



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2004**



**Auditor of State  
Betty Montgomery**



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**TABLE OF CONTENTS**

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

**This page intentionally left blank.**



## Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2004, in which we noted the District restated the governmental activities' long-term obligations and net assets at June 30, 2003 to properly record accreted interest on outstanding capital appreciation bonds. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated December 10, 2004.

#### Internal Control Over Financial Reporting

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

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the District's management in a separate letter dated December 10, 2004.

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

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

**Betty Montgomery**  
Auditor of State

December 10, 2004



## Auditor of State Betty Montgomery

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

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

To the Board of Education:

#### Compliance

We have audited the compliance of Hudson City School District, Summit County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

#### Internal Control Over Compliance

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

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to the District's management in a separate letter dated December 10, 2004.

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

We have audited the basic financial statements of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated December 10, 2004, in which we noted the District restated the governmental activities' long-term obligations and net assets at June 30, 2003 to properly record accreted interest on outstanding capital appreciation bonds. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

December 10, 2004



**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$ 61,896		\$ 61,896
National School Lunch Program	LL-P4-2003	10.555	\$ 24,646		\$ 24,646	
	LL-P4-2004		43,659		43,659	
Total National School Lunch Program			<u>68,305</u>		<u>68,305</u>	
Total U.S. Department of Agriculture - Child Nutrition Cluster			68,305	61,896	68,305	61,896
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	6B-PM-2004-P	84.027	25,000		27,183	
	6B-SA-2004-P		43,374		31,331	
	6B-SF-2003-P		5,344		26,250	
	6B-SF-2004		688,057		618,323	
Total Special Education - Grants to States			<u>761,775</u>		<u>703,087</u>	
Special Education - Preschool Grants	PG-S1-2003-P	84.173	3,837		546	
	PG-S1-2004		25,724		25,724	
Total Special Education - Preschool Grants			<u>29,561</u>		<u>26,270</u>	
Total Special Education Cluster			791,336		729,357	
Title I - Grants to Local Educational Agencies	C1-S1-2004	84.010	124,689		98,584	
Safe and Drug-Free Schools and Communities - State Grants	DR-S1-2003	84.186	20,930		14,163	
	DR-S1-2004		26,014		9,924	
Total Safe and Drug-Free Schools and Communities State Grants			<u>46,944</u>		<u>24,087</u>	
Title III - Limited English Proficiency	T7-2004	84.194	-		5,234	
Innovative Education Program Strategies	C2-S1-2003	84.298	15,285		37,308	
	C2-S1-2004		7,653		14,819	
Total Innovative Education Program Strategies			<u>22,938</u>		<u>52,127</u>	
Technology Literacy Challenge Fund Grants	TJ-S1-2004	84.318	2,186		2,208	
Assistive Technology Infusion Project	AT-S3-2002	84.352A	-		286	
Improving Teacher Quality State Grants	TR-S1-2004	84.367	23,416		68,922	
Total U.S. Department of Education			1,079,814		1,049,110	
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Learn and Serve America	SV-S1-2004	94.004	15,000		15,781	
Total Corporation for National and Community Service			<u>15,000</u>		<u>15,781</u>	
<b>U.S DEPARTMENT OF HOMELAND SECURITY</b>						
<i>Passed Through the Ohio Emergency Management Agency:</i>						
Public Assistance Grants	FEMA-1484-DR-153-0747F	97.036	8,636		8,636	
Total U.S. Department of Homeland Security			<u>8,636</u>		<u>8,636</u>	
<b>Totals</b>			<u>\$ 1,103,450</u>	<u>\$ 61,896</u>	<u>\$ 1,073,527</u>	<u>\$ 61,896</u>

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

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.

**NOTE C – U.S. DEPARTMENT OF HOMELAND SECURITY FEDERAL AWARDS**

The Federal Homeland Security Act of 2002 established the Department of Homeland Security (the Department) to consolidate functions of other Federal agencies related to homeland security. Effective January 24, 2003, the Department began to administer certain Federal awards. The accompanying Schedule of Receipts and Expenditures of Federal Awards reports all such 2004 award amounts under the Department's Catalog of Federal Domestic Assistance (CFDA) numbers. The purposes and compliance requirement of these programs has not changed.

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2004**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster CFDA # 84.027 Grants to States CFDA # 84.173 Preschool Grants  Child Nutrition Cluster CFDA # 10.550 Food Distribution Program CFDA # 10.555 School Lunch Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

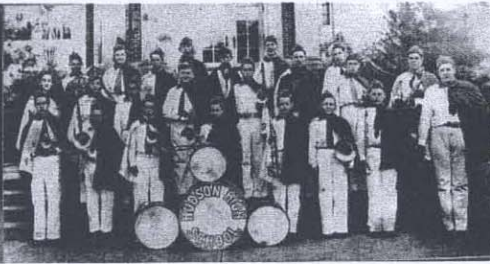
**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

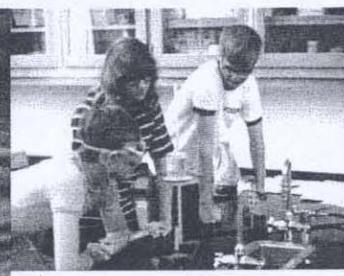
**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.





1801 - PRESENT



# HUDSON CITY SCHOOLS

Hudson, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004



# *Comprehensive Annual Financial Report*

*For the Fiscal Year Ended June 30, 2004*

*The Hudson City School District  
Hudson, Ohio*



## *Board of Education*

*Andrew Duff, President*

*James Hackney, Vice President*

*James Antes, Member*

*Steven Funk, Member*

*Bruce Hubach, Member*

*Prepared by the Office of the Treasurer*

*Scott C. Snyder, CPA, Treasurer*

*Hudson City School District*

*2386 Hudson-Aurora Road • Hudson, OH 44236*

**This Page is Intentionally Left Blank.**



# *Hudson City School District*

## *LOCATOR MAP*



## *Educational Mission Statement*

---

*Our community believes education is a dynamic process. Together students, parents, educators, and community share responsibility for producing graduates capable of succeeding and making positive contributions in a rapidly changing world. We expect educational excellence with strong academics through researched-based curriculum and extracurricular activities that will assist young people to solve problems and become productive citizens. We value the unique abilities of each child and offer varied opportunities for individual growth, character, and development.*

*We will provide an outstanding educational program for all children, which maximizes the intellectual, physical, and social development of each child in a safe, nurturing environment. Our students will engage in the learning process with a willingness to take risks and accept responsibilities. Students will develop a strong base of academic knowledge, skills, and strategies. They will be individuals of high integrity who value learning and enthusiastically embrace their responsibilities as citizens in our American democracy.*

*Our community accepts responsibility to continue to provide the opportunity for educational excellence for all students. We will actively prepare students for their future through support of our schools and educational programs.*

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

OF THE

HUDSON CITY  
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2004

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

2386 HUDSON-AURORA ROAD      HUDSON, OHIO 44236

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**TABLE OF CONTENTS**

**I. INTRODUCTORY SECTION**

Table of Contents.....	I 1-3
Letter of Transmittal .....	I 4-15
Organizational Chart.....	I 16
Certificate of Achievement for Excellence in Financial Reporting .....	I 17
Certificate of Excellence in Financial Reporting.....	I 18

**II. FINANCIAL SECTION**

INDEPENDENT ACCOUNTANTS' REPORT .....	F 1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	F 3-15
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	F 16
Statement of Activities .....	F 17-18
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	F 19
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	F 20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	F 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	F 22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund .....	F 23
Statement of Net Assets - Proprietary Funds.....	F 24
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds .....	F 25
Statement of Cash Flows - Proprietary Funds .....	F 26
Statement of Fiduciary Net Assets - Fiduciary Funds .....	F 27
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund .....	F 28
Notes to the Basic Financial Statements .....	F 29-57

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Combining Statements - Nonmajor Funds:

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

Combining Statements – All Agency Funds:

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

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

Major Funds:

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

NonMajor Funds:

Public School Support .....	F 76
Other Grants .....	F 77
Athletic and Music.....	F 78
Auxiliary Services .....	F 79
Teacher Development.....	F 80
Management Information Systems .....	F 81
Entry Year .....	F 82
Data Communications .....	F 83
SchoolNet Professional Development .....	F 84
Ohio Reads .....	F 85
Summer Intervention .....	F 86
Other State Grants .....	F 87
Economic Security Act .....	F 88
Title VI-B .....	F 89
Title III .....	F 90
Title I .....	F 91
Title VI.....	F 92
Drug-Free Grant .....	F 93
EHA Preschool Grant .....	F 94
Classroom Reduction.....	F 95
Other Federal Grants .....	F 96
Food Service.....	F 97
Uniform School Supplies .....	F 98
Other Special Revenue .....	F 99
Debt Service .....	F 100
Permanent Improvement.....	F 101
Building.....	F 102
Self-Insurance.....	F 103
Scholarship .....	F 104

**III. STATISTICAL SECTION**

General Fund Revenues by Source Last Ten Fiscal Years .....	S 1-2
General Fund Expenditures by Function Last Ten Fiscal Years .....	S 3-4
Property Tax Levies and Collections-Real and Public Utility Taxes Last Ten Calendar Years .....	S 5
Assessed and Estimated Actual Value of Taxable Property Last Ten Calendar Years .....	S 6
Property Tax Rates - Direct and Overlapping Governments Last Ten Calendar Years .....	S 7
Computation of Legal Debt Margin - June 30, 2004 .....	S 8
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita - Last Ten Fiscal Years.....	S 9
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures - Last Ten Fiscal Years .....	S 10
Computation of Direct and Overlapping General Obligation Bonded Debt – December 31, 2003 .....	S 11
Demographic Statistics – Last Ten Calendar Years .....	S 12
Property Value, Construction, and Financial Institution Deposits Last Ten Calendar Years .....	S 13
Principal Taxpayers – Real Estate Tax - 2003 Tax Year .....	S 14
Principal Taxpayers – Tangible Personal Property Tax - 2003 Tax Year .....	S 15
Ten Year Attendance Data.....	S 16
Ten Year Enrollment History .....	S 17
Five Year Enrollment Projection.....	S 18
Cost to Educate a 2004 Graduate .....	S 19
Education Statistics – Last Five School Years .....	S 20

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



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

**BOARD OF EDUCATION:**

Andrew Duff, President  
James Hackney, Vice-President  
James Antes  
Stephen Funk  
Bruce Hubach

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

**ADMINISTRATORS:**

Maryann Wolowiec, Superintendent  
Scott C. Snyder, CPA, Treasurer

---

December 10, 2004

Citizens and Board of Education, Hudson City School District:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Hudson City School District (the "District") for the fiscal year ended June 30, 2004. This CAFR, which includes an opinion from the Auditor of the State of Ohio, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

This CAFR is comprised of three distinct sections:

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

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

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



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

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

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

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

The District serves an area of approximately 34 square miles in and around the City of Hudson (the "City"). It is located in Summit County, approximately 28 miles southeast of downtown Cleveland and 14 miles north of Akron. The District is a rapidly growing affluent suburban district. Nearly 100 percent of the City of Hudson and portions of three other municipalities and a township are located within the District. They are: the City of Cuyahoga Falls, the City of Stow, the Village of Boston Heights and Boston Township. Hudson's population in 1980 was 12,645 residents. By 1990, according to the U.S. Census Bureau, Hudson's population had grown to 17,125 (11,966 Township and 5,159 Village). The 2000 Census shows the population of the City of Hudson is 22,439.

Because of the rapid growth of Hudson and the surrounding area, the District's enrollment has been increasing since 1980. The District had recorded more than 19 consecutive years of increasing enrollment until fiscal year 2000 when enrollment slowed. The District's enrollment for fiscal year-end June 30, 2004, was 5,601 students.

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

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

Ohio's seasonally adjusted unemployment rate was 5.8 percent in June 2004, and the nation's unemployment rate for June 2004 was 5.6 percent. Additionally, June 2004 employment in the Akron Primary Metropolitan Statistical Area was 373,800. Specific employment figures for the Hudson City School District are not available. (Labor Force Estimates, June 2004, Ohio Bureau of Employment Services).

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

According to the latest available income data, the 2002 median Ohio adjusted gross income per tax return for Hudson City School District residents was \$57,760. That ranks our District 5th in the State of Ohio. The 2002 average Federal adjusted gross income per tax return for Hudson City School District residents was \$105,834. Our District ranks 9<sup>th</sup> in the State in average Federal income per tax return.

On a budgetary-basis, the District receives approximately 66 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 49 percent in the last ten years. The increased value in the tax duplicate is attributed to new construction (47 percent) and the balance (53 percent) to revisions in property values made by the County Fiscal Officer over the most recent ten-year period.



## INTRODUCTION

---

The District has an excellent relationship with the City of Hudson, which assures that commercial development projects selected by the City are also highly desirable for the District. When the City of Hudson uses an inducement to attract a business, which is not a common practice, it is in participation with the District in a cooperative agreement. The District and the City of Hudson have agreed to create an Economic Development Incentive Committee to consider and recommend tax incentives for businesses seeking to establish or expand jobs and related economic opportunities. The District will continue to work with the City of Hudson to attract desirable development to the community.

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

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

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

### ***Principal Officials***

#### **BOARD MEMBERS**

<b><u>Name</u></b>	<b><u>Began</u></b>	<b><u>Expires</u></b>	<b><u>Profession</u></b>
Andrew Duff President	01-01-02	12-31-05	Attorney Amer Cunningham Col, L.P.A.
James Hackney Vice President	01-01-02	12-31-05	Senior Vice President of Operations (Retired) America's Body Company
James Antes	01-01-02	12-31-05	Computer Application & Business Analyst Goodyear Tire & Rubber Company
Stephen Funk	01-01-04	12-31-07	Attorney Roetzel & Andress L.P.A.
Bruce Hubach	01-01-04	12-31-07	Manufacturers Representative N.T. Ruddock Company

#### **ADMINISTRATION**

<b><u>Name</u></b>	<b><u>Position</u></b>
Joseph P. Siegfert	Superintendent (thru 07-31-04)
Maryann Wolowiec	Superintendent (effective 08-01-04)* * Assistant Superintendent previously
Becky McElfresh	Director of Human Resources
Philip Wagner	Director of Pupil Personnel Services (thru 07-31-04)
Greg Vogelsong	Director of Pupil Personnel Services (eff. 08-01-04)
Patricia Picard	Director of Curriculum and Instruction



***ADMINISTRATION – (Continued)***

Mark Leventhal	Director of Pupil Services
Paul Smith	Business Manager
Scott C. Snyder	Treasurer

***Employee Relations***

The District currently has approximately 700 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 2003-04 fiscal year, the District's fleet of 43 buses traveled 2,558 miles each day providing transportation services to 3,675 public and 268 private and parochial students. The Food Service Department served an average of 4,118 meals daily for a total of 733,086 meals annually through the District's school lunchrooms.

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

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

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

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

Hudson City School District's Strategic Plan and Mission Statement continue to be the framework for continuous improvement. One of the major goals in the Strategic Plan is providing professional development and support for teachers. Thus, graduate courses are offered on campus in many areas each year: language arts (e.g., fluency and nonfiction), mathematics (e.g., statistics and computational fluency), gifted instruction (e.g., differentiated instruction), technology/media (e.g., web design courses, iMovie), and Special Education (e.g., EmPower writing). Also, every area offers parent presentations both in the evening and during the day to inform parents of curricular changes and to help them help their children.

Technology and library/media services, gifted, and special education were offered and will be integrated with the content areas of language arts, mathematics, science, and social studies.



*Mathematics/Science Curricular Initiatives*

- The second year of implementation of professional development for new mathematics curricula at the middle school grade levels.
- Preparation of curricula, materials, and instructional strategies for the Ohio Graduation Test.
- Preparation of curricula, materials, and instructional strategies for 3<sup>rd</sup> grade.
- The mathematics teachers worked with the new standards and compared them with the District course of study. The science teachers read the new standards in preparation to write the course of study and piloted new curricula in grades 7 and 8.
- In-service and software were provided to help teachers differentiate instruction for all levels of students.
- The content-area District coordinators attended national conferences to provide professional development to teachers.
- Initiation and implementation of MS Peer Tutoring program.
- Curriculum coordinators worked with 7<sup>th</sup> and 8<sup>th</sup> grade teachers to write and grade common midterm and final exams for Pre-Algebra and Algebra at the MS. Data will be used to help with the placement of 9<sup>th</sup> graders at the HS and to evaluate the effectiveness of the program.
- Peer coaching training for math teachers in grades 4 thru 6.
- Piloted science materials in Grades 3, 7 and 8. Worked with teachers in grades 3 thru 8 to review new state science standards and to align District units accordingly. Planned for pilots in 2004-2005.
- Worked with Ecology teachers at the HS to investigate the creation of an onsite Land Lab on HS property. Helped to facilitate an environmental studies independent study with 4 seniors. Worked with District administration, Hudson city officials and environmental consultants to design an outdoor education facility.

*Language Arts/Social Studies Curriculum Initiatives*

- Completed social studies and language arts course of study K-12.
- DIBELS Assessment implemented in grades K-3.
- DIBELS Assessment piloted in grade 4.
- District-wide Writing Assessment aligned with new Language Arts Standards.
- Reading Intervention provided for all K-3 students who are not reading at grade level.
- Technology standards integrated into language arts and social studies.
- Professional development for seventh and eighth grade language arts teachers.
- Curriculum mapping completed.
- Implemented a struggling readers support program.
- Technology coordinator and language arts coordinator worked together to find nonfiction data to support both technology and language arts standards.



- Coordinated discussions between middle school and high school social studies teachers concerning grade 7-10 OGT assessment.
- Spelling program fully implemented K-6.

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

- Provided opportunities for REACH teachers to be consultants to teachers of high-ability students.
- Literary magazine was re-instituted at the high school level.
- Regular education teachers attended workshops with REACH teachers outside the District with nationally known experts on differentiation techniques.
- Continued HB282 required identification of students gifted in creative/performing arts and creative thinking.

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

- Focused professional development for special education teachers on aligning the Individual Education Plans (IEPs) to the Academic Content Standards.
- Implemented new Alternative Assessments for Statewide Testing across grade levels.
- Trained on the techniques of EmPower, a writing intervention at the Intermediate and Middle School level.
- TEACCH training for Special Education teachers who work with students with Autism.
- Social Skills training for Special Education Teachers who work with students with Emotional Disabilities.
- Began the study of research on math programming for students with disabilities.
- Implemented training for DIBELS literacy assessment for all teachers K-4.

***K-12 Technology/Media Initiatives***

- Supported **all** curricular areas.
- Worked with K-5 language arts teachers and coordinator to select nonfiction books for K-5 technology indicators from Ohio Technology Standards.
- Worked with content-area coordinators to integrate Ohio Technology Standards into the courses of study for K-5.
- Provided mini released-time in-services for East Woods teachers in areas selected by teachers.
- Coordinated budget for SchoolNet funds/District funds.
- Looked for and submitted further grants for Hudson Schools.
- In-service and software were provided to help teachers differentiate instruction for all levels of students.
- Provided graduate workshops: Information Literacy and the Internet; iMovie workshop.
- Coordinated and completed BETA Surveys for K-12 in order to receive state/federal technology funds.



## INTRODUCTION

---

- 2<sup>nd</sup> Grade Summer Writing: Technology indicators/language arts indicators for fables/themes unit.
- 3<sup>rd</sup> Grade Summer Writing: Technology indicators/language arts indicators/library guidelines for research unit.
- 4<sup>th</sup>/5<sup>th</sup> Grade: Technology indicators/math/social studies/science using spreadsheets.
- Integrated Technology Standards into Language Arts curriculum.
- Increased curricular/academic presence on the web.
- Piloted home web access to school files.
- Implemented electronic daily attendance at middle and high schools.
- Implemented electronic interim reports at high school.
- Hardware and software were matched to the needs at the point of instruction to provide integration in the content areas.
- Media specialists worked with the implementation of the closed circuit cable system that supports teachers and students learning.
- Media centers piloted the SIRSI circulation and cataloging software in all libraries.
- Implemented new interface for online catalog- including book covers and added content.
- Inserted web site information into online catalog.
- Rewrote the Library/Media Course of study.

### ***Major Curricular Initiatives - Fiscal Year 2005***

#### *Mathematics/Science Curricular Initiative*

- Professional development of the middle school math teachers will continue to support the implementation of the new materials and to prepare the 8th grade teachers.
- Discussions between middle and high school mathematics teachers are planned to work on students transitioning from middle school to high school.
- 3<sup>rd</sup>, 5<sup>th</sup>, and 10th grade students will pilot new areas of state testing.
- High school teachers will review the Ohio Graduation Test objectives and test structure in their content areas. They will map where standards are being taught and will develop interventions.
- Pilot science materials at grades K, 1, 2, 4, 5, 6. Update Hudson course of study to align with state standards in science.
- Examine and improve curriculum materials ordering, purchasing and distribution system.

#### *Language Arts/Social Studies Curricular Initiatives*

- Align the Social Studies Course of Study to the Ohio Content Standards K-12.
- Integration of Media Literacy and Technology standards into language arts and social studies courses of study.



