

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

*SUPPLEMENTAL REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2006*

BART GRIFFITH, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Hudson City School District
2386 Hudson-Aurora Road
Hudson, Ohio 44236

We have reviewed the *Independent Auditor's Report* of the Hudson City School District, Summit County, prepared by Julian and Grube, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hudson City School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 13, 2007

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

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards

Board of Education
Hudson City School District
2386 Hudson-Aurora Road
Hudson, OH 44236

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hudson City School District (the "District") as of and for the fiscal year ended June 30, 2006, and have issued our report thereon dated February 12, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Hudson City School District's basic financial statements. 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.

Julian & Grube, Inc.
February 12, 2007

HUDSON CITY SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
(C) Food Donation	10.550	N/A	\$ -	\$ 73,865	\$ -	\$ 73,865
Total Food Donation			-	73,865	-	73,865
(A) (D) National School Lunch Program	10.555	050021-LLP4-2005	30,340	-	30,340	-
(A) (D) National School Lunch Program	10.555	050021-LLP4-2006	59,413	-	59,413	-
Total National School Lunch Program			89,753	-	89,753	-
Total U.S. Department of Agriculture			89,753	73,865	89,753	73,865
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
(F) Title I Grants to Local Educational Agencies	84.010	050021-C1S1-2005	(18,902)		30,826	
Title I Grants to Local Educational Agencies	84.010	050021-C1S1-2006	45,326		74,705	
Total Title I Grants to Local Educational Agencies			26,424		105,531	
Special Education Cluster:						
(B) Special Education_Grants to States	84.027	050021-6BMP-2005	2,500		19,494	
(B) Special Education_Grants to States	84.027	050021-6BSF-2005	147,390		243,391	
(B) Special Education_Grants to States	84.027	050021-6BSF-2006	708,426		599,207	
(B) Special Education_Grants to States	84.027	050021-6BSF-2006	-		3,368	
Total Special Education_Grants to States			858,316		866,060	
(B) Special Education_Preschool Grants	84.173	050021-PGS1-2005	3,118		5,308	
(B) Special Education_Preschool Grants	84.173	050021-PGS1-2006	24,656		22,829	
Total Special Education_Preschool Grants			27,774		28,137	
Total Special Education Cluster			886,090		894,197	
(L) Federal Perkins Loan Program_Federal Capital Contributions	84.038	N/A	116,727		116,727	
Total Federal Perkins Loan Program Federal Capital Contributions			116,727		116,727	
Vocational Education_Basic Grants to States	84.048	050021-20A0-2005	10,000		44	
Vocational Education_Basic Grants to States	84.048	050021-20C1-2005	-		17,183	
Vocational Education_Basic Grants to States	84.048	050021-20C1-2006	283,972		269,916	
Total Vocational Education Basic Grants to States			293,972		287,145	
(G) Safe and Drug-Free Schools and Communities_State Grants	84.186	050021-DRS1-2005	3,484		794	
Safe and Drug-Free Schools and Communities_State Grants	84.186	050021-DRS1-2006	13,967		9,820	
Total Safe and Drug-Free Schools and Communities_State Grants			17,451		10,614	
State Grants for Innovative Programs	84.298	050021-C2S1-2005	-		4,276	
State Grants for Innovative Programs	84.298	050021-C2S1-2005	(6,627)		12,531	
State Grants for Innovative Programs	84.298	050021-C2S1-2006	6,627		4,698	
Total State Grants for Innovative Programs			-		21,505	
(I) Education Technology State Grants	84.318	050021-TJS1-2005	923		1,490	
Education Technology State Grants	84.318	050021-TJS1-2006	536		2,563	
Total Education Technology State Grants			1,459		4,053	
(J) English Language Acquisition Grants	84.365	050021-T3S2-2005	(16)		-	
English Language Acquisition Grants	84.365	050021-T3S2-2006	16		-	
Total English Language Acquisition Grants			-		-	
Improving Teacher Quality State Grants	84.367	050021-TRS1-2005	-		15,747	
Improving Teacher Quality State Grants	84.367	050021-TRS1-2005	(1,809)		71,193	
Hurricane Education Recovery	84.938	050021-TRS1-2006	19,465		1,274	
Total Improving Teacher Quality State Grants			17,656		88,214	
Hurricane Education Recovery	84.938	050021-HR01-2006	1,000		-	
Total Hurricane Education Recovery			1,000		-	
Total U.S. Department of Education			1,360,779		1,527,986	

Continued...

HUDSON CITY SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
CORPORATION FOR NATIONAL AND COMMUNITY SCHOOLS PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
Learn and Serve America_School and Community Based Programs	94.004	050021-SVSI-2006	\$ 10,000		\$ 9,770	
Total U.S. Department of Human Services			10,000		9,770	
Total Federal Financial Assistance			<u>\$ 1,460,532</u>	<u>\$ 73,865</u>	<u>\$ 1,627,509</u>	<u>\$ 73,865</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (B) Included as part of "Special Education Grant Cluster" in determining major programs.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) This schedule was prepared on the cash basis of accounting.
- (F) Amount of \$18,902 transferred to the next grant year based on Ohio Department of Education administrative action.
- (G) Amount of \$2,731 transferred to the next grant year based on Ohio Department of Education administrative action.
- (H) Amount of \$6,627 transferred to the next grant year based on Ohio Department of Education administrative action.
- (I) Amount of \$536 transferred to the next grant year based on Ohio Department of Education administrative action.
- (J) Amount of \$16 transferred to the next grant year based on Ohio Department of Education administrative action.
- (K) Amount of \$1,809 transferred to the next grant year based on Ohio Department of Education administrative action.
- (L) Passed through the Six District Educational Compact.



Julian & Grube, Inc.

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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Education
Hudson City School District
2386 Hudson-Aurora Road
Hudson, OH 44236

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District as of and for the fiscal year ended June 30, 2006, which collectively comprise the Hudson City School District's basic financial statements and have issued our report thereon dated February 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hudson City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts 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 a certain matter involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated February 12, 2007.

Board of Education
Hudson City School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hudson City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we have reported to the management of the Hudson City School District in a separate letter dated February 12, 2007.

This report is intended solely for the information and use of the 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
February 12, 2007



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Report on Compliance with Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Education
Hudson City School District
2386 Hudson-Aurora Road
Hudson, OH 44236

Compliance

We have audited the compliance of Hudson City School District, Summit County, (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 fiscal year ended June 30, 2006. 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, *Audit 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hudson City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Hudson City School District's compliance with those requirements.

Board of Education
Hudson City School District

In our opinion, Hudson City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2006.

Internal Control Over Compliance

The management of Hudson City School 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*.

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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud 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.

This report is intended solely for the information and use of the 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.



Julian & Grube, Inc.
February 12, 2007

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2006**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**HUDSON CITY
SCHOOL DISTRICT**

FOR THE

FISCAL YEAR ENDED JUNE 30, 2006

**PREPARED BY
TREASURER'S OFFICE**

2386 HUDSON-AURORA ROAD HUDSON, OHIO 44236

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

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

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

BOARD OF EDUCATION:

Bruce Hubach, President
Wilbur Veith, Vice-President
Kenneth Claypoole
Gary Mushock
Nancy Terry

(Local) 330-653-1270

FAX: 330-656-2292

ADMINISTRATORS:

L. Jack Thomas, Interim Superintendent
Lowell Davis, Interim Treasurer

February 28, 2006

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, 2006. 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 (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". 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 22,439.

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 FTE enrollment for fiscal year-end June 30, 2006, was 5,169 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 5.2 percent in June 2006, and the nation's unemployment rate for June 2006 was 4.8 percent. Additionally, June 2006 employment in the Akron Primary Metropolitan Statistical Area was 331,800. Specific employment figures for the Hudson City School District are not available. (Labor Force Estimates, June 2005, Ohio Bureau of Employment Services).

Hudson is the headquarters for companies such as JoAnn Stores, Inc. (retail); Alltel Service Company (telecommunications); and The Flood Company (coatings and sealants). 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 2004 median Ohio adjusted gross income per tax return for Hudson City School District residents was \$63,982. That ranks our District 3rd in the State of Ohio. The 2004 average Federal adjusted gross income per tax return for Hudson City School District residents was \$119,438. Our District ranks 8th in the State in average Federal income per tax return.

On a budgetary-basis, the District receives approximately 65 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 46 percent in the last ten years. The increased value in the tax duplicate is attributed to new construction (47 percent) and the balance (53 percent) to revisions in property values made by the County Fiscal Officer over the most recent ten-year period.



INTRODUCTION

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 created an Economic Development Incentive Committee to consider and recommend tax incentives for businesses seeking to establish or expand jobs and related economic opportunities. The District will continue to work with the City of Hudson to attract desirable development to the community.

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 – as of 6-30-06

<u>Name</u>	<u>Began</u>	<u>Expires</u>	<u>Profession</u>
Bruce Hubach President	01-01-04	12-31-07	Manufacturers Representative N.T. Ruddock Company
Karen Capone - Sheer	01-01-06	12-31-09	Homemaker
Nancy Terry	01-01-06	12-31-09	Homemaker
Doug Whipple	01-01-06	12-31-09	Attorney Seeley, Savidge & Ebert Co., L.P.A.

ADMINISTRATION – as of 6-30-06

<u>Name</u>	<u>Position</u>
Maryann Wolowiec	Superintendent
Phillip Herman	Director of Human Resources
Linda T. Keller	Director of Pupil Personnel Services
Patricia Picard	Director of Teaching and Learning
Mark Leventhal	Director of Pupil Services
Paul Smith	Business Manager
Bart Griffith	Treasurer



Employee Relations

The District currently has approximately 695 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 2005-06 fiscal year, the District's fleet of 44 buses traveled 2,984 miles each day providing transportation services to 3,615 public and 314 private and parochial students. The Food Service Department served an average of 3,987 meals daily for a total of 707,627 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.

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 781 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 2006

Mathematics/Science Curricular Initiative

Math

- Year 1 of High School Math Curriculum Study: 3 days professional development with Dr. Laughbaum (Ohio State University) and with Dr. Robinson (from COMPASS center and Ithaca College). Summer study to look at data and decide on solutions to issues brought up by parents and School Board re: Advanced Algebra and tutoring. Group of HS teachers made the decision to study and change to an integrated, research-based approach to teaching math by school year 2008-09.
- Writing of common assessments for MS Math (grades 7 and 8).
- Writing of common assessments for grades K – 3 mathematics.
- Work with grades 3, 7 and 8 looking at item analyses of achievement test results. Setting of goals based on this data.
- Work with grade 6 math on aligning instruction to new achievement test.
- Year 1 of elementary math curriculum study: focus on number fluency and learning of math facts/algorithms.
- Year 3 of MS Math Peer Tutoring.
- Study, writing and implementation of supplemental units in Geometry and Measurement, grades 4 and 5.



INTRODUCTION

- Professional development for preschool teachers in research behind early childhood mathematics and curriculum *Number Worlds*.
- PTA parent focus meeting on district's K-12 math programs – dialogue with parents about mathematics in the district.
- Parent Math Night at Evamere.
- Summer workshop with grades K – 3 teachers on using Ten Frames to develop early number sense in students. Guest author/presenter brought in.
- Summer training/workshop with Dr. Michael Battista with K – 5 teachers on how students develop place value understanding and how they develop measurement (length) understanding. Workshop is based on his current research (NSF-funded).
- Online graduate courses for MS math teachers (through a grant with Miami University).

Science

- MS Science implements new curricula 6 – 8 for first year. Training and professional development throughout the year.
- Professional development for grades 4 and 5 new science units (implementation year).
- Pilot of curriculum-oriented overnight field trip (4 days) with Ecology theme in Cuyahoga Valley National Park – 2 communities of 8th graders (275 students).
- Continuation of work with high school Ecology Independent Study students and Land Lab development.
- Work with grades 3 -8 teachers in preparation for upcoming science achievement tests in grades 5 and 8.

Language Arts/Social Studies Curricular Initiatives

Language Arts

- Literacy Speaker Series: Linda Hoyt (K-6), Cris Tovani (7-12).
- DRA re-alignment K-3 – new forms, new guidelines, implementation of informational text.
- Identification of critical indicators at all grade levels.
- Identification of reading assessments for grades 4-8.
- Language Arts materials review – grade 6.
- Continuation of implementation of phonemic awareness groups in kindergarten.
- TEAM reading support for prevention/intervention of first grade classrooms.
- Facilitation of high school English department meeting to prepare teachers and students for success on OGT.
- Implementation of Research standards in 6-12 language arts curriculum.
- Content –area reading/writing: MS.



- SIRI - middle school/high school group meetings to further knowledge base for reading instruction.
- Continue to look at data for DIBELS, DRA, Reading Assessments to inform instruction.

Social Studies

- Continuation of work on course of study.
- Identification of critical indicators at all grade levels.
- Content area reading/writing – MS.
- Common assessments at all grade levels 1-8.
- Analyzing data to inform instruction.
- New units at first grade to meet the state standards.
- Refinement of third grade social studies units.
- Refinement of fifth and sixth grade assessments.
- Unit/materials alignment at second and seventh grade.
- Facilitating high school department to review data of OGT to determine student strengths and weaknesses.

REACH (Gifted) Curricular Initiative (Note: these are multi-year initiatives)

- Phase-in implementation of Written Education Plans (WEPs) for high-ability students; includes parent notification. WEPs were implemented by regular classroom cluster teachers 1st through 5th grade and by GISs, kindergarten through 6th. These are kept on file in the REACH office. Parents were notified of our WEP implementation roll out via the notification letters sent out from the REACH office.
- Continuing implementation of differentiation. The REACH department of gifted education continued to use differentiation strategies within the structure of small group pull-outs and demonstrated these strategies to teachers within the regular classroom. In addition, resource notebooks were developed for regular classroom teachers to assist in their efforts to use differentiation strategies. The REACH department also worked further on this goal by attending two workshops outside the school district on differentiation in the regular classroom. In both instances, we took regular classroom teachers with us to the workshops. Within the district, REACH teachers attended grade level and subject area professional development meetings and participated in all content areas. They were also included in the work that various grade levels accomplished regarding the creation of common assessments.

Special Education Curricular Initiatives (Note: these are multi-year initiatives)

- Professional Development with Special Education teachers will focus on the alignment of the Individual Education Plans (IEPs) to the Academic Content Standards.
- Implement new Alternative Assessment for Statewide Testing across grade levels.
- ABA (autism methodologies) for Special Education Teachers and Instructional Aides who work with students with Autism.
- Crisis Prevention Intervention training available for any staff member.



INTRODUCTION

- Ten Frames (number sense) training for Special Education and Regular Education staff.
- Number Worlds (Math) training for preschool teachers and instructional aides.
- Implementation of DIBELS literacy assessment for all teachers K - 4.
- IEP Anywhere Training and implementation for all special education staff.
- Preschool Curriculum mapping.
- Review and update crisis guide for every building.
- Non-Fiction graduate course for all teachers.
- Audit of Transition programs and services.
- PECS Training (communication) for teachers of students with autism.
- Adaptive PE implementation.
- Revised the 504 process.
- Legal issues updates for all district administrators.
- Revise home instruction process.
- Compliance monitoring and updates on all legal procedures.
- Begin study on research on behavior issues and restraints.
- Elementary Special Education review of services.
- Instructional Aide inservice opportunities.
- Use of the Ohio Department of Education Inter-rater agreement tool for IEP development.
- Planning for restructuring of the preschool center based program.

K-12 Technology/Media Initiatives

- Provide in-service/support to K-5 teachers using K-5 nonfiction books with K-5 technology indicators from Ohio Technology Standards.
- Provide mini released-time in-services for areas selected by elementary teachers.
- Provide support/professional development for computer aides to troubleshoot PCs and Macs in elementary schools.
- Coordinate budget for SchoolNet funds and District technology funds. Replace hardware so teachers can implement Ohio Technology Standards in classrooms.
- Look for/submit further grants for the District.
- In-service and support staff at East Woods, McDowell, Middle School and High School to explore potential of video streaming.



- Assist special education department in-servicing the new IEP program.
- Increased curricular/academic presence on web.
- Online student scheduling.
- Continue to work on the Library/Media Course of study integration of Media Literacy Guidelines into the Social Studies and Language Arts curriculum.
- Continue to work with instructional staff and offer technology professional development
- Create parent and teacher pathfinders for new technology literacies.
- Provide training for new staff to implement technical units.
- Presentation at 45/49 with L/A Coordinator.
- Prepare on-line catalog database for SIRSI upgrade.
- Embed the K-5 technology standards in math, science and social studies curriculum.
- Planned for middle school art/technology course to integrate the technology standards (to be implemented in 2006-2007).

Graduate Courses

- Advanced “Making the Web Worthwhile”: developing online collaboration for students.
- I-movie.
- Informational/media literacy.
- Math K-3, 4-6, 7-12: online course.
- Nonfiction K-5.
- Mental health.
- Special ed strategies for regular ed teachers (differentiation).

Summer Writing (2006)

- K-12 Social studies.
- HS common assessment writing.
- OGT Interventions: project with Summit County.
- MS/HS Advanced Algebra data analysis.
- Curriculum Council proposals.



District Initiatives

- Strategic Plan development with community.
- Successful teacher contract negotiations: hybrid model of traditional and interest-based.
- Wellness policy.
- Middle school restructuring.

Financial Reporting

For the fiscal year ended June 30, 2006, the District continued to report in accordance with 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." The 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.
- *Statement of budgetary comparisons:* These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this 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's Discussion and Analysis (MD&A) provides an assessment of the District's finances for 2006. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

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.

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.

Independent Audit

State statutes require an annual audit by independent accountants. The Ohio Auditor of State conducted the District's 2005 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, 2005. This was the seventh 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, 2005. This was the seventh consecutive year that the District has achieved this prestigious award. 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, 2006, which will be submitted to ASBO for review, will continue to conform to ASBO's principles and standards.

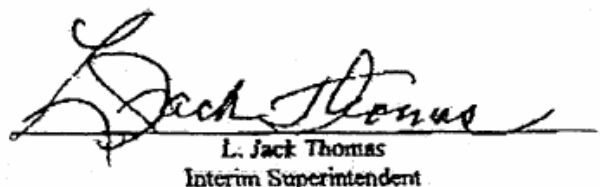
Acknowledgments

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 Julian, & Grube Inc., for their expert guidance and assistance.

