

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

*SUPPLEMENTAL REPORTS
(AUDITED)*

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2007*

BART GRIFFITH, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Hudson City School District
2386 Hudson-Aurora Road
Hudson, Ohio 44236-2322

We have reviewed the *Independent Auditor's Report* of the Hudson City School District, Summit County, prepared by Julian & Grube, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 7, 2008

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

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Julian & Grube, Inc.

Serving Ohio Local Governments

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2007, and have issued our report thereon dated December 26, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Hudson City School District's basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Julian & Grube, Inc.
December 26, 2007

HUDSON CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

| FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE | CFDA NUMBER | PASS-THROUGH GRANT NUMBER | (A) CASH FEDERAL RECEIPTS | OTHER FEDERAL RECEIPTS | (A) CASH FEDERAL DISBURSEMENTS | OTHER FEDERAL DISBURSEMENTS |
|--|----------------|---------------------------------|------------------------------------|------------------------------|---|-----------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION | | | | | | |
| (B) Food Donation | 10.550 | N/A | \$ - | \$ 47,354 | \$ - | \$ 47,354 |
| (C) National School Lunch Program | 10.555 | 050021-LLP4-2006 | 22,105 | - | 22,105 | - |
| (C) National School Lunch Program | 10.555 | 050021-LLP4-2007 | 58,101 | - | 58,101 | - |
| Total U.S. Department of Agriculture | | | <u>80,206</u> | <u>47,354</u> | <u>80,206</u> | <u>47,354</u> |
| U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 050021-C1S1-2006 | 68,891 | | 38,234 | |
| Title I Grants to Local Educational Agencies | 84.010 | 050021-C1S1-2007 | 94,769 | | 101,342 | |
| Total Title I Grants to Local Educational Agencies | | | <u>163,660</u> | | <u>139,576</u> | |
| Special Education Cluster: | | | | | | |
| (D) Special Education_Grants to States | 84.027 | 050021-6BPM-2006 | 22,500 | | 5,506 | |
| (D) Special Education_Grants to States | 84.027 | 050021-6BPM-2007 | 22,484 | | 22,015 | |
| (D) Special Education_Grants to States | 84.027 | 050021-6BSF-2006 | 65,350 | | 700,530 | |
| (D) Special Education_Grants to States | 84.027 | 050021-6BSF-2007 | 1,528,313 | | 1,090,898 | |
| Total Special Education_Grants to States | | | <u>1,638,647</u> | | <u>1,818,949</u> | |
| (D) Special Education_Preschool Grants | 84.173 | 050021-PGS1-2006 | 7,086 | | 8,912 | |
| (D) Special Education_Preschool Grants | 84.173 | 050021-PGS1-2007 | 28,750 | | 28,471 | |
| Total Special Education_Preschool Grants | | | <u>35,836</u> | | <u>37,383</u> | |
| Total Special Education Cluster | | | | | | |
| | | | <u>1,674,483</u> | | <u>1,856,332</u> | |
| Vocational Education_Basic Grants to States | 84.048 | 050021-20A0-2005 | 10,000 | | 19,956 | |
| Vocational Education_Basic Grants to States | 84.048 | 050021-20C1-2006 | - | | 14,056 | |
| Vocational Education_Basic Grants to States | 84.048 | 050021-20C1-2007 | 282,127 | | 286,049 | |
| Total Vocational Education_Basic Grants to States | | | <u>292,127</u> | | <u>320,061</u> | |
| Safe and Drug-Free Schools and Communities_State Grants | 84.186 | 050021-DRS1-2005 | - | | 1,918 | |
| Safe and Drug-Free Schools and Communities_State Grants | 84.186 | 050021-DRS1-2006 | 1,707 | | 9,510 | |
| Safe and Drug-Free Schools and Communities_State Grants | 84.186 | 020021-DRS1-2007 | 18,317 | | 11,911 | |
| Total Safe and Drug-Free Schools and Communities_State Grants | | | <u>20,024</u> | | <u>23,339</u> | |
| State Grants for Innovative Programs | 84.298 | 050021-C2S1-2005 | - | | 13,543 | |
| State Grants for Innovative Programs | 84.298 | 050021-C2S1-2006 | 26,759 | | 15,394 | |
| State Grants for Innovative Programs | 84.298 | 050021-C2S1-2007 | 15,142 | | 6,403 | |
| Total State Grants for Innovative Programs | | | <u>41,901</u> | | <u>35,340</u> | |
| Education Technology State Grants | 84.318 | 050021-TJS1-2006 | 1,971 | | 1,850 | |
| Education Technology State Grants | 84.318 | 050021-TJS1-2007 | 1,997 | | 146 | |
| Total Education Technology State Grants | | | <u>3,968</u> | | <u>1,996</u> | |
| (E) English Language Acquisition Grants | 84.365 | 050021-T3S2-2006 | (657) | | - | |
| English Language Acquisition Grants | 84.365 | 050021-T3S2-2007 | 657 | | - | |
| Total English Language Acquisition Grants | | | <u>-</u> | | <u>-</u> | |
| Improving Teacher Quality State Grants | 84.367 | 050021-TRS1-2005 | - | | 2,600 | |
| Improving Teacher Quality State Grants | 84.367 | 050021-TRS1-2006 | 62,274 | | 56,076 | |
| Improving Teacher Quality State Grants | 84.367 | 050021-TRS1-2007 | 69,671 | | 7,334 | |
| Total Improving Teacher Quality State Grants | | | <u>131,945</u> | | <u>66,010</u> | |
| Hurricane Education Recovery | 84.938 | 050021-HR01-2006 | 500 | | 1,500 | |
| Total U.S. Department of Education | | | <u>2,328,608</u> | | <u>2,444,154</u> | |
| U.S. CORPORATION FOR NATIONAL & COMMUNITY SERVICE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION | | | | | | |
| Learn and Serve America_School and Community Based Programs | 94.004 | 050021-SVS1-2006 | 9,000 | | 230 | |
| Learn and Serve America_School and Community Based Programs | 94.004 | 020021-SVS1-2007 | 3,000 | | 3,000 | |
| Total U.S. Corporation for National & Community Service | | | <u>12,000</u> | | <u>3,230</u> | |
| Total Federal Financial Assistance | | | <u>\$ 2,420,814</u> | <u>\$ 47,354</u> | <u>\$ 2,527,590</u> | <u>\$ 47,354</u> |

(A) This schedule was prepared on the cash basis of accounting.

(B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.

(C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.

(D) Included as part of "Special Education Grant Cluster" in determining major programs.

(E) Amount of \$657 was transferred to the next grant year based on Ohio Department of Education administrative action



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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Hudson City School District's basic financial statements and have issued our report thereon dated December 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hudson City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hudson City School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Hudson City School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Hudson City School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Hudson City School District's financial statements that is more than inconsequential will not be prevented or detected by Hudson City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Hudson City School District's internal control.

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

Board of Education
Hudson City School District

Compliance and Other Matters

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

We noted a certain matter that we reported to the management of Hudson City School District in a separate letter dated December 26, 2007.

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

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

Julian & Grube, Inc.
December 26, 2007



Julian & Grube, Inc.

Serving Ohio Local Governments

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

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

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

Compliance

We have audited the compliance of Hudson City School District, Summit County, Ohio, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2007. Hudson City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hudson City School District's management. Our responsibility is to express an opinion on Hudson City School District's compliance based on our audit.

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

In our opinion, Hudson City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2007.

Board of Education
Hudson City School District

Internal Control Over Compliance

The management of Hudson City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hudson City School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hudson City School District's internal control over compliance.

A control deficiency in Hudson City School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Hudson City School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Hudson City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Hudson City School District's internal control.

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 that might be 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.

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



Julian & Grube, Inc.
December 26, 2007

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

| 1. SUMMARY OF AUDITOR'S RESULTS | | |
|--|---|---|
| <i>(d)(1)(i)</i> | <i>Type of Financial Statement Opinion</i> | Unqualified |
| <i>(d)(1)(ii)</i> | <i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(ii)</i> | <i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(iii)</i> | <i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(iv)</i> | <i>Were there any material internal control weaknesses reported for major federal programs?</i> | No |
| <i>(d)(1)(iv)</i> | <i>Were there any significant deficiencies in internal control reported for major federal programs?</i> | No |
| <i>(d)(1)(v)</i> | <i>Type of Major Programs' Compliance Opinion</i> | Unqualified |
| <i>(d)(1)(vi)</i> | <i>Are there any reportable findings under §.510?</i> | No |
| <i>(d)(1)(vii)</i> | <i>Major Programs (listed):</i> | <i>Special Education Cluster - Special Education - Grants to States - CFDA # 84.027 and Special Education - Preschool Grants - CFDA #84.173; Vocational Education - Basic Grants to States - CFDA #84.048</i> |
| <i>(d)(1)(viii)</i> | <i>Dollar Threshold: Type A/B Programs</i> | Type A: >\$300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | <i>Low Risk Auditee?</i> | Yes |

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

None

| |
|--|
| 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS |
|--|

None

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**HUDSON CITY
SCHOOL DISTRICT**

FOR THE

FISCAL YEAR ENDED JUNE 30, 2007

**PREPARED BY
TREASURER'S OFFICE**

2386 HUDSON-AURORA ROAD HUDSON, OHIO 44236

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

BOARD OF EDUCATION:

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

(Local) 330-653-1270

FAX: 330-656-2292

ADMINISTRATORS:

Steven Farnsworth, Superintendent
Bart Griffith, Treasurer

December 26, 2007

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, 2007. 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 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’s enrollment has been increasing since 1980. The District had recorded more than 19 consecutive years of increasing enrollment until fiscal year 2000 when enrollment slowed. The District’s FTE enrollment for fiscal year-end June 30, 2007, was 5,110 students.

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

Economic Condition And Outlook

Ohio’s seasonally adjusted unemployment rate was 6.1 percent in June 2007, and the nation’s unemployment rate for June 2007 was 4.5 percent. Additionally, June 2007 employment in the Akron Primary Metropolitan Statistical Area was 371,800. Specific employment figures for the Hudson City School District are not available. (Labor Force Estimates, June 2007, Ohio Bureau of Employment Services).

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

According to the latest available income data, the 2004 median Ohio adjusted gross income per tax return for Hudson City School District residents was \$63,982. That ranks our District 3rd in the State of Ohio. The 2004 average Federal adjusted gross income per tax return for Hudson City School District residents was \$119,438. Our District ranks 8th in the State in average Federal income per tax return.

On a budgetary-basis, the District receives approximately 65 percent of its total operating revenues from local property tax collections. Therefore, the long-term financial health of the District is very dependent on its tax base. Total assessed valuation of the District rose by 46 percent in the last ten years. The increased value in the tax duplicate is attributed to new construction (47 percent) and the balance (53 percent) to revisions in property values made by the County Fiscal Officer over the most recent ten-year period.

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.

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 6-30-07

| <u>Name</u> | <u>Began</u> | <u>Expires</u> | <u>Profession</u> |
|---------------------------|--------------|----------------|--|
| Kenneth Claypoole | 10-23-06 | 12-31-07 | Small Business Owner |
| Bruce Hubach | 01-01-04 | 12-31-07 | Manufacturers Representative N.T. Ruddock Company |
| Gary Mushock | 8-15-06 | 12-31-07 | Consultant |
| Nancy Terry | 01-01-06 | 12-31-09 | Homemaker |
| Wilbur Veith President | 7-10-06 | 12-31-07 | Retired |

ADMINISTRATION – as of 6-30-07

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

Employee Relations

The District currently has approximately 654 full-time and part-time employees. Two labor organizations represent District employees. Certified employees, including teachers and educational specialists, are represented for collective bargaining purposes by the Hudson Education Association (HEA). Support employees, including cooks, custodians, educational aides and clerical staff, are represented for collective bargaining purposes by the Ohio Association of Public School Employees Local 372 (OAPSE).

Services Provided

The District provides a wide variety of educational and support services as mandated by the Ohio Revised Code or Board directives. The District contracts out its transportation of students. During the 2006-07 fiscal year, the District's fleet of 44 buses traveled 2,902 miles each day providing transportation services to 2,671 public and 231 private and parochial students. The Food Service Department served an average of 4,031 meals daily for a total of 705,446 meals annually through the District's school lunchrooms.



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

At the center of the District's services are the instructional programs. The District offers regular instructional programs daily to students in grades pre-kindergarten to twelve. The District served approximately 793 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 2007

Mathematics Curricular Initiatives

- Grades K – 5 Mathematics Curriculum Review and Adoption
- Math common assessment writing in Grades 4 and 5
- Implementation of new copyright of math curriculum at grades 6 and 7 (CMP2)
- Math common assessment writing in grades 7 and 8
- Analysis with teachers of Ohio Achievement Test data to inform instruction at grades 3 – 8 and OGT data at the HS
- Math Peer Tutoring at grades 6, 7 and 8
- Implemented new Study Hall Math Peer Tutoring program for 6th grade students
- Curriculum study with HS Math Department (Included research of effective curriculum models, visits to exemplary high schools in 5 states who were using those curricula, meetings with state department officials, professional development with the department and with sub-committees within the department to look at data, make recommendations to administration, etc)
- Ohio Department of Education grant for HS Math Dept implementation of Model B curriculum model (in conjunction with Aurora HS)
- Online graduate courses: MS mathematics (looking at algebraic and geometric thinking) and elementary mathematics (using Ten Frames as an effective tool for learning place value in the early grades)
- Middle School Special Education mathematics pilot and study of new materials, research behind differing approaches in special ed mathematics teaching
- Parent Math Nights
- District Value-Added Representative (DVA) training
- Value-added training and data analysis with 4th and 5th grade math teachers; included setting SMART goals and working on strategies to meet those goals
- Identification of “power standards” for use in the math section of the new elementary report cards
- Math Parent Meeting about accelerated math options at the MS and beyond

Science Curricular Initiatives

- Grades 6 – 8 Curriculum Implementation (Professional Development, including common assessment writing and grading)
- Science common assessment writing in Grades 1, 2, 3, 4 and 5
- Incorporation of Reinhardt Woods and Arboretum into 3rd grade science curriculum – improvement of the wooded area to include paths, bridges, outdoor study/classroom areas. Future plans include addition of signage for 3rd grade classrooms to create (identifying key components of healthy ecosystems, etc), applying for grants to allow for limestone improvement of paths (to allow for handicapped access), and encouraging other grade levels to use the area for science and nature studies
- Grade 7 field trip to Cuyahoga Valley Environmental Education Center – assistance in planning and implementing as well as looking at how their curriculum fit with new MS science curriculum units
- Parent meetings to inform parents of the trip



INTRODUCTION

- Training and assignment of parent volunteers for the CVEEC trip
- Identification of “power standards” for use in the science section of the new elementary report cards
- Analyzing OGT data with MS and HS teachers to identify strengths/weaknesses and areas on which we need to focus
- Continued work on courses of study

Language Arts Curricular Initiatives

- Literacy Speaker Series
 - Lori Oczkus - Reciprocal Teaching (grades 3-6)
 - Dr. Mark Forget – Reading Strategies (grades 5-12)
 - Dr. Gail Saunders-Smith – Reading Strategies (grades 3-5)
- Linda Hoyt – Nonfiction reading at grades K and 1
 - Four days with teachers – on-going project
- Content Area Reading Strategies –Dr. Mark Forget – two days with grades 6-8
- Implementation of new Hudson reading assessments at grades 4-8
- Analysis of data from new reading assessments to inform instruction at grades 4-8
- Analysis of DIBELS, DRA assessment information at grades K-3
- Implementation of small group reading in kindergarten
- Parent Literacy Nights
- Determination of critical indicators for K-3 standards-based report cards
- Graduate Course – Informational Text Literacy
- Language Arts material review – grades 7 and 10
- Further refinement of the DRA guidelines
- Additional DRA resources created for teachers
- Facilitation of English Department instructional guides

Social Studies Curricular Initiatives

- Instructional guides for high school courses
- Common assessments in grades 5—8
- Analyzing data to inform instruction
- Refinement of fifth grade assessments
- Continued work on course of study
- Determination of critical indicators for standards-based K-3 report cards
- Underground Railroad project with the Hudson Library and Ohio Historical Society
- Review of course sequence at the high school
- Facilitation of Dr. Skip Hyser – guest speaker for AP U.S. History students
- Textbook review for AP U.S. History and AP European History

REACH Program Summary

During the 2006-2007 school year, the REACH Team participated in several out-of-district workshops in the following areas:

- Literacy
- Differentiation in the regular classroom
- Assisting students in the writing process
- Attendance of teachers from the REACH Department at these workshops was funded by the building principals or the Curriculum Department.
- REACH Department teachers also participated in and contributed to the all-day release days devoted to learning about Value-Added with 4th and 5th grade teachers.
- REACH teachers were likewise invited to all language arts and math in-services within the district for grade levels k-8.
- As a result of attendance at the Literacy workshops throughout the year, the REACH teachers became instrumental in contributing to plans for Professional Learning Communities at the building level.



- Related to this, REACH teachers, k-5, involved themselves more intensely in work with regular classroom teachers and collaborated on in-class projects and units of study. In this way, we hoped to offer more high-ability students appropriate opportunities, every day, to engage in work that was challenging and meaningful, and which extended the regular curriculum.
- It should also be noted that our REACH teacher at fifth grade met with pull-out groups all year, usually 60 minutes per week, to supplement math content and instruction for those students who, most probably, would be considered for the option of entering an accelerated math class at 6th grade.
- WEPs – “Written Education Plans” were instituted with teachers in grades 7 and 8 for all students who had gifted identification in any academic areas. Resource notebooks containing information for extensions and enrichment for differentiation purposes were created and distributed to all middle school language arts, math, science, and social studies teachers. Further, as of November, 2006, all students in grades 1-8 who had gifted identification in one or more areas now had WEPs to chart the use of differentiation techniques in the regular classroom.
- During the school year, the REACH team, along with administrators, addressed parent-requests for grade acceleration or subject acceleration for students in grades one, two, and three. We proceeded as an IAT to follow the district policy for acceleration.

Special Education Initiatives

(Note: these are multi-year initiatives)

- Professional Development with Special Education teachers will focus on the alignment of the Individual Education Plans (IEPs) to the Academic Content Standards.
- Implement Alternative Assessment for Statewide Testing across grade levels.
- Professional development for special education staff and instructional aides in the area of autism.
- Crisis Prevention Intervention training available for appropriate staff members.
- IEP Anywhere Web based Software Training and implementation for all special education staff.
- Review and update crisis guide for every building.
- Adaptive PE implementation.
- Legal Issues updates for all district administrators.
- Compliance monitoring and updates on all legal procedures.
- Begin study on research on behavior issues/procedures and use of restraints, including the development of restraint forms/incident reports.
- Instructional Aide inservice opportunities, implement Book Study format.
- Evaluate preschool services and programs.
- Mental Health Training for all staff members.
- Specialized Reading Instruction including Wilson and Literacy by Design.
- Pilot Transitional Math and Number Worlds in the MS resource setting.
- Reading Assessment Graduate Class for K-3.
- Implement the Continuum of Intervention Services model.
- Review ESY service delivery/program.

K-12 Technology/Media Initiatives

- Provide mini released-time in-services for areas selected by elementary teachers.
- Provide support/professional development for computer aides to troubleshoot PCs and Macs in elementary schools.
- Coordinate budget for SchoolNet funds and District technology funds. Replace hardware so teachers can implement Ohio Technology Standards in classrooms.
- Look for/submit further grants for the District.
- In-service and support staff at East Woods, McDowell, Middle School and High School to explore potential of video streaming.
- Increased curricular/academic presence on web.
- Implemented Progress Book at the High School
- Prepare Middle School staff for Progress Book



INTRODUCTION

- Continue to work on the Library/Media Course of study integration of Media Literacy Guidelines into the Social Studies and Language Arts curriculum.
- Continue to work with instructional staff and offer technology professional development.
- Create parent and teacher pathfinders for new technology literacies.
- Provide training for new staff to implement technical units.
- Continue to work on-line catalog database for SIRSI.
- Embed the K-5 technology standards in math, science and social studies curriculum.
- Planned for middle school art/technology course to integrate the technology standards (to be implemented in 2006-2007).

Graduate Courses

- Informational Text Literacy
- Tech Literacies for the 21st Century
- Math K-3, 4-6, 7-12: online course. Online HS science course; online 6-12 course.
- Classroom Web Resources: K-5 and 6-12
- The Child with Mental health Needs: Classroom Strategies for Teachers
- Assessment for Learning
- Dynamic Pathways to Student Success: Building a Sense of Community in the Classroom
- Mentor/Pathwise Training 2007
- 9 Essential Skills for the Love and Logic Classroom

Curriculum Writing Projects (2007)

DRA Reading Assessment
English 10 Course of Study
Gr. 3 Plant Units & Instructional Guide
Gr. 3 Science Common Assessments
Gr. 4 & 5 Reading Assessments
Gr. 5 Social Studies
Gr. 6 Reading Assessments
Gr. 7 Reading Assessments
Gr. K-5 Parent Night Planning
HS Algebra/Geometry Inclusion
Investigations Training for Elementary Math Program
Literacy Framework
Math Parent Nights Planning
Math Trainer of Trainers
MS: General & Special Education Math Curriculum
Multimedia in the Math Classroom
Opening Day Planning
Prep & Plan for New AP Course
Progress Book Training
RISE UP (Reading Instructional Strategies Enrich Understanding Practice)
Taking Flight: Information Text Units for Kindergarten
Video Streaming



Financial Reporting

For the fiscal year ended June 30, 2007, the District continued to report in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for the State and Local Governments." The basic financial statements for reporting on the District's financial activities are as follows:

- *Government-wide financial statements:* These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by business enterprises. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.
- *Fund financial statements:* These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.
- *Statement of budgetary comparisons:* These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Discussion and Analysis of the District. This discussion appears after the Independent Accountants' Report in the financial section of this report. The Management's Discussion and Analysis (MD&A) provides an assessment of the District's finances for 2007. 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.



INTRODUCTION

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 2007 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, 2006. This was the eighth 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

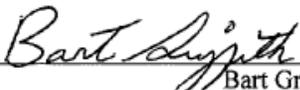
The District received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting Award for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This was the eighth consecutive year that the District has achieved this 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, 2007, which will be submitted to ASBO for review, will continue to conform to ASBO's principles and standards.

