 percent of the cost of prescriptions with the employee paying 20 percent. This plan utilizes no prescription deductible for prescriptions. The third party administrator, Employee Benefit Consultants, reviews and processes the claims. The premium for this coverage is included in the medical plan premium amounts stated above.

The claims liability is \$254,514 reported in the internal service fund at June 30, 2003, is based on an estimate provided by the third party administrators and 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 unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2003	\$ 485,305	\$ 4,082,018	\$ (4,312,809)	\$ 254,514
2002	572,034	3,954,005	(4,040,734)	485,305

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

**D. Workers' Compensation**

For fiscal year 2003, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$469,034, \$290,782, and \$276,978, respectively; 40.09% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$280,997, represents the unpaid contribution for fiscal year 2003.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 13% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 9.5% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$3,236,411, \$2,239,917, and \$2,099,768, respectively; 83.17% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$544,615, represents the unpaid contribution for fiscal year 2003.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2003, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$248,955 during fiscal 2003.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$2.8 billion at June 30, 2003. For the fiscal year ended June 30, 2003, net health care costs paid by STRS were \$352.301 million and STRS had 108,294 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 were \$204.931 million and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$398,593 during the 2003 fiscal year.

**NOTE 14 - CONTINGENCIES**

**A. Grants**

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

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 14 - CONTINGENCIES - (Continued)**

**B. Litigation**

In the normal course of operations, the District may be subject to litigation and claims. While the outcome of such matters cannot presently be determined, management believes that their ultimate resolution will not have a material adverse effect on the financial statements.

**C. State School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

**NOTE 15 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Improvement</u>	<u>Totals</u>
Set-aside cash balance as of June 30, 2002	\$ (1,494,224)	\$ -	\$ (1,494,224)
Current year set-aside requirement	762,946	762,946	1,525,892
Current year offset	-	(792,842)	(792,842)
Qualifying disbursements	<u>(1,141,219)</u>	<u>(185,602)</u>	<u>(1,326,821)</u>
Total	<u>\$ (1,872,497)</u>	<u>\$ (215,498)</u>	<u>\$ (2,087,995)</u>
Balance carried forward to FY 2004	<u>\$ (1,872,497)</u>	<u>\$ -</u>	<u>\$ (1,872,497)</u>

The District had offsets and qualifying disbursements during the year that reduced the textbooks/instructional materials set-aside amount below zero; this extra amount is being carried forward to reduce the set-aside requirements of future years.

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the capital improvement reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues 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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ (1,593,212)
Net adjustment for revenue accruals	1,740,313
Net adjustment for expenditure accruals	(618,983)
Net adjustment for other sources/uses	46,068
Adjustment for encumbrances	<u>1,040,266</u>
GAAP basis	<u>\$ 614,452</u>

**NOTE 17 - SIGNIFICANT SUBSEQUENT EVENTS**

The voters of the District approved a 5.5-mill ad valorem property tax in the November 2003 election. The property tax is to be used for current operating expenses. This levy is expected to generate approximately \$4.8 million annually for a continuing period of time.

The District refunded \$7.24 million of the High School Building general obligation bonds in September 2003. The refunding will save the District an estimated \$1 million in interest payments over the life of the bonds.

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

## NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are established to account for revenues from specific sources, which legally, or otherwise, are restricted to expenditures for specified purposes. A description of the District's special revenue funds are as follows:

**Public School Support** - This fund accounts for school site sales projects; field trips, assemblies and other activity costs. These funds have been developed at each school with purpose and policy statements.

**Other Grants** - This fund accounts for the proceeds of specific revenue sources except for State and Federal grants that are legally restricted to expenditures for specified purposes.

**Athletic and Music** - This fund accounts for gate receipts and other revenues from athletic events and all costs (except supplemental coaching contracts) of the District's Athletic Programs.

**Auxiliary Services** - This fund is used to account for monies which provide services and materials to pupils attending non-public schools within the District.

**Teacher Development** - State grant received for the enhancement and continuing education of the teaching staff and development of in-service programs.

**Management Information System** - This fund accounts for State monies which are used solely for costs associated with the requirements of the educational management information system.

**Data Communications** - This fund accounts for money appropriated for Ohio Educational Computer Network Connections.

**SchoolNet Professional Development** - This fund accounts for a limited number of professional development subsidy grants.

**Ohio Reads** - This fund accounts for State monies which are intended to improve reading outcomes, especially on the fourth grade reading proficiency test, and for volunteer coordinators in public school buildings for educational service centers for operating expenses associated with administering the program.

**Summer Intervention** - A fund used to account for a summer reading intervention program.

**Other State Grants** - A miscellaneous fund to account for certain state grants not accounted for in other funds.

**Economic Security Act** - This fund accounts for State monies which support improving skills of teachers in instruction of math, sciences, foreign languages and computer learning; and increasing the access of all students to that instruction.

**Title VI-B** - This fund accounts for federal revenues which assist states in the identification of handicapped children and provision of full educational opportunities of handicapped children at the pre-school, elementary and secondary levels.

**Title VI** - This fund accounts for federal revenues which support the implementation of a variety of programs (drug/alcohol abuse, computer education) to benefit children attending public and private non-profit schools within the community.

**Drug-Free Grant** - This fund accounts for federal revenues for education of students and staff in drug abuse prevention.

**EHA Preschool Grant** - A Federal grant that addresses the improvement and expansion of services for handicapped children ages three to five years.



## NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

**Classroom Reduction** - To account for grant monies used for the hiring of additional classroom teachers in grades one through three, so that the number of students per teacher will be reduced.

**Other Federal Grants** - This fund accounts for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere.

**Food Service** - To account for monies received and used that are related to the food service operations of the School District.

**Uniform School Supplies** - To account for the purchase and sale of school supplies for use in the School District. Profits derived from such sales are used for school purposes or activities connected with the school.

**Other Special Revenue** - A fund used to account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted for specified purposes.

## NONMAJOR DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

## NONMAJOR CAPITAL PROJECTS FUNDS

The capital projects funds account for the receipts and disbursements of monies used for the acquisition, construction or major renovation of capital facilities (other than those financed by enterprise funds).

**Permanent Improvement** - The Permanent Improvement Fund may be used for acquiring real estate for school purposes; for constructing, adding to, remodeling and improving school buildings. Such expenditures shall add permanently to the school land or buildings, or extend the useful life of existing buildings for five years or more. The fund may also be used for landscaping and making other school site improvements which have an anticipated useful life of five years or more.

**Building** - This fund is used to account for the receipts and expenditures related to all special bond funds in the District. All proceeds from the sale of bonds, notes or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures for the costs of acquiring capital facilities including real property are also accounted for in this fund.

**SchoolNet** - Used for the purchase of hardware and other computer equipment.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2003

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,014,962	\$ 1,099,774	\$ 1,016,345	\$ 3,131,081
Receivables:				
Taxes . . . . .	-	2,234,442	1,049,465	3,283,907
Accounts . . . . .	1,668	-	-	1,668
Intergovernmental . . . . .	81,170	-	-	81,170
Accrued interest . . . . .	5,834	-	-	5,834
Materials and supplies inventory . . . . .	4,260	-	-	4,260
Inventory for resale . . . . .	68,054	-	-	68,054
Total assets . . . . .	<u>\$ 1,175,948</u>	<u>\$ 3,334,216</u>	<u>\$ 2,065,810</u>	<u>\$ 6,575,974</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 116,234	\$ -	\$ 78,696	\$ 194,930
Accrued wages and benefits . . . . .	194,848	-	-	194,848
Pension obligation payable . . . . .	21,732	-	-	21,732
Intergovernmental payable . . . . .	11,676	-	4	11,680
Interfund loan payable . . . . .	47,934	-	-	47,934
Deferred revenue . . . . .	61,326	2,060,148	962,170	3,083,644
Total liabilities . . . . .	<u>453,750</u>	<u>2,060,148</u>	<u>1,040,870</u>	<u>3,554,768</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	59,823	-	650,051	709,874
Reserved for materials and supplies inventory . . . . .	72,314	-	-	72,314
Reserved for debt service . . . . .	-	1,099,774	-	1,099,774
Reserved for property tax unavailable for appropriation . . . . .	-	174,294	87,295	261,589
Unreserved, undesignated, reported in:				
Special revenue funds . . . . .	590,061	-	-	590,061
Capital projects funds . . . . .	-	-	287,594	287,594
Total fund balances . . . . .	<u>722,198</u>	<u>1,274,068</u>	<u>1,024,940</u>	<u>3,021,206</u>
Total liabilities and fund balances . . . . .	<u>\$ 1,175,948</u>	<u>\$ 3,334,216</u>	<u>\$ 2,065,810</u>	<u>\$ 6,575,974</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ -	\$ 2,452,705	\$ 1,091,080	\$ 3,543,785
Earnings on investments. . . . .	8,472	-	-	8,472
Extracurricular. . . . .	468,735	-	-	468,735
Charges for services. . . . .	1,648,559	-	-	1,648,559
Other local revenues. . . . .	218,955	-	-	218,955
Intergovernmental - State . . . . .	1,301,831	252,451	207,158	1,761,440
Intergovernmental - Federal. . . . .	807,073	-	-	807,073
Total revenue . . . . .	<u>4,453,625</u>	<u>2,705,156</u>	<u>1,298,238</u>	<u>8,457,019</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	431,356	-	85,452	516,808
Special. . . . .	73,102	-	-	73,102
Other . . . . .	26,175	-	445,253	471,428
Support Services:				
Pupil. . . . .	727,196	-	-	727,196
Instructional staff . . . . .	190,358	-	-	190,358
Administration. . . . .	50,881	-	-	50,881
Fiscal . . . . .	-	29,328	14,241	43,569
Business . . . . .	12	-	-	12
Operations and maintenance. . . . .	1,085	-	-	1,085
Pupil transportation . . . . .	-	-	43,861	43,861
Central. . . . .	924	-	-	924
Operation of non-instructional services . . . . .	33,555	-	-	33,555
Extracurricular activities. . . . .	435,304	-	-	435,304
Food service operations . . . . .	1,488,850	-	-	1,488,850
Intergovernmental pass through . . . . .	1,266,389	-	-	1,266,389
Facilities acquisition and construction . . . . .	-	-	900,496	900,496
Debt service:				
Principal retirement . . . . .	-	2,121,959	-	2,121,959
Interest and fiscal charges . . . . .	-	506,560	-	506,560
Total expenditures . . . . .	<u>4,725,187</u>	<u>2,657,847</u>	<u>1,489,303</u>	<u>8,872,337</u>
Excess of revenues over (under) expenditures. . . . .	<u>(271,562)</u>	<u>47,309</u>	<u>(191,065)</u>	<u>(415,318)</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	74,974	-	-	74,974
Transfers (out) . . . . .	(4,484)	-	(40,710)	(45,194)
Total other financing sources (uses) . . . . .	<u>70,490</u>	<u>-</u>	<u>(40,710)</u>	<u>29,780</u>
Net change in fund balances . . . . .	(201,072)	47,309	(231,775)	(385,538)
<b>Fund balances at beginning of year. . . . .</b>	<u>923,270</u>	<u>1,226,759</u>	<u>1,256,715</u>	<u>3,406,744</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 722,198</u>	<u>\$ 1,274,068</u>	<u>\$ 1,024,940</u>	<u>\$ 3,021,206</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2003

