

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

*SUPPLEMENTAL REPORTS
(AUDITED)*

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2008*

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, 2007 through June 30, 2008. 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 5, 2009

This Page is Intentionally Left Blank.

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

TABLE OF CONTENTS

Independent Auditor’s Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards	1
Schedule of Receipts and Expenditures of Federal Awards	2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3 - 4
Report on Compliance With Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i>	5 - 6
Schedule of Findings <i>OMB Circular A-133</i> §505	7



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, 2008 and have issued our report thereon dated December 26, 2008. 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.

Julian & Grube, Inc.
December 26, 2008

**HUDSON CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(E) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL RECEIPTS	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:				
(B) Food Donation	10.550	2008	\$ 62,900	\$ 62,900
Total Food Donation			<u>62,900</u>	<u>62,900</u>
(C) National School Lunch Program	10.555	2008	122,325	122,325
Total National School Lunch Program			<u>122,325</u>	<u>122,325</u>
Total U.S. Department of Agriculture			<u>185,225</u>	<u>185,225</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Title I Grants to Local Educational Agencies:	84.010	2007	51,961	46,666
Title I Grants to Local Educational Agencies:	84.010	2008	8,206	109,899
Total Title I Grants to Local Educational Agencies			<u>60,167</u>	<u>156,565</u>
Special Education Cluster:				
(D) Special Education_Grants to States	84.027	2007	2,515	2,985
(D) Special Education_Grants to States	84.027	2008	23,989	21,882
(D) Special Education_Grants to States	84.027	2007	305,843	217,297
(D) Special Education_Grants to States	84.027	2008	1,067,240	1,109,301
Total Special Education _Grants to State:			<u>1,399,587</u>	<u>1,351,465</u>
(D) Special Education_Preschool Grants	84.173	2007	2,506	2,784
(D) Special Education_Preschool Grants	84.173	2008	3,149	25,350
Total Special Education_Preschool Grant:			<u>5,655</u>	<u>28,134</u>
Total Special Education Cluster			<u>1,405,242</u>	<u>1,379,599</u>
Career and Technical Education_Basic Grants to States	84.048	2007	13,692	9,770
Career and Technical Education_Basic Grants to States	84.048	2008	296,682	290,319
Total Career and Technical Education_Basic Grants to State			<u>310,374</u>	<u>300,089</u>
Safe and Drug-Free Schools and Communities_State Grant:	84.186	2007	2,327	8,733
Safe and Drug-Free Schools and Communities_State Grant:	84.186	2008	-	9,606
Total Safe and Drug-Free Schools and Communities_State Grant			<u>2,327</u>	<u>18,339</u>
State Grants for Innovative Programs	84.298	2006	6,202	17,567
State Grants for Innovative Programs	84.298	2007	2,606	11,345
State Grants for Innovative Programs	84.298	2008	-	753
Total State Grants for Innovative Program:			<u>8,808</u>	<u>29,665</u>
Education Technology State Grants:	84.318	2007	279	279
Education Technology State Grants:	84.318	2008	-	242
Total Educational Technology State Grant:			<u>279</u>	<u>521</u>
English Language Acquisition Grants:	84.365	2007	-	657
(F) Improving Teacher Quality State Grants	84.367	2006	(2,099)	22,290
(F) Improving Teacher Quality State Grants	84.367	2007	44,602	106,939
Improving Teacher Quality State Grants	84.367	2008	-	51,640
Total Improving Teacher Quality State Grant:			<u>42,503</u>	<u>180,869</u>
Total U.S. Department of Education			<u>1,829,700</u>	<u>2,066,304</u>
U.S. CORPORATION FOR NATIONAL & COMMUNITY SERVICE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Learn and Serve America_School and Community Based Program	94.004	9008	14,881	15,000
Total U.S. Corporation for National & Community Service			<u>14,881</u>	<u>15,000</u>
Total Federal Financial Assistance			<u>\$ 2,029,806</u>	<u>\$ 2,266,529</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 reported at entitlement value
- (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 program:
- (E) OAKS did not assign pass through numbers for fiscal year 2008
- (F) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th at spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between different cost centers. During fiscal year 2008, the ODE authorized the following transfers

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Improving Teacher Quality State Grants	84.186	2006	\$ 2,099	
Improving Teacher Quality State Grants	84.186	2007		\$ 2,009



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 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, 2008, which collectively comprise Hudson City School District's basic financial statements and have issued our report thereon dated December 26, 2008. 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.

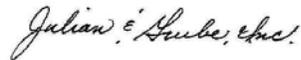
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

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.



Julian & Grube, Inc.
December 26, 2008



Julian & Grube, Inc.

Serving Ohio Local Governments

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

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

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

Compliance

We have audited the compliance of Hudson City School District, Summit County, 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 its major federal program for the fiscal year ended June 30, 2008. Hudson City School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of 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 its major federal program for the fiscal year ended June 30, 2008.

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, 2008

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2008**

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 Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	<i>Special Education Cluster - Special Education - Grants to States - CFDA # 84.027 and Special Education - Preschool Grants - CFDA #84.173</i>
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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, 2008

**PREPARED BY
TREASURER'S OFFICE**

2386 HUDSON-AURORA ROAD HUDSON, OHIO 44236

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

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

II. FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT.....	F 1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	F 3-15
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	F 16
Statement of Activities	F 17-18
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	F 19
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	F 20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	F 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F 22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	F 23
Statement of Net Assets - Proprietary Funds.....	F 24
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	F 25
Statement of Cash Flows - Proprietary Funds	F 26
Statement of Fiduciary Net Assets - Fiduciary Funds	F 27
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	F 28
Notes to the Basic Financial Statements	F 29-60

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Combining Statements - Nonmajor Funds:

Fund Descriptions.....	F 61-63
Combining Balance Sheet - Nonmajor Governmental Funds.....	F 64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	F 65
Combining Balance Sheet – Nonmajor Special Revenue Funds	F 66-69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	F 70-73
Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balance Budget and Actual - (Non-GAAP Budgetary Basis):	
Public School Support	F 74
Other Grants	F 74
Athletic and Music.....	F 74
Auxiliary Services	F 75
Management Information Systems	F 75
Entry Year	F 75
SchoolNet Professional Development	F 76
Other State Grants	F 76
Title VI-B	F 76
Title III	F 77
Title I.....	F 77
Title V.....	F 77
Drug-Free Grant	F 78
EHA Preschool Grant.....	F 78
Classroom Reduction.....	F 78
Other Federal Grants	F 79
Food Service.....	F 79
Uniform School Supplies	F 79
Other Special Revenue	F 80
Debt Service	F 80
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	F 81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	F 82
Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balance Budget and Actual - (Non-GAAP Budgetary Basis):	
Building.....	F 83
Permanent Improvement.....	F 83
School Net	F 83
Community Education.....	F 84
Self-Insurance.....	F 84
Scholarship	F 84
Combining Statements – All Agency Funds:	
Combining Statement of Changes in Assets and Liabilities Agency Funds	F 85

II. STATISTICAL SECTION

Table of Contents	S 1
Net Assets by Component - Last Six Fiscal Years	S 2-3

II. STATISTICAL SECTION – (Continued)

Changes in Net Assets - Last Six Fiscal Years	S 4-9
Fund Balances, Governmental Funds - Last Ten Fiscal Years	S 10-11
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	S 12-13
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years.....	S 14-15
Direct and Overlapping Property Tax Rates – Last Ten Years	S 16
Principal Personal Property Tax Payers – December 31, 2007 and December 31, 1999	S 17
Property Tax Levies and Collections - Last Ten Fiscal Years	S 18-19
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	S 20
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	S 21
Direct and Overlapping Governmental Activities Debt - As of June 30, 2008	S 22
Legal Debt Margin Information – Last Ten Fiscal Years	S 23
Demographic and Economic Statistics – Last Ten Fiscal Years	S 24
Principal Employers – Current Year and Nine Years Ago.....	S 25
Staffing Statistics – Full Time Equivalents (FTE) by Type and Function - Last Ten Fiscal Years	S 26
Operating Indicators by Function - Last Ten Fiscal Years	S 27
Capital Asset Statistics - Last Six Fiscal Years	S 28-29
School Building Information - Last Ten Fiscal Years	S 30-31
Teacher Statistics – As of June 30, 2008.....	S 32
Operating Statistics - Last Ten Fiscal Years	S 33-34

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

BOARD OF EDUCATION:

Bruce Hubach, President
Joy York, Vice-President
Steven DiMauro
Gary Mushock
Nancy Terry

(Local) 330-653-1270
FAX: 330-656-2292

ADMINISTRATORS:

Steven Farnsworth, Superintendent
Bart Griffith, Treasurer

December 29, 2008

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, 2008. This CAFR, which includes an opinion from the Auditors, Julian & Grube, Inc., conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

The Reporting Entity

The District has reviewed its reporting entity definition in order to insure conformance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the District, the primary government and its potential component units.

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



The District And Its Facilities

The District serves an area of approximately 31 square miles in and around the City of Hudson (the “City”). It is located in Summit County, approximately 28 miles southeast of downtown Cleveland and 14 miles north of Akron. The District is a rapidly growing affluent suburban district. Nearly 100 percent of the City of Hudson and portions of three other municipalities and a township are located within the District. They are: the City of Cuyahoga Falls, the City of Stow, the Village of Boston Heights and Boston Township. Hudson’s population in 1980 was 12,645 residents. By 1990, according to the U.S. Census Bureau, Hudson’s population had grown to 17,125 (11,966 Township and 5,159 Village). The 2000 Census shows the population of the City of Hudson is 22,439.

Because of the rapid growth of Hudson and the surrounding area, the District had recorded more than 19 consecutive years of increasing enrollment until fiscal year 2000 when enrollment slowed. The District’s FTE enrollment for fiscal year-end June 30, 2008, was 4,983 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 6.6 percent in June 2008, and the nation’s unemployment rate for June 2008 was 5.5 percent. Additionally, June 2008 employment in the Akron Primary Metropolitan Statistical Area was 367,400. Specific employment figures for the Hudson City School District are not available. (Labor Force Estimates, June 2008, Ohio Bureau of Employment Services).

Hudson is the headquarters for companies such as JoAnn Stores, Inc. (retail); Windstream Company (telecommunications); and Akzo Nobel 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 2006 median Ohio adjusted gross income per tax return for Hudson City School District residents was \$63,635. That ranks our District 5th in the State of Ohio. The 2006 average Federal adjusted gross income per tax return for Hudson City School District residents was \$131,191. 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 36.99 percent in the last ten years. The increased value in the tax duplicate is attributed to new construction (11.71 percent) and the balance (25.28 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 6-30-08

<u>Name</u>	<u>Began</u>	<u>Expires</u>	<u>Profession</u>
Steven DiMauro	01-01-08	12-31-09	Industry Solutions Executive IBM
Bruce Hubach President	01-01-08	12-31-09	Manufacturers Representative N.T. Ruddock Company
Gary Mushock	01-01-08	12-31-11	Project Manager
Nancy Terry	01-01-06	12-31-09	Homemaker
Joy York Vice President	01-01-08	12-31-11	Director of Fund Development Girl Scouts of North East Ohio

ADMINISTRATION – as of 6-30-08

<u>Name</u>	<u>Position</u>
Steven Farnsworth	Superintendent
Bart Griffith	Treasurer
Phillip Herman	Director of Human Resources
Kelly Kempf	Director of Pupil Personnel Services
Mark Leventhal	Director of Pupil Services
Patricia Picard	Director of Teaching and Learning
Paul Smith	Business Manager

Employee Relations

The District currently has approximately 664 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 2007-08 fiscal year, the District's fleet of 44 buses traveled 2,822 miles each day providing transportation services to 3,783 public and 263 private and parochial students. The Food Service Department served an average of 3,352 meals daily for a total of 576,610 meals annually through the District's school lunchrooms.

In addition to transportation and school lunch support services offered to children in the District, guidance, special education, (including school psychology services) and health services are available free of charge. Guidance services support the school environment and are designed to help students achieve a well-adjusted social life. Special education services, including school



psychology services, are provided for all 14 federal disability categories ranging from preschool-age students through high school. Health services consist of the staffing of school clinics with R.N. or L.P.N. level nurses and health promotion classes.

At the center of the District's services are the instructional programs. The District offers regular instructional programs daily to students in grades pre-kindergarten to twelve. The District served approximately 834 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 2008

District Recognitions

- ***U.S. Department of Education Blue Ribbon Award: Hudson High School***
- ***Siemens Award for Mathematics/Science: Hudson High School***
- ***Ohio Department of Education Local Report Card: District Rating Was Highest Possible: Excellent with Distinction***
- ***Ohio Department of Education Local Report Card: Hudson Middle School Rating Was Highest Possible: Excellent with Distinction***
- ***Cleveland Magazine's Rating the Suburbs article: Hudson Schools were rated third highest in Northeastern Ohio***

Mathematics Curricular Initiatives

- New textbook adoption grades K - 5
- Initial training on Investigations (new adoption) Grades K – 5
- “Gap” lessons developed
- Pacing Guides developed for grades 1 – 3
- Assessments written for grades 1 – 3
- Development for standards based report cards K – 3
- Parent Math Nights
- Analysis of mathematics materials at grades K – 5
- Introductory professional development in use of new materials
- Introduction of Peer Tutoring at East Woods Elementary School
- Development of Special Education rubric
- Development of Gifted Education resource plan
- Textbook selection to study new mathematics options at Hudson High School
- William Gates Foundation Grant to visit high schools with different math programs
- Best Practices Inservice for math
- Expanded Middle School Math Peer Tutoring
- Math Navigator Implemented for assessment and intervention
- Value Added grades 4 & 5

Science Curricular Initiatives

- High School land lab developed
- Providing an on-site environmental & diverse learning facility & nature preserve
- Providing a partnership with the City of Hudson: storm water control measures
- Partnering with Hudson Land Conservancy
- Securing a US EPA 319 stream restoration grant
- Vernal Pools added
- Water quality improved, soil studies developed
- Wildflower re-introduction



- Education programs developed for elementary students
- Path cleared for “nature walk”
- Teacher wrote a grant for limestone to make path wheelchair-accessible
- Development of Reinhart Land Lab
- Middle School pacing guides developed
- 7th and 8th grades CVEEC field trip
- Lab-Aids 5th grade curriculum implemented: Energy, Light
- Proposal for AP Environmental Science class
- Ellsworth Hill – teacher’s pursuing creating a nature trail
- Small wetland parcel on site being developed
- Grades 1 & 2 to incorporate the outdoor education component
- Have lesson plans matched to state standards and outdoor experiences
- Utilize signs that show important elements of a healthy ecosystem: soil, dead trees, rocks, diversity of living organisms, water, etc.

Language Arts Curricular Initiatives

- Linda Hoyt – Nonfiction reading Grades 2 and 4 days with teachers – on-going project
- Content area reading - Dr. Mark Forget - two days with grades 6-8 teachers
- Continued implementation of small group reading – K-5
- Graduate Course - Adolescent Literacy
- Analysis of reading data from OAT and local assessments
- Parent Literacy Nights
- Development of standards based report cards K-3
- Reading and writing goals and benchmarks for standards based report cards
- Development of K-5 Literacy Plan
- Development of AP Language and Literature course
- Development of Accelerated English courses at grades 9 and 10
- Development of new English 12 course : from British Literature to Classics to Contemporary
- Analysis of language arts materials at grades K-5
- Analysis of language arts materials at preschool
- Development of rubrics to determine students most in need of supplemental service
- New textbook adoption grades 8 and 11
- Introductory professional development in use of new materials

Social Studies Curricular Initiatives

- Further refinement of 5th grade common assessments
- Social studies benchmarks for standards based report cards
- Underground Railroad project with the Hudson Library
- Change of Accelerated History course content at the high school
- Textbook review and adoption for Accelerated U.S. text
- Revamping of second grade social studies units
- Facilitation of Dr. Skip Hyser presentation for AP US History students
- Revision of 6th grade common assessments
- Textbook review and adoption at grades 6 and 7
- Introductory professional development in use of new materials

K-12 Technology/Media Initiatives

- Installed computer labs at Evamere and McDowell Elementary Schools
- Plan for computer lab at Ellsworth Hill Elementary



- Met with all Special Education building groups to devise plan for special education computing needs
- Developed list of all software being used by Special Education teachers
- Provide mini released-time in-services for areas selected by elementary teachers.
- Provide web page development inservices for 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 (i.e. elimination of OS 9 Macs).
- Replaced iMac Thin Client machines with actual Thin Client hardware
- 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 Middle School
- 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 internet safety issues
- Create teacher pathfinders for copyright guidelines
- Provide training for new staff to implement technical units.
- Continue to work on-line catalog database for SIRSI.
- Facilitated the visit of author Loung Ung at Hudson High School
- Facilitated the visit of author Margaret Peterson Haddix at Hudson Middle School and East Woods Elementary
- Facilitated the visit of author Jamie Adolf at Hudson High School and Hudson Middle School
- Facilitated the visit of author J. Patrick Lewis at Ellsworth Hill Elementary and McDowell Elementary
- Instituted Spring Book Fairs at Ellsworth Hill, McDowell and East Woods Elementary schools
- Participated in Parent Literacy Night at all elementary schools
- Installation of wireless network in all buildings
- Installation of VOIP phones in all buildings
- Upgrade of network infrastructure including new switches and backup batteries
- Separation of network VLANs by grade level (K-2, 3-5, 6-8, 9-12) to allow for differentiated website unlocking and improved printing control

Special Education Initiatives

- Professional Development with Special Education staff will focus on the implementation of new state regulations
- Crisis Prevention Intervention training for appropriate staff members.
- Graduate course in the area of autism.
- IEP Anywhere Web based software training and implementation for new staff.
- Legal issues update for all district administrators.
- Mental Health Training for all staff members.
- Instructional Aide inservice opportunities continue book study.
- Implement and evaluate new K-2 Autism program.
- Continued training of Intervention specialist who supports students with Emotional Disturbance including School Psychologist completing FBAs.
- Incident Report implementation.
- Specialized Reading Instruction including Wilson and Literacy by Design.
- Pilot Ramp-up-to Algebra and Transitional Math in the MS resource setting.
- Review ESY service delivery program.
- Evaluate nursing and health services.
- Provide informational meetings for parents.
- Complete Comprehensive Student Services Guide.
- Participate in OCALI transition training.
- Continued implementation of Adaptive PE program



Graduate Courses Offered on Campus

- Assessment for Learning (*1st semester and 2nd semester*)
- Classroom Management (*1st semester*)
- New Literacies for the 21st Century
- Reading in Grades 4-12: Adolescent Literacy
- Differentiating Instruction Using Technology for the Visual Learner
- The Child with Mental Health Needs: Classroom Strategies for Teachers
- Mentor/Pathwise Training 2008
- Nine Essential Skills for the Love and Logic Classroom
- Reading Assessments: Interpreting & Scoring them Accurately
- Math & Science Online Courses through Miami University

Financial Reporting

For the fiscal year ended June 30, 2008, 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 Auditor’s 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 2008. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Financial Information

Internal Accounting and Budgetary Control

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

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



the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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

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

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

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

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

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

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

Cash Management

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

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

Risk Management

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

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



Independent Audit

State statutes require an annual audit by independent accountants. The accounting firm Julian & Grube, Inc. 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, 2007. This was the ninth 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, 2007. This was the ninth 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, 2008, which will be submitted to ASBO for review, will continue to conform to ASBO's principles and standards.

