



Dave Yost · Auditor of State

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

TABLE OF CONTENTS

| <u>TITLE</u> | <u>PAGE</u> |
|--|--------------------|
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 1 |
| Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 | 3 |
| Federal Awards Receipts and Expenditures Schedule..... | 7 |
| Notes to the Federal Awards Receipts and Expenditures Schedule | 8 |
| Schedule of Findings and Questioned Costs..... | 9 |
| Corrective Action Plan..... | 13 |

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Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hudson City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Hudson City School District
Summit County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 17, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Hudson City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could directly and materially affect each of the Hudson City School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings and questioned costs identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. 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 our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Hudson City School District
Summit County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133
Page 2

Basis for Qualified Opinion on Child Nutrition Cluster

As described in findings 2014-001 and 2014-002 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Allowable Costs/Cost Principles and Reporting applicable to its Child Nutrition Cluster program major federal program. Compliance with these requirements is necessary, in our opinion, for the District to comply with requirements applicable to this program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster*, paragraph, the Hudson City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Child Nutrition Cluster program for the year ended June 30, 2014.

Unmodified Opinion on the Other Major Federal Programs

In our opinion, Hudson City School District complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

The District's responses to our noncompliance findings are described in the accompanying officials' response/corrective action plans. We did not audit the District's responses and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

Hudson City School District
Summit County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133
Page 3

Report on Internal Control over Compliance (Continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 to be material weaknesses.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Federal Awards Receipts and Expenditures Schedule Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hudson City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 17, 2014. We conducted our audit to opine on the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

December 17, 2014

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**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

| Federal Grantor/ Pass Through Grantor/ Program Title | Federal CFDA Number | Receipts | Expenditures |
|--|------------------------------------|----------------------------|----------------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| <i>Passed Through the Ohio Department of Education:</i> | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | \$3,381 | \$3,381 |
| National School Lunch Program | 10.555 | 117,076 | 117,076 |
| Non-cash Assistance | 10.555 | 63,912 | 63,912 |
| Total Child Nutrition Cluster | | 184,369 | 184,369 |
| Total U.S. Department of Agriculture | | 184,369 | 184,369 |
| <u>U.S. Department of Education:</u> | | | |
| <i>Passed Through the Ohio Department of Education:</i> | | | |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | 120,722 | 198,343 |
| Special Education - Grants to States- Parent Mentor | | 964,865 3,168 22,138 | 898,206 3,218 21,782 |
| Total Special Education - Grants to States | | 1,110,893 | 1,121,549 |
| Special Education - Preschool Grants | 84.173 | 1,364 23,703 | 3,263 22,184 |
| Total Special Education - Preschool Grants | | 25,067 | 25,447 |
| Total Special Education Cluster | | 1,135,960 | 1,146,996 |
| Title I Grants to Local Educational Agencies | 84.010 | | 7,821 56,583 239,356 |
| Total Title I Grants to Local Educational Agencies | | 299,910 | 303,760 |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act | 84.395 | 9,127 1,400 | 9,172 7,737 |
| Total ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act | | 10,527 | 16,909 |
| Improving Teacher Quality State Grants | 84.367 | 21,373 22,455 | 23,365 17,131 |
| Total Improving Teacher Quality State Grants | | 43,828 | 40,496 |
| English Language Acquisition Grants | 84.365 | 2,644 | 2,100 |
| Career and Technical Education - Basic Grants to States | 84.048 | | 11,600 288,902 |
| Total Career and Technical Education - Basic Grants to States | | 295,582 | 300,502 |
| Total U.S. Department of Education | | 1,788,451 | 1,810,763 |
| <u>U.S. Department of Transportation</u> | | | |
| <i>Passed through State of Ohio Department of Transportation:</i> | | | |
| Highway Planning and Construction | 20.205 | 5,211 | 49,426 |
| Total U.S. Department of Transportation | | 5,211 | 49,426 |
| Totals | | \$1,978,031 | \$2,044,558 |

The accompanying notes are an integral part of this schedule.

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

| |
|--|
| 1. SUMMARY OF AUDITOR'S RESULTS |
|--|

| | | |
|---------------------|---|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weaknesses reported for major federal programs? | Yes |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Qualified: Child Nutrition Cluster Unmodified: Other Major Programs |
| (d)(1)(vi) | Are there any reportable findings under § .510(a)? | Yes |
| (d)(1)(vii) | Major Programs (list): | <ul style="list-style-type: none"> ➤ Title I Grants to Local Educational Agencies, CFDA 84.010; ➤ Career and Technical Education – Basic Grants to States, CFDA 84.048; ➤ Child Nutrition Cluster, CFDA 10.555 and 10.553 |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs | Type A: > \$300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

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

None

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

| | |
|-------------------------------------|---|
| Finding Number: | 2014-001 |
| CFDA Title and Number: | Child Nutrition Cluster: School Breakfast Program, CFDA 10.553 National School Breakfast Program, CFDA 10.555 |
| Federal Award Number / Year: | 2014 |
| Federal Agency: | U.S. Department of Agriculture |
| Pass-Through Agency: | Ohio Department of Education |

Questioned Cost / Material Weakness

Child Nutrition Cluster – Allowable Costs/Cost Principles

2 C.F.R. Part 225, Appendix B (8)(h) provides, in part, salaries and wages will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official of the government unit. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Such documentary support will be required where employees work on more than one Federal award, or a federal award and a non-Federal award. Personal activity reports or equivalent documentation must meet the following standards:

- They must reflect an after-the-fact distribution of the actual activity of each employee;
- They must account for the total activity for which the employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods; and
- They must be signed by the employee.

Substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort. **Ohio Department of Education (ODE) Grants Management Guidance 2014-002** issued March 17, 2014, established guidelines for the use of a substitute system for time and effort. Districts may submit documentation, as indicated in the memo, for approval of the substitute time and effort system to ODE.

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for that period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

Two employees charged to the Food Service Fund worked on multiple cost objectives in the District; however, no specific personal activity reports documenting the time spent on each cost objective was maintained for the employees and the District did not develop a substitute system time and effort system. Total wages and related fringe benefits for the two employees charged to the Food Service Fund amounted to \$57,220 which is considered a Questioned Cost for the Nutrition Cluster Grant.

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

FINDING NUMBER 2014-001 (Continued)

The District should ensure all food service employees have adequate time and effort documentation to support wages charged to the Food Service Fund, in accordance with **2 C.F.R. Part 225, Appendix B(8)(h)**. The District should also review ODE's guidelines for using a substitute time and effort system and consider using the system for employees working on more than one cost objective.

Officials' Response: See Corrective Action Plan.

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

| | |
|-------------------------------------|---|
| Finding Number: | 2014-002 |
| CFDA Title and Number: | Child Nutrition Cluster: School Breakfast Program, CFDA 10.553 National School Breakfast Program, CFDA 10.555 |
| Federal Award Number / Year: | 2014 |
| Federal Agency: | U.S. Department of Agriculture |
| Pass-Through Agency: | Ohio Department of Education |

Noncompliance Finding / Material Weakness

Child Nutrition Cluster - Reporting

7 C.F.R. Part 210.7 and 220.7 indicate to receive reimbursement for the National School Lunch Program (NSLP) and School Breakfast Program (SBP), each school food authority must submit to the state administering the Federal funds an accurate count of free, reduced, and full paid lunches and breakfasts and have a system in place at the point of sale to accurately capture this data. Each state is responsibility for developing a reimbursement rate for each type of meal (free, reduced, or full-priced), up to the maximum amount established by the Secretary of Agriculture. In Ohio, the Ohio Department of Education (ODE) requires districts to use the Claims Reporting and Reimbursement System (CRRS) to report meal data for reimbursement.

Our claim reimbursement report testing noted the following:

- For the October 2013 claims report, the District did not report the number of breakfasts served at one school building, resulting in the underreporting of paid, reduced, and free meals of 64, 5, and 85, respectively.
- For the December 2013 claims report, the District reversed the number of free and reduced lunches served at one building, resulting in the under reporting of free lunches and the over reporting of reduced lunches by 15

The errors resulted in the District receiving a reimbursement in an amount lower than their entitlement in both instances. Failure to report the number of full paid, reduced, and free meals served to ODE could lead the District to receive greater reimbursements than they are entitled to in the future and possible questioned costs.

The District should ensure the number of full paid, reduced and free meals reported to ODE through CRRS agrees to the month end point-of-sale reports.

Officials' Response: See Corrective Action Plan.

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2014**

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|---|-----------------------------|-------------------------------|
| 2014-001 | The food service department will work with the Treasurer's office to document time and effort. After documentation of time and effort and we receive approval from ODE to use the substitute time and effort form, payroll percentages will be changed if necessary to match the time and effort percentages. | 1/1/2015 | Kathryn L. Sines Treasurer |

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|---|-----------------------------|----------------------------------|
| 2014-002 | Reporting to the Ohio Department of Education will be input by one employee and then double checked by another employee. Verifications will be put in process to ensure accuracy. | 1/1/2015 | Derek Cluse, Business Manager |

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Hudson City Schools

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



Hudson City Schools' Website Splash Page. New Responsive Website Launched May, 2014.



www.hudson.k12.oh.us

The Hudson City School District launched its new responsive website in the spring of 2014. The launch was the culmination of two years of research that included staff and parent input to determine what features would best meet the needs of our stakeholders, staff and students. The website design is cutting-edge with a landing page and responsive design that meets the needs of communicating with parents who are on the go! In addition, the content management system of the site allows administrators, teachers and students to expand and share their own learning and business environments and information with our parents, community and world-wide.

Visit the Treasurer's web page for access to the following financial links:

www.hudson.k12.oh.us/Page/62

Overview

Monthly Financial Information

Five-Year Forecast

Financial Advisory Committee

Comprehensive Annual Financial Reports (CAFR)

Report Card Information

Ohio's Sunshine Law

Understanding School Finance

Public Records Request

Understanding Property Taxes and Terms

Levy History

2013 Report Card Financial Information

2013 Financial Receipt Information

2013 Financial Expenditure Information

Finance Advisory Committee 2013-14



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**HUDSON CITY
SCHOOL DISTRICT**

FOR THE

FISCAL YEAR ENDED JUNE 30, 2014

PREPARED BY
THE OFFICE OF THE TREASURER

2386 HUDSON-AURORA ROAD HUDSON, OHIO 44236

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

| | |
|--|--------|
| Table of Contents..... | I 1-3 |
| Letter of Transmittal | I 4-11 |
| Organizational Chart..... | I 12 |
| Certificate of Achievement for Excellence in Financial Reporting | I 13 |
| Certificate of Excellence in Financial Reporting | I 14 |

II. FINANCIAL SECTION

| | |
|--|---------|
| INDEPENDENT AUDITOR'S REPORT..... | F 1-3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS..... | F 5-17 |
| BASIC FINANCIAL STATEMENTS: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | F 19 |
| Statement of Activities | F 20-21 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds..... | F 22 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities..... | F 23 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | F 24 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | F 25 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund | F 26 |
| Statement of Net Position - Proprietary Funds | F 27 |
| Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds | F 28 |
| Statement of Cash Flows - Proprietary Funds | F 29 |
| Statement of Fiduciary Net Position - Fiduciary Funds..... | F 30 |
| Statement of Changes in Fiduciary Net Position - Fiduciary Fund | F 31 |
| Notes to the Basic Financial Statements | F 33-64 |

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

| | |
|---|---------|
| Fund Descriptions - General Fund | F 65 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - (Non-GAAP Budgetary Basis): | |
| Rotary | F 66 |
| Public School Support | F 66 |
| Special Trust | F 66 |
| Fund Descriptions - Nonmajor Governmental Funds..... | F 67-68 |
| Combining Balance Sheet - Nonmajor Governmental Funds | F 69 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds | F 70 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds..... | F 71-73 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds..... | F 74-76 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - (Non-GAAP Budgetary Basis): | |
| Other Grants | F 77 |
| Athletics and Music | F 77 |
| Auxiliary Services | F 77 |
| Data Communications | F 78 |
| Other State Grants | F 78 |
| Race to the Top..... | F 78 |
| Title VI-B | F 79 |
| Title III | F 79 |
| Title I..... | F 79 |
| EHA Preschool Grant | F 80 |
| Classroom Reduction..... | F 80 |
| Other Federal Grants | F 80 |
| Food Service | F 81 |
| Other Special Revenue | F 81 |
| Debt Service | F 82 |
| Combining Balance Sheet – Nonmajor Capital Projects Funds | F 83 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds | F 84 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - (Non-GAAP Budgetary Basis): | |
| Building | F 85 |
| Permanent Improvement..... | F 85 |
| Fund Descriptions - Proprietary Funds..... | F 86 |
| Schedule of Revenues, Expenses and Changes in Fund Balance Budget and Actual - (Non-GAAP Budgetary Basis): | |
| Community Education | F 87 |
| Self-Insurance..... | F 87 |
| Fund Descriptions - Fiduciary Funds | F 88 |

Schedule of Revenues, Expenses and Changes in Fund Balance
Budget and Actual - (Non-GAAP Budgetary Basis):

| | |
|--|------|
| Scholarship | F 89 |
| Combining Statements – All Agency Funds: | |
| Combining Statement of Changes in Assets and Liabilities | |
| Agency Funds..... | F 90 |

III. STATISTICAL SECTION

| | |
|---|---------|
| Table of Contents | S 1 |
| Net Position by Component - Last Ten Fiscal Years | S 2-3 |
| Changes in Net Position - Last Ten Fiscal Years | S 4-9 |
| Fund Balances, Governmental Funds - Last Ten Fiscal Years | S 10-11 |
| Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years | S 12-13 |
| Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years..... | S 14-15 |
| Direct and Overlapping Property Tax Rates – Last Ten Years | S 16 |
| Principal Property Tax Payers – December 31, 2013 and December 31, 2004 | S 17 |
| Property Tax Levies and Collections - Last Ten Fiscal Years | S 18-19 |
| Ratios of Outstanding Debt by Type - Last Ten Fiscal Years | S 20 |
| Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years | S 21 |
| Direct and Overlapping Governmental Activities Debt - As of June 30, 2014 | S 22 |
| Legal Debt Margin Information - Last Ten Fiscal Years | S 23 |
| Demographic and Economic Statistics - Last Ten Fiscal Years | S 24 |
| Principal Employers - December 31, 2013 and December 31, 2006..... | S 25 |
| Staffing Statistics - Full Time Equivalents (FTE) by Type and Function - Last Ten Fiscal Years | S 26 |
| Operating Indicators by Function - Last Ten Fiscal Years | S 27 |
| Capital Asset Statistics - Last Ten Fiscal Years | S 28-29 |
| School Building Information - Last Ten Fiscal Years | S 30-31 |
| Teacher Statistics - As of June 30, 2014 | S 32 |
| Operating Statistics - Last Ten Fiscal Years | S 34-35 |

Hudson City School District

TREASURER'S OFFICE
2386 Hudson-Aurora Road
Hudson, OH 44236-2322
330-653-1270
330-656-2292 FAX



December 17, 2014

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, 2014. This CAFR, which includes an opinion from the Auditor of the State of Ohio, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

The Reporting Entity

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

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

TREASURER'S OFFICE: Kathryn L. Sines, Treasurer • Elaine Speakman, Supervisor of Budgeting and Payroll Accounting

Empowering Students to Achieve Uncharted Levels of Success

The District And Its Facilities

The District serves an area of approximately 31 square miles in and around the City of Hudson (the "City"). It is located in Summit County, approximately 28 miles southeast of downtown Cleveland and 14 miles north of Akron. The District is an affluent suburban district that grew rapidly from 1980 to 2000 but has since leveled off. 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 and the 2000 Census showed the population of the City of Hudson was 22,439. The 2010 Census shows a population of 22,262.

Because of the rapid growth of Hudson and the surrounding area, the District had recorded more than 19 consecutive years of increasing enrollment until fiscal year 2000 when enrollment slowed. The District's enrollment for fiscal year 2014 was 4,617 students.

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

Economic Condition And Outlook

Ohio's unemployment rate was 5.5 percent in June 2014, and the nation's unemployment rate for the same period was 6.1 percent. Additionally, June 2014 employment in the Akron area was 351,100 with an unemployment rate of 5.4 percent. Specific employment figures for the Hudson City School District are not available. (Ohio Department of Job and Family Services, U.S. Bureau of Labor Statistics.)

Hudson is the headquarters for companies such as JoAnn Stores, Inc. (retail) and Windstream Company (telecommunications). The City is also home to the division headquarters of Little Tikes Co.; Caliber Logistics, Inc. (Federal Express); and Allstate Insurance.

On a budgetary-basis, the District receives approximately 69.10 percent of its total general operating fund revenues from local property tax collections. Therefore, the long-term financial health of the District is very dependent on its tax base. Tax rates are certified by the Summit County Auditor's Office and Board of Education approved. This year's rates were Board approved on April 14, 2014.

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

Long-Term Financial Planning

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

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. A specific example of long range planning is the facilities study committee which will make recommendations to the superintendent regarding facilities utilization, rationale of learning environments, and operational efficiencies.

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.



INTRODUCTION

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

Principal Officials

BOARD MEMBERS – as of 6-30-14

| <u>Name</u> | <u>Began</u> | <u>Expires</u> | <u>Profession</u> |
|------------------------------------|---------------------|-----------------------|-------------------------------------|
| Steven DiMauro (Vice-President) | 01-01-08 | 12-31-17 | Industry Solutions Executive IBM |
| Patricia Engelman | 01-01-10 | 12-31-17 | Retired Financial Executive |
| James Field | 01-01-12 | 12-31-15 | Manager, Heinen's Fine Foods |
| Gary Mushock | 01-01-08 | 12-31-15 | Project Manager |
| David Zuro (President) | 01-01-10 | 12-31-17 | Retired Telecommunications Manager |

ADMINISTRATION – as of 6-30-14

| <u>Name</u> | <u>Position</u> |
|--------------------|--|
| Phillip Herman | Superintendent |
| Kathryn Sines | Treasurer |
| Doreen Osmun | Assistant Superintendent and Director of Curriculum & Instruction |
| Derek Cluse | Business Manager |
| Lisa Hunt | Director of Human Resources |
| Kelly Kempf | Director of Pupil Services |
| Mark Leventhal | Supervisor of Special Services |

Employee Relations

The District currently has approximately 643 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 2013-14 fiscal year, the District's fleet of 55 buses traveled 2,943 miles each day providing transportation services to 2,678 public and 233 private and parochial students. The Nutrition Services Department served an average of 2,500 meals daily for a total of 430,086 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 14 federal disability categories ranging from preschool-age students through high school. Health services consist of the staffing of school clinics with R.N. or L.P.N. level nurses and health promotion classes.

At the center of the District's services are the instructional programs. The District offers regular instructional programs daily to students in grades pre-kindergarten to twelve. The District served approximately 718 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 2014

Our district's academic program provides opportunities for all students to reach their full potential. Some of our celebrations are:

- The Class of 2014 has 33 National Merit Scholars, based on PSAT scores.
- HHS offers 23 Advanced Placement Classes: 627 students completed 1522 AP exams with 83.1% scoring a “3” or higher. Performance earned HHS national rankings by Newsweek, Washington Post and U.S. News & World Report Exceptional College Entrance Exam scores.
- Hudson Middle School consistently ranks in the top 5 Middle Schools in the state on the State Report Card Performance Index.
- Technology: Curriculum incorporates digital learning and technology beginning with the youngest students. Bring Your Own Device provides expanded opportunities for digital learning in the MS and HS classroom and expands the capability of the district's 4061 devices.
- Environmental Sustainability: Recycling and composting curriculum takes place K-12. HHS curriculum includes use of the Environmental Land Lab. McDowell Arboretum provides an outdoor environmental science education resource for elementary students.
- Entrepreneurship Education: HHS hosts the Northeast Ohio SEE Conference for Science, Engineering and Entrepreneurship in partnership with Ashland University. East Woods students participate in “Lemonade Day,” a national program that teaches students entrepreneurial and business skills. Fourth grade students create and launch their own business. Ellsworth Hill students work with high school students on entrepreneurship projects. High School students participate in BELIEVE IN OHIO, a STEM bridge to Ohio’s innovation economy of the future by growing Ohio’s next generation of entrepreneurs.
- Examples of unique Hudson High School programs that provide rigor and meaning for students:
 - Service Learning – Recognized by Ohio as the model program, this course combines the disciplines of Social Studies and English with application in service to the community. Students receive a “hands-on” experience through real-world experience.
 - New Dimensions – Interdisciplinary humanities course that includes psychology, philosophy, anthropology and sociology.
 - World Language – HHS offers six World Languages, including Mandarin Chinese and American Sign Language.
- In 2013-14, the Service Learning program logged an impressive 13,295 hours of community service; National Honor Society accumulated 3,200 service hours.

Fine and performing arts are an important and integral part of the curriculum and extracurricular student activities. Arts and music touches nearly all students K-12.



INTRODUCTION

- 57 high school students garnered 147 Scholastic Art Awards, including a Gold Key Portfolio, and state and national recognition in digital photography.
- HMS: 2014 National winner in the Art component of the Holocaust Arts and Writing Contest.
- HHS Music Program:
 - Both High School Orchestras earned all Superior Ratings (I) at the OMEA State Competition. Orchestras have played at such prestigious venues as Chicago Symphony Hall, Alice Tully Hall (NYC) and various Halls/Cathedrals in Austria (1st place, International Youth and Music Festival in Vienna) and Italy.
 - Marching and Concert Bands have played at such prestigious venues as The Ohio State University Stadium and Severance Hall. Wind Ensemble won best overall band competing in the Fiesta-Val Competition in Williamsburg, VA.
 - Jazz Ensembles have performed at Tri-C Jazz Festival, Ohio State Jazz Festival, Jazz in the Meadows (Chicago), Nighttown Jazz Club as well as enjoying tours to Chicago and New Orleans. In addition, they were selected to perform at OMEA State Convention in 2013.
- General music is incorporated into the curriculum at all elementary grades. Orchestra begins in 4th grade; band begins in 5th grade. Vocal performance groups offered at East Woods include 4th grade choir, East Woods Singers, and East Woods Ensemble.
- Collaborative efforts with experts in their field:
 - Artist in Residence program – Jazz great, Dr. David Morgan, Middle School and High School, funded by Hudson City Schools Foundation.
 - Middle School curriculum includes Actors in Residence from The Great Lakes Theater to expand student knowledge by combining arts and education together in a week-long stage experience.
 - Nationally known authors and poets, including author Tim Green, a former NFL star and lawyer, presented and worked with middle school students.
 - Sponsored by the PTO, authors of children's books annually visit elementary schools.
- Video: Video is an important component of 21st century communications. HHS offers Digital Video Production. At the High School, Middle School and East Woods, students program and present morning announcements using studio and video technology.

A well-rounded education includes a wide variety of opportunities including student leadership, real-world learning, co-curricular and extracurricular opportunities.

- Hudson High School emphasizes student leadership in all aspects of student life, including but not limited to 46 clubs, Student Government, Junior Leadership, Student to Student programs, such as HUDDLE and MOSAIC, and the Hudson Leadership Conference.
- Peer Collaboration is a new initiative at Hudson High School that offers students the opportunity to engage as mentors and tutors, while working with teachers for course credit.
- Entrepreneurial and business challenges like “Shark Tank” provide students real-world experience. Business plan winners receive start-up money from an anonymous Hudson donor, with support from the University of Akron Research Foundation, and ArchAngels.
- High school activities such as Mock Trial, Model UN, Science Olympiad, Academic Challenge, Mu Alpha Theta Math Honor Society, and the JA Titan Challenge provide opportunities for students to excel beyond the classroom.
- Middle School Clubs include 4KIDS, Drama Club, Ski Club, Student-to-Student, and Yearbook.
- 4KIDS - Middle School Student Council emphasizes student leadership and service.
- Leader In Me – Develops leadership skills through the implementation of the 7 Habits of Happy Kids and 7 Habits of Highly Effective Teens in preschool through grade 8.
- Advisor/Advisee program – Hudson Middle School program that assigns small groups of students to a single staff member for all three years.
- Strong athletics participation: Over 50% of the students in grades 7-12 are student athletes.
- HHS boasts 27 High School Boys and Girls Sports, a Rugby Club, and a Boys Volleyball Club.



A variety of services provide options to ensure all students receive individualized instruction, enrichment and support.

- Gifted
- English as a Second Language
- Preschool for students with and without disabilities
- Mental wellness programs: Red Flags Program – assists staff to identify students who may be struggling with social or emotional problems; Positive Behavior Intervention Support, K-12
- Guidance Counselors for all students
- Health Services for all students
- Speech & Language Therapy, Occupational Therapy, Physical Therapy, and adaptive programs such as in physical education
- Real-life experiences: Functional Living Labs, High School Cottage Industry, including woodworking, High School Sweet Sensations Café
- Vocational and Transition to Work Programs both in-house and within the community
- Help for struggling students or student enrichment:
 - Explorer Period, Grades 9-12
 - Focus Periods, K-8
 - Response to Intervention (RTI), Reading, Math, Behavior, pre-K-12
 - Academic Resource Centers, Grades 6-12
 - Math and Writing Labs, Grades 9-12
 - APEX – on-line, virtual learning courses for high school students
 - Elementary Supplemental Reading program

Financial Reporting

For the fiscal year ended June 30, 2014, the District continued to report in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, “Basic Financial Statements-and Management’s Discussion and Analysis-for the State and Local Governments.” The basic financial statements for reporting on the District’s financial activities are as follows:

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

As part of this reporting model, management is responsible for preparing a Discussion and Analysis of the District. This discussion appears after the Independent Auditor’s Report in the financial section of this report. The Management’s Discussion and Analysis (MD&A) provides an assessment of the District’s finances for 2014. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.



INTRODUCTION

Financial Information

Internal Accounting and Budgetary Control

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

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

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

At the beginning of each fiscal year, the Board of Education adopts a permanent appropriation measure for the fiscal year. The permanent appropriation measure is adopted upon receipt from the County Fiscal Officer of an Amended Certificate of Estimated Resources based on final assessed values and tax rates, which is usually received before the beginning of the fiscal year. Annual appropriations may not exceed the County Budget Commission's Official Certificate of Estimated Resources. The County Fiscal Officer must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

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

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. As an additional safeguard, all employees are covered by a blanket bond and certain individuals in policy-making roles are covered by a separate, higher limit bond. The basis of accounting and the various funds utilized by the District are fully described in Note 1 of the basic financial statements. Additional information on the District's budgetary accounting can also be found in Note 1.