	<b>Public School Support</b>	<b>Other Grants</b>	<b>Athletic and Music</b>	<b>Auxiliary Services</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 185,950	\$ 21,752	\$ 221,235	\$ 91,358
Receivables:				
Accounts . . . . .	828	-	313	-
Intergovernmental . . . . .	-	-	-	-
Accrued interest . . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Inventory held for resale . . . . .	-	-	-	-
Total assets . . . . .	\$ 186,778	\$ 21,752	\$ 221,548	\$ 91,358
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 15,743	\$ -	\$ 4,184	\$ 28,366
Accrued wages and benefits . . . . .	-	-	-	60,012
Pension obligation payable . . . . .	-	-	160	7,156
Intergovernmental payable . . . . .	-	-	122	2,955
Interfund loan payable . . . . .	-	-	7,564	-
Deferred revenue . . . . .	-	-	-	-
Total liabilities . . . . .	15,743	-	12,030	98,489
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	16,315	108	7,482	14,574
Reserved for materials and supplies inventory . . . . .	-	-	-	-
Unreserved, undesignated (deficit), reported in: Special revenue funds . . . . .	154,720	21,644	202,036	(21,705)
Total fund balance (deficit) . . . . .	171,035	21,752	209,518	(7,131)
Total liabilities and fund balances . . . . .	\$ 186,778	\$ 21,752	\$ 221,548	\$ 91,358

<b>Teacher Development</b>	<b>Management Information System</b>	<b>Data Communications</b>	<b>SchoolNet Professional Development</b>	<b>Ohio Reads</b>	<b>Summer Intervention</b>	<b>Other State Grants</b>
\$ 5,475	\$ 48,260	\$ -	\$ -	\$ 1,018	\$ -	\$ 4,916
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 5,475</u>	<u>\$ 48,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,018</u>	<u>\$ -</u>	<u>\$ 4,916</u>
\$ -	\$ -	\$ -	\$ -	\$ 952	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15	-	-	14	31	3	22
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>15</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>983</u>	<u>3</u>	<u>22</u>
-	-	-	-	66	-	293
-	-	-	-	-	-	-
<u>5,460</u>	<u>48,260</u>	<u>-</u>	<u>(14)</u>	<u>(31)</u>	<u>(3)</u>	<u>4,601</u>
<u>5,460</u>	<u>48,260</u>	<u>-</u>	<u>(14)</u>	<u>35</u>	<u>(3)</u>	<u>4,894</u>
<u>\$ 5,475</u>	<u>\$ 48,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,018</u>	<u>\$ -</u>	<u>\$ 4,916</u>

-- continued

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2003

	<b>Economic Security Act</b>	<b>Title VI-B</b>	<b>Title VI</b>	<b>Drug-Free Grant</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,289	\$ 30,540	\$ -	\$ 970
Receivables:				
Accounts . . . . .	-	-	-	-
Intergovernmental . . . . .	-	16,590	34,351	10,385
Accrued interest . . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Inventory held for resale . . . . .	-	-	-	-
	<u>\$ 1,289</u>	<u>\$ 47,130</u>	<u>\$ 34,351</u>	<u>\$ 11,355</u>
<b>Total assets . . . . .</b>	<b>\$ 1,289</b>	<b>\$ 47,130</b>	<b>\$ 34,351</b>	<b>\$ 11,355</b>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ 1,662	\$ -	\$ 249
Accrued wages and benefits . . . . .	-	45,940	-	-
Pension obligation payable. . . . .	-	532	-	-
Intergovernmental payable . . . . .	-	3,930	203	56
Interfund loan payable . . . . .	-	-	14,886	21,912
Deferred revenue . . . . .	-	16,590	34,351	10,385
	<u>-</u>	<u>68,654</u>	<u>49,440</u>	<u>32,602</u>
<b>Total liabilities . . . . .</b>	<b>-</b>	<b>68,654</b>	<b>49,440</b>	<b>32,602</b>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	-	13,597	-	-
Reserved for materials and supplies inventory. . . . .	-	-	-	-
Unreserved, undesignated (deficit), reported in: Special revenue funds. . . . .	1,289	(35,121)	(15,089)	(21,247)
	<u>1,289</u>	<u>(21,524)</u>	<u>(15,089)</u>	<u>(21,247)</u>
<b>Total fund balance (deficit). . . . .</b>	<b>1,289</b>	<b>(21,524)</b>	<b>(15,089)</b>	<b>(21,247)</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 1,289</b>	<b>\$ 47,130</b>	<b>\$ 34,351</b>	<b>\$ 11,355</b>

<b>EHA Preschool Grant</b>	<b>Classroom Reduction</b>	<b>Other Federal Grants</b>	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Other Special Revenue</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 280	\$ 18,468	\$ 3,387	\$ 243,184	\$ 128,498	\$ 8,382	\$ 1,014,962
-	-	-	-	527	-	1,668
3,837	-	-	16,007	-	-	81,170
-	-	-	5,834	-	-	5,834
-	-	-	4,260	-	-	4,260
-	-	-	26,459	41,595	-	68,054
<u>\$ 4,117</u>	<u>\$ 18,468</u>	<u>\$ 3,387</u>	<u>\$ 295,744</u>	<u>\$ 170,620</u>	<u>\$ 8,382</u>	<u>\$ 1,175,948</u>
\$ -	\$ -	\$ -	\$ 25,637	\$ 39,441	\$ -	\$ 116,234
4,781	-	-	84,115	-	-	194,848
-	-	-	13,884	-	-	21,732
232	69	-	4,024	-	-	11,676
3,572	-	-	-	-	-	47,934
-	-	-	-	-	-	61,326
<u>8,585</u>	<u>69</u>	<u>-</u>	<u>127,660</u>	<u>39,441</u>	<u>-</u>	<u>453,750</u>
-	-	-	793	6,595	-	59,823
-	-	-	30,719	41,595	-	72,314
<u>(4,468)</u>	<u>18,399</u>	<u>3,387</u>	<u>136,572</u>	<u>82,989</u>	<u>8,382</u>	<u>590,061</u>
<u>(4,468)</u>	<u>18,399</u>	<u>3,387</u>	<u>168,084</u>	<u>131,179</u>	<u>8,382</u>	<u>722,198</u>
<u>\$ 4,117</u>	<u>\$ 18,468</u>	<u>\$ 3,387</u>	<u>\$ 295,744</u>	<u>\$ 170,620</u>	<u>\$ 8,382</u>	<u>\$ 1,175,948</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Public School Support</b>	<b>Other Grants</b>	<b>Athletic and Music</b>	<b>Auxiliary Services</b>
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ -	\$ -	\$ -	\$ 2,638
Extracurricular . . . . .	202,237	-	266,498	-
Charges for services . . . . .	-	-	-	-
Other local revenues . . . . .	144,762	-	65,371	-
Intergovernmental - State . . . . .	-	-	-	1,239,043
Intergovernmental - Federal . . . . .	-	-	-	-
Total revenue . . . . .	<u>346,999</u>	<u>-</u>	<u>331,869</u>	<u>1,241,681</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	67,268	-	-	-
Special . . . . .	-	-	-	-
Other . . . . .	-	-	-	-
Support Services:				
Pupil . . . . .	232,403	-	-	-
Instructional staff . . . . .	2,205	-	-	-
Administration . . . . .	-	-	-	-
Business . . . . .	-	-	-	-
Operations and maintenance . . . . .	-	-	-	-
Central . . . . .	-	-	-	-
Operation of non-instructional services . . . . .	12,865	-	-	-
Extracurricular activities . . . . .	140	-	435,164	-
Food service operations . . . . .	-	-	-	-
Intergovernmental pass through . . . . .	-	-	-	1,266,389
Total expenditures . . . . .	<u>314,881</u>	<u>-</u>	<u>435,164</u>	<u>1,266,389</u>
Excess of revenues over (under) expenditures . . . . .	<u>32,118</u>	<u>-</u>	<u>(103,295)</u>	<u>(24,708)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	74,974	-
Transfers (out) . . . . .	(4,484)	-	-	-
Total other financing sources (uses) . . . . .	<u>(4,484)</u>	<u>-</u>	<u>74,974</u>	<u>-</u>
Net change in fund balances . . . . .	27,634	-	(28,321)	(24,708)
<b>Fund balances at beginning of year . . . . .</b>	<u>143,401</u>	<u>21,752</u>	<u>237,839</u>	<u>17,577</u>
<b>Fund balances at end of year (deficit) . . . . .</b>	<u>\$ 171,035</u>	<u>\$ 21,752</u>	<u>\$ 209,518</u>	<u>\$ (7,131)</u>



<b>Teacher Development</b>	<b>Management Information System</b>	<b>Data Communications</b>	<b>SchoolNet Professional Development</b>	<b>Ohio Reads</b>	<b>Summer Intervention</b>	<b>Other State Grants</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	20,188	21,000	4,600	8,000	-	8,000
-	-	-	-	-	-	-
-	20,188	21,000	4,600	8,000	-	8,000
-	-	-	-	5,598	364	-
-	-	-	-	-	-	-
-	-	21,000	-	-	-	-
-	-	-	-	-	-	-
2,325	-	-	8,369	4,429	-	7,831
-	5,071	-	-	-	-	800
-	-	-	-	-	-	12
-	-	-	-	-	-	-
-	924	-	-	-	-	-
2,473	-	-	-	-	-	850
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,798	5,995	21,000	8,369	10,027	364	9,493
(4,798)	14,193	-	(3,769)	(2,027)	(364)	(1,493)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(4,798)	14,193	-	(3,769)	(2,027)	(364)	(1,493)
10,258	34,067	-	3,755	2,062	361	6,387
\$ 5,460	\$ 48,260	\$ -	\$ (14)	\$ 35	\$ (3)	\$ 4,894

