COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

HUDSON CITY
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2012

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, 2012

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HUDSON CITY SCHOOL DISTRICT
TREASURER'S OFFICE

2386 Hudson-Aurora Road
Hudson, OH 44236-2322

BOARD OF EDUCATION:
David Zuro, President
Steven DiMauro, Vice-President
Patricia Engelman
James Field
Gary Mushock

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

ADMINISTRATORS:
Steven Farnsworth, Superintendent
Kathryn Sines, Treasurer

December 7, 2012

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, 2012. This CAFR, which includes an opinion from the Auditor of the State of Ohio, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

The Reporting Entity

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

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

The District And Its Facilities

The District serves an area of approximately 31 square miles in and around the City of Hudson (the "City"). It is located in Summit County, approximately 28 miles southeast of downtown Cleveland and 14 miles north of Akron. The District is 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 full-time equivalent enrollment for fiscal year-end June 30, 2012, was 4,749 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 2012, and the nation's unemployment rate for June 2012 was 8.2 percent. Additionally, June 2012 employment in the Akron Metropolitan Statistical Area was 346,900. 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 67 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. Due to the economic recession, the District's assessed property values have declined by more than 7 percent which resulted in a loss of $672,597 in real estate tax revenue in the last year.

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. Specific examples of recent decisions resulting from long range planning are the construction of the building additions and the energy conservation improvements that did not require any additional millage and adding new programs and staffing as enrollment and the economy allow.

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 6-30-12

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 6-30-12

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 604 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 2011-12 fiscal year, the District's fleet of 54 buses traveled 3,000 miles each day providing transportation services to 2,697 public and 189 private and parochial students. The Nutrition Services Department served an average of 2,684 meals daily for a total of 475,064 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 777 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 2012

District Recognitions

Ohio Department of Education Local Report Card: District Excellent.
Hudson has a performance index score of 108.4, which is the twelfth highest out of 611 districts.
Dr. Willard Daggett, CEO of the International Center for Leadership in Education speaks to our teachers and staff about the importance of Rigor, Relevance and Relationships.
US Department of Education Blue Ribbon Award: Hudson High School (a five year distinction).
Ranked in the top 3% in the nation by the Newsweek Magazine for AP curriculum.
2011-2012 student winners and both student winners for the Siemens Award for Advanced Placement are from Hudson High School. Only one male and one female are named each year in Ohio.
Class of 2012 accepted $7 million in scholarships.
Class of 2012 ACT composite score of 25.9 State of Ohio average 21.1.
Ohio Department of Education Local Report Card: Hudson Middle School rating was highest possible: Excellent with Distinction.
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.
Federal programs audited: Title One, Title III, Title IIID and Gifted Education found all areas meet federal compliance requirements.
Sponsored Rachel's Challenge, a national program for preventing school violence and building student capacity to contribute to their school community.
Entrepreneurial Projects 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 100 students participated in the National RTA Reflections program.
High School Service Learning class named a model for service learning. Students served over 12,000 hours last year.
Implemented tuition based all-day kindergarten.
Implemented on-line school and extracurricular fee payment system.
Teacher development of the Flipped Classroom; Hudson's version of Kahn Academy.
Hosted and presented a Northeast Ohio Literacy Collaborative, 140 teachers and university faculty participated.
Members of the High School to College Alignment Project with Northeast Ohio colleges and high performing districts.
Awarded a Federal Safe Routes to School Grant to promote student wellness initiatives, as well as improving the infrastructure.
Continue to work with several Hudson organizations to promote student growth, academic excellence and promotion of the arts.

Language Arts Curricular Initiatives

- Common Core Standards in English Language Arts implemented
- Linda Hoyt – Nonfiction writing for grades K-5
- Writers' Workshop Core team developed
- Elevating Writing Project at high school
- Professional development on Value-Added data

- Parent Literacy Nights
- Revision of the K-5 report card to reflect the new common core state standards
- 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

Mathematics

- Common Core Mathematics implemented K-8
- Text book adoption for middle school mathematics
- Accelerated Geometry for high school honors credit offered at middle school
- Professional development for Common Core standards
- Development of new report cards and assessments in preparation of new standards
- Professional development in differentiation

Social Studies Curricular Initiatives

- Common pacing and assessments for high school courses
- Analyzing OAA/OGT data to inform instruction
- 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
- Summer Science Internship established for high school credit
- Community Science mentor programs
- Science Olympiad High School Science Team
- Middle and High School Science Fairs
- 7th grade field trips to CVEEC

K-12 Technology/Media Initiatives

- 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)
- 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 inservice programs and graduate classes

Special Education Initiatives

- 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 OCALI training
- 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 IAT meetings
- Acceleration opportunity 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 expanded to included 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 21 AP courses at the high school
- Implemented Chinese III as a world language at the high 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, 2012, the District continued to report in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for the State and Local Governments." The basic financial statements for reporting on the District's financial activities are as follows:

- *Government-wide financial statements:* These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by business enterprises. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

- *Fund financial statements:* These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

- *Statement of budgetary comparisons:* These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Discussion and Analysis of the District. This discussion appears after the Independent Accountants' Report in the financial section of this report. The Management's Discussion and Analysis (MD&A) provides an assessment of the District's finances for 2012. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Financial Information

Internal Accounting and Budgetary Control

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

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

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

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

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

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

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. As an additional safeguard, all employees are covered by a blanket bond and certain individuals in policy-making roles are covered by a separate, higher limit bond. The basis of accounting and the various funds utilized by the District are fully described in Note 2 of the basic financial statements. Additional information on the District's budgetary accounting can also be found in Note 2.

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

Independent Audit

State statutes require an annual audit by independent accountants. The Ohio Auditor of State conducted the District's 2012 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, 2011. This was the thirteenth 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, 2011. This was the thirteenth 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, 2012, 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 working so diligently to maintain the District's Capital Asset Records, to Ms. Doreen Osmun, Director of Curriculum & Instruction, for her contributions to the Curricular Initiatives section, to Ms. Sheryl Sheatzley, Communications Management Specialist, for her work on the cover and design, and also to Julian & Grube Inc., for their expert guidance and assistance.

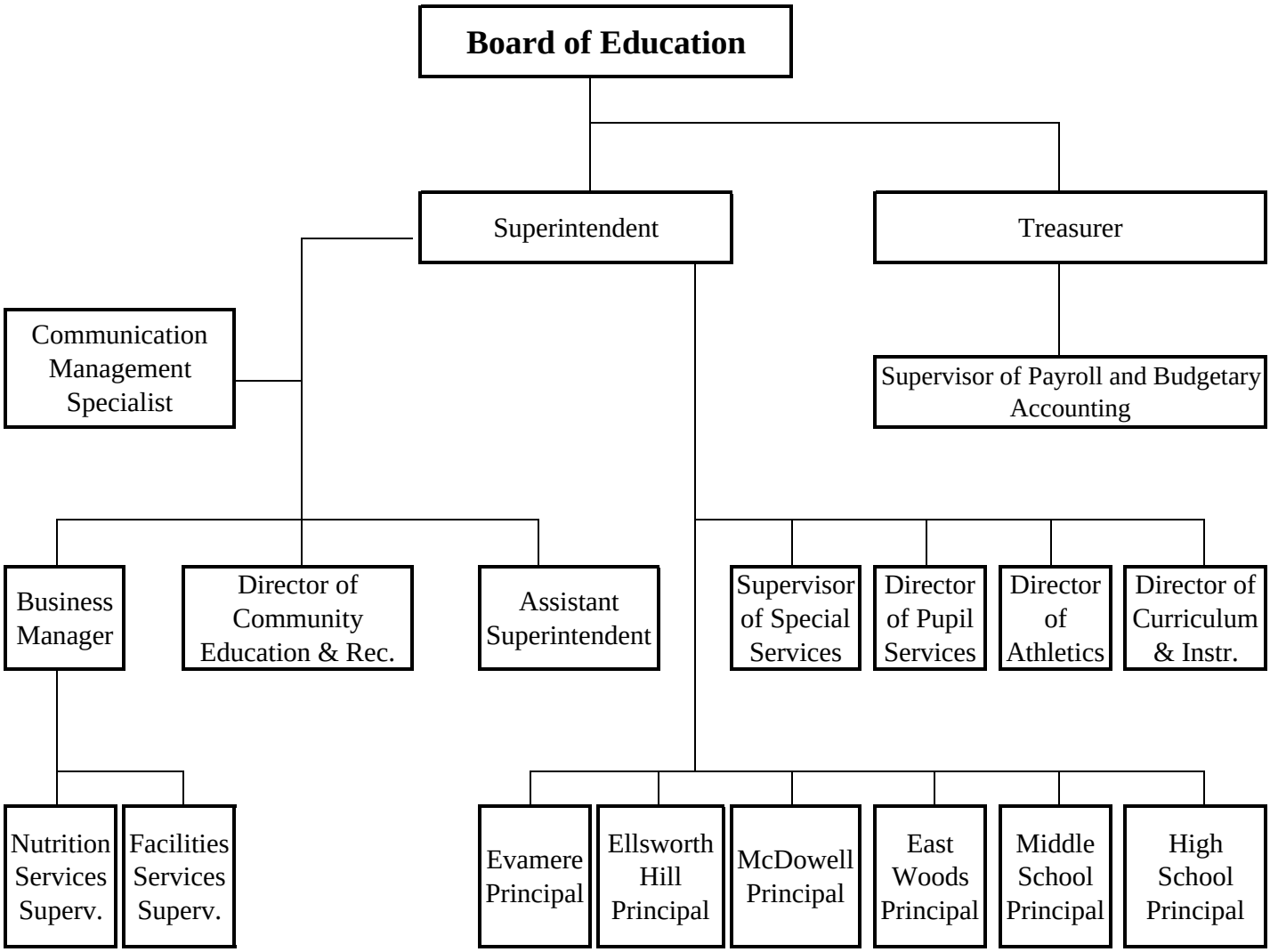
Respectfully submitted,

Kathryn Sines
Treasurer

Steven Farnsworth
Superintendent

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hudson City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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