- Implementation of DIBELS at grades 2 and 3.
- Pilot of DIBELS at grade 4.
- Language arts professional development at grades 7 and 8: technology, media, struggling readers, book clubs.
- Curriculum Mapping continued: language arts, grades 6 and 7.
- Monitoring of supplemental reading classes for fluid movement of students most needing intervention.
- Continued work with first grade teachers on interpreting DIBELS data and implications for teaching and intervention with students.
- Facilitation of middle school and high school social studies meeting to prepare students for OGT and success at the high school level.
- Working with high school English department on OGT scoring and test taking strategies.
- Language arts materials review.
- District-wide Writing Assessment aligned to Ohio Content Standards K-8.
- Grade level meeting to write/rewrite social studies units to meet Ohio content standards.
- The District-wide writing assessments will be aligned with the language arts standards and course of study.
- TEAM Reading prevention/intervention will be supported in all classrooms.
- Language Arts Course of Study will be posted on website.

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

- Writing grant to ODE for support for implementation of differentiation in the classroom.
- Phase-in implementation of Written Education Plans (WEPs) for high-ability students; includes parent notification.
- Continuing implementation of differentiation.

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

- Professional Development with Special Education teachers will focus on the alignment of the Individual Education Plans (IEPs) to the Academic Content Standards.
- Implement new Alternative Assessment for Statewide Testing across grade levels.
- Training of EmPower, a writing intervention at the Intermediate and Middle School level.
- TEACCH training for Special Education teachers who work with students with Autism.
- Social Skills training for Special Education Teachers who work with students with Emotional Disabilities.
- Begin study of research on math programming for students with disabilities.
- Implementation of and training for DIBELS literacy assessment for all teachers K-4.





### *K-12 Technology/Media Initiatives*

- Correlate K-5 nonfiction books with K-5 technology indicators from Ohio Technology Standards and provide in-service/support to K-5 teachers.
- Provide mini released-time in-services for areas selected by elementary teachers.
- Provide support/professional development for computer aides to troubleshoot PCs in elementary schools.
- Coordinate 3<sup>rd</sup> grade mentoring project; provide support for implementing 3<sup>rd</sup> grade research unit integrating Ohio Technology and Language Arts standards.
- Provide in-services/support for handheld computer projects at East Woods.
- Technology Coordinator presents at SchoolNet Conference on Elementary Keyboarding Program and with Language Arts Coordinator on correlating K-5 nonfiction books with K-5 technology indicators. Technology Coordinator presents at Kent State's handheld conference.
- Coordinate budget for SchoolNet funds and District technology funds. Replace hardware so teachers can implement Ohio Technology Standards in classrooms.
- Look for/submit further grants for the District.
- In-service and support staff at East Woods to explore potential of video streaming.
- Assist special education department in selecting/in-servicing the new IEP program.
- Integrating Technology Standards into Social Studies curriculum.
- Implementing the integration of technology standards into Language Arts.
- Increased curricular/academic presence on web.
- Teacher home web access to school files.
- Period-by-period attendance at the high school.
- Online student scheduling.
- Piloting online grade book use.
- Implement United Streaming Video usage at the Middle School and East Woods Elementary 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.



## ***Financial Reporting***

For the fiscal year ended June 30, 2004, the District continued to report in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for the State and Local Governments." The basic financial statements for reporting on the District's financial activities are as follows:

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

As part of this reporting model, management is responsible for preparing a Discussion and Analysis of the District. This discussion appears after the Independent Accountants' Report in the financial section of this report. The Management's Discussion and Analysis (MD&A) provides an assessment of the District's finances for 2004. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## ***Financial Information***

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

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

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

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

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

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



## INTRODUCTION

---

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

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

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

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

### ***Independent Audit***

State statutes require an annual audit by independent accountants. The Ohio Auditor of State conducted the District's 2004 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, 2003. This was the fifth 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, 2003. This was the fifth 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, 2004, which will be submitted to ASBO for review, will continue to conform to ASBO's principles and standards.

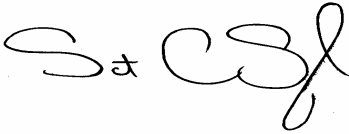


*Acknowledgments*

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

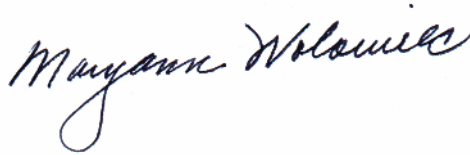
The preparation and publication of this Comprehensive Annual Financial Report on a timely basis could not have been possible without the cooperation of the entire staff of the Treasurer’s Office. Additional appreciation is extended to Mr. Paul Smith, Business Manager, for working so diligently to maintain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

Respectfully submitted,



---

Scott C. Snyder, CPA  
Treasurer



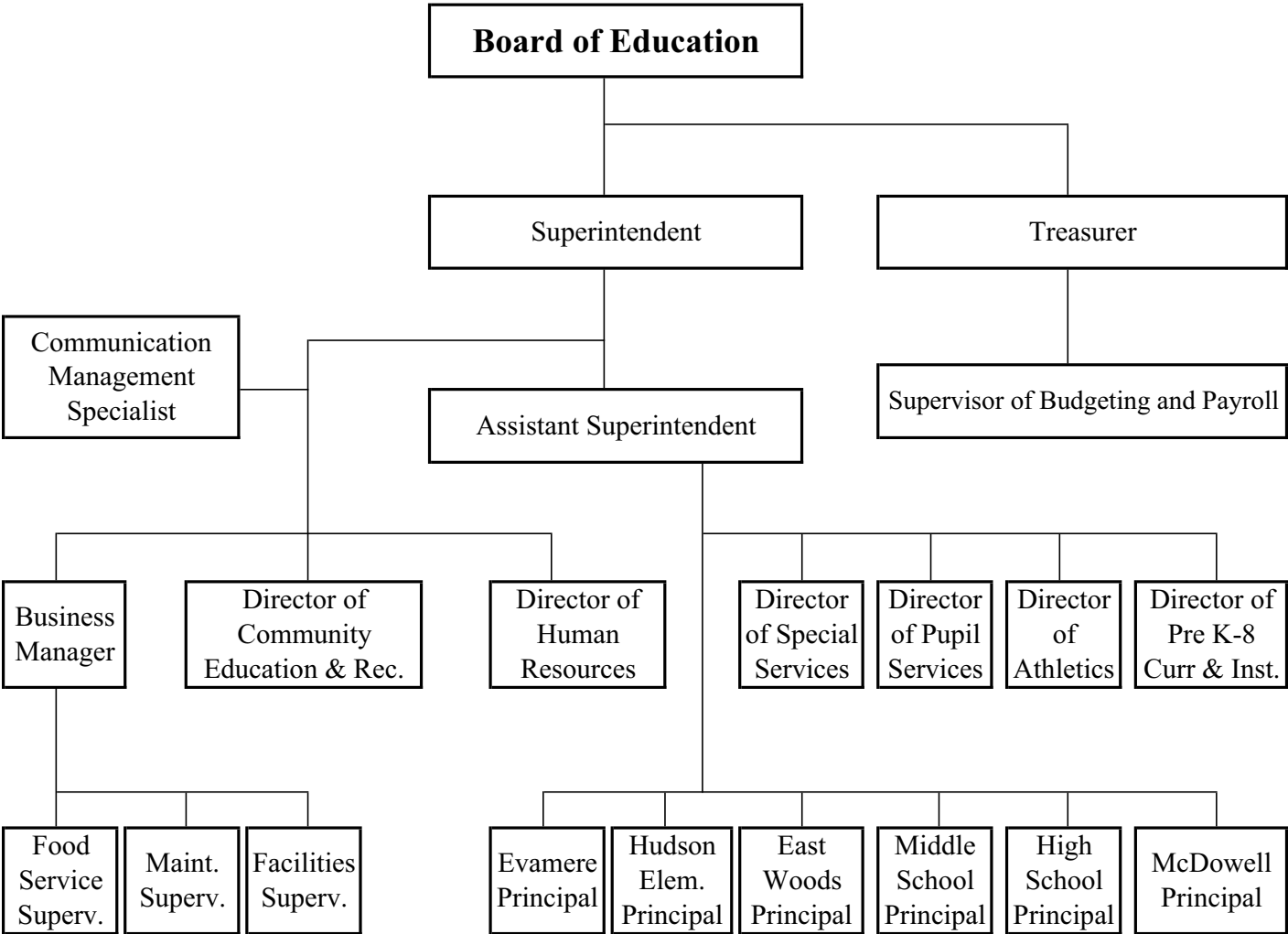
---

Maryann Wolowiec  
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, 2003

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.



*Nancy L. Ziehl*

President

*Jeffrey R. Emery*

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, 2003

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

*William R. Fall*  
President

*Denise W. Keller*  
Executive Director

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



# FINANCIAL SECTION

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Notes 3 and 9, the District restated the governmental activities' long-term obligations and net assets at June 30, 2003 to properly record accreted interest on outstanding capital appreciation bonds.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

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

**Betty Montgomery**  
Auditor of State

December 10, 2004

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

The discussion and analysis of Hudson City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. 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 2004 are as follows:

- In total, net assets decreased \$739,528. Net assets of governmental activities decreased \$737,342, which represents a 3.69% decrease from 2003. Net assets of business-type activities decreased \$2,186 or 1.87% from 2003.
- For governmental activities, general revenues accounted for \$50,451,714 in revenue or 90.12% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,529,556 or 9.88% of total revenues of \$55,981,270.
- The District had \$56,718,612 in expenses related to governmental activities; only \$5,529,556 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$50,451,714 were not adequate to provide for these programs resulting in a decrease to net assets from \$19,987,877 to \$19,250,535.
- The District had \$1,058,010 in expenses related to business-type activities; a total of \$1,055,824 was offset by program specific charges for services. Total revenues were not adequate to provide for these programs by \$2,186 resulting in a decrease to net assets from \$117,207 to \$115,021.
- The District's only major governmental fund is the general fund. The general fund had \$46,696,139 in revenues and other financing sources and \$47,892,320 in expenditures and other financing uses. The general fund's fund balance decreased \$1,196,181 from \$4,289,119 to \$3,092,938.

**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, 2004  
UNAUDITED

**Reporting the District as a Whole**

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

The District's statement of net assets and statement of activities can be found on pages F16 - F18 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page F9. 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 F19 - F23 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

***Proprietary Funds***

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages F24 - F26 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. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages F27 – F28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***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 F29 - F57 of this report.

**The District as a Whole**

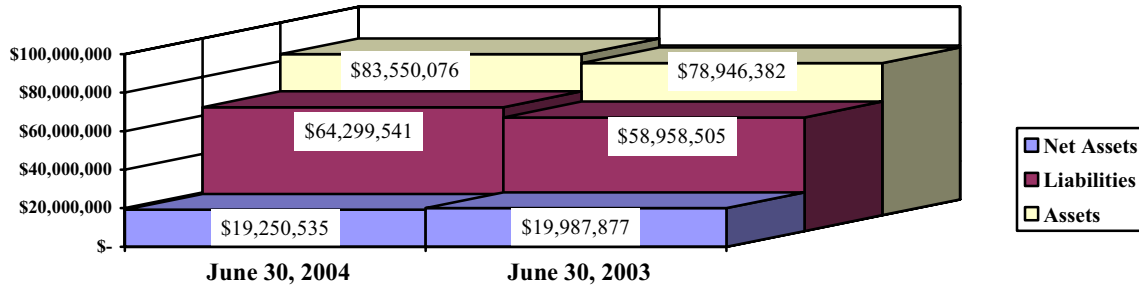
The Statement of Net Assets provides the perspective of the District as a whole. The amounts reported in governmental activities for 2003 have been restated to properly reflect accreted interest on capital appreciation bonds (see Note 3.A. to the financial statements). The table below provides a summary of the District's net assets for 2004 and 2003.

	<b>Net Assets</b>					
	Governmental	Business-Type	Restated Governmental	Business-Type	Total	Restated Total
	Activities	Activities	Activities	Activities	Total	Total
	2004	2004	2003	2003	2004	2003
<b><u>Assets</u></b>						
Current and other assets	\$ 50,566,235	\$ 258,372	\$ 45,016,504	\$ 250,223	\$ 50,824,607	\$ 45,266,727
Capital assets, net	<u>32,983,841</u>	<u>-</u>	<u>33,929,878</u>	<u>-</u>	<u>32,983,841</u>	<u>33,929,878</u>
Total assets	<u>83,550,076</u>	<u>258,372</u>	<u>78,946,382</u>	<u>250,223</u>	<u>83,808,448</u>	<u>79,196,605</u>
<b><u>Liabilities</u></b>						
Current liabilities	43,565,302	114,845	37,482,908	109,737	43,680,147	37,592,645
Long-term liabilities	<u>20,734,239</u>	<u>28,506</u>	<u>21,475,597</u>	<u>23,279</u>	<u>20,762,745</u>	<u>21,498,876</u>
Total liabilities	<u>64,299,541</u>	<u>143,351</u>	<u>58,958,505</u>	<u>133,016</u>	<u>64,442,892</u>	<u>59,091,521</u>
<b><u>Net Assets</u></b>						
Invested in capital						
assets, net of related debt	22,376,384	-	22,678,949	-	22,376,384	22,678,949
Restricted	2,573,352	-	2,293,932	-	2,573,352	2,293,932
Unrestricted	<u>(5,699,201)</u>	<u>115,021</u>	<u>(4,985,004)</u>	<u>117,207</u>	<u>(5,584,180)</u>	<u>(4,867,797)</u>
Total net assets	<u>\$ 19,250,535</u>	<u>\$ 115,021</u>	<u>\$ 19,987,877</u>	<u>\$ 117,207</u>	<u>\$ 19,365,556</u>	<u>\$ 20,105,084</u>

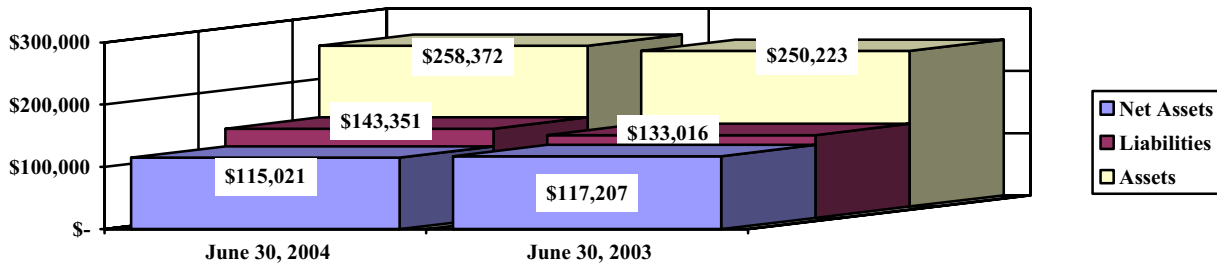
**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

**Governmental - Net Assets**



**Business-Type - Net Assets**



The table below shows the changes in net assets for fiscal years 2004 and 2003.

**Change in Net Assets**

	Governmental Activities 2004	Business-Type Activities 2004	Restated Governmental Activities 2003	Business-Type Activities 2003	Total 2004	Restated Total 2003
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 2,392,045	\$ 1,055,824	\$ 2,305,057	\$ 898,673	\$ 3,447,869	\$ 3,203,730
Operating grants and contributions	3,137,511	-	2,252,321	-	3,137,511	2,252,321
Capital grants and contributions	-	-	85,350	-	-	85,350
General revenues:						
Property taxes	33,634,471	-	34,693,766	-	33,634,471	34,693,766
Grants and entitlements	16,377,027	-	15,645,717	-	16,377,027	15,645,717
Investment earnings	177,039	-	315,327	-	177,039	315,327
Miscellaneous	263,177	-	289,801	1,707	263,177	291,508
<b>Total revenues</b>	<b>55,981,270</b>	<b>1,055,824</b>	<b>55,587,339</b>	<b>900,380</b>	<b>57,037,094</b>	<b>56,487,719</b>



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

	Governmental Activities <u>2004</u>	Business-Type Activities <u>2004</u>	Restated Governmental Activities <u>2003</u>	Business-Type Activities <u>2003</u>	Total <u>2004</u>	Restated Total <u>2003</u>
<b><u>Expenses</u></b>						
Program expenses:						
Instruction:						
Regular	\$ 24,983,603	\$ -	\$ 23,731,674	\$ -	\$ 24,983,603	\$ 23,731,674
Special	4,185,412	-	4,101,950	-	4,185,412	4,101,950
Vocational	309,954	-	286,703	-	309,954	286,703
Other	476,290	-	817,998	-	476,290	817,998
Support services:						
Pupil	3,386,131	-	3,441,568	-	3,386,131	3,441,568
Instructional staff	3,631,033	-	3,591,957	-	3,631,033	3,591,957
Board of education	43,428	-	43,414	-	43,428	43,414
Administration	4,005,983	-	3,684,495	-	4,005,983	3,684,495
Fiscal	1,120,757	-	983,947	-	1,120,757	983,947
Business	414,012	-	369,361	-	414,012	369,361
Operations and maintenance	5,349,709	-	5,277,330	-	5,349,709	5,277,330
Pupil transportation	2,816,749	-	2,808,211	-	2,816,749	2,808,211
Central	361,106	-	311,047	-	361,106	311,047
Operation of						
non-instructional services	40,510	-	39,960	-	40,510	39,960
Extracurricular activities	1,233,044	-	1,169,803	-	1,233,044	1,169,803
Intergovernmental	1,248,837	-	1,272,469	-	1,248,837	1,272,469
Interest and fiscal charges	1,563,691	-	1,829,639	-	1,563,691	1,829,639
Food service	1,548,363	-	1,565,615	-	1,548,363	1,565,615
Community education	-	<u>1,058,010</u>	-	<u>982,763</u>	<u>1,058,010</u>	<u>982,763</u>
Total expenses	<u>56,718,612</u>	<u>1,058,010</u>	<u>55,327,141</u>	<u>982,763</u>	<u>57,776,622</u>	<u>56,309,904</u>
Changes in net assets	<u>\$ (737,342)</u>	<u>\$ (2,186)</u>	<u>\$ 260,198</u>	<u>\$ (82,383)</u>	<u>\$ (739,528)</u>	<u>\$ 177,815</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$737,342. Total governmental expenses of \$56,718,612 were offset by program revenues of \$5,529,556 and general revenues of \$50,451,714. Program revenues supported 9.75% of the total governmental expenses.

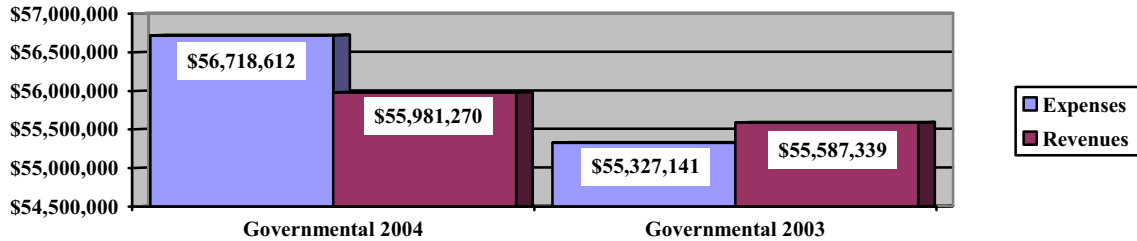
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 89.34% of total governmental revenue. Property taxes support 59.30% of total expenses while grants and entitlements supported 28.87% of total expenses. Between these two revenue items, 88.17% of total governmental expenses were funded.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2004 and 2003.

**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 amounts reported for 2003 have been restated to properly reflect accreted interest on capital appreciation bonds (see Note 3.A. to the financial statements). The following table shows, for governmental activities, the total cost of services and the net cost of services for 2004 and 2003. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

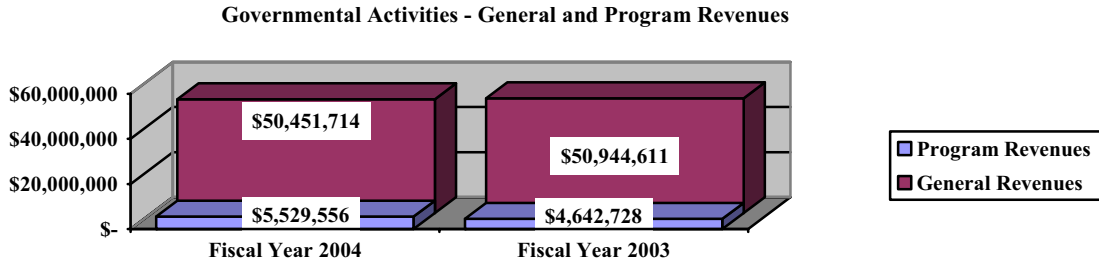
	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>	Restated Total Cost of Services <u>2003</u>	Restated Net Cost of Services <u>2003</u>
Program expenses:				
Instruction:				
Regular	\$ 24,983,603	\$ 24,246,344	\$ 23,731,674	\$ 23,069,109
Special	4,185,412	3,801,146	4,101,950	4,042,230
Vocational	309,954	309,954	286,703	286,703
Other	476,290	476,290	817,998	796,998
Support services:				
Pupil	3,386,131	2,745,966	3,441,568	2,840,395
Instructional staff	3,631,033	3,229,395	3,591,957	3,424,354
Board of education	43,428	43,428	43,414	43,414
Administration	4,005,983	3,970,487	3,684,495	3,629,974
Fiscal	1,120,757	1,120,757	983,947	983,947
Business	414,012	414,012	369,361	369,361
Operations and maintenance	5,349,709	5,340,911	5,277,330	5,277,330
Pupil transportation	2,816,749	2,814,711	2,808,211	2,808,211
Central	361,106	340,761	311,047	307,935
Operation of non-instructional services	40,510	14,417	39,960	31,898
Extracurricular activities	1,233,044	898,226	1,169,803	837,934
Intergovernmental	1,248,837	(109,218)	1,272,469	33,426
Food service operations	1,563,691	(16,894)	1,565,615	71,555
Interest and fiscal charges	1,548,363	1,548,363	1,829,639	1,829,639
<b>Total</b>	<b>\$ 56,718,612</b>	<b>\$ 51,189,056</b>	<b>\$ 55,327,141</b>	<b>\$ 50,684,413</b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

The dependence upon tax revenues during fiscal year 2004 for governmental activities is apparent, as 96.26% of 2004 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 90.25% in 2004. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2004 and 2003.