-- continued

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Economic Security Act</b>	<b>Title VI-B</b>	<b>Title VI</b>	<b>Drug-Free Grant</b>
<b>Revenues:</b>				
From local sources:				
Earnings on investments. . . . .	\$ -	\$ -	\$ -	\$ -
Extracurricular. . . . .	-	-	-	-
Charges for services. . . . .	-	-	-	-
Other local revenues. . . . .	-	-	-	-
Intergovernmental - State. . . . .	-	-	-	-
Intergovernmental - Federal. . . . .	-	615,582	35,418	18,164
Total revenue. . . . .	<u>-</u>	<u>615,582</u>	<u>35,418</u>	<u>18,164</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	-	-	50,499	-
Special. . . . .	-	73,102	-	-
Other. . . . .	-	-	-	-
Support Services:				
Pupil. . . . .	-	444,129	-	36,693
Instructional staff. . . . .	1,926	121,627	-	-
Administration. . . . .	-	45,010	-	-
Business. . . . .	-	-	-	-
Operations and maintenance. . . . .	-	-	-	-
Central. . . . .	-	-	-	-
Operation of non-instructional services. . . . .	1,890	4,609	3,803	-
Extracurricular activities. . . . .	-	-	-	-
Food service operations. . . . .	-	-	-	-
Intergovernmental pass through. . . . .	-	-	-	-
Total expenditures. . . . .	<u>3,816</u>	<u>688,477</u>	<u>54,302</u>	<u>36,693</u>
Excess of revenues over (under) expenditures.	<u>(3,816)</u>	<u>(72,895)</u>	<u>(18,884)</u>	<u>(18,529)</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	-	-	-	-
Transfers (out). . . . .	-	-	-	-
Total other financing sources (uses). . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances. . . . .	(3,816)	(72,895)	(18,884)	(18,529)
<b>Fund balances at beginning of year. . . . .</b>	<u>5,105</u>	<u>51,371</u>	<u>3,795</u>	<u>(2,718)</u>
<b>Fund balances at end of year (deficit). . . . .</b>	<u>\$ 1,289</u>	<u>\$ (21,524)</u>	<u>\$ (15,089)</u>	<u>\$ (21,247)</u>

<b>EHA Preschool Grant</b>	<b>Classroom Reduction</b>	<b>Other Federal Grants</b>	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Other Special Revenue</b>	<b>Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ 5,834	\$ -	\$ -	\$ 8,472
-	-	-	-	-	-	468,735
-	-	-	1,365,745	282,814	-	1,648,559
-	-	-	-	-	8,822	218,955
-	-	-	1,000	-	-	1,301,831
25,514	31,853	17,472	63,070	-	-	807,073
<u>25,514</u>	<u>31,853</u>	<u>17,472</u>	<u>1,435,649</u>	<u>282,814</u>	<u>8,822</u>	<u>4,453,625</u>
525	-	12,505	-	294,019	578	431,356
-	-	-	-	-	-	73,102
-	-	-	-	-	5,175	26,175
4,501	-	8,410	-	-	1,060	727,196
28,192	13,454	-	-	-	-	190,358
-	-	-	-	-	-	50,881
-	-	-	-	-	-	12
-	-	-	-	-	1,085	1,085
-	-	-	-	-	-	924
-	-	-	-	-	7,065	33,555
-	-	-	-	-	-	435,304
-	-	-	1,488,850	-	-	1,488,850
-	-	-	-	-	-	1,266,389
<u>33,218</u>	<u>13,454</u>	<u>20,915</u>	<u>1,488,850</u>	<u>294,019</u>	<u>14,963</u>	<u>4,725,187</u>
<u>(7,704)</u>	<u>18,399</u>	<u>(3,443)</u>	<u>(53,201)</u>	<u>(11,205)</u>	<u>(6,141)</u>	<u>(271,562)</u>
-	-	-	-	-	-	74,974
-	-	-	-	-	-	(4,484)
-	-	-	-	-	-	70,490
<u>(7,704)</u>	<u>18,399</u>	<u>(3,443)</u>	<u>(53,201)</u>	<u>(11,205)</u>	<u>(6,141)</u>	<u>(201,072)</u>
<u>3,236</u>	<u>-</u>	<u>6,830</u>	<u>221,285</u>	<u>142,384</u>	<u>14,523</u>	<u>923,270</u>
<u>\$ (4,468)</u>	<u>\$ 18,399</u>	<u>\$ 3,387</u>	<u>\$ 168,084</u>	<u>\$ 131,179</u>	<u>\$ 8,382</u>	<u>\$ 722,198</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2003

	<b>Permanent Improvement</b>	<b>SchoolNet</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 1,016,345	\$ -	\$ 1,016,345
Receivables:			
Taxes . . . . .	1,049,465	-	1,049,465
Total assets . . . . .	\$ 2,065,810	\$ -	\$ 2,065,810
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 78,696	\$ -	\$ 78,696
Intergovernmental payable . . . . .	-	4	4
Deferred revenue . . . . .	962,170	-	962,170
Total liabilities . . . . .	1,040,866	4	1,040,870
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	650,051	-	650,051
Reserved for property tax unavailable for appropriation . . . . .	87,295	-	87,295
Unreserved, undesignated (deficit), reported in: Capital projects funds . . . . .	287,598	(4)	287,594
Total fund balance (deficit) . . . . .	1,024,944	(4)	1,024,940
Total liabilities and fund balances . . . . .	\$ 2,065,810	\$ -	\$ 2,065,810

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Permanent Improvement</b>	<b>Building</b>	<b>SchoolNet</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,091,080	\$ -	\$ -	\$ 1,091,080
Intergovernmental - State . . . . .	121,808	-	85,350	207,158
Total revenue . . . . .	1,212,888	-	85,350	1,298,238
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	-	85,452	85,452
Other . . . . .	445,253	-	-	445,253
Support Services:				
Fiscal . . . . .	14,241	-	-	14,241
Pupil transportation . . . . .	43,861	-	-	43,861
Facilities acquisition and construction . . . . .	900,496	-	-	900,496
Total expenditures . . . . .	1,403,851	-	85,452	1,489,303
Excess of revenues over (under) expenditures.	(190,963)	-	(102)	(191,065)
<b>Other financing sources (uses):</b>				
Transfers (out) . . . . .	-	(40,710)	-	(40,710)
Total other financing sources (uses) . . . . .	-	(40,710)	-	(40,710)
Net change in fund balances . . . . .	(190,963)	(40,710)	(102)	(231,775)
<b>Fund balances at beginning of year . . . . .</b>	1,215,907	40,710	98	1,256,715
<b>Fund balances at end of year (deficit). . . . .</b>	\$ 1,024,944	\$ -	\$ (4)	\$ 1,024,940

## AGENCY FUNDS

**Student Activities** - This fund accounts for resources that belong to the student bodies of the various schools; accounting for sales and other revenue generating activities.

**Six District Educational Compact** - To account for the activity of the Six District Compact for which the District is the fiscal agent.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**Student Activities**

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2003</u>
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 49,888	\$ 55,314	\$ 53,956	\$ 51,246
Accounts receivable . . . . .	-	20	-	20
<b>Total assets. . . . .</b>	<u>\$ 49,888</u>	<u>\$ 55,334</u>	<u>\$ 53,956</u>	<u>\$ 51,266</u>
<b>LIABILITIES:</b>				
Due to students. . . . .	\$ 49,888	\$ 1,378	\$ 8,881	\$ 42,385
Accounts payable. . . . .	-	8,881	-	8,881
<b>Total liabilities. . . . .</b>	<u>\$ 49,888</u>	<u>\$ 10,259</u>	<u>\$ 8,881</u>	<u>\$ 51,266</u>

**Six District Educational Compact**

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2003</u>
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 13,639	\$ 127,954	\$ 132,584	\$ 9,009
<b>Total assets. . . . .</b>	<u>\$ 13,639</u>	<u>\$ 127,954</u>	<u>\$ 132,584</u>	<u>\$ 9,009</u>
<b>LIABILITIES:</b>				
Undistributed Monies . . . . .	\$ 13,639	\$ -	\$ 4,630	\$ 9,009
<b>Total liabilities. . . . .</b>	<u>\$ 13,639</u>	<u>\$ -</u>	<u>\$ 4,630</u>	<u>\$ 9,009</u>

**Total**

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2003</u>
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 63,527	\$ 183,268	\$ 186,540	\$ 60,255
Accounts receivable . . . . .	-	20	-	20
<b>Total assets. . . . .</b>	<u>\$ 63,527</u>	<u>\$ 183,288</u>	<u>\$ 186,540</u>	<u>\$ 60,275</u>
<b>LIABILITIES:</b>				
Due to students. . . . .	\$ 49,888	\$ 1,378	\$ 8,881	\$ 42,385
Accounts payable. . . . .	-	8,881	-	8,881
Undistributed Monies . . . . .	13,639	-	4,630	9,009
<b>Total liabilities. . . . .</b>	<u>\$ 63,527</u>	<u>\$ 10,259</u>	<u>\$ 13,511</u>	<u>\$ 60,275</u>

INDIVIDUAL FUND SCHEDULES OF  
REVENUES, EXPENDITURES/EXPENSES AND  
CHANGES IN FUND BALANCE/FUND EQUITY -  
BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)