Respectfully submitted,

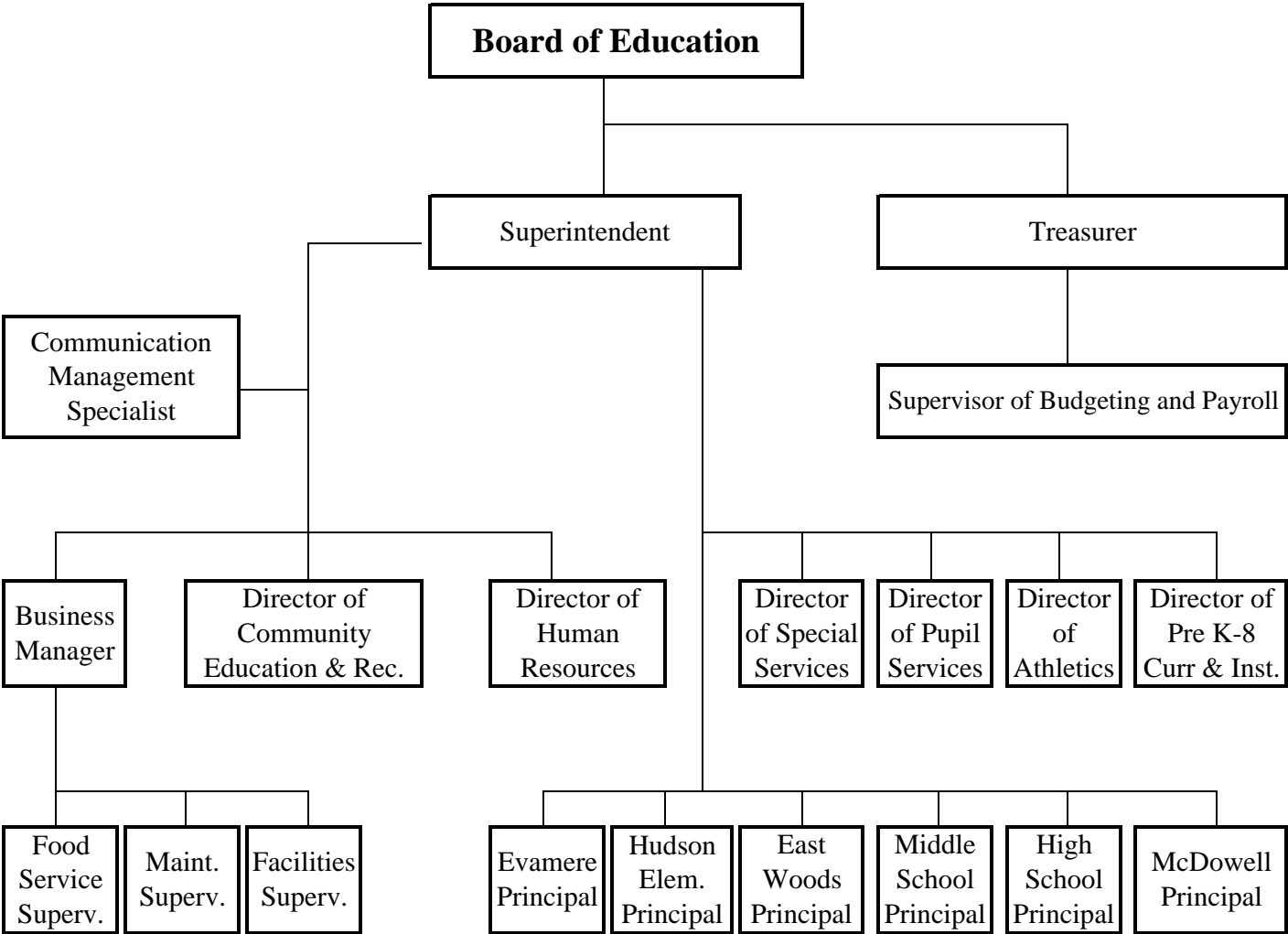

Lowell Davis
Interim Treasurer


L. Jack Thomas
Interim 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, 2005

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.



A handwritten signature in black ink, appearing to read "Thomas J. Blain".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Egan".

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, 2005

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

President

Interim Executive Director



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Education
Hudson City School District
2386 Hudson-Aurora Road
Hudson, OH 44236

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 the Hudson City School District, Summit County, (the "District") as of and for the fiscal year ended June 30, 2006, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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 the 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 the Hudson City School District, Summit County, Ohio, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report
Hudson City School District
Page Two

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected 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 cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
February 12, 2007

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

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

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, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- In total, net assets increased \$2,530,500. Net assets of governmental activities increased \$2,471,941, which represents a 10.32% increase from 2005. Net assets of business-type activities increased \$58,559 or 35.32% from 2005.
- General revenues, related to governmental activities, accounted for \$57,855,194 in revenue or 90.46% of all revenues. Program specific revenues, related to governmental activities, in the form of charges for services and sales, grants and contributions accounted for \$6,102,767 or 9.54% of total revenues of \$63,957,961.
- The District had \$61,486,020 in expenses related to governmental activities; only \$6,102,767 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$57,855,194 were adequate to provide for these programs resulting in an increase to net assets from \$23,955,204 to \$26,427,145.
- The District had \$1,099,610 in expenses related to business-type activities; a total of \$1,158,169 was offset by program specific revenues and charges for services. Total revenues were adequate to provide for these programs by \$58,559 resulting in an increase to net assets from \$165,773 to \$224,332.
- The District's only major governmental funds are the general fund and building fund. The general fund had \$52,180,241 in revenues and \$52,004,399 in expenditures and other financing uses. The general fund's fund balance increased \$175,842 from \$7,684,952 to \$7,860,794.
- The District's other major governmental fund is the building fund. The building fund had \$554,090 in revenues and \$5,389,728 in expenditures. The building fund's fund balance decreased \$4,835,638 from \$17,805,478 to \$12,969,840. The District was able to leverage its portion (13.5%) of the 1% increase to the City of Hudson's income tax rate, which is dedicated for the express purpose of providing capital improvements for community learning centers.

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.

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

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

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 and building fund are by far the most significant funds, and the only governmental funds reported as major funds.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

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

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.

The District's Statement of Net Assets and Statement of Activities can be found on pages F 16 – F 18 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds 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 funds are the general fund and building fund.

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

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

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. The basic governmental fund financial statements can be found on pages F 19 – F 23 of this report.

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. The basic proprietary fund financial statements can be found on pages F 24 – F 26 of this report.

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. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages F 27 – F 28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F 29 - F 59 of this report.

The District as a Whole

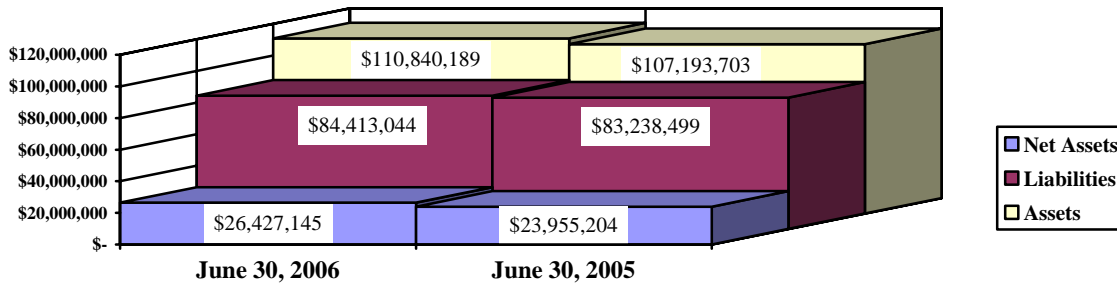
The Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2006 and 2005.

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

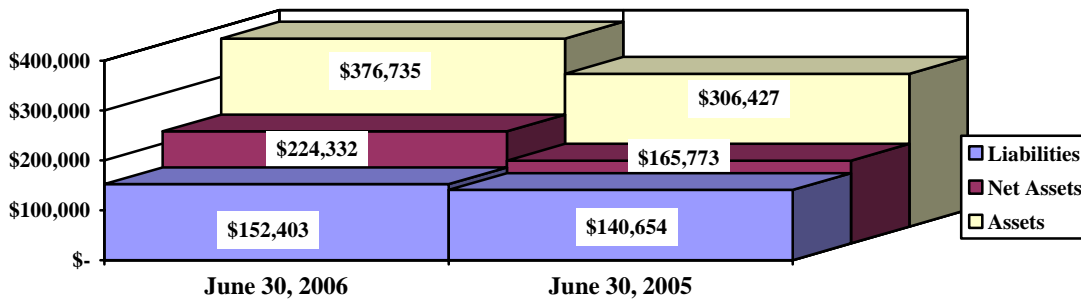
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<u>Assets</u>						
Current and other assets	\$ 73,540,116	\$ 74,712,541	\$ 376,735	\$ 306,427	\$ 73,916,851	\$ 75,018,968
Capital assets	37,300,073	32,481,162	-	-	37,300,073	32,481,162
Total assets	<u>110,840,189</u>	<u>107,193,703</u>	<u>376,735</u>	<u>306,427</u>	<u>111,216,924</u>	<u>107,500,130</u>
<u>Liabilities</u>						
Current liabilities	44,947,415	42,690,757	122,974	104,510	45,070,389	42,795,267
Long-term liabilities	39,465,629	40,547,742	29,429	36,144	39,495,058	40,583,886
Total liabilities	<u>84,413,044</u>	<u>83,238,499</u>	<u>152,403</u>	<u>140,654</u>	<u>84,565,447</u>	<u>83,379,153</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	22,610,611	22,621,463	-	-	22,610,611	22,621,463
Restricted	2,975,479	1,964,726	-	-	2,975,479	1,964,726
Unrestricted (deficit)	841,055	(630,985)	224,332	165,773	1,065,387	(465,212)
Total net assets	<u>\$ 26,427,145</u>	<u>\$ 23,955,204</u>	<u>\$ 224,332</u>	<u>\$ 165,773</u>	<u>\$ 26,651,477</u>	<u>\$ 24,120,977</u>

Governmental - Net Assets



Business-Type - Net Assets



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

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

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

Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for services and sales	\$ 2,765,378	\$ 2,485,663	\$1,158,169	\$1,112,580	\$ 3,923,547	\$ 3,598,243
Operating grants and contributions	3,332,189	3,276,207	-	1,923	3,332,189	3,278,130
Capital grants and contributions	5,200	69,828	-	-	5,200	69,828
General revenues:						
Property taxes	39,205,812	39,055,009	-	-	39,205,812	39,055,009
Grants and entitlements	16,884,632	17,182,672	-	-	16,884,632	17,182,672
Investment earnings	1,571,148	952,108	-	-	1,571,148	952,108
Miscellaneous	193,602	119,561	-	-	193,602	119,561
Total revenues	63,957,961	63,141,048	1,158,169	1,114,503	65,116,130	64,255,551
Expenses						
Program expenses:						
Instruction:						
Regular	27,218,512	25,454,301	-	-	27,218,512	25,454,301
Special	5,184,533	4,551,698	-	-	5,184,533	4,551,698
Vocational	285,679	285,963	-	-	285,679	285,963
Adult	15,059	17,496	-	-	15,059	17,496
Other	532,122	388,805	-	-	532,122	388,805
Support services:						
Pupil	3,745,017	3,430,276	-	-	3,745,017	3,430,276
Instructional staff	3,992,689	3,900,864	-	-	3,992,689	3,900,864
Board of education	46,313	33,603	-	-	46,313	33,603
Administration	4,011,601	3,737,759	-	-	4,011,601	3,737,759
Fiscal	1,118,243	1,084,887	-	-	1,118,243	1,084,887
Business	403,174	370,938	-	-	403,174	370,938
Operations and maintenance	4,770,844	4,689,430	-	-	4,770,844	4,689,430
Pupil transportation	3,144,242	3,515,470	-	-	3,144,242	3,515,470
Central	327,914	342,548	-	-	327,914	342,548
Operation of non-instructional services	32,068	30,760	-	-	32,068	30,760
Extracurricular activities	1,281,754	1,200,351	-	-	1,281,754	1,200,351
Intergovernmental	1,433,299	1,497,383	-	-	1,433,299	1,497,383
Food service	1,599,960	1,577,089	-	-	1,599,960	1,577,089
Interest and fiscal charges	2,342,997	2,326,758	-	-	2,342,997	2,326,758
Community education	-	-	1,099,610	1,063,751	1,099,610	1,063,751
Total expenses	61,486,020	58,436,379	1,099,610	1,063,751	62,585,630	59,500,130
Changes in net assets	2,471,941	4,704,669	58,559	50,752	2,530,500	4,755,421
Net assets at beginning of year	23,955,204	19,250,535	165,773	115,021	24,120,977	19,365,556
Net assets at end of year	<u>\$ 26,427,145</u>	<u>\$ 23,955,204</u>	<u>\$ 224,332</u>	<u>\$ 165,773</u>	<u>\$ 26,651,477</u>	<u>\$ 24,120,977</u>

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

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

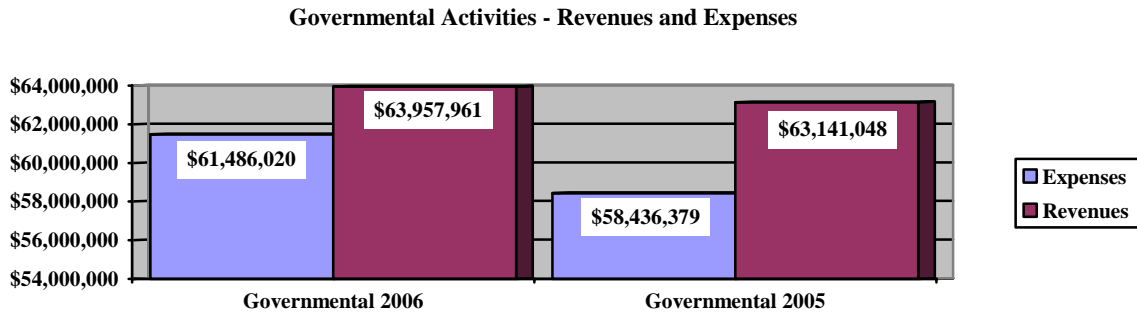
Governmental Activities

Net assets of the District's governmental activities increased \$2,471,941. Total governmental expenses of \$61,486,020 were offset by program revenues of \$6,102,767 and general revenues of \$57,855,194. Program revenues supported 9.93% 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 87.70% of total governmental revenue. Property taxes support 63.76% of total expenses while grants and entitlements supported 27.46% of total expenses. Between these two revenue items, 91.22% of total governmental expenses were funded.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$33,235,905 or 54.05% of total governmental expenses for fiscal 2006.

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



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 2006 and 2005. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

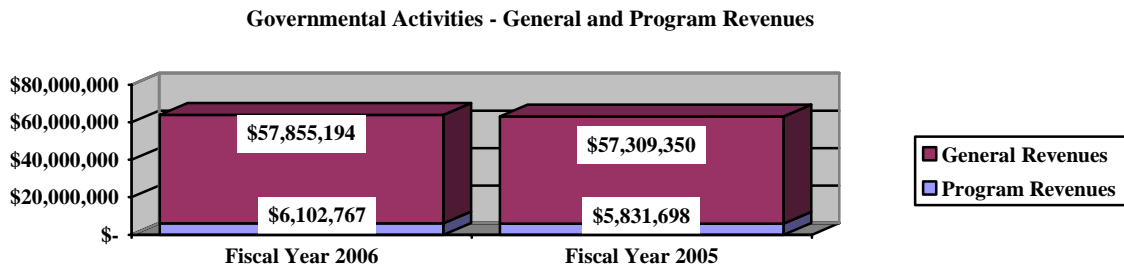
**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
Program expenses:				
Instruction:				
Regular	\$ 27,218,512	\$ 26,728,773	\$ 25,454,301	\$ 25,016,662
Special	5,184,533	4,648,534	4,551,698	4,049,963
Vocational	285,679	285,679	285,963	285,963
Adult	15,059	15,059	17,496	17,496
Other	532,122	496,222	388,805	388,805
Support services:				
Pupil	3,745,017	2,837,576	3,430,276	2,736,585
Instructional staff	3,992,689	3,613,323	3,900,864	3,325,513
Board of education	46,313	46,313	33,603	33,603
Administration	4,011,601	3,941,991	3,737,759	3,671,115
Fiscal	1,118,243	1,117,038	1,084,887	1,084,887
Business	403,174	403,174	370,938	370,938
Operations and maintenance	4,770,844	4,765,544	4,689,430	4,689,430
Pupil transportation	3,144,242	3,144,233	3,515,470	3,501,621
Central	327,914	309,766	342,548	325,162
Operation of non-instructional services	32,068	15,684	30,760	(4,086)
Extracurricular activities	1,281,754	782,918	1,200,351	731,638
Intergovernmental	1,433,299	(73,334)	1,497,383	71,581
Food service operations	1,599,960	(38,237)	1,577,089	(18,953)
Interest and fiscal charges	2,342,997	2,342,997	2,326,758	2,326,758
Total expenses	\$ 61,486,020	\$ 55,383,253	\$ 58,436,379	\$ 52,604,681

The dependence upon tax revenues during fiscal year 2006 for governmental activities is apparent, as 96.81% of 2006 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 90.07% in 2006. 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 years 2006 and 2005.



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

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

Business-Type Activities

Business-type activities include Community Education and Recreation operations. These programs had revenues of \$1,158,169 and expenses of \$1,099,610 for fiscal year 2006. This resulted in an increase to net assets for the fiscal year of \$58,559. This fund is self-supporting through user fees and charges. Management assesses its performance to ensure that they are run efficiently.

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 \$26,115,573, which is below last year's total of \$30,038,463. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	<u>Fund Balance June 30, 2006</u>	<u>Fund Balance June 30, 2005</u>	<u>Increase (Decrease)</u>
General	\$ 7,860,794	\$ 7,684,952	\$ 175,842
Building	12,969,840	17,805,478	(4,835,638)
Other Governmental	<u>5,284,939</u>	<u>4,548,033</u>	<u>736,906</u>
Total	<u>\$ 26,115,573</u>	<u>\$ 30,038,463</u>	<u>\$ (3,922,890)</u>

General Fund

The District's general fund balance increased \$175,842. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2006 Amount</u>	<u>2005 Amount</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Taxes	\$ 34,463,530	\$ 35,695,772	(3.45) %
Tuition	77,587	69,161	12.18 %
Interest earnings	775,793	459,068	68.99 %
Intergovernmental	16,510,903	16,735,604	(1.34) %
Other revenues	<u>352,428</u>	<u>215,280</u>	63.71 %
Total	<u>\$ 52,180,241</u>	<u>\$ 53,174,885</u>	(1.87) %

Tax revenue decreased \$1,232,242 or 3.45% from the prior year. This is the result of a decrease 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.

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

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

Intergovernmental revenue decreased \$224,701 or 1.34% from the prior year. The increase in investment income is due to increases in interest rates by the Federal Reserve Bank throughout the year and the increased funds available for investment. Tuition revenue increased 12.18% compared to 2005. Other revenue increased \$137,148 which is comprised of receipts which are not categorized elsewhere and is largely due to the implementation of a student activity fee to defray the increased costs of extra-curricular & co-curricular programming.

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

<u>Expenditures</u>	<u>2006 Amount</u>	<u>2005 Amount</u>	<u>Percentage Change</u>
Instruction	\$ 31,004,063	\$ 28,670,763	8.14 %
Support services	19,757,643	18,800,081	5.09 %
Extracurricular activities	<u>819,426</u>	<u>758,051</u>	8.10 %
Total	<u>\$ 51,581,132</u>	<u>\$ 48,228,895</u>	6.95 %

The expenditures of the general fund increased slightly from the prior year due primarily to standard personnel cost increases; however, this is significantly less than would typically occur between fiscal years.

Building Fund

The District's other major governmental fund is the building fund. The building fund had \$554,090 in revenues and \$5,389,728 in expenditures. The building fund's fund balance decreased \$4,835,638 from \$17,805,478 to \$12,969,840. The decrease in fund balance in the building fund is primarily due to the District's construction projects for school facilities. With the passage of a 1% increase to the City of Hudson's income tax rate, 13.50% of this 1% increase was dedicated to providing capital improvements to community learning centers in cooperation with the District. In turn, the District was able to leverage this 13.50% of the 1% increase with the express intent of adding new instructional facilities that will also serve as community learning centers.

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 10 for a discussion of the District's business-type activities.

