

Mary Taylor, CPA
Auditor of State

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3
Federal Awards Receipts and Expenditures Schedule.....	7
Notes to the Federal Awards Receipts and Expenditures Schedule	8
Schedule of Findings.....	9

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

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

Hudson City School District
Summit County
2386 Hudson - Aurora Road
Hudson, Ohio 44236-2322

To the Board of Education:

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, Summit County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 17, 2010.

We intend this report solely for the information and use of management, the audit committee, Board of Education, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 17, 2010



Mary Taylor, CPA

Auditor of State

Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Hudson City School District
Summit County
2386 Hudson - Aurora Road
Hudson, Ohio 44236-2322

To the Board of Education:

Compliance

We have audited the compliance of Hudson City School District (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 could directly and materially affect each of Hudson City School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Hudson City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 17, 2010.

Federal Awards Receipts and Expenditures Schedule

We have also 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 as of and for the year ended June 30, 2010, and have issued our report thereon dated December 17, 2010. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying Federal Awards Receipts and Expenditures Schedule provide additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole

We intend this report solely for the information and use of the audit committee, management, Board of Education others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

December 17, 2010

This page intentionally left blank.

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
Program Title						
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	N/A	10.555		\$ 64,570		\$ 64,570
Cash Assistance:						
National School Breakfast Program	N/A	10.553	\$ 1,023		\$ 1,023	
National School Lunch Program		10.555	130,972		130,972	
Total Nutrition Cluster			131,995	64,570	131,995	64,570
Total U.S. Department of Agriculture			131,995	64,570	131,995	64,570
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies Cluster:						
Title I Grants to Local Educational Agencies	102305-3M00-2009	84.010	18,323		14,275	
Title I Grants to Local Educational Agencies	102305-3M00-2010	84.010	115,167		106,881	
Total Title I Grants to Local Educational Agencies			133,490		121,156	
Special Education Cluster:						
Special Education Grants to States	102305-3M20-2009	84.027	135,188		175,893	
Special Education Grants to States	102305-3M20-2010	84.027	998,300		961,708	
Special Education Parent Mentor Grant	102305-3M20-2009	84.027	3,307		3,309	
Special Education Parent Mentor Grant	102305-3M20-2010	84.027	23,594		21,861	
ARRA - Special Education Grants to States	102305-3DJ0-2010	84.391	323,227		322,321	
Special Education Preschool Grants	102305-3C50-2009	84.173	3,441		3,500	
Special Education Preschool Grants	102305-3C50-2010	84.173	22,764		20,867	
ARRA - Special Education Preschool Grants	102305-3DL0-2010	84.392	27,767		25,606	
Total Special Education Grants to States			1,537,588		1,535,065	
Safe and Drug Free Schools and Communities State Grants	102305-3D10-2009	84.186	3,095		2,975	
Safe and Drug Free Schools and Communities State Grants	102305-3D10-2010	84.186	8,117		6,581	
Total Safe and Drug Free Schools and Communities State Grants			11,212		9,556	
Vocational Education Basic Grants to States	102305-3L90-2009	84.048	5,101		2,485	
Vocational Education Basic Grants to States	102305-3L90-2010	84.048	301,498		291,849	
Total Vocational Education Grants to States			306,599		294,334	
State Grants For Inovative Programs	102305-3M10-2009	84.298	-		463	
State Grants For Inovative Programs	102305-3M10-2010	84.298	6,032		6,032	
Total State Grants For Inovative Programs			6,032		6,495	
Educational Technology State Grants	102305-3S20-2009	84.318	248		248	
Educational Technology State Grants	102305-3S20-2010	84.318	916		916	
Total Educational Technology State Grants			1,164		1,164	
Improving Teacher Quality State Grants	102305-3Y60-2009	84.367	23,530		23,530	
Improving Teacher Quality State Grants	102305-3Y60-2010	84.367	48,332		61,237	
Total Improving Teacher Quality State Grants			71,862		84,767	
ARRA - Fiscal Stabilization Fund	102305-GRF-2010	84.394	753,994		741,286	
Jacob K. Javits Gifted and Talented Students Education Program	102305-3700-2010	84.206	1,000		704	
Total U.S. Department of Education			2,954,936		2,926,522	
Corporation for National and Community Service						
<i>Passed Through Ohio Department of Education</i>						
Learn and Service America Grant	102305-3780-2010	94.004	30,000		30,000	
Total Federal Financial Assistance			\$ 2,984,936	\$ 64,570	\$ 2,956,522	\$ 64,570

The accompanying notes are an integral part of this schedule.

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Hudson City School District (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Fiscal Stabilization Fund (ARRA) – CFDA #84.394 Special Education Cluster: Special Education Grants to State– CFDA #84.027 Special Education Grants to State (ARRA) – CFDA #84.391 Special Education Preschool Grant – CFDA #84.173 Special Education Preschool Grant (ARRA) – CFDA #84.392
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

This Page is Intentionally Left Blank.

Expect Excellence.



The Hudson school community will unite to empower our students to achieve uncharted levels of success.

HUDSON CITY SCHOOLS

Hudson, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

The Hudson City School District
Hudson, Ohio



Board of Education

Joy York, President
Steven DiMauro, Vice President
Patricia Engelman, Member
Gary Mushock, Member
David Zuro, Member

Prepared by the Office of the Treasurer

Bart Griffith, Treasurer/CFO

Hudson City School District

2386 Hudson-Aurora Road • Hudson, OH 44236

Hudson City School District LOCATOR MAP





Vision

The Hudson school community will unite to empower our students to achieve uncharted levels of success.



Mission

We provide an educational program that maximizes the intellectual, physical, social and emotional development of each child in a safe, nurturing, and diverse environment.

INTRODUCTORY SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Table of Contents.....	I 1-3
Letter of Transmittal	I 4-12
Organizational Chart.....	I 13
Certificate of Achievement for Excellence in Financial Reporting	I 14
Certificate of Excellence in Financial Reporting	I 15

II. FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT.....	F 1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	F 3-14
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	F 15
Statement of Activities	F 16-17
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	F 18
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	F 19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	F 20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F 21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	F 22
Statement of Net Assets - Proprietary Funds.....	F 23
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	F 24
Statement of Cash Flows - Proprietary Funds	F 25
Statement of Fiduciary Net Assets - Fiduciary Funds	F 26
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	F 27
Notes to the Basic Financial Statements	F 28-58

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Combining Statements - Nonmajor Funds:

Fund Descriptions.....	F 59-61
Combining Balance Sheet - Nonmajor Governmental Funds.....	F 62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	F 63
Combining Balance Sheet – Nonmajor Special Revenue Funds	F 64-67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	F 68-71
Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balance Budget and Actual - (Non-GAAP Budgetary Basis):	
Public School Support	F 72
Other Grants	F 72
Athletic and Music.....	F 72
Auxiliary Services	F 73
Management Information Systems	F 73
Data Communications	F 73
Other State Grants	F 74
Title VI-B	F 74
Education Stabilization.....	F 74
Stimulus Title IID.....	F 75
Title I.....	F 75
Title VI	F 75
Drug-Free Grant	F 76
EHA Preschool Grant.....	F 76
Classroom Reduction.....	F 76
Other Federal Grants	F 77
Food Service.....	F 77
Uniform School Supplies	F 77
Other Special Revenue	F 78
Debt Service	F 78
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	F 79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	F 80
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - (Non-GAAP Budgetary Basis):	
Building.....	F 81
Permanent Improvement.....	F 81
Community Education.....	F 82
Self-Insurance.....	F 82
Scholarship	F 82
Combining Statements – All Agency Funds:	
Combining Statement of Changes in Assets and Liabilities Agency Funds.....	F 83

II. STATISTICAL SECTION

Table of Contents	S 1
Net Assets by Component - Last Eight Fiscal Years	S 2-3
Changes in Net Assets - Last Eight Fiscal Years	S 4-9

II. STATISTICAL SECTION – (Continued)

Fund Balances, Governmental Funds - Last Ten Fiscal Years	S 10-11
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	S 12-13
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years.....	S 14-15
Direct and Overlapping Property Tax Rates – Last Ten Years	S 16
Principal Property Tax Payers – December 31, 2009 and December 31, 2000	S 17
Property Tax Levies and Collections - Last Ten Fiscal Years	S 18-19
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	S 20
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	S 21
Direct and Overlapping Governmental Activities Debt - As of June 30, 2010	S 22
Legal Debt Margin Information - Last Ten Fiscal Years	S 23
Demographic and Economic Statistics - Last Ten Fiscal Years.....	S 24
Principal Employers - December 31, 2009 and December 31, 2006.....	S 25
Staffing Statistics - Full Time Equivalents (FTE) by Type and Function - Last Ten Fiscal Years	S 26
Operating Indicators by Function - Last Ten Fiscal Years	S 27
Capital Asset Statistics - Last Eight Fiscal Years	S 28-29
School Building Information - Last Ten Fiscal Years	S 30-31
Teacher Statistics - As of June 30, 2010	S 32
Operating Statistics - Last Ten Fiscal Years	S 33-34

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

BOARD OF EDUCATION:

Joy York, President
Steven DiMauro, Vice-President
Patricia Engelman
Gary Mushock
David Zuro

(Local) 330-653-1270

FAX: 330-656-2292

ADMINISTRATORS:

Steven Farnsworth, Superintendent
Bart Griffith, Treasurer

December 17, 2010

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, 2010. 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.

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, Le Chaperon Rouge, 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 31 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 had recorded more than 19 consecutive years of increasing enrollment until fiscal year 2000 when enrollment slowed. The District’s enrollment for fiscal year-end June 30, 2010, was 4,972 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 unemployment rate was 10.5 percent in June 2010, and the nation’s unemployment rate for June 2010 was 9.5 percent. Additionally, June 2010 employment in the Akron Metropolitan Statistical Area was 345,337. Specific employment figures for the Hudson City School District are not available. (Labor Force Estimates, June 2010, Ohio Bureau of Labor Statistics.)

Hudson is the headquarters for companies such as JoAnn Stores, Inc. (retail) and Windstream Company (telecommunications). 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 2007 median Ohio adjusted gross income per tax return for Hudson City School District residents was \$65,666. That ranks our District 4th in the State of Ohio. The 2007 average Federal adjusted gross income per tax return for Hudson City School District residents was \$169,083. Our District ranks 5th 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 27.6 percent in the last ten years. The increased value in the tax duplicate is attributed to new construction (14.12 percent) and the balance (13.48 percent) to revisions in property values made by the County Fiscal Officer over the most recent ten-year period.

The District has an excellent relationship with the City of Hudson, which assures that commercial development projects selected by the City are also highly desirable for the District. When the City of Hudson uses an inducement to attract a business, the City seeks the input of the School District to see the impact an abatement would cause. The District will continue to work with the City of Hudson to attract desirable development to the community.

Long-Term Financial Planning

The District prepares a five-year financial forecast annually for use as a tool for long range planning. The five-year forecast contains projected local and state revenues, spending patterns within each area of the budget, and cash balances in the District’s operating fund. The five-year forecast provides early warning signs of potential financial problems.

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Specific examples of recent decisions resulting from long range planning are the construction of the building additions and the energy conservation improvements that did not require any additional millage and adding new programs and staffing as enrollment and the economy allow.



INTRODUCTION

Organization Of The District

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

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

Principal Officials

BOARD MEMBERS – as of 6-30-10

<u>Name</u>	<u>Began</u>	<u>Expires</u>	<u>Profession</u>
Steven DiMauro Vice-President	01-01-10	12-31-13	Industry Solutions Executive IBM
Patricia Engelman	01-01-10	12-31-13	Retired Financial Executive
Gary Mushock	01-01-08	12-31-11	Project Manager
Joy York President	01-01-08	12-31-11	Management Professional
David Zuro	01-01-10	12-31-13	Retired Telecommunications Manager

ADMINISTRATION – as of 6-30-10

<u>Name</u>	<u>Position</u>
Steven Farnsworth	Superintendent
Bart Griffith	Treasurer
Phillip Herman	Assistant Superintendent
Kelly Kempf	Director of Pupil Services
Mark Leventhal	Supervisor of Special Services
Doreen Osmun	Director of Curriculum & Instruction
Derek Cluse	Business Manager

Employee Relations

The District currently has approximately 644 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 fiscal year 2010, the District's fleet of 48 buses traveled 3,500 miles each day providing transportation services to 3,235 public and 367 private and parochial students. The Food Service Department served an average of 3,000 meals daily for a total of 540,000 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 14 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 873 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 2010

District Recognitions

US Department of Education Blue Ribbon Award: Hudson High School (a five year distinction)

Ohio Department of Education Local Report Card: Excellent

Ohio Department of Education Local Report Card: Hudson Middle School Rating was Highest Possible: Excellent with Distinction

Professional Learning Community Concept fully implemented preschool through grade 12

Entrepreneurial Projects funded by the Burton D. Morgan Foundation

Mental Health Training funded by the Margaret Clark Morgan Foundation

Language Arts Curricular Initiatives

- Linda Hoyt – Nonfiction writing at grades 4 and 5
Four days with teachers – on-going project
- Content Area Reading Strategies – Dr. Mark Forget – two days with teachers new to grades 6-8
- Implementation of common short cycle assessments grades K-12 based on critical standards
- Elevating Writing Project at high school and grades 4 and 5
- Professional development on Value-Added data
- Analysis of OAT/OGT achievement data
- Ohio Improvement Process – development of reading goal – survey of staff
- Implementation of Reading Strategy of the Week for grades 4 and 5
- Parent Literacy Nights
- Graduate Course – Master Teacher
- Further refinement of the standards-based report card K-5
- Additional DRA resources created for teachers
- Revised District Writing Assessments Rubrics grades K-5

Mathematics Curricular Initiatives

- Common assessments written
- Revision for standards based report cards
- New text book adoption process continued at the high school
- Implementation of mathematics electives at the high school



- Accelerated Geometry for high school honors credit offered at middle school
- Parent math nights
- Professional development for new materials
- Peer tutoring at East Woods and middle school
- Analysis of OAT information to inform instruction
- Review of course offerings and options for high school students

Social Studies Curricular Initiatives

- Common pacing and assessments for high school courses
- New high school course: AP Psychology
- Analyzing OAT data to inform instruction
- Refinement of fifth grade assessments
- Entrepreneurship Conference
- Review of course sequence at the high school
- Integration of Financial Literacy
- Adoption of new text for grade 8
- Adoption of US History text – grade 9

Science Curricular Initiatives

- Providing on-site environmental and diverse learning facility and nature preserves
- Implementation and action steps for US EPA 319 Stream Restoration Grant
- High School Course Alignment for Common Core
- Summer Science Internship established for high school credit.
- Community Science mentor programs.
- Middle School Science Fairs
- Outdoor land lab lessons developed for Reinhart Land Lab
- 1st and 7th grade field trips to CVEEC
- Partnering with Eagle Scout projects with school's existing land labs
- Grades 1-3 integration of outdoor education lessons into the science curriculum
- Assessments written for new courses and units of study
- Updated science technology in high school labs.

K-12 Technology/Media Initiatives

- Provide web page development in-services for elementary teachers
- Coordinate budget for SchoolNet funds and District technology funds.
- Phased in implementation of 6 year replacement cycle for desktop computers and 4 year replacement cycle of laptops, with purchase of many
- HS science laptops purchased (6 per classroom)
- Facilitated on line forms for parents and staff
- Supported e-Flyers program for district
- Continued phasing in video projection units while phasing out TVs
- Conducted data pilots prior to purchasing classroom technology
- Continuation of phasing in document cameras while phasing out overhead projectors
- Provided staff development for video projection units
- Integrated the use of document cameras into daily classroom instruction
- Integrated use of student response systems into classroom instruction.
- Look for/submit further grants for the District
- Increased curricular/academic presence on web
- Continue to work with instructional staff and offer technology professional development during PLC time.
- Create parent and teacher pathfinders for internet safety issues
- Create teacher pathfinders for copyright guidelines
- Provide training for new staff to implement technical units.



- Increased use of Web 2.0 tools (blogs, wikis, podcasting) via pathfinders, before and after school inservice programs and graduate classes.
- Spring Book Fairs held at our schools
- Participated in Parent Literacy Night at all elementary schools

Special Education Initiatives

- Professional Development with Special Education staff will focus on research based practices.
- Crisis Prevention Intervention training for appropriate staff members.
- Graduate course in the area of autism.
- Legal issues update for all District administrators.
- Mental Health Training for all staff members.
- Instructional Aide in-service opportunities continue book study.
- Instructional Aide in-service with all District aides
- Implement and evaluate new K-2 Autism program, expanded development of Autism Program for students in grades 3-5.
- Continued training of Intervention Specialist who supports students with Emotional Disturbance including School Psychologist completing FBAs.
- Implement new Pre-algebra and Algebra textbooks for grades 8, 9 & 10.
- Revised ESY service delivery program.
- Evaluate nursing and health services.
- Participate in OCALI training.
- Continued implementation of Adaptive PE program.
- Train staff on new federal regulations regarding 504 plans for students.
- Support Office of Curriculum and Instruction in the development and implementation of RTI across all buildings.

Gifted and Talented

- Offered graduate class, “Aspects of Gifted Education”
- Participation by all district Gifted Intervention Specialists in their building Professional Learning Communities.
- Two evening parent meetings facilitated by members of our department
- Focus group conducted to study best practices and make recommendations for gifted programming.
- Restructured Gifted program. Students who qualify receive direct service from a Gifted Intervention Specialist.
- Gifted consultation for teachers in grades K-2.
- Grade and single-subject accelerations resulted from many hours of teamwork (teachers, parents, administrators, GISs) and IAT meetings.
- Implementation of literary magazine at the middle school.

General Information

- Implementation of Credit Flex procedures for students who are eligible for high school credit.
- District wide Response to Intervention initiated.
- On-line learning for students who need an alternative pathway to earn credits.
- Summer school offerings expanded to include on-line course work.
- 3rd grade after school reading intervention program implemented.

Financial Reporting

For the fiscal year ended June 30, 2010, 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.



INTRODUCTION

- *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 2010. 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.

Cash Management

The Board of Education has a fiscally responsible cash management program which consists of expediting the receipt of revenues and prudently depositing cash that is insured by the Federal Deposit Insurance Corporation as well as investing available cash in instruments issued by the United States Government, STAR Ohio, repurchase agreements and other investments allowed by State law and the District's Board approved investment policy. The District maintains depository relationships with several banking institutions in order to provide for competitive treasury management and investment options as well as to contain the cost of services.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets or individual surety bonds. Per Ohio law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, hold collateral for public deposits.

Risk Management

A blanket bond covers all employees of the District while certain positions in decision/policy making roles are covered by separate, higher bond coverage.

The District maintains general liability coverage of \$1,000,000 per occurrence, an aggregate of \$2,000,000 and an umbrella of \$10,000,000. The District also has insurance contracts for its buildings and contents, vehicles and crime protection. The District also contracts with private firms to assist in the management of its workers' compensation program.

Independent Audit

State statutes require an annual audit by independent accountants. The Ohio Auditor of State conducted the District's 2010 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, 2009. This was the eleventh 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, 2009. This was the eleventh 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, 2010, which will be submitted to ASBO for review, will continue to conform to ASBO's principles and standards.

