COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

HUDSON CITY
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2013

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, 2013

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HUDSON CITY SCHOOL DISTRICT
2386 Hudson-Aurora Road
Hudson, OH 44236-2322
330-653-1270
330-656-2292 FAX

December 30, 2013

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, 2013. 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 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". In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the District, the primary government and its potential component units.

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

The District And Its Facilities

The District serves an area of approximately 31 square miles in and around the City of Hudson (the "City"). It is located in Summit County, approximately 28 miles southeast of downtown Cleveland and 14 miles north of Akron. The District is 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 2013 was 4,681 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 7.2 percent in June 2013, and the nation's unemployment rate for the same period was 7.6 percent. Additionally, June 2013 employment in the Akron area was 349,200 with an unemployment rate of 7.1 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 64 percent of its total operating revenues from local property tax collections. Therefore, the long-term financial health of the District is very dependent on its tax base. Tax rates are certified by the Summit County Fiscal Officer's Office and Board of Education approved. This year's rates were Board approved on April 8, 2013.

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 recent decisions resulting from long range planning are the construction of new security entrances at school buildings.

Organization Of The District

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

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

Principal Officials

BOARD MEMBERS – as of 6-30-13

Name	Began	Expires	Profession
Steven DiMauro (Vice-President)	01-01-08	12-31-13	Industry Solutions Executive IBM
Patricia Engelman	01-01-10	12-31-13	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	12-31-13	Retired Telecommunications Manager

ADMINISTRATION – as of 6-30-13

Name	Position
Steven Farnsworth	Superintendent
Kathryn Sines	Treasurer
Phillip Herman	Assistant Superintendent
Kelly Kempf	Director of Pupil Services
Mark Leventhal	Supervisor of Special Services
Doreen Osmun	Director of Curriculum & Instruction
Derek Cluse	Business Manager

Employee Relations

The District currently has approximately 600 full-time equivalent 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 2012-13 fiscal year, the District's fleet of 54 buses traveled 3,000 miles each day providing transportation services to 2,518 public and 138 private and parochial students. The Nutrition Services Department served an average of 2,472 meals daily for a total of 445,000 meals annually through the District's school lunchrooms.

In addition to transportation and school lunch support services offered to children in the District, guidance, special education, (including school psychology services) and health services are available free of charge. Guidance services support the school environment and are designed to help students achieve a well-adjusted social life. Special education services, including school psychology services, are provided for all 14 federal disability categories ranging from preschool-age students through high school. Health services consist of the staffing of school clinics with R.N. or L.P.N. level nurses and health promotion classes.

At the center of the District's services are the instructional programs. The District offers regular instructional programs daily to students in grades pre-kindergarten to twelve. The District served approximately 737 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 2013

District Recognitions

Using Ohio's new reporting system for school achievement, Hudson earned an A in overall student growth!
Hudson has a performance index score of 108.4, which is the 11th highest out of 610 districts.
Hudson ranked 10th in the state of Ohio among 610 districts in regards to overall student growth.
Hudson ranked 4th in the state of Ohio among 610 school districts in regards to overall student growth for our gifted and talented population!
Eighteen students from the class of 2013 were National Merit Recognized Scholars, with 5 semi-finalists.
US Department of Education Blue Ribbon Award: Hudson High School (a five year distinction).
Hudson is one of 539 districts across the US and Canada honored by the College Board with placement on the 3rd Annual AP Honor Roll.
Ranked in the top 1% in the nation by the Newsweek Magazine for AP curriculum.
574 students took a total of 1477 AP exams with 75% scoring 3 or higher.
Class of 2013 accepted $8.2 million in scholarships and $260,000 from local organizations and endowments in the Hudson Community.
Class of 2013 ACT composite score of 25.9 State of Ohio average 21.1.
Professional Learning Community Concept fully implemented preschool through grade 12: this format allows job-embedded professional time for teachers to collaborate and plan to meet the individual needs of the students.
Participants to Race to the Top initiatives and staff serve on several pilot projects. Hudson asked to present information at state level meeting regarding our work we have accomplished in instruction.
Federal programs audited: Title One, Title III, Title IIID and Gifted Education found all areas meet federal compliance requirements.
Entrepreneurial Projects including the start-up Cottage Industry for high school students with disabilities funded by the Burton D. Morgan Foundation.
Mental Health Professional Development by the Margaret Clark Morgan Foundation.
Hosted and participated in the Science and Entrepreneurial Conference/SEE.
Fifth grade team engaged in National Lemonade Day to promote entrepreneurial education.
Over 125 students participated in the National RTA Reflections program.
High School Service learning class named a model for service learning. Students served over 15,000 hours last year.
Implemented tuition based all-day kindergarten.
Teacher development of the Flipped Classroom; Hudson's version of Kahn Academy.
Awarded a Federal Safe Routes to School Grant to promote student wellness initiatives, as well as improving the infrastructure.
Hudson offers many leadership opportunities for our students. Steven Covey's Leader in Me process implemented at Ellsworth Hill Elementary.
Middle School Team awarded with several honors at the National Middle Level Conference for Best Use of Instructional Time/Scheduling and Advisor-Advisee programming for students.
Student Council leadership projects implemented at Hudson Middle School.
Continue to work with several Hudson organizations to promote student growth, academic excellence and promotion of the arts.
Several high school students awarded Scholastic Awards in Visual Arts, Photography.
Hudson Chamber Orchestra played at Carnegie Hall in New York City.

Hudson Swing Choir performed and trained at Carnegie Hall in New York City.
Partner with five other districts to provide vocational programs for students.

Language Arts Curricular Initiatives

- Common Core Standards in English Language Arts implemented
- Linda Hoyt – Nonfiction writing at grades kindergarten through 5
- Writers' Workshop Core team developed
- Elevating Writing Project at high school
- Professional development on Value-Added data
- Parent Literacy Nights
- Implementation of new reading diagnostic assessment
- After school reading intervention provided in grades 3-5
- Extended hours at the high school for the math and reading lab
- Reading intervention provided for students not on track in grades K-5 by a reading specialist
- Power of the Pen Winners at the District and state level competitions.
- Co-teaching model English 9 for students with disabilities
- eBook lending for grades 6-12

Mathematics

- Common Core Mathematics implemented K-8
- Accelerated Geometry for high school honors credit offered at middle school
- Formal Algebra I offered at middle school level
- Calculus III offered through Kent State University
- Professional development for Common Core standards
- Professional development in differentiation and the math workshop

Social Studies Curricular Initiatives

- Common pacing and assessments for high school courses
- Analyzing Ohio Graduation Test data to inform instruction
- Professional development on critical reading and writing standards in social studies
- Entrepreneurship Conference
- Review of course sequence at the high school
- Integration of Financial Literacy

Science

- Providing on-site environmental and diverse learning facility and nature preserves
- Implementation and action steps for US EPA 319 Stream Restoration Grant
- High School Course Alignment for the Ohio Core continues
- Community Science mentor programs
- Science Olympiad High School Science Team
- Middle and High School Science Fairs
- 7th grade field trips to Cuyahoga Valley Environmental Education Center

K-12 Technology/Media Initiatives

- Improved technology infrastructure in preparation for Bring Your Own Device
- Implemented Bring Your Own Device for students in grades 6-12
- Implemented Google Apps for Educators for students and teachers
- Computer lab added at East Woods Elementary

- Phased in implementation of 6 year replacement cycle for desktop computers and 4 year replacement cycle of laptops, with purchase of many
- HS science laptops purchased (6 per classroom) for use with Vernier Probes for labs
- IPad project implementation in grades preschool, kindergarten and grade 1
- Facilitated on-line forms for parents and staff
- Supported e-Flyers program for district
- Conducted data pilots prior to purchasing classroom technology
- Look for/submit further grants for the District
- Increased curricular/academic presence on web
- Create parent and teacher pathfinders for internet safety issues
- Increased use of Web 2.0 tools (blogs, wikis, podcasting) via pathfinders, before and after school in-service programs and graduate classes

Special Education Initiatives

- Co-Teaching models in high school English classes
- Professional Development with Special Education staff focus on research based practices
- Integrated preschool for students with disabilities and their peers
- Crisis Prevention Intervention training for appropriate staff members
- Legal issues update for all district administrators
- Instructional Aide in-service opportunities continue book study.
- Instructional Aide in-service with all district aides
- Provided Extended School Year Services Evaluate nursing and health services
- Participate in Ohio Center for Autism and Low Incidence training and had several staff members present at state level conference
- Continued implementation of Adaptive PE program
- Continue to provide staff professional development on federal regulations regarding 504 plans for students
- Support office of curriculum and instruction in the development and implementation of Response to Intervention across all buildings

Gifted and Talented

- Students who qualify receive direct service from a Gifted Intervention Specialist in grades 3-8
- Grade and single-subject accelerations resulted from many hours of teamwork (teachers, parents, administrators, GISs) and Intervention Assistance Team meetings
- Acceleration opportunity for all students in mathematics in grade 6

General Information:

- Credit Flex procedures for students who are eligible for high school credit
- District wide Response to Intervention
- Summer school offerings including on-line course work
- Comprehensive Anti-Bullying program developed K-12
- Response to Intervention framework is systemic
- Continue to offer band and orchestra starting in grade 4 and continue through grade 12
- Offer 22 AP courses at the high school
- Implemented Chinese III as a world language at the high school and Chinese I in Middle School
- Continue to develop challenging electives at the high school so students may have opportunities for extended learning through a preferred discipline

Financial Reporting

For the fiscal year ended June 30, 2013, 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 2013. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Financial Information

Internal Accounting and Budgetary Control

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

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

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

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

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

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

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. As an additional safeguard, all employees are covered by a blanket bond and certain individuals in policy-making roles are covered by a separate, higher limit bond. The basis of accounting and the various funds utilized by the District are fully described in Note 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 2013 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, 2012. This was the fourteenth 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, 2012. This was the fourteenth 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, 2013, 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.

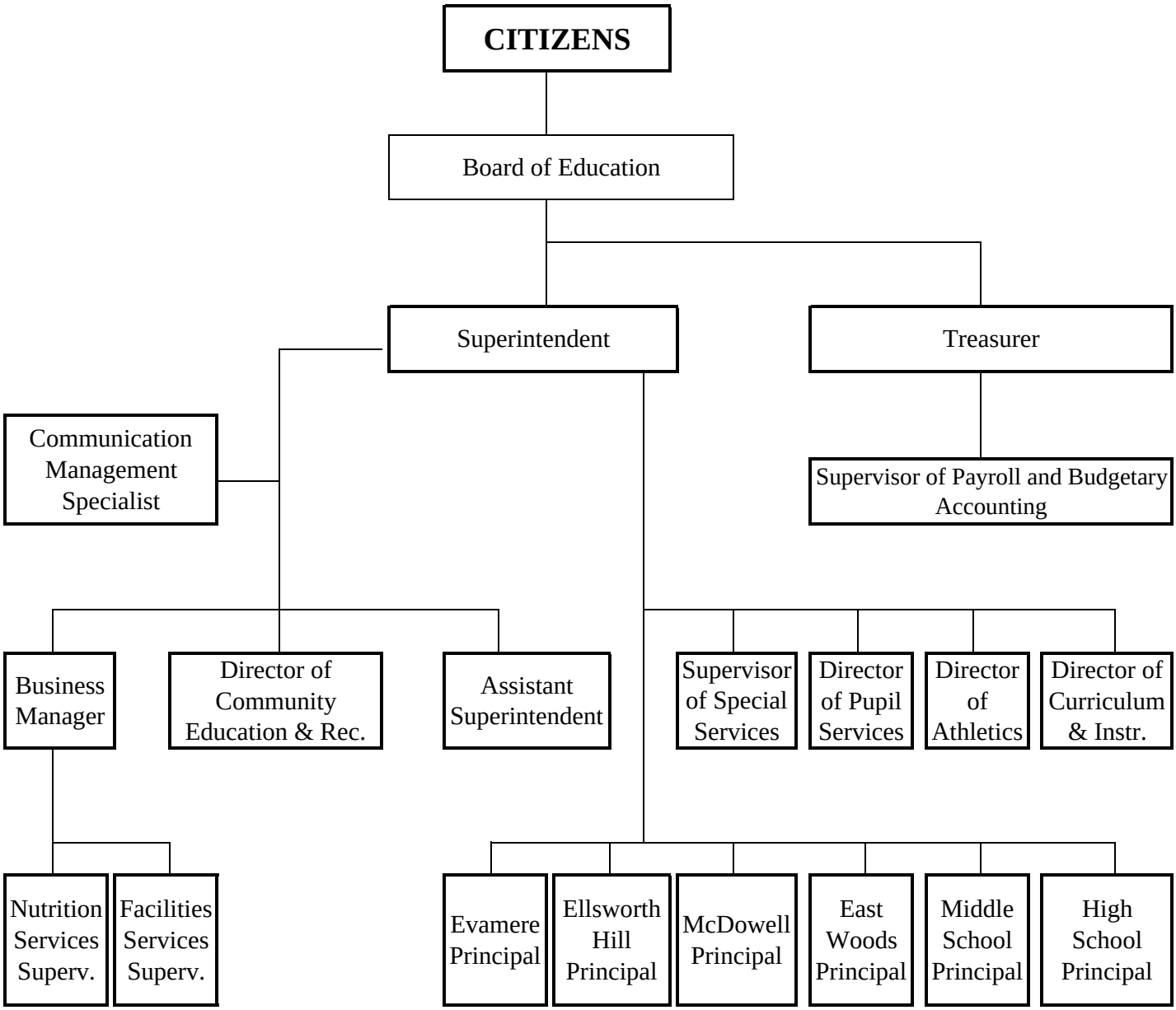
The preparation and publication of this Comprehensive Annual Financial Report on a timely basis could not have been possible without the cooperation of the entire staff of the Treasurer's Office. Additional appreciation is extended to Mr. Derek Cluse, Business Manager, for maintaining the District's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

Respectfully submitted,

Kathryn L. Sines	Phillip Herman
Treasurer	Superintendent

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

Organizational 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, 2012

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, 2012

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

Ron McCulley, CPPB, RSBO
President

John D. Musso, CAE, RSBA
Executive Director

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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 Hudson City School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2013, 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.

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001
www.ohioauditor.gov

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 Hudson City School District, Summit County, Ohio, as of June 30, 2013, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

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* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013 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 30, 2013

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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, 2013. 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 2013 are as follows:

- In total, net position increased $7,557,310. Net position of governmental activities increased $7,437,696, which represents an 18.10% increase from 2012. Net position of business-type activities increased $119,614 or 19.46% from 2012.

- Total governmental activities revenues were $74,917,994. General revenues related to governmental activities accounted for $61,651,010 in revenue or 82.29% 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 $13,266,984 or 17.71% of total revenues.

- The District had $67,480,298 in expenses related to governmental activities; only $13,266,984 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $61,651,010 were adequate to provide for these programs.

- The District had $1,216,037 in expenses related to business-type activities; program specific revenues in the form of charges for services of $1,291,244 were adequate to provide for these programs. Business-type activities also received general revenues of $44,407 in the form of grants.

- The District's only major governmental fund is the general fund. The general fund had $58,942,617 in revenues and other financing sources and $57,103,971in expenditures and other financing uses. This resulted in an increase in fund balance of $1,838,646 from $8,404,356 to $10,243,002.

- The District issued certificates of participation (COPs) debt during the year in order to refinance at a lower interest rate the previously issued COPs outstanding. This refunding resulted in net present value savings of $732,427.

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.