Acknowledgments

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

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

Respectfully submitted,

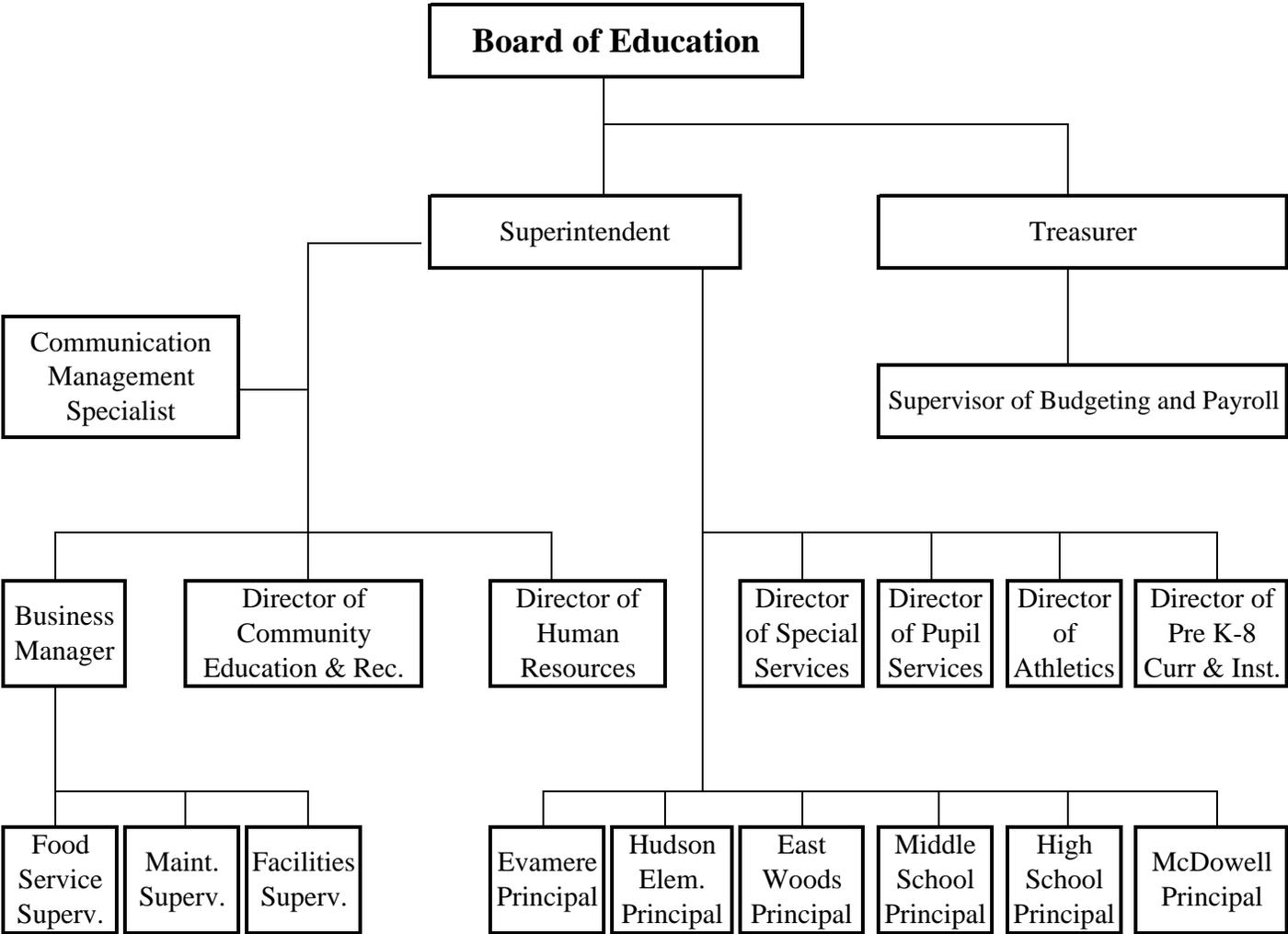

Bart Griffith
Treasurer


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, 2006

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



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

HUDSON CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2006

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

President

Executive Director

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Julian & Grube, Inc.

Serving Ohio Local Governments

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Hudson City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hudson City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2007, on our consideration of the Hudson City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report
Hudson City School District
Page Two

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hudson City School District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.
December 26, 2007

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The discussion and analysis of Hudson City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. 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 2007 are as follows:

- In total, net assets increased \$5,126,818. Net assets of governmental activities increased \$5,069,570, which represents a 19.18% increase from 2006. Net assets of business-type activities increased \$57,248 or 25.52% from 2006.
- General revenues, related to governmental activities, accounted for \$60,862,874 in revenue or 88.86% of all revenues. Program specific revenues, related to governmental activities, in the form of charges for services and sales, grants and contributions accounted for \$7,627,090 or 11.14% of total revenues of \$68,489,964.
- The District had \$63,420,394 in expenses related to governmental activities; only \$7,627,090 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 \$60,862,874 were adequate to provide for these programs resulting in an increase to net assets from \$26,427,145 to \$31,496,715.
- The District had \$1,071,923 in expenses related to business-type activities; a total of \$1,129,171 was offset by program specific revenues and charges for services. Total revenues were adequate to provide for these programs by \$57,248 resulting in an increase to net assets from \$224,332 to \$281,580.
- The District's only major governmental funds are the general fund and building fund. The general fund had \$57,181,220 in revenues and \$53,018,952 in expenditures and other financing uses. The general fund's fund balance increased \$4,162,268 from \$7,860,794 to \$12,023,062.
- The District's other major governmental fund is the building fund. The building fund had \$3,556,550 in revenues and other financing sources and \$12,617,360 in expenditures. The building fund's fund balance decreased \$9,060,810 from \$12,969,840 to \$3,909,030. The District was able to leverage its portion (13.5%) of the 1% increase to the City of Hudson's income tax rate, which is dedicated for the express purpose of providing capital improvements for community learning centers.

Using the Comprehensive Annual Financial Statements (CAFR)

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Business-type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's Community Education and Recreation programs are reported as business-type activities.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages F 19 – F 23 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages F 24 – F 26 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages F 27 – F 28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

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

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

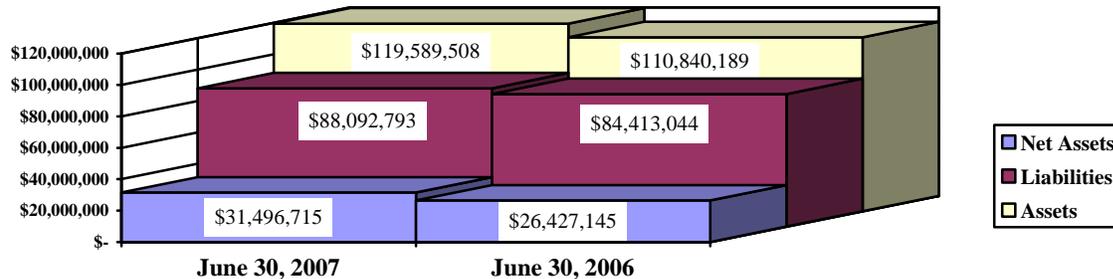
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 2007 and 2006.

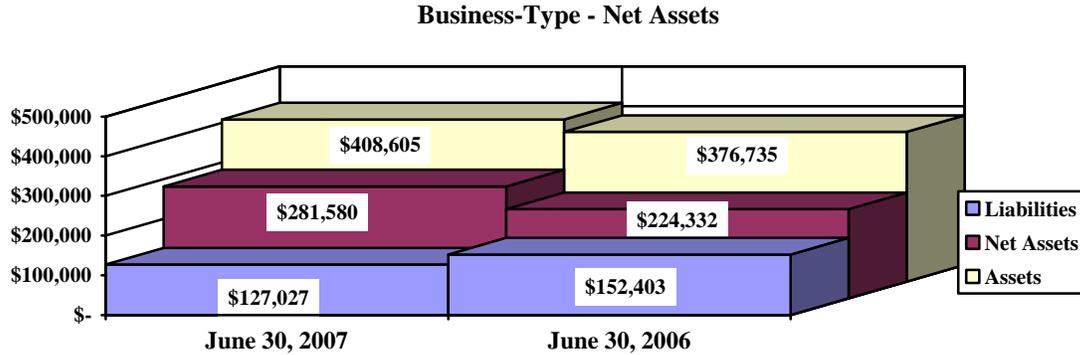
| | Net Assets | | | | | |
|--|----------------------------|---------------|-----------------------------|------------|---------------|---------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Assets | | | | | | |
| Current and other assets | \$ 70,629,676 | \$ 73,540,116 | \$ 408,605 | \$ 376,735 | \$ 71,038,281 | \$ 73,916,851 |
| Capital assets | 48,959,832 | 37,300,073 | - | - | 48,959,832 | 37,300,073 |
| Total assets | 119,589,508 | 110,840,189 | 408,605 | 376,735 | 119,998,113 | 111,216,924 |
| Liabilities | | | | | | |
| Current liabilities | 46,958,556 | 44,947,415 | 98,438 | 122,974 | 47,056,994 | 45,070,389 |
| Long-term liabilities | 41,134,237 | 39,465,629 | 28,587 | 29,429 | 41,162,824 | 39,495,058 |
| Total liabilities | 88,092,793 | 84,413,044 | 127,025 | 152,403 | 88,219,818 | 84,565,447 |
| Net Assets | | | | | | |
| Invested in capital assets, net of related debt | 17,574,629 | 22,610,611 | - | - | 17,574,629 | 22,610,611 |
| Restricted | 8,620,854 | 2,975,479 | - | - | 8,620,854 | 2,975,479 |
| Unrestricted | 5,301,232 | 841,055 | 281,580 | 224,332 | 5,582,812 | 1,065,387 |
| Total net assets | \$ 31,496,715 | \$ 26,427,145 | \$ 281,580 | \$ 224,332 | \$ 31,778,295 | \$ 26,651,477 |

Governmental - Net Assets



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007



The table below shows the changes in net assets for fiscal years 2007 and 2006. Certain revenue amounts for 2006 have been restated to conform to 2007 presentation.

Change in Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services and sales | \$ 2,916,878 | \$ 2,765,378 | \$1,129,171 | \$1,158,169 | \$ 4,046,049 | \$ 3,923,547 |
| Operating grants and contributions | 4,708,812 | 4,334,975 | - | - | 4,708,812 | 4,334,975 |
| Capital grants and contributions | 1,400 | 5,200 | - | - | 1,400 | 5,200 |
| General revenues: | | | | | | |
| Property taxes | 42,297,190 | 39,205,812 | - | - | 42,297,190 | 39,205,812 |
| Grants and entitlements | 16,615,320 | 15,881,846 | - | - | 16,615,320 | 15,881,846 |
| Investment earnings | 1,803,271 | 1,571,148 | - | - | 1,803,271 | 1,571,148 |
| Miscellaneous | 147,093 | 193,602 | - | - | 147,093 | 193,602 |
| Total revenues | 68,489,964 | 63,957,961 | 1,129,171 | 1,158,169 | 69,619,135 | 65,116,130 |

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|----------------------|-----------------------------|-------------------|----------------------|----------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Expenses | | | | | | |
| Program expenses: | | | | | | |
| Instruction: | | | | | | |
| Regular | 28,123,050 | 27,218,512 | - | - | 28,123,050 | 27,218,512 |
| Special | 5,359,756 | 5,184,533 | - | - | 5,359,756 | 5,184,533 |
| Vocational | 366,288 | 285,679 | - | - | 366,288 | 285,679 |
| Adult | - | 15,059 | - | - | - | 15,059 |
| Other | 564,895 | 532,122 | - | - | 564,895 | 532,122 |
| Support services: | | | | | | |
| Pupil | 3,872,918 | 3,745,017 | - | - | 3,872,918 | 3,745,017 |
| Instructional staff | 4,132,655 | 3,992,689 | - | - | 4,132,655 | 3,992,689 |
| Board of education | 86,777 | 46,313 | - | - | 86,777 | 46,313 |
| Administration | 3,962,039 | 4,011,601 | - | - | 3,962,039 | 4,011,601 |
| Fiscal | 1,197,348 | 1,118,243 | - | - | 1,197,348 | 1,118,243 |
| Business | 459,463 | 403,174 | - | - | 459,463 | 403,174 |
| Operations and maintenance | 4,822,825 | 4,770,844 | - | - | 4,822,825 | 4,770,844 |
| Pupil transportation | 3,222,654 | 3,144,242 | - | - | 3,222,654 | 3,144,242 |
| Central | 338,315 | 327,914 | - | - | 338,315 | 327,914 |
| Operation of non-instructional services | 67,194 | 32,068 | - | - | 67,194 | 32,068 |
| Extracurricular activities | 1,341,007 | 1,281,754 | - | - | 1,341,007 | 1,281,754 |
| Pass through payments | 1,631,887 | 1,433,299 | - | - | 1,631,887 | 1,433,299 |
| Food service | 1,646,119 | 1,599,960 | - | - | 1,646,119 | 1,599,960 |
| Interest and fiscal charges | 2,225,204 | 2,342,997 | - | - | 2,225,204 | 2,342,997 |
| Community education | - | - | 1,071,923 | 1,099,610 | 1,071,923 | 1,099,610 |
| Total expenses | <u>63,420,394</u> | <u>61,486,020</u> | <u>1,071,923</u> | <u>1,099,610</u> | <u>64,492,317</u> | <u>62,585,630</u> |
| Changes in net assets | 5,069,570 | 2,471,941 | 57,248 | 58,559 | 5,126,818 | 2,530,500 |
| Net assets at beginning of year | <u>26,427,145</u> | <u>23,955,204</u> | <u>224,332</u> | <u>165,773</u> | <u>26,651,477</u> | <u>24,120,977</u> |
| Net assets at end of year | <u>\$ 31,496,715</u> | <u>\$ 26,427,145</u> | <u>\$ 281,580</u> | <u>\$ 224,332</u> | <u>\$ 31,778,295</u> | <u>\$ 26,651,477</u> |

Governmental Activities

Net assets of the District's governmental activities increased \$5,069,570. Total governmental expenses of \$63,420,394 were offset by program revenues of \$7,627,090 and general revenues of \$60,862,874. Program revenues supported 12.03% 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 86.02% of total governmental revenue. Property taxes support 66.69% of total expenses while grants and entitlements supported 26.20% of total expenses. Between these two revenue items, 92.89% of total governmental expenses were funded.

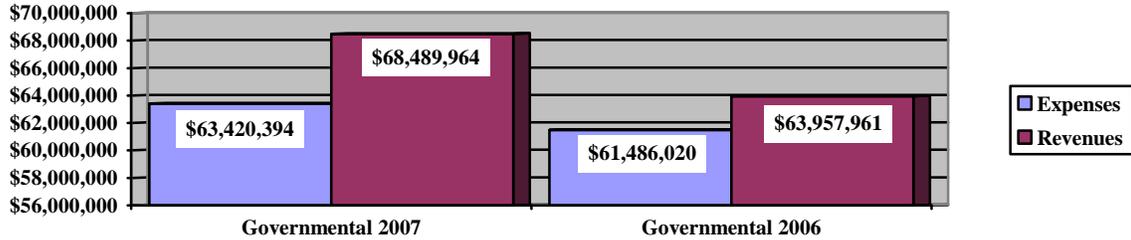
The largest expense of the District is for instructional programs. Instruction expenses totaled \$34,413,989 or 54.26% of total governmental expenses for fiscal 2007.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2007 and 2006.

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 2007 and 2006. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Certain "net cost of services" for 2006 have been restated to conform to 2007 presentation.

Governmental Activities

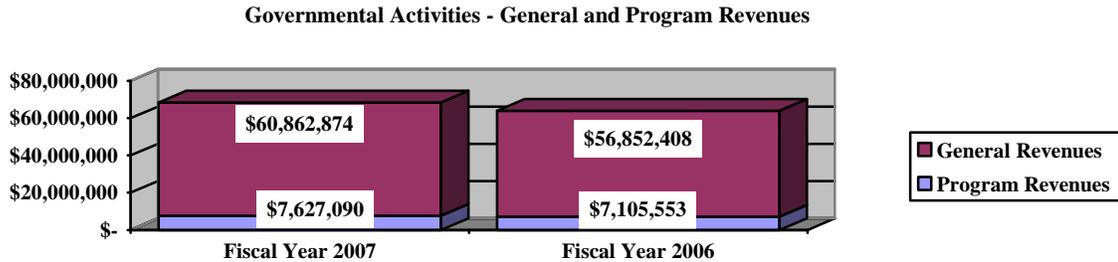
| | Total Cost of Services <u>2007</u> | Net Cost of Services <u>2007</u> | Total Cost of Services <u>2006</u> | Net Cost of Services <u>2006</u> |
|---|--|--|--|--|
| Program expenses: | | | | |
| Instruction: | | | | |
| Regular | \$ 28,123,050 | \$ 27,527,141 | \$ 27,218,512 | \$ 26,728,773 |
| Special | 5,359,756 | 3,828,119 | 5,184,533 | 3,645,748 |
| Vocational | 366,288 | 322,380 | 285,679 | 285,679 |
| Adult | - | - | 15,059 | 15,059 |
| Other | 564,895 | 470,052 | 532,122 | 496,222 |
| Support services: | | | | |
| Pupil | 3,872,918 | 2,981,822 | 3,745,017 | 2,837,576 |
| Instructional staff | 4,132,655 | 3,837,439 | 3,992,689 | 3,613,323 |
| Board of education | 86,777 | 86,777 | 46,313 | 46,313 |
| Administration | 3,962,039 | 3,901,613 | 4,011,601 | 3,941,991 |
| Fiscal | 1,197,348 | 1,197,112 | 1,118,243 | 1,117,038 |
| Business | 459,463 | 459,463 | 403,174 | 403,174 |
| Operations and maintenance | 4,822,825 | 4,822,825 | 4,770,844 | 4,765,544 |
| Pupil transportation | 3,222,654 | 2,995,225 | 3,144,242 | 3,144,233 |
| Central | 338,315 | 320,448 | 327,914 | 309,766 |
| Operation of non-instructional services | 67,194 | 10,332 | 32,068 | 15,684 |
| Extracurricular activities | 1,341,007 | 747,094 | 1,281,754 | 782,918 |
| Pass through payments | 1,631,887 | 58,486 | 1,433,299 | (73,334) |
| Food service operations | 1,646,119 | 1,772 | 1,599,960 | (38,237) |
| Interest and fiscal charges | 2,225,204 | 2,225,204 | 2,342,997 | 2,342,997 |
| Total expenses | \$ 63,420,394 | \$ 55,793,304 | \$ 61,486,020 | \$ 54,380,467 |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The dependence upon tax revenues during fiscal year 2007 for governmental activities is apparent, as 93.41% of 2007 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 87.97% in 2007. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2007 and 2006.



Business-Type Activities

Business-type activities include Community Education and Recreation operations. These programs had revenues of \$1,129,171 and expenses of \$1,071,923 for fiscal year 2007. This resulted in an increase to net assets for the fiscal year of \$57,248. This fund is self-supporting through user fees and charges. Management assesses its performance to ensure that they are run efficiently.

The District's Funds

The District's governmental funds (as presented on the balance sheet on page F 19) reported a combined fund balance of \$21,217,618, which is below last year's total of \$26,115,573. The overall decrease in fund balance was primarily due to the decrease in the fund balance of the building fund, due to construction expenditures. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

| | Fund Balance <u>June 30, 2007</u> | Fund Balance <u>June 30, 2006</u> | Increase <u>(Decrease)</u> |
|--------------------|--------------------------------------|--------------------------------------|-------------------------------|
| General | \$ 12,023,062 | \$ 7,860,794 | \$ 4,162,268 |
| Building | 3,909,030 | 12,969,840 | (9,060,810) |
| Other Governmental | <u>5,285,526</u> | <u>5,284,939</u> | <u>587</u> |
| Total | <u>\$ 21,217,618</u> | <u>\$ 26,115,573</u> | <u>\$ (4,897,955)</u> |

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

General Fund

The District's general fund balance increased \$4,162,268. 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 13.10 percent of total general fund expenditures, while total fund balance represents 22.69 percent of that same amount. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

| | 2007 <u>Amount</u> | 2006 <u>Amount</u> | Percentage <u>Change</u> |
|------------------------|-----------------------|-----------------------|-----------------------------|
| <u>Revenues</u> | | | |
| Taxes | \$ 37,653,762 | \$ 34,463,530 | 9.26 % |
| Tuition | 107,876 | 77,587 | 39.04 % |
| Interest earnings | 1,591,768 | 775,793 | 105.18 % |
| Intergovernmental | 17,425,297 | 16,510,903 | 5.54 % |
| Other revenues | <u>402,517</u> | <u>352,428</u> | 14.21 % |
| Total | <u>\$ 57,181,220</u> | <u>\$ 52,180,241</u> | 9.58 % |

Tax revenue increased \$3,190,232 or 9.26% from the prior year. This is the result of an increase in the amount of taxes collected by the Summit County Fiscal Officer and available to the District as an advance at fiscal year end. These amounts are reserved on the fund financial statements as property tax unavailable for appropriation.

Intergovernmental revenue increased \$914,394 or 5.54% from the prior year. The increase in investment income is due to increases in interest rates by the Federal Reserve Bank throughout the year and the increased funds available for investment. Tuition revenue increased 39.04% compared to 2006. Other revenue increased \$50,089 which is comprised of receipts which are not categorized elsewhere and is largely due to the implementation of a student activity fee to defray the increased costs of extra-curricular & co-curricular programming.

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

| | 2007 <u>Amount</u> | 2006 <u>Amount</u> | Percentage <u>Change</u> |
|----------------------------|-----------------------|-----------------------|-----------------------------|
| <u>Expenditures</u> | | | |
| Instruction | \$ 32,306,315 | \$ 31,004,063 | 4.20 % |
| Support services | 19,850,016 | 19,757,643 | 0.47 % |
| Extracurricular activities | <u>842,021</u> | <u>819,426</u> | 2.76 % |
| Total | <u>\$ 52,998,352</u> | <u>\$ 51,581,132</u> | 2.75 % |

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Building Fund

The District's other major governmental fund is the building fund. The building fund had \$3,556,550 in revenues and other financing sources and \$12,617,360 in expenditures. The building fund's fund balance decreased \$9,060,810 from \$12,969,840 to \$3,909,030. The decrease in fund balance in the building fund is primarily due to the District's construction projects for school facilities. With the passage of a 1% increase to the City of Hudson's income tax rate, 13.50% of this 1% increase was dedicated to providing capital improvements to community learning centers in cooperation with the District. In turn, the District was able to leverage this 13.50% of the 1% increase with the express intent of adding new instructional facilities that will also serve as community learning centers.