Acknowledgments

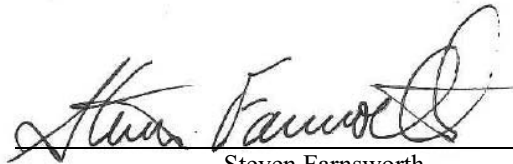
The continued publication of this report is an indication of the District's commitment to be accountable to our investors, the residents of the Hudson City School District, and to our customers, the students.

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. Derek Cluse, Business Manager, for working so diligently to maintain the District's Capital Asset Records, to Ms. Doreen Osmun, Director of Curriculum & Instruction, for her contributions to the Curricular Initiatives section, 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,



Bart Griffith
Treasurer

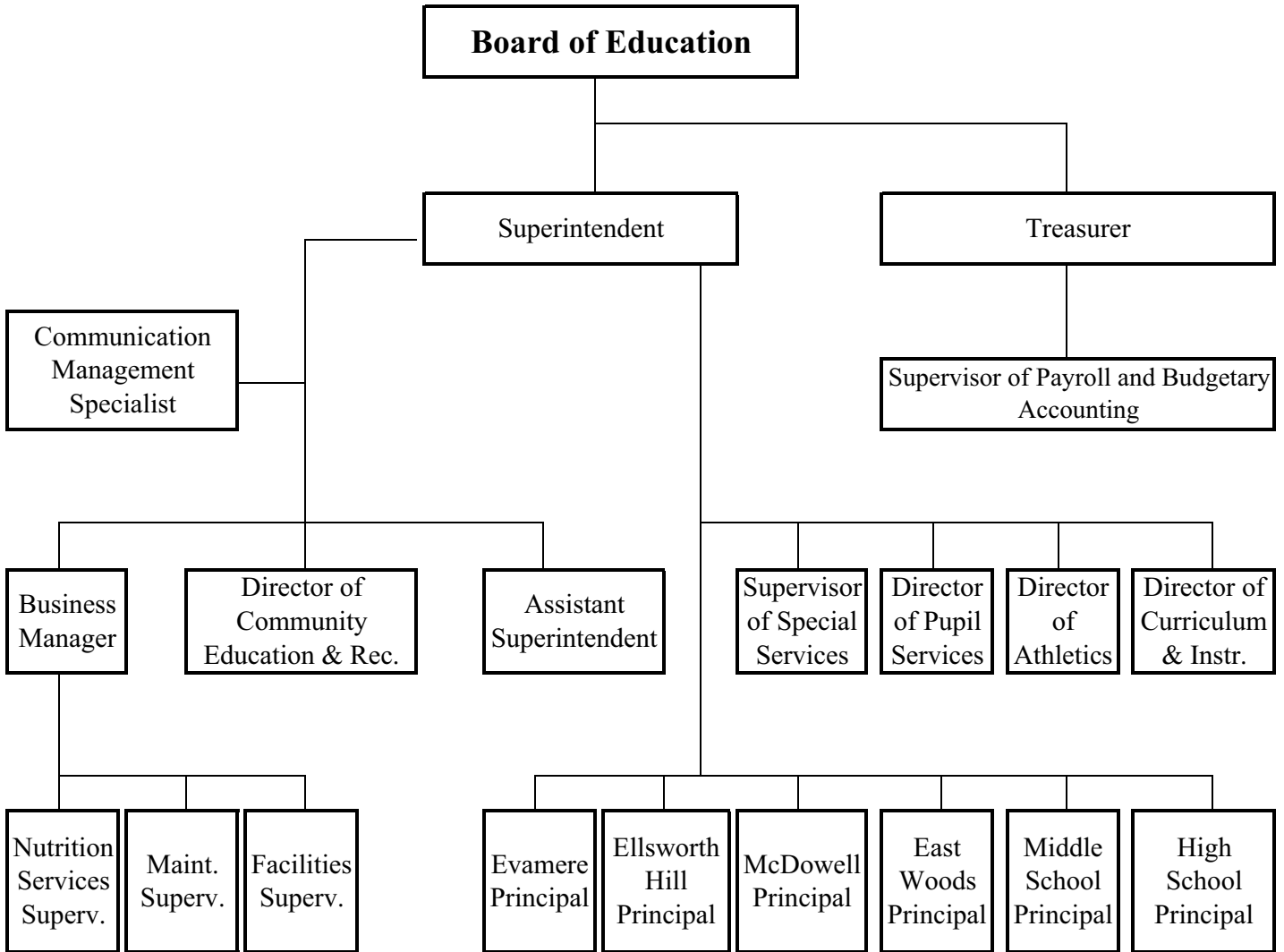


Steven Farnsworth
Superintendent



**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, 2009

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.



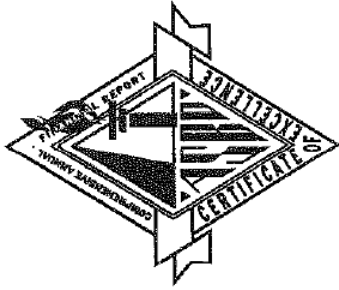
A stylized handwritten signature in black ink.

President

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

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, 2009

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

Evin Green

President

John D. Mueser

Executive Director

FINANCIAL SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hudson City School District
Summit County
2386 Hudson - Aurora Road
Hudson, Ohio 44236-2322

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2010, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Mary Taylor, CPA
Auditor of State

December 17, 2010

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The management's 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, 2010. 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 2010 are as follows:

- In total, net assets decreased \$3,465,585. Net assets of governmental activities decreased \$3,478,911, which represents a 9.18% decrease from 2009. Net assets of business-type activities increased \$13,326 or 3.46% from 2009.
- General revenues, related to governmental activities, accounted for \$61,734,292 in revenue or 88.88% of all revenues. Program specific revenues, related to governmental activities, in the form of charges for services and sales, and grants and contributions accounted for \$7,723,971 or 11.12% of total revenues of \$69,458,263.
- The District had \$72,937,174 in expenses related to governmental activities; only \$7,723,971 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 \$61,734,292 were not adequate to provide for these programs.
- The District had \$1,183,200 in expenses related to business-type activities; program specific revenues in the form of charges for services of \$1,196,526 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$56,255,585 in revenues and \$61,171,228 in expenditures and other financing uses. The general fund's fund balance decreased \$4,915,643 from \$13,020,460 to \$8,104,817.

Using the Comprehensive Annual Financial Report (CAFR)

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 2010?" 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 15 - F 17 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 fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages F 18 - F 22 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 23 - F 25 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 26 - F 27. 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 28 - F 58 of this report.

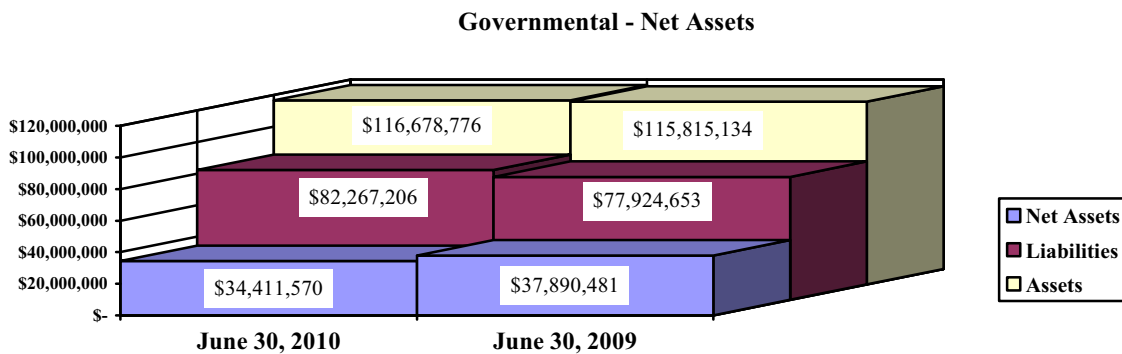
**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The District as a Whole

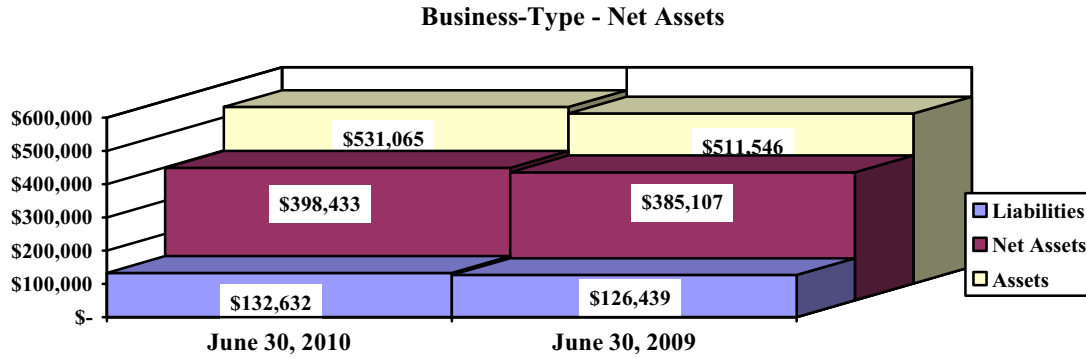
The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2010 and 2009.

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$ 66,144,344	\$ 65,334,269	\$ 531,065	\$ 511,546	\$ 66,675,409	\$ 65,845,815
Capital assets	<u>50,534,432</u>	<u>50,480,865</u>	<u>-</u>	<u>-</u>	<u>50,534,432</u>	<u>50,480,865</u>
Total assets	<u>116,678,776</u>	<u>115,815,134</u>	<u>531,065</u>	<u>511,546</u>	<u>117,209,841</u>	<u>116,326,680</u>
Liabilities						
Current liabilities	45,294,213	44,184,593	114,832	114,189	45,409,045	44,298,782
Long-term liabilities	<u>36,972,993</u>	<u>33,740,060</u>	<u>17,800</u>	<u>12,250</u>	<u>36,990,793</u>	<u>33,752,310</u>
Total liabilities	<u>82,267,206</u>	<u>77,924,653</u>	<u>132,632</u>	<u>126,439</u>	<u>82,399,838</u>	<u>78,051,092</u>
Net Assets						
Invested in capital assets, net of related debt	19,493,702	22,949,265	-	-	19,493,702	22,949,265
Restricted	7,185,275	5,049,911	-	-	7,185,275	5,049,911
Unrestricted	<u>7,732,593</u>	<u>9,891,305</u>	<u>398,433</u>	<u>385,107</u>	<u>8,131,026</u>	<u>10,276,412</u>
Total net assets	<u>\$ 34,411,570</u>	<u>\$ 37,890,481</u>	<u>\$ 398,433</u>	<u>\$ 385,107</u>	<u>\$ 34,810,003</u>	<u>\$ 38,275,588</u>



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010



The table below shows the changes in net assets for fiscal years 2010 and 2009. Payments in lieu of taxes revenues for 2009 have been reclassified from general grants and entitlements to conform to 2010 presentation.

Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services and sales	\$ 2,704,756	\$ 2,877,742	\$ 1,196,526	\$ 1,277,903	\$ 3,901,282	\$ 4,155,645
Operating grants and contributions	4,964,385	4,504,627	-	-	4,964,385	4,504,627
Capital grants and contributions	54,830	115,953	-	-	54,830	115,953
General revenues:						
Property taxes	39,997,078	43,735,379	-	-	39,997,078	43,735,379
Payments in lieu of taxes	314,000	267,000	-	-	314,000	267,000
Grants and entitlements	21,020,826	18,654,561	-	-	21,020,826	18,654,561
Investment earnings	303,682	719,784	-	-	303,682	719,784
Miscellaneous	98,706	112,913	-	-	98,706	112,913
Total revenues	69,458,263	70,987,959	1,196,526	1,277,903	70,654,789	72,265,862

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Expenses						
Program expenses:						
Instruction:						
Regular	31,363,765	29,945,058	-	-	31,363,765	29,945,058
Special	6,853,151	6,271,075	-	-	6,853,151	6,271,075
Vocational	419,385	385,778	-	-	419,385	385,778
Other	1,026,976	968,677	-	-	1,026,976	968,677
Support services:						
Pupil	4,796,386	4,560,753	-	-	4,796,386	4,560,753
Instructional staff	5,483,143	4,678,235	-	-	5,483,143	4,678,235
Board of education	37,223	43,359	-	-	37,223	43,359
Administration	4,611,017	4,224,167	-	-	4,611,017	4,224,167
Fiscal	1,662,591	1,778,315	-	-	1,662,591	1,778,315
Business	606,119	550,168	-	-	606,119	550,168
Operations and maintenance	6,242,385	5,485,131	-	-	6,242,385	5,485,131
Pupil transportation	4,306,932	3,392,304	-	-	4,306,932	3,392,304
Central	533,722	439,019	-	-	533,722	439,019
Operation of non-instructional services:						
Food service	1,790,492	1,733,192	-	-	1,790,492	1,733,192
Other non-instructional services	53,654	39,054	-	-	53,654	39,054
Extracurricular activities	1,381,672	1,350,043	-	-	1,381,672	1,350,043
Interest and fiscal charges	1,768,561	1,926,040	-	-	1,768,561	1,926,040
Community education	-	-	1,183,200	1,217,535	1,183,200	1,217,535
Total expenses	<u>72,937,174</u>	<u>67,770,368</u>	<u>1,183,200</u>	<u>1,217,535</u>	<u>74,120,374</u>	<u>68,987,903</u>
Changes in net assets	(3,478,911)	3,217,591	13,326	60,368	(3,465,585)	3,277,959
Net assets at beginning of year	<u>37,890,481</u>	<u>34,672,890</u>	<u>385,107</u>	<u>324,739</u>	<u>38,275,588</u>	<u>34,997,629</u>
Net assets at end of year	<u>\$ 34,411,570</u>	<u>\$ 37,890,481</u>	<u>\$ 398,433</u>	<u>\$ 385,107</u>	<u>\$ 34,810,003</u>	<u>\$ 38,275,588</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$3,478,911. Program revenues supported 10.59% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 87.85% of total governmental revenue. Property taxes and payments in lieu of taxes support 55.27% of total expenses while grants and entitlements supported 28.82% of total expenses. Between these two revenue items, 84.09% of total governmental expenses were funded.

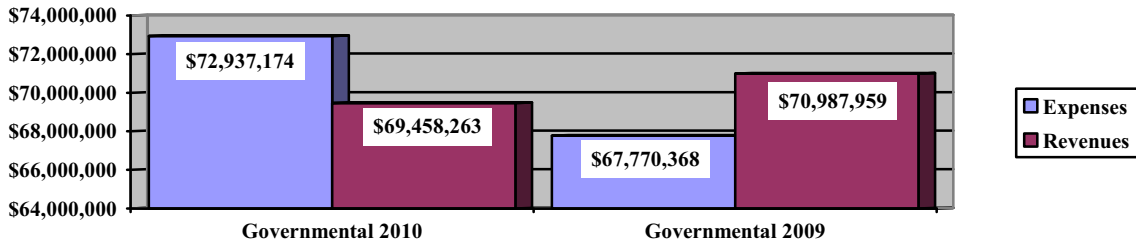
The largest expense of the District is for instructional programs. Instruction expenses totaled \$39,663,277 or 54.38% of total governmental expenses for fiscal year 2010.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2010 and 2009.

Governmental Activities - Revenues and Expenses



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 2010 and 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

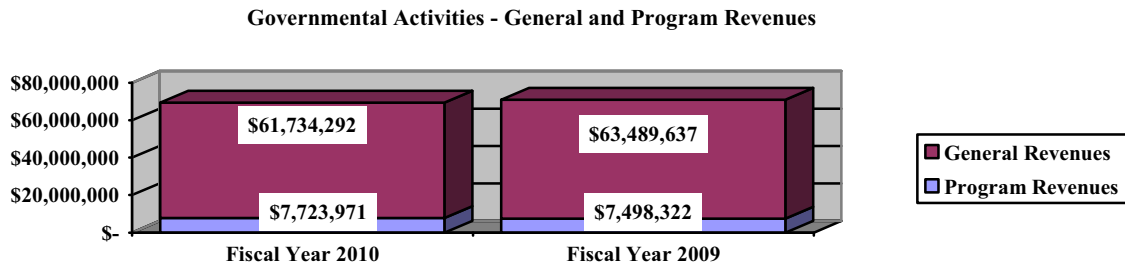
	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>
Program expenses:				
Instruction:				
Regular	\$ 31,363,765	\$ 29,278,816	\$ 29,945,058	\$ 28,006,601
Special	6,853,151	6,279,264	6,271,075	4,960,243
Vocational	419,385	388,597	385,778	355,191
Other	1,026,976	1,000,077	968,677	950,677
Support services:				
Pupil	4,796,386	3,611,932	4,560,753	3,471,802
Instructional staff	5,483,143	4,997,821	4,678,235	4,373,269
Board of education	37,223	37,223	43,359	43,359
Administration	4,611,017	4,157,569	4,224,167	3,825,711
Fiscal	1,662,591	1,662,591	1,778,315	1,778,315
Business	606,119	561,726	550,168	549,041
Operations and maintenance	6,242,385	5,780,630	5,485,131	5,469,131
Pupil transportation	4,306,932	4,208,885	3,392,304	3,267,099
Central	533,722	524,724	439,019	424,140
Operation of non-instructional services				
Food service operations	1,790,492	112,360	1,733,192	51,415
Other non-instructional services	53,654	(5,602)	39,054	(4,639)
Extracurricular activities	1,381,672	848,029	1,350,043	824,651
Interest and fiscal charges	1,768,561	1,768,561	1,926,040	1,926,040
Total expenses	\$ 72,937,174	\$ 65,213,203	\$ 67,770,368	\$ 60,272,046

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The dependence upon tax revenues during fiscal year 2010 for governmental activities is apparent, as 93.15% of 2010 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 89.41% in 2010. The District's taxpayers and unrestricted grants and entitlements from the State, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2010 and 2009.



Business-Type Activities

Business-type activities include community education and recreation operations. These programs had revenues of \$1,196,526 and expenses of \$1,183,200 for fiscal year 2010. This resulted in an increase to net assets for the fiscal year of \$13,326. 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 18) reported a combined fund balance of \$15,441,500, which is below last year's total of \$16,972,698. Although total revenues, including other financing sources, increased slightly, expenditures increased by an even greater amount. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance <u>June 30, 2010</u>	Fund Balance <u>June 30, 2009</u>	<u>Increase</u>
General	\$ 8,104,817	\$ 13,020,460	\$ (4,915,643)
Other Governmental	<u>7,336,683</u>	<u>3,952,238</u>	<u>3,384,445</u>
Total	<u>\$ 15,441,500</u>	<u>\$ 16,972,698</u>	<u>\$ (1,531,198)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

General Fund

The District's general fund balance decreased \$4,915,643. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 6.00% of total general fund expenditures, while total fund balance represents 13.26% of that same amount. The table that follows assists in illustrating the financial activities and fund balance of the general fund. Payments in lieu of taxes for 2009 have been reclassified from Intergovernmental revenues to conform to 2010 presentation.