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 2013?" 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 17 - F 19 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 12. 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 20 - F 24 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages F 25 - F 27 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 28 - F 29. 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 31 - F 63 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 2013 and 2012. The 2012 amounts for liabilities and deferred inflows have been reclassified to conform to 2013 presentation.

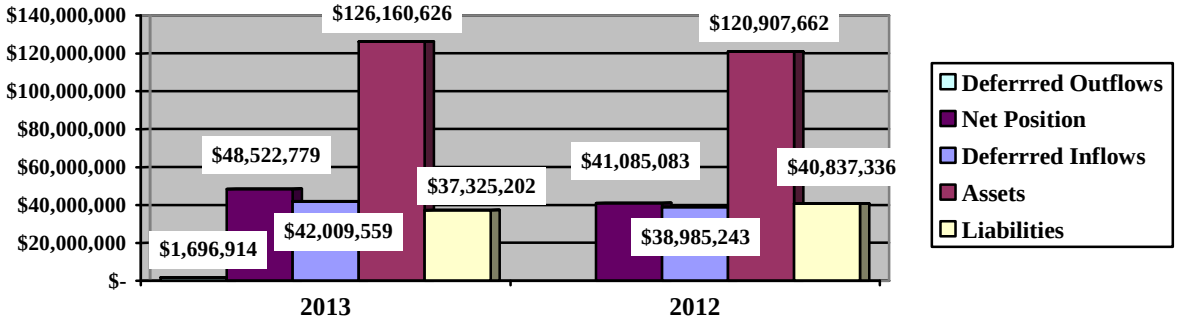
HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

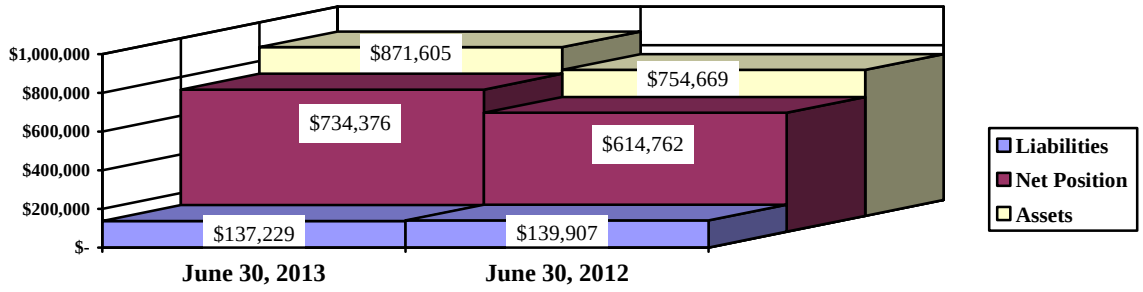
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	$ 70,656,976	$ 70,137,885	$ 871,605	$ 754,669	$ 71,528,581	$ 70,892,554
Capital assets	55,503,650	50,769,777	-	-	55,503,650	50,769,777
Total assets	126,160,626	120,907,662	871,605	754,669	127,032,231	121,662,331
Deferred outflows	1,696,914	-	-	-	1,696,914	-
Liabilities						
Current liabilities	8,042,099	8,436,165	109,815	114,844	8,151,914	8,551,009
Long-term liabilities	29,283,103	32,401,171	27,414	25,063	29,310,517	32,426,234
Total liabilities	37,325,202	40,837,336	137,229	139,907	37,462,431	40,977,243
Deferred inflows	42,009,559	38,985,243	-	-	42,009,559	38,985,243
Net Position						
Net investment in capital assets	33,552,876	23,427,664	-	-	33,552,876	23,427,664
Restricted	4,604,254	6,910,143	-	-	4,604,254	6,910,143
Unrestricted	10,365,649	10,747,276	734,376	614,762	11,100,025	11,362,038
Total net position	$ 48,522,779	$ 41,085,083	$ 734,376	$ 614,762	$ 49,257,155	$ 41,699,845

Governmental Activities



Business-Type - Net Position



The table below shows the changes in net position for fiscal years 2013 and 2012.

Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services and sales	$ 3,116,240	$ 2,935,854	$1,291,244	$1,342,133	$ 4,407,484	$ 4,277,987
Operating grants and contributions	4,091,081	3,956,096	-	-	4,091,081	3,956,096
Capital grants and contributions	6,059,663	35,181	-	-	6,059,663	35,181
General revenues:						
Property taxes	41,922,913	39,680,791	-	-	41,922,913	39,680,791
Payments in lieu of taxes	349,063	314,000	-	-	349,063	314,000
Grants and entitlements	19,104,616	19,770,571	44,407	-	19,149,023	19,770,571
Investment earnings	58,911	174,389	-	-	58,911	174,389
Miscellaneous	215,507	251,152	-	-	215,507	251,152
Total revenues	74,917,994	67,118,034	1,335,651	1,342,133	76,253,645	68,460,167

-Continued

Change in Net Position (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Expenses						
Program expenses:						
Instruction:						
Regular	28,142,699	27,296,776	-	-	28,142,699	27,296,776
Special	6,518,659	6,198,419	-	-	6,518,659	6,198,419
Vocational	265,708	263,974	-	-	265,708	263,974
Other	1,211,810	1,327,522	-	-	1,211,810	1,327,522
Support services:						
Pupil	4,959,355	5,029,365	-	-	4,959,355	5,029,365
Instructional staff	4,475,298	4,744,431	-	-	4,475,298	4,744,431
Board of education	44,337	48,947	-	-	44,337	48,947
Administration	4,294,431	4,201,741	-	-	4,294,431	4,201,741
Fiscal	2,029,663	1,488,463	-	-	2,029,663	1,488,463
Business	599,758	583,773	-	-	599,758	583,773
Operations and maintenance	5,820,731	4,758,948	-	-	5,820,731	4,758,948
Pupil transportation	4,122,142	3,818,376	-	-	4,122,142	3,818,376
Central	495,129	422,134	-	-	495,129	422,134
Operation of non-instructional services:						
Food service	1,489,944	1,485,582	-	-	1,489,944	1,485,582
Other non-instructional services	22,872	16,603	-	-	22,872	16,603
Extracurricular activities	1,408,146	1,287,632	-	-	1,408,146	1,287,632
Interest on long-term debt	1,579,616	1,377,679	-	-	1,579,616	1,377,679
Community education	-	-	1,216,037	1,196,799	1,216,037	1,196,799
Total expenses	67,480,298	64,350,365	1,216,037	1,196,799	68,696,335	65,547,164
Special item - termination payment	-	511,000	-	-	-	511,000
Changes in net position	7,437,696	3,278,669	119,614	145,334	7,557,310	3,424,003
Net position at beginning of year	41,085,083	37,806,414	614,762	469,428	41,699,845	38,275,842
Net position at end of year	$ 48,522,779	$ 41,085,083	$ 734,376	$ 614,762	$ 49,257,155	$ 41,699,845

Governmental Activities

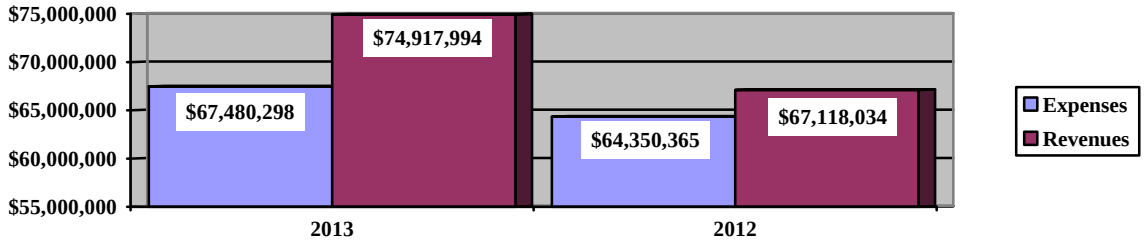
Net position of the District's governmental activities increased $7,437,696. Program revenues supported 19.66% of the total governmental expenses.

Total revenues for governmental activities increased $7,799,960 or 11.62%. Most of this increase is a result of the donation of Hudson Memorial Stadium from the Hudson City Schools Foundation. The donation, approximately $5.9 million, is reported as a capital contribution. The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 81.46% of total governmental revenue. Property taxes revenue increased $2,242,122 or 5.65% as both current and delinquent collections increased. The most significant decrease in revenues was for unrestricted grants and entitlements, which decreased $665,955 or 3.37% which is mostly due to the phase-out of tangible personal property tax reimbursements from the State.

The largest expense of the District is for instructional programs. Instruction expenses totaled $36,138,876 or 53.55% of total governmental expenses for fiscal year 2013. Total expenses increased $3,129,933 or 4.86%. This is due in part to increased expenses for maintenance and upkeep of the District's facilities. An increase in depreciation expense accounts for approximately one-third of the increase in expenses. This is the result of new capital acquisitions by the District.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2013 and 2012.

Governmental Activities - Revenues and Expenses



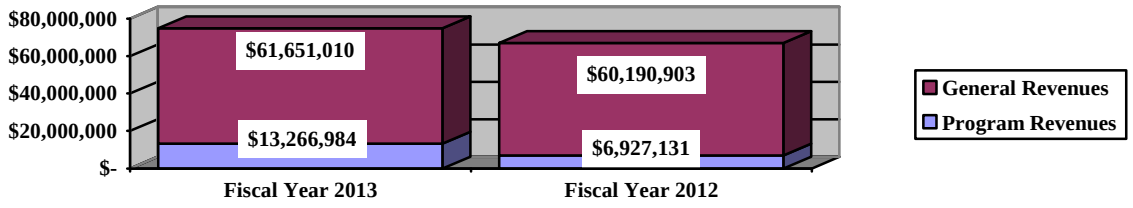
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2013 and 2012. That is, it identifies the cost of these services supported by taxes revenue and unrestricted grants and entitlements.

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Program expenses:				
Instruction:				
Regular	$ 28,142,699	$ 25,554,412	$ 27,296,776	$ 25,211,072
Special	6,518,659	5,587,940	6,198,419	5,504,596
Vocational	265,708	233,834	263,974	232,387
Other	1,211,810	1,192,163	1,327,522	1,308,910
Support services:				
Pupil	4,959,355	3,996,729	5,029,365	4,097,360
Instructional staff	4,475,298	4,161,397	4,744,431	4,392,812
Board of education	44,337	44,337	48,947	48,947
Administration	4,294,431	4,067,211	4,201,741	3,878,086
Fiscal	2,029,663	2,029,663	1,488,463	1,488,463
Business	599,758	599,758	583,773	583,773
Operations and maintenance	5,820,731	5,811,085	4,758,948	4,722,272
Pupil transportation	4,122,142	4,122,142	3,818,376	3,817,610
Central	495,129	495,129	422,134	422,134
Operation of non-instructional services				
Food service operations	1,489,944	(18,364)	1,485,582	(7,658)
Other non-instructional services	22,872	3,532	16,603	(313)
Extracurricular activities	1,408,146	(5,247,270)	1,287,632	345,104
Interest on long-term debt	1,579,616	1,579,616	1,377,679	1,377,679
Total expenses	$ 67,480,298	$ 54,213,314	$ 64,350,365	$ 57,423,234

The dependence upon tax revenues during fiscal year 2013 for governmental activities is apparent, as 90.12% of 2013 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 80.34% in 2013. 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 2013 and 2012.

Governmental Activities - General and Program Revenues



Business-Type Activities

Business-type activities include the District's community education program which had operating revenues of $1,291,244 and operating expenses of $1,216,037 for fiscal year 2013. Although revenues decreased compared to the prior year, the program reported operating income of $75,207. Nonoperating revenues consisted of $44,407 in grants. The change in net position for the fiscal year was an increase of $119,614. 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 20) reported a combined fund balance of $14,808,296, which is $1,527,997 or 9.35% lower than last year's total of $16,336,293. The schedule below indicates the fund balance as of June 30, 2013 and 2012, and the total change in fund balance.

	Fund Balance June 30, 2013	Fund Balance June 30, 2012	Increase (Decrease)
General fund	$ 10,243,002	$ 8,404,356	$ 1,838,646
Nonmajor governmental funds	4,565,294	7,931,937	(3,366,643)
Total	$ 14,808,296	$ 16,336,293	$ (1,527,997)

General Fund

The District's general fund balance increased $1,838,646. 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 16.18% of total general fund expenditures, while total fund balance represents 18.05% of that same amount.

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

	2013 Amount	2012 Amount	Percentage Change
Revenues			
Taxes	$ 38,836,634	$ 37,435,368	3.74 %
Payments in lieu of taxes	349,063	314,000	11.17 %
Tuition	703,700	205,244	242.86 %
Interest earnings	49,929	53,551	(6.76) %
Intergovernmental	17,613,236	18,417,942	(4.37) %
Other revenues	1,041,183	1,368,427	(23.91) %
Total	$ 58,593,745	$ 57,794,532	1.38 %

The increase in tuition revenue is primarily due to revenues from the District's new all day kindergarten program. An increase in current and delinquent tax collections contributed to the increased taxes revenue. The District also received a supplemental personal property tax settlement of about $730,000 in fiscal year 2013. The decrease in other revenues is primarily due to decreased dues and fees for sports and other extracurricular activities. Intergovernmental revenue consists of State Foundation revenue and other entitlements and reimbursements from the State. These revenues decreased due to the phase-out of the tangible personal property reimbursement.

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

	2013 Amount	2012 Amount	Percentage Change
Expenditures			
Instruction	$ 31,575,996	$ 31,852,331	(0.87) %
Support services	23,595,853	23,331,200	1.13 %
Other non-instructional services	11,316	7,770	45.64 %
Extracurricular activities	879,053	866,435	1.46 %
Capital outlay	340,880	-	100.00 %
Debt service	674,873	611,486	10.37 %
Total	$ 57,077,971	$ 56,669,222	0.72 %

There were no significant changes in general fund expenditures compared to the prior year. Expenditures for fiscal support services increased $471,054 as a result of an increase in real estate tax refunds issued. However, this increase was largely offset by a $419,530 decrease in expenditures for instructional staff support services, which is mostly due to a slight decrease in wages and benefits.

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 12 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 $58,527,578. Actual revenues and other financing sources were $60,049,732, or $1,522,154 (2.60%) higher than the final budget. Tuition revenue was $547,780 higher than in the final budget as a result of an increase in open enrollment for the District. In addition, the actual property taxes revenue came in $717,407 higher than budgeted, mostly due to a supplemental tangible personal property settlement received.