## **GENERAL FUND**

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

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

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
COMMUNITY EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating revenues:</b>				
Sales/charges for services . . . . .	\$ 110,799	\$ 105,947	\$ 105,947	\$ -
Other . . . . .	829,031	792,726	792,726	-
Total operating revenues . . . . .	<u>939,830</u>	<u>898,673</u>	<u>898,673</u>	<u>-</u>
<b>Operating expenses:</b>				
Personal services . . . . .	430,195	464,730	460,390	4,340
Purchased services . . . . .	587,108	548,612	546,901	1,711
Materials and supplies . . . . .	129,979	106,129	91,048	15,081
Capital outlay . . . . .	1,376	1,376	1,406	(30)
Other . . . . .	800	3,300	1,135	2,165
Total operating expenses . . . . .	<u>1,149,458</u>	<u>1,124,147</u>	<u>1,100,880</u>	<u>23,267</u>
Operating loss . . . . .	<u>(209,628)</u>	<u>(225,474)</u>	<u>(202,207)</u>	<u>23,267</u>
<b>Nonoperating revenues (expenses):</b>				
Refund of prior year's receipts . . . . .	(500)	(2,000)	(1,362)	(638)
Refund of prior year expenses . . . . .	450	450	450	-
Total nonoperating revenues (expenses) . . . . .	<u>(50)</u>	<u>(1,550)</u>	<u>(912)</u>	<u>(638)</u>
Net loss . . . . .	(209,678)	(227,024)	(203,119)	22,629
<b>Fund equity, July 1 . . . . .</b>	44,720	44,720	44,720	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>255,213</u>	<u>255,213</u>	<u>255,213</u>	<u>-</u>
<b>Fund equity, June 30 . . . . .</b>	<u>\$ 90,255</u>	<u>\$ 72,909</u>	<u>\$ 96,814</u>	<u>\$ 22,629</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PUBLIC SCHOOL SUPPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Extracurricular . . . . .	\$ 199,223	\$ 201,497	\$ 201,497	\$ -
Other local revenue . . . . .	143,054	144,686	144,686	-
Total revenues . . . . .	<u>342,277</u>	<u>346,183</u>	<u>346,183</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	94,375	83,100	72,867	10,233
Support services:				
Pupils . . . . .	234,594	299,673	254,073	45,600
Instructional staff . . . . .	6,100	9,141	4,820	4,321
Operation of non-instructional services . . . . .	15,025	19,575	14,467	5,108
Total expenditures . . . . .	<u>350,094</u>	<u>411,489</u>	<u>346,227</u>	<u>65,262</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(7,817)</u>	<u>(65,306)</u>	<u>(44)</u>	<u>65,262</u>
<b>Other financing uses:</b>				
Transfers out . . . . .	-	(4,484)	(4,484)	-
Refund of prior year's receipts . . . . .	(12,100)	(12,100)	-	12,100
Total other financing uses . . . . .	<u>(12,100)</u>	<u>(16,584)</u>	<u>(4,484)</u>	<u>12,100</u>
Net change in fund balance . . . . .	(19,917)	(81,890)	(4,528)	77,362
<b>Fund balance, July 1 . . . . .</b>	127,723	127,723	127,723	-
<b>Prior year encumbrances appropriated . . . . .</b>	34,044	34,044	34,044	-
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 141,850</u>	<u>\$ 79,877</u>	<u>\$ 157,239</u>	<u>\$ 77,362</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OTHER GRANTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Support services:				
Instructional staff . . . . .	\$ 108	\$ 21,738	\$ -	\$ 21,738
Total expenditures . . . . .	<u>108</u>	<u>21,738</u>	<u>-</u>	<u>21,738</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	(108)	(21,738)	-	21,738
<b>Other financing uses:</b>				
Contingencies. . . . .	<u>(21,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses. . . . .	<u>(21,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance . . . . .	(21,738)	(21,738)	-	21,738
<b>Fund balance, July 1 . . . . .</b>	21,644	21,644	21,644	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>108</u>	<u>108</u>	<u>108</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 21,752</u>	<u>\$ 21,738</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ATHLETIC AND MUSIC  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Extracurricular . . . . .	\$ 275,726	\$ 266,433	\$ 266,433	\$ -
Other local revenue . . . . .	67,799	65,514	65,514	-
Total revenues . . . . .	<u>343,525</u>	<u>331,947</u>	<u>331,947</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Extracurricular activities . . . . .	536,217	527,099	444,541	82,558
Total expenditures . . . . .	<u>536,217</u>	<u>527,099</u>	<u>444,541</u>	<u>82,558</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(192,692)</u>	<u>(195,152)</u>	<u>(112,594)</u>	<u>82,558</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	100,356	96,974	96,974	-
Transfers out . . . . .	(22,000)	(22,000)	(22,000)	-
Advances in . . . . .	7,828	7,564	7,564	-
Advances out . . . . .	-	(24,248)	-	24,248
Total other financing sources (uses) . . . . .	<u>86,184</u>	<u>58,290</u>	<u>82,538</u>	<u>24,248</u>
Net change in fund balance . . . . .	(106,508)	(136,862)	(30,056)	106,806
<b>Fund balance, July 1 . . . . .</b>	228,291	228,291	228,291	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>12,567</u>	<u>12,567</u>	<u>12,567</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 134,350</u>	<u>\$ 103,996</u>	<u>\$ 210,802</u>	<u>\$ 106,806</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
AUXILIARY SERVICES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ 2,315	\$ 2,619	\$ 2,638	\$ 19
Intergovernmental-state . . . . .	1,087,446	1,229,948	1,239,043	9,095
Total revenues . . . . .	<u>1,089,761</u>	<u>1,232,567</u>	<u>1,241,681</u>	<u>9,114</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	674,466	1,021,219	1,006,366	14,853
Support services:				
Pupils . . . . .	179,174	177,332	154,065	23,267
Instructional staff . . . . .	6,535	7,330	7,329	1
Administration . . . . .	141,752	143,575	133,278	10,297
Operation and maintenance of plant . . . . .	6,600	7,997	7,997	-
Total expenditures . . . . .	<u>1,008,527</u>	<u>1,357,453</u>	<u>1,309,035</u>	<u>48,418</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>81,234</u>	<u>(124,886)</u>	<u>(67,354)</u>	<u>57,532</u>
<b>Other financing sources (uses):</b>				
Contingencies . . . . .	(15,814)	-	-	-
Advances out . . . . .	-	-	(9,114)	(9,114)
Refund of prior year's receipts . . . . .	4	4	4	-
Total other financing sources (uses) . . . . .	<u>(15,810)</u>	<u>4</u>	<u>(9,110)</u>	<u>(9,114)</u>
Net change in fund balance . . . . .	65,424	(124,882)	(76,464)	48,418
<b>Fund balance, July 1 . . . . .</b>	50,235	50,235	50,235	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>74,647</u>	<u>74,647</u>	<u>74,647</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 190,306</u>	<u>\$ -</u>	<u>\$ 48,418</u>	<u>\$ 48,418</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TEACHER DEVELOPMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Support services:				
Instructional staff . . . . .	\$ -	\$ 2,470	\$ 2,369	\$ 101
Operation of non-instructional services . . . . .	-	7,847	2,473	5,374
Total expenditures . . . . .	<u>-</u>	<u>10,317</u>	<u>4,842</u>	<u>5,475</u>
Net change in fund balance . . . . .	-	(10,317)	(4,842)	5,475
<b>Fund balance, July 1 . . . . .</b>	<u>10,317</u>	<u>10,317</u>	<u>10,317</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 10,317</u>	<u>\$ -</u>	<u>\$ 5,475</u>	<u>\$ 5,475</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MANAGEMENT INFORMATION SYSTEM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ -	\$ 20,188	\$ 20,188	\$ -
Total revenues . . . . .	<u>-</u>	<u>20,188</u>	<u>20,188</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Administration . . . . .	20,000	6,617	5,071	1,546
Central . . . . .	<u>-</u>	<u>1,000</u>	<u>924</u>	<u>76</u>
Total expenditures . . . . .	<u>20,000</u>	<u>7,617</u>	<u>5,995</u>	<u>1,622</u>
Net change in fund balance . . . . .	(20,000)	12,571	14,193	1,622
<b>Fund balance, July 1 . . . . .</b>	<u>34,067</u>	<u>34,067</u>	<u>34,067</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 14,067</u>	<u>\$ 46,638</u>	<u>\$ 48,260</u>	<u>\$ 1,622</u>