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Taxes	\$ 35,720,224	\$ 38,130,795	(6.32) %
Payments in lieu of taxes	314,000	267,000	17.60 %
Tuition	125,137	122,188	2.41 %
Interest earnings	316,452	578,628	(45.31) %
Intergovernmental	19,410,178	19,324,713	0.44 %
Other revenues	<u>369,594</u>	<u>383,040</u>	(3.51) %
Total	<u>\$ 56,255,585</u>	<u>\$ 58,806,364</u>	(4.34) %

Tax revenue decreased \$2,410,571 or 6.32% from the prior year. This is attributable to a decrease in the amount of tax advance that was available to the District from the County Fiscal Officer at June 30, 2010 versus June 30, 2009, as well as a higher percentage of delinquent taxes. The other main area of decreased revenues for the District is interest earnings. This is primarily due to decreases in interest rates by the Federal Reserve Bank throughout the year.

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

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
<u>Expenditures</u>			
Instruction	\$ 35,580,565	\$ 34,495,823	3.14 %
Support services	24,575,642	22,778,629	7.89 %
Extracurricular activities	930,359	909,542	2.29 %
Debt service	<u>47,162</u>	-	100.00 %
Total	<u>\$ 61,133,728</u>	<u>\$ 58,183,994</u>	5.07 %

The overall increase in general fund expenditures is primarily the cause of standard wages and benefits increases, as well as increased accruals for payables and compensated absences. The debt service expenditures in fiscal year 2010 were related to payments on the District's Energy Conservation Bonds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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.

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 2010, 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, the actual and final budgeted revenues and other financing sources were \$56,550,194, which is less than the original budget estimates of \$57,409,669.

General fund original appropriations (expenditures and other financing uses) of \$63,021,384 were decreased slightly to \$63,020,885 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$62,134,997, which was \$885,888 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the District had \$50,534,432 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2010 balances compared to 2009:

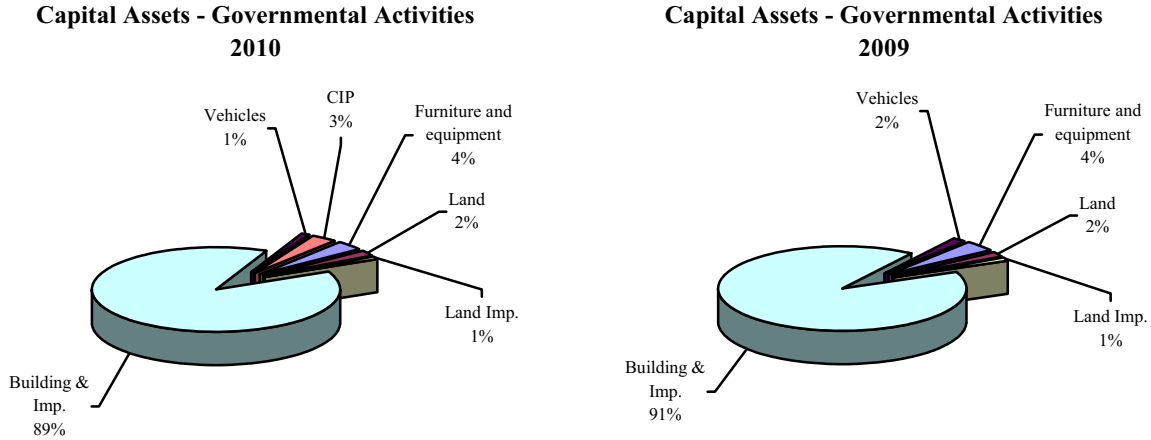
Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2010</u>	<u>2009</u>
Land	\$ 1,032,204	\$ 1,032,204
Construction in progress	1,614,430	-
Land improvements	654,617	728,050
Building and improvements	44,641,696	45,883,889
Furniture and equipment	1,892,296	2,033,947
Vehicles	699,189	802,775
	<u>699,189</u>	<u>802,775</u>
Total	<u>\$ 50,534,432</u>	<u>\$ 50,480,865</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The increase from 2009 to 2010 was a result of capital outlays of \$1,713,636 exceeding depreciation expense and disposals, net of accumulated depreciation, of \$1,660,069 in fiscal year 2010. Construction in progress at June 30, 2010 is comprised of various renovations for the District's energy conservation project.

The following graphs show the breakdown of governmental activities capital assets by category for 2010 and 2009.



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

Debt Administration

At June 30, 2010, the District had \$34,132,585 in general obligation bonds and certificates of participation outstanding. Of this total, \$2,666,587 is due within one year and \$31,465,998 is due in greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
Series 1993, Improvement	\$ 2,002,330	\$ 3,780,079
Series 2003, Refunding	7,275,998	7,265,295
Energy Conservation	2,440,000	-
Qualified School Construction	2,274,257	-
Certificates of Participation	<u>20,140,000</u>	<u>20,315,000</u>
Total	<u>\$ 34,132,585</u>	<u>\$ 31,360,374</u>

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, 2010**

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 \$12,784,635 at June 30, 2010. Fiscal year-end general fund cash balances were \$16,864,531, \$17,888,470, \$15,967,803, and \$11,820,804 at June 30 in fiscal years 2009, 2008, 2007 and 2006, 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 2010 to offset an anticipated deficit in 2012. 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 the District. House Bill 66 introduced a phase-out of the tangible personal property tax the schools used to receive. The District is partially reimbursed for the lost tax revenues; however, this reimbursement from the State is being phased out so that by 2014 the District will lose approximately four million dollars. The District will either have to cut programs or ask our taxpayers to pass a levy to replace that amount. 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 new housing developments are under construction or contemplated 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. Additional enrollment and/or identification of handicapped students could put additional pressure on facilities and resources. Each of these factors will have a profound impact on the operations of the District.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Bart Griffith, Treasurer, Hudson City School District, 2386 Hudson-Aurora Road, Hudson, Ohio 44236 or by calling (330) 653-1270.

BASIC
FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and investments.	\$ 20,488,246	\$ 531,065	\$ 21,019,311
Cash with fiscal agent	2,305,287	-	2,305,287
Receivables:			
Taxes	42,082,468	-	42,082,468
Payments in lieu of taxes	157,000	-	157,000
Intergovernmental.	578,325	-	578,325
Accrued interest.	53,872	-	53,872
Materials and supplies inventory.	4,194	-	4,194
Inventory held for resale.	43,195	-	43,195
Unamortized bond issue costs	431,757	-	431,757
Capital assets:			
Land and construction in progress	2,646,634	-	2,646,634
Depreciable capital assets, net	47,887,798	-	47,887,798
Capital assets, net	50,534,432	-	50,534,432
Total assets.	116,678,776	531,065	117,209,841
Liabilities:			
Accounts payable.	248,575	37,973	286,548
Accrued wages and benefits	6,105,320	35,239	6,140,559
Pension obligation payable.	1,488,751	39,064	1,527,815
Intergovernmental payable	288,973	2,556	291,529
Unearned revenue	36,146,443	-	36,146,443
Accrued interest payable	121,206	-	121,206
Claims payable.	894,945	-	894,945
Long-term liabilities:			
Due within one year.	3,151,746	15,472	3,167,218
Due in more than one year	33,821,247	2,328	33,823,575
Total liabilities	82,267,206	132,632	82,399,838
Net assets:			
Invested in capital assets, net of related debt.	19,493,702	-	19,493,702
Restricted for:			
Capital projects	2,312,526	-	2,312,526
Debt service.	3,713,389	-	3,713,389
Locally funded programs	32,716	-	32,716
State funded programs.	103,930	-	103,930
Federally funded programs	434,543	-	434,543
Student activities	120,194	-	120,194
Other purposes	467,977	-	467,977
Unrestricted.	7,732,593	398,433	8,131,026
Total net assets	\$ 34,411,570	\$ 398,433	\$ 34,810,003

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, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Instruction:				
Regular	\$ 31,363,765	\$ 439,433	\$ 1,590,686	\$ 54,830
Special	6,853,151	-	573,887	-
Vocational	419,385	-	30,788	-
Other	1,026,976	-	26,899	-
Support services:				
Pupil.	4,796,386	253,198	931,256	-
Instructional staff	5,483,143	7,163	478,159	-
Board of education	37,223	-	-	-
Administration.	4,611,017	4,923	448,525	-
Fiscal.	1,662,591	-	-	-
Business.	606,119	-	44,393	-
Operations and maintenance	6,242,385	7,528	454,227	-
Pupil transportation.	4,306,932	30,710	67,337	-
Central	533,722	-	8,998	-
Operation of non-instructional services:				
Food service operations	1,790,492	1,471,478	206,654	-
Other non-instructional services	53,654	7,611	51,645	-
Extracurricular activities.	1,381,672	482,712	50,931	-
Interest and fiscal charges	1,768,561	-	-	-
Total governmental activities	<u>72,937,174</u>	<u>2,704,756</u>	<u>4,964,385</u>	<u>54,830</u>
Business-type activities:				
Community education	<u>1,183,200</u>	<u>1,196,526</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>1,183,200</u>	<u>1,196,526</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 74,120,374</u>	<u>\$ 3,901,282</u>	<u>\$ 4,964,385</u>	<u>\$ 54,830</u>

General revenues:

Property taxes levied for:

General purposes

Debt service.

Capital outlay.

Payments in lieu of taxes

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**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (29,278,816)	\$ -	\$ (29,278,816)
(6,279,264)	-	(6,279,264)
(388,597)	-	(388,597)
(1,000,077)	-	(1,000,077)
(3,611,932)	-	(3,611,932)
(4,997,821)	-	(4,997,821)
(37,223)	-	(37,223)
(4,157,569)	-	(4,157,569)
(1,662,591)	-	(1,662,591)
(561,726)	-	(561,726)
(5,780,630)	-	(5,780,630)
(4,208,885)	-	(4,208,885)
(524,724)	-	(524,724)
(112,360)	-	(112,360)
5,602	-	5,602
(848,029)	-	(848,029)
(1,768,561)	-	(1,768,561)
(65,213,203)	-	(65,213,203)
-	13,326	13,326
-	13,326	13,326
(65,213,203)	13,326	(65,199,877)
36,458,638	-	36,458,638
2,257,774	-	2,257,774
1,280,666	-	1,280,666
314,000	-	314,000
21,020,826	-	21,020,826
303,682	-	303,682
98,706	-	98,706
61,734,292	-	61,734,292
(3,478,911)	13,326	(3,465,585)
37,890,481	385,107	38,275,588
\$ 34,411,570	\$ 398,433	\$ 34,810,003

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 12,784,635	\$ 4,988,869	\$ 17,773,504
Cash with fiscal agent	-	2,305,287	2,305,287
Receivables:			
Taxes	38,429,957	3,652,511	42,082,468
Payments in lieu of taxes	157,000	-	157,000
Intergovernmental	-	578,325	578,325
Accrued interest	53,872	-	53,872
Due from other funds	4,046	-	4,046
Materials and supplies inventory	-	4,194	4,194
Inventory held for resale	-	43,195	43,195
Total assets	\$ 51,429,510	\$ 11,572,381	\$ 63,001,891
Liabilities:			
Accounts payable	\$ 213,150	\$ 35,395	\$ 248,545
Accrued wages and benefits	5,832,465	272,855	6,105,320
Compensated absences payable	333,478	1,349	334,827
Pension obligation payable	1,370,254	118,497	1,488,751
Intergovernmental payable	277,695	11,002	288,697
Due to other funds	-	4,046	4,046
Unearned revenue	32,978,206	3,168,237	36,146,443
Deferred revenue	2,319,445	624,317	2,943,762
Total liabilities	43,324,693	4,235,698	47,560,391
Fund balances:			
Reserved for encumbrances	1,099,735	1,413,164	2,512,899
Reserved for supplies inventory	-	47,389	47,389
Reserved for debt service	-	3,516,563	3,516,563
Reserved for tax revenue unavailable for appropriation	3,337,714	328,128	3,665,842
Unreserved, undesignated, reported in:			
General fund	3,667,368	-	3,667,368
Special revenue funds	-	612,247	612,247
Capital projects funds	-	1,419,192	1,419,192
Total fund balances	8,104,817	7,336,683	15,441,500
Total liabilities and fund balances	\$ 51,429,510	\$ 11,572,381	\$ 63,001,891

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, 2010

Total governmental fund balances		\$	15,441,500
<i>Amounts reported for governmental activities on 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.			50,534,432
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	2,432,538	
Accrued interest receivable		48,408	
Intergovernmental receivable		462,816	
Total			2,943,762
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.			1,819,491
Unamortized premiums on bond issuance are not recognized in the funds.			(52,740)
Unamortized bond issuance costs are not recognized in the funds.			431,757
Accrued interest payable on long-term debt is not due and payable within the current period and is therefore not reported in the funds.			(121,206)
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		(13,992,585)	
Certificates of participation		(20,140,000)	
Compensated absences		(2,452,841)	
Total			(36,585,426)
Net assets of governmental activities		\$	34,411,570

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, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 35,720,224	\$ 3,484,493	\$ 39,204,717
Payments in lieu of taxes	314,000	-	314,000
Tuition	125,137	-	125,137
Transportation fees	30,710	-	30,710
Earnings on investments	316,452	67,966	384,418
Charges for services	-	1,476,715	1,476,715
Extracurricular	189,283	576,440	765,723
Classroom materials and fees	43,432	246,094	289,526
Other local revenues	106,169	236,497	342,666
Intergovernmental - Intermediate	-	1,187,368	1,187,368
Intergovernmental - State	19,410,178	2,107,518	21,517,696
Intergovernmental - Federal	-	2,732,027	2,732,027
Total revenue	<u>56,255,585</u>	<u>12,115,118</u>	<u>68,370,703</u>
Expenditures:			
Current:			
Instruction:			
Regular	27,916,341	2,148,665	30,065,006
Special	6,262,991	485,330	6,748,321
Vocational	405,644	-	405,644
Other	995,589	28,698	1,024,287
Support services:			
Pupil	3,653,302	1,085,834	4,739,136
Instructional staff	4,942,053	412,521	5,354,574
Board of education	37,223	-	37,223
Administration	4,163,828	404,107	4,567,935
Fiscal	1,554,882	107,506	1,662,388
Business	572,032	43,645	615,677
Operations and maintenance	4,951,694	446,571	5,398,265
Pupil transportation	4,181,468	232	4,181,700
Central	519,160	11,442	530,602
Operation of non-instructional services:			
Food service operations	-	1,748,682	1,748,682
Other non-instructional services	-	52,563	52,563
Extracurricular activities	930,359	369,677	1,300,036
Facilities acquisition and construction	-	2,480,455	2,480,455
Debt service:			
Principal retirement	-	2,415,000	2,415,000
Interest and fiscal charges	47,162	1,219,504	1,266,666
Bond issuance costs	-	91,606	91,606
Total expenditures	<u>61,133,728</u>	<u>13,552,038</u>	<u>74,685,766</u>
Excess of expenditures over revenues	(4,878,143)	(1,436,920)	(6,315,063)
Other financing sources (uses):			
Premium on bond issuance	-	55,215	55,215
Sale of bonds	-	4,714,257	4,714,257
Sale/loss of assets	-	14,393	14,393
Transfers in	-	515,476	515,476
Transfers (out)	(37,500)	(477,976)	(515,476)
Total other financing sources (uses)	<u>(37,500)</u>	<u>4,821,365</u>	<u>4,783,865</u>
Net change in fund balances	(4,915,643)	3,384,445	(1,531,198)
Fund balances at beginning of year	13,020,460	3,952,238	16,972,698
Fund balances at end of year	<u>\$ 8,104,817</u>	<u>\$ 7,336,683</u>	<u>\$ 15,441,500</u>

**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, 2010

Net change in fund balances - total governmental funds \$ (1,531,198)

Amounts reported for governmental activities in the statement of activities are different because:

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	\$	1,713,636	
Current year depreciation		<u>(1,627,471)</u>	
Total			86,165

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets (32,598)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property taxes		792,361	
Intergovernmental		365,514	
Accrued interest		<u>(70,315)</u>	
Total			1,087,560

The sale of bonds is recorded as an other financing source in the governmental funds, however, the proceeds increase long-term liabilities on the statement of net assets (4,714,257)

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. 2,415,000

Premiums on bond issuance are recognized as an other financing source in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. (55,215)

Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities 91,606

In the statement of activities, interest is accrued on outstanding bonds and certificates of participation, whereas in governmental funds, an interest expenditure is reported when due. The additional interest reported in the statement of activities is the result of four factors:

Increase in accrued interest payable		(13,041)	
Amortization of bond issuance costs		(18,375)	
Amortization of bond premium		2,475	
Accreted interest on capital appreciation bonds		<u>(472,954)</u>	
Total			(501,895)

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. (121,692)

The internal service fund used by management to charge the costs of medical and dental insurance to individual funds is 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. (202,387)

Change in net assets of governmental activities \$ (3,478,911)

**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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 36,545,107	\$ 35,997,995	\$ 35,997,995	\$ -
Payments in lieu of taxes	318,772	314,000	314,000	-
Tuition.	127,039	125,137	125,137	-
Transportation fees	31,177	30,710	30,710	-
Earnings on investments.	332,291	327,316	327,316	-
Extracurricular.	192,160	189,283	189,283	-
Classroom materials and fees	44,092	43,432	43,432	-
Other local revenues.	107,783	106,169	106,169	-
Intergovernmental - State	19,705,183	19,410,178	19,410,178	-
Total revenue	<u>57,403,604</u>	<u>56,544,220</u>	<u>56,544,220</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	28,333,708	28,333,483	27,935,197	398,286
Special.	6,345,729	6,345,679	6,256,477	89,202
Vocational.	412,621	412,618	406,818	5,800
Other.	1,101,455	1,101,446	1,085,963	15,483
Support services:				
Pupil.	3,720,235	3,720,205	3,667,910	52,295
Instructional staff	4,914,734	4,914,695	4,845,609	69,086
Board of education	43,759	43,759	43,144	615
Administration.	4,446,075	4,446,040	4,383,542	62,498
Fiscal	1,619,437	1,619,424	1,596,660	22,764
Business	590,675	590,670	582,367	8,303
Operations and maintenance.	5,604,680	5,604,636	5,525,851	78,785
Pupil transportation	4,174,867	4,174,834	4,116,148	58,686
Central.	618,716	618,711	610,014	8,697
Extracurricular activities	951,767	951,760	938,381	13,379
Debt service:				
Interest and fiscal charges.	104,372	104,371	102,904	1,467
Total expenditures.	<u>62,982,830</u>	<u>62,982,331</u>	<u>62,096,985</u>	<u>885,346</u>
Excess of expenditures over revenues	<u>(5,579,226)</u>	<u>(6,438,111)</u>	<u>(5,552,765)</u>	<u>885,346</u>
Other financing sources (uses):				
Refund of prior year's expenditures	6,065	5,974	5,974	-
Refund of prior year's receipts.	(519)	(519)	(512)	7
Transfers (out).	<u>(38,035)</u>	<u>(38,035)</u>	<u>(37,500)</u>	<u>535</u>
Total other financing sources (uses)	<u>(32,489)</u>	<u>(32,580)</u>	<u>(32,038)</u>	<u>542</u>
Net change in fund balance	(5,611,715)	(6,470,691)	(5,584,803)	885,888
Fund balance at beginning of year	14,786,332	14,786,332	14,786,332	-
Prior year encumbrances appropriated	2,083,725	2,083,725	2,083,725	-
Fund balance at end of year	<u>\$ 11,258,342</u>	<u>\$ 10,399,366</u>	<u>\$ 11,285,254</u>	<u>\$ 885,888</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Assets:		
Equity in pooled cash and investments	\$ 531,065	\$ 2,714,742
Total assets	<u>531,065</u>	<u>2,714,742</u>
Liabilities:		
Current liabilities:		
Accounts payable	37,973	30
Accrued wages and benefits.	35,239	-
Compensated absences	15,472	-
Pension obligation payable	39,064	-
Intergovernmental payable	2,556	276
Claims payable	-	894,945
Total current liabilities	<u>130,304</u>	<u>895,251</u>
Long-term liabilities:		
Compensated absences payable.	<u>2,328</u>	-
Total long-term liabilities	<u>2,328</u>	-
Total liabilities	<u>132,632</u>	<u>895,251</u>
Net assets:		
Unrestricted.	<u>398,433</u>	<u>1,819,491</u>
Total net assets	<u>\$ 398,433</u>	<u>\$ 1,819,491</u>