General fund original and final appropriations (expenditures and other financing uses) were $59,153,584. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled $57,167,093, which is $1,986,491 (3.36%) less than the final budget appropriations. Most general fund programs reported positive variances, mostly due to wages and benefits expenditures being lower than budgeted.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had $55,503,650 invested in land, 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 2013 balances compared to 2012:

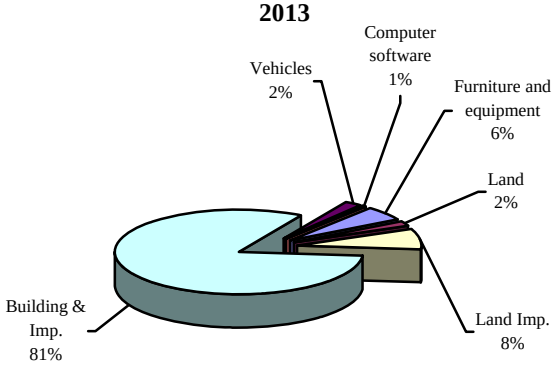
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2013	2012
Land	$ 1,032,204	$ 1,032,204
Land improvements	4,375,993	705,203
Building and improvements	45,512,554	44,852,263
Furniture and equipment	3,098,322	2,880,583
Vehicles	1,131,940	1,299,524
Computer software	352,637	-
Total	$ 55,503,650	$ 50,769,777

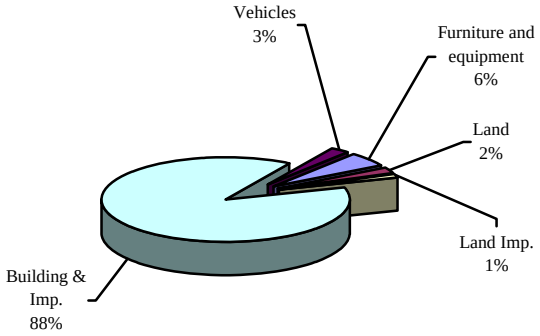
The net increase in capital assets is a result of acquisitions of $6,665,835 exceeding depreciation expense of $1,931,962 in fiscal year 2013. Capital asset acquisitions include $5,920,977 for Hudson Memorial Stadium which was donated to the District by the Hudson City Schools Foundation.

The following graphs show the breakdown of governmental activities capital assets by category for 2013 and 2012.

Capital Assets - Governmental Activities 2013



Capital Assets - Governmental Activities 2012



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

Debt Administration

At June 30, 2013, the District had $25,481,061 in general obligation bonds, certificates of participation, capital leases and a software license obligation outstanding. Of this total, $3,427,038 is due within one year and $22,054,023 is due in greater than one year. The following table summarizes the outstanding debt.

Outstanding Debt, at Year End

	Governmental Activities 2013	Governmental Activities 2012
Series 2003, Refunding	$ 2,820,000	$ 5,100,000
Energy Conservation	1,895,000	2,080,000
Qualified School Construction	1,865,000	2,005,000
Certificates of Participation	18,250,000	19,700,000
Capital Leases	367,512	537,113
Software License Obligation	283,549	-
Total	$ 25,481,061	$ 29,422,113

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 2013 for these obligations were $19,065,880 (including $18,725,000 refunding certificates of participation issued) and total reductions were $23,006,932 (including $19,700,000 certificates of participation that were refunded).

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

Current Financial Related Activities

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. The general fund cash balance was $15,585,850 at June 30, 2013. Fiscal year-end general fund cash balances were $11,957,932, $10,791,463, $13,096,732, and $16,864,531 at June 30 in fiscal years 2012, 2011, 2010 and 2009, 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.

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.

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 24,750,341	$ 870,489	$ 25,620,830
Receivables:			
Property taxes	45,205,297	-	45,205,297
Payment in lieu of taxes	389,019	-	389,019
Intergovernmental	243,724	1,116	244,840
Accrued interest	20,882	-	20,882
Materials and supplies inventory	10,782	-	10,782
Inventory held for resale	36,931	-	36,931
Capital assets:			
Land	1,032,204	-	1,032,204
Depreciable capital assets, net	54,471,446	-	54,471,446
Capital assets, net	55,503,650	-	55,503,650
Total assets	126,160,626	871,605	127,032,231
Deferred outflows of resources:			
Deferred charges on debt refunding	1,696,914	-	1,696,914
Liabilities:			
Accounts payable	578,040	37,385	615,425
Accrued wages and benefits payable	5,422,024	48,684	5,470,708
Pension obligation payable	1,155,369	22,147	1,177,516
Intergovernmental payable	190,971	1,599	192,570
Accrued interest payable	71,121	-	71,121
Claims payable	624,574	-	624,574
Long-term liabilities:			
Due within one year	4,035,170	20,461	4,055,631
Due in more than one year	25,247,933	6,953	25,254,886
Total liabilities	37,325,202	137,229	37,462,431
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	41,620,540	-	41,620,540
Payment in lieu of taxes levied for the next fiscal year	389,019	-	389,019
Total deferred inflows of resources	42,009,559	-	42,009,559
Net position:			
Net investment in capital assets	33,552,876	-	33,552,876
Restricted for:			
Capital projects	2,833,066	-	2,833,066
Debt service	1,323,826	-	1,323,826
Locally funded programs	49,555	-	49,555
State funded programs	89,671	-	89,671
Federally funded programs	23,789	-	23,789
Student activities	146,988	-	146,988
Other purposes	137,359	-	137,359
Unrestricted	10,365,649	734,376	11,100,025
Total net position	$ 48,522,779	$ 734,376	$ 49,257,155

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, 2013

		Program Revenues		
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
Instruction:				
Regular	$ 28,142,699	$ 798,724	$ 1,763,997	$ 25,566
Special	6,518,659	141,021	789,698	-
Vocational	265,708	855	31,019	-
Other	1,211,810	8,847	10,800	-
Support services:				
Pupil	4,959,355	257,276	705,350	-
Instructional staff	4,475,298	35,663	278,238	-
Board of education	44,337	-	-	-
Administration	4,294,431	-	227,220	-
Fiscal	2,029,663	-	-	-
Business	599,758	-	-	-
Operations and maintenance	5,820,731	9,646	-	-
Pupil transportation	4,122,142	-	-	-
Central	495,129	-	-	-
Operation of non-instructional services:				
Food service operations	1,489,944	1,276,922	231,386	-
Other non-instructional services	22,872	8,279	11,061	-
Extracurricular activities	1,408,146	579,007	42,312	6,034,097
Interest on long-term debt	1,579,616	-	-	-
Total governmental activities	67,480,298	3,116,240	4,091,081	6,059,663
Business-type activities:				
Community education	1,216,037	1,291,244	-	-
Total business-type activities	1,216,037	1,291,244	-	-
Totals	$ 68,696,335	$ 4,407,484	$ 4,091,081	$ 6,059,663

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**
$ (25,554,412)	$ -	$ (25,554,412)
(5,587,940)	-	(5,587,940)
(233,834)	-	(233,834)
(1,192,163)	-	(1,192,163)
(3,996,729)	-	(3,996,729)
(4,161,397)	-	(4,161,397)
(44,337)	-	(44,337)
(4,067,211)	-	(4,067,211)
(2,029,663)	-	(2,029,663)
(599,758)	-	(599,758)
(5,811,085)	-	(5,811,085)
(4,122,142)	-	(4,122,142)
(495,129)	-	(495,129)
18,364	-	18,364
(3,532)	-	(3,532)
5,247,270	-	5,247,270
(1,579,616)	-	(1,579,616)
(54,213,314)	-	(54,213,314)
-	75,207	75,207
-	75,207	75,207
(54,213,314)	75,207	(54,138,107)
38,656,261	-	38,656,261
2,138,611	-	2,138,611
1,128,041	-	1,128,041
349,063	-	349,063
19,104,616	44,407	19,149,023
58,911	-	58,911
215,507	-	215,507
61,651,010	44,407	61,695,417
7,437,696	119,614	7,557,310
41,085,083	614,762	41,699,845
$ 48,522,779	$ 734,376	$ 49,257,155

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	$ 15,585,850	$ 4,738,651	$ 20,324,501
Receivables:			
Property taxes	41,707,077	3,498,220	45,205,297
Payment in lieu of taxes	389,019	-	389,019
Intergovernmental	101,714	141,915	243,629
Accrued interest	20,882	-	20,882
Due from other funds	5,211	-	5,211
Materials and supplies inventory	-	10,782	10,782
Inventory held for resale	36,931	-	36,931
Total assets	$ 57,846,684	$ 8,389,568	$ 66,236,252
Liabilities:			
Accounts payable	$ 504,663	$ 67,348	$ 572,011
Accrued wages and benefits payable	5,142,628	279,396	5,422,024
Compensated absences payable	414,701	-	414,701
Pension obligation payable	1,075,825	79,544	1,155,369
Intergovernmental payable	179,841	10,921	190,762
Claims payable	6,286	-	6,286
Due to other funds	-	5,211	5,211
Total liabilities	7,323,944	442,420	7,766,364
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	38,382,581	3,237,959	41,620,540
Delinquent property tax revenue not available	1,484,552	106,285	1,590,837
Accrued interest not available	20,882	-	20,882
Intergovernmental revenue not available	2,704	37,610	40,314
Payments in lieu of taxes levied for the next fiscal year	389,019	-	389,019
Total deferred inflows of resources	40,279,738	3,381,854	43,661,592
Fund balances:			
Nonspendable:			
Materials and supplies / inventory held for resale	36,931	10,782	47,713
Restricted:			
Debt service	-	1,311,307	1,311,307
Capital improvements	-	2,796,076	2,796,076
Food service operations	-	177,524	177,524
Non-public schools	-	88,662	88,662
Special education	-	1,910	1,910
Targeted academic assistance	-	132	132
Extracurricular activities	-	146,988	146,988
Other purposes	-	59,392	59,392
Assigned:			
Student instruction	105,534	-	105,534
Student and staff support	617,337	-	617,337
Extracurricular activities	2,250	-	2,250
Rotary services	288,425	-	288,425
Other purposes	12,727	-	12,727
Unassigned (deficit)	9,179,798	(27,479)	9,152,319
Total fund balances	10,243,002	4,565,294	14,808,296
Total liabilities, deferred inflows of resources and fund balances	$ 57,846,684	$ 8,389,568	$ 66,236,252

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, 2013

Total governmental fund balances			$ 14,808,296
Amounts reported for governmental activities on the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			55,503,650
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	$ 1,590,837		
Accrued interest receivable	20,882		
Intergovernmental receivable	40,314		
Total			1,652,033
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.			3,801,409
Unamortized premiums on bonds issued are not recognized in the funds.			(103,232)
Deferred amounts on refundings are not recognized in the funds.			1,696,914
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(71,121)
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	(6,580,000)		
Certificates of participation	(18,250,000)		
Capital lease obligations	(367,512)		
Software license obligation	(283,549)		
Compensated absences	(3,284,109)		
Total			(28,765,170)
Net position of governmental activities			$ 48,522,779

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, 2013

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	$ 38,836,634	$ 3,285,785	$ 42,122,419
Payments in lieu of taxes	349,063	-	349,063
Tuition	703,700	-	703,700
Earnings on investments	49,929	1,543	51,472
Charges for services	3,073	1,276,922	1,279,995
Extracurricular	482,277	287,572	769,849
Classroom materials and fees	346,101	-	346,101
Other local revenues	209,732	242,741	452,473
Intergovernmental - intermediate	-	1,278,479	1,278,479
Intergovernmental - state	17,613,236	2,465,484	20,078,720
Intergovernmental - federal	-	1,856,419	1,856,419
Total revenues	58,593,745	10,694,945	69,288,690
Expenditures:			
Current:			
Instruction:			
Regular	24,293,536	2,461,875	26,755,411
Special	5,839,726	566,775	6,406,501
Vocational	241,724	-	241,724
Other	1,201,010	10,800	1,211,810
Support services:			
Pupil	4,179,113	729,548	4,908,661
Instructional staff	4,015,254	303,909	4,319,163
Board of education	44,201	-	44,201
Administration	4,022,108	237,836	4,259,944
Fiscal	1,848,303	175,536	2,023,839
Business	593,078	-	593,078
Operations and maintenance	4,769,062	3,748	4,772,810
Pupil transportation	3,625,183	329,600	3,954,783
Central	499,551	-	499,551
Operation of non-instructional services:			
Food service operations	-	1,435,672	1,435,672
Other non-instructional services	11,316	12,679	23,995
Extracurricular activities	879,053	362,485	1,241,538
Facilities acquisition and construction	-	1,002,774	1,002,774
Capital outlay	340,880	-	340,880
Debt service:			
Principal retirement	551,932	2,755,000	3,306,932
Interest and fiscal charges	122,941	724,085	847,026
Debt issuance costs	-	302,738	302,738
Total expenditures	57,077,971	11,415,060	68,493,031
Excess (deficiency) of revenues over (under) expenditures	1,515,774	(720,115)	795,659
Other financing sources (uses):			
Premium on refunding debt issued	-	64,451	64,451
Refunding certificates of participation issued	-	18,725,000	18,725,000
Proceeds from sale of assets	7,992	12,682	20,674
Transfers in	-	1,006,000	1,006,000
Transfers (out)	(26,000)	(980,000)	(1,006,000)
Software license obligation transaction	340,880	-	340,880
Payment to refunded debt escrow agent	-	(21,474,661)	(21,474,661)
Total other financing sources (uses)	322,872	(2,646,528)	(2,323,656)
Net change in fund balances	1,838,646	(3,366,643)	(1,527,997)
Fund balances at beginning of year	8,404,356	7,931,937	16,336,293
Fund balances at end of year	$ 10,243,002	$ 4,565,294	$ 14,808,296

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, 2013

Net change in fund balances - total governmental funds			$	(1,527,997)
Amounts reported for governmental activities in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.				
Capital asset additions	$	744,858		
Current year depreciation		(1,931,962)		
Total				(1,187,104)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				
Delinquent property taxes		(199,506)		
Accrued interest		8,982		
Intergovernmental		(192,483)		
Capital contributions		5,920,977		
Total				5,537,970
Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.				3,306,932
Issuance of refunding certificates of participation and the software license obligation transaction are recorded as other financing sources in the 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.				(19,065,880)
Payment to refunded debt escrow agent for the refunding of long-term debt is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to debt refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:				
Certificates of participation refunded		19,700,000		
Deferred charges on refunding		1,774,661		
Total				21,474,661
The premium related to the issuance of refunding debt is amortized over the life				
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		30,628		
Elimination of unamortized bond issue costs		(389,269)		
Amortization of bond premiums		6,536		
Amortization of deferred charges on refunding		(77,747)		
Total				(429,852)
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.				(744,862)
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.				138,279
Change in net position of governmental activities			$	7,437,696

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, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
From local sources:				
Property taxes	$ 40,103,492	$ 40,103,492	$ 40,820,899	$ 717,407
Payments in lieu of taxes	327,861	327,861	349,063	21,202
Tuition	67,492	67,492	615,272	547,780
Earnings on investments	52,207	52,207	50,679	(1,528)
Extracurricular	338,303	338,303	291,435	(46,868)
Classroom materials and fees	128,064	128,064	112,703	(15,361)
Other local revenues	94,495	94,495	107,105	12,610
Intergovernmental - state	17,358,236	17,358,236	17,613,236	255,000
Total revenues	58,470,150	58,470,150	59,960,392	1,490,242
Expenditures:				
Current:				
Instruction:				
Regular	25,885,627	25,885,627	24,389,630	1,495,997
Special	6,077,978	6,077,978	5,654,961	423,017
Vocational	247,450	247,450	243,982	3,468
Other	1,440,622	1,440,622	1,229,185	211,437
Support services:				
Pupil	3,979,324	3,979,324	3,763,630	215,694
Instructional staff	4,601,403	4,601,403	4,486,469	114,934
Board of education	59,564	59,564	48,733	10,831
Administration	4,178,028	4,178,028	4,097,415	80,613
Fiscal	1,495,144	1,495,144	1,885,595	(390,451)
Business	632,930	632,930	618,536	14,394
Operations and maintenance	4,952,137	4,952,137	4,915,652	36,485
Pupil transportation	3,619,683	3,619,683	3,873,786	(254,103)
Central	633,442	633,442	641,630	(8,188)
Extracurricular activities	889,318	889,318	869,678	19,640
Debt service:				
Principal	325,000	325,000	325,000	-
Interest and fiscal charges	100,000	100,000	96,377	3,623
Total expenditures	59,117,650	59,117,650	57,140,259	1,977,391
Excess (deficiency) of revenues over (under) expenditures	(647,500)	(647,500)	2,820,133	3,467,633
Other financing sources (uses):				
Proceeds from sale of assets	5,221	5,221	7,992	2,771
Refund of prior year's expenditures	52,207	52,207	81,348	29,141
Refund of prior year's receipts	(834)	(834)	(834)	-
Transfers (out)	(35,100)	(35,100)	(26,000)	9,100
Total other financing sources (uses)	21,494	21,494	62,506	41,012
Net change in fund balance	(626,006)	(626,006)	2,882,639	3,508,645
Fund balance at beginning of year	10,472,422	10,472,422	10,472,422	-
Prior year encumbrances appropriated	1,034,584	1,034,584	1,034,584	-
Fund balance at end of year	$ 10,881,000	$ 10,881,000	$ 14,389,645	$ 3,508,645