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 2014 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, 2013. This was the fifteenth 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, 2013. This was the fifteenth 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, 2014, which will be submitted to ASBO for review, will continue to conform to ASBO's principles and standards.

Acknowledgments

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

The preparation and publication of this Comprehensive Annual Financial Report on a timely basis could not have been possible without the cooperation of the entire staff of the Treasurer's Office. Additional appreciation is extended to Mr. Derek Cluse, Business Manager, for maintaining the District's Capital Asset Records; to Ms. Doreen Osmun, Assistant Superintendent and Director of Curriculum & Instruction, for her contributions to the Curricular Initiatives section; to Sheryl Sheatzley, Communications Management, for her work on the cover and design; and also to Julian & Grube, Inc. for their expert guidance and assistance.

Respectfully submitted,



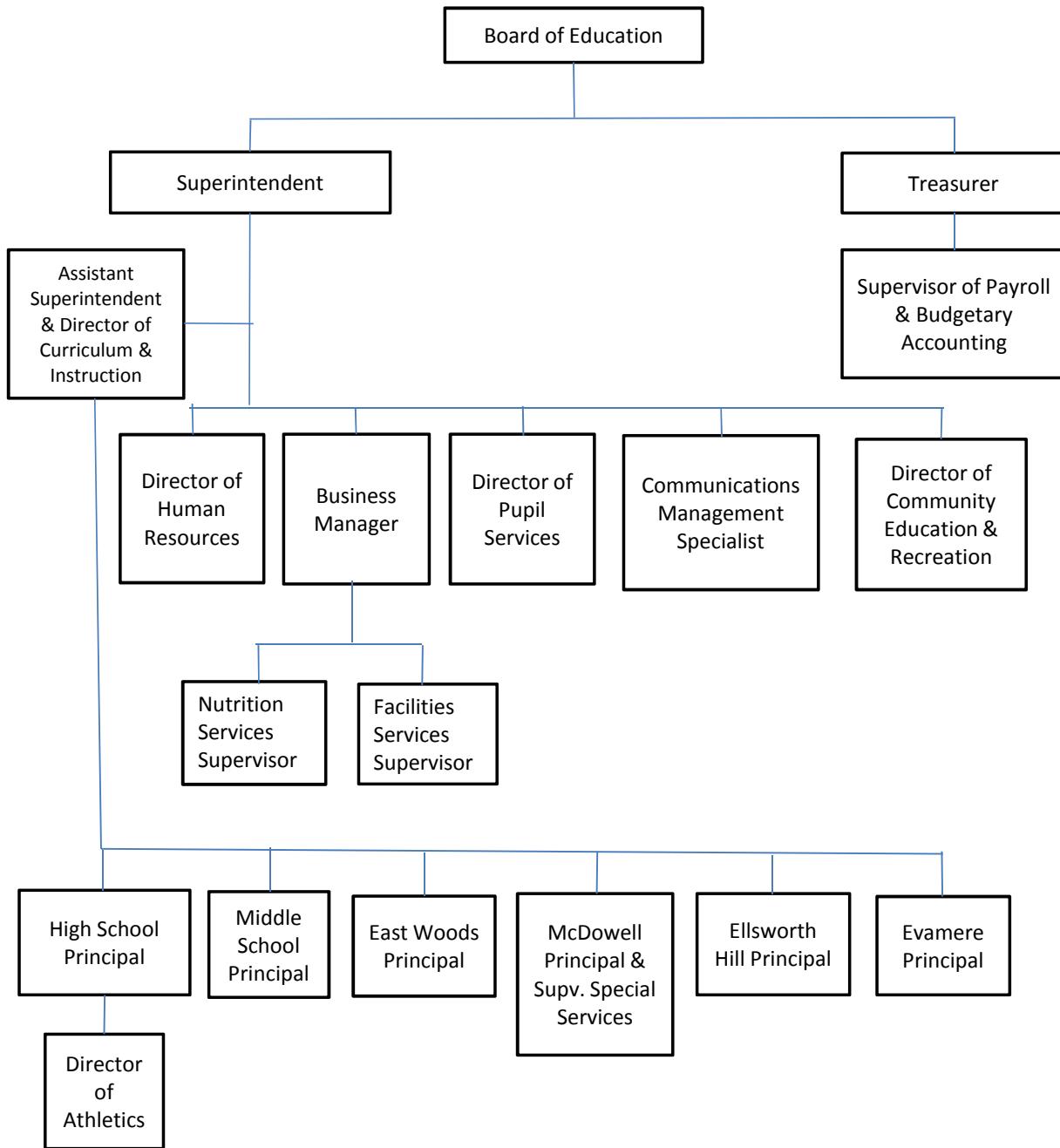
Kathryn L. Sines
Treasurer



Phillip Herman
Superintendent



HUDSON CITY SCHOOL DISTRICT ORGANIZATION CHART





Government Finance Officers Association

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, 2013

A handwritten signature in black ink that reads "Jeffrey R. Enlow". The signature is fluid and cursive, with "Jeffrey" on the top line and "R. Enlow" on the line below it.

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Hudson City School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink.

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hudson City School District, Summit County, Ohio, (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hudson City School District, Summit County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Hudson City School District
Summit County
Independent Auditor's Report
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 17, 2014

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The management's discussion and analysis of Hudson City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. 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 2014 are as follows:

- In total, net position increased \$12,193,605. Net position of governmental activities increased \$12,087,199, which represents a 24.91% increase from 2013. Net position of business-type activities increased \$106,406 or 14.49% from 2013.
- Total governmental activities revenues were \$75,971,414. General revenues related to governmental activities accounted for \$65,928,483 in revenue or 86.78% of all revenues. Program specific revenues related to governmental activities in the form of charges for services and sales, and grants and contributions accounted for \$10,042,931 or 13.22% of total revenues.
- The District had \$63,884,215 in expenses related to governmental activities; only \$10,042,931 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$65,928,483 were adequate to provide for these programs.
- The District had \$1,345,070 in expenses related to business-type activities; program specific revenues in the form of charges for services of \$1,402,122 were adequate to provide for these programs. Business-type activities also received general revenues of \$49,354 in the form of grants.
- The District's only major governmental fund is the general fund. The general fund had \$65,721,588 in revenues and other financing sources and \$56,458,994 in expenditures and other financing uses. This resulted in an increase in fund balance of \$9,262,594 from \$10,243,002 to \$19,505,596.

Using the Comprehensive Annual Financial Report (CAFR)

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

The *statement of net position* 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 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, 2014
(UNAUDITED)**

Reporting the District as a Whole

Statement of Net Position 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 2014?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary *assets, liabilities, deferred inflows and outflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in that position. This change in net position 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 position 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 program is reported as a business-type activity.

The District's statement of net position and statement of activities can be found on pages F 19 - F 21 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page F 13. 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 position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages F 22 - F 26 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(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 F 27 - F 29 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages F 30 - F 31. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F 33 - F 64 of this report.

The District as a Whole

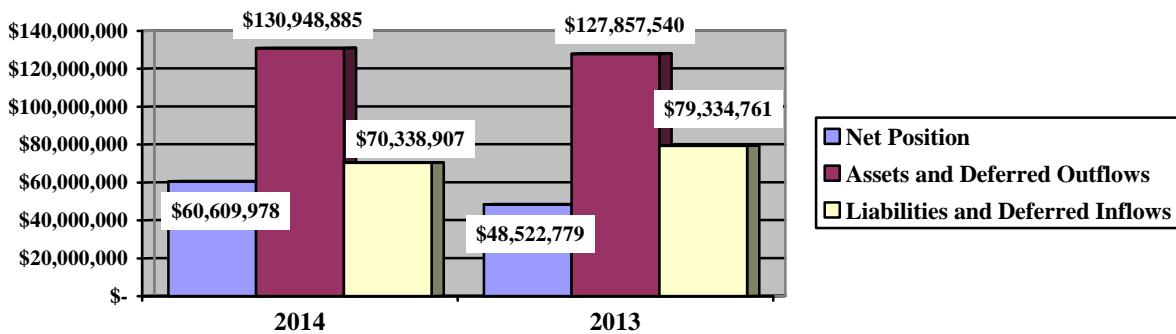
The statement of net position provides the perspective of the District as a whole. The following table provides a summary of the District's net position for fiscal years 2014 and 2013.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

| | Net Position | | | | | |
|---------------------------------------|----------------------------|----------------------|-----------------------------|-------------------|----------------------|----------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Assets | | | | | | |
| Current and other assets | \$ 73,035,348 | \$ 70,656,976 | \$ 988,261 | \$ 871,605 | \$ 74,023,609 | \$ 71,528,581 |
| Capital assets | <u>56,297,750</u> | <u>55,503,650</u> | - | - | <u>56,297,750</u> | <u>55,503,650</u> |
| Total assets | <u>129,333,098</u> | <u>126,160,626</u> | <u>988,261</u> | <u>871,605</u> | <u>130,321,359</u> | <u>127,032,231</u> |
| Deferred outflows of resources | <u>1,615,787</u> | <u>1,696,914</u> | - | - | <u>1,615,787</u> | <u>1,696,914</u> |
| Liabilities | | | | | | |
| Current liabilities | 8,003,804 | 8,042,099 | 118,607 | 109,815 | 8,122,411 | 8,151,914 |
| Long-term liabilities | <u>26,348,834</u> | <u>29,283,103</u> | <u>28,872</u> | <u>27,414</u> | <u>26,377,706</u> | <u>29,310,517</u> |
| Total liabilities | <u>34,352,638</u> | <u>37,325,202</u> | <u>147,479</u> | <u>137,229</u> | <u>34,500,117</u> | <u>37,462,431</u> |
| Deferred inflows of resources | <u>35,986,269</u> | <u>42,009,559</u> | - | - | <u>35,986,269</u> | <u>42,009,559</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 36,460,488 | 33,552,876 | - | - | 36,460,488 | 33,552,876 |
| Restricted | 3,842,694 | 4,604,254 | - | - | 3,842,694 | 4,604,254 |
| Unrestricted | <u>20,306,796</u> | <u>10,365,649</u> | <u>840,782</u> | <u>734,376</u> | <u>21,147,578</u> | <u>11,100,025</u> |
| Total net position | <u>\$ 60,609,978</u> | <u>\$ 48,522,779</u> | <u>\$ 840,782</u> | <u>\$ 734,376</u> | <u>\$ 61,450,760</u> | <u>\$ 49,257,155</u> |

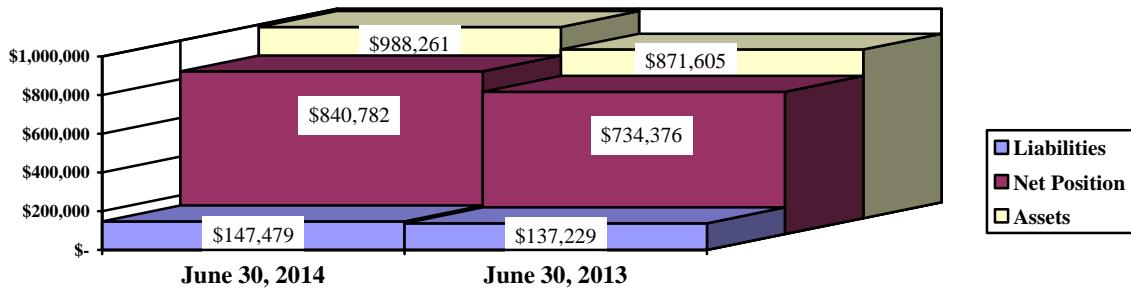
Governmental Activities



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Business-Type - Net Position



The table below shows the changes in net position for fiscal years 2014 and 2013.

Change in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services and sales | \$ 3,233,042 | \$ 3,116,240 | \$ 1,402,122 | \$ 1,291,244 | \$ 4,635,164 | \$ 4,407,484 |
| Operating grants and contributions | 5,604,408 | 4,091,081 | - | - | 5,604,408 | 4,091,081 |
| Capital grants and contributions | 1,205,481 | 6,059,663 | - | - | 1,205,481 | 6,059,663 |
| General revenues: | | | | | | |
| Property taxes | 47,491,213 | 41,922,913 | - | - | 47,491,213 | 41,922,913 |
| Payments in lieu of taxes | 515,367 | 349,063 | - | - | 515,367 | 349,063 |
| Grants and entitlements | 17,664,962 | 19,104,616 | 49,354 | 44,407 | 17,714,316 | 19,149,023 |
| Investment earnings | 62,124 | 58,911 | - | - | 62,124 | 58,911 |
| Miscellaneous | 194,817 | 215,507 | - | - | 194,817 | 215,507 |
| Total revenues | <u>75,971,414</u> | <u>74,917,994</u> | <u>1,451,476</u> | <u>1,335,651</u> | <u>77,422,890</u> | <u>76,253,645</u> |

-Continued

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Change in Net Position (Continued)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------|--------------------------|------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Expenses | | | | | | |
| Program expenses: | | | | | | |
| Instruction: | | | | | | |
| Regular | 28,005,316 | 28,142,699 | - | - | 28,005,316 | 28,142,699 |
| Special | 8,800,972 | 6,518,659 | - | - | 8,800,972 | 6,518,659 |
| Vocational | 290,652 | 265,708 | - | - | 290,652 | 265,708 |
| Other | 1,283,858 | 1,211,810 | - | - | 1,283,858 | 1,211,810 |
| Support services: | | | | | | |
| Pupil | 4,681,004 | 4,959,355 | - | - | 4,681,004 | 4,959,355 |
| Instructional staff | 1,772,770 | 4,475,298 | - | - | 1,772,770 | 4,475,298 |
| Board of education | 41,731 | 44,337 | - | - | 41,731 | 44,337 |
| Administration | 4,059,710 | 4,294,431 | - | - | 4,059,710 | 4,294,431 |
| Fiscal | 1,627,077 | 2,029,663 | - | - | 1,627,077 | 2,029,663 |
| Business | 320,399 | 599,758 | - | - | 320,399 | 599,758 |
| Operations and maintenance | 5,076,162 | 5,820,731 | - | - | 5,076,162 | 5,820,731 |
| Pupil transportation | 3,281,271 | 4,122,142 | - | - | 3,281,271 | 4,122,142 |
| Central | 642,675 | 495,129 | - | - | 642,675 | 495,129 |
| Operation of non-instructional services: | | | | | | |
| Food service operations | 1,423,600 | 1,489,944 | - | - | 1,423,600 | 1,489,944 |
| Other non-instructional services | 19,033 | 22,872 | - | - | 19,033 | 22,872 |
| Extracurricular activities | 1,672,664 | 1,408,146 | - | - | 1,672,664 | 1,408,146 |
| Interest on long-term debt | 885,321 | 1,579,616 | - | - | 885,321 | 1,579,616 |
| Community education | - | - | 1,345,070 | 1,216,037 | 1,345,070 | 1,216,037 |
| Total expenses | 63,884,215 | 67,480,298 | 1,345,070 | 1,216,037 | 65,229,285 | 68,696,335 |
| Changes in net position | 12,087,199 | 7,437,696 | 106,406 | 119,614 | 12,193,605 | 7,557,310 |
| Net position at beginning of year | 48,522,779 | 41,085,083 | 734,376 | 614,762 | 49,257,155 | 41,699,845 |
| Net position at end of year | \$ 60,609,978 | \$ 48,522,779 | \$ 840,782 | \$ 734,376 | \$ 61,450,760 | \$ 49,257,155 |

Governmental Activities

Net position of the District's governmental activities increased \$12,087,199. Program revenues supported 15.72% of the total governmental expenses.

Total revenues for governmental activities increased \$1,053,420 or 1.41%. The increase in operating grants and contributions is mostly related to additional special education funding allocated to the District from the State Foundation funding program. Capital grants and contributions in fiscal year 2013 included the donation of Hudson Memorial Stadium from the Hudson City Schools Foundation of approximately \$5.9 million. In 2014, the District received more than \$1 million in capital contributions for construction of the new Malson Athletic Center.

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

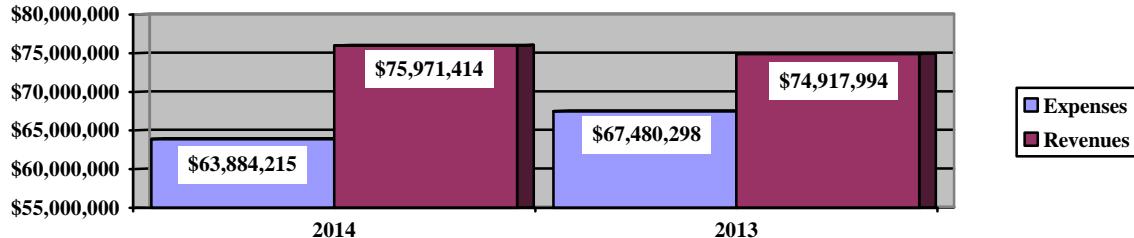
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 85.76% of total governmental revenue. The significant increase in property taxes revenue is due to fluctuations in the amount of tax collected and available for advance at fiscal year-end by the Summit County Fiscal Officer. Tax advances available are recorded as revenue under GAAP. The amount of tax advances available at June 30, 2014, 2013 and 2012 was approximately \$6.4 million, \$2.0 million and \$4.2 million, respectively. This amount can vary depending upon when the County Fiscal Officer distributes tax bills. Grants and entitlements reported as general revenues consist primarily of the unrestricted portion of the District's State Foundation revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$38,380,798 or 60.08% of total governmental expenses for fiscal year 2014. The increase in special instruction expenses, and the decrease in instructional staff expenses of a similar amount, is mostly related to the District reclassifying how certain expenses are recorded. In total, expenses decreased \$3,596,083 or 5.33%. Some of the more significant factors contributing to the decrease in expenses are a reduction in operations and maintenance due to some additional building repairs undertaken in 2013, a decrease in pupil transportation due primarily to a shared services agreement with another school district, and less interest expense due to the retirement of debt.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2014 and 2013.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2014 and 2013. That is, it identifies the cost of these services supported by taxes revenue and unrestricted grants and entitlements.

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

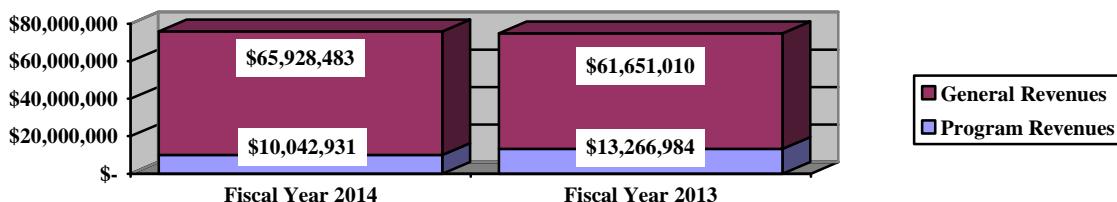
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

| | Total Cost of Services 2014 | Net Cost of Services 2014 | Total Cost of Services 2013 | Net Cost of Services 2013 |
|--|--------------------------------|------------------------------|--------------------------------|------------------------------|
| Program expenses: | | | | |
| Instruction: | | | | |
| Regular | \$ 28,005,316 | \$ 25,241,781 | \$ 28,142,699 | \$ 25,554,412 |
| Special | 8,800,972 | 6,252,835 | 6,518,659 | 5,587,940 |
| Vocational | 290,652 | 243,054 | 265,708 | 233,834 |
| Other | 1,283,858 | 1,263,719 | 1,211,810 | 1,192,163 |
| Support services: | | | | |
| Pupil | 4,681,004 | 3,642,527 | 4,959,355 | 3,996,729 |
| Instructional staff | 1,772,770 | 1,630,188 | 4,475,298 | 4,161,397 |
| Board of education | 41,731 | 41,731 | 44,337 | 44,337 |
| Administration | 4,059,710 | 3,885,928 | 4,294,431 | 4,067,211 |
| Fiscal | 1,627,077 | 1,627,077 | 2,029,663 | 2,029,663 |
| Business | 320,399 | 320,399 | 599,758 | 599,758 |
| Operations and maintenance | 5,076,162 | 5,072,202 | 5,820,731 | 5,811,085 |
| Pupil transportation | 3,281,271 | 3,281,271 | 4,122,142 | 4,122,142 |
| Central | 642,675 | 642,675 | 495,129 | 495,129 |
| Operation of non-instructional services | | | | |
| Food service operations | 1,423,600 | 33,021 | 1,489,944 | (18,364) |
| Other non-instructional services | 19,033 | 8,008 | 22,872 | 3,532 |
| Extracurricular activities | 1,672,664 | (230,453) | 1,408,146 | (5,247,270) |
| Interest on long-term debt | 885,321 | 885,321 | 1,579,616 | 1,579,616 |
| Total expenses | \$ 63,884,215 | \$ 53,841,284 | \$ 67,480,298 | \$ 54,213,314 |

The dependence upon tax revenues during fiscal year 2014 for governmental activities is apparent, as 85.98% of 2014 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 84.28% in 2014. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2014 and 2013.

Governmental Activities - General and Program Revenues



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Business-Type Activities

Business-type activities include the District's community education program which had operating revenues of \$1,402,122 and operating expenses of \$1,345,070 for fiscal year 2014. Both operating revenues (8.58%) and operating expenses (10.61%) increased compared to the prior year, and the program reported operating income of \$57,052. Nonoperating revenues consisted of \$49,354 in grants. The change in net position for the fiscal year was an increase of \$106,406. These operations are self-supporting through user fees and charges. Management assesses its performance to ensure that they are run efficiently.

The District's Funds

The District's governmental funds (as presented on the balance sheet on page F 22) reported a combined fund balance of \$23,386,544, which is \$8,578,248 or 57.93% higher than last year's total of \$14,808,296. The schedule below indicates the fund balance as of June 30, 2014 and 2013, and the total change in fund balance.

| | Fund Balance <u>June 30, 2014</u> | Fund Balance <u>June 30, 2013</u> | Increase <u>(Decrease)</u> |
|-----------------------------|--------------------------------------|--------------------------------------|-------------------------------|
| General fund | \$ 19,505,596 | \$ 10,243,002 | \$ 9,262,594 |
| Nonmajor governmental funds | <u>3,880,948</u> | <u>4,565,294</u> | <u>(684,346)</u> |
| Total | <u>\$ 23,386,544</u> | <u>\$ 14,808,296</u> | <u>\$ 8,578,248</u> |

General Fund

Fund balance for the general fund increased \$9,262,594. As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.97% of total general fund expenditures, while total fund balance represents 34.56% of that same amount.

The following table assists in illustrating the revenues of the general fund.

| | <u>2014 Amount</u> | <u>2013 Amount</u> | <u>Percentage Change</u> |
|---------------------------|------------------------|------------------------|------------------------------|
| <u>Revenues</u> | | | |
| Taxes | \$ 44,781,683 | \$ 38,836,634 | 15.31 % |
| Payments in lieu of taxes | 515,367 | 349,063 | 47.64 % |
| Tuition | 800,280 | 703,700 | 13.72 % |
| Interest earnings | 56,240 | 49,929 | 12.64 % |
| Intergovernmental | 17,647,098 | 17,613,236 | 0.19 % |
| Other revenues | <u>999,843</u> | <u>1,041,183</u> | <u>(3.97) %</u> |
| Total | <u>\$ 64,800,511</u> | <u>\$ 58,593,745</u> | <u>10.59 %</u> |

The overall increase in revenues is mostly due to the increased property taxes revenue. The primary reason for this is an increase in the amount of tax advances available at year-end, as discussed on page F 11. For the general fund, the amount of tax advances available at June 30, 2014, 2013 and 2012 was approximately \$6.2 million, \$1.8 million and \$3.8 million, respectively. Payments in lieu of taxes increased due to a scheduled increase in the payments due to the District under the agreement.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The following table assists in illustrating the expenditures of the general fund.

| <u>Expenditures</u> | 2014 <u>Amount</u> | 2013 <u>Amount</u> | Percentage <u>Change</u> |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------------|
| Instruction | \$ 34,510,512 | \$ 31,575,996 | 9.29 % |
| Support services | 20,195,580 | 23,595,853 | (14.41) % |
| Other non-instructional services | 8,637 | 11,316 | (23.67) % |
| Extracurricular activities | 976,546 | 879,053 | 11.09 % |
| Capital outlay | - | 340,880 | (100.00) % |
| Debt service | <u>741,719</u> | <u>674,873</u> | 9.90 % |
| Total | <u>\$ 56,432,994</u> | <u>\$ 57,077,971</u> | (1.13) % |

While overall expenditures were comparable to the prior year, there was an increase in instruction expenditures and a decrease in support services. This is mostly related to the District reclassifying certain expenditures from instructional staff support services to special instruction. In addition, expenditures for pupil transportation support services decreased due to a shared services agreement with another school district. The District has acquired computer software under a licensing agreement, which was reported as a capital outlay expenditure in 2013.

Enterprise Fund

The District maintains an enterprise fund to account for the community education program. 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 position 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 13 for a discussion of the District's business-type activities.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. The most significant budgeted fund is the general fund.

For the general fund, both the original and final budgeted revenues and other financing sources were \$58,559,309. Actual revenues and other financing sources were \$59,660,106, or \$1,100,797 (1.88%) higher than the final budget. The positive variance is related to the District's conservative approach to budgeting in not revising the original budget estimate for increases in revenues during the year.

General fund original appropriations (expenditures and other financing uses) of \$58,897,267 were increased slightly to \$59,347,147 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$56,431,378, which is \$2,915,769 (4.91%) less than the final budget appropriations. The District routinely appropriates more resources than actually projected in order to reflect what expenditures would be in a worst-case scenario.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$56,297,750 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and computer software. This entire amount is reported in governmental activities. The following table shows fiscal year 2014 balances compared to 2013:

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

Governmental Activities

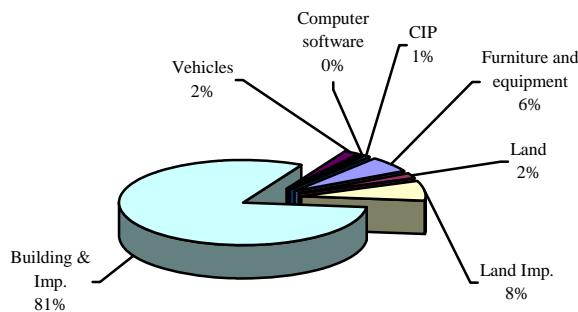
| | <u>2014</u> | <u>2013</u> |
|--------------------------------|--------------------------|--------------------------|
| Land | \$ 1,032,204 | \$ 1,032,204 |
| Construction in progress (CIP) | 523,955 | - |
| Land improvements | 4,329,314 | 4,375,993 |
| Building and improvements | 45,605,270 | 45,512,554 |
| Furniture and equipment | 3,425,574 | 3,098,322 |
| Vehicles | 1,138,088 | 1,131,940 |
| Computer software | <u>243,345</u> | <u>352,637</u> |
| Total | <u>\$ 56,297,750</u> | <u>\$ 55,503,650</u> |

The net increase in capital assets is a result of acquisitions of \$3,234,758 exceeding depreciation expense of \$2,133,151 and disposals (net of accumulated depreciation) of \$307,507.