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, 2010

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Operating revenues:		
Sales/charges for services	\$ 1,196,526	\$ 8,959,636
Total operating revenues	<u>1,196,526</u>	<u>8,959,636</u>
Operating expenses:		
Personal services.	545,369	35,175
Purchased services.	594,446	812,928
Materials and supplies	22,078	-
Claims	-	8,169,972
Other.	<u>21,307</u>	<u>143,948</u>
Total operating expenses.	<u>1,183,200</u>	<u>9,162,023</u>
Operating income (loss) and change in net assets .	13,326	(202,387)
Net assets at beginning of year	<u>385,107</u>	<u>2,021,878</u>
Net assets at end of year	<u>\$ 398,433</u>	<u>\$ 1,819,491</u>

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, 2010

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from sales/charges for services.	\$ 1,197,183	\$ 8,966,545
Cash payments for personal services.	(545,688)	(36,096)
Cash payments for contractual services	(585,443)	(819,807)
Cash payments for materials and supplies	(22,690)	-
Cash payments for claims	-	(8,077,950)
Cash payments for other expenses	(23,843)	(143,948)
	19,519	(111,256)
Net cash provided by (used in) operating activities	19,519	(111,256)
Net increase (decrease) in cash and cash cash equivalents	19,519	(111,256)
Cash and cash equivalents at beginning of year	511,546	2,825,998
Cash and cash equivalents at end of year	<u>\$ 531,065</u>	<u>\$ 2,714,742</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 13,326	\$ (202,387)
Changes in assets and liabilities:		
Increase in accounts payable.	10,085	30
(Decrease) in accrued wages and benefits	(4,542)	-
(Decrease) in intergovernmental payable	(2,946)	(921)
Increase in compensated absences payable	5,550	-
(Decrease) in pension obligation payable	(1,954)	-
Increase in claims payable	-	92,022
	19,519	(111,256)
Net cash provided by (used in) operating activities . . .	<u>\$ 19,519</u>	<u>\$ (111,256)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Private Purpose Trust	
	Scholarships	Agency
Assets:		
Equity in pooled cash and investments	\$ 12,326	\$ 221,089
Receivables:		
Intergovernmental	-	25,374
	12,326	246,463
Total assets	12,326	\$ 246,463
Liabilities:		
Accounts payable	-	\$ 49,022
Intergovernmental payable	-	614
Accrued wages and benefits	-	4,171
Undistributed monies	-	112,038
Pension obligation payable	-	5,530
Due to students	-	75,088
	-	246,463
Total liabilities	-	\$ 246,463
Net assets:		
Held in trust for scholarships	12,326	
Total net assets	\$ 12,326	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Private Purpose Trust
	Scholarships
Additions:	
Gifts and contributions	\$ 100,286
Total additions	100,286
Deductions:	
Scholarships awarded	99,727
Change in net assets	559
Net assets at beginning of year	11,767
Net assets at end of year	\$ 12,326

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 72nd largest by enrollment among the 905 public and community school districts in the State. The District employs 231 non-certified and 413 certified employees (including administrators) to provide services to approximately 4,972 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) guidance 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 guidance 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 this FASB guidance. 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" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. 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, 2010

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 organization's 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 organization's 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. 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).

JOINTLY GOVERNED ORGANIZATION

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.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

The following is the District's major governmental fund:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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 Nonexchange 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, payments in lieu of 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 and grants.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes and payments in lieu of taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue in the governmental funds.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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 alternate 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. Although the legal level of budgetary control was established at the fund level of expenditures for the general fund, the District has elected to present the budgetary statement comparison at the fund and function level of expenditures.

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 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 Budget Commission waived this requirement for fiscal year 2010.

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 Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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.

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 investments" 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 2010, 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 year 2010. 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 shares price which is the price the investment could be sold for on June 30, 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund 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 2010 amounted to \$316,452, which includes \$67,450 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, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District'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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due to/from other funds”. 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 sick leave 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 sick leave payments has been calculated using pay rates in effect at the balance sheet date and reduced to the maximum payment allowed by labor contract and/or statute, plus 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:

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

For governmental fund financial statements, the current portion of unpaid matured 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 and compensated absences 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 and property taxes unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include amounts restricted by State statute for food service, special grants, uniform school supplies and public school support.

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

N. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

O. 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.

P. Nonpublic Schools

Within the District boundaries, there are seven 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.

Q. Unamortized Bond Issuance Costs and Premiums

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. Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Title VI-B	\$ 41,868
Stimulus Title II-D	9
Title I	512
Drug-free grant	59
EHA preschool grant	4,096

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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.

Protection of the 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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 fiscal year end, the District had \$1,300 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

B. Cash with Fiscal Agent

At fiscal year end, the District had \$2,305,287 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”.

C. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits was \$16,433,915, exclusive of the \$2,660,000 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, 2010, \$11,715,258 of the District’s bank balance of \$17,173,744 was exposed to custodial risk as discussed below, while \$5,458,486 was covered by the FDIC.

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. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of June 30, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
FHLB	\$ 2,013,180	\$ -	\$ 2,013,180
Repurchase agreement	2,660,000	2,660,000	-
STAR Ohio	144,331	144,331	-
Total	<u>\$ 4,817,511</u>	<u>\$ 2,804,331</u>	<u>\$ 2,013,180</u>

The weighted average maturity of investments is 0.39 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.

Credit Risk: The District's investments in federal agency securities, and the federal agency securities that underlie the District's repurchase agreement, 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. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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 investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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 at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 2,013,180	41.78
Repurchase agreement	2,660,000	55.22
STAR Ohio	144,331	3.00
Total	<u>\$ 4,817,511</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 16,433,915
Investments	4,817,511
Cash on hand	1,300
Cash with fiscal agent	<u>2,305,287</u>
 Total	 <u>\$ 23,558,013</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 22,793,533
Business type activities	531,065
Private-purpose trust funds	12,326
Agency funds	<u>221,089</u>
 Total	 <u>\$ 23,558,013</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances consisted of the following due to/from other funds at June 30, 2010, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	\$ 4,046

The primary purpose of the due to/from other funds is to cover cost in specific funds where revenues were not received by June 30. These will be repaid once anticipated revenues are received. The general fund is liable for covering a cash deficit. Due to/from other funds between governmental funds are eliminated on the government-wide financial statements. All amounts are to be repaid within one year.

- B.** Interfund transfers for the fiscal year ended June 30, 2010, consisted of the following, as reported on the fund statements:

<u>Transfers from:</u>	<u>Transfer to:</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 37,500
Nonmajor governmental funds	Nonmajor governmental funds	477,976

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. Transfers between nonmajor governmental funds consisted of \$477,976 from the building capital projects fund to the debt service fund in order to cover a debt payment.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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 property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$3,337,714 in the general fund, \$213,784 in the debt service fund (a nonmajor governmental fund) and \$114,344 in the permanent improvement capital projects fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$3,559,743 in the general fund, \$223,909 in the debt service fund (a nonmajor governmental fund) and \$121,582 in the permanent improvement capital projects fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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, 2010 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 unearned revenue.

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 943,688,810	99.33	\$ 942,970,570	99.34
Public utility personal	1,468,633	0.15	1,485,955	0.16
Tangible personal property	<u>4,906,500</u>	<u>0.52</u>	<u>4,820,720</u>	<u>0.50</u>
Total	<u>\$ 950,063,943</u>	<u>100.00</u>	<u>\$ 949,277,245</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General operations	\$82.03		\$82.03	
Debt service	2.67		2.70	
Permanent improvement	1.50		1.50	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2010 consisted of taxes, payments in lieu of taxes, 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:	
Taxes	\$ 42,082,468
Payments in lieu of taxes	157,000
Accrued interest	53,872
Intergovernmental	<u>578,325</u>
Total	<u>\$ 42,871,665</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, 2010

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010 was as follows:

	Balance			Balance
	<u>07/01/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/10</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,032,204	\$ -	\$ -	\$ 1,032,204
Construction in progress	-	1,614,430	-	1,614,430
Total capital assets, not being depreciated	<u>1,032,204</u>	<u>1,614,430</u>	<u>-</u>	<u>2,646,634</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,926,142	-	-	1,926,142
Buildings and improvements	67,523,888	-	(325,977)	67,197,911
Furniture and equipment	9,997,502	73,635	-	10,071,137
Vehicles	3,793,348	25,571	-	3,818,919
Total capital assets, being depreciated	<u>83,240,880</u>	<u>99,206</u>	<u>(325,977)</u>	<u>83,014,109</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,198,092)	(73,433)	-	(1,271,525)
Buildings and improvements	(21,639,999)	(1,209,595)	293,379	(22,556,215)
Furniture and equipment	(7,963,555)	(215,286)	-	(8,178,841)
Vehicles	(2,990,573)	(129,157)	-	(3,119,730)
Total accumulated depreciation	<u>(33,792,219)</u>	<u>(1,627,471)</u>	<u>293,379</u>	<u>(35,126,311)</u>
Governmental activities capital assets, net	<u>\$ 50,480,865</u>	<u>\$ 86,165</u>	<u>\$ (32,598)</u>	<u>\$ 50,534,432</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,165,419
Special	47,541
Vocational	17,294
Other	2,689
<u>Support services:</u>	
Pupil	17,713
Instructional staff	54,898
Administration	32,764
Operations and maintenance	56,883
Pupil transportation	125,232
Extracurricular	76,583
Food service operations	30,455
Total depreciation expense	<u>\$ 1,627,471</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2010, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>07/01/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>06/30/10</u>	Amount Due in <u>One Year</u>
Governmental activities:					
Certificates of participation	\$ 20,315,000	\$ -	\$ (175,000)	\$ 20,140,000	\$ 205,000
<u>General obligation bonds:</u>					
Energy conservation bonds	-	2,440,000	-	2,440,000	180,000
Qualified school construction bonds	-	2,274,257	-	2,274,257	134,257
Series 1993, improvement					
Capital appreciation bonds	631,636	-	(324,771)	306,865	306,865
Accreted interest	3,148,443	322,251	(1,775,229)	1,695,465	1,695,465
Series 2003, refunding					
Current interest bonds	5,385,000	-	(140,000)	5,245,000	145,000
Capital appreciation bonds	1,199,964	-	-	1,199,964	-
Accreted interest	680,331	150,703	-	831,034	-
Total bonds and certificates of participation	<u>31,360,374</u>	<u>5,187,211</u>	<u>(2,415,000)</u>	<u>34,132,585</u>	<u>2,666,587</u>
Compensated absences	<u>2,379,686</u>	<u>636,914</u>	<u>(228,932)</u>	<u>2,787,668</u>	<u>485,159</u>
Total, governmental activities	<u>\$ 33,740,060</u>	<u>\$ 5,824,125</u>	<u>\$ (2,643,932)</u>	<u>\$ 36,920,253</u>	<u>\$ 3,151,746</u>
Add: unamortized premium on bonds				<u>52,740</u>	
Total on statement of net assets				<u>\$ 36,972,993</u>	
Business-type activities:					
Compensated absences	<u>\$ 12,250</u>	<u>\$ 15,954</u>	<u>\$ (10,404)</u>	<u>\$ 17,800</u>	<u>\$ 15,472</u>
Total, business-type activities	<u>\$ 12,250</u>	<u>\$ 15,954</u>	<u>\$ (10,404)</u>	<u>\$ 17,800</u>	<u>\$ 15,472</u>

The energy conservation bonds and qualified school construction bonds will be paid from the general fund. All other 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, which is primarily the general fund and the following nonmajor governmental funds: food service, auxiliary services, Title VI-B and drug-free grant.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 year 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 at June 30, 2009 consisted of capital appreciation bonds, par value \$631,636. 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. The accreted value at maturity for the capital appreciation bonds is \$2,115,000. Total accreted interest of \$1,695,465 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 \$1,199,964. The interest rate on the current interest bonds range from 2.0%-4.0%. The capital appreciation bonds mature on December 15, 2011 (stated interest 7.860%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,280,000. Total accreted interest of \$831,034 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, 2010

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Energy Conservation Bonds

The energy conservation bonds were issued during fiscal year 2010. The proceeds were used to retire the energy conservation bond anticipation notes issued in fiscal year 2009. The notes were used to finance improvements throughout the District for the purpose of reducing future energy costs. The bonds bear an interest rate ranging from 2.00% to 4.00% and mature on December 1, 2021. Debt payments will be made from the general fund from the savings on energy costs resulting from the improvements.

Qualified School Construction Bonds

The qualified school construction bonds were issued during fiscal year 2010. The proceeds will be used to finance various energy improvements throughout the District. At June 30, 2010, \$618,096 of the bond proceeds was unspent. The bonds bear an interest rate of 1.69%. Payments on the bonds, which mature on September 15, 2024, will be made from the general fund.

- B.** Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2010, are as follows:

Fiscal Year Ending June 30,	General Obligation Current Interest Bonds - Series 2003			General Obligation Capital Appreciation Bonds - Series 2003		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 145,000	\$ 206,501	\$ 351,501	\$ -	\$ -	\$ -
2012	-	204,000	204,000	1,199,964	1,080,036	2,280,000
2013	2,280,000	158,400	2,438,400	-	-	-
2014	2,385,000	65,100	2,450,100	-	-	-
2015	435,000	8,700	443,700	-	-	-
Total	\$ 5,245,000	\$ 642,701	\$ 5,887,701	\$ 1,199,964	\$ 1,080,036	\$ 2,280,000

Fiscal Year Ending June 30,	Capital Appreciation Bonds - Series 1993		
	Principal	Interest	Total
2011	\$ 306,865	\$ 1,808,135	\$ 2,115,000
Total	\$ 306,865	\$ 1,808,135	\$ 2,115,000

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30.	Energy Conservation Bonds			Qualified School Construction Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 180,000	\$ 70,925	\$ 250,925	\$ 134,257	\$ 37,300	\$ 171,557
2012	180,000	67,325	247,325	135,000	35,025	170,025
2013	185,000	63,675	248,675	140,000	32,702	172,702
2014	190,000	59,925	249,925	140,000	30,335	170,335
2015	200,000	55,775	255,775	145,000	27,927	172,927
2016-2020	1,035,000	187,938	1,222,938	755,000	102,034	857,034
2021-2025	470,000	19,000	489,000	825,000	35,364	860,364
Total	<u>\$ 2,440,000</u>	<u>\$ 524,563</u>	<u>\$ 2,964,563</u>	<u>\$ 2,274,257</u>	<u>\$ 300,687</u>	<u>\$ 2,574,944</u>

- C. Principal and interest requirements to retire the certificates of participation outstanding at June 30, 2010, are as follows:

Fiscal Year Ending June 30.	Certificates of Participation		
	Principal	Interest	Total
2011	\$ 205,000	\$ 950,265	\$ 1,155,265
2012	235,000	943,090	1,178,090
2013	265,000	934,865	1,199,865
2014	295,000	924,928	1,219,928
2015	330,000	913,128	1,243,128
2016 - 2020	2,265,000	4,334,449	6,599,449
2021 - 2025	3,530,000	3,744,150	7,274,150
2026 - 2030	5,305,000	2,723,725	8,028,725
2031 - 2034	7,710,000	1,123,950	8,833,950
Total	<u>\$ 20,140,000</u>	<u>\$ 16,592,550</u>	<u>\$ 36,732,550</u>

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 code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$57,425,477 (including available funds of \$3,730,347) and an unvoted debt margin of \$947,791.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - NOTES PAYABLE

The District had the following energy conservation note activity during fiscal year 2010:

	Issue	Balance			Balance
Governmental activities:	<u>Date</u>	<u>7/01/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/10</u>
Energy Conservation Note - FY 2009	3/11/09	\$ 2,440,000	\$ -	\$ (2,440,000)	\$ -
Total		<u>\$ 2,440,000</u>	<u>\$ -</u>	<u>\$ (2,440,000)</u>	<u>\$ -</u>

The District retired the notes with proceeds from the bonds issued on December 21, 2009.

NOTE 11 - 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 employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 144 days and adding to that one day for every eight days in excess of 144 days to a maximum of 36 additional days of severance. Maximum severance in total is 72 days. For 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 34 additional days of severance. Maximum severance in total is 68 days. See Note 2.J. for further detail on the financial reporting of the District's compensated absences.

NOTE 12 - 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 deductibles that vary from \$0 to \$50,000 depending on the type of coverage. 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 \$1,000,000 per occurrence, \$2,000,000 in aggregate, and an umbrella of \$10,000,000. 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 Treasurer is covered under a surety bond in the amount of \$50,000. Selected other employees are covered for faithful performance in the District's property and casualty liability policy for \$50,000, subject to a \$500 deductible.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 12 - 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 reviews and processes all claims for payment. Klais and Company processed all claims until May 1, 2010, at which point Medical Mutual of Ohio became the third party administrator for medical and Klais and Company for dental and prescription only. The District purchases stop-loss coverage of \$125,000 per individual and \$5,238,811 in the aggregate.

The District pays into the self-insurance internal service fund for full-time medical and prescription drug family coverage \$1,274.60 per month for certified, classified and administrative employees. Single coverage full-time costs are \$581.34 for certified, classified and administrative employees. Employees are considered part-time if they work 17.5 or more hours per week for certified staff or 25 or more hours per week for classified staff and administrators 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 classified employees.