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Assets:		
Equity in pooled cash and investments	$ 870,489	$ 4,425,840
Receivables:		
Intergovernmental	1,116	95
Total assets	871,605	4,425,935
Liabilities:		
Accounts payable	37,385	6,029
Accrued wages and benefits	48,684	-
Compensated absences	20,461	-
Pension obligation payable	22,147	-
Intergovernmental payable	1,599	209
Claims payable	-	618,288
Total current liabilities	130,276	624,526
Long-term liabilities:		
Compensated absences payable	6,953	-
Total liabilities	137,229	624,526
Net position:		
Unrestricted	734,376	3,801,409
Total net position	$ 734,376	$ 3,801,409

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, 2013

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Sales/charges for services.	$ 1,291,244	$ 7,738,852
Total operating revenues	1,291,244	7,738,852
Operating expenses:		
Personal services.	535,361	38,959
Purchased services.	610,607	887,435
Materials and supplies	41,786	-
Claims	-	6,674,179
Other.	28,283	-
Total operating expenses.	1,216,037	7,600,573
Operating income	75,207	138,279
Nonoperating revenues:		
Grants	44,407	-
Change in net position	119,614	138,279
Net position at beginning of year	614,762	3,663,130
Net position at end of year	$ 734,376	$ 3,801,409

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, 2013

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from sales/charges for services.	$ 1,291,244	$ 7,738,852
Cash payments for personal services.	(533,819)	(38,981)
Cash payments for contractual services	(616,887)	(886,045)
Cash payments for materials and supplies	(40,262)	-
Cash payments for claims	-	(6,754,645)
Cash payments for other expenses	(28,863)	-
Net cash provided by operating activities.	71,413	59,181
Cash flows from noncapital financing activities:		
Cash received from grants	44,407	-
Net cash provided by noncapital financing activities.	44,407	-
Net increase in cash and cash equivalents	115,820	59,181
Cash and cash equivalents at beginning of year . . .	754,669	4,366,659
Cash and cash equivalents at end of year	$ 870,489	$ 4,425,840
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 75,207	$ 138,279
Changes in assets and liabilities:		
(Increase) in intergovernmental receivable.	(1,116)	(95)
Increase (decrease) in accounts payable	(5,386)	1,390
Increase in accrued wages and benefits	4,355	-
Increase in intergovernmental payable.	327	73
Increase in compensated absences payable	2,351	-
(Decrease) in pension obligation payable	(4,325)	-
(Decrease) in claims payable.	-	(80,466)
Net cash provided by operating activities	$ 71,413	$ 59,181

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Private Purpose Trust	
	Scholarships	**Agency**
Assets:		
Equity in pooled cash and investments	$ 2,886	$ 249,967
Receivables:		
Intergovernmental	-	384
Total assets	2,886	$ 250,351
Liabilities:		
Accounts payable	-	$ 20,055
Intergovernmental payable	-	380
Accrued wages and benefits	-	4,086
Undistributed monies	-	148,723
Pension obligation payable	-	5,580
Due to students	-	71,527
Total liabilities	-	$ 250,351
Net position:		
Held in trust for scholarships	2,886	
Total net position	$ 2,886	

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, 2013

	Private Purpose Trust
	Scholarships
Additions:	
Gifts and contributions.	$ 167,625
Deductions:	
Scholarships awarded	168,595
Change in net position.	(970)
Net position at beginning of year.	3,856
Net position at end of year	$ 2,886

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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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 253 non-certified and 390 certified employees (including administrators) to provide services to approximately 4,681 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).

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.

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.

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.

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 and payments in lieu of taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows 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.

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.

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

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

E. Budgets

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

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased tax) rates. By no later than January 20, the Board-adopted budget is filed with Summit County Budget Commission for rate determination. The Summit County Budget Commission waived this requirement for fiscal year 2013.

Estimated Resources:

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

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

Appropriations:

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

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

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

Lapsing of Appropriations:

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

F. Cash and Investments

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

During fiscal year 2013, 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 2013. 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, 2013.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to $49,929, which includes $21,400 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.

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.

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

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

Description	Governmental Activities Estimated Lives
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.

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.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

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.

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

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 and special 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.

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 2013.

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*", GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*", GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*", GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*", and GASB Statement No. 66, "*Technical Corrections-2012*".

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. For the District, the implementation of GASB Statement No. 65 has (1) changed the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to *deferred inflows of resources*, and (2) resulted in the inclusion of previously reported unamortized bond issue costs as a component of interest on long-term debt in the statement of activities.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2013 included the following individual fund deficits:

Nonmajor funds	Deficit
Race to the top	$ 6,541
Title I	15,265
EHA preschool grant	1,317
Other federal grants	4,356

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;

4. Bonds and other obligations of the State of Ohio;

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2013, the carrying amount of all District deposits was $23,987,335, exclusive of the $1,740,000 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, 2013, $13,735,553 of the District's bank balance of $24,509,215 was exposed to custodial risk as discussed below, while $10,773,662 was covered by the FDIC.

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

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2013, the District had the following investments, all of which have maturities of six months or less:

Investment type	Fair Value
Repurchase agreement	$ 1,740,000
STAR Ohio	145,048
Total	$ 1,885,048

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.

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, 2013:

Investment type	Fair Value	% of Total
Repurchase agreement	$ 1,740,000	92.31
STAR Ohio	145,048	7.69
Total	$ 1,885,048	100.00

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2013:

Cash and investments per note	
Carrying amount of deposits	$ 23,987,335
Investments	1,885,048
Cash on hand	1,300
Total	$ 25,873,683
Cash and investments per statement of net position	
Governmental activities	$ 24,750,341
Business type activities	870,489
Private-purpose trust funds	2,886
Agency funds	249,967
Total	$ 25,873,683

NOTE 4 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2013, as reported on the fund statements consist of the following amounts due to/from other funds:

Receivable fund	Payable fund	Amount
General	Nonmajor governmental funds	$ 5,211

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, 2013 are reported on the statement of net position.

B. Interfund transfers for the fiscal year ended June 30, 2013, consisted of the following, as reported on the fund statements:

Transfers from:	Transfer to:	Amount
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.

NOTE 4 - INTERFUND TRANSACTIONS - (Continued)

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

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

NOTE 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 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, 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, 2013, are available to finance fiscal year 2013 operations. The amount available as an 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). This amount is recorded as revenue. The amount available as an advance at June 30, 2012 was $3,824,209 in the general fund, $224,002 in the debt service fund (a nonmajor governmental fund) and $115,863 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.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 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.

NOTE 5 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 880,837,040	99.47	$ 885,645,250	99.36
Public utility personal	4,697,110	0.53	5,718,170	0.64
Total	$ 885,534,150	100.00	$ 891,363,420	100.00
Tax rate per $1,000 of assessed valuation for:				
General operations	$86.93		$86.93	
Debt service	2.90		2.81	
Permanent improvement	1.50		1.50	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2013 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. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	$ 45,205,297
Payments in lieu of taxes	389,019
Intergovernmental	243,724
Accrued interest	20,882
Total governmental activities	$ 45,858,922
Business-type activities:	
Intergovernmental	$ 1,116

All receivables are expected to be collected within the subsequent year.

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013 was as follows:

	Balance 07/01/12	Additions	Deductions	Balance 06/30/13
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,032,204	$ -	$ -	$ 1,032,204
Total capital assets, not being depreciated	1,032,204	-	-	1,032,204
Capital assets, being depreciated:				
Land improvements	2,084,644	3,768,301	-	5,852,945
Buildings and improvements	69,887,576	1,927,319	-	71,814,895
Furniture and equipment	11,667,103	589,171	-	12,256,274
Vehicles	4,801,791	-	-	4,801,791
Computer software	-	381,044	-	381,044
Total capital assets, being depreciated	88,441,114	6,665,835	-	95,106,949
Less: accumulated depreciation				
Land improvements	(1,379,441)	(97,511)	-	(1,476,952)
Buildings and improvements	(25,035,313)	(1,267,028)	-	(26,302,341)
Furniture and equipment	(8,786,520)	(371,432)	-	(9,157,952)
Vehicles	(3,502,267)	(167,584)	-	(3,669,851)
Computer software	-	(28,407)	-	(28,407)
Total accumulated depreciation	(38,703,541)	(1,931,962)	-	(40,635,503)
Governmental activities capital assets, net	$ 50,769,777	$ 4,733,873	$ -	$ 55,503,650

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 1,310,855
Special	50,905
Vocational	19,267
Support services:	
Pupil	17,277
Instructional staff	56,382
Administration	33,601
Operations and maintenance	58,592
Pupil transportation	167,359
Central	28,407
Extracurricular activities	157,889
Food service operations	31,428
Total depreciation expense	$ 1,931,962

NOTE 8 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2013, the following changes occurred in the District's long-term obligations:

	Balance Outstanding 07/01/12	Additions	Deletions	Balance Outstanding 06/30/13	Amount Due in One Year
Governmental activities:					
Certificates of participation:					
Series 2004	$ 19,700,000	$ -	$ (19,700,000)	$ -	$ -
Series 2012 refunding	-	18,725,000	(475,000)	18,250,000	425,000
General obligation bonds:					
Energy conservation bonds	2,080,000	-	(185,000)	1,895,000	190,000
Qualified school construction bonds	2,005,000	-	(140,000)	1,865,000	140,000
Series 2003, refunding Current interest bonds	5,100,000	-	(2,280,000)	2,820,000	2,385,000
Total bonds and certificates of participation	28,885,000	18,725,000	(22,780,000)	24,830,000	3,140,000
Capital leases	537,113	-	(169,601)	367,512	178,869
Software license obligation	-	340,880	(57,331)	283,549	108,169
Compensated absences	2,933,741	1,369,547	(604,478)	3,698,810	608,132
Total, governmental activities	$ 32,355,854	$ 20,435,427	$ (23,611,410)	$ 29,179,871	$ 4,035,170
Add: unamortized premium on bonds				103,232	
Total on statement of net position				$ 29,283,103	
Business-type activities:					
Compensated absences	$ 25,063	$ 23,072	$ (20,721)	$ 27,414	$ 20,461
Total, business-type activities	$ 25,063	$ 23,072	$ (20,721)	$ 27,414	$ 20,461

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.

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.

Redemption Dates	Redemption Price
December 15, 2012 through December 14, 2013	100.5% of par
December 15, 2013 and thereafter	100.0% of par

Interest payments on the current interest bonds are due on June 15 and December 15 of each year. The final maturity for the current interest bonds is December 15, 2014.

Certificates of Participation, Series 2004

The certificates of participation (COPs) were issued to finance various construction projects throughout the District. The COPs were refunded in July 2012, as discussed below.

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 in considered defeased (in substance) and accordingly has been removed from the statement of net position. At June 30, 2013, $19,435,000 of this debt was outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by $1,774,661. This amount is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, and is reported as a deferred outflow of resources on the statement of net position. The refunding was under taken to reduce total future debt service payments by $3,336,803 and resulted in an economic gain of $732,427.

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.

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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.

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. 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, 2013:

Fiscal Year Ending June 30	Amount
2014	$ 121,928
2015	121,928
2016	62,568
Total minimum payments	306,424
Less: amount representing interest	(22,875)
Total	$ 283,549

B. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2013, are as follows:

Fiscal Year	General Obligation Current Interest Bonds - Series 2003		
Ending June 30,	Principal	Interest	Total
2014	$ 2,385,000	$ 65,100	$ 2,450,100
2015	435,000	8,700	443,700
Total	$ 2,820,000	$ 73,800	$ 2,893,800

Fiscal Year	Energy Conservation Bonds			Qualified School Construction Bonds		
Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
2014	$ 190,000	$ 59,925	$ 249,925	$ 140,000	$ 30,335	$ 170,335
2015	200,000	55,775	255,775	145,000	27,927	172,927
2016	200,000	50,525	250,525	145,000	25,477	170,477
2017	200,000	44,525	244,525	150,000	22,984	172,984
2018	200,000	38,325	238,325	150,000	20,449	170,449
2019 - 2023	905,000	73,563	978,563	795,000	62,742	857,742
2024 - 2025	-	-	-	340,000	5,746	345,746
Total	$ 1,895,000	$ 322,638	$ 2,217,638	$ 1,865,000	$ 195,660	$ 2,060,660

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

C. Principal and interest requirements to retire the certificates of participation outstanding at June 30, 2013, are as follows:

Fiscal Year	Certificates of Participation		
Ending June 30,	Principal	Interest	Total
2014	$ 425,000	$ 624,914	$ 1,049,914
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 - 2023	3,590,000	2,670,010	6,260,010
2024 - 2028	4,580,000	1,983,890	6,563,890
2029 - 2033	5,960,000	1,008,608	6,968,608
2034	1,395,000	55,800	1,450,800
Total	$ 18,250,000	$ 8,746,078	$ 26,996,078

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, 2013, are a voted debt margin of $56,704,015 (including available funds of $1,311,307) and an unvoted debt margin of $891,363.

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District entered into lease agreements to acquire copiers and copier equipment. 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 $854,187. Accumulated depreciation as of June 30, 2013 was $392,926, leaving a current book value of $461,261. Principal and interest payments of $169,601 and $24,535, respectively, were paid from the general fund.

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, 2013:

Fiscal Year Ending June 30	Amount
2014	$ 194,136
2015	194,136
Total minimum lease payments	388,272
Less: amount representing interest	(20,760)
Total	$ 367,512

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.

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 claims while Klais and Company is the third party administrator for dental and prescription only. The District purchases stop-loss coverage of $125,000 per individual and $8,719,909 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, Klais and Company, 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 $618,288 reported in the internal service fund at June 30, 2013, 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.

NOTE 11 - RISK MANAGEMENT - (Continued)

Changes in claims activity for the past two fiscal years are as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2013	$ 698,754	$ 6,674,179	$ (6,754,645)	$ 618,288
2012	719,910	6,969,826	(6,990,982)	698,754

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

D. Workers' Compensation

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:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2013	$ 11,061	$ 76,912	$ (81,687)	$ 6,286
2012	7,337	91,496	(87,772)	11,061

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 2013, 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 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were $960,997, $917,403 and $890,217, respectively; 70.14 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. The unpaid contribution for fiscal year 2013 is included as part of the pension obligation payable liability on the financial statements.

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.

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 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were $3,698,096, $3,792,759 and $4,014,133, respectively; 83.76 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. The unpaid contribution for fiscal year 2013 is included as part of the pension obligation payable liability on the financial statements. Contributions to the DC and Combined Plans for fiscal year 2013 were $155,905 made by the District and $111,361 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, 2013, 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 2013 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"*.