**Business-Type Activities**

Business-type activities include Community Education and Recreation operations. These programs had revenues of \$1,055,824 and expenses of \$1,058,010 for fiscal year 2004. This resulted in a decrease to net assets for the fiscal year of \$2,186. 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 F19) reported a combined fund balance of \$6,045,517, which is below last year's total of \$7,310,325. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2003.

	Fund Balance <u>June 30, 2004</u>	Fund Balance <u>June 30, 2003</u>	<u>(Decrease)</u>
General	\$ 3,092,938	\$ 4,289,119	\$ (1,196,181)
Other Governmental	<u>2,952,579</u>	<u>3,021,206</u>	<u>(68,627)</u>
Total	<u>\$ 6,045,517</u>	<u>\$ 7,310,325</u>	<u>\$ (1,264,808)</u>

**General Fund**

The District's general fund balance decreased \$1,196,181. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

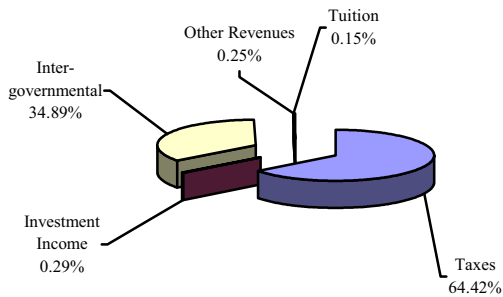
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

<u>Revenues</u>	<u>2004 Amount</u>	<u>2003 Amount</u>	<u>Percentage Change</u>
Taxes	\$ 29,945,397	\$ 31,174,122	(3.94) %
Tuition	71,399	89,584	(20.30) %
Interest earnings	136,341	322,266	(57.69) %
Intergovernmental	16,219,244	15,381,039	5.45 %
Other revenues	<u>115,296</u>	<u>169,025</u>	(31.79) %
Total	<u>\$ 46,487,677</u>	<u>\$ 47,136,036</u>	(1.38) %

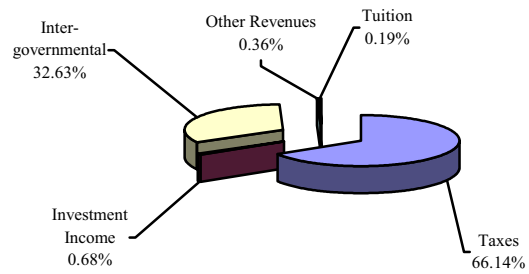
Tax revenue decreased \$1,228,725 or 3.94% from the prior year. This is the result of a decrease in the amount of taxes collected by the Summit County Fiscal Officer and available to the District as an advance at fiscal year end. These amounts are reserved on the fund financial statements as property tax unavailable for appropriation.

Intergovernmental revenue increased \$838,205 or 5.45% from the prior year. The decrease in investment income is due to drastic cuts in interest rates by the Federal Reserve Bank throughout the year. Tuition revenue decreased 20.30% compared to 2003. Other revenue decreased \$53,729 which is comprised of receipts which are not categorized elsewhere.

**Revenues – Fiscal Year 2004**



**Revenues – Fiscal Year 2003**



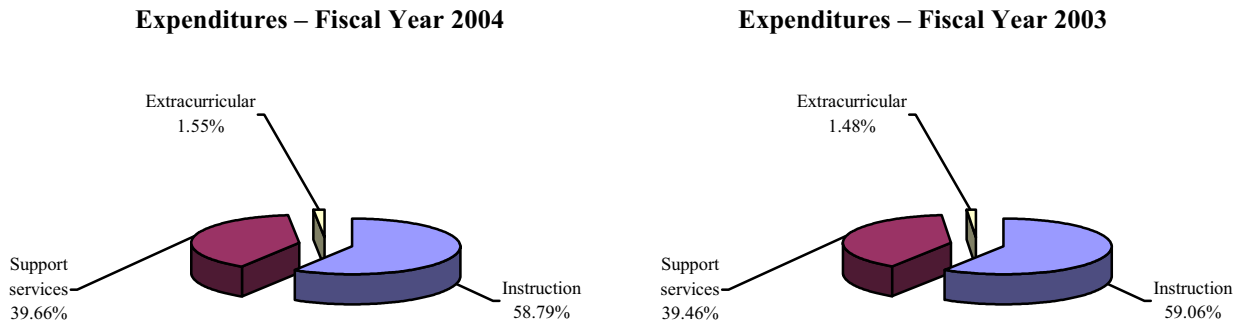
**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

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

<u>Expenditures</u>	<u>2004 Amount</u>	<u>2003 Amount</u>	<u>Percentage Change</u>
Instruction	\$ 28,133,864	\$ 27,459,169	2.46 %
Support services	18,980,630	18,343,766	3.47 %
Extracurricular activities	<u>743,291</u>	<u>688,869</u>	7.90 %
Total	<u>\$ 47,857,785</u>	<u>\$ 46,491,804</u>	2.94 %

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



***Enterprise Fund***

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

**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 2004, 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 \$48,297,281, above original budget estimates of \$46,131,491. Of this \$2,165,790 difference, most was due to conservative intergovernmental and property tax estimates in the original budget. The actual revenues and other financing sources for fiscal year 2004 totaled \$48,646,076, which was \$348,795 above the final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$49,169,395 were increased to \$49,767,103 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2004 totaled \$49,589,153, which was \$177,950 less than the final budget appropriations, primarily because salary and benefit costs proved to be lower than anticipated in the original and final budget.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2004, the District had \$32,983,841 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The following table shows fiscal 2004 balances compared to 2003:

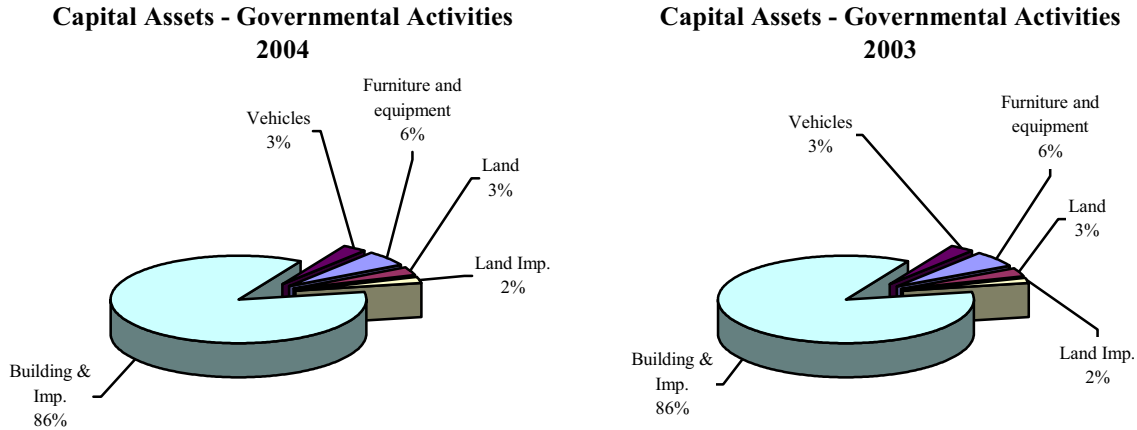
<b>Capital Assets at June 30 (Net of Depreciation)</b>		
	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Land	\$ 1,032,204	\$ 1,032,204
Land improvements	702,376	736,871
Building and improvements	28,278,385	29,053,744
Furniture and equipment	1,921,220	2,043,635
Vehicles	<u>1,049,656</u>	<u>1,063,424</u>
<b>Total</b>	<b><u>\$ 32,983,841</u></b>	<b><u>\$ 33,929,878</u></b>

The decrease from 2003 to 2004 was a result of depreciation expense of \$1,375,772 and disposals of \$33,532 (net of accumulated depreciation) exceeding capital outlays \$463,267 in fiscal 2004.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

The following graphs show the breakdown of governmental activities capital assets by category for 2004 and 2003.



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

**Debt Administration**

At June 30, 2004 the District had \$18,087,786 in general obligation bonds outstanding. Of this total, \$2,373,707 is due within one year and \$15,714,079 is due within greater than one year. During fiscal 2004, the District advanced refunded the callable portion of the Series 1993 school improvement bonds. In addition, the District restated the balance of the Series 1993 improvement bonds to properly report accreted interest on the capital appreciation bonds. The following table summarizes the bonds outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2004</u>	Restated Governmental Activities <u>2003</u>
Series 1993, Improvement		
Current interest bonds	\$ -	\$ 7,245,000
Capital appreciation bonds	2,611,565	3,089,880
Accreted interest on capital appreciation bonds	7,401,476	7,714,155
Series 2003, Refunding		
Current interest bonds	6,045,000	-
Capital appreciation bonds	1,199,964	-
Accreted interest on capital appreciation bonds	78,853	-
Energy Conservation Bonds	<u>750,928</u>	<u>916,049</u>
Total	<u>\$ 18,087,786</u>	<u>\$ 18,965,084</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

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 \$8,194,018 at June 30, 2004. Fiscal year-end general fund cash balances were \$7,626,099, \$8,082,506, \$6,396,976, and \$7,547,863 at June 30 in Fiscal Years 2003, 2002, 2001, and 2000, respectively. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance and continue a quality, comprehensive educational program.

The Board's most recent five-year projections indicate financial solvency through fiscal year 2007. The District anticipates its next ad valorem property tax request at some time during calendar year 2006. The amount of the request will be determined based on the financial projections prior to the levy placement and is hoped to be consistent with past requests. In order to ensure this circumstance, the Board will continue to monitor its financial projections, in an effort to balance the budgetary pressures inherent in school operations, while maintaining the level of educational excellence the community expects.

Several significant legislative and judicial actions have occurred that will have a major impact on the District. The Ohio Supreme Court ruled in March 1997 that the State of Ohio was operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." In an effort to remedy this situation, Governor Bob Taft formed a Blue Ribbon Task Force to evaluate the current school funding system and to develop specific recommendations for the Ohio General Assembly to consider. To date, the task force has issued "draft" recommendations that may or may not improve the overall funding system in Ohio.

The upcoming biennial budget by the State for fiscal years 2006 and 2007 could also prove troubling for public education. It has been projected that the State is faced with an estimated deficit of \$5 billion. There has been much speculation about possible reductions to all State supported programs. Additionally, there appears to be a concerted effort at tax reform, specifically those related to businesses. It is much too early in the budget development process to speculate its impact on public education. However, it will be monitored closely and evaluated to determine the current and long-term impact on the District's financial projections.

On March 2, 2004, the City of Hudson placed before the electorate a 1% increase request to its municipal income tax rate. In an effort to assist the District with its facility needs, the Hudson City Council specifically earmarked 13.5% of the additional 1% to the District for capital improvements to existing or additional community learning centers. The issue passed with an approval rating of 57%. Since passage, the District took advantage of favorable bond markets and leveraged the dedicated 13.5% over a 30-year period. The borrowing generated a \$17.8 million construction fund balance.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

During the income tax campaign, the District publicly committed to removing modular classroom units from its high school and elementary locations. Currently, District officials are developing communication forums, at which, community members can provide input as to the most efficient and effective use of the construction proceeds.

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 programs.

**Contacting the District's Financial Management**

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

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . .	\$ 11,957,023	\$ 258,372	\$ 12,215,395
Receivables:			
Taxes . . . . .	38,151,030	-	38,151,030
Accounts . . . . .	8,100	-	8,100
Intergovernmental . . . . .	335,524	-	335,524
Accrued interest . . . . .	44,453	-	44,453
Prepayments . . . . .	1,568	-	1,568
Materials and supplies inventory. . . . .	3,863	-	3,863
Inventory held for resale . . . . .	64,674	-	64,674
Capital assets:			
Land . . . . .	1,032,204	-	1,032,204
Depreciable capital assets, net . . . . .	31,951,637	-	31,951,637
Total capital assets . . . . .	<u>32,983,841</u>	<u>-</u>	<u>32,983,841</u>
Total assets. . . . .	<u>83,550,076</u>	<u>258,372</u>	<u>83,808,448</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	252,069	37,465	289,534
Accrued wages and benefits . . . . .	4,795,417	34,885	4,830,302
Pension obligation payable. . . . .	1,181,646	40,157	1,221,803
Intergovernmental payable . . . . .	174,248	2,338	176,586
Deferred revenue . . . . .	36,580,695	-	36,580,695
Accrued interest payable . . . . .	64,405	-	64,405
Claims payable . . . . .	516,822	-	516,822
Long-term liabilities:			
Due within one year. . . . .	2,761,478	12,947	2,774,425
Due within more than one year . . . . .	17,972,761	15,559	17,988,320
Total liabilities . . . . .	<u>64,299,541</u>	<u>143,351</u>	<u>64,442,892</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt. . . . .	22,376,384	-	22,376,384
Restricted for:			
Capital projects . . . . .	776,102	-	776,102
Debt service. . . . .	1,254,855	-	1,254,855
Other purposes . . . . .	542,395	-	542,395
Unrestricted . . . . .	<u>(5,699,201)</u>	<u>115,021</u>	<u>(5,584,180)</u>
Total net assets . . . . .	<u>\$ 19,250,535</u>	<u>\$ 115,021</u>	<u>\$ 19,365,556</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, 2004**

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental activities:</b>			
Instruction:			
Regular . . . . .	\$ 24,983,603	\$ 377,250	\$ 360,009
Special . . . . .	4,185,412	-	384,266
Vocational . . . . .	309,954	-	-
Other . . . . .	476,290	-	-
Support services:			
Pupil . . . . .	3,386,131	235,252	404,913
Instructional staff . . . . .	3,631,033	-	401,638
Board of education . . . . .	43,428	-	-
Administration . . . . .	4,005,983	-	35,496
Fiscal . . . . .	1,120,757	-	-
Business . . . . .	414,012	-	-
Operations and maintenance . . . . .	5,349,709	-	8,798
Pupil transportation . . . . .	2,816,749	-	2,038
Central . . . . .	361,106	-	20,345
Operation of non-instructional services . . . . .	40,510	-	26,093
Extracurricular activities . . . . .	1,233,044	334,818	-
Intergovernmental . . . . .	1,248,837	-	1,358,055
Food service operations . . . . .	1,563,691	1,444,725	135,860
Interest and fiscal charges . . . . .	1,548,363	-	-
Total governmental activities . . . . .	56,718,612	2,392,045	3,137,511
<b>Business-type activities:</b>			
Community education . . . . .	1,058,010	1,055,824	-
Total business-type activities . . . . .	1,058,010	1,055,824	-
Totals . . . . .	\$ 57,776,622	\$ 3,447,869	\$ 3,137,511

**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 (restated). . . . .**

**Net assets at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (24,246,344)	\$ -	\$ (24,246,344)
(3,801,146)	-	(3,801,146)
(309,954)	-	(309,954)
(476,290)	-	(476,290)
(2,745,966)	-	(2,745,966)
(3,229,395)	-	(3,229,395)
(43,428)	-	(43,428)
(3,970,487)	-	(3,970,487)
(1,120,757)	-	(1,120,757)
(414,012)	-	(414,012)
(5,340,911)	-	(5,340,911)
(2,814,711)	-	(2,814,711)
(340,761)	-	(340,761)
(14,417)	-	(14,417)
(898,226)	-	(898,226)
109,218	-	109,218
16,894	-	16,894
(1,548,363)	-	(1,548,363)
(51,189,056)	-	(51,189,056)
-	(2,186)	(2,186)
-	(2,186)	(2,186)
(51,189,056)	(2,186)	(51,191,242)
30,419,376	-	30,419,376
2,235,254	-	2,235,254
979,841	-	979,841
16,377,027	-	16,377,027
177,039	-	177,039
263,177	-	263,177
50,451,714	-	50,451,714
(737,342)	(2,186)	(739,528)
19,987,877	117,207	20,105,084
\$ 19,250,535	\$ 115,021	\$ 19,365,556

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 8,194,018	\$ 3,199,485	\$ 11,393,503
Receivables:			
Taxes . . . . .	34,787,677	3,363,353	38,151,030
Accounts . . . . .	504	-	504
Intergovernmental . . . . .	59,279	276,245	335,524
Accrued interest . . . . .	44,453	-	44,453
Interfund loans . . . . .	104,516	-	104,516
Prepayments . . . . .	1,568	-	1,568
Materials and supplies inventory . . . . .	-	3,863	3,863
Inventory held for resale. . . . .	-	64,674	64,674
<b>Total assets . . . . .</b>	<b><u>\$ 43,192,015</u></b>	<b><u>\$ 6,907,620</u></b>	<b><u>\$ 50,099,635</u></b>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 209,233	\$ 42,836	\$ 252,069
Accrued wages and benefits . . . . .	4,501,433	293,984	4,795,417
Compensated absences payable . . . . .	238,878	-	238,878
Pension obligation payable . . . . .	759,960	22,414	782,374
Intergovernmental payable. . . . .	165,124	8,963	174,087
Interfund loan payable . . . . .	-	104,516	104,516
Deferred revenue . . . . .	34,224,449	3,482,328	37,706,777
<b>Total liabilities . . . . .</b>	<b><u>40,099,077</u></b>	<b><u>3,955,041</u></b>	<b><u>44,054,118</u></b>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	1,321,247	236,487	1,557,734
Reserved for inventories . . . . .	-	68,537	68,537
Reserved for debt service. . . . .	-	1,234,933	1,234,933
Reserved for property tax unavailable for appropriation . . . . .	607,681	63,436	671,117
Reserved for prepayments . . . . .	1,568	-	1,568
Unreserved, undesignated, reported in:			
General fund . . . . .	1,162,442	-	1,162,442
Special revenue funds. . . . .	-	762,103	762,103
Capital projects funds. . . . .	-	587,083	587,083
<b>Total fund balances . . . . .</b>	<b><u>3,092,938</u></b>	<b><u>2,952,579</u></b>	<b><u>6,045,517</u></b>
<b>Total liabilities and fund balances . . . . .</b>	<b><u>\$ 43,192,015</u></b>	<b><u>\$ 6,907,620</u></b>	<b><u>\$ 50,099,635</u></b>

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, 2004

<b>Total governmental fund balances</b>		\$ 6,045,517
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		32,983,841
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 899,218	
Accrued interest	44,453	
Intergovernmental revenue	182,411	
Total		1,126,082
An internal service fund is used by management to charge the costs of medical and dental insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		54,133
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	10,607,457	
Compensated absences	2,407,575	
Pension obligation payable	399,272	
Accrued interest payable	64,405	
The District has issued "capital appreciation" bonds. The accretion of interest on those bonds to date is:	7,480,329	
Total		(20,959,038)
<b>Net assets of governmental activities</b>		<b>\$ 19,250,535</b>

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, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 29,945,397	\$ 3,186,716	\$ 33,132,113
Tuition . . . . .	71,399	-	71,399
Earnings on investments . . . . .	136,341	5,551	141,892
Charges for services . . . . .	-	1,453,339	1,453,339
Extracurricular . . . . .	-	614,295	614,295
Classroom materials and fees . . . . .	38,520	210,668	249,188
Other local revenues . . . . .	76,776	190,225	267,001
Intergovernmental - Intermediate . . . . .	226,471	-	226,471
Intergovernmental - State . . . . .	15,958,962	1,944,585	17,903,547
Intergovernmental - Federal . . . . .	33,811	1,229,624	1,263,435
Total revenue . . . . .	<u>46,487,677</u>	<u>8,835,003</u>	<u>55,322,680</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	23,614,700	590,872	24,205,572
Special . . . . .	3,782,147	356,290	4,138,437
Vocational . . . . .	291,430	-	291,430
Other . . . . .	445,587	38,654	484,241
Support Services:			
Pupil . . . . .	2,776,327	587,970	3,364,297
Instructional staff . . . . .	3,252,090	325,459	3,577,549
Board of Education . . . . .	43,568	-	43,568
Administration . . . . .	3,984,184	31,671	4,015,855
Fiscal . . . . .	1,061,615	51,461	1,113,076
Business . . . . .	404,294	-	404,294
Operations and maintenance . . . . .	4,295,746	8,636	4,304,382
Pupil transportation . . . . .	2,809,376	21,999	2,831,375
Central . . . . .	352,930	8,883	361,813
Operation of non-instructional services . . . . .	500	33,101	33,601
Extracurricular activities . . . . .	743,291	429,681	1,172,972
Food service operations . . . . .	-	1,557,279	1,557,279
Intergovernmental pass through . . . . .	-	1,261,899	1,261,899
Facilities acquisition and construction . . . . .	-	981,818	981,818
Debt service:			
Principal retirement . . . . .	-	643,436	643,436
Interest and fiscal charges . . . . .	-	1,804,704	1,804,704
Total expenditures . . . . .	<u>47,857,785</u>	<u>8,733,813</u>	<u>56,591,598</u>
Excess of revenues over (under) expenditures . . . . .	<u>(1,370,108)</u>	<u>101,190</u>	<u>(1,268,918)</u>
<b>Other financing sources (uses):</b>			
Premium on bonds sold . . . . .	-	4,146	4,146
Proceeds from sale of bonds . . . . .	-	7,244,964	7,244,964
Payment to refunding bond escrow agent . . . . .	-	(7,245,000)	(7,245,000)
Transfers in . . . . .	208,462	34,535	242,997
Transfers (out) . . . . .	(34,535)	(208,462)	(242,997)
Total other financing sources (uses) . . . . .	<u>173,927</u>	<u>(169,817)</u>	<u>4,110</u>
Net change in fund balances . . . . .	(1,196,181)	(68,627)	(1,264,808)
<b>Fund balances at beginning of year . . . . .</b>	<u>4,289,119</u>	<u>3,021,206</u>	<u>7,310,325</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 3,092,938</u>	<u>\$ 2,952,579</u>	<u>\$ 6,045,517</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, 2004