Dental coverage is also provided on a self-insured basis through third party administrator, Klais and Company. Premium costs for this coverage are \$55.00 per month for family coverage and \$39.34 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 \$4.00 to \$55.00 for family coverage and \$0.72 to \$39.34 for single coverage. Employees working 17.5 or more hours per week for certified staff or 25 hours per week for classified and administrative staff 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, Klais and Company, 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, 2010

NOTE 12 - RISK MANAGEMENT - (Continued)

The claims liability of \$894,945 reported in the internal service fund at June 30, 2010, 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>
2010	\$ 802,923	\$ 8,169,972	\$ (8,077,950)	\$ 894,945
2009	612,029	6,444,892	(6,253,998)	802,923

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

D. Workers’ Compensation

Effective January 1, 2010, the District elected to participate in the Ohio Bureau of Workers’ Compensation’s Individual Retrospective Rating program. In the program, the District assumes a portion of the risk in return for a reduction in premium. The total premium to be paid is a combination of the minimum premium, all medical costs, indemnity, and any remaining reserves (not to exceed the claim limit and aggregate premium percentage limit) at the end of the 10 year liability period. Since the program is retrospective in nature, the 2010 premium will be paid in 2011 after total medical and indemnity costs are known for 2010. The minimum premium percentage is 46% of the experience modified premium determined by the Bureau of Workers Compensation. The District selected an individual claim limit of \$200,000 and a maximum premium percentage of 150% of the experience rated premium. The District contracted with Sheakley Uniservice, Inc. for claims management service and CareWorks for medical care management services.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS’ Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 13 - PENSION PLANS - (Continued)

Funding Policy - 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 2010, 12.78 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$998,339, \$704,240 and \$664,118, respectively; 43.92 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2010, 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 recommendations 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 13 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$4,042,798, \$3,904,683 and \$3,755,884, respectively; 83.46 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$173,772 made by the District and \$124,123 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$148,323, \$426,776 and \$404,817, respectively; 43.92 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$59,369, \$58,106 and \$47,851, respectively; 43.92 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$310,984, \$300,360 and \$288,914, respectively; 83.46 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 15 - 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, 2010

NOTE 16 - 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, 2010, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Improvement</u>
Set-aside balance as of June 30, 2009	\$ (2,639,105)	\$ (23,012,391)
Current year set-aside requirement	832,175	832,175
Current year offset	-	(1,509,065)
Qualifying disbursements	<u>(1,077,131)</u>	<u>(2,528,330)</u>
Total	<u>\$ (2,884,061)</u>	<u>\$ (26,217,611)</u>
Balance carried forward to fiscal year 2011	<u>\$ (2,884,061)</u>	<u>\$ (23,012,391)</u>

The District had offsets and qualifying disbursements during the year and in prior years 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 17 - 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 revenues, 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); and,
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 17 - 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:

Net Change in Fund Balance	<u>General fund</u>
Budget basis	\$ (5,584,803)
Net adjustment for revenue accruals	(288,635)
Net adjustment for expenditure accruals	(535,990)
Net adjustment for other sources/uses	(5,462)
Adjustment for encumbrances	<u>1,499,247</u>
GAAP basis	<u>\$ (4,915,643)</u>

NOTE 18 - COOPERATIVE AGREEMENT

In 2004, the City of Hudson and the District entered into a cooperative agreement to dedicate 13.5 percent of the revenues that are collected annually from an additional 1 percent municipal income tax levy to provide for the acquisition, construction, equipping, furnishing, financing, and the operation and maintenance of Community Learning Centers. The District is considered the owner of the improvements to the Community Learning Centers. The agreement shall remain for so long as a portion of the municipal income tax is being levied for the purpose of providing dedicated tax revenues, or for such time as debt issued to finance costs associated with the Community Learning Centers is outstanding, whichever period ends later.

The City of Hudson shall make payments to the District in an amount sufficient to enable the District to make timely debt service payments on the Certificates of Participation that were issued by the District to finance improvement costs associated with the Community Learning Centers. The City of Hudson shall also make payments to the District in which the funds will be applied to pay costs of improvements to the Community Learning Centers, as detailed in the agreement. The District received \$1,187,368 from the City of Hudson during fiscal year 2010 as a result of this agreement. This revenue is reported in the debt service and permanent improvement nonmajor governmental funds.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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.

Management Information Systems - 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.

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

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.

Carl D. Perkins Grant - A fund used to account for grant monies received for assistance in the development of vocational education programs.

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

FUND DESCRIPTIONS

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Education Stabilization - Grant from the American Recovery and Reinvestment Act (ARRA) in State Fiscal Stabilization Funds (SFSF) to help stabilize state and local budgets in order to minimize and avoid reductions in education and other essential services.

Stimulus Title II D - Grant focus on Professional Development and Student Learning. Through sustained, collaborative, job-embedded professional development and the use of research-based methods, teachers will experience new models and strategies for teaching and learning.

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 such as computer education, gifted and talented programs and inservice and staff development.

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 District.

Uniform School Supplies - To account for the purchase and sale of school supplies for use in the 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).

NONMAJOR CAPITAL PROJECTS FUNDS

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 (CONTINUED)

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.

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, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments.	\$ 1,008,821	\$ 1,211,276	\$ 2,768,772	\$ 4,988,869
Cash with fiscal agent	-	2,305,287	-	2,305,287
Receivables:				
Taxes	-	2,377,844	1,274,667	3,652,511
Intergovernmental	578,325	-	-	578,325
Materials and supplies inventory	4,194	-	-	4,194
Inventory held for resale	43,195	-	-	43,195
Total assets.	<u>\$ 1,634,535</u>	<u>\$ 5,894,407</u>	<u>\$ 4,043,439</u>	<u>\$ 11,572,381</u>
Liabilities:				
Accounts payable	\$ 25,648	\$ -	\$ 9,747	\$ 35,395
Accrued wages and benefits	272,855	-	-	272,855
Compensated absences payable	1,349	-	-	1,349
Pension obligation payable.	118,497	-	-	118,497
Intergovernmental payable	11,002	-	-	11,002
Due to other funds	4,046	-	-	4,046
Unearned revenue.	5,355	2,059,812	1,103,070	3,168,237
Deferred revenue	462,816	104,248	57,253	624,317
Total liabilities	<u>901,568</u>	<u>2,164,060</u>	<u>1,170,070</u>	<u>4,235,698</u>
Fund balances:				
Reserved for encumbrances	73,331	-	1,339,833	1,413,164
Reserved for supplies inventory	47,389	-	-	47,389
Reserved for debt service.	-	3,516,563	-	3,516,563
Reserved for tax revenue unavailable for appropriation	-	213,784	114,344	328,128
Unreserved, undesignated, reported in:				
Special revenue funds.	612,247	-	-	612,247
Capital projects funds.	-	-	1,419,192	1,419,192
Total fund balances	<u>732,967</u>	<u>3,730,347</u>	<u>2,873,369</u>	<u>7,336,683</u>
Total liabilities and fund balances	<u>\$ 1,634,535</u>	<u>\$ 5,894,407</u>	<u>\$ 4,043,439</u>	<u>\$ 11,572,381</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ -	\$ 2,222,608	\$ 1,261,885	\$ 3,484,493
Earnings on investments.	10,421	57,545	-	67,966
Charges for services	1,476,715	-	-	1,476,715
Extracurricular.	576,440	-	-	576,440
Classroom materials and fees	246,094	-	-	246,094
Other local revenues.	181,667	-	54,830	236,497
Intergovernmental - Intermediate	-	690,703	496,665	1,187,368
Intergovernmental - State	1,586,345	289,454	231,719	2,107,518
Intergovernmental - Federal.	2,732,027	-	-	2,732,027
Total revenue	<u>6,809,709</u>	<u>3,260,310</u>	<u>2,045,099</u>	<u>12,115,118</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,833,791	-	314,874	2,148,665
Special.	485,330	-	-	485,330
Other	26,677	-	2,021	28,698
Support services:				
Pupil.	1,085,834	-	-	1,085,834
Instructional staff	412,521	-	-	412,521
Administration.	390,222	-	13,885	404,107
Fiscal	-	83,101	24,405	107,506
Business	43,645	-	-	43,645
Operations and maintenance.	446,571	-	-	446,571
Pupil transportation	232	-	-	232
Central.	11,442	-	-	11,442
Operation of non-instructional services:				
Food service operations	1,748,682	-	-	1,748,682
Other non-instructional services	52,563	-	-	52,563
Extracurricular activities	369,677	-	-	369,677
Facilities acquisition and construction	8,360	-	2,472,095	2,480,455
Debt service:				
Principal retirement	-	2,415,000	-	2,415,000
Interest and fiscal charges	-	1,177,055	42,449	1,219,504
Bond issuance costs	-	91,606	-	91,606
Total expenditures	<u>6,915,547</u>	<u>3,766,762</u>	<u>2,869,729</u>	<u>13,552,038</u>
Excess of expenditures over revenues	<u>(105,838)</u>	<u>(506,452)</u>	<u>(824,630)</u>	<u>(1,436,920)</u>
Other financing sources (uses):				
Premium on bonds issuance.	-	55,215	-	55,215
Sale of bonds	-	41,731	4,672,526	4,714,257
Sale/loss of assets.	-	-	14,393	14,393
Transfers in.	37,500	477,976	-	515,476
Transfers (out)	-	-	(477,976)	(477,976)
Total other financing sources (uses)	<u>37,500</u>	<u>574,922</u>	<u>4,208,943</u>	<u>4,821,365</u>
Net change in fund balances	(68,338)	68,470	3,384,313	3,384,445
Fund balances (deficit) at beginning of year	801,305	3,661,877	(510,944)	3,952,238
Fund balances at end of year	<u>\$ 732,967</u>	<u>\$ 3,730,347</u>	<u>\$ 2,873,369</u>	<u>\$ 7,336,683</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Public School Support</u>	<u>Other Grants</u>	<u>Athletic and Music</u>	<u>Auxiliary Services</u>
Assets:				
Equity in pooled cash and investments.	\$ 109,884	\$ 32,767	\$ 123,997	\$ 135,752
Receivables:				
Intergovernmental	-	-	-	-
Materials and supplies inventory	-	-	-	-
Inventory held for resale.	-	-	-	-
Total assets	<u>\$ 109,884</u>	<u>\$ 32,767</u>	<u>\$ 123,997</u>	<u>\$ 135,752</u>
Liabilities:				
Accounts payable	\$ 1,894	\$ -	\$ 3,716	\$ 8,312
Accrued wages and benefits	-	-	-	14,338
Compensated absences payable	-	-	-	-
Pension obligation payable.	-	-	-	6,221
Intergovernmental payable	10	51	87	396
Due to other funds	-	-	-	-
Unearned revenue.	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>1,904</u>	<u>51</u>	<u>3,803</u>	<u>29,267</u>
Fund balances:				
Reserved for encumbrances	11,186	4,747	5,473	18,449
Reserved for supplies inventory	-	-	-	-
Unreserved, undesignated (deficit), reported in: Special revenue funds.	<u>96,794</u>	<u>27,969</u>	<u>114,721</u>	<u>88,036</u>
Total fund balances (deficits).	<u>107,980</u>	<u>32,716</u>	<u>120,194</u>	<u>106,485</u>
Total liabilities and fund balances	<u>\$ 109,884</u>	<u>\$ 32,767</u>	<u>\$ 123,997</u>	<u>\$ 135,752</u>

Other State Grants	Title VI-B	Education Stabilization	Stimulus Title II D	Title I	Drug-Free Grant
\$ 4,915	\$ 39,231	\$ 12,708	\$ -	\$ 8,286	\$ 1,514
-	481,053	-	302	20,854	4,401
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,915</u>	<u>\$ 520,284</u>	<u>\$ 12,708</u>	<u>\$ 302</u>	<u>\$ 29,140</u>	<u>\$ 5,915</u>
\$ -	\$ 9,023	\$ -	\$ -	\$ -	\$ 289
-	108,459	-	-	13,916	1,823
-	-	-	-	-	-
-	36,426	-	-	2,148	-
-	5,042	-	9	722	38
-	-	-	-	-	-
-	-	-	-	-	-
-	403,202	-	302	12,866	3,824
-	562,152	-	311	29,652	5,974
-	20,384	-	-	-	-
-	-	-	-	-	-
<u>4,915</u>	<u>(62,252)</u>	<u>12,708</u>	<u>(9)</u>	<u>(512)</u>	<u>(59)</u>
<u>4,915</u>	<u>(41,868)</u>	<u>12,708</u>	<u>(9)</u>	<u>(512)</u>	<u>(59)</u>
<u>\$ 4,915</u>	<u>\$ 520,284</u>	<u>\$ 12,708</u>	<u>\$ 302</u>	<u>\$ 29,140</u>	<u>\$ 5,915</u>

-- continued

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2010

	EHA Preschool Grant	Classroom Reduction	Other Federal Grants	Food Service
Assets:				
Equity in pooled cash and investments	\$ 4,058	\$ -	\$ 296	\$ 321,780
Receivables:				
Intergovernmental	1,667	70,048	-	-
Materials and supplies inventory	-	-	-	4,194
Inventory held for resale.	-	-	-	15,276
Total assets	\$ 5,725	\$ 70,048	\$ 296	\$ 341,250
Liabilities:				
Accounts payable	-	2,230	-	-
Accrued wages and benefits	3,794	17,120	-	113,405
Compensated absences payable	-	-	-	1,349
Pension obligation payable.	531	-	-	73,171
Intergovernmental payable	141	253	-	4,239
Due to other funds	-	4,046	-	-
Unearned revenue.	5,355	-	-	-
Deferred revenue	-	42,622	-	-
Total liabilities	9,821	66,271	-	192,164
Fund balances:				
Reserved for encumbrances	347	1,400	-	500
Reserved for supplies inventory	-	-	-	19,470
Unreserved, undesignated (deficit), reported in: Special revenue funds.	(4,443)	2,377	296	129,116
Total fund balances (deficits).	(4,096)	3,777	296	149,086
Total liabilities and fund balances	\$ 5,725	\$ 70,048	\$ 296	\$ 341,250

Uniform School Supplies	Other Special Revenue	Total Nonmajor Special Revenue Funds
\$ 183,761	\$ 29,872	\$ 1,008,821
-	-	578,325
-	-	4,194
27,919	-	43,195
<u>\$ 211,680</u>	<u>\$ 29,872</u>	<u>\$ 1,634,535</u>
\$ -	\$ 184	\$ 25,648
-	-	272,855
-	-	1,349
-	-	118,497
14	-	11,002
-	-	4,046
-	-	5,355
-	-	462,816
<u>14</u>	<u>184</u>	<u>901,568</u>
10,559	286	73,331
27,919	-	47,389
<u>173,188</u>	<u>29,402</u>	<u>612,247</u>
<u>211,666</u>	<u>29,688</u>	<u>732,967</u>
<u>\$ 211,680</u>	<u>\$ 29,872</u>	<u>\$ 1,634,535</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, 2010

	<u>Public School Support</u>	<u>Other Grants</u>	<u>Athletic and Music</u>	<u>Auxiliary Services</u>
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ 6,342
Charges for services	5,237	-	-	-
Extracurricular	193,980	-	292,712	-
Classroom materials and fees	48,779	-	-	-
Other local revenues	44,461	81,878	42,091	-
Intergovernmental - State	-	-	-	1,562,088
Intergovernmental - Federal	-	-	-	-
Total revenue	<u>292,457</u>	<u>81,878</u>	<u>334,803</u>	<u>1,568,430</u>
Expenditures:				
Current:				
Instruction:				
Regular	74,564	58,019	-	1,208,330
Special	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	245,525	4,072	-	164,401
Instructional staff	9,704	13,586	-	5,482
Administration	-	-	-	144,189
Business	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	10,311	-	-	-
Extracurricular activities	-	10,000	359,677	-
Facilities acquisition and construction	-	-	8,360	-
Total expenditures	<u>340,104</u>	<u>85,677</u>	<u>368,037</u>	<u>1,522,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,647)</u>	<u>(3,799)</u>	<u>(33,234)</u>	<u>46,028</u>
Other financing sources:				
Transfers in	-	-	37,500	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>37,500</u>	<u>-</u>
Net change in fund balances	(47,647)	(3,799)	4,266	46,028
Fund balances (deficits)				
at beginning of year	155,627	36,515	115,928	60,457
Fund balances (deficits) at end of year	<u>\$ 107,980</u>	<u>\$ 32,716</u>	<u>\$ 120,194</u>	<u>\$ 106,485</u>

<u>Management Information Systems</u>	<u>Entry Year</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Other State Grants</u>	<u>Title VI-B</u>	<u>Carl D. Perkins Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	46	-	6	13	-	-
8,998	-	13,718	-	-	-	-
-	-	-	-	-	1,466,523	-
<u>8,998</u>	<u>46</u>	<u>13,718</u>	<u>6</u>	<u>13</u>	<u>1,466,523</u>	<u>-</u>
-	-	-	-	-	-	5,101
-	-	-	-	-	354,681	-
-	-	13,718	-	-	-	-
-	-	-	-	-	528,141	-
-	-	-	-	-	332,843	-
-	-	-	-	-	238,547	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,442	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	33,485	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11,442</u>	<u>-</u>	<u>13,718</u>	<u>-</u>	<u>-</u>	<u>1,487,697</u>	<u>5,101</u>
<u>(2,444)</u>	<u>46</u>	<u>-</u>	<u>6</u>	<u>13</u>	<u>(21,174)</u>	<u>(5,101)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(2,444)</u>	<u>46</u>	<u>-</u>	<u>6</u>	<u>13</u>	<u>(21,174)</u>	<u>(5,101)</u>
<u>2,444</u>	<u>(46)</u>	<u>-</u>	<u>(6)</u>	<u>4,902</u>	<u>(20,694)</u>	<u>5,101</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,915</u>	<u>\$ (41,868)</u>	<u>\$ -</u>

-- continued

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Education Stabilization</u>	<u>Stimulus Title II D</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug-Free Grant</u>
Revenues:					
From local sources:					
Earnings on investments	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Extracurricular	-	-	-	-	-
Classroom materials and fees	-	-	-	-	-
Other local revenues	-	-	-	-	-
Intergovernmental - State	-	-	-	-	-
Intergovernmental - Federal	753,994	1,164	124,655	6,032	10,035
Total revenue	<u>753,994</u>	<u>1,164</u>	<u>124,655</u>	<u>6,032</u>	<u>10,035</u>
Expenditures:					
Current:					
Instruction:					
Regular	181,144	-	-	6,451	-
Special	-	-	105,124	-	-
Other	12,959	-	-	-	-
Support services:					
Pupil	33,581	-	19,511	-	8,301
Instructional staff	23,386	1,057	-	-	-
Administration	-	-	-	-	-
Business	43,645	-	-	-	-
Operations and maintenance	446,571	-	-	-	-
Pupil transportation	-	-	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services:					
Food service operations	-	-	-	-	-
Other non-instructional services	-	116	-	-	1,630
Extracurricular activities	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Total expenditures	<u>741,286</u>	<u>1,173</u>	<u>124,635</u>	<u>6,451</u>	<u>9,931</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,708</u>	<u>(9)</u>	<u>20</u>	<u>(419)</u>	<u>104</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	12,708	(9)	20	(419)	104
Fund balances (deficits)					
at beginning of year	-	-	(532)	419	(163)
Fund balances (deficits) at end of year	<u>\$ 12,708</u>	<u>\$ (9)</u>	<u>\$ (512)</u>	<u>\$ -</u>	<u>\$ (59)</u>