The following graphs show the breakdown of governmental activities capital assets by category for 2014 and 2013.

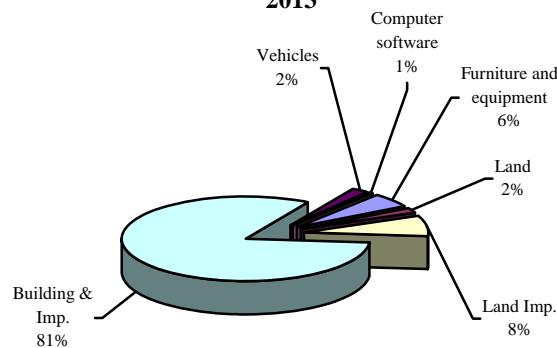
Capital Assets - Governmental Activities

2014



Capital Assets - Governmental Activities

2013



See Note 7 in the notes to the basic financial statements for more information on the District's capital assets.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Debt Administration

At June 30, 2014, the District had \$22,739,900 in general obligation bonds, certificates of participation, capital leases and a software license obligation outstanding. Of this total, \$1,495,843 is due within one year and \$21,244,057 is due in greater than one year. The following table summarizes the outstanding debt.

Outstanding Debt, at Year End

| | Governmental Activities <u>2014</u> | Governmental Activities <u>2013</u> |
|-------------------------------|---|---|
| Series 2003, Refunding | \$ 435,000 | \$ 2,820,000 |
| Energy Conservation | 1,705,000 | 1,895,000 |
| Qualified School Construction | 1,725,000 | 1,865,000 |
| Certificates of Participation | 17,825,000 | 18,250,000 |
| Capital Leases | 874,520 | 367,512 |
| Software License Obligation | <u>175,380</u> | <u>283,549</u> |
| Total | <u>\$ 22,739,900</u> | <u>\$ 25,481,061</u> |

All bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Total additions in fiscal year 2014 for these obligations were \$918,391 and total reductions were \$3,659,552.

See Note 8 in the notes 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 \$19,504,427 at June 30, 2014. Fiscal year-end general fund cash balances were \$15,585,850, \$11,957,932, \$10,791,463, and \$13,096,732 at June 30 in fiscal years 2013, 2012, 2011 and 2010, respectively. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance and continue a quality, comprehensive educational program.

The voters of the District passed an additional 4.9 mill operating levy in May 2011. Collections on this levy began in calendar year 2012. The District's 1.5 mill permanent improvement tax levy was renewed in November 2012 for another five years. With Board guidance, the recent fiscal year budgets have been carefully managed in order to maintain the integrity of the financial planning process, while being cognizant of future tax levy levels that are reasonable and in accordance with the expected educational excellence of our community.

The State budget for fiscal years 2014 and 2015 presented a new method of State Foundation funding for school districts. The District is on the funding guarantee which guarantees that the District will receive an adjusted total funding amount that is at least equal to the amount received in fiscal year 2013. The State's reimbursement for the loss of tangible personal property taxes revenue, which was previously being phased out over the past several years, is also held constant at the fiscal year 2013 level, or approximately \$1.8 million.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

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 unmodified audit opinions. Each challenge identified in this section is viewed simultaneously as an opportunity for the District to foray down paths not previously traveled to continue its commitment to excellence. The District is committed to living within its financial means, and working with the community it serves in order to garner adequate resources to support the educational program. The Board will continue to evaluate all aspects of its operations, making prudent decisions where appropriate, in order to maximize its resources and offer excellent educational offerings.

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. Questions about this report or requests for additional financial information can be made by writing to Mrs. Kathryn Sines, Treasurer/CFO, Hudson City School District, 2386 Hudson-Aurora Road, Hudson, Ohio 44236 or by calling (330) 653-1270.

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

**STATEMENT OF NET POSITION
JUNE 30, 2014**

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| Assets: | | | |
| Equity in pooled cash and investments | \$ 28,231,258 | \$ 988,261 | \$ 29,219,519 |
| Receivables: | | | |
| Property taxes | 43,680,730 | - | 43,680,730 |
| Payment in lieu of taxes | 442,098 | - | 442,098 |
| Intergovernmental | 601,591 | - | 601,591 |
| Accrued interest | 26,766 | - | 26,766 |
| Materials and supplies inventory | 11,322 | - | 11,322 |
| Inventory held for resale | 41,583 | - | 41,583 |
| Capital assets: | | | |
| Nondepreciable capital assets | 1,556,159 | - | 1,556,159 |
| Depreciable capital assets, net | 54,741,591 | - | 54,741,591 |
| Capital assets, net | 56,297,750 | - | 56,297,750 |
| Total assets | <u>129,333,098</u> | <u>988,261</u> | <u>130,321,359</u> |
| Deferred outflows of resources: | | | |
| Deferred charges on debt refunding | <u>1,615,787</u> | <u>-</u> | <u>1,615,787</u> |
| Liabilities: | | | |
| Accounts payable | 469,076 | 30,086 | 499,162 |
| Contracts payable | 277,678 | - | 277,678 |
| Accrued wages and benefits payable | 5,135,711 | 57,491 | 5,193,202 |
| Pension obligation payable | 1,057,046 | 28,924 | 1,085,970 |
| Intergovernmental payable | 461,385 | 2,106 | 463,491 |
| Accrued interest payable | 65,536 | - | 65,536 |
| Claims payable | 537,372 | - | 537,372 |
| Long-term liabilities: | | | |
| Due within one year | 1,915,791 | 17,459 | 1,933,250 |
| Due in more than one year | 24,433,043 | 11,413 | 24,444,456 |
| Total liabilities | <u>34,352,638</u> | <u>147,479</u> | <u>34,500,117</u> |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year | 35,544,171 | - | 35,544,171 |
| Payment in lieu of taxes levied for the next fiscal year | 442,098 | - | 442,098 |
| Total deferred inflows of resources | <u>35,986,269</u> | <u>-</u> | <u>35,986,269</u> |
| Net position: | | | |
| Net investment in capital assets | 36,460,488 | - | 36,460,488 |
| Restricted for: | | | |
| Capital projects | 3,072,713 | - | 3,072,713 |
| Debt service | 252,217 | - | 252,217 |
| Locally funded programs | 60,725 | - | 60,725 |
| State funded programs | 147,825 | - | 147,825 |
| Federally funded programs | 50,092 | - | 50,092 |
| Student activities | 132,946 | - | 132,946 |
| Other purposes | 126,176 | - | 126,176 |
| Unrestricted | 20,306,796 | 840,782 | 21,147,578 |
| Total net position | <u>\$ 60,609,978</u> | <u>\$ 840,782</u> | <u>\$ 61,450,760</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, 2014**

| | Expenses | Charges for Services and Sales | Program Revenues | | |
|--|-----------------------------|---|---|---|---|
| | | | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities: | | | | | |
| Instruction: | | | | | |
| Regular | \$ 28,005,316 | \$ 888,626 | \$ 1,838,264 | \$ 36,645 | - |
| Special | 8,800,972 | 141,314 | 2,406,823 | - | - |
| Vocational | 290,652 | 5,025 | 42,573 | - | - |
| Other | 1,283,858 | 9,339 | 10,800 | - | - |
| Support services: | | | | | |
| Pupil. | 4,681,004 | 217,724 | 820,753 | - | - |
| Instructional staff | 1,772,770 | 43,048 | 99,534 | - | - |
| Board of education | 41,731 | - | - | - | - |
| Administration. | 4,059,710 | - | 173,782 | - | - |
| Fiscal. | 1,627,077 | - | - | - | - |
| Business. | 320,399 | - | - | - | - |
| Operations and maintenance | 5,076,162 | 3,960 | - | - | - |
| Pupil transportation. | 3,281,271 | - | - | - | - |
| Central | 642,675 | - | - | - | - |
| Operation of non-instructional services: | | | | | |
| Food service operations | 1,423,600 | 1,203,971 | 186,608 | - | - |
| Other non-instructional services | 19,033 | 6,582 | 4,443 | - | - |
| Extracurricular activities. | 1,672,664 | 713,453 | 20,828 | 1,168,836 | |
| Interest on long-term debt | 885,321 | - | - | - | - |
| Total governmental activities | <u>63,884,215</u> | <u>3,233,042</u> | <u>5,604,408</u> | <u>1,205,481</u> | |
| Business-type activities: | | | | | |
| Community education | <u>1,345,070</u> | <u>1,402,122</u> | <u>-</u> | <u>-</u> | |
| Total business-type activities | <u>1,345,070</u> | <u>1,402,122</u> | <u>-</u> | <u>-</u> | |
| Totals | <u><u>\$ 65,229,285</u></u> | <u><u>\$ 4,635,164</u></u> | <u><u>\$ 5,604,408</u></u> | <u><u>\$ 1,205,481</u></u> | |

General revenues:

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Net (Expense) Revenue and Changes in Net Position | | | | |
|--|--------------|-----------------------------|---------|-----------------|
| Governmental Activities | | Business-Type Activities | | Total |
| \$ | (25,241,781) | \$ | - | \$ (25,241,781) |
| | (6,252,835) | | - | (6,252,835) |
| | (243,054) | | - | (243,054) |
| | (1,263,719) | | - | (1,263,719) |
| | (3,642,527) | | - | (3,642,527) |
| | (1,630,188) | | - | (1,630,188) |
| | (41,731) | | - | (41,731) |
| | (3,885,928) | | - | (3,885,928) |
| | (1,627,077) | | - | (1,627,077) |
| | (320,399) | | - | (320,399) |
| | (5,072,202) | | - | (5,072,202) |
| | (3,281,271) | | - | (3,281,271) |
| | (642,675) | | - | (642,675) |
| | (33,021) | | - | (33,021) |
| | (8,008) | | - | (8,008) |
| | 230,453 | | - | 230,453 |
| | (885,321) | | - | (885,321) |
| | (53,841,284) | | - | (53,841,284) |
| | - | 57,052 | | 57,052 |
| | - | 57,052 | | 57,052 |
| | (53,841,284) | | 57,052 | (53,784,232) |
| | 44,934,135 | | - | 44,934,135 |
| | 1,237,233 | | - | 1,237,233 |
| | 1,319,845 | | - | 1,319,845 |
| | 515,367 | | - | 515,367 |
| | 17,664,962 | | 49,354 | 17,714,316 |
| | 62,124 | | - | 62,124 |
| | 194,817 | | - | 194,817 |
| | 65,928,483 | | 49,354 | 65,977,837 |
| | 12,087,199 | | 106,406 | 12,193,605 |
| | 48,522,779 | | 734,376 | 49,257,155 |
| \$ | 60,609,978 | \$ | 840,782 | \$ 61,450,760 |

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|--|---|
| Assets: | | | |
| Equity in pooled cash and investments. | \$ 19,504,427 | \$ 4,465,980 | \$ 23,970,407 |
| Receivables: | | | |
| Property taxes. | 42,193,494 | 1,487,236 | 43,680,730 |
| Payment in lieu of taxes | 442,098 | - | 442,098 |
| Intergovernmental. | 362,439 | 239,152 | 601,591 |
| Accrued interest. | 26,766 | - | 26,766 |
| Due from other funds | 49,426 | - | 49,426 |
| Materials and supplies inventory | - | 11,322 | 11,322 |
| Inventory held for resale. | 41,583 | - | 41,583 |
| Total assets. | <u>\$ 62,620,233</u> | <u>\$ 6,203,690</u> | <u>\$ 68,823,923</u> |
| Liabilities: | | | |
| Accounts payable. | \$ 289,332 | \$ 163,810 | \$ 453,142 |
| Contracts payable. | - | 277,678 | 277,678 |
| Accrued wages and benefits payable. | 4,869,824 | 265,887 | 5,135,711 |
| Compensated absences payable. | 232,121 | - | 232,121 |
| Pension obligation payable | 984,904 | 72,142 | 1,057,046 |
| Intergovernmental payable | 259,777 | 199,494 | 459,271 |
| Claims payable | 6,924 | - | 6,924 |
| Due to other funds. | - | 49,426 | 49,426 |
| Total liabilities. | <u>6,642,882</u> | <u>1,028,437</u> | <u>7,671,319</u> |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year | 34,365,887 | 1,178,284 | 35,544,171 |
| Delinquent property tax revenue not available | 1,637,004 | 55,292 | 1,692,296 |
| Accrued interest not available | 26,766 | - | 26,766 |
| Intergovernmental revenue not available. | - | 60,729 | 60,729 |
| Payments in lieu of taxes levied for the next fiscal year | 442,098 | - | 442,098 |
| Total deferred inflows of resources | <u>36,471,755</u> | <u>1,294,305</u> | <u>37,766,060</u> |
| Fund balances: | | | |
| Nonspendable: | | | |
| Materials and supplies / inventory held for resale | 41,583 | 11,322 | 52,905 |
| Restricted: | | | |
| Debt service | - | 302,335 | 302,335 |
| Capital improvements | - | 3,032,839 | 3,032,839 |
| Food service operations | - | 193,629 | 193,629 |
| Non-public schools | - | 148,922 | 148,922 |
| Special education | - | 9,446 | 9,446 |
| Extracurricular activities. | - | 132,946 | 132,946 |
| Other purposes. | - | 65,052 | 65,052 |
| Assigned: | | | |
| Student instruction. | 166,428 | - | 166,428 |
| Student and staff support | 478,601 | - | 478,601 |
| Rotary services. | 198,934 | - | 198,934 |
| Other purposes. | 16,137 | - | 16,137 |
| Unassigned (deficit) | <u>18,603,913</u> | <u>(15,543)</u> | <u>18,588,370</u> |
| Total fund balances. | <u>19,505,596</u> | <u>3,880,948</u> | <u>23,386,544</u> |
| Total liabilities, deferred inflows of resources and fund balances. | <u>\$ 62,620,233</u> | <u>\$ 6,203,690</u> | <u>\$ 68,823,923</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014**

| | |
|--|----------------------|
| Total governmental fund balances | \$ 23,386,544 |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i> | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 56,297,750 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds. | |
| Property taxes receivable | \$ 1,692,296 |
| Accrued interest receivable | 26,766 |
| Intergovernmental receivable | <u>60,729</u> |
| Total | 1,779,791 |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. | 3,712,355 |
| Unamortized premiums on bonds issued are not recognized in the funds. | (96,574) |
| Deferred amounts on refundings are not recognized in the funds. | 1,615,787 |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | (65,536) |
| 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 | (3,865,000) |
| Certificates of participation | (17,825,000) |
| Capital lease obligations | (874,520) |
| Software license obligation | (175,380) |
| Compensated absences | <u>(3,280,239)</u> |
| Total | <u>(26,020,139)</u> |
| Net position of governmental activities | <u>\$ 60,609,978</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------------|-----------------------------------|--------------------------------|
| Revenues: | | | |
| From local sources: | | | |
| Property taxes | \$ 44,781,683 | \$ 2,608,071 | \$ 47,389,754 |
| Payments in lieu of taxes | 515,367 | - | 515,367 |
| Tuition. | 800,280 | - | 800,280 |
| Earnings on investments. | 56,240 | 1,578 | 57,818 |
| Charges for services | 2,479 | 1,203,971 | 1,206,450 |
| Extracurricular. | 444,904 | 405,020 | 849,924 |
| Classroom materials and fees | 346,964 | - | 346,964 |
| Other local revenues | 205,496 | 1,325,945 | 1,531,441 |
| Intergovernmental - intermediate | - | 1,307,311 | 1,307,311 |
| Intergovernmental - state | 17,647,098 | 2,425,611 | 20,072,709 |
| Intergovernmental - federal | - | 1,760,248 | 1,760,248 |
| Total revenues | <u>64,800,511</u> | <u>11,037,755</u> | <u>75,838,266</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular. | 25,143,741 | 2,050,939 | 27,194,680 |
| Special | 7,840,738 | 774,634 | 8,615,372 |
| Vocational | 252,975 | 1,761 | 254,736 |
| Other | 1,273,058 | 10,800 | 1,283,858 |
| Support services: | | | |
| Pupil | 3,907,834 | 798,831 | 4,706,665 |
| Instructional staff | 1,756,139 | 90,437 | 1,846,576 |
| Board of education | 41,731 | - | 41,731 |
| Administration | 3,851,412 | 168,825 | 4,020,237 |
| Fiscal | 1,526,992 | 92,269 | 1,619,261 |
| Business. | 559,490 | - | 559,490 |
| Operations and maintenance | 4,874,332 | 8,607 | 4,882,939 |
| Pupil transportation | 3,151,775 | 81,790 | 3,233,565 |
| Central | 525,875 | - | 525,875 |
| Operation of non-instructional services: | | | |
| Food service operations | - | 1,365,327 | 1,365,327 |
| Other non-instructional services | 8,637 | 9,227 | 17,864 |
| Extracurricular activities. | 976,546 | 481,949 | 1,458,495 |
| Facilities acquisition and construction. | - | 2,312,691 | 2,312,691 |
| Debt service: | | | |
| Principal retirement. | 615,296 | 2,810,000 | 3,425,296 |
| Interest and fiscal charges | 126,423 | 690,014 | 816,437 |
| Total expenditures | <u>56,432,994</u> | <u>11,748,101</u> | <u>68,181,095</u> |
| Excess (deficiency) of revenues over (under) expenditures. | <u>8,367,517</u> | <u>(710,346)</u> | <u>7,657,171</u> |
| Other financing sources (uses): | | | |
| Proceeds from sale of assets | 2,686 | - | 2,686 |
| Transfers in. | - | 1,006,000 | 1,006,000 |
| Transfers (out) | (26,000) | (980,000) | (1,006,000) |
| Proceeds from capital lease transaction. | 918,391 | - | 918,391 |
| Total other financing sources (uses) | <u>895,077</u> | <u>26,000</u> | <u>921,077</u> |
| Net change in fund balances | 9,262,594 | (684,346) | 8,578,248 |
| Fund balances at beginning of year. | 10,243,002 | 4,565,294 | 14,808,296 |
| Fund balances at end of year | <u>\$ 19,505,596</u> | <u>\$ 3,880,948</u> | <u>\$ 23,386,544</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, 2014**

| | |
|--|----------------------|
| Net change in fund balances - total governmental funds | \$ 8,578,248 |
| <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. | |
| Capital asset additions | \$ 3,234,758 |
| Current year depreciation | <u>(2,133,151)</u> |
| Total | 1,101,607 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. | (307,507) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| Delinquent property taxes | 101,459 |
| Accrued interest | 5,884 |
| Intergovernmental | <u>20,415</u> |
| Total | 127,758 |
| Repayment of principal on, and other retirements of, long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Payments during the year were: | |
| Principal payments on bonds, leases and software license obligation | 3,425,296 |
| Buyout of capital lease | <u>234,256</u> |
| Total | 3,659,552 |
| Issuances of capital leases are recorded as an other financing source in the governmental funds; however, in the statement of activities, they are not reported as an other financing source as they increase liabilities on the statement of net position. | (918,391) |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities: | |
| Decrease in accrued interest payable | 5,585 |
| Amortization of bond premiums | 6,658 |
| Amortization of deferred charges on refunding | <u>(81,127)</u> |
| Total | (68,884) |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | 3,870 |
| An internal service fund used by management to charge the costs of medical and dental insurance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. | <u>(89,054)</u> |
| Change in net position of governmental activities | <u>\$ 12,087,199</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|----------------------|----------------------|---|
| | Original | Final | Actual | |
| | | | | |
| Revenues: | | | | |
| From local sources: | | | | |
| Property taxes | \$ 39,683,333 | \$ 39,683,333 | \$ 40,431,024 | \$ 747,691 |
| Payments in lieu of taxes | 505,868 | 505,868 | 515,367 | 9,499 |
| Tuition. | 699,225 | 699,225 | 711,910 | 12,685 |
| Earnings on investments. | 55,201 | 55,201 | 56,240 | 1,039 |
| Extracurricular. | 287,091 | 287,091 | 292,374 | 5,283 |
| Classroom materials and fees | 112,382 | 112,382 | 113,713 | 1,331 |
| Other local revenues | 99,917 | 99,917 | 101,417 | 1,500 |
| Intergovernmental - state | 16,965,435 | 16,965,435 | 17,284,659 | 319,224 |
| Total revenues | <u>58,408,452</u> | <u>58,408,452</u> | <u>59,506,704</u> | <u>1,098,252</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 26,368,359 | 26,571,663 | 24,646,225 | 1,925,438 |
| Special. | 7,289,688 | 7,345,893 | 7,705,647 | (359,754) |
| Vocational. | 254,581 | 256,544 | 250,062 | 6,482 |
| Other. | 1,536,714 | 1,548,562 | 1,326,313 | 222,249 |
| Support services: | | | | |
| Pupil. | 3,969,958 | 4,000,567 | 3,752,373 | 248,194 |
| Instructional staff | 2,025,180 | 2,040,794 | 1,786,270 | 254,524 |
| Board of education | 62,562 | 63,044 | 49,130 | 13,914 |
| Administration. | 4,708,007 | 4,744,306 | 4,162,593 | 581,713 |
| Fiscal | 1,470,211 | 1,481,547 | 1,537,334 | (55,787) |
| Business | 595,020 | 599,608 | 591,713 | 7,895 |
| Operations and maintenance. | 4,946,581 | 4,984,720 | 4,972,448 | 12,272 |
| Pupil transportation | 3,440,545 | 3,467,072 | 3,466,859 | 213 |
| Central. | 776,238 | 782,223 | 762,712 | 19,511 |
| Extracurricular activities. | 905,465 | 912,446 | 974,381 | (61,935) |
| Debt service: | | | | |
| Principal. | 421,000 | 421,000 | 330,000 | 91,000 |
| Interest and fiscal charges | 91,000 | 91,000 | 90,261 | 739 |
| Total expenditures | <u>58,861,109</u> | <u>59,310,989</u> | <u>56,404,321</u> | <u>2,906,668</u> |
| Excess (deficiency) of revenues over (under) expenditures. | <u>(452,657)</u> | <u>(902,537)</u> | <u>3,102,383</u> | <u>4,004,920</u> |
| Other financing sources (uses): | | | | |
| Proceeds from sale of assets | 2,650 | 2,650 | 2,686 | 36 |
| Refund of prior year's expenditures | 148,207 | 148,207 | 150,716 | 2,509 |
| Refund of prior year's receipts. | (1,057) | (1,057) | (1,057) | - |
| Transfers (out). | (35,101) | (35,101) | (26,000) | 9,101 |
| Total other financing sources (uses) | <u>114,699</u> | <u>114,699</u> | <u>126,345</u> | <u>11,646</u> |
| Net change in fund balance | <u>(337,958)</u> | <u>(787,838)</u> | <u>3,228,728</u> | <u>4,016,566</u> |
| Fund balance at beginning of year | 14,389,645 | 14,389,645 | 14,389,645 | - |
| Prior year encumbrances appropriated | 735,267 | 735,267 | 735,267 | - |
| Fund balance at end of year | \$ 14,786,954 | \$ 14,337,074 | \$ 18,353,640 | \$ 4,016,566 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**
JUNE 30, 2014

| | Business-Type Activities - Community Education Fund | Governmental Activities - Internal Service Fund |
|---|--|--|
| Assets: | | |
| Current assets: | | |
| Equity in pooled cash and investments. | \$ 988,261 | \$ 4,260,851 |
| Total assets | <u>988,261</u> | <u>4,260,851</u> |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable. | 30,086 | 15,934 |
| Accrued wages and benefits | 57,491 | - |
| Compensated absences. | 17,459 | - |
| Pension obligation payable. | 28,924 | - |
| Intergovernmental payable. | 2,106 | 2,114 |
| Claims payable | <u>-</u> | <u>530,448</u> |
| Total current liabilities. | <u>136,066</u> | <u>548,496</u> |
| Non-current liabilities: | | |
| Compensated absences payable | 11,413 | - |
| Total liabilities. | <u>147,479</u> | <u>548,496</u> |
| Net position: | | |
| Unrestricted | 840,782 | 3,712,355 |
| Total net position | <u>\$ 840,782</u> | <u>\$ 3,712,355</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Business-Type Activities - Community Education Fund | Governmental Activities - Internal Service Fund |
|--|--|--|
| Operating revenues: | | |
| Sales/charges for services. | \$ 1,402,122 | \$ 7,711,951 |
| Total operating revenues | <u>1,402,122</u> | <u>7,711,951</u> |
| Operating expenses: | | |
| Personal services. | 562,382 | 36,369 |
| Purchased services. | 709,532 | 834,697 |
| Materials and supplies. | 42,574 | 3,190 |
| Claims | - | 6,924,832 |
| Other. | <u>30,582</u> | <u>1,917</u> |
| Total operating expenses. | <u>1,345,070</u> | <u>7,801,005</u> |
| Operating income (loss) | <u>57,052</u> | <u>(89,054)</u> |
| Nonoperating revenues: | | |
| Grants | <u>49,354</u> | <u>-</u> |
| Change in net position | 106,406 | (89,054) |
| Net position at beginning of year | <u>734,376</u> | <u>3,801,409</u> |
| Net position at end of year | <u>\$ 840,782</u> | <u>\$ 3,712,355</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, 2014**

| | Business-Type Activities - Community Education Fund | Governmental Activities - Internal Service Fund |
|--|--|--|
| Cash flows from operating activities: | | |
| Cash received from sales/charges for services | \$ 1,402,122 | \$ 7,711,951 |
| Cash payments for personal services. | (544,783) | (35,681) |
| Cash payments for contractual services | (721,112) | (825,397) |
| Cash payments for materials and supplies | (37,227) | (3,190) |
| Cash payments for claims | - | (7,012,672) |
| Cash payments for other expenses | <u>(30,582)</u> | - |
| Net cash provided by (used in) operating activities. . . | <u>68,418</u> | <u>(164,989)</u> |
| Cash flows from noncapital financing activities: | | |
| Cash received from grants | <u>49,354</u> | - |
| Net cash provided by noncapital financing activities. | <u>49,354</u> | - |
| Net increase (decrease) in cash and cash equivalents . . | 117,772 | (164,989) |
| Cash and cash equivalents at beginning of year . . . | 870,489 | 4,425,840 |
| Cash and cash equivalents at end of year | <u>\$ 988,261</u> | <u>\$ 4,260,851</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | |
| Operating income (loss) | \$ 57,052 | \$ (89,054) |
| Changes in assets and liabilities: | | |
| Decrease in intergovernmental receivable | 1,116 | 95 |
| Increase (decrease) in accounts payable | (7,299) | 9,905 |
| Increase in accrued wages and benefits | 8,807 | - |
| Increase in intergovernmental payable | 507 | 1,905 |
| Increase in compensated absences payable. | 1,458 | - |
| Increase in pension obligation payable. | 6,777 | - |
| (Decrease) in claims payable. | <u>-</u> | <u>(87,840)</u> |
| Net cash provided by (used in) operating activities . . . | <u>\$ 68,418</u> | <u>\$ (164,989)</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

| | Private Purpose Trust | |
|---|----------------------------------|-------------------|
| | Scholarships | Agency |
| Assets: | | |
| Equity in pooled cash and investments | \$ 2,586 | \$ 259,399 |
| Total assets | <u>2,586</u> | <u>\$ 259,399</u> |
| Liabilities: | | |
| Accounts payable | - - | \$ 13,923 |
| Intergovernmental payable | - - | 3,131 |
| Accrued wages and benefits | - - | 3,593 |
| Undistributed monies. | - - | 155,637 |
| Pension obligation payable. | - - | 4,500 |
| Due to students. | - - | 78,615 |
| Total liabilities | <u>- -</u> | <u>\$ 259,399</u> |
| Net position: | | |
| Held in trust for scholarships | <u>2,586</u> | |
| Total net position | <u>\$ 2,586</u> | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Private Purpose Trust |
|---|----------------------------------|
| | Scholarships |
| Additions: | |
| Gifts and contributions. | \$ 170,700 |
| Deductions: | |
| Scholarships awarded | <u>171,000</u> |
| Change in net position. | (300) |
| Net position at beginning of year. | <u>2,886</u> |
| Net position at end of year | <u>\$ 2,586</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 employs 254 non-certified and 389 certified employees (including administrators) to provide services to approximately 4,617 students and community groups.