President

Executive Director

Association of School Business Officials International

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, 2011

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

Brian L. Mee, SFO, RSBA
President

John D. Musso, CAE, RSBA
Executive Director

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FINANCIAL SECTION

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Dave Yost · Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hudson City School District
Summit County
2386 Hudson – Aurora Road
Hudson, Ohio 44236-2322

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hudson City School District, Summit County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise 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 provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical 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.

Dave Yost
Auditor of State

December 7, 2012

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012. 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 2012 are as follows:

- In total, net assets increased $3,424,003. Net assets of governmental activities increased $3,278,669, which represents an 8.67% increase from 2011. Net assets of business-type activities increased $145,334 or 30.96% from 2011.

- Total governmental activities revenues, exclusive of the special item, were $67,118,034. General revenues, related to governmental activities, accounted for $60,190,903 in revenue or 89.68% 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 $6,927,131 or 10.32% of total revenues.

- The District had $64,350,365 in expenses related to governmental activities; only $6,927,131 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $60,190,903 were adequate to provide for these programs.

- The District had $1,196,799 in expenses related to business-type activities; program specific revenues in the form of charges for services of $1,342,133 were adequate to provide for these programs.

- The District's two major governmental funds are the general fund and the debt service fund. The general fund had $57,807,888 in revenues and other financing sources and $56,695,222 in expenditures and other financing uses. This resulted in an increase in fund balance of $1,112,666 from $7,291,690 to $8,404,356.

- The debt service fund had $3,880,535 in revenues and other financing sources, $3,750,514 in expenditures and a special item of $511,000. The debt service fund's fund balance increased $641,021 from $3,828,701 to $4,469,722.

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The statement of net assets and the statement of activities answer this question. These statements include all non-fiduciary *assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the District is divided into two distinct kinds of activities:

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

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

The District's statement of net assets and statement of activities can be found on pages F 15 - F 17 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 9. 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 major governmental funds are the general fund and the debt service fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages F 18 - F 22 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 23 - F 25 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages F 26 - F 27. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F 29 - F 60 of this report.

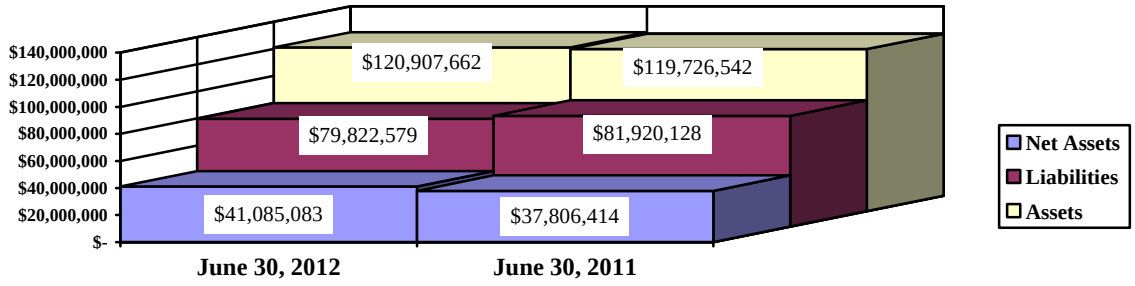
The District as a Whole

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for fiscal years 2012 and 2011.

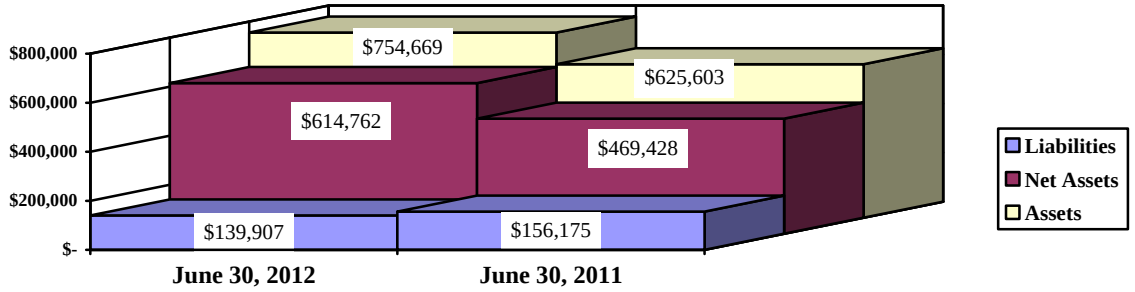
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	$ 70,137,885	$ 68,643,724	$ 754,669	$ 625,603	$ 70,892,554	$ 69,269,327
Capital assets	50,769,777	51,082,818	-	-	50,769,777	51,082,818
Total assets	120,907,662	119,726,542	754,669	625,603	121,662,331	120,352,145
Liabilities						
Current liabilities	47,421,408	46,582,718	114,844	131,748	47,536,252	46,714,466
Long-term liabilities	32,401,171	35,337,410	25,063	24,427	32,426,234	35,361,837
Total liabilities	79,822,579	81,920,128	139,907	156,175	79,962,486	82,076,303
Net Assets						
Invested in capital assets, net of related debt	23,427,664	22,009,927	-	-	23,427,664	22,009,927
Restricted	6,910,143	6,330,508	-	-	6,910,143	6,330,508
Unrestricted	10,747,276	9,465,979	614,762	469,428	11,362,038	9,935,407
Total net assets	$ 41,085,083	$ 37,806,414	$ 614,762	$ 469,428	$ 41,699,845	$ 38,275,842

Governmental - Net Assets



Business-Type - Net Assets



The table below shows the changes in net assets for fiscal years 2012 and 2011.

Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services and sales	$ 2,935,854	$ 2,760,156	$1,342,133	$1,244,446	$ 4,277,987	$ 4,004,602
Operating grants and contributions	3,956,096	6,202,110	-	-	3,956,096	6,202,110
Capital grants and contributions	35,181	46,931	-	-	35,181	46,931
General revenues:						
Property taxes	39,680,791	41,119,932	-	-	39,680,791	41,119,932
Payments in lieu of taxes	314,000	314,000	-	-	314,000	314,000
Grants and entitlements	19,770,571	20,657,581	-	-	19,770,571	20,657,581
Investment earnings	174,389	184,402	-	-	174,389	184,402
Miscellaneous	251,152	225,537	-	-	251,152	225,537
Total revenues	67,118,034	71,510,649	1,342,133	1,244,446	68,460,167	72,755,095

-Continued

Change in Net Assets (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Expenses						
Program expenses:						
Instruction:						
Regular	27,296,776	29,603,309	-	-	27,296,776	29,603,309
Special	6,198,419	7,012,389	-	-	6,198,419	7,012,389
Vocational	263,974	380,359	-	-	263,974	380,359
Other	1,327,522	1,395,007	-	-	1,327,522	1,395,007
Support services:						
Pupil	5,029,365	4,660,098	-	-	5,029,365	4,660,098
Instructional staff	4,744,431	5,055,553	-	-	4,744,431	5,055,553
Board of education	48,947	34,423	-	-	48,947	34,423
Administration	4,201,741	4,140,062	-	-	4,201,741	4,140,062
Fiscal	1,488,463	1,472,350	-	-	1,488,463	1,472,350
Business	583,773	562,450	-	-	583,773	562,450
Operations and maintenance	4,758,948	5,715,952	-	-	4,758,948	5,715,952
Pupil transportation	3,818,376	3,052,413	-	-	3,818,376	3,052,413
Central	422,134	456,023	-	-	422,134	456,023
Operation of non-instructional services:						
Food service	1,485,582	1,562,149	-	-	1,485,582	1,562,149
Other non-instructional services	16,603	41,313	-	-	16,603	41,313
Extracurricular activities	1,287,632	1,386,725	-	-	1,287,632	1,386,725
Interest on long-term debt	1,377,679	1,585,230	-	-	1,377,679	1,585,230
Community education	-	-	1,196,799	1,173,451	1,196,799	1,173,451
Total expenses	64,350,365	68,115,805	1,196,799	1,173,451	65,547,164	69,289,256
Special item - termination payment	511,000	-	-	-	511,000	-
Changes in net assets	3,278,669	3,394,844	145,334	70,995	3,424,003	3,465,839
Net assets at beginning of year	37,806,414	34,411,570	469,428	398,433	38,275,842	34,810,003
Net assets at end of year	$ 41,085,083	$ 37,806,414	$ 614,762	$ 469,428	$ 41,699,845	$ 38,275,842