Enterprise Fund

The District maintains one enterprise fund to account for Community Education and Recreation Programs. The Community Education fund is considered a major enterprise fund of the District. Since the enterprise fund is accounted for on the same basis of accounting as business-type activities (the accrual basis of accounting), the statement of net assets and the results of operations on the fund financial statements mirror those reported as business-type activities on the District-wide financial statements. See page F 10 for a discussion of the District's business-type activities.

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 2007, the District amended its general fund budget numerous times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$57,776,534, which is more than the original budget estimates of \$52,361,856. Of this \$5,414,678 difference, most was due to conservative property tax and intergovernmental state revenue estimates in the original budget. The actual budgeted revenues and other financing sources for fiscal year 2007 totaled \$56,785,684, which was \$990,850 below the final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$54,822,768 were increased to \$54,913,874 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2007 totaled \$54,638,666, which was \$275,208 less than the final budget appropriations, primarily because salary and benefit costs proved to be less than anticipated in the original and final budget.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Capital Assets and Debt Administration

Capital Assets

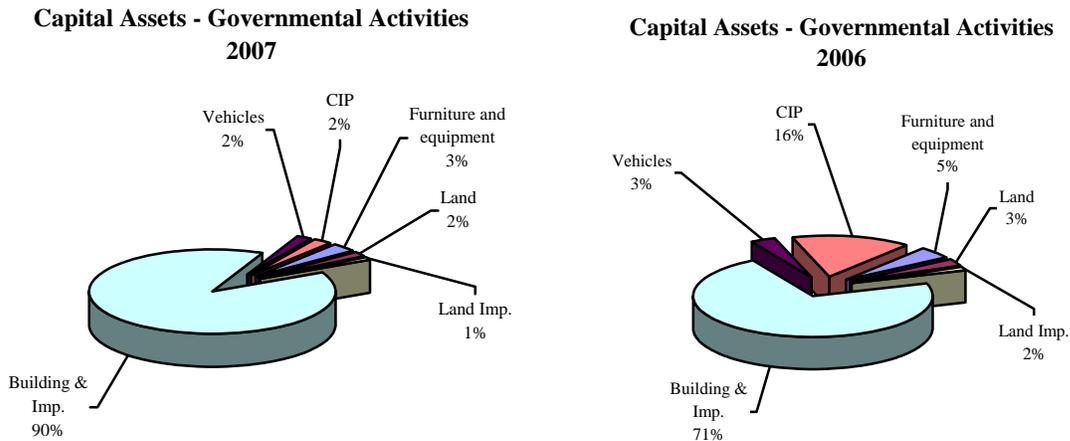
At the end of fiscal 2007, the District had \$48,959,832 invested in land, construction in progress (CIP), land improvements, buildings and improvements, furniture and equipment, and vehicles. The following table shows fiscal 2007 balances compared to 2006:

**Capital Assets at June 30
(Net of Depreciation)**

| | <u>Governmental Activities</u> | |
|---------------------------|--------------------------------|-----------------------------|
| | <u>2007</u> | <u>2006</u> |
| Land | \$ 1,032,204 | \$ 1,032,204 |
| Construction in progress | 1,175,722 | 5,966,981 |
| Land improvements | 555,802 | 583,272 |
| Building and improvements | 43,593,167 | 26,707,512 |
| Furniture and equipment | 1,564,094 | 1,746,614 |
| Vehicles | <u>1,038,843</u> | <u>1,263,490</u> |
| Total | <u>\$ 48,959,832</u> | <u>\$ 37,300,073</u> |

The increase from 2006 to 2007 was a result of capital outlays of \$13,254,047 exceeding depreciation expense of \$1,594,288 in fiscal 2007.

The following graphs show the breakdown of governmental activities capital assets by category for 2007 and 2006.



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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Debt Administration

At June 30, 2007 the District had \$37,607,045 in general obligation bonds outstanding. Of this total, \$2,692,240 is due within one year and \$34,914,805 is due within greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

| | Governmental Activities <u>2007</u> | Governmental Activities <u>2006</u> |
|-------------------------------|---|---|
| Series 1993, Improvement | \$ 6,768,199 | \$ 8,002,519 |
| Series 2003, Refunding | 7,271,606 | 7,282,022 |
| Certificates of Participation | 20,595,000 | 20,710,000 |
| Energy Conservation Bonds | <u>2,972,240</u> | <u>394,482</u> |
| Total | <u>\$ 37,607,045</u> | <u>\$ 36,389,023</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.

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 \$15,967,803 at June 30, 2007. Fiscal year-end general fund cash balances were \$11,820,804, \$12,020,454, \$8,193,968, and \$7,626,099 at June 30 in fiscal years 2006, 2005, 2004, and 2003, 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 2007. The Board's five-year projections indicated that the natural budget cycle needs would require additional operating income in calendar year 2009 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 our District. Over the next 5-years, the District will receive hold harmless or guarantee subsidies totaling \$7.5M. These subsidies are designed to bring District revenues back to 2004 levels and do not provide additional revenues to offset inflationary pressures on the operating budget. In addition, there are concerns that the State may not have the ability to fully fund these subsidies for primary and secondary education in the State budget. In spite of this, the Board will continue to evaluate all aspects of its operations, making prudent decisions where appropriate, in order to maximize its resources and offer excellent educational offerings.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

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

Contacting the District's Financial Management

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

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**BASIC
FINANCIAL STATEMENTS**

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2007

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| Assets: | | | |
| Equity in pooled cash and cash equivalents. . . | \$ 25,335,042 | \$ 408,605 | \$ 25,743,647 |
| Cash with fiscal agent. | 2,033,533 | - | 2,033,533 |
| Receivables: | | | |
| Taxes | 42,050,601 | - | 42,050,601 |
| Accounts | 1,745 | - | 1,745 |
| Intergovernmental | 599,728 | - | 599,728 |
| Accrued interest | 143,221 | - | 143,221 |
| Prepayments | 1,386 | - | 1,386 |
| Materials and supplies inventory. | 4,763 | - | 4,763 |
| Inventory held for resale | 72,353 | - | 72,353 |
| Unamortized bond issue costs | 387,304 | - | 387,304 |
| Capital assets: | | | |
| Land and construction in progress. | 2,207,926 | - | 2,207,926 |
| Depreciable capital assets, net | 46,751,906 | - | 46,751,906 |
| Total capital assets | 48,959,832 | - | 48,959,832 |
| Total assets. | 119,589,508 | 408,605 | 119,998,113 |
| Liabilities: | | | |
| Accounts payable. | 204,025 | 26,608 | 230,633 |
| Contracts payable. | 1,461,325 | - | 1,461,325 |
| Accrued wages and benefits | 5,354,303 | 44,338 | 5,398,641 |
| Pension obligation payable. | 1,283,032 | 25,548 | 1,308,580 |
| Intergovernmental payable | 139,318 | 1,944 | 141,262 |
| Unearned revenue | 37,643,392 | - | 37,643,392 |
| Accrued interest payable | 164,700 | - | 164,700 |
| Claims payable | 708,461 | - | 708,461 |
| Long-term liabilities: | | | |
| Due within one year. | 3,620,899 | 13,580 | 3,634,479 |
| Due in more than one year | 37,513,338 | 15,007 | 37,528,345 |
| Total liabilities | 88,092,793 | 127,025 | 88,219,818 |
| Net Assets: | | | |
| Invested in capital assets, net of related debt. | 17,574,629 | - | 17,574,629 |
| Restricted for: | | | |
| Capital projects | 4,928,216 | - | 4,928,216 |
| Debt service. | 3,282,775 | - | 3,282,775 |
| Locally funded programs | 41,937 | - | 41,937 |
| State funded programs | 69,007 | - | 69,007 |
| Federally funded programs | 127,924 | - | 127,924 |
| Student activities | 102,637 | - | 102,637 |
| Other purposes | 68,358 | - | 68,358 |
| Unrestricted. | 5,301,232 | 281,580 | 5,582,812 |
| Total net assets | \$ 31,496,715 | \$ 281,580 | \$ 31,778,295 |

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, 2007

| | Expenses | Program Revenues | | |
|---|----------------------|---------------------------------------|---|---|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| Instruction: | | | | |
| Regular | \$ 28,123,050 | \$ 441,873 | \$ 154,036 | \$ - |
| Special | 5,359,756 | - | 1,531,637 | - |
| Vocational | 366,288 | - | 43,908 | - |
| Other | 564,895 | 545 | 94,298 | - |
| Support services: | | | | |
| Pupil | 3,872,918 | 363,272 | 527,824 | - |
| Instructional staff | 4,132,655 | 11,364 | 283,852 | - |
| Board of education. | 86,777 | - | - | - |
| Administration. | 3,962,039 | 2,018 | 57,244 | 1,164 |
| Fiscal. | 1,197,348 | - | - | 236 |
| Business. | 459,463 | - | - | - |
| Operations and maintenance | 4,822,825 | - | - | - |
| Pupil transportation. | 3,222,654 | - | 227,429 | - |
| Central | 338,315 | - | 17,867 | - |
| Operation of non-instructional services | | | | |
| | 67,194 | 26,042 | 30,820 | - |
| Extracurricular activities. | 1,341,007 | 593,913 | - | - |
| Pass through payments | 1,631,887 | - | 1,573,401 | - |
| Food service operations | 1,646,119 | 1,477,851 | 166,496 | - |
| Interest and fiscal charges | 2,225,204 | - | - | - |
| Total governmental activities | 63,420,394 | 2,916,878 | 4,708,812 | 1,400 |
| Business-type activities: | | | | |
| Community education | 1,071,923 | 1,129,171 | - | - |
| Total business-type activities | 1,071,923 | 1,129,171 | - | - |
| Totals | \$ 64,492,317 | \$ 4,046,049 | \$ 4,708,812 | \$ 1,400 |

General Revenues:

Property taxes levied for:

- General purposes
- Debt service.
- Capital outlay.
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Change in net assets

Net assets at beginning of year.

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

| Governmental Activities | Business-Type Activities | Total |
|------------------------------------|-------------------------------------|-----------------|
| \$ (27,527,141) | \$ - | \$ (27,527,141) |
| (3,828,119) | - | (3,828,119) |
| (322,380) | - | (322,380) |
| (470,052) | - | (470,052) |
| (2,981,822) | - | (2,981,822) |
| (3,837,439) | - | (3,837,439) |
| (86,777) | - | (86,777) |
| (3,901,613) | - | (3,901,613) |
| (1,197,112) | - | (1,197,112) |
| (459,463) | - | (459,463) |
| (4,822,825) | - | (4,822,825) |
| (2,995,225) | - | (2,995,225) |
| (320,448) | - | (320,448) |
| (10,332) | - | (10,332) |
| (747,094) | - | (747,094) |
| (58,486) | - | (58,486) |
| (1,772) | - | (1,772) |
| (2,225,204) | - | (2,225,204) |
| (55,793,304) | - | (55,793,304) |
| - | 57,248 | 57,248 |
| - | 57,248 | 57,248 |
| (55,793,304) | 57,248 | (55,736,056) |
| 37,715,893 | - | 37,715,893 |
| 3,050,457 | - | 3,050,457 |
| 1,530,840 | - | 1,530,840 |
| 16,615,320 | - | 16,615,320 |
| 1,803,271 | - | 1,803,271 |
| 147,093 | - | 147,093 |
| 60,862,874 | - | 60,862,874 |
| 5,069,570 | 57,248 | 5,126,818 |
| 26,427,145 | 224,332 | 26,651,477 |
| \$ 31,496,715 | \$ 281,580 | \$ 31,778,295 |

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

| | <u>General</u> | <u>Building Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|--------------------------|---|---|
| Assets: | | | | |
| Equity in pooled cash and cash equivalents | \$ 15,824,330 | \$ 5,266,346 | \$ 3,220,426 | \$ 24,311,102 |
| Cash with fiscal agent | - | - | 2,033,533 | 2,033,533 |
| Receivables: | | | | |
| Taxes | 39,317,680 | - | 2,732,921 | 42,050,601 |
| Accounts | 685 | - | 1,060 | 1,745 |
| Intergovernmental | - | 104,009 | 495,719 | 599,728 |
| Accrued interest | 143,221 | - | - | 143,221 |
| Due from other funds | 120,716 | - | - | 120,716 |
| Prepayments | 1,386 | - | - | 1,386 |
| Materials and supplies inventory | - | - | 4,763 | 4,763 |
| Inventory held for resale | - | - | 72,353 | 72,353 |
| Restricted assets: | | | | |
| Equity in pooled cash and cash equivalents | 68,358 | - | - | 68,358 |
| Total assets. | <u>\$ 55,476,376</u> | <u>\$ 5,370,355</u> | <u>\$ 8,560,775</u> | <u>\$ 69,407,506</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 97,685 | \$ - | \$ 106,340 | \$ 204,025 |
| Contracts payable | - | 1,461,325 | - | 1,461,325 |
| Accrued wages and benefits | 5,049,575 | - | 304,728 | 5,354,303 |
| Compensated absences payable | 739,684 | - | 6,045 | 745,729 |
| Pension obligation payable | 1,179,449 | - | 103,583 | 1,283,032 |
| Intergovernmental payable | 130,879 | - | 8,304 | 139,183 |
| Due to other funds | - | - | 120,716 | 120,716 |
| Unearned revenue | 35,236,887 | - | 2,406,505 | 37,643,392 |
| Deferred revenue | 1,019,155 | - | 219,028 | 1,238,183 |
| Total liabilities | <u>43,453,314</u> | <u>1,461,325</u> | <u>3,275,249</u> | <u>48,189,888</u> |
| Fund Balances: | | | | |
| Reserved for encumbrances | 1,906,300 | 3,223,214 | 254,853 | 5,384,367 |
| Reserved for materials and supplies inventory | - | - | 77,116 | 77,116 |
| Reserved for debt service | - | - | 3,227,631 | 3,227,631 |
| Reserved for property tax unavailable for appropriation | 3,106,683 | - | 271,595 | 3,378,278 |
| Reserved for prepayments | 1,386 | - | - | 1,386 |
| Reserved for school bus purchases | 68,358 | - | - | 68,358 |
| Unreserved, undesignated, reported in: | | | | |
| General fund | 6,940,335 | - | - | 6,940,335 |
| Special revenue funds | - | - | 672,302 | 672,302 |
| Capital projects funds | - | 685,816 | 782,029 | 1,467,845 |
| Total fund balances | <u>12,023,062</u> | <u>3,909,030</u> | <u>5,285,526</u> | <u>21,217,618</u> |
| Total liabilities and fund balances | <u>\$ 55,476,376</u> | <u>\$ 5,370,355</u> | <u>\$ 8,560,775</u> | <u>\$ 69,407,506</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2007

| | | |
|---|--------------|----------------------|
| Total governmental fund balances | | \$ 21,217,618 |
| <i>Amounts reported for governmental activities in the statement of net assets are different because:</i> | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 48,959,832 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | | |
| Taxes | \$ 1,028,931 | |
| Accrued interest | 45,045 | |
| Intergovernmental revenue | 164,207 | |
| Total | | 1,238,183 |
| 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. | | 246,986 |
| Unamortized bond issuance costs are not recognized in the funds. | | 387,304 |
| 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 | (17,012,045) | |
| Certificates of participation | (20,595,000) | |
| Compensated absences | (2,781,463) | |
| Accrued interest payable | (164,700) | |
| Total | | (40,553,208) |
| Net assets of governmental activities | | \$ 31,496,715 |

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, 2007

| | <u>General</u> | <u>Building Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|--------------------------|---|---|
| Revenues: | | | | |
| From local sources: | | | | |
| Taxes | \$ 37,653,762 | \$ 463,417 | \$ 4,116,745 | \$ 42,233,924 |
| Tuition | 107,876 | - | - | 107,876 |
| Earnings on investments | 1,591,768 | 321,733 | 131,460 | 2,044,961 |
| Charges for services | - | - | 1,483,619 | 1,483,619 |
| Extracurricular | 217,607 | - | 673,131 | 890,738 |
| Classroom materials and fees | 37,817 | - | 233,399 | 271,216 |
| Other local revenues | 147,093 | 1,400 | 252,126 | 400,619 |
| Intergovernmental - Intermediate | 220,000 | - | - | 220,000 |
| Intergovernmental - State | 17,112,386 | - | 2,028,970 | 19,141,356 |
| Intergovernmental - Federal | 92,911 | - | 2,498,943 | 2,591,854 |
| Total revenue | <u>57,181,220</u> | <u>786,550</u> | <u>11,418,393</u> | <u>69,386,163</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 26,781,520 | - | 600,039 | 27,381,559 |
| Special | 4,746,661 | - | 601,408 | 5,348,069 |
| Vocational | 348,689 | - | - | 348,689 |
| Other | 429,445 | - | 122,519 | 551,964 |
| Support Services: | | | | |
| Pupil | 2,808,003 | - | 1,063,509 | 3,871,512 |
| Instructional staff | 3,720,062 | - | 388,812 | 4,108,874 |
| Board of Education | 62,679 | - | - | 62,679 |
| Administration | 3,887,898 | 34,515 | 79,951 | 4,002,364 |
| Fiscal | 1,115,916 | 6,000 | 87,349 | 1,209,265 |
| Business | 459,781 | - | - | 459,781 |
| Operations and maintenance | 4,777,140 | - | - | 4,777,140 |
| Pupil transportation | 2,721,477 | - | 287,161 | 3,008,638 |
| Central | 297,060 | - | 42,089 | 339,149 |
| Operation of non-instructional services | - | - | 64,625 | 64,625 |
| Extracurricular activities | 842,021 | - | 434,845 | 1,276,866 |
| Food service operations | - | - | 1,623,787 | 1,623,787 |
| Pass through payments | - | - | 1,634,538 | 1,634,538 |
| Facilities acquisition and construction | - | 12,576,845 | 677,202 | 13,254,047 |
| Debt service: | | | | |
| Principal retirement | - | - | 2,527,242 | 2,527,242 |
| Interest and fiscal charges | - | - | 1,203,330 | 1,203,330 |
| Total expenditures | <u>52,998,352</u> | <u>12,617,360</u> | <u>11,438,406</u> | <u>77,054,118</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,182,868</u> | <u>(11,830,810)</u> | <u>(20,013)</u> | <u>(7,667,955)</u> |
| Other financing sources (uses): | | | | |
| Sale of bonds | - | 2,770,000 | - | 2,770,000 |
| Transfers in | - | - | 228,357 | 228,357 |
| Transfers (out) | (20,600) | - | (207,757) | (228,357) |
| Total other financing sources (uses) | <u>(20,600)</u> | <u>2,770,000</u> | <u>20,600</u> | <u>2,770,000</u> |
| Net change in fund balances | 4,162,268 | (9,060,810) | 587 | (4,897,955) |
| Fund balances at beginning of year | <u>7,860,794</u> | <u>12,969,840</u> | <u>5,284,939</u> | <u>26,115,573</u> |
| Fund balances at end of year | <u>\$ 12,023,062</u> | <u>\$ 3,909,030</u> | <u>\$ 5,285,526</u> | <u>\$ 21,217,618</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

| | | |
|---|--------------------|-------------------------|
| Net change in fund balances - total governmental funds | \$ | (4,897,955) |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period. | | |
| Capital asset additions | \$ 13,254,047 | |
| Current year depreciation | <u>(1,594,288)</u> | |
| Total | | 11,659,759 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Delinquent property taxes | 63,266 | |
| Intergovernmental | (756,638) | |
| Accrued interest | <u>(202,827)</u> | |
| Total | | (896,199) |
| 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. | | |
| | | 2,527,242 |
| Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities. | | |
| | | (14,389) |
| In the statement of activities, interest is accrued on outstanding bonds and certificates participation whereas in governmental funds, interest expenditure is reported when due. In governmental funds, an interest expenditure is reported when due. The additional interest reported on the statement of activities is the result of two factors: | | |
| Accrued interest | (32,221) | |
| Accreted interest on capital appreciation bonds | <u>(975,264)</u> | |
| Total | | (1,007,485) |
| Proceeds of bonds are recorded as revenue in the fund, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets. | | |
| | | (2,770,000) |
| 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. | | |
| | | 280,633 |
| The internal service fund used by management to charge the costs of medical and dental insurance to individual funds are not reported reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. | | |
| | | <u>187,964</u> |
| Change in net assets of governmental activities | \$ | <u>5,069,570</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-----------------------------|-----------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| From local sources: | | | | |
| Taxes | \$ 33,801,943 | \$ 37,288,914 | \$ 36,546,132 | \$ (742,782) |
| Tuition | 100,203 | 110,611 | 109,347 | (1,264) |
| Earnings on investments | 1,362,052 | 1,503,520 | 1,486,342 | (17,178) |
| Extracurricular | 174,606 | 192,741 | 190,539 | (2,202) |
| Classroom materials and fees | 53,617 | 59,186 | 58,510 | (676) |
| Other local revenues | 123,413 | 136,232 | 134,675 | (1,557) |
| Intergovernmental - Intermediate | 218,289 | 240,961 | 238,208 | (2,753) |
| Intergovernmental - State | 15,694,246 | 17,324,313 | 17,112,386 | (211,927) |
| Total revenue | <u>51,528,369</u> | <u>56,856,478</u> | <u>55,876,139</u> | <u>(980,339)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 26,414,957 | 27,041,928 | 26,315,848 | 726,080 |
| Special | 4,374,740 | 4,411,380 | 4,754,395 | (343,015) |
| Vocational | 260,700 | 324,076 | 339,948 | (15,872) |
| Other | 855,500 | 572,428 | 593,232 | (20,804) |
| Support Services: | | | | |
| Pupil | 3,142,317 | 2,758,176 | 2,790,530 | (32,354) |
| Instructional staff | 3,832,340 | 3,859,234 | 3,701,995 | 157,239 |
| Board of Education | 65,577 | 72,577 | 70,262 | 2,315 |
| Administration | 4,232,195 | 4,228,721 | 4,000,576 | 228,145 |
| Fiscal | 1,156,929 | 1,157,502 | 1,168,066 | (10,564) |
| Business | 438,635 | 451,814 | 500,387 | (48,573) |
| Operations and maintenance | 5,309,621 | 5,322,190 | 5,327,356 | (5,166) |
| Pupil transportation | 3,403,580 | 3,375,580 | 3,395,531 | (19,951) |
| Central | 382,717 | 385,558 | 356,531 | 29,027 |
| Extracurricular activities | 875,460 | 874,721 | 852,614 | 22,107 |
| Total expenditures | <u>54,745,268</u> | <u>54,835,885</u> | <u>54,167,271</u> | <u>668,614</u> |
| Excess (deficiency) of revenues over/(under) expenditures | (3,216,899) | 2,020,593 | 1,708,868 | (311,725) |
| Other financing sources (uses): | | | | |
| Refund of prior year expenditure | 20,570 | 22,706 | 22,447 | (259) |
| Refund of prior year receipt | - | (489) | (795) | (306) |
| Transfers (out) | (77,500) | (77,500) | (20,600) | 56,900 |
| Advances in | 812,917 | 897,350 | 887,098 | (10,252) |
| Advances (out) | - | - | (450,000) | (450,000) |
| Total other financing sources (uses) | <u>755,987</u> | <u>842,067</u> | <u>438,150</u> | <u>(403,917)</u> |
| Net change in fund balance | (2,460,912) | 2,862,660 | 2,147,018 | (715,642) |
| Fund balance at beginning of year | 10,369,344 | 10,369,344 | 10,369,344 | - |
| Prior year encumbrances appropriated | 1,451,560 | 1,451,560 | 1,451,560 | - |
| Fund balance at end of year | <u>\$ 9,359,992</u> | <u>\$ 14,683,564</u> | <u>\$ 13,967,922</u> | <u>\$ (715,642)</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