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DATA COMMUNICATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ -	\$ 21,000	\$ 21,000	\$ -
Total revenues . . . . .	<u>-</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Other . . . . .	<u>-</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Total expenditures . . . . .	<u>-</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Net change in fund balance . . . . .	-	-	-	-
<b>Fund balance, July 1 . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SCHOOLNET PROFESSIONAL DEVELOPMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ 1,194	\$ 4,600	\$ 4,600	\$ -
Total revenues . . . . .	<u>1,194</u>	<u>4,600</u>	<u>4,600</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Instructional staff . . . . .	-	8,406	8,406	-
Total expenditures . . . . .	<u>-</u>	<u>8,406</u>	<u>8,406</u>	<u>-</u>
Net change in fund balance . . . . .	1,194	(3,806)	(3,806)	-
<b>Fund balance, July 1 . . . . .</b>	<u>3,806</u>	<u>3,806</u>	<u>3,806</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OHIO READS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ 5,434	\$ 8,000	\$ 8,000	\$ -
Total revenues . . . . .	<u>5,434</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	2,504	6,162	6,162	-
Support services:				
Instructional staff . . . . .	-	4,408	4,408	-
Total expenditures . . . . .	<u>2,504</u>	<u>10,570</u>	<u>10,570</u>	<u>-</u>
Net change in fund balance . . . . .	2,930	(2,570)	(2,570)	-
Fund balance, July 1 . . . . .	66	66	66	-
Prior year encumbrances appropriated. . . . .	<u>2,504</u>	<u>2,504</u>	<u>2,504</u>	<u>-</u>
Fund balance, June 30 . . . . .	<u>\$ 5,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SUMMER INTERVENTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ 9,608	\$ -	\$ -	\$ -
Total revenues . . . . .	<u>9,608</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	10,000	392	392	-
Total expenditures . . . . .	<u>10,000</u>	<u>392</u>	<u>392</u>	<u>-</u>
Net change in fund balance . . . . .	(392)	(392)	(392)	-
<b>Fund balance, July 1 . . . . .</b>	<u>392</u>	<u>392</u>	<u>392</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OTHER STATE GRANTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ 114,162	\$ 8,000	\$ 8,000	\$ -
Total revenues . . . . .	<u>114,162</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	2,271	3,557	272	3,285
Support services:				
Instructional staff . . . . .	21	9,211	7,873	1,338
Administration . . . . .	-	800	800	-
Business . . . . .	-	12	12	-
Operation of non-instructional services . . . . .	-	850	850	-
Total expenditures . . . . .	<u>2,292</u>	<u>14,430</u>	<u>9,807</u>	<u>4,623</u>
Net change in fund balance . . . . .	111,870	(6,430)	(1,807)	4,623
<b>Fund balance, July 1 . . . . .</b>	<b>6,138</b>	<b>6,138</b>	<b>6,138</b>	<b>-</b>
<b>Prior year encumbrances appropriated. . . . .</b>	<b>292</b>	<b>292</b>	<b>292</b>	<b>-</b>
<b>Fund balance, June 30 . . . . .</b>	<b><u>\$ 118,300</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,623</u></b>	<b><u>\$ 4,623</u></b>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ECONOMIC SECURITY ACT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 36,895	\$ -	\$ -	\$ -
Total revenues . . . . .	<u>36,895</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Instructional staff . . . . .	6,821	1,926	1,926	-
Operation of non-instructional services . . . . .	<u>3,179</u>	<u>3,179</u>	<u>1,890</u>	<u>1,289</u>
Total expenditures . . . . .	<u>10,000</u>	<u>5,105</u>	<u>3,816</u>	<u>1,289</u>
Net change in fund balance . . . . .	26,895	(5,105)	(3,816)	1,289
<b>Fund balance, July 1 . . . . .</b>	<u>5,105</u>	<u>5,105</u>	<u>5,105</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 32,000</u>	<u>\$ -</u>	<u>\$ 1,289</u>	<u>\$ 1,289</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE VI-B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 173,412	\$ 615,582	\$ 615,582	\$ -
Total revenues . . . . .	<u>173,412</u>	<u>615,582</u>	<u>615,582</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Special . . . . .	19,895	84,542	79,824	4,718
Support services:				
Pupils . . . . .	170,706	446,941	446,941	-
Instructional staff . . . . .	38,326	132,110	130,907	1,203
Administration . . . . .	30,405	44,497	44,496	1
Operation of non-instructional services . . . . .	20,330	5,333	4,360	973
Total expenditures . . . . .	<u>279,662</u>	<u>713,423</u>	<u>706,528</u>	<u>6,895</u>
Net change in fund balance . . . . .	(106,250)	(97,841)	(90,946)	6,895
<b>Fund balance, July 1 . . . . .</b>	101,588	101,588	101,588	-
<b>Prior year encumbrances appropriated. . . . .</b>	4,662	4,662	4,662	-
<b>Fund balance, June 30 . . . . .</b>	<u>\$ -</u>	<u>\$ 8,409</u>	<u>\$ 15,304</u>	<u>\$ 6,895</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE VI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 35,814	\$ 35,418	\$ 35,418	\$ -
Total revenues . . . . .	<u>35,814</u>	<u>35,418</u>	<u>35,418</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	18,601	57,687	57,687	-
Operation of non-instructional services . . . . .	<u>6,399</u>	<u>3,803</u>	<u>3,803</u>	<u>-</u>
Total expenditures . . . . .	<u>25,000</u>	<u>61,490</u>	<u>61,490</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>10,814</u>	<u>(26,072)</u>	<u>(26,072)</u>	<u>-</u>
<b>Other financing sources:</b>				
Advances in . . . . .	<u>15,000</u>	<u>14,886</u>	<u>14,886</u>	<u>-</u>
Total other financing sources. . . . .	<u>15,000</u>	<u>14,886</u>	<u>14,886</u>	<u>-</u>
Net change in fund balance . . . . .	25,814	(11,186)	(11,186)	-
<b>Fund balance, July 1 . . . . .</b>	<u>11,186</u>	<u>11,186</u>	<u>11,186</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 37,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DRUG-FREE GRANT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 13,296	\$ 18,164	\$ 18,164	\$ -
Total revenues . . . . .	<u>13,296</u>	<u>18,164</u>	<u>18,164</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Pupils . . . . .	18,089	46,498	46,488	10
Operation of non-instructional services . . . . .	<u>8,374</u>	<u>75</u>	<u>-</u>	<u>75</u>
Total expenditures . . . . .	<u>26,463</u>	<u>46,573</u>	<u>46,488</u>	<u>85</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(13,167)</u>	<u>(28,409)</u>	<u>(28,324)</u>	<u>85</u>
<b>Other financing sources (uses):</b>				
Advances in . . . . .	33,723	33,723	33,723	-
Advances out. . . . .	<u>(11,811)</u>	<u>(11,811)</u>	<u>(11,811)</u>	<u>-</u>
Total other financing sources (uses) . . . . .	<u>21,912</u>	<u>21,912</u>	<u>21,912</u>	<u>-</u>
Net change in fund balance . . . . .	8,745	(6,497)	(6,412)	85
<b>Fund balance, July 1 . . . . .</b>	5,792	5,792	5,792	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>1,463</u>	<u>1,463</u>	<u>1,463</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 16,000</u>	<u>\$ 758</u>	<u>\$ 843</u>	<u>\$ 85</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
EHA PRESCHOOL GRANT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 25,027	\$ 24,229	\$ 24,229	\$ -
Total revenues . . . . .	<u>25,027</u>	<u>24,229</u>	<u>24,229</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Special . . . . .	27	-	-	-
Support services:				
Pupils . . . . .	-	4,437	4,437	-
Instructional staff . . . . .	<u>30,973</u>	<u>27,212</u>	<u>26,932</u>	<u>280</u>
Total expenditures . . . . .	<u>31,000</u>	<u>31,649</u>	<u>31,369</u>	<u>280</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(5,973)</u>	<u>(7,420)</u>	<u>(7,140)</u>	<u>280</u>
<b>Other financing sources (uses):</b>				
Advances in . . . . .	3,600	3,572	3,572	-
Refund of prior year's receipts . . . . .	<u>-</u>	<u>(525)</u>	<u>(525)</u>	<u>-</u>
Total other financing sources (uses) . . . . .	<u>3,600</u>	<u>3,047</u>	<u>3,047</u>	<u>-</u>
Net change in fund balance . . . . .	(2,373)	(4,373)	(4,093)	280
<b>Fund balance, July 1 . . . . .</b>	<u>4,373</u>	<u>4,373</u>	<u>4,373</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 280</u>	<u>\$ 280</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CLASSROOM REDUCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ -	\$ 31,853	\$ 31,853	\$ -
Total revenues . . . . .	<u>-</u>	<u>31,853</u>	<u>31,853</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Instructional staff . . . . .	-	18,597	13,385	5,212
Operation of non-instructional services . . . . .	<u>-</u>	<u>13,211</u>	<u>-</u>	<u>13,211</u>
Total expenditures . . . . .	<u>-</u>	<u>31,808</u>	<u>13,385</u>	<u>18,423</u>
Net change in fund balance . . . . .	-	45	18,468	18,423
<b>Fund balance, July 1 . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u><u>\$ -</u></u>	<u><u>\$ 45</u></u>	<u><u>\$ 18,468</u></u>	<u><u>\$ 18,423</u></u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OTHER FEDERAL GRANTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ -	\$ 17,472	\$ 17,472	\$ -
Total revenues . . . . .	<u>-</u>	<u>17,472</u>	<u>17,472</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	14,710	22,459	22,459	-
Support services:				
Pupils . . . . .	-	9,877	8,410	1,467
Instructional staff . . . . .	-	1,920	-	1,920
Total expenditures . . . . .	<u>14,710</u>	<u>34,256</u>	<u>30,869</u>	<u>3,387</u>
Net change in fund balance . . . . .	(14,710)	(16,784)	(13,397)	3,387
<b>Fund balance, July 1 . . . . .</b>	<b>2,074</b>	<b>2,074</b>	<b>2,074</b>	<b>-</b>
<b>Prior year encumbrances appropriated. . . . .</b>	<b>14,710</b>	<b>14,710</b>	<b>14,710</b>	<b>-</b>
<b>Fund balance, June 30 . . . . .</b>	<b><u>\$ 2,074</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,387</u></b>	<b><u>\$ 3,387</u></b>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOOD SERVICE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Charges for services . . . . .	\$ 1,379,848	\$ 1,365,745	\$ 1,365,745	\$ -
Intergovernmental-state . . . . .	883	874	874	-
Intergovernmental-federal . . . . .	64,247	63,590	63,590	-
Total revenues . . . . .	<u>1,444,978</u>	<u>1,430,209</u>	<u>1,430,209</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Food service operations . . . . .	<u>1,580,747</u>	<u>1,690,644</u>	<u>1,499,224</u>	<u>191,420</u>
Total expenditures . . . . .	<u>1,580,747</u>	<u>1,690,644</u>	<u>1,499,224</u>	<u>191,420</u>
Net change in fund balance . . . . .	(135,769)	(260,435)	(69,015)	191,420
<b>Fund balance, July 1 . . . . .</b>	205,022	205,022	205,022	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>80,747</u>	<u>80,747</u>	<u>80,747</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 150,000</u>	<u>\$ 25,334</u>	<u>\$ 216,754</u>	<u>\$ 191,420</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
UNIFORM SCHOOL SUPPLIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Other local revenue . . . . .	\$ 151,584	\$ 282,287	\$ 282,287	\$ -
Total revenues . . . . .	<u>151,584</u>	<u>282,287</u>	<u>282,287</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	223,921	356,390	304,114	52,276
Total expenditures . . . . .	<u>223,921</u>	<u>356,390</u>	<u>304,114</u>	<u>52,276</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(72,337)</u>	<u>(74,103)</u>	<u>(21,827)</u>	<u>52,276</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	264	492	492	-
Transfers out . . . . .	-	(492)	(492)	-
Refund of prior year expenses . . . . .	251	467	467	-
Total other financing sources (uses) . . . . .	<u>515</u>	<u>467</u>	<u>467</u>	<u>-</u>
Net change in fund balance . . . . .	(71,822)	(73,636)	(21,360)	52,276
<b>Fund balance, July 1 . . . . .</b>	97,901	97,901	97,901	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>5,921</u>	<u>5,921</u>	<u>5,921</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 32,000</u>	<u>\$ 30,186</u>	<u>\$ 82,462</u>	<u>\$ 52,276</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OTHER SPECIAL REVENUE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Other local revenue . . . . .	\$ 6,788	\$ 16,229	\$ 16,229	\$ -
Total revenues . . . . .	<u>6,788</u>	<u>16,229</u>	<u>16,229</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	132	3,985	578	3,407
Other . . . . .	1,178	5,500	5,175	325
Support services:				
Pupils . . . . .	241	1,112	1,060	52
Administration . . . . .	-	1,000	-	1,000
Operation and maintenance of plant . . . . .	247	1,085	1,085	-
Operation of non-instructional services . . . . .	1,608	9,582	7,065	2,517
Total expenditures . . . . .	<u>3,406</u>	<u>22,264</u>	<u>14,963</u>	<u>7,301</u>
Net change in fund balance . . . . .	3,382	(6,035)	1,266	7,301
<b>Fund balance, July 1 . . . . .</b>	6,930	6,930	6,930	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>186</u>	<u>186</u>	<u>186</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 10,498</u>	<u>\$ 1,081</u>	<u>\$ 8,382</u>	<u>\$ 7,301</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 2,390,904	\$ 2,329,224	\$ 2,329,224	\$ -
Intergovernmental-state . . . . .	259,136	252,451	252,451	-
Total revenues . . . . .	<u>2,650,040</u>	<u>2,581,675</u>	<u>2,581,675</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Fiscal . . . . .	40,000	40,000	29,328	10,672
Debt service:				
Principal retirement . . . . .	2,119,007	2,121,959	2,121,959	-
Interest and fiscal charges . . . . .	505,801	506,560	506,560	-
Total expenditures . . . . .	<u>2,664,808</u>	<u>2,668,519</u>	<u>2,657,847</u>	<u>10,672</u>
Net change in fund balance . . . . .	(14,768)	(86,844)	(76,172)	10,672
<b>Fund balance, July 1 . . . . .</b>	<u>1,175,946</u>	<u>1,175,946</u>	<u>1,175,946</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 1,161,178</u>	<u>\$ 1,089,102</u>	<u>\$ 1,099,774</u>	<u>\$ 10,672</u>