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

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

General Fund Budgeting Highlights

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

During the course of fiscal year 2006, the District amended its general fund budget 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 \$51,155,860, below original budget estimates of \$51,189,449. Of this \$33,589 difference, most was due to conservative property tax estimates in the original budget. The actual budgeted revenues and other financing sources for fiscal year 2006 totaled \$52,869,860, which was \$1,714,000 above the final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$52,788,523 were increased to \$53,271,864 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$54,520,970, which was \$1,249,106 more than the final budget appropriations, primarily because salary and benefit costs proved to be higher than anticipated in the original and final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2006, the District had \$37,300,073 invested in land, construction in progress (CIP), land improvements, buildings and improvements, furniture and equipment, and vehicles. The following table shows fiscal 2006 balances compared to 2005:

	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Land	\$ 1,032,204	\$ 1,032,204
Construction in progress	5,966,981	-
Land improvements	583,272	642,824
Building and improvements	26,707,512	27,491,199
Furniture and equipment	1,746,614	1,891,468
Vehicles	<u>1,263,490</u>	<u>1,423,467</u>
Total	<u>\$ 37,300,073</u>	<u>\$ 32,481,162</u>

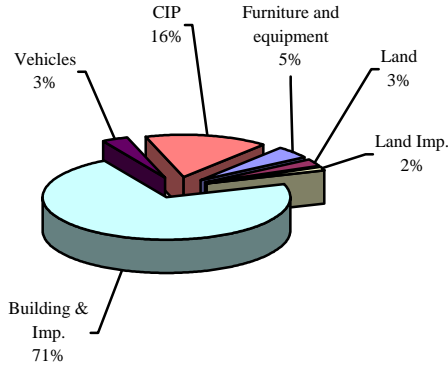
The increase from 2005 to 2006 was a result of capital outlays of \$6,255,125 exceeding depreciation expense of \$1,434,743 and disposals of \$1,471 (net of accumulated depreciation) in fiscal 2006.

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

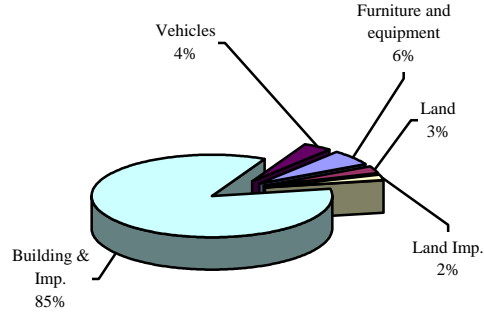
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The following graphs show the breakdown of governmental activities capital assets by category for 2006 and 2005.

**Capital Assets - Governmental Activities
2006**



**Capital Assets - Governmental Activities
2005**



See Note 8 to the basic financial statements for more information on the District's capital assets.

Debt Administration

At June 30, 2006 the District had \$36,389,023 in general obligation bonds outstanding. Of this total, \$2,527,242 is due within one year and \$33,861,781 is due within greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2006	Governmental Activities 2005
Series 1993, Improvement	\$ 8,002,519	\$ 9,085,531
Series 2003, Refunding	7,282,022	7,301,312
Certificates of Participation	20,710,000	20,810,000
Energy Conservation Bonds	394,482	577,221
Total	\$ 36,389,023	\$ 37,774,064

All bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment.

See Note 9 to the basic financial statements for more information on the District's debt administration.

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

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

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 \$11,686,016 at June 30, 2006. Fiscal year-end general fund cash balances were \$11,914,069, \$8,193,968, \$7,626,099, and \$8,082,506 at June 30 in fiscal years 2005, 2004, 2003, and 2002, 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 voters of the District passed an additional operating levy of 5.5 mills in November 2006. The Board's five-year projections indicated that the natural budget cycle needs would require additional operating income in calendar year 2008 to offset an anticipated deficit in 2010. With Board guidance, the recent fiscal year budgets have been carefully managed in order to maintain the integrity of the financial planning process, while being cognizant of future tax levy levels that are reasonable and in accordance with the expected educational excellence of our community.

Several significant legislative and judicial actions have occurred that will have a major impact on the District. The Ohio General Assembly has recently implemented major tax reform in Ohio that has not had a positive impact on our District. Over the next 5-years, the District will receive hold harmless or guarantee subsidies totaling \$7.5M. These subsidies are designed to bring District revenues back to 2004 levels and do not provide additional revenues to offset inflationary pressures on the operating budget. In addition, there are concerns that the State may not have the ability to fully fund these subsidies for primary and secondary education in the State budget. In spite of this, the Board will continue to evaluate all aspects of its operations, making prudent decisions where appropriate, in order to maximize its resources and offer excellent educational offerings.

Enrollment fluctuations will continue to be a concern as significant new housing developments are under construction or contemplation in areas that are within the District. Outside of the City of Hudson, but within the District, growth management ordinance that limits the number of residential housing permits issued in a given year are not set. It is anticipated that the current downward trend in enrollment will be offset by these new housing developments over the course of the next 5 years. It is further anticipated that these increased student counts could 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. Additional enrollment and/or identification of handicapped students could put additional pressure on facilities and resources.

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. With the assistance of the Hudson City Council, the District now receives 6.75% of the City's 2% income tax revenue for the express purpose of constructing community learning centers. In August of 2005, the District issued Certificates of Participation (COPS) generating a construction fund balance of \$17.8M. Currently and consistent with the income tax campaign, the District is adding a \$5.5M wing to its high school as well as an elementary building improvement plan that is eliminating temporary educational trailers. The current elementary solution considers the construction of a Pre-K and 2nd grade building on a district owned parcel and the addition of 7 classrooms at Evamere Elementary.

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.

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

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

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. Bart Griffith, Treasurer, Hudson City School District, 2400 Hudson-Aurora Road, Hudson, Ohio 44236 or by calling (330) 653-1200.

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**BASIC
FINANCIAL STATEMENTS**

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents. . .	\$ 19,890,060	\$ 357,750	\$ 20,247,810
Investments	10,428,538	-	10,428,538
Cash with fiscal agent.	1,940,936	-	1,940,936
Cash with escrow agent.	176,450	-	176,450
Receivables:			
Taxes	39,409,022	-	39,409,022
Accounts	1,626	18,985	20,611
Intergovernmental	942,852	-	942,852
Accrued interest	280,613	-	280,613
Prepayments	135	-	135
Materials and supplies inventory.	5,497	-	5,497
Inventory held for resale	62,694	-	62,694
Unamortized bond issue costs	401,693	-	401,693
Capital assets:			
Land and construction in progress.	6,999,185	-	6,999,185
Depreciable capital assets, net	30,300,888	-	30,300,888
Total capital assets	<u>37,300,073</u>	<u>-</u>	<u>37,300,073</u>
Total assets.	<u>110,840,189</u>	<u>376,735</u>	<u>111,216,924</u>
Liabilities:			
Accounts payable.	313,224	48,885	362,109
Contracts payable.	672,916	-	672,916
Retainage payable.	176,450	-	176,450
Accrued wages and benefits	5,223,103	41,932	5,265,035
Pension obligation payable.	1,222,802	30,911	1,253,713
Intergovernmental payable	213,272	1,246	214,518
Deferred revenue	36,241,410	-	36,241,410
Accrued interest payable	132,479	-	132,479
Claims payable	751,759	-	751,759
Long-term liabilities:			
Due within one year.	2,734,872	14,637	2,749,509
Due in more than one year	36,730,757	14,792	36,745,549
Total liabilities	<u>84,413,044</u>	<u>152,403</u>	<u>84,565,447</u>
Net Assets:			
Invested in capital assets, net of related debt.	22,610,611	-	22,610,611
Restricted for:			
Capital projects	964,541	-	964,541
Debt service.	1,008,472	-	1,008,472
Locally funded programs	26,252	-	26,252
State funded programs	139,586	-	139,586
Federally funded programs	664,637	-	664,637
Student activities	171,991	-	171,991
Unrestricted.	<u>841,055</u>	<u>224,332</u>	<u>1,065,387</u>
Total net assets	<u>\$ 26,427,145</u>	<u>\$ 224,332</u>	<u>\$ 26,651,477</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, 2006

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 27,218,512	\$ 461,183	\$ 28,556	\$ -
Special	5,184,533	-	535,999	-
Vocational	285,679	-	-	-
Adult	15,059	-	-	-
Other	532,122	17,900	18,000	-
Support services:				
Pupil	3,745,017	301,209	606,232	-
Instructional staff	3,992,689	8,820	370,546	-
Board of education	46,313	-	-	-
Administration	4,011,601	-	65,615	3,995
Fiscal	1,118,243	-	-	1,205
Business	403,174	-	-	-
Operations and maintenance	4,770,844	-	5,300	-
Pupil transportation	3,144,242	-	9	-
Central	327,914	-	18,148	-
Operation of non-instructional services	32,068	14,745	1,639	-
Extracurricular activities	1,281,754	498,836	-	-
Intergovernmental	1,433,299	-	1,506,633	-
Food service operations	1,599,960	1,462,685	175,512	-
Interest and fiscal charges	2,342,997	-	-	-
Total governmental activities	61,486,020	2,765,378	3,332,189	5,200
Business-type activities:				
Community education	1,099,610	1,158,169	-	-
Total business-type activities	1,099,610	1,158,169	-	-
Totals	\$ 62,585,630	\$ 3,923,547	\$ 3,332,189	\$ 5,200

General Revenues:

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-Type Activities	Total
\$ (26,728,773)	\$ -	\$ (26,728,773)
(4,648,534)	-	(4,648,534)
(285,679)	-	(285,679)
(15,059)	-	(15,059)
(496,222)	-	(496,222)
(2,837,576)	-	(2,837,576)
(3,613,323)	-	(3,613,323)
(46,313)	-	(46,313)
(3,941,991)	-	(3,941,991)
(1,117,038)	-	(1,117,038)
(403,174)	-	(403,174)
(4,765,544)	-	(4,765,544)
(3,144,233)	-	(3,144,233)
(309,766)	-	(309,766)
(15,684)	-	(15,684)
(782,918)	-	(782,918)
73,334	-	73,334
38,237	-	38,237
(2,342,997)	-	(2,342,997)
(55,383,253)	-	(55,383,253)
-	58,559	58,559
-	58,559	58,559
(55,383,253)	58,559	(55,324,694)
34,530,049	-	34,530,049
3,633,321	-	3,633,321
1,042,442	-	1,042,442
16,884,632	-	16,884,632
1,571,148	-	1,571,148
193,602	-	193,602
57,855,194	-	57,855,194
2,471,941	58,559	2,530,500
23,955,204	165,773	24,120,977
\$ 26,427,145	\$ 224,332	\$ 26,651,477

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 11,873,252	\$ 3,181,477	\$ 4,024,407	\$ 19,079,136
Investments	-	10,428,538	-	10,428,538
Cash with fiscal agent	-	-	1,940,936	1,940,936
Cash with escrow agent	-	176,450	-	176,450
Receivables:				
Taxes	36,054,886	-	3,354,136	39,409,022
Accounts	1,571	-	55	1,626
Intergovernmental	10,000	-	932,852	942,852
Accrued interest	113,558	167,055	-	280,613
Interfund loans	427,098	-	-	427,098
Prepayments	135	-	-	135
Materials and supplies inventory	-	-	5,497	5,497
Inventory held for resale	-	-	62,694	62,694
Total assets	<u>\$ 48,480,500</u>	<u>\$ 13,953,520</u>	<u>\$ 10,320,577</u>	<u>\$ 72,754,597</u>
Liabilities:				
Accounts payable	\$ 177,669	\$ -	\$ 135,555	\$ 313,224
Contracts payable	-	672,916	-	672,916
Retainage payable	-	176,450	-	176,450
Accrued wages and benefits	4,935,648	-	287,455	5,223,103
Compensated absences payable	8,165	-	6,345	14,510
Pension obligation payable	1,120,573	-	102,229	1,222,802
Intergovernmental payable	208,260	-	4,869	213,129
Interfund loan payable	-	-	427,098	427,098
Deferred revenue	34,169,391	134,314	4,072,087	38,375,792
Total liabilities	<u>40,619,706</u>	<u>983,680</u>	<u>5,035,638</u>	<u>46,639,024</u>
Fund Balances:				
Reserved for encumbrances	1,207,431	10,709,590	205,064	12,122,085
Reserved for materials and supplies inventory	-	-	68,191	68,191
Reserved for debt service	-	-	3,478,987	3,478,987
Reserved for property tax unavailable for appropriation	1,999,053	-	202,894	2,201,947
Reserved for prepayments	135	-	-	135
Unreserved, undesignated, reported in:				
General fund	4,654,175	-	-	4,654,175
Special revenue funds	-	-	574,073	574,073
Capital projects funds	-	2,260,250	755,730	3,015,980
Total fund balances	<u>7,860,794</u>	<u>12,969,840</u>	<u>5,284,939</u>	<u>26,115,573</u>
Total liabilities and fund balances	<u>\$ 48,480,500</u>	<u>\$ 13,953,520</u>	<u>\$ 10,320,577</u>	<u>\$ 72,754,597</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, 2006

Total governmental fund balances		\$ 26,115,573
<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.		37,300,073
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 965,665	
Accrued interest	247,872	
Intergovernmental revenue	920,845	
Total		2,134,382
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.		59,022
Unamortized bond issuance costs are not recognized in the funds.		401,693
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	(15,679,023)	
Certificates of participation	(20,710,000)	
Compensated absences	(3,062,096)	
Accrued interest payable	(132,479)	
Total		(39,583,598)
Net assets of governmental activities		\$ 26,427,145

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, 2006

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 34,463,530	\$ -	\$ 4,678,966	\$ 39,142,496
Tuition	77,587	-	-	77,587
Earnings on investments	775,793	548,890	192,608	1,517,291
Charges for services	-	-	1,469,185	1,469,185
Extracurricular	141,363	-	613,576	754,939
Classroom materials and fees	37,967	-	216,543	254,510
Other local revenues	173,098	5,200	229,661	407,959
Intergovernmental - Intermediate	326,662	-	-	326,662
Intergovernmental - State	16,069,684	-	1,990,185	18,059,869
Intergovernmental - Federal	114,557	-	1,128,174	1,242,731
Total revenue	<u>52,180,241</u>	<u>554,090</u>	<u>10,518,898</u>	<u>63,253,229</u>
Expenditures:				
Current:				
Instruction:				
Regular	25,558,689	-	347,915	25,906,604
Special	4,692,101	-	413,175	5,105,276
Vocational	268,734	-	-	268,734
Other	484,539	-	47,583	532,122
Support Services:				
Pupil	2,958,492	-	744,641	3,703,133
Instructional staff	3,597,596	-	286,301	3,883,897
Board of Education	45,169	-	-	45,169
Administration	3,871,207	29,840	47,808	3,948,855
Fiscal	1,018,200	9,000	90,417	1,117,617
Business	401,613	-	-	401,613
Operations and maintenance	4,706,725	-	-	4,706,725
Pupil transportation	2,874,476	-	29,694	2,904,170
Central	284,165	-	39,014	323,179
Operation of non-instructional services	-	-	23,226	23,226
Extracurricular activities	819,426	-	396,720	1,216,146
Food service operations	-	-	1,567,594	1,567,594
Intergovernmental pass through	-	-	1,434,409	1,434,409
Facilities acquisition and construction	-	5,350,888	616,093	5,966,981
Debt service:				
Principal retirement	-	-	2,502,739	2,502,739
Interest and fiscal charges	-	-	1,217,930	1,217,930
Total expenditures	<u>51,581,132</u>	<u>5,389,728</u>	<u>9,805,259</u>	<u>66,776,119</u>
Excess of revenues over (under) expenditures	599,109	(4,835,638)	713,639	(3,522,890)
Other financing sources (uses):				
Transfers in	-	-	231,271	231,271
Transfers (out)	(423,267)	-	(208,004)	(631,271)
Total other financing sources (uses)	<u>(423,267)</u>	<u>-</u>	<u>23,267</u>	<u>(400,000)</u>
Net change in fund balances	175,842	(4,835,638)	736,906	(3,922,890)
Fund balances at beginning of year	<u>7,684,952</u>	<u>17,805,478</u>	<u>4,548,033</u>	<u>30,038,463</u>
Fund balances at end of year	<u>\$ 7,860,794</u>	<u>\$ 12,969,840</u>	<u>\$ 5,284,939</u>	<u>\$ 26,115,573</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, 2006

Net change in fund balances - total governmental funds	\$	(3,922,890)
<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 exceed depreciation expense in the current period.		
Capital asset additions	\$ 6,255,125	
Current year depreciation	<u>(1,434,743)</u>	
Total		4,820,382
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(1,471)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	63,316	
Intergovernmental	587,559	
Accrued interest	<u>53,857</u>	
Total		704,732
Repayment of bond principal (including accreted interest on capital appreciation bonds) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		2,502,739
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities.		
		(14,389)
In the statement of activities, interest is accrued on outstanding bonds and certificates participation whereas in governmental funds, interest expenditure is reported when due. In governmental funds, an interest expenditure is reported when due. The additional interest reported on the statement of activities is the result of two factors:		
Accrued interest	7,020	
Accreted interest on capital appreciation bonds	<u>(1,117,698)</u>	
Total		(1,110,678)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(376,568)
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.		
		<u>(129,916)</u>
Change in net assets of governmental activities	\$	<u>2,471,941</u>

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 33,200,316	\$ 33,178,531	\$ 34,290,192	\$ 1,111,661
Tuition	73,697	73,648	76,116	2,468
Earnings on investments	747,075	746,584	771,599	25,015
Extracurricular	136,870	136,780	141,363	4,583
Classroom materials and fees	36,760	36,736	37,967	1,231
Other local revenues	167,499	167,390	172,998	5,608
Intergovernmental - Intermediate sources	316,279	316,072	326,662	10,590
Intergovernmental - State	15,558,927	15,548,718	16,069,684	520,966
Total revenue	50,237,423	50,204,459	51,886,581	1,682,122
Expenditures:				
Current:				
Instruction:				
Regular	25,476,655	25,709,924	25,684,285	25,639
Special	4,616,668	4,658,939	4,654,293	4,646
Vocational	269,507	271,975	271,704	271
Other	770,277	777,330	776,555	775
Support Services:				
Pupil	2,958,530	2,985,619	2,982,642	2,977
Instructional staff	3,579,776	3,612,553	3,608,950	3,603
Board of Education	55,964	56,476	56,420	56
Administration	3,902,816	3,938,551	3,934,623	3,928
Fiscal	1,059,415	1,069,115	1,068,049	1,066
Business	410,632	414,392	413,979	413
Operations and maintenance	4,976,529	5,022,095	5,017,087	5,008
Pupil transportation	3,170,597	3,199,628	3,196,437	3,191
Central	305,240	308,035	307,727	308
Extracurricular activities	825,144	832,698	831,867	831
Total expenditures	52,377,750	52,857,330	52,804,618	52,712
Excess of revenues over/(under) expenditures	(2,140,327)	(2,652,871)	(918,037)	1,734,834
Other financing sources (uses):				
Refund of prior year expenditure	2,945	2,943	3,042	99
Refund of prior year receipt	(955)	(963)	(986)	(23)
Transfers (out)	(409,818)	(413,571)	(423,268)	(9,697)
Advances in	949,081	948,458	980,237	31,779
Advances (out)	-	-	(1,292,098)	(1,292,098)
Total other financing sources (uses)	541,253	536,867	(733,073)	(1,269,940)
Net change in fund balance	(1,599,074)	(2,116,004)	(1,651,110)	464,894
Fund balance at beginning of year	10,458,006	10,458,006	10,458,006	-
Prior year encumbrances appropriated	1,562,448	1,562,448	1,562,448	-
Fund balance at end of year	\$ 10,421,380	\$ 9,904,450	\$ 10,369,344	\$ 464,894

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Assets:		
Equity in pooled cash and cash equivalents	\$ 357,750	\$ 810,924
Receivables:		
Accounts	18,985	-
Total assets	376,735	810,924
Liabilities:		
Current:		
Accounts payable	48,885	-
Accrued wages and benefits	41,932	-
Compensated absences	14,637	-
Pension obligation payable	30,911	-
Intergovernmental payable	1,246	143
Claims payable	-	751,759
Total current liabilities	137,611	751,902
Long-term liabilities:		
Compensated absences payable	14,792	-
Total liabilities	152,403	751,902
Net assets:		
Unrestricted	224,332	59,022
Total net assets	\$ 224,332	\$ 59,022

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, 2006

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Sales/charges for services.	\$ 1,139,184	\$ 6,450,514
Other	18,985	-
	1,158,169	6,450,514
Operating expenses:		
Personal services.	502,367	40,610
Purchased services.	563,216	737,683
Materials and supplies	26,468	-
Claims	-	6,202,137
Other.	7,559	-
	1,099,610	6,980,430
Operating income (loss) before transfers. . .	58,559	(529,916)
Transfers in	-	400,000
Change in net assets	58,559	(129,916)
Net assets at beginning of year.	165,773	188,938
Net assets at end of year	\$ 224,332	\$ 59,022

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, 2006

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from sales/charges for services.	\$ 1,139,559	\$ 6,450,514
Cash payments for personal services.	(502,385)	(40,605)
Cash payments for contractual services	(548,163)	(737,683)
Cash payments for materials and supplies	(29,754)	-
Cash payments for claims	-	(6,032,939)
Cash payments for other expenses	(7,559)	-
Net cash provided by (used in) operating activities	51,698	(360,713)
Cash flows from noncapital financing activities:		
Cash received from transfers in	-	400,000
Net cash provided by noncapital financing activities.	-	400,000
Net increase in cash and cash equivalents	51,698	39,287
Cash and cash equivalents at beginning of year	306,052	771,637
Cash and cash equivalents at end of year	\$ 357,750	\$ 810,924
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 58,559	\$ (529,916)
Changes in assets and liabilities:		
(Increase) in accounts receivable.	(18,610)	-
Increase in accounts payable.	16,181	-
Increase in accrued wages and benefits	1,426	-
Increase (decrease) in intergovernmental payable	(1,304)	5
(Decrease) in compensated absences payable	(6,715)	-
Increase in pension obligation payable	2,161	-
Increase in claims payable.	-	169,198
Net cash provided by (used in) operating activities	\$ 51,698	\$ (360,713)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	Private-Purpose Trust	
	Scholarships	Agency
Assets:		
Equity in pooled cash and cash equivalents.	\$ 10,985	\$ 142,848
Total assets	10,985	\$ 142,848
Liabilities:		
Accounts payable.	-	\$ 15,511
Intergovernmental payable.	-	26,577
Accrued wages.	-	1,146
Undistributed monies.	-	73,703
Pension obligation payable.	-	4,714
Due to students.	-	21,197
Total liabilities	-	\$ 142,848
Net Assets:		
Held in trust for scholarships	10,985	
Total net assets.	\$ 10,985	

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, 2006

	Private-Purpose Trust
	Scholarships
Additions:	
Gifts and contributions	\$ 77,050
Total additions	77,050
Deductions:	
Scholarships awarded	69,050
Change in net assets	8,000
Net assets at beginning of year.	2,985
Net assets at end of year	\$ 10,985

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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 62nd largest by enrollment among the 615 public school districts in the state. The District employs 262 non-certified, 434 certified and 31 administrative employees to provide services to approximately 5,376 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" and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

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

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

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 these 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:

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 fiscal agent 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 difference between governmental fund assets and liabilities is reported as fund balance.