| | Business-Type Activities - Community Education Fund | Governmental Activities - Internal Service Fund |
|---|--|--|
| | <u> </u> | <u> </u> |
| Assets: | | |
| Equity in pooled cash and cash equivalents | \$ 408,605 | \$ 955,582 |
| | <u> </u> | <u> </u> |
| Total assets | 408,605 | 955,582 |
| | <u> </u> | <u> </u> |
| Liabilities: | | |
| Current: | | |
| Accounts payable. | 26,608 | - |
| Accrued wages and benefits | 44,338 | - |
| Compensated absences. | 13,580 | - |
| Pension obligation payable. | 25,548 | - |
| Intergovernmental payable | 1,944 | 135 |
| Claims payable | - | 708,461 |
| | <u> </u> | <u> </u> |
| Total current liabilities | 112,018 | 708,596 |
| | <u> </u> | <u> </u> |
| Long-term liabilities: | | |
| Compensated absences payable. | 15,007 | - |
| | <u> </u> | <u> </u> |
| Total liabilities | 127,025 | 708,596 |
| | <u> </u> | <u> </u> |
| Net assets: | | |
| Unrestricted. | 281,580 | 246,986 |
| | <u> </u> | <u> </u> |
| Total net assets | \$ 281,580 | \$ 246,986 |
| | <u> </u> | <u> </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, 2007

| | Business-Type Activities - Community Education Fund | Governmental Activities - Internal Service Fund |
|---|--|--|
| Operating revenues: | | |
| Sales/charges for services. | \$ 1,129,171 | \$ 7,069,045 |
| Total operating revenues | 1,129,171 | 7,069,045 |
| Operating expenses: | | |
| Personal services. | 480,895 | 42,928 |
| Purchased services. | 550,416 | 569,395 |
| Materials and supplies | 32,595 | - |
| Claims | - | 6,268,758 |
| Other. | 8,017 | - |
| Total operating expenses. | 1,071,923 | 6,881,081 |
| Change in net assets | 57,248 | 187,964 |
| Net assets at beginning of year. | 224,332 | 59,022 |
| Net assets at end of year | \$ 281,580 | \$ 246,986 |

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, 2007

| | Business-Type Activities - Community Education Fund | Governmental Activities - Internal Service Fund |
|---|--|--|
| | | |
| Cash flows from operating activities: | | |
| Cash received from sales/charges for services. | \$ 1,148,156 | \$ 7,069,045 |
| Cash payments for personal services. | (487,709) | (42,936) |
| Cash payments for contractual services | (565,715) | (569,395) |
| Cash payments for materials and supplies | (35,860) | - |
| Cash payments for claims | - | (6,312,056) |
| Cash payments for other expenses | (8,017) | - |
| | 50,855 | 144,658 |
| Net cash provided by operating activities | 50,855 | 144,658 |
| Net increase in cash and cash equivalents | 50,855 | 144,658 |
| Cash and cash equivalents at beginning of year | 357,750 | 810,924 |
| Cash and cash equivalents at end of year | \$ 408,605 | \$ 955,582 |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income. | \$ 57,248 | \$ 187,964 |
| Changes in assets and liabilities: | | |
| Decrease in accounts receivable. | 18,985 | - |
| (Decrease) in accounts payable. | (22,277) | - |
| Increase in accrued wages and benefits | 2,406 | - |
| Increase (decrease) in intergovernmental payable | 698 | (8) |
| (Decrease) in compensated absences payable | (842) | - |
| (Decrease) in pension obligation payable | (5,363) | - |
| (Decrease) in claims payable. | - | (43,298) |
| | 50,855 | 144,658 |
| Net cash provided by (used in) operating activities | \$ 50,855 | \$ 144,658 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

| | Private-Purpose Trust | |
|--|----------------------------------|---------------|
| | Scholarships | Agency |
| Assets: | | |
| Equity in pooled cash and cash equivalents. | \$ 10,985 | \$ 140,343 |
| Total assets | 10,985 | 140,343 |
| Liabilities: | | |
| Accounts payable. | - | 18,846 |
| Intergovernmental payable | - | 13,519 |
| Accrued wages. | - | 3,447 |
| Undistributed monies. | - | 69,462 |
| Pension obligation payable. | - | 5,060 |
| Due to students. | - | 30,009 |
| Total liabilities | - | \$ 140,343 |
| Net Assets: | | |
| Held in trust for scholarships | 10,985 | |
| Total net assets. | \$ 10,985 | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

| | Private-Purpose Trust |
|---|----------------------------------|
| | Scholarships |
| Additions: | |
| Gifts and contributions | \$ 80,500 |
| Total additions | 80,500 |
| Deductions: | |
| Scholarships awarded | 80,500 |
| Change in net assets | - |
| Net assets at beginning of year. | 10,985 |
| Net assets at end of year | \$ 10,985 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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 64th largest by enrollment among the 876 public and community school districts in the State. The District employs 201 non-certified, 407 certified and 29 administrative employees to provide services to approximately 5,340 students and community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Six District Educational Compact (the "Compact")

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

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

The following are the District's major governmental funds:

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

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

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

PROPRIETARY FUNDS

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

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

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

FIDUCIARY FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

D. Basis of Accounting

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 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, 2007 are recorded as deferred revenue.

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 fair value of donated commodities received during the year is reported in the financial statements as an expense with a like amount reported as intergovernmental revenue.

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

E. Budgets

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

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased tax rates). By no later than January 20, the Board-adopted budget is filed with Summit County Budget Commission for rate determination. The Summit County Commissioners waived this requirement of fiscal 2007.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

Estimated Resources:

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

Appropriations:

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

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

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

Lapsing of Appropriations:

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

F. Cash and Investments

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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 2007, 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 2007. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2007.

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 2007 amounted to \$1,591,768, which includes \$586,280 assigned from other District funds.

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

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

G. Inventory

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

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

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District's maintains a capitalization threshold of \$5,000. Interest is not capitalized in the governmental funds and the District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

| <u>Description</u> | <u>Governmental Activities 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 severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

The District reports compensated absences and salary related payments in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a bus purchase. This reserve is required by State statute. A schedule of statutory reserves is presented in Note 15.

O. Prepayments

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the employee self-insurance program and the community education program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

Q. 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.

R. 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.

S. Nonpublic Schools

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

T. Unamortized Bond Issuance Costs

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

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

U. Pass Through Payments

The District receives monies that will be paid over to another school district or entity as part of a distribution process, which is reported as "Pass through payments" on the financial statements. These activities are reported as a governmental activity of the District.

V. 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 2007.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

Fund balances at June 30, 2007 included the following individual fund deficits:

| <u>Nonmajor Governmental Funds</u> | <u>Deficit</u> |
|------------------------------------|----------------|
| Entry Year | \$ 30 |
| SchoolNet Professional Development | 1 |
| Ohio Reads | 16 |
| Title VI-B | 38,159 |
| Title I | 181 |
| Drug Free Grant | 296 |
| EHA Preschool Grant | 2,996 |
| Entry Year | 30 |

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

At year-end, the District had \$1,550 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

B. Cash with Fiscal Agent

At fiscal year-end, the District had \$2,033,533 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, 2007, the carrying amount of all District deposits was \$7,127,068, exclusive of the \$7,365,000 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, 2007, \$8,802,077 of the District's bank balance of \$9,119,814 was exposed to custodial risk as discussed below, while \$317,737 was covered by Federal Deposit Insurance Corporation.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of June 30, 2007, 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> |
| FHLMC Discount Note | \$ 1,991,113 | \$ 1,991,113 | \$ - |
| FNMA Discount Note | 7,891,377 | 7,891,377 | - |
| FHLMC | 498,650 | - | 498,650 |
| FNMA | 998,304 | 998,304 | - |
| Repurchase Agreement | 7,365,000 | 7,365,000 | - |
| STAR Ohio | 31,913 | 21,913 | - |
| Total | <u>\$ 18,776,357</u> | <u>\$ 18,267,707</u> | <u>\$ 498,650</u> |

The weighted average maturity of investments is .16 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: *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.

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, 2007:

| <u>Investment type</u> | <u>Fair Value</u> | <u>% of Total</u> |
|------------------------|----------------------|-------------------|
| FHLMC Discount Note | \$ 1,991,113 | 10.60 |
| FNMA Discount Note | 7,891,377 | 42.05 |
| FHLMC | 498,650 | 2.66 |
| FNMA | 998,304 | 5.32 |
| Repurchase Agreement | 7,365,000 | 39.25 |
| STAR Ohio | 21,913 | 0.12 |
| Total | <u>\$ 18,766,357</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, 2007

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 footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

| <u>Cash and Investments per footnote</u> | |
|---|----------------------|
| Carrying amount of deposits | \$ 7,127,068 |
| Investments | 18,766,357 |
| Cash on hand | 1,550 |
| Cash with fiscal agent | <u>2,033,533</u> |
| Total | <u>\$ 27,928,508</u> |
| <u>Cash and investments per Statement of Net Assets</u> | |
| Governmental activities | \$ 27,368,575 |
| Business type activities | 408,605 |
| Private-purpose trust funds | 10,985 |
| Agency funds | <u>140,343</u> |
| Total | <u>\$ 27,928,508</u> |

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances consisted of the following due to/from other funds at June 30, 2007, as reported on the fund statements:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------------|---------------|
| General | Nonmajor governmental funds | \$ 120,716 |

The primary purpose the due to/from other funds is to cover a negative cash balance in a respective fund. 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; therefore, no internal balances at June 30, 2007 are reported on the statement of net assets. All amounts are to be repaid within one year.

- B.** Interfund transfers for the fiscal year ended June 30, 2007, consisted of the following, as reported on the fund statements:

| | <u>Amount</u> |
|--|---------------|
| Transfers from general fund to: | |
| Nonmajor governmental funds | \$ 20,600 |
| Transfers from nonmajor governmental funds to: | |
| Nonmajor governmental funds | 207,757 |

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

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, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property is assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007, and will be reduced to 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 6 - PROPERTY TAXES - (Continued)

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, 2007, are available to finance fiscal year 2007 operations. The amount available as an advance at June 30, 2007 was \$3,106,683 in the general fund, \$184,439 in the debt service fund and \$87,156 in the Permanent Improvement capital projects fund (a nonmajor governmental fund). The amount available for advance at June 30, 2006 was \$1,999,053 in the general fund, \$139,502 in the debt service fund and \$63,392 in the Permanent Improvement capital projects fund (a nonmajor governmental fund). The amount available as advance can vary depending upon when tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

| | 2006 Second Half Collections | | 2007 First Half Collections | |
|---|---------------------------------|----------------|--------------------------------|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/Residential and Other Real Estate | \$ 880,397,600 | 94.66 | \$ 893,375,820 | 95.94 |
| Tangible Personal Property | 36,440,903 | 3.92 | 25,601,873 | 2.75 |
| Public Utility Personal | <u>13,229,180</u> | <u>1.42</u> | <u>12,164,170</u> | <u>1.31</u> |
| Total | <u>\$ 930,067,683</u> | <u>100.00</u> | <u>\$ 931,141,863</u> | <u>100.00</u> |
| Tax rate per \$1,000 of assessed valuation | | | | |
| General Operations | \$76.53 | | \$82.03 | |
| Debt Service | 2.70 | | 2.59 | |
| Permanent Improvement | 1.50 | | 1.50 | |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 7 - RECEIVABLES

Receivables at June 30, 2007 consisted of taxes, accounts, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

| | |
|-------------------|----------------------|
| Property taxes | \$ 42,050,601 |
| Accounts | 1,745 |
| Accrued interest | 143,221 |
| Intergovernmental | <u>599,728</u> |
| Total | <u>\$ 42,795,295</u> |

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

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2007 was as follows:

| | <u>Balance 07/01/06</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance 06/30/07</u> |
|---|-----------------------------|----------------------|-----------------------|-----------------------------|
| Governmental Activities | | | | |
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 1,032,204 | \$ - | \$ - | \$ 1,032,204 |
| Construction in progress | <u>5,966,981</u> | <u>1,175,722</u> | <u>(5,966,981)</u> | <u>1,175,722</u> |
| Total capital assets, not being depreciated | <u>6,999,185</u> | <u>1,175,722</u> | <u>(5,966,981)</u> | <u>2,207,926</u> |
| <i>Capital assets, being depreciated:</i> | | | | |
| Land improvements | 1,586,122 | 32,820 | - | 1,618,942 |
| Buildings and improvements | 45,023,904 | 17,829,811 | - | 62,853,715 |
| Furniture and equipment | 8,891,233 | 182,675 | - | 9,073,908 |
| Vehicles | <u>3,686,140</u> | <u>-</u> | <u>-</u> | <u>3,686,140</u> |
| Total capital assets, being depreciated | <u>59,187,399</u> | <u>18,045,306</u> | <u>-</u> | <u>77,232,705</u> |
| <i>Less: accumulated depreciation</i> | | | | |
| Land improvements | (1,002,850) | (60,290) | - | (1,063,140) |
| Buildings and improvements | (18,316,392) | (944,156) | - | (19,260,548) |
| Furniture and equipment | (7,144,619) | (365,195) | - | (7,509,814) |
| Vehicles | <u>(2,422,650)</u> | <u>(224,647)</u> | <u>-</u> | <u>(2,647,297)</u> |
| Total accumulated depreciation | <u>(28,886,511)</u> | <u>(1,594,288)</u> | <u>-</u> | <u>(30,480,799)</u> |
| Governmental activities capital assets, net | <u>\$ 37,300,073</u> | <u>\$ 17,626,740</u> | <u>\$ (5,966,981)</u> | <u>\$ 48,959,832</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

| | |
|--------------------------------|----------------------------|
| <u>Instruction:</u> | |
| Regular | \$ 1,077,973 |
| Special | 38,733 |
| Vocational | 13,902 |
| <u>Support Services:</u> | |
| Other | 12,931 |
| Pupil | 17,974 |
| Instructional staff | 43,262 |
| Administration | 24,098 |
| Fiscal | 1,144 |
| Operations and maintenance | 56,193 |
| Pupil transportation | 214,016 |
| Operation of non-instructional | 3,425 |
| Extracurricular activities | 64,561 |
| Food service operations | <u>26,076</u> |
| Total depreciation expense | <u><u>\$ 1,594,288</u></u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2007, the following changes occurred in governmental activities long-term obligations:

| | <u>Balance Outstanding 07/01/06</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance Outstanding 06/30/07</u> | <u>Amount Due in One Year</u> |
|---|---|---------------------|-----------------------|---|---------------------------------------|
| Governmental Activities: | | | | | |
| Certificates of Participation 2.25% - 5.0% 06/01/2034 maturity | \$ 20,710,000 | \$ - | \$ (115,000) | \$ 20,595,000 | \$ 130,000 |
| General Obligation Bonds: | | | | | |
| Series 1993, Improvement Capital Appreciation Bonds 12.558% (average effective) 12/15/03 - 12/15/10 maturity | 1,739,728 | - | (394,425) | 1,345,303 | 368,133 |
| Series 1993, Improvement Capital Appreciation Bonds Accreted interest | 6,262,791 | 855,680 | (1,695,575) | 5,422,896 | 1,726,867 |
| Series 2003, Refunding Current Interest Bonds 2.0-4.0%, 12/15/14 maturity | 5,790,000 | - | (130,000) | 5,660,000 | 135,000 |
| Series 2003, Refunding Capital Appreciation Bonds 7.860% (average effective) 12/15/11 maturity | 1,199,964 | - | - | 1,199,964 | - |
| Series 2003, Refunding Capital Appreciation Bonds Accreted interest | 292,058 | 119,584 | - | 411,642 | - |
| Energy Conservation Bonds 5.0%, 3/15/22 maturity | - | 2,770,000 | - | 2,770,000 | 130,000 |
| Energy Conservation Bonds 5.20%, 12/01/07 maturity | 394,482 | - | (192,242) | 202,240 | 202,240 |
| Total, general obligation bonds and certificates of participation | <u>36,389,023</u> | <u>3,745,264</u> | <u>(2,527,242)</u> | <u>37,607,045</u> | <u>2,692,240</u> |
| Compensated absences | <u>3,076,606</u> | <u>1,288,732</u> | <u>(838,146)</u> | <u>3,527,192</u> | <u>928,659</u> |
| Total, governmental activities | <u>\$ 39,465,629</u> | <u>\$ 5,033,996</u> | <u>\$ (3,365,388)</u> | <u>\$ 41,134,237</u> | <u>\$ 3,620,899</u> |
| Business-type Activities: | | | | | |
| Compensated absences | <u>\$ 29,429</u> | <u>\$ 13,795</u> | <u>\$ (14,637)</u> | <u>\$ 28,587</u> | <u>\$ 13,580</u> |
| Total, business-type activities | <u>\$ 29,429</u> | <u>\$ 13,795</u> | <u>\$ (14,637)</u> | <u>\$ 28,587</u> | <u>\$ 13,580</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

All bonds and the certificates of participation will be paid from the debt service fund (a nonmajor governmental fund). All bonds are backed by the full faith and credit of the District. Compensated absences will be paid from the fund from which the employee is paid, which is primarily the general fund and the following nonmajor governmental funds: food service, auxiliary services, Title VI-B and Title I.

Series 1993 School Improvement General Obligation Bonds

During 1993, the District issued general obligation bonds to provide for building improvements to the high school. During fiscal 2005, the District refunded the callable portion of the outstanding bonds by issuing the Series 2003 refunding bonds described below. The non-callable portion of the Series 1993 bonds at June 30, 2007 consisted of capital appreciation bonds, par value \$1,345,303. The capital appreciation bonds mature on December 15, 2003 through 2010 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. During fiscal 2007, the District retired a capital appreciation bond with a par value of \$394,425. The accreted value at maturity for the capital appreciation bonds is \$8,410,000. Total accreted interest of \$5,422,896 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 (effective 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 \$411,642 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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.

Energy Conservation Bonds - 1997 - In 1997, the District issued energy conservation bonds to provide for energy improvements to various District buildings. The primary source of repayment of these bonds is through energy savings as a result of the improvements. The interest rate on the bonds is 5.20% and they mature in fiscal year 2008.

Energy Conservation Bonds - 2007 - During fiscal year 2007, the District issued energy conservation bonds to provide energy improvements to various District buildings. The primary source of repayment of these bonds is through energy savings as a result of the improvements. The interest rate on these bonds is 5.0% and they mature in fiscal year 2022.

- B.** Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2007, 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 |
| 2008 | \$ 135,000 | \$ 218,639 | \$ 353,639 | \$ - | \$ - | \$ - |
| 2009 | 140,000 | 215,127 | 355,127 | - | - | - |
| 2010 | 140,000 | 211,103 | 351,103 | - | - | - |
| 2011 | 145,000 | 206,501 | 351,501 | - | - | - |
| 2012 | - | 204,000 | 204,000 | 1,199,964 | 1,080,036 | 2,280,000 |
| 2013 - 2016 | 5,100,000 | 232,200 | 5,332,200 | - | - | - |
| Total | \$ 5,660,000 | \$ 1,287,570 | \$ 6,947,570 | \$ 1,199,964 | \$ 1,080,036 | \$ 2,280,000 |

| Fiscal Year Ending June 30 | Capital Appreciation Bonds - Series 1993 | | | General Obligation Energy Conservation Bonds - 2007 | | |
|-------------------------------|---|--------------|--------------|--|--------------|--------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2008 | \$ 368,133 | \$ 1,726,867 | \$ 2,095,000 | \$ 130,000 | \$ 139,269 | \$ 269,269 |
| 2009 | 345,534 | 1,754,466 | 2,100,000 | 135,000 | 132,000 | 267,000 |
| 2010 | 324,771 | 1,775,229 | 2,100,000 | 140,000 | 125,250 | 265,250 |
| 2011 | 306,865 | 1,808,135 | 2,115,000 | 150,000 | 118,250 | 268,250 |
| 2012 | - | - | - | 155,000 | 110,750 | 265,750 |
| 2013 - 2017 | - | - | - | 905,000 | 429,000 | 1,334,000 |
| 2018 - 2022 | - | - | - | 1,155,000 | 178,750 | 1,333,750 |
| Total | \$ 1,345,303 | \$ 7,064,697 | \$ 8,410,000 | \$ 2,770,000 | \$ 1,233,269 | \$ 4,003,269 |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

| Fiscal Year Ending June 30 | General Obligation Energy Conservation Bonds - 1997 | | |
|-------------------------------|--|----------|------------|
| | Principal | Interest | Total |
| 2008 | \$ 202,240 | \$ 5,258 | \$ 207,498 |
| Total | \$ 202,240 | \$ 5,258 | \$ 207,498 |

- C. Principal and interest requirements to retire the certificates of participation outstanding at June 30, 2007, are as follows:

| Fiscal Year Ending June 30 | Certificates of Participation | | |
|-------------------------------|-------------------------------|---------------|---------------|
| | Principal | Interest | Total |
| 2008 | \$ 130,000 | \$ 963,702 | \$ 1,093,702 |
| 2009 | 150,000 | 960,452 | 1,110,452 |
| 2010 | 175,000 | 955,953 | 1,130,953 |
| 2011 | 205,000 | 950,263 | 1,155,263 |
| 2012 | 235,000 | 943,090 | 1,178,090 |
| 2013 - 2017 | 1,670,000 | 4,557,977 | 6,227,977 |
| 2018 - 2022 | 2,720,000 | 4,138,293 | 6,858,293 |
| 2023 - 2027 | 4,180,000 | 3,389,500 | 7,569,500 |
| 2028 - 2032 | 6,160,000 | 2,192,675 | 8,352,675 |
| 2033 - 2034 | 4,970,000 | 420,750 | 5,390,750 |
| Total | \$ 20,595,000 | \$ 19,472,655 | \$ 40,067,655 |

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 use 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, 2007, are a voted debt margin of \$52,441,036 (including available funds of \$3,412,070) and an unvoted debt margin of \$897,794.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 10 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working 11 or 12 months per year are entitled to an annual vacation, with pay, based on length of service in the District. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for an unlimited number of days. For certified and classified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 136 days and adding to that one day for every eight days in excess of 136 days to a maximum of 35 additional days of severance. Maximum severance in total is 69 days. See Note 2.J. for further detail on the financial reporting of the District's compensated absences.