Acknowledgments

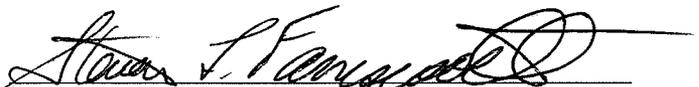
The continued publication of this report is an indication of the District's commitment to be accountable to our investors, the residents of the Hudson City School District, and to our customers, the students.

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. Patty Picard, Director of Teaching & Learning, for her contributions to the Curricular Initiatives section, to Ms. Sheryl Sheatzley, Communications Management Specialist, for her work on the cover and design, and also to Julian, & Grube Inc., for their expert guidance and assistance.

Respectfully submitted,



Bart Griffith
Treasurer

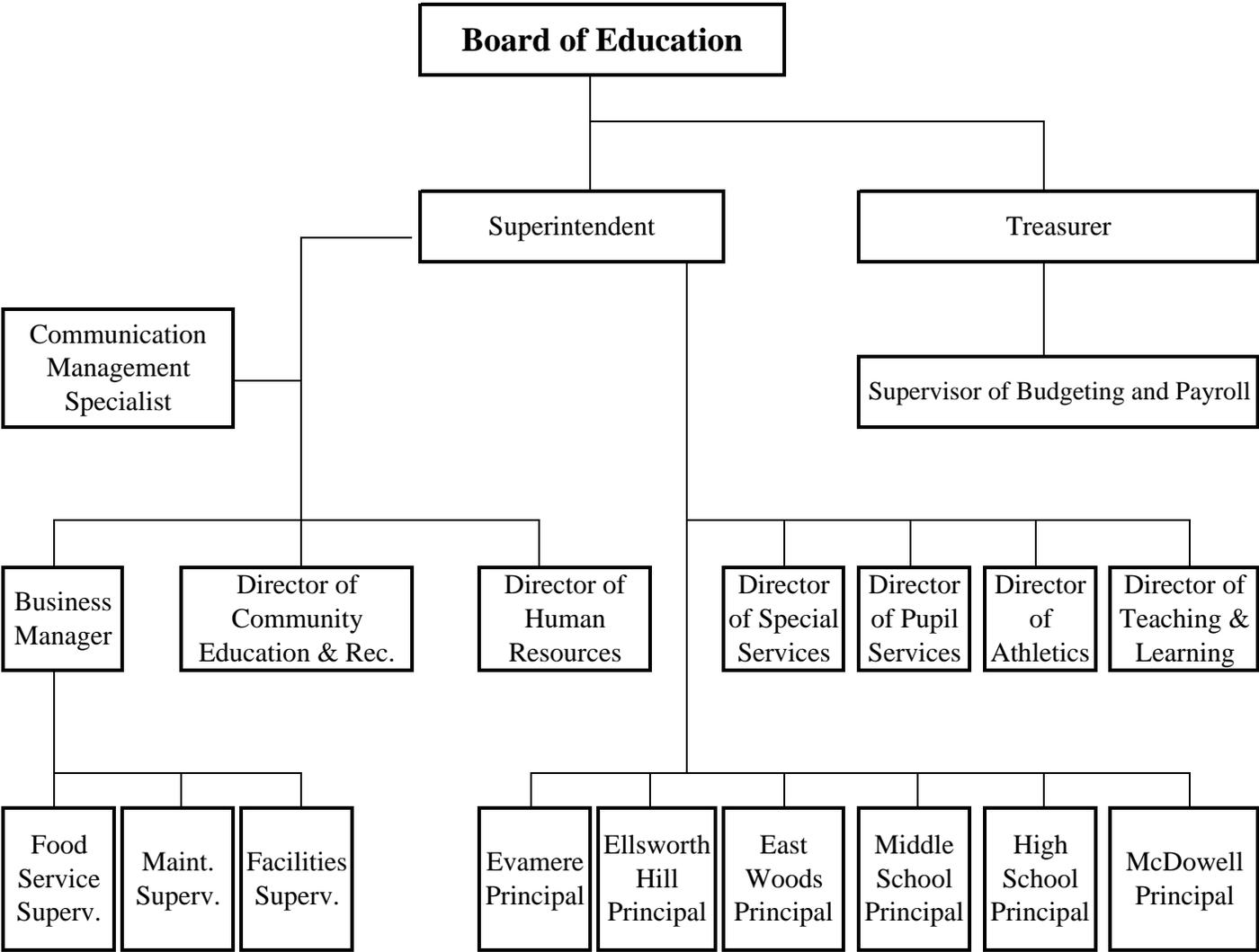


Steven Farnsworth
Superintendent



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

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hudson City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emer

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, 2007**

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

Gene E. Brundel

President

John D. Quasar

Executive Director



Julian & Grube, Inc.

Serving Ohio Local Governments

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2008, 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.

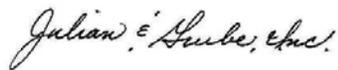
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, as of June 30, 2008, 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, 2008, 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.



Julian & Grube, Inc.
December 26, 2008

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The management's discussion and analysis of Hudson City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. 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 2008 are as follows:

- In total, net assets increased \$3,219,334. Net assets of governmental activities increased \$3,176,175, which represents a 10.08% increase from 2007. Net assets of business-type activities increased \$43,159 or 15.33% from 2007.
- General revenues, related to governmental activities, accounted for \$61,037,850 in revenue or 88.94% of all revenues. Program specific revenues, related to governmental activities, in the form of charges for services and sales, grants and contributions accounted for \$7,589,289 or 11.06% of total revenues of \$68,627,139.
- The District had \$65,450,946 in expenses related to governmental activities; only \$7,589,289 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$61,037,850 were adequate to provide for these programs.
- The District had \$1,186,280 in expenses related to business-type activities; a total of \$1,229,439 was offset by program specific revenues and charges for services.
- The District's only major governmental fund is the general fund. The general fund had \$57,068,078 in revenues and \$56,658,050 in expenditures and other financing uses. The general fund's fund balance increased \$410,028 from \$12,023,062 to \$12,433,090.

Using the Comprehensive Annual Financial Statements (CAFR)

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 2008?" 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 fund is the general fund.

Governmental Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 60 of this report.

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

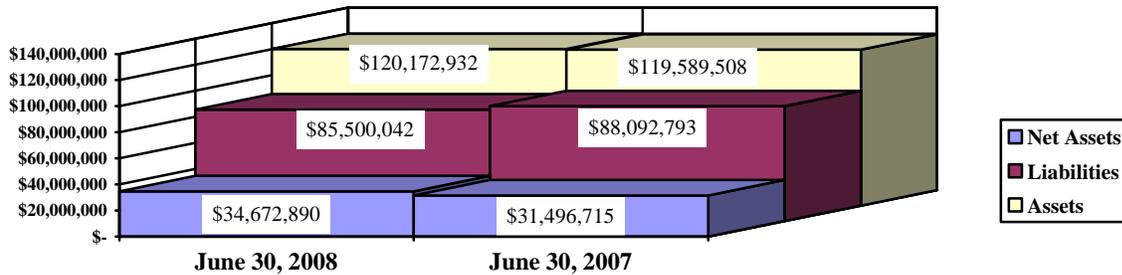
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 2008 and 2007.

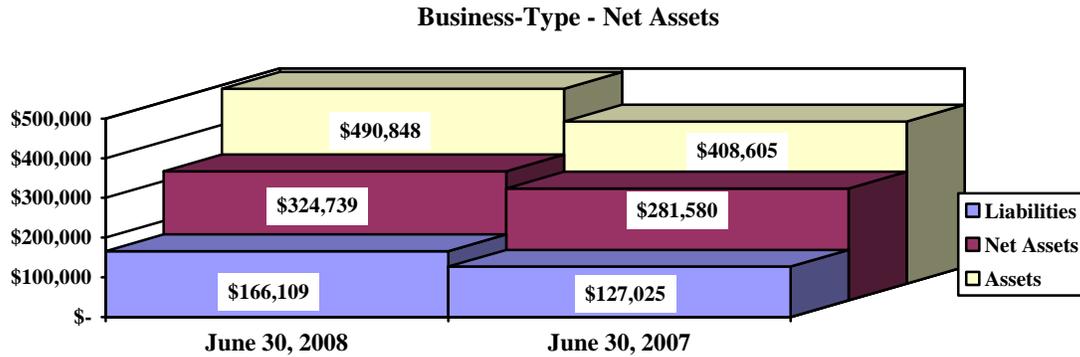
	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 69,126,657	\$ 70,629,676	\$ 490,848	\$ 408,605	\$ 69,617,505	\$ 71,038,281
Capital assets	51,046,275	48,959,832	-	-	51,046,275	48,959,832
Total assets	<u>120,172,932</u>	<u>119,589,508</u>	<u>490,848</u>	<u>408,605</u>	<u>120,663,780</u>	<u>119,998,113</u>
Liabilities						
Current liabilities	49,166,667	46,958,556	130,949	98,438	49,297,616	47,056,994
Long-term liabilities	36,333,375	41,134,237	35,160	28,587	36,368,535	41,162,824
Total liabilities	<u>85,500,042</u>	<u>88,092,793</u>	<u>166,109</u>	<u>127,025</u>	<u>85,666,151</u>	<u>88,219,818</u>
Net Assets						
Invested in capital assets, net of related debt	23,252,056	17,574,629	-	-	23,252,056	17,574,629
Restricted	4,395,239	8,620,854	-	-	4,395,239	8,620,854
Unrestricted	7,025,595	5,301,232	324,739	281,580	7,350,334	5,582,812
Total net assets	<u>\$ 34,672,890</u>	<u>\$ 31,496,715</u>	<u>\$ 324,739</u>	<u>\$ 281,580</u>	<u>\$ 34,997,629</u>	<u>\$ 31,778,295</u>

Governmental - Net Assets



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008



The table below shows the changes in net assets for fiscal years 2008 and 2007. Intergovernmental pass-through expenditures for 2007 have been reclassified to conform to current year presentation

Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services and sales	\$ 2,908,482	\$ 2,916,878	\$ 1,229,439	\$ 1,129,171	\$ 4,137,921	\$ 4,046,049
Operating grants and contributions	4,619,399	4,708,812	-	-	4,619,399	4,708,812
Capital grants and contributions	61,408	1,400	-	-	61,408	1,400
General revenues:						
Property taxes	41,565,223	42,297,190	-	-	41,565,223	42,297,190
Grants and entitlements	18,080,264	16,615,320	-	-	18,080,264	16,615,320
Investment earnings	1,286,547	1,803,271	-	-	1,286,547	1,803,271
Miscellaneous	105,816	147,093	-	-	105,816	147,093
Total revenues	68,627,139	68,489,964	1,229,439	1,129,171	69,856,578	69,619,135

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Expenses						
Program expenses:						
Instruction:						
Regular	29,090,257	29,363,006	-	-	29,090,257	29,363,006
Special	5,981,206	5,359,756	-	-	5,981,206	5,359,756
Vocational	372,512	366,288	-	-	372,512	366,288
Other	707,956	564,895	-	-	707,956	564,895
Support services:						
Pupil	4,194,460	4,095,825	-	-	4,194,460	4,095,825
Instructional staff	4,514,964	4,143,529	-	-	4,514,964	4,143,529
Board of education	39,191	86,777	-	-	39,191	86,777
Administration	4,320,855	4,120,189	-	-	4,320,855	4,120,189
Fiscal	1,302,064	1,197,348	-	-	1,302,064	1,197,348
Business	524,006	459,463	-	-	524,006	459,463
Operations and maintenance	5,579,144	4,822,825	-	-	5,579,144	4,822,825
Pupil transportation	3,383,529	3,222,654	-	-	3,383,529	3,222,654
Central	371,527	338,315	-	-	371,527	338,315
Operation of non-instructional services:						
Food service	1,625,420	1,646,119	-	-	1,625,420	1,646,119
Other non-instructional services	24,990	67,194	-	-	24,990	67,194
Extracurricular activities	1,337,715	1,341,007	-	-	1,337,715	1,341,007
Interest and fiscal charges	2,081,168	2,225,204	-	-	2,081,168	2,225,204
Community education	-	-	1,186,280	1,071,923	1,186,280	1,071,923
Total expenses	<u>65,450,964</u>	<u>63,420,394</u>	<u>1,186,280</u>	<u>1,071,923</u>	<u>66,637,244</u>	<u>64,492,317</u>
Changes in net assets	3,176,175	5,069,570	43,159	57,248	3,219,334	5,126,818
Net assets at beginning 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>
Net assets at end of year	<u>\$ 34,672,890</u>	<u>\$ 31,496,715</u>	<u>\$ 324,739</u>	<u>\$ 281,580</u>	<u>\$ 34,997,629</u>	<u>\$ 31,778,295</u>

Governmental Activities

Net assets of the District's governmental activities increased \$3,176,175. Total governmental expenses of \$65,450,964 were offset by program revenues of \$7,589,289 and general revenues of \$61,037,850. Program revenues supported 11.60% 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 86.91% of total governmental revenue. Property taxes support 63.51% of total expenses while grants and entitlements supported 27.62% of total expenses. Between these two revenue items, 91.13% of total governmental expenses were funded.

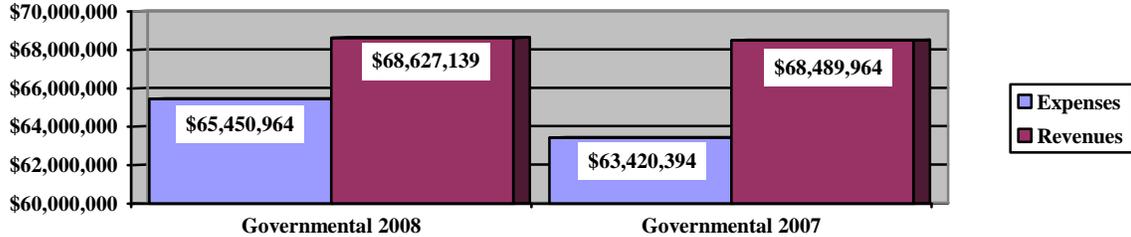
The largest expense of the District is for instructional programs. Instruction expenses totaled \$36,151,931 or 55.24% of total governmental expenses for fiscal year 2008.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2008 and 2007.

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 2008 and 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Intergovernmental pass-through expenditures for 2007 have been reclassified to conform to current year presentation.

Governmental Activities

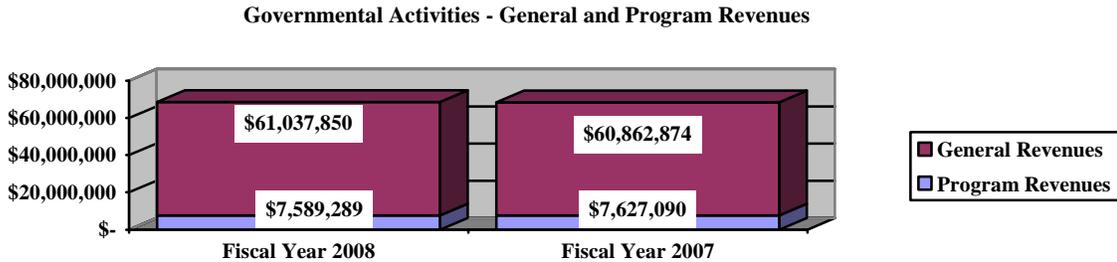
	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
Program expenses:				
Instruction:				
Regular	\$ 29,090,257	\$ 27,135,018	\$ 29,363,006	\$ 27,570,998
Special	5,981,206	4,637,904	5,359,756	3,828,119
Vocational	372,512	346,902	366,288	322,380
Other	707,956	707,956	564,895	470,052
Support services:				
Pupil	4,194,460	3,157,347	4,095,825	2,990,117
Instructional staff	4,514,964	4,098,359	4,143,529	3,837,771
Board of education	39,191	39,191	86,777	86,777
Administration	4,320,855	4,056,413	4,120,189	3,907,615
Fiscal	1,302,064	1,302,064	1,197,348	1,197,112
Business	524,006	519,644	459,463	459,463
Operations and maintenance	5,579,144	5,579,144	4,822,825	4,822,825
Pupil transportation	3,383,529	3,133,316	3,222,654	2,995,225
Central	371,527	353,535	338,315	320,448
Operation of non-instructional services				
Food service operations	1,625,420	(31,263)	1,646,119	1,772
Other non-instructional services	24,990	(10,522)	67,194	10,332
Extracurricular activities	1,337,715	755,499	1,341,007	747,094
Interest and fiscal charges	2,081,168	2,081,168	2,225,204	2,225,204
Total expenses	<u><u>\$ 65,450,964</u></u>	<u><u>\$ 57,861,675</u></u>	<u><u>\$ 63,420,394</u></u>	<u><u>\$ 55,793,304</u></u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The dependence upon tax revenues during fiscal year 2008 for governmental activities is apparent, as 90.81% of 2008 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 88.40% in 2008. The District's taxpayers and unrestricted grants and entitlements from the State, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2008 and 2007.