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 2013, 0.16 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 2013, the actuarially determined amount was $20,525.

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, 2013, 2012 and 2011 were $142,798, $174,066 and $228,248, respectively; 70.14 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. The unpaid contribution for fiscal year 2013 is included as part of the pension obligation payable liability on the financial statements.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were $54,285, $54,177 and $57,287, respectively; 70.14 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. The unpaid contribution for fiscal year 2013 is included as part of the pension obligation payable liability on the financial statements.

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 2013, 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, 2013, 2012 and 2011 were $284,469, $291,751 and $308,779, respectively; 83.76 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. The unpaid contribution for fiscal year 2013 is included as part of the pension obligation payable liability on the financial statements.

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, 2013, 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.

	Capital Improvements
Set-aside balance June 30, 2012	$ -
Current year set-aside requirement	781,299
Current year qualifying expenditures	(537,539)
Current year offsets	(1,390,986)
Total	$ (1,147,226)
Balance carried forward to fiscal year 2014	$ -
Set-aside balance June 30, 2013	$ -

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.

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

	General fund
Budget basis	$ 2,882,639
Net adjustment for revenue accruals	(1,985,015)
Net adjustment for expenditure accruals	(21,634)
Net adjustment for other sources/uses	260,366
Funds budgeted elsewhere	(32,977)
Adjustment for encumbrances	735,267
GAAP basis	$ 1,838,646

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 uniform school supplies fund, rotary fund, Co-Op Compact 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.

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 $1,278,479 from the City of Hudson during fiscal year 2013 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:

Fund	Year-End Encumbrances
General fund	$ 617,955
Nonmajor governmental funds	408,022
Total	$ 1,025,977

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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.

Co-Op Compact - Rotary fund to account for elementary school language arts class fees.

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, 2013

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Rotary			
Total Revenues and Other Financing Sources	$ 158,745	$ 312,946	$ 154,201
Total Expenditures and Other Financing Uses	484,801	345,961	138,840
Net Change in Fund Balance	(326,056)	(33,015)	293,041
Fund Balance, July 1	316,255	316,255	-
Prior Year Encumbrances Appropriated	9,801	9,801	-
Fund Balance, June 30	$ -	$ 293,041	$ 293,041
Co-Op Compact			
Total Revenues and Other Financing Sources	$ 29,973	$ -	$ (29,973)
Total Expenditures and Other Financing Uses	27	27	-
Net Change in Fund Balance	29,946	(27)	(29,973)
Fund Balance, July 1	27	27	-
Fund Balance, June 30	$ 29,973	$ -	$ (29,973)
Public School Support			
Total Revenues and Other Financing Sources	$ 256,942	$ 315,369	$ 58,427
Total Expenditures and Other Financing Uses	406,721	340,792	65,929
Net Change in Fund Balance	(149,779)	(25,423)	124,356
Fund Balance, July 1	143,058	143,058	-
Prior Year Encumbrances Appropriated	6,721	6,721	-
Fund Balance, June 30	$ -	$ 124,356	$ 124,356

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, 2013

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Special Trust			
Total Revenues and Other Financing Sources	$ 9,248	$ 10,944	$ 1,696
Total Expenditures and Other Financing Uses	21,747	10,716	11,031
Net Change in Fund Balance	(12,499)	228	12,727
Fund Balance, July 1	9,697	9,697	-
Prior Year Encumbrances Appropriated	2,802	2,802	-
Fund Balance, June 30	$ -	$ 12,727	$ 12,727

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.

Education Jobs Grant - This fund accounts for restricted Federal grant monies to assist schools in providing educational and related services for early childhood, elementary and secondary education.

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.

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, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments	$ 735,431	$ 1,210,919	$ 2,792,301	$ 4,738,651
Receivables:				
Property taxes	-	2,279,128	1,219,092	3,498,220
Intergovernmental	141,915	-	-	141,915
Materials and supplies inventory	10,782	-	-	10,782
Total assets	$ 888,128	$ 3,490,047	$ 4,011,393	$ 8,389,568
Liabilities:				
Accounts payable	$ 17,535	$ -	$ 49,813	$ 67,348
Accrued wages and benefits payable	279,396	-	-	279,396
Pension obligation payable	79,544	-	-	79,544
Intergovernmental payable	10,921	-	-	10,921
Due to other funds	5,211	-	-	5,211
Total liabilities	392,607	-	49,813	442,420
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	2,109,445	1,128,514	3,237,959
Delinquent property tax revenue not available	-	69,295	36,990	106,285
Intergovernmental revenue not available	37,610	-	-	37,610
Total deferred inflows of resources	37,610	2,178,740	1,165,504	3,381,854
Fund balances:				
Nonspendable:				
Materials and supplies inventory	10,782	-	-	10,782
Restricted:				
Debt service	-	1,311,307	-	1,311,307
Capital improvements	-	-	2,796,076	2,796,076
Food service operations	177,524	-	-	177,524
Non-public schools	88,662	-	-	88,662
Special education	1,910	-	-	1,910
Targeted academic assistance	132	-	-	132
Extracurricular activities	146,988	-	-	146,988
Other purposes	59,392	-	-	59,392
Unassigned (deficit)	(27,479)	-	-	(27,479)
Total fund balances	457,911	1,311,307	2,796,076	4,565,294
Total liabilities, deferred inflows and fund balances	$ 888,128	$ 3,490,047	$ 4,011,393	$ 8,389,568

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, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ -	$ 2,151,978	$ 1,133,807	$ 3,285,785
Earnings on investments	1,543	-	-	1,543
Charges for services	1,276,922	-	-	1,276,922
Extracurricular	287,572	-	-	287,572
Other local revenues	104,055	-	138,686	242,741
Intergovernmental - intermediate	-	23,505	1,254,974	1,278,479
Intergovernmental - state	1,975,681	294,899	194,904	2,465,484
Intergovernmental - federal	1,856,419	-	-	1,856,419
Total revenues	5,502,192	2,470,382	2,722,371	10,694,945
Expenditures:				
Current:				
Instruction:				
Regular	1,929,801	-	532,074	2,461,875
Special	566,775	-	-	566,775
Other	10,800	-	-	10,800
Support services:				
Pupil	729,548	-	-	729,548
Instructional staff	303,909	-	-	303,909
Administration	237,836	-	-	237,836
Fiscal	-	141,764	33,772	175,536
Operations and maintenance	3,748	-	-	3,748
Pupil transportation	-	-	329,600	329,600
Operation of non-instructional services:				
Food service operations	1,435,672	-	-	1,435,672
Other non-instructional services	12,679	-	-	12,679
Extracurricular activities	362,485	-	-	362,485
Facilities acquisition and construction	1,275	-	1,001,499	1,002,774
Debt service:				
Principal retirement	-	2,755,000	-	2,755,000
Interest and fiscal charges	-	724,085	-	724,085
Debt issuance costs	-	302,738	-	302,738
Total expenditures	5,594,528	3,923,587	1,896,945	11,415,060
Excess (deficiency) of revenues over (under) expenditures	(92,336)	(1,453,205)	825,426	(720,115)
Other financing sources (uses):				
Premium on refunding debt issued	-	64,451	-	64,451
Refunding certificates of participation issued	-	18,725,000	-	18,725,000
Proceeds from sale of assets	1,053	-	11,629	12,682
Transfers in	26,000	980,000	-	1,006,000
Transfers (out)	-	-	(980,000)	(980,000)
Payment to refunded debt escrow agent	-	(21,474,661)	-	(21,474,661)
Total other financing sources (uses)	27,053	(1,705,210)	(968,371)	(2,646,528)
Net change in fund balances	(65,283)	(3,158,415)	(142,945)	(3,366,643)
Fund balances at beginning of year	523,194	4,469,722	2,939,021	7,931,937
Fund balances at end of year	$ 457,911	$ 1,311,307	$ 2,796,076	$ 4,565,294

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Other Grants	Athletics and Music	Auxiliary Services	Other State Grants	Race to the Top
Assets:					
Equity in pooled cash and investments	$ 51,569	$ 152,997	$ 107,268	$ 4,915	$ 6,345
Receivables:					
Intergovernmental	-	43	184	-	37
Materials and supplies inventory	-	-	-	-	-
Total assets	$ 51,569	$ 153,040	$ 107,452	$ 4,915	$ 6,382
Liabilities:					
Accounts payable	$ 2,014	$ 3,413	$ 8,586	$ -	$ -
Accrued wages and benefits payable	-	-	7,014	-	12,803
Compensated absences payable	-	-	-	-	-
Pension obligation payable	-	-	2,966	-	-
Intergovernmental payable	-	2,639	224	-	120
Due to other funds	-	-	-	-	-
Total liabilities	2,014	6,052	18,790	-	12,923
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	-	-	88,662	-	-
Special education	-	-	-	-	-
Targeted academic assistance	-	-	-	-	-
Extracurricular activities	-	146,988	-	-	-
Other purposes	49,555	-	-	4,915	-
Unassigned (deficit)	-	-	-	-	(6,541)
Total fund balances (deficits)	49,555	146,988	88,662	4,915	(6,541)
Total liabilities, deferred inflows and fund balances	$ 51,569	$ 153,040	$ 107,452	$ 4,915	$ 6,382

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2013

	Title VI-B	Title I	EHA Preschool Grant	Classroom Reduction	Other Federal Grants
Assets:					
Equity in pooled cash and investments	$ 77,671	$ 12,550	$ 1,899	$ 1,992	$ -
Receivables:					
Intergovernmental	93,605	38,308	1,364	1,613	5,211
Materials and supplies inventory	-	-	-	-	-
Total assets	$ 171,276	$ 50,858	$ 3,263	$ 3,605	$ 5,211
Liabilities:					
Accounts payable	$ 660	$ -	$ -	$ 1,247	$ -
Accrued wages and benefits payable	117,407	41,738	3,940	1,626	4,286
Compensated absences payable	-	-	-	-	-
Pension obligation payable	28,855	4,744	552	-	-
Intergovernmental payable	3,686	1,333	88	56	70
Due to other funds	-	-	-	-	5,211
Total liabilities	150,608	47,815	4,580	2,929	9,567
Deferred inflows of resources:					
Intergovernmental revenue not available	18,758	18,308	-	544	-
Total deferred inflows of resources	18,758	18,308	-	544	-
Fund balances:					
Nonspendable:					
Materials and supplies inventory	-	-	-	-	-
Restricted:					
Food service operations	-	-	-	-	-
Non-public schools	-	-	-	-	-
Special education	1,910	-	-	-	-
Targeted academic assistance	-	-	-	132	-
Extracurricular activities	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned (deficit)	-	(15,265)	(1,317)	-	(4,356)
Total fund balances (deficits)	1,910	(15,265)	(1,317)	132	(4,356)
Total liabilities, deferred inflows and fund balances	$ 171,276	$ 50,858	$ 3,263	$ 3,605	$ 5,211

Food Service	Other Special Revenue	Total Nonmajor Special Revenue Funds
$ 313,303	$ 4,922	$ 735,431
1,550	-	141,915
10,782	-	10,782
$ 325,635	$ 4,922	$ 888,128
$ 1,615	$ -	$ 17,535
90,582	-	279,396
-	-	-
42,427	-	79,544
2,705	-	10,921
-	-	5,211
137,329	-	392,607
-	-	37,610
-	-	37,610
10,782	-	10,782
177,524	-	177,524
-	-	88,662
-	-	1,910
-	-	132
-	-	146,988
-	4,922	59,392
-	-	(27,479)
188,306	4,922	457,911
$ 325,635	$ 4,922	$ 888,128

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, 2013

	Other Grants	Athletics and Music	Auxiliary Services	Data Communications	Other State Grants
Revenues:					
From local sources:					
Earnings on investments	$ -	$ -	$ 1,004	$ -	$ -
Charges for services	-	-	-	-	-
Extracurricular	-	287,572	-	-	-
Other local revenues	62,304	40,055	-	-	-
Intergovernmental - state	-	-	1,963,170	10,800	-
Intergovernmental - federal	-	-	-	-	-
Total revenues	62,304	327,627	1,964,174	10,800	-
Expenditures:					
Current:					
Instruction:					
Regular	50,281	-	1,776,502	-	-
Special	-	-	-	-	-
Other	-	-	-	10,800	-
Support services:					
Pupil	954	-	177,791	-	-
Instructional staff	15,283	-	1,967	-	-
Administration	-	-	135,359	-	-
Operations and maintenance	-	-	-	-	-
Operation of non-instructional services:					
Food service operations	-	-	-	-	-
Other non-instructional services	-	-	-	-	-
Extracurricular activities	2,500	359,985	-	-	-
Facilities acquisition and construction	-	1,275	-	-	-
Total expenditures	69,018	361,260	2,091,619	10,800	-
Excess (deficiency) of revenues over (under) expenditures	(6,714)	(33,633)	(127,445)	-	-
Other financing sources:					
Proceeds from sale of assets	-	-	-	-	-
Transfers in	-	26,000	-	-	-
Total other financing sources	-	26,000	-	-	-
Net change in fund balances	(6,714)	(7,633)	(127,445)	-	-
Fund balances (deficits) at beginning of year	56,269	154,621	216,107	-	4,915
Fund balances (deficits) at end of year	$ 49,555	$ 146,988	$ 88,662	$ -	$ 4,915

Education Jobs Grant	Race to the Top	Title VI-B	Title III	Title I	EHA Preschool Grant	Classroom Reduction
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	38	-	-	-
-	-	-	-	-	-	-
12,263	18,707	1,157,510	-	313,063	24,120	74,573
12,263	18,707	1,157,510	38	313,063	24,120	74,573
9,322	22,272	-	-	-	-	71,424
-	-	250,410	-	311,852	4,513	-
-	-	-	-	-	-	-
-	-	533,522	-	17,281	-	-
-	13,418	227,275	-	-	20,113	-
-	-	102,477	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	4,277	-	-	-	2,852
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,322	35,690	1,117,961	-	329,133	24,626	74,276
2,941	(16,983)	39,549	38	(16,070)	(506)	297
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,941	(16,983)	39,549	38	(16,070)	(506)	297
(2,941)	10,442	(37,639)	(38)	805	(811)	(165)
$ -	$ (6,541)	$ 1,910	$ -	$ (15,265)	$ (1,317)	$ 132

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Other Federal Grants	Food Service	Other Special Revenue	Total Nonmajor Special Revenue Funds
Revenues:				
From local sources:				
Earnings on investments	$ -	$ 539	$ -	$ 1,543
Charges for services	-	1,276,922	-	1,276,922
Extracurricular	-	-	-	287,572
Other local revenues	-	1,344	314	104,055
Intergovernmental - state	-	1,711	-	1,975,681
Intergovernmental - federal	27,047	229,136	-	1,856,419
Total revenues	27,047	1,509,652	314	5,502,192
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	1,929,801
Special	-	-	-	566,775
Other	-	-	-	10,800
Support services:				
Pupil	-	-	-	729,548
Instructional staff	25,853	-	-	303,909
Administration	-	-	-	237,836
Operations and maintenance	-	3,748	-	3,748
Operation of non-instructional services:				
Food service operations	-	1,435,672	-	1,435,672
Other non-instructional services	5,550	-	-	12,679
Extracurricular activities	-	-	-	362,485
Facilities acquisition and construction	-	-	-	1,275
Total expenditures	31,403	1,439,420	-	5,594,528
Excess (deficiency) of revenues over (under) expenditures	(4,356)	70,232	314	(92,336)
Other financing sources:				
Proceeds from sale of assets	-	1,053	-	1,053
Transfers in	-	-	-	26,000
Total other financing sources	-	1,053	-	27,053
Net change in fund balances	(4,356)	71,285	314	(65,283)
Fund balances (deficits) at beginning of year	-	117,021	4,608	523,194
Fund balances (deficits) at end of year	$ (4,356)	$ 188,306	$ 4,922	$ 457,911