NOTE 11 - RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$250 per incident. The District's vehicle liability insurance policy limit is \$1,000,000 with a \$500 collision deductible. All board members, administrators and employees are covered under a District liability policy. The limits of this coverage are \$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 Board President and Superintendent have a \$50,000 position bond. The Treasurer is covered under a surety bond in the amount of \$50,000. Selected other employees are bonded by a position bond in the amount of \$50,000 and a money and securities bond of \$5,000, subject to a \$250 deductible.

C. Employee Health Insurance

The District has elected to provide employee medical, prescription and dental benefits through a self-insurance program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$400 family and \$200 single deductible. A third party administrator, Employee Benefit Consultants located in Cleveland, Ohio, reviews and processes all claims for payment. The District purchases stop-loss coverage of \$125,000 per individual and \$5,407,716 in the aggregate.

The District pays into the self-insurance internal service fund for full-time medical and prescription drug family coverage \$1,038.98 per month for certified, classified and administrative employees. Single coverage full-time costs are \$473.86 for certified, classified and administrative employees. Employees are considered part-time if they work 25 or more hours per week and less than 35-hours per week. Part-time employees are eligible for family and single coverage. The premiums for part-time employees are prorated according to hours worked per week for certified employees and hours worked per 35 hour week for classified employees.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 11 - RISK MANAGEMENT - (Continued)

Dental coverage is also provided on a self-insured basis through Employee Benefit Consultants. Premium costs for this coverage are \$45.38 per month for family coverage and \$11.66 per month for single coverage for certified employees. Premiums for classified employees are prorated according to hours worked per 35-hour week with premiums ranging from \$63.78 to \$33.58 for family coverage and \$29.64 to \$15.12 for single coverage. Employees working 20 or more hours per week are eligible for dental coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages of fixed rates established in each plan.

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

The District also provides prescription drug insurance to its employees through a self-insured program. The District pays the cost of prescription drug above the employee co-payment for a 34 day supply. The employee co-payment for a 34 day supply is: generic \$15, preferred \$20 and non-preferred \$25. The District pays the cost of mail order prescriptions above the employee co-payment for a 90 day supply. The employee co-payment for a 90 day mail order supply is: generic \$25, preferred \$35 and non-preferred \$45. The third party administrator, Employee Benefit Consultants, reviews and processes the claims. The premium for this coverage is included in the medical plan premium amounts stated above.

The claims liability of \$708,461 reported in the internal service fund at June 30, 2007, 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> |
|------------------------|------------------------------|--------------------------------|----------------------------|---------------------------|
| 2007 | \$ 751,759 | \$ 6,268,758 | \$ (6,312,056) | \$ 708,461 |
| 2006 | 582,561 | 6,202,137 | (6,032,939) | 751,759 |

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 11 - RISK MANAGEMENT - (Continued)

D. Workers' Compensation

For fiscal year 2007, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

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

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

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

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 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$719,386, \$674,082, and \$481,168, respectively. 42.73 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$412,016 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 12 - PENSION PLANS - (Continued)

B. State Teachers Retirement System

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

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

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

For the fiscal year ended June 30, 2007, 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. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions to fund pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$3,601,314, \$3,592,616, and \$3,169,453, respectively. 82.44 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$632,212 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2007 were \$49,716 made by the District and \$100,930 made by plan members.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 12 - PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$277,024 for fiscal year 2007.

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

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$322,372 to fund health care benefits, including the surcharge.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

NOTE 14 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 15 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

| | Instructional <u>Materials</u> | Capital <u>Improvement</u> |
|--|-----------------------------------|-------------------------------|
| Set-aside cash balance as of June 30, 2006 | \$ (1,760,663) | \$ (20,693,600) |
| Current year set-aside requirement | 820,543 | 820,543 |
| Current year offset | - | (1,043,066) |
| Qualifying disbursements | <u>(1,145,661)</u> | <u>(12,987,903)</u> |
| Total | <u>\$ (2,085,781)</u> | <u>\$ (33,904,026)</u> |
| Balance carried forward to FY 2008 | <u>\$ (2,085,781)</u> | <u>\$ (21,736,666)</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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 15 - STATUTORY RESERVES - (Continued)

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2007 follows:

| | |
|--|------------------|
| Amount restricted for school bus purchases | <u>\$ 68,358</u> |
|--|------------------|

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

| Net Change in Fund Balance | <u>General Fund</u> |
|---|---------------------|
| Budget basis | \$ 2,147,018 |
| Net adjustment for revenue accruals | 1,305,081 |
| Net adjustment for expenditure accruals | (816,965) |
| Net adjustment for other sources/uses | (458,750) |
| Adjustment for encumbrances | <u>1,985,884</u> |
| GAAP basis | <u>\$ 4,162,268</u> |

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**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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

FUND DESCRIPTIONS

GENERAL FUND

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

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

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

FUND DESCRIPTIONS

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR DEBT SERVICE FUND

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

CAPITAL PROJECTS FUNDS

The capital projects funds account for the receipts and disbursements of monies used for the acquisition, construction or major renovation of capital facilities (other than those financed by enterprise funds). During fiscal year 2007, the District had three capital projects funds. Since the building fund was major and the only activity of the schoolnet fund was original and final budgeted revenues and appropriations, combining statements are not required for capital projects funds.

MAJOR CAPITAL PROJECTS FUND

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

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

FUND DESCRIPTIONS

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

MAJOR ENTERPRISE FUND

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

INTERNAL SERVICE FUND

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

PRIVATE-PURPOSE TRUST FUND

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

AGENCY FUNDS

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

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

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|---|---|---|--|
| Assets: | | | | |
| Equity in pooled cash and cash equivalents | \$ 1,067,398 | \$ 1,194,098 | \$ 958,930 | \$ 3,220,426 |
| Cash with fiscal agent | - | 2,033,533 | - | 2,033,533 |
| Receivables: | | | | |
| Taxes | - | 2,235,231 | 497,690 | 2,732,921 |
| Accounts | 1,060 | - | - | 1,060 |
| Intergovernmental | 495,719 | - | - | 495,719 |
| Materials and supplies inventory | 4,763 | - | - | 4,763 |
| Inventory held for resale | 72,353 | - | - | 72,353 |
| Total assets | <u>\$ 1,641,293</u> | <u>\$ 5,462,862</u> | <u>\$ 1,456,620</u> | <u>\$ 8,560,775</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 60,024 | \$ - | \$ 46,316 | \$ 106,340 |
| Accrued wages and benefits | 304,728 | - | - | 304,728 |
| Compensated absences payable | 6,045 | - | - | 6,045 |
| Pension obligation payable | 103,583 | - | - | 103,583 |
| Intergovernmental payable | 8,304 | - | - | 8,304 |
| Due to other funds | 120,716 | - | - | 120,716 |
| Unearned revenue | - | 2,015,387 | 391,118 | 2,406,505 |
| Deferred revenue | 164,207 | 35,405 | 19,416 | 219,028 |
| Total liabilities | <u>767,607</u> | <u>2,050,792</u> | <u>456,850</u> | <u>3,275,249</u> |
| Fund Balances: | | | | |
| Reserved for encumbrances | 124,268 | - | 130,585 | 254,853 |
| Reserved for materials and supply inventory | 77,116 | - | - | 77,116 |
| Reserved for debt service | - | 3,227,631 | - | 3,227,631 |
| Reserved for property tax unavailable for appropriation | - | 184,439 | 87,156 | 271,595 |
| Unreserved, undesignated, reported in: | | | | |
| Special revenue funds | 672,302 | - | - | 672,302 |
| Capital projects funds | - | - | 782,029 | 782,029 |
| Total fund balances | <u>873,686</u> | <u>3,412,070</u> | <u>999,770</u> | <u>5,285,526</u> |
| Total liabilities and fund balances | <u>\$ 1,641,293</u> | <u>\$ 5,462,862</u> | <u>\$ 1,456,620</u> | <u>\$ 8,560,775</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, 2007

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Fund | Total Nonmajor Governmental Funds |
|---|---|---|---|--|
| Revenues: | | | | |
| From local sources: | | | | |
| Taxes | \$ - | \$ 3,049,915 | \$ 1,066,830 | \$ 4,116,745 |
| Earnings on investments. | 38,863 | 92,597 | - | 131,460 |
| Charges for services | 1,483,619 | - | - | 1,483,619 |
| Extracurricular. | 673,131 | - | - | 673,131 |
| Classroom materials and fees | 233,399 | - | - | 233,399 |
| Other local revenues. | 252,126 | - | - | 252,126 |
| Intergovernmental - State | 1,644,504 | 246,229 | 138,237 | 2,028,970 |
| Intergovernmental - Federal. | 2,498,943 | - | - | 2,498,943 |
| Total revenue | <u>6,824,585</u> | <u>3,388,741</u> | <u>1,205,067</u> | <u>11,418,393</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 403,723 | - | 196,316 | 600,039 |
| Special. | 601,408 | - | - | 601,408 |
| Other | 122,519 | - | - | 122,519 |
| Support Services: | | | | |
| Pupil. | 1,063,509 | - | - | 1,063,509 |
| Instructional staff | 388,812 | - | - | 388,812 |
| Administration. | 79,951 | - | - | 79,951 |
| Fiscal | - | 72,345 | 15,004 | 87,349 |
| Pupil transportation | 201,161 | - | 86,000 | 287,161 |
| Central. | 42,089 | - | - | 42,089 |
| Operation of non-instructional services | 64,625 | - | - | 64,625 |
| Extracurricular activities. | 434,845 | - | - | 434,845 |
| Food service operations | 1,623,787 | - | - | 1,623,787 |
| Intergovernmental pass through | 1,634,538 | - | - | 1,634,538 |
| Facilities acquisition and construction | 31,264 | - | 645,938 | 677,202 |
| Debt service: | | | | |
| Principal retirement | - | 2,527,242 | - | 2,527,242 |
| Interest and fiscal charges | - | 1,203,330 | - | 1,203,330 |
| Total expenditures | <u>6,692,231</u> | <u>3,802,917</u> | <u>943,258</u> | <u>11,438,406</u> |
| Excess of revenues over (under) expenditures. | <u>132,354</u> | <u>(414,176)</u> | <u>261,809</u> | <u>(20,013)</u> |
| Other financing sources (uses): | | | | |
| Transfers in. | 20,600 | 207,757 | - | 228,357 |
| Transfers (out) | - | - | (207,757) | (207,757) |
| Total other financing sources (uses) | <u>20,600</u> | <u>207,757</u> | <u>(207,757)</u> | <u>20,600</u> |
| Net change in fund balances | 152,954 | (206,419) | 54,052 | 587 |
| Fund balances at beginning of year | <u>720,732</u> | <u>3,618,489</u> | <u>945,718</u> | <u>5,284,939</u> |
| Fund balances at end of year | <u>\$ 873,686</u> | <u>\$ 3,412,070</u> | <u>\$ 999,770</u> | <u>\$ 5,285,526</u> |

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007

| | <u>Public School Support</u> | <u>Other Grants</u> | <u>Athletic and Music</u> | <u>Auxiliary Services</u> |
|--|--------------------------------------|-------------------------|-------------------------------|-------------------------------|
| Assets: | | | | |
| Equity in pooled cash and cash equivalents | \$ 217,387 | \$ 41,942 | \$ 104,778 | \$ 115,901 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Materials and supplies inventory | - | - | - | - |
| Inventory held for resale | - | - | - | - |
| Total assets | <u>\$ 217,387</u> | <u>\$ 41,942</u> | <u>\$ 104,778</u> | <u>\$ 115,901</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 2,243 | \$ - | \$ 534 | \$ 49,287 |
| Accrued wages and benefits | - | - | - | 20,391 |
| Compensated absences payable | - | - | - | - |
| Pension obligation payable. | - | - | - | 6,922 |
| Intergovernmental payable | 29 | 5 | 1,607 | 340 |
| Due to other funds. | - | - | - | - |
| Deferred revenue | - | - | - | - |
| Total liabilities | <u>2,272</u> | <u>5</u> | <u>2,141</u> | <u>76,940</u> |
| Fund Balances: | | | | |
| Reserved for encumbrances | 6,314 | 647 | 7,881 | 43,849 |
| Reserved for materials and supply inventory | - | - | - | - |
| Unreserved, undesignated (deficit), reported in: Special revenue funds. | <u>208,801</u> | <u>41,290</u> | <u>94,756</u> | <u>(4,888)</u> |
| Total fund balance (deficit). | <u>215,115</u> | <u>41,937</u> | <u>102,637</u> | <u>38,961</u> |
| Total liabilities and fund balances | <u>\$ 217,387</u> | <u>\$ 41,942</u> | <u>\$ 104,778</u> | <u>\$ 115,901</u> |

| Management Information System | Entry Year | SchoolNet Professional Development | Ohio Reads | Other State Grants | Title VI-B | Title III |
|--|-----------------------|---|-----------------------|-----------------------------------|-------------------|------------------|
| \$ 17,964 | \$ - | \$ - | \$ - | \$ 19,558 | \$ - | \$ 657 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 313,221 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 17,964</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,558</u> | <u>\$ 313,221</u> | <u>\$ 657</u> |
| \$ 30 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | 151,321 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 35,114 | - |
| - | 30 | 1 | 16 | 6 | 3,392 | - |
| - | - | - | - | - | 88,076 | - |
| - | - | - | - | - | 73,477 | - |
| <u>30</u> | <u>30</u> | <u>1</u> | <u>16</u> | <u>6</u> | <u>351,380</u> | <u>-</u> |
| 6,232 | - | - | - | 335 | 39,015 | - |
| - | - | - | - | - | - | - |
| <u>11,702</u> | <u>(30)</u> | <u>(1)</u> | <u>(16)</u> | <u>19,217</u> | <u>(77,174)</u> | <u>657</u> |
| <u>17,934</u> | <u>(30)</u> | <u>(1)</u> | <u>(16)</u> | <u>19,552</u> | <u>(38,159)</u> | <u>657</u> |
| <u>\$ 17,964</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,558</u> | <u>\$ 313,221</u> | <u>\$ 657</u> |

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2007

| | <u>Title I</u> | <u>Title VI</u> | <u>Drug-Free Grant</u> | <u>EHA Preschool Grant</u> |
|---|------------------|------------------|----------------------------|--------------------------------|
| Assets: | | | | |
| Equity in pooled cash and cash equivalents | \$ - | \$ - | \$ 341 | \$ 278 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Intergovernmental | 58,064 | 11,965 | 2,857 | 2,506 |
| Materials and supplies inventory | - | - | - | - |
| Inventory held for resale | - | - | - | - |
| Total assets | <u>\$ 58,064</u> | <u>\$ 11,965</u> | <u>\$ 3,198</u> | <u>\$ 2,784</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Accrued wages and benefits | 13,600 | - | 744 | 5,694 |
| Compensated absences payable | - | - | - | - |
| Pension obligation payable. | 1,256 | - | 440 | - |
| Intergovernmental payable | 403 | 32 | 59 | 86 |
| Due to other funds. | 24,844 | 7,796 | - | - |
| Deferred revenue | 18,142 | 4,017 | 2,251 | - |
| Total liabilities | <u>58,245</u> | <u>11,845</u> | <u>3,494</u> | <u>5,780</u> |
| Fund Balances: | | | | |
| Reserved for encumbrances | - | 152 | - | - |
| Reserved for materials and supply inventory | - | - | - | - |
| Unreserved, undesignated (deficit), reported in: | | | | |
| Special revenue funds. | (181) | (32) | (296) | (2,996) |
| Total fund balance (deficit). | <u>(181)</u> | <u>120</u> | <u>(296)</u> | <u>(2,996)</u> |
| Total liabilities and fund balances | <u>\$ 58,064</u> | <u>\$ 11,965</u> | <u>\$ 3,198</u> | <u>\$ 2,784</u> |

| Classroom Reduction | Other Federal Grants | Food Service | Uniform School Supplies | Other Special Revenue | Total Nonmajor Special Revenue Funds |
|--------------------------------|-------------------------------------|-------------------------|--|--------------------------------------|---|
| \$ 8,657 | \$ - | \$ 392,626 | \$ 125,377 | \$ 21,932 | \$ 1,067,398 |
| - | - | - | - | 1,060 | 1,060 |
| 79,149 | 1,254 | 26,703 | - | - | 495,719 |
| - | - | 4,763 | - | - | 4,763 |
| - | - | 31,120 | 41,233 | - | 72,353 |
| <u>\$ 87,806</u> | <u>\$ 1,254</u> | <u>\$ 455,212</u> | <u>\$ 166,610</u> | <u>\$ 22,992</u> | <u>\$ 1,641,293</u> |
| \$ - | \$ - | \$ 7,697 | \$ 177 | \$ 56 | \$ 60,024 |
| 12,671 | - | 100,307 | - | - | 304,728 |
| - | - | 6,045 | - | - | 6,045 |
| 1,080 | - | 58,771 | - | - | 103,583 |
| 163 | - | 2,128 | 7 | - | 8,304 |
| - | - | - | - | - | 120,716 |
| 65,066 | 1,254 | - | - | - | 164,207 |
| <u>78,980</u> | <u>1,254</u> | <u>174,948</u> | <u>184</u> | <u>56</u> | <u>767,607</u> |
| 6,838 | - | 19 | 10,925 | 2,061 | 124,268 |
| - | - | 35,883 | 41,233 | - | 77,116 |
| <u>1,988</u> | <u>-</u> | <u>244,362</u> | <u>114,268</u> | <u>20,875</u> | <u>672,302</u> |
| <u>8,826</u> | <u>-</u> | <u>280,264</u> | <u>166,426</u> | <u>22,936</u> | <u>873,686</u> |
| <u>\$ 87,806</u> | <u>\$ 1,254</u> | <u>\$ 455,212</u> | <u>\$ 166,610</u> | <u>\$ 22,992</u> | <u>\$ 1,641,293</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, 2007

| | Public School Support | Other Grants | Athletic and Music | Auxiliary Services |
|---|--------------------------------------|-------------------------|-------------------------------|-------------------------------|
| Revenues: | | | | |
| From local sources: | | | | |
| Earnings on investments | \$ - | \$ - | \$ - | \$ 19,750 |
| Charges for services | 5,768 | - | - | - |
| Extracurricular | 209,869 | - | 320,024 | - |
| Classroom materials and fees | 66,931 | - | 154 | - |
| Other local revenues | 88,756 | 88,697 | 52,842 | - |
| Intergovernmental - State | - | - | - | 1,553,651 |
| Intergovernmental - Federal | - | - | - | - |
| Total revenue | <u>371,324</u> | <u>88,697</u> | <u>373,020</u> | <u>1,573,401</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 62,368 | 70,921 | - | - |
| Special | - | - | - | - |
| Other | - | - | - | - |
| Support Services: | | | | |
| Pupil | 259,623 | 2,091 | - | - |
| Instructional staff | 6,400 | - | - | - |
| Administration | - | - | - | - |
| Pupil transportation | - | - | - | - |
| Central | - | - | - | - |
| Operation of non-instructional services | 22,731 | - | - | - |
| Extracurricular activities | 3,135 | - | 431,710 | - |
| Food service operations | - | - | - | - |
| Intergovernmental pass through | - | - | - | 1,634,538 |
| Facilities acquisition and construction | - | - | 31,264 | - |
| Total expenditures | <u>354,257</u> | <u>73,012</u> | <u>462,974</u> | <u>1,634,538</u> |
| Excess of revenues over (under) expenditures. | <u>17,067</u> | <u>15,685</u> | <u>(89,954)</u> | <u>(61,137)</u> |
| Other financing sources: | | | | |
| Transfers in | - | - | 20,600 | - |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>20,600</u> | <u>-</u> |
| Net change in fund balances | 17,067 | 15,685 | (69,354) | (61,137) |
| Fund balances (deficit) | | | | |
| at beginning of year | 198,048 | 26,252 | 171,991 | 100,098 |
| Fund balances (deficit) at end of year | <u>\$ 215,115</u> | <u>\$ 41,937</u> | <u>\$ 102,637</u> | <u>\$ 38,961</u> |

| Management Information System | Entry Year | Data Communications | SchoolNet Professional Development | Ohio Reads | Other State Grants |
|--|-----------------------|--------------------------------|---|-----------------------|-----------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 17,867 | 8,500 | 18,000 | 13,258 | 8,000 | 23,997 |
| - | - | - | - | - | - |
| <u>17,867</u> | <u>8,500</u> | <u>18,000</u> | <u>13,258</u> | <u>8,000</u> | <u>23,997</u> |
| - | 8,524 | - | 4,461 | 8,080 | 9,361 |
| - | - | - | - | - | - |
| - | - | 18,000 | - | - | - |
| - | - | - | (340) | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 42,089 | - | - | - | - | - |
| - | 800 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>42,089</u> | <u>9,324</u> | <u>18,000</u> | <u>4,121</u> | <u>8,080</u> | <u>9,361</u> |
| <u>(24,222)</u> | <u>(824)</u> | <u>-</u> | <u>9,137</u> | <u>(80)</u> | <u>14,636</u> |
| - | - | - | - | - | - |
| <u>(24,222)</u> | <u>(824)</u> | <u>-</u> | <u>9,137</u> | <u>(80)</u> | <u>14,636</u> |
| 42,156 | 794 | - | (9,138) | 64 | 4,916 |
| <u>\$ 17,934</u> | <u>\$ (30)</u> | <u>\$ -</u> | <u>\$ (1)</u> | <u>\$ (16)</u> | <u>\$ 19,552</u> |