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

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

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

The following are the District's major governmental funds:

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.

Building Fund - The building fund is used to account for the receipts and expenditures involved in the construction and replacement of facilities for the instruction of students. A portion of the proceeds from the sale of certificates of participation are paid into this fund. Expenditures recorded here represent the costs of acquiring and improving capital facilities.

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 or financed by proprietary funds; (b) food service and uniform school supplies operations; (c) grants and other resources whose use is restricted to a particular purpose; and (d) the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs.

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.

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

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

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

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. Interfund services provided and used are not eliminated in the process of consolidation. 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.

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.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the 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.

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

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

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

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

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 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.

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. The Summit County Commissioners waived this requirement of fiscal 2006.

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

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

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

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 the legal level of control. Any revisions that alter the level of budgetary control must be approved by the Board of Education.

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. Expenditures may not legally exceed budgeted appropriations at the fund level.

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

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

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

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.

Cash with fiscal agent represents amounts held by a trustee in accordance with the agreement for the issuance of the Certificates of Participation (COPs).

During fiscal year 2006, investments were limited to overnight repurchase agreements, non-negotiable certificates of deposit, 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, and non-negotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2006. 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, 2006.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or 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 2006 amounted to \$775,793, which includes \$266,803 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 District's investment account at fiscal year-end is provided in Note 4.

G. Inventory

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

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

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

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

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's maintains a capitalization threshold of \$5,000. Interest is not capitalized in the governmental 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:

Description	Governmental Activities Estimated Lives
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.

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

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

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

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

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

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.

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.

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

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

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

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 first 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.

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.

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

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

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

R. Unamortized Bond Issuance Costs

On government-wide financial statements, bonds issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized bond issuance costs are recorded as an asset on the government-wide financial statements.

On the governmental fund financial statements, bond issuance costs are recognized in the current period.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2006.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

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

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

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

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

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

The implementation of these GASB Statements did not have an effect on the fund balances/net assets of the District as previously reported at June 30, 2005.

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

B. Deficit Fund Balances

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

	<u>Deficit</u>
<u>Nonmajor Governmental Funds</u>	
SchoolNet Professional Development	\$ 9,138
Title VI-B	92,680
Title I	62,823
Title VI	18,824
EHA Preschool Grant	3,620
Classroom Reduction	58,675
Other Federal Grants	9,441

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 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

At year-end, the District had \$1,650 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

B. Cash with Fiscal Agent

At fiscal year-end, the District had \$1,940,936 in cash and equivalents held by a trustee in accordance with the agreement for the issuance of the certificates of participation (COPs). This amount is included on the balance sheet and the statement of net assets as "Cash with Fiscal Agent".

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Cash with Escrow Agent

At fiscal year-end, \$176,450 was on deposit in escrow accounts for retainage relating to construction contracts and is included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the balance sheet and the statement of net assets as "Equity in Pooled Cash and Cash Equivalents".

D. Deposits with Financial Institutions

At June 30, 2006, the carrying amount of all District deposits was \$7,748,467, exclusive of the \$6,720,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$6,788,831 of the District's bank balance of \$7,201,921 was exposed to custodial risk as discussed below, while \$413,090 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

E. Investments

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

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
FHLMC DN	\$ 4,918,466	\$ 3,943,586	\$ 974,880	\$ -	\$ -
FHLB DN	995,278	995,278	-	-	-
FNMA DN	983,953	983,953	-	-	-
FHLB	1,491,121	993,147	497,974	-	-
FHLMC	2,999,015	1,500,000	999,877	-	499,138
FNMA	4,951,421	999,924	2,951,761	999,736	-
Repurchase Agreement	6,720,000	6,720,000	-	-	-
STAR Ohio	20,810	20,810	-	-	-
	<u>\$ 23,080,064</u>	<u>\$ 16,156,698</u>	<u>\$ 5,424,492</u>	<u>\$ 999,736</u>	<u>\$ 499,138</u>

The weighted average maturity of investments is .38 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less, unless matched to a specific obligation or debt of the District.

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investments, except for the repurchase agreement as discussed below and STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payments for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. The District's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to a repurchase agreement must exceed the principal value of securities subject to a repurchase agreement by 2%. Ohio law requires that depositories must collateralize deposits.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLMC DN	\$ 4,918,466	21.31
FHLB DN	995,278	4.31
FNMA DN	983,953	4.26
FHLB	1,491,121	6.46
FHLMC	2,999,015	12.99
FNMA	4,951,421	21.45
Repurchase Agreement	6,720,000	29.12
STAR Ohio	20,810	0.10
	<u>\$ 23,080,064</u>	<u>100.00</u>

F. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2006:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 7,748,467
Investments	23,080,064
Cash on hand	1,650
Cash with escrow agent	176,450
Cash with fiscal agent	<u>1,940,936</u>
Total	<u>\$ 32,947,567</u>

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 32,435,984
Business type activities	357,750
Private-purpose trust funds	10,985
Agency funds	<u>142,848</u>
Total	<u>\$ 32,947,567</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2006, as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 427,098

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.

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

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

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 23,267
Internal service fund	400,000
Transfers from nonmajor governmental funds to:	
Nonmajor governmental funds	208,004

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.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

The transfer in the amount of \$208,004 is from the permanent improvement fund to the debt service fund for debt payments due on outstanding energy conservation bonds.

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

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

NOTE 6 - PROPERTY TAXES

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

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

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

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

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, 2006, are available to finance fiscal year 2006 operations. The amount available as an advance at June 30, 2006 was \$1,999,053 in the general fund, \$139,502 in the debt service fund and \$63,392 in the Permanent Improvement capital projects fund (a nonmajor governmental fund). The amount available for advance at June 30, 2005 was \$1,825,715 in the general fund, \$122,402 in the debt service fund and \$59,867 in the Permanent Improvement capital projects fund (a nonmajor governmental fund). The amount available as advance can vary depending upon when tax bills are sent.

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

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

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 806,742,980	92.40	\$ 880,397,600	94.66
Tangible Personal Property	50,398,882	5.77	36,440,903	3.92
Public Utility Personal	<u>15,998,320</u>	<u>1.83</u>	<u>13,229,180</u>	<u>1.42</u>
Total	<u>\$ 873,140,182</u>	<u>100.00</u>	<u>\$ 930,067,683</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation				
General Operations	\$ 76.53		\$ 76.53	
Debt Service	2.95		2.70	
Permanent Improvement	1.50		1.50	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2006 consisted of taxes, accounts, 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	\$ 39,409,022
Accounts	1,626
Accrued interest	280,613
Intergovernmental	<u>942,852</u>
Total	<u>\$ 40,634,113</u>

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, 2006

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance</u> <u>07/01/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/06</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,032,204	\$ -	\$ -	\$ 1,032,204
Construction in progress	<u>-</u>	<u>5,966,981</u>	<u>-</u>	<u>5,966,981</u>
Total capital assets, not being depreciated	<u>1,032,204</u>	<u>5,966,981</u>	<u>-</u>	<u>6,999,185</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,586,122	-	-	1,586,122
Buildings and improvements	45,023,904	-	-	45,023,904
Furniture and equipment	8,708,311	197,631	(14,709)	8,891,233
Vehicles	<u>3,595,627</u>	<u>90,513</u>	<u>-</u>	<u>3,686,140</u>
Total capital assets, being depreciated	<u>58,913,964</u>	<u>288,144</u>	<u>(14,709)</u>	<u>59,187,399</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(943,298)	(59,552)	-	(1,002,850)
Buildings and improvements	(17,532,705)	(783,687)	-	(18,316,392)
Furniture and equipment	(6,816,843)	(341,014)	13,238	(7,144,619)
Vehicles	<u>(2,172,160)</u>	<u>(250,490)</u>	<u>-</u>	<u>(2,422,650)</u>
Total accumulated depreciation	<u>(27,465,006)</u>	<u>(1,434,743)</u>	<u>13,238</u>	<u>(28,886,511)</u>
Governmental activities capital assets, net	<u>\$ 32,481,162</u>	<u>\$ 4,820,382</u>	<u>\$ (1,471)</u>	<u>\$ 37,300,073</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 886,470
Special	37,762
Vocational	13,902
Other	15,059

Support Services:

Pupil	17,524
Instructional staff	43,835
Administration	24,451
Board of education	1,144
Operations and maintenance	57,635
Pupil transportation	240,072
Operation of non-instructional	6,849
Extracurricular activities	64,200
Food service operations	<u>25,840</u>
Total depreciation expense	<u>\$ 1,434,743</u>

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

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

NOTE 9 - LONG-TERM OBLIGATIONS

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

	Balance Outstanding <u>07/01/05</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>06/30/06</u>	Amount Due in <u>One Year</u>
Governmental Activities:					
Certificates of Participation 2.25% - 5.0% 06/01/2034 maturity	\$ 20,810,000	\$ -	\$ (100,000)	\$ 20,710,000	\$ 115,000
General Obligation Bonds:					
Series 1993, Improvement Capital Appreciation Bonds 12.558% (average effective) 12/15/03 - 12/15/10 maturity	2,162,514	-	(422,786)	1,739,728	394,425
Series 1993, Improvement Capital Appreciation Bonds Accreted interest	6,923,017	1,006,988	(1,667,214)	6,262,791	1,695,575
Series 2003, Refunding Current Interest Bonds 2.0-4.0%, 12/15/14 maturity	5,920,000	-	(130,000)	5,790,000	130,000
Series 2003, Refunding Capital Appreciation Bonds 7.860% (average effective) 12/15/11 maturity	1,199,964	-	-	1,199,964	-
Series 2003, Refunding Capital Appreciation Bonds Accreted interest	181,348	110,710	-	292,058	-
Energy Conservation Bonds 5.20%, 12/01/07 maturity	<u>577,221</u>	<u>-</u>	<u>(182,739)</u>	<u>394,482</u>	<u>192,242</u>
Total, general obligation bonds and certificates of participation	<u>37,774,064</u>	<u>1,117,698</u>	<u>(2,502,739)</u>	<u>36,389,023</u>	<u>2,527,242</u>
Compensated absences	<u>2,773,678</u>	<u>552,033</u>	<u>(249,105)</u>	<u>3,076,606</u>	<u>207,630</u>
Total, governmental activities	<u>\$ 40,547,742</u>	<u>\$ 1,669,731</u>	<u>\$ (2,751,844)</u>	<u>\$ 39,465,629</u>	<u>\$ 2,734,872</u>
Business-type Activities:					
Compensated absences	\$ 36,144	\$ 12,436	\$ (19,151)	\$ 29,429	\$ 14,637
Total, business-type activities	<u>\$ 36,144</u>	<u>\$ 12,436</u>	<u>\$ (19,151)</u>	<u>\$ 29,429</u>	<u>\$ 14,637</u>

All bonds and the certificates of participation will be paid from the debt service fund (a nonmajor governmental 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.

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

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Series 1993 School Improvement General Obligation Bonds

During 1993, the District issued general obligation bonds to provide for building improvements to the high school. During fiscal 2005, the District refunded the callable portion of the outstanding bonds by issuing the Series 2003 refunding bonds described below. The non-callable portion of the Series 1993 bonds consisted of capital appreciation bonds, par value \$16,735,000. The capital appreciation bonds mature on December 15, 2003 through 2010 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. During fiscal 2006, the District retired a capital appreciation bond with a par value of \$2,090,000. The present value reported in the statement of net assets at June 30, 2006 was \$1,739,728. Total accreted interest of \$6,262,791 has been included on the statement of net assets.

Series 2003 Refunding General Obligation Bonds

On August 19, 2003, the District issued general obligation bonds (Series 2003 School Improvement Refunding bonds) to advance refund the callable portion of the Series 1993 School Improvement General Obligation Bonds (principal \$7,245,000; interest rate 7.10%). The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds par value \$6,045,000, and capital appreciation bonds, par value \$2,280,000. The interest rate on the current interest bonds range from 2.0-4.0%. The capital appreciation bonds mature on December 15, 2011 (effective interest 7.860%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the statement of net assets at June 30, 2006 was \$1,199,964. Total accreted interest of \$292,058 has been included on the statement of net assets.

The capital appreciation bonds are not subject to early redemption. The current interest bonds maturing on or after December 15, 2012 are subject to prior redemption on or after December 15, 2011 by and at the sole option of the District, at the following redemption prices, plus accrued interest:

<u>Redemption Dates</u>	<u>Redemption Price</u>
December 15, 2011 through December 14, 2012	101.0% of par
December 15, 2012 through December 14, 2013	100.5% of par
December 15, 2013 and thereafter	100.0% of par

Interest payments on the current interest bonds are due on June 15 and December 15 of each year. The final maturity for the current interest bonds is December 15, 2014.

Certificates of Participation - The certificates of participation (COPs) were issued to finance various construction projects throughout the District. The COPs range in interest rates from 2.25 - 5.00% and mature in fiscal year 2034.

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

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Energy Conservation Bonds - In 1997, the District issued energy conservation bonds to provide for energy improvements to various District buildings. The primary source of repayment of these bonds is through energy savings as a result of the improvements. The interest rate on the bonds is 5.20% and they mature in fiscal year 2007.

- B.** Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2006, are as follows:

Fiscal Year Ending June 30	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 130,000	\$ 221,525	\$ 351,525	\$ 394,425	\$ 1,695,575	\$ 2,090,000
2008	135,000	218,639	353,639	368,133	1,726,867	2,095,000
2009	140,000	215,127	355,127	345,534	1,754,466	2,100,000
2010	140,000	211,103	351,103	324,771	1,775,229	2,100,000
2011	145,000	206,501	351,501	306,865	1,808,135	2,115,000
2012 - 2015	<u>5,100,000</u>	<u>436,200</u>	<u>5,536,200</u>	<u>1,199,964</u>	<u>1,080,036</u>	<u>2,280,000</u>
Total	<u>\$ 5,790,000</u>	<u>\$ 1,509,095</u>	<u>\$ 7,299,095</u>	<u>\$ 2,939,692</u>	<u>\$ 9,840,308</u>	<u>\$ 12,780,000</u>

Fiscal Year Ending June 30	General Obligation Energy Conservation Bonds		
	Principal	Interest	Total
2007	\$ 192,242	\$ 15,515	\$ 207,757
2008	<u>202,240</u>	<u>5,258</u>	<u>207,498</u>
Total	<u>\$ 394,482</u>	<u>\$ 20,773</u>	<u>\$ 415,255</u>

- C.** Principal and interest requirements to retire the certificates of participation outstanding at June 30, 2006, are as follows:

Fiscal Year Ending June 30	Certificates of Participation		
	Principal	Interest	Total
2007	\$ 115,000	\$ 966,290	\$ 1,081,290
2008	130,000	963,702	1,093,702
2009	150,000	960,452	1,110,452
2010	175,000	955,953	1,130,953
2011	205,000	950,265	1,155,265
2012 - 2016	1,495,000	4,615,939	6,110,939
2017 - 2021	2,485,000	4,241,509	6,726,509
2022 - 2026	3,845,000	3,576,912	7,421,912
2027 - 2031	5,720,000	2,469,475	8,189,475
2032 - 2034	<u>6,390,000</u>	<u>738,450</u>	<u>7,128,450</u>
Total	<u>\$ 20,710,000</u>	<u>\$ 20,438,947</u>	<u>\$ 41,148,947</u>

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

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

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

The effects of these debt limitations at June 30, 2006 are a voted debt margin of \$57,884,888(including available funds of \$3,618,489) and an unvoted debt margin of \$930,068.

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 in excess of 136 days to a maximum of 35 additional days of severance. Maximum severance in total is 69 days. See Note 2.J. for further detail on the financial reporting of the District's compensated absences.

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 \$250 per incident. The District's vehicle liability insurance policy limit is \$1,000,000 with a \$500 collision deductible. All board members, administrators and employees are covered under a District liability policy. The limits of this coverage are \$10,000,000 per occurrence and \$10,000,000 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. Selected other employees are bonded by a position bond in the amount of \$50,000 and a money and securities bond of \$5,000, subject to a \$250 deductible.

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

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

NOTE 11 - RISK MANAGEMENT - (Continued)

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 \$400 family and \$200 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 individual and \$3,721,528 in the aggregate.

The District pays into the self-insurance internal service fund for full-time medical and prescription drug family coverage \$953.18 per month for certified, classified and administrative employees. Single coverage full-time costs are \$434.74 for certified, classified and administrative employees. Employees are considered part-time if they work 25 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 \$39.74 per month for family coverage and \$11.66 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 \$63.78 to \$38.58 for family coverage and \$29.64 to \$15.12 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.

The District also provides prescription drug insurance to its employees through a self-insured program. The District pays the cost of prescription drug above the employee co-payment for a 34 day supply. The employee co-payment for a 34 day supply is: generic \$15, preferred \$20 and non-preferred \$25. The District pays the cost of mail order prescriptions above the employee co-payment for a 90 day supply. The employee co-payment for a 90 day mail order supply is: generic \$25, preferred \$35 and non-preferred \$45. 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.