<b>Net change in fund balances - total governmental funds</b>	\$	(1,264,808)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,375,772) exceeds capital outlays (\$463,267) in the current period.		(912,505)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		(33,532)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		654,444
Repayment of bond principal (including repayment of "capital appreciation" bonds) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		9,480,121
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the result of two factors. First, accrued interest on bonds decreased \$22,515, and second, \$1,357,859 of additional accumulated interest was accreted on the District's "capital appreciation" bonds.		(1,335,344)
Proceeds of bonds issued are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		(7,244,964)
Some expenses reported in the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(73,062)
The internal service fund used by management to charge the costs of medical and dental insurance to individual funds is not reported in the District-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(7,692)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>(737,342)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
From local sources:				
Taxes. . . . .	\$ 30,014,161	\$ 31,423,271	\$ 31,650,204	\$ 226,933
Tuition. . . . .	67,708	70,887	71,399	512
Earnings on investments. . . . .	171,193	179,231	180,525	1,294
Classroom materials and fees. . . . .	36,529	38,244	38,520	276
Other local revenues. . . . .	73,005	76,432	76,983	551
Intergovernmental - Intermediate sources . . . . .	214,764	224,847	226,471	1,624
Intergovernmental - State . . . . .	15,134,021	15,844,535	15,958,962	114,427
Total revenue . . . . .	<u>45,711,381</u>	<u>47,857,447</u>	<u>48,203,064</u>	<u>345,617</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	24,079,498	24,026,156	23,948,660	77,496
Special. . . . .	4,222,638	3,942,624	3,884,847	57,777
Vocational. . . . .	284,845	295,055	291,781	3,274
Other. . . . .	470,690	770,057	721,480	48,577
Support Services:				
Pupil. . . . .	2,813,038	3,039,993	2,927,213	112,780
Instructional staff . . . . .	3,429,202	3,293,669	3,258,717	34,952
Board of Education . . . . .	54,748	58,789	51,786	7,003
Administration. . . . .	3,826,928	3,911,749	3,877,648	34,101
Fiscal . . . . .	1,035,699	1,135,223	1,112,524	22,699
Business . . . . .	384,271	410,203	404,478	5,725
Operations and maintenance. . . . .	4,583,308	4,697,180	4,664,030	33,150
Pupil transportation . . . . .	2,853,771	2,956,966	2,924,056	32,910
Central. . . . .	370,616	455,205	438,774	16,431
Operation of non-instructional services . . . . .	-	500	500	-
Extracurricular activities. . . . .	722,643	733,254	695,100	38,154
Total expenditures . . . . .	<u>49,131,895</u>	<u>49,726,623</u>	<u>49,201,594</u>	<u>525,029</u>
Excess of revenues over (under) expenditures. . . . .	<u>(3,420,514)</u>	<u>(1,869,176)</u>	<u>(998,530)</u>	<u>870,646</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure. . . . .	1,532	1,604	1,616	12
Refund of prior year receipt . . . . .	-	(2,980)	(2,920)	60
Transfers in . . . . .	197,686	206,967	208,462	1,495
Transfers (out) . . . . .	(37,500)	(37,500)	(35,844)	1,656
Advances in. . . . .	220,892	231,263	232,934	1,671
Advances (out) . . . . .	-	-	(348,795)	(348,795)
Total other financing sources (uses). . . . .	<u>382,610</u>	<u>399,354</u>	<u>55,453</u>	<u>(343,901)</u>
Net change in fund balance . . . . .	(3,037,904)	(1,469,822)	(943,077)	526,745
<b>Fund balance at beginning of year (restated) . . . . .</b>	<b>6,571,625</b>	<b>6,571,625</b>	<b>6,571,625</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>1,040,266</b>	<b>1,040,266</b>	<b>1,040,266</b>	<b>-</b>
<b>Fund balance at end of year. . . . .</b>	<b>\$ 4,573,987</b>	<b>\$ 6,142,069</b>	<b>\$ 6,668,814</b>	<b>\$ 526,745</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2004

	<b>Business-Type Activities - Community Education Fund</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>		
Current:		
Equity in pooled cash and cash equivalents . . . . .	\$ 258,372	\$ 563,520
Receivables:		
Accounts . . . . .	-	7,596
Total assets . . . . .	258,372	571,116
<b>Liabilities:</b>		
Current:		
Accounts payable . . . . .	37,465	-
Accrued wages and benefits . . . . .	34,885	-
Compensated absences . . . . .	12,947	-
Pension obligation payable . . . . .	40,157	-
Intergovernmental payable . . . . .	2,338	161
Claims payable . . . . .	-	516,822
Total current liabilities . . . . .	127,792	516,983
Long-term liabilities:		
Compensated absences payable . . . . .	15,559	-
Total liabilities . . . . .	143,351	516,983
<b>Net assets:</b>		
Unrestricted . . . . .	115,021	54,133
Total net assets . . . . .	\$ 115,021	\$ 54,133

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, 2004

	<b>Business-Type Activities - Community Education Fund</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>		
Sales/charges for services. . . . .	\$ 1,055,824	\$ 6,126,707
Other . . . . .	-	7,596
	<hr/>	<hr/>
Total operating revenues . . . . .	1,055,824	6,134,303
	<hr/>	<hr/>
<b>Operating expenses:</b>		
Personal services. . . . .	497,997	41,459
Purchased services. . . . .	518,518	990,393
Materials and supplies . . . . .	37,387	-
Claims . . . . .	-	5,110,143
Other. . . . .	4,108	-
	<hr/>	<hr/>
Total operating expenses. . . . .	1,058,010	6,141,995
	<hr/>	<hr/>
Operating loss . . . . .	(2,186)	(7,692)
	<hr/>	<hr/>
Change in net assets . . . . .	(2,186)	(7,692)
	<hr/>	<hr/>
<b>Net assets at beginning of year. . . . .</b>	117,207	61,825
	<hr/>	<hr/>
<b>Net assets at end of year . . . . .</b>	<u>\$ 115,021</u>	<u>\$ 54,133</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, 2004

	<b>Business-Type Activities - Community Education Fund</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>		
Cash received from sales/charges for services . . . . .	\$ 1,057,081	\$ 6,126,707
Cash payments for personal services . . . . .	(493,194)	(41,298)
Cash payments for contractual services . . . . .	(510,437)	(1,001,861)
Cash payments for materials and supplies . . . . .	(39,936)	-
Cash payments for claims . . . . .	-	(4,847,835)
Cash payments for other expenses . . . . .	(4,108)	-
	9,406	235,713
Net cash provided by operating activities . . . . .	9,406	235,713
Net increase in cash and cash equivalents . . . . .	9,406	235,713
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>248,966</b>	<b>327,807</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 258,372</b>	<b>\$ 563,520</b>
 <b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss . . . . .	\$ (2,186)	\$ (7,692)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable . . . . .	1,257	(7,596)
Increase (decrease) in accounts payable . . . . .	4,510	(11,468)
Increase in accrued wages and benefits . . . . .	4,722	-
Increase (decrease) in intergovernmental payable . . . . .	(564)	161
Increase in compensated absences payable . . . . .	5,227	-
Decrease in pension obligation payable . . . . .	(3,560)	-
Increase in claims payable . . . . .	-	262,308
	-	262,308
Net cash provided by operating activities . . . . .	\$ 9,406	\$ 235,713

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2004

	<b>Private-Purpose Trust</b>	
	<b>Scholarships</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents. . . . .	\$ 2,985	\$ 106,875
Receivables:		
Accounts. . . . .	-	907
Intergovernmental . . . . .	-	59,296
	2,985	\$ 167,078
Total assets . . . . .	2,985	\$ 167,078
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 43,859
Intergovernmental payable . . . . .	-	66,637
Undistributed monies. . . . .	-	27,565
Pension obligation payable. . . . .	-	3,042
Due to students. . . . .	-	25,975
	-	\$ 167,078
Total liabilities . . . . .	-	\$ 167,078
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	2,985	
Total net assets. . . . .	\$ 2,985	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<b>Private-Purpose Trust</b>
	<b>Scholarships</b>
<b>Additions:</b>	
Gifts and contributions . . . . .	\$ 47,250
Total additions . . . . .	47,250
<b>Deductions:</b>	
Scholarships awarded . . . . .	47,250
Change in net assets . . . . .	-
Net assets at beginning of year . . . . .	2,985
Net assets at end of year . . . . .	\$ 2,985

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

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

The District ranks as the 61<sup>st</sup> largest by enrollment among the 613 public school districts in the state. The District employs 249 non-certified, 420 certified and 31 administrative employees to provide services to 5,601 students and community groups.

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" 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.

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 organizations resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

*JOINTLY GOVERNED ORGANIZATIONS*

Six District Educational Compact (the "Compact")

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

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Program

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

*PROPRIETARY FUNDS*

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

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

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

*FIDUCIARY FUNDS*

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

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

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

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

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

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

**D. Basis of Accounting**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

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

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

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operation, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**E. Budgets**

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

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

Tax Budget:

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

Estimated Resources:

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

Appropriations:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

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

Lapsing of Appropriations:

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

**F. Cash and Investments**

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

During fiscal year 2004, 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 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2004.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$136,341, which includes \$42,591 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**G. Inventory**

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

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

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

**H. Capital Assets**

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

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

All reported capital assets except land 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 - 25 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 8 years



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**L. Fund Balance Reserves**

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

**M. Net Assets**

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

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

**N. Prepayments**

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

**O. Estimates**

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

**P. Interfund Activity**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**Q. Nonpublic Schools**

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2004.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Prior Period Adjustment**

The June 30, 2003 net asset balance of the governmental activities has been restated to properly report accreted interest on the capital appreciation bonds (see Note 9). This prior period adjustment had the following effect on net assets as previously reported:

	Governmental Activities
Net assets as previously reported	\$ 27,702,032
Adjustment for capital appreciation bonds	(7,714,155)
Restated net assets, June 30, 2003	\$ 19,987,877

This prior period adjustment had the following effect on the change in net assets as previously reported for the governmental activities:

	Governmental Activities
Change in net assets as previously reported	\$ 1,519,618
Adjustment for capital appreciation bonds	(1,259,420)
Restated change in net assets for fiscal 2003	\$ 260,198

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**B. Deficit Fund Balances**

Fund balances at June 30, 2004 included the following individual fund deficits:

Nonmajor Governmental Funds

Entry Year	\$ 38
Ohio Reads	27
Summer Intervention	561
EHA Preschool Grant	5,767
Title VI	25,503
Title VI-B	3,961
Classroom Reduction	3,986

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

*Deposits:* At fiscal year-end, the carrying amount of the District's deposits was \$5,754,581 and the bank balance was \$6,033,710. Both of these amounts include \$3,000,000 in non-negotiable certificates of deposit. Of the bank balance:

1. \$335,802 was covered by federal depository insurance; and
2. \$5,697,908 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

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

	Category 2	Category 3	Reported Amount	Fair Value
Repurchase agreements	\$ -	\$ 1,590,000	\$ 1,590,000	\$ 1,590,000
Federal agency securities	4,959,696	-	4,959,696	4,959,696
Total	\$ 4,959,696	\$ 1,590,000		
Investment in STAR Ohio			19,578	19,578
Total investments			\$ 6,569,274	\$ 6,569,274

The federal agency securities have maturity dates ranging from January 2005 through November 2005.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 12,325,255	\$ -
Investments of the cash management pool:		
Repurchase agreements	(1,590,000)	1,590,000
Federal agency securities	(4,959,696)	4,959,696
Investment in STAR Ohio	(19,578)	19,578
Cash on hand	(1,400)	-
GASB Statement No. 3	<u>\$ 5,754,581</u>	<u>\$ 6,569,274</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund transfers for the fiscal year ended June 30, 2004, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 34,535
Transfers from nonmajor governmental funds to:	
General fund	208,462

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 transfer from the nonmajor governmental funds to the general fund relates to repayment of energy conservation borrowings. In prior years, these borrowings were repaid from the general fund; however, during fiscal 2004, these borrowings are now being repaid from the nonmajor governmental funds. A transfer was required to refund the general fund for payments incurred.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

**B.** Interfund loans consisted of the following at June 30, 2004, as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 104,516

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2004 are reported on the statement of net assets.

**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 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, 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 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 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 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**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, 2004, are available to finance fiscal year 2004 operations. The amount available as an advance at June 30, 2004 was \$607,681 in the general fund, \$43,813 in the debt service fund and \$19,623 in the Permanent Improvement capital projects fund (a nonmajor governmental fund). The amount available for advance at June 30, 2003 was \$2,312,488 in the general fund, \$174,294 in the debt service fund and \$87,295 in the Permanent Improvement capital projects fund (a nonmajor governmental fund). The amount available as an advance can vary depending upon when tax bills are sent by the County Fiscal Officer.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 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 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 795,743,250	91.02	\$ 797,188,020	92.15
Tangible personal property	61,203,761	7.00	51,669,668	5.97
Public utility personal	<u>17,332,170</u>	<u>1.98</u>	<u>16,218,330</u>	<u>1.88</u>
Total	<u>\$ 874,279,181</u>	<u>100.00</u>	<u>\$ 865,076,018</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
General operations	\$	71.03	\$	71.03
Debt service		2.62		2.62
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, 2004

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2004 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental Activities:**

Property taxes	\$ 38,151,030
Accounts	8,100
Accrued interest	44,453
Intergovernmental	<u>335,524</u>
<b>Total</b>	<b><u>\$ 38,539,107</u></b>

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	<u>Balance</u> <u>07/01/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/04</u>
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,032,204	\$ -	\$ -	\$ 1,032,204
<b>Total capital assets, not being depreciated</b>	<u>1,032,204</u>	<u>-</u>	<u>-</u>	<u>1,032,204</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,561,795	24,327	-	1,586,122
Building and improvements	45,009,240	14,664	-	45,023,904
Furniture and equipment	8,176,669	252,724	(42,549)	8,386,844
Vehicles	<u>3,025,679</u>	<u>171,552</u>	<u>-</u>	<u>3,197,231</u>
<b>Total capital assets, being depreciated</b>	<u>57,773,383</u>	<u>463,267</u>	<u>(42,549)</u>	<u>58,194,101</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(824,924)	(58,822)	-	(883,746)
Building and improvements	(15,955,496)	(790,023)	-	(16,745,519)
Furniture and equipment	(6,133,034)	(341,607)	9,017	(6,465,624)
Vehicles	<u>(1,962,255)</u>	<u>(185,320)</u>	<u>-</u>	<u>(2,147,575)</u>
<b>Total accumulated depreciation</b>	<u>(24,875,709)</u>	<u>(1,375,772)</u>	<u>9,017</u>	<u>(26,242,464)</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 33,929,878</u></b>	<b><u>\$ (912,505)</u></b>	<b><u>\$ (33,532)</u></b>	<b><u>\$ 32,983,841</u></b>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 878,410
Special	36,891
Vocational	22,847
Other	17,170
<u>Support Services:</u>	
Pupil	18,190
Instructional staff	44,973
Administration	25,697
Board of education	1,144
Operations and maintenance	78,293
Pupil transportation	156,926
Operation of non-instructional	6,849
Extracurricular activities	65,195
Food service operations	<u>23,187</u>
Total depreciation expense	<u>\$ 1,375,772</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 9 - LONG-TERM OBLIGATIONS**

A. The balance of the District's governmental activities long-term obligations at June 30, 2003 has been restated. The general obligation bonds have been increased by \$7,714,155 from \$11,250,929 to \$18,965,084 to properly record accreted interest on the Series 1993 capital appreciation bonds (See Note 3.A.). The effect on the total governmental activities long-term obligation at June 30, 2003 was an increase of \$7,714,155 from \$13,761,442 to \$21,475,597. During the fiscal year 2004, the following changes occurred in governmental activities long-term obligations:

	Restated Balance Outstanding <u>07/01/03</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>06/30/04</u>	Amount Due in One Year
<b>Governmental Activities:</b>					
<b>General Obligation Bonds:</b>					
Series 1993, Improvement Current Interest Bonds 7.10%, 12/01/20 maturity	\$ 7,245,000	\$ -	\$ (7,245,000)	\$ -	\$ -
Series 1993, Improvement Capital Appreciation Bonds 12.558% (average effective) 12/15/03 - 12/15/10 maturity	3,089,880	-	(478,315)	2,611,565	449,051
Series 1993, Improvement Capital Appreciation Bonds Accreted interest	7,714,155	1,279,006	(1,591,685)	7,401,476	1,625,949
Series 2003, Refunding Current Interest Bonds 2.0-4.0%, 12/15/14 maturity	-	6,045,000	-	6,045,000	125,000
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	-	78,853	-	78,853	-
Energy Conservation Bonds 5.20%, 12/01/07 maturity	916,049	-	(165,121)	750,928	173,707
Total, general obligation bonds	<u>18,965,084</u>	<u>8,602,823</u>	<u>(9,480,121)</u>	<u>18,087,786</u>	<u>2,373,707</u>
Compensated absences	<u>2,510,513</u>	<u>1,825,959</u>	<u>(1,690,019)</u>	<u>2,646,453</u>	<u>387,771</u>
Total, governmental activities	<u>\$ 21,475,597</u>	<u>\$10,428,782</u>	<u>\$ (11,170,140)</u>	<u>\$ 20,734,239</u>	<u>\$ 2,761,478</u>
<b>Business-type Activities:</b>					
Compensated absences	\$ 23,279	\$ 13,082	\$ (7,855)	\$ 28,506	\$ 12,947
Total, business-type activities	<u>\$ 23,279</u>	<u>\$ 13,082</u>	<u>\$ (7,855)</u>	<u>\$ 28,506</u>	<u>\$ 12,947</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

All bonds 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.

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 2004, the District refunded the callable portion of the outstanding bonds by issuing the Series 2003 refunding bonds described below. The non-callable portion of the Series 1993 bonds consisted of capital appreciation bonds, par value \$16,735,000. The capital appreciation bonds mature on December 15, 2003 through 2010 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. During fiscal 2004, the District retired a capital appreciation bond with a par value of \$2,070,000. The present value reported in the statement of net assets at June 30, 2004 was \$2,611,565. Total accreted interest of \$7,401,476 has been included on the statement of net assets.

Series 2003 Refunding General Obligation Bonds

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

The refunding issue is comprised of both current interest bonds par value \$6,045,000, and capital appreciation bonds, par value \$2,280,000. The interest rate on the current interest bonds range from 2.0-4.0%. The capital appreciation bonds mature on December 15, 2011 (effective interest 7.860%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the statement of net assets at June 30, 2004 was \$1,199,964. Total accreted interest of \$78,853 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.

This refunding was undertaken to reduce total debt service payments over the next eleven years by \$712,528 and resulted in an economic gain of \$610,463.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

- B.** Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2004, are as follows:

Fiscal Year Ending June 30	General Obligation Current Interest Bonds			General Obligation Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 125,000	\$ 226,675	\$ 351,675	\$ 449,051	\$ 1,625,949	\$ 2,075,000
2006	130,000	224,125	354,125	422,786	1,667,214	2,090,000
2007	130,000	221,525	351,525	394,425	1,695,575	2,090,000
2008	135,000	218,639	353,639	368,133	1,726,867	2,095,000
2009	140,000	215,127	355,127	345,534	1,754,466	2,100,000
2010 - 2014	4,950,000	845,104	5,795,104	1,831,600	4,663,400	6,495,000
2015	435,000	8,700	443,700	-	-	-
<b>Total</b>	<b>\$ 6,045,000</b>	<b>\$ 1,959,895</b>	<b>\$ 8,004,895</b>	<b>\$ 3,811,529</b>	<b>\$ 13,133,471</b>	<b>\$ 16,945,000</b>

Fiscal Year Ending June 30	General Obligation Energy Conservation Bonds		
	Principal	Interest	Total
2005	\$ 173,707	\$ 34,532	\$ 208,239
2006	182,739	25,264	208,003
2007	192,242	15,515	207,757
2008	202,240	5,258	207,498
<b>Total</b>	<b>\$ 750,928</b>	<b>\$ 80,569</b>	<b>\$ 831,497</b>

**C. Legal Debt Margin**

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

The effects of these debt limitations at June 30, 2004 are a voted debt margin of \$69,279,059 (including available funds of \$1,278,746) and an unvoted debt margin of \$865,076.

**NOTE 10 - COMPENSATED ABSENCES**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 11 - RISK MANAGEMENT**

**A. General Insurance**

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

**B. Fidelity Bond**

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

**C. Employee Health Insurance**

The District has elected to provide employee medical, prescription and dental benefits through a self-insurance program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$400 family and \$200 single deductible. A third party administrator, Employee Benefit Consultants located in Cleveland, Ohio, reviews and processes all claims for payment. The District purchases stop-loss coverage of \$125,000 per employee and \$3,808,565 in the aggregate.