Business-Type Activities

Business-type activities include community education and recreation operations. These programs had revenues of \$1,229,439 and expenses of \$1,186,280 for fiscal year 2008. This resulted in an increase to net assets for the fiscal year of \$43,159. 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 \$16,207,209, which is below last year's total of \$21,217,618. The unreserved fund balance of the governmental funds serves as a useful measure of a government's net resources available for spending at the end of the year. At June 30, 2008, \$8,631,358 constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance, \$7,575,851 is reserved to indicate it is not available for new spending.

The overall decrease in fund balance was primarily due to the decrease in the fund balance of the building fund (a nonmajor governmental fund), due to construction expenditures related to renovations and energy conservation projects. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance <u>June 30, 2008</u>	Fund Balance <u>June 30, 2007</u>	Increase <u>(Decrease)</u>
General	\$ 12,433,090	\$ 12,023,062	\$ 410,028
Other Governmental	<u>3,774,119</u>	<u>9,194,556</u>	<u>(5,420,437)</u>
Total	<u>\$ 16,207,209</u>	<u>\$ 21,217,618</u>	<u>\$ (5,010,409)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

General Fund

The District's general fund balance increased \$410,028. 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 15.47 percent of total general fund expenditures, while total fund balance represents 21.95 percent of that same amount. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2008 <u>Amount</u>	2007 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 36,882,607	\$ 37,653,762	(2.05) %
Tuition	70,126	107,876	(34.99) %
Interest earnings	1,139,816	1,591,768	(28.39) %
Intergovernmental	18,608,442	17,425,297	6.79 %
Other revenues	<u>367,087</u>	<u>402,517</u>	(8.80) %
Total	<u>\$ 57,068,078</u>	<u>\$ 57,181,220</u>	(0.20) %

Tax revenue decreased \$771,155 or 2.05% from the prior year. This decrease was primarily attributable to two reasons. First, there was an approximate \$1,200,000 variance in the amount of tax advance that was available to the District from the county auditor at June 30, 2008 versus June 30, 2007. This variance resulted in less tax revenue being reported in fiscal year 2008. The amount of tax advances available from the county auditor can vary depending upon when tax bills are mailed. Secondly, tax revenues decreased due to the phase out of tangible personal property tax revenue. Intergovernmental revenue increased \$1,183,145 or 6.79% from the prior year. This increase is attributed to an increase in tangible personal property tax loss reimbursements from the State pursuant to Am. Sub. House Bill 66. The decrease in investment income is due to decreases in interest rates by the Federal Reserve Bank throughout the year. Other revenue decreased \$35,430 which is comprised of receipts which are not categorized elsewhere.

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

	2008 <u>Amount</u>	2007 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 33,498,191	\$ 32,306,315	3.69 %
Support services	21,772,979	19,850,016	9.69 %
Extracurricular activities	869,305	842,021	3.24 %
Facilities acquisition and construction	258,603	-	100.00 %
Debt service	<u>236,372</u>	<u>-</u>	100.00 %
Total	<u>\$ 56,635,450</u>	<u>\$ 52,998,352</u>	6.86 %

The support services and the instruction expenditures of the general fund increased from the prior year due primarily to standard personnel cost increases.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 2008, 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 \$58,181,909, which is more than the original budget estimates of \$57,974,029. Of this \$207,880 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 2008 totaled \$58,181,909, which was the same as the final budgeted revenues.

General fund original appropriations (expenditures and other financing uses) of \$57,479,485 were increased to \$58,042,424 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$57,829,658, which was \$212,766 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the District had \$51,046,275 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles.

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

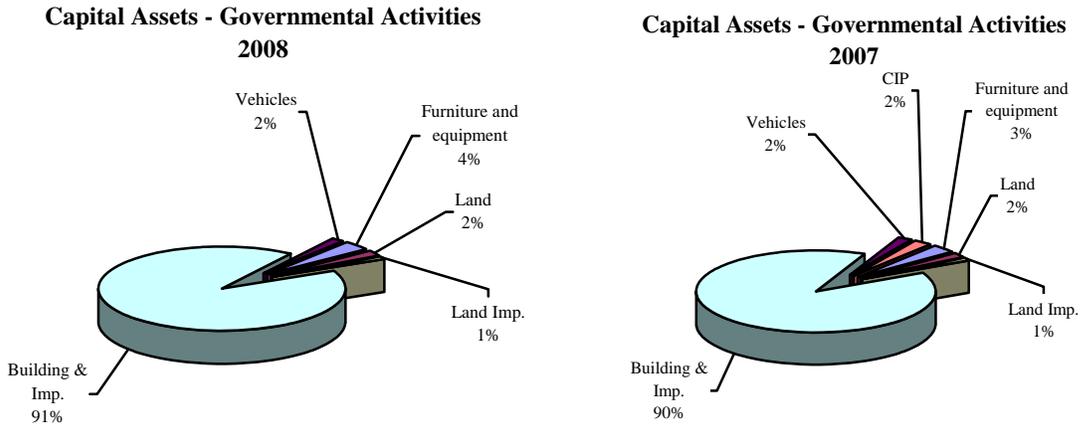
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The following table shows fiscal year 2008 balances compared to 2007:

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2008</u>	<u>2007</u>
Land	\$ 1,032,204	\$ 1,032,204
Construction in progress	-	1,175,722
Land improvements	579,437	555,802
Building and improvements	46,621,347	43,593,167
Furniture and equipment	1,912,037	1,564,094
Vehicles	901,250	1,038,843
Total	\$ 51,046,275	\$ 48,959,832

The increase from 2007 to 2008 was a result of capital outlays of \$3,806,534 exceeding depreciation expense of \$1,720,091 in fiscal year 2008.

The following graphs show the breakdown of governmental activities capital assets by category for 2008 and 2007.



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, 2008

Debt Administration

At June 30, 2008, the District had \$33,096,173 in general obligation bonds and certificates of participation outstanding. Of this total, \$2,370,000 is due within one year and \$30,726,173 is due within greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2008	Governmental Activities 2007
Series 1993, Improvement	\$ 5,365,399	\$ 6,768,199
Series 2003, Refunding	7,265,774	7,271,606
Certificates of Participation	20,465,000	20,595,000
Energy Conservation Bonds	-	2,972,240
Total	\$ 33,096,173	\$ 37,607,045

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 \$17,888,470 at June 30, 2008. Fiscal year-end general fund cash balances were \$15,967,803, \$11,820,804, \$12,020,454, and \$8,193,968 at June 30 in fiscal years 2007, 2006, 2005 and 2004, 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 mils in November 2006. 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, 2008**

Enrollment fluctuations will continue to be a concern as new housing developments are under construction or contemplated in areas that are within the District. Outside of the City of Hudson, but within the District, growth management ordinance that limits the number of residential housing permits issued in a given year are not set. Additional enrollment and/or identification of handicapped students could put additional pressure on facilities and resources. Each of these factors will have a profound impact on the operations of the District.

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

Contacting the District's Financial Management

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

**BASIC
FINANCIAL STATEMENTS**

THIS PAGE IS INTENTIONALLY LEFT BLANK

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents. . .	\$ 24,206,955	\$ 490,848	\$ 24,697,803
Cash with fiscal agent.	2,147,237	-	2,147,237
Receivables:			
Taxes	41,508,746	-	41,508,746
Intergovernmental	626,912	-	626,912
Accrued interest	199,587	-	199,587
Materials and supplies inventory.	5,401	-	5,401
Inventory held for resale	58,904	-	58,904
Unamortized bond issue costs	372,915	-	372,915
Capital assets:			
Land.	1,032,204	-	1,032,204
Depreciable capital assets, net	50,014,071	-	50,014,071
Total capital assets	<u>51,046,275</u>	<u>-</u>	<u>51,046,275</u>
Total assets.	<u>120,172,932</u>	<u>490,848</u>	<u>120,663,780</u>
Liabilities:			
Accounts payable.	421,613	48,721	470,334
Contracts payable.	27,511	-	27,511
Accrued wages and benefits	5,589,740	40,578	5,630,318
Pension obligation payable.	1,296,879	37,732	1,334,611
Intergovernmental payable	238,318	3,918	242,236
Unearned revenue	38,224,317	-	38,224,317
Accrued interest payable	116,260	-	116,260
Notes payable.	2,640,000	-	2,640,000
Claims payable	612,029	-	612,029
Long-term liabilities:			
Due within one year.	3,431,371	19,016	3,450,387
Due in more than one year	32,902,004	16,144	32,918,148
Total liabilities	<u>85,500,042</u>	<u>166,109</u>	<u>85,666,151</u>
Net Assets:			
Invested in capital assets, net of related debt.	23,252,056	-	23,252,056
Restricted for:			
Capital projects	550,145	-	550,145
Debt service.	3,377,756	-	3,377,756
Locally funded programs	78,912	-	78,912
State funded programs	86,373	-	86,373
Federally funded programs	95,664	-	95,664
Student activities	111,754	-	111,754
Other purposes	94,635	-	94,635
Unrestricted.	<u>7,025,595</u>	<u>324,739</u>	<u>7,350,334</u>
Total net assets	<u>\$ 34,672,890</u>	<u>\$ 324,739</u>	<u>\$ 34,997,629</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 29,090,257	\$ 397,466	\$ 1,496,365	\$ 61,408
Special	5,981,206	-	1,343,302	-
Vocational	372,512	-	25,610	-
Other	707,956	-	-	-
Support services:				
Pupil	4,194,460	332,620	704,493	-
Instructional staff	4,514,964	27,579	389,026	-
Board of education.	39,191	-	-	-
Administration.	4,320,855	3,132	261,310	-
Fiscal.	1,302,064	-	-	-
Business.	524,006	-	4,362	-
Operations and maintenance	5,579,144	-	-	-
Pupil transportation.	3,383,529	23,316	226,897	-
Central	371,527	-	17,992	-
Operation of non-instructional services:				
Food service operations	1,625,420	1,530,784	125,899	-
Other non-instructional services	24,990	11,369	24,143	-
Extracurricular activities.	1,337,715	582,216	-	-
Interest and fiscal charges	2,081,168	-	-	-
Total governmental activities	65,450,964	2,908,482	4,619,399	61,408
Business-type activities:				
Community education	1,186,280	1,229,439	-	-
Total business-type activities	1,186,280	1,229,439	-	-
Totals	\$ 66,637,244	\$ 4,137,921	\$ 4,619,399	\$ 61,408

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
\$ (27,135,018)	\$ -	\$ (27,135,018)
(4,637,904)	-	(4,637,904)
(346,902)	-	(346,902)
(707,956)	-	(707,956)
(3,157,347)	-	(3,157,347)
(4,098,359)	-	(4,098,359)
(39,191)	-	(39,191)
(4,056,413)	-	(4,056,413)
(1,302,064)	-	(1,302,064)
(519,644)	-	(519,644)
(5,579,144)	-	(5,579,144)
(3,133,316)	-	(3,133,316)
(353,535)	-	(353,535)
31,263	-	31,263
10,522	-	10,522
(755,499)	-	(755,499)
(2,081,168)	-	(2,081,168)
(57,861,675)	-	(57,861,675)
-	43,159	43,159
-	43,159	43,159
(57,861,675)	43,159	(57,818,516)
36,956,647	-	36,956,647
3,036,407	-	3,036,407
1,572,169	-	1,572,169
18,080,264	-	18,080,264
1,286,547	-	1,286,547
105,816	-	105,816
61,037,850	-	61,037,850
3,176,175	43,159	3,219,334
31,496,715	281,580	31,778,295
\$ 34,672,890	\$ 324,739	\$ 34,997,629

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 17,793,835	\$ 4,425,397	\$ 22,219,232
Cash with fiscal agent	-	2,147,237	2,147,237
Receivables:			
Taxes	37,943,833	3,564,913	41,508,746
Intergovernmental	-	626,912	626,912
Accrued interest	199,587	-	199,587
Due from other funds	248,319	-	248,319
Materials and supplies inventory.	-	5,401	5,401
Inventory held for resale.	-	58,904	58,904
Restricted assets:			
Equity in pooled cash and cash equivalents	94,635	-	94,635
Total assets.	<u>\$ 56,280,209</u>	<u>\$ 10,828,764</u>	<u>\$ 67,108,973</u>
Liabilities:			
Accounts payable	\$ 286,567	\$ 135,046	\$ 421,613
Contracts payable	-	27,511	27,511
Accrued wages and benefits	5,256,215	333,525	5,589,740
Compensated absences payable	861,558	-	861,558
Pension obligation payable.	1,188,424	108,455	1,296,879
Intergovernmental payable	209,628	28,448	238,076
Due to other funds.	-	248,319	248,319
Unearned revenue.	34,918,505	3,305,812	38,224,317
Notes payable.	-	2,640,000	2,640,000
Deferred revenue	1,126,222	227,529	1,353,751
Total liabilities.	<u>43,847,119</u>	<u>7,054,645</u>	<u>50,901,764</u>
Fund Balances:			
Reserved for encumbrances	1,601,367	321,343	1,922,710
Reserved for materials and supplies inventory.	-	64,305	64,305
Reserved for debt service.	-	3,325,535	3,325,535
Reserved for property tax unavailable for appropriation	1,977,178	191,488	2,168,666
Reserved for school bus purchases	94,635	-	94,635
Unreserved, undesignated (deficit), reported in:			
General fund	8,759,910	-	8,759,910
Special revenue funds.	-	780,241	780,241
Capital projects funds.	-	(908,793)	(908,793)
Total fund balances	<u>12,433,090</u>	<u>3,774,119</u>	<u>16,207,209</u>
Total liabilities and fund balances	<u>\$ 56,280,209</u>	<u>\$ 10,828,764</u>	<u>\$ 67,108,973</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, 2008

Total governmental fund balances		\$ 16,207,209
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		51,046,275
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 1,115,763	
Accrued interest receivable	78,072	
Intergovernmental receivable	<u>159,916</u>	
Total		1,353,751
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 on the statement of net assets.		1,280,817
Unamortized bond issuance costs are not recognized in the funds.		372,915
Accrued interest payable is not due and payable within the current period and is therefore not reported in the funds.		(116,260)
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	(12,631,173)	
Certificates of participation	(20,465,000)	
Compensated absences payable	<u>(2,375,644)</u>	
Total		<u>(35,471,817)</u>
Net assets of governmental activities		<u>\$ 34,672,890</u>

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, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 36,882,607	\$ 4,595,784	\$ 41,478,391
Tuition	70,126	-	70,126
Transportation fees	23,316	-	23,316
Earnings on investments	1,139,816	144,499	1,284,315
Charges for services	-	1,537,243	1,537,243
Extracurricular	196,229	615,885	812,114
Classroom materials and fees	41,726	253,192	294,918
Other local revenues	105,816	320,146	425,962
Intergovernmental - intermediate	220,000	-	220,000
Intergovernmental - state	18,388,442	2,171,864	20,560,306
Intergovernmental - federal	-	1,804,880	1,804,880
Total revenue	<u>57,068,078</u>	<u>11,443,493</u>	<u>68,511,571</u>
Expenditures:			
Current:			
Instruction:			
Regular	26,915,955	1,967,915	28,883,870
Special	5,526,965	497,914	6,024,879
Vocational	359,473	-	359,473
Other	695,798	4,083	699,881
Support services:			
Pupil	3,188,865	1,042,049	4,230,914
Instructional staff	4,141,047	443,773	4,584,820
Board of education	39,191	-	39,191
Administration	4,087,293	267,031	4,354,324
Fiscal	1,219,029	92,044	1,311,073
Business	524,338	5,600	529,938
Operations and maintenance	5,160,851	-	5,160,851
Pupil transportation	3,059,879	148,500	3,208,379
Central	352,486	26,790	379,276
Operation of non-instructional services:			
Food service operations	-	1,662,998	1,662,998
Other non-instructional services	-	31,779	31,779
Extracurricular activities	869,305	392,058	1,261,363
Facilities acquisition and construction	258,603	3,914,277	4,172,880
Debt service:			
Principal retirement	202,240	5,130,000	5,332,240
Interest and fiscal charges	34,132	1,259,719	1,293,851
Total expenditures	<u>56,635,450</u>	<u>16,886,530</u>	<u>73,521,980</u>
Excess (deficiency) of revenues over (under) expenditures	432,628	(5,443,037)	(5,010,409)
Other financing sources (uses):			
Transfers in	-	230,097	230,097
Transfers (out)	(22,600)	(207,497)	(230,097)
Total other financing sources (uses)	<u>(22,600)</u>	<u>22,600</u>	<u>-</u>
Net change in fund balances	410,028	(5,420,437)	(5,010,409)
Fund balances at beginning of year	<u>12,023,062</u>	<u>9,194,556</u>	<u>21,217,618</u>
Fund balances at end of year	<u>\$ 12,433,090</u>	<u>\$ 3,774,119</u>	<u>\$ 16,207,209</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, 2008

Net change in fund balances - total governmental funds \$ (5,010,409)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the costs of those assets are 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	\$ 3,806,534	
Current year depreciation	(1,720,091)	
Total		2,086,443

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

Delinquent property taxes	86,832	
Intergovernmental	(4,291)	
Accrued interest	33,027	
Total		115,568

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. 5,332,240

Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. (14,389)

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

The additional interest reported in the statement of activities is the result of two factors:

Decrease in accrued interest payable	48,440	
Accreted interest on capital appreciation bonds	(821,368)	
Total		(772,928)

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. 405,819

The internal service fund used by management to charge the costs of medical and dental insurance to individual funds are not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 1,033,831