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’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” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

JOINTLY GOVERNED ORGANIZATION

Six District Educational Compact (the “Compact”)

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

PUBLIC ENTITY RISK POOL

Ohio SchoolComp Workers’ Compensation Group Rating Program

The District participates in the Ohio SchoolComp Workers’ Compensation Group Rating Program (GRP). The GRP is co-sponsored by the Ohio School Boards Association and the Ohio Association of School Business Officials. CompManagement, Inc. provides administration services for the GRP. 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 District pays a 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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance.

The following is the District’s major governmental fund:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported 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 that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets; (b) resources restricted for the payment of general long-term debt principal, interest and related costs, and (c) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - 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 position and changes in net position. 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 position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - 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 deferred outflows of resources and current liabilities and deferred inflows of resources, 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 deferred outflows and all liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. 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 services and sales. 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 primarily claims and purchased services expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5).

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the timing requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

E. Budgets

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

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased tax) rates. By no later than January 20, the Board-adopted budget is filed with Summit County Budget Commission for rate determination. The Summit County Budget Commission waived this requirement for fiscal year 2014.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

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

Appropriations:

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

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

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

Lapsing of Appropriations:

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

F. Cash and Investments

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During fiscal year 2014, investments were limited to overnight repurchase agreements, non-negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and non-negotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2014.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$56,240, which includes \$20,422 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 3.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expended/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 nonspendable fund balance 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 position, but are not reported in the fund financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

| <u>Description</u> | <u>Governmental Activities</u> | <u>Estimated Lives</u> |
|----------------------------|------------------------------------|------------------------|
| Land improvements | 15 - 20 years | |
| Buildings and improvements | 10 - 50 years | |
| Furniture and equipment | 5 - 20 years | |
| Vehicles | 6 - 8 years | |
| Computer software | 3 - 9 years | |

I. Interfund Balances

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

J. Compensated Absences

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Treasurer. The District Board of Education has by resolution authorized the Treasurer to assign fund balance.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service operations and miscellaneous grants.

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

N. Estimates

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

O. Interfund Activity

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Nonpublic Schools

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

Q. Unamortized Bond Premiums and Deferred Charges on Debt Refunding

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On the governmental fund financial statements, bond premiums are recognized in the current period.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred outflow of resources on the statement of net position.

A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 8.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2014 included the following individual fund deficits:

| <u>Nonmajor funds</u> | <u>Deficit</u> |
|-----------------------|----------------|
| Other state grants | \$ 28 |
| Race to the top | 8 |
| Title I | 7,421 |
| EHA preschool grant | 2,328 |
| Classroom reduction | 4,775 |
| Other federal grants | 73 |

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 resulted from adjustments for accrued liabilities.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash on Hand

At fiscal year end, the District had \$1,300 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all District deposits was \$24,372,629, exclusive of the \$5,100,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$17,481,491 of the District's bank balance of \$24,661,007 was exposed to custodial risk as discussed below, while \$7,179,516 was covered by the FDIC.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2014, the District had the following investments, all of which have maturities of six months or less:

| <u>Investment type</u> | <u>Fair Value</u> |
|------------------------|---------------------|
| Repurchase agreement | \$ 5,100,000 |
| STAR Ohio | 7,575 |
| Total | <u>\$ 5,107,575</u> |

The weighted average maturity of investments is one day.

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

Credit Risk: The investments in the federal agency securities that underlie the District's repurchase agreement, were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held at June 30, 2014:

| <u>Investment type</u> | <u>Fair Value</u> | <u>% of Total</u> |
|------------------------|----------------------------|----------------------|
| Repurchase agreement | \$ 5,100,000 | 99.85 |
| STAR Ohio | <u>7,575</u> | <u>0.15</u> |
| Total | <u><u>\$ 5,107,575</u></u> | <u><u>100.00</u></u> |

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

| <u>Cash and investments per note</u> | |
|--------------------------------------|-----------------------------|
| Carrying amount of deposits | \$ 24,372,629 |
| Investments | 5,107,575 |
| Cash on hand | <u>1,300</u> |
| Total | <u><u>\$ 29,481,504</u></u> |

| <u>Cash and investments per statement of net position</u> | |
|---|-----------------------------|
| Governmental activities | \$ 28,231,258 |
| Business type activities | 988,261 |
| Private-purpose trust funds | 2,586 |
| Agency funds | <u>259,399</u> |
| Total | <u><u>\$ 29,481,504</u></u> |

NOTE 4 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2014, as reported on the fund statements consist of the following amounts due to/from other funds:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amount</u> |
|------------------------|-----------------------------|---------------|
| General | Nonmajor governmental funds | \$ 49,426 |

The primary purpose of the due to/from other funds is to cover negative cash in various nonmajor governmental funds. The interfund balances will be repaid once the anticipated revenues are received, which is expected to be within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2014 are reported on the statement of net position.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund transfers for the fiscal year ended June 30, 2014, consisted of the following, as reported on the fund statements:

| <u>Transfers from:</u> | <u>Transfer to:</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|---------------|
| General fund | Nonmajor governmental funds | \$ 26,000 |
| Nonmajor governmental funds | Nonmajor governmental funds | 980,000 |

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 \$980,000 transfer between nonmajor governmental funds was for the purpose of covering a debt payment.

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

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

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$6,190,603 in the general fund, \$70,732 in the debt service fund (a nonmajor governmental fund) and \$182,928 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$1,839,944 in the general fund, \$100,388 in the debt service fund (a nonmajor governmental fund) and \$53,588 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 5 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 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 inflows.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

| | 2013 Second Half Collections | | 2014 First Half Collections | |
|--|---------------------------------|----------------------|--------------------------------|----------------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/residential and other real estate | \$ 885,645,250 | 99.36 | \$ 890,931,340 | 99.29 |
| Public utility personal | <u>5,718,170</u> | <u>0.64</u> | <u>6,390,820</u> | <u>0.71</u> |
| Total | <u><u>\$ 891,363,420</u></u> | <u><u>100.00</u></u> | <u><u>\$ 897,322,160</u></u> | <u><u>100.00</u></u> |
| Tax rate per \$1,000 of assessed valuation for: | | | | |
| General operations | \$ 86.93 | | \$ 86.93 | |
| Debt service | 2.81 | | 0.58 | |
| Permanent improvement | 1.50 | | 1.50 | |

NOTE 6 - RECEIVABLES

Receivables at June 30, 2014 consisted of property taxes, payments in lieu of taxes, accrued interest, and intergovernmental grants and entitlements. Receivables have been disaggregated on the face of the basic financial statements. 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. All receivables are expected to be collected within the subsequent year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014 was as follows:

| | Balance 07/01/13 | Additions | Deductions | Balance 06/30/14 |
|---|----------------------|---------------------|---------------------|----------------------|
| Governmental activities: | | | | |
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 1,032,204 | \$ - | \$ - | \$ 1,032,204 |
| Construction in progress | - - | 523,955 | - | 523,955 |
| Total capital assets, not being depreciated | <u>1,032,204</u> | <u>523,955</u> | <u>-</u> | <u>1,556,159</u> |
| <i>Capital assets, being depreciated:</i> | | | | |
| Land improvements | 5,852,945 | 98,196 | - | 5,951,141 |
| Buildings and improvements | 71,814,895 | 1,404,103 | - | 73,218,998 |
| Furniture and equipment | 12,256,274 | 1,064,633 | (854,187) | 12,466,720 |
| Vehicles | 4,801,791 | 134,096 | - | 4,935,887 |
| Computer software | 381,044 | 9,775 | - | 390,819 |
| Total capital assets, being depreciated | <u>95,106,949</u> | <u>2,710,803</u> | <u>(854,187)</u> | <u>96,963,565</u> |
| <i>Less: accumulated depreciation</i> | | | | |
| Land improvements | (1,476,952) | (144,875) | - | (1,621,827) |
| Buildings and improvements | (26,302,341) | (1,311,387) | - | (27,613,728) |
| Furniture and equipment | (9,157,952) | (429,874) | 546,680 | (9,041,146) |
| Vehicles | (3,669,851) | (127,948) | - | (3,797,799) |
| Computer software | (28,407) | (119,067) | - | (147,474) |
| Total accumulated depreciation | <u>(40,635,503)</u> | <u>(2,133,151)</u> | <u>546,680</u> | <u>(42,221,974)</u> |
| Governmental activities capital assets, net | <u>\$ 55,503,650</u> | <u>\$ 1,101,607</u> | <u>\$ (307,507)</u> | <u>\$ 56,297,750</u> |

Depreciation expense was charged to governmental functions as follows:

Instruction:

| | |
|------------|--------------|
| Regular | \$ 1,377,518 |
| Special | 51,406 |
| Vocational | 18,841 |

Support services:

| | |
|----------------------------|---------------------|
| Pupil | 17,553 |
| Instructional staff | 57,266 |
| Administration | 34,099 |
| Operations and maintenance | 60,791 |
| Pupil transportation | 129,496 |
| Central | 119,067 |
| Extracurricular activities | 237,572 |
| Food service operations | 29,542 |
| Total depreciation expense | <u>\$ 2,133,151</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 8 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2014, the following changes occurred in the District's long-term obligations:

| | Balance Outstanding <u>07/01/13</u> | Additions | Deletions | Balance Outstanding <u>06/30/14</u> | Amount Due in <u>One Year</u> |
|---|---|---------------------|-----------------------|---|-------------------------------------|
| Governmental activities: | | | | | |
| <u>Certificates of participation:</u> | | | | | |
| Series 2012 refunding | \$ 18,250,000 | \$ - | \$ (425,000) | \$ 17,825,000 | \$ 440,000 |
| <u>General obligation bonds:</u> | | | | | |
| Energy conservation bonds | 1,895,000 | - | (190,000) | 1,705,000 | 200,000 |
| Qualified school construction bonds | 1,865,000 | - | (140,000) | 1,725,000 | 145,000 |
| Series 2003, refunding | 2,820,000 | - | (2,385,000) | 435,000 | 435,000 |
| Total bonds and certificates of participation | <u>24,830,000</u> | <u>-</u> | <u>(3,140,000)</u> | <u>21,690,000</u> | <u>1,220,000</u> |
| Capital leases | 367,512 | 918,391 | (411,383) | 874,520 | 161,621 |
| Software license obligation | 283,549 | - | (108,169) | 175,380 | 114,222 |
| Compensated absences | 3,698,810 | 421,682 | (608,132) | 3,512,360 | 419,948 |
| Total, governmental activities | <u>\$ 29,179,871</u> | <u>\$ 1,340,073</u> | <u>\$ (4,267,684)</u> | <u>\$ 26,252,260</u> | <u>\$ 1,915,791</u> |
| Add: unamortized premium on bonds | | | | 96,574 | |
| Total on statement of net position | | | | <u>\$ 26,348,834</u> | |
| Business-type activities: | | | | | |
| Compensated absences | \$ 27,414 | \$ 21,919 | \$ (20,461) | \$ 28,872 | \$ 17,459 |
| Total, business-type activities | <u>\$ 27,414</u> | <u>\$ 21,919</u> | <u>\$ (20,461)</u> | <u>\$ 28,872</u> | <u>\$ 17,459</u> |

The energy conservation bonds and qualified school construction bonds will be paid from the general fund. All other bonds and the certificates of participation will be paid from the debt service fund (a nonmajor governmental fund). All bonds are backed by the full faith and credit of the District. The capital leases and computer software obligation are paid from the general fund; see Note 9 for more detail on capital leases. Compensated absences will be paid from the fund from which the employee is paid, which is primarily the general fund and the following nonmajor governmental funds: food service, auxiliary services, and Title VI-B.

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 position.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue is comprised of both current interest bonds par value \$6,045,000, and capital appreciation bonds, par value \$1,199,964. The interest rates on the current interest bonds range from 2.0%-4.0%. The capital appreciation bonds matured on December 15, 2011 at an accreted value at maturity of \$2,280,000. Interest payments on the current interest bonds are due on June 15 and December 15 of each year. The final maturity for the current interest bonds is December 15, 2014.

Certificates of Participation, Series 2012 Refunding

The refunding certificates of participation (COPs) were issued on July 10, 2012 in order to advance refund the previously outstanding COPs issue. The refunding issue consisted of serial COPs, par value \$13,570,000, and term COPs, par value \$5,155,000. The refunding COPs range in interest rates from 2.0% - 4.0% and the final maturity date stated in the issue is June 1, 2034.

The issuance proceeds of \$18,725,000 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 position. At June 30, 2014, \$19,140,000 of this debt was outstanding.

Energy Conservation Bonds

The energy conservation bonds were issued during fiscal year 2010. The proceeds were used to finance improvements throughout the District for the purpose of reducing future energy costs. These improvements are not capital in nature and were not added to the District's capital assets; therefore, the bonds are not included in the District's net investment in capital assets. The bonds bear an interest rate ranging from 2.00% to 4.00% and mature on December 1, 2021. Debt payments will be made from the general fund from the savings on energy costs resulting from the improvements.

Qualified School Construction Bonds

The qualified school construction bonds were issued during fiscal year 2010. The proceeds were used to finance various energy improvements throughout the District. The bonds bear an interest rate of 1.69%. Payments on the bonds, which mature on September 15, 2024, are made from the general fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Software License Obligation

In March 2013, the District entered into an agreement to license computer software. The District makes monthly and annual payments over the 3-year contract term for the rights to use the software. Payments are made from the general fund. The following is a schedule of the future long-term minimum payments required under the agreement and the present value of these payments as of June 30, 2014:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|------------------------------------|-------------------|
| 2015 | \$ 121,928 |
| 2016 | <u>62,568</u> |
| Total minimum payments | 184,496 |
| Less: amount representing interest | <u>(9,116)</u> |
| Total | <u>\$ 175,380</u> |

- B.** Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2014, are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>General Obligation</u> | | |
|--|---|-------------------|--|
| | <u>Current Interest Bonds - Series 2003</u> | | |
| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2015 | \$ 435,000 | \$ 8,700 | \$ 443,700 |
| <u>Fiscal Year Ending June 30,</u> | <u>Energy Conservation Bonds</u> | | <u>Qualified School Construction Bonds</u> |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> |
| 2015 | \$ 200,000 | \$ 55,775 | \$ 145,000 |
| 2016 | 200,000 | 50,525 | 145,000 |
| 2017 | 200,000 | 44,525 | 150,000 |
| 2018 | 200,000 | 38,325 | 150,000 |
| 2019 | 215,000 | 31,363 | 155,000 |
| 2020 - 2024 | 690,000 | 42,200 | 810,000 |
| 2025 | - | - | 170,000 |
| Total | <u>\$1,705,000</u> | <u>\$ 262,713</u> | <u>\$1,967,713</u> |
| | | | <u>\$1,725,000</u> |
| | | | <u>\$ 165,325</u> |
| | | | <u>\$1,890,325</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

- C. Principal and interest requirements to retire the certificates of participation outstanding at June 30, 2014, are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Certificates of Participation</u> | | |
|--|--------------------------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2015 | \$ 440,000 | \$ 616,414 | \$ 1,056,414 |
| 2016 | 600,000 | 607,614 | 1,207,614 |
| 2017 | 620,000 | 595,614 | 1,215,614 |
| 2018 | 640,000 | 583,214 | 1,223,214 |
| 2019 | 665,000 | 568,814 | 1,233,814 |
| 2020 - 2024 | 3,745,000 | 2,566,369 | 6,311,369 |
| 2025 - 2029 | 4,830,000 | 1,805,515 | 6,635,515 |
| 2030 - 2034 | <u>6,285,000</u> | <u>777,610</u> | <u>7,062,610</u> |
| Total | <u>\$ 17,825,000</u> | <u>\$ 8,121,164</u> | <u>\$ 25,946,164</u> |

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$59,371,329 (including available funds of \$302,335) and an unvoted debt margin of \$897,322.

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District entered into lease agreements to acquire copiers and copier equipment. During fiscal year 2014, the District bought-out the remaining portion of these leases, which had an outstanding balance of \$234,256, and entered into a new lease agreement to replace the old leases. Lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

Capital assets consisting of equipment have been capitalized in the amount of \$918,391. Accumulated depreciation as of June 30, 2014 was \$45,920, leaving a current book value of \$872,471. Principal and interest payments of \$177,127 and \$22,403, respectively, were paid from the general fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the lease agreement and the present value of the future minimum lease payments as of June 30, 2014:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|------------------------------------|-------------------|
| 2015 | \$ 215,712 |
| 2016 | 215,712 |
| 2017 | 215,712 |
| 2018 | 215,712 |
| 2019 | <u>161,784</u> |
| Total minimum lease payments | 1,024,632 |
| Less: amount representing interest | <u>(150,112)</u> |
| Total | <u>\$ 874,520</u> |

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 both certified and classified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 144 days and adding to that one day for every eight days in excess of 144 days to a maximum of 36 additional days of severance. Maximum severance in total is 72 days. See Note 1.J. for further detail on the financial reporting of the District's compensated absences.

NOTE 11 - RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The District has a comprehensive property and casualty policy with deductibles that vary from \$0 to \$50,000 depending on the type of coverage. The District's vehicle liability insurance policy limit is \$5,000,000 with a \$500 collision deductible. All Board Members, administrators and employees are covered under a District liability policy. The limits of this coverage are \$5,000,000 per occurrence and \$7,000,000 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 Treasurer is covered under a surety bond in the amount of \$50,000. Selected other employees are covered for faithful performance in the District's property and casualty liability policy for \$100,000, subject to a \$1,000 deductible.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 11 - RISK MANAGEMENT - (Continued)

C. Employee Health Insurance

The District has elected to provide employee medical, prescription and dental benefits through a self-insurance program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$400 family and \$200 single deductible. A third party administrator reviews and processes all claims for payment. Medical Mutual of Ohio is the claims administrator for medical and prescription claims while Klais and Company is the third party administrator for dental only. The District purchases stop-loss coverage of \$125,000 per individual and \$9,050,089 in the aggregate.

The District pays into the self-insurance internal service fund for full-time medical and prescription drug family coverage \$1,217.21 per month for certified, classified and administrative employees. Single coverage full-time costs are \$555.17 for certified, classified and administrative employees. Employees are considered part-time if they work 17.5 or more hours per week for certified staff or 25 or more hours per week for classified staff and administrators and less than 35 hours per week. Part-time employees are eligible for family and single coverage. The premiums for part-time employees are prorated according to hours worked per week for certified employees and classified employees.

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

Dental coverage is also provided on a self-insured basis through the third party administrator, Klais and Company. There are two dental plans; Plan S and Plan T. For this coverage the District pays \$67.97 and \$101.62 per month under Plan S and Plan T, respectively, for family coverage and \$30.61 and \$43.35 per month under Plan S and Plan T, respectively, for single coverage for certified employees. Premiums for classified employees are prorated according to hours worked per 35-hour week with premiums ranging from \$19.38 to \$101.62 for family coverage and \$11.66 to \$43.35 for single coverage. Employees working 17.5 or more hours per week for certified staff or 25 hours per week for classified and administrative staff are eligible for dental coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages of fixed rates established in each plan.

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

The claims liability of \$530,448 reported in the internal service fund at June 30, 2014, 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. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 11 - RISK MANAGEMENT - (Continued)

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> |
|------------------------|------------------------------|--------------------------------|----------------------------|---------------------------|
| 2014 | \$ 618,288 | \$ 6,924,832 | \$ (7,012,672) | \$ 530,448 |
| 2013 | 698,754 | 6,674,179 | (6,754,645) | 618,288 |

Post-employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13.

D. Workers' Compensation

Effective January 1, 2012, the District participates in the Ohio SchoolComp Group Rating Program (GRP), an insurance purchasing pool (See Note 1.A). The GRP is co-sponsored by the Ohio School Boards Association and the Ohio Association of School Business Officials. 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 CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

Prior to January 1, 2012, the District participated in the Ohio Bureau of Workers' Compensation (Bureau) Individual Retrospective Rating program. In the program, the District assumed a portion of the risk in return for a reduction in premium.

The District's Retrospective Rating program is accounted for in the general fund which pays for all claims, claim reserves and administrative costs of the program. The general fund generates revenues by charging each fund a percentage rate determined by the Bureau for the payroll during the reporting period.

The District is liable for a portion of claims incurred while under the Retrospective Rating program. The claims liability is recorded based on an actuarial determination of future claims, review of five years of claim liabilities and claim payment trends. The change in claims activity for the past two fiscal years is as follows:

| <u>Fiscal Year</u> | <u>Beginning Balance</u> | <u>Current Year Claims</u> | <u>Claims Payments</u> | <u>Ending Balance</u> |
|------------------------|------------------------------|--------------------------------|----------------------------|---------------------------|
| 2014 | \$ 6,286 | \$ 20,097 | \$ (19,459) | \$ 6,924 |
| 2013 | 11,061 | 76,912 | (81,687) | 6,286 |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$967,371, \$960,997 and \$917,403, respectively; 78.31 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 12 - PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$3,629,586, \$3,698,096 and \$3,792,759, respectively; 83.64 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$169,243 made by the District and \$132,977 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$164,656, \$142,798 and \$174,066, respectively; 78.31 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$56,122, \$54,285 and \$54,177, respectively; 78.31 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$279,199, \$284,469 and \$291,751, respectively; 83.64 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 14 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure 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 general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

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

NOTE 15 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

| | <u>Capital Improvements</u> |
|---|---------------------------------|
| Set-aside balance June 30, 2013 | \$ - |
| Current year set-aside requirement | 763,063 |
| Current year qualifying expenditures | (654,582) |
| Current year offsets | <u>(1,384,194)</u> |
| Total | <u>\$ (1,275,713)</u> |
| Balance carried forward to fiscal year 2015 | <u>\$ -</u> |
| Set-aside balance June 30, 2014 | <u>\$ -</u> |

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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 assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget 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 | | \$ 3,228,728 |
| Net adjustment for revenue accruals | | 4,713,098 |
| Net adjustment for expenditure accruals | | (173,069) |
| Net adjustment for other sources/uses | | 768,732 |
| Funds budgeted elsewhere | | (88,275) |
| Adjustment for encumbrances | | <u>813,380</u> |
| GAAP basis | | <u><u>\$ 9,262,594</u></u> |

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the rotary fund, public school support fund and special trust fund.

NOTE 17 - COOPERATIVE AGREEMENT

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 17 - COOPERATIVE AGREEMENT - (Continued)

The City of Hudson shall make payments to the District in an amount sufficient to enable the District to make timely debt service payments on the Certificates of Participation that were issued by the District to finance improvement costs associated with the Community Learning Centers. The City of Hudson shall also make payments to the District in which the funds will be applied to pay costs of improvements to the Community Learning Centers, as detailed in the agreement. The District received \$1,307,311 from the City of Hudson during fiscal year 2014 as a result of this agreement. This revenue is reported in the building fund and debt service fund, both of which are nonmajor governmental funds.

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund</u> | <u>Year-End Encumbrances</u> |
|-----------------------------|----------------------------------|
| General fund | \$ 843,333 |
| Nonmajor governmental funds | <u>1,367,415</u> |
| Total | <u>\$ 2,210,748</u> |

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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

FUND DESCRIPTIONS

GENERAL FUND

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, student transportation, and administration.

Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis):

Rotary - This fund is used to account for the District's activities for which a fee is charged to users for goods and services.

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.

Special Trust - Special fund that is used to account for contributions for school district programs that are not restricted in use.

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|-------------------|--|
| <u>Rotary</u> | | | |
| Total Revenues and Other Financing Sources | \$ 420,000 | \$ 300,477 | \$ (119,523) |
| Total Expenditures and Other Financing Uses | <u>497,464</u> | <u>392,866</u> | <u>104,598</u> |
| Net Change in Fund Balance | (77,464) | (92,389) | (14,925) |
| Fund Balance, July 1 | 293,041 | 293,041 | - |
| Prior Year Encumbrances Appropriated | <u>22,464</u> | <u>22,464</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 238,041</u> | <u>\$ 223,116</u> | <u>\$ (14,925)</u> |
| <u>Public School Support</u> | | | |
| Total Revenues and Other Financing Sources | \$ 300,000 | \$ 267,234 | \$ (32,766) |
| Total Expenditures and Other Financing Uses | <u>398,705</u> | <u>285,937</u> | <u>112,768</u> |
| Net Change in Fund Balance | (98,705) | (18,703) | 80,002 |
| Fund Balance, July 1 | 124,356 | 124,356 | - |
| Prior Year Encumbrances Appropriated | <u>13,561</u> | <u>13,561</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 39,212</u> | <u>\$ 119,214</u> | <u>\$ 80,002</u> |
| <u>Special Trust</u> | | | |
| Total Revenues and Other Financing Sources | \$ 16,380 | \$ 13,437 | \$ (2,943) |
| Total Expenditures and Other Financing Uses | <u>26,164</u> | <u>11,614</u> | <u>14,550</u> |
| Net Change in Fund Balance | (9,784) | 1,823 | 11,607 |
| Fund Balance, July 1 | <u>12,727</u> | <u>12,727</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 2,943</u> | <u>\$ 14,550</u> | <u>\$ 11,607</u> |

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

FUND DESCRIPTIONS

NONMAJOR GOVERNMENTAL FUNDS

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:

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.