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, 2013

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Other Grants			
Total Revenues and Other Financing Sources	$ 48,907	$ 62,304	$ 13,397
Total Expenditures and Other Financing Uses	106,124	69,293	36,831
Net Change in Fund Balance	(57,217)	(6,989)	50,228
Fund Balance, July 1	55,645	55,645	-
Prior Year Encumbrances Appropriated	786	786	-
Fund Balance (Deficit), June 30	$ (786)	$ 49,442	$ 50,228
Athletics and Music			
Total Revenues and Other Financing Sources	$ 247,006	$ 353,628	$ 106,622
Total Expenditures and Other Financing Uses	486,187	372,515	113,672
Net Change in Fund Balance	(239,181)	(18,887)	220,294
Fund Balance, July 1	152,994	152,994	-
Prior Year Encumbrances Appropriated	6,187	6,187	-
Fund Balance (Deficit), June 30	$ (80,000)	$ 140,294	$ 220,294
Auxiliary Services			
Total Revenues and Other Financing Sources	$ 1,964,434	$ 1,964,224	$ (210)
Total Expenditures and Other Financing Uses	2,232,060	2,223,842	8,218
Net Change in Fund Balance	(267,626)	(259,618)	8,008
Fund Balance, July 1	114,566	114,566	-
Prior Year Encumbrances Appropriated	153,270	153,270	-
Fund Balance, June 30	$ 210	$ 8,218	$ 8,008

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, 2013

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Data Communications			
Total Revenues and Other Financing Sources	$ 14,000	$ 10,800	$ (3,200)
Total Expenditures and Other Financing Uses	10,800	10,800	-
Net Change in Fund Balance	3,200	-	(3,200)
Fund Balance, July 1	-	-	-
Fund Balance, June 30	$ 3,200	$ -	$ (3,200)
Other State Grants			
Total Revenues and Other Financing Sources	$ 85	$ -	$ (85)
Total Expenditures and Other Financing Uses	4,915	-	4,915
Net Change in Fund Balance	(4,830)	-	4,830
Fund Balance, July 1	4,915	4,915	-
Fund Balance, June 30	$ 85	$ 4,915	$ 4,830
Education Jobs Grant			
Total Revenues and Other Financing Sources	$ 553,808	$ 115,561	$ (438,247)
Total Expenditures and Other Financing Uses	111,754	111,753	1
Net Change in Fund Balance	442,054	3,808	(438,246)
Fund Balance (Deficit), July 1	(3,808)	(3,808)	-
Fund Balance, June 30	$ 438,246	$ -	$ (438,246)

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, 2013

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Race to the Top			
Total Revenues and Other Financing Sources	$ 30,021	$ 28,728	$ (1,293)
Total Expenditures and Other Financing Uses	29,208	28,707	501
Net Change in Fund Balance	813	21	(792)
Fund Balance (Deficit), July 1	(10,021)	(10,021)	-
Prior Year Encumbrances Appropriated	10,500	10,500	-
Fund Balance, June 30	$ 1,292	$ 500	$ (792)
Title VI-B			
Total Revenues and Other Financing Sources	$ 1,312,825	$ 1,226,320	$ (86,505)
Total Expenditures and Other Financing Uses	1,208,258	1,151,709	56,549
Net Change in Fund Balance	104,567	74,611	(29,956)
Fund Balance (Deficit), July 1	(96,825)	(96,825)	-
Prior Year Encumbrances Appropriated	78,763	78,763	-
Fund Balance, June 30	$ 86,505	$ 56,549	$ (29,956)
Title III			
Total Revenues and Other Financing Sources	$ 11,111	$ 1,111	$ (10,000)
Total Expenditures and Other Financing Uses	-	-	-
Net Change in Fund Balance	11,111	1,111	(10,000)
Fund Balance (Deficit), July 1	(1,111)	(1,111)	-
Fund Balance, June 30	$ 10,000	$ -	$ (10,000)

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, 2013

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Title I			
Total Revenues and Other Financing Sources	$ 336,110	$ 315,997	$ (20,113)
Total Expenditures and Other Financing Uses	326,897	305,468	21,429
Net Change in Fund Balance	9,213	10,529	1,316
Fund Balance (Deficit), July 1	(12,110)	(12,110)	-
Prior Year Encumbrances Appropriated	3,010	3,010	-
Fund Balance, June 30	$ 113	$ 1,429	$ 1,316
EHA Preschool Grant			
Total Revenues and Other Financing Sources	$ 26,500	$ 26,478	$ (22)
Total Expenditures and Other Financing Uses	26,479	24,579	1,900
Net Change in Fund Balance	21	1,899	1,878
Fund Balance, July 1	-	-	-
Fund Balance, June 30	$ 21	$ 1,899	$ 1,878
Classroom Reduction			
Total Revenues and Other Financing Sources	$ 84,200	$ 84,862	$ 662
Total Expenditures and Other Financing Uses	78,759	78,573	186
Net Change in Fund Balance	5,441	6,289	848
Fund Balance (Deficit), July 1	(10,470)	(10,470)	-
Prior Year Encumbrances Appropriated	4,366	4,366	-
Fund Balance (Deficit), June 30	$ (663)	$ 185	$ 848

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, 2013

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Other Federal Grants			
Total Revenues and Other Financing Sources	$ 27,100	$ 21,836	$ (5,264)
Total Expenditures and Other Financing Uses	27,047	27,047	-
Net Change in Fund Balance	53	(5,211)	(5,264)
Fund Balance, July 1	-	-	-
Fund Balance (Deficit), June 30	$ 53	$ (5,211)	$ (5,264)
Food Service			
Total Revenues and Other Financing Sources	$ 1,455,903	$ 1,457,859	$ 1,956
Total Expenditures and Other Financing Uses	1,632,249	1,470,541	161,708
Net Change in Fund Balance	(176,346)	(12,682)	163,664
Fund Balance, July 1	244,097	244,097	-
Prior Year Encumbrances Appropriated	81,249	81,249	-
Fund Balance, June 30	$ 149,000	$ 312,664	$ 163,664
Other Special Revenue			
Total Revenues and Other Financing Sources	$ 260	$ -	$ (260)
Total Expenditures and Other Financing Uses	5,583	661	4,922
Net Change in Fund Balance	(5,323)	(661)	4,662
Fund Balance, July 1	5,583	5,583	-
Fund Balance, June 30	$ 260	$ 4,922	$ 4,662

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, 2013

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Debt Service			
Total Revenues and Other Financing Sources	$ 6,599,912	$ 3,573,996	$ (3,025,916)
Total Expenditures and Other Financing Uses	3,800,000	3,581,365	218,635
Net Change in Fund Balance	2,799,912	(7,369)	(2,807,281)
Fund Balance, July 1	1,218,288	1,218,288	-
Fund Balance, June 30	$ 4,018,200	$ 1,210,919	$ (2,807,281)

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2013

	Building	Permanent Improvement	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and investments	$ 1,421,953	$ 1,370,348	$ 2,792,301
Receivables:			
Property taxes	-	1,219,092	1,219,092
Total assets	$ 1,421,953	$ 2,589,440	$ 4,011,393
Liabilities:			
Accounts payable	$ -	$ 49,813	$ 49,813
Total liabilities	-	49,813	49,813
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	-	1,128,514	1,128,514
Delinquent property tax revenue not available	-	36,990	36,990
Total deferred inflows of resources	-	1,165,504	1,165,504
Fund balances:			
Restricted:			
Capital improvements	1,421,953	1,374,123	2,796,076
Total liabilities, deferred inflows and fund balances	$ 1,421,953	$ 2,589,440	$ 4,011,393

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, 2013

	Building	Permanent Improvement	Total Nonmajor Capital Projects Funds
Revenues:			
From local sources:			
Property taxes	$ -	$ 1,133,807	$ 1,133,807
Other local revenues	100,000	38,686	138,686
Intergovernmental - intermediate	1,254,974	-	1,254,974
Intergovernmental - state	-	194,904	194,904
Total revenue	1,354,974	1,367,397	2,722,371
Expenditures:			
Current:			
Instruction:			
Regular	-	532,074	532,074
Support services:			
Fiscal	-	33,772	33,772
Pupil transportation	-	329,600	329,600
Facilities acquisition and construction	119,934	881,565	1,001,499
Total expenditures	119,934	1,777,011	1,896,945
Excess (deficiency) of revenues over (under) expenditures	1,235,040	(409,614)	825,426
Other financing sources (uses):			
Proceeds from sale of assets	-	11,629	11,629
Transfers out	(980,000)	-	(980,000)
Total other financing sources (uses)	(980,000)	11,629	(968,371)
Net change in fund balances	255,040	(397,985)	(142,945)
Fund balances at beginning of year	1,166,913	1,772,108	2,939,021
Fund balances at end of year	$ 1,421,953	$ 1,374,123	$ 2,796,076

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, 2013

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Building			
Total Revenues and Other Financing Sources	$ 1,633,088	$ 1,358,785	$ (274,303)
Total Expenditures and Other Financing Uses	2,500,000	1,103,745	1,396,255
Net Change in Fund Balance	(866,912)	255,040	1,121,952
Fund Balance, July 1	1,166,913	1,166,913	-
Fund Balance, June 30	$ 300,001	$ 1,421,953	$ 1,121,952
Permanent Improvement			
Total Revenues and Other Financing Sources	$ 1,864,873	$ 1,441,300	$ (423,573)
Total Expenditures and Other Financing Uses	2,721,117	2,043,550	677,567
Net Change in Fund Balance	(856,244)	(602,250)	253,994
Fund Balance, July 1	935,128	935,128	-
Prior Year Encumbrances Appropriated	721,117	721,117	-
Fund Balance, June 30	$ 800,001	$ 1,053,995	$ 253,994

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 approriate 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, 2013

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Community Education			
Total Revenues	$ 1,043,696	$ 1,340,208	$ 296,512
Total Expenses	1,723,365	1,324,240	399,125
Net Change in Fund Balance	(679,669)	15,968	695,637
Fund Balance, July 1	656,304	656,304	-
Prior Year Encumbrances Appropriated	98,365	98,365	-
Fund Balance, June 30	$ 75,000	$ 770,637	$ 695,637
Self-Insurance			
Total Revenues	$ 6,699,443	$ 7,803,710	$ 1,104,267
Total Expenses	11,066,102	8,934,808	2,131,294
Net Change in Fund Balance	(4,366,659)	(1,131,098)	3,235,561
Fund Balance, July 1	3,300,557	3,300,557	-
Prior Year Encumbrances Appropriated	1,066,102	1,066,102	-
Fund Balance, June 30	$ -	$ 3,235,561	$ 3,235,561

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, 2013

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Scholarship			
Total Revenues	$ 165,491	$ 167,625	$ 2,134
Total Expenses	169,347	168,595	752
Net Change in Fund Balance	(3,856)	(970)	2,886
Fund Balance, July 1	3,856	3,856	-
Fund Balance, June 30	$ -	$ 2,886	$ 2,886

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Student Activities

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013
Assets:				
Equity in pooled cash and investments	$ 96,667	$ 86,991	$ 101,044	$ 82,614
Total assets	$ 96,667	$ 86,991	$ 101,044	$ 82,614
Liabilities:				
Accounts payable	$ 11,175	$ 11,087	$ 11,175	$ 11,087
Due to students	85,492	75,904	89,869	71,527
Total liabilities	$ 96,667	$ 86,991	$ 101,044	$ 82,614

Six District Educational Compact

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013
Assets:				
Equity in pooled cash and investments	$ 134,624	$ 594,766	$ 562,037	$ 167,353
Receivables:				
Intergovernmental	25,525	384	25,525	384
Total assets	$ 160,149	$ 595,150	$ 587,562	$ 167,737
Liabilities:				
Accounts payable	$ 11,630	$ 8,968	$ 11,630	$ 8,968
Intergovernmental payable	1,772	380	1,772	380
Accrued wages and benefits	4,085	4,086	4,085	4,086
Undistributed monies	137,175	576,136	564,588	148,723
Pension obligation payable	5,487	5,580	5,487	5,580
Total liabilities	$ 160,149	$ 595,150	$ 587,562	$ 167,737

Total

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013
Assets:				
Equity in pooled cash and investments	$ 231,291	$ 681,757	$ 663,081	$ 249,967
Receivables:				
Intergovernmental	25,525	384	25,525	384
Total assets	$ 256,816	$ 682,141	$ 688,606	$ 250,351
Liabilities:				
Accounts payable	$ 22,805	$ 20,055	$ 22,805	$ 20,055
Intergovernmental payable	1,772	380	1,772	380
Accrued wages and benefits	4,085	4,086	4,085	4,086
Undistributed monies	137,175	576,136	564,588	148,723
Pension obligation payable	5,487	5,580	5,487	5,580
Due to students	85,492	75,904	89,869	71,527
Total liabilities	$ 256,816	$ 682,141	$ 688,606	$ 250,351

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.

Contents **Page**

Financial Trends **S2 - S13**
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity **S14 -S19**
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity **S20 - S23**
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.

Demographic and Economic Information **S24-S25**
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information **S26-S35**
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.

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)

	2013	2012	2011	2010	2009
Governmental activities					
Net investment in capital assets	$ 33,552,876	$ 23,427,664	$ 22,009,927	$ 19,493,702	$ 22,949,265
Restricted	4,604,254	6,910,143	6,330,508	7,185,275	5,049,911
Unrestricted	10,365,649	10,747,276	9,465,979	7,732,593	9,891,305
Total governmental activities net position	$ 48,522,779	$ 41,085,083	$ 37,806,414	$ 34,411,570	$ 37,890,481
Business-type activities					
Unrestricted	$ 734,376	$ 614,762	$ 469,428	$ 398,433	$ 385,107
Total business-type activities net position	$ 734,376	$ 614,762	$ 469,428	$ 398,433	$ 385,107
Primary government					
Net investment in capital assets	$ 33,552,876	$ 23,427,664	$ 22,009,927	$ 19,493,702	$ 22,949,265
Restricted	4,604,254	6,910,143	6,330,508	7,185,275	5,049,911
Unrestricted	11,100,025	11,362,038	9,935,407	8,131,026	10,276,412
Total primary government net position	$ 49,257,155	$ 41,699,845	$ 38,275,842	$ 34,810,003	$ 38,275,588

Source: School District financial records.