The District pays into the self-insurance internal service fund for full-time medical and prescription drug family coverage \$817.20 per month for certified, classified and administrative employees. Single coverage full-time costs are \$372.72 for certified, classified and administrative employees. Employees are considered part-time if they work 20 or more hours per week and less than 35-hours per week. Part-time employees are eligible for family and single coverage. The premiums for part-time employees are prorated according to hours worked per week for certified employees and hours worked per 35 hour week for classified employees.

Dental coverage is also provided on a self-insured basis through Employee Benefit Consultants. Premium costs for this coverage are \$28.54 per month for family coverage and \$11.67 per month for single coverage for certified employees. Premiums for classified employees are prorated according to hours worked per 35-hour week with premiums ranging from \$56.24 to \$29.60 for family coverage and \$26.12 to \$13.34 for single coverage. Employees working 20 or more hours per week are eligible for dental coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages of fixed rates established in each plan.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

The District also provides prescription drug insurance to its employees through a self-insured program. The Teacher plan utilizes a co-pay program. The District pays for the cost of the drug after a deductible paid by the employee of \$10 for generic drugs, \$15 for preferred drugs and \$20 for non-preferred drugs. For support employees the plan pays 80 percent of the cost of prescriptions with the employee paying 20 percent. This plan utilizes no prescription deductible for prescriptions. The third party administrator, Employee Benefit Consultants, reviews and processes the claims. The premium for this coverage is included in the medical plan premium amounts stated above.

The claims liability of \$516,822 reported in the internal service fund at June 30, 2004, 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>
2004	\$ 254,514	\$ 5,110,143	\$ (4,847,835)	\$ 516,822
2003	485,305	4,082,018	(4,312,809)	254,514

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

**D. Workers' Compensation**

For fiscal year 2004, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

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



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$537,621, \$469,034, and \$290,782, respectively; 40.37% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$320,578, represents the unpaid contribution for fiscal year 2004.

**B. State Teachers Retirement System**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

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

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal years 2004 and 2003, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$3,364,324, \$3,236,411, and \$2,239,917, respectively; 82.63% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$584,465, represents the unpaid contribution for fiscal year 2004. Contributions to the DC and Combined Plans for fiscal 2004 were \$41,750 made by the District and \$68,553 made by plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2004, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$258,794 during fiscal 2004.

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

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

For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 (the latest information available) were \$204.931 million and the target level was \$307.4 million. At June 30, 2003 (the latest information available), SERS had net assets available for payment of health care benefits of \$303.6 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$393,671 during the 2004 fiscal year.

**NOTE 14 - CONTINGENCIES**

**A. Grants**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**B. Litigation**

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

**C. State School Funding Decision**

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

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

**NOTE 15 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2004, the reserve activity was as follows:

	Instructional <u>Materials</u>	Capital <u>Improvement</u>	<u>Totals</u>
Set-aside cash balance as of June 30, 2003	\$ (1,872,497)	\$ -	\$ (1,872,497)
Current year set-aside requirement	786,024	786,024	1,572,048
Current year offset	-	(1,045,766)	(1,045,766)
Qualifying disbursements	<u>(843,614)</u>	<u>(561,909)</u>	<u>(1,405,523)</u>
Total	<u>\$ (1,930,087)</u>	<u>\$ (821,651)</u>	<u>\$ (2,751,738)</u>
Balance carried forward to FY 2005	<u>\$ (1,930,087)</u>	<u>\$ -</u>	<u>\$ (1,930,087)</u>

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ (943,077)
Net adjustment for revenue accruals	(1,715,387)
Net adjustment for expenditure accruals	(211,339)
Net adjustment for other sources/uses	118,474
Adjustment for encumbrances	<u>1,555,148</u>
GAAP basis	<u>\$ (1,196,181)</u>

**NOTE 17 - SIGNIFICANT SUBSEQUENT EVENTS**

Ms. Maryann Wolowiec became Superintendent of the District effective August 1, 2004.

In September 2004, the District issued \$17.8 million in capital improvement bonds to finance improvements to existing or additional community learning centers.

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

## NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

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

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

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

## NONMAJOR DEBT SERVICE FUND

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

## NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2004

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,227,321	\$ 1,234,933	\$ 737,231	\$ 3,199,485
Receivables:				
Taxes . . . . .	-	2,314,696	1,048,657	3,363,353
Intergovernmental . . . . .	276,245	-	-	276,245
Materials and supplies inventory . . . . .	3,863	-	-	3,863
Inventory held for resale . . . . .	64,674	-	-	64,674
Total assets . . . . .	\$ 1,572,103	\$ 3,549,629	\$ 1,785,888	\$ 6,907,620
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 42,836	\$ -	\$ -	\$ 42,836
Accrued wages and benefits . . . . .	293,984	-	-	293,984
Pension obligation payable . . . . .	22,414	-	-	22,414
Intergovernmental payable . . . . .	8,963	-	-	8,963
Interfund loan payable . . . . .	104,516	-	-	104,516
Deferred revenue . . . . .	182,411	2,270,883	1,029,034	3,482,328
Total liabilities . . . . .	655,124	2,270,883	1,029,034	3,955,041
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	86,339	-	150,148	236,487
Reserved for inventories . . . . .	68,537	-	-	68,537
Reserved for debt service . . . . .	-	1,234,933	-	1,234,933
Reserved for property tax unavailable for appropriation . . . . .	-	43,813	19,623	63,436
Unreserved, undesignated, reported in:				
Special revenue funds . . . . .	762,103	-	-	762,103
Capital projects funds . . . . .	-	-	587,083	587,083
Total fund balances . . . . .	916,979	1,278,746	756,854	2,952,579
Total liabilities and fund balances . . . . .	\$ 1,572,103	\$ 3,549,629	\$ 1,785,888	\$ 6,907,620

**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, 2004

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ -	\$ 2,215,396	\$ 971,320	\$ 3,186,716
Earnings on investments. . . . .	5,551	-	-	5,551
Charges for services . . . . .	1,453,339	-	-	1,453,339
Extracurricular. . . . .	614,295	-	-	614,295
Classroom materials and fees . . . . .	210,668	-	-	210,668
Other local revenues. . . . .	187,985	2,236	4	190,225
Intergovernmental - State . . . . .	1,560,331	261,010	123,244	1,944,585
Intergovernmental - Federal. . . . .	1,229,624	-	-	1,229,624
Total revenue . . . . .	<u>5,261,793</u>	<u>2,478,642</u>	<u>1,094,568</u>	<u>8,835,003</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	483,206	-	107,666	590,872
Special. . . . .	356,290	-	-	356,290
Other . . . . .	6,064	-	32,590	38,654
Support Services:				
Pupil . . . . .	587,970	-	-	587,970
Instructional staff . . . . .	314,868	-	10,591	325,459
Administration. . . . .	31,671	-	-	31,671
Fiscal . . . . .	-	29,934	21,527	51,461
Operations and maintenance. . . . .	8,636	-	-	8,636
Pupil transportation . . . . .	21,999	-	-	21,999
Central. . . . .	8,883	-	-	8,883
Operation of non-instructional services . . . . .	33,101	-	-	33,101
Extracurricular activities. . . . .	429,681	-	-	429,681
Food service operations . . . . .	1,557,279	-	-	1,557,279
Intergovernmental pass through . . . . .	1,261,899	-	-	1,261,899
Facilities acquisition and construction . . . . .	-	-	981,818	981,818
Debt service:				
Principal retirement . . . . .	-	2,235,121	-	2,235,121
Interest and fiscal charges . . . . .	-	213,019	-	213,019
Total expenditures . . . . .	<u>5,101,547</u>	<u>2,478,074</u>	<u>1,154,192</u>	<u>8,733,813</u>
Excess of revenues over (under) expenditures. . . . .	<u>160,246</u>	<u>568</u>	<u>(59,624)</u>	<u>101,190</u>
<b>Other financing sources (uses):</b>				
Premium on bonds sold . . . . .	-	4,146	-	4,146
Proceeds from sale of bonds . . . . .	-	7,244,964	-	7,244,964
Payment to refunding bond escrow agent. . . . .	-	(7,245,000)	-	(7,245,000)
Transfers in. . . . .	34,535	-	-	34,535
Transfers (out) . . . . .	-	-	(208,462)	(208,462)
Total other financing sources (uses) . . . . .	<u>34,535</u>	<u>4,110</u>	<u>(208,462)</u>	<u>(169,817)</u>
Net change in fund balances . . . . .	194,781	4,678	(268,086)	(68,627)
<b>Fund balances at beginning of year. . . . .</b>	<u>722,198</u>	<u>1,274,068</u>	<u>1,024,940</u>	<u>3,021,206</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 916,979</u>	<u>\$ 1,278,746</u>	<u>\$ 756,854</u>	<u>\$ 2,952,579</u>

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2004

	<b>Public School Support</b>	<b>Other Grants</b>	<b>Athletic and Music</b>	<b>Auxiliary Services</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 179,561	\$ 39,782	\$ 216,660	\$ 174,898
Receivables:				
Intergovernmental . . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Inventory held for resale . . . . .	-	-	-	-
Total assets . . . . .	\$ 179,561	\$ 39,782	\$ 216,660	\$ 174,898
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 7,264	\$ 1,000	\$ 4,272	\$ 15,561
Accrued wages and benefits . . . . .	-	-	1,431	58,350
Pension obligation payable. . . . .	-	-	-	7,886
Intergovernmental payable . . . . .	54	-	845	1,453
Interfund loan payable . . . . .	-	-	2,529	-
Deferred revenue . . . . .	-	-	-	-
Total liabilities . . . . .	7,318	1,000	9,077	83,250
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	25,019	-	14,223	17,810
Reserved for inventories . . . . .	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds. . . . .	147,224	38,782	193,360	73,838
Total fund balance (deficit). . . . .	172,243	38,782	207,583	91,648
Total liabilities and fund balances . . . . .	\$ 179,561	\$ 39,782	\$ 216,660	\$ 174,898

<u>Teacher Development</u>	<u>Management Information System</u>	<u>Entry Year</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>Summer Intervention</u>	<u>Other State Grants</u>
\$ 5,463	\$ 66,270	\$ -	\$ 18,000	\$ 1,689	\$ -	\$ 5,397	\$ 13,113
-	-	-	-	-	-	9,989	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 5,463</u>	<u>\$ 66,270</u>	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ 1,689</u>	<u>\$ -</u>	<u>\$ 15,386</u>	<u>\$ 13,113</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,000	-	15,377	-
-	-	-	-	-	-	-	-
-	-	38	-	10	27	419	28
-	-	-	-	-	-	-	-
-	-	-	-	-	-	151	-
-	-	38	-	1,010	27	15,947	28
-	48	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,463	66,222	(38)	18,000	679	(27)	(561)	13,085
5,463	66,270	(38)	18,000	679	(27)	(561)	13,085
<u>\$ 5,463</u>	<u>\$ 66,270</u>	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ 1,689</u>	<u>\$ -</u>	<u>\$ 15,386</u>	<u>\$ 13,113</u>

- - continued

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2004

	<b>Title VI-B</b>	<b>Title III</b>	<b>Title I</b>	<b>Title VI</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 89,228	\$ -	\$ 26,105	\$ 207
Receivables:				
Intergovernmental . . . . .	31,484	5,250	14,965	62,237
Materials and supplies inventory . . . . .	-	-	-	-
Inventory held for resale . . . . .	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets . . . . .	<u>\$ 120,712</u>	<u>\$ 5,250</u>	<u>\$ 41,070</u>	<u>\$ 62,444</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 1,585	\$ -	\$ -	\$ -
Accrued wages and benefits . . . . .	88,783	-	18,296	8,318
Pension obligation payable. . . . .	598	-	-	-
Intergovernmental payable . . . . .	2,223	-	467	167
Interfund loan payable . . . . .	-	5,234	-	44,281
Deferred revenue . . . . .	31,484	-	14,965	35,181
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities . . . . .	<u>124,673</u>	<u>5,234</u>	<u>33,728</u>	<u>87,947</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	9,460	-	-	207
Reserved for inventories . . . . .	-	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds. . . . .	(13,421)	16	7,342	(25,710)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance (deficit). . . . .	<u>(3,961)</u>	<u>16</u>	<u>7,342</u>	<u>(25,503)</u>
Total liabilities and fund balances . . . . .	<u>\$ 120,712</u>	<u>\$ 5,250</u>	<u>\$ 41,070</u>	<u>\$ 62,444</u>

<b>Drug-Free Grant</b>	<b>EHA Preschool Grant</b>	<b>Classroom Reduction</b>	<b>Other Federal Grants</b>	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Other Special Revenue</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 1,915	\$ -	\$ 23,085	\$ 2,298	\$ 264,053	\$ 89,003	\$ 10,594	\$ 1,227,321
4,289	546	125,302	1,594	20,589	-	-	276,245
-	-	-	-	3,863	-	-	3,863
-	-	-	-	20,347	44,327	-	64,674
<u>\$ 6,204</u>	<u>\$ 546</u>	<u>\$ 148,387</u>	<u>\$ 3,892</u>	<u>\$ 308,852</u>	<u>\$ 133,330</u>	<u>\$ 10,594</u>	<u>\$ 1,572,103</u>
\$ -	\$ -	\$ -	\$ -	\$ 11,185	\$ 1,969	\$ -	\$ 42,836
174	5,687	7,802	-	87,314	1,452	-	293,984
-	-	-	-	13,930	-	-	22,414
794	80	247	-	2,105	6	-	8,963
-	-	50,123	-	-	2,349	-	104,516
4,289	546	94,201	1,594	-	-	-	182,411
<u>5,257</u>	<u>6,313</u>	<u>152,373</u>	<u>1,594</u>	<u>114,534</u>	<u>5,776</u>	<u>-</u>	<u>655,124</u>
600	-	-	-	10,766	8,206	-	86,339
-	-	-	-	24,210	44,327	-	68,537
347	(5,767)	(3,986)	2,298	159,342	75,021	10,594	762,103
947	(5,767)	(3,986)	2,298	194,318	127,554	10,594	916,979
<u>\$ 6,204</u>	<u>\$ 546</u>	<u>\$ 148,387</u>	<u>\$ 3,892</u>	<u>\$ 308,852</u>	<u>\$ 133,330</u>	<u>\$ 10,594</u>	<u>\$ 1,572,103</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, 2004

	<b>Public School Support</b>	<b>Other Grants</b>	<b>Athletic and Music</b>	<b>Auxiliary Services</b>
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ -	\$ -	\$ -	\$ 2,623
Charges for services . . . . .	8,614	-	-	-
Extracurricular . . . . .	171,226	-	334,818	-
Classroom materials and fees . . . . .	55,412	-	-	-
Other local revenues . . . . .	67,127	23,578	78,392	-
Intergovernmental - State . . . . .	-	-	-	1,358,055
Intergovernmental - Federal . . . . .	-	-	-	-
Total revenue . . . . .	302,379	23,578	413,210	1,360,678
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	72,312	-	-	-
Special . . . . .	-	-	-	-
Other . . . . .	-	-	-	-
Support Services:				
Pupil . . . . .	211,373	-	-	-
Instructional staff . . . . .	3,711	-	-	-
Administration . . . . .	-	-	-	-
Operations and maintenance . . . . .	-	-	-	-
Pupil transportation . . . . .	-	-	19,999	-
Central . . . . .	-	6,548	-	-
Operation of non-instructional services . . . . .	13,775	-	-	-
Extracurricular activities . . . . .	-	-	429,681	-
Food service operations . . . . .	-	-	-	-
Intergovernmental pass through . . . . .	-	-	-	1,261,899
Total expenditures . . . . .	301,171	6,548	449,680	1,261,899
Excess of revenues over (under) expenditures.	1,208	17,030	(36,470)	98,779
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	34,535	-
Total other financing sources . . . . .	-	-	34,535	-
Net change in fund balances . . . . .	1,208	17,030	(1,935)	98,779
<b>Fund balances (deficit)</b>				
at beginning of year . . . . .	171,035	21,752	209,518	(7,131)
<b>Fund balances (deficit) at end of year . . . . .</b>	<b>\$ 172,243</b>	<b>\$ 38,782</b>	<b>\$ 207,583</b>	<b>\$ 91,648</b>



<u>Teacher Development</u>	<u>Management Information System</u>	<u>Entry Year</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>Summer Intervention</u>	<u>Other State Grants</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
-	20,345	12,100	18,000	4,140	8,000	99,070	39,670
-	-	-	-	-	-	-	-
<u>3</u>	<u>20,345</u>	<u>12,100</u>	<u>18,000</u>	<u>4,140</u>	<u>8,000</u>	<u>99,070</u>	<u>39,670</u>
-	-	-	-	-	8,062	-	11,218
-	-	-	-	-	-	99,628	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	12,138	-	3,447	-	-	8,978
-	-	-	-	-	-	-	11,283
-	-	-	-	-	-	-	-
-	2,335	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>2,335</u>	<u>12,138</u>	<u>-</u>	<u>3,447</u>	<u>8,062</u>	<u>99,628</u>	<u>31,479</u>
<u>3</u>	<u>18,010</u>	<u>(38)</u>	<u>18,000</u>	<u>693</u>	<u>(62)</u>	<u>(558)</u>	<u>8,191</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3</u>	<u>18,010</u>	<u>(38)</u>	<u>18,000</u>	<u>693</u>	<u>(62)</u>	<u>(558)</u>	<u>8,191</u>
5,460	48,260	-	-	(14)	35	(3)	4,894
<u>\$ 5,463</u>	<u>\$ 66,270</u>	<u>\$ (38)</u>	<u>\$ 18,000</u>	<u>\$ 679</u>	<u>\$ (27)</u>	<u>\$ (561)</u>	<u>\$ 13,085</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, 2004

	<b>Economic Security Act</b>	<b>Title VI-B</b>	<b>Title III</b>	<b>Title I</b>	<b>Title VI</b>
<b>Revenues:</b>					
From local sources:					
Earnings on investments . . . . .	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services . . . . .	-	-	-	-	-
Extracurricular . . . . .	-	-	-	-	-
Classroom materials and fees . . . . .	-	-	-	-	-
Other local revenues . . . . .	-	-	-	-	-
Intergovernmental - State . . . . .	-	-	-	-	-
Intergovernmental - Federal . . . . .	-	761,775	5,250	124,689	49,994
Total revenue . . . . .	<u>-</u>	<u>761,775</u>	<u>5,250</u>	<u>124,689</u>	<u>49,994</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	-	51,250	5,234	-	60,363
Special . . . . .	-	139,315	-	117,347	-
Other . . . . .	-	-	-	-	-
Support Services:					
Pupil . . . . .	-	334,729	-	-	-
Instructional staff . . . . .	1,289	190,585	-	-	-
Administration . . . . .	-	20,388	-	-	-
Operations and maintenance . . . . .	-	-	-	-	-
Pupil transportation . . . . .	-	-	-	-	-
Central . . . . .	-	-	-	-	-
Operation of non-instructional services . . . . .	-	7,945	-	-	45
Extracurricular activities . . . . .	-	-	-	-	-
Food service operations . . . . .	-	-	-	-	-
Intergovernmental pass through . . . . .	-	-	-	-	-
Total expenditures . . . . .	<u>1,289</u>	<u>744,212</u>	<u>5,234</u>	<u>117,347</u>	<u>60,408</u>
Excess of revenues over (under) expenditures.	<u>(1,289)</u>	<u>17,563</u>	<u>16</u>	<u>7,342</u>	<u>(10,414)</u>
<b>Other financing sources:</b>					
Transfers in . . . . .	-	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	<u>(1,289)</u>	<u>17,563</u>	<u>16</u>	<u>7,342</u>	<u>(10,414)</u>
<b>Fund balances (deficit)</b>					
at beginning of year . . . . .	1,289	(21,524)	-	-	(15,089)
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ (3,961)</u>	<u>\$ 16</u>	<u>\$ 7,342</u>	<u>\$ (25,503)</u>

<b>Drug-Free Grant</b>	<b>EHA Preschool Grant</b>	<b>Classroom Reduction</b>	<b>Other Federal Grants</b>	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Other Special Revenue</b>	<b>Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 2,928	\$ -	\$ -	\$ 5,551
-	-	-	-	1,444,725	-	-	1,453,339
-	-	-	-	-	108,251	-	614,295
-	-	-	-	-	155,256	-	210,668
-	-	-	-	-	3,824	15,061	187,985
-	-	-	-	951	-	-	1,560,331
46,944	25,724	54,517	25,822	134,909	-	-	1,229,624
<u>46,944</u>	<u>25,724</u>	<u>54,517</u>	<u>25,822</u>	<u>1,583,513</u>	<u>267,331</u>	<u>15,061</u>	<u>5,261,793</u>
-	-	-	1,808	-	268,305	4,654	483,206
-	-	-	-	-	-	-	356,290
-	-	-	-	-	-	6,064	6,064
24,750	-	-	14,467	-	2,651	-	587,970
-	27,023	67,697	-	-	-	-	314,868
-	-	-	-	-	-	-	31,671
-	-	-	8,636	-	-	-	8,636
-	-	-	2,000	-	-	-	21,999
-	-	-	-	-	-	-	8,883
-	-	9,205	-	-	-	2,131	33,101
-	-	-	-	-	-	-	429,681
-	-	-	-	1,557,279	-	-	1,557,279
-	-	-	-	-	-	-	1,261,899
<u>24,750</u>	<u>27,023</u>	<u>76,902</u>	<u>26,911</u>	<u>1,557,279</u>	<u>270,956</u>	<u>12,849</u>	<u>5,101,547</u>
<u>22,194</u>	<u>(1,299)</u>	<u>(22,385)</u>	<u>(1,089)</u>	<u>26,234</u>	<u>(3,625)</u>	<u>2,212</u>	<u>160,246</u>
-	-	-	-	-	-	-	34,535
-	-	-	-	-	-	-	34,535
22,194	(1,299)	(22,385)	(1,089)	26,234	(3,625)	2,212	194,781
(21,247)	(4,468)	18,399	3,387	168,084	131,179	8,382	722,198
<u>\$ 947</u>	<u>\$ (5,767)</u>	<u>\$ (3,986)</u>	<u>\$ 2,298</u>	<u>\$ 194,318</u>	<u>\$ 127,554</u>	<u>\$ 10,594</u>	<u>\$ 916,979</u>