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

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

NOTE 11 - RISK MANAGEMENT - (Continued)

The claims liability of \$751,759 reported in the internal service fund at June 30, 2006, 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>
2006	\$ 582,561	\$ 6,202,137	\$ (6,032,939)	\$ 751,759
2005	516,822	4,972,798	(4,907,059)	582,561

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 2006, 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.

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

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

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

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

NOTE 12 - PENSION PLANS - (Continued)

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2006, 2005, and 2004 were \$674,082, \$481,168, and \$348,836, respectively. 44.45 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$374,441 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

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

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

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

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

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

NOTE 12 - PENSION PLANS - (Continued)

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for fund pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$3,592,616, \$3,169,453 and \$3,124,015, respectively. 82.83 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$616,761 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2006 were \$48,853 made by the District and \$87,763 made by the plan members.

C. Social Security System

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

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$276,355 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

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

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

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

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, District paid \$316,641 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 were \$158,751 million. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million, which is about 221 percent of next years projected net health care costs of \$133.8 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has 59,492 participants currently receiving health care benefits.

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.

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.

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

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

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, 2006, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Improvement</u>
Set-aside cash balance as of June 30, 2005	\$ (1,711,318)	\$ (20,467,462)
Current year set-aside requirement	813,446	813,446
Current year offset	-	(1,039,584)
Qualifying disbursements	<u>(862,791)</u>	<u>-</u>
Total	<u>\$ (1,760,663)</u>	<u>\$ (20,693,600)</u>
Balance carried forward to FY 2007	<u>\$ (1,760,663)</u>	<u>\$ (20,693,600)</u>

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

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).

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

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

	<u>General Fund</u>
Budget basis	\$ (1,651,110)
Net adjustment for revenue accruals	293,660
Net adjustment for expenditure accruals	(228,074)
Net adjustment for other sources/uses	309,806
Adjustment for encumbrances	<u>1,451,560</u>
GAAP basis	<u>\$ 175,842</u>

NOTE 17 - CONTRACTUAL COMMITMENTS

The District is currently involved in a building project which resulted in contractual commitments remaining at fiscal year-end. The District had the following contractual commitments outstanding as of June 30, 2006:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Balance Remaining</u>
Yochman Excavating	\$ 149,500	\$ 112,689	\$ 36,811
Cleveland Cement	834,798	826,798	8,000
Duer Construction	1,792,221	509,722	1,282,499
CT Taylor Metals	1,057,244	514,583	542,661
United Glass	163,754	135,079	28,675
Giorgi Interiors	215,678	104,081	111,597
Custom Fabrics	144,751	129,181	15,570
Miller Plumbing	238,000	218,700	19,300
SA Communale	54,860	48,678	6,182
Ogrinc Mechanical	549,000	535,072	13,928
Novatny Electric	483,000	334,154	148,846
T&I Carpet	41,815	-	41,815
Spano Brothers	976,980	141,970	835,010
Brookside Lawn Service	94,554	-	94,554
Town Center Construction	1,358,167	-	1,358,167
VEC Systems	398,585	-	398,585
Fortney & Weygandt	750,000	-	750,000
SS Kemp	162,129	-	162,129
Commerce Plumbing	549,600	43,350	506,250
Simplex Grinnell	112,500	-	112,500
EB Katz	1,234,000	26,000	1,208,000
R&M Electric	1,336,150	-	1,336,150
Total	<u>\$ 12,697,286</u>	<u>\$ 3,680,057</u>	<u>\$ 9,017,229</u>

NOTE 18 - SUBSEQUENT EVENT

Effective January 16, 2007, Bart Griffith was hired as the new Treasurer of the District.

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**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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

FUND DESCRIPTIONS

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.

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.

Entry Year - To implement entry-year programs pursuant to Section 3317.024(T) of the Revised Code.

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.

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

FUND DESCRIPTIONS

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

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 III - Funds to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet educational needs of children of limited English proficiency.

Title I - To provide financial assistance to State and Local educational agencies to meet the special needs of educationally deprived children.

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.

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.

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). During fiscal year 2006, the District had three capital projects funds. Since the building fund was major and the only activity of the schoolnet fund was original and final budgeted revenues and appropriations, combining statements are not required for capital projects funds.

MAJOR CAPITAL PROJECTS FUND

Building - This fund is used to account for the receipts and expenditures involved in the construction and replacement of facilities for the instruction of students. A portion of the proceeds from the sale of certificates of participation are paid into this fund. Expenditures recorded here represent the costs of acquiring and improving capital facilities.

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

FUND DESCRIPTIONS

NONMAJOR CAPITAL PROJECTS 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.

SchoolNet - To account for the purchase of hardware and other computer equipment.

MAJOR 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 the 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, 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 two classifications: 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. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

PRIVATE-PURPOSE TRUST FUND

The private-purpose scholarship fund accounts for monies set-aside from endowments for scholarships for students enrolled in the District. The principal and income from such a fund may be expended.

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 BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,514,174	\$ 1,538,051	\$ 972,182	\$ 4,024,407
Cash with fiscal agent	-	1,940,936	-	1,940,936
Receivables:				
Taxes	-	2,295,322	1,058,814	3,354,136
Accounts	55	-	-	55
Intergovernmental	932,852	-	-	932,852
Materials and supplies inventory	5,497	-	-	5,497
Inventory held for resale	62,694	-	-	62,694
Total assets	\$ 2,515,272	\$ 5,774,309	\$ 2,030,996	\$ 10,320,577
Liabilities:				
Accounts payable	\$ 45,699	\$ -	\$ 89,856	\$ 135,555
Accrued wages and benefits	287,455	-	-	287,455
Compensated absences payable	6,345	-	-	6,345
Pension obligation payable	102,229	-	-	102,229
Intergovernmental payable	4,869	-	-	4,869
Interfund loan payable	427,098	-	-	427,098
Deferred revenue	920,845	2,155,820	995,422	4,072,087
Total liabilities	1,794,540	2,155,820	1,085,278	5,035,638
Fund Balances:				
Reserved for encumbrances	78,468	-	126,596	205,064
Reserved for materials and supply inventory	68,191	-	-	68,191
Reserved for debt service	-	3,478,987	-	3,478,987
Reserved for property tax unavailable for appropriation	-	139,502	63,392	202,894
Unreserved, undesignated, reported in:				
Special revenue funds	574,073	-	-	574,073
Capital projects funds	-	-	755,730	755,730
Total fund balances	720,732	3,618,489	945,718	5,284,939
Total liabilities and fund balances	\$ 2,515,272	\$ 5,774,309	\$ 2,030,996	\$ 10,320,577

**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, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ -	\$ 3,635,857	\$ 1,043,109	\$ 4,678,966
Earnings on investments.	44,020	148,588	-	192,608
Charges for services	1,469,185	-	-	1,469,185
Extracurricular.	613,576	-	-	613,576
Classroom materials and fees	216,543	-	-	216,543
Other local revenues.	229,661	-	-	229,661
Intergovernmental - State	1,616,456	254,127	119,602	1,990,185
Intergovernmental - Federal.	1,128,174	-	-	1,128,174
Total revenue	<u>5,317,615</u>	<u>4,038,572</u>	<u>1,162,711</u>	<u>10,518,898</u>
Expenditures:				
Current:				
Instruction:				
Regular	344,852	-	3,063	347,915
Special.	413,175	-	-	413,175
Other	37,439	-	10,144	47,583
Support Services:				
Pupil	744,641	-	-	744,641
Instructional staff	286,301	-	-	286,301
Administration.	47,808	-	-	47,808
Fiscal	-	75,338	15,079	90,417
Pupil transportation	100	-	29,594	29,694
Central.	39,014	-	-	39,014
Operation of non-instructional services	23,226	-	-	23,226
Extracurricular activities.	396,720	-	-	396,720
Food service operations	1,567,594	-	-	1,567,594
Intergovernmental pass through	1,434,409	-	-	1,434,409
Facilities acquisition and construction	-	-	616,093	616,093
Debt service:				
Principal retirement	-	2,502,739	-	2,502,739
Interest and fiscal charges	-	1,217,930	-	1,217,930
Total expenditures	<u>5,335,279</u>	<u>3,796,007</u>	<u>673,973</u>	<u>9,805,259</u>
Excess of revenues over (under) expenditures.	<u>(17,664)</u>	<u>242,565</u>	<u>488,738</u>	<u>713,639</u>
Other financing sources (uses):				
Transfers in.	23,267	208,004	-	231,271
Transfers (out)	-	-	(208,004)	(208,004)
Total other financing sources (uses)	<u>23,267</u>	<u>208,004</u>	<u>(208,004)</u>	<u>23,267</u>
Net change in fund balances	5,603	450,569	280,734	736,906
Fund balances at beginning of year	<u>715,129</u>	<u>3,167,920</u>	<u>664,984</u>	<u>4,548,033</u>
Fund balances at end of year	<u>\$ 720,732</u>	<u>\$ 3,618,489</u>	<u>\$ 945,718</u>	<u>\$ 5,284,939</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2006

	Public School Support	Other Grants	Athletic and Music	Auxiliary Services
Assets:				
Equity in pooled cash and cash equivalents	\$ 205,658	\$ 26,252	\$ 176,178	\$ 165,681
Receivables:				
Accounts	-	-	-	-
Intergovernmental	-	-	-	-
Materials and supplies inventory	-	-	-	-
Inventory held for resale	-	-	-	-
Total assets	\$ 205,658	\$ 26,252	\$ 176,178	\$ 165,681
Liabilities:				
Accounts payable	\$ 7,351	\$ -	\$ 2,288	\$ 29,377
Accrued wages and benefits	-	-	1,035	28,054
Compensated absences payable	-	-	-	-
Pension obligation payable.	-	-	822	7,603
Intergovernmental payable	259	-	42	549
Interfund loan payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	7,610	-	4,187	65,583
Fund Balances:				
Reserved for encumbrances	8,601	-	8,435	29,099
Reserved for materials and supply inventory	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds.	189,447	26,252	163,556	70,999
Total fund balance (deficit).	198,048	26,252	171,991	100,098
Total liabilities and fund balances	\$ 205,658	\$ 26,252	\$ 176,178	\$ 165,681

<u>Teacher Development</u>	<u>Management Information System</u>	<u>Entry Year</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>Summer Intervention</u>	<u>Other State Grants</u>
\$ -	\$ 42,156	\$ 800	\$ 1,955	\$ 82	\$ -	\$ 4,916
-	-	-	-	-	-	-
-	-	-	9,958	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 42,156</u>	<u>\$ 800</u>	<u>\$ 11,913</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 4,916</u>
\$ -	\$ -	\$ -	\$ 340	\$ -	\$ -	\$ -
-	-	-	792	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	6	3	18	-	-
-	-	-	9,958	-	-	-
-	-	-	9,958	-	-	-
-	-	6	21,051	18	-	-
-	-	-	1,328	-	-	-
-	-	-	-	-	-	-
-	42,156	794	(10,466)	64	-	4,916
-	42,156	794	(9,138)	64	-	4,916
<u>\$ -</u>	<u>\$ 42,156</u>	<u>\$ 800</u>	<u>\$ 11,913</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 4,916</u>

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

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

	Title VI-B	Title III	Title I	Title VI
Assets:				
Equity in pooled cash and cash equivalents	\$ 114,725	\$ 6,736	\$ 49,689	\$ 65,899
Receivables:				
Accounts	-	-	-	-
Intergovernmental	613,811	6,736	96,018	21,299
Materials and supplies inventory	-	-	-	-
Inventory held for resale	-	-	-	-
	<u>728,536</u>	<u>13,472</u>	<u>145,707</u>	<u>87,198</u>
Total assets	<u>\$ 728,536</u>	<u>\$ 13,472</u>	<u>\$ 145,707</u>	<u>\$ 87,198</u>
Liabilities:				
Accounts payable	\$ 1,139	\$ -	\$ -	\$ 4,377
Accrued wages and benefits	147,425	-	12,796	57
Compensated absences payable	-	-	-	-
Pension obligation payable.	35,040	-	780	-
Intergovernmental payable	1,301	-	319	32
Interfund loan payable	22,500	6,736	98,617	80,257
Deferred revenue	613,811	6,079	96,018	21,299
	<u>821,216</u>	<u>12,815</u>	<u>208,530</u>	<u>106,022</u>
Total liabilities	<u>821,216</u>	<u>12,815</u>	<u>208,530</u>	<u>106,022</u>
Fund Balances:				
Reserved for encumbrances	1,315	-	-	9,762
Reserved for materials and supply inventory	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds.	(93,995)	657	(62,823)	(28,586)
	<u>(92,680)</u>	<u>657</u>	<u>(62,823)</u>	<u>(18,824)</u>
Total fund balance (deficit).	<u>(92,680)</u>	<u>657</u>	<u>(62,823)</u>	<u>(18,824)</u>
Total liabilities and fund balances	<u>\$ 728,536</u>	<u>\$ 13,472</u>	<u>\$ 145,707</u>	<u>\$ 87,198</u>

Drug-Free Grant	EHA Preschool Grant	Classroom Reduction	Other Federal Grants	Food Service	Uniform School Supplies	Other Special Revenue	Total Nonmajor Special Revenue Funds
\$ 14,805	\$ 8,912	\$ 119,131	\$ 4,588	\$ 374,855	\$ 110,745	\$ 20,411	\$ 1,514,174
-	-	-	-	-	-	55	55
7,616	7,086	156,827	2,708	10,793	-	-	932,852
-	-	-	-	5,497	-	-	5,497
-	-	-	-	25,658	37,036	-	62,694
<u>\$ 22,421</u>	<u>\$ 15,998</u>	<u>\$ 275,958</u>	<u>\$ 7,296</u>	<u>\$ 416,803</u>	<u>\$ 147,781</u>	<u>\$ 20,466</u>	<u>\$ 2,515,272</u>
\$ -	\$ -	\$ -	\$ 199	\$ 395	\$ 233	\$ -	\$ 45,699
396	5,392	-	-	91,508	-	-	287,455
-	-	-	-	6,345	-	-	6,345
-	-	1,146	-	56,838	-	-	102,229
16	54	251	1	2,013	5	-	4,869
11,149	7,086	176,409	14,386	-	-	-	427,098
7,616	7,086	156,827	2,151	-	-	-	920,845
<u>19,177</u>	<u>19,618</u>	<u>334,633</u>	<u>16,737</u>	<u>157,099</u>	<u>238</u>	<u>-</u>	<u>1,794,540</u>
5,420	-	1,155	1	3,081	10,271	-	78,468
-	-	-	-	31,155	37,036	-	68,191
<u>(2,176)</u>	<u>(3,620)</u>	<u>(59,830)</u>	<u>(9,442)</u>	<u>225,468</u>	<u>100,236</u>	<u>20,466</u>	<u>574,073</u>
<u>3,244</u>	<u>(3,620)</u>	<u>(58,675)</u>	<u>(9,441)</u>	<u>259,704</u>	<u>147,543</u>	<u>20,466</u>	<u>720,732</u>
<u>\$ 22,421</u>	<u>\$ 15,998</u>	<u>\$ 275,958</u>	<u>\$ 7,296</u>	<u>\$ 416,803</u>	<u>\$ 147,781</u>	<u>\$ 20,466</u>	<u>\$ 2,515,272</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, 2006

	Public School Support	Other Grants	Athletic and Music	Auxiliary Services
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ 7,863
Charges for services	6,500	-	-	-
Extracurricular	214,903	-	299,663	-
Classroom materials and fees	57,494	-	-	-
Other local revenues	131,003	17,900	57,810	-
Intergovernmental - State	-	-	-	1,506,633
Intergovernmental - Federal	-	-	-	-
Total revenue	<u>409,900</u>	<u>17,900</u>	<u>357,473</u>	<u>1,514,496</u>
Expenditures:				
Current:				
Instruction:				
Regular	79,497	-	-	-
Special	-	-	-	-
Other	-	12,900	-	-
Support Services:				
Pupil	281,290	-	-	-
Instructional staff	8,237	-	-	-
Administration	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	13,770	-	-	-
Extracurricular activities	-	-	396,720	-
Food service operations	-	-	-	-
Intergovernmental pass through	-	-	-	1,434,409
Total expenditures	<u>382,794</u>	<u>12,900</u>	<u>396,720</u>	<u>1,434,409</u>
Excess of revenues over (under) expenditures.	<u>27,106</u>	<u>5,000</u>	<u>(39,247)</u>	<u>80,087</u>
Other financing sources:				
Transfers in	-	-	20,955	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>20,955</u>	<u>-</u>
Net change in fund balances	27,106	5,000	(18,292)	80,087
Fund balances (deficit)				
at beginning of year	170,942	21,252	190,283	20,011
Fund balances (deficit) at end of year	<u>\$ 198,048</u>	<u>\$ 26,252</u>	<u>\$ 171,991</u>	<u>\$ 100,098</u>

<u>Teacher Development</u>	<u>Management Information System</u>	<u>Entry Year</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>Summer Intervention</u>	<u>Other State Grants</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	18,148	2,400	18,000	13,883	8,000	16,293	31,998
-	-	-	-	-	-	-	-
-	18,148	2,400	18,000	13,883	8,000	16,293	31,998
-	-	1,587	-	19,373	7,920	-	-
-	-	-	-	-	-	(254)	-
-	-	-	18,000	-	-	-	-
-	-	-	-	340	-	-	-
(25)	-	-	-	4,100	-	-	(98)
-	-	-	-	-	-	-	-
-	39,014	-	-	-	-	-	-
-	-	3,300	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(25)	39,014	4,887	18,000	23,813	7,920	(254)	(98)
25	(20,866)	(2,487)	-	(9,930)	80	16,547	32,096
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25	(20,866)	(2,487)	-	(9,930)	80	16,547	32,096
(25)	63,022	3,281	-	792	(16)	(16,547)	(27,180)
\$ -	\$ 42,156	\$ 794	\$ -	\$ (9,138)	\$ 64	\$ -	\$ 4,916

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**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, 2006

	Title VI-B	Title III	Title I	Title VI	Drug-Free Grant
Revenues:					
From local sources:					
Earnings on investments	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Extracurricular	-	-	-	-	-
Classroom materials and fees	-	-	-	-	-
Other local revenues	-	-	-	-	-
Intergovernmental - State	-	-	-	-	-
Intergovernmental - Federal	858,316	657	26,425	-	17,450
Total revenue	<u>858,316</u>	<u>657</u>	<u>26,425</u>	<u>-</u>	<u>17,450</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	-	-	23,572	-
Special	267,858	-	79,792	-	-
Other	-	-	-	-	-
Support Services:					
Pupil	393,828	-	29,508	-	10,692
Instructional staff	227,371	-	-	2,245	-
Administration	46,330	-	-	-	-
Pupil transportation	-	-	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Food service operations	-	-	-	-	-
Intergovernmental pass through	-	-	-	-	-
Total expenditures	<u>935,387</u>	<u>-</u>	<u>109,300</u>	<u>25,817</u>	<u>10,692</u>
Excess of revenues over (under) expenditures.	<u>(77,071)</u>	<u>657</u>	<u>(82,875)</u>	<u>(25,817)</u>	<u>6,758</u>
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(77,071)</u>	<u>657</u>	<u>(82,875)</u>	<u>(25,817)</u>	<u>6,758</u>
Fund balances (deficit)					
at beginning of year	(15,609)	-	20,052	6,993	(3,514)
Fund balances (deficit) at end of year	<u>\$ (92,680)</u>	<u>\$ 657</u>	<u>\$ (62,823)</u>	<u>\$ (18,824)</u>	<u>\$ 3,244</u>