2008	2007	2006	2005	2004
$ 23,252,056	$ 17,574,629	$ 22,610,611	$ 22,621,463	$ 22,376,384
4,395,239	8,620,854	2,975,479	1,964,726	2,573,352
7,025,595	5,301,232	841,055	(630,985)	(5,699,201)
$ 34,672,890	$ 31,496,715	$ 26,427,145	$ 23,955,204	$ 19,250,535
$ 324,739	$ 281,580	$ 224,332	$ 165,773	$ 115,021
$ 324,739	$ 281,580	$ 224,332	$ 165,773	$ 115,021
$ 23,252,056	$ 17,574,629	$ 22,610,611	$ 22,621,463	$ 22,376,384
4,395,239	8,620,854	2,975,479	1,964,726	2,573,352
7,350,334	5,582,812	1,065,387	(465,212)	(5,584,180)
$ 34,997,629	$ 31,778,295	$ 26,651,477	$ 24,120,977	$ 19,365,556

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

	2013	2012	2011	2010	2009
Expenses					
Governmental activities:					
Instruction:					
Regular	$ 28,142,699	$ 27,296,776	$ 29,603,309	$ 31,363,765	$ 29,945,058
Special	6,518,659	6,198,419	7,012,389	6,853,151	6,271,075
Vocational	265,708	263,974	380,359	419,385	385,778
Adult/Continuing	-	-	-	-	-
Other	1,211,810	1,327,522	1,395,007	1,026,976	968,677
Support services:					
Pupil	4,959,355	5,029,365	4,660,098	4,796,386	4,560,753
Instructional staff	4,475,298	4,744,431	5,055,553	5,483,143	4,678,235
Board of education	44,337	48,947	34,423	37,223	43,359
Administration	4,294,431	4,201,741	4,140,062	4,611,017	4,224,167
Fiscal	2,029,663	1,488,463	1,472,350	1,662,591	1,778,315
Business	599,758	583,773	562,450	606,119	550,168
Operations and maintenance	5,820,731	4,758,948	5,715,952	6,242,385	5,485,131
Pupil transportation	4,122,142	3,818,376	3,052,413	4,306,932	3,392,304
Central	495,129	422,134	456,023	533,722	439,019
Operation of non-instructional services:					
Food service operations	1,489,944	1,485,582	1,562,149	1,790,492	1,733,192
Other non-instructional services	22,872	16,603	41,313	53,654	39,054
Extracurricular activities	1,408,146	1,287,632	1,386,725	1,381,672	1,350,043
Intergovernmental pass-through	-	-	-	-	-
Interest on long-term debt	1,579,616	1,377,679	1,585,230	1,768,561	1,926,040
Total governmental activities expenses	67,480,298	64,350,365	68,115,805	72,937,174	67,770,368
Business-type activities:					
Community education	1,216,037	1,196,799	1,173,451	1,183,200	1,217,535
Total business-type activities expenses	1,216,037	1,196,799	1,173,451	1,183,200	1,217,535
Total primary government expenses	$ 68,696,335	$ 65,547,164	$ 69,289,256	$ 74,120,374	$ 68,987,903

2008	2007	2006	2005	2004
$ 29,090,257	$ 29,363,006	$ 27,218,512	$ 25,454,301	$ 24,983,603
5,981,206	5,359,756	5,184,533	4,551,698	4,185,412
372,512	366,288	285,679	285,963	309,954
-	-	15,059	17,496	-
707,956	564,895	532,122	388,805	476,290
4,194,460	4,095,825	3,745,017	3,430,276	3,386,131
4,514,964	4,143,529	3,992,689	3,900,864	3,631,033
39,191	86,777	46,313	33,603	43,428
4,320,855	4,120,189	4,011,601	3,737,759	4,005,983
1,302,064	1,197,348	1,118,243	1,084,887	1,120,757
524,006	459,463	403,174	370,938	414,012
5,579,144	4,822,825	4,770,844	4,689,430	5,349,709
3,383,529	3,222,654	3,144,242	3,515,470	2,816,749
371,527	338,315	327,914	342,548	361,106
1,625,420	1,646,119	1,599,960	1,577,089	1,563,691
24,990	67,194	32,068	30,760	40,510
1,337,715	1,341,007	1,281,754	1,200,351	1,233,044
-	-	1,433,299	1,497,383	1,248,837
2,081,168	2,225,204	2,342,997	2,326,758	1,548,363
65,450,964	63,420,394	61,486,020	58,436,379	56,718,612
1,186,280	1,071,923	1,099,610	1,063,751	1,058,010
1,186,280	1,071,923	1,099,610	1,063,751	1,058,010
$ 66,637,244	$ 64,492,317	$ 62,585,630	$ 59,500,130	$ 57,776,622

- - Continued

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

Program Revenues	**2013**	**2012**	**2011**	**2010**	**2009**
Governmental activities:					
Charges for services:					
Instruction:					
Regular	$ 798,724	$ 330,894	$ 316,116	$ 439,433	$ 451,235
Special	141,021	116,880	743	-	-
Vocational	855	568	25,825	-	-
Other	8,847	7,812	14,886	-	-
Support services:					
Pupil	257,276	243,287	264,389	253,198	297,723
Instructional staff	35,663	35,307	34,140	7,163	21,963
Administration	-	-	-	4,923	12,235
Business	-	-	85	-	-
Operations and maintenance	9,646	11,608	18,930	7,528	-
Pupil transportation	-	766	1,460	30,710	34,300
Operation of non-instructional services:					
Food service operations	1,276,922	1,285,541	1,373,250	1,471,478	1,523,517
Other non-instructional services	8,279	6,314	6,893	7,611	11,377
Extracurricular activities	579,007	896,877	703,439	482,712	525,392
Operating grants and contributions:					
Instruction:					
Regular	1,763,997	1,719,629	2,429,755	1,590,686	1,419,089
Special	789,698	576,943	1,030,356	573,887	1,310,832
Vocational	31,019	31,019	31,019	30,788	30,587
Other	10,800	10,800	31,239	26,899	18,000
Support services:					
Pupil	705,350	688,718	712,165	931,256	791,228
Instructional staff	278,238	316,312	563,627	478,159	283,003
Administration	227,220	323,655	371,120	448,525	386,221
Business	-	-	-	44,393	1,127
Operations and maintenance	-	25,068	438,013	454,227	-
Pupil transportation	-	-	292,609	67,337	59,085
Central	-	-	5,000	8,998	14,879
Operation of non-instructional services:					
Food service operations	231,386	207,699	224,050	206,654	158,260
Other non-instructional services	11,061	10,602	37,502	51,645	32,316
Extracurricular activities	42,312	45,651	35,655	50,931	-
Intergovernmental pass-through	-	-	-	-	-
Capital grants and contributions:					
Instruction:					
Regular	25,566	35,181	46,931	54,830	68,133
Support services:					
Administration	-	-	-	-	-
Fiscal	-	-	-	-	-
Operations and maintenance	-	-	-	-	16,000
Pupil transportation	-	-	-	-	31,820
Extracurricular activities	6,034,097	-	-	-	-
Total governmental program revenues	13,266,984	6,927,131	9,009,197	7,723,971	7,498,322
Business-type activities:					
Charges for services	1,291,244	1,342,133	1,244,446	1,196,526	1,277,903
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	1,291,244	1,342,133	1,244,446	1,196,526	1,277,903
Total primary government program revenue	$ 14,558,228	$ 8,269,264	$ 10,253,643	$ 8,920,497	$ 8,776,225
Net (Expense)/Revenue					
Governmental activities	$ (54,213,314)	$ (57,423,234)	$ (59,106,608)	$ (65,213,203)	$ (60,272,046)
Business-type activities	75,207	145,334	70,995	13,326	60,368
Total primary government net expense	$ (54,138,107)	$ (57,277,900)	$ (59,035,613)	$ (65,199,877)	$ (60,211,678)

2008	2007	2006	2005	2004
$ 397,466	$ 441,873	$ 461,183	$ 388,533	$ 377,250
-	-	-	-	-
-	-	-	-	-
-	545	17,900	-	-
332,620	363,272	301,209	211,827	235,252
27,579	11,364	8,820	7,898	-
3,132	2,018	-	-	-
-	-	-	-	-
-	-	-	-	-
23,316	-	-	-	-
1,530,784	1,477,851	1,462,685	1,465,356	1,444,725
11,369	26,042	14,745	13,164	-
582,216	593,913	498,836	398,885	334,818
1,496,365	1,350,135	28,556	49,106	360,009
1,343,302	1,531,637	1,538,785	501,735	384,266
25,610	43,908	-	-	-
-	94,298	18,000	-	-
704,493	742,436	606,232	481,864	404,913
389,026	294,394	370,546	567,453	401,638
261,310	209,392	65,615	66,644	35,496
4,362	-	-	-	-
-	-	5,300	-	8,798
226,897	227,429	9	13,849	2,038
17,992	17,867	18,148	17,386	20,345
125,899	166,496	175,512	130,686	135,860
24,143	30,820	1,639	21,682	26,093
-	-	-	-	-
-	-	1,506,633	1,425,802	1,358,055
61,408	-	-	-	-
-	1,164	3,995	-	-
-	236	1,205	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	69,828	-
7,589,289	7,627,090	7,105,553	5,831,698	5,529,556
	-			
1,229,439	1,129,171	1,158,169	1,112,580	1,055,824
-	-	-	1,923	-
1,229,439	1,129,171	1,158,169	1,114,503	1,055,824
$ 8,818,728	$ 8,756,261	$ 8,263,722	$ 6,946,201	$ 6,585,380
$ (57,861,675)	$ (55,793,304)	$ (54,380,467)	$ (52,604,681)	$ (51,189,056)
43,159	57,248	58,559	50,752	(2,186)
$ (57,818,516)	$ (55,736,056)	$ (54,321,908)	$ (52,553,929)	$ (51,191,242)

- - Continued

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	**2013**	**2012**	**2011**	**2010**	**2009**
Governmental activities:					
Property taxes levied for:					
General purposes	$ 38,656,261	$ 36,431,621	$ 37,602,792	$ 36,458,638	$ 38,615,268
Debt service	2,138,611	2,116,209	2,249,137	2,257,774	3,510,815
Capital outlay	1,128,041	1,132,961	1,268,003	1,280,666	1,609,296
Payments in lieu of taxes	349,063	314,000	314,000	314,000	-
Grants and entitlements not restricted to specific programs	19,104,616	19,770,571	20,657,581	21,020,826	18,921,561
Investment earnings	58,911	174,389	184,402	303,682	719,784
Miscellaneous	215,507	251,152	225,537	98,706	112,913
Special item	-	511,000	-	-	-
Total governmental activities	61,651,010	60,701,903	62,501,452	61,734,292	63,489,637
Business-type activities:					
Grants not restricted to specific programs	44,407	-	-	-	-
Total business-type activities	44,407	-	-	-	-
Total primary government	$ 61,695,417	$ 60,701,903	$ 62,501,452	$ 61,734,292	$ 63,489,637
Change in Net Position					
Governmental activities	$ 7,437,696	$ 3,278,669	$ 3,394,844	$ (3,478,911)	$ 3,217,591
Business-type activities	119,614	145,334	70,995	13,326	60,368
Total primary government	$ 7,557,310	$ 3,424,003	$ 3,465,839	$ (3,465,585)	$ 3,277,959

Source: School District financial records.

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

2008	2007	2006	2005	2004
$ 36,956,647	$ 37,715,893	$ 34,530,049	$ 35,701,776	$ 30,419,376
3,036,407	3,050,457	3,633,321	2,270,292	2,235,254
1,572,169	1,530,840	1,042,442	1,082,941	979,841
-	-	-	-	-
18,080,264	16,615,320	15,881,846	17,182,672	16,377,027
1,286,547	1,803,271	1,571,148	952,108	177,039
105,816	147,093	193,602	119,561	263,177
-	-	-	-	-
61,037,850	60,862,874	56,852,408	57,309,350	50,451,714
-	-	-	-	-
-	-	-	-	-
$ 61,037,850	$ 60,862,874	$ 56,852,408	$ 57,309,350	$ 50,451,714
$ 3,176,175	$ 5,069,570	$ 2,471,941	$ 4,704,669	$ (737,342)
43,159	57,248	58,559	50,752	(2,186)
$ 3,219,334	$ 5,126,818	$ 2,530,500	$ 4,755,421	$ (739,528)

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

	2013	2012	2011	2010	2009
General Fund:					
Nonspendable	$ 36,931	$ 35,225	$ 34,833	$ -	$ -
Assigned	1,026,273	884,086	1,220,404	-	-
Unassigned	9,179,798	7,485,045	6,036,453	-	-
Reserved	-	-	-	4,487,399	5,553,270
Unreserved	-	-	-	3,955,466	7,467,190
Total general fund	$ 10,243,002	$ 8,404,356	$ 7,291,690	$ 8,442,865	$ 13,020,460
All Other Governmental Funds:					
Nonspendable	$ 10,782	$ 21,563	$ 22,726	$ -	$ -
Restricted	4,581,991	7,951,968	7,131,615	-	-
Unassigned (deficit)	(27,479)	(41,594)	(20,266)	-	-
Reserved	-	-	-	5,255,294	3,943,832
Unreserved (deficit), reported in:					
Special revenue funds	-	-	-	324,149	643,950
Capital projects funds	-	-	-	1,419,192	(635,544)
Total all other governmental funds	$ 4,565,294	$ 7,931,937	$ 7,134,075	$ 6,998,635	$ 3,952,238

Source: School District financial records.

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

2008	2007	2006	2005	2004
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
3,673,180	5,082,727	3,206,619	3,160,430	1,930,496
8,759,910	6,940,335	4,654,175	4,524,522	1,162,442
$ 12,433,090	$ 12,023,062	$ 7,860,794	$ 7,684,952	$ 3,092,938
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
3,902,671	7,054,409	14,664,726	3,654,382	1,603,393
780,241	672,302	574,073	546,330	762,103
(908,793)	1,467,845	3,015,980	18,152,799	587,083
$ 3,774,119	$ 9,194,556	$ 18,254,779	$ 22,353,511	$ 2,952,579

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

	2013	2012	2011	2010	2009
Revenues					
From local sources:					
Property taxes	$ 42,122,419	$ 40,745,914	$ 40,697,004	$ 39,204,717	$ 43,210,965
Payments in lieu of taxes	349,063	314,000	314,000	314,000	-
Tuition	703,700	205,244	102,236	125,137	122,188
Transportation fees	-	-	33,815	30,710	34,300
Earnings on investments	51,472	180,591	221,277	384,418	695,776
Charges for services	1,279,995	1,288,685	1,378,231	1,476,715	1,529,079
Extracurricular	769,849	1,086,564	911,328	765,723	776,075
Classroom materials and fees	346,101	328,148	302,976	289,526	297,232
Other local revenues	452,473	396,017	332,259	342,666	398,069
Intergovernmental - Intermediate	1,278,479	1,156,822	1,260,719	1,187,368	267,000
Intergovernmental - State	20,078,720	20,820,684	21,447,166	21,517,696	21,580,927
Intergovernmental - Federal	1,856,419	2,253,792	3,752,699	2,732,027	1,557,897
Total revenues	69,288,690	68,776,461	70,753,710	68,370,703	70,469,508
Expenditures					
Current:					
Instruction:					
Regular	26,755,411	26,547,675	29,920,213	30,065,006	29,257,245
Special	6,406,501	6,186,526	7,160,628	6,748,321	6,295,345
Vocational	241,724	244,846	395,679	405,644	378,932
Other	1,211,810	1,327,522	1,394,094	1,024,287	961,250
Current:					
Pupil	4,908,661	5,026,641	4,744,635	4,739,136	4,600,883
Instructional staff	4,319,163	4,773,005	5,205,729	5,354,574	4,767,246
Board of education	44,201	49,083	34,423	37,223	43,359
Administration	4,259,944	4,215,459	4,178,672	4,567,935	4,240,788
Fiscal	2,023,839	1,488,408	1,482,001	1,662,388	1,786,706
Business	593,078	586,663	573,689	615,677	565,160
Operations and maintenance	4,772,810	4,776,440	5,161,634	5,398,265	5,077,949
Pupil transportation	3,954,783	3,663,230	3,484,103	4,181,700	3,240,860
Central	499,551	426,422	464,868	530,602	439,754
Operation of non-instructional services:					
Food service operations	1,435,672	1,543,380	1,572,734	1,748,682	1,736,090
Other non-instructional services	23,995	35,185	51,019	52,563	44,541
Extracurricular activities	1,241,538	1,220,646	1,314,292	1,300,036	1,272,230
Pass through payments	-	-	-	-	-
Facilities acquisitions and construction	1,002,774	1,011,533	1,308,126	2,480,455	1,356,136
Capital outlay	340,880	-	-	-	-
Debt service:					
Principal retirement	3,306,932	1,910,778	1,127,382	639,771	635,534
Interest and fiscal charges	847,026	2,362,798	3,111,002	3,041,895	3,020,011
Debt issue costs	302,738	-	-	91,606	-
Total expenditures	68,493,031	67,396,240	72,684,923	74,685,766	69,720,019
Excess of revenues over (under) expenditures	795,659	1,380,221	(1,931,213)	(6,315,063)	749,489
Other Financing Sources (Uses)					
Transfers in	1,006,000	1,326,000	1,229,317	515,476	35,000
Transfers (out)	(1,006,000)	(1,326,000)	(1,229,317)	(515,476)	(35,000)
Sale/loss of assets	20,674	19,307	61,291	14,393	16,000
Capital lease transaction	-	-	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)	(2,323,656)	19,307	915,478	4,783,865	16,000
Special item	-	511,000	-	-	-
Net change in fund balances	$ (1,527,997)	$ 1,910,528	$ (1,015,735)	$ (1,531,198)	$ 765,489
Debt service as a percentage of noncapital expenditures	6.13%	6.49%	6.02%	5.05%	5.32%

Source: School District financial records.