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

| | Title VI-B | Title III | Title I | Title VI | Drug-Free Grant |
|---|--------------------|---------------|-----------------|---------------|--------------------|
| Revenues: | | | | | |
| From local sources: | | | | | |
| Earnings on investments. | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - | - |
| Extracurricular. | - | - | - | - | - |
| Classroom materials and fees | - | - | - | - | - |
| Other local revenues | - | - | - | - | - |
| Intergovernmental - State | - | - | - | - | - |
| Intergovernmental - Federal. | 1,878,392 | - | 203,582 | 49,850 | 20,630 |
| Total revenue | <u>1,878,392</u> | <u>-</u> | <u>203,582</u> | <u>49,850</u> | <u>20,630</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | - | - | - | 20,868 | - |
| Special. | 439,044 | - | 131,109 | - | - |
| Other | 104,000 | - | - | - | - |
| Support Services: | | | | | |
| Pupil. | 681,983 | - | 9,831 | - | 24,170 |
| Instructional staff | 289,325 | - | - | 5,880 | - |
| Administration. | 78,028 | - | - | - | - |
| Pupil transportation | 200,961 | - | - | - | - |
| Central. | - | - | - | - | - |
| Operation of non-instructional services | 30,530 | - | - | 4,158 | - |
| Extracurricular activities. | - | - | - | - | - |
| Food service operations | - | - | - | - | - |
| Intergovernmental pass through. | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - |
| Total expenditures | <u>1,823,871</u> | <u>-</u> | <u>140,940</u> | <u>30,906</u> | <u>24,170</u> |
| Excess of revenues over (under) expenditures. | <u>54,521</u> | <u>-</u> | <u>62,642</u> | <u>18,944</u> | <u>(3,540)</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 | 54,521 | - | 62,642 | 18,944 | (3,540) |
| Fund balances (deficit) | | | | | |
| at beginning of year | (92,680) | 657 | (62,823) | (18,824) | 3,244 |
| Fund balances (deficit) at end of year | <u>\$ (38,159)</u> | <u>\$ 657</u> | <u>\$ (181)</u> | <u>\$ 120</u> | <u>\$ (296)</u> |

| EHA Preschool Grant | Classroom Reduction | Other Federal Grants | Food Service | Uniform School Supplies | Other Special Revenue | Nonmajor Special Revenue Funds |
|----------------------------|----------------------------|-----------------------------|---------------------|--------------------------------|------------------------------|---------------------------------------|
| \$ - | \$ - | \$ - | \$ 19,113 | \$ - | \$ - | \$ 38,863 |
| - | - | - | 1,477,851 | - | - | 1,483,619 |
| - | - | - | - | 109,115 | 34,123 | 673,131 |
| - | - | - | - | 166,314 | - | 233,399 |
| - | - | - | - | 3,252 | 18,579 | 252,126 |
| - | - | - | 1,231 | - | - | 1,644,504 |
| 38,342 | 146,028 | 15,967 | 146,152 | - | - | 2,498,943 |
| <u>38,342</u> | <u>146,028</u> | <u>15,967</u> | <u>1,644,347</u> | <u>278,681</u> | <u>52,702</u> | <u>6,824,585</u> |
| - | - | 3,854 | - | 209,893 | 5,393 | 403,723 |
| - | 31,255 | - | - | - | - | 601,408 |
| - | - | - | - | - | 519 | 122,519 |
| - | - | 400 | - | 49,905 | 35,846 | 1,063,509 |
| 37,718 | 43,192 | 1,859 | - | - | 4,438 | 388,812 |
| - | - | - | - | - | 1,923 | 79,951 |
| - | - | 200 | - | - | - | 201,161 |
| - | - | - | - | - | - | 42,089 |
| - | 4,080 | 213 | - | - | 2,113 | 64,625 |
| - | - | - | - | - | - | 434,845 |
| - | - | - | 1,623,787 | - | - | 1,623,787 |
| - | - | - | - | - | - | 1,634,538 |
| - | - | - | - | - | - | 31,264 |
| <u>37,718</u> | <u>78,527</u> | <u>6,526</u> | <u>1,623,787</u> | <u>259,798</u> | <u>50,232</u> | <u>6,692,231</u> |
| <u>624</u> | <u>67,501</u> | <u>9,441</u> | <u>20,560</u> | <u>18,883</u> | <u>2,470</u> | <u>132,354</u> |
| - | - | - | - | - | - | 20,600 |
| - | - | - | - | - | - | 20,600 |
| 624 | 67,501 | 9,441 | 20,560 | 18,883 | 2,470 | 152,954 |
| (3,620) | (58,675) | (9,441) | 259,704 | 147,543 | 20,466 | 720,732 |
| <u>\$ (2,996)</u> | <u>\$ 8,826</u> | <u>\$ -</u> | <u>\$ 280,264</u> | <u>\$ 166,426</u> | <u>\$ 22,936</u> | <u>\$ 873,686</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, 2007

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|---|-------------------------|-------------------|--|
| <u>Public School Support</u> | | | |
| Total Revenues and Other Financing Sources | \$ 350,000 | \$ 371,884 | \$ 21,884 |
| Total Expenditures and Other Financing Uses | <u>449,480</u> | <u>367,706</u> | <u>81,774</u> |
| Net Change in Fund Balance | (99,480) | 4,178 | 103,658 |
| Fund Balance, July 1 | 189,706 | 189,706 | - |
| Prior Year Encumbrances Appropriated | <u>15,952</u> | <u>15,952</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 106,178</u> | <u>\$ 209,836</u> | <u>\$ 103,658</u> |
| | | | |
| <u>Other Grants</u> | | | |
| Total Revenues and Other Financing Sources | \$ 91,500 | \$ 88,697 | \$ (2,803) |
| Total Expenditures and Other Financing Uses | <u>103,689</u> | <u>73,654</u> | <u>30,035</u> |
| Net Change in Fund Balance | (12,189) | 15,043 | 27,232 |
| Fund Balance, July 1 | 26,252 | 26,252 | - |
| Prior Year Encumbrances Appropriated | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 14,063</u> | <u>\$ 41,295</u> | <u>\$ 27,232</u> |
| | | | |
| <u>Athletic and Music</u> | | | |
| Total Revenues and Other Financing Sources | \$ 390,886 | \$ 393,791 | \$ 2,905 |
| Total Expenditures and Other Financing Uses | <u>507,970</u> | <u>473,222</u> | <u>34,748</u> |
| Net Change in Fund Balance | (117,084) | (79,431) | 37,653 |
| Fund Balance, July 1 | 166,264 | 166,264 | - |
| Prior Year Encumbrances Appropriated | <u>9,914</u> | <u>9,914</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 59,094</u> | <u>\$ 96,747</u> | <u>\$ 37,653</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, 2007

| | <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 | \$ 1,573,786 | \$ 1,573,786 | \$ - |
| Total Expenditures and Other Financing Uses | <u>1,739,467</u> | <u>1,716,702</u> | <u>22,765</u> |
| Net Change in Fund Balance | (165,681) | (142,916) | 22,765 |
| Fund Balance, July 1 | 107,972 | 107,972 | - |
| Prior Year Encumbrances Appropriated | <u>57,709</u> | <u>57,709</u> | <u>-</u> |
| Fund Balance, June 30 | <u><u>\$ -</u></u> | <u><u>\$ 22,765</u></u> | <u><u>\$ 22,765</u></u> |
| <u>Management Information Systems</u> | | | |
| Total Revenues and Other Financing Sources | \$ 17,867 | \$ 17,867 | \$ - |
| Total Expenditures and Other Financing Uses | <u>53,169</u> | <u>48,321</u> | <u>4,848</u> |
| Net Change in Fund Balance | (35,302) | (30,454) | 4,848 |
| Fund Balance, July 1 | <u>42,156</u> | <u>42,156</u> | <u>-</u> |
| Fund Balance, June 30 | <u><u>\$ 6,854</u></u> | <u><u>\$ 11,702</u></u> | <u><u>\$ 4,848</u></u> |
| <u>Entry Year</u> | | | |
| Total Revenues and Other Financing Sources | \$ 8,500 | \$ 8,500 | \$ - |
| Total Expenditures and Other Financing Uses | <u>9,300</u> | <u>9,300</u> | <u>-</u> |
| Net Change in Fund Balance | (800) | (800) | - |
| Fund Balance, July 1 | <u>800</u> | <u>800</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, 2007

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|--|-------------------------|---------------|--|
| <u>Data Communications</u> | | | |
| Total Revenues and Other Financing Sources | \$ 18,000 | \$ 18,000 | \$ - |
| Total Expenditures and Other Financing Uses | <u>18,000</u> | <u>18,000</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> |
| <u>SchoolNet Professional Development</u> | | | |
| Total Revenues and Other Financing Sources | \$ 23,214 | \$ 13,258 | \$ (9,956) |
| Total Expenditures and Other Financing Uses | <u>6,583</u> | <u>15,213</u> | <u>(8,630)</u> |
| Net Change in Fund Balance | 16,631 | (1,955) | (18,586) |
| Fund Balance, July 1 | 627 | 627 | - |
| Prior Year Encumbrances Appropriated | <u>1,328</u> | <u>1,328</u> | <u>-</u> |
| Fund Balance (Deficit), June 30 | <u>\$ 18,586</u> | <u>\$ -</u> | <u>\$ (18,586)</u> |
| <u>Ohio Reads</u> | | | |
| Total Revenues and Other Financing Sources | \$ 8,000 | \$ 8,000 | \$ - |
| Total Expenditures and Other Financing Uses | <u>8,082</u> | <u>8,082</u> | <u>-</u> |
| Net Change in Fund Balance | (82) | (82) | - |
| Fund Balance, July 1 | <u>82</u> | <u>82</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, 2007

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|---|-------------------------|---------------------|--|
| <u>Other State Grants</u> | | | |
| Total Revenues and Other Financing Sources | \$ 10,310 | \$ 24,307 | \$ 13,997 |
| Total Expenditures and Other Financing Uses | <u>12,648</u> | <u>10,000</u> | <u>2,648</u> |
| Net Change in Fund Balance | (2,338) | 14,307 | 16,645 |
| Fund Balance, July 1 | <u>4,916</u> | <u>4,916</u> | <u>-</u> |
| Fund Balance (Deficit), June 30 | <u>\$ 2,578</u> | <u>\$ 19,223</u> | <u>\$ 16,645</u> |
| <u>Title VI-B</u> | | | |
| Total Revenues and Other Financing Sources | \$ 1,975,000 | \$ 2,073,648 | \$ 98,648 |
| Total Expenditures and Other Financing Uses | <u>2,046,547</u> | <u>2,315,464</u> | <u>(268,917)</u> |
| Net Change in Fund Balance | (71,547) | (241,816) | (170,269) |
| Fund Balance, July 1 | 112,271 | 112,271 | - |
| Prior Year Encumbrances Appropriated | <u>2,454</u> | <u>2,454</u> | <u>-</u> |
| Fund Balance (Deficit), June 30 | <u>\$ 43,178</u> | <u>\$ (127,091)</u> | <u>\$ (170,269)</u> |
| <u>Title III</u> | | | |
| Total Revenues and Other Financing Sources | \$ 657 | \$ 657 | \$ - |
| Total Expenditures and Other Financing Uses | <u>-</u> | <u>6,736</u> | <u>(6,736)</u> |
| Net Change in Fund Balance | 657 | (6,079) | (6,736) |
| Fund Balance, July 1 | <u>6,736</u> | <u>6,736</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 7,393</u> | <u>\$ 657</u> | <u>\$ (6,736)</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, 2007

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|---|-------------------------|--------------------|--|
| <u>Title I</u> | | | |
| Total Revenues and Other Financing Sources | \$ 255,405 | \$ 163,660 | \$ (91,745) |
| Total Expenditures and Other Financing Uses | <u>172,796</u> | <u>238,193</u> | <u>(65,397)</u> |
| Net Change in Fund Balance | 82,609 | (74,533) | (157,142) |
| Fund Balance, July 1 | <u>49,689</u> | <u>49,689</u> | - |
| Fund Balance (Deficit), June 30 | <u>\$ 132,298</u> | <u>\$ (24,844)</u> | <u>\$ (157,142)</u> |
| <u>Title V</u> | | | |
| Total Revenues and Other Financing Sources | \$ 92,680 | \$ 41,902 | \$ (50,778) |
| Total Expenditures and Other Financing Uses | <u>56,300</u> | <u>115,749</u> | <u>(59,449)</u> |
| Net Change in Fund Balance | 36,380 | (73,847) | (110,227) |
| Fund Balance, July 1 | 51,760 | 51,760 | - |
| Prior Year Encumbrances Appropriated | <u>14,139</u> | <u>14,139</u> | - |
| Fund Balance (Deficit), June 30 | <u>\$ 102,279</u> | <u>\$ (7,948)</u> | <u>\$ (110,227)</u> |
| <u>Drug-Free Grant</u> | | | |
| Total Revenues and Other Financing Sources | \$ 22,059 | \$ 20,024 | \$ (2,035) |
| Total Expenditures and Other Financing Uses | <u>31,958</u> | <u>34,488</u> | <u>(2,530)</u> |
| Net Change in Fund Balance | (9,899) | (14,464) | (4,565) |
| Fund Balance, July 1 | 9,385 | 9,385 | - |
| Prior Year Encumbrances Appropriated | <u>5,420</u> | <u>5,420</u> | - |
| Fund Balance, June 30 | <u>\$ 4,906</u> | <u>\$ 341</u> | <u>\$ (4,565)</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, 2007

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|---|--------------------------|------------------------|--|
| <u>EHA Preschool Grant</u> | | | |
| Total Revenues and Other Financing Sources | \$ 42,166 | \$ 50,836 | \$ 8,670 |
| Total Expenditures and Other Financing Uses | <u>40,168</u> | <u>59,470</u> | <u>(19,302)</u> |
| Net Change in Fund Balance | 1,998 | (8,634) | (10,632) |
| Fund Balance, July 1 | <u>8,912</u> | <u>8,912</u> | <u>-</u> |
| Fund Balance, June 30 | <u><u>\$ 10,910</u></u> | <u><u>\$ 278</u></u> | <u><u>\$ (10,632)</u></u> |
| <u>Classroom Reduction</u> | | | |
| Total Revenues and Other Financing Sources | \$ 290,910 | \$ 131,945 | \$ (158,965) |
| Total Expenditures and Other Financing Uses | <u>175,880</u> | <u>249,257</u> | <u>(73,377)</u> |
| Net Change in Fund Balance | 115,030 | (117,312) | (232,342) |
| Fund Balance, July 1 | 117,976 | 117,976 | - |
| Prior Year Encumbrances Appropriated | <u>1,155</u> | <u>1,155</u> | <u>-</u> |
| Fund Balance, June 30 | <u><u>\$ 234,161</u></u> | <u><u>\$ 1,819</u></u> | <u><u>\$ (232,342)</u></u> |
| <u>Other Federal Grants</u> | | | |
| Total Revenues and Other Financing Sources | \$ 26,281 | \$ 16,524 | \$ (9,757) |
| Total Expenditures and Other Financing Uses | <u>8,546</u> | <u>21,112</u> | <u>(12,566)</u> |
| Net Change in Fund Balance | 17,735 | (4,588) | (22,323) |
| Fund Balance, July 1 | 4,388 | 4,388 | - |
| Prior Year Encumbrances Appropriated | <u>200</u> | <u>200</u> | <u>-</u> |
| Fund Balance, June 30 | <u><u>\$ 22,323</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (22,323)</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, 2007

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|---|-------------------------|-------------------|--|
| <u>Food Service</u> | | | |
| Total Revenues and Other Financing Sources | \$ 1,500,000 | \$ 1,578,401 | \$ 78,401 |
| Total Expenditures and Other Financing Uses | <u>1,605,940</u> | <u>1,560,649</u> | <u>45,291</u> |
| Net Change in Fund Balance | (105,940) | 17,752 | 123,692 |
| Fund Balance, July 1 | 371,774 | 371,774 | - |
| Prior Year Encumbrances Appropriated | <u>3,081</u> | <u>3,081</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 268,915</u> | <u>\$ 392,607</u> | <u>\$ 123,692</u> |
| <u>Uniform School Supplies</u> | | | |
| Total Revenues and Other Financing Sources | \$ 279,434 | \$ 279,434 | \$ - |
| Total Expenditures and Other Financing Uses | <u>356,022</u> | <u>275,826</u> | <u>80,196</u> |
| Net Change in Fund Balance | (76,588) | 3,608 | 80,196 |
| Fund Balance, July 1 | 100,241 | 100,241 | - |
| Prior Year Encumbrances Appropriated | <u>10,504</u> | <u>10,504</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 34,157</u> | <u>\$ 114,353</u> | <u>\$ 80,196</u> |
| <u>Other Special Revenue</u> | | | |
| Total Revenues and Other Financing Sources | \$ 51,697 | \$ 51,697 | \$ - |
| Total Expenditures and Other Financing Uses | <u>52,293</u> | <u>52,293</u> | <u>-</u> |
| Net Change in Fund Balance | (596) | (596) | - |
| Fund Balance, July 1 | <u>20,411</u> | <u>20,411</u> | <u>-</u> |
| Fund Balance (Deficit), June 30 | <u>\$ 19,815</u> | <u>\$ 19,815</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, 2007

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|---|----------------------------|----------------------------|--|
| <u>Debt Service</u> | | | |
| Total Revenues and Other Financing Sources | \$ 3,418,253 | \$ 3,458,964 | \$ 40,711 |
| Total Expenditures and Other Financing Uses | <u>3,838,572</u> | <u>3,802,917</u> | <u>35,655</u> |
| Net Change in Fund Balance | (420,319) | (343,953) | 76,366 |
| Fund Balance, July 1 | <u>1,538,051</u> | <u>1,538,051</u> | - |
| Fund Balance, June 30 | <u><u>\$ 1,117,732</u></u> | <u><u>\$ 1,194,098</u></u> | <u><u>\$ 76,366</u></u> |
| <u>Building</u> | | | |
| Total Revenues and Other Financing Sources | \$ 3,627,509 | \$ 3,691,827 | \$ 64,318 |
| Total Expenditures and Other Financing Uses | <u>16,283,441</u> | <u>16,127,739</u> | <u>155,702</u> |
| Net Change in Fund Balance | (12,655,932) | (12,435,912) | 220,020 |
| Fund Balance, July 1 | 2,130,935 | 2,130,935 | - |
| Prior Year Encumbrances Appropriated | <u>11,382,506</u> | <u>11,382,506</u> | - |
| Fund Balance, June 30 | <u><u>\$ 857,509</u></u> | <u><u>\$ 1,077,529</u></u> | <u><u>\$ 220,020</u></u> |
| <u>Permanent Improvement</u> | | | |
| Total Revenues and Other Financing Sources | \$ 1,188,116 | \$ 1,181,303 | \$ (6,813) |
| Total Expenditures and Other Financing Uses | <u>2,082,869</u> | <u>1,371,456</u> | <u>711,413</u> |
| Net Change in Fund Balance | (894,753) | (190,153) | 704,600 |
| Fund Balance, July 1 | 759,626 | 759,626 | - |
| Prior Year Encumbrances Appropriated | <u>212,556</u> | <u>212,556</u> | - |
| Fund Balance, June 30 | <u><u>\$ 77,429</u></u> | <u><u>\$ 782,029</u></u> | <u><u>\$ 704,600</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, 2007

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|--------------------------------------|-------------------------|-------------------|--|
| <u>Community Education</u> | | | |
| Total Revenues | \$ 1,147,340 | \$ 1,173,947 | \$ 26,607 |
| Total Expenses | <u>1,468,883</u> | <u>1,288,120</u> | <u>180,763</u> |
| Net Change in Fund Balance | (321,543) | (114,173) | 207,370 |
| Fund Balance, July 1 | 188,868 | 188,868 | - |
| Prior Year Encumbrances Appropriated | <u>168,882</u> | <u>168,882</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 36,207</u> | <u>\$ 243,577</u> | <u>\$ 207,370</u> |
| <u>Self-Insurance</u> | | | |
| Total Revenues | \$ 7,236,104 | \$ 7,238,443 | \$ 2,339 |
| Total Expenses | <u>8,044,380</u> | <u>7,666,242</u> | <u>378,138</u> |
| Net Change in Fund Balance | (808,276) | (427,799) | 380,477 |
| Fund Balance, July 1 | 451,544 | 451,544 | - |
| Prior Year Encumbrances Appropriated | <u>359,380</u> | <u>359,380</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 2,648</u> | <u>\$ 383,125</u> | <u>\$ 380,477</u> |
| <u>Scholarship</u> | | | |
| Total Revenues | \$ 80,500 | \$ 80,500 | \$ - |
| Total Expenses | <u>80,985</u> | <u>80,500</u> | <u>485</u> |
| Net Change in Fund Balance | (485) | - | 485 |
| Fund Balance, July 1 | 10,985 | 10,985 | - |
| Prior Year Encumbrances Appropriated | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance (Deficit), June 30 | <u>\$ 10,500</u> | <u>\$ 10,985</u> | <u>\$ 485</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, 2007