Athletics 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.

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

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

Race to the Top - To account for federal funds received from the Race to the Top grant.

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 - Used to account for federal grant monies provided to develop and carry out elementary and secondary school programs, including activities at the preschool level, to meet the 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.

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

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

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

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

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.

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.

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

FUND DESCRIPTIONS

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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).

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

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.

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

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|---|--|--|
| Assets: | | | | |
| Equity in pooled cash and investments | \$ 1,021,971 | \$ 231,603 | \$ 3,212,406 | \$ 4,465,980 |
| Receivables: | | | | |
| Property taxes | - | 257,991 | 1,229,245 | 1,487,236 |
| Intergovernmental | 239,152 | - | - | 239,152 |
| Materials and supplies inventory | 11,322 | - | - | 11,322 |
| Total assets. | <u>\$ 1,272,445</u> | <u>\$ 489,594</u> | <u>\$ 4,441,651</u> | <u>\$ 6,203,690</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 78,993 | \$ - | \$ 84,817 | \$ 163,810 |
| Contracts payable | - | - | 277,678 | 277,678 |
| Accrued wages and benefits payable. | 265,887 | - | - | 265,887 |
| Pension obligation payable. | 72,142 | - | - | 72,142 |
| Intergovernmental payable | 199,494 | - | - | 199,494 |
| Due to other funds | 49,426 | - | - | 49,426 |
| Total liabilities | <u>665,942</u> | <u>-</u> | <u>362,495</u> | <u>1,028,437</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levied for the next fiscal year . . . | - | 171,841 | 1,006,443 | 1,178,284 |
| Delinquent property tax revenue not available . . . | - | 15,418 | 39,874 | 55,292 |
| Intergovernmental revenue not available | 60,729 | - | - | 60,729 |
| Total deferred inflows of resources | <u>60,729</u> | <u>187,259</u> | <u>1,046,317</u> | <u>1,294,305</u> |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Materials and supplies inventory. | 11,322 | - | - | 11,322 |
| Restricted: | | | | |
| Debt service | - | 302,335 | - | 302,335 |
| Capital improvements | - | - | 3,032,839 | 3,032,839 |
| Food service operations | 193,629 | - | - | 193,629 |
| Non-public schools | 148,922 | - | - | 148,922 |
| Special education | 9,446 | - | - | 9,446 |
| Extracurricular activities. | 132,946 | - | - | 132,946 |
| Other purposes. | 65,052 | - | - | 65,052 |
| Unassigned (deficit) | (15,543) | - | - | (15,543) |
| Total fund balances | <u>545,774</u> | <u>302,335</u> | <u>3,032,839</u> | <u>3,880,948</u> |
| Total liabilities, deferred inflows of resources and fund balances. | <u>\$ 1,272,445</u> | <u>\$ 489,594</u> | <u>\$ 4,441,651</u> | <u>\$ 6,203,690</u> |

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|---|--|--|
| Revenues: | | | | |
| From local sources: | | | | |
| Property taxes | \$ - | \$ 1,291,110 | \$ 1,316,961 | \$ 2,608,071 |
| Earnings on investments. | 1,578 | - | - | 1,578 |
| Charges for services | 1,203,971 | - | - | 1,203,971 |
| Extracurricular. | 405,020 | - | - | 405,020 |
| Other local revenues. | 120,464 | - | 1,205,481 | 1,325,945 |
| Intergovernmental - intermediate | - | 109,811 | 1,197,500 | 1,307,311 |
| Intergovernmental - state | 2,052,533 | 176,505 | 196,573 | 2,425,611 |
| Intergovernmental - federal. | 1,760,248 | - | - | 1,760,248 |
| Total revenues | <u>5,543,814</u> | <u>1,577,426</u> | <u>3,916,515</u> | <u>11,037,755</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 1,766,453 | - | 284,486 | 2,050,939 |
| Special | 774,634 | - | - | 774,634 |
| Vocational | 1,761 | - | - | 1,761 |
| Other. | 10,800 | - | - | 10,800 |
| Support services: | | | | |
| Pupil | 798,831 | - | - | 798,831 |
| Instructional staff. | 90,437 | - | - | 90,437 |
| Administration | 168,825 | - | - | 168,825 |
| Fiscal. | - | 66,384 | 25,885 | 92,269 |
| Operations and maintenance | 8,607 | - | - | 8,607 |
| Pupil transportation | - | - | 81,790 | 81,790 |
| Operation of non-instructional services: | | | | |
| Food service operations | 1,365,327 | - | - | 1,365,327 |
| Other non-instructional services | 4,327 | - | 4,900 | 9,227 |
| Extracurricular activities | 481,949 | - | - | 481,949 |
| Facilities acquisition and construction | 10,000 | - | 2,302,691 | 2,312,691 |
| Debt service: | | | | |
| Principal retirement. | - | 2,810,000 | - | 2,810,000 |
| Interest and fiscal charges. | - | 690,014 | - | 690,014 |
| Total expenditures | <u>5,481,951</u> | <u>3,566,398</u> | <u>2,699,752</u> | <u>11,748,101</u> |
| Excess (deficiency) of revenues over (under) expenditures. | <u>61,863</u> | <u>(1,988,972)</u> | <u>1,216,763</u> | <u>(710,346)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 26,000 | 980,000 | - | 1,006,000 |
| Transfers (out). | - | - | (980,000) | (980,000) |
| Total other financing sources (uses) | <u>26,000</u> | <u>980,000</u> | <u>(980,000)</u> | <u>26,000</u> |
| Net change in fund balances | 87,863 | (1,008,972) | 236,763 | (684,346) |
| Fund balances at beginning of year. | 457,911 | 1,311,307 | 2,796,076 | 4,565,294 |
| Fund balances at end of year | \$ 545,774 | \$ 302,335 | \$ 3,032,839 | \$ 3,880,948 |

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014**

| | Other Grants | Athletics and Music | Auxiliary Services | Other State Grants | Race to the Top |
|---|-------------------------|--------------------------------|-------------------------------|-----------------------------------|----------------------------|
| Assets: | | | | | |
| Equity in pooled cash and investments | \$ 61,476 | \$ 138,865 | \$ 412,257 | \$ - | \$ - |
| Receivables: | | | | | |
| Intergovernmental | - | - | - | - | - |
| Materials and supplies inventory | - | - | - | - | - |
| Total assets. | <u>\$ 61,476</u> | <u>\$ 138,865</u> | <u>\$ 412,257</u> | <u>\$ -</u> | <u>\$ -</u> |
| Liabilities: | | | | | |
| Accounts payable. | \$ 751 | \$ 5,576 | \$ 62,647 | \$ - | \$ - |
| Accrued wages and benefits payable | - | 45 | 7,226 | - | - |
| Pension obligation payable. | - | 228 | 2,294 | - | - |
| Intergovernmental payable | - | 70 | 191,168 | 28 | 8 |
| Due to other funds | - | - | - | - | - |
| Total liabilities | <u>751</u> | <u>5,919</u> | <u>263,335</u> | <u>28</u> | <u>8</u> |
| Deferred inflows of resources: | | | | | |
| Intergovernmental revenue not available. | - | - | - | - | - |
| Total deferred inflows of resources. | - | - | - | - | - |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Materials and supplies inventory. | - | - | - | - | - |
| Restricted: | | | | | |
| Food service operations | - | - | - | - | - |
| Non-public schools | - | - | 148,922 | - | - |
| Special education | - | - | - | - | - |
| Extracurricular activities. | - | 132,946 | - | - | - |
| Other purposes. | 60,725 | - | - | - | - |
| Unassigned (deficit). | - | - | - | (28) | (8) |
| Total fund balances (deficits) | <u>60,725</u> | <u>132,946</u> | <u>148,922</u> | <u>(28)</u> | <u>(8)</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 61,476</u> | <u>\$ 138,865</u> | <u>\$ 412,257</u> | <u>\$ -</u> | <u>\$ -</u> |

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2014**

| | <u>Title VI-B</u> | <u>Title III</u> | <u>Title I</u> | <u>EHA Preschool Grant</u> | <u>Classroom Reduction</u> |
|---|-------------------|------------------|------------------|--------------------------------|--------------------------------|
| Assets: | | | | | |
| Equity in pooled cash and investments | \$ 68,693 | \$ 544 | \$ 8,700 | \$ 1,519 | \$ 5,512 |
| Receivables: | | | | | |
| Intergovernmental | 134,451 | - | 27,404 | - | 27,871 |
| Materials and supplies inventory | - | - | - | - | - |
| Total assets. | <u>\$ 203,144</u> | <u>\$ 544</u> | <u>\$ 36,104</u> | <u>\$ 1,519</u> | <u>\$ 33,383</u> |
| Liabilities: | | | | | |
| Accounts payable. | \$ 7,922 | \$ 116 | \$ - | \$ - | \$ 841 |
| Accrued wages and benefits payable | 115,611 | - | 28,844 | 4,042 | 20,924 |
| Pension obligation payable. | 24,839 | - | 4,053 | 566 | 6,300 |
| Intergovernmental payable | 3,890 | - | 927 | 149 | 501 |
| Due to other funds | - | - | - | - | - |
| Total liabilities | <u>152,262</u> | <u>116</u> | <u>33,824</u> | <u>4,757</u> | <u>28,566</u> |
| Deferred inflows of resources: | | | | | |
| Intergovernmental revenue not available. | <u>41,436</u> | <u>-</u> | <u>9,701</u> | <u>-</u> | <u>9,592</u> |
| Total deferred inflows of resources. | <u>41,436</u> | <u>-</u> | <u>9,701</u> | <u>-</u> | <u>9,592</u> |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Materials and supplies inventory. | - | - | - | - | - |
| Restricted: | | | | | |
| Food service operations | - | - | - | - | - |
| Non-public schools | - | - | - | - | - |
| Special education | 9,446 | - | - | - | - |
| Extracurricular activities. | - | - | - | - | - |
| Other purposes. | - | 428 | - | - | - |
| Unassigned (deficit). | - | - | (7,421) | (3,238) | (4,775) |
| Total fund balances (deficits) | <u>9,446</u> | <u>428</u> | <u>(7,421)</u> | <u>(3,238)</u> | <u>(4,775)</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 203,144</u> | <u>\$ 544</u> | <u>\$ 36,104</u> | <u>\$ 1,519</u> | <u>\$ 33,383</u> |

| Other Federal Grants | Food Service | Other Special Revenue | Total Nonmajor Special Revenue Funds |
|-------------------------------------|--------------------------|--------------------------------------|---|
| \$ - | \$ 320,506 | \$ 3,899 | \$ 1,021,971 |
| 49,426 | - | - | 239,152 |
| - | 11,322 | - | 11,322 |
| <u>\$ 49,426</u> | <u>\$ 331,828</u> | <u>\$ 3,899</u> | <u>\$ 1,272,445</u> |
| \$ - | \$ 1,140 | \$ - | \$ 78,993 |
| - | 89,195 | - | 265,887 |
| - | 33,862 | - | 72,142 |
| 73 | 2,680 | - | 199,494 |
| <u>49,426</u> | <u>-</u> | <u>-</u> | <u>49,426</u> |
| <u>49,499</u> | <u>126,877</u> | <u>-</u> | <u>665,942</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>60,729</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>60,729</u> |
| - | 11,322 | - | 11,322 |
| - | 193,629 | - | 193,629 |
| - | - | - | 148,922 |
| - | - | - | 9,446 |
| - | - | - | 132,946 |
| - | - | 3,899 | 65,052 |
| (73) | - | - | (15,543) |
| <u>(73)</u> | <u>204,951</u> | <u>3,899</u> | <u>545,774</u> |
| <u>\$ 49,426</u> | <u>\$ 331,828</u> | <u>\$ 3,899</u> | <u>\$ 1,272,445</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, 2014**

| | Other Grants | Athletics and Music | Auxiliary Services | Data Communications | Other State Grants |
|--|-------------------------|--------------------------------|-------------------------------|--------------------------------|-----------------------------------|
| Revenues: | | | | | |
| From local sources: | | | | | |
| Earnings on investments. | \$ - | \$ - | \$ 1,002 | \$ - | \$ - |
| Charges for services | - | - | - | - | - |
| Extracurricular. | - | 405,020 | - | - | - |
| Other local revenues. | 83,577 | 36,887 | - | - | - |
| Intergovernmental - state | - | - | 2,030,070 | 10,800 | 10,000 |
| Intergovernmental - federal. | - | - | - | - | - |
| Total revenues | <u>83,577</u> | <u>441,907</u> | <u>2,031,072</u> | <u>10,800</u> | <u>10,000</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 68,593 | - | 1,621,685 | - | 4,943 |
| Special. | - | - | - | - | - |
| Vocational | 1,761 | - | - | - | - |
| Other. | - | - | - | 10,800 | - |
| Support services: | | | | | |
| Pupil. | 853 | - | 233,426 | - | - |
| Instructional staff | 1,200 | - | 2,542 | - | - |
| Administration. | - | - | 113,159 | - | - |
| Operations and maintenance. | - | - | - | - | - |
| Operation of non-instructional services: | | | | | |
| Food service operations | - | - | - | - | - |
| Other non-instructional services. | - | - | - | - | - |
| Extracurricular activities. | - | 481,949 | - | - | - |
| Facilities acquisition and construction | - | - | - | - | 10,000 |
| Total expenditures | <u>72,407</u> | <u>481,949</u> | <u>1,970,812</u> | <u>10,800</u> | <u>14,943</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>11,170</u> | <u>(40,042)</u> | <u>60,260</u> | <u>-</u> | <u>(4,943)</u> |
| Other financing sources: | | | | | |
| Transfers in | - | 26,000 | - | - | - |
| Total other financing sources. | - | 26,000 | - | - | - |
| Net change in fund balances | 11,170 | (14,042) | 60,260 | - | (4,943) |
| Fund balances (deficits) at beginning of year. | | | | | |
| 49,555 | 146,988 | 88,662 | - | 4,915 | |
| Fund balances (deficits) at end of year. | <u>\$ 60,725</u> | <u>\$ 132,946</u> | <u>\$ 148,922</u> | <u>\$ -</u> | <u>\$ (28)</u> |

| Race to the Top | Title VI-B | Title III | Title I | EHA Preschool Grant | Classroom Reduction | Other Federal Grants |
|----------------------|------------------------|----------------------|--------------------------|--------------------------|--------------------------|-----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>10,527</u> | <u>1,130,740</u> | <u>2,644</u> | <u>297,613</u> | <u>23,703</u> | <u>61,226</u> | <u>49,426</u> |
| <u>10,527</u> | <u>1,130,740</u> | <u>2,644</u> | <u>297,613</u> | <u>23,703</u> | <u>61,226</u> | <u>49,426</u> |
| | | | | | | |
| 1,860 | - | 2,216 | - | - | 66,133 | - |
| - | 477,308 | - | 271,702 | 25,624 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 546,485 | - | 18,067 | - | - | - |
| 2,134 | 39,418 | - | - | - | - | 45,143 |
| - | 55,666 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 4,327 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>3,994</u> | <u>1,123,204</u> | <u>2,216</u> | <u>289,769</u> | <u>25,624</u> | <u>66,133</u> | <u>45,143</u> |
| <u>6,533</u> | <u>7,536</u> | <u>428</u> | <u>7,844</u> | <u>(1,921)</u> | <u>(4,907)</u> | <u>4,283</u> |
| | | | | | | |
| | | | | | | |
| 6,533 | 7,536 | 428 | 7,844 | (1,921) | (4,907) | 4,283 |
| | | | | | | |
| <u>(6,541)</u> | <u>1,910</u> | <u>-</u> | <u>(15,265)</u> | <u>(1,317)</u> | <u>132</u> | <u>(4,356)</u> |
| <u><u>\$ (8)</u></u> | <u><u>\$ 9,446</u></u> | <u><u>\$ 428</u></u> | <u><u>\$ (7,421)</u></u> | <u><u>\$ (3,238)</u></u> | <u><u>\$ (4,775)</u></u> | <u><u>\$ (73)</u></u> |

-- continued

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Food Service | Other Special Revenue | Total Nonmajor Special Revenue Funds |
|--|-------------------|-----------------------------|---|
| Revenues: | | | |
| From local sources: | | | |
| Earnings on investments. | \$ 576 | \$ - | \$ 1,578 |
| Charges for services. | 1,203,971 | - | 1,203,971 |
| Extracurricular. | - | - | 405,020 |
| Other local revenues. | - | - | 120,464 |
| Intergovernmental - state. | 1,663 | - | 2,052,533 |
| Intergovernmental - federal. | 184,369 | - | 1,760,248 |
| Total revenues | <u>1,390,579</u> | <u>-</u> | <u>5,543,814</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular. | - | 1,023 | 1,766,453 |
| Special. | - | - | 774,634 |
| Vocational. | - | - | 1,761 |
| Other. | - | - | 10,800 |
| Support services: | | | |
| Pupil. | - | - | 798,831 |
| Instructional staff. | - | - | 90,437 |
| Administration. | - | - | 168,825 |
| Operations and maintenance. | 8,607 | - | 8,607 |
| Operation of non-instructional services: | | | |
| Food service operations. | 1,365,327 | - | 1,365,327 |
| Other non-instructional services. | - | - | 4,327 |
| Extracurricular activities. | - | - | 481,949 |
| Facilities acquisition and construction. | - | - | 10,000 |
| Total expenditures | <u>1,373,934</u> | <u>1,023</u> | <u>5,481,951</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>16,645</u> | <u>(1,023)</u> | <u>61,863</u> |
| Other financing sources: | | | |
| Transfers in. | - | - | 26,000 |
| Total other financing sources. | <u>-</u> | <u>-</u> | <u>26,000</u> |
| Net change in fund balances | 16,645 | (1,023) | 87,863 |
| Fund balances (deficits) | | | |
| at beginning of year. | 188,306 | 4,922 | 457,911 |
| Fund balances (deficits) at end of year. | \$ 204,951 | \$ 3,899 | \$ 545,774 |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|-------------------|--|
| <u>Other Grants</u> | | | |
| Total Revenues and Other Financing Sources | \$ 81,824 | \$ 83,577 | \$ 1,753 |
| Total Expenditures and Other Financing Uses | <u>133,380</u> | <u>84,939</u> | <u>48,441</u> |
| Net Change in Fund Balance | (51,556) | (1,362) | 50,194 |
| Fund Balance, July 1 | 49,442 | 49,442 | - |
| Prior Year Encumbrances Appropriated | <u>2,127</u> | <u>2,127</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 13</u> | <u>\$ 50,207</u> | <u>\$ 50,194</u> |
| <u>Athletics and Music</u> | | | |
| Total Revenues and Other Financing Sources | \$ 677,100 | \$ 468,350 | \$ (208,750) |
| Total Expenditures and Other Financing Uses | <u>619,388</u> | <u>491,582</u> | <u>127,806</u> |
| Net Change in Fund Balance | 57,712 | (23,232) | (80,944) |
| Fund Balance, July 1 | 140,294 | 140,294 | - |
| Prior Year Encumbrances Appropriated | <u>12,703</u> | <u>12,703</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 210,709</u> | <u>\$ 129,765</u> | <u>\$ (80,944)</u> |
| <u>Auxiliary Services</u> | | | |
| Total Revenues and Other Financing Sources | \$ 2,192,000 | \$ 2,031,256 | \$ (160,744) |
| Total Expenditures and Other Financing Uses | <u>2,138,523</u> | <u>2,033,401</u> | <u>105,122</u> |
| Net Change in Fund Balance | 53,477 | (2,145) | (55,622) |
| Fund Balance, July 1 | 8,218 | 8,218 | - |
| Prior Year Encumbrances Appropriated | <u>99,050</u> | <u>99,050</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 160,745</u> | <u>\$ 105,123</u> | <u>\$ (55,622)</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|---------------|--|
| <u>Data Communications</u> | | | |
| Total Revenues and Other Financing Sources | \$ 11,000 | \$ 10,800 | \$ (200) |
| Total Expenditures and Other Financing Uses | <u>10,800</u> | <u>10,800</u> | - |
| Net Change in Fund Balance | 200 | - | (200) |
| Fund Balance, July 1 | <u>-</u> | <u>-</u> | - |
| Fund Balance, June 30 | <u>\$ 200</u> | <u>\$ -</u> | <u>\$ (200)</u> |
| <u>Other State Grants</u> | | | |
| Total Revenues and Other Financing Sources | \$ 10,100 | \$ 10,000 | \$ (100) |
| Total Expenditures and Other Financing Uses | <u>14,915</u> | <u>14,915</u> | - |
| Net Change in Fund Balance | (4,815) | (4,915) | (100) |
| Fund Balance, July 1 | <u>4,915</u> | <u>4,915</u> | - |
| Fund Balance, June 30 | <u>\$ 100</u> | <u>\$ -</u> | <u>\$ (100)</u> |
| <u>Race to the Top</u> | | | |
| Total Revenues and Other Financing Sources | \$ 54,500 | \$ 10,564 | \$ (43,936) |
| Total Expenditures and Other Financing Uses | <u>16,909</u> | <u>16,909</u> | - |
| Net Change in Fund Balance | 37,591 | (6,345) | (43,936) |
| Fund Balance, July 1 | 500 | 500 | - |
| Prior Year Encumbrances Appropriated | <u>5,845</u> | <u>5,845</u> | - |
| Fund Balance, June 30 | <u>\$ 43,936</u> | <u>\$ -</u> | <u>\$ (43,936)</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|------------------|--|
| <u>Title VI-B</u> | | | |
| Total Revenues and Other Financing Sources | \$ 1,500,000 | \$ 1,112,572 | \$ (387,428) |
| Total Expenditures and Other Financing Uses | <u>1,190,242</u> | <u>1,179,048</u> | <u>11,194</u> |
| Net Change in Fund Balance | 309,758 | (66,476) | (376,234) |
| Fund Balance, July 1 | 56,549 | 56,549 | - |
| Prior Year Encumbrances Appropriated | <u>21,122</u> | <u>21,122</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 387,429</u> | <u>\$ 11,195</u> | <u>\$ (376,234)</u> |
| <u>Title III</u> | | | |
| Total Revenues and Other Financing Sources | \$ 2,650 | \$ 2,644 | \$ (6) |
| Total Expenditures and Other Financing Uses | <u>2,644</u> | <u>2,644</u> | <u>-</u> |
| Net Change in Fund Balance | 6 | - | (6) |
| Fund Balance, July 1 | - | - | - |
| Fund Balance, June 30 | <u>\$ 6</u> | <u>\$ -</u> | <u>\$ (6)</u> |
| <u>Title I</u> | | | |
| Total Revenues and Other Financing Sources | \$ 368,600 | \$ 299,910 | \$ (68,690) |
| Total Expenditures and Other Financing Uses | <u>314,881</u> | <u>312,460</u> | <u>2,421</u> |
| Net Change in Fund Balance | 53,719 | (12,550) | (66,269) |
| Fund Balance, July 1 | 1,429 | 1,429 | - |
| Prior Year Encumbrances Appropriated | <u>11,121</u> | <u>11,121</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 66,269</u> | <u>\$ -</u> | <u>\$ (66,269)</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|--------------------|--|
| <u>EHA Preschool Grant</u> | | | |
| Total Revenues and Other Financing Sources | \$ 27,000 | \$ 25,067 | \$ (1,933) |
| Total Expenditures and Other Financing Uses | <u>26,965</u> | <u>25,447</u> | <u>1,518</u> |
| Net Change in Fund Balance | 35 | (380) | (415) |
| Fund Balance, July 1 | <u>1,899</u> | <u>1,899</u> | - |
| Fund Balance, June 30 | <u>\$ 1,934</u> | <u>\$ 1,519</u> | <u>\$ (415)</u> |
| <u>Classroom Reduction</u> | | | |
| Total Revenues and Other Financing Sources | \$ 100,000 | \$ 44,016 | \$ (55,984) |
| Total Expenditures and Other Financing Uses | <u>46,008</u> | <u>46,008</u> | - |
| Net Change in Fund Balance | 53,992 | (1,992) | (55,984) |
| Fund Balance, July 1 | 185 | 185 | - |
| Prior Year Encumbrances Appropriated | <u>1,807</u> | <u>1,807</u> | - |
| Fund Balance, June 30 | <u>\$ 55,984</u> | <u>\$ -</u> | <u>\$ (55,984)</u> |
| <u>Other Federal Grants</u> | | | |
| Total Revenues and Other Financing Sources | \$ 83,000 | \$ 5,211 | \$ (77,789) |
| Total Expenditures and Other Financing Uses | <u>49,426</u> | <u>49,426</u> | - |
| Net Change in Fund Balance | 33,574 | (44,215) | (77,789) |
| Fund Balance (Deficit), July 1 | <u>(5,211)</u> | <u>(5,211)</u> | - |
| Fund Balance (Deficit), June 30 | <u>\$ 28,363</u> | <u>\$ (49,426)</u> | <u>\$ (77,789)</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|-------------------|--|
| <u>Food Service</u> | | | |
| Total Revenues and Other Financing Sources | \$ 1,600,000 | \$ 1,328,955 | \$ (271,045) |
| Total Expenditures and Other Financing Uses | <u>1,584,639</u> | <u>1,334,855</u> | <u>249,784</u> |
| Net Change in Fund Balance | 15,361 | (5,900) | (21,261) |
| Fund Balance, July 1 | 312,664 | 312,664 | - |
| Prior Year Encumbrances Appropriated | 639 | 639 | - |
| Fund Balance, June 30 | <u>\$ 328,664</u> | <u>\$ 307,403</u> | <u>\$ (21,261)</u> |
| <u>Other Special Revenue</u> | | | |
| Total Revenues and Other Financing Sources | \$ - | \$ - | \$ - |
| Total Expenditures and Other Financing Uses | <u>4,922</u> | <u>1,023</u> | <u>3,899</u> |
| Net Change in Fund Balance | (4,922) | (1,023) | 3,899 |
| Fund Balance, July 1 | <u>4,922</u> | <u>4,922</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ -</u> | <u>\$ 3,899</u> | <u>\$ 3,899</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|-------------------|--|
| <u>Debt Service</u> | | | |
| Total Revenues and Other Financing Sources | \$ 3,804,732 | \$ 2,587,082 | \$ (1,217,650) |
| Total Expenditures and Other Financing Uses | <u>3,797,590</u> | <u>3,566,398</u> | <u>231,192</u> |
| Net Change in Fund Balance | 7,142 | (979,316) | (986,458) |
| Fund Balance, July 1 | <u>1,210,919</u> | <u>1,210,919</u> | - |
| Fund Balance, June 30 | <u>\$ 1,218,061</u> | <u>\$ 231,603</u> | <u>\$ (986,458)</u> |