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PERMANENT IMPROVEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,003,801	\$ 1,027,494	\$ 1,027,494	\$ -
Intergovernmental-state . . . . .	118,999	121,808	121,808	-
Total revenues . . . . .	<u>1,122,800</u>	<u>1,149,302</u>	<u>1,149,302</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Vocational . . . . .	139,478	467,478	466,931	547
Support services:				
Fiscal . . . . .	21,000	19,000	14,241	4,759
Pupil transportation . . . . .	-	45,000	43,861	1,139
Facilities acquisition and construction . . . . .	1,886,006	1,515,006	1,495,013	19,993
Total expenditures . . . . .	<u>2,046,484</u>	<u>2,046,484</u>	<u>2,020,046</u>	<u>26,438</u>
Net change in fund balance . . . . .	(923,684)	(897,182)	(870,744)	26,438
<b>Fund balance, July 1 . . . . .</b>	<b>772,755</b>	<b>772,755</b>	<b>772,755</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>446,484</b>	<b>446,484</b>	<b>446,484</b>	<b>-</b>
<b>Fund balance, June 30 . . . . .</b>	<b><u>\$ 295,555</u></b>	<b><u>\$ 322,057</u></b>	<b><u>\$ 348,495</u></b>	<b><u>\$ 26,438</u></b>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
BUILDING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Other financing uses:</b>				
Transfers out . . . . .	\$ (40,710)	\$ (40,710)	\$ (40,710)	\$ -
Total other financing uses. . . . .	<u>(40,710)</u>	<u>(40,710)</u>	<u>(40,710)</u>	<u>-</u>
Net change in fund balance . . . . .	(40,710)	(40,710)	(40,710)	-
<b>Fund balance, July 1 . . . . .</b>	35,610	35,610	35,610	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>5,100</u>	<u>5,100</u>	<u>5,100</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SCHOOLNET  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ -	\$ 85,350	\$ 85,350	\$ -
Total revenues . . . . .	<u>-</u>	<u>85,350</u>	<u>85,350</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	98	85,448	85,448	-
Total expenditures . . . . .	<u>98</u>	<u>85,448</u>	<u>85,448</u>	<u>-</u>
Net change in fund balance . . . . .	(98)	(98)	(98)	-
<b>Fund balance, July 1 . . . . .</b>	-	-	-	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>98</u>	<u>98</u>	<u>98</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SELF-INSURANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating expenses:</b>				
Personal services . . . . .	\$ 8,960	\$ 45,785	\$ 38,483	7,302
Purchased services . . . . .	729,061	888,061	886,107	1,954
Claims. . . . .	3,713,229	4,325,769	4,312,809	12,960
Total operating expenses . . . . .	<u>4,451,250</u>	<u>5,259,615</u>	<u>5,237,399</u>	<u>22,216</u>
Operating loss. . . . .	<u>(4,451,250)</u>	<u>(5,259,615)</u>	<u>(5,237,399)</u>	<u>22,216</u>
<b>Nonoperating revenues:</b>				
Miscellaneous . . . . .	<u>3,996,212</u>	<u>5,110,118</u>	<u>5,110,118</u>	<u>-</u>
Total nonoperating revenues . . . . .	<u>3,996,212</u>	<u>5,110,118</u>	<u>5,110,118</u>	<u>-</u>
Net loss . . . . .	(455,038)	(149,497)	(127,281)	22,216
<b>Fund equity, July 1 . . . . .</b>	453,788	453,788	453,788	-
<b>Prior year encumbrances appropriated . . . . .</b>	1,250	1,250	1,250	-
<b>Fund equity, June 30 . . . . .</b>	<u>\$ -</u>	<u>\$ 305,541</u>	<u>\$ 327,757</u>	<u>\$ 22,216</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SCHOLARSHIP  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Gifts and contributions . . . . .	\$ 38,800	\$ 38,800	\$ 38,800	\$ -
Total revenues . . . . .	<u>38,800</u>	<u>38,800</u>	<u>38,800</u>	<u>-</u>
 <b>Expenditures:</b>				
Current:				
Operation of non-instructional:				
Scholarships awarded . . . . .	38,200	39,600	38,800	800
Total operation of non-instructional . . . . .	<u>38,200</u>	<u>39,600</u>	<u>38,800</u>	<u>800</u>
Total expenditures . . . . .	<u>38,200</u>	<u>39,600</u>	<u>38,800</u>	<u>800</u>
Net change in fund balance . . . . .	600	(800)	-	800
<b>Fund balance at beginning of year . . . . .</b>	2,985	2,985	2,985	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 3,585</u>	<u>\$ 2,185</u>	<u>\$ 2,985</u>	<u>\$ 800</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

## STATISTICAL SECTION

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

GENERAL FUND REVENUES BY SOURCE

LAST TEN FISCAL YEARS

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Revenues:				
Taxes . . . . .	\$ 16,699,074	\$ 22,882,703	\$ 21,614,202	\$ 23,257,271
Tuition and Fees . . . . .	4,325	4,342	1,162	-
Earnings on Investments . . . . .	193,391	326,911	504,660	617,655
Intergovernmental . . . . .	7,014,656	7,472,978	8,201,494	8,065,847
Miscellaneous Receipts . . . . .	823,401	55,480	35,439	41,061
Total Revenues . . . . .	<u>\$ 24,734,847</u>	<u>\$ 30,742,414</u>	<u>\$ 30,356,957</u>	<u>\$ 31,981,834</u>

Source: School District Financial Records



<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 24,113,198	\$ 25,655,233	\$ 27,735,966	\$ 29,031,646	\$ 29,337,617	\$ 31,174,122
5,632	27,772	36,414	64,719	87,709	89,584
770,579	690,662	748,751	799,629	422,655	322,266
8,390,748	9,430,686	10,932,739	11,676,930	15,090,104	15,381,039
243,052	75,539	58,004	91,171	89,057	169,025
<u>\$ 33,523,209</u>	<u>\$ 35,879,892</u>	<u>\$ 39,511,874</u>	<u>\$ 41,664,095</u>	<u>\$ 45,027,142</u>	<u>\$ 47,136,036</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

GENERAL FUND EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

	1994	1995	1996	1997
Current:				
Instruction: (1)				
Regular . . . . .	\$ 15,658,997	\$ 16,569,627	\$ 17,704,733	\$ 15,179,369
Special . . . . .	-	-	-	2,240,310
Vocational . . . . .	-	-	-	276,768
Other . . . . .	-	-	-	674,792
 Support services:				
Pupil . . . . .	1,337,217	1,331,443	1,612,974	1,742,604
Instructional staff . . . . .	1,307,068	1,443,549	1,504,269	1,609,138
Board of Education . . . . .	19,533	31,614	19,629	53,721
Administration . . . . .	1,574,185	1,679,069	1,901,711	1,981,103
Fiscal . . . . .	575,079	644,612	486,556	742,788
Business . . . . .	213,778	178,779	201,579	1,244,063
Operations and maintenance . . . . .	2,929,649	2,722,160	3,000,095	2,843,994
Pupil transportation . . . . .	1,743,428	1,462,512	1,424,791	1,703,668
Central . . . . .	43,812	49,825	87,216	102,794
 Extracurricular activities . . . . .	347,531	342,218	373,693	389,151
 Facilities acquisition and construction . . . . .	-	-	-	-
 Total expenditures . . . . .	\$ 25,750,277	\$ 26,455,408	\$ 28,317,246	\$ 30,784,263

Source: School District Financial Records

(1) A breakdown of instruction was not available prior to fiscal year 1997.

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 16,421,033	\$ 18,388,031	\$ 19,521,730	\$ 20,876,384	\$ 21,865,961	\$ 22,874,652
2,147,271	2,429,968	2,791,459	3,149,716	3,582,036	3,972,436
274,247	268,529	245,733	271,994	253,757	260,876
250,554	319,649	469,249	534,477	508,892	351,205
1,969,795	2,079,950	2,147,214	2,465,099	2,673,118	2,705,562
1,687,631	2,111,379	2,303,815	2,645,803	3,058,581	3,318,632
453,348	47,648	51,617	37,970	41,542	41,612
2,500,297	2,770,697	3,047,810	3,316,353	3,369,988	3,602,302
788,868	879,546	891,279	964,346	990,308	945,826
957,208	256,249	345,188	299,627	316,488	372,889
3,108,362	3,414,447	3,808,437	4,098,821	4,087,462	4,404,810
2,393,025	2,446,861	2,298,955	2,638,438	2,678,118	2,644,567
115,640	195,795	266,482	340,186	353,803	307,566
416,895	484,052	519,485	548,974	658,650	688,869
-	58,876	127,370	-	-	-
<u>\$ 33,484,174</u>	<u>\$ 36,151,677</u>	<u>\$ 38,835,823</u>	<u>\$ 42,188,188</u>	<u>\$ 44,438,704</u>	<u>\$ 46,491,804</u>

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS - REAL AND PUBLIC UTILITY TAXES (1)

LAST TEN CALENDAR YEARS

<u>Year (2)</u>	<u>Current Levy</u>	<u>Current Collection</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection as a Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes (3)</u>	<u>Ratio of Delinquent Taxes to Current Levy</u>
2002	\$ 31,843,570	\$ 31,071,592	97.6%	\$ 896,351	\$ 31,967,943	100.4%	\$ 1,041,221	3.3%
2001	31,351,318	30,571,609	97.5%	1,066,522	31,638,131	100.9%	1,276,188	4.1%
2000*	30,937,041	29,837,745	96.4%	838,029	30,675,774	99.2%	1,301,677	4.2%
1999	34,699,903	33,583,292	96.8%	1,025,807	34,609,099	99.7%	1,506,282	4.3%
1998	29,689,039	28,533,435	96.1%	721,169	29,254,604	98.5%	1,632,424	5.5%
1997	29,561,314	28,808,054	97.5%	686,001	29,494,055	99.8%	1,163,164	3.9%
1996	29,108,656	28,517,648	98.0%	705,577	29,223,225	100.4%	1,030,397	3.5%
1995	28,032,062	27,337,542	97.5%	815,571	28,153,113	100.4%	1,191,059	4.2%
1994	23,139,133	22,378,712	96.7%	711,613	23,090,325	99.8%	1,121,744	4.8%
1993	22,869,547	21,967,541	96.1%	717,566	22,685,107	99.2%	1,719,959	7.5%

Source: Summit County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Fiscal Officer.

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.

(2) Represents the collection year, 2003 information cannot be presented because all collections have not been made by June 30.

(3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and deletions.

\* Calendar year 2000 does not include Homestead/Rollback taxes.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN CALENDAR YEARS

Year	Agricultural and Residential Real Estate	Other Real Estate	Public Utility Personal	Tangible Personal	Total Assessed Value (1)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2003	\$ 688,996,930	\$ 106,746,320	\$ 17,332,170	\$ 61,203,761	\$ 874,279,181	\$2,497,940,517	35%
2002	619,744,350	95,420,340	16,195,670	62,661,329	794,021,689	2,268,633,397	35%
2001	609,093,050	88,225,110	18,597,560	59,073,383	774,989,103	2,214,254,580	35%
2000	595,912,690	88,834,060	20,796,730	53,202,433	758,745,913	2,192,861,665	35%
1999	565,688,580	83,105,800	21,325,230	54,397,655	724,517,265	2,092,614,079	35%
1998	553,056,210	84,450,720	20,935,380	55,260,291	713,702,601	2,063,424,915	35%
1997	539,794,760	78,755,000	22,172,180	55,260,291	695,982,231	2,010,498,373	35%
1996	453,508,940	72,163,940	24,066,610	53,207,816	602,947,306	1,738,820,388	35%
1995	432,408,720	71,912,150	27,350,960	47,775,793	579,447,623	1,659,370,903	35%
1994	411,744,620	80,543,250	23,553,940	40,588,997	556,430,807	1,592,446,699	35%

Source: Summit County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Fiscal Officer.

(1) This amount is calculated based on the following percentages:

Real Estate is assessed at 35 percent of actual value.

Public utility personal is assessed at 88 percent of actual value.

Tangible personal property was assessed at 25 percent of actual value from 1993 to 2002.