Governmental Activities

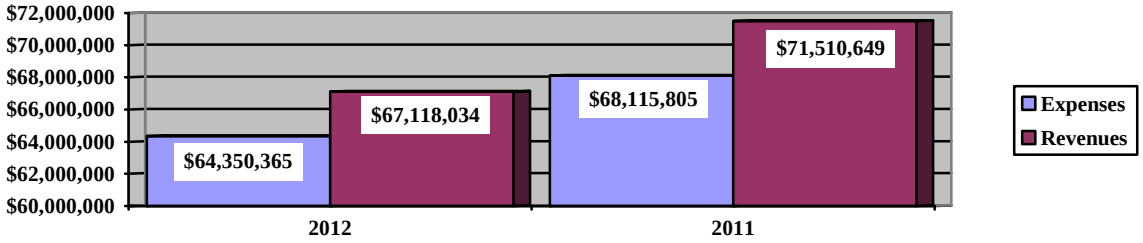
Net assets of the District's governmental activities increased $3,278,669. Program revenues supported 10.76% of the total governmental expenses.

Total revenues for governmental activities decreased $4,392,615 or 6.14%. The significant decrease in operating grants and contributions is due to the elimination of the federal ARRA grants, as well as decreased allocations for the District's Education Jobs and Title VI-B federal grants. The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 88.58% of total governmental revenue. Property taxes revenue decreased 3.50%, which is the result of a decrease in the assessed property values, particularly for real property, upon which taxes are based. The decrease of 4.29% in unrestricted grants and entitlements is primarily the result of 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 $35,086,691 or 54.52% of total governmental expenses for fiscal year 2012. The overall decrease in expenses is due to reductions in the federal grant programs discussed above. Wages and benefits costs also decreased as a result of reductions in staff.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2012 and 2011.

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 2012 and 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted grants and entitlements.

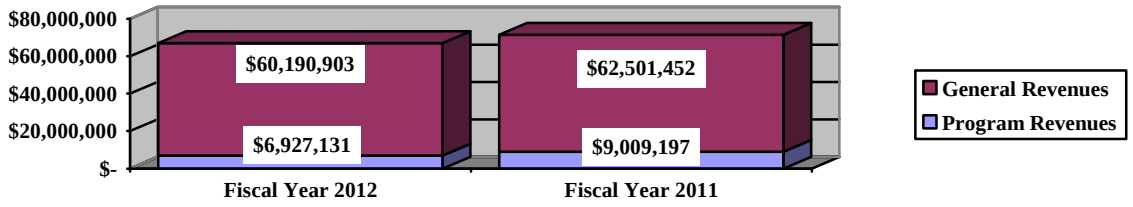
Governmental Activities

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Program expenses:				
Instruction:				
Regular	$ 27,296,776	$ 25,211,072	$ 29,603,309	$ 26,810,507
Special	6,198,419	5,504,596	7,012,389	5,981,290
Vocational	263,974	232,387	380,359	323,515
Other	1,327,522	1,308,910	1,395,007	1,348,882
Support services:				
Pupil	5,029,365	4,097,360	4,660,098	3,683,544
Instructional staff	4,744,431	4,392,812	5,055,553	4,457,786
Board of education	48,947	48,947	34,423	34,423
Administration	4,201,741	3,878,086	4,140,062	3,768,942
Fiscal	1,488,463	1,488,463	1,472,350	1,472,350
Business	583,773	583,773	562,450	562,365
Operations and maintenance	4,758,948	4,722,272	5,715,952	5,259,009
Pupil transportation	3,818,376	3,817,610	3,052,413	2,758,344
Central	422,134	422,134	456,023	451,023
Operation of non-instructional services				
Food service operations	1,485,582	(7,658)	1,562,149	(35,151)
Other non-instructional services	16,603	(313)	41,313	(3,082)
Extracurricular activities	1,287,632	345,104	1,386,725	647,631
Interest on long-term debt	1,377,679	1,377,679	1,585,230	1,585,230
Total expenses	$ 64,350,365	$ 57,423,234	$ 68,115,805	$ 59,106,608

The dependence upon tax revenues during fiscal year 2012 for governmental activities is apparent, as 91.94% of 2012 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 89.24% in 2012. 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 2012 and 2011.

Governmental Activities - General and Program Revenues



Business-Type Activities

Business-type activities include the District's community education program which had revenues of $1,342,133 and expenses of $1,196,799 for fiscal year 2012. This resulted in an increase to net assets for the fiscal year of $145,334. 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 18) reported a combined fund balance of $16,336,293, which is 1,910,528 or 13.24% higher than last year's total of $14,425,765. The schedule below indicates the fund balance as of June 30, 2012 and 2011, and the total change in fund balance.

	Fund Balance June 30, 2012	Fund Balance June 30, 2011	Increase
General	$ 8,404,356	$ 7,291,690	$ 1,112,666
Debt Service	4,469,722	3,828,701	641,021
Nonmajor Governmental	3,462,215	3,305,374	156,841
Total	$ 16,336,293	$ 14,425,765	$ 1,910,528

General Fund

The District's general fund balance increased $1,112,666. 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 13.21% of total general fund expenditures, while total fund balance represents 14.83% of that same amount. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2012 Amount	2011 Amount	Percentage Change
Revenues			
Taxes	$ 37,435,368	$ 37,205,157	0.62 %
Payments in lieu of taxes	314,000	314,000	- %
Tuition	205,244	102,236	100.76 %
Interest earnings	53,551	130,603	(59.00) %
Intergovernmental	18,417,942	19,170,565	(3.93) %
Other revenues	1,368,427	1,145,367	19.47 %
Total	$ 57,794,532	$ 58,067,928	(0.47) %

Tuition revenues increased as a result of revenues received from other school districts for the District's special education programs. Interest earnings decreased due to lower interest rates on the District's interest-bearing accounts. The increase in other revenues is the result of increases for sports dues and fees, an also various miscellaneous refunds and reimbursements.

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

	2012 Amount	2011 Amount	Percentage Change
Expenditures			
Instruction	$ 31,852,331	$ 35,799,884	(11.03) %
Support services	23,331,200	22,668,789	2.92 %
Other non-instructional services	7,770	7,271	6.86 %
Extracurricular activities	866,435	958,698	(9.62) %
Debt service	611,486	616,618	(0.83) %
Total	$ 56,669,222	$ 60,051,260	(5.63) %

The overall decrease in general fund expenditures is the result of various cost saving measures employed by the District. One significant area of savings was for wages and benefits costs, especially for regular instruction expenditures, which fell due to reductions in staff. Support services expenditures increased, however, which is mostly due to increased costs for pupil transportation.

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. During fiscal year 2012, the debt service fund had $3,880,535 in revenues and other financing sources, $3,750,514 in expenditures and a special item of $511,000, resulting in an increase in fund balance of $641,021. The debt service fund's fund balance at the end of the year was $4,469,722.

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 assets and the results of operations on the fund financial statements mirror those reported as business-type activities on the District-wide financial statements. See page F 9 for a discussion of the District's business-type activities.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2012, the District amended its general fund budget several times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, both the original and final budgeted revenues and other financing sources were $57,904,187. Actual revenues and other financing sources were $57,763,823, or $140,364 less than the final budget.