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2014

| | <u>Building</u> | <u>Permanent Improvement</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|---|---------------------|------------------------------|--|
| Assets: | | | |
| Equity in pooled cash and investments | \$ 2,008,904 | \$ 1,203,502 | \$ 3,212,406 |
| Receivables: | | | |
| Property taxes | - | 1,229,245 | 1,229,245 |
| Total assets | <u>\$ 2,008,904</u> | <u>\$ 2,432,747</u> | <u>\$ 4,441,651</u> |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 84,817 | \$ 84,817 |
| Contracts payable. | <u>277,678</u> | <u>-</u> | <u>277,678</u> |
| Total liabilities. | <u>277,678</u> | <u>84,817</u> | <u>362,495</u> |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year. | - | 1,006,443 | 1,006,443 |
| Delinquent property tax revenue not available. | - | <u>39,874</u> | <u>39,874</u> |
| Total deferred inflows of resources | - | <u>1,046,317</u> | <u>1,046,317</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Capital improvements. | <u>1,731,226</u> | <u>1,301,613</u> | <u>3,032,839</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,008,904</u> | <u>\$ 2,432,747</u> | <u>\$ 4,441,651</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, 2014**

| | <u>Building</u> | <u>Permanent Improvement</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|--|----------------------------|------------------------------|--|
| Revenues: | | | |
| From local sources: | | | |
| Property taxes | \$ - | \$ 1,316,961 | \$ 1,316,961 |
| Other local revenues. | 1,128,228 | 77,253 | 1,205,481 |
| Intergovernmental - intermediate | 1,197,500 | - | 1,197,500 |
| Intergovernmental - state | - | 196,573 | 196,573 |
| Total revenue | <u>2,325,728</u> | <u>1,590,787</u> | <u>3,916,515</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | - | 284,486 | 284,486 |
| Support services: | | | |
| Fiscal | - | 25,885 | 25,885 |
| Pupil transportation | - | 81,790 | 81,790 |
| Operation of non-instructional services | - | 4,900 | 4,900 |
| Facilities acquisition and construction | <u>1,036,455</u> | <u>1,266,236</u> | <u>2,302,691</u> |
| Total expenditures. | <u>1,036,455</u> | <u>1,663,297</u> | <u>2,699,752</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,289,273</u> | <u>(72,510)</u> | <u>1,216,763</u> |
| Other financing (uses): | | | |
| Transfers out | <u>(980,000)</u> | - | <u>(980,000)</u> |
| Total other financing (uses) | <u>(980,000)</u> | - | <u>(980,000)</u> |
| Net change in fund balances | 309,273 | (72,510) | 236,763 |
| Fund balances at beginning of year | <u>1,421,953</u> | <u>1,374,123</u> | <u>2,796,076</u> |
| Fund balances at end of year | <u>\$ 1,731,226</u> | <u>\$ 1,301,613</u> | <u>\$ 3,032,839</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|-------------------------|---------------------|--|
| <u>Building</u> | | | |
| Total Revenues and Other Financing Sources | \$ 2,350,000 | \$ 2,325,728 | \$ (24,272) |
| Total Expenditures and Other Financing Uses | <u>3,300,000</u> | <u>2,594,500</u> | <u>705,500</u> |
| Net Change in Fund Balance | (950,000) | (268,772) | 681,228 |
| Fund Balance, July 1 | <u>1,421,953</u> | <u>1,421,953</u> | - |
| Fund Balance, June 30 | <u>\$ 471,953</u> | <u>\$ 1,153,181</u> | <u>\$ 681,228</u> |
| <u>Permanent Improvement</u> | | | |
| Total Revenues and Other Financing Sources | \$ 1,382,046 | \$ 1,461,447 | \$ 79,401 |
| Total Expenditures and Other Financing Uses | <u>2,316,353</u> | <u>1,727,125</u> | <u>589,228</u> |
| Net Change in Fund Balance | (934,307) | (265,678) | 668,629 |
| Fund Balance, July 1 | 1,053,995 | 1,053,995 | - |
| Prior Year Encumbrances Appropriated | <u>316,353</u> | <u>316,353</u> | - |
| Fund Balance, June 30 | <u>\$ 436,041</u> | <u>\$ 1,104,670</u> | <u>\$ 668,629</u> |

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

FUND DESCRIPTIONS

PROPRIETARY FUNDS

MAJOR ENTERPRISE FUND

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

INTERNAL SERVICE FUND

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

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

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--------------------------------------|-------------------------|---------------------|--|
| <u>Community Education</u> | | | |
| Total Revenues | \$ 1,250,000 | \$ 1,452,842 | \$ 202,842 |
| Total Expenses | <u>1,759,852</u> | <u>1,544,737</u> | <u>215,115</u> |
| Net Change in Fund Balance | (509,852) | (91,895) | 417,957 |
| Fund Balance, July 1 | 770,637 | 770,637 | - |
| Prior Year Encumbrances Appropriated | <u>99,852</u> | <u>99,852</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 360,637</u> | <u>\$ 778,594</u> | <u>\$ 417,957</u> |
| <u>Self-Insurance</u> | | | |
| Total Revenues | \$ 10,000,000 | \$ 7,748,935 | \$ (2,251,065) |
| Total Expenses | <u>11,190,279</u> | <u>8,929,809</u> | <u>2,260,470</u> |
| Net Change in Fund Balance | (1,190,279) | (1,180,874) | 9,405 |
| Fund Balance, July 1 | 3,235,561 | 3,235,561 | - |
| Prior Year Encumbrances Appropriated | <u>1,190,279</u> | <u>1,190,279</u> | <u>-</u> |
| Fund Balance, June 30 | <u>\$ 3,235,561</u> | <u>\$ 3,244,966</u> | <u>\$ 9,405</u> |

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

FUND DESCRIPTIONS

FIDUCIARY FUNDS

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

PRIVATE-PURPOSE TRUST FUND

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

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 Educational Compact for which the District is the fiscal agent.

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|----------------------------|-------------------------|------------------------|--|
| <u>Scholarship</u> | | | |
| Total Revenues | \$ 204,209 | \$ 170,700 | \$ (33,509) |
| Total Expenses | <u>173,586</u> | <u>171,000</u> | <u>2,586</u> |
| Net Change in Fund Balance | 30,623 | (300) | (30,923) |
| Fund Balance, July 1 | <u>2,886</u> | <u>2,886</u> | <u>-</u> |
| Fund Balance, June 30 | <u><u>\$ 33,509</u></u> | <u><u>\$ 2,586</u></u> | <u><u>\$ (30,923)</u></u> |

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Student Activities

| | Balance July 1, 2013 | Additions | Reductions | Balance June 30, 2014 |
|---|---------------------------------|------------------|-------------------|----------------------------------|
| Assets: | | | | |
| Equity in pooled cash and investments | \$ 82,614 | \$ 92,631 | \$ 85,675 | \$ 89,570 |
| Total assets. | <u>\$ 82,614</u> | <u>\$ 92,631</u> | <u>\$ 85,675</u> | <u>\$ 89,570</u> |
| Liabilities: | | | | |
| Accounts payable. | \$ 11,087 | \$ 10,955 | \$ 11,087 | \$ 10,955 |
| Due to students. | 71,527 | 81,676 | 74,588 | 78,615 |
| Total liabilities. | <u>\$ 82,614</u> | <u>\$ 92,631</u> | <u>\$ 85,675</u> | <u>\$ 89,570</u> |

Six District Educational Compact

| | Balance July 1, 2013 | Additions | Reductions | Balance June 30, 2014 |
|---|---------------------------------|-------------------|-------------------|----------------------------------|
| Assets: | | | | |
| Equity in pooled cash and investments | \$ 167,353 | \$ 581,315 | \$ 578,839 | \$ 169,829 |
| Receivables: | | | | |
| Intergovernmental | 384 | - | 384 | - |
| Total assets. | <u>\$ 167,737</u> | <u>\$ 581,315</u> | <u>\$ 579,223</u> | <u>\$ 169,829</u> |
| Liabilities: | | | | |
| Accounts payable. | \$ 8,968 | \$ 2,968 | \$ 8,968 | \$ 2,968 |
| Intergovernmental payable | 380 | 3,131 | 380 | 3,131 |
| Accrued wages and benefits | 4,086 | 3,593 | 4,086 | 3,593 |
| Undistributed monies | 148,723 | 567,123 | 560,209 | 155,637 |
| Pension obligation payable. | 5,580 | 4,500 | 5,580 | 4,500 |
| Total liabilities. | <u>\$ 167,737</u> | <u>\$ 581,315</u> | <u>\$ 579,223</u> | <u>\$ 169,829</u> |

Total

| | Balance July 1, 2013 | Additions | Reductions | Balance June 30, 2014 |
|---|---------------------------------|-------------------|-------------------|----------------------------------|
| Assets: | | | | |
| Equity in pooled cash and investments | \$ 249,967 | \$ 673,946 | \$ 664,514 | \$ 259,399 |
| Receivables: | | | | |
| Intergovernmental | 384 | - | 384 | - |
| Total assets. | <u>\$ 250,351</u> | <u>\$ 673,946</u> | <u>\$ 664,898</u> | <u>\$ 259,399</u> |
| Liabilities: | | | | |
| Accounts payable. | \$ 20,055 | \$ 13,923 | \$ 20,055 | \$ 13,923 |
| Intergovernmental payable | 380 | 3,131 | 380 | 3,131 |
| Accrued wages and benefits | 4,086 | 3,593 | 4,086 | 3,593 |
| Undistributed monies | 148,723 | 567,123 | 560,209 | 155,637 |
| Pension obligation payable. | 5,580 | 4,500 | 5,580 | 4,500 |
| Due to students. | 71,527 | 81,676 | 74,588 | 78,615 |
| Total liabilities. | <u>\$ 250,351</u> | <u>\$ 673,946</u> | <u>\$ 664,898</u> | <u>\$ 259,399</u> |

STATISTICAL SECTION

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

STATISTICAL SECTION

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

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | S2 - S13 |
| Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. | S14 -S19 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | S20 - S23 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | S24-S25 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | S26-S35 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Sources are noted on the individual schedules.

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

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 36,460,488 | \$ 33,552,876 | \$ 23,427,664 | \$ 22,009,927 | \$ 19,493,702 |
| Restricted | 3,842,694 | 4,604,254 | 6,910,143 | 6,330,508 | 7,185,275 |
| Unrestricted | 20,306,796 | 10,365,649 | 10,747,276 | 9,465,979 | 7,732,593 |
| Total governmental activities net position | <u>\$ 60,609,978</u> | <u>\$ 48,522,779</u> | <u>\$ 41,085,083</u> | <u>\$ 37,806,414</u> | <u>\$ 34,411,570</u> |
| Business-type activities | | | | | |
| Unrestricted | \$ 840,782 | \$ 734,376 | \$ 614,762 | \$ 469,428 | \$ 398,433 |
| Total business-type activities net position | <u>\$ 840,782</u> | <u>\$ 734,376</u> | <u>\$ 614,762</u> | <u>\$ 469,428</u> | <u>\$ 398,433</u> |
| Primary government | | | | | |
| Net investment in capital assets | \$ 36,460,488 | \$ 33,552,876 | \$ 23,427,664 | \$ 22,009,927 | \$ 19,493,702 |
| Restricted | 3,842,694 | 4,604,254 | 6,910,143 | 6,330,508 | 7,185,275 |
| Unrestricted | 21,147,578 | 11,100,025 | 11,362,038 | 9,935,407 | 8,131,026 |
| Total primary government net position | <u>\$ 61,450,760</u> | <u>\$ 49,257,155</u> | <u>\$ 41,699,845</u> | <u>\$ 38,275,842</u> | <u>\$ 34,810,003</u> |

Source: School District financial records.

| 2009 | 2008 | 2007 | 2006 | 2005 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ 22,949,265 | \$ 23,252,056 | \$ 17,574,629 | \$ 22,610,611 | \$ 22,621,463 |
| 5,049,911 | 4,395,239 | 8,620,854 | 2,975,479 | 1,964,726 |
| 9,891,305 | 7,025,595 | 5,301,232 | 841,055 | (630,985) |
| <u>\$ 37,890,481</u> | <u>\$ 34,672,890</u> | <u>\$ 31,496,715</u> | <u>\$ 26,427,145</u> | <u>\$ 23,955,204</u> |
| | | | | |
| \$ 385,107 | \$ 324,739 | \$ 281,580 | \$ 224,332 | \$ 165,773 |
| <u>\$ 385,107</u> | <u>\$ 324,739</u> | <u>\$ 281,580</u> | <u>\$ 224,332</u> | <u>\$ 165,773</u> |
| | | | | |
| \$ 22,949,265 | \$ 23,252,056 | \$ 17,574,629 | \$ 22,610,611 | \$ 22,621,463 |
| 5,049,911 | 4,395,239 | 8,620,854 | 2,975,479 | 1,964,726 |
| 10,276,412 | 7,350,334 | 5,582,812 | 1,065,387 | (465,212) |
| <u>\$ 38,275,588</u> | <u>\$ 34,997,629</u> | <u>\$ 31,778,295</u> | <u>\$ 26,651,477</u> | <u>\$ 24,120,977</u> |

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

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| Instruction: | | | | | |
| Regular | \$ 28,005,316 | \$ 28,142,699 | \$ 27,296,776 | \$ 29,603,309 | \$ 31,363,765 |
| Special | 8,800,972 | 6,518,659 | 6,198,419 | 7,012,389 | 6,853,151 |
| Vocational | 290,652 | 265,708 | 263,974 | 380,359 | 419,385 |
| Adult/Continuing | - | - | - | - | - |
| Other | 1,283,858 | 1,211,810 | 1,327,522 | 1,395,007 | 1,026,976 |
| Support services: | | | | | |
| Pupil | 4,681,004 | 4,959,355 | 5,029,365 | 4,660,098 | 4,796,386 |
| Instructional staff | 1,772,770 | 4,475,298 | 4,744,431 | 5,055,553 | 5,483,143 |
| Board of education | 41,731 | 44,337 | 48,947 | 34,423 | 37,223 |
| Administration | 4,059,710 | 4,294,431 | 4,201,741 | 4,140,062 | 4,611,017 |
| Fiscal | 1,627,077 | 2,029,663 | 1,488,463 | 1,472,350 | 1,662,591 |
| Business | 320,399 | 599,758 | 583,773 | 562,450 | 606,119 |
| Operations and maintenance | 5,076,162 | 5,820,731 | 4,758,948 | 5,715,952 | 6,242,385 |
| Pupil transportation | 3,281,271 | 4,122,142 | 3,818,376 | 3,052,413 | 4,306,932 |
| Central | 642,675 | 495,129 | 422,134 | 456,023 | 533,722 |
| Operation of non-instructional services: | | | | | |
| Food service operations | 1,423,600 | 1,489,944 | 1,485,582 | 1,562,149 | 1,790,492 |
| Other non-instructional services | 19,033 | 22,872 | 16,603 | 41,313 | 53,654 |
| Extracurricular activities | 1,672,664 | 1,408,146 | 1,287,632 | 1,386,725 | 1,381,672 |
| Intergovernmental pass-through | - | - | - | - | - |
| Interest on long-term debt | 885,321 | 1,579,616 | 1,377,679 | 1,585,230 | 1,768,561 |
| Total governmental activities expenses | <u>63,884,215</u> | <u>67,480,298</u> | <u>64,350,365</u> | <u>68,115,805</u> | <u>72,937,174</u> |
| Business-type activities: | | | | | |
| Community education | 1,345,070 | 1,216,037 | 1,196,799 | 1,173,451 | 1,183,200 |
| Total business-type activities expenses | <u>1,345,070</u> | <u>1,216,037</u> | <u>1,196,799</u> | <u>1,173,451</u> | <u>1,183,200</u> |
| Total primary government expenses | <u>\$ 65,229,285</u> | <u>\$ 68,696,335</u> | <u>\$ 65,547,164</u> | <u>\$ 69,289,256</u> | <u>\$ 74,120,374</u> |

| | 2009 | | 2008 | | 2007 | | 2006 | | 2005 |
|----------------------|-------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|
| \$ | 29,945,058 | \$ | 29,090,257 | \$ | 29,363,006 | \$ | 27,218,512 | \$ | 25,454,301 |
| 6,271,075 | | 5,981,206 | | 5,359,756 | | 5,184,533 | | 4,551,698 | |
| 385,778 | | 372,512 | | 366,288 | | 285,679 | | 285,963 | |
| - | | - | | - | | 15,059 | | 17,496 | |
| 968,677 | | 707,956 | | 564,895 | | 532,122 | | 388,805 | |
| 4,560,753 | | 4,194,460 | | 4,095,825 | | 3,745,017 | | 3,430,276 | |
| 4,678,235 | | 4,514,964 | | 4,143,529 | | 3,992,689 | | 3,900,864 | |
| 43,359 | | 39,191 | | 86,777 | | 46,313 | | 33,603 | |
| 4,224,167 | | 4,320,855 | | 4,120,189 | | 4,011,601 | | 3,737,759 | |
| 1,778,315 | | 1,302,064 | | 1,197,348 | | 1,118,243 | | 1,084,887 | |
| 550,168 | | 524,006 | | 459,463 | | 403,174 | | 370,938 | |
| 5,485,131 | | 5,579,144 | | 4,822,825 | | 4,770,844 | | 4,689,430 | |
| 3,392,304 | | 3,383,529 | | 3,222,654 | | 3,144,242 | | 3,515,470 | |
| 439,019 | | 371,527 | | 338,315 | | 327,914 | | 342,548 | |
| 1,733,192 | | 1,625,420 | | 1,646,119 | | 1,599,960 | | 1,577,089 | |
| 39,054 | | 24,990 | | 67,194 | | 32,068 | | 30,760 | |
| 1,350,043 | | 1,337,715 | | 1,341,007 | | 1,281,754 | | 1,200,351 | |
| - | | - | | - | | 1,433,299 | | 1,497,383 | |
| 1,926,040 | | 2,081,168 | | 2,225,204 | | 2,342,997 | | 2,326,758 | |
| 67,770,368 | | 65,450,964 | | 63,420,394 | | 61,486,020 | | 58,436,379 | |
| 1,217,535 | | 1,186,280 | | 1,071,923 | | 1,099,610 | | 1,063,751 | |
| 1,217,535 | | 1,186,280 | | 1,071,923 | | 1,099,610 | | 1,063,751 | |
| \$ 68,987,903 | | \$ 66,637,244 | | \$ 64,492,317 | | \$ 62,585,630 | | \$ 59,500,130 | |

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

**CHANGES IN NET POSITION - (Continued)
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)**

| Program Revenues | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| Instruction: | | | | | |
| Regular | \$ 888,626 | \$ 798,724 | \$ 330,894 | \$ 316,116 | \$ 439,433 |
| Special | 141,314 | 141,021 | 116,880 | 743 | - |
| Vocational | 5,025 | 855 | 568 | 25,825 | - |
| Other | 9,339 | 8,847 | 7,812 | 14,886 | - |
| Support services: | | | | | |
| Pupil | 217,724 | 257,276 | 243,287 | 264,389 | 253,198 |
| Instructional staff | 43,048 | 35,663 | 35,307 | 34,140 | 7,163 |
| Administration | - | - | - | - | 4,923 |
| Business | - | - | - | 85 | - |
| Operations and maintenance | 3,960 | 9,646 | 11,608 | 18,930 | 7,528 |
| Pupil transportation | - | - | 766 | 1,460 | 30,710 |
| Operation of non-instructional services: | | | | | |
| Food service operations | 1,203,971 | 1,276,922 | 1,285,541 | 1,373,250 | 1,471,478 |
| Other non-instructional services | 6,582 | 8,279 | 6,314 | 6,893 | 7,611 |
| Extracurricular activities | 713,453 | 579,007 | 896,877 | 703,439 | 482,712 |
| Operating grants and contributions: | | | | | |
| Instruction: | | | | | |
| Regular | 1,838,264 | 1,763,997 | 1,719,629 | 2,429,755 | 1,590,686 |
| Special | 2,406,823 | 789,698 | 576,943 | 1,030,356 | 573,887 |
| Vocational | 42,573 | 31,019 | 31,019 | 31,019 | 30,788 |
| Other | 10,800 | 10,800 | 10,800 | 31,239 | 26,899 |
| Support services: | | | | | |
| Pupil | 820,753 | 705,350 | 688,718 | 712,165 | 931,256 |
| Instructional staff | 99,534 | 278,238 | 316,312 | 563,627 | 478,159 |
| Administration | 173,782 | 227,220 | 323,655 | 371,120 | 448,525 |
| Business | - | - | - | - | 44,393 |
| Operations and maintenance | - | - | 25,068 | 438,013 | 454,227 |
| Pupil transportation | - | - | - | 292,609 | 67,337 |
| Central | - | - | - | 5,000 | 8,998 |
| Operation of non-instructional services: | | | | | |
| Food service operations | 186,608 | 231,386 | 207,699 | 224,050 | 206,654 |
| Other non-instructional services | 4,443 | 11,061 | 10,602 | 37,502 | 51,645 |
| Extracurricular activities | 20,828 | 42,312 | 45,651 | 35,655 | 50,931 |
| Intergovernmental pass-through | - | - | - | - | - |
| Capital grants and contributions: | | | | | |
| Instruction: | | | | | |
| Regular | 36,645 | 25,566 | 35,181 | 46,931 | 54,830 |
| Support services: | | | | | |
| Administration | - | - | - | - | - |
| Fiscal | - | - | - | - | - |
| Operations and maintenance | - | - | - | - | - |
| Pupil transportation | - | - | - | - | - |
| Extracurricular activities | 1,168,836 | 6,034,097 | - | - | - |
| Total governmental program revenues | <u>10,042,931</u> | <u>13,266,984</u> | <u>6,927,131</u> | <u>9,009,197</u> | <u>7,723,971</u> |
| Business-type activities: | | | | | |
| Charges for services | 1,402,122 | 1,291,244 | 1,342,133 | 1,244,446 | 1,196,526 |
| Operating grants and contributions | - | - | - | - | - |
| Total business-type activities program revenues | <u>1,402,122</u> | <u>1,291,244</u> | <u>1,342,133</u> | <u>1,244,446</u> | <u>1,196,526</u> |
| Total primary government program revenue | <u>\$ 11,445,053</u> | <u>\$ 14,558,228</u> | <u>\$ 8,269,264</u> | <u>\$ 10,253,643</u> | <u>\$ 8,920,497</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (53,841,284) | \$ (54,213,314) | \$ (57,423,234) | \$ (59,106,608) | \$ (65,213,203) |
| Business-type activities | 57,052 | 75,207 | 145,334 | 70,995 | 13,326 |
| Total primary government net expense | <u>\$ (53,784,232)</u> | <u>\$ (54,138,107)</u> | <u>\$ (57,277,900)</u> | <u>\$ (59,035,613)</u> | <u>\$ (65,199,877)</u> |

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|------------------------|------------------------|------------------------|------------------------|------------------------|-------------|
| \$ | 451,235 | \$ 397,466 | \$ 441,873 | \$ 461,183 | \$ 388,533 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 545 | 17,900 | - | - |
| 297,723 | 332,620 | 363,272 | 301,209 | 211,827 | |
| 21,963 | 27,579 | 11,364 | 8,820 | 7,898 | |
| 12,235 | 3,132 | 2,018 | - | - | |
| - | - | - | - | - | |
| - | - | - | - | - | |
| 34,300 | 23,316 | - | - | - | |
| 1,523,517 | 1,530,784 | 1,477,851 | 1,462,685 | 1,465,356 | |
| 11,377 | 11,369 | 26,042 | 14,745 | 13,164 | |
| 525,392 | 582,216 | 593,913 | 498,836 | 398,885 | |
| 1,419,089 | 1,496,365 | 1,350,135 | 28,556 | 49,106 | |
| 1,310,832 | 1,343,302 | 1,531,637 | 1,538,785 | 501,735 | |
| 30,587 | 25,610 | 43,908 | - | - | |
| 18,000 | - | 94,298 | 18,000 | - | |
| 791,228 | 704,493 | 742,436 | 606,232 | 481,864 | |
| 283,003 | 389,026 | 294,394 | 370,546 | 567,453 | |
| 386,221 | 261,310 | 209,392 | 65,615 | 66,644 | |
| 1,127 | 4,362 | - | - | - | |
| - | - | - | 5,300 | - | |
| 59,085 | 226,897 | 227,429 | 9 | 13,849 | |
| 14,879 | 17,992 | 17,867 | 18,148 | 17,386 | |
| 158,260 | 125,899 | 166,496 | 175,512 | 130,686 | |
| 32,316 | 24,143 | 30,820 | 1,639 | 21,682 | |
| - | - | - | - | - | |
| - | - | - | 1,506,633 | 1,425,802 | |
| 68,133 | 61,408 | - | - | - | |
| - | - | 1,164 | 3,995 | - | |
| - | - | 236 | 1,205 | - | |
| 16,000 | - | - | - | - | |
| 31,820 | - | - | - | - | |
| - | - | - | - | 69,828 | |
| 7,498,322 | 7,589,289 | 7,627,090 | 7,105,553 | 5,831,698 | |
| 1,277,903 | 1,229,439 | 1,129,171 | 1,158,169 | 1,112,580 | |
| - | - | - | - | 1,923 | |
| 1,277,903 | 1,229,439 | 1,129,171 | 1,158,169 | 1,114,503 | |
| \$ 8,776,225 | \$ 8,818,728 | \$ 8,756,261 | \$ 8,263,722 | \$ 6,946,201 | |
| \$ (60,272,046) | \$ (57,861,675) | \$ (55,793,304) | \$ (54,380,467) | \$ (52,604,681) | |
| 60,368 | 43,159 | 57,248 | 58,559 | 50,752 | |
| \$ (60,211,678) | \$ (57,818,516) | \$ (55,736,056) | \$ (54,321,908) | \$ (52,553,929) | |

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

CHANGES IN NET POSITION - (Continued)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

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

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Governmental activities: | | | | | |
| Property taxes levied for: | | | | | |
| General purposes | \$ 44,934,135 | \$ 38,656,261 | \$ 36,431,621 | \$ 37,602,792 | \$ 36,458,638 |
| Debt service | 1,237,233 | 2,138,611 | 2,116,209 | 2,249,137 | 2,257,774 |
| Capital outlay | 1,319,845 | 1,128,041 | 1,132,961 | 1,268,003 | 1,280,666 |
| Payments in lieu of taxes | 515,367 | 349,063 | 314,000 | 314,000 | 314,000 |
| Grants and entitlements not restricted to specific programs | 17,664,962 | 19,104,616 | 19,770,571 | 20,657,581 | 21,020,826 |
| Investment earnings | 62,124 | 58,911 | 174,389 | 184,402 | 303,682 |
| Miscellaneous | 194,817 | 215,507 | 251,152 | 225,537 | 98,706 |
| Special item | - | - | 511,000 | - | - |
| Total governmental activities | <u>65,928,483</u> | <u>61,651,010</u> | <u>60,701,903</u> | <u>62,501,452</u> | <u>61,734,292</u> |
| Business-type activities: | | | | | |
| Grants not restricted to specific programs | 49,354 | 44,407 | - | - | - |
| Total business-type activities | <u>49,354</u> | <u>44,407</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 65,977,837</u> | <u>\$ 61,695,417</u> | <u>\$ 60,701,903</u> | <u>\$ 62,501,452</u> | <u>\$ 61,734,292</u> |
| Change in Net Position | | | | | |
| Governmental activities | \$ 12,087,199 | \$ 7,437,696 | \$ 3,278,669 | \$ 3,394,844 | \$ (3,478,911) |
| Business-type activities | 106,406 | 119,614 | 145,334 | 70,995 | 13,326 |
| Total primary government | <u>\$ 12,193,605</u> | <u>\$ 7,557,310</u> | <u>\$ 3,424,003</u> | <u>\$ 3,465,839</u> | <u>\$ (3,465,585)</u> |

Source: School District financial records.