EHA Preschool Grant	Classroom Reduction	Other Federal Grants	Food Service	Uniform School Supplies	Other Special Revenue	Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 8,362	\$ -	\$ 27,795	\$ 44,020
-	-	-	1,462,685	-	-	1,469,185
-	-	-	-	99,010	-	613,576
-	-	-	-	159,049	-	216,543
-	-	-	-	2,444	20,504	229,661
-	-	-	1,101	-	-	1,616,456
27,774	17,656	4,015	174,411	1,470	-	1,128,174
<u>27,774</u>	<u>17,656</u>	<u>4,015</u>	<u>1,646,559</u>	<u>261,973</u>	<u>48,299</u>	<u>5,317,615</u>
-	-	7,770	-	203,393	1,740	344,852
2,364	62,651	-	-	-	764	413,175
-	-	-	-	-	6,539	37,439
-	-	-	-	-	28,983	744,641
26,056	13,951	4,464	-	-	-	286,301
-	-	-	-	-	1,478	47,808
-	-	100	-	-	-	100
-	-	-	-	-	-	39,014
-	4,957	199	-	-	1,000	23,226
-	-	-	-	-	-	396,720
-	-	-	1,567,594	-	-	1,567,594
-	-	-	-	-	-	1,434,409
<u>28,420</u>	<u>81,559</u>	<u>12,533</u>	<u>1,567,594</u>	<u>203,393</u>	<u>40,504</u>	<u>5,335,279</u>
<u>(646)</u>	<u>(63,903)</u>	<u>(8,518)</u>	<u>78,965</u>	<u>58,580</u>	<u>7,795</u>	<u>(17,664)</u>
-	-	-	-	2,312	-	23,267
-	-	-	-	2,312	-	23,267
<u>(646)</u>	<u>(63,903)</u>	<u>(8,518)</u>	<u>78,965</u>	<u>60,892</u>	<u>7,795</u>	<u>5,603</u>
<u>(2,974)</u>	<u>5,228</u>	<u>(923)</u>	<u>180,739</u>	<u>86,651</u>	<u>12,671</u>	<u>715,129</u>
<u>\$ (3,620)</u>	<u>\$ (58,675)</u>	<u>\$ (9,441)</u>	<u>\$ 259,704</u>	<u>\$ 147,543</u>	<u>\$ 20,466</u>	<u>\$ 720,732</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Public School Support</u>				
Total Revenues and Other Financing Sources	\$ 179,512	\$ 261,039	\$ 409,900	\$ 148,861
Total Expenditures and Other Financing Uses	<u>333,758</u>	<u>464,506</u>	<u>398,915</u>	<u>65,591</u>
Net Change in Fund Balance	(154,246)	(203,467)	10,985	214,452
Fund Balance, July 1	163,963	163,963	163,963	-
Prior Year Encumbrances Appropriated	<u>14,758</u>	<u>14,758</u>	<u>14,758</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u>\$ 24,475</u>	<u>\$ (24,746)</u>	<u>\$ 189,706</u>	<u>\$ 214,452</u>
<u>Other Grants</u>				
Total Revenues and Other Financing Sources	\$ -	\$ 12,900	\$ 17,900	\$ 5,000
Total Expenditures and Other Financing Uses	<u>11,200</u>	<u>29,100</u>	<u>12,900</u>	<u>16,200</u>
Net Change in Fund Balance	(11,200)	(16,200)	5,000	21,200
Fund Balance, July 1	21,252	21,252	21,252	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 10,052</u>	<u>\$ 5,052</u>	<u>\$ 26,252</u>	<u>\$ 21,200</u>
<u>Athletic and Music</u>				
Total Revenues and Other Financing Sources	\$ 376,908	\$ 420,779	\$ 378,697	\$ (42,082)
Total Expenditures and Other Financing Uses	<u>526,601</u>	<u>524,347</u>	<u>407,783</u>	<u>116,564</u>
Net Change in Fund Balance	(149,693)	(103,568)	(29,086)	74,482
Fund Balance, July 1	149,499	149,499	149,499	-
Prior Year Encumbrances Appropriated	<u>45,851</u>	<u>45,851</u>	<u>45,851</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 45,657</u>	<u>\$ 91,782</u>	<u>\$ 166,264</u>	<u>\$ 74,482</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Auxiliary Services</u>				
Total Revenues and Other Financing Sources	\$ 1,431,711	\$ 1,443,127	\$ 1,514,496	\$ 71,369
Total Expenditures and Other Financing Uses	<u>1,165,645</u>	<u>1,601,278</u>	<u>1,501,512</u>	<u>99,766</u>
Net Change in Fund Balance	266,066	(158,151)	12,984	171,135
Fund Balance, July 1	23,244	23,244	23,244	-
Prior Year Encumbrances Appropriated	<u>71,744</u>	<u>71,744</u>	<u>71,744</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u>\$ 361,054</u>	<u>\$ (63,163)</u>	<u>\$ 107,972</u>	<u>\$ 171,135</u>
 <u>Teacher Development</u>				
Total Revenues and Other Financing Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Financing Uses	<u>5,000</u>	<u>5,463</u>	<u>5,463</u>	<u>-</u>
Net Change in Fund Balance	(5,000)	(5,463)	(5,463)	-
Fund Balance, July 1	<u>5,463</u>	<u>5,463</u>	<u>5,463</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Management Information Systems</u>				
Total Revenues and Other Financing Sources	\$ 20,000	\$ 20,000	\$ 18,148	\$ (1,852)
Total Expenditures and Other Financing Uses	<u>30,000</u>	<u>50,000</u>	<u>39,014</u>	<u>10,986</u>
Net Change in Fund Balance	(10,000)	(30,000)	(20,866)	9,134
Fund Balance, July 1	63,022	63,022	63,022	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 53,022</u>	<u>\$ 33,022</u>	<u>\$ 42,156</u>	<u>\$ 9,134</u>

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

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

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<u>Entry Year</u>				
Total Revenues and Other Financing Sources	\$ -	\$ -	\$ 2,400	\$ 2,400
Total Expenditures and Other Financing Uses	3,300	5,700	4,900	800
Net Change in Fund Balance	(3,300)	(5,700)	(2,500)	3,200
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	3,300	3,300	3,300	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ (2,400)</u>	<u>\$ 800</u>	<u>\$ 3,200</u>
 <u>Data Communications</u>				
Total Revenues and Other Financing Sources	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Total Expenditures and Other Financing Uses	18,000	18,000	18,000	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>SchoolNet Professional Development</u>				
Total Revenues and Other Financing Sources	\$ 5,000	\$ 8,300	\$ 23,841	\$ 15,541
Total Expenditures and Other Financing Uses	800	24,015	24,014	1
Net Change in Fund Balance	4,200	(15,715)	(173)	15,542
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	800	800	800	-
Fund Balance, June 30	<u>\$ 5,000</u>	<u>\$ (14,915)</u>	<u>\$ 627</u>	<u>\$ 15,542</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Ohio Reads</u>				
Total Revenues and Other Financing Sources	\$ 8,500	\$ 8,500	\$ 8,000	\$ (500)
Total Expenditures and Other Financing Uses	-	8,000	7,918	82
Net Change in Fund Balance	8,500	500	82	(418)
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	<u>\$ 8,500</u>	<u>\$ 500</u>	<u>\$ 82</u>	<u>\$ (418)</u>
<u>Summer Intervention</u>				
Total Revenues and Other Financing Sources	\$ 16,294	\$ 16,294	\$ 16,293	\$ (1)
Total Expenditures and Other Financing Uses	15,283	15,283	31,576	(16,293)
Net Change in Fund Balance	1,011	1,011	(15,283)	(16,294)
Fund Balance, July 1	15,283	15,283	15,283	-
Fund Balance, June 30	<u>\$ 16,294</u>	<u>\$ 16,294</u>	<u>\$ -</u>	<u>\$ (16,294)</u>
<u>Other State Grants</u>				
Total Revenues and Other Financing Sources	\$ 49,731	\$ 49,731	\$ 31,998	\$ (17,733)
Total Expenditures and Other Financing Uses	48,158	48,158	32,000	16,158
Net Change in Fund Balance	1,573	1,573	(2)	(1,575)
Fund Balance, July 1	4,918	4,918	4,918	-
Fund Balance, June 30	<u>\$ 6,491</u>	<u>\$ 6,491</u>	<u>\$ 4,916</u>	<u>\$ (1,575)</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Title VI-B</u>				
Total Revenues and Other Financing Sources	\$ 1,315,750	\$ 1,472,127	\$ 1,680,816	\$ 208,689
Total Expenditures and Other Financing Uses	<u>1,415,719</u>	<u>973,690</u>	<u>1,668,514</u>	<u>(694,824)</u>
Net Change in Fund Balance	(99,969)	498,437	12,302	(486,135)
Fund Balance, July 1	68,710	68,710	68,710	-
Prior Year Encumbrances Appropriated	<u>31,259</u>	<u>31,259</u>	<u>31,259</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 598,406</u>	<u>\$ 112,271</u>	<u>\$ (486,135)</u>
 <u>Title III</u>				
Total Revenues and Other Financing Sources	\$ -	\$ -	\$ 6,736	\$ 6,736
Total Expenditures and Other Financing Uses	<u>-</u>	<u>6,736</u>	<u>-</u>	<u>6,736</u>
Net Change in Fund Balance	-	(6,736)	6,736	13,472
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ (6,736)</u>	<u>\$ 6,736</u>	<u>\$ 13,472</u>
 <u>Title I</u>				
Total Revenues and Other Financing Sources	\$ 125,030	\$ 125,030	\$ 155,042	\$ 30,012
Total Expenditures and Other Financing Uses	<u>155,207</u>	<u>155,220</u>	<u>142,404</u>	<u>12,816</u>
Net Change in Fund Balance	(30,177)	(30,190)	12,638	42,828
Fund Balance, July 1	<u>37,051</u>	<u>37,051</u>	<u>37,051</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,874</u>	<u>\$ 6,861</u>	<u>\$ 49,689</u>	<u>\$ 42,828</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Title VI</u>				
Total Revenues and Other Financing Sources	\$ 50,778	\$ 50,778	\$ 80,256	\$ 29,478
Total Expenditures and Other Financing Uses	<u>57,924</u>	<u>57,924</u>	<u>65,121</u>	<u>(7,197)</u>
Net Change in Fund Balance	(7,146)	(7,146)	15,135	22,281
Fund Balance, July 1	36,503	36,503	36,503	-
Prior Year Encumbrances Appropriated	<u>122</u>	<u>122</u>	<u>122</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 29,479</u>	<u>\$ 29,479</u>	<u>\$ 51,760</u>	<u>\$ 22,281</u>
<u>Drug-Free Grant</u>				
Total Revenues and Other Financing Sources	\$ 28,444	\$ 28,444	\$ 28,600	\$ 156
Total Expenditures and Other Financing Uses	<u>25,262</u>	<u>25,262</u>	<u>25,147</u>	<u>115</u>
Net Change in Fund Balance	3,182	3,182	3,453	271
Fund Balance, July 1	5,581	5,581	5,581	-
Prior Year Encumbrances Appropriated	<u>351</u>	<u>351</u>	<u>351</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 9,114</u>	<u>\$ 9,114</u>	<u>\$ 9,385</u>	<u>\$ 271</u>
<u>EHA Preschool Grant</u>				
Total Revenues and Other Financing Sources	\$ 32,497	\$ 35,614	\$ 59,860	\$ 24,246
Total Expenditures and Other Financing Uses	<u>34,685</u>	<u>37,049</u>	<u>53,891</u>	<u>(16,842)</u>
Net Change in Fund Balance	(2,188)	(1,435)	5,969	7,404
Fund Balance, July 1	<u>2,943</u>	<u>2,943</u>	<u>2,943</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 755</u>	<u>\$ 1,508</u>	<u>\$ 8,912</u>	<u>\$ 7,404</u>

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

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

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<u>Classroom Reduction</u>				
Total Revenues and Other Financing Sources	\$ 104,641	\$ 191,927	\$ 194,065	\$ 2,138
Total Expenditures and Other Financing Uses	<u>117,923</u>	<u>203,728</u>	<u>106,815</u>	<u>96,913</u>
Net Change in Fund Balance	(13,282)	(11,801)	87,250	99,051
Fund Balance, July 1	28,321	28,321	28,321	-
Prior Year Encumbrances Appropriated	<u>2,405</u>	<u>2,405</u>	<u>2,405</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 17,444</u></u>	<u><u>\$ 18,925</u></u>	<u><u>\$ 117,976</u></u>	<u><u>\$ 99,051</u></u>
<u>Other Federal Grants</u>				
Total Revenues and Other Financing Sources	\$ 14,629	\$ 14,629	\$ 17,844	\$ 3,215
Total Expenditures and Other Financing Uses	<u>13,706</u>	<u>15,922</u>	<u>17,162</u>	<u>(1,240)</u>
Net Change in Fund Balance	923	(1,293)	682	1,975
Fund Balance, July 1	3,706	3,706	3,706	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 4,629</u></u>	<u><u>\$ 2,413</u></u>	<u><u>\$ 4,388</u></u>	<u><u>\$ 1,975</u></u>
<u>Food Service</u>				
Total Revenues and Other Financing Sources	\$ 1,500,000	\$ 1,500,000	\$ 1,561,901	\$ 61,901
Total Expenditures and Other Financing Uses	<u>1,691,557</u>	<u>1,691,557</u>	<u>1,504,559</u>	<u>186,998</u>
Net Change in Fund Balance	(191,557)	(191,557)	57,342	248,899
Fund Balance, July 1	303,259	303,259	303,259	-
Prior Year Encumbrances Appropriated	<u>11,173</u>	<u>11,173</u>	<u>11,173</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 122,875</u></u>	<u><u>\$ 122,875</u></u>	<u><u>\$ 371,774</u></u>	<u><u>\$ 248,899</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)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Uniform School Supplies</u>				
Total Revenues and Other Financing Sources	\$ 320,000	\$ 320,000	\$ 264,975	\$ (55,025)
Total Expenditures and Other Financing Uses	<u>285,914</u>	<u>292,536</u>	<u>264,334</u>	<u>28,202</u>
Net Change in Fund Balance	34,086	27,464	641	(26,823)
Fund Balance, July 1	80,960	80,960	80,960	-
Prior Year Encumbrances Appropriated	<u>18,640</u>	<u>18,640</u>	<u>18,640</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 133,686</u>	<u>\$ 127,064</u>	<u>\$ 100,241</u>	<u>\$ (26,823)</u>
 <u>Other Special Revenue</u>				
Total Revenues and Other Financing Sources	\$ 4,900	\$ 42,817	\$ 48,244	\$ 5,427
Total Expenditures and Other Financing Uses	<u>8,317</u>	<u>53,149</u>	<u>40,504</u>	<u>12,645</u>
Net Change in Fund Balance	(3,417)	(10,332)	7,740	18,072
Fund Balance, July 1	10,727	10,727	10,727	-
Prior Year Encumbrances Appropriated	<u>1,944</u>	<u>1,944</u>	<u>1,944</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 9,254</u>	<u>\$ 2,339</u>	<u>\$ 20,411</u>	<u>\$ 18,072</u>
 <u>Debt Service</u>				
Total Revenues and Other Financing Sources	\$ 3,639,794	\$ 3,713,290	\$ 4,093,368	\$ 380,078
Total Expenditures and Other Financing Uses	<u>3,760,669</u>	<u>3,796,079</u>	<u>3,796,006</u>	<u>73</u>
Net Change in Fund Balance	(120,875)	(82,789)	297,362	380,151
Fund Balance, July 1	<u>1,240,689</u>	<u>1,240,689</u>	<u>1,240,689</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,119,814</u>	<u>\$ 1,157,900</u>	<u>\$ 1,538,051</u>	<u>\$ 380,151</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Building</u>				
Total Revenues and Other Financing Sources	\$ 100,000	\$ 100,000	\$ 549,168	\$ 449,168
Total Expenditures and Other Financing Uses	<u>14,474,930</u>	<u>16,372,759</u>	<u>16,099,318</u>	<u>273,441</u>
Net Change in Fund Balance	(14,374,930)	(16,272,759)	(15,550,150)	722,609
Fund Balance, July 1	17,572,229	17,572,229	17,572,229	-
Prior Year Encumbrances Appropriated	<u>108,856</u>	<u>108,856</u>	<u>108,856</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,306,155</u>	<u>\$ 1,408,326</u>	<u>\$ 2,130,935</u>	<u>\$ 722,609</u>
 <u>Permanent Improvement</u>				
Total Revenues and Other Financing Sources	\$ 1,167,292	\$ 1,163,882	\$ 1,159,186	\$ (4,696)
Total Expenditures and Other Financing Uses	<u>1,187,366</u>	<u>1,480,087</u>	<u>1,016,820</u>	<u>463,267</u>
Net Change in Fund Balance	(20,074)	(316,205)	142,366	458,571
Fund Balance, July 1	456,177	456,177	456,177	-
Prior Year Encumbrances Appropriated	<u>161,083</u>	<u>161,083</u>	<u>161,083</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 597,186</u>	<u>\$ 301,055</u>	<u>\$ 759,626</u>	<u>\$ 458,571</u>
 <u>SchoolNet</u>				
Total Revenues and Other Financing Sources	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Total Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	25,000	25,000	-	(25,000)
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ (25,000)</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Community Education</u>				
Total Revenues and Other Financing Sources	\$ 1,111,229	\$ 1,111,229	\$ 1,178,059	\$ 66,830
Total Expenditures and Other Financing Uses	<u>1,359,634</u>	<u>1,315,884</u>	<u>1,295,243</u>	<u>20,641</u>
Net Change in Fund Balance	(248,405)	(204,655)	(117,184)	87,471
Fund Balance, July 1	131,067	131,067	131,067	-
Prior Year Encumbrances Appropriated	<u>174,985</u>	<u>174,985</u>	<u>174,985</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 57,647</u>	<u>\$ 101,397</u>	<u>\$ 188,868</u>	<u>\$ 87,471</u>
<u>Self-Insurance</u>				
Total Revenues and Other Financing Sources	\$ 7,040,000	\$ 7,040,000	\$ 6,856,595	\$ (183,405)
Total Expenditures and Other Financing Uses	<u>6,560,120</u>	<u>7,289,320</u>	<u>7,176,688</u>	<u>112,632</u>
Net Change in Fund Balance	479,880	(249,320)	(320,093)	(70,773)
Fund Balance, July 1	770,137	770,137	770,137	-
Prior Year Encumbrances Appropriated	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,251,517</u>	<u>\$ 522,317</u>	<u>\$ 451,544</u>	<u>\$ (70,773)</u>
<u>Scholarship</u>				
Total Revenues and Other Financing Sources	\$ 30,458	\$ 53,244	\$ 77,050	\$ 23,806
Total Expenditures and Other Financing Uses	<u>49,800</u>	<u>69,050</u>	<u>69,050</u>	<u>-</u>
Net Change in Fund Balance	(19,342)	(15,806)	8,000	23,806
Fund Balance, July 1	2,985	2,985	2,985	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u>\$ (16,357)</u>	<u>\$ (12,821)</u>	<u>\$ 10,985</u>	<u>\$ 23,806</u>

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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Student Activities

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>
ASSETS:				
Equity in pooled cash and cash equivalents.	\$ 13,524	\$ 66,703	\$ 47,870	\$ 32,357
Total assets.	<u>\$ 13,524</u>	<u>\$ 66,703</u>	<u>\$ 47,870</u>	<u>\$ 32,357</u>
LIABILITIES:				
Due to students.	\$ 13,249	\$ 55,543	\$ 47,595	\$ 21,197
Intergovernmental payable	-	11,160	-	11,160
Accounts payable.	275	-	275	-
Total liabilities.	<u>\$ 13,524</u>	<u>\$ 66,703</u>	<u>\$ 47,870</u>	<u>\$ 32,357</u>