General fund original appropriations (expenditures and other financing uses) of $59,552,200 were increased slightly to $59,552,632 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled $57,567,335, which was $1,985,277 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the District had $50,769,777 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2012 balances compared to 2011:

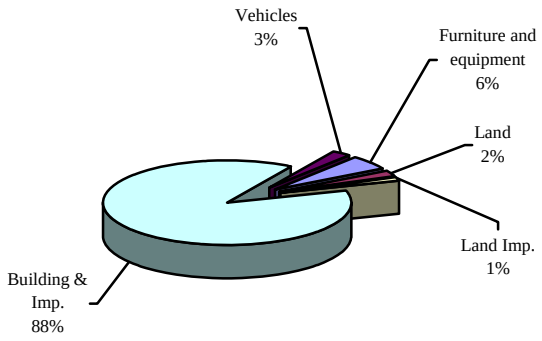
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2012	2011
Land	$ 1,032,204	$ 1,032,204
Land improvements	705,203	620,291
Building and improvements	44,852,263	45,681,260
Furniture and equipment	2,880,583	2,622,006
Vehicles	1,299,524	1,127,057
Total	$ 50,769,777	$ 51,082,818

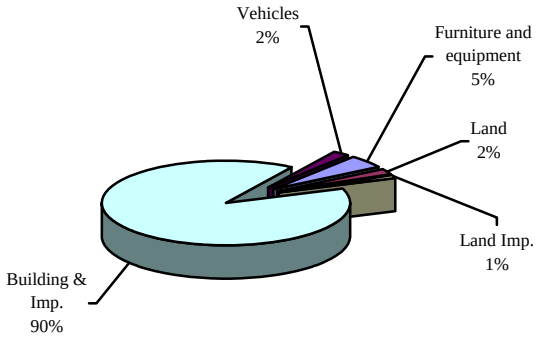
The net decrease in capital assets is a result of depreciation expense of $1,833,896 exceeding capital outlays of $1,520,855 in fiscal year 2012.

The following graphs show the breakdown of governmental activities capital assets by category for 2012 and 2011.

Capital Assets - Governmental Activities
2012



Capital Assets - Governmental Activities
2011



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

Debt Administration

At June 30, 2012, the District had $29,422,113 in general obligation bonds, certificates of participation and capital leases outstanding. Of this total, $3,039,601 is due within one year and $26,382,512 is due in greater than one year. The following table summarizes the outstanding debt.

Outstanding Debt, at Year End

	Governmental Activities 2012	Governmental Activities 2011
Series 2003, Refunding	$ 5,100,000	$ 7,293,780
Energy Conservation	2,080,000	2,260,000
Qualified School Construction	2,005,000	2,140,000
Certificates of Participation	19,700,000	19,935,000
Capital Leases	537,113	697,927
Total	$ 29,422,113	$ 32,326,707

All bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment.

See Note 9 to the basic financial statements for more information on the District's debt administration.

Current Financial Related Activities

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. The general fund cash balance was $11,957,932 at June 30, 2012. Fiscal year-end general fund cash balances were $10,791,463, $13,096,732, $16,864,531, and $17,888,470 at June 30 in fiscal years 2011, 2010, 2009 and 2008, 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 plans to go to the ballot in November with the question of the renewal of the 1.5 mill permanent improvement tax levy, for another five years. Unless renewed, that tax will expire after calendar year 2012. With Board guidance, the recent fiscal year budgets have been carefully managed in order to maintain the integrity of the financial planning process, while being cognizant of future tax levy levels that are reasonable and in accordance with the expected educational excellence of our community.

Several significant legislative and judicial actions have occurred that will have a major impact on the District. The Ohio General Assembly has recently implemented major tax reform in Ohio that has not had a positive impact on the District. House Bill 66 introduced a phase-out of the tangible personal property tax the schools used to receive. The District is partially reimbursed for the lost tax revenues; however, this reimbursement from the State is being phased out so that by 2014 the District will lose approximately four million dollars. The District will either have to cut programs or ask our taxpayers to pass a levy to replace that amount. These subsidies are designed to bring District revenues back to 2004 levels and do not provide additional revenues to offset inflationary pressures on the operating budget. In addition, there are concerns that the State may not have the ability to fully fund these subsidies for primary and secondary education in the State budget. In spite of this, the Board will continue to evaluate all aspects of its operations, making prudent decisions where appropriate, in order to maximize its resources and offer excellent educational offerings.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report or requests for additional financial information can be made by writing to Mrs. Kathryn Sines, Treasurer/CFO, Hudson City School District, 2386 Hudson-Aurora Road, Hudson, Ohio 44236 or by calling (330) 653-1270.

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 21,185,808	$ 754,669	$ 21,940,477
Cash with fiscal agent	3,027,432	-	3,027,432
Receivables:			
Taxes	44,625,660	-	44,625,660
Payments in lieu of taxes	314,000	-	314,000
Intergovernmental	527,028	-	527,028
Accrued interest	11,900	-	11,900
Materials and supplies inventory	1,572	-	1,572
Inventory held for resale	55,216	-	55,216
Unamortized bond issue costs	389,269	-	389,269
Capital assets:			
Land	1,032,204	-	1,032,204
Depreciable capital assets, net	49,737,573	-	49,737,573
Capital assets, net	50,769,777	-	50,769,777
Total assets	120,907,662	754,669	121,662,331
Liabilities:			
Accounts payable	757,319	42,771	800,090
Accrued wages and benefits	5,423,523	44,329	5,467,852
Pension obligation payable	1,274,967	26,472	1,301,439
Intergovernmental payable	168,792	1,272	170,064
Unearned revenue	38,985,243	-	38,985,243
Accrued interest payable	101,749	-	101,749
Claims payable	709,815	-	709,815
Long-term liabilities:			
Due within one year	3,644,079	20,721	3,664,800
Due in more than one year	28,757,092	4,342	28,761,434
Total liabilities	79,822,579	139,907	79,962,486
Net assets:			
Invested in capital assets, net of related debt	23,427,664	-	23,427,664
Restricted for:			
Capital projects	1,814,864	-	1,814,864
Debt service	4,465,979	-	4,465,979
Locally funded programs	56,269	-	56,269
State funded programs	212,219	-	212,219
Federally funded programs	120,192	-	120,192
Student activities	154,621	-	154,621
Other purposes	85,999	-	85,999
Unrestricted	10,747,276	614,762	11,362,038
Total net assets	$ 41,085,083	$ 614,762	$ 41,699,845

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, 2012

		Program Revenues		
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
Instruction:				
Regular	$ 27,296,776	$ 330,894	$ 1,719,629	$ 35,181
Special	6,198,419	116,880	576,943	-
Vocational	263,974	568	31,019	-
Other	1,327,522	7,812	10,800	-
Support services:				
Pupil	5,029,365	243,287	688,718	-
Instructional staff	4,744,431	35,307	316,312	-
Board of education	48,947	-	-	-
Administration	4,201,741	-	323,655	-
Fiscal	1,488,463	-	-	-
Business	583,773	-	-	-
Operations and maintenance	4,758,948	11,608	25,068	-
Pupil transportation	3,818,376	766	-	-
Central	422,134	-	-	-
Operation of non-instructional services:				
Food service operations	1,485,582	1,285,541	207,699	-
Other non-instructional services	16,603	6,314	10,602	-
Extracurricular activities	1,287,632	896,877	45,651	-
Interest on long-term debt	1,377,679	-	-	-
Total governmental activities	64,350,365	2,935,854	3,956,096	35,181
Business-type activities:				
Community education	1,196,799	1,342,133	-	-
Total business-type activities	1,196,799	1,342,133	-	-
Totals	$ 65,547,164	$ 4,277,987	$ 3,956,096	$ 35,181

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

Special item - termination payment

Total general revenues and special item

Change in net assets

Net assets at beginning of year

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	**Business-Type Activities**	**Total**
$ (25,211,072)	$ -	$ (25,211,072)
(5,504,596)	-	(5,504,596)
(232,387)	-	(232,387)
(1,308,910)	-	(1,308,910)
(4,097,360)	-	(4,097,360)
(4,392,812)	-	(4,392,812)
(48,947)	-	(48,947)
(3,878,086)	-	(3,878,086)
(1,488,463)	-	(1,488,463)
(583,773)	-	(583,773)
(4,722,272)	-	(4,722,272)
(3,817,610)	-	(3,817,610)
(422,134)	-	(422,134)
7,658	-	7,658
313	-	313
(345,104)	-	(345,104)
(1,377,679)	-	(1,377,679)
(57,423,234)	-	(57,423,234)
-	145,334	145,334
-	145,334	145,334
(57,423,234)	145,334	(57,277,900)
36,431,621	-	36,431,621
2,116,209	-	2,116,209
1,132,961	-	1,132,961
314,000	-	314,000
19,770,571	-	19,770,571
174,389	-	174,389
251,152	-	251,152
60,190,903	-	60,190,903
511,000	-	511,000
60,701,903	-	60,701,903
3,278,669	145,334	3,424,003
37,806,414	469,428	38,275,842
$ 41,085,083	$ 614,762	$ 41,699,845