Change in net assets of governmental activities \$ 3,176,175

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, 2008

	<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.	\$ 37,876,297	\$ 38,012,112	\$ 38,012,112	\$ -
Tuition.	69,875	70,126	70,126	-
Transportation fees	23,233	23,316	23,316	-
Earnings on investments.	1,181,443	1,185,679	1,185,679	-
Extracurricular	195,528	196,229	196,229	-
Classroom materials and fees	41,577	41,726	41,726	-
Other local revenues.	106,120	106,501	106,501	-
Intergovernmental - intermediate.	219,214	220,000	220,000	-
Intergovernmental - state	18,222,779	18,288,121	18,288,121	-
Total revenue	<u>57,936,066</u>	<u>58,143,810</u>	<u>58,143,810</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	27,288,333	27,555,588	26,824,104	731,484
Special.	5,127,703	5,177,922	5,473,040	(295,118)
Vocational.	358,392	361,902	373,362	(11,460)
Other.	849,658	857,979	840,138	17,841
Support services:				
Pupil.	2,933,912	2,962,646	3,120,923	(158,277)
Instructional staff	3,895,395	3,933,545	4,098,465	(164,920)
Board of education	63,437	64,058	45,408	18,650
Administration.	4,226,263	4,267,654	4,205,781	61,873
Fiscal	1,239,546	1,251,686	1,265,075	(13,389)
Business	511,919	516,933	562,909	(45,976)
Operations and maintenance.	5,559,258	5,613,704	5,618,696	(4,992)
Pupil transportation	3,550,313	3,585,084	3,585,230	(146)
Central.	436,666	440,943	402,252	38,691
Extracurricular activities.	886,979	895,666	890,254	5,412
Facilities acquisition and construction	262,430	265,000	265,000	-
Debt service:				
Principal retirement and interest.	266,657	269,269	236,372	32,897
Total expenditures	<u>57,456,861</u>	<u>58,019,579</u>	<u>57,807,009</u>	<u>212,570</u>
Excess of revenues over expenditures.	479,205	124,231	336,801	212,570
Other financing sources (uses):				
Refund of prior year expenditure.	37,963	38,099	38,099	-
Refund of prior year receipt	(243)	(245)	(49)	196
Transfers (out)	<u>(22,381)</u>	<u>(22,600)</u>	<u>(22,600)</u>	<u>-</u>
Total other financing sources (uses).	<u>15,339</u>	<u>15,254</u>	<u>15,450</u>	<u>196</u>
Net change in fund balance	494,544	139,485	352,251	212,766
Fund balance at beginning of year	13,967,922	13,967,922	13,967,922	-
Prior year encumbrances appropriated	1,985,884	1,985,884	1,985,884	-
Fund balance at end of year.	<u>\$ 16,448,350</u>	<u>\$ 16,093,291</u>	<u>\$ 16,306,057</u>	<u>\$ 212,766</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 490,848	\$ 1,893,088
	<u> </u>	<u> </u>
Total assets	490,848	1,893,088
	<u> </u>	<u> </u>
Liabilities:		
Current:		
Accounts payable.	48,721	-
Accrued wages and benefits	40,578	-
Compensated absences.	19,016	-
Pension obligation payable.	37,732	-
Intergovernmental payable	3,918	242
Claims payable	-	612,029
	<u> </u>	<u> </u>
Total current liabilities	149,965	612,271
	<u> </u>	<u> </u>
Long-term liabilities:		
Compensated absences payable.	16,144	-
	<u> </u>	<u> </u>
Total liabilities	166,109	612,271
	<u> </u>	<u> </u>
Net assets:		
Unrestricted.	324,739	1,280,817
	<u> </u>	<u> </u>
Total net assets	\$ 324,739	\$ 1,280,817
	<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, 2008

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Sales/charges for services.	\$ 1,229,439	\$ 7,548,898
Total operating revenues	<u>1,229,439</u>	<u>7,548,898</u>
Operating expenses:		
Personal services.	524,333	40,506
Purchased services.	605,379	765,509
Materials and supplies	46,746	-
Claims	-	5,709,052
Other.	9,822	-
Total operating expenses.	<u>1,186,280</u>	<u>6,515,067</u>
Operating income and change in net assets . .	43,159	1,033,831
Net assets at beginning of year.	<u>281,580</u>	<u>246,986</u>
Net assets at end of year	<u>\$ 324,739</u>	<u>\$ 1,280,817</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from sales/charges for services.	\$ 1,229,439	\$ 7,548,898
Cash payments for personal services.	(508,693)	(40,399)
Cash payments for contractual services	(584,099)	(765,509)
Cash payments for materials and supplies	(44,582)	-
Cash payments for claims	-	(5,805,484)
Cash payments for other expenses	(9,822)	-
Net cash provided by operating activities	82,243	937,506
Net increase in cash and cash equivalents	82,243	937,506
Cash and cash equivalents at beginning of year	408,605	955,582
Cash and cash equivalents at end of year	\$ 490,848	\$ 1,893,088
Reconciliation of operating income to net cash provided by operating activities:		
Operating income.	\$ 43,159	\$ 1,033,831
Changes in assets and liabilities:		
Increase in accounts payable.	22,113	-
(Decrease) in accrued wages and benefits.	(3,760)	-
Increase in intergovernmental payable.	1,974	107
Increase in compensated absences payable.	6,573	-
Increase in pension obligation payable.	12,184	-
(Decrease) in claims payable.	-	(96,432)
Net cash provided by operating activities	\$ 82,243	\$ 937,506

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	Private-Purpose Trust	
	Scholarships	Agency
Assets:		
Equity in pooled cash and cash equivalents.	\$ 11,135	\$ 178,818
Total assets	11,135	\$ 178,818
Liabilities:		
Accounts payable.	-	13,162
Intergovernmental payable.	-	3,643
Accrued wages.	-	3,555
Undistributed monies.	-	110,180
Pension obligation payable.	-	4,884
Due to students.	-	43,394
Total liabilities	-	\$ 178,818
Net Assets:		
Held in trust for scholarships	11,135	
Total net assets.	\$ 11,135	

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, 2008

	Private-Purpose Trust
	Scholarships
Additions:	
Gifts and contributions	\$ 103,665
Total additions	103,665
Deductions:	
Scholarships awarded	103,515
Change in net assets	150
Net assets at beginning of year.	10,985
Net assets at end of year	\$ 11,135

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 66th largest by enrollment among the 896 public and community school districts in the State. The District employs 239 non-certified, 425 certified employees (including administrators) to provide services to approximately 4,983 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, 2008

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 ORGANIZATION

Six District Educational Compact (the "Compact")

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

The following is the District's major governmental fund:

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those accounted for 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, 2008

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, 2008

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, 2008

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, 2008, but which were levied to finance fiscal year 2009 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, 2008 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 entitlement value of donated commodities received during the year is reported in the financial statements as an expense with a like amount reported as intergovernmental revenue.

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

E. Budgets

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

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The 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 year 2008.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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, 2008

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 2008, investments were limited to overnight repurchase agreements, non-negotiable certificates of deposit, federal agency securities and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, and non-negotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2008.

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 2008 amounted to \$1,139,816, which includes \$276,205 assigned from other District funds.

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

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

G. Inventory

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

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

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

H. Capital Assets

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

I. Interfund Balances

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

J. Compensated Absences

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, debt service, 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, 2008

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 16.

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 14) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Entry year	\$ 21
Title VI-B	32,819
Title I	10,744
Title VI	1,197
Drug free grant	924
Classroom reduction	4,765
Building fund	1,118,116

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, 2008

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The deficit fund balance in the building fund (a nonmajor governmental fund) resulted from a short-term energy conservation note reported as a fund liability.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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 \$1,050 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 \$2,147,237 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, 2008, the carrying amount of all District deposits was \$15,901,573, exclusive of the \$3,405,000 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, 2008, \$15,887,385 of the District's bank balance of \$16,314,053 was exposed to custodial risk as discussed below, while \$426,668 was covered by the 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. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of June 30, 2008, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
FNMA	\$ 990,542	\$ -	\$ -	\$ -	\$ 990,542
Repurchase agreement	3,405,000	3,405,000	-	-	-
STAR Ohio	4,589,591	4,589,591	-	-	-
Total	<u>\$ 8,985,133</u>	<u>\$ 7,994,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 990,542</u>

The weighted average maturity of investments is .19 years.

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

Credit Risk: The District's investments in federal agency securities, and the federal agency securities that underlie the District's repurchase agreement, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

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, 2008:

Investment type	Fair Value	% of Total
FNMA	\$ 990,542	11.02
Repurchase agreement	3,405,000	37.90
STAR Ohio	4,589,591	51.08
Total	<u>\$ 8,985,133</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, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 15,901,573
Investments	8,985,133
Cash on hand	1,050
Cash with fiscal agent	<u>2,147,237</u>
Total	<u>\$ 27,034,993</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 26,354,192
Business type activities	490,848
Private-purpose trust funds	11,135
Agency funds	<u>178,818</u>
Total	<u>\$ 27,034,993</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances consisted of the following due to/from other funds at June 30, 2008, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 248,319

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

- B.** Interfund transfers for the fiscal year ended June 30, 2008, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 22,600
Transfers from nonmajor governmental funds to:	
Nonmajor governmental funds	207,497

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. The \$207,497 transfer from the permanent improvement fund (a nonmajor governmental fund) to the debt service fund (a nonmajor governmental fund) was for debt service payments.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, 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 year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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 year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.50% for property, including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to 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 2008-2010, 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, 2008

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, 2008, are available to finance fiscal year 2008 operations. The amount available as an advance at June 30, 2008 was \$1,977,178 in the general fund, \$123,761 in the debt service fund (a nonmajor governmental fund) and \$67,727 in the permanent improvement capital projects fund (a nonmajor governmental fund). This amount has been recorded as revenue. The amount available for advance at June 30, 2007 was \$3,106,683 in the general fund, \$184,439 in the debt service fund (a nonmajor governmental fund) and \$87,156 in the permanent improvement capital projects fund (a nonmajor governmental fund). The amount available as an 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, 2008 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 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 893,375,820	95.94	\$ 893,375,820	97.66
Tangible personal property	25,601,873	2.75	12,800,937	1.40
Public utility personal	<u>12,164,170</u>	<u>1.31</u>	<u>8,617,985</u>	<u>0.94</u>
Total	<u>\$ 931,141,863</u>	<u>100.00</u>	<u>\$ 914,794,742</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation				
General operations	\$82.03		\$82.03	
Debt service	2.59		2.72	
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, 2008

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Property taxes	\$ 41,508,746
Accrued interest	199,587
Intergovernmental	<u>626,912</u>
Total	<u>\$ 42,335,245</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, 2008 was as follows:

	Balance 07/01/07	Additions	Deductions	Balance 06/30/08
Governmental activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,032,204	\$ -	\$ -	\$ 1,032,204
Construction in progress	<u>1,175,722</u>	<u>2,583,271</u>	<u>(3,758,993)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,207,926</u>	<u>2,583,271</u>	<u>(3,758,993)</u>	<u>1,032,204</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,618,942	88,652	-	1,707,594
Buildings and improvements	62,853,715	4,215,267	-	67,068,982
Furniture and equipment	9,073,908	630,779	-	9,704,687
Vehicles	<u>3,686,140</u>	<u>47,558</u>	<u>-</u>	<u>3,733,698</u>
Total capital assets, being depreciated	<u>77,232,705</u>	<u>4,982,256</u>	<u>-</u>	<u>82,214,961</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,063,140)	(65,017)	-	(1,128,157)
Buildings and improvements	(19,260,548)	(1,187,087)	-	(20,447,635)
Furniture and equipment	(7,509,814)	(282,836)	-	(7,792,650)
Vehicles	<u>(2,647,297)</u>	<u>(185,151)</u>	<u>-</u>	<u>(2,832,448)</u>
Total accumulated depreciation	<u>(30,480,799)</u>	<u>(1,720,091)</u>	<u>-</u>	<u>(32,200,890)</u>
Governmental activities capital assets, net	<u>\$ 48,959,832</u>	<u>\$ 5,845,436</u>	<u>\$ (3,758,993)</u>	<u>\$ 51,046,275</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 1,189,550
Special	46,701
Vocational	17,002

Support services:

Other	8,075
Pupil	17,401
Instructional staff	53,837
Administration	32,199
Fiscal	1,144
Operations and maintenance	64,563
Pupil transportation	175,150
Extracurricular	81,527
Food service operations	<u>32,942</u>
Total depreciation expense	<u>\$ 1,720,091</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2008, the following changes occurred in governmental activities long-term obligations:

	<u>Balance Outstanding 07/01/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Outstanding 06/30/08</u>	<u>Amount Due in One Year</u>
Governmental activities:					
Certificates of Participation 2.25% - 5.0% 06/01/2034 maturity	\$ 20,595,000	\$ -	\$ (130,000)	\$ 20,465,000	\$ 130,000
General Obligation Bonds:					
Series 1993, Improvement Capital Appreciation Bonds 12.558% (average effective) 12/15/03 - 12/15/10 maturity	1,345,303	-	(368,133)	977,170	345,534
Series 1993, Improvement Capital Appreciation Bonds Accreted interest	5,422,896	692,200	(1,726,867)	4,388,229	1,754,466
Series 2003, Refunding Current Interest Bonds 2.0-4.0%, 12/15/14 maturity	5,660,000	-	(135,000)	5,525,000	140,000
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	411,642	129,168	-	540,810	-
Energy Conservation Bonds 5.0%, 3/15/08 maturity	2,770,000	-	(2,770,000)	-	-
Energy Conservation Bonds 5.20%, 12/01/07 maturity	<u>202,240</u>	<u>-</u>	<u>(202,240)</u>	<u>-</u>	<u>-</u>
Total, general obligation bonds and certificates of participation	<u>37,607,045</u>	<u>821,368</u>	<u>(5,332,240)</u>	<u>33,096,173</u>	<u>2,370,000</u>
Compensated absences	<u>3,527,192</u>	<u>638,669</u>	<u>(928,659)</u>	<u>3,237,202</u>	<u>1,061,371</u>
Total, governmental activities	<u>\$ 41,134,237</u>	<u>\$ 1,460,037</u>	<u>\$ (6,260,899)</u>	<u>\$ 36,333,375</u>	<u>\$ 3,431,371</u>
Business-type activities:					
Compensated absences	\$ 28,587	\$ 20,153	\$ (13,580)	\$ 35,160	\$ 19,016
Total, business-type activities	<u>\$ 28,587</u>	<u>\$ 20,153</u>	<u>\$ (13,580)</u>	<u>\$ 35,160</u>	<u>\$ 19,016</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 year 2005, the District refunded the callable portion of the outstanding bonds by issuing the Series 2003 refunding bonds described below. The non-callable portion of the Series 1993 bonds at June 30, 2008 consisted of capital appreciation bonds, par value \$977,170. 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 year 2008, the District retired a capital appreciation bond with a par value of \$368,133. The accreted value at maturity for the capital appreciation bonds is \$6,315,000. Total accreted interest of \$4,388,229 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 \$540,810 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, 2008

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 matured in fiscal year 2008.

Energy Conservation Bonds - 2007 - In 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 2008.

- B.** Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2008, 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
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	2,280,000	158,400	2,438,400	-	-	-
2014 - 2015	2,820,000	73,800	2,893,800	-	-	-
Total	\$ 5,525,000	\$ 1,068,931	\$ 6,593,931	\$ 1,199,964	\$ 1,080,036	\$ 2,280,000

Fiscal Year Ending June 30,	Capital Appreciation Bonds - Series 1993		
	Principal	Interest	Total
2009	\$ 345,534	\$ 1,754,466	\$ 2,100,000
2010	324,771	1,775,229	2,100,000
2011	306,865	1,808,135	2,115,000
Total	\$ 977,170	\$ 5,337,830	\$ 6,315,000

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

- C. Principal and interest requirements to retire the certificates of participation outstanding at June 30, 2008, are as follows:

Fiscal Year Ending June 30.	Certificates of Participation		
	Principal	Interest	Total
2009	\$ 130,000	\$ 960,452	\$ 1,090,452
2010	175,000	955,953	1,130,953
2011	205,000	950,265	1,155,265
2012	235,000	943,090	1,178,090
2013	265,000	934,865	1,199,865
2014 - 2018	1,875,000	4,491,840	6,366,840
2019 - 2023	2,970,000	4,024,065	6,994,065
2024 - 2028	4,535,000	3,182,950	7,717,950
2029 - 2033	6,630,000	1,893,225	8,523,225
2034	3,445,000	172,250	3,617,250
Total	<u>\$ 20,465,000</u>	<u>\$ 18,508,955</u>	<u>\$ 38,973,955</u>

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$56,097,646 (including available funds of \$3,449,296) and an unvoted debt margin of \$897,950.

NOTE 10 - NOTES PAYABLE

The District had the following energy conservation note outstanding at June 30, 2008:

Governmental activities:	Issue	Balance		Balance	
	Date	7/1/07	Additions	Reductions	6/30/08
Energy Conservation Note - FY 2008	3/12/08	\$ -	\$ 2,640,000	\$ -	\$ 2,640,000

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 10 - NOTES PAYABLE - (Continued)

On March 12, 2008, the District issued \$2,640,000 of House Bill 264 energy conservation notes for the purpose of making energy improvements to various District buildings. The notes have an interest rate of 2.75% and a maturity date of March 12, 2009.

NOTE 11 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working 11 or 12 months per year are entitled to an annual vacation, with pay, based on length of service in the District. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for an unlimited number of days. For certified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 140 days and adding to that one day for every eight days in excess of 140 days to a maximum of 35 additional days of severance. Maximum severance in total is 70 days. For classified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 136 days and adding to that one day for every eight days in excess of 136 days to a maximum of 34 additional days of severance. Maximum severance in total is 68 days. See Note 2.J. for further detail on the financial reporting of the District's compensated absences.

NOTE 12 - RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The District has a comprehensive property and casualty policy with 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, Klais and Company, reviews and processes all claims for payment. The District purchases stop-loss coverage of \$125,000 per individual and \$5,383,188 in the aggregate.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 12 - RISK MANAGEMENT - (Continued)

The District pays into the self-insurance internal service fund for full-time medical and prescription drug family coverage \$1,160.79 per month for certified, classified and administrative employees. Single coverage full-time costs are \$527.61 for certified, classified and administrative employees. Employees are considered part-time if they work 25 or more hours per week and less than 35-hours per week. Part-time employees are eligible for family and single coverage. The premiums for part-time employees are prorated according to hours worked per week for certified employees and hours worked per 35 hour week for classified employees.