Six District Educational Compact

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>
ASSETS:				
Equity in pooled cash and cash equivalents.	\$ 133,731	\$ 557,056	\$ 580,296	\$ 110,491
Total assets.	<u>\$ 133,731</u>	<u>\$ 557,056</u>	<u>\$ 580,296</u>	<u>\$ 110,491</u>
LIABILITIES:				
Accounts payable.	\$ 66,398	\$ 15,511	\$ 66,398	\$ 15,511
Accrued wages.	1,524	1,146	1,524	1,146
Intergovernmental payable	3,120	15,417	3,120	15,417
Pension obligation payable.	4,952	4,714	4,952	4,714
Undistributed Monies	57,737	520,268	504,302	73,703
Total liabilities.	<u>\$ 133,731</u>	<u>\$ 557,056</u>	<u>\$ 580,296</u>	<u>\$ 110,491</u>

Total

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>
ASSETS:				
Equity in pooled cash and cash equivalents.	\$ 147,255	\$ 623,759	\$ 628,166	\$ 142,848
Total assets.	<u>\$ 147,255</u>	<u>\$ 623,759</u>	<u>\$ 628,166</u>	<u>\$ 142,848</u>
LIABILITIES:				
Due to students.	\$ 13,249	\$ 55,543	\$ 47,595	\$ 21,197
Accounts payable.	66,673	15,511	66,673	15,511
Accrued wages.	1,524	1,146	1,524	1,146
Intergovernmental payable	3,120	26,577	3,120	26,577
Pension obligation payable.	4,952	4,714	4,952	4,714
Undistributed Monies	57,737	520,268	504,302	73,703
Total liabilities.	<u>\$ 147,255</u>	<u>\$ 623,759</u>	<u>\$ 628,166</u>	<u>\$ 142,848</u>

STATISTICAL SECTION

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

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	S2 - S9
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	S10 -S15
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	S16 - S19
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	S20-S21
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	S22-S28

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Sources are noted on the individual schedules. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 22,610,611	\$ 22,621,463	\$ 22,376,384	\$ 22,678,949
Restricted	2,975,479	1,964,726	2,573,352	2,293,932
Unrestricted	841,055	(630,985)	(5,699,201)	(4,985,004)
Total governmental activities net assets	<u>\$ 26,427,145</u>	<u>\$ 23,955,204</u>	<u>\$ 19,250,535</u>	<u>\$ 19,987,877</u>
Business-type activities				
Unrestricted	\$ 224,332	\$ 165,773	\$ 115,021	\$ 117,207
Total business-type activities net assets	<u>\$ 224,332</u>	<u>\$ 165,773</u>	<u>\$ 115,021</u>	<u>\$ 117,207</u>
Primary government				
Invested in capital assets, net of related debt	\$ 22,610,611	\$ 22,621,463	\$ 22,376,384	\$ 22,678,949
Restricted	2,975,479	1,964,726	2,573,352	2,293,932
Unrestricted	1,065,387	(465,212)	(5,584,180)	(4,867,797)
Total primary government net assets	<u>\$ 26,651,477</u>	<u>\$ 24,120,977</u>	<u>\$ 19,365,556</u>	<u>\$ 20,105,084</u>

Source: School District financial records.

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

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 27,218,512	\$ 25,454,301	\$ 24,983,603	\$ 23,731,674
Special	5,184,533	4,551,698	4,185,412	4,101,950
Vocational	285,679	285,963	309,954	286,703
Adult/Continuing	15,059	17,496	-	-
Other instructional	532,122	388,805	476,290	817,998
Support services:				
Pupil	3,745,017	3,430,276	3,386,131	3,441,568
Instructional staff	3,992,689	3,900,864	3,631,033	3,591,957
Board of education	46,313	33,603	43,428	43,414
Administration	4,011,601	3,737,759	4,005,983	3,684,495
Fiscal	1,118,243	1,084,887	1,120,757	983,947
Business	403,174	370,938	414,012	369,361
Operations and maintenance	4,770,844	4,689,430	5,349,709	5,277,330
Pupil transportation	3,144,242	3,515,470	2,816,749	2,808,211
Central	327,914	342,548	361,106	311,047
Operation of non-instructional services:				
Food service operations	1,599,960	1,577,089	1,563,691	1,565,615
Other non-instructional services	32,068	30,760	40,510	39,960
Extracurricular activities	1,281,754	1,200,351	1,233,044	1,169,803
Intergovernmental pass-through	1,433,299	1,497,383	1,248,837	1,272,469
Interest and fiscal charges	2,342,997	2,326,758	1,548,363	1,829,639
Total governmental activities expenses	<u>61,486,020</u>	<u>58,436,379</u>	<u>56,718,612</u>	<u>55,327,141</u>
Business-type activities:				
Community education	1,099,610	1,063,751	1,058,010	982,763
Total business-type activities expenses	<u>1,099,610</u>	<u>1,063,751</u>	<u>1,058,010</u>	<u>982,763</u>
Total primary government expenses	<u>\$ 62,585,630</u>	<u>\$ 59,500,130</u>	<u>\$ 57,776,622</u>	<u>\$ 56,309,904</u>

-- Continued

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

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

Program Revenues	2006	2005	2004	2003
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 461,183	\$ 388,533	\$ 377,250	\$ 405,206
Other	17,900	-		
Support services:				
Pupil	301,209	211,827	235,252	202,237
Instructional staff	8,820	7,898	-	-
Operation of non-instructional services:				
Food service operations	1,462,685	1,465,356	1,444,725	1,365,745
Other non-instructional services	14,745	13,164	-	-
Extracurricular activities	498,836	398,885	334,818	331,869
Operating grants and contributions:				
Instruction:				
Regular	28,556	49,106	360,009	172,009
Special	535,999	501,735	384,266	59,720
Other	18,000	-	-	21,000
Support services:				
Pupil	606,232	481,864	404,913	398,936
Instructional staff	370,546	567,453	401,638	167,603
Administration	65,615	66,644	35,496	54,521
Business	-	-	-	-
Operations and maintenance	5,300	-	8,798	-
Pupil transportation	9	13,849	2,038	-
Central	18,148	17,386	20,345	3,112
Operation of non-instructional services:				
Food service operations	175,512	130,686	135,860	128,315
Other non-instructional services	1,639	21,682	26,093	8,062
Intergovernmental pass-through	1,506,633	1,425,802	1,358,055	1,239,043
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	85,350
Support services:				
Administration	3,995	-	-	-
Fiscal	1,205	-	-	-
Extracurricular activities	-	69,828	-	-
Total governmental program revenues	<u>6,102,767</u>	<u>5,831,698</u>	<u>5,529,556</u>	<u>4,642,728</u>
Business-type activities:				
Charges for services	1,158,169	1,112,580	1,055,824	900,380
Operating grants and contributions	-	1,923	-	-
Total business-type activities program revenues	<u>1,158,169</u>	<u>1,114,503</u>	<u>1,055,824</u>	<u>900,380</u>
Total primary government program revenue	<u>\$ 7,260,936</u>	<u>\$ 6,946,201</u>	<u>\$ 6,585,380</u>	<u>\$ 5,543,108</u>
Net (Expense)/Revenue				
Governmental activities	\$ (55,383,253)	\$ (52,604,681)	\$ (51,189,056)	\$ (50,684,413)
Business-type activities	58,559	50,752	(2,186)	(82,383)
Total primary government net expense	<u>\$ (55,324,694)</u>	<u>\$ (52,553,929)</u>	<u>\$ (51,191,242)</u>	<u>\$ (50,766,796)</u>

-- Continued

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

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

General Revenues and Other Changes in Net Assets	2006	2005	2004	2003
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 34,530,049	\$ 35,701,776	\$ 30,419,376	\$ 31,148,442
Debt service	3,633,321	2,270,292	2,235,254	2,453,157
Capital outlay	1,042,442	1,082,941	979,841	1,092,167
Grants and entitlements not restricted to specific programs	16,884,632	17,182,672	16,377,027	15,645,717
Investment earnings	1,571,148	952,108	177,039	315,327
Miscellaneous	193,602	119,561	263,177	289,801
Total governmental activities	<u>57,855,194</u>	<u>57,309,350</u>	<u>50,451,714</u>	<u>50,944,611</u>
Total primary government	<u>\$ 57,855,194</u>	<u>\$ 57,309,350</u>	<u>\$ 50,451,714</u>	<u>\$ 50,944,611</u>
Change in Net Assets				
Governmental activities	\$ 2,471,941	\$ 4,704,669	\$ (737,342)	\$ 260,198
Business-type activities	58,559	50,752	(2,186)	(82,383)
Total primary government	<u>\$ 2,530,500</u>	<u>\$ 4,755,421</u>	<u>\$ (739,528)</u>	<u>\$ 177,815</u>

Source: School District financial records.

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

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund:				
Reserved	\$ 3,206,619	\$ 3,160,430	\$ 1,930,496	\$ 3,211,506
Unreserved	<u>4,654,175</u>	<u>4,524,522</u>	<u>1,162,442</u>	<u>1,077,613</u>
Total general fund	<u>\$ 7,860,794</u>	<u>\$ 7,684,952</u>	<u>\$ 3,092,938</u>	<u>\$ 4,289,119</u>
All Other Governmental Funds:				
Reserved	\$ 14,664,726	\$ 3,654,382	\$ 1,603,393	\$ 2,143,551
Unreserved, reported in:				
Special revenue funds	574,073	546,330	762,103	590,061
Capital projects funds	<u>3,015,980</u>	<u>18,152,799</u>	<u>587,083</u>	<u>287,594</u>
Total all other governmental funds	<u>\$ 18,254,779</u>	<u>\$ 22,353,511</u>	<u>\$ 2,952,579</u>	<u>\$ 3,021,206</u>

Source: School District financial records.

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 1,410,532	\$ 1,491,722	\$ 2,165,529	\$ 1,843,601	\$ 1,534,726	\$ 879,162
<u>2,226,286</u>	<u>1,639,159</u>	<u>2,118,665</u>	<u>2,125,435</u>	<u>3,025,767</u>	<u>3,894,663</u>
<u>\$ 3,636,818</u>	<u>\$ 3,130,881</u>	<u>\$ 4,284,194</u>	<u>\$ 3,969,036</u>	<u>\$ 4,560,493</u>	<u>\$ 4,773,825</u>
\$ 1,761,483	\$ 1,484,052	\$ 1,768,320	\$ 1,473,870	\$ 1,770,466	\$ 1,758,303
458,704	476,826	452,283	372,507	410,392	303,451
<u>808,365</u>	<u>831,263</u>	<u>426,641</u>	<u>310,405</u>	<u>405,440</u>	<u>236,245</u>
<u>\$ 3,028,552</u>	<u>\$ 2,792,141</u>	<u>\$ 2,647,244</u>	<u>\$ 2,156,782</u>	<u>\$ 2,586,298</u>	<u>\$ 2,297,999</u>

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

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues					
From local sources:					
Taxes	\$ 39,142,496	\$ 39,051,878	\$ 33,132,113	\$ 34,717,907	\$ 32,835,352
Tuition	77,587	69,161	71,399	89,584	87,709
Charges for services	1,469,185	1,473,077	1,453,339	1,648,559	-
Earnings on investments	1,517,291	802,546	141,892	330,738	428,364
Extracurricular	754,939	576,915	614,295	468,735	431,800
Classroom materials and fees	254,510	243,533	249,188	-	-
Other local revenues	407,959	242,538	267,001	387,980	311,374
Intergovernmental	-	-	-	-	-
Intergovernmental - Intermediate	326,662	543,276	226,471	109,581	26,625
Intergovernmental - State	18,059,869	18,240,221	17,903,547	16,892,278	16,561,703
Intergovernmental - Federal	1,242,731	1,524,507	1,263,435	947,693	901,886
Total revenues	<u>63,253,229</u>	<u>62,767,652</u>	<u>55,322,680</u>	<u>55,593,055</u>	<u>51,584,813</u>
Expenditures					
Current:					
Instruction:					
Regular	25,906,604	24,451,633	24,205,572	23,391,460	23,131,646
Special	5,105,276	4,497,526	4,138,437	4,045,538	3,614,102
Vocational	268,734	270,846	291,430	260,876	256,132
Adult/Continuing	-	-	-	-	-
Other	532,122	388,805	484,241	822,633	585,560
Current:					
Pupil	3,703,133	3,406,656	3,364,297	3,432,758	3,405,934
Instructional staff	3,883,897	3,851,498	3,577,549	3,508,990	3,244,951
Board of education	45,169	39,319	43,568	41,612	41,542
Administration	3,948,855	3,681,662	4,015,855	3,653,183	3,530,063
Fiscal	1,117,617	1,081,177	1,113,076	989,395	1,037,771
Business	401,613	370,855	404,294	372,901	321,865
Operations and maintenance	4,706,725	4,552,039	4,304,382	4,405,895	4,087,462
Pupil transportation	2,904,170	3,315,242	2,831,375	2,688,428	2,678,118
Central	323,179	342,551	361,813	308,490	353,803
Operation of non-instructional services:					
Food service operations	1,567,594	1,557,715	1,557,279	1,488,850	-
Other non-instructional services	23,226	24,675	33,601	33,555	23,997
Extracurricular activities	1,216,146	1,123,155	1,172,972	1,124,173	1,054,493
Intergovernmental pass-through	1,434,409	1,496,878	1,261,899	1,266,389	-
Facilities acquisitions and construction	5,966,981	941,734	981,818	900,496	788,903
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	2,502,739	2,373,707	643,436	2,121,959	2,069,200
Interest and fiscal charges	1,217,930	968,779	1,804,704	506,560	612,586
Bond issue costs	-	426,874	-	-	-
Total expenditures	<u>66,776,119</u>	<u>59,163,326</u>	<u>56,591,598</u>	<u>55,364,141</u>	<u>50,838,128</u>
Excess of revenues over (under) expenditures	(3,522,890)	3,604,326	(1,268,918)	228,914	746,685
Other Financing Sources (Uses)					
Transfers in	231,271	222,989	242,997	119,868	78,164
Transfers (out)	(631,271)	(222,989)	(242,997)	(119,868)	(83,164)
Sale of capital assets	-	-	-	-	663
Premium on bond sold	-	-	4,146	-	-
Sale of bonds	-	-	7,244,964	-	-
Payment to refunding bond escrow agent	-	-	(7,245,000)	-	-
Discount on certificates of participation issued	-	(22,108)	-	-	-
Issuance of certificates of participation	-	20,810,000	-	-	-
Total other financing sources (uses)	<u>(400,000)</u>	<u>20,787,892</u>	<u>4,110</u>	<u>-</u>	<u>(4,337)</u>
Net change in fund balances	<u>\$ (3,922,890)</u>	<u>\$ 24,392,218</u>	<u>\$ (1,264,808)</u>	<u>\$ 228,914</u>	<u>\$ 742,348</u>
Debt service as a percentage of noncapital expenditures	5.57%	6.37%	4.33%	4.75%	5.28%

Source: School District financial records.

Note: The District did not begin distinguishing between intergovernmental revenue intermediate, state, and federal until 2002.

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$	32,379,327	\$ 31,080,258	\$ 28,663,799	\$ 27,008,485	\$ 26,476,000
	156,173	126,301	118,614	98,959	105,444
	6,064	7,339	11,542	17,173	12,801
	812,607	748,751	690,662	770,579	617,682
	430,899	441,139	386,820	349,642	520,199
	-	-	-	-	-
	244,905	213,917	181,153	346,890	154,874
	14,027,866	12,861,323	11,378,530	10,162,000	9,558,827
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>48,057,841</u>	<u>45,479,028</u>	<u>41,431,120</u>	<u>38,753,728</u>	<u>37,445,827</u>
	22,119,620	20,553,603	19,390,124	17,318,944	15,910,819
	3,180,202	2,798,760	2,437,311	2,177,291	2,257,363
	273,897	261,997	278,362	289,980	288,320
	283	8,328	4,065	-	-
	584,225	469,249	319,649	250,554	675,908
	3,042,400	2,753,292	2,642,527	2,396,511	2,267,753
	2,774,146	2,489,161	2,236,290	1,876,760	1,796,546
	40,738	51,617	47,648	453,348	53,721
	3,459,983	3,157,888	2,874,938	2,598,076	2,115,369
	1,014,090	939,195	924,269	834,873	792,013
	305,004	350,675	256,249	957,208	1,244,063
	4,125,271	3,815,707	3,415,132	3,109,815	2,867,908
	2,638,438	2,298,955	2,446,861	2,393,025	1,703,668
	340,186	266,482	195,795	115,640	102,794
	-	-	-	-	-
	15,901	15,250	10,596	12,077	12,490
	979,594	915,957	847,354	744,214	714,182
	-	-	-	-	-
	-	-	-	-	-
	1,447,957	738,001	1,361,209	461,210	392,495
	2,011,826	1,979,815	1,888,151	1,675,000	1,570,000
	712,317	807,262	894,652	994,770	983,926
	-	-	-	-	-
	<u>49,066,078</u>	<u>44,671,194</u>	<u>42,471,182</u>	<u>38,659,296</u>	<u>35,749,338</u>
	(1,008,237)	807,834	(1,040,062)	94,432	1,696,489
	768,844	643,679	706,224	259,577	231,335
	(778,814)	(643,679)	(711,224)	(279,557)	(276,345)
	789	1,068	21,257	457	-
	-	-	-	-	1,627,000
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>(9,181)</u>	<u>1,068</u>	<u>16,257</u>	<u>(19,523)</u>	<u>1,581,990</u>
\$	<u>(1,017,418)</u>	<u>\$ 808,902</u>	<u>\$ (1,023,805)</u>	<u>\$ 74,909</u>	<u>\$ 3,278,479</u>
	5.72%	6.34%	6.77%	6.99%	7.22%

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

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2006	\$ 880,397,600	\$ 2,515,421,714	\$ 36,440,903	\$ 149,743,056	\$ 13,229,180	\$ 37,797,657
2005	806,742,980	2,304,979,943	50,398,882	143,996,806	15,998,320	45,709,486
2004	797,188,020	2,277,680,057	51,669,668	147,627,623	16,218,330	46,338,086
2003	795,743,250	2,273,552,143	61,203,761	174,867,889	17,332,170	49,520,486
2002	715,164,690	2,043,327,686	62,661,329	179,032,369	16,195,670	46,273,343
2001	697,318,160	1,992,337,600	59,073,383	168,781,094	18,597,560	53,135,886
2000	684,746,750	1,956,419,286	53,202,433	152,006,951	20,796,730	59,419,229
1999	648,794,380	1,853,698,229	54,397,655	155,421,871	21,325,230	60,929,229
1998	637,506,930	1,821,448,371	55,260,291	157,886,546	20,935,380	59,815,371
1997	618,549,760	1,767,285,029	55,260,291	157,886,546	22,172,180	63,349,086

Source: Summit County Auditor's Office

- (a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.
- (b) Tangible personal property is assessed at various percentages of actual value.
- (c) Assumes public utilities are assessed at true value which is 35%.