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	$ 11,957,932	$ 1,218,288	$ 3,642,929	$ 16,819,149
Cash with fiscal agent	-	3,027,432	-	3,027,432
Receivables:				
Taxes	41,631,789	2,364,882	628,989	44,625,660
Payments in lieu of taxes	314,000	-	-	314,000
Intergovernmental	73,364	-	453,664	527,028
Accrued interest	11,900	-	-	11,900
Due from other funds	38,185	-	-	38,185
Materials and supplies inventory	-	-	1,572	1,572
Inventory held for resale	35,225	-	19,991	55,216
Total assets	$ 54,062,395	$ 6,610,602	$ 4,747,145	$ 65,420,142
Liabilities:				
Accounts payable	$ 630,842	$ -	$ 121,838	$ 752,680
Accrued wages and benefits	5,084,306	-	339,217	5,423,523
Compensated absences payable	394,494	-	-	394,494
Pension obligation payable	1,170,784	-	104,183	1,274,967
Intergovernmental payable	159,708	-	8,948	168,656
Claims payable	11,061	-	-	11,061
Due to other funds	-	-	38,185	38,185
Unearned revenue	36,456,655	2,058,218	470,370	38,985,243
Deferred revenue	1,750,189	82,662	202,189	2,035,040
Total liabilities	45,658,039	2,140,880	1,284,930	49,083,849
Fund balances:				
Nonspendable:				
Materials and supplies / inventory held for resale	35,225	-	21,563	56,788
Restricted:				
Debt service	-	4,469,722	-	4,469,722
Capital improvements	-	-	2,939,021	2,939,021
Food service operations	-	-	95,458	95,458
Non-public schools	-	-	216,107	216,107
Targeted academic assistance	-	-	805	805
Extracurricular	-	-	154,621	154,621
Other purposes	-	-	76,234	76,234
Assigned:				
Student instruction	143,853	-	-	143,853
Student and staff support	416,618	-	-	416,618
Extracurricular activities	9,980	-	-	9,980
Rotary services	301,136	-	-	301,136
Other purposes	12,499	-	-	12,499
Unassigned (deficit)	7,485,045	-	(41,594)	7,443,451
Total fund balances	8,404,356	4,469,722	3,462,215	16,336,293
Total liabilities and fund balances	$ 54,062,395	$ 6,610,602	$ 4,747,145	$ 65,420,142

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012

Total governmental fund balances			$	16,336,293
Amounts reported for governmental activities on the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				50,769,777
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.				
Taxes receivable	$	1,790,343		
Accrued interest receivable		11,900		
Intergovernmental receivable		232,797		
Total				2,035,040
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 assets.				3,663,130
Bond issuance costs are not recognized in the funds.				389,269
Unamortized premiums on bond issuance are not recognized in the funds.				(45,317)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.				(101,749)
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		(9,185,000)		
Certificates of participation		(19,700,000)		
Capital lease obligations		(537,113)		
Compensated absences		(2,539,247)		
Total				(31,961,360)
Net assets of governmental activities			$	41,085,083

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, 2012

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Taxes	$ 37,435,368	$ 2,150,861	$ 1,159,685	$ 40,745,914
Payments in lieu of taxes	314,000	-	-	314,000
Tuition	205,244	-	-	205,244
Earnings on investments	53,551	125,113	1,927	180,591
Charges for services	3,144	-	1,285,541	1,288,685
Extracurricular	778,077	-	308,487	1,086,564
Classroom materials and fees	328,148	-	-	328,148
Other local revenues	259,058	-	136,959	396,017
Intergovernmental - intermediate	-	-	1,156,822	1,156,822
Intergovernmental - state	18,417,942	304,561	2,098,181	20,820,684
Intergovernmental - federal	-	-	2,253,792	2,253,792
Total revenues	57,794,532	2,580,535	8,401,394	68,776,461
Expenditures:				
Current:				
Instruction:				
Regular	24,536,581	-	2,011,094	26,547,675
Special	5,754,182	-	432,344	6,186,526
Vocational	244,846	-	-	244,846
Other	1,316,722	-	10,800	1,327,522
Support services:				
Pupil	4,195,495	-	831,146	5,026,641
Instructional staff	4,434,784	-	338,221	4,773,005
Board of education	49,083	-	-	49,083
Administration	3,894,202	-	321,257	4,215,459
Fiscal	1,377,249	88,424	22,735	1,488,408
Business	586,663	-	-	586,663
Operations and maintenance	4,743,066	-	33,374	4,776,440
Pupil transportation	3,624,236	-	38,994	3,663,230
Central	426,422	-	-	426,422
Operation of non-instructional services:				
Food service operations	-	-	1,543,380	1,543,380
Other non-instructional services	7,770	-	27,415	35,185
Extracurricular activities	866,435	-	354,211	1,220,646
Facilities acquisition and construction	-	-	1,011,533	1,011,533
Debt service:				
Principal retirement	475,814	1,434,964	-	1,910,778
Interest and fiscal charges	135,672	2,227,126	-	2,362,798
Total expenditures	56,669,222	3,750,514	6,976,504	67,396,240
Excess (deficiency) of revenues over (under) expenditures	1,125,310	(1,169,979)	1,424,890	1,380,221
Other financing sources (uses):				
Sale/loss of assets	13,356	-	5,951	19,307
Transfers in	-	1,300,000	26,000	1,326,000
Transfers (out)	(26,000)	-	(1,300,000)	(1,326,000)
Total other financing sources (uses)	(12,644)	1,300,000	(1,268,049)	19,307
Special item - termination payment	-	511,000	-	511,000
Net change in fund balances	1,112,666	641,021	156,841	1,910,528
Fund balances at beginning of year	7,291,690	3,828,701	3,305,374	14,425,765
Fund balances at end of year	$ 8,404,356	$ 4,469,722	$ 3,462,215	$ 16,336,293

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, 2012

Net change in fund balances - total governmental funds			$	1,910,528
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. This is the amount by which depreciation expense exceeds capital outlays in the current period.				
Capital asset additions	$	1,520,855		
Current year depreciation		(1,833,896)		
Total				(313,041)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				
Delinquent property taxes		(1,065,123)		
Accrued interest		(4,275)		
Intergovernmental		(534,972)		
Total				(1,604,370)
Repayment of bond and capital lease principal (including accreted interest on capital appreciation bonds) is an expenditure in the governmental funds, but the payment reduces long-term liabilities on the statement of net assets.				2,990,814
In the statement of activities, interest is accrued on outstanding bonds and certificates of participation, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:				
Decrease in accrued interest payable		8,836		
Amortization of bond issuance costs		(21,244)		
Amortization of bond premiums		3,711		
Accreted interest on capital appreciation bonds		(86,220)		
Total				(94,917)
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.				69,472
An internal service fund used by management to charge the costs of medical and dental insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.				320,183
Change in net assets of governmental activities			$	3,278,669

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
From local sources:				
Taxes	$ 37,984,934	$ 37,984,934	$ 37,892,855	$ (92,079)
Payments in lieu of taxes	314,763	314,763	314,000	(763)
Tuition	117,937	117,937	117,651	(286)
Earnings on investments	52,929	52,929	52,801	(128)
Extracurricular	589,820	589,820	588,390	(1,430)
Classroom materials and fees	112,946	112,946	112,672	(274)
Other local revenues	155,293	155,293	154,917	(376)
Intergovernmental - state	18,462,697	18,462,697	18,417,942	(44,755)
Total revenues	57,791,319	57,791,319	57,651,228	(140,091)
Expenditures:				
Current:				
Instruction:				
Regular	26,070,021	26,076,432	25,200,670	875,762
Special	6,093,013	6,094,511	5,889,831	204,680
Vocational	270,738	270,805	261,710	9,095
Other	1,394,508	1,394,851	1,348,006	46,845
Support services:				
Pupil	4,044,345	4,045,339	3,909,479	135,860
Instructional staff	4,639,793	4,640,934	4,485,071	155,863
Board of education	53,473	53,486	51,690	1,796
Administration	4,121,398	4,122,412	3,983,963	138,449
Fiscal	1,459,726	1,460,085	1,411,049	49,036
Business	642,011	642,169	620,602	21,567
Operations and maintenance	5,202,846	5,204,125	5,029,348	174,777
Pupil transportation	3,667,266	3,668,168	3,544,975	123,193
Central	507,004	507,129	490,097	17,032
Extracurricular activities	928,453	928,681	897,492	31,189
Debt service:				
Principal retirement	315,000	315,000	315,000	-
Interest and fiscal charges	107,482	102,482	102,350	132
Total expenditures	59,517,077	59,526,609	57,541,333	1,985,276
Excess (deficiency) of revenues over (under) expenditures	(1,725,758)	(1,735,290)	109,895	1,845,185
Other financing sources (uses):				
Sale/loss of assets	13,388	13,388	13,356	(32)
Refund of prior year's expenditures	99,480	99,480	99,239	(241)
Refund of prior year's receipts	(23)	(23)	(22)	1
Transfers (out)	(35,100)	(26,000)	(26,000)	-
Total other financing sources (uses)	77,745	86,845	86,573	(272)
Net change in fund balance	(1,648,013)	(1,648,445)	196,468	1,844,913
Fund balance at beginning of year	9,137,322	9,137,322	9,137,322	-
Prior year encumbrances appropriated	1,138,632	1,138,632	1,138,632	-
Fund balance at end of year	$ 8,627,941	$ 8,627,509	$ 10,472,422	$ 1,844,913