Beginning in 2003 the assessment percentage is 23% and will be further reduced to 0% by 2013.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$1,000 ASSESSED VALUATION)**

**LAST TEN CALENDAR YEARS**

Year	Government	School Levy	County Levy	City/ Village Township	Valley Fire District	Total Levy	Debt Service Included in Total Levy			
							School	County	City	Total
2003	Boston Township	\$ 75.15	\$ 13.07	\$ 8.48	\$ 8.80	\$105.50	\$ 2.62	\$ 0.52	\$ -	\$ 3.14
	Boston Heights Village	75.15	13.07	6.85	-	95.07	2.62	0.52	-	3.14
	Hudson City	75.15	13.07	9.29	-	97.51	2.62	0.52	1.99	5.13
	Cuyahoga Falls City	75.15	13.07	11.00	-	99.22	2.62	0.52	-	3.14
2002	Boston Township	75.63	13.07	7.48	6.50	102.68	3.10	0.36	-	3.46
	Boston Heights Village	75.63	13.07	7.35	-	96.05	3.10	0.36	-	3.46
	Hudson City	75.63	13.07	-	-	88.70	3.10	0.36	2.27	5.73
	Cuyahoga Falls City	75.63	13.07	11.00	-	99.70	3.10	0.36	-	3.46
2001	Boston Township	75.73	13.07	8.48	6.50	103.78	3.20	0.36	-	3.56
	Boston Heights Village	75.73	13.07	7.35	-	96.15	3.20	0.36	-	3.56
	Hudson City	75.73	13.07	8.94	-	97.74	3.20	0.36	2.27	5.83
	Cuyahoga Falls City	75.73	13.07	11.00	-	99.80	3.20	0.36	-	3.56
2000	Boston Township	76.13	12.27	8.48	6.50	103.38	3.60	0.36	-	3.96
	Boston Heights Village	76.13	12.27	7.35	-	95.75	3.60	0.36	-	3.96
	Hudson City	76.13	12.27	9.15	-	97.55	3.60	0.36	2.40	6.36
	Cuyahoga Falls City	76.13	12.27	11.00	-	99.40	3.60	0.36	-	3.96
1999	Boston Township	76.13	12.27	8.48	6.50	103.38	3.40	0.45	-	3.85
	Boston Heights Village	76.13	12.27	8.10	-	96.50	3.40	0.45	-	3.85
	Hudson City	76.13	12.27	8.39	-	96.79	3.40	0.45	1.72	5.57
	Cuyahoga Falls City	76.13	12.27	11.00	-	99.40	3.40	0.45	-	3.85
1998	Boston Township	70.13	11.65	8.48	6.50	96.76	2.90	0.45	-	3.35
	Boston Heights Village	70.13	11.65	8.10	-	89.88	2.90	0.45	-	3.35
	Hudson City	70.13	11.65	7.82	-	89.60	2.90	0.45	1.15	4.50
	Cuyahoga Falls City	70.13	11.65	12.00	-	93.78	2.90	0.45	-	3.35
1997	Boston Township	70.73	11.39	8.48	8.00	98.60	3.50	0.49	-	3.99
	Boston Heights Village	70.73	11.39	8.10	-	90.22	3.50	0.49	-	3.99
	Hudson City	70.73	11.39	7.03	-	89.15	3.50	0.49	0.36	4.35
	Cuyahoga Falls City	70.73	11.39	12.00	-	94.12	3.50	0.49	-	3.99
1996	Boston Township	72.23	13.99	1.48	5.50	93.20	5.00	0.60	-	5.60
	Boston Heights Village	72.23	13.99	8.10	-	94.32	5.00	0.60	-	5.60
	Hudson City	72.23	13.99	7.11	-	93.33	5.00	0.60	0.44	6.04
	Cuyahoga Falls City	72.23	13.99	12.00	-	98.22	5.00	0.60	-	5.60
1995	Boston Township	72.24	14.16	1.48	5.50	93.38	5.01	0.90	-	5.91
	Boston Heights Village	72.24	14.16	8.10	-	94.50	5.01	0.90	-	5.91
	Hudson City	72.24	14.16	7.11	-	93.51	5.01	0.90	0.44	6.35
	Cuyahoga Falls City	72.24	14.16	12.00	-	98.40	5.01	0.90	-	5.91
1994	Boston Township	66.15	12.31	1.48	5.50	85.44	4.42	0.67	-	5.09
	Boston Heights Village	66.15	12.31	5.60	-	84.06	4.42	0.67	-	5.09
	Hudson City	66.15	12.31	12.45	-	90.91	4.42	0.67	0.20	5.29
	Cuyahoga Falls City	66.15	12.31	12.00	-	90.46	4.42	0.67	-	5.09
	Hudson Village/Township	66.15	12.31	6.87	-	85.33	4.42	0.67	0.20	5.29

Source: Summit County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Fiscal Officer.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2003

Assessed Valuation (2003)	<u>\$ 874,279,181</u>
Bonded Debt Limit - 9% of Assessed Value (1)	<u>\$ 78,685,126</u>
Outstanding Debt:	
General Obligation Bonded Debt	<u>11,250,929</u>
Total Outstanding Debt	<u>11,250,929</u>
Exemptions	
Energy Conservation Bonded Debt	<u>916,049</u>
Total Exemptions	<u>916,049</u>
Less: Amount available in Debt Service fund	<u>1,274,068</u>
Amount of Debt applicable to Debt Limit	<u>9,060,812</u>
<i>Voted Debt Margin</i> (Debt Limitation Minus Amount of Debt applicable to Debt Limit)	<u>\$ 69,624,314</u>
Bonded Debt Limit - .10% of Assessed Value (1)	\$ 874,279
Amount of Debt applicable	<u>-</u>
<i>Unvoted Debt Margin</i>	<u>\$ 874,279</u>

Source: Summit County Fiscal Officer and School District Financial Records.

(1) Ohio Bond Law sets a limit of 9% of assessed value for voted debt and 1/10 of 1% for unvoted debt.  
All School District debt subject to the limitation is voted.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE  
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**

**LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Gross Bonded Debt (1)</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Assessed Value</u>	<u>Population (2)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2003	\$ 11,250,929	\$ 1,274,068	\$ 9,976,861	\$ 874,279,181	22,765	1.14%	\$ 438
2002	13,372,888	1,226,759	12,146,129	794,021,689	22,593	1.53%	\$ 538
2001	15,392,088	1,200,720	14,191,368	774,989,103	22,439	1.83%	632
2000	17,353,914	1,198,262	16,155,652	758,745,913	22,139	2.13%	730
1999	19,288,729	1,098,259	18,190,470	724,517,265	21,839	2.51%	833
1998	21,136,880	1,354,025	19,782,855	713,702,601	21,247	2.77%	931
1997	22,771,880	1,627,737	21,144,143	695,892,231	20,873	3.04%	1,013
1996	22,674,880	1,404,045	21,270,835	602,947,306	19,535	3.53%	1,089
1995	24,049,880	1,819,471	22,230,409	579,447,623	19,322	3.84%	1,151
1994	25,319,880	1,969,797	23,350,083	556,430,807	19,109	4.20%	1,222

Source: Summit County Fiscal Officer and School District Financial Records

(1) No debt is applicable to enterprise funds.

(2) Estimated by City of Hudson.



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT  
TO TOTAL GENERAL FUND EXPENDITURES

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentages)
2003	\$ 2,121,959	\$ 506,560	\$ 2,628,519	\$ 46,491,804	5.65%
2002	2,069,200	612,586	2,681,786	44,438,704	6.03%
2001	1,961,826	706,068	2,667,894	42,188,188	6.32%
2000	1,934,815	798,199	2,733,014	38,835,823	7.04%
1999	1,848,151	885,790	2,733,941	36,151,677	7.56%
1998	1,635,000	878,693	2,513,693	33,484,174	7.51%
1997	1,530,000	944,880	2,474,880	30,784,263	8.04%
1996	1,375,000	1,001,220	2,376,220	28,317,246	8.39%
1995	1,270,000	1,047,460	2,317,460	26,455,408	8.76%
1994	3,305,000	2,162,720	5,467,720	25,750,277	21.23%

Source: School District Financial Records.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COMPUTATION OF DIRECT AND OVERLAPPING  
GENERAL OBLIGATION BONDED DEBT

DECEMBER 31, 2002

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
Direct:			
Hudson City School District	\$ 11,250,929	100.00%	\$ 11,250,929
Total Direct	<u>\$ 11,250,929</u>		<u>11,250,929</u>
Overlapping:			
City of Hudson	15,320,000	99.43%	15,232,702
Summit County	86,056,961	7.43%	6,394,418
Metro Transit	1,515,000	7.43%	112,571
City of Cuyahoga Falls	12,095,638	0.63%	76,493
Total Overlapping	<u>114,987,599</u>		<u>21,816,184</u>
Grand total direct and overlapping	<u>\$ 126,238,528</u>		<u>\$ 33,067,113</u>

Source: Summit County Fiscal Officer and City of Hudson Finance Department - Data is presented on a calendar year basis (including School District) because that is the manner in which the information is maintained by both the County Fiscal Officer and the City Finance Department.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2002 collection year.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

DEMOGRAPHIC STATISTICS

LAST TEN CALENDAR YEARS

Year	Population (1)	Building Permits (1)(2)	Average Family Income	State Rank	Median Family Income	State Rank
2002	22,765	*	*	*	*	*
2001	22,593	35	103,305	7	58,139	2
2000	22,439	72	103,696	9	59,796	1
1999	22,139	100	99,532	10	60,872	2
1998	21,839	99	95,897	10	58,191	2
1997	21,247	100	97,195	7	54,175	2
1996	20,873	100	89,602	9	50,516	2
1995	19,535	110	77,279	9	48,281	1
1994	19,322	122	73,953	9	46,574	2
1993	19,109	357	71,936	11	45,102	2

Source: Information in this table was provided by the City of Hudson Development Department and Taxation Department of the State of Ohio.

(1) Estimated by the City of Hudson Community Development Department for City of Hudson Only.  
Estimates for other communities were not available. 1993 were estimated by the School District.

(2) Growth development plan limits building permits to 100 per year beginning in 1996.

\* Information not available.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

PROPERTY VALUE, CONSTRUCTION AND FINANCIAL INSTITUTION DEPOSITS

LAST TEN CALENDAR YEARS

Year	Real Property Value (1)			New Construction (1)			Financial Institution Deposits (2)
	Agriculture Residential	Commercial Industrial	Tax Exempt	Agriculture Residential (3)	Commercial Industrial (3)	Total	
2003	\$1,968,562,657	\$ 304,989,486	\$ 84,013,410	\$ 7,237,820	\$ 4,300,670	\$ 11,538,490	\$8,176,834,000
2002	1,769,956,857	273,370,829	68,385,380	11,409,940	3,715,180	15,125,120	8,094,727,000
2001	1,740,265,857	252,071,743	66,417,500	12,721,440	3,617,970	16,339,410	7,770,612,000
2000	1,702,607,686	253,811,600	62,233,530	10,949,710	3,083,480	14,033,190	7,836,388,000
1999	1,616,253,086	237,445,143	61,188,040	13,298,060	2,932,940	16,231,000	6,858,863,000
1998	1,580,160,600	241,287,771	61,188,040	11,534,623	5,437,450	16,972,073	5,749,282,000
1997	1,542,270,743	225,014,286	55,948,300	14,402,110	3,657,480	18,059,590	3,344,418,000
1996	1,295,739,829	206,182,686	55,948,320	19,850,920	1,804,700	21,655,620	4,353,857,000
1996	1,235,453,486	205,463,286	53,691,800	19,249,510	1,206,780	20,456,290	4,267,009,000
1994	1,176,413,200	230,123,571	56,497,470	15,264,750	4,563,530	19,828,280	4,199,905,000

Source:

(1) City of Hudson Engineering Department.