<u>EHA Preschool Grant</u>	<u>Classroom Reduction</u>	<u>Other Federal Grants</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Other Special Revenue</u>	<u>Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ 4,079	\$ -	\$ -	\$ 10,421
-	-	-	1,471,478	-	-	1,476,715
-	-	-	-	89,728	20	576,440
-	-	-	-	197,315	-	246,094
-	-	-	-	473	12,699	181,667
-	-	-	1,541	-	-	1,586,345
46,843	90,747	31,000	201,034	-	-	2,732,027
<u>46,843</u>	<u>90,747</u>	<u>31,000</u>	<u>1,678,132</u>	<u>287,516</u>	<u>12,719</u>	<u>6,809,709</u>
-	79,868	15,125	-	205,189	-	1,833,791
24,821	-	704	-	-	-	485,330
-	-	-	-	-	-	26,677
-	-	13,743	-	68,162	397	1,085,834
25,563	-	900	-	-	-	412,521
-	-	-	-	-	7,486	390,222
-	-	-	-	-	-	43,645
-	-	-	-	-	-	446,571
-	-	232	-	-	-	232
-	-	-	-	-	-	11,442
-	-	-	1,748,682	-	-	1,748,682
-	7,021	-	-	-	-	52,563
-	-	-	-	-	-	369,677
-	-	-	-	-	-	8,360
<u>50,384</u>	<u>86,889</u>	<u>30,704</u>	<u>1,748,682</u>	<u>273,351</u>	<u>7,883</u>	<u>6,915,547</u>
<u>(3,541)</u>	<u>3,858</u>	<u>296</u>	<u>(70,550)</u>	<u>14,165</u>	<u>4,836</u>	<u>(105,838)</u>
-	-	-	-	-	-	37,500
-	-	-	-	-	-	37,500
<u>(3,541)</u>	<u>3,858</u>	<u>296</u>	<u>(70,550)</u>	<u>14,165</u>	<u>4,836</u>	<u>(68,338)</u>
<u>(555)</u>	<u>(81)</u>	<u>-</u>	<u>219,636</u>	<u>197,501</u>	<u>24,852</u>	<u>801,305</u>
<u>\$ (4,096)</u>	<u>\$ 3,777</u>	<u>\$ 296</u>	<u>\$ 149,086</u>	<u>\$ 211,666</u>	<u>\$ 29,688</u>	<u>\$ 732,967</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
<u>Public School Support</u>			
Total Revenues and Other Financing Sources	\$ 292,457	\$ 292,457	\$ -
Total Expenditures and Other Financing Uses	<u>514,763</u>	<u>417,959</u>	<u>96,804</u>
Net Change in Fund Balance	(222,306)	(125,502)	96,804
Fund Balance, July 1	153,688	153,688	-
Prior Year Encumbrances Appropriated	<u>68,618</u>	<u>68,618</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 96,804</u>	<u>\$ 96,804</u>
<u>Other Grants</u>			
Total Revenues and Other Financing Sources	\$ 81,878	\$ 81,878	\$ -
Total Expenditures and Other Financing Uses	<u>110,052</u>	<u>92,067</u>	<u>17,985</u>
Net Change in Fund Balance	(28,174)	(10,189)	17,985
Fund Balance, July 1	<u>38,209</u>	<u>38,209</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 10,035</u>	<u>\$ 28,020</u>	<u>\$ 17,985</u>
<u>Athletic and Music</u>			
Total Revenues and Other Financing Sources	\$ 372,302	\$ 372,303	\$ 1
Total Expenditures and Other Financing Uses	<u>490,201</u>	<u>374,466</u>	<u>115,735</u>
Net Change in Fund Balance	(117,899)	(2,163)	115,736
Fund Balance, July 1	113,044	113,044	-
Prior Year Encumbrances Appropriated	<u>7,643</u>	<u>7,643</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,788</u>	<u>\$ 118,524</u>	<u>\$ 115,736</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Auxiliary Services</u>			
Total Revenues and Other Financing Sources	\$ 1,558,394	\$ 1,568,579	\$ 10,185
Total Expenditures and Other Financing Uses	<u>1,663,365</u>	<u>1,564,559</u>	<u>98,806</u>
Net Change in Fund Balance	(104,971)	4,020	108,991
Fund Balance, July 1	18,894	18,894	-
Prior Year Encumbrances Appropriated	<u>86,077</u>	<u>86,077</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 108,991</u>	<u>\$ 108,991</u>
<u>Management Information Systems</u>			
Total Revenues and Other Financing Sources	\$ 8,998	\$ 8,998	\$ -
Total Expenditures and Other Financing Uses	<u>11,442</u>	<u>11,442</u>	<u>-</u>
Net Change in Fund Balance	(2,444)	(2,444)	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>2,444</u>	<u>2,444</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Data Communications</u>			
Total Revenues and Other Financing Sources	\$ 13,718	\$ 13,718	\$ -
Total Expenditures and Other Financing Uses	<u>13,718</u>	<u>13,718</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
<u>Other State Grants</u>			
Total Revenues and Other Financing Sources	\$ -	\$ -	\$ -
Total Expenditures and Other Financing Uses	4,915	-	4,915
Net Change in Fund Balance	(4,915)	-	4,915
Fund Balance, July 1	4,915	4,915	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 4,915</u>	<u>\$ 4,915</u>
<u>Title VI-B</u>			
Total Revenues and Other Financing Sources	\$ 2,624,401	\$ 1,483,616	\$ (1,140,785)
Total Expenditures and Other Financing Uses	2,665,108	1,514,169	1,150,939
Net Change in Fund Balance	(40,707)	(30,553)	10,154
Fund Balance, July 1	741	741	-
Prior Year Encumbrances Appropriated	39,966	39,966	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 10,154</u>	<u>\$ 10,154</u>
<u>Education Stabilization</u>			
Total Revenues and Other Financing Sources	\$ 741,286	\$ 753,994	\$ 12,708
Total Expenditures and Other Financing Uses	741,286	741,286	-
Net Change in Fund Balance	-	12,708	12,708
Fund Balance, July 1	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 12,708</u>	<u>\$ 12,708</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Stimulus Title IID</u>			
Total Revenues and Other Financing Sources	\$ 1,466	\$ 1,164	\$ (302)
Total Expenditures and Other Financing Uses	<u>1,466</u>	<u>1,164</u>	<u>302</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>Title I</u>			
Total Revenues and Other Financing Sources	\$ 154,345	\$ 133,491	\$ (20,854)
Total Expenditures and Other Financing Uses	<u>150,296</u>	<u>121,156</u>	<u>29,140</u>
Net Change in Fund Balance	4,049	12,335	8,286
Fund Balance (Deficit), July 1	<u>(4,049)</u>	<u>(4,049)</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ 8,286</u></u>	<u><u>\$ 8,286</u></u>
<u>Title VI</u>			
Total Revenues and Other Financing Sources	\$ 6,032	\$ 6,032	\$ -
Total Expenditures and Other Financing Uses	<u>6,495</u>	<u>6,495</u>	<u>-</u>
Net Change in Fund Balance	(463)	(463)	-
Fund Balance (Deficit), July 1	(1,197)	(1,197)	-
Prior Year Encumbrances Appropriated	<u>1,660</u>	<u>1,660</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Drug-Free Grant</u>			
Total Revenues and Other Financing Sources	\$ 16,218	\$ 11,212	\$ (5,006)
Total Expenditures and Other Financing Uses	<u>16,077</u>	<u>9,835</u>	<u>6,242</u>
Net Change in Fund Balance	141	1,377	1,236
Fund Balance (Deficit), July 1	<u>(141)</u>	<u>(141)</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 1,236</u>	<u>\$ 1,236</u>
<u>EHA Preschool Grant</u>			
Total Revenues and Other Financing Sources	\$ 72,696	\$ 53,972	\$ (18,724)
Total Expenditures and Other Financing Uses	<u>72,755</u>	<u>50,320</u>	<u>22,435</u>
Net Change in Fund Balance	(59)	3,652	3,711
Fund Balance, July 1	<u>59</u>	<u>59</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 3,711</u>	<u>\$ 3,711</u>
<u>Classroom Reduction</u>			
Total Revenues and Other Financing Sources	\$ 143,126	\$ 71,862	\$ (71,264)
Total Expenditures and Other Financing Uses	<u>151,984</u>	<u>88,396</u>	<u>63,588</u>
Net Change in Fund Balance	(8,858)	(16,534)	(7,676)
Fund Balance, July 1	7,773	7,773	-
Prior Year Encumbrances Appropriated	<u>1,085</u>	<u>1,085</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u>\$ -</u>	<u>\$ (7,676)</u>	<u>\$ (7,676)</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
<u>Other Federal Grants</u>			
Total Revenues and Other Financing Sources	\$ 31,000	\$ 31,000	\$ -
Total Expenditures and Other Financing Uses	<u>31,000</u>	<u>30,704</u>	<u>296</u>
Net Change in Fund Balance	-	296	296
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 296</u>	<u>\$ 296</u>
<u>Food Service</u>			
Total Revenues and Other Financing Sources	\$ 1,602,530	\$ 1,609,093	\$ 6,563
Total Expenditures and Other Financing Uses	<u>1,742,935</u>	<u>1,663,181</u>	<u>79,754</u>
Net Change in Fund Balance	(140,405)	(54,088)	86,317
Fund Balance, July 1	374,983	374,983	-
Prior Year Encumbrances Appropriated	<u>385</u>	<u>385</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 234,963</u>	<u>\$ 321,280</u>	<u>\$ 86,317</u>
<u>Uniform School Supplies</u>			
Total Revenues and Other Financing Sources	\$ 287,561	\$ 287,562	\$ 1
Total Expenditures and Other Financing Uses	<u>385,931</u>	<u>277,237</u>	<u>108,694</u>
Net Change in Fund Balance	(98,370)	10,325	108,695
Fund Balance, July 1	151,946	151,946	-
Prior Year Encumbrances Appropriated	<u>10,931</u>	<u>10,931</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 64,507</u>	<u>\$ 173,202</u>	<u>\$ 108,695</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
<u>Other Special Revenue</u>			
Total Revenues and Other Financing Sources	\$ 12,719	\$ 12,719	\$ -
Total Expenditures and Other Financing Uses	<u>37,571</u>	<u>7,985</u>	<u>29,586</u>
Net Change in Fund Balance	(24,852)	4,734	29,586
Fund Balance, July 1	24,418	24,418	-
Prior Year Encumbrances Appropriated	<u>434</u>	<u>434</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 29,586</u>	<u>\$ 29,586</u>
<u>Debt Service</u>			
Total Revenues and Other Financing Sources	\$ 6,233,956	\$ 6,233,956	\$ -
Total Expenditures and Other Financing Uses	<u>7,346,299</u>	<u>6,212,906</u>	<u>1,133,393</u>
Net Change in Fund Balance	(1,112,343)	21,050	1,133,393
Fund Balance, July 1	<u>1,190,226</u>	<u>1,190,226</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 77,883</u>	<u>\$ 1,211,276</u>	<u>\$ 1,133,393</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2010

	<u>Building</u>	<u>Permanent Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 2,174,240	\$ 594,532	\$ 2,768,772
Receivables:			
Taxes.	-	1,274,667	1,274,667
Total assets.	<u>\$ 2,174,240</u>	<u>\$ 1,869,199</u>	<u>\$ 4,043,439</u>
Liabilities:			
Accounts payable.	\$ 2,030	\$ 7,717	\$ 9,747
Unearned revenue.	-	1,103,070	1,103,070
Deferred revenue	-	57,253	57,253
Total liabilities	<u>2,030</u>	<u>1,168,040</u>	<u>1,170,070</u>
Fund balances:			
Reserved for encumbrances.	956,342	383,491	1,339,833
Reserved for tax revenue unavailable for appropriation.	-	114,344	114,344
Unreserved, undesignated, reported in: Capital projects funds	<u>1,215,868</u>	<u>203,324</u>	<u>1,419,192</u>
Total fund balances.	<u>2,172,210</u>	<u>701,159</u>	<u>2,873,369</u>
Total liabilities and fund balances	<u>\$ 2,174,240</u>	<u>\$ 1,869,199</u>	<u>\$ 4,043,439</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Building</u>	<u>Permanent Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 557,665	\$ 704,220	\$ 1,261,885
Other local revenues.	-	54,830	54,830
Intergovernmental - Intermediate	-	496,665	496,665
Intergovernmental - State	-	231,719	231,719
	<u>557,665</u>	<u>1,487,434</u>	<u>2,045,099</u>
Total revenue			
Expenditures:			
Current:			
Instruction:			
Regular	-	314,874	314,874
Other.	-	2,021	2,021
Support services:			
Administration.	13,885	-	13,885
Fiscal.	-	24,405	24,405
Facilities acquisition and construction	1,632,535	839,560	2,472,095
Debt service:			
Interest and fiscal charges.	42,449	-	42,449
	<u>1,688,869</u>	<u>1,180,860</u>	<u>2,869,729</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures.	<u>(1,131,204)</u>	<u>306,574</u>	<u>(824,630)</u>
Other financing sources (uses):			
Sale of bonds	4,672,526	-	4,672,526
Sale/loss of assets	-	14,393	14,393
Transfers (out).	<u>(477,976)</u>	<u>-</u>	<u>(477,976)</u>
Total other financing sources (uses)	<u>4,194,550</u>	<u>14,393</u>	<u>4,208,943</u>
Net change in fund balances	3,063,346	320,967	3,384,313
Fund balances (deficit) at beginning of year .	<u>(891,136)</u>	<u>380,192</u>	<u>(510,944)</u>
Fund balances at end of year	<u>\$ 2,172,210</u>	<u>\$ 701,159</u>	<u>\$ 2,873,369</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Building</u>			
Total Revenues and Other Financing Sources	\$ 2,740,269	\$ 2,740,269	\$ -
Total Expenditures and Other Financing Uses	<u>4,142,932</u>	<u>3,091,816</u>	<u>1,051,116</u>
Net Change in Fund Balance	(1,402,663)	(351,547)	1,051,116
Fund Balance, July 1	<u>1,567,415</u>	<u>1,567,415</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 164,752</u></u>	<u><u>\$ 1,215,868</u></u>	<u><u>\$ 1,051,116</u></u>
<u>Permanent Improvement</u>			
Total Revenues and Other Financing Sources	\$ 1,509,065	\$ 1,509,065	\$ -
Total Expenditures and Other Financing Uses	<u>1,564,351</u>	<u>1,564,351</u>	<u>-</u>
Net Change in Fund Balance	(55,286)	(55,286)	-
Fund Balance, July 1	255,592	255,592	-
Prior Year Encumbrances Appropriated	<u>3,018</u>	<u>3,018</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 203,324</u></u>	<u><u>\$ 203,324</u></u>	<u><u>\$ -</u></u>

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Community Education</u>			
Total Revenues	\$ 1,198,094	\$ 1,197,183	\$ (911)
Total Expenses	<u>1,394,231</u>	<u>1,331,100</u>	<u>63,131</u>
Net Change in Fund Balance	(196,137)	(133,917)	62,220
Fund Balance, July 1	375,740	375,740	-
Prior Year Encumbrances Appropriated	<u>135,806</u>	<u>135,806</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 315,409</u>	<u>\$ 377,629</u>	<u>\$ 62,220</u>
<u>Self-Insurance</u>			
Total Revenues	\$ 8,966,545	\$ 8,966,545	\$ -
Total Expenses	<u>9,724,152</u>	<u>9,711,109</u>	<u>13,043</u>
Net Change in Fund Balance	(757,607)	(744,564)	13,043
Fund Balance, July 1	1,301,846	1,301,846	-
Prior Year Encumbrances Appropriated	<u>1,524,152</u>	<u>1,524,152</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,068,391</u>	<u>\$ 2,081,434</u>	<u>\$ 13,043</u>
<u>Scholarship</u>			
Total Revenues	\$ 100,286	\$ 100,286	\$ -
Total Expenses	<u>112,053</u>	<u>99,727</u>	<u>12,326</u>
Net Change in Fund Balance	(11,767)	559	12,326
Fund Balance, July 1	11,340	11,340	-
Prior Year Encumbrances Appropriated	<u>427</u>	<u>427</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 12,326</u>	<u>\$ 12,326</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, 2010

Student Activities

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets:				
Equity in pooled cash and investments	\$ 69,521	\$ 73,367	\$ 54,629	\$ 88,259
Total assets.	<u>\$ 69,521</u>	<u>\$ 73,367</u>	<u>\$ 54,629</u>	<u>\$ 88,259</u>
Liabilities:				
Accounts payable.	\$ -	\$ 13,171	\$ -	\$ 13,171
Due to students.	69,521	60,196	54,629	75,088
Total liabilities.	<u>\$ 69,521</u>	<u>\$ 73,367</u>	<u>\$ 54,629</u>	<u>\$ 88,259</u>

Six District Educational Compact

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets:				
Equity in pooled cash and investments	\$ 125,469	\$ 600,064	\$ 592,703	\$ 132,830
Receivables:	-	-	-	-
Intergovernmental	-	25,374	-	25,374
Total assets.	<u>\$ 125,469</u>	<u>\$ 625,438</u>	<u>\$ 592,703</u>	<u>\$ 158,204</u>
Liabilities:				
Accounts payable.	\$ 4,992	\$ 35,851	\$ 4,992	\$ 35,851
Intergovernmental payable	1,781	614	1,781	614
Accrued wages and benefits	4,926	4,171	4,926	4,171
Undistributed monies	108,380	579,272	575,614	112,038
Pension obligation payable.	5,390	5,530	5,390	5,530
Total liabilities.	<u>\$ 125,469</u>	<u>\$ 625,438</u>	<u>\$ 592,703</u>	<u>\$ 158,204</u>

Total

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets:				
Equity in pooled cash and investments	\$ 194,990	\$ 673,431	\$ 647,332	\$ 221,089
Receivables:	-	-	-	-
Intergovernmental	-	25,374	-	25,374
Total assets.	<u>\$ 194,990</u>	<u>\$ 698,805</u>	<u>\$ 647,332</u>	<u>\$ 246,463</u>
Liabilities:				
Accounts payable.	\$ 4,992	\$ 49,022	\$ 4,992	\$ 49,022
Intergovernmental payable	1,781	614	1,781	614
Accrued wages and benefits	4,926	4,171	4,926	4,171
Undistributed monies	108,380	579,272	575,614	112,038
Pension obligation payable.	5,390	5,530	5,390	5,530
Due to students.	69,521	60,196	54,629	75,088
Total liabilities.	<u>\$ 194,990</u>	<u>\$ 698,805</u>	<u>\$ 647,332</u>	<u>\$ 246,463</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

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 - S13
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	S14 -S19
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.	S20 - S23
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.	S24-S25
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.	S26-S34

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 19,493,702	\$ 22,949,265	\$ 23,252,056	\$ 17,574,629	\$ 22,610,611
Restricted	7,185,275	5,049,911	4,395,239	8,620,854	2,975,479
Unrestricted	7,732,593	9,891,305	7,025,595	5,301,232	841,055
Total governmental activities net assets	<u>\$ 34,411,570</u>	<u>\$ 37,890,481</u>	<u>\$ 34,672,890</u>	<u>\$ 31,496,715</u>	<u>\$ 26,427,145</u>
Business-type activities					
Unrestricted	\$ 398,433	\$ 385,107	\$ 324,739	\$ 281,580	\$ 224,332
Total business-type activities net assets	<u>\$ 398,433</u>	<u>\$ 385,107</u>	<u>\$ 324,739</u>	<u>\$ 281,580</u>	<u>\$ 224,332</u>
Primary government					
Invested in capital assets, net of related debt	\$ 19,493,702	\$ 22,949,265	\$ 23,252,056	\$ 17,574,629	\$ 22,610,611
Restricted	7,185,275	5,049,911	4,395,239	8,620,854	2,975,479
Unrestricted	8,131,026	10,276,412	7,350,334	5,582,812	1,065,387
Total primary government net assets	<u>\$ 34,810,003</u>	<u>\$ 38,275,588</u>	<u>\$ 34,997,629</u>	<u>\$ 31,778,295</u>	<u>\$ 26,651,477</u>

Source: School District financial records.