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Assets:		
Equity in pooled cash and investments	$ 754,669	$ 4,366,659
Total assets	754,669	4,366,659
Liabilities:		
Current liabilities:		
Accounts payable	42,771	4,639
Accrued wages and benefits	44,329	-
Compensated absences	20,721	-
Pension obligation payable	26,472	-
Intergovernmental payable	1,272	136
Claims payable	-	698,754
Total current liabilities	135,565	703,529
Long-term liabilities:		
Compensated absences payable	4,342	-
Total liabilities	139,907	703,529
Net assets:		
Unrestricted	614,762	3,663,130
Total net assets	$ 614,762	$ 3,663,130

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Sales/charges for services.	$ 1,342,133	$ 8,083,191
Other	-	10,266
Total operating revenues	1,342,133	8,093,457
Operating expenses:		
Personal services.	518,883	32,317
Purchased services	634,047	770,833
Materials and supplies	17,346	298
Claims	-	6,969,826
Other.	26,523	-
Total operating expenses.	1,196,799	7,773,274
Operating income and change in net assets. .	145,334	320,183
Net assets at beginning of year	469,428	3,342,947
Net assets at end of year.	$ 614,762	$ 3,663,130

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, 2012

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from sales/charges for services.	$ 1,342,133	$ 8,083,191
Cash received from other operations.	-	10,266
Cash payments for personal services.	(527,197)	(32,649)
Cash payments for purchased services.	(642,026)	(766,460)
Cash payments for materials and supplies	(17,314)	(298)
Cash payments for claims	(26,530)	(6,990,982)
Net cash provided by operating activities	129,066	303,068
Net increase in cash and cash equivalents	129,066	303,068
Cash and cash equivalents at beginning of year . . .	625,603	4,063,591
Cash and cash equivalents at end of year	$ 754,669	$ 4,366,659
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 145,334	$ 320,183
Changes in assets and liabilities:		
Increase (decrease) in accounts payable	(367)	4,093
Increase in accrued wages and benefits.	1,822	-
(Decrease) in intergovernmental payable	(7,836)	(52)
Increase in compensated absences payable.	636	-
(Decrease) in pension obligation payable.	(10,523)	-
(Decrease) in claims payable	-	(21,156)
Net cash provided by operating activities	$ 129,066	$ 303,068

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Private Purpose Trust	
	Scholarships	**Agency**
Assets:		
Equity in pooled cash and investments.	$ 3,856	$ 231,291
Receivables:		
Intergovernmental.	-	25,525
Total assets.	3,856	$ 256,816
Liabilities:		
Accounts payable.	-	$ 22,805
Intergovernmental payable	-	1,772
Accrued wages and benefits	-	4,085
Undistributed monies.	-	137,175
Pension obligation payable.	-	5,487
Due to students.	-	85,492
Total liabilities	-	$ 256,816
Net assets:		
Held in trust for scholarships	3,856	
Total net assets	$ 3,856	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
	Scholarships
Additions:	
Gifts and contributions.	$ 129,000
Deductions:	
Scholarships awarded	135,679
Net decrease in fiduciary net assets	(6,679)
Net assets at beginning of year.	10,535
Net assets at end of year	$ 3,856

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District employs 236 non-certified and 400 certified employees (including administrators) to provide services to approximately 4,749 students and community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government 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 2 - 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 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 Board 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 liabilities is reported as fund balance.

The following are the District's major governmental funds:

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.

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

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 and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

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

PROPRIETARY FUNDS

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

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. 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 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's proprietary funds are charges for sales and services. Operating expenses for the enterprise fund include personnel and other expenses related to the operations of the Community Education and Recreation Center and operating expenses for the internal service fund include 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.

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.

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

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 6).

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

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

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

Property taxes and payments in lieu of taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2012 are recorded as deferred revenue in the governmental funds.

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

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

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

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax 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 2012.

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 2 - 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.

Cash with fiscal agent represents amounts held by a trustee in accordance with the agreement for the issuance of the Certificates of Participation (COPs).

During fiscal year 2012, investments were limited to overnight repurchase agreements, federal agency securities, 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 2012. 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, 2012.

NOTE 2 - 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 2012 amounted to $53,551, which includes $23,520 assigned from other District funds.

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

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

G. Inventory

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District'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 2 - 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

I. Interfund Balances

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

J. Compensated Absences

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

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

1. The employees' rights to receive compensation are attributable to services already rendered.

2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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.

NOTE 2 - 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 policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

NOTE 2 - 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 Assets

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

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.

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

Q. Unamortized Bond Issuance Costs and Premiums

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

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. The District received a termination payment of $511,000 in fiscal year 2012, which is reported as a special item in the statement of activities and in the statement of revenues, expenditures and changes in fund balances - governmental funds. The District has funds held by a trustee in accordance with the agreement for the certificates of participation debt. The termination payment was required under the terms of the agreement in order to release the funds held in this account so that the District could refinance the debt (see Note 20).

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2012 included the following individual fund deficits:

Nonmajor funds	Deficit
Education jobs	$ 2,941
Title VI-B	37,639
Title III	38
EHA preschool grant	811
Classroom reduction	165

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 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

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

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

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

A. Cash on Hand

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

B. Cash with Fiscal Agent

At fiscal year end, the District had $3,027,432 in cash and equivalents held by a trustee in accordance with the agreement for the issuance of the certificates of participation (COPs). This amount is included on the balance sheet and the statement of net assets as "cash with fiscal agent".

C. Deposits with Financial Institutions

At June 30, 2012, the carrying amount of all District deposits was $11,704,024, exclusive of the $9,325,000 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, 2012, $6,348,071 of the District's bank balance of $12,092,020 was exposed to custodial risk as discussed below, while $5,743,949 was covered by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

D. Investments

As of June 30, 2012, the District had the following investments and maturities:

		Investment Maturities	
Investment type	Fair Value	6 months or less	7 to 12 months
FHLB	$ 1,000,000	$ -	$ 1,000,000
Repurchase agreement	9,325,000	9,325,000	-
STAR Ohio	144,550	144,550	-
Total	$ 10,469,550	$ 9,469,550	$ 1,000,000

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

Credit Risk: The District's investments in federal agency securities, and the federal agency securities that underlie the District's repurchase agreement, were rated 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. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held at June 30, 2012:

Investment type	Fair Value	% of Total
FHLB	$ 1,000,000	9.55
Repurchase agreement	9,325,000	89.07
STAR Ohio	144,550	1.38
Total	$ 10,469,550	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2012:

Cash and investments per note	
Carrying amount of deposits	$ 11,704,774
Investments	10,469,550
Cash on hand	1,300
Cash with fiscal agent	3,027,432
Total	$ 25,203,056
Cash and investments per statement of net assets	
Governmental activities	$ 24,213,240
Business type activities	754,669
Private-purpose trust funds	3,856
Agency funds	231,291
Total	$ 25,203,056

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2012, 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	$ 38,185

The primary purpose of the due to/from other funds is to cover negative cash in the various nonmajor governmental funds. The interfund balance will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2012 are reported on the statement of net assets.

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund transfers for the fiscal year ended June 30, 2012, 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	Debt service fund	1,300,000

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 transfer from nonmajor governmental funds to the debt service fund was for the purpose of covering a debt payment.

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

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, 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 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, 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, 2012, are available to finance fiscal year 2012 operations. 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 and $115,863 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2011 was $4,281,696 in the general fund, $257,640 in the debt service fund and $148,698 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.

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 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 unearned revenue.

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 deferred.