Dental coverage is also provided on a self-insured basis through Klais and Company. Premium costs for this coverage are \$57.78 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 \$71.68 to \$35.84 for family coverage and \$33.29 to \$16.65 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, Klais and Company, reviews and processes the claims. The premium for this coverage is included in the medical plan premium amounts stated above.

The claims liability of \$612,029 reported in the internal service fund at June 30, 2008, 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>
2008	\$ 708,461	\$ 5,709,052	\$ (5,805,484)	\$ 612,029
2007	751,759	6,268,758	(6,312,056)	708,461

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 12 - RISK MANAGEMENT - (Continued)

D. Workers' Compensation

For fiscal year 2008, 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 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$664,118, \$673,582, and \$624,386, respectively. 44.15 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 13 - PENSION PLANS - (Continued)

B. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$3,755,884, \$3,601,314 and \$3,592,616, respectively; 83.48% has been contributed for fiscal year 2008 and 100% for the fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2008 were \$46,924 made by the District and \$107,899 made by the plan members.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 13 - PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$404,817, \$322,372 and \$316,641, respectively; 44.15 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$47,851, \$45,804 and \$49,696, respectively; 44.15 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$288,914, \$277,024 and \$276,355 respectively; 83.48 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 16 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Improvement</u>
Set-aside balance as of June 30, 2007	\$ (2,085,781)	\$ (21,736,666)
Current year set-aside requirement	831,912	831,912
Current year offset	-	(1,275,725)
Qualifying disbursements	<u>(1,085,765)</u>	<u>(5,132,418)</u>
Total	<u>\$ (2,339,634)</u>	<u>\$ (27,312,897)</u>
Balance carried forward to FY 2009	<u>\$ (2,339,634)</u>	<u>\$ (23,012,391)</u>

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

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, 2008 follows:

Amount restricted for school bus purchases	<u>\$ 94,635</u>
--	------------------

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of 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);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (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	\$ 352,251
Net adjustment for revenue accruals	(1,075,732)
Net adjustment for expenditure accruals	(668,777)
Net adjustment for other sources/uses	(38,050)
Adjustment for encumbrances	<u>1,840,336</u>
GAAP basis	<u>\$ 410,028</u>

**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.

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

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

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

FUND DESCRIPTIONS

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

Title VI - This fund accounts for federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs and inservice and staff development.

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

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

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

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

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

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

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

NONMAJOR DEBT SERVICE FUND

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

CAPITAL PROJECTS FUNDS

The capital projects funds account for the receipts and disbursements of monies used for the acquisition, construction or major renovation of capital facilities (other than those financed by enterprise funds). During fiscal year 2008, 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, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,134,544	\$ 1,178,298	\$ 2,112,555	\$ 4,425,397
Cash with fiscal agent	-	2,147,237	-	2,147,237
Receivables:				
Taxes	-	2,296,496	1,268,417	3,564,913
Intergovernmental	626,912	-	-	626,912
Materials and supplies inventory	5,401	-	-	5,401
Inventory held for resale	58,904	-	-	58,904
Total assets	\$ 1,825,761	\$ 5,622,031	\$ 3,380,972	\$ 10,828,764
Liabilities:				
Accounts payable	\$ 31,411	\$ -	\$ 103,635	\$ 135,046
Contracts payable	-	-	27,511	27,511
Accrued wages and benefits	333,525	-	-	333,525
Pension obligation payable	108,455	-	-	108,455
Intergovernmental payable	28,448	-	-	28,448
Due to other funds	248,319	-	-	248,319
Unearned revenue	-	2,128,015	1,177,797	3,305,812
Notes payable	-	-	2,640,000	2,640,000
Deferred revenue	159,916	44,720	22,893	227,529
Total liabilities	910,074	2,172,735	3,971,836	7,054,645
Fund Balances:				
Reserved for encumbrances	71,141	-	250,202	321,343
Reserved for materials and supply inventory	64,305	-	-	64,305
Reserved for debt service	-	3,325,535	-	3,325,535
Reserved for property tax unavailable for appropriation	-	123,761	67,727	191,488
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	780,241	-	-	780,241
Capital projects funds	-	-	(908,793)	(908,793)
Total fund balances (deficit)	915,687	3,449,296	(590,864)	3,774,119
Total liabilities and fund balances	\$ 1,825,761	\$ 5,622,031	\$ 3,380,972	\$ 10,828,764

**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, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ -	\$ 3,027,092	\$ 1,568,692	\$ 4,595,784
Earnings on investments.	30,795	113,704	-	144,499
Charges for services	1,537,243	-	-	1,537,243
Extracurricular.	615,885	-	-	615,885
Classroom materials and fees	253,192	-	-	253,192
Other local revenues.	295,146	-	25,000	320,146
Intergovernmental - state	1,710,325	260,074	201,465	2,171,864
Intergovernmental - federal.	1,804,880	-	-	1,804,880
Total revenue	<u>6,247,466</u>	<u>3,400,870</u>	<u>1,795,157</u>	<u>11,443,493</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,703,011	-	264,904	1,967,915
Special.	497,914	-	-	497,914
Other	-	-	4,083	4,083
Support services:				
Pupil.	1,042,049	-	-	1,042,049
Instructional staff	443,773	-	-	443,773
Administration.	266,181	-	850	267,031
Fiscal	-	75,194	16,850	92,044
Business	5,600	-	-	5,600
Pupil transportation	148,500	-	-	148,500
Central.	26,790	-	-	26,790
Operation of non-instructional services:				
Food service operations	1,662,998	-	-	1,662,998
Other non-instructional services	31,779	-	-	31,779
Extracurricular activities	392,058	-	-	392,058
Facilities acquisition and construction	7,412	-	3,906,865	3,914,277
Debt service:				
Principal retirement	-	2,360,000	2,770,000	5,130,000
Interest and fiscal charges	-	1,135,947	123,772	1,259,719
Total expenditures	<u>6,228,065</u>	<u>3,571,141</u>	<u>7,087,324</u>	<u>16,886,530</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,401</u>	<u>(170,271)</u>	<u>(5,292,167)</u>	<u>(5,443,037)</u>
Other financing sources (uses):				
Transfers in.	22,600	207,497	-	230,097
Transfers (out)	-	-	(207,497)	(207,497)
Total other financing sources (uses)	<u>22,600</u>	<u>207,497</u>	<u>(207,497)</u>	<u>22,600</u>
Net change in fund balances	42,001	37,226	(5,499,664)	(5,420,437)
Fund balances at beginning of year	<u>873,686</u>	<u>3,412,070</u>	<u>4,908,800</u>	<u>9,194,556</u>
Fund balances (deficit) at end of year.	<u>\$ 915,687</u>	<u>\$ 3,449,296</u>	<u>\$ (590,864)</u>	<u>\$ 3,774,119</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	<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	\$ 208,999	\$ 79,351	\$ 112,461	\$ 131,840
Receivables:				
Intergovernmental	-	-	-	-
Materials and supplies inventory	-	-	-	-
Inventory held for resale	-	-	-	-
Total assets	<u>\$ 208,999</u>	<u>\$ 79,351</u>	<u>\$ 112,461</u>	<u>\$ 131,840</u>
Liabilities:				
Accounts payable	\$ 3,756	\$ -	\$ 603	\$ 23,890
Accrued wages and benefits	-	365	-	16,020
Pension obligation payable.	-	-	-	5,351
Intergovernmental payable	367	74	104	15,995
Due to other funds.	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>4,123</u>	<u>439</u>	<u>707</u>	<u>61,256</u>
Fund Balances:				
Reserved for encumbrances	10,626	625	3,158	12,378
Reserved for materials and supply inventory	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds.	<u>194,250</u>	<u>78,287</u>	<u>108,596</u>	<u>58,206</u>
Total fund balance (deficit).	<u>204,876</u>	<u>78,912</u>	<u>111,754</u>	<u>70,584</u>
Total liabilities and fund balances	<u>\$ 208,999</u>	<u>\$ 79,351</u>	<u>\$ 112,461</u>	<u>\$ 131,840</u>

Management Information System	Entry Year	SchoolNet Professional Development	Other State Grants	Title VI-B
\$ 9,136	\$ -	\$ 1,710	\$ 186	\$ -
-	-	-	11,887	275,025
-	-	-	-	-
-	-	-	-	-
<u>\$ 9,136</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ 12,073</u>	<u>\$ 275,025</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,964
-	-	-	-	176,529
-	-	-	-	39,758
-	21	-	-	4,748
-	-	-	-	39,955
-	-	-	11,887	43,890
-	21	-	11,887	307,844
5,202	-	-	-	10,453
-	-	-	-	-
3,934	(21)	1,710	186	(43,272)
9,136	(21)	1,710	186	(32,819)
<u>\$ 9,136</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ 12,073</u>	<u>\$ 275,025</u>

-- continued

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2008

	Title I	Title VI	Drug-Free Grant	EHA Preschool Grant
Assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Intergovernmental	150,723	19,711	15,709	28,345
Materials and supplies inventory	-	-	-	-
Inventory held for resale	-	-	-	-
	<u>150,723</u>	<u>19,711</u>	<u>15,709</u>	<u>28,345</u>
Total assets	<u>\$ 150,723</u>	<u>\$ 19,711</u>	<u>\$ 15,709</u>	<u>\$ 28,345</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	17,195	-	931	4,374
Pension obligation payable	2,672	-	468	-
Intergovernmental payable	777	-	53	113
Due to other funds	107,796	2,500	9,789	22,201
Deferred revenue	33,027	18,408	5,392	-
	<u>161,467</u>	<u>20,908</u>	<u>16,633</u>	<u>26,688</u>
Total liabilities	<u>161,467</u>	<u>20,908</u>	<u>16,633</u>	<u>26,688</u>
Fund Balances:				
Reserved for encumbrances	-	-	-	-
Reserved for materials and supply inventory	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	(10,744)	(1,197)	(924)	1,657
	<u>(10,744)</u>	<u>(1,197)</u>	<u>(924)</u>	<u>1,657</u>
Total fund balance (deficit)	<u>(10,744)</u>	<u>(1,197)</u>	<u>(924)</u>	<u>1,657</u>
Total liabilities and fund balances	<u>\$ 150,723</u>	<u>\$ 19,711</u>	<u>\$ 15,709</u>	<u>\$ 28,345</u>

Classroom Reduction	Other Federal Grants	Food Service	Uniform School Supplies	Other Special Revenue	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 410,498	\$ 158,610	\$ 21,753	\$ 1,134,544
122,882	2,630	-	-	-	626,912
-	-	5,401	-	-	5,401
-	-	24,073	34,831	-	58,904
<u>\$ 122,882</u>	<u>\$ 2,630</u>	<u>\$ 439,972</u>	<u>\$ 193,441</u>	<u>\$ 21,753</u>	<u>\$ 1,825,761</u>
\$ -	\$ -	\$ -	\$ 198	\$ -	\$ 31,411
13,948	-	102,570	1,593	-	333,525
-	-	60,206	-	-	108,455
2,939	-	3,247	10	-	28,448
64,980	1,098	-	-	-	248,319
45,780	1,532	-	-	-	159,916
<u>127,647</u>	<u>2,630</u>	<u>166,023</u>	<u>1,801</u>	<u>-</u>	<u>910,074</u>
7,151	-	974	16,047	4,527	71,141
-	-	29,474	34,831	-	64,305
<u>(11,916)</u>	<u>-</u>	<u>243,501</u>	<u>140,762</u>	<u>17,226</u>	<u>780,241</u>
<u>(4,765)</u>	<u>-</u>	<u>273,949</u>	<u>191,640</u>	<u>21,753</u>	<u>915,687</u>
<u>\$ 122,882</u>	<u>\$ 2,630</u>	<u>\$ 439,972</u>	<u>\$ 193,441</u>	<u>\$ 21,753</u>	<u>\$ 1,825,761</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, 2008

	Public School Support	Other Grants	Athletic and Music
Revenues:			
From local sources:			
Earnings on investments.	\$ -	\$ -	\$ -
Charges for services	6,459	-	-
Extracurricular.	174,649	-	312,131
Classroom materials and fees	71,129	-	-
Other local revenues	87,556	124,381	73,856
Intergovernmental - state	-	-	-
Intergovernmental - federal.	-	-	-
Total revenue	339,793	124,381	385,987
Expenditures:			
Current:			
Instruction:			
Regular	62,234	71,014	-
Special.	-	-	-
Support services:			
Pupil.	248,645	3,700	-
Instructional staff	28,410	12,692	-
Administration.	-	-	-
Business	-	-	-
Pupil transportation	-	-	-
Central.	-	-	-
Operation of non-instructional services:			
Food service operations	-	-	-
Other non-instructional services	10,743	-	-
Extracurricular activities.	-	-	392,058
Facilities acquisition and construction	-	-	7,412
Total expenditures	350,032	87,406	399,470
Excess (deficiency) of revenues over (under) expenditures	(10,239)	36,975	(13,483)
Other financing sources:			
Transfers in.	-	-	22,600
Total other financing sources	-	-	22,600
Net change in fund balances	(10,239)	36,975	9,117
Fund balances (deficit)			
at beginning of year	215,115	41,937	102,637
Fund balances (deficit) at end of year	\$ 204,876	\$ 78,912	\$ 111,754

Auxiliary Services	Management Information System	Entry Year	SchoolNet Professional Development	Other State Grants
\$ 14,901	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,670,054	17,992	3,200	2,970	14,590
-	-	-	-	-
<u>1,684,955</u>	<u>17,992</u>	<u>3,200</u>	<u>2,970</u>	<u>14,590</u>
1,333,691	-	3,191	1,259	14,310
-	-	-	-	-
144,270	-	-	-	-
13,810	-	-	-	-
161,561	-	-	-	14,030
-	-	-	-	5,600
-	-	-	-	-
-	26,790	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,653,332</u>	<u>26,790</u>	<u>3,191</u>	<u>1,259</u>	<u>33,940</u>
<u>31,623</u>	<u>(8,798)</u>	<u>9</u>	<u>1,711</u>	<u>(19,350)</u>
-	-	-	-	-
-	-	-	-	-
31,623	(8,798)	9	1,711	(19,350)
38,961	17,934	(30)	(1)	19,536
<u>\$ 70,584</u>	<u>\$ 9,136</u>	<u>\$ (21)</u>	<u>\$ 1,710</u>	<u>\$ 186</u>

-- continued

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	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	1,390,978	-	137,941	2,163	12,038
Total revenue	<u>1,390,978</u>	<u>-</u>	<u>137,941</u>	<u>2,163</u>	<u>12,038</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	657	-	1,890	-
Special	364,432	-	133,482	-	-
Support services:					
Pupil	525,605	-	15,022	-	12,666
Instructional staff	246,998	-	-	-	-
Administration	87,461	-	-	-	-
Business	-	-	-	-	-
Pupil transportation	148,500	-	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services:					
Food service operations	-	-	-	-	-
Other non-instructional services	12,642	-	-	1,590	-
Extracurricular activities	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Total expenditures	<u>1,385,638</u>	<u>657</u>	<u>148,504</u>	<u>3,480</u>	<u>12,666</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,340</u>	<u>(657)</u>	<u>(10,563)</u>	<u>(1,317)</u>	<u>(628)</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	5,340	(657)	(10,563)	(1,317)	(628)
Fund balances (deficit)					
at beginning of year	(38,159)	657	(181)	120	(296)
Fund balances (deficit) at end of year	<u>\$ (32,819)</u>	<u>\$ -</u>	<u>\$ (10,744)</u>	<u>\$ (1,197)</u>	<u>\$ (924)</u>

EHA Preschool Grant	Classroom Reduction	Other Federal Grants	Food Service	Uniform School Supplies	Other Special Revenue	Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 15,894	\$ -	\$ -	\$ 30,795
-	-	-	1,530,784	-	-	1,537,243
-	-	-	-	92,837	36,268	615,885
-	-	-	-	182,063	-	253,192
-	-	-	-	2,477	6,876	295,146
-	-	-	1,519	-	-	1,710,325
31,494	105,522	16,258	108,486	-	-	1,804,880
<u>31,494</u>	<u>105,522</u>	<u>16,258</u>	<u>1,656,683</u>	<u>277,377</u>	<u>43,144</u>	<u>6,247,466</u>
-	-	9,545	-	201,356	3,864	1,703,011
-	-	-	-	-	-	497,914
-	-	5,000	-	50,807	36,334	1,042,049
26,841	113,309	1,713	-	-	-	443,773
-	-	-	-	-	3,129	266,181
-	-	-	-	-	-	5,600
-	-	-	-	-	-	148,500
-	-	-	-	-	-	26,790
-	-	-	1,662,998	-	-	1,662,998
-	5,804	-	-	-	1,000	31,779
-	-	-	-	-	-	392,058
-	-	-	-	-	-	7,412
<u>26,841</u>	<u>119,113</u>	<u>16,258</u>	<u>1,662,998</u>	<u>252,163</u>	<u>44,327</u>	<u>6,228,065</u>
<u>4,653</u>	<u>(13,591)</u>	<u>-</u>	<u>(6,315)</u>	<u>25,214</u>	<u>(1,183)</u>	<u>19,401</u>
-	-	-	-	-	-	22,600
-	-	-	-	-	-	22,600
<u>4,653</u>	<u>(13,591)</u>	<u>-</u>	<u>(6,315)</u>	<u>25,214</u>	<u>(1,183)</u>	<u>42,001</u>
(2,996)	8,826	-	280,264	166,426	22,936	873,686
<u>\$ 1,657</u>	<u>\$ (4,765)</u>	<u>\$ -</u>	<u>\$ 273,949</u>	<u>\$ 191,640</u>	<u>\$ 21,753</u>	<u>\$ 915,687</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, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
<u>Public School Support</u>			
Total Revenues and Other Financing Sources	\$ 352,839	\$ 352,839	\$ -
Total Expenditures and Other Financing Uses	<u>482,551</u>	<u>372,061</u>	<u>110,490</u>
Net Change in Fund Balance	(129,712)	(19,222)	110,490
Fund Balance, July 1	209,836	209,836	-
Prior Year Encumbrances Appropriated	<u>7,551</u>	<u>7,551</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 87,675</u>	<u>\$ 198,165</u>	<u>\$ 110,490</u>
<u>Other Grants</u>			
Total Revenues and Other Financing Sources	\$ 124,381	\$ 124,381	\$ -
Total Expenditures and Other Financing Uses	<u>160,792</u>	<u>87,597</u>	<u>73,195</u>
Net Change in Fund Balance	(36,411)	36,784	73,195
Fund Balance, July 1	41,295	41,295	-
Prior Year Encumbrances Appropriated	<u>647</u>	<u>647</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 5,531</u>	<u>\$ 78,726</u>	<u>\$ 73,195</u>
<u>Athletic and Music</u>			
Total Revenues and Other Financing Sources	\$ 408,587	\$ 408,587	\$ -
Total Expenditures and Other Financing Uses	<u>502,031</u>	<u>404,512</u>	<u>97,519</u>
Net Change in Fund Balance	(93,444)	4,075	97,519
Fund Balance, July 1	96,747	96,747	-
Prior Year Encumbrances Appropriated	<u>8,031</u>	<u>8,031</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 11,334</u>	<u>\$ 108,853</u>	<u>\$ 97,519</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, 2008