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

BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUND  
JUNE 30, 2004

	<u><b>Permanent Improvement</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 737,231
Receivables:	
Taxes . . . . .	<u>1,048,657</u>
Total assets . . . . .	<u><u>\$ 1,785,888</u></u>
<b>Liabilities:</b>	
Deferred revenue . . . . .	<u>\$ 1,029,034</u>
Total liabilities . . . . .	<u>1,029,034</u>
<b>Fund Balances:</b>	
Reserved for encumbrances . . . . .	150,148
Reserved for property tax unavailable for appropriation . . . . .	19,623
Unreserved, undesignated, reported in: Capital projects funds . . . . .	<u>587,083</u>
Total fund balance . . . . .	<u>756,854</u>
Total liabilities and fund balances . . . . .	<u><u>\$ 1,785,888</u></u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<b>Permanent Improvement</b>	<b>SchoolNet</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 971,320	\$ -	\$ 971,320
Other local revenues . . . . .	-	4	4
Intergovernmental - State . . . . .	123,244	-	123,244
Total revenue . . . . .	1,094,564	4	1,094,568
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	107,666	-	107,666
Other . . . . .	32,590	-	32,590
Support Services:			
Instructional staff . . . . .	10,591	-	10,591
Fiscal . . . . .	21,527	-	21,527
Facilities acquisition and construction . . . . .	981,818	-	981,818
Total expenditures . . . . .	1,154,192	-	1,154,192
Excess of revenues over (under) expenditures.	(59,628)	4	(59,624)
<b>Other financing uses:</b>			
Transfers (out) . . . . .	(208,462)	-	(208,462)
Total other financing uses . . . . .	(208,462)	-	(208,462)
Net change in fund balances. . . . .	(268,090)	4	(268,086)
<b>Fund balances (deficit)</b>			
at beginning of year . . . . .	1,024,944	(4)	1,024,940
Fund balances at end of year . . . . .	\$ 756,854	\$ -	\$ 756,854

## AGENCY FUNDS

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

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

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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**Student Activities**

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2004</u>
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 51,246	\$ 44,607	\$ 69,878	\$ 25,975
Accounts receivable . . . . .	20	-	20	-
<b>Total assets. . . . .</b>	<u>\$ 51,266</u>	<u>\$ 44,607</u>	<u>\$ 69,898</u>	<u>\$ 25,975</u>
<b>LIABILITIES:</b>				
Due to students. . . . .	\$ 42,385	\$ 44,607	\$ 61,017	\$ 25,975
Accounts payable. . . . .	8,881	-	8,881	-
<b>Total liabilities. . . . .</b>	<u>\$ 51,266</u>	<u>\$ 44,607</u>	<u>\$ 69,898</u>	<u>\$ 25,975</u>

**Six District Educational Compact**

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2004</u>
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 9,009	\$ 652,932	\$ 581,041	\$ 80,900
Accounts receivable . . . . .	-	907	-	907
Intergovernmental receivable. . . . .	-	59,296	-	59,296
<b>Total assets. . . . .</b>	<u>\$ 9,009</u>	<u>\$ 713,135</u>	<u>\$ 581,041</u>	<u>\$ 141,103</u>
<b>LIABILITIES:</b>				
Accounts payable. . . . .	\$ -	\$ 43,859	\$ -	\$ 43,859
Intergovernmental payable . . . . .	-	66,637	-	66,637
Pension obligation payable. . . . .	-	3,042	-	3,042
Undistributed Monies . . . . .	9,009	539,394	520,838	27,565
<b>Total liabilities. . . . .</b>	<u>\$ 9,009</u>	<u>\$ 652,932</u>	<u>\$ 520,838</u>	<u>\$ 141,103</u>

**Total**

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2004</u>
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 60,255	\$ 697,539	\$ 650,919	\$ 106,875
Accounts receivable . . . . .	20	907	20	907
Intergovernmental receivable. . . . .	-	59,296	-	59,296
<b>Total assets. . . . .</b>	<u>\$ 60,275</u>	<u>\$ 757,742</u>	<u>\$ 650,939</u>	<u>\$ 167,078</u>
<b>LIABILITIES:</b>				
Due to students. . . . .	\$ 42,385	\$ 44,607	\$ 61,017	\$ 25,975
Accounts payable. . . . .	8,881	43,859	8,881	43,859
Intergovernmental payable . . . . .	-	66,637	-	66,637
Pension obligation payable. . . . .	-	3,042	-	3,042
Undistributed Monies . . . . .	9,009	539,394	520,838	27,565
<b>Total liabilities. . . . .</b>	<u>\$ 60,275</u>	<u>\$ 697,539</u>	<u>\$ 590,736</u>	<u>\$ 167,078</u>

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



## **GENERAL FUND**

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

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

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
COMMUNITY EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating revenues:</b>				
Sales/charges for services . . . . .	\$ 162,588	\$ 124,191	\$ 124,191	\$ -
Other. . . . .	1,219,675	931,633	931,633	-
Total operating revenues. . . . .	<u>1,382,263</u>	<u>1,055,824</u>	<u>1,055,824</u>	<u>-</u>
<b>Operating expenses:</b>				
Salaries and wages . . . . .	426,317	420,047	400,162	19,885
Fringe benefits . . . . .	86,130	93,536	93,032	504
Purchased services . . . . .	599,385	630,582	629,870	712
Materials and supplies . . . . .	114,220	62,670	49,455	13,215
Capital outlay . . . . .	3,000	3,000	-	3,000
Other. . . . .	3,832	5,379	4,108	1,271
Total operating expenses . . . . .	<u>1,232,884</u>	<u>1,215,214</u>	<u>1,176,627</u>	<u>38,587</u>
Operating income (loss) . . . . .	<u>149,379</u>	<u>(159,390)</u>	<u>(120,803)</u>	<u>38,587</u>
<b>Nonoperating revenues (expenses):</b>				
Refund of prior year's receipts . . . . .	-	(2,552)	(2,123)	(429)
Refund of prior year expenses . . . . .	1,646	1,257	1,257	-
Transfers in. . . . .	16,091	12,291	12,291	-
Transfers out . . . . .	(500)	(12,791)	(12,291)	500
Total nonoperating revenues (expenses) . . . . .	<u>17,237</u>	<u>(1,795)</u>	<u>(866)</u>	<u>71</u>
Net income (loss) . . . . .	166,616	(161,185)	(121,669)	38,658
<b>Fund equity, July 1 . . . . .</b>	96,814	96,814	96,814	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>152,152</u>	<u>152,152</u>	<u>152,152</u>	<u>-</u>
<b>Fund equity, June 30 . . . . .</b>	<u>\$ 415,582</u>	<u>\$ 87,781</u>	<u>\$ 127,297</u>	<u>\$ 38,658</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PUBLIC SCHOOL SUPPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Charge for services . . . . .	\$ 8,268	\$ 8,614	\$ 8,614	\$ -
Extracurricular . . . . .	165,071	171,978	171,978	-
Classroom materials and fees . . . . .	53,187	55,412	55,412	-
Other local revenue . . . . .	64,420	67,116	67,116	-
Total revenues . . . . .	<u>290,946</u>	<u>303,120</u>	<u>303,120</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	72,320	104,202	80,430	23,772
Support services:				
Pupils . . . . .	254,900	287,686	241,007	46,679
Instructional staff . . . . .	7,000	10,397	4,593	5,804
Operation of non-instructional services . . . . .	17,750	17,902	15,276	2,626
Total expenditures . . . . .	<u>351,970</u>	<u>420,187</u>	<u>341,306</u>	<u>78,881</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(61,024)</u>	<u>(117,067)</u>	<u>(38,186)</u>	<u>78,881</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	1,736	1,809	1,809	-
Transfers out . . . . .	-	(1,809)	(1,809)	-
Refund of prior year's receipts . . . . .	-	(5)	(5)	-
Refund of prior year expenditures . . . . .	84	87	87	-
Total other financing sources (uses) . . . . .	<u>1,820</u>	<u>82</u>	<u>82</u>	<u>-</u>
Net change in fund balance . . . . .	(59,204)	(116,985)	(38,104)	78,881
<b>Fund balance, July 1 . . . . .</b>	157,239	157,239	157,239	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>28,711</u>	<u>28,711</u>	<u>28,711</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 126,746</u>	<u>\$ 68,965</u>	<u>\$ 147,846</u>	<u>\$ 78,881</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OTHER GRANTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Other local revenue . . . . .	\$ 500	\$ 23,578	\$ 23,578	\$ -
Total revenues . . . . .	<u>500</u>	<u>23,578</u>	<u>23,578</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Central . . . . .	5,500	18,607	6,548	12,059
Total expenditures . . . . .	<u>5,500</u>	<u>18,607</u>	<u>6,548</u>	<u>12,059</u>
Net change in fund balance . . . . .	(5,000)	4,971	17,030	12,059
<b>Fund balance, July 1 . . . . .</b>	<u>21,752</u>	<u>21,752</u>	<u>21,752</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 16,752</u>	<u>\$ 26,723</u>	<u>\$ 38,782</u>	<u>\$ 12,059</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ATHLETIC AND MUSIC  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Extracurricular . . . . .	\$ 413,852	\$ 329,384	\$ 334,883	\$ 5,499
Other local revenue . . . . .	96,836	77,071	78,358	1,287
Total revenues . . . . .	<u>510,688</u>	<u>406,455</u>	<u>413,241</u>	<u>6,786</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Pupil transportation . . . . .	19,999	19,999	19,999	-
Extracurricular activities . . . . .	554,529	526,489	446,046	80,443
Facilities acquisition and construction . . . . .	22,000	22,000	-	22,000
Total expenditures . . . . .	<u>596,528</u>	<u>568,488</u>	<u>466,045</u>	<u>102,443</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(85,840)</u>	<u>(162,033)</u>	<u>(52,804)</u>	<u>109,229</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	55,037	43,804	44,535	731
Transfers out . . . . .	-	(10,000)	(10,000)	-
Advances in . . . . .	3,125	2,488	2,529	41
Advances out . . . . .	-	-	(7,564)	(7,564)
Refund of prior year expenditures . . . . .	349	277	282	5
Total other financing sources (uses) . . . . .	<u>58,511</u>	<u>36,569</u>	<u>29,782</u>	<u>(6,787)</u>
Net change in fund balance . . . . .	(27,329)	(125,464)	(23,022)	102,442
<b>Fund balance, July 1 . . . . .</b>	<b>210,802</b>	<b>210,802</b>	<b>210,802</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>10,433</b>	<b>10,433</b>	<b>10,433</b>	<b>-</b>
<b>Fund balance, June 30 . . . . .</b>	<b><u>\$ 193,906</u></b>	<b><u>\$ 95,771</u></b>	<b><u>\$ 198,213</u></b>	<b><u>\$ 102,442</u></b>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
AUXILIARY SERVICES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ 2,498	\$ 2,623	\$ 2,623	\$ -
Intergovernmental-state . . . . .	1,293,312	1,358,055	1,358,055	-
Total revenues . . . . .	<u>1,295,810</u>	<u>1,360,678</u>	<u>1,360,678</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	975,254	1,097,033	987,573	109,460
Support services:				
Pupils . . . . .	169,560	186,376	171,708	14,668
Instructional staff . . . . .	7,000	5,715	4,324	1,391
Administration . . . . .	135,999	149,785	136,568	13,217
Operation and maintenance of plant . . . . .	8,000	8,000	7,997	3
Total expenditures . . . . .	<u>1,295,813</u>	<u>1,446,909</u>	<u>1,308,170</u>	<u>138,739</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(3)</u>	<u>(86,231)</u>	<u>52,508</u>	<u>138,739</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditures . . . . .	-	(2,229)	(2,229)	-
Total other financing sources (uses) . . . . .	<u>-</u>	<u>(2,229)</u>	<u>(2,229)</u>	<u>-</u>
Net change in fund balance . . . . .	(3)	(88,460)	50,279	138,739
<b>Fund balance, July 1 . . . . .</b>	48,418	48,418	48,418	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>42,940</u>	<u>42,940</u>	<u>42,940</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 91,355</u>	<u>\$ 2,898</u>	<u>\$ 141,637</u>	<u>\$ 138,739</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TEACHER DEVELOPMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Support services:				
Instructional staff . . . . .	\$ -	\$ 12	\$ 12	\$ -
Total expenditures . . . . .	<u>-</u>	<u>12</u>	<u>12</u>	<u>-</u>
Net change in fund balance . . . . .	-	(12)	(12)	-
<b>Fund balance, July 1 . . . . .</b>	<u>5,475</u>	<u>5,475</u>	<u>5,475</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 5,475</u>	<u>\$ 5,463</u>	<u>\$ 5,463</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)  
MANAGEMENT INFORMATION SYSTEM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ 20,000	\$ 20,345	\$ 20,345	\$ -
Total revenues . . . . .	<u>20,000</u>	<u>20,345</u>	<u>20,345</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Administration . . . . .	6,000	-	-	-
Central . . . . .	<u>2,000</u>	<u>8,000</u>	<u>2,383</u>	<u>5,617</u>
Total expenditures . . . . .	<u>8,000</u>	<u>8,000</u>	<u>2,383</u>	<u>5,617</u>
Net change in fund balance . . . . .	12,000	12,345	17,962	5,617
<b>Fund balance, July 1 . . . . .</b>	<u>48,260</u>	<u>48,260</u>	<u>48,260</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 60,260</u>	<u>\$ 60,605</u>	<u>\$ 66,222</u>	<u>\$ 5,617</u>



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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ENTRY YEAR  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ 12,100	\$ 12,100	\$ 12,100	\$ -
Total revenues . . . . .	<u>12,100</u>	<u>12,100</u>	<u>12,100</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Instructional staff . . . . .	12,100	12,100	12,100	-
Total expenditures . . . . .	<u>12,100</u>	<u>12,100</u>	<u>12,100</u>	<u>-</u>
Net change in fund balance . . . . .	-	-	-	-
<b>Fund balance, July 1 . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DATA COMMUNICATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Total revenues . . . . .	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Other . . . . .	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Total expenditures . . . . .	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Net change in fund balance . . . . .	-	-	18,000	18,000
<b>Fund balance, July 1 . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ 18,000</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SCHOOLNET PROFESSIONAL DEVELOPMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ 4,140	\$ 4,140	\$ 4,140	\$ -
Total revenues . . . . .	<u>4,140</u>	<u>4,140</u>	<u>4,140</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Instructional staff . . . . .	4,140	4,140	2,451	1,689
Total expenditures . . . . .	<u>4,140</u>	<u>4,140</u>	<u>2,451</u>	<u>1,689</u>
Net change in fund balance . . . . .	-	-	1,689	1,689
<b>Fund balance, July 1 . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,689</u>	<u>\$ 1,689</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OHIO READS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ 8,500	\$ 8,000	\$ 8,000	\$ -
Total revenues . . . . .	<u>8,500</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	<u>8,000</u>	<u>9,018</u>	<u>9,018</u>	<u>-</u>
Total expenditures . . . . .	<u>8,000</u>	<u>9,018</u>	<u>9,018</u>	<u>-</u>
Net change in fund balance . . . . .	500	(1,018)	(1,018)	-
<b>Fund balance, July 1 . . . . .</b>	-	-	-	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>1,018</u>	<u>1,018</u>	<u>1,018</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 1,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SUMMER INTERVENTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ 99,224	\$ 89,232	\$ 89,232	\$ -
Total revenues . . . . .	<u>99,224</u>	<u>89,232</u>	<u>89,232</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Special . . . . .	17,860	83,835	83,835	-
Total expenditures . . . . .	<u>17,860</u>	<u>83,835</u>	<u>83,835</u>	<u>-</u>
Net change in fund balance . . . . .	81,364	5,397	5,397	-
<b>Fund balance, July 1 . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 81,364</u>	<u>\$ 5,397</u>	<u>\$ 5,397</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OTHER STATE GRANTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-state . . . . .	\$ 47,094	\$ 39,670	\$ 39,670	\$ -
Total revenues . . . . .	<u>47,094</u>	<u>39,670</u>	<u>39,670</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	11,293	11,565	11,188	377
Support services:				
Instructional staff . . . . .	9,000	9,021	9,000	21
Administration . . . . .	<u>19,377</u>	<u>19,377</u>	<u>11,285</u>	<u>8,092</u>
Total expenditures . . . . .	<u>39,670</u>	<u>39,963</u>	<u>31,473</u>	<u>8,490</u>
Net change in fund balance . . . . .	7,424	(293)	8,197	8,490
<b>Fund balance, July 1 . . . . .</b>	4,623	4,623	4,623	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>293</u>	<u>293</u>	<u>293</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 12,340</u>	<u>\$ 4,623</u>	<u>\$ 13,113</u>	<u>\$ 8,490</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ECONOMIC SECURITY ACT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 33,711	\$ -	\$ -	\$ -
Total revenues . . . . .	<u>33,711</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>33,711</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's (receipts) . . . . .	<u>(1,289)</u>	<u>(1,289)</u>	<u>(1,289)</u>	<u>-</u>
Total other financing sources (uses) . . . . .	<u>(1,289)</u>	<u>(1,289)</u>	<u>(1,289)</u>	<u>-</u>
Net change in fund balance . . . . .	32,422	(1,289)	(1,289)	-
<b>Fund balance, July 1 . . . . .</b>	<u>1,289</u>	<u>1,289</u>	<u>1,289</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 33,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE VI-B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 712,349	\$ 673,379	\$ 761,775	\$ 88,396
Total revenues . . . . .	<u>712,349</u>	<u>673,379</u>	<u>761,775</u>	<u>88,396</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	47,500	43,055	40,331	2,724
Special . . . . .	160,746	143,431	142,950	481
Support services:				
Pupils . . . . .	387,275	367,748	318,878	48,870
Instructional staff . . . . .	154,574	193,289	182,145	11,144
Administration . . . . .	33,883	33,074	20,535	12,539
Operation of non-instructional services . . . . .	3,936	9,373	9,373	-
Total expenditures . . . . .	<u>787,914</u>	<u>789,970</u>	<u>714,212</u>	<u>75,758</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(75,565)</u>	<u>(116,591)</u>	<u>47,563</u>	<u>164,154</u>
<b>Other financing sources (uses):</b>				
Advances in . . . . .	93,512	88,396	100,000	11,604
Advances (out). . . . .	-	-	(100,000)	(100,000)
Total other financing sources (uses) . . . . .	<u>93,512</u>	<u>88,396</u>	<u>-</u>	<u>(88,396)</u>
Net change in fund balance . . . . .	17,947	(28,195)	47,563	75,758
<b>Fund balance, July 1 . . . . .</b>	<b>15,304</b>	<b>15,304</b>	<b>15,304</b>	<b>-</b>
<b>Prior year encumbrances appropriated. . . . .</b>	<b>15,236</b>	<b>15,236</b>	<b>15,236</b>	<b>-</b>
<b>Fund balance, June 30 . . . . .</b>	<b><u>\$ 48,487</u></b>	<b><u>\$ 2,345</u></b>	<b><u>\$ 78,103</u></b>	<b><u>\$ 75,758</u></b>