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 949,773,800	99.48	$ 880,837,040	99.47
Public utility personal	4,990,800	0.52	4,697,110	0.53
Total	$ 954,764,600	100.00	$ 885,534,150	100.00
Tax rate per $1,000 of assessed valuation for:				
General operations	$82.03		$86.93	
Debt service	2.50		2.90	
Permanent improvement	1.50		1.50	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2012 consisted of taxes, payments in lieu of taxes, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:	
Taxes	$ 44,625,660
Payments in lieu of taxes	314,000
Accrued interest	11,900
Intergovernmental	527,028
Total	$ 45,478,588

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

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2012 was as follows:

	Balance 07/01/11	Additions	Deductions	Balance 06/30/12
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	1,950,717	133,927	-	2,084,644
Buildings and improvements	69,470,448	417,128	-	69,887,576
Furniture and equipment	11,065,897	601,206	-	11,667,103
Vehicles	4,433,197	368,594	-	4,801,791
Total capital assets, being depreciated	86,920,259	1,520,855	-	88,441,114
Less: accumulated depreciation				
Land improvements	(1,330,426)	(49,015)	-	(1,379,441)
Buildings and improvements	(23,789,188)	(1,246,125)	-	(25,035,313)
Furniture and equipment	(8,443,891)	(342,629)	-	(8,786,520)
Vehicles	(3,306,140)	(196,127)	-	(3,502,267)
Total accumulated depreciation	(36,869,645)	(1,833,896)	-	(38,703,541)
Governmental activities capital assets, net	$ 51,082,818	$ (313,041)	$ -	$ 50,769,777

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 1,294,241
Special	51,023
Vocational	19,308
Support services:	
Pupil	17,321
Instructional staff	56,524
Administration	33,681
Operations and maintenance	57,966
Pupil transportation	194,140
Extracurricular activities	80,021
Food service operations	29,671
Total depreciation expense	$ 1,833,896

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2012, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding 07/01/11	Additions	Deletions	Balance Outstanding 06/30/12	Amount Due in One Year
Governmental activities:					
Certificates of participation	$ 19,935,000	$ -	$ (235,000)	$ 19,700,000	$ 265,000
General obligation bonds:					
Energy conservation bonds	2,260,000	-	(180,000)	2,080,000	185,000
Qualified school construction bonds	2,140,000	-	(135,000)	2,005,000	140,000
Series 2003, refunding					
Current interest bonds	5,100,000	-	-	5,100,000	2,280,000
Capital appreciation bonds	1,199,964	-	(1,199,964)	-	-
Accreted interest	993,816	86,220	(1,080,036)	-	-
Total bonds and certificates of participation	31,628,780	86,220	(2,830,000)	28,885,000	2,870,000
Capital lease	697,927	-	(160,814)	537,113	169,601
Compensated absences	2,961,675	537,656	(565,590)	2,933,741	604,478
Total, governmental activities	$ 35,288,382	$ 623,876	$ (3,556,404)	$ 32,355,854	$ 3,644,079
Add: unamortized premium on bonds				45,317	
Total on statement of net assets				$ 32,401,171	
Business-type activities:					
Compensated absences	$ 24,427	$ 21,792	$ (21,156)	$ 25,063	$ 20,721
Total, business-type activities	$ 24,427	$ 21,792	$ (21,156)	$ 25,063	$ 20,721

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 lease is paid from the general fund; see Note 10 for more detail. Compensated absences will be paid from the fund from which the employee is paid, which is primarily the general fund and the following nonmajor governmental funds: food service, auxiliary services, Title VI-B and education jobs.

Series 2003 Refunding General Obligation Bonds

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

NOTE 9 - 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

The certificates of participation (COPs) were issued to finance various construction projects throughout the District. The COPs range in interest rates from 2.25% - 5.00% and mature in fiscal year 2034.

Energy Conservation Bonds

The energy conservation bonds were issued during fiscal year 2010. The proceeds were used to retire the energy conservation bond anticipation notes issued in fiscal year 2009. The notes 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 investment in capital assets, net of related debt. The bonds bear an interest rate ranging from 2.00% to 4.00% and mature on December 1, 2021. Debt payments will be made from the general fund from the savings on energy costs resulting from the improvements.

Qualified School Construction Bonds

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

C. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2012, are as follows:

Fiscal Year	General Obligation Current Interest Bonds - Series 2003		
Ending June 30,	Principal	Interest	Total
2013	$ 2,280,000	$ 158,400	$ 2,438,400
2014	2,385,000	65,100	2,450,100
2015	435,000	8,700	443,700
Total	$ 5,100,000	$ 232,200	$ 5,332,200

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year	Energy Conservation Bonds			Qualified School Construction Bonds		
Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
2013	$ 185,000	$ 63,675	$ 248,675	$ 140,000	$ 32,702	$ 172,702
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 - 2022	1,105,000	111,888	1,216,888	780,000	76,051	856,051
2023 - 2025	-	-	-	505,000	12,886	517,886
Total	$ 2,080,000	$ 386,313	$ 2,466,313	$ 2,005,000	$ 228,362	$ 2,233,362

C. Principal and interest requirements to retire the certificates of participation outstanding at June 30, 2012, are as follows:

Fiscal Year	Certificates of Participation		
Ending June 30,	Principal	Interest	Total
2013	$ 265,000	$ 934,865	$ 1,199,865
2014	295,000	924,928	1,219,928
2015	330,000	913,128	1,243,128
2016	370,000	899,928	1,269,928
2017	410,000	885,128	1,295,128
2018 - 2022	2,720,000	4,138,293	6,858,293
2023 - 2027	4,180,000	3,389,500	7,569,500
2028 - 2032	6,160,000	2,194,475	8,354,475
2033 - 2034	4,970,000	420,750	5,390,750
Total	$ 19,700,000	$ 14,700,995	$ 34,400,995

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, 2012, are a voted debt margin of $55,282,796 (including available funds of $4,469,722) and an unvoted debt margin of $885,534.

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In July 2010, the District entered into a lease agreement 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, 2012 was $239,172, leaving a current book value of $615,015. Principal and interest payments of $160,814 and $33,322, respectively, were paid from the general fund.

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, 2012:

Fiscal Year Ending June 30	Amount
2013	$ 194,136
2014	194,136
2015	194,136
Total minimum lease payments	582,408
Less: amount representing interest	(45,295)
Total	$ 537,113

NOTE 11 - COMPENSATED ABSENCES

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

NOTE 12 - RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The District has a comprehensive property and casualty policy with 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.

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 $5,999,942 in the aggregate.

The District pays into the self-insurance internal service fund for full-time medical and prescription drug family coverage $1,288.81 per month for certified, classified and administrative employees. Single coverage full-time costs are $587.83 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 drug above the employee co-payment for a 34 day supply. The employee co-payment for a 34 day supply is: generic $15, preferred $20 and non-preferred $25. The District pays the cost of mail order prescriptions above the employee co-payment for a 90 day supply. The employee co-payment for a 90 day mail order supply is: generic $25, preferred $35 and non-preferred $45. The third party administrator, Klais and Company, reviews and processes the claims. The premium for this coverage is included in the medical plan premium amounts stated above.

NOTE 12 - RISK MANAGEMENT - (Continued)

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 $75.97 and $74.55 per month under Plan S and Plan T, respectively, for family coverage and $35.29 and $20.50 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 $17.41 to $75.97 for family coverage and $7.50 to $35.29 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 $698,754 reported in the internal service fund at June 30, 2012, is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2012	$ 719,910	$ 6,969,826	$ (6,990,982)	$ 698,754
2011	$ 894,945	$ 6,321,147	$ (6,496,182)	719,910

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

D. Workers' Compensation

Effective January 1, 2012, the District participates in the Ohio SchoolComp Group Rating Program (GRP), an insurance purchasing pool (see Note 2.A). The GRP is co-sponsored by the Ohio School Board 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.

NOTE 12 - RISK MANAGEMENT - (Continued)

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
2012	$ 7,337	$ 91,496	$ (87,772)	$ 11,061
2011	-	29,920	(22,583)	7,337

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, 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 2012, 12.65 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, 2012, 2011 and 2010 were $917,403, $890,217 and $998,339, respectively; 59.57 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. The unpaid contribution for fiscal year 2012 is included as part of the "pension obligation payable" liability on the financial statements.

NOTE 13 - PENSION PLANS - (Continued)

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. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. 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.

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 2012, 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, 2012, 2011 and 2010 were $3,792,759, $4,014,133 and $4,042,798, respectively; 84.15 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. The unpaid contribution for fiscal year 2012 is included as part of the "pension obligation payable" liability on the financial statements. Contributions to the DC and Combined Plans for fiscal year 2012 were $119,194 made by the District and $85,138 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, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, 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 premium for calendar year 2011 (latest information available) was $96.40 for most participants, but could be as high as $369.10 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"*.

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 2012, 0.55 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 2012, the actuarially determined amount was $35,800.

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, 2012, 2011 and 2010 were $174,066, $228,248 and $148,323, respectively; 59.57 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. The unpaid contribution for fiscal year 2012 is included as part of the "pension obligation payable" liability on the financial statements.

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were $54,177, $57,287 and $59,369, respectively; 59.57 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. The unpaid contribution for fiscal year 2012 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 2012, 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, 2012, 2011 and 2010 were $291,751, $308,779 and $310,984, respectively; 84.15 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. The unpaid contribution for fiscal year 2012 is included as part of the "pension obligation payable" liability on the financial statements.

NOTE 15 - CONTINGENCIES

A. Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

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 is 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. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, 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 16 - 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, 2011	$ -
Current year set-aside requirement	820,196
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(515,979)
Excess qualified expenditures from prior years	-
Current year offsets	(1,370,834)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	$ (1,066,617)
Balance carried forward to fiscal year 2013	$ -
Set-aside balance June 30, 2012	$ -

NOTE 17 - 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.