	<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	\$ 1,685,008	\$ 1,685,008	\$ -
Total Expenditures and Other Financing Uses	<u>1,785,666</u>	<u>1,705,337</u>	<u>80,329</u>
Net Change in Fund Balance	(100,658)	(20,329)	80,329
Fund Balance, July 1	22,765	22,765	-
Prior Year Encumbrances Appropriated	<u>93,136</u>	<u>93,136</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 15,243</u>	<u>\$ 95,572</u>	<u>\$ 80,329</u>
<u>Management Information Systems</u>			
Total Revenues and Other Financing Sources	\$ 17,992	\$ 17,992	\$ -
Total Expenditures and Other Financing Uses	<u>35,831</u>	<u>32,022</u>	<u>3,809</u>
Net Change in Fund Balance	(17,839)	(14,030)	3,809
Fund Balance, July 1	11,702	11,702	-
Prior Year Encumbrances Appropriated	<u>6,262</u>	<u>6,262</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 125</u>	<u>\$ 3,934</u>	<u>\$ 3,809</u>
<u>Entry Year</u>			
Total Revenues and Other Financing Sources	\$ 3,200	\$ 3,200	\$ -
Total Expenditures and Other Financing Uses	<u>3,200</u>	<u>3,200</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>SchoolNet Professional Development</u>			
Total Revenues and Other Financing Sources	\$ 2,970	\$ 2,970	\$ -
Total Expenditures and Other Financing Uses	<u>2,970</u>	<u>1,260</u>	<u>1,710</u>
Net Change in Fund Balance	-	1,710	1,710
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u><u>\$ -</u></u>	<u><u>\$ 1,710</u></u>	<u><u>\$ 1,710</u></u>
<u>Other State Grants</u>			
Total Revenues and Other Financing Sources	\$ 21,577	\$ 14,590	\$ (6,987)
Total Expenditures and Other Financing Uses	<u>29,730</u>	<u>33,962</u>	<u>(4,232)</u>
Net Change in Fund Balance	(8,153)	(19,372)	(11,219)
Fund Balance, July 1	19,223	19,223	-
Prior Year Encumbrances Appropriated	<u>335</u>	<u>335</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u><u>\$ 11,405</u></u>	<u><u>\$ 186</u></u>	<u><u>\$ (11,219)</u></u>
<u>Title VI-B</u>			
Total Revenues and Other Financing Sources	\$ 1,674,612	\$ 1,399,587	\$ (275,025)
Total Expenditures and Other Financing Uses	<u>1,586,535</u>	<u>1,364,883</u>	<u>221,652</u>
Net Change in Fund Balance	88,077	34,704	(53,373)
Fund Balance, July 1	(127,091)	(127,091)	-
Prior Year Encumbrances Appropriated	<u>39,015</u>	<u>39,015</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u><u>\$ 1</u></u>	<u><u>\$ (53,372)</u></u>	<u><u>\$ (53,373)</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, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Title III</u>			
Total Revenues and Other Financing Sources	\$ -	\$ -	\$ -
Total Expenditures and Other Financing Uses	<u>-</u>	<u>657</u>	<u>(657)</u>
Net Change in Fund Balance	-	(657)	(657)
Fund Balance, July 1	<u>657</u>	<u>657</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 657</u>	<u>\$ -</u>	<u>\$ (657)</u>
<u>Title I</u>			
Total Revenues and Other Financing Sources	\$ 204,787	\$ 60,167	\$ (144,620)
Total Expenditures and Other Financing Uses	<u>179,943</u>	<u>143,119</u>	<u>36,824</u>
Net Change in Fund Balance	24,844	(82,952)	(107,796)
Fund Balance, July 1	<u>(24,844)</u>	<u>(24,844)</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u>\$ -</u>	<u>\$ (107,796)</u>	<u>\$ (107,796)</u>
<u>Title V</u>			
Total Revenues and Other Financing Sources	\$ 25,362	\$ 8,808	\$ (16,554)
Total Expenditures and Other Financing Uses	<u>17,566</u>	<u>3,512</u>	<u>14,054</u>
Net Change in Fund Balance	7,796	5,296	(2,500)
Fund Balance, July 1	(7,948)	(7,948)	-
Prior Year Encumbrances Appropriated	<u>152</u>	<u>152</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u>\$ -</u>	<u>\$ (2,500)</u>	<u>\$ (2,500)</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, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Drug-Free Grant</u>			
Total Revenues and Other Financing Sources	\$ 17,507	\$ 2,327	\$ (15,180)
Total Expenditures and Other Financing Uses	<u>17,848</u>	<u>12,457</u>	<u>5,391</u>
Net Change in Fund Balance	(341)	(10,130)	(9,789)
Fund Balance, July 1	341	341	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ (9,789)</u></u>	<u><u>\$ (9,789)</u></u>
<u>EHA Preschool Grant</u>			
Total Revenues and Other Financing Sources	\$ 33,500	\$ 5,655	\$ (27,845)
Total Expenditures and Other Financing Uses	<u>33,778</u>	<u>28,134</u>	<u>5,644</u>
Net Change in Fund Balance	(278)	(22,479)	(22,201)
Fund Balance, July 1	<u>278</u>	<u>278</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ (22,201)</u></u>	<u><u>\$ (22,201)</u></u>
<u>Classroom Reduction</u>			
Total Revenues and Other Financing Sources	\$ 163,286	\$ 42,503	\$ (120,783)
Total Expenditures and Other Financing Uses	<u>171,943</u>	<u>125,865</u>	<u>46,078</u>
Net Change in Fund Balance	(8,657)	(83,362)	(74,705)
Fund Balance, July 1	1,819	1,819	-
Prior Year Encumbrances Appropriated	<u>6,838</u>	<u>6,838</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ (74,705)</u></u>	<u><u>\$ (74,705)</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, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Other Federal Grants</u>			
Total Revenues and Other Financing Sources	\$ 32,674	\$ 15,160	\$ (17,514)
Total Expenditures and Other Financing Uses	<u>17,674</u>	<u>16,258</u>	<u>1,416</u>
Net Change in Fund Balance	15,000	(1,098)	(16,098)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 15,000</u></u>	<u><u>\$ (1,098)</u></u>	<u><u>\$ (16,098)</u></u>
<u>Food Service</u>			
Total Revenues and Other Financing Sources	\$ 1,670,607	\$ 1,670,608	\$ 1
Total Expenditures and Other Financing Uses	<u>1,655,719</u>	<u>1,653,710</u>	<u>2,009</u>
Net Change in Fund Balance	14,888	16,898	2,010
Fund Balance, July 1	392,607	392,607	-
Prior Year Encumbrances Appropriated	<u>19</u>	<u>19</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 407,514</u></u>	<u><u>\$ 409,524</u></u>	<u><u>\$ 2,010</u></u>
<u>Uniform School Supplies</u>			
Total Revenues and Other Financing Sources	\$ 277,409	\$ 277,410	\$ 1
Total Expenditures and Other Financing Uses	<u>386,024</u>	<u>260,422</u>	<u>125,602</u>
Net Change in Fund Balance	(108,615)	16,988	125,603
Fund Balance, July 1	114,353	114,353	-
Prior Year Encumbrances Appropriated	<u>11,024</u>	<u>11,024</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 16,762</u></u>	<u><u>\$ 142,365</u></u>	<u><u>\$ 125,603</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, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Other Special Revenue</u>			
Total Revenues and Other Financing Sources	\$ 44,204	\$ 44,204	\$ -
Total Expenditures and Other Financing Uses	<u>65,552</u>	<u>48,910</u>	<u>16,642</u>
Net Change in Fund Balance	(21,348)	(4,706)	16,642
Fund Balance, July 1	19,815	19,815	-
Prior Year Encumbrances Appropriated	<u>2,117</u>	<u>2,117</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u>\$ 584</u>	<u>\$ 17,226</u>	<u>\$ 16,642</u>
<u>Debt Service</u>			
Total Revenues and Other Financing Sources	\$ 6,464,611	\$ 6,464,610	\$ (1)
Total Expenditures and Other Financing Uses	<u>6,483,753</u>	<u>6,480,410</u>	<u>3,343</u>
Net Change in Fund Balance	(19,142)	(15,800)	3,342
Fund Balance, July 1	<u>1,194,098</u>	<u>1,194,098</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,174,956</u>	<u>\$ 1,178,298</u>	<u>\$ 3,342</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Building	Permanent Improvement	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,549,395	\$ 563,160	\$ 2,112,555
Receivables:			
Taxes	-	1,268,417	1,268,417
Total assets.	\$ 1,549,395	\$ 1,831,577	\$ 3,380,972
Liabilities:			
Accounts payable.	\$ -	\$ 103,635	\$ 103,635
Contracts payable.	27,511		27,511
Notes payable.	2,640,000		2,640,000
Deferred revenue	-	22,893	22,893
Unearned revenue.	-	1,177,797	1,177,797
Total liabilities	2,667,511	1,304,325	3,971,836
Fund Balances:			
Reserved for encumbrances	8,972	241,230	250,202
Reserved for property tax unavailable for appropriation	-	67,727	67,727
Unreserved, undesignated (deficit), reported in:			
Capital projects	(1,127,088)	218,295	(908,793)
Total fund balances (deficit)	(1,118,116)	527,252	(590,864)
Total liabilities and fund balances	\$ 1,549,395	\$ 1,831,577	\$ 3,380,972

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Building	Permanent Improvement	SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:				
From local sources:				
Taxes	\$ 450,747	\$ 1,117,945	\$ -	\$ 1,568,692
Other local revenues	-	25,000	-	25,000
Intergovernmental - state	-	165,057	36,408	201,465
	<u>450,747</u>	<u>1,308,002</u>	<u>36,408</u>	<u>1,795,157</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	228,496	36,408	264,904
Other	-	4,083	-	4,083
Support services:				
Administration	850	-	-	850
Fiscal	-	16,850	-	16,850
Facilities acquisition and construction	2,583,271	1,323,594	-	3,906,865
Debt service:				
Principal retirement	2,770,000	-	-	2,770,000
Interest and fiscal charges	123,772	-	-	123,772
	<u>5,477,893</u>	<u>1,573,023</u>	<u>36,408</u>	<u>7,087,324</u>
Excess of expenditures over revenues	<u>(5,027,146)</u>	<u>(265,021)</u>	<u>-</u>	<u>(5,292,167)</u>
Other financing uses:				
Transfers out	-	(207,497)	-	(207,497)
Total other financing uses	<u>-</u>	<u>(207,497)</u>	<u>-</u>	<u>(207,497)</u>
Net change in fund balances	(5,027,146)	(472,518)	-	(5,499,664)
Fund balances at beginning of year	<u>3,909,030</u>	<u>999,770</u>	<u>-</u>	<u>4,908,800</u>
Fund balances (deficit) at end of year	<u>\$ (1,118,116)</u>	<u>\$ 527,252</u>	<u>\$ -</u>	<u>\$ (590,864)</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, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Building</u>			
Total Revenues and Other Financing Sources	\$ 301,260	\$ 301,260	\$ -
Total Expenditures and Other Financing Uses	<u>5,203,947</u>	<u>4,054,694</u>	<u>1,149,253</u>
Net Change in Fund Balance	(4,902,687)	(3,753,434)	1,149,253
Fund Balance, July 1	1,077,529	1,077,529	-
Prior Year Encumbrances Appropriated	<u>4,188,817</u>	<u>4,188,817</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 363,659</u></u>	<u><u>\$ 1,512,912</u></u>	<u><u>\$ 1,149,253</u></u>
<u>Permanent Improvement</u>			
Total Revenues and Other Financing Sources	\$ 1,327,430	\$ 1,327,431	\$ 1
Total Expenditures and Other Financing Uses	<u>2,047,213</u>	<u>2,068,066</u>	<u>(20,853)</u>
Net Change in Fund Balance	(719,783)	(740,635)	(20,852)
Fund Balance, July 1	782,029	782,029	-
Prior Year Encumbrances Appropriated	<u>176,901</u>	<u>176,901</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 239,147</u></u>	<u><u>\$ 218,295</u></u>	<u><u>\$ (20,852)</u></u>
<u>School Net</u>			
Total Revenues	\$ 36,408	\$ 36,408	\$ -
Total Expenses	<u>36,408</u>	<u>36,408</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</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, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
<u>Community Education</u>			
Total Revenues	\$ 1,254,673	\$ 1,254,674	\$ 1
Total Expenses	<u>1,465,028</u>	<u>1,294,039</u>	<u>170,989</u>
Net Change in Fund Balance	(210,355)	(39,365)	170,990
Fund Balance, July 1	243,577	243,577	-
Prior Year Encumbrances Appropriated	<u>165,028</u>	<u>165,028</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 198,250</u>	<u>\$ 369,240</u>	<u>\$ 170,990</u>
<u>Self-Insurance</u>			
Total Revenues	\$ 7,560,282	\$ 7,560,282	\$ -
Total Expenses	<u>8,472,457</u>	<u>7,440,030</u>	<u>1,032,427</u>
Net Change in Fund Balance	(912,175)	120,252	1,032,427
Fund Balance, July 1	383,125	383,125	-
Prior Year Encumbrances Appropriated	<u>572,457</u>	<u>572,457</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 43,407</u>	<u>\$ 1,075,834</u>	<u>\$ 1,032,427</u>
<u>Scholarship</u>			
Total Revenues	\$ 103,665	\$ 103,665	\$ -
Total Expenses	<u>120,392</u>	<u>103,515</u>	<u>16,877</u>
Net Change in Fund Balance	(16,727)	150	16,877
Fund Balance, July 1	<u>10,985</u>	<u>10,985</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u>\$ (5,742)</u>	<u>\$ 11,135</u>	<u>\$ 16,877</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, 2008

Student Activities

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>
ASSETS:				
Equity in pooled cash and cash equivalents.	\$ 41,848	\$ 71,629	\$ 59,699	\$ 53,778
Total assets.	<u>\$ 41,848</u>	<u>\$ 71,629</u>	<u>\$ 59,699</u>	<u>\$ 53,778</u>
LIABILITIES:				
Due to students.	\$ 30,009	\$ 61,245	\$ 47,860	\$ 43,394
Accounts payable.	11,839	10,384	11,839	10,384
Total liabilities.	<u>\$ 41,848</u>	<u>\$ 71,629</u>	<u>\$ 59,699</u>	<u>\$ 53,778</u>

Six District Educational Compact

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>
ASSETS:				
Equity in pooled cash and cash equivalents.	\$ 98,495	\$ 596,599	\$ 570,054	\$ 125,040
Total assets.	<u>\$ 98,495</u>	<u>\$ 596,599</u>	<u>\$ 570,054</u>	<u>\$ 125,040</u>
LIABILITIES:				
Accounts payable.	\$ 7,007	\$ 2,778	\$ 7,007	\$ 2,778
Accrued wages.	3,447	3,555	3,447	3,555
Intergovernmental payable	13,519	3,643	13,519	3,643
Pension obligation payable.	5,060	4,884	5,060	4,884
Undistributed monies	69,462	581,739	541,021	110,180
Total liabilities.	<u>\$ 98,495</u>	<u>\$ 596,599</u>	<u>\$ 570,054</u>	<u>\$ 125,040</u>

Total

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>
ASSETS:				
Equity in pooled cash and cash equivalents.	\$ 140,343	\$ 668,228	\$ 629,753	\$ 178,818
Total assets.	<u>\$ 140,343</u>	<u>\$ 668,228</u>	<u>\$ 629,753</u>	<u>\$ 178,818</u>
LIABILITIES:				
Due to students.	\$ 30,009	\$ 61,245	\$ 47,860	43,394
Accounts payable.	18,846	13,162	18,846	13,162
Accrued wages.	3,447	3,555	3,447	3,555
Intergovernmental payable	13,519	3,643	13,519	3,643
Pension obligation payable.	5,060	4,884	5,060	4,884
Undistributed monies	69,462	581,739	541,021	110,180
Total liabilities.	<u>\$ 140,343</u>	<u>\$ 668,228</u>	<u>\$ 629,753</u>	<u>\$ 178,818</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

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

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	S2 - S13
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	S14 -S19
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	S20 - S23
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	S24-S25
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	S26-S34

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 23,252,056	\$ 17,574,629	\$ 22,610,611	\$ 22,621,463
Restricted	4,395,239	8,620,854	2,975,479	1,964,726
Unrestricted	7,025,595	5,301,232	841,055	(630,985)
Total governmental activities net assets	<u>\$ 34,672,890</u>	<u>\$ 31,496,715</u>	<u>\$ 26,427,145</u>	<u>\$ 23,955,204</u>
Business-type activities				
Unrestricted	\$ 324,739	\$ 281,580	\$ 224,332	\$ 165,773
Total business-type activities net assets	<u>\$ 324,739</u>	<u>\$ 281,580</u>	<u>\$ 224,332</u>	<u>\$ 165,773</u>
Primary government				
Invested in capital assets, net of related debt	\$ 23,252,056	\$ 17,574,629	\$ 22,610,611	\$ 22,621,463
Restricted	4,395,239	8,620,854	2,975,479	1,964,726
Unrestricted	7,350,334	5,582,812	1,065,387	(465,212)
Total primary government net assets	<u>\$ 34,997,629</u>	<u>\$ 31,778,295</u>	<u>\$ 26,651,477</u>	<u>\$ 24,120,977</u>

Source: School District financial records.