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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	\$ 5,250	\$ 5,234	\$ 5,234	\$ -
Total expenditures . . . . .	<u>5,250</u>	<u>5,234</u>	<u>5,234</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(5,250)</u>	<u>(5,234)</u>	<u>(5,234)</u>	<u>-</u>
<b>Other financing sources:</b>				
Advances in . . . . .	<u>5,250</u>	<u>5,234</u>	<u>5,234</u>	<u>-</u>
Total other financing sources. . . . .	<u>5,250</u>	<u>5,234</u>	<u>5,234</u>	<u>-</u>
Net change in fund balance . . . . .	-	-	-	-
<b>Fund balance, July 1 . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE I  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 139,654	\$ 124,689	\$ 124,689	\$ -
Total revenues . . . . .	<u>139,654</u>	<u>124,689</u>	<u>124,689</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Special . . . . .	130,908	110,609	98,584	12,025
Support services:				
Instructional staff . . . . .	8,746	8,746	-	8,746
Total expenditures . . . . .	<u>139,654</u>	<u>119,355</u>	<u>98,584</u>	<u>20,771</u>
Net change in fund balance . . . . .	-	5,334	26,105	20,771
<b>Fund balance, July 1 . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ -</u>	<u>\$ 5,334</u>	<u>\$ 26,105</u>	<u>\$ 20,771</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE VI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 12,773	\$ 15,546	\$ 22,938	\$ 7,392
Total revenues . . . . .	<u>12,773</u>	<u>15,546</u>	<u>22,938</u>	<u>7,392</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	36,278	52,289	52,288	1
Operation of non-instructional services . . . . .	<u>6,240</u>	<u>45</u>	<u>45</u>	<u>-</u>
Total expenditures . . . . .	<u>42,518</u>	<u>52,334</u>	<u>52,333</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(29,745)</u>	<u>(36,788)</u>	<u>(29,395)</u>	<u>7,393</u>
<b>Other financing sources (uses):</b>				
Advances in . . . . .	30,227	36,788	54,281	17,493
Advances (out). . . . .	<u>-</u>	<u>-</u>	<u>(24,886)</u>	<u>(24,886)</u>
Total other financing sources (uses) . . . . .	<u>30,227</u>	<u>36,788</u>	<u>29,395</u>	<u>(7,393)</u>
Net change in fund balance . . . . .	482	-	-	-
<b>Fund balance, July 1 . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DRUG-FREE GRANT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 33,930	\$ 20,636	\$ 46,944	\$ 26,308
Total revenues . . . . .	<u>33,930</u>	<u>20,636</u>	<u>46,944</u>	<u>26,308</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Pupils . . . . .	15,529	24,787	24,787	-
Operation of non-instructional services . . . . .	-	600	600	-
Total expenditures . . . . .	<u>15,529</u>	<u>25,387</u>	<u>25,387</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>18,401</u>	<u>(4,751)</u>	<u>21,557</u>	<u>26,308</u>
<b>Other financing sources (uses):</b>				
Advances in . . . . .	7,228	4,396	10,000	5,604
Advances out. . . . .	-	-	(31,912)	(31,912)
Total other financing sources (uses) . . . . .	<u>7,228</u>	<u>4,396</u>	<u>(21,912)</u>	<u>(26,308)</u>
Net change in fund balance . . . . .	25,629	(355)	(355)	-
<b>Fund balance, July 1 . . . . .</b>	<b>843</b>	<b>843</b>	<b>843</b>	<b>-</b>
<b>Prior year encumbrances appropriated. . . . .</b>	<u><b>127</b></u>	<u><b>127</b></u>	<u><b>127</b></u>	<u><b>-</b></u>
<b>Fund balance, June 30 . . . . .</b>	<u><u><b>\$ 26,599</b></u></u>	<u><u><b>\$ 615</b></u></u>	<u><u><b>\$ 615</b></u></u>	<u><u><b>\$ -</b></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)  
EHA PRESCHOOL GRANT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 26,690	\$ 19,420	\$ 29,561	\$ 10,141
Total revenues . . . . .	<u>26,690</u>	<u>19,420</u>	<u>29,561</u>	<u>10,141</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Pupils . . . . .	3,859	662	662	-
Instructional staff . . . . .	<u>21,865</u>	<u>25,607</u>	<u>25,607</u>	<u>-</u>
Total expenditures . . . . .	<u>25,724</u>	<u>26,269</u>	<u>26,269</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>966</u>	<u>(6,849)</u>	<u>3,292</u>	<u>10,141</u>
<b>Other financing sources (uses):</b>				
Advances in . . . . .	9,029	6,569	10,000	3,431
Advances (out). . . . .	<u>-</u>	<u>-</u>	<u>(13,572)</u>	<u>(13,572)</u>
Total other financing sources (uses) . . . . .	<u>9,029</u>	<u>6,569</u>	<u>(3,572)</u>	<u>(10,141)</u>
Net change in fund balance . . . . .	9,995	(280)	(280)	-
<b>Fund balance, July 1 . . . . .</b>	<u>280</u>	<u>280</u>	<u>280</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 10,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CLASSROOM REDUCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 49,393	\$ 23,416	\$ 23,416	\$ -
Total revenues . . . . .	<u>49,393</u>	<u>23,416</u>	<u>23,416</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Instructional staff . . . . .	-	59,386	59,717	(331)
Operation of non-instructional services . . . . .	<u>101,187</u>	<u>32,487</u>	<u>9,205</u>	<u>23,282</u>
Total expenditures . . . . .	<u>101,187</u>	<u>91,873</u>	<u>68,922</u>	<u>22,951</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(51,794)</u>	<u>(68,457)</u>	<u>(45,506)</u>	<u>22,951</u>
<b>Other financing sources (uses):</b>				
Advances in . . . . .	105,727	50,123	50,123	-
Total other financing sources (uses) . . . . .	<u>105,727</u>	<u>50,123</u>	<u>50,123</u>	<u>-</u>
Net change in fund balance . . . . .	53,933	(18,334)	4,617	22,951
<b>Fund balance, July 1 . . . . .</b>	<u>18,468</u>	<u>18,468</u>	<u>18,468</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 72,401</u>	<u>\$ 134</u>	<u>\$ 23,085</u>	<u>\$ 22,951</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OTHER FEDERAL GRANTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-federal . . . . .	\$ 19,459	\$ 21,633	\$ 25,822	\$ 4,189
Total revenues . . . . .	<u>19,459</u>	<u>21,633</u>	<u>25,822</u>	<u>4,189</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,808	1,808	1,808	-
Support services:				
Pupils . . . . .	13,000	14,467	14,467	-
Instructional staff . . . . .	745	-	-	-
Operation and maintenance of plant . . . . .	8,636	8,636	8,636	-
Pupil transportation . . . . .	2,000	2,000	2,000	-
Operation of non-instructional services . . . . .	426	-	-	-
Total expenditures . . . . .	<u>26,615</u>	<u>26,911</u>	<u>26,911</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(7,156)</u>	<u>(5,278)</u>	<u>(1,089)</u>	<u>4,189</u>
<b>Other financing sources (uses):</b>				
Advances in . . . . .	3,768	4,189	5,000	811
Advances (out). . . . .	-	-	(5,000)	(5,000)
Total other financing sources (uses) . . . . .	<u>3,768</u>	<u>4,189</u>	<u>-</u>	<u>(4,189)</u>
Net change in fund balance . . . . .	(3,388)	(1,089)	(1,089)	-
<b>Fund balance, July 1 . . . . .</b>	<u>3,387</u>	<u>3,387</u>	<u>3,387</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ (1)</u>	<u>\$ 2,298</u>	<u>\$ 2,298</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)  
FOOD SERVICE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ 8,103	\$ 8,762	\$ 8,762	\$ -
Charges for services . . . . .	1,335,986	1,444,725	1,444,725	-
Intergovernmental-state . . . . .	996	1,077	1,077	-
Intergovernmental-federal . . . . .	63,164	68,305	68,305	-
<b>Total revenues . . . . .</b>	<u>1,408,249</u>	<u>1,522,869</u>	<u>1,522,869</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Food service operations . . . . .	1,513,236	1,599,666	1,523,898	75,768
<b>Total expenditures . . . . .</b>	<u>1,513,236</u>	<u>1,599,666</u>	<u>1,523,898</u>	<u>75,768</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(104,987)</u>	<u>(76,797)</u>	<u>(1,029)</u>	<u>75,768</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's (receipts) . . . . .	(784)	(784)	-	784
<b>Total other financing sources (uses) . . . . .</b>	<u>(784)</u>	<u>(784)</u>	<u>-</u>	<u>784</u>
Net change in fund balance . . . . .	(105,771)	(77,581)	(1,029)	76,552
<b>Fund balance, July 1 . . . . .</b>	216,754	216,754	216,754	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>26,430</u>	<u>26,430</u>	<u>26,430</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 137,413</u>	<u>\$ 165,603</u>	<u>\$ 242,155</u>	<u>\$ 76,552</u>



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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
UNIFORM SCHOOL SUPPLIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Extracurricular . . . . .	\$ 131,777	\$ 108,751	\$ 108,751	\$ -
Classroom materials and fees . . . . .	188,128	155,256	155,256	-
Other local revenue . . . . .	3,229	2,665	2,665	-
Total revenues . . . . .	<u>323,134</u>	<u>266,672</u>	<u>266,672</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	299,911	354,257	319,856	34,401
Total expenditures . . . . .	<u>299,911</u>	<u>354,257</u>	<u>319,856</u>	<u>34,401</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>23,223</u>	<u>(87,585)</u>	<u>(53,184)</u>	<u>34,401</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	124	102	102	-
Transfers out . . . . .	-	(2,531)	(102)	2,429
Advances in . . . . .	2,846	2,349	2,349	-
Refund of prior year expenses . . . . .	1,437	1,186	1,186	-
Total other financing sources (uses) . . . . .	<u>4,407</u>	<u>1,106</u>	<u>3,535</u>	<u>2,429</u>
Net change in fund balance . . . . .	27,630	(86,479)	(49,649)	36,830
<b>Fund balance, July 1 . . . . .</b>	<b>82,462</b>	<b>82,462</b>	<b>82,462</b>	<b>-</b>
<b>Prior year encumbrances appropriated. . . . .</b>	<b>46,036</b>	<b>46,036</b>	<b>46,036</b>	<b>-</b>
<b>Fund balance, June 30 . . . . .</b>	<b><u>\$ 156,128</u></b>	<b><u>\$ 42,019</u></b>	<b><u>\$ 78,849</u></b>	<b><u>\$ 36,830</u></b>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OTHER SPECIAL REVENUE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Other local revenue . . . . .	\$ -	\$ 15,060	\$ 15,060	\$ -
Total revenues . . . . .	<u>-</u>	<u>15,060</u>	<u>15,060</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	5,256	4,653	603
Other . . . . .	-	6,072	6,064	8
Operation of non-instructional services . . . . .	-	2,131	2,131	-
Total expenditures . . . . .	<u>-</u>	<u>13,459</u>	<u>12,848</u>	<u>611</u>
Net change in fund balance . . . . .	-	1,601	2,212	611
<b>Fund balance, July 1 . . . . .</b>	<u>8,382</u>	<u>8,382</u>	<u>8,382</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 8,382</u>	<u>\$ 9,983</u>	<u>\$ 10,594</u>	<u>\$ 611</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 2,123,102	\$ 2,345,877	\$ 2,345,877	\$ -
Other local revenue . . . . .	2,024	2,236	2,236	-
Intergovernmental-state . . . . .	236,223	261,010	261,010	-
Total revenues . . . . .	<u>2,361,349</u>	<u>2,609,123</u>	<u>2,609,123</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Fiscal . . . . .	35,000	35,000	29,970	5,030
Debt service:				
Principal retirement . . . . .	2,475,720	2,475,720	2,448,140	27,580
Interest and fiscal charges . . . . .	208,462	208,462	-	208,462
Total expenditures . . . . .	<u>2,719,182</u>	<u>2,719,182</u>	<u>2,478,110</u>	<u>241,072</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(357,833)</u>	<u>(110,059)</u>	<u>131,013</u>	<u>241,072</u>
<b>Other financing sources (uses):</b>				
Operating transfers in . . . . .	188,666	208,462	208,462	-
Operating transfers out . . . . .	-	(208,462)	(208,462)	-
Proceeds from the sale of bonds . . . . .	3,752	4,146	4,146	-
Total other financing sources (uses) . . . . .	<u>192,418</u>	<u>4,146</u>	<u>4,146</u>	<u>-</u>
Net change in fund balance . . . . .	(165,415)	(105,913)	135,159	241,072
<b>Fund balance, July 1 . . . . .</b>	<u>1,099,774</u>	<u>1,099,774</u>	<u>1,099,774</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 934,359</u>	<u>\$ 993,861</u>	<u>\$ 1,234,933</u>	<u>\$ 241,072</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PERMANENT IMPROVEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,010,523	\$ 1,038,992	\$ 1,038,992	\$ -
Intergovernmental-state . . . . .	119,867	123,244	123,244	-
Total revenues . . . . .	<u>1,130,390</u>	<u>1,162,236</u>	<u>1,162,236</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	114,300	114,300	107,666	6,634
Other . . . . .	49,000	44,000	32,590	11,410
Support services:				
Instructional staff . . . . .	10,600	10,600	10,591	9
Fiscal . . . . .	17,000	22,000	21,527	473
Pupil transportation . . . . .	550,000	341,538	-	341,538
Facilities acquisition and construction . . . . .	602,207	1,270,057	1,210,662	59,395
Total expenditures . . . . .	<u>1,343,107</u>	<u>1,802,495</u>	<u>1,383,036</u>	<u>419,459</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(212,717)	(640,259)	(220,800)	419,459
<b>Other financing sources (uses):</b>				
Operating transfers (out) . . . . .	-	(208,462)	(208,462)	-
Total other financing sources (uses) . . . . .	<u>-</u>	<u>(208,462)</u>	<u>(208,462)</u>	<u>-</u>
Excess of revenues and other financing sources Net change in fund balance . . . . .	(212,717)	(848,721)	(429,262)	419,459
<b>Fund balance, July 1 . . . . .</b>	348,495	348,495	348,495	-
<b>Prior year encumbrances appropriated . . . . .</b>	667,850	667,850	667,850	-
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 803,628</u>	<u>\$ 167,624</u>	<u>\$ 587,083</u>	<u>\$ 419,459</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
BUILDING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Other local revenue . . . . .	\$ 15,000	\$ -	\$ -	\$ -
Total revenues . . . . .	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance . . . . .	15,000	-	-	-
<b>Fund balance, July 1 . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30 . . . . .</b>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SELF-INSURANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating expenses:</b>				
Salaries and wages . . . . .	\$ 39,493	\$ 42,718	\$ 38,287	\$ 4,431
Fringe benefits . . . . .	2,930	3,150	3,011	139
Personal services . . . . .	979,379	1,012,431	1,001,861	10,570
Claims. . . . .	4,547,345	4,855,152	4,847,835	7,317
Total operating expenses . . . . .	<u>5,569,147</u>	<u>5,913,451</u>	<u>5,890,994</u>	<u>22,457</u>
Operating loss. . . . .	<u>(5,569,147)</u>	<u>(5,913,451)</u>	<u>(5,890,994)</u>	<u>22,457</u>
<b>Nonoperating revenues:</b>				
Miscellaneous . . . . .	6,020,527	6,126,707	6,126,707	-
Total nonoperating revenues . . . . .	<u>6,020,527</u>	<u>6,126,707</u>	<u>6,126,707</u>	<u>-</u>
Net gain . . . . .	451,380	213,256	235,713	22,457
<b>Fund equity, July 1 . . . . .</b>	<b>327,757</b>	<b>327,757</b>	<b>327,757</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>-</b>
<b>Fund equity, June 30 . . . . .</b>	<u><u>\$ 779,187</u></u>	<u><u>\$ 541,063</u></u>	<u><u>\$ 563,520</u></u>	<u><u>\$ 22,457</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)  
SCHOLARSHIP  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Gifts and contributions . . . . .	\$ 64,500	\$ 47,250	\$ 47,250	\$ -
Total revenues . . . . .	<u>64,500</u>	<u>47,250</u>	<u>47,250</u>	<u>-</u>
 <b>Expenditures:</b>				
Current:				
Operation of non-instructional:				
Scholarships awarded . . . . .	39,100	47,500	47,250	250
Total operation of non-instructional . . . . .	<u>39,100</u>	<u>47,500</u>	<u>47,250</u>	<u>250</u>
Total expenditures . . . . .	<u>39,100</u>	<u>47,500</u>	<u>47,250</u>	<u>250</u>
Net change in fund balance . . . . .	25,400	(250)	-	250
<b>Fund balance at beginning of year . . . . .</b>	2,985	2,985	2,985	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 28,385</u>	<u>\$ 2,735</u>	<u>\$ 2,985</u>	<u>\$ 250</u>

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



## STATISTICAL SECTION

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

GENERAL FUND REVENUES BY SOURCE

LAST TEN FISCAL YEARS

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Revenues:				
Taxes . . . . .	\$ 22,882,703	\$ 21,614,202	\$ 23,257,271	\$ 24,113,198
Tuition and Fees . . . . .	4,342	1,162	-	5,632
Earnings on Investments . . . . .	326,911	504,660	617,655	770,579
Intergovernmental . . . . .	7,472,978	8,201,494	8,065,847	8,390,748
Miscellaneous Receipts . . . . .	55,480	35,439	41,061	243,052
Total Revenues . . . . .	<u>\$ 30,742,414</u>	<u>\$ 30,356,957</u>	<u>\$ 31,981,834</u>	<u>\$ 33,523,209</u>

Source: School District Financial Records

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$ 25,655,233	\$ 27,735,966	\$ 29,031,646	\$ 29,337,617	\$ 31,174,122	\$ 29,945,397
27,772	36,414	64,719	87,709	89,584	109,919
690,662	748,751	799,629	422,655	322,266	136,341
9,430,686	10,932,739	11,676,930	15,090,104	15,381,039	16,219,244
75,539	58,004	91,171	89,057	169,025	76,776
<u>\$ 35,879,892</u>	<u>\$ 39,511,874</u>	<u>\$ 41,664,095</u>	<u>\$ 45,027,142</u>	<u>\$ 47,136,036</u>	<u>\$ 46,487,677</u>

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

GENERAL FUND EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

	1995	1996	1997	1998
Current:				
Instruction: (1)				
Regular . . . . .	\$ 16,569,627	\$ 17,704,733	\$ 15,179,369	\$ 16,421,033
Special . . . . .	-	-	2,240,310	2,147,271
Vocational . . . . .	-	-	276,768	274,247
Other . . . . .	-	-	674,792	250,554
Support services:				
Pupil . . . . .	1,331,443	1,612,974	1,742,604	1,969,795
Instructional staff . . . . .	1,443,549	1,504,269	1,609,138	1,687,631
Board of Education . . . . .	31,614	19,629	53,721	453,348
Administration . . . . .	1,679,069	1,901,711	1,981,103	2,500,297
Fiscal . . . . .	644,612	486,556	742,788	788,868
Business . . . . .	178,779	201,579	1,244,063	957,208
Operations and maintenance . . . . .	2,722,160	3,000,095	2,843,994	3,108,362
Pupil transportation . . . . .	1,462,512	1,424,791	1,703,668	2,393,025
Central . . . . .	49,825	87,216	102,794	115,640
Operation of non-instructional services.	-	-	-	-
Extracurricular activities . . . . .	342,218	373,693	389,151	416,895
Facilities acquisition and construction . .	-	-	-	-
Total expenditures . . . . .	\$ 26,455,408	\$ 28,317,246	\$ 30,784,263	\$ 33,484,174

Source: School District Financial Records

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

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$ 18,388,031	\$ 19,521,730	\$ 20,876,384	\$ 21,865,961	\$ 22,874,652	\$ 23,614,700
2,429,968	2,791,459	3,149,716	3,582,036	3,972,436	3,782,147
268,529	245,733	271,994	253,757	260,876	291,430
319,649	469,249	534,477	508,892	351,205	445,587
2,079,950	2,147,214	2,465,099	2,673,118	2,705,562	2,776,327
2,111,379	2,303,815	2,645,803	3,058,581	3,318,632	3,252,090
47,648	51,617	37,970	41,542	41,612	43,568
2,770,697	3,047,810	3,316,353	3,369,988	3,602,302	3,984,184
879,546	891,279	964,346	990,308	945,826	1,061,615
256,249	345,188	299,627	316,488	372,889	404,294
3,414,447	3,808,437	4,098,821	4,087,462	4,404,810	4,295,746
2,446,861	2,298,955	2,638,438	2,678,118	2,644,567	2,809,376
195,795	266,482	340,186	353,803	307,566	352,930
-	-	-	-	-	500
484,052	519,485	548,974	658,650	688,869	743,291
58,876	127,370	-	-	-	-
<u>\$ 36,151,677</u>	<u>\$ 38,835,823</u>	<u>\$ 42,188,188</u>	<u>\$ 44,438,704</u>	<u>\$ 46,491,804</u>	<u>\$ 47,857,785</u>

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

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

LAST TEN CALENDAR YEARS

<u>Year (1)</u>	<u>Current Levy</u>	<u>Current Collection</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection as a Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes (2)</u>	<u>Ratio of Delinquent Taxes to Current Levy</u>
2004	\$ 41,689,243	\$ 40,481,651	97.1%	\$ 1,228,060	\$ 41,709,711	100.0%	\$ 1,940,947	4.7%
2003	36,521,096	35,139,224	96.2%	1,720,664	36,859,888	100.9%	1,779,068	4.9%
2002	35,827,683	34,867,895	97.3%	1,023,222	35,891,117	100.2%	1,604,695	4.5%
2001	36,284,070	35,091,681	96.7%	1,338,767	36,430,448	100.4%	1,304,182	3.6%
2000	35,466,206	34,316,886	96.8%	969,318	35,286,204	99.5%	1,495,174	4.2%
1999	34,699,903	33,583,292	96.8%	1,025,807	34,609,099	99.7%	1,506,282	4.3%
1998	29,689,039	28,533,435	96.1%	721,169	29,254,604	98.5%	1,632,424	5.5%
1997	29,561,314	28,808,054	97.5%	686,001	29,494,055	99.8%	1,163,164	3.9%
1996	29,108,656	28,517,648	98.0%	705,577	29,223,225	100.4%	1,030,397	3.5%
1995	28,032,062	27,337,542	97.5%	815,571	28,153,113	100.4%	1,191,059	4.2%

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

(1) Represents the collection year.

(2) Outstanding delinquent taxes represent the cumulative total as reported by the Summit County Fiscal Officer.