2008	2007	2006	2005	2004
$ 41,478,391	$ 42,233,924	$ 39,142,496	$ 39,051,878	$ 33,132,113
-	-	-	-	-
70,126	107,876	77,587	69,161	71,399
23,316	-	-	-	-
1,284,315	2,044,961	1,517,291	802,546	141,892
1,537,243	1,483,619	1,469,185	1,473,077	1,453,339
812,114	890,738	754,939	576,915	614,295
294,918	271,216	254,510	243,533	249,188
425,962	400,619	407,959	242,538	267,001
220,000	220,000	326,662	543,276	226,471
20,560,306	19,141,356	18,059,869	18,240,221	17,903,547
901,987	2,591,854	1,242,731	1,524,507	1,263,435
67,608,678	69,386,163	63,253,229	62,767,652	55,322,680
28,883,870	27,381,559	25,906,604	24,451,633	24,205,572
6,024,879	5,348,069	5,105,276	4,497,526	4,138,437
359,473	348,689	268,734	270,846	291,430
699,881	551,964	532,122	388,805	484,241
4,230,914	3,871,512	3,703,133	3,406,656	3,364,297
4,584,820	4,108,874	3,883,897	3,851,498	3,577,549
39,191	62,679	45,169	39,319	43,568
4,354,324	4,002,364	3,948,855	3,681,662	4,015,855
1,311,073	1,209,265	1,117,617	1,081,177	1,113,076
529,938	459,781	401,613	370,855	404,294
5,160,851	4,777,140	4,706,725	4,552,039	4,304,382
3,208,379	3,008,638	2,904,170	3,315,242	2,831,375
379,276	339,149	323,179	342,551	361,813
1,662,998	1,634,538	1,567,594	1,557,715	1,557,279
31,779	64,625	23,226	24,675	33,601
1,261,363	1,276,866	1,216,146	1,123,155	1,172,972
-	1,623,787	1,434,409	1,496,878	1,261,899
4,172,880	13,254,047	5,966,981	941,734	981,818
-	-	-	-	-
3,605,373	831,667	835,525	747,758	643,436
3,020,718	2,898,905	2,885,144	2,594,728	1,804,704
-	-	-	426,874	-
73,521,980	77,054,118	66,776,119	59,163,326	56,591,598
(5,913,302)	(7,667,955)	(3,522,890)	3,604,326	(1,268,918)
230,097	228,357	231,271	222,989	242,997
(230,097)	(228,357)	(631,271)	(222,989)	(242,997)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	4,146
-	2,770,000	-	-	7,244,964
-	-	-	-	(7,245,000)
-	-	-	(22,108)	-
-	-	-	20,810,000	-
-	2,770,000	(400,000)	20,787,892	4,110
-	-	-	-	-
$ (5,913,302)	$ (4,897,955)	$ (3,922,890)	$ 24,392,218	$ (1,264,808)
9.50%	5.85%	6.15%	5.74%	4.36%

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)	
Collection Year	**Assessed Value**	**Estimated Actual Value**	**Assessed Value**	**Estimated Actual Value**	**Assessed Value**	**Estimated Actual Value**
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
2004	797,188,020	2,277,680,057	51,669,668	206,678,672	16,218,330	46,338,086

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	%
$ 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%
865,076,018	2,530,696,815	80.98	34.18%

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

		Overlapping Rates				Direct Rates					
Tax Year/ Collection Year	Government	School	County	City	Total	School Levy	County Levy	City/ Village Township	Valley Fire District	Union Cem. Assoc. of Boston Twp.	Total
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
2003/2004	Boston Township	2.95	0.69	-	3.64	80.98	13.07	8.48	8.80	-	111.33
	Boston Heights Village	2.95	0.69	-	3.64	80.98	13.07	6.85	-	-	100.90
	Hudson City	2.95	0.69	-	3.64	80.98	13.07	9.67	-	-	103.72
	Cuyahoga Falls City	2.95	0.69	-	3.64	80.98	13.07	11.00	-	-	105.05

Source: Summit County Fiscal Officer

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2012 AND DECEMBER 31, 2003

	December 31, 2012		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total District Taxable Assessed Value**
Little Tikes, Inc.	$ 9,488,740	1	1.07%
JoAnn Stores Support Center Inc.	5,153,480	2	0.58%
Allstate Insurance Company	6,554,250	3	0.74%
Georgetown Development Co.	2,620,860	4	0.30%
Hudson MOB LLC	2,013,750	5	0.23%
Prestige & Premier Co.	1,910,900	6	0.22%
Albrecht, Inc.	1,804,790	7	0.20%
Laurel Lake Retirement Community, Inc.	1,759,680	8	0.20%
Boston Mills Partners LLC	1,749,980	9	0.20%
Kobelco Stewart Bolling, Inc.	1,611,020	10	0.18%
Total	$ 34,667,450		3.92%

	December 31, 2003		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total District Taxable Assessed Value**
Allstate Insurance	$ 7,477,540	1	0.86%
Little Tikes	5,913,830	2	0.68%
Jagi Cleveland-Hudson LLC	3,930,760	3	0.45%
Hudson-Omni III LTD	3,881,434	4	0.44%
FabriCenters of America, Inc.	3,496,830	5	0.40%
Stella of Hudson LLC	3,225,510	6	0.37%
Georgetown Development	2,390,560	7	0.27%
Albrecht, Inc.	2,340,884	8	0.27%
Flood Company	2,306,380	9	0.26%
Kobelco Stewart Bolling	1,724,400	10	0.20%
Total	$ 36,688,128		4.20%

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
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%
2003/2004	41,689,243	1,940,947	43,630,190	40,481,651	97.10%

Source: Summit County Fiscal Officer

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
$ 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%
1,228,060	41,709,711	95.60%

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
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
2004	18,087,786	-	-	18,087,786	1.97%	806	3,229

Sources:

(a) Includes certificates of participation. See notes to the financial statements regarding the District's oustanding 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
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, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Direct Debt and Estimated Share of Overlapping Debt
Direct debt:			
Hudson City School District	$ 25,584,293 (a)	100.00%	$ 25,584,293
Total direct debt	25,584,293		25,584,293
Overlapping debt:			
City of Hudson	39,685,000	99.63%	39,538,166
City of Cuyahoga Falls	4,494,000	2.31%	103,811
Summit County	48,555,000	7.81%	3,792,146
Metro Transit	205,000	7.81%	16,011
Total overlapping debt	92,939,000		43,450,134
Total direct and overlapping debt	$ 118,523,293		$ 69,034,427

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
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%
2004	865,076	77,856,842	10,607,457	1,278,746	9,328,711	68,528,131	11.98%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	$ 891,363,420
Debt limit (9% of assessed value)	80,222,708
Add: debt service fund equity	1,311,307
Less: debt applicable to limit	(24,830,000)
Legal debt margin	$ 56,704,015

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)
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%
2004	22,439	918,091,685	40,915	38.9	5,601	6.1%	5.7%	5.7%

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, 2012 AND DECEMBER 31, 2006

	December 31, 2012	
Employer	**Employees**	**Percentage of Total City Employment**
Jo-Ann Stores Supply Chain	2,293	16.93%
Allstate Insurance Company	1,460	10.78%
Hudson City School District	1,089	8.04%
Little Tikes Company	397	2.93%
Laurel Lake Retirement Community	350	2.58%
Catastrophe Management	275	2.03%
Western Reserve Academy	235	1.74%
City of Hudson	222	1.64%
FEDEX Supply Chain Services Inc.	151	1.12%
Lexi-Comp Inc.	150	1.11%
Total	6,622	48.90%
Total Employment within the City	13,540	

	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	6,824

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	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**
Professional Staff:										
Teaching Staff:										
Elementary	116	116	128	135	138	135	135	138	136	141
Middle	69	71	82	83	83	82	82	88	87	88
High	94	99	106	109	111	107	105	105	105	105
Tutors	20	19	19	18	23	25	24	22	20	21
Others	4	4	3	3	2	4	3	3	1	1
Administration:										
District	25	26	27	29	28	30	29	31	31	31
Auxiliary Positions:										
Counselors	13	13	12	12	12	12	12	11	16	14
Speech	9	9	9	10	13	9	10	10	9	9
Mental Health Specialists	8	6	7	7	7	7	7	7	7	7
Other	27	27	29	28	31	29	29	29	25	32
Support Staff:										
Secretarial	48	46	46	46	49	51	49	50	49	50
Aides	92	89	94	91	95	88	71	74	76	77
Hall monitor/Security	11	11	11	10	10	11	10	13	12	11
Food service	21	21	23	23	26	26	24	26	25	26
Custodial	32	34	33	33	32	33	33	33	33	34
Maintenance	9	10	10	10	10	10	10	11	10	12
Bus Driver	-	-	-	-	-	-	-	36	33	33
Mechanics	-	-	-	-	-	-	-	3	3	3
Other	2	3	3	3	3	4	4	4	4	5
Total	600	604	642	650	673	663	637	694	682	700

Function	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**
Instruction:										
Regular	226	228	254	265	268	262	264	273	273	282
Special	73	76	78	77	84	84	77	74	70	70
Vocational	1	1	3	3	3	3	3	3	3	3
Other	3	4	3	3	2	4	5	5	3	3
Support Services:										
Pupil	49	47	50	48	52	47	47	46	44	48
Instructional staff	109	107	112	110	115	109	91	96	101	100
Administration	65	64	64	64	66	70	68	70	69	69
Fiscal	6	6	6	7	7	7	7	6	6	5
Business	4	4	4	5	5	5	5	5	5	5
Operations and maintenance	41	44	43	43	43	44	44	87	80	85
Central	2	2	2	2	2	2	2	3	3	4
Food service	21	21	23	23	26	26	24	26	25	26
Total Governmental Activities	600	604	642	650	673	663	637	694	682	700

Source: School District records

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction:										
Regular and Special										
Enrollment (students)	4,681	4,749	4,890	4,972	4,913	5,194	5,340	5,411	5,511	5,601
Graduates	405	416	427	438	413	419	423	428	396	415
Support services:										
Administration										
Student attendance rate	96.00%	96.40%	96.10%	95.90%	96.10%	96.20%	96.20%	95.90%	95.80%	96.10%
Food service operations:										
Number of students with										
free or reduced lunches	241	231	245	195	174	84	120	108	(a)	(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

	2013	2012	2011	2010	2009
Land	$ 1,032,204	$ 1,032,204	$ 1,032,204	$ 1,032,204	$ 1,032,204
Construction in progress	-	-	-	1,614,430	-
Land improvements	4,375,993	705,203	620,291	654,617	728,050
Buildings and improvements	45,512,554	44,852,263	45,681,260	44,641,696	45,883,889
Furniture, fixtures and equipment	3,098,322	2,880,583	2,622,006	1,892,296	2,033,947
Vehicles	1,131,940	1,299,524	1,127,057	699,189	802,775
Computer software	352,637	-	-	-	-
Total Governmental Activities Capital Assets, net	$ 55,503,650	$ 50,769,777	$ 51,082,818	$ 50,534,432	$ 50,480,865

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

2008	2007	2006	2005	2004
$ 1,032,204	$ 1,032,204	$ 1,032,204	$ 1,032,204	$ 1,032,204
-	1,175,722	5,966,981	-	-
579,437	555,802	583,272	642,824	702,376
46,621,347	43,593,167	26,707,512	27,491,199	28,278,385
1,912,037	1,564,094	1,746,614	1,891,468	1,921,220
901,250	1,038,843	1,263,490	1,423,467	1,049,656
-	-	-	-	-
$ 51,046,275	$ 48,959,832	$ 37,300,073	$ 32,481,162	$ 32,983,841

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007
Evamere Elementary							
Square feet	59,847	59,847	59,847	59,847	59,847	59,847	47,897
Enrollment	518	568	564	566	606	599	705
Hudson Elementary							
Square feet	-	-	-	-	-	-	27,428
Enrollment	-	-	-	-	-	-	232
McDowell Elementary							
Square feet	56,800	56,800	56,800	56,800	56,800	56,800	56,800
Enrollment	287	329	330	319	366	372	513
Ellsworth Hill Elementary							
Square feet	64,411	64,411	64,411	64,411	64,411	64,411	-
Enrollment	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	688	679	718	747	757	788	768
Hudson Middle School							
Square feet	190,432	190,432	190,432	190,432	190,432	190,432	190,432
Enrollment	1,121	1,165	1,193	1,192	1,238	1,255	1,783
Hudson High School							
Square feet	342,620	342,620	342,620	342,620	342,620	342,620	330,000
Enrollment	1,662	1,656	1,689	1,746	1,757	1,765	1,783

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.

2006	2005	2004
47,897	47,897	47,897
710	721	743
27,428	27,428	27,428
233	243	246
56,800	56,800	56,800
513	510	498
-	-	-
-	-	-
139,900	139,900	139,900
769	808	843
190,432	190,432	190,432
1,336	1,355	1,381
330,000	330,000	330,000
1,767	1,772	1,784

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

TEACHER STATISTICS
AS OF JUNE 30, 2013

Degree	Number of Teachers	Percentage of Total	Pay Range
Associates and/or High School Diploma	1.00	0.36%	(a)
Bachelor's Degree	33.14	11.88%	$39,123 - $75,398
Master's Degree	242.90	87.05%	$42,679 - $93,895
Ph.D.	2.00	0.72%	$48,368 - $97,808
	279.04	100.00%	

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	30.73	11.01%
6 - 10	48.00	17.20%
11 and over	200.31	71.79%
	279.04	100.00%

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		
2013	$ 64,339,073	$ 13,745	$ 65,900,682	$ 14,078	4,681	-4.27%
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%
2004	54,143,458	9,667	56,718,612	10,127	5,601	-0.02%

Source: District records

(a) Debt Service totals have been excluded.

(b) The Pupil/Teacher Ratio for fiscal years 2009 through 2013 was not available.

Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
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%
451	18.74	96.10%

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