<u>2004</u>	<u>2003</u>
\$ 22,376,384	\$ 22,678,949
2,573,352	2,293,932
<u>(5,699,201)</u>	<u>(4,985,004)</u>
<u>\$ 19,250,535</u>	<u>\$ 19,987,877</u>

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

\$ 22,376,384	\$ 22,678,949
2,573,352	2,293,932
<u>(5,584,180)</u>	<u>(4,867,797)</u>
<u>\$ 19,365,556</u>	<u>\$ 20,105,084</u>

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

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 29,090,257	\$ 29,363,006	\$ 27,218,512	\$ 25,454,301
Special	5,981,206	5,359,756	5,184,533	4,551,698
Vocational	372,512	366,288	285,679	285,963
Adult/Continuing	-	-	15,059	17,496
Other instructional	707,956	564,895	532,122	388,805
Support services:				
Pupil	4,194,460	4,095,825	3,745,017	3,430,276
Instructional staff	4,514,964	4,143,529	3,992,689	3,900,864
Board of education	39,191	86,777	46,313	33,603
Administration	4,320,855	4,120,189	4,011,601	3,737,759
Fiscal	1,302,064	1,197,348	1,118,243	1,084,887
Business	524,006	459,463	403,174	370,938
Operations and maintenance	5,579,144	4,822,825	4,770,844	4,689,430
Pupil transportation	3,383,529	3,222,654	3,144,242	3,515,470
Central	371,527	338,315	327,914	342,548
Operation of non-instructional services:				
Food service operations	1,625,420	1,646,119	1,599,960	1,577,089
Other non-instructional services	24,990	67,194	32,068	30,760
Extracurricular activities	1,337,715	1,341,007	1,281,754	1,200,351
Intergovernmental pass-through	-	-	1,433,299	1,497,383
Interest and fiscal charges	2,081,168	2,225,204	2,342,997	2,326,758
Total governmental activities expenses	<u>65,450,964</u>	<u>63,420,394</u>	<u>61,486,020</u>	<u>58,436,379</u>
Business-type activities:				
Community education	1,186,280	1,071,923	1,099,610	1,063,751
Total business-type activities expenses	<u>1,186,280</u>	<u>1,071,923</u>	<u>1,099,610</u>	<u>1,063,751</u>
Total primary government expenses	<u>\$ 66,637,244</u>	<u>\$ 64,492,317</u>	<u>\$ 62,585,630</u>	<u>\$ 59,500,130</u>

<u>2004</u>	<u>2003</u>
\$ 24,983,603	\$ 23,731,674
4,185,412	4,101,950
309,954	286,703
-	-
476,290	817,998
3,386,131	3,441,568
3,631,033	3,591,957
43,428	43,414
4,005,983	3,684,495
1,120,757	983,947
414,012	369,361
5,349,709	5,277,330
2,816,749	2,808,211
361,106	311,047
1,563,691	1,565,615
40,510	39,960
1,233,044	1,169,803
1,248,837	1,272,469
1,548,363	1,829,639
<u>56,718,612</u>	<u>55,327,141</u>
1,058,010	982,763
<u>1,058,010</u>	<u>982,763</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 SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Program Revenues	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 397,466	\$ 441,873	\$ 461,183	\$ 388,533
Other	-	545	17,900	-
Support services:				
Pupil	332,620	363,272	301,209	211,827
Instructional staff	27,579	11,364	8,820	7,898
Administration	3,132	2,018	-	-
Pupil transportation	23,316	-	-	-
Operation of non-instructional services:				
Food service operations	1,530,784	1,477,851	1,462,685	1,465,356
Other non-instructional services	11,369	26,042	14,745	13,164
Extracurricular activities	582,216	593,913	498,836	398,885
Operating grants and contributions:				
Instruction:				
Regular	1,496,365	1,350,135	28,556	49,106
Special	1,343,302	1,531,637	1,538,785	501,735
Vocational	25,610	43,908	-	-
Other	-	94,298	18,000	-
Support services:				
Pupil	704,493	742,436	606,232	481,864
Instructional staff	389,026	294,394	370,546	567,453
Administration	261,310	209,392	65,615	66,644
Business	4,362	-	-	-
Operations and maintenance	-	-	5,300	-
Pupil transportation	226,897	227,429	9	13,849
Central	17,992	17,867	18,148	17,386
Operation of non-instructional services:				
Food service operations	125,899	166,496	175,512	130,686
Other non-instructional services	24,143	30,820	1,639	21,682
Intergovernmental pass-through	-	-	1,506,633	1,425,802
Capital grants and contributions:				
Instruction:				
Regular	61,408	-	-	-
Support services:				
Administration	-	1,164	3,995	-
Fiscal	-	236	1,205	-
Extracurricular activities	-	-	-	69,828
Total governmental program revenues	<u>7,589,289</u>	<u>7,627,090</u>	<u>7,105,553</u>	<u>5,831,698</u>
		-		
Business-type activities:				
Charges for services	1,229,439	1,129,171	1,158,169	1,112,580
Operating grants and contributions	-	-	-	1,923
Total business-type activities program revenues	<u>1,229,439</u>	<u>1,129,171</u>	<u>1,158,169</u>	<u>1,114,503</u>
Total primary government program revenue	<u>\$ 8,818,728</u>	<u>\$ 8,756,261</u>	<u>\$ 8,263,722</u>	<u>\$ 6,946,201</u>
Net (Expense)/Revenue				
Governmental activities	\$ (57,861,675)	\$ (55,793,304)	\$ (54,380,467)	\$ (52,604,681)
Business-type activities	43,159	57,248	58,559	50,752
Total primary government net expense	<u>\$ (57,818,516)</u>	<u>\$ (55,736,056)</u>	<u>\$ (54,321,908)</u>	<u>\$ (52,553,929)</u>

<u>2004</u>	<u>2003</u>
\$ 377,250	\$ 405,206
-	-
235,252	202,237
-	-
-	-
-	-
1,444,725	1,365,745
-	-
334,818	331,869
360,009	172,009
384,266	59,720
-	-
-	21,000
404,913	398,936
401,638	167,603
35,496	54,521
-	-
8,798	-
2,038	-
20,345	3,112
135,860	128,315
26,093	8,062
1,358,055	1,239,043
-	85,350
-	-
-	-
-	-
<u>5,529,556</u>	<u>4,642,728</u>
1,055,824	900,380
-	-
<u>1,055,824</u>	<u>900,380</u>
<u>\$ 6,585,380</u>	<u>\$ 5,543,108</u>
\$ (51,189,056)	\$ (50,684,413)
(2,186)	(82,383)
<u>\$ (51,191,242)</u>	<u>\$ (50,766,796)</u>

-- Continued

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

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

General Revenues and Other Changes in Net Assets	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 36,956,647	\$ 37,715,893	\$ 34,530,049	\$ 35,701,776
Debt service	3,036,407	3,050,457	3,633,321	2,270,292
Capital outlay	1,572,169	1,530,840	1,042,442	1,082,941
Grants and entitlements not restricted to specific programs	18,080,264	16,615,320	15,881,846	17,182,672
Investment earnings	1,286,547	1,803,271	1,571,148	952,108
Miscellaneous	105,816	147,093	193,602	119,561
Total governmental activities	<u>61,037,850</u>	<u>60,862,874</u>	<u>56,852,408</u>	<u>57,309,350</u>
Total primary government	<u>\$ 61,037,850</u>	<u>\$ 60,862,874</u>	<u>\$ 56,852,408</u>	<u>\$ 57,309,350</u>
 Change in Net Assets				
Governmental activities	\$ 3,176,175	\$ 5,069,570	\$ 2,471,941	\$ 4,704,669
Business-type activities	43,159	57,248	58,559	50,752
Total primary government	<u>\$ 3,219,334</u>	<u>\$ 5,126,818</u>	<u>\$ 2,530,500</u>	<u>\$ 4,755,421</u>

Source: School District financial records.

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

<u>2004</u>	<u>2003</u>
\$ 30,419,376	\$ 31,148,442
2,235,254	2,453,157
979,841	1,092,167
16,377,027	15,645,717
177,039	315,327
263,177	289,801
<u>50,451,714</u>	<u>50,944,611</u>
<u>\$ 50,451,714</u>	<u>\$ 50,944,611</u>
\$ (737,342)	\$ 260,198
(2,186)	(82,383)
<u>\$ (739,528)</u>	<u>\$ 177,815</u>

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

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:				
Reserved	\$ 3,673,180	\$ 5,082,727	\$ 3,206,619	\$ 3,160,430
Unreserved	<u>8,759,910</u>	<u>6,940,335</u>	<u>4,654,175</u>	<u>4,524,522</u>
Total general fund	<u>\$ 12,433,090</u>	<u>\$ 12,023,062</u>	<u>\$ 7,860,794</u>	<u>\$ 7,684,952</u>
All Other Governmental Funds:				
Reserved	\$ 3,902,671	\$ 7,054,409	\$ 14,664,726	\$ 3,654,382
Unreserved (deficit), reported in:				
Special revenue funds	780,241	672,302	574,073	546,330
Capital projects funds	<u>(908,793)</u>	<u>1,467,845</u>	<u>3,015,980</u>	<u>18,152,799</u>
Total all other governmental funds	<u>\$ 3,774,119</u>	<u>\$ 9,194,556</u>	<u>\$ 18,254,779</u>	<u>\$ 22,353,511</u>

Source: School District financial records.

2004	2003	2002	2001	2000	1999
\$ 1,930,496	\$ 3,211,506	\$ 1,410,532	\$ 1,491,722	\$ 2,165,529	\$ 1,843,601
<u>1,162,442</u>	<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>\$ 3,092,938</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>
\$ 1,603,393	\$ 2,143,551	\$ 1,761,483	\$ 1,484,052	\$ 1,768,320	\$ 1,473,870
762,103	590,061	458,704	476,826	452,283	372,507
<u>587,083</u>	<u>287,594</u>	<u>808,365</u>	<u>831,263</u>	<u>426,641</u>	<u>310,405</u>
<u>\$ 2,952,579</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>

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

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues					
From local sources:					
Taxes	\$ 41,478,391	\$ 42,233,924	\$ 39,142,496	\$ 39,051,878	\$ 33,132,113
Tuition	70,126	107,876	77,587	69,161	71,399
Transportation fees	23,316	-	-	-	-
Charges for services	1,537,243	1,483,619	1,469,185	1,473,077	1,453,339
Earnings on investments	1,284,315	2,044,961	1,517,291	802,546	141,892
Extracurricular	812,114	890,738	754,939	576,915	614,295
Classroom materials and fees	294,918	271,216	254,510	243,533	249,188
Other local revenues	425,962	400,619	407,959	242,538	267,001
Intergovernmental	-	-	-	-	-
Intergovernmental - Intermediate	220,000	220,000	326,662	543,276	226,471
Intergovernmental - State	20,560,306	19,141,356	18,059,869	18,240,221	17,903,547
Intergovernmental - Federal	901,987	2,591,854	1,242,731	1,524,507	1,263,435
Total revenues	<u>67,608,678</u>	<u>69,386,163</u>	<u>63,253,229</u>	<u>62,767,652</u>	<u>55,322,680</u>
Expenditures					
Current:					
Instruction:					
Regular	28,883,870	27,381,559	25,906,604	24,451,633	24,205,572
Special	6,024,879	5,348,069	5,105,276	4,497,526	4,138,437
Vocational	359,473	348,689	268,734	270,846	291,430
Adult/Continuing	-	-	-	-	-
Other	699,881	551,964	532,122	388,805	484,241
Current:					
Pupil	4,230,914	3,871,512	3,703,133	3,406,656	3,364,297
Instructional staff	4,584,820	4,108,874	3,883,897	3,851,498	3,577,549
Board of education	39,191	62,679	45,169	39,319	43,568
Administration	4,354,324	4,002,364	3,948,855	3,681,662	4,015,855
Fiscal	1,311,073	1,209,265	1,117,617	1,081,177	1,113,076
Business	529,938	459,781	401,613	370,855	404,294
Operations and maintenance	5,160,851	4,777,140	4,706,725	4,552,039	4,304,382
Pupil transportation	3,208,379	3,008,638	2,904,170	3,315,242	2,831,375
Central	379,276	339,149	323,179	342,551	361,813
Operation of non-instructional services:					
Food service operations	1,662,998	1,634,538	1,567,594	1,557,715	1,557,279
Other non-instructional services	31,779	64,625	23,226	24,675	33,601
Extracurricular activities	1,261,363	1,276,866	1,216,146	1,123,155	1,172,972
Pass through payments	-	1,623,787	1,434,409	1,496,878	1,261,899
Facilities acquisitions and construction	4,172,880	13,254,047	5,966,981	941,734	981,818
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	5,332,240	2,527,242	2,502,739	2,373,707	643,436
Interest and fiscal charges	1,293,851	1,203,330	1,217,930	968,779	1,804,704
Bond issue costs	-	-	-	426,874	-
Total expenditures	<u>73,521,980</u>	<u>77,054,118</u>	<u>66,776,119</u>	<u>59,163,326</u>	<u>56,591,598</u>
Excess of revenues over (under) expenditures	(5,913,302)	(7,667,955)	(3,522,890)	3,604,326	(1,268,918)
Other Financing Sources (Uses)					
Transfers in	230,097	228,357	231,271	222,989	242,997
Transfers (out)	(230,097)	(228,357)	(631,271)	(222,989)	(242,997)
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>-</u>	<u>2,770,000</u>	<u>(400,000)</u>	<u>20,787,892</u>	<u>4,110</u>
Net change in fund balances	<u>\$ (5,913,302)</u>	<u>\$ (4,897,955)</u>	<u>\$ (3,922,890)</u>	<u>\$ 24,392,218</u>	<u>\$ (1,264,808)</u>
Debt service as a percentage of noncapital expenditures	9.55%	5.85%	6.12%	6.47%	4.40%

Source: School District financial records.

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

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$	34,717,907	\$ 32,835,352	\$ 32,379,327	\$ 31,080,258	\$ 28,663,799
	89,584	87,709	156,173	126,301	118,614
	-	-	-	-	-
	1,648,559	-	6,064	7,339	11,542
	330,738	428,364	812,607	748,751	690,662
	468,735	431,800	430,899	441,139	386,820
	-	-	-	-	-
	387,980	311,374	244,905	213,917	181,153
	-	-	14,027,866	12,861,323	11,378,530
	109,581	26,625	-	-	-
	16,892,278	16,561,703	-	-	-
	947,693	901,886	-	-	-
	<u>55,593,055</u>	<u>51,584,813</u>	<u>48,057,841</u>	<u>45,479,028</u>	<u>41,431,120</u>
	23,391,460	23,131,646	22,119,620	20,553,603	19,390,124
	4,045,538	3,614,102	3,180,202	2,798,760	2,437,311
	260,876	256,132	273,897	261,997	278,362
	-	-	283	8,328	4,065
	822,633	585,560	584,225	469,249	319,649
	3,432,758	3,405,934	3,042,400	2,753,292	2,642,527
	3,508,990	3,244,951	2,774,146	2,489,161	2,236,290
	41,612	41,542	40,738	51,617	47,648
	3,653,183	3,530,063	3,459,983	3,157,888	2,874,938
	989,395	1,037,771	1,014,090	939,195	924,269
	372,901	321,865	305,004	350,675	256,249
	4,405,895	4,087,462	4,125,271	3,815,707	3,415,132
	2,688,428	2,678,118	2,638,438	2,298,955	2,446,861
	308,490	353,803	340,186	266,482	195,795
	1,488,850	-	-	-	-
	33,555	23,997	15,901	15,250	10,596
	1,124,173	1,054,493	979,594	915,957	847,354
	1,266,389	-	-	-	-
	900,496	788,903	-	-	-
	-	-	1,447,957	738,001	1,361,209
	2,121,959	2,069,200	2,011,826	1,979,815	1,888,151
	506,560	612,586	712,317	807,262	894,652
	-	-	-	-	-
	<u>55,364,141</u>	<u>50,838,128</u>	<u>49,066,078</u>	<u>44,671,194</u>	<u>42,471,182</u>
	228,914	746,685	(1,008,237)	807,834	(1,040,062)
	119,868	78,164	768,844	643,679	706,224
	(119,868)	(83,164)	(778,814)	(643,679)	(711,224)
	-	663	789	1,068	21,257
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	(4,337)	(9,181)	1,068	16,257
\$	<u>228,914</u>	<u>742,348</u>	<u>(1,017,418)</u>	<u>808,902</u>	<u>(1,023,805)</u>
	4.83%	5.36%	5.72%	6.34%	6.77%

**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
2008	\$ 893,375,820	\$ 2,552,502,343	\$ 12,800,937	51,203,748	\$ 8,617,985	\$ 24,622,814
2007	893,375,820	2,552,502,343	25,601,873	102,407,492	12,164,170	34,754,771
2006	880,397,600	2,515,421,714	36,440,903	149,743,056	13,229,180	37,797,657
2005	806,742,980	2,304,979,943	50,398,882	143,996,806	15,998,320	45,709,486
2004	797,188,020	2,277,680,057	51,669,668	147,627,623	16,218,330	46,338,086
2003	795,743,250	2,273,552,143	61,203,761	174,867,889	17,332,170	49,520,486
2002	715,164,690	2,043,327,686	62,661,329	179,032,369	16,195,670	46,273,343
2001	697,318,160	1,992,337,600	59,073,383	168,781,094	18,597,560	53,135,886
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