Total		
Assessed Value	Estimated Actual Value	%
\$ 930,067,683	\$ 2,702,962,427	34.41%
873,140,182	2,494,686,234	35.00%
865,076,018	2,471,645,766	35.00%
874,279,181	2,497,940,517	35.00%
794,021,689	2,268,633,397	35.00%
774,989,103	2,214,254,580	35.00%
758,745,913	2,167,845,466	35.00%
724,517,265	2,070,049,329	35.00%
713,702,601	2,039,150,289	35.00%
695,982,231	1,988,520,660	35.00%

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

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

Tax Year/ Collection Year	Government	Overlapping Rates				Direct Rates				
		School	County	City	Total	School Levy	County Levy	City/ Village Township	Valley Fire District	Total
2005/2006	Boston Township	\$ 2.70	\$ 0.62	\$ -	\$ 3.32	\$ 80.73	\$ 13.07	\$ 8.48	\$ 8.80	\$ 111.08
	Boston Heights Village	2.70	0.62	-	3.32	80.73	13.07	6.85	-	100.65
	Hudson City	2.70	0.62	2.03	5.35	80.73	13.07	6.94	-	100.74
	Cuyahoga Falls City	2.70	0.62	-	3.32	80.73	13.07	11.00	-	104.80
					-					-
2004/2005	Boston Township	2.70	0.67	-	3.37	80.73	13.07	8.48	8.80	111.08
	Boston Heights Village	2.70	0.67	-	3.37	80.73	13.07	6.85	-	100.65
	Hudson City	2.70	0.67	2.37	5.74	80.73	13.07	6.94	-	100.74
	Cuyahoga Falls City	2.70	0.67	-	3.37	80.73	13.07	11.00	-	104.80
					-					-
2003/2004	Boston Township	2.95	0.69	-	3.64	80.98	13.07	8.48	8.80	111.33
	Boston Heights Village	2.95	0.69	-	3.64	80.98	13.07	6.85	-	100.90
	Hudson City	2.95	0.69	-	3.64	80.98	13.07	9.67	-	103.72
	Cuyahoga Falls City	2.95	0.69	-	3.64	70.98	13.07	11.00	-	95.05
					-					-
2002/2003	Boston Township	2.62	0.52	-	3.14	75.15	13.07	8.48	8.80	105.50
	Boston Heights Village	2.62	0.52	-	3.14	75.15	13.07	6.85	-	95.07
	Hudson City	2.62	0.52	1.99	5.13	75.15	13.07	9.29	-	97.51
	Cuyahoga Falls City	2.62	0.52	-	3.14	75.15	13.07	11.00	-	99.22
					-					-
2001/2002	Boston Township	3.10	0.36	-	3.46	75.63	13.07	7.48	6.50	102.68
	Boston Heights Village	3.10	0.36	-	3.46	75.63	13.07	7.35	-	96.05
	Hudson City	3.10	0.36	2.27	5.73	75.63	13.07	-	-	88.70
	Cuyahoga Falls City	3.10	0.36	-	3.46	75.63	13.07	11.00	-	99.70
					-					-
2000/2001	Boston Township	3.20	0.36	-	3.56	75.73	13.07	8.48	6.50	103.78
	Boston Heights Village	3.20	0.36	-	3.56	75.73	13.07	7.35	-	96.15
	Hudson City	3.20	0.36	2.27	5.83	75.73	13.07	8.94	-	97.74
	Cuyahoga Falls City	3.20	0.36	-	3.56	75.73	13.07	11.00	-	99.80
					-					-
1999/2000	Boston Township	3.60	0.36	-	3.96	76.13	12.27	8.48	6.50	103.38
	Boston Heights Village	3.60	0.36	-	3.96	76.13	12.27	7.35	-	95.75
	Hudson City	3.60	0.36	2.40	6.36	76.13	12.27	9.15	-	97.55
	Cuyahoga Falls City	3.60	0.36	-	3.96	76.13	12.27	11.00	-	99.40
					-					-
1998/1999	Boston Township	3.40	0.45	-	3.85	76.13	12.27	8.48	6.50	103.38
	Boston Heights Village	3.40	0.45	-	3.85	76.13	12.27	7.35	-	95.75
	Hudson City	3.40	0.45	1.72	5.57	76.13	12.27	9.15	-	97.55
	Cuyahoga Falls City	3.40	0.45	-	3.85	76.13	12.27	11.00	-	99.40
					-					-
1997/1998	Boston Township	2.90	0.45	-	3.35	70.13	11.65	8.48	6.50	96.76
	Boston Heights Village	2.90	0.45	-	3.35	70.13	11.65	8.10	-	89.88
	Hudson City	2.90	0.45	1.15	4.50	70.13	11.65	7.82	-	89.60
	Cuyahoga Falls City	2.90	0.45	-	3.35	70.13	11.65	11.00	-	92.78
					-					-
1996/1997	Boston Township	3.50	0.49	-	3.99	70.73	11.39	8.48	8.00	98.60
	Boston Heights Village	3.50	0.49	-	3.99	70.73	11.39	8.10	-	90.22
	Hudson City	3.50	0.49	0.36	4.35	70.73	11.39	7.03	-	89.15
	Cuyahoga Falls City	3.50	0.49	-	3.99	70.73	11.39	12.00	-	94.12

Source: Summit County Auditor's Office

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

PRINCIPAL PERSONAL PROPERTY TAX PAYERS
DECEMBER 31, 2005 AND DECEMBER 31, 1999

December 31, 2005			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Allstate Insurance	\$ 7,447,540	1	0.85%
Little Tikes	5,503,130	2	0.63%
Hudson-Omni III LTD	3,881,450	3	0.44%
Fabri-Centers of America, Inc.	3,496,830	4	0.40%
Title Guarantee & Trust Co. Trustee	3,214,310	5	0.37%
Georgetown Development	2,452,600	6	0.28%
Janus Hotels & Resorts, Inc.	2,415,010	7	0.28%
Floor Company	2,306,360	8	0.26%
Albrecht Inc.	1,898,200	9	0.22%
Kobelco Stewart Bolling	1,724,400	10	0.20%
Total	\$ 34,339,830		69.14%

December 31, 1999			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Western Reserve Telephone	\$ 10,839,210	1	1.40%
Allstate Insurance	7,235,640	2	0.93%
Little Tikes	6,420,070	3	0.83%
Ohio Edison Company	5,141,220	4	0.66%
Jagi Cleveland-Hudson LLC	3,718,340	5	0.48%
Jo-Ann Stores, Inc.	3,290,790	6	0.42%
Title Guarantee & Trust - Trustee	2,244,910	7	0.29%
Flood Company	2,111,520	8	0.27%
East Ohio Gas Company	1,920,580	9	0.25%
Georgetown Development	1,658,370	10	0.21%
Total	\$ 44,580,650		60.24%

Source: Summit County Auditor's Office

Note: Information on principal property tax payers prior to December 31, 1999 was unavailable.

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

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2005/2006	N/A	N/A	N/A	N/A	N/A
2004/2005	41,611,978	2,620,611	44,232,589	40,381,049	97.04%
2003/2004	41,689,243	1,940,947	43,630,190	40,481,651	97.10%
2002/2003	36,521,096	1,779,068	38,300,164	35,139,224	96.22%
2001/2002	35,827,683	1,604,695	37,432,378	34,867,895	97.32%
2000/2001	36,284,070	1,304,182	37,588,252	35,091,681	96.71%
1999/2000	35,466,206	1,495,174	36,961,380	34,316,886	96.76%
1998/1999	34,699,903	1,506,282	36,206,185	33,583,292	96.78%
1997/1998	29,689,039	1,632,424	31,321,463	28,533,435	96.11%
1996/1997	29,561,314	1,030,397	30,591,711	28,808,054	97.45%

Source: Summit County Auditor's Office

Note: Information for 2005/2006 is not available

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
N/A	N/A	N/A
1,179,119	41,560,168	93.96%
1,228,060	41,709,711	95.60%
1,720,664	36,859,888	96.24%
1,023,222	35,891,117	95.88%
1,338,767	36,430,448	96.92%
969,318	35,286,204	95.47%
1,025,807	34,609,099	95.59%
721,169	29,254,604	93.40%
686,001	29,494,055	96.41%

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

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Governmental Activities

Fiscal Year	General Obligation Bonds	(a) Total Primary Government	(b) Per Capita	(b) Per ADM
2006	\$ 29,439,692	\$ 29,439,692	1,275	5,441
2005	30,669,699	30,669,699	1,273	5,565
2004	10,607,457	10,607,457	473	1,894
2003	11,250,929	11,250,929	494	2,008
2002	13,372,888	13,372,888	592	2,392
2001	15,392,088	15,392,088	686	2,797
2000	17,353,914	17,353,914	784	3,154
1999	19,288,729	19,288,729	883	3,503
1998	21,136,880	21,136,880	995	3,879
1997	22,771,880	22,771,880	1,091	4,165

Sources:

(a) See notes to the financial statements regarding the District's
outstanding debt information

(b) See schedule " Demographic and Economic Statistic, Last Ten Years"
for personal income, population and

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

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Total	Percentage of Actual Taxable Value of Property	Per Capita
2006	\$ 29,439,692	\$ 29,439,692	1.09%	1,275
2005	30,669,699	30,669,699	1.23%	1,273
2004	10,607,457	10,607,457	0.43%	473
2003	11,250,929	11,250,929	0.45%	494
2002	13,372,888	13,372,888	0.59%	592
2001	15,392,088	15,392,088	0.70%	686
2000	17,353,914	17,353,914	0.80%	784
1999	19,288,729	19,288,729	0.93%	883
1998	21,136,880	21,136,880	1.04%	995
1997	22,771,880	22,771,880	1.15%	1,091

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

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

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Hudson City School District	\$ 29,439,692 (1)	100.00%	\$ 29,439,692
Overlapping debt:			
City of Hudson	36,316,046	99.66%	36,192,571
City of Cuyahoga Falls	12,525,400	0.67%	83,920
Summitt County	70,270,000	7.18%	5,045,386
Metro Transit	<u>1,345,000</u>	7.18%	<u>96,571</u>
Total direct and overlapping debt	<u>\$ 149,896,138</u>		<u>\$ 70,858,141</u>

Source: Ohio Municipal Advisory Council

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

(1) Includes general obligations bonds outstanding and capital appreciation bonds outstanding at fiscal year end and excludes accreted interest.

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2006	\$ 83,706,091	\$ 29,439,692	\$ 3,618,489	\$ 25,821,203	\$ 57,884,888	30.85%
2005	78,582,616	30,669,699	3,167,920	27,501,779	51,080,837	35.00%
2004	77,856,842	10,607,457	1,278,746	9,328,711	68,528,131	11.98%
2003	78,685,126	11,250,929	1,274,068	9,976,861	68,708,265	12.68%
2002	71,461,952	13,372,888	1,226,759	12,146,129	59,315,823	17.00%
2001	69,749,019	15,392,088	1,200,720	14,191,368	55,557,651	20.35%
2000	68,287,132	17,353,914	1,198,262	16,155,652	52,131,480	23.66%
1999	65,206,554	19,288,729	1,098,259	18,190,470	47,016,084	27.90%
1998	64,233,234	21,136,880	1,354,025	19,782,855	44,450,379	30.80%
1997	62,638,401	22,771,880	1,627,737	21,144,143	41,494,258	33.76%

Source: Summit County Auditor and District financial records

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

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

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rates</u>		
					<u>Summit County</u>	<u>Ohio</u>	<u>United States</u>
2006	23,084	\$ 40,915	38.9	5,411	5.3%	5.6%	4.6%
2005	24,089	40,915	38.9	5,511	5.4%	5.9%	5.0%
2004	22,439	40,915	38.9	5,601	6.1%	5.7%	5.7%
2003	22,765	40,915	38.9	5,602	6.2%	5.5%	6.0%
2002	22,593	40,915	38.9	5,591	6.0%	5.3%	5.8%
2001	22,439	40,915	38.9	5,504	4.6%	4.8%	4.0%
2000	22,139	40,915	38.9	5,502	4.2%	3.9%	4.1%
1999	21,839	40,915	38.9	5,506	4.3%	4.0%	4.5%
1998	21,247	40,915	38.9	5,449	4.1%	4.3%	4.9%
1997	20,873	40,915	38.9	5,468	4.5%	4.6%	5.4%

(1 & 2) U. S. Census Bureau

(3) District records

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

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

December 31, 2006		
Employer	Employees	Rank
Allstate Insurance Company	1,500	1
Jo-Ann Stores Inc.	1,800	2
Rubbermaid Inc.	1,400	3
Hudson City School District	796	4
Laurel Lakes	400	5
Windstream Communications Inc.	291	6
City of Hudson	208	7
Western Reserve Academy	230	8
Flood Company	100	9
Lexi-Comp Inc.	99	10
Total	6,824	

December 31, 1997		
Employer	Employees	Rank
Little Tikes Company, Division of Rubbermaid, Inc.	1,099	1
Allstate Insurance Company	1,000	2
Fabri-Centers of America, Inc.	932	3
Alltel Service Co.	600	4
Hudson Local School District	531	5
Caliber Logistics Systems, Inc.	460	6
Western Reserve Telephone	396	7
T. E. Clarke Ford, Inc.	323	8
IMO Industries, Inc.	281	9
Laurel Lake Retirement Community	280	10
Total	5,902	

Source: City records and employers

Note: Information on total employees of the City not available

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

**STAFFING STATISTICS
FULL TIME EQUIVALENTS (FTE) BY TYPE AND FUNCTION
LAST EIGHT FISCAL YEARS**

<u>Type</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Professional Staff:								
Teaching Staff:								
Elementary	138	136	141	142	138	137	137	134
Middle	88	87	88	87	85	85	82	82
High	105	105	105	107	103	101	97	94
Tutors	22	20	21	21	20	19	18	16
Others	3	1	1	2	11	12	11	2
Administration:								
District	31	31	31	31	31	28	29	29
Auxiliary Positions:								
Counselors	11	16	14	14	14	14	14	13
Speech	10	9	9	9	8	8	8	7
Mental Health Specialists	7	7	7	8	6	5	3	3
Other	29	25	32	26	24	21	19	18
Support Staff:								
Secretarial	50	49	50	49	49	49	46	45
Aides	74	76	77	74	75	68	64	59
Hall monitor/Security	13	12	11	14	11	14	14	14
Food service	26	25	26	25	25	24	23	21
Custodial	33	33	34	34	33	33	33	33
Maintenance	11	10	12	12	12	11	10	10
Bus Driver	36	33	33	33	37	33	33	33
Mechanics	3	3	3	3	3	3	2	3
Other	4	4	5	5	4	4	4	3
Total	694	682	700	696	689	669	647	619
Function								
Instruction:								
Regular	247	247	255	253	250	248	245	242
Special	52	49	47	47	43	40	37	33
Vocational	3	3	3	4	4	4	4	4
Other	53	50	53	54	60	61	59	49
Support Services:								
Pupil	46	44	48	47	42	38	36	33
Instructional staff	96	101	100	99	96	92	85	80
Administration	70	69	69	70	69	67	65	64
Fiscal	6	6	5	5	5	5	5	5
Business	5	5	5	5	5	5	5	5
Operations and maintenance	87	80	85	83	86	81	79	80
Central	3	3	4	4	4	4	4	3
Food service	26	25	26	25	25	24	23	21
Total Governmental Activities	694	682	700	696	689	669	647	619

Source: School District records

Source: Information for 1998 and prior is not available

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

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Instruction:										
Regular and Special										
Enrollment (students)	5,411	5,511	5,601	5,602	5,591	5,504	5,502	5,506	5,449	5,468
Graduates	428	396	415	379	399	371	367	398	335	367
Support services:										
Administration										
Student attendance rate	95.90%	95.80%	96.10%	95.90%	95.90%	95.70%	95.40%	95.10%	95.50%	95.80%

Source: District records

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

CAPITAL ASSET STATISTICS
LAST FOUR FISCAL YEARS

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Land	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204
Construction in progress	5,966,981	-	-	-
Land improvements	583,272	642,824	702,376	736,871
Buildings and improvements	26,707,512	27,491,199	28,278,385	29,053,744
Furniture, fixtures and equipment	1,746,614	1,891,468	1,921,220	2,043,635
Vehicles	1,263,490	1,423,467	1,049,656	1,063,424
 Total Governmental Activities Capital Assets, net	 <u>\$ 37,300,073</u>	 <u>\$32,481,162</u>	 <u>\$ 32,983,841</u>	 <u>\$ 33,929,878</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Evamere Elementary						
Square feet	47,897	47,897	47,897	47,897	47,897	47,897
Capacity (students)	540-670	540-670	540-670	540-670	540-670	540-670
Enrollment	710	721	743	794	782	785
Hudson Elementary						
Square feet	27,428	27,428	27,428	27,428	27,428	27,428
Capacity (students)	250-290	250-290	250-290	250-290	250-290	250-290
Enrollment	233	243	246	236	251	272
McDowell Elementary						
Square feet	56,800	56,800	56,800	56,800	56,800	56,800
Capacity (students)	500-545	500-545	500-545	500-545	500-545	500-545
Enrollment	513	510	498	523	525	529
East Woods School						
Square feet	139,900	139,900	139,900	139,900	139,900	139,900
Capacity (students)	800-900	800-900	800-900	800-900	800-900	800-900
Enrollment	769	808	843	862	888	879
Hudson Middle School						
Square feet	190,432	190,432	190,432	190,432	190,432	190,432
Capacity (students)	1,100-1,300	1,100-1,300	1,100-1,300	1,100-1,300	1,100-1,300	1,100-1,300
Enrollment	1,336	1,355	1,381	1,407	1,389	1,377
Hudson High School						
Square feet	330,000	330,000	330,000	330,000	330,000	330,000
Capacity (students)	1,600-1,800	1,600-1,800	1,600-1,800	1,600-1,800	1,600-1,800	1,600-1,800
Enrollment	1,767	1,772	1,784	1,779	1,764	1,744

Source: District records

Notes:

Square footage and capacity excludes temporary modular classrooms.

Capacity of the buildings will change depending on the types of programs that are offered in the spaces.

Individualized and small group settings of students reduces the capacity of school buildings.

Enrollment figures are based upon the official October count. The District typically experiences an increase in students as the year progresses.

Evamere Elementary School's enrollment includes Kindergarten students attending on a half-time basis.

2000	1999	1998	1997
47,897	47,897	47,897	47,897
540-670	540-670	540-670	540-670
767	801	812	843
27,428	27,428	27,428	27,428
250-290	250-290	250-290	250-290
258	282	290	280
56,800	56,800	56,800	56,800
500-545	500-545	500-545	500-545
559	543	530	538
139,900	139,900	139,900	139,900
800-900	800-900	800-900	800-900
868	886	895	862
190,432	190,432	190,432	190,432
1,100-1,300	1,100-1,300	1,100-1,300	1,100-1,300
1,337	1,347	1,341	1,339
330,000	330,000	330,000	330,000
1,600-1,800	1,600-1,800	1,600-1,800	1,600-1,800
1,707	1,638	1,635	1,558

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities (2)		Enrollment
	Expenses (1)	Cost per pupil	Expenses (1)	Cost per pupil	
2006	\$ 63,055,450	\$ 11,653	\$ 61,486,020	\$ 11,363	5,411
2005	55,393,966	\$ 10,052	\$ 58,436,379	\$ 10,604	5,511
2004	54,143,458	\$ 9,667	\$ 56,718,612	\$ 10,127	5,601
2003	52,735,622	\$ 9,414	\$ 55,327,141	\$ 9,876	5,602
2002	48,156,342	\$ 8,613	N/A	N/A	5,591
2001	46,341,935	\$ 8,420	N/A	N/A	5,504
2000	41,884,117	\$ 7,613	N/A	N/A	5,502
1999	39,688,379	\$ 7,208	N/A	N/A	5,506
1998	35,989,526	\$ 6,605	N/A	N/A	5,449
1997	33,195,412	\$ 6,071	N/A	N/A	5,468

Source: District records

(1) Debt Service totals have been excluded.

(2) The District implemented GASB 34 in fiscal year 2003.

Percent Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
-1.81%	430	12.58	95.90%
-1.61%	436	12.64	95.80%
-0.02%	451	12.43	96.10%
0.20%	425	13.20	95.90%
1.58%	442	12.66	95.90%
0.04%	425	12.96	95.70%
-0.07%	412	13.36	95.40%
1.05%	403	13.66	95.10%
-0.35%	381	14.29	95.50%
0.10%	371	14.72	95.80%

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Mary Taylor, CPA
Auditor of State

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
MAY 10, 2007**