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

| 2009 | 2008 | 2007 | 2006 | 2005 |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| \$ 38,615,268 | \$ 36,956,647 | \$ 37,715,893 | \$ 34,530,049 | \$ 35,701,776 |
| 3,510,815 | 3,036,407 | 3,050,457 | 3,633,321 | 2,270,292 |
| 1,609,296 | 1,572,169 | 1,530,840 | 1,042,442 | 1,082,941 |
| - | - | - | - | - |
| 18,921,561 | 18,080,264 | 16,615,320 | 15,881,846 | 17,182,672 |
| 719,784 | 1,286,547 | 1,803,271 | 1,571,148 | 952,108 |
| 112,913 | 105,816 | 147,093 | 193,602 | 119,561 |
| <u>63,489,637</u> | <u>61,037,850</u> | <u>60,862,874</u> | <u>56,852,408</u> | <u>57,309,350</u> |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>\$ 63,489,637</u> | <u>\$ 61,037,850</u> | <u>\$ 60,862,874</u> | <u>\$ 56,852,408</u> | <u>\$ 57,309,350</u> |
| <u>\$ 3,217,591</u> | <u>\$ 3,176,175</u> | <u>\$ 5,069,570</u> | <u>\$ 2,471,941</u> | <u>\$ 4,704,669</u> |
| <u>60,368</u> | <u>43,159</u> | <u>57,248</u> | <u>58,559</u> | <u>50,752</u> |
| <u><u>\$ 3,277,959</u></u> | <u><u>\$ 3,219,334</u></u> | <u><u>\$ 5,126,818</u></u> | <u><u>\$ 2,530,500</u></u> | <u><u>\$ 4,755,421</u></u> |

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

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

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|
| General Fund: | | | | | |
| Nonspendable | \$ 41,583 | \$ 36,931 | \$ 35,225 | \$ 34,833 | \$ - |
| Assigned | 860,100 | 1,026,273 | 884,086 | 1,220,404 | - |
| Unassigned | 18,603,913 | 9,179,798 | 7,485,045 | 6,036,453 | - |
| Reserved | - | - | - | - | 4,487,399 |
| Unreserved | - | - | - | - | 3,955,466 |
| Total general fund | \$ 19,505,596 | \$ 10,243,002 | \$ 8,404,356 | \$ 7,291,690 | \$ 8,442,865 |
| All Other Governmental Funds: | | | | | |
| Nonspendable | \$ 11,322 | \$ 10,782 | \$ 21,563 | \$ 22,726 | \$ - |
| Restricted | 3,885,169 | 4,581,991 | 7,951,968 | 7,131,615 | - |
| Unassigned (deficit) | (15,543) | (27,479) | (41,594) | (20,266) | - |
| Reserved | - | - | - | - | 5,255,294 |
| Unreserved (deficit), reported in: | | | | | |
| Special revenue funds | - | - | - | - | 324,149 |
| Capital projects funds | - | - | - | - | 1,419,192 |
| Total all other governmental funds | \$ 3,880,948 | \$ 4,565,294 | \$ 7,931,937 | \$ 7,134,075 | \$ 6,998,635 |

Source: School District financial records.

Note: The District implemented GASB Statement No. 54 in 2011, which changed the fund balance classifications.

| 2009 | 2008 | 2007 | 2006 | 2005 |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| 5,553,270 | 3,673,180 | 5,082,727 | 3,206,619 | 3,160,430 |
| 7,467,190 | 8,759,910 | 6,940,335 | 4,654,175 | 4,524,522 |
| \$ 13,020,460 | \$ 12,433,090 | \$ 12,023,062 | \$ 7,860,794 | \$ 7,684,952 |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| 3,943,832 | 3,902,671 | 7,054,409 | 14,664,726 | 3,654,382 |
| 643,950 | 780,241 | 672,302 | 574,073 | 546,330 |
| (635,544) | (908,793) | 1,467,845 | 3,015,980 | 18,152,799 |
| \$ 3,952,238 | \$ 3,774,119 | \$ 9,194,556 | \$ 18,254,779 | \$ 22,353,511 |

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

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

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---------------------|-----------------------|---------------------|-----------------------|-----------------------|
| Revenues | | | | | |
| From local sources: | | | | | |
| Property taxes | \$ 47,389,754 | \$ 42,122,419 | \$ 40,745,914 | \$ 40,697,004 | \$ 39,204,717 |
| Payments in lieu of taxes | 515,367 | 349,063 | 314,000 | 314,000 | 314,000 |
| Tuition | 800,280 | 703,700 | 205,244 | 102,236 | 125,137 |
| Transportation fees | - | - | - | 33,815 | 30,710 |
| Earnings on investments | 57,818 | 51,472 | 180,591 | 221,277 | 384,418 |
| Charges for services | 1,206,450 | 1,279,995 | 1,288,685 | 1,378,231 | 1,476,715 |
| Extracurricular | 849,924 | 769,849 | 1,086,564 | 911,328 | 765,723 |
| Classroom materials and fees | 346,964 | 346,101 | 328,148 | 302,976 | 289,526 |
| Other local revenues | 1,531,441 | 452,473 | 396,017 | 332,259 | 342,666 |
| Intergovernmental - Intermediate | 1,307,311 | 1,278,479 | 1,156,822 | 1,260,719 | 1,187,368 |
| Intergovernmental - State | 20,072,709 | 20,078,720 | 20,820,684 | 21,447,166 | 21,517,696 |
| Intergovernmental - Federal | 1,760,248 | 1,856,419 | 2,253,792 | 3,752,699 | 2,732,027 |
| Total revenues | <u>75,838,266</u> | <u>69,288,690</u> | <u>68,776,461</u> | <u>70,753,710</u> | <u>68,370,703</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 27,194,680 | 26,755,411 | 26,547,675 | 29,920,213 | 30,065,006 |
| Special | 8,615,372 | 6,406,501 | 6,186,526 | 7,160,628 | 6,748,321 |
| Vocational | 254,736 | 241,724 | 244,846 | 395,679 | 405,644 |
| Other | 1,283,858 | 1,211,810 | 1,327,522 | 1,394,094 | 1,024,287 |
| Support services: | | | | | |
| Pupil | 4,706,665 | 4,908,661 | 5,026,641 | 4,744,635 | 4,739,136 |
| Instructional staff | 1,846,576 | 4,319,163 | 4,773,005 | 5,205,729 | 5,354,574 |
| Board of education | 41,731 | 44,201 | 49,083 | 34,423 | 37,223 |
| Administration | 4,020,237 | 4,259,944 | 4,215,459 | 4,178,672 | 4,567,935 |
| Fiscal | 1,619,261 | 2,023,839 | 1,488,408 | 1,482,001 | 1,662,388 |
| Business | 559,490 | 593,078 | 586,663 | 573,689 | 615,677 |
| Operations and maintenance | 4,882,939 | 4,772,810 | 4,776,440 | 5,161,634 | 5,398,265 |
| Pupil transportation | 3,233,565 | 3,954,783 | 3,663,230 | 3,484,103 | 4,181,700 |
| Central | 525,875 | 499,551 | 426,422 | 464,868 | 530,602 |
| Operation of non-instructional services: | | | | | |
| Food service operations | 1,365,327 | 1,435,672 | 1,543,380 | 1,572,734 | 1,748,682 |
| Other non-instructional services | 17,864 | 23,995 | 35,185 | 51,019 | 52,563 |
| Extracurricular activities | 1,458,495 | 1,241,538 | 1,220,646 | 1,314,292 | 1,300,036 |
| Pass through payments | - | - | - | - | - |
| Facilities acquisitions and construction | 2,312,691 | 1,002,774 | 1,011,533 | 1,308,126 | 2,480,455 |
| Capital outlay | - | 340,880 | - | - | - |
| Debt service: | | | | | |
| Principal retirement | 3,425,296 | 3,306,932 | 1,910,778 | 1,127,382 | 639,771 |
| Interest and fiscal charges | 816,437 | 847,026 | 2,362,798 | 3,111,002 | 3,041,895 |
| Debt issue costs | - | 302,738 | - | - | 91,606 |
| Total expenditures | <u>68,181,095</u> | <u>68,493,031</u> | <u>67,396,240</u> | <u>72,684,923</u> | <u>74,685,766</u> |
| Excess of revenues over (under) expenditures | <u>7,657,171</u> | <u>795,659</u> | <u>1,380,221</u> | <u>(1,931,213)</u> | <u>(6,315,063)</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 1,006,000 | 1,006,000 | 1,326,000 | 1,229,317 | 515,476 |
| Transfers (out) | (1,006,000) | (1,006,000) | (1,326,000) | (1,229,317) | (515,476) |
| Proceeds from sale of assets | 2,686 | 20,674 | 19,307 | 61,291 | 14,393 |
| Capital lease transaction | 918,391 | - | - | 854,187 | - |
| Software license obligation transaction | - | 340,880 | - | - | - |
| Premium on debt issuance | - | 64,451 | - | - | 55,215 |
| Sale of bonds | - | - | - | - | 4,714,257 |
| Payment to refunded debt escrow agent | - | (21,474,661) | - | - | - |
| Discount on certificates of participation issued | - | - | - | - | - |
| Issuance of certificates of participation | - | 18,725,000 | - | - | - |
| Total other financing sources (uses) | <u>921,077</u> | <u>(2,323,656)</u> | <u>19,307</u> | <u>915,478</u> | <u>4,783,865</u> |
| Special item | - | - | 511,000 | - | - |
| Net change in fund balances | <u>\$ 8,578,248</u> | <u>\$ (1,527,997)</u> | <u>\$ 1,910,528</u> | <u>\$ (1,015,735)</u> | <u>\$ (1,531,198)</u> |
| Debt service as a percentage of noncapital expenditures | 6.53% | 6.13% | 6.49% | 6.02% | 5.05% |

Source: School District financial records.

| | 2009 | | 2008 | | 2007 | | 2006 | | 2005 |
|-------------------|-------------|-----------------------|-------------|-----------------------|-------------|-----------------------|-------------|----------------------|-------------|
| \$ | 43,210,965 | \$ | 41,478,391 | \$ | 42,233,924 | \$ | 39,142,496 | \$ | 39,051,878 |
| | - | | - | | - | | - | | - |
| 122,188 | | 70,126 | | 107,876 | | 77,587 | | 69,161 | |
| 34,300 | | 23,316 | | - | | - | | - | |
| 695,776 | | 1,284,315 | | 2,044,961 | | 1,517,291 | | 802,546 | |
| 1,529,079 | | 1,537,243 | | 1,483,619 | | 1,469,185 | | 1,473,077 | |
| 776,075 | | 812,114 | | 890,738 | | 754,939 | | 576,915 | |
| 297,232 | | 294,918 | | 271,216 | | 254,510 | | 243,533 | |
| 398,069 | | 425,962 | | 400,619 | | 407,959 | | 242,538 | |
| 267,000 | | 220,000 | | 220,000 | | 326,662 | | 543,276 | |
| 21,580,927 | | 20,560,306 | | 19,141,356 | | 18,059,869 | | 18,240,221 | |
| 1,557,897 | | 901,987 | | 2,591,854 | | 1,242,731 | | 1,524,507 | |
| 70,469,508 | | 67,608,678 | | 69,386,163 | | 63,253,229 | | 62,767,652 | |
| | | | | | | | | | |
| 29,257,245 | | 28,883,870 | | 27,381,559 | | 25,906,604 | | 24,451,633 | |
| 6,295,345 | | 6,024,879 | | 5,348,069 | | 5,105,276 | | 4,497,526 | |
| 378,932 | | 359,473 | | 348,689 | | 268,734 | | 270,846 | |
| 961,250 | | 699,881 | | 551,964 | | 532,122 | | 388,805 | |
| 4,600,883 | | 4,230,914 | | 3,871,512 | | 3,703,133 | | 3,406,656 | |
| 4,767,246 | | 4,584,820 | | 4,108,874 | | 3,883,897 | | 3,851,498 | |
| 43,359 | | 39,191 | | 62,679 | | 45,169 | | 39,319 | |
| 4,240,788 | | 4,354,324 | | 4,002,364 | | 3,948,855 | | 3,681,662 | |
| 1,786,706 | | 1,311,073 | | 1,209,265 | | 1,117,617 | | 1,081,177 | |
| 565,160 | | 529,938 | | 459,781 | | 401,613 | | 370,855 | |
| 5,077,949 | | 5,160,851 | | 4,777,140 | | 4,706,725 | | 4,552,039 | |
| 3,240,860 | | 3,208,379 | | 3,008,638 | | 2,904,170 | | 3,315,242 | |
| 439,754 | | 379,276 | | 339,149 | | 323,179 | | 342,551 | |
| 1,736,090 | | 1,662,998 | | 1,634,538 | | 1,567,594 | | 1,557,715 | |
| 44,541 | | 31,779 | | 64,625 | | 23,226 | | 24,675 | |
| 1,272,230 | | 1,261,363 | | 1,276,866 | | 1,216,146 | | 1,123,155 | |
| - | | - | | 1,623,787 | | 1,434,409 | | 1,496,878 | |
| 1,356,136 | | 4,172,880 | | 13,254,047 | | 5,966,981 | | 941,734 | |
| - | | - | | - | | - | | - | |
| 635,534 | | 3,605,373 | | 831,667 | | 835,525 | | 747,758 | |
| 3,020,011 | | 3,020,718 | | 2,898,905 | | 2,885,144 | | 2,594,728 | |
| - | | - | | - | | - | | 426,874 | |
| 69,720,019 | | 73,521,980 | | 77,054,118 | | 66,776,119 | | 59,163,326 | |
| | | | | | | | | | |
| 749,489 | | (5,913,302) | | (7,667,955) | | (3,522,890) | | 3,604,326 | |
| | | | | | | | | | |
| 35,000 | | 230,097 | | 228,357 | | 231,271 | | 222,989 | |
| (35,000) | | (230,097) | | (228,357) | | (631,271) | | (222,989) | |
| 16,000 | | - | | - | | - | | - | |
| - | | - | | - | | - | | - | |
| - | | - | | - | | - | | - | |
| - | | - | | - | | - | | - | |
| - | | - | | 2,770,000 | | - | | - | |
| - | | - | | - | | - | | - | |
| - | | - | | - | | - | | (22,108) | |
| - | | - | | - | | - | | 20,810,000 | |
| 16,000 | | - | | 2,770,000 | | (400,000) | | 20,787,892 | |
| | | | | | | | | | |
| \$ 765,489 | | \$ (5,913,302) | | \$ (4,897,955) | | \$ (3,922,890) | | \$ 24,392,218 | |

5.32%

9.50%

5.85%

6.15%

5.74%

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

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

| Collection Year | Real Property (a) | | Tangible Personal Property (b) | | Public Utility (c) | | |
|------------------------|--------------------------|-------------------------------|---------------------------------------|-------------------------------|---------------------------|-------------------------------|--|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | |
| 2014 | \$ 890,931,340 | \$ 2,545,518,114 | \$ - | \$ - | \$ 6,390,820 | \$ 18,259,486 | |
| 2013 | 885,645,250 | 2,530,415,000 | - | - | 5,718,170 | 16,337,629 | |
| 2012 | 880,837,040 | 2,516,677,257 | - | - | 4,697,110 | 13,420,314 | |
| 2011 | 949,773,800 | 2,713,639,429 | - | - | 4,990,800 | 14,259,429 | |
| 2010 | 942,970,570 | 2,694,201,629 | 1,485,955 | 23,775,280 | 4,820,720 | 13,773,486 | |
| 2009 | 943,668,810 | 2,696,196,600 | 1,468,633 | 23,498,128 | 4,906,500 | 14,018,571 | |
| 2008 | 893,375,820 | 2,552,502,343 | 12,800,937 | 204,814,992 | 8,617,985 | 24,622,814 | |
| 2007 | 893,375,820 | 2,552,502,343 | 25,601,873 | 204,814,984 | 12,164,170 | 34,754,771 | |
| 2006 | 880,397,600 | 2,515,421,714 | 36,440,903 | 208,233,731 | 13,229,180 | 37,797,657 | |
| 2005 | 806,742,980 | 2,304,979,943 | 50,398,882 | 201,595,528 | 15,998,320 | 45,709,486 | |

Source: Summit County Fiscal Officer

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

(b) Tangible personal property is assessed at varying percentages of true value ranging from 0% to 25%.

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

| Total | | | | |
|-----------------------|-------------------------------|------------------------------|----------|--|
| Assessed Value | Estimated Actual Value | Total Direct Tax Rate | % | |
| \$ 897,322,160 | \$ 2,563,777,600 | \$ 89.01 | 35.00% | |
| 891,363,420 | 2,546,752,629 | 91.24 | 35.00% | |
| 885,534,150 | 2,530,097,571 | 91.33 | 35.00% | |
| 954,764,600 | 2,727,898,857 | 86.03 | 35.00% | |
| 949,277,245 | 2,731,750,394 | 86.23 | 34.75% | |
| 950,043,943 | 2,733,713,299 | 86.20 | 34.75% | |
| 914,794,742 | 2,781,940,149 | 86.25 | 32.88% | |
| 931,141,863 | 2,792,072,098 | 86.12 | 33.35% | |
| 930,067,683 | 2,761,453,103 | 80.73 | 33.68% | |
| 873,140,182 | 2,552,284,957 | 80.73 | 34.21% | |

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

| Tax Year/ Collection Year | Government | Overlapping Rates | | | | Direct Rates | | | | | | |
|---------------------------------|------------------------|-------------------|---------|------|---------|----------------|----------------|------------------------------|----------------------------|--|-----------|--|
| | | School | County | City | Total | School Levy | County Levy | City/ Village Township | Valley Fire District | Union Cem. Assoc. of Boston Twp. | Total | |
| 2013/2014 | Boston Township | \$ 0.58 | \$ 0.59 | \$ - | \$ 1.17 | \$ 89.01 | \$ 14.16 | \$ 7.98 | \$ 8.80 | \$ 1.00 | \$ 120.95 | |
| | Boston Heights Village | 0.58 | 0.59 | - | 1.17 | 89.01 | 14.16 | 6.10 | - | - | 109.27 | |
| | Hudson City | 0.58 | 0.59 | 1.89 | 3.06 | 89.01 | 14.16 | 7.76 | - | - | 110.93 | |
| | Cuyahoga Falls City | 0.58 | 0.59 | - | 1.17 | 89.01 | 14.16 | 11.00 | - | - | 114.17 | |
| 2012/2013 | Boston Township | 2.81 | 0.59 | - | 3.40 | 91.24 | 14.16 | 7.98 | 8.80 | 1.00 | 123.18 | |
| | Boston Heights Village | 2.81 | 0.59 | - | 3.40 | 91.24 | 14.16 | 6.10 | - | - | 111.50 | |
| | Hudson City | 2.81 | 0.59 | 1.94 | 5.34 | 91.24 | 14.16 | 7.81 | - | - | 113.21 | |
| | Cuyahoga Falls City | 2.81 | 0.59 | - | 3.40 | 91.24 | 14.16 | 11.00 | - | - | 116.40 | |
| 2011/2012 | Boston Township | 2.90 | 0.59 | - | 3.49 | 91.33 | 14.16 | 7.98 | 8.80 | 1.00 | 123.27 | |
| | Boston Heights Village | 2.90 | 0.59 | - | 3.49 | 91.33 | 14.16 | 6.10 | - | - | 111.59 | |
| | Hudson City | 2.90 | 0.59 | 2.10 | 5.59 | 91.33 | 14.16 | 7.97 | - | - | 113.46 | |
| | Cuyahoga Falls City | 2.90 | 0.59 | - | 3.49 | 91.33 | 14.16 | 11.00 | - | - | 116.49 | |
| 2010/2011 | Boston Township | 2.50 | 0.59 | - | 3.09 | 86.03 | 14.16 | 7.98 | 8.80 | 1.00 | 117.97 | |
| | Boston Heights Village | 2.50 | 0.59 | - | 3.09 | 86.03 | 14.16 | 6.10 | - | - | 106.29 | |
| | Hudson City | 2.50 | 0.59 | 2.05 | 5.14 | 86.03 | 14.16 | 7.22 | - | - | 107.41 | |
| | Cuyahoga Falls City | 2.50 | 0.59 | - | 3.09 | 86.03 | 14.16 | 11.00 | - | - | 111.19 | |
| 2009/2010 | Boston Township | 2.70 | 0.48 | - | 3.18 | 86.23 | 14.16 | 7.98 | 8.80 | 1.00 | 118.17 | |
| | Boston Heights Village | 2.70 | 0.48 | - | 3.18 | 86.23 | 14.16 | 6.10 | - | - | 106.49 | |
| | Hudson City | 2.70 | 0.48 | 1.90 | 5.08 | 86.23 | 14.16 | 7.07 | - | - | 107.46 | |
| | Cuyahoga Falls City | 2.70 | 0.48 | - | 3.18 | 86.23 | 14.16 | 11.00 | - | - | 111.39 | |
| 2008/2009 | Boston Township | 2.66 | 0.41 | - | 3.07 | 86.20 | 14.16 | 7.98 | 8.80 | 1.00 | 118.14 | |
| | Boston Heights Village | 2.66 | 0.41 | - | 3.07 | 86.20 | 14.16 | 6.60 | - | - | 106.96 | |
| | Hudson City | 2.66 | 0.41 | 2.00 | 5.07 | 86.20 | 14.16 | 7.17 | - | - | 107.53 | |
| | Cuyahoga Falls City | 2.66 | 0.41 | - | 3.07 | 86.20 | 14.16 | 11.00 | - | - | 111.36 | |
| 2007/2008 | Boston Township | 2.72 | 0.42 | - | 3.14 | 86.25 | 14.26 | 7.98 | 8.80 | 1.00 | 118.29 | |
| | Boston Heights Village | 2.72 | 0.42 | - | 3.14 | 86.25 | 14.26 | 6.60 | - | - | 107.11 | |
| | Hudson City | 2.72 | 0.42 | 2.11 | 5.25 | 86.25 | 14.26 | 7.28 | - | - | 107.79 | |
| | Cuyahoga Falls City | 2.72 | 0.42 | - | 3.14 | 86.25 | 14.26 | 11.00 | - | - | 111.51 | |
| 2006/2007 | Boston Township | 2.59 | 0.62 | - | 3.21 | 86.12 | 14.57 | 7.98 | 8.80 | 0.50 | 117.97 | |
| | Boston Heights Village | 2.59 | 0.62 | - | 3.21 | 86.12 | 14.57 | 6.85 | - | - | 107.54 | |
| | Hudson City | 2.59 | 0.62 | 1.75 | 4.96 | 86.12 | 14.57 | 6.92 | - | - | 107.61 | |
| | Cuyahoga Falls City | 2.59 | 0.62 | - | 3.21 | 86.12 | 14.57 | 11.00 | - | - | 111.69 | |
| 2005/2006 | Boston Township | 2.70 | 0.62 | - | 3.32 | 80.73 | 13.07 | 8.48 | 8.80 | - | 111.08 | |
| | Boston Heights Village | 2.70 | 0.62 | - | 3.32 | 80.73 | 13.07 | 6.85 | - | - | 100.65 | |
| | Hudson City | 2.70 | 0.62 | 2.03 | 5.35 | 80.73 | 13.07 | 6.94 | - | - | 100.74 | |
| | Cuyahoga Falls City | 2.70 | 0.62 | - | 3.32 | 80.73 | 13.07 | 11.00 | - | - | 104.80 | |
| 2004/2005 | Boston Township | 2.70 | 0.67 | - | 3.37 | 80.73 | 13.07 | 8.48 | 8.80 | - | 111.08 | |
| | Boston Heights Village | 2.70 | 0.67 | - | 3.37 | 80.73 | 13.07 | 6.85 | - | - | 100.65 | |
| | Hudson City | 2.70 | 0.67 | 2.37 | 5.74 | 80.73 | 13.07 | 6.94 | - | - | 100.74 | |
| | Cuyahoga Falls City | 2.70 | 0.67 | - | 3.37 | 80.73 | 13.07 | 11.00 | - | - | 104.80 | |