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	%
\$ 914,794,742	\$ 2,628,328,905	\$ 86.25	34.81%
931,141,863	2,689,664,606	\$ 86.12	34.62%
930,067,683	2,702,962,427	\$ 80.73	34.41%
873,140,182	2,494,686,234	\$ 80.73	35.00%
865,076,018	2,471,645,766	\$ 80.98	35.00%
874,279,181	2,497,940,517	\$ 75.15	35.00%
794,021,689	2,268,633,397	\$ 75.63	35.00%
774,989,103	2,214,254,580	\$ 75.73	35.00%
758,745,913	2,167,845,466	\$ 76.13	35.00%
724,517,265	2,070,049,329	\$ 76.13	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	
2007/2008	Boston Township	\$ 2.72	\$ 0.42	\$ -	\$ 3.14	\$ 86.25	\$ 14.26	\$ 7.98	\$ 8.80	\$ 1.00	\$ 118.29	
	Boston Heights Village	2.72	0.42	-	3.14	86.25	14.26	6.60	-	-	107.11	
	Hudson City	2.72	0.42	2.11	5.25	86.25	14.26	7.28	-	-	107.79	
	Cuyahoga Falls City	2.72	0.42	-	3.14	86.25	14.26	11.00	-	-	111.51	
2006/2007	Boston Township	2.59	0.62	-	3.21	86.12	14.57	7.98	8.80	0.50	117.97	
	Boston Heights Village	2.59	0.62	-	3.21	86.12	14.57	6.85	-	-	107.54	
	Hudson City	2.59	0.62	1.75	4.96	86.12	14.57	6.92	-	-	107.61	
	Cuyahoga Falls City	2.59	0.62	-	3.21	86.12	14.57	11.00	-	-	111.69	
2005/2006	Boston Township	2.70	0.62	-	3.32	80.73	13.07	8.48	8.80	-	111.08	
	Boston Heights Village	2.70	0.62	-	3.32	80.73	13.07	6.85	-	-	100.65	
	Hudson City	2.70	0.62	2.03	5.35	80.73	13.07	6.94	-	-	100.74	
	Cuyahoga Falls City	2.70	0.62	-	3.32	80.73	13.07	11.00	-	-	104.80	
2004/2005	Boston Township	2.70	0.67	-	3.37	80.73	13.07	8.48	8.80	-	111.08	
	Boston Heights Village	2.70	0.67	-	3.37	80.73	13.07	6.85	-	-	100.65	
	Hudson City	2.70	0.67	2.37	5.74	80.73	13.07	6.94	-	-	100.74	
	Cuyahoga Falls City	2.70	0.67	-	3.37	80.73	13.07	11.00	-	-	104.80	
2003/2004	Boston Township	2.95	0.69	-	3.64	80.98	13.07	8.48	8.80	-	111.33	
	Boston Heights Village	2.95	0.69	-	3.64	80.98	13.07	6.85	-	-	100.90	
	Hudson City	2.95	0.69	-	3.64	80.98	13.07	9.67	-	-	103.72	
	Cuyahoga Falls City	2.95	0.69	-	3.64	80.98	13.07	11.00	-	-	105.05	
2002/2003	Boston Township	2.62	0.52	-	3.14	75.15	13.07	8.48	8.80	-	105.50	
	Boston Heights Village	2.62	0.52	-	3.14	75.15	13.07	6.85	-	-	95.07	
	Hudson City	2.62	0.52	1.99	5.13	75.15	13.07	9.29	-	-	97.51	
	Cuyahoga Falls City	2.62	0.52	-	3.14	75.15	13.07	11.00	-	-	99.22	
2001/2002	Boston Township	3.10	0.36	-	3.46	75.63	13.07	7.48	6.50	-	102.68	
	Boston Heights Village	3.10	0.36	-	3.46	75.63	13.07	7.35	-	-	96.05	
	Hudson City	3.10	0.36	2.27	5.73	75.63	13.07	-	-	-	88.70	
	Cuyahoga Falls City	3.10	0.36	-	3.46	75.63	13.07	11.00	-	-	99.70	
2000/2001	Boston Township	3.20	0.36	-	3.56	75.73	13.07	8.48	6.50	-	103.78	
	Boston Heights Village	3.20	0.36	-	3.56	75.73	13.07	7.35	-	-	96.15	
	Hudson City	3.20	0.36	2.27	5.83	75.73	13.07	8.94	-	-	97.74	
	Cuyahoga Falls City	3.20	0.36	-	3.56	75.73	13.07	11.00	-	-	99.80	
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	

Source: Summit County Auditor's Office

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

PRINCIPAL PERSONAL PROPERTY TAX PAYERS
DECEMBER 31, 2007 AND DECEMBER 31, 1999

December 31, 2007			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Little Tikes	\$ 5,777,110	1	0.63%
Fabri-Centers of America, Inc.	3,668,420	2	0.40%
Title Guarantee & Trust Co. Trustee	3,363,440	3	0.37%
Albrecht Inc.	1,989,910	4	0.22%
Leohr Douglas C Trustee	1,961,620	5	0.21%
SAI Living Hudson, Inc.	1,869,480	6	0.20%
Kobelco Stewart Bolling, Inc.	1,808,060	7	0.20%
Alltel Service Corp.	1,738,280	8	0.19%
Leohr Douglas C Trustee	1,616,660	9	0.18%
Hudson MOB LLC	1,549,020	10	0.17%
Total	\$ 25,342,000		118.32%

December 31, 1999			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Western Reserve Telephone	\$ 10,839,210	1	1.50%
Allstate Insurance	7,235,640	2	1.00%
Little Tikes	6,420,070	3	0.89%
Ohio Edison Company	5,141,220	4	0.71%
Jagi Cleveland-Hudson LLC	3,718,340	5	0.51%
Jo-Ann Stores, Inc.	3,290,790	6	0.45%
Title Guarantee & Trust - Trustee	2,244,910	7	0.31%
Flood Company	2,111,520	8	0.29%
East Ohio Gas Company	1,920,580	9	0.27%
Georgetown Development	1,658,370	10	0.23%
Total	\$ 44,580,650		58.87%

Source: Summit County Auditor's Office

Note: Information on principal property tax payers prior to December 31, 1999 was unavailable. Information is available by calendar year only.

**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
2007/2008	N/A	N/A	N/A	N/A	N/A
2006/2007	\$ 46,523,621	\$ 3,493,418	\$ 50,017,039	\$ 44,543,664	95.74%
2005/2006	41,480,529	3,127,785	44,608,314	40,189,583	96.89%
2004/2005	41,611,978	2,620,611	44,232,589	40,381,049	97.04%
2003/2004	41,689,243	1,940,947	43,630,190	40,481,651	97.10%
2002/2003	36,521,096	1,779,068	38,300,164	35,139,224	96.22%
2001/2002	35,827,683	1,604,695	37,432,378	34,867,895	97.32%
2000/2001	36,284,070	1,304,182	37,588,252	35,091,681	96.71%
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%

Source: Summit County Auditor's Office

Note: Information for 2007/2008 is not available

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
N/A	N/A	N/A
\$ 1,979,958	\$ 46,523,622	93.02%
1,290,947	41,480,530	92.99%
1,179,119	41,560,168	93.96%
1,228,060	41,709,711	95.60%
1,720,664	36,859,888	96.24%
1,023,222	35,891,117	95.88%
1,338,767	36,430,448	96.92%
969,318	35,286,204	95.47%
1,025,807	34,609,099	95.59%

**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
2008	\$ 28,167,134	\$ 28,167,134	2.97%	1,217	5,423
2007	31,772,507	31,772,507	3.35%	1,372	5,950
2006	29,439,692	29,439,692	3.12%	1,275	5,441
2005	30,669,699	30,669,699	3.11%	1,273	5,565
2004	10,607,457	10,607,457	1.16%	473	1,894
2003	11,250,929	11,250,929	1.21%	494	2,008
2002	13,372,888	13,372,888	1.45%	592	2,392
2001	15,392,088	15,392,088	1.68%	686	2,797
2000	17,353,914	17,353,914	1.92%	784	3,154
1999	19,288,729	19,288,729	2.16%	883	3,503

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
2008	\$ 28,167,134	\$ 28,167,134	1.07%	1,217
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

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, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Hudson City School District	\$ 28,167,134 (1)	100.00%	\$ 28,167,134
Overlapping debt:			
City of Hudson	37,683,101	99.67%	37,558,747
City of Cuyahoga Falls	7,924,800	1.33%	105,400
Summitt County	49,245,000	7.28%	3,585,036
Metro Transit	<u>650,000</u>	7.28%	<u>47,320</u>
Total direct and overlapping debt	<u>\$ 123,670,035</u>		<u>\$ 69,463,637</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
2008	\$ 80,815,484	\$ 28,167,134	\$ 3,449,296	\$ 24,717,838	\$ 56,097,646	30.59%
2007	80,801,473	31,772,507	3,412,070	28,360,437	52,441,036	35.10%
2006	83,706,091	29,439,692	3,618,489	25,821,203	57,884,888	30.85%
2005	78,582,616	30,669,699	3,167,920	27,501,779	51,080,837	35.00%
2004	77,856,842	10,607,457	1,278,746	9,328,711	68,528,131	11.98%
2003	78,685,126	11,250,929	1,274,068	9,976,861	68,708,265	12.68%
2002	71,461,952	13,372,888	1,226,759	12,146,129	59,315,823	17.00%
2001	69,749,019	15,392,088	1,200,720	14,191,368	55,557,651	20.35%
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%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 914,794,742
Less: The portion of tangible personal property excluded by House Bill 530	<u>(16,844,922)</u>
Total assessed value	897,949,820
Debt limit (9% of assessed value)	80,815,484
Add: debt service fund equity	3,449,296
Less: debt applicable to limit	<u>(28,167,134)</u>
Legal debt margin	<u>\$ 56,097,646</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 (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rates (4)</u>		
						<u>Summit County</u>	<u>Ohio</u>	<u>United States</u>
2008	23,154	\$ 947,345,910	\$ 40,915	38.9	5,194	6.2%	6.6%	5.5%
2007	23,154	\$ 947,345,910	40,915	38.9	5,340	5.2%	5.7%	4.6%
2006	23,084	\$ 944,481,860	40,915	38.9	5,411	5.3%	5.6%	4.6%
2005	24,089	\$ 985,601,435	40,915	38.9	5,511	5.4%	5.9%	5.0%
2004	22,439	\$ 918,091,685	40,915	38.9	5,601	6.1%	5.7%	5.7%
2003	22,765	\$ 931,429,975	40,915	38.9	5,602	6.2%	5.5%	6.0%
2002	22,593	\$ 924,392,595	40,915	38.9	5,591	6.0%	5.3%	5.8%
2001	22,439	\$ 918,091,685	40,915	38.9	5,504	4.6%	4.8%	4.0%
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%

(1 & 2) U. S. Census Bureau

(3) District records

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

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

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

December 31, 2007

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>
Allstate Insurance Company	1,200	1
Jo-Ann Stores Inc.	1,150	2
Hudson City School District	660	3
Little Tikes Company	400	4
Windstream Communications Inc.	360	5
Laurel Lake Retirement Community	350	6
City of Hudson	151	7
Western Reserve Academy	150	8
Universal Screen Arts	130	9
Lexi-Comp Inc.	<u>125</u>	10
Total	<u><u>4,676</u></u>	

December 31, 1998

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>
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	<u>280</u>	10
Total	<u><u>5,902</u></u>	

Source: City records and employers

Note: Information on total employees of the City not available. Information is available by calendar year only.

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

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

<u>Type</u>	<u>2008</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	135	138	136	141	142	138	137	137	134
Middle	82	82	88	87	88	87	85	85	82	82
High	107	105	105	105	105	107	103	101	97	94
Tutors	25	24	22	20	21	21	20	19	18	16
Others	4	3	3	1	1	2	11	12	11	2
Administration:										
District	30	29	31	31	31	31	31	28	29	29
Auxiliary Positions:										
Counselors	12	12	11	16	14	14	14	14	14	13
Speech	9	10	10	9	9	9	8	8	8	7
Mental Health Specialists	7	7	7	7	7	8	6	5	3	3
Other	29	29	29	25	32	26	24	21	19	18
Support Staff:										
Secretarial	51	49	50	49	50	49	49	49	46	45
Aides	88	71	74	76	77	74	75	68	64	59
Hall monitor/Security	11	10	13	12	11	14	11	14	14	14
Food service	26	24	26	25	26	25	25	24	23	21
Custodial	33	33	33	33	34	34	33	33	33	33
Maintenance	10	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	4	5	5	4	4	4	3
Total	663	637	694	682	700	696	689	669	647	619
<u>Function</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Instruction:										
Regular	237	239	247	247	255	253	250	248	245	242
Special	59	54	52	49	47	47	43	40	37	33
Vocational	3	3	3	3	3	4	4	4	4	4
Other	54	53	53	50	53	54	60	61	59	49
Support Services:										
Pupil	47	47	46	44	48	47	42	38	36	33
Instructional staff	109	91	96	101	100	99	96	92	85	80
Administration	70	68	70	69	69	70	69	67	65	64
Fiscal	7	7	6	6	5	5	5	5	5	5
Business	5	5	5	5	5	5	5	5	5	5
Operations and maintenance	44	44	87	80	85	83	86	81	79	80
Central	2	2	3	3	4	4	4	4	4	3
Food service	26	24	26	25	26	25	25	24	23	21
Total Governmental Activities	663	637	694	682	700	696	689	669	647	619

Source: School District records

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

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

Function	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Instruction:										
Regular and Special										
Enrollment (students)	5,194	5,340	5,411	5,511	5,601	5,602	5,591	5,504	5,502	5,506
Graduates	419	423	428	396	415	379	399	371	367	398
Support services:										
Administration										
Student attendance rate	96.20%	96.20%	95.90%	95.80%	96.10%	95.90%	95.90%	95.70%	95.40%	95.10%
Food service operations										
Number of students with free or reduced lunches	84	120	108	(1)	(1)	(1)	(1)	(1)	(1)	(1)

Source: District records

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

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

**CAPITAL ASSET STATISTICS
LAST SIX FISCAL YEARS**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Land	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204
Construction in progress	-	1,175,722	5,966,981	-
Land improvements	579,437	555,802	583,272	642,824
Buildings and improvements	46,621,347	43,593,167	26,707,512	27,491,199
Furniture, fixtures and equipment	1,912,037	1,564,094	1,746,614	1,891,468
Vehicles	901,250	1,038,843	1,263,490	1,423,467
 Total Governmental Activities Capital Assets, net	 <u>\$ 51,046,275</u>	 <u>\$ 48,959,832</u>	 <u>\$ 37,300,073</u>	 <u>\$ 32,481,162</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

<u>2004</u>	<u>2003</u>
\$ 1,032,204	\$ 1,032,204
-	-
702,376	736,871
28,278,385	29,053,744
1,921,220	2,043,635
1,049,656	1,063,424
\$ 32,983,841	\$ 33,929,878

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	2008	2007	2006	2005	2004	2003
Evamere Elementary						
Square feet	59,847	47,897	47,897	47,897	47,897	47,897
Enrollment	599	705	710	721	743	794
Hudson Elementary						
Square feet	-	27,428	27,428	27,428	27,428	27,428
Enrollment	-	232	233	243	246	236
McDowell Elementary						
Square feet	56,800	56,800	56,800	56,800	56,800	56,800
Enrollment	372	513	513	510	498	523
Ellsworth Hill Elementary						
Square feet	64,411	-	-	-	-	-
Enrollment	415	-	-	-	-	-
East Woods School						
Square feet	139,900	139,900	139,900	139,900	139,900	139,900
Enrollment	788	768	769	808	843	862
Hudson Middle School						
Square feet	190,432	190,432	190,432	190,432	190,432	190,432
Enrollment	1,255	1,783	1,336	1,355	1,381	1,407
Hudson High School						
Square feet	342,620	360,000	330,000	330,000	330,000	330,000
Enrollment	1,765	1,783	1,767	1,772	1,784	1,779

Source: District records

Notes:

Square footage excludes temporary modular classrooms.

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

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

2002	2001	2000	1999
47,897 782	47,897 785	47,897 767	47,897 801
27,428 251	27,428 272	27,428 258	27,428 282
56,800 525	56,800 529	56,800 559	56,800 543
- -	- -	- -	- -
139,900 888	139,900 879	139,900 868	139,900 886
190,432 1,389	190,432 1,377	190,432 1,337	190,432 1,347
330,000 1,764	330,000 1,744	330,000 1,707	330,000 1,638

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

TEACHER STATISTICS
JUNE 30, 2008

Degree	Number of Teachers	Percentage of Total	Pay Range
Associates and/or High School Diploma	2	0.62%	(1)
Bachelor's Degree	58.68	18.16%	\$36,869 - \$71,054
Master's Degree	259.5	80.30%	\$40,220 - \$86,642
Ph.D.	3	0.93%	\$45,581 - \$92,173
	<u>323.18</u>	<u>100.00%</u>	

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	55.3	17.11%
6 - 10	69.88	21.62%
11 and over	198	61.27%
	<u>323.18</u>	<u>100.00%</u>

Source: School District Personnel Records

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities (2)		Enrollment
	Expenses (1)	Cost per pupil	Expenses (1)	Cost per pupil	
2008	\$ 66,895,889	\$ 12,879	\$ 65,450,964	\$ 12,601	5,194
2007	73,323,546	13,731	63,420,394	11,876	5,340
2006	63,055,450	11,653	61,486,020	11,363	5,411
2005	55,393,966	10,052	58,436,379	10,604	5,511
2004	54,143,458	9,667	56,718,612	10,127	5,601
2003	52,735,622	9,414	55,327,141	9,876	5,602
2002	48,156,342	8,613	N/A	N/A	5,591
2001	46,341,935	8,420	N/A	N/A	5,504
2000	41,884,117	7,613	N/A	N/A	5,502
1999	39,688,379	7,208	N/A	N/A	5,506

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
-2.73%	392	17.87	96.20%
-1.31%	396	18.42	96.20%
-1.81%	430	18.20	95.90%
-1.61%	436	18.76	95.80%
-0.02%	451	18.74	96.10%
0.20%	425	18.70	95.90%
1.58%	442	19.05	95.90%
0.04%	425	19.05	95.70%
-0.07%	412	19.45	95.40%
1.05%	403	19.66	95.10%

THIS PAGE IS INTENTIONALLY LEFT BLANK



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
FEBRUARY 17, 2009