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 22,621,463	\$ 22,376,384	\$ 22,678,949
1,964,726	2,573,352	2,293,932
(630,985)	(5,699,201)	(4,985,004)
<u>\$ 23,955,204</u>	<u>\$ 19,250,535</u>	<u>\$ 19,987,877</u>

<u>\$ 165,773</u>	<u>\$ 115,021</u>	<u>\$ 117,207</u>
<u>\$ 165,773</u>	<u>\$ 115,021</u>	<u>\$ 117,207</u>

\$ 22,621,463	\$ 22,376,384	\$ 22,678,949
1,964,726	2,573,352	2,293,932
(465,212)	(5,584,180)	(4,867,797)
<u>\$ 24,120,977</u>	<u>\$ 19,365,556</u>	<u>\$ 20,105,084</u>

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses					
Governmental activities:					
Instruction:					
Regular	\$ 31,363,765	\$ 29,945,058	\$ 29,090,257	\$ 29,363,006	\$ 27,218,512
Special	6,853,151	6,271,075	5,981,206	5,359,756	5,184,533
Vocational	419,385	385,778	372,512	366,288	285,679
Adult/Continuing	-	-	-	-	15,059
Other	1,026,976	968,677	707,956	564,895	532,122
Support services:					
Pupil	4,796,386	4,560,753	4,194,460	4,095,825	3,745,017
Instructional staff	5,483,143	4,678,235	4,514,964	4,143,529	3,992,689
Board of education	37,223	43,359	39,191	86,777	46,313
Administration	4,611,017	4,224,167	4,320,855	4,120,189	4,011,601
Fiscal	1,662,591	1,778,315	1,302,064	1,197,348	1,118,243
Business	606,119	550,168	524,006	459,463	403,174
Operations and maintenance	6,242,385	5,485,131	5,579,144	4,822,825	4,770,844
Pupil transportation	4,306,932	3,392,304	3,383,529	3,222,654	3,144,242
Central	533,722	439,019	371,527	338,315	327,914
Operation of non-instructional services:					
Food service operations	1,790,492	1,733,192	1,625,420	1,646,119	1,599,960
Other non-instructional services	53,654	39,054	24,990	67,194	32,068
Extracurricular activities	1,381,672	1,350,043	1,337,715	1,341,007	1,281,754
Intergovernmental pass-through	-	-	-	-	1,433,299
Interest and fiscal charges	1,768,561	1,926,040	2,081,168	2,225,204	2,342,997
Total governmental activities expenses	<u>72,937,174</u>	<u>67,770,368</u>	<u>65,450,964</u>	<u>63,420,394</u>	<u>61,486,020</u>
Business-type activities:					
Community education	1,183,200	1,217,535	1,186,280	1,071,923	1,099,610
Total business-type activities expenses	<u>1,183,200</u>	<u>1,217,535</u>	<u>1,186,280</u>	<u>1,071,923</u>	<u>1,099,610</u>
Total primary government expenses	<u>\$ 74,120,374</u>	<u>\$ 68,987,903</u>	<u>\$ 66,637,244</u>	<u>\$ 64,492,317</u>	<u>\$ 62,585,630</u>

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 25,454,301	\$ 24,983,603	\$ 23,731,674
4,551,698	4,185,412	4,101,950
285,963	309,954	286,703
17,496	-	-
388,805	476,290	817,998
3,430,276	3,386,131	3,441,568
3,900,864	3,631,033	3,591,957
33,603	43,428	43,414
3,737,759	4,005,983	3,684,495
1,084,887	1,120,757	983,947
370,938	414,012	369,361
4,689,430	5,349,709	5,277,330
3,515,470	2,816,749	2,808,211
342,548	361,106	311,047
1,577,089	1,563,691	1,565,615
30,760	40,510	39,960
1,200,351	1,233,044	1,169,803
1,497,383	1,248,837	1,272,469
2,326,758	1,548,363	1,829,639
<u>58,436,379</u>	<u>56,718,612</u>	<u>55,327,141</u>
1,063,751	1,058,010	982,763
<u>1,063,751</u>	<u>1,058,010</u>	<u>982,763</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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Program Revenues	2010	2009	2008	2007	2006
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 439,433	\$ 451,235	\$ 397,466	\$ 441,873	\$ 461,183
Other	-	-	-	545	17,900
Support services:					
Pupil	253,198	297,723	332,620	363,272	301,209
Instructional staff	7,163	21,963	27,579	11,364	8,820
Administration	4,923	12,235	3,132	2,018	-
Operations and maintenance	7,528	-	-	-	-
Pupil transportation	30,710	34,300	23,316	-	-
Operation of non-instructional services:					
Food service operations	1,471,478	1,523,517	1,530,784	1,477,851	1,462,685
Other non-instructional services	7,611	11,377	11,369	26,042	14,745
Extracurricular activities	482,712	525,392	582,216	593,913	498,836
Operating grants and contributions:					
Instruction:					
Regular	1,590,686	1,419,089	1,496,365	1,350,135	28,556
Special	573,887	1,310,832	1,343,302	1,531,637	1,538,785
Vocational	30,788	30,587	25,610	43,908	-
Other	26,899	18,000	-	94,298	18,000
Support services:					
Pupil	931,256	791,228	704,493	742,436	606,232
Instructional staff	478,159	283,003	389,026	294,394	370,546
Administration	448,525	386,221	261,310	209,392	65,615
Business	44,393	1,127	4,362	-	-
Operations and maintenance	454,227	-	-	-	5,300
Pupil transportation	67,337	59,085	226,897	227,429	9
Central	8,998	14,879	17,992	17,867	18,148
Operation of non-instructional services:					
Food service operations	206,654	158,260	125,899	166,496	175,512
Other non-instructional services	51,645	32,316	24,143	30,820	1,639
Extracurricular activities	50,931	-	-	-	-
Intergovernmental pass-through	-	-	-	-	1,506,633
Capital grants and contributions:					
Instruction:					
Regular	54,830	68,133	61,408	-	-
Support services:					
Administration	-	-	-	1,164	3,995
Fiscal	-	-	-	236	1,205
Operations and maintenance	-	16,000	-	-	-
Pupil transportation	-	31,820	-	-	-
Extracurricular activities	-	-	-	-	-
Total governmental program revenues	7,723,971	7,498,322	7,589,289	7,627,090	7,105,553
Business-type activities:					
Charges for services	1,196,526	1,277,903	1,229,439	1,129,171	1,158,169
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	1,196,526	1,277,903	1,229,439	1,129,171	1,158,169
Total primary government program revenue	\$ 8,920,497	\$ 8,776,225	\$ 8,818,728	\$ 8,756,261	\$ 8,263,722
Net (Expense)/Revenue					
Governmental activities	\$ (65,213,203)	\$ (60,272,046)	\$ (57,861,675)	\$ (55,793,304)	\$ (54,380,467)
Business-type activities	13,326	60,368	43,159	57,248	58,559
Total primary government net expense	\$ (65,199,877)	\$ (60,211,678)	\$ (57,818,516)	\$ (55,736,056)	\$ (54,321,908)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$	388,533	\$ 377,250	\$ 405,206
	-	-	-
	211,827	235,252	202,237
	7,898	-	-
	-	-	-
	-	-	-
	1,465,356	1,444,725	1,365,745
	13,164	-	-
	398,885	334,818	331,869
	49,106	360,009	172,009
	501,735	384,266	59,720
	-	-	-
	-	-	21,000
	481,864	404,913	398,936
	567,453	401,638	167,603
	66,644	35,496	54,521
	-	-	-
	-	8,798	-
	13,849	2,038	-
	17,386	20,345	3,112
	130,686	135,860	128,315
	21,682	26,093	8,062
	-	-	-
	1,425,802	1,358,055	1,239,043
	-	-	85,350
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	69,828	-	-
	<u>5,831,698</u>	<u>5,529,556</u>	<u>4,642,728</u>
	1,112,580	1,055,824	900,380
	1,923	-	-
	<u>1,114,503</u>	<u>1,055,824</u>	<u>900,380</u>
\$	<u>6,946,201</u>	<u>6,585,380</u>	<u>5,543,108</u>
\$	(52,604,681)	\$ (51,189,056)	\$ (50,684,413)
	50,752	(2,186)	(82,383)
\$	<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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

**General Revenues and Other Changes in
Net Assets**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 36,458,638	\$ 38,615,268	\$ 36,956,647	\$ 37,715,893	\$ 34,530,049
Debt service	2,257,774	3,510,815	3,036,407	3,050,457	3,633,321
Capital outlay	1,280,666	1,609,296	1,572,169	1,530,840	1,042,442
Payments in lieu of taxes	314,000	-	-	-	-
Grants and entitlements not restricted to specific programs	21,020,826	18,921,561	18,080,264	16,615,320	15,881,846
Investment earnings	303,682	719,784	1,286,547	1,803,271	1,571,148
Miscellaneous	98,706	112,913	105,816	147,093	193,602
Total governmental activities	<u>61,734,292</u>	<u>63,489,637</u>	<u>61,037,850</u>	<u>60,862,874</u>	<u>56,852,408</u>
Total primary government	<u>\$ 61,734,292</u>	<u>\$ 63,489,637</u>	<u>\$ 61,037,850</u>	<u>\$ 60,862,874</u>	<u>\$ 56,852,408</u>
Change in Net Assets					
Governmental activities	\$ (3,478,911)	\$ 3,217,591	\$ 3,176,175	\$ 5,069,570	\$ 2,471,941
Business-type activities	13,326	60,368	43,159	57,248	58,559
Total primary government	<u>\$ (3,465,585)</u>	<u>\$ 3,277,959</u>	<u>\$ 3,219,334</u>	<u>\$ 5,126,818</u>	<u>\$ 2,530,500</u>

Source: School District financial records.

Note: Beginning in 2007, the District reclassified pass-through expenditures as expenses of the appropriate functions.

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 35,701,776	\$ 30,419,376	\$ 31,148,442
2,270,292	2,235,254	2,453,157
1,082,941	979,841	1,092,167
-	-	-
17,182,672	16,377,027	15,645,717
952,108	177,039	315,327
119,561	263,177	289,801
<u>57,309,350</u>	<u>50,451,714</u>	<u>50,944,611</u>
<u>\$ 57,309,350</u>	<u>\$ 50,451,714</u>	<u>\$ 50,944,611</u>
\$ 4,704,669	\$ (737,342)	\$ 260,198
50,752	(2,186)	(82,383)
<u>\$ 4,755,421</u>	<u>\$ (739,528)</u>	<u>\$ 177,815</u>

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:				
Reserved	\$ 4,437,449	\$ 5,553,270	\$ 3,673,180	\$ 5,082,727
Unreserved	<u>3,667,368</u>	<u>7,467,190</u>	<u>8,759,910</u>	<u>6,940,335</u>
Total general fund	<u>\$ 8,104,817</u>	<u>\$ 13,020,460</u>	<u>\$ 12,433,090</u>	<u>\$ 12,023,062</u>
All Other Governmental Funds:				
Reserved	\$ 5,305,244	\$ 3,943,832	\$ 3,902,671	\$ 7,054,409
Unreserved (deficit), reported in:				
Special revenue funds	612,247	643,950	780,241	672,302
Capital projects funds	<u>1,419,192</u>	<u>(635,544)</u>	<u>(908,793)</u>	<u>1,467,845</u>
Total all other governmental funds	<u>\$ 7,336,683</u>	<u>\$ 3,952,238</u>	<u>\$ 3,774,119</u>	<u>\$ 9,194,556</u>

Source: School District financial records.

2006	2005	2004	2003	2002	2001
\$ 3,206,619	\$ 3,160,430	\$ 1,930,496	\$ 3,211,506	\$ 1,410,532	\$ 1,491,722
4,654,175	4,524,522	1,162,442	1,077,613	2,226,286	1,639,159
<u>\$ 7,860,794</u>	<u>\$ 7,684,952</u>	<u>\$ 3,092,938</u>	<u>\$ 4,289,119</u>	<u>\$ 3,636,818</u>	<u>\$ 3,130,881</u>
\$ 14,664,726	\$ 3,654,382	\$ 1,603,393	\$ 2,143,551	\$ 1,761,483	\$ 1,484,052
574,073	546,330	762,103	590,061	458,704	476,826
3,015,980	18,152,799	587,083	287,594	808,365	831,263
<u>\$ 18,254,779</u>	<u>\$ 22,353,511</u>	<u>\$ 2,952,579</u>	<u>\$ 3,021,206</u>	<u>\$ 3,028,552</u>	<u>\$ 2,792,141</u>

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

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

	2010	2009	2008	2007	2006
Revenues					
From local sources:					
Taxes	\$ 39,204,717	\$ 43,210,965	\$ 41,478,391	\$ 42,233,924	\$ 39,142,496
Payments in lieu of taxes	314,000	-	-	-	-
Tuition	125,137	122,188	70,126	107,876	77,587
Transportation fees	30,710	34,300	23,316	-	-
Earnings on investments	384,418	695,776	1,284,315	2,044,961	1,517,291
Charges for services	1,476,715	1,529,079	1,537,243	1,483,619	1,469,185
Extracurricular	765,723	776,075	812,114	890,738	754,939
Classroom materials and fees	289,526	297,232	294,918	271,216	254,510
Other local revenues	342,666	398,069	425,962	400,619	407,959
Intergovernmental	-	-	-	-	-
Intergovernmental - Intermediate	1,187,368	267,000	220,000	220,000	326,662
Intergovernmental - State	21,517,696	21,580,927	20,560,306	19,141,356	18,059,869
Intergovernmental - Federal	2,732,027	1,557,897	901,987	2,591,854	1,242,731
Total revenues	<u>68,370,703</u>	<u>70,469,508</u>	<u>67,608,678</u>	<u>69,386,163</u>	<u>63,253,229</u>
Expenditures					
Current:					
Instruction:					
Regular	30,065,006	29,257,245	28,883,870	27,381,559	25,906,604
Special	6,748,321	6,295,345	6,024,879	5,348,069	5,105,276
Vocational	405,644	378,932	359,473	348,689	268,734
Adult/Continuing	-	-	-	-	-
Other	1,024,287	961,250	699,881	551,964	532,122
Current:					
Pupil	4,739,136	4,600,883	4,230,914	3,871,512	3,703,133
Instructional staff	5,354,574	4,767,246	4,584,820	4,108,874	3,883,897
Board of education	37,223	43,359	39,191	62,679	45,169
Administration	4,567,935	4,240,788	4,354,324	4,002,364	3,948,855
Fiscal	1,662,388	1,786,706	1,311,073	1,209,265	1,117,617
Business	615,677	565,160	529,938	459,781	401,613
Operations and maintenance	5,398,265	5,077,949	5,160,851	4,777,140	4,706,725
Pupil transportation	4,181,700	3,240,860	3,208,379	3,008,638	2,904,170
Central	530,602	439,754	379,276	339,149	323,179
Operation of non-instructional services:					
Food service operations	1,748,682	1,736,090	1,662,998	1,634,538	1,567,594
Other non-instructional services	52,563	44,541	31,779	64,625	23,226
Extracurricular activities	1,300,036	1,272,230	1,261,363	1,276,866	1,216,146
Pass through payments	-	-	-	1,623,787	1,434,409
Facilities acquisitions and construction	2,480,455	1,356,136	4,172,880	13,254,047	5,966,981
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	2,415,000	2,390,000	5,332,240	2,527,242	2,502,739
Interest and fiscal charges	1,266,666	1,265,545	1,293,851	1,203,330	1,217,930
Bond issue costs	91,606	-	-	-	-
Total expenditures	<u>74,685,766</u>	<u>69,720,019</u>	<u>73,521,980</u>	<u>77,054,118</u>	<u>66,776,119</u>
Excess of revenues over (under) expenditures	(6,315,063)	749,489	(5,913,302)	(7,667,955)	(3,522,890)
Other Financing Sources (Uses)					
Transfers in	515,476	35,000	230,097	228,357	231,271
Transfers (out)	(515,476)	(35,000)	(230,097)	(228,357)	(631,271)
Sale/loss of assets	14,393	16,000	-	-	-
Premium on bond issuance	55,215	-	-	-	-
Sale of bonds	4,714,257	-	-	2,770,000	-
Payment to refunding bond escrow agent	-	-	-	-	-
Discount on certificates of participation issued	-	-	-	-	-
Issuance of certificates of participation	-	-	-	-	-
Total other financing sources (uses)	<u>4,783,865</u>	<u>16,000</u>	<u>-</u>	<u>2,770,000</u>	<u>(400,000)</u>
Net change in fund balances	<u>\$ (1,531,198)</u>	<u>\$ 765,489</u>	<u>\$ (5,913,302)</u>	<u>\$ (4,897,955)</u>	<u>\$ (3,922,890)</u>
Debt service as a percentage of noncapital expenditures	5.23%	5.35%	9.55%	5.85%	6.12%

Source: School District financial records.

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$	39,051,878	\$ 33,132,113	\$ 34,717,907	\$ 32,835,352	\$ 32,379,327
	-	-	-	-	-
	69,161	71,399	89,584	87,709	156,173
	-	-	-	-	-
	802,546	141,892	330,738	428,364	812,607
	1,473,077	1,453,339	1,648,559	-	6,064
	576,915	614,295	468,735	431,800	430,899
	243,533	249,188	-	-	-
	242,538	267,001	387,980	311,374	244,905
	-	-	-	-	14,027,866
	543,276	226,471	109,581	26,625	-
	18,240,221	17,903,547	16,892,278	16,561,703	-
	1,524,507	1,263,435	947,693	901,886	-
	<u>62,767,652</u>	<u>55,322,680</u>	<u>55,593,055</u>	<u>51,584,813</u>	<u>48,057,841</u>
	24,451,633	24,205,572	23,391,460	23,131,646	22,119,620
	4,497,526	4,138,437	4,045,538	3,614,102	3,180,202
	270,846	291,430	260,876	256,132	273,897
	-	-	-	-	283
	388,805	484,241	822,633	585,560	584,225
	3,406,656	3,364,297	3,432,758	3,405,934	3,042,400
	3,851,498	3,577,549	3,508,990	3,244,951	2,774,146
	39,319	43,568	41,612	41,542	40,738
	3,681,662	4,015,855	3,653,183	3,530,063	3,459,983
	1,081,177	1,113,076	989,395	1,037,771	1,014,090
	370,855	404,294	372,901	321,865	305,004
	4,552,039	4,304,382	4,405,895	4,087,462	4,125,271
	3,315,242	2,831,375	2,688,428	2,678,118	2,638,438
	342,551	361,813	308,490	353,803	340,186
	1,557,715	1,557,279	1,488,850	-	-
	24,675	33,601	33,555	23,997	15,901
	1,123,155	1,172,972	1,124,173	1,054,493	979,594
	1,496,878	1,261,899	1,266,389	-	-
	941,734	981,818	900,496	788,903	-
	-	-	-	-	1,447,957
	2,373,707	643,436	2,121,959	2,069,200	2,011,826
	968,779	1,804,704	506,560	612,586	712,317
	426,874	-	-	-	-
	<u>59,163,326</u>	<u>56,591,598</u>	<u>55,364,141</u>	<u>50,838,128</u>	<u>49,066,078</u>
	3,604,326	(1,268,918)	228,914	746,685	(1,008,237)
	222,989	242,997	119,868	78,164	768,844
	(222,989)	(242,997)	(119,868)	(83,164)	(778,814)
	-	-	-	663	789
	-	4,146	-	-	-
	-	7,244,964	-	-	-
	-	(7,245,000)	-	-	-
	(22,108)	-	-	-	-
	20,810,000	-	-	-	-
	<u>20,787,892</u>	<u>4,110</u>	<u>-</u>	<u>(4,337)</u>	<u>(9,181)</u>
\$	<u>24,392,218</u>	<u>\$ (1,264,808)</u>	<u>\$ 228,914</u>	<u>\$ 742,348</u>	<u>\$ (1,017,418)</u>

6.47%

4.40%

4.83%

5.36%

5.72%

**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
2010	\$ 942,970,570	\$ 2,694,201,629	\$ 4,820,720	19,282,880	\$ 1,485,955	\$ 4,245,586
2009	943,668,810	2,696,196,600	4,906,500	19,626,000	1,468,633	4,196,094
2008	893,375,820	2,552,502,343	12,800,937	51,203,748	8,617,985	24,622,814
2007	893,375,820	2,552,502,343	25,601,873	102,407,492	12,164,170	34,754,771
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

Source: Summit County Fiscal Officer

(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 are assessed at varying percentages of true value. As categories of tangible personal property have not been separated for this table, the maximum assessed rate of 25% of true value is assumed.