Student Activities

| | <u>Balance July 1, 2006</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2007</u> |
|---|---------------------------------|------------------|-------------------|----------------------------------|
| ASSETS: | | | | |
| Equity in pooled cash and cash equivalents. | \$ 32,357 | \$ 64,532 | \$ 55,041 | \$ 41,848 |
| Total assets. | <u>\$ 32,357</u> | <u>\$ 64,532</u> | <u>\$ 55,041</u> | <u>\$ 41,848</u> |
| LIABILITIES: | | | | |
| Due to students. | \$ 21,197 | \$ 52,693 | \$ 43,881 | \$ 30,009 |
| Intergovernmental payable | 11,160 | - | 11,160 | - |
| Accounts payable. | - | 11,839 | - | 11,839 |
| Total liabilities. | <u>\$ 32,357</u> | <u>\$ 64,532</u> | <u>\$ 55,041</u> | <u>\$ 41,848</u> |

Six District Educational Compact

| | <u>Balance July 1, 2006</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2007</u> |
|---|---------------------------------|-------------------|-------------------|----------------------------------|
| ASSETS: | | | | |
| Equity in pooled cash and cash equivalents. | \$ 110,491 | \$ 558,305 | \$ 570,301 | \$ 98,495 |
| Total assets. | <u>\$ 110,491</u> | <u>\$ 558,305</u> | <u>\$ 570,301</u> | <u>\$ 98,495</u> |
| LIABILITIES: | | | | |
| Accounts payable. | \$ 15,511 | \$ 7,007 | \$ 15,511 | \$ 7,007 |
| Accrued wages. | 1,146 | 3,447 | 1,146 | 3,447 |
| Intergovernmental payable | 15,417 | 13,519 | 15,417 | 13,519 |
| Pension obligation payable. | 4,714 | 5,060 | 4,714 | 5,060 |
| Undistributed monies | 73,703 | 529,272 | 533,513 | 69,462 |
| Total liabilities. | <u>\$ 110,491</u> | <u>\$ 558,305</u> | <u>\$ 570,301</u> | <u>\$ 98,495</u> |

Total

| | <u>Balance July 1, 2006</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2007</u> |
|---|---------------------------------|-------------------|-------------------|----------------------------------|
| ASSETS: | | | | |
| Equity in pooled cash and cash equivalents. | \$ 142,848 | \$ 622,837 | \$ 625,342 | \$ 140,343 |
| Total assets. | <u>\$ 142,848</u> | <u>\$ 622,837</u> | <u>\$ 625,342</u> | <u>\$ 140,343</u> |
| LIABILITIES: | | | | |
| Due to students. | \$ 21,197 | \$ 52,693 | \$ 43,881 | 30,009 |
| Accounts payable. | 15,511 | 18,846 | 15,511 | 18,846 |
| Accrued wages. | 1,146 | 3,447 | 1,146 | 3,447 |
| Intergovernmental payable | 26,577 | 13,519 | 26,577 | 13,519 |
| Pension obligation payable. | 4,714 | 5,060 | 4,714 | 5,060 |
| Undistributed Monies | 73,703 | 529,272 | 533,513 | 69,462 |
| Total liabilities. | <u>\$ 142,848</u> | <u>\$ 622,837</u> | <u>\$ 625,342</u> | <u>\$ 140,343</u> |

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STATISTICAL SECTION

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

STATISTICAL SECTION

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

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | S2 - S9 |
| Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. | S10 -S15 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | S16 - S19 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | S20-S21 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | S22-S29 |

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

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

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

| | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | |
| Invested in capital assets, net of related debt | \$ 17,574,629 | \$ 22,610,611 | \$ 22,621,463 | \$ 22,376,384 | \$ 22,678,949 |
| Restricted | 8,620,854 | 2,975,479 | 1,964,726 | 2,573,352 | 2,293,932 |
| Unrestricted | 5,301,232 | 841,055 | (630,985) | (5,699,201) | (4,985,004) |
| Total governmental activities net assets | <u>\$ 31,496,715</u> | <u>\$ 26,427,145</u> | <u>\$ 23,955,204</u> | <u>\$ 19,250,535</u> | <u>\$ 19,987,877</u> |
| Business-type activities | | | | | |
| Unrestricted | \$ 281,580 | \$ 224,332 | \$ 165,773 | \$ 115,021 | \$ 117,207 |
| Total business-type activities net assets | <u>\$ 281,580</u> | <u>\$ 224,332</u> | <u>\$ 165,773</u> | <u>\$ 115,021</u> | <u>\$ 117,207</u> |
| Primary government | | | | | |
| Invested in capital assets, net of related debt | \$ 17,574,629 | \$ 22,610,611 | \$ 22,621,463 | \$ 22,376,384 | \$ 22,678,949 |
| Restricted | 8,620,854 | 2,975,479 | 1,964,726 | 2,573,352 | 2,293,932 |
| Unrestricted | 5,582,812 | 1,065,387 | (465,212) | (5,584,180) | (4,867,797) |
| Total primary government net assets | <u>\$ 31,778,295</u> | <u>\$ 26,651,477</u> | <u>\$ 24,120,977</u> | <u>\$ 19,365,556</u> | <u>\$ 20,105,084</u> |

Source: School District financial records.

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

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

| | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| Instruction: | | | | | |
| Regular | \$ 28,123,050 | \$ 27,218,512 | \$ 25,454,301 | \$ 24,983,603 | \$ 23,731,674 |
| Special | 5,359,756 | 5,184,533 | 4,551,698 | 4,185,412 | 4,101,950 |
| Vocational | 366,288 | 285,679 | 285,963 | 309,954 | 286,703 |
| Adult/Continuing | - | 15,059 | 17,496 | - | - |
| Other instructional | 564,895 | 532,122 | 388,805 | 476,290 | 817,998 |
| Support services: | | | | | |
| Pupil | 3,872,918 | 3,745,017 | 3,430,276 | 3,386,131 | 3,441,568 |
| Instructional staff | 4,132,655 | 3,992,689 | 3,900,864 | 3,631,033 | 3,591,957 |
| Board of education | 86,777 | 46,313 | 33,603 | 43,428 | 43,414 |
| Administration | 3,962,039 | 4,011,601 | 3,737,759 | 4,005,983 | 3,684,495 |
| Fiscal | 1,197,348 | 1,118,243 | 1,084,887 | 1,120,757 | 983,947 |
| Business | 459,463 | 403,174 | 370,938 | 414,012 | 369,361 |
| Operations and maintenance | 4,822,825 | 4,770,844 | 4,689,430 | 5,349,709 | 5,277,330 |
| Pupil transportation | 3,222,654 | 3,144,242 | 3,515,470 | 2,816,749 | 2,808,211 |
| Central | 338,315 | 327,914 | 342,548 | 361,106 | 311,047 |
| Operation of non-instructional services: | | | | | |
| Food service operations | 1,646,119 | 1,599,960 | 1,577,089 | 1,563,691 | 1,565,615 |
| Other non-instructional services | 67,194 | 32,068 | 30,760 | 40,510 | 39,960 |
| Extracurricular activities | 1,341,007 | 1,281,754 | 1,200,351 | 1,233,044 | 1,169,803 |
| Pass through payments | 1,631,887 | 1,433,299 | 1,497,383 | 1,248,837 | 1,272,469 |
| Interest and fiscal charges | 2,225,204 | 2,342,997 | 2,326,758 | 1,548,363 | 1,829,639 |
| Total governmental activities expenses | <u>63,420,394</u> | <u>61,486,020</u> | <u>58,436,379</u> | <u>56,718,612</u> | <u>55,327,141</u> |
| Business-type activities: | | | | | |
| Community education | 1,071,923 | 1,099,610 | 1,063,751 | 1,058,010 | 982,763 |
| Total business-type activities expenses | <u>1,071,923</u> | <u>1,099,610</u> | <u>1,063,751</u> | <u>1,058,010</u> | <u>982,763</u> |
| Total primary government expenses | <u>\$ 64,492,317</u> | <u>\$ 62,585,630</u> | <u>\$ 59,500,130</u> | <u>\$ 57,776,622</u> | <u>\$ 56,309,904</u> |

- - Continued

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

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

| Program Revenues | 2007 | 2006 | 2005 | 2004 | 2003 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| Instruction: | | | | | |
| Regular | \$ 441,873 | \$ 461,183 | \$ 388,533 | \$ 377,250 | \$ 405,206 |
| Other | 545 | 17,900 | - | - | - |
| Support services: | | | | | |
| Pupil | 363,272 | 301,209 | 211,827 | 235,252 | 202,237 |
| Instructional staff | 11,364 | 8,820 | 7,898 | - | - |
| Administration | 2,018 | - | - | - | - |
| Operation of non-instructional services: | | | | | |
| Food service operations | 1,477,851 | 1,462,685 | 1,465,356 | 1,444,725 | 1,365,745 |
| Other non-instructional services | 26,042 | 14,745 | 13,164 | - | - |
| Extracurricular activities | 593,913 | 498,836 | 398,885 | 334,818 | 331,869 |
| Operating grants and contributions: | | | | | |
| Instruction: | | | | | |
| Regular | 154,036 | 28,556 | 49,106 | 360,009 | 172,009 |
| Special | 1,531,637 | 1,538,785 | 501,735 | 384,266 | 59,720 |
| Vocational | 43,908 | - | - | - | - |
| Other | 94,298 | 18,000 | - | - | 21,000 |
| Support services: | | | | | |
| Pupil | 527,824 | 606,232 | 481,864 | 404,913 | 398,936 |
| Instructional staff | 283,852 | 370,546 | 567,453 | 401,638 | 167,603 |
| Administration | 57,244 | 65,615 | 66,644 | 35,496 | 54,521 |
| Business | - | - | - | - | - |
| Operations and maintenance | - | 5,300 | - | 8,798 | - |
| Pupil transportation | 227,429 | 9 | 13,849 | 2,038 | - |
| Central | 17,867 | 18,148 | 17,386 | 20,345 | 3,112 |
| Operation of non-instructional services: | | | | | |
| Food service operations | 166,496 | 175,512 | 130,686 | 135,860 | 128,315 |
| Other non-instructional services | 30,820 | 1,639 | 21,682 | 26,093 | 8,062 |
| Intergovernmental pass-through | 1,573,401 | 1,506,633 | 1,425,802 | 1,358,055 | 1,239,043 |
| Capital grants and contributions: | | | | | |
| Instruction: | | | | | |
| Regular | - | - | - | - | 85,350 |
| Support services: | | | | | |
| Administration | 1,164 | 3,995 | - | - | - |
| Fiscal | 236 | 1,205 | - | - | - |
| Extracurricular activities | - | - | 69,828 | - | - |
| Total governmental program revenues | <u>7,627,090</u> | <u>7,105,553</u> | <u>5,831,698</u> | <u>5,529,556</u> | <u>4,642,728</u> |
| Business-type activities: | | | | | |
| Charges for services | 1,129,171 | 1,158,169 | 1,112,580 | 1,055,824 | 900,380 |
| Operating grants and contributions | - | - | 1,923 | - | - |
| Total business-type activities program revenues | <u>1,129,171</u> | <u>1,158,169</u> | <u>1,114,503</u> | <u>1,055,824</u> | <u>900,380</u> |
| Total primary government program revenue | <u>\$ 8,756,261</u> | <u>\$ 8,263,722</u> | <u>\$ 6,946,201</u> | <u>\$ 6,585,380</u> | <u>\$ 5,543,108</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (55,793,304) | \$ (54,380,467) | \$ (52,604,681) | \$ (51,189,056) | \$ (50,684,413) |
| Business-type activities | 57,248 | 58,559 | 50,752 | (2,186) | (82,383) |
| Total primary government net expense | <u>\$ (55,736,056)</u> | <u>\$ (54,321,908)</u> | <u>\$ (52,553,929)</u> | <u>\$ (51,191,242)</u> | <u>\$ (50,766,796)</u> |

-- Continued

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

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

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

| | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | | |
| Property taxes levied for: | | | | | |
| General purposes | \$ 37,715,893 | \$ 34,530,049 | \$ 35,701,776 | \$ 30,419,376 | \$ 31,148,442 |
| Debt service | 3,050,457 | 3,633,321 | 2,270,292 | 2,235,254 | 2,453,157 |
| Capital outlay | 1,530,840 | 1,042,442 | 1,082,941 | 979,841 | 1,092,167 |
| Grants and entitlements not restricted to specific programs | 16,615,320 | 15,881,846 | 17,182,672 | 16,377,027 | 15,645,717 |
| Investment earnings | 1,803,271 | 1,571,148 | 952,108 | 177,039 | 315,327 |
| Miscellaneous | 147,093 | 193,602 | 119,561 | 263,177 | 289,801 |
| Total governmental activities | <u>60,862,874</u> | <u>56,852,408</u> | <u>57,309,350</u> | <u>50,451,714</u> | <u>50,944,611</u> |
| Total primary government | <u>\$ 60,862,874</u> | <u>\$ 56,852,408</u> | <u>\$ 57,309,350</u> | <u>\$ 50,451,714</u> | <u>\$ 50,944,611</u> |
| Change in Net Assets | | | | | |
| Governmental activities | \$ 5,069,570 | \$ 2,471,941 | \$ 4,704,669 | \$ (737,342) | \$ 260,198 |
| Business-type activities | 57,248 | 58,559 | 50,752 | (2,186) | (82,383) |
| Total primary government | <u>\$ 5,126,818</u> | <u>\$ 2,530,500</u> | <u>\$ 4,755,421</u> | <u>\$ (739,528)</u> | <u>\$ 177,815</u> |

Source: School District financial records.

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

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

| | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|------------------------------------|----------------------|----------------------|----------------------|---------------------|
| General Fund: | | | | |
| Reserved | \$ 5,082,727 | \$ 3,206,619 | \$ 3,160,430 | \$ 1,930,496 |
| Unreserved | <u>6,940,335</u> | <u>4,654,175</u> | <u>4,524,522</u> | <u>1,162,442</u> |
| Total general fund | <u>\$ 12,023,062</u> | <u>\$ 7,860,794</u> | <u>\$ 7,684,952</u> | <u>\$ 3,092,938</u> |
| All Other Governmental Funds: | | | | |
| Reserved | \$ 7,054,409 | \$ 14,664,726 | \$ 3,654,382 | \$ 1,603,393 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 672,302 | 574,073 | 546,330 | 762,103 |
| Capital projects funds | <u>1,467,845</u> | <u>3,015,980</u> | <u>18,152,799</u> | <u>587,083</u> |
| Total all other governmental funds | <u>\$ 9,194,556</u> | <u>\$ 18,254,779</u> | <u>\$ 22,353,511</u> | <u>\$ 2,952,579</u> |

Source: School District financial records.

| 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 3,211,506 | \$ 1,410,532 | \$ 1,491,722 | \$ 2,165,529 | \$ 1,843,601 | \$ 1,534,726 |
| <u>1,077,613</u> | <u>2,226,286</u> | <u>1,639,159</u> | <u>2,118,665</u> | <u>2,125,435</u> | <u>3,025,767</u> |
| <u>\$ 4,289,119</u> | <u>\$ 3,636,818</u> | <u>\$ 3,130,881</u> | <u>\$ 4,284,194</u> | <u>\$ 3,969,036</u> | <u>\$ 4,560,493</u> |
| \$ 2,143,551 | \$ 1,761,483 | \$ 1,484,052 | \$ 1,768,320 | \$ 1,473,870 | \$ 1,770,466 |
| 590,061 | 458,704 | 476,826 | 452,283 | 372,507 | 410,392 |
| <u>287,594</u> | <u>808,365</u> | <u>831,263</u> | <u>426,641</u> | <u>310,405</u> | <u>405,440</u> |
| <u>\$ 3,021,206</u> | <u>\$ 3,028,552</u> | <u>\$ 2,792,141</u> | <u>\$ 2,647,244</u> | <u>\$ 2,156,782</u> | <u>\$ 2,586,298</u> |

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

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

| | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|---|-----------------------|-----------------------|----------------------|-----------------------|-------------------|
| Revenues | | | | | |
| From local sources: | | | | | |
| Taxes | \$ 42,233,924 | \$ 39,142,496 | \$ 39,051,878 | \$ 33,132,113 | \$ 34,717,907 |
| Tuition | 107,876 | 77,587 | 69,161 | 71,399 | 89,584 |
| Charges for services | 1,483,619 | 1,469,185 | 1,473,077 | 1,453,339 | 1,648,559 |
| Earnings on investments | 2,044,961 | 1,517,291 | 802,546 | 141,892 | 330,738 |
| Extracurricular | 890,738 | 754,939 | 576,915 | 614,295 | 468,735 |
| Classroom materials and fees | 271,216 | 254,510 | 243,533 | 249,188 | - |
| Other local revenues | 400,619 | 407,959 | 242,538 | 267,001 | 387,980 |
| Intergovernmental | - | - | - | - | - |
| Intergovernmental - Intermediate | 220,000 | 326,662 | 543,276 | 226,471 | 109,581 |
| Intergovernmental - State | 19,141,356 | 18,059,869 | 18,240,221 | 17,903,547 | 16,892,278 |
| Intergovernmental - Federal | 2,591,854 | 1,242,731 | 1,524,507 | 1,263,435 | 947,693 |
| Total revenues | <u>69,386,163</u> | <u>63,253,229</u> | <u>62,767,652</u> | <u>55,322,680</u> | <u>55,593,055</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 27,381,559 | 25,906,604 | 24,451,633 | 24,205,572 | 23,391,460 |
| Special | 5,348,069 | 5,105,276 | 4,497,526 | 4,138,437 | 4,045,538 |
| Vocational | 348,689 | 268,734 | 270,846 | 291,430 | 260,876 |
| Adult/Continuing | - | - | - | - | - |
| Other | 551,964 | 532,122 | 388,805 | 484,241 | 822,633 |
| Current: | | | | | |
| Pupil | 3,871,512 | 3,703,133 | 3,406,656 | 3,364,297 | 3,432,758 |
| Instructional staff | 4,108,874 | 3,883,897 | 3,851,498 | 3,577,549 | 3,508,990 |
| Board of education | 62,679 | 45,169 | 39,319 | 43,568 | 41,612 |
| Administration | 4,002,364 | 3,948,855 | 3,681,662 | 4,015,855 | 3,653,183 |
| Fiscal | 1,209,265 | 1,117,617 | 1,081,177 | 1,113,076 | 989,395 |
| Business | 459,781 | 401,613 | 370,855 | 404,294 | 372,901 |
| Operations and maintenance | 4,777,140 | 4,706,725 | 4,552,039 | 4,304,382 | 4,405,895 |
| Pupil transportation | 3,008,638 | 2,904,170 | 3,315,242 | 2,831,375 | 2,688,428 |
| Central | 339,149 | 323,179 | 342,551 | 361,813 | 308,490 |
| Operation of non-instructional services: | | | | | |
| Food service operations | 1,634,538 | 1,567,594 | 1,557,715 | 1,557,279 | 1,488,850 |
| Other non-instructional services | 64,625 | 23,226 | 24,675 | 33,601 | 33,555 |
| Extracurricular activities | 1,276,866 | 1,216,146 | 1,123,155 | 1,172,972 | 1,124,173 |
| Pass through payments | 1,623,787 | 1,434,409 | 1,496,878 | 1,261,899 | 1,266,389 |
| Facilities acquisitions and construction | 13,254,047 | 5,966,981 | 941,734 | 981,818 | 900,496 |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal retirement | 2,527,242 | 2,502,739 | 2,373,707 | 643,436 | 2,121,959 |
| Interest and fiscal charges | 1,203,330 | 1,217,930 | 968,779 | 1,804,704 | 506,560 |
| Bond issue costs | - | - | 426,874 | - | - |
| Total expenditures | <u>77,054,118</u> | <u>66,776,119</u> | <u>59,163,326</u> | <u>56,591,598</u> | <u>55,364,141</u> |
| Excess of revenues over (under) expenditures | (7,667,955) | (3,522,890) | 3,604,326 | (1,268,918) | 228,914 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 228,357 | 231,271 | 222,989 | 242,997 | 119,868 |
| Transfers (out) | (228,357) | (631,271) | (222,989) | (242,997) | (119,868) |
| Sale of capital assets | - | - | - | - | - |
| Premium on bond sold | - | - | - | 4,146 | - |
| Sale of bonds | 2,770,000 | - | - | 7,244,964 | - |
| Payment to refunding bond escrow agent | - | - | - | (7,245,000) | - |
| Discount on certificates of participation issued | - | - | (22,108) | - | - |
| Issuance of certificates of participation | - | - | 20,810,000 | - | - |
| Total other financing sources (uses) | <u>2,770,000</u> | <u>(400,000)</u> | <u>20,787,892</u> | <u>4,110</u> | <u>-</u> |
| Net change in fund balances | <u>\$ (4,897,955)</u> | <u>\$ (3,922,890)</u> | <u>\$ 24,392,218</u> | <u>\$ (1,264,808)</u> | <u>\$ 228,914</u> |
| Debt service as a percentage of noncapital expenditures | 5.85% | 6.12% | 6.47% | 4.40% | 4.83% |

Source: School District financial records.