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);

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis); and,

(e) 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	$ 196,468
Net adjustment for revenue accruals	(456,737)
Net adjustment for expenditure accruals	464,859
Net adjustment for other sources/uses	(99,217)
Funds budgeted elsewhere	(27,291)
Adjustment for encumbrances	1,034,584
GAAP basis	$ 1,112,666

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 18 - 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.

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 $1,156,822 from the City of Hudson during fiscal year 2012 as a result of this agreement. This revenue is reported in the building nonmajor governmental fund.

NOTE 19 - 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	$ 438,479
Nonmajor governmental funds	951,061
Total	$ 1,389,540

NOTE 20 - SUBSEQUENT EVENT

On July 10, 2012, the District issued $18,725,000 refunding certificates of participation to advance refund certain certificates of participation previously issued by the District. Interest rates on the 2012 issue certificates range from 2.0% - 4.0%. The final maturity date is June 1, 2034.

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.

DEBT SERVICE FUND

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

NONMAJOR 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.

Stimulus Title II D - Grant focus on professional development and student learning. Through sustained, collaborative, job-embedded professional development and the use of research-based methods, teachers will experience new models and strategies for teaching and learning.

FUND DESCRIPTIONS

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Nutrition Education & Training - To account for federal grant monies used to encourage the effective dissemination of scientifically valid information to children participating or eligible to participate in the school lunch and related nutrition programs.

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.

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).

NONMAJOR CAPITAL PROJECTS 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.

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.

FUND DESCRIPTIONS

INTERNAL SERVICE FUND

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

FIDUCIARY FUNDS

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

PRIVATE-PURPOSE TRUST FUND

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

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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, 2012

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Rotary			
Total Revenues and Other Financing Sources	$ 300,450	$ 295,266	$ (5,184)
Total Expenditures and Other Financing Uses	480,234	319,325	160,909
Net Change in Fund Balance	(179,784)	(24,059)	155,725
Fund Balance, July 1	335,080	335,080	-
Prior Year Encumbrances Appropriated	5,234	5,234	-
Fund Balance, June 30	$ 160,530	$ 316,255	$ 155,725
Co-Op Compact			
Total Revenues and Other Financing Sources	$ 29,785	$ 28,257	$ (1,528)
Total Expenditures and Other Financing Uses	28,250	28,230	20
Net Change in Fund Balance	1,535	27	(1,508)
Fund Balance, July 1	-	-	-
Fund Balance, June 30	$ 1,535	$ 27	$ (1,508)
Public School Support			
Total Revenues and Other Financing Sources	$ 299,668	$ 282,249	$ (17,419)
Total Expenditures and Other Financing Uses	409,734	293,583	116,151
Net Change in Fund Balance	(110,066)	(11,334)	98,732
Fund Balance, July 1	130,658	130,658	-
Prior Year Encumbrances Appropriated	23,734	23,734	-
Fund Balance, June 30	$ 44,326	$ 143,058	$ 98,732

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, 2012

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Special Trust			
Total Revenues and Other Financing Sources	$ 23,872	$ 11,612	$ (12,260)
Total Expenditures and Other Financing Uses	32,692	22,718	9,974
Net Change in Fund Balance	(8,820)	(11,106)	(2,286)
Fund Balance, July 1	20,366	20,366	-
Prior Year Encumbrances Appropriated	437	437	-
Fund Balance, June 30	$ 11,983	$ 9,697	$ (2,286)
Debt Service			
Total Revenues and Other Financing Sources	$ 3,752,445	$ 3,789,060	$ 36,615
Total Expenditures and Other Financing Uses	3,752,000	3,750,514	1,486
Net Change in Fund Balance	445	38,546	38,101
Fund Balance, July 1	1,179,742	1,179,742	-
Fund Balance, June 30	$ 1,180,187	$ 1,218,288	$ 38,101

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	$ 819,771	$ 2,823,158	$ 3,642,929
Receivables:			
Taxes	-	628,989	628,989
Intergovernmental	453,664	-	453,664
Materials and supplies inventory	1,572	-	1,572
Inventory held for resale	19,991	-	19,991
Total assets	$ 1,294,998	$ 3,452,147	$ 4,747,145
Liabilities:			
Accounts payable	$ 121,838	$ -	$ 121,838
Accrued wages and benefits	339,217	-	339,217
Pension obligation payable	104,183	-	104,183
Intergovernmental payable	8,948	-	8,948
Due to other funds	38,185	-	38,185
Unearned revenue	-	470,370	470,370
Deferred revenue	159,433	42,756	202,189
Total liabilities	771,804	513,126	1,284,930
Fund balances:			
Nonspendable:			
Materials and supplies / inventory held for resale	21,563	-	21,563
Restricted:			
Capital improvements	-	2,939,021	2,939,021
Food service operations	95,458	-	95,458
Non-public schools	216,107	-	216,107
Targeted academic assistance	805	-	805
Extracurricular	154,621	-	154,621
Other purposes	76,234	-	76,234
Unassigned (deficit)	(41,594)	-	(41,594)
Total fund balances	523,194	2,939,021	3,462,215
Total liabilities and fund balances	$ 1,294,998	$ 3,452,147	$ 4,747,145

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, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Taxes	$ -	$ 1,159,685	$ 1,159,685
Earnings on investments	1,927	-	1,927
Charges for services	1,285,541	-	1,285,541
Extracurricular	308,487	-	308,487
Other local revenues	101,778	35,181	136,959
Intergovernmental - intermediate	-	1,156,822	1,156,822
Intergovernmental - state	1,919,867	178,314	2,098,181
Intergovernmental - federal	2,253,792	-	2,253,792
Total revenue	5,871,392	2,530,002	8,401,394
Expenditures:			
Current:			
Instruction:			
Regular	1,928,517	82,577	2,011,094
Special	432,344	-	432,344
Other	10,800	-	10,800
Support services:			
Pupil	831,146	-	831,146
Instructional staff	338,221	-	338,221
Administration	321,257	-	321,257
Fiscal	-	22,735	22,735
Operations and maintenance	33,374	-	33,374
Pupil transportation	-	38,994	38,994
Operation of non-instructional services:			
Food service operations	1,543,380	-	1,543,380
Other non-instructional services	11,742	15,673	27,415
Extracurricular activities	354,211	-	354,211
Facilities acquisition and construction	3,245	1,008,288	1,011,533
Total expenditures	5,808,237	1,168,267	6,976,504
Excess of revenues over expenditures	63,155	1,361,735	1,424,890
Other financing sources (uses):			
Sale/loss of assets	5,951	-	5,951
Transfers in	26,000	-	26,000
Transfers (out)	-	(1,300,000)	(1,300,000)
Total other financing sources (uses)	31,951	(1,300,000)	(1,268,049)
Net change in fund balances	95,106	61,735	156,841
Fund balances at beginning of year	428,088	2,877,286	3,305,374
Fund balances at end of year	$ 523,194	$ 2,939,021	$ 3,462,215

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Other Grants	Athletic and Music	Auxiliary Services	Other State Grants	Education Jobs
Assets:					
Equity in pooled cash and investments	$ 56,431	$ 159,181	$ 267,836	$ 4,915	$ -
Receivables:					
Intergovernmental	-	-	-	-	115,561
Materials and supplies inventory	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Total assets	$ 56,431	$ 159,181	$ 267,836	$ 4,915	$ 115,561
Liabilities:					
Accounts payable	$ 155	$ 4,231	$ 31,419	$ -	$ -
Accrued wages and benefits	-	281	13,865	-	88,907
Pension obligation payable	-	-	6,208	-	11,090
Intergovernmental payable	7	48	237	-	2,434
Due to other funds	-	-	-	-	3,808
Deferred revenue	-	-	-	-	12,263
Total liabilities	162	4,560	51,729	-	118,502
Fund balances:					
Nonspendable:					
Materials and supplies / inventory held for resale	-	-	-	-	-
Restricted:					
Food service operations	-	-	-	-	-
Non-public schools	-	-	216,107	-	-
Targeted academic assistance	-	-	-	-	-
Extracurricular	-	154,621	-	-	-
Other purposes	56,269	-	-	4,915	-
Unassigned (deficit)	-	-	-	-	(2,941)
Total fund balances (deficits)	56,269	154,621	216,107	4,915	(2,941)
Total liabilities and fund balances	$ 56,431	$ 159,181	$ 267,836	$ 4,915	$ 115,561

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2012

	Race to the Top	Title VI-B	Title III	Title I	EHA Preschool Grant
Assets:					
Equity in pooled cash and investments	$ 479	$ -	$ -	$ -	$ -
Receivables:					
Intergovernmental	32,442	226,112	1,111	43,200	3,722
Materials and supplies inventory	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Total assets	$ 32,921	$ 226,112	$ 1,111	$ 