(c) Assumes public utilities are assessed at true value which is 35%.

Total

Assessed Value	Estimated Actual Value	Total Direct Tax Rate	%
\$ 949,277,245	\$ 2,717,730,094	\$ 86.23	34.93%
950,043,943	2,720,018,694	86.20	34.93%
914,794,742	2,628,328,905	86.25	34.81%
931,141,863	2,689,664,606	86.12	34.62%
930,067,683	2,702,962,427	80.73	34.41%
873,140,182	2,494,686,234	80.73	35.00%
865,076,018	2,471,645,766	80.98	35.00%
874,279,181	2,497,940,517	75.15	35.00%
794,021,689	2,268,633,397	75.63	35.00%
774,989,103	2,214,254,580	75.73	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	Valley Fire District	Total
2009/2010	Boston Township	\$ 2.70	\$ 0.48	\$ -	\$ 3.18	\$ 86.23	\$ 14.16	\$ 7.98	\$ 8.80	\$ 1.00	\$ 118.17
	Boston Heights Village	2.70	0.48	-	3.18	86.23	14.16	6.10	-	-	106.49
	Hudson City	2.70	0.48	1.90	5.08	86.23	14.16	7.07	-	-	107.46
	Cuyahoga Falls City	2.70	0.48	-	3.18	86.23	14.16	11.00	-	-	111.39
2008/2009	Boston Township	2.66	0.41	-	3.07	86.20	14.16	7.98	8.80	1.00	118.14
	Boston Heights Village	2.66	0.41	-	3.07	86.20	14.16	6.60	-	-	106.96
	Hudson City	2.66	0.41	2.00	5.07	86.20	14.16	7.17	-	-	107.53
	Cuyahoga Falls City	2.66	0.41	-	3.07	86.20	14.16	11.00	-	-	111.36
2007/2008	Boston Township	2.72	0.42	-	3.14	86.25	14.26	7.98	8.80	1.00	118.29
	Boston Heights Village	2.72	0.42	-	3.14	86.25	14.26	6.60	-	-	107.11
	Hudson City	2.72	0.42	2.11	5.25	86.25	14.26	7.28	-	-	107.79
	Cuyahoga Falls City	2.72	0.42	-	3.14	86.25	14.26	11.00	-	-	111.51
2006/2007	Boston Township	2.59	0.62	-	3.21	86.12	14.57	7.98	8.80	0.50	117.97
	Boston Heights Village	2.59	0.62	-	3.21	86.12	14.57	6.85	-	-	107.54
	Hudson City	2.59	0.62	1.75	4.96	86.12	14.57	6.92	-	-	107.61
	Cuyahoga Falls City	2.59	0.62	-	3.21	86.12	14.57	11.00	-	-	111.69
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	80.98	13.07	11.00	-	-	105.05
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

Source: Summit County Fiscal Officer

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

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2009 AND DECEMBER 31, 2000

December 31, 2009			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
JoAnn Stores Support Center Inc.	\$ 7,891,540	1	0.82%
Allstate Insurance Company	7,399,200	2	0.78%
Little Tikes, Inc.	6,619,740	3	0.70%
Georgetown Development Co.	2,972,630	4	0.31%
Bath Technology Associates LTD	2,764,780	5	0.29%
Hudson MOB LLC	2,248,970	6	0.24%
Albrecht, Inc.	1,999,300	7	0.21%
Laurel Lake Retirement Community, Inc	1,921,580	8	0.20%
Avaria Properties LLC	1,850,710	9	0.19%
Kobelco Stewart Bolling, Inc.	1,828,680	10	0.19%
Total	\$ 37,497,130		3.95%

December 31, 2000			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Western Reserve Telephone	\$ 10,839,210	1	1.43%
Allstate Insurance	7,235,640	2	0.95%
Little Tikes	6,420,070	3	0.85%
Ohio Edison Company	5,141,220	4	0.68%
Jagi Cleveland-Hudson LLC	3,718,340	5	0.49%
Jo-Ann Stores, Inc.	3,290,790	6	0.43%
Title Guarantee & Trust - Trustee	2,244,910	7	0.30%
Flood Company	2,111,520	8	0.28%
East Ohio Gas Company	1,920,580	9	0.25%
Georgetown Development	1,658,370	10	0.22%
Total	\$ 44,580,650		5.88%

Source: Summit County Fiscal Officer

**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
2009/2010	N/A	N/A	N/A	N/A	N/A
2008/2009	\$ 44,639,956	\$ 3,841,881	\$ 48,481,837	\$ 42,756,369	95.78%
2007/2008	44,902,415	3,138,748	48,041,163	43,254,802	96.33%
2006/2007	46,523,621	3,493,418	50,017,039	44,543,664	95.74%
2005/2006	41,480,529	3,127,785	44,608,314	40,189,583	96.89%
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%

Source: Summit County Fiscal Officer

Note: Information for 2009/2010 is not available

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
N/A	N/A	N/A
\$ 1,883,587	\$ 44,639,956	92.08%
1,647,611	44,902,413	93.47%
1,979,958	46,523,622	93.02%
1,290,947	41,480,530	92.99%
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%

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

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Governmental Activities

Fiscal Year	(a) General Obligation Bonds	(a) Total Primary Government	(b) Percentage of Personal Income	(b) Per Capita	(b) Per ADM
2010	\$ 31,606,086	\$ 31,606,086	2.88%	\$ 1,373	\$ 6,357
2009	27,531,600	27,531,600	2.91%	1,189	5,604
2008	28,167,134	28,167,134	2.97%	1,217	5,423
2007	31,772,507	31,772,507	3.35%	1,372	5,950
2006	29,439,692	29,439,692	3.12%	1,275	5,441
2005	30,669,699	30,669,699	3.11%	1,273	5,565
2004	10,607,457	10,607,457	1.16%	473	1,894
2003	11,250,929	11,250,929	1.21%	494	2,008
2002	13,372,888	13,372,888	1.45%	592	2,392
2001	15,392,088	15,392,088	1.68%	686	2,797

Sources:

(a) Includes certificates of participation. See notes to the financial statements regarding the District's outstanding debt information.

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

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

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds (1)	Fund Balances Reserved for Debt Service	Net General Obligation Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2010	\$ 31,606,086	\$ (3,730,347)	\$ 27,875,739	1.03%	\$ 1,211
2009	27,531,600	(3,661,877)	23,869,723	0.88%	1,031
2008	28,167,134	(3,449,296)	24,717,838	0.94%	1,068
2007	31,772,507	(3,412,070)	28,360,437	1.05%	1,225
2006	29,439,692	(3,618,489)	25,821,203	0.96%	1,119
2005	30,669,699	(3,167,920)	27,501,779	1.10%	1,142
2004	10,607,457	(1,278,746)	9,328,711	0.38%	416
2003	11,250,929	(1,274,068)	9,976,861	0.40%	438
2002	13,372,888	(1,226,759)	12,146,129	0.54%	538
2001	15,392,088	(1,200,720)	14,191,368	0.64%	632

(1) Includes certificates of participation. 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, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Direct Debt and Estimated Share of Overlapping Debt</u>
Direct debt:			
Hudson City School District	\$ 31,606,086 (1)	100.00%	\$ 31,606,086
Total direct debt	<u>31,606,086</u>		<u>31,606,086</u>
Overlapping debt:			
City of Hudson	43,567,269	99.68%	43,427,854
City of Cuyahoga Falls	13,457,000	1.77%	238,189
Summit County	34,090,000	7.56%	2,577,204
Metro Transit	<u>485,000</u>	7.56%	<u>36,666</u>
Total overlapping debt	<u>91,599,269</u>		<u>46,279,913</u>
Total direct and overlapping debt	<u>\$ 123,205,355</u>		<u>\$ 77,885,999</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
2010	\$ 85,301,216	\$ 31,606,086	\$ 3,730,347	\$ 27,875,739	\$ 57,425,477	32.68%
2009	85,350,292	27,531,600	3,661,877	23,869,723	61,480,569	27.97%
2008	80,815,484	28,167,134	3,449,296	24,717,838	56,097,646	30.59%
2007	80,801,473	31,772,507	3,412,070	28,360,437	52,441,036	35.10%
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%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 949,277,245
Less: The portion of tangible personal property excluded by House Bill 530	<u>(1,485,955)</u>
Total assessed value	947,791,290
Debt limit (9% of assessed value)	85,301,216
Add: debt service fund equity	3,730,347
Less: debt applicable to limit	<u>(31,606,086)</u>
Legal debt margin	<u>\$ 57,425,477</u>

Source: Summit County Fiscal Officer 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>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rates (4)</u>		
						<u>Summit County</u>	<u>Ohio</u>	<u>United States</u>
2010	23,026	\$ 1,096,866,536	\$ 47,636	41.3	4,972	9.4%	10.5%	9.5%
2009	23,154	947,345,910	40,915	38.9	4,913	10.5%	11.1%	9.5%
2008	23,154	947,345,910	40,915	38.9	5,194	6.2%	6.6%	5.5%
2007	23,154	947,345,910	40,915	38.9	5,340	5.2%	5.7%	4.6%
2006	23,084	944,481,860	40,915	38.9	5,411	5.3%	5.6%	4.6%
2005	24,089	985,601,435	40,915	38.9	5,511	5.4%	5.9%	5.0%
2004	22,439	918,091,685	40,915	38.9	5,601	6.1%	5.7%	5.7%
2003	22,765	931,429,975	40,915	38.9	5,602	6.2%	5.5%	6.0%
2002	22,593	924,392,595	40,915	38.9	5,591	6.0%	5.3%	5.8%
2001	22,439	918,091,685	40,915	38.9	5,504	4.6%	4.8%	4.0%

(1 & 2) U. S. Census Bureau

(3) District records

(4) Bureau of Labor Statistics, U.S. Department of Labor

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

PRINCIPAL EMPLOYERS
CURRENT YEAR AND THREE YEARS AGO

<u>Employer</u>	<u>December 31, 2009</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Jo-Ann Stores Inc.	2,293	16.88%
Allstate Insurance Company	1,460	10.74%
Hudson City School District	1,089	8.01%
Little Tikes Company	397	2.92%
Laurel Lake Retirement Community	350	2.58%
Windstream Communications Inc.	276	2.03%
Western Reserve Academy	235	1.73%
City of Hudson	222	1.63%
FEDEX Supply Chain Services Inc.	151	1.11%
Lexi-Comp Inc.	150	1.10%
Total	6,623	48.74%
Total Employment within the City	13,588	

<u>December 31, 2006</u>	
<u>Employer</u>	<u>Employees</u>
Jo-Ann Stores Inc.	1,800
Allstate Insurance Company	1,500
Rubbermaid Inc.	1,400
Hudson City School District	796
Laurel Lakes	400
Windstream Communications Inc.	291
Western Reserve Academy	230
City of Hudson	208
Flood Company	100
Lexi-Comp Inc.	99
Total	6,824

Source: City of Hudson records.

Note: Information prior to December 31, 2006, and the total city employment for 2006 was not available.

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

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

<u>Type</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Professional Staff:										
Teaching Staff:										
Elementary	135	138	135	135	138	136	141	142	138	137
Middle	83	83	82	82	88	87	88	87	85	85
High	109	111	107	105	105	105	105	107	103	101
Tutors	18	23	25	24	22	20	21	21	20	19
Others	3	2	4	3	3	1	1	2	11	12
Administration:										
District	29	28	30	29	31	31	31	31	31	28
Auxiliary Positions:										
Counselors	12	12	12	12	11	16	14	14	14	14
Speech	10	13	9	10	10	9	9	9	8	8
Mental Health Specialists	7	7	7	7	7	7	7	8	6	5
Other	28	31	29	29	29	25	32	26	24	21
Support Staff:										
Secretarial	46	49	51	49	50	49	50	49	49	49
Aides	91	95	88	71	74	76	77	74	75	68
Hall monitor/Security	10	10	11	10	13	12	11	14	11	14
Food service	23	26	26	24	26	25	26	25	25	24
Custodial	33	32	33	33	33	33	34	34	33	33
Maintenance	10	10	10	10	11	10	12	12	12	11
Bus Driver	-	-	-	-	36	33	33	33	37	33
Mechanics	-	-	-	-	3	3	3	3	3	3
Other	3	3	4	4	4	4	5	5	4	4
Total	650	673	663	637	694	682	700	696	689	669
<u>Function</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Instruction:										
Regular	265	268	262	264	273	273	282	284	288	277
Special	77	84	84	77	74	70	70	68	62	59
Vocational	3	3	3	3	3	3	3	4	4	4
Other	3	2	4	5	5	3	3	2	3	13
Support Services:										
Pupil	48	52	47	47	46	44	48	47	42	38
Instructional staff	110	115	109	91	96	101	100	99	96	92
Administration	64	66	70	68	70	69	69	70	69	67
Fiscal	7	7	7	7	6	6	5	5	5	5
Business	5	5	5	5	5	5	5	5	5	5
Operations and maintenance	43	43	44	44	87	80	85	83	86	81
Central	2	2	2	2	3	3	4	4	4	4
Food service	23	26	26	24	26	25	26	25	25	24
Total Governmental Activities	650	673	663	637	694	682	700	696	689	669

Source: School District records

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

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Instruction:										
Regular and Special										
Enrollment (students)	4,972	4,913	5,194	5,340	5,411	5,511	5,601	5,602	5,591	5,504
Graduates	438	413	419	423	428	396	415	379	399	371
Support services:										
Administration										
Student attendance rate	95.90%	96.10%	96.20%	96.20%	95.90%	95.80%	96.10%	95.90%	95.90%	95.70%
Food service operations:										
Number of students with free or reduced lunches	195	174	84	120	108	(1)	(1)	(1)	(1)	(1)

Source: District records

(1) Information not readily available for this fiscal year.

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

**CAPITAL ASSET STATISTICS
LAST EIGHT FISCAL YEARS**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Land	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204
Construction in progress	1,614,430	-	-	1,175,722	5,966,981
Land improvements	654,617	728,050	579,437	555,802	583,272
Buildings and improvements	44,641,696	45,883,889	46,621,347	43,593,167	26,707,512
Furniture, fixtures and equipment	1,892,296	2,033,947	1,912,037	1,564,094	1,746,614
Vehicles	699,189	802,775	901,250	1,038,843	1,263,490
 Total Governmental Activities Capital Assets, net	 <u>\$ 50,534,432</u>	 <u>\$ 50,480,865</u>	 <u>\$ 51,046,275</u>	 <u>\$ 48,959,832</u>	 <u>\$ 37,300,073</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 1,032,204	\$ 1,032,204	\$ 1,032,204
-	-	-
642,824	702,376	736,871
27,491,199	28,278,385	29,053,744
1,891,468	1,921,220	2,043,635
<u>1,423,467</u>	<u>1,049,656</u>	<u>1,063,424</u>
<u>\$ 32,481,162</u>	<u>\$ 32,983,841</u>	<u>\$ 33,929,878</u>

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

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Evamere Elementary						
Square feet	59,847	59,847	59,847	47,897	47,897	47,897
Enrollment	566	606	599	705	710	721
Hudson Elementary						
Square feet	-	-	-	27,428	27,428	27,428
Enrollment	-	-	-	232	233	243
McDowell Elementary						
Square feet	56,800	56,800	56,800	56,800	56,800	56,800
Enrollment	319	366	372	513	513	510
Ellsworth Hill Elementary						
Square feet	64,411	64,411	64,411	-	-	-
Enrollment	402	388	415	-	-	-
East Woods School						
Square feet	139,900	139,900	139,900	139,900	139,900	139,900
Enrollment	747	757	788	768	769	808
Hudson Middle School						
Square feet	190,432	190,432	190,432	190,432	190,432	190,432
Enrollment	1,192	1,238	1,255	1,783	1,336	1,355
Hudson High School						
Square feet	342,620	342,620	342,620	330,000	330,000	330,000
Enrollment	1,746	1,757	1,765	1,783	1,767	1,772

Source: District records

Notes:

Square footage excludes temporary modular classrooms.

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.

2004	2003	2002	2001
47,897 743	47,897 794	47,897 782	47,897 785
27,428 246	27,428 236	27,428 251	27,428 272
56,800 498	56,800 523	56,800 525	56,800 529
- -	- -	- -	- -
139,900 843	139,900 862	139,900 888	139,900 879
190,432 1,381	190,432 1,407	190,432 1,389	190,432 1,377
330,000 1,784	330,000 1,779	330,000 1,764	330,000 1,744

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

TEACHER STATISTICS
AS OF JUNE 30, 2010

Degree	Number of Teachers	Percentage of Total	Pay Range
Associates and/or High School Diploma	2	0.61%	(1)
Bachelor's Degree	54.76	16.78%	\$37,975 - \$73,185
Master's Degree	266.65	81.69%	\$41,427 - \$89,241
Ph.D.	3	0.92%	\$46,948 - \$94,938
	<u>326.41</u>	<u>100.00%</u>	

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	48.9	14.98%
6 - 10	66.2	20.28%
11 and over	211.31	64.74%
	<u>326.41</u>	<u>100.00%</u>

Source: School District Personnel Records

(1) The salary schedule contained in the current teachers' union collective bargaining agreement does not recognize degrees less than a bachelor's.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities (2)		Enrollment
	Expenditures (1)	Cost per pupil	Expenses (1)	Cost per pupil	
2010	\$ 70,912,494	\$ 14,262	\$ 71,168,613	\$ 14,314	4,972
2009	66,064,474	13,447	65,844,328	13,402	4,913
2008	66,895,889	12,879	65,450,964	12,601	5,194
2007	73,323,546	13,731	63,420,394	11,876	5,340
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

Source: District records

(1) Debt Service totals have been excluded.

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

Note: the Pupil/Teacher Ratio for fiscal years 2009 and 2010 was not available.

Percent Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
1.20%	397	N/A	95.90%
-5.41%	399	N/A	96.10%
-2.73%	392	17.87	96.20%
-1.31%	396	18.42	96.20%
-1.81%	430	18.20	95.90%
-1.61%	436	18.76	95.80%
-0.02%	451	18.74	96.10%
0.20%	425	18.70	95.90%
1.58%	442	19.05	95.90%
0.04%	425	19.05	95.70%

Expect Excellence.



Hudson City Schools
2386 Hudson-Aurora Road
Hudson, Ohio

Cover photos courtesy of East Woods Principal Ted Embacher



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
JANUARY 6, 2011**