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

| | <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> |
|----|-------------------|--------------------|-------------------|--------------------|-------------------|
| \$ | 32,835,352 | \$ 32,379,327 | \$ 31,080,258 | \$ 28,663,799 | \$ 27,008,485 |
| | 87,709 | 156,173 | 126,301 | 118,614 | 98,959 |
| | - | 6,064 | 7,339 | 11,542 | 17,173 |
| | 428,364 | 812,607 | 748,751 | 690,662 | 770,579 |
| | 431,800 | 430,899 | 441,139 | 386,820 | 349,642 |
| | - | - | - | - | - |
| | 311,374 | 244,905 | 213,917 | 181,153 | 346,890 |
| | - | 14,027,866 | 12,861,323 | 11,378,530 | 10,162,000 |
| | 26,625 | - | - | - | - |
| | 16,561,703 | - | - | - | - |
| | 901,886 | - | - | - | - |
| | <u>51,584,813</u> | <u>48,057,841</u> | <u>45,479,028</u> | <u>41,431,120</u> | <u>38,753,728</u> |
| | 23,131,646 | 22,119,620 | 20,553,603 | 19,390,124 | 17,318,944 |
| | 3,614,102 | 3,180,202 | 2,798,760 | 2,437,311 | 2,177,291 |
| | 256,132 | 273,897 | 261,997 | 278,362 | 289,980 |
| | - | 283 | 8,328 | 4,065 | - |
| | 585,560 | 584,225 | 469,249 | 319,649 | 250,554 |
| | 3,405,934 | 3,042,400 | 2,753,292 | 2,642,527 | 2,396,511 |
| | 3,244,951 | 2,774,146 | 2,489,161 | 2,236,290 | 1,876,760 |
| | 41,542 | 40,738 | 51,617 | 47,648 | 453,348 |
| | 3,530,063 | 3,459,983 | 3,157,888 | 2,874,938 | 2,598,076 |
| | 1,037,771 | 1,014,090 | 939,195 | 924,269 | 834,873 |
| | 321,865 | 305,004 | 350,675 | 256,249 | 957,208 |
| | 4,087,462 | 4,125,271 | 3,815,707 | 3,415,132 | 3,109,815 |
| | 2,678,118 | 2,638,438 | 2,298,955 | 2,446,861 | 2,393,025 |
| | 353,803 | 340,186 | 266,482 | 195,795 | 115,640 |
| | - | - | - | - | - |
| | 23,997 | 15,901 | 15,250 | 10,596 | 12,077 |
| | 1,054,493 | 979,594 | 915,957 | 847,354 | 744,214 |
| | - | - | - | - | - |
| | 788,903 | - | - | - | - |
| | - | 1,447,957 | 738,001 | 1,361,209 | 461,210 |
| | 2,069,200 | 2,011,826 | 1,979,815 | 1,888,151 | 1,675,000 |
| | 612,586 | 712,317 | 807,262 | 894,652 | 994,770 |
| | - | - | - | - | - |
| | <u>50,838,128</u> | <u>49,066,078</u> | <u>44,671,194</u> | <u>42,471,182</u> | <u>38,659,296</u> |
| | 746,685 | (1,008,237) | 807,834 | (1,040,062) | 94,432 |
| | 78,164 | 768,844 | 643,679 | 706,224 | 259,577 |
| | (83,164) | (778,814) | (643,679) | (711,224) | (279,557) |
| | 663 | 789 | 1,068 | 21,257 | 457 |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | <u>(4,337)</u> | <u>(9,181)</u> | <u>1,068</u> | <u>16,257</u> | <u>(19,523)</u> |
| \$ | <u>742,348</u> | <u>(1,017,418)</u> | <u>808,902</u> | <u>(1,023,805)</u> | <u>74,909</u> |
| | 5.36% | 5.72% | 6.34% | 6.77% | 6.99% |

**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 |
| 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 |
| 2000 | 684,746,750 | 1,956,419,286 | 53,202,433 | 152,006,951 | 20,796,730 | 59,419,229 |
| 1999 | 648,794,380 | 1,853,698,229 | 54,397,655 | 155,421,871 | 21,325,230 | 60,929,229 |
| 1998 | 637,506,930 | 1,821,448,371 | 55,260,291 | 157,886,546 | 20,935,380 | 59,815,371 |

Source: Summit County Auditor's Office

(a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.

(b) Tangible personal property 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 | % |
|-----------------------|-------------------------------|------------------------------|----------|
| \$ 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% |
| 758,745,913 | 2,167,845,466 | \$ 76.13 | 35.00% |
| 724,517,265 | 2,070,049,329 | \$ 76.13 | 35.00% |
| 713,702,601 | 2,039,150,289 | \$ 70.13 | 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 |
| 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 |
| 1999/2000 | Boston Township | 3.60 | 0.36 | - | 3.96 | 76.13 | 12.27 | 8.48 | 6.50 | - | 103.38 |
| | Boston Heights Village | 3.60 | 0.36 | - | 3.96 | 76.13 | 12.27 | 7.35 | - | - | 95.75 |
| | Hudson City | 3.60 | 0.36 | 2.40 | 6.36 | 76.13 | 12.27 | 9.15 | - | - | 97.55 |
| | Cuyahoga Falls City | 3.60 | 0.36 | - | 3.96 | 76.13 | 12.27 | 11.00 | - | - | 99.40 |
| 1998/1999 | Boston Township | 3.40 | 0.45 | - | 3.85 | 76.13 | 12.27 | 8.48 | 6.50 | - | 103.38 |
| | Boston Heights Village | 3.40 | 0.45 | - | 3.85 | 76.13 | 12.27 | 7.35 | - | - | 95.75 |
| | Hudson City | 3.40 | 0.45 | 1.72 | 5.57 | 76.13 | 12.27 | 9.15 | - | - | 97.55 |
| | Cuyahoga Falls City | 3.40 | 0.45 | - | 3.85 | 76.13 | 12.27 | 11.00 | - | - | 99.40 |
| 1997/1998 | Boston Township | 2.90 | 0.45 | - | 3.35 | 70.13 | 11.65 | 8.48 | 6.50 | - | 96.76 |
| | Boston Heights Village | 2.90 | 0.45 | - | 3.35 | 70.13 | 11.65 | 8.10 | - | - | 89.88 |
| | Hudson City | 2.90 | 0.45 | 1.15 | 4.50 | 70.13 | 11.65 | 7.82 | - | - | 89.60 |
| | Cuyahoga Falls City | 2.90 | 0.45 | - | 3.35 | 70.13 | 11.65 | 11.00 | - | - | 92.78 |

Source: Summit County Auditor's Office

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

PRINCIPAL PERSONAL PROPERTY TAX PAYERS
DECEMBER 31, 2006 AND DECEMBER 31, 1999

| December 31, 2006 | | | |
|-------------------------------------|-------------------------------|-------------|--|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Allstate Insurance | \$ 7,817,020 | 1 | 0.90% |
| Little Tikes | 5,777,110 | 2 | 0.66% |
| Fabri-Centers of America, Inc. | 3,668,420 | 3 | 0.42% |
| Title Guarantee & Trust Co. Trustee | 3,363,440 | 4 | 0.39% |
| Albrecht Inc. | 1,989,910 | 5 | 0.23% |
| Leohr Douglas C Trustee | 1,961,620 | 6 | 0.22% |
| Kobelco Stewart Bolling, Inc. | 1,808,060 | 7 | 0.21% |
| Alltel Service Corp. | 1,738,280 | 8 | 0.20% |
| Leohr Douglas C Trustee | 1,616,660 | 9 | 0.19% |
| Hudson MOB LLC | 1,549,020 | 10 | 0.18% |
| Total | \$ 31,289,540 | | 62.99% |

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

Source: Summit County Auditor's Office

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

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

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

| Tax Year/ Collection Year | Current Levy | Delinquent Levy | Total Levy | Current Collection | Percent of Current Levy Collected |
|--|-------------------------|----------------------------|-----------------------|-------------------------------|--|
| 2006/2007 | N/A | N/A | N/A | N/A | N/A |
| 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% |
| 1999/2000 | 35,466,206 | 1,495,174 | 36,961,380 | 34,316,886 | 96.76% |
| 1998/1999 | 34,699,903 | 1,506,282 | 36,206,185 | 33,583,292 | 96.78% |
| 1997/1998 | 29,689,039 | 1,632,424 | 31,321,463 | 28,533,435 | 96.11% |

Source: Summit County Auditor's Office

Note: Information for 2006/2007 is not available

| Delinquent Collection | Total Collection | Total Collection As a Percent of Total Levy |
|----------------------------------|-----------------------------|--|
| N/A | N/A | N/A |
| \$ 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% |
| 969,318 | 35,286,204 | 95.47% |
| 1,025,807 | 34,609,099 | 95.59% |
| 721,169 | 29,254,604 | 93.40% |

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Governmental Activities

| Fiscal Year | General Obligation Bonds | (a) Total Primary Government | (b) Percentage of Personal Income | (b) Per Capita | (b) Per ADM |
|------------------------|---|---|--|-------------------------------|----------------------------|
| 2007 | \$ 31,772,507 | \$ 31,772,507 | 2.81% | 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 |
| 2000 | 17,353,914 | 17,353,914 | 1.92% | 784 | 3,154 |
| 1999 | 19,288,729 | 19,288,729 | 2.16% | 883 | 3,503 |
| 1998 | 21,136,880 | 21,136,880 | 2.43% | 995 | 3,879 |

Sources:

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

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

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

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

| Fiscal Year | General Obligation Bonds | Total | Percentage of Actual Taxable Value of Property | Per Capita |
|----------------|--------------------------------|---------------|---|---------------|
| 2007 | \$ 31,772,507 | \$ 31,772,507 | 1.18% | 1,372 |
| 2006 | 29,439,692 | 29,439,692 | 1.09% | 1,275 |
| 2005 | 30,669,699 | 30,669,699 | 1.23% | 1,273 |
| 2004 | 10,607,457 | 10,607,457 | 0.43% | 473 |
| 2003 | 11,250,929 | 11,250,929 | 0.45% | 494 |
| 2002 | 13,372,888 | 13,372,888 | 0.59% | 592 |
| 2001 | 15,392,088 | 15,392,088 | 0.70% | 686 |
| 2000 | 17,353,914 | 17,353,914 | 0.80% | 784 |
| 1999 | 19,288,729 | 19,288,729 | 0.93% | 883 |
| 1998 | 21,136,880 | 21,136,880 | 1.04% | 995 |

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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2007

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|-----------------------------------|-----------------------------|--|--|
| Hudson City School District | \$ 31,772,507 (1) | 100.00% | \$ 31,772,507 |
| Overlapping debt: | | | |
| City of Hudson | 42,533,059 | 99.66% | 42,388,447 |
| City of Cuyahoga Falls | 10,942,500 | 0.67% | 73,315 |
| Summitt County | 63,040,000 | 7.23% | 4,557,792 |
| Metro Transit | <u>1,005,000</u> | 7.23% | <u>72,662</u> |
| Total direct and overlapping debt | <u>\$ 149,293,066</u> | | <u>\$ 78,864,722</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 |
|-------------|------------------|--------------------------------|--------------------------------|------------------------------|-------------------------|--|
| 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% |
| 2000 | 68,287,132 | 17,353,914 | 1,198,262 | 16,155,652 | 52,131,480 | 23.66% |
| 1999 | 65,206,554 | 19,288,729 | 1,098,259 | 18,190,470 | 47,016,084 | 27.90% |
| 1998 | 64,233,234 | 21,136,880 | 1,354,025 | 19,782,855 | 44,450,379 | 30.80% |

Legal Debt Margin Calculation for Fiscal Year 2007

| | |
|--|-----------------------------|
| Assessed value | \$ 931,141,863 |
| Less: The portion of tangible personal property excluded by House Bill 530 | <u>(33,347,723)</u> |
| Total assessed value | 897,794,140 |
| Debt limit (9% of assessed value) | 80,801,473 |
| Add: debt service fund equity | 3,412,070 |
| Less: debt applicable to limit | <u>(31,772,507)</u> |
| Legal debt margin | <u><u>\$ 52,441,036</u></u> |

Source: Summit County Auditor and District financial records

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

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

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

| <u>Year</u> | <u>Population (1)</u> | <u>Personal Income</u> | <u>Per Capita Personal Income (2)</u> | <u>Median Age</u> | <u>School Enrollment (3)</u> | <u>Unemployment Rates</u> | | |
|-------------|-----------------------|----------------------------|---|-----------------------|----------------------------------|---------------------------|-------------|--------------------------|
| | | | | | | <u>Summit County</u> | <u>Ohio</u> | <u>United States</u> |
| 2007 | 23,154 | \$ 1,131,883,290 | \$ 48,885 | 39.6 | 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% |
| 2000 | 22,139 | \$ 905,817,185 | 40,915 | 38.9 | 5,502 | 4.2% | 3.9% | 4.1% |
| 1999 | 21,839 | \$ 893,542,685 | 40,915 | 38.9 | 5,506 | 4.3% | 4.0% | 4.5% |
| 1998 | 21,247 | \$ 869,321,005 | 40,915 | 38.9 | 5,449 | 4.1% | 4.3% | 4.9% |

(1 & 2) U. S. Census Bureau

(3) District records

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

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

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

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

Source: City records and employers

Note: Information on total employees of the City not available

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

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

| <u>Type</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Professional Staff: | | | | | | | | | |
| Teaching Staff: | | | | | | | | | |
| Elementary | 135 | 138 | 136 | 141 | 142 | 138 | 137 | 137 | 134 |
| Middle | 82 | 88 | 87 | 88 | 87 | 85 | 85 | 82 | 82 |
| High | 105 | 105 | 105 | 105 | 107 | 103 | 101 | 97 | 94 |
| Tutors | 24 | 22 | 20 | 21 | 21 | 20 | 19 | 18 | 16 |
| Others | 3 | 3 | 1 | 1 | 2 | 11 | 12 | 11 | 2 |
| Administration: | | | | | | | | | |
| District | 29 | 31 | 31 | 31 | 31 | 31 | 28 | 29 | 29 |
| Auxiliary Positions: | | | | | | | | | |
| Counselors | 12 | 11 | 16 | 14 | 14 | 14 | 14 | 14 | 13 |
| Speech | 10 | 10 | 9 | 9 | 9 | 8 | 8 | 8 | 7 |
| Mental Health Specialists | 7 | 7 | 7 | 7 | 8 | 6 | 5 | 3 | 3 |
| Other | 29 | 29 | 25 | 32 | 26 | 24 | 21 | 19 | 18 |
| Support Staff: | | | | | | | | | |
| Secretarial | 49 | 50 | 49 | 50 | 49 | 49 | 49 | 46 | 45 |
| Aides | 71 | 74 | 76 | 77 | 74 | 75 | 68 | 64 | 59 |
| Hall monitor/Security | 10 | 13 | 12 | 11 | 14 | 11 | 14 | 14 | 14 |
| Food service | 24 | 26 | 25 | 26 | 25 | 25 | 24 | 23 | 21 |
| Custodial | 33 | 33 | 33 | 34 | 34 | 33 | 33 | 33 | 33 |
| Maintenance | 10 | 11 | 10 | 12 | 12 | 12 | 11 | 10 | 10 |
| Bus Driver | - | 36 | 33 | 33 | 33 | 37 | 33 | 33 | 33 |
| Mechanics | - | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 |
| Other | 4 | 4 | 4 | 5 | 5 | 4 | 4 | 4 | 3 |
| Total | 637 | 694 | 682 | 700 | 696 | 689 | 669 | 647 | 619 |
| | | | | | | | | | |
| <u>Function</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> |
| Instruction: | | | | | | | | | |
| Regular | 239 | 247 | 247 | 255 | 253 | 250 | 248 | 245 | 242 |
| Special | 54 | 52 | 49 | 47 | 47 | 43 | 40 | 37 | 33 |
| Vocational | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 |
| Other | 53 | 53 | 50 | 53 | 54 | 60 | 61 | 59 | 49 |
| Support Services: | | | | | | | | | |
| Pupil | 47 | 46 | 44 | 48 | 47 | 42 | 38 | 36 | 33 |
| Instructional staff | 91 | 96 | 101 | 100 | 99 | 96 | 92 | 85 | 80 |
| Administration | 68 | 70 | 69 | 69 | 70 | 69 | 67 | 65 | 64 |
| Fiscal | 7 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 |
| Business | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Operations and maintenance | 44 | 87 | 80 | 85 | 83 | 86 | 81 | 79 | 80 |
| Central | 2 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 3 |
| Food service | 24 | 26 | 25 | 26 | 25 | 25 | 24 | 23 | 21 |
| Total Governmental Activities | 637 | 694 | 682 | 700 | 696 | 689 | 669 | 647 | 619 |

Source: School District records

Source: Information for 1998 is not available

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

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

| Function | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction: | | | | | | | | | | |
| Regular and Special | | | | | | | | | | |
| Enrollment (students) | 5,340 | 5,411 | 5,511 | 5,601 | 5,602 | 5,591 | 5,504 | 5,502 | 5,506 | 5,449 |
| Graduates | 423 | 428 | 396 | 415 | 379 | 399 | 371 | 367 | 398 | 335 |
| Support services: | | | | | | | | | | |
| Administration | | | | | | | | | | |
| Student attendance rate | 96.20% | 95.90% | 95.80% | 96.10% | 95.90% | 95.90% | 95.70% | 95.40% | 95.10% | 95.50% |
| Food service operations | | | | | | | | | | |
| Number of students with free or reduced lunches | 120 | 108 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |

Source: District records

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

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

**CAPITAL ASSET STATISTICS
LAST FIVE FISCAL YEARS**

| | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|--|--------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| Land | \$ 1,032,204 | \$ 1,032,204 | \$ 1,032,204 | \$ 1,032,204 | \$ 1,032,204 |
| Construction in progress | 1,175,722 | 5,966,981 | - | - | - |
| Land improvements | 555,802 | 583,272 | 642,824 | 702,376 | 736,871 |
| Buildings and improvements | 43,593,167 | 26,707,512 | 27,491,199 | 28,278,385 | 29,053,744 |
| Furniture, fixtures and equipment | 1,564,094 | 1,746,614 | 1,891,468 | 1,921,220 | 2,043,635 |
| Vehicles | 1,038,843 | 1,263,490 | 1,423,467 | 1,049,656 | 1,063,424 |
| Total Governmental Activities Capital Assets, net | <u>\$ 48,959,832</u> | <u>\$ 37,300,073</u> | <u>\$32,481,162</u> | <u>\$ 32,983,841</u> | <u>\$ 33,929,878</u> |

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

| | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Evamere Elementary | | | | | | |
| Square feet | 47,897 | 47,897 | 47,897 | 47,897 | 47,897 | 47,897 |
| Capacity (students) | 540-670 | 540-670 | 540-670 | 540-670 | 540-670 | 540-670 |
| Enrollment | 705 | 710 | 721 | 743 | 794 | 782 |
| Hudson Elementary | | | | | | |
| Square feet | 27,428 | 27,428 | 27,428 | 27,428 | 27,428 | 27,428 |
| Capacity (students) | 250-290 | 250-290 | 250-290 | 250-290 | 250-290 | 250-290 |
| Enrollment | 232 | 233 | 243 | 246 | 236 | 251 |
| McDowell Elementary | | | | | | |
| Square feet | 56,800 | 56,800 | 56,800 | 56,800 | 56,800 | 56,800 |
| Capacity (students) | 500-545 | 500-545 | 500-545 | 500-545 | 500-545 | 500-545 |
| Enrollment | 513 | 513 | 510 | 498 | 523 | 525 |
| East Woods School | | | | | | |
| Square feet | 139,900 | 139,900 | 139,900 | 139,900 | 139,900 | 139,900 |
| Capacity (students) | 800-900 | 800-900 | 800-900 | 800-900 | 800-900 | 800-900 |
| Enrollment | 768 | 769 | 808 | 843 | 862 | 888 |
| Hudson Middle School | | | | | | |
| Square feet | 190,432 | 190,432 | 190,432 | 190,432 | 190,432 | 190,432 |
| Capacity (students) | 1,100-1,300 | 1,100-1,300 | 1,100-1,300 | 1,100-1,300 | 1,100-1,300 | 1,100-1,300 |
| Enrollment | 1,783 | 1,336 | 1,355 | 1,381 | 1,407 | 1,389 |
| Hudson High School | | | | | | |
| Square feet | 360,000 | 330,000 | 330,000 | 330,000 | 330,000 | 330,000 |
| Capacity (students) | 1,800-2,000 | 1,600-1,800 | 1,600-1,800 | 1,600-1,800 | 1,600-1,800 | 1,600-1,800 |
| Enrollment | 1,783 | 1,767 | 1,772 | 1,784 | 1,779 | 1,764 |

Source: District records

Notes:

Square footage and capacity excludes temporary modular classrooms.

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

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

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

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

| 2001 | 2000 | 1999 | 1998 |
|-------------|-------------|-------------|-------------|
| 47,897 | 47,897 | 47,897 | 47,897 |
| 540-670 | 540-670 | 540-670 | 540-670 |
| 785 | 767 | 801 | 812 |
| 27,428 | 27,428 | 27,428 | 27,428 |
| 250-290 | 250-290 | 250-290 | 250-290 |
| 272 | 258 | 282 | 290 |
| 56,800 | 56,800 | 56,800 | 56,800 |
| 500-545 | 500-545 | 500-545 | 500-545 |
| 529 | 559 | 543 | 530 |
| 139,900 | 139,900 | 139,900 | 139,900 |
| 800-900 | 800-900 | 800-900 | 800-900 |
| 879 | 868 | 886 | 895 |
| 190,432 | 190,432 | 190,432 | 190,432 |
| 1,100-1,300 | 1,100-1,300 | 1,100-1,300 | 1,100-1,300 |
| 1,377 | 1,337 | 1,347 | 1,341 |
| 330,000 | 330,000 | 330,000 | 330,000 |
| 1,600-1,800 | 1,600-1,800 | 1,600-1,800 | 1,600-1,800 |
| 1,744 | 1,707 | 1,638 | 1,635 |

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

TEACHER STATISTICS
JUNE 30, 2007

| Degree | Number of Teachers | Percentage of Total | Pay Range |
|---------------------------------------|--------------------------|---------------------------|---------------------|
| Associates and/or High School Diploma | 1 | 0.31% | (1) |
| Bachelor's Degree | 62.99 | 19.65% | \$35,795 - \$68,984 |
| Master's Degree | 253 | 78.94% | \$39,049 - \$84,118 |
| Ph.D. | 3.5 | 1.09% | \$44,253 - \$89,488 |
| | <u>320.49</u> | <u>100.00%</u> | |

| Years of Experience | Number of Teachers | Percentage of Total |
|---------------------|--------------------------|---------------------------|
| 0 - 5 | 53.9 | 16.82% |
| 6 - 10 | 74.19 | 23.15% |
| 11 and over | 192.4 | 60.03% |
| | <u>320.49</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.

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS

| Fiscal Year | General Government | | Governmental Activities (2) | | Enrollment |
|-------------|--------------------|----------------|-----------------------------|----------------|------------|
| | Expenses (1) | Cost per pupil | Expenses (1) | Cost per pupil | |
| 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 |
| 2000 | 41,884,117 | 7,613 | N/A | N/A | 5,502 |
| 1999 | 39,688,379 | 7,208 | N/A | N/A | 5,506 |
| 1998 | 35,989,526 | 6,605 | N/A | N/A | 5,449 |

Source: District records

(1) Debt Service totals have been excluded.

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

| Percent Change | Teaching Staff | Pupil/Teacher Ratio | Student Attendance Percentage |
|-----------------------|-----------------------|----------------------------|--------------------------------------|
| -1.31% | 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% |
| -0.07% | 412 | 19.45 | 95.40% |
| 1.05% | 403 | 19.66 | 95.10% |
| 0.00% | 381 | 21.06 | 95.50% |

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Mary Taylor, CPA
Auditor of State

HUDSON CITY SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 6, 2008**