Source: Summit County Fiscal Officer

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

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2013 AND DECEMBER 31, 2004

| December 31, 2013 | | | |
|--|---------------------------------------|-------------|--|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value |
| Little Tikes, Inc | \$ 5,964,340 | 1 | 0.67% |
| JoAnn Stores Support Center Inc. | 5,150,130 | 2 | 0.58% |
| Allstate Insurance Company | 3,849,980 | 3 | 0.43% |
| Boston Mills Partners LLC | 2,762,220 | 4 | 0.31% |
| Georgetown Development Co | 2,620,860 | 5 | 0.29% |
| Albrecht, Inc. | 2,191,390 | 6 | 0.25% |
| Laurel Lake Retirement Community, Inc. | 2,077,880 | 7 | 0.23% |
| Hudson MOB LLC | 2,013,750 | 8 | 0.23% |
| Kobelco Stewart Bolling, Inc | 1,611,020 | 9 | 0.18% |
| SAI Living Hudson, Inc | 1,463,460 | 10 | 0.16% |
| Total | <u>\$ 29,705,030</u> | | <u>3.33%</u> |

| December 31, 2004 | | | |
|-------------------------------------|---------------------------------------|-------------|--|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value |
| Allstate Insurance | \$ 7,447,540 | 1 | 0.86% |
| Little Tikes | 5,503,130 | 2 | 0.64% |
| Hudson-Omni III LTD | 3,881,450 | 3 | 0.45% |
| FabriCenters of America, Inc | 3,496,830 | 4 | 0.40% |
| Title Guarantee & Trust Co. Trustee | 3,214,310 | 5 | 0.37% |
| Georgetown Development | 2,452,600 | 6 | 0.28% |
| Janus Hotels & Resorts, Inc | 2,415,010 | 7 | 0.28% |
| Flood Company | 2,306,360 | 8 | 0.27% |
| Albrecht, Inc | 1,898,200 | 9 | 0.22% |
| Kobelco Stewart Bolling | 1,724,400 | 10 | 0.20% |
| Total | <u>\$ 34,339,830</u> | | <u>3.97%</u> |

Source: Summit County Fiscal Officer

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

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

| Tax Year/ Collection Year | Current Levy | Delinquent Levy | Total Levy | Current Collection | Percent of Current Levy Collected |
|--|-------------------------|----------------------------|-----------------------|-------------------------------|--|
| 2013/2014 | \$ 47,466,864 | \$ 3,154,378 | \$ 50,621,242 | \$ 45,987,842 | 96.88% |
| 2012/2013 | 49,050,090 | 3,309,349 | 52,359,439 | 47,415,431 | 96.67% |
| 2011/2012 | 48,570,508 | 3,531,347 | 52,101,855 | 46,783,723 | 96.32% |
| 2010/2011 | 44,564,731 | 4,788,842 | 49,353,573 | 42,622,064 | 95.64% |
| 2009/2010 | 44,490,221 | 4,041,672 | 48,531,893 | 42,948,809 | 96.54% |
| 2008/2009 | 44,639,956 | 3,841,881 | 48,481,837 | 42,756,369 | 95.78% |
| 2007/2008 | 44,902,415 | 3,138,748 | 48,041,163 | 43,254,802 | 96.33% |
| 2006/2007 | 46,523,621 | 3,493,418 | 50,017,039 | 44,543,664 | 95.74% |
| 2005/2006 | 41,480,529 | 3,127,785 | 44,608,314 | 40,189,583 | 96.89% |
| 2004/2005 | 41,611,978 | 2,620,611 | 44,232,589 | 40,381,049 | 97.04% |

Source: Summit County Fiscal Officer

| Delinquent Collection | Total Collection | Total Collection As a Percent of Total Levy |
|----------------------------------|-----------------------------|--|
| \$ 1,479,022 | \$ 47,466,864 | 93.77% |
| 1,634,659 | 49,050,090 | 93.68% |
| 1,786,784 | 48,570,507 | 93.22% |
| 1,150,492 | 43,772,556 | 88.69% |
| 1,541,412 | 44,490,221 | 91.67% |
| 1,883,587 | 44,639,956 | 92.08% |
| 1,647,611 | 44,902,413 | 93.47% |
| 1,979,958 | 46,523,622 | 93.02% |
| 1,290,947 | 41,480,530 | 92.99% |
| 1,179,119 | 41,560,168 | 93.96% |

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

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

Governmental Activities

| Fiscal Year | (a) General Obligation Bonds | Capital Leases | Software License Obligation | (a) Total Primary Government | (b) Percentage of Personal Income | (b) Per Capita | (b) Per ADM |
|--------------------|---|---------------------------|--|---|--|-------------------------------|----------------------------|
| 2014 | \$ 21,786,574 | \$ 874,520 | \$ 175,380 | \$ 22,836,474 | 2.00% | \$ 1,016 | \$ 4,946 |
| 2013 | 24,933,232 | 367,512 | 283,549 | 25,584,293 | 2.30% | 1,146 | 5,466 |
| 2012 | 28,930,317 | 537,113 | - | 29,467,430 | 2.74% | 1,328 | 6,205 |
| 2011 | 31,677,808 | 697,927 | - | 32,375,735 | 3.05% | 1,454 | 6,621 |
| 2010 | 34,185,325 | - | - | 34,185,325 | 3.12% | 1,485 | 6,876 |
| 2009 | 31,360,374 | - | - | 31,360,374 | 3.31% | 1,354 | 6,383 |
| 2008 | 33,096,173 | - | - | 33,096,173 | 3.49% | 1,429 | 6,372 |
| 2007 | 37,607,045 | - | - | 37,607,045 | 3.97% | 1,624 | 7,043 |
| 2006 | 36,389,023 | - | - | 36,389,023 | 3.85% | 1,576 | 6,725 |
| 2005 | 37,774,064 | - | - | 37,774,064 | 3.83% | 1,568 | 6,854 |

Sources:

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

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

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

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

| Fiscal Year | General Obligation Bonds (a) | Fund Balances Restricted for Debt Service | Net General Obligation Debt Outstanding | Percentage of Actual Taxable Value of Property | Per Capita |
|--------------------|-------------------------------------|--|--|---|-------------------|
| 2014 | \$ 21,786,574 | \$ (302,335) | \$ 21,484,239 | 0.84% | \$ 956 |
| 2013 | 24,933,232 | (1,311,307) | 23,621,925 | 0.93% | 1,058 |
| 2012 | 28,930,317 | (4,469,722) | 24,460,595 | 0.97% | 1,103 |
| 2011 | 31,677,808 | (3,828,701) | 27,849,107 | 1.02% | 1,251 |
| 2010 | 34,185,325 | (3,730,347) | 30,454,978 | 1.11% | 1,323 |
| 2009 | 31,360,374 | (3,661,877) | 27,698,497 | 1.01% | 1,196 |
| 2008 | 33,096,173 | (3,449,296) | 29,646,877 | 1.07% | 1,280 |
| 2007 | 37,607,045 | (3,412,070) | 34,194,975 | 1.22% | 1,477 |
| 2006 | 36,389,023 | (3,618,489) | 32,770,534 | 1.19% | 1,420 |
| 2005 | 37,774,064 | (3,167,920) | 34,606,144 | 1.36% | 1,437 |
| 2004 | 18,087,786 | (1,278,746) | 16,809,040 | 0.66% | 749 |

(a) Includes certificates of participation. Details regarding the District's outstanding debt can be found in the notes to the financial statements.

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

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014**

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Direct Debt and Estimated Share of Overlapping Debt |
|-----------------------------------|-------------------------|--|--|
| Direct debt: | | | |
| Hudson City School District | \$ 22,836,474 (a) | 100.00% | \$ 22,836,474 |
| Total direct debt | <u>22,836,474</u> | | <u>22,836,474</u> |
| Overlapping debt: | | | |
| City of Hudson | 43,049,000 | 99.63% | 42,889,719 |
| City of Cuyahoga Falls | 3,566,000 | 2.29% | 81,661 |
| Summit County | 43,145,000 | 7.85% | 3,386,883 |
| Metro Transit | <u>105,000</u> | 7.85% | <u>8,243</u> |
| Total overlapping debt | <u>89,865,000</u> | | <u>46,366,506</u> |
| Total direct and overlapping debt | <u>\$ 112,701,474</u> | | <u>\$ 69,202,980</u> |

Source: Ohio Municipal Advisory Council

Note: The District's share of the overlapping debt is calculated as the debt outstanding for each noted governmental unit multiplied by the estimated percentage applicable to the District. The percentage applicable to the District is calculated as the assessed valuation of the District's area contained within the noted governmental unit divided by the total assessed valuation of the governmental unit.

(a) Details regarding the District's outstanding debt can be found in the notes to the financial statements.

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

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

| Fiscal Year | Unvoted Debt Limit | Voted Debt Limit | Total Debt Applicable to Limit | Debt Service Available Balance | Net Debt Applicable to Limit | Voted Legal Debt Margin | Total Net Debt Applicable to Limit as a Percentage of Debt Limit |
|--------------------|---------------------------|-------------------------|---------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|---|
| 2014 | \$897,322 | \$ 80,758,994 | \$ 21,690,000 | \$ 302,335 | \$ 21,387,665 | \$ 59,371,329 | 26.48% |
| 2013 | 891,363 | 80,222,708 | 24,830,000 | 1,311,307 | 23,518,693 | 56,704,015 | 29.32% |
| 2012 | 885,534 | 79,698,074 | 28,885,000 | 4,469,722 | 24,415,278 | 55,282,796 | 30.63% |
| 2011 | 891,363 | 85,479,642 | 30,634,964 | 3,828,701 | 26,806,263 | 58,673,379 | 31.36% |
| 2010 | 947,791 | 85,301,216 | 31,606,086 | 3,730,347 | 27,875,739 | 57,425,477 | 32.68% |
| 2009 | 948,337 | 85,350,292 | 27,531,600 | 3,661,877 | 23,869,723 | 61,480,569 | 27.97% |
| 2008 | 897,950 | 80,815,484 | 28,167,134 | 3,449,296 | 24,717,838 | 56,097,646 | 30.59% |
| 2007 | 897,794 | 80,801,473 | 31,772,507 | 3,412,070 | 28,360,437 | 52,441,036 | 35.10% |
| 2006 | 930,068 | 83,706,091 | 29,439,692 | 3,618,489 | 25,821,203 | 57,884,888 | 30.85% |
| 2005 | 873,140 | 78,582,616 | 30,669,699 | 3,167,920 | 27,501,779 | 51,080,837 | 35.00% |

Legal Debt Margin Calculation for Fiscal Year 2014

| | |
|-----------------------------------|-----------------------------|
| Assessed value | \$ 897,322,160 |
| Debt limit (9% of assessed value) | 80,758,994 |
| Add: debt service fund equity | 302,335 |
| Less: debt applicable to limit | <u>(21,690,000)</u> |
| Legal debt margin | <u><u>\$ 59,371,329</u></u> |

Source: Summit County Fiscal Officer and District financial records

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

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

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

| Fiscal Year | Population (a) | Personal Income (a) | Per Capita Personal Income (a) | | Median Age (a) | School Enrollment (b) | Unemployment Rates (c) | | |
|--------------------|-----------------------|----------------------------|---------------------------------------|-----------------|-----------------------|------------------------------|-------------------------------|------|--|
| | | | Summit County | Ohio (d) | | | United States (d) | | |
| 2014 | 22,474 | \$ 1,143,881,652 | \$ 50,898 | 41.3 | 4,617 | 5.5% | 5.5% | 6.1% | |
| 2013 | 22,323 | 1,111,283,586 | 49,782 | 41.3 | 4,681 | 7.1% | 7.2% | 7.6% | |
| 2012 | 22,182 | 1,074,141,168 | 48,424 | 41.3 | 4,749 | 7.1% | 7.2% | 8.2% | |
| 2011 | 22,262 | 1,060,472,632 | 47,636 | 41.3 | 4,890 | 8.7% | 8.8% | 9.2% | |
| 2010 | 23,026 | 1,096,866,536 | 47,636 | 41.3 | 4,972 | 9.4% | 10.5% | 9.5% | |
| 2009 | 23,154 | 947,345,910 | 40,915 | 38.9 | 4,913 | 10.5% | 11.1% | 9.5% | |
| 2008 | 23,154 | 947,345,910 | 40,915 | 38.9 | 5,194 | 6.2% | 6.6% | 5.5% | |
| 2007 | 23,154 | 947,345,910 | 40,915 | 38.9 | 5,340 | 5.2% | 5.7% | 4.6% | |
| 2006 | 23,084 | 944,481,860 | 40,915 | 38.9 | 5,411 | 5.3% | 5.6% | 4.6% | |
| 2005 | 24,089 | 985,601,435 | 40,915 | 38.9 | 5,511 | 5.4% | 5.9% | 5.0% | |

Sources/Notes:

(a) U.S. Census Bureau; City of Hudson estimates for the calendar year prior to the fiscal year listed (information is available on a calendar year basis only). Median age is from the latest census.

(b) District records

(c) June Ohio Labor Market Information, Ohio Department of Job and Family Services

(d) Seasonally adjusted

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

PRINCIPAL EMPLOYERS
DECEMBER 31, 2013 AND DECEMBER 31, 2006

| Employer | December 31, 2013 | |
|----------------------------------|--------------------------|--|
| | Employees | Percentage of Total City Employment |
| Allstate Insurance Company | 1,460 | 11.25% |
| Jo-Ann Stores Supply Chain | 1,223 | 9.43% |
| Hudson City School District | 980 | 7.55% |
| Little Tikes Company | 626 | 4.83% |
| City of Hudson | 352 | 2.71% |
| Laurel Lake Retirement Community | 326 | 2.51% |
| Western Reserve Academy | 249 | 1.92% |
| Windstream Communications, Inc. | 242 | 1.87% |
| Lexi-Comp Inc. | 166 | 1.28% |
| WBC Group LLC | 155 | 1.19% |
| Total | <u>5,779</u> | <u>44.54%</u> |
| Total Employment within the City | <u>12,974</u> | |
| December 31, 2006 | | |
| Employer | Employees | |
| Jo-Ann Stores Inc. | 1,800 | |
| Allstate Insurance Company | 1,500 | |
| Rubbermaid Inc. | 1,400 | |
| Hudson City School District | 796 | |
| Laurel Lakes | 400 | |
| Windstream Communications Inc. | 291 | |
| Western Reserve Academy | 230 | |
| City of Hudson | 208 | |
| Flood Company | 100 | |
| Lexi-Comp Inc. | 99 | |
| Total | <u>6,824</u> | |

Source: City of Hudson records.

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

Information is available on a calendar year basis only.

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

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

| Type | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Professional Staff: | | | | | | | | | | |
| Teaching Staff: | | | | | | | | | | |
| Elementary | 109 | 116 | 116 | 128 | 135 | 138 | 135 | 135 | 138 | 136 |
| Middle | 67 | 69 | 71 | 82 | 83 | 83 | 82 | 82 | 88 | 87 |
| High | 95 | 94 | 99 | 106 | 109 | 111 | 107 | 105 | 105 | 105 |
| Tutors | 25 | 20 | 19 | 19 | 18 | 23 | 25 | 24 | 22 | 20 |
| Others | 4 | 4 | 4 | 3 | 3 | 2 | 4 | 3 | 3 | 1 |
| Administration: | | | | | | | | | | |
| District | 25 | 25 | 26 | 27 | 29 | 28 | 30 | 29 | 31 | 31 |
| Auxiliary Positions: | | | | | | | | | | |
| Counselors | 13 | 13 | 13 | 12 | 12 | 12 | 12 | 12 | 11 | 16 |
| Speech | 10 | 9 | 9 | 9 | 10 | 13 | 9 | 10 | 10 | 9 |
| Mental Health Specialists | 10 | 8 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Other | 29 | 27 | 27 | 29 | 28 | 31 | 29 | 29 | 29 | 25 |
| Support Staff: | | | | | | | | | | |
| Secretarial | 45 | 48 | 46 | 46 | 46 | 49 | 51 | 49 | 50 | 49 |
| Aides | 90 | 92 | 89 | 94 | 91 | 95 | 88 | 71 | 74 | 76 |
| Hall monitor/Security | 13 | 11 | 11 | 11 | 10 | 10 | 11 | 10 | 13 | 12 |
| Food service | 21 | 21 | 21 | 23 | 23 | 26 | 26 | 24 | 26 | 25 |
| Custodial | 32 | 32 | 34 | 33 | 33 | 32 | 33 | 33 | 33 | 33 |
| Maintenance | 10 | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 10 |
| Bus Driver | - | - | - | - | - | - | - | - | 36 | 33 |
| Mechanics | - | - | - | - | - | - | - | - | 3 | 3 |
| Other | 2 | 2 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 |
| Total | 600 | 600 | 604 | 642 | 650 | 673 | 663 | 637 | 694 | 682 |
| Function | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Instruction: | | | | | | | | | | |
| Regular | 223 | 226 | 228 | 254 | 265 | 268 | 262 | 264 | 273 | 273 |
| Special | 73 | 73 | 76 | 78 | 77 | 84 | 84 | 77 | 74 | 70 |
| Vocational | 1 | 1 | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Other | 3 | 3 | 4 | 3 | 3 | 2 | 4 | 5 | 5 | 3 |
| Support Services: | | | | | | | | | | |
| Pupil | 54 | 49 | 47 | 50 | 48 | 52 | 47 | 47 | 46 | 44 |
| Instructional staff | 109 | 109 | 107 | 112 | 110 | 115 | 109 | 91 | 96 | 101 |
| Administration | 61 | 65 | 64 | 64 | 64 | 66 | 70 | 68 | 70 | 69 |
| Fiscal | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 6 | 6 |
| Business | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Operations and maintenance | 43 | 41 | 44 | 43 | 43 | 43 | 44 | 44 | 87 | 80 |
| Central | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Food service | 21 | 21 | 21 | 23 | 23 | 26 | 26 | 24 | 26 | 25 |
| Total Governmental Activities | 600 | 600 | 604 | 642 | 650 | 673 | 663 | 637 | 694 | 682 |

Source: School District records

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

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

| Function | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction: | | | | | | | | | | |
| Regular and Special | | | | | | | | | | |
| Enrollment (students) | 4,617 | 4,681 | 4,749 | 4,890 | 4,972 | 4,913 | 5,194 | 5,340 | 5,411 | 5,511 |
| Graduates | 398 | 405 | 416 | 427 | 438 | 413 | 419 | 423 | 428 | 396 |
| Support services: | | | | | | | | | | |
| Administration | | | | | | | | | | |
| Student attendance rate | 96.30% | 96.00% | 96.40% | 96.10% | 95.90% | 96.10% | 96.20% | 96.20% | 95.90% | 95.80% |
| Food service operations: | | | | | | | | | | |
| Number of students with free or reduced lunches | 249 | 241 | 231 | 245 | 195 | 174 | 84 | 120 | 108 | (a) |

Source: District records

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

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

**CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Land | \$ 1,032,204 | \$ 1,032,204 | \$ 1,032,204 | \$ 1,032,204 | \$ 1,032,204 |
| Construction in progress | 523,955 | - | - | - | 1,614,430 |
| Land improvements | 4,329,314 | 4,375,993 | 705,203 | 620,291 | 654,617 |
| Buildings and improvements | 45,605,270 | 45,512,554 | 44,852,263 | 45,681,260 | 44,641,696 |
| Furniture, fixtures and equipment | 3,425,574 | 3,098,322 | 2,880,583 | 2,622,006 | 1,892,296 |
| Vehicles | 1,138,088 | 1,131,940 | 1,299,524 | 1,127,057 | 699,189 |
| Computer software | 243,345 | 352,637 | - | - | - |
| Total Governmental Activities | | | | | |
| Capital Assets, net | <u>\$ 56,297,750</u> | <u>\$ 55,503,650</u> | <u>\$ 50,769,777</u> | <u>\$ 51,082,818</u> | <u>\$ 50,534,432</u> |

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

| 2009 | 2008 | 2007 | 2006 | 2005 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ 1,032,204 | \$ 1,032,204 | \$ 1,032,204 | \$ 1,032,204 | \$ 1,032,204 |
| - | - | 1,175,722 | 5,966,981 | - |
| 728,050 | 579,437 | 555,802 | 583,272 | 642,824 |
| 45,883,889 | 46,621,347 | 43,593,167 | 26,707,512 | 27,491,199 |
| 2,033,947 | 1,912,037 | 1,564,094 | 1,746,614 | 1,891,468 |
| 802,775 | 901,250 | 1,038,843 | 1,263,490 | 1,423,467 |
| - | - | - | - | - |
| <u>\$ 50,480,865</u> | <u>\$ 51,046,275</u> | <u>\$ 48,959,832</u> | <u>\$ 37,300,073</u> | <u>\$ 32,481,162</u> |

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Evamere Elementary | | | | | | | |
| Square feet | 59,847 | 59,847 | 59,847 | 59,847 | 59,847 | 59,847 | 59,847 |
| Enrollment | 556 | 518 | 568 | 564 | 566 | 606 | 599 |
| Hudson Elementary | | | | | | | |
| Square feet | - | - | - | - | - | - | - |
| Enrollment | - | - | - | - | - | - | - |
| McDowell Elementary | | | | | | | |
| Square feet | 56,800 | 56,800 | 56,800 | 56,800 | 56,800 | 56,800 | 56,800 |
| Enrollment | 344 | 287 | 329 | 330 | 319 | 366 | 372 |
| Ellsworth Hill Elementary | | | | | | | |
| Square feet | 64,411 | 64,411 | 64,411 | 64,411 | 64,411 | 64,411 | 64,411 |
| Enrollment | 328 | 405 | 352 | 396 | 402 | 388 | 415 |
| East Woods School | | | | | | | |
| Square feet | 139,900 | 139,900 | 139,900 | 139,900 | 139,900 | 139,900 | 139,900 |
| Enrollment | 660 | 688 | 679 | 718 | 747 | 757 | 788 |
| Hudson Middle School | | | | | | | |
| Square feet | 190,432 | 190,432 | 190,432 | 190,432 | 190,432 | 190,432 | 190,432 |
| Enrollment | 1,089 | 1,121 | 1,165 | 1,193 | 1,192 | 1,238 | 1,255 |
| Hudson High School | | | | | | | |
| Square feet | 342,620 | 342,620 | 342,620 | 342,620 | 342,620 | 342,620 | 342,620 |
| Enrollment | 1,640 | 1,662 | 1,656 | 1,689 | 1,746 | 1,757 | 1,765 |

Source: District records

Notes:

Square footage excludes temporary modular classrooms.

Enrollment figures are based upon the official October count. The District typically experiences an increase in students as the year progresses.
Evamere Elementary School's enrollment includes Kindergarten students attending on a half-time basis.

| 2007 | 2006 | 2005 |
|-------------|-------------|-------------|
| 47,897 | 47,897 | 47,897 |
| 705 | 710 | 721 |
| 27,428 | 27,428 | 27,428 |
| 232 | 233 | 243 |
| 56,800 | 56,800 | 56,800 |
| 513 | 513 | 510 |
| - | - | - |
| - | - | - |
| 139,900 | 139,900 | 139,900 |
| 768 | 769 | 808 |
| 190,432 | 190,432 | 190,432 |
| 1,783 | 1,336 | 1,355 |
| 330,000 | 330,000 | 330,000 |
| 1,783 | 1,767 | 1,772 |

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

**TEACHER STATISTICS
AS OF JUNE 30, 2014**

| Degree | Number of Teachers | Percentage of Total | Pay Range |
|---------------------------------------|--------------------------|---------------------------|---------------------|
| Associates and/or High School Diploma | 1.00 | 0.37% | (a) |
| Bachelor's Degree | 33.94 | 12.51% | \$39,123 - \$75,398 |
| Master's Degree | 234.39 | 86.39% | \$42,679 - \$93,895 |
| Ph.D. | 2.00 | 0.74% | \$48,368 - \$97,808 |
| | <u>271.33</u> | <u>100.00%</u> | |

| Years of Experience | Number of Teachers | Percentage of Total |
|---------------------|--------------------------|---------------------------|
| 0 - 5 | 24.84 | 9.15% |
| 6 - 10 | 44.05 | 16.23% |
| 11 and over | 202.44 | 74.61% |
| | <u>271.33</u> | <u>100.00%</u> |

Source: School District Personnel Records

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

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

**OPERATING STATISTICS
LAST TEN FISCAL YEARS**

| Fiscal Year | General Government | | Governmental Activities | | Enrollment | Percent Change |
|--------------------|---------------------------|-----------------------|--------------------------------|-----------------------|-------------------|-----------------------|
| | Expenditures (a) | Cost per pupil | Expenses (a) | Cost per pupil | | |
| 2014 | \$ 63,939,362 | \$ 13,849 | \$ 62,998,894 | \$ 13,645 | 4,617 | -1.37% |
| 2013 | 64,339,073 | 13,745 | 65,900,682 | 14,078 | 4,681 | -1.43% |
| 2012 | 63,122,664 | 13,292 | 62,972,686 | 13,260 | 4,749 | -2.88% |
| 2011 | 68,446,539 | 13,997 | 66,530,575 | 13,605 | 4,890 | -1.65% |
| 2010 | 70,912,494 | 14,262 | 71,168,613 | 14,314 | 4,972 | 1.20% |
| 2009 | 66,064,474 | 13,447 | 65,844,328 | 13,402 | 4,913 | -5.41% |
| 2008 | 66,895,889 | 12,879 | 65,450,964 | 12,601 | 5,194 | -2.73% |
| 2007 | 73,323,546 | 13,731 | 63,420,394 | 11,876 | 5,340 | -1.31% |
| 2006 | 63,055,450 | 11,653 | 61,486,020 | 11,363 | 5,411 | -1.81% |
| 2005 | 55,393,966 | 10,052 | 58,436,379 | 10,604 | 5,511 | -1.61% |

Source: District records

(a) Debt Service totals have been excluded.

(b) The Pupil/Teacher Ratio for fiscal years 2009 through 2014 was not available.

| Teaching Staff | Pupil/Teacher Ratio | Student Attendance Percentage |
|-----------------------|----------------------------|--------------------------------------|
| 342 | (b) | 96.30% |
| 342 | (b) | 96.00% |
| 345 | (b) | 96.40% |
| 381 | (b) | 96.10% |
| 397 | (b) | 95.90% |
| 399 | (b) | 96.10% |
| 392 | 17.87 | 96.20% |
| 396 | 18.42 | 96.20% |
| 430 | 18.20 | 95.90% |
| 436 | 18.76 | 95.80% |

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Dave Yost • Auditor of State

HUDSON CITY SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
JANUARY 22, 2015