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

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN CALENDAR YEARS

Year	Agricultural and Residential Real Estate	Other Real Estate	Public Utility Personal	Tangible Personal	Total Assessed Value (1)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2004	\$ 688,559,100	\$ 108,628,920	\$ 16,218,330	\$ 51,669,668	\$ 865,076,018	\$2,471,645,766	35%
2003	688,996,930	106,746,320	17,332,170	61,203,761	874,279,181	2,497,940,517	35%
2002	619,744,350	95,420,340	16,195,670	62,661,329	794,021,689	2,268,633,397	35%
2001	609,093,050	88,225,110	18,597,560	59,073,383	774,989,103	2,214,254,580	35%
2000	595,912,690	88,834,060	20,796,730	53,202,433	758,745,913	2,192,861,665	35%
1999	565,688,580	83,105,800	21,325,230	54,397,655	724,517,265	2,092,614,079	35%
1998	553,056,210	84,450,720	20,935,380	55,260,291	713,702,601	2,063,424,915	35%
1997	539,794,760	78,755,000	22,172,180	55,260,291	695,982,231	2,010,498,373	35%
1996	453,508,940	72,163,940	24,066,610	53,207,816	602,947,306	1,738,820,388	35%
1995	432,408,720	71,912,150	27,350,960	47,775,793	579,447,623	1,659,370,903	35%

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

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

Real Estate is assessed at 35 percent of actual value.

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

Tangible personal property was assessed at 25 percent of actual value from 1995 to 2002.

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

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

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

**LAST TEN CALENDAR YEARS**

Year	Government	School Levy	County Levy	City/ Village Township	Valley Fire District	Total Levy	Debt Service Included in Total Levy			
							School	County	City	Total
2004	Boston Township	\$ 80.98	\$ 13.07	\$ 8.48	\$ 8.80	\$111.33	\$ 2.95	\$ 0.69	\$ -	\$ 3.64
	Boston Heights Village	80.98	13.07	6.85	-	100.90	2.95	0.69	-	3.64
	Hudson City	80.98	13.07	9.67	-	103.72	2.95	0.69	-	3.64
	Cuyahoga Falls City	80.98	13.07	11.00	-	105.05	2.95	0.69	-	3.64
2003	Boston Township	75.15	13.07	8.48	8.80	105.50	2.62	0.52	-	3.14
	Boston Heights Village	75.15	13.07	6.85	-	95.07	2.62	0.52	-	3.14
	Hudson City	75.15	13.07	9.29	-	97.51	2.62	0.52	1.99	5.13
	Cuyahoga Falls City	75.15	13.07	11.00	-	99.22	2.62	0.52	-	3.14
2002	Boston Township	75.63	13.07	7.48	6.50	102.68	3.10	0.36	-	3.46
	Boston Heights Village	75.63	13.07	7.35	-	96.05	3.10	0.36	-	3.46
	Hudson City	75.63	13.07	-	-	88.70	3.10	0.36	2.27	5.73
	Cuyahoga Falls City	75.63	13.07	11.00	-	99.70	3.10	0.36	-	3.46
2001	Boston Township	75.73	13.07	8.48	6.50	103.78	3.20	0.36	-	3.56
	Boston Heights Village	75.73	13.07	7.35	-	96.15	3.20	0.36	-	3.56
	Hudson City	75.73	13.07	8.94	-	97.74	3.20	0.36	2.27	5.83
	Cuyahoga Falls City	75.73	13.07	11.00	-	99.80	3.20	0.36	-	3.56
2000	Boston Township	76.13	12.27	8.48	6.50	103.38	3.60	0.36	-	3.96
	Boston Heights Village	76.13	12.27	7.35	-	95.75	3.60	0.36	-	3.96
	Hudson City	76.13	12.27	9.15	-	97.55	3.60	0.36	2.40	6.36
	Cuyahoga Falls City	76.13	12.27	11.00	-	99.40	3.60	0.36	-	3.96
1999	Boston Township	76.13	12.27	8.48	6.50	103.38	3.40	0.45	-	3.85
	Boston Heights Village	76.13	12.27	8.10	-	96.50	3.40	0.45	-	3.85
	Hudson City	76.13	12.27	8.39	-	96.79	3.40	0.45	1.72	5.57
	Cuyahoga Falls City	76.13	12.27	11.00	-	99.40	3.40	0.45	-	3.85
1998	Boston Township	70.13	11.65	8.48	6.50	96.76	2.90	0.45	-	3.35
	Boston Heights Village	70.13	11.65	8.10	-	89.88	2.90	0.45	-	3.35
	Hudson City	70.13	11.65	7.82	-	89.60	2.90	0.45	1.15	4.50
	Cuyahoga Falls City	70.13	11.65	12.00	-	93.78	2.90	0.45	-	3.35
1997	Boston Township	70.73	11.39	8.48	8.00	98.60	3.50	0.49	-	3.99
	Boston Heights Village	70.73	11.39	8.10	-	90.22	3.50	0.49	-	3.99
	Hudson City	70.73	11.39	7.03	-	89.15	3.50	0.49	0.36	4.35
	Cuyahoga Falls City	70.73	11.39	12.00	-	94.12	3.50	0.49	-	3.99
1996	Boston Township	72.23	13.99	1.48	5.50	93.20	5.00	0.60	-	5.60
	Boston Heights Village	72.23	13.99	8.10	-	94.32	5.00	0.60	-	5.60
	Hudson City	72.23	13.99	7.11	-	93.33	5.00	0.60	0.44	6.04
	Cuyahoga Falls City	72.23	13.99	12.00	-	98.22	5.00	0.60	-	5.60
1995	Boston Township	72.24	14.16	1.48	5.50	93.38	5.01	0.90	-	5.91
	Boston Heights Village	72.24	14.16	8.10	-	94.50	5.01	0.90	-	5.91
	Hudson City	72.24	14.16	7.11	-	93.51	5.01	0.90	0.44	6.35
	Cuyahoga Falls City	72.24	14.16	12.00	-	98.40	5.01	0.90	-	5.91

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



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

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2004

Assessed Valuation (2004)	<u>\$ 865,076,018</u>
Bonded Debt Limit - 9% of Assessed Value (1)	<u>\$ 77,856,842</u>
Outstanding Debt:	
General Obligation Bonded Debt	<u>10,607,457</u>
Total Outstanding Debt	<u>10,607,457</u>
Exemptions	
Energy Conservation Bonded Debt	<u>750,928</u>
Total Exemptions	<u>750,928</u>
Less: Amount available in Debt Service fund	<u>1,278,746</u>
Amount of Debt applicable to Debt Limit	<u>8,577,783</u>
<i>Voted Debt Margin</i> (Debt Limitation Minus Amount of Debt applicable to Debt Limit)	<u>\$ 69,279,059</u>
Bonded Debt Limit - .10% of Assessed Value (1)	\$ 865,076
Amount of Debt applicable	<u>-</u>
<i>Unvoted Debt Margin</i>	<u>\$ 865,076</u>

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

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

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

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

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Gross Bonded Debt (1)</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Assessed Value</u>	<u>Population (2)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2004	\$ 10,607,457	\$ 1,278,746	\$ 9,328,711	\$ 865,076,018	22,439	1.08%	\$ 416
2003	11,250,929	1,274,068	9,976,861	874,279,181	22,765	1.14%	438
2002	13,372,888	1,226,759	12,146,129	794,021,689	22,593	1.53%	538
2001	15,392,088	1,200,720	14,191,368	774,989,103	22,439	1.83%	632
2000	17,353,914	1,198,262	16,155,652	758,745,913	22,139	2.13%	730
1999	19,288,729	1,098,259	18,190,470	724,517,265	21,839	2.51%	833
1998	21,136,880	1,354,025	19,782,855	713,702,601	21,247	2.77%	931
1997	22,771,880	1,627,737	21,144,143	695,892,231	20,873	3.04%	1,013
1996	22,674,880	1,404,045	21,270,835	602,947,306	19,535	3.53%	1,089
1995	24,049,880	1,819,471	22,230,409	579,447,623	19,322	3.84%	1,151

Source: Summit County Fiscal Officer and School District Financial Records

(1) No debt is applicable to enterprise funds.

(2) Estimated by City of Hudson.

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

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

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentages)
2004	\$ 643,436	\$ 1,804,704	\$ 2,448,140	\$ 47,857,785	5.12%
2003	2,121,959	506,560	2,628,519	46,491,804	5.65%
2002	2,069,200	612,586	2,681,786	44,438,704	6.03%
2001	1,961,826	706,068	2,667,894	42,188,188	6.32%
2000	1,934,815	798,199	2,733,014	38,835,823	7.04%
1999	1,848,151	885,790	2,733,941	36,151,677	7.56%
1998	1,635,000	878,693	2,513,693	33,484,174	7.51%
1997	1,530,000	944,880	2,474,880	30,784,263	8.04%
1996	1,375,000	1,001,220	2,376,220	28,317,246	8.39%
1995	1,270,000	1,047,460	2,317,460	26,455,408	8.76%

(1) Includes payment of accreted interest on capital appreciation bonds.

Source: School District Financial Records.

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

COMPUTATION OF DIRECT AND OVERLAPPING  
GENERAL OBLIGATION BONDED DEBT

DECEMBER 31, 2003

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
Direct:			
Hudson City School District	\$ 10,607,457	100.00%	\$ 10,607,457
Total Direct	<u>\$ 10,607,457</u>		<u>10,607,457</u>
Overlapping:			
City of Hudson	52,280,000	99.52%	52,029,056
Boston Heights Village	93,825	56.65%	53,152
Summit County	180,871,663	7.43%	13,438,765
Metro Transit	1,250,000	7.28%	91,000
City of Cuyahoga Falls	58,091,000	0.80%	464,728
Total Overlapping	<u>292,586,488</u>		<u>66,076,701</u>
Grand total direct and overlapping	<u>\$ 303,193,945</u>		<u>\$ 76,684,158</u>

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2003 collection year.

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

DEMOGRAPHIC STATISTICS

LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Building Permits (1)(2)</u>	<u>Average Family Income</u>	<u>State Rank</u>	<u>Median Family Income</u>	<u>State Rank</u>
2003	22,439	*	*	*	*	*
2002	22,765	43	\$ 105,834	9	\$ 57,760	5
2001	22,593	35	103,305	7	58,139	2
2000	22,439	72	103,696	9	59,796	1
1999	22,139	100	99,532	10	60,872	2
1998	21,839	99	95,897	10	58,191	2
1997	21,247	100	97,195	7	54,175	2
1996	20,873	100	89,602	9	50,516	2
1995	19,535	110	77,279	9	48,281	1
1994	19,322	122	73,953	9	46,574	2

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

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

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

\* Information not available.

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

PROPERTY VALUE, CONSTRUCTION AND FINANCIAL INSTITUTION DEPOSITS

LAST TEN CALENDAR YEARS

Year	Real Property Value			New Construction			Financial Institution Deposits (1)
	Agriculture Residential	Commercial Industrial	Tax Exempt	Agriculture Residential (2)	Commercial Industrial (2)	Total	
2004	\$1,967,311,714	\$ 310,368,343	\$ 82,773,120	\$ 5,123,950	\$ 3,384,410	\$ 8,508,360	\$7,827,789,000
2003	1,968,562,657	304,989,486	84,013,410	7,237,820	4,300,670	11,538,490	8,176,834,000
2002	1,769,956,857	273,370,829	68,385,380	11,409,940	3,715,180	15,125,120	8,094,727,000
2001	1,740,265,857	252,071,743	66,417,500	12,721,440	3,617,970	16,339,410	7,770,612,000
2000	1,702,607,686	253,811,600	62,233,530	10,949,710	3,083,480	14,033,190	7,836,388,000
1999	1,616,253,086	237,445,143	61,188,040	13,298,060	2,932,940	16,231,000	6,858,863,000
1998	1,580,160,600	241,287,771	61,188,040	11,534,623	5,437,450	16,972,073	5,749,282,000
1997	1,542,270,743	225,014,286	55,948,300	14,402,110	3,657,480	18,059,590	3,344,418,000
1996	1,295,739,829	206,182,686	55,948,320	19,850,920	1,804,700	21,655,620	4,353,857,000
1995	1,235,453,486	205,463,286	53,691,800	19,249,510	1,206,780	20,456,290	4,267,009,000

Source:

(1) Commercial bank deposits in Summit County as of December 31 except 2002 and 2004 which is as of June 30. Source is Federal Reserve Cleveland.

(2) Summit County Fiscal Officer - DTE 93.

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

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

PRINCIPAL TAXPAYERS  
REAL ESTATE TAX

DECEMBER 31, 2003

Name of Taxpayer	Assessed Value (1)	Percent of Real Assessed Value
Allstate Insurance	\$ 7,477,540	0.94%
Little Tikes	5,913,830	0.74%
Jagi Cleveland-Hudson LLC	3,930,760	0.49%
Hudson-Omni III LTD	3,881,434	0.49%
Fabri-Centers of America, Inc.	3,496,830	0.44%
Stella of Hudson LLC	3,225,510	0.40%
Georgetown Development	2,390,560	0.30%
Albrecht Inc.	2,340,884	0.29%
Flood Company	2,306,380	0.29%
Kobelco Stewart Bolling	1,724,400	0.22%
<i>Total</i>	<u>\$ 36,688,128</u>	<u>4.60%</u>
 <i>Total Real Assessed Value</i>	 <u>\$ 797,188,020</u>	

Source: Summit County Fiscal Officer

(1) Assessed Values are for 2003.

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

PRINCIPAL TAXPAYERS  
TANGIBLE PERSONAL PROPERTY TAX

DECEMBER 31, 2003

Name of Taxpayer	Assessed Value (1)	Percent of Tangible Assessed Value
Rubbermaid, Inc.	\$ 7,513,740	14.54%
IBM Credit Corporation	6,426,820	12.44%
T.E. Clarke Ford, Inc. & Clarke Auto Park, Inc.	5,612,460	10.86%
JoAnn Stores, Inc.	5,339,520	10.33%
Swagelok Quick Connect	3,470,440	6.72%
Ramco Specialties, Inc.	1,532,990	2.97%
Alro Steel Company	1,099,020	2.13%
Flood Company	1,047,320	2.03%
Hitachi Data Systems Corp.	923,100	1.79%
Praxair Distribution Inc.	896,600	1.73%
<i>Total</i>	<u>\$ 33,862,010</u>	<u>65.54%</u>
 <i>Total Tangible Personal Property Value</i>	 <u>\$ 51,669,668</u>	

Source: Summit County Fiscal Officer

(1) Assessed Values are for 2003.



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

TEN YEAR ENROLLMENT HISTORY

SCHOOL YEAR 1994 - 1995 TO SCHOOL YEAR 2003 - 2004

<u>Grade/Year</u>	<u>1994-1995</u>	<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>
PS	44	42	50	47	43	41	43	66	67	59
K	376	388	385	388	350	370	346	333	358	353
1	439	426	415	408	419	390	378	386	357	382
2	391	435	428	410	399	417	393	398	378	362
3	411	418	444	429	419	407	426	403	398	397
4	447	432	428	437	444	436	423	443	428	414
5	416	458	449	425	451	450	445	436	460	448
Elementary	2,524	2,599	2,599	2,544	2,525	2,511	2,454	2,465	2,446	2,415
6	387	436	465	439	429	451	445	466	443	469
7	415	404	434	460	458	426	452	451	483	455
8	442	417	408	440	454	470	440	460	463	483
Middle	1,244	1,257	1,307	1,339	1,341	1,347	1,337	1,377	1,389	1,407
9	371	431	407	392	428	454	467	452	438	453
10	381	369	409	383	391	407	452	454	434	439
11	349	392	362	425	389	389	402	431	465	432
12	339	349	378	358	427	388	386	407	427	455
High	1,440	1,541	1,556	1,558	1,635	1,638	1,707	1,744	1,764	1,779
SCEC	4	4	6	8	5	6	6	5	3	-
Total	5,212	5,401	5,468	5,449	5,506	5,502	5,504	5,591	5,602	5,601

Source: School District Student Records.

October Reporting Period

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

TEN YEAR ATTENDANCE DATA

<u>School Year Ended</u>		<u>Number of Graduates</u>	<u>Average Daily Membership (ADM)</u>	<u>Student Attendance Rate</u>	<u>Full-Time Equivalent Certified Staff</u>	<u>Full-Time Equivalent Support Staff</u>	<u>Full-Time Equivalent Total Staff</u>	<u>Attendance Rate Total Staff</u>
2004	(2)	415	5,328	96.1	450.64	249.14	699.78	96.1
2003	(1)	379	5,337	95.9	424.53	211.61	636.14	96.5
2002	(2)	399	5,266	95.9	441.66	271.40	713.06	97.0
2001	(2)	371	5,188	95.7	424.74	248.08	672.82	97.3
2000	(2)	367	5,172	95.4	411.69	242.00	653.69	97.3
1999	(2)	398	5,240	95.1	403.02	228.32	631.34	97.4
1998	(2)	335	5,140	95.5	381.35	235.13	616.48	97.7
1997	(2)	367	5,155	95.8	371.40	222.39	593.79	97.3
1996	(2)	335	5,097	95.6	354.29	205.59	559.88	97.4
1995	(2)	317	4,902	95.7	337.71	196.08	533.79	97.5

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

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

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

FIVE YEAR ENROLLMENT PROJECTION

SCHOOL YEAR 2004 - 2005 TO SCHOOL YEAR 2009 - 2010

Grade/Year	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
PS	63	62	63	64	63	63
K	350	336	331	324	333	333
1	381	347	362	356	345	359
2	386	376	358	375	369	359
3	376	382	383	365	381	376
4	413	384	403	404	386	403
5	435	424	397	414	418	395
Elementary	<u>2,404</u>	<u>2,311</u>	<u>2,297</u>	<u>2,302</u>	<u>2,295</u>	<u>2,288</u>
6	459	438	435	406	421	425
7	483	477	458	455	424	436
8	464	477	486	460	463	427
Middle	<u>1,406</u>	<u>1,392</u>	<u>1,379</u>	<u>1,321</u>	<u>1,308</u>	<u>1,288</u>
9	478	448	484	499	463	467
10	453	470	441	477	487	457
11	438	434	472	442	480	489
12	431	448	425	460	436	477
High	<u>1,800</u>	<u>1,800</u>	<u>1,822</u>	<u>1,878</u>	<u>1,866</u>	<u>1,890</u>
SCEC	<u>5</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>6</u>	<u>6</u>
Grade 23	<u>-</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>
Total	<u><u>5,615</u></u>	<u><u>5,521</u></u>	<u><u>5,516</u></u>	<u><u>5,518</u></u>	<u><u>5,487</u></u>	<u><u>5,484</u></u>
Change	14	(94)	(5)	2	(31)	(3)

Source: School District Student Records.

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

COST TO EDUCATE A 2004 GRADUATE  
HUDSON CITY SCHOOL DISTRICT VERSUS STATE OF OHIO

<u>School Year Ended</u>	<u>Grade</u>	<u>Hudson Annual per Pupil Cost</u>	<u>State Average</u>
2004	12	\$ 9,215	\$ 8,768 *
2003	11	9,228	8,435
2002	10	8,873	8,057
2001	9	8,584	7,564
2000	8	7,929	7,057
1999	7	7,427	6,642
1998	6	6,966	6,232
1997	5	6,399	5,936
1996	4	5,597	5,466
1995	3	5,428	5,391
1994	2	5,377	5,241
1993	1	5,242	5,024
1992	Kindergarten	4,789	4,600
Total Cost		<u>\$ 91,054</u>	<u>\$ 84,413</u>

\* Preliminary

Source: Cost per Pupil-State of Ohio Department of Education 1989 - 1992.  
School District Profile-State of Ohio Department of Education 1993 - 1996.  
School District Expenditure Flow Model 1997 - 2004.

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

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

EDUCATIONAL STATISTICS

LAST FIVE SCHOOL YEARS

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Advance Placement Tests					
% of Grades Scoring a 3 or Better Out of 5 (1)	83	76	78	83	82
ACT Composite Scores (Averages)					
Hudson High School	24.7	24.0	24.4	24.2	25.7
National	21.0	21.0	20.8	20.8	21.9
SAT Scores (Averages) - Hudson High School					
Verbal	548	537	529	542	547
Mathematics	572	557	559	566	577
California Test of Basic Skills (Total Battery)					
Mean National Percentile					
Grade 3	79.7	79.7	78.1	81.3	82.5
Grade 5	84.4	84.4	83.5	83.1	82.7
Grade 7	79.5	89.5	88.4	88.1	86.8
Grade 9	*	85.5	-	-	-
4th Grade Proficiency Tests					
(Percent Achieving Proficient Standard)					
Writing	94	94	96	85	93
Reading	83	80	87	80	87
Mathematics	71	80	84	85	85
Citizenship	86	90	91	93	82
Science	73	79	88	83	82
6th Grade Proficiency Tests: (Passing on First Attempt)					
Writing	90	95	96	91	96
Reading	77	85	84	77	81
Mathematics	80	85	86	87	87
Citizenship	90	89	92	96	89
Science	79	83	83	87	84
9th Grade Proficiency Tests: (Passing on First Attempt)					
Writing	97	99	98	95	100
Reading	98	98	98	94	98
Mathematics	91	90	92	96	96
Citizenship	95	93	97	97	98
Science	95	93	95	95	98
12th Grade Proficiency Tests (2):					
(Percent Achieving Proficient Standard)					
Writing	96	97	N/A	N/A	N/A
Reading	90	93	N/A	N/A	N/A
Mathematics	91	90	N/A	N/A	N/A
Citizenship	89	90	N/A	N/A	N/A
Science	91	91	N/A	N/A	N/A
National Merit Scholarship Program					
Semi-Finalists	7	3	3	2	14
Commended	14	7	7	13	10

\* Not administered

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

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

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

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



**Auditor of State  
Betty Montgomery**

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

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**HUDSON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 20, 2005**