(2) Commercial bank deposits in Summit County as of December 31 except 2003 which is as of June 30. Source is Federal Reserve Bank of Cleveland.

(3) Summit County Fiscal Officer - DTE 93.

Data is presented on a calendar year basis because that is the manner in which the information is maintained by the City and Summit County.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

PRINCIPAL TAXPAYERS  
REAL ESTATE TAX

DECEMBER 31, 2002

Name of Taxpayer	Assessed Value (1)	Percent of Real Assessed Value
Allstate Insurance	\$ 7,447,573	0.94%
Little Tikes	5,503,155	0.69%
Jagi Cleveland-Hudson LLC	3,930,745	0.49%
Hudson-Omni III LTD	3,881,434	0.49%
Fabri-Centers of America, Inc.	3,496,871	0.44%
Stella of Hudson LLC	3,225,502	0.41%
Georgetown Development	2,390,479	0.30%
Albrecht Inc.	2,340,884	0.29%
Flood Company	2,306,283	0.29%
Kobelco Stewart Bolling	1,724,401	0.22%
<i>Total</i>	<u>\$ 36,247,327</u>	<u>4.56%</u>
 <i>Total Real Assessed Value</i>	 <u>\$ 795,743,250</u>	

Source: Summit County Fiscal Officer

(1) Assessed Values are for 2002.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

PRINCIPAL TAXPAYERS  
TANGIBLE PERSONAL PROPERTY TAX

DECEMBER 31, 2002

Name of Taxpayer	Assessed Value (1)	Percent of Tangible Assessed Value
Rubbermaid, Inc.	\$ 7,513,740	12.28%
IBM Credit Corporation	6,426,820	10.50%
T.E. Clarke Ford, Inc. & Clarke Auto Park, Inc.	5,612,460	9.17%
JoAnn Stores, Inc.	5,339,520	8.72%
Swagelok Quick Connect	3,470,440	5.67%
Ramco Specialties, Inc.	1,532,990	2.50%
Alro Steel Company	1,099,020	1.80%
Flood Company	1,047,320	1.71%
Hitachi Data Systems Corp.	923,100	1.51%
Praxair Distribution Inc.	896,600	1.46%
<i>Total</i>	<u>\$ 33,862,010</u>	<u>55.33%</u>
 <i>Total Tangible Personal Property Value</i>	 <u>\$ 61,203,761</u>	

Source: Summit County Fiscal Officer

(1) Assessed Values are for 2003.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

TEN YEAR ATTENDANCE DATA

<u>School Year Ended</u>		<u>Number of Graduates</u>	<u>Average Daily Membership (ADM)</u>	<u>Student Attendance Rate</u>	<u>Full-Time Equivalent Certified Staff</u>	<u>Full-Time Equivalent Support Staff</u>	<u>Full-Time Equivalent Total Staff</u>	<u>Attendance Rate Total Staff</u>
2003	(1)	379	5,337	95.9	424.53	211.61	636.14	96.5
2002	(2)	399	5,266	95.9	441.66	271.40	713.06	97.0
2001	(2)	371	5,188	95.7	424.74	248.08	672.82	97.3
2000	(2)	367	5,172	95.4	411.69	242.00	653.69	97.3
1999	(2)	398	5,240	95.1	403.02	228.32	631.34	97.4
1998	(2)	335	5,140	95.5	381.35	235.13	616.48	97.7
1997	(2)	367	5,155	95.8	371.40	222.39	593.79	97.3
1996	(2)	335	5,097	95.6	354.29	205.59	559.88	97.4
1995	(2)	317	4,902	95.7	337.71	196.08	533.79	97.5
1994	(2)	268	4,734	95.5	326.77	192.95	519.72	97.6

Source: School District Year End Summary Report 1994 - 2003  
School District Data Trend Report 1994 - 1997  
School District Annual Reports

Note: (1) Full-time equivalent staff includes only employees of the District.  
(2) Full-time equivalent staff includes employees of the District, contracted and auxillary personnel.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

TEN YEAR ENROLLMENT HISTORY

SCHOOL YEAR 1993 - 1994 TO SCHOOL YEAR 2002 - 2003

<u>Grade/Year</u>	<u>1993-1994</u>	<u>1994-1995</u>	<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>
PS	22	44	42	50	47	43	41	43	66	59
K	402	376	388	385	388	350	370	346	333	353
1	360	439	426	415	408	419	390	378	386	382
2	398	391	435	428	410	399	417	391	398	362
3	421	411	418	444	429	419	407	426	403	397
4	395	447	432	428	437	444	436	423	443	414
5	381	416	458	449	425	451	450	445	436	448
Elementary	2,379	2,524	2,599	2,599	2,544	2,525	2,511	2,452	2,465	2,415
6	402	387	436	465	439	429	451	444	465	469
7	426	415	404	434	460	458	426	453	451	455
8	388	442	417	408	440	454	470	440	459	483
Middle	1,216	1,244	1,257	1,307	1,339	1,341	1,347	1,337	1,375	1,407
9	373	371	431	407	392	428	454	468	451	453
10	362	381	369	409	383	391	407	450	455	439
11	365	349	392	362	425	389	389	401	430	444
12	289	339	349	378	358	427	389	387	403	443
High	1,389	1,440	1,541	1,556	1,558	1,635	1,639	1,706	1,739	1,779
SCEC	18	4	4	6	8	5	6	6	5	-
Ungradeable	-	-	-	-	-	-	-	-	4	-
Total	5,002	5,212	5,401	5,468	5,449	5,506	5,503	5,501	5,588	5,601

Source: School District Student Records.

October Reporting Period



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

FIVE YEAR ENROLLMENT PROJECTION

SCHOOL YEAR 2003 - 2004 TO SCHOOL YEAR 2007 - 2008

Grade/Year	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
PS	63	62	63	64	63
K	350	354	376	370	385
1	381	385	385	406	403
2	386	394	392	405	429
3	376	406	405	416	420
4	413	403	425	425	439
5	435	437	425	442	449
Elementary	<u>2,404</u>	<u>2,441</u>	<u>2,471</u>	<u>2,528</u>	<u>2,588</u>
6	459	449	453	440	455
7	483	481	467	466	455
8	464	498	500	478	479
Middle	<u>1,406</u>	<u>1,428</u>	<u>1,420</u>	<u>1,384</u>	<u>1,389</u>
9	478	461	478	484	468
10	453	475	458	467	478
11	438	458	475	456	469
12	431	442	457	471	458
High	<u>1,800</u>	<u>1,836</u>	<u>1,868</u>	<u>1,878</u>	<u>1,873</u>
SCEC	<u>5</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>6</u>
Total	<u><u>5,615</u></u>	<u><u>5,711</u></u>	<u><u>5,765</u></u>	<u><u>5,795</u></u>	<u><u>5,856</u></u>
Change	14	96	54	30	61

Source: School District Student Records.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

COST TO EDUCATE A 2003 GRADUATE  
HUDSON CITY SCHOOL DISTRICT VERSUS STATE OF OHIO

<u>School Year Ended</u>	<u>Grade</u>	<u>Hudson Annual per Pupil Cost</u>	<u>State Average</u>
2003	12	\$ 9,228	\$ 8,435 *
2002	11	8,873	8,057
2001	10	8,584	7,564
2000	9	7,929	7,057
1999	8	7,427	6,642
1998	7	6,966	6,232
1997	6	6,399	5,936
1996	5	5,597	5,466
1995	4	5,428	5,391
1994	3	5,377	5,241
1993	2	5,242	5,024
1992	1	4,789	4,600
1991	Kindergarten	4,601	4,588
Total Cost		<u>\$ 86,440</u>	<u>\$ 80,233</u>

\* Preliminary

Source: Cost per Pupil-State of Ohio Department of Education 1989 - 1992.  
School District Profile-State of Ohio Department of Education 1993 - 1996.  
School District Expenditure Flow Model 1997 - 2003.

Excludes debt service, capital outlay, community education, non-public and other.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

EDUCATIONAL STATISTICS

LAST FIVE SCHOOL YEARS

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
Advance Placement Tests					
% of Grades Scoring a 3 or Better Out of 5 (1)	86	83	76	78	83
ACT Composite Scores (Averages)					
Hudson High School	23.7	24.7	24.0	24.4	24.2
National	21.0	21.0	21.0	20.8	20.8
SAT Scores (Averages) - Hudson High School					
Verbal	537	548	537	529	542
Mathematics	562	572	557	559	566
California Test of Basic Skills (Total Battery)					
Mean National Percentile					
Grade 3	78.4	79.7	79.7	78.1	81.3
Grade 5	82.0	84.4	84.4	83.5	83.1
Grade 7	87.7	79.5	89.5	88.4	88.1
Grade 9	*	*	85.5	-	-
4th Grade Proficiency Tests (Percent Achieving Proficient Standard)					
Writing	85	94	94	96	85
Reading	80	83	80	87	80
Mathematics	77	71	80	84	85
Citizenship	92	86	90	91	93
Science	74	73	79	88	83
6th Grade Proficiency Tests: (Passing on First Attempt)					
Writing	94	90	95	96	91
Reading	79	77	85	84	77
Mathematics	86	80	85	86	87
Citizenship	93	90	89	92	96
Science	74	79	83	83	87
9th Grade Proficiency Tests: (Passing on First Attempt)					
Writing	98	97	99	98	95
Reading	98	98	98	98	94
Mathematics	93	91	90	92	96
Citizenship	96	95	93	97	97
Science	94	95	93	95	95
12th Grade Proficiency Tests (2): (Percent Achieving Proficient Standard)					
Writing	93	96	97	N/A	99
Reading	89	90	93	N/A	97
Mathematics	82	91	90	N/A	99
Citizenship	81	89	90	N/A	99
Science	83	91	91	N/A	99
National Merit Scholarship Program					
Semi-Finalists	7	7	3	3	2
Commended	10	14	7	7	13

\* Not administered

(1) The criteria for taking advanced placement courses have been extended to include more students in 2001.

(2) 12th grade proficiency standards increased in 1998.

Source: School District Student Records  
EMIS Proficiency Data - Data Trend Report

**This Page is Intentionally Left Blank.**



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**HUDSON CITY SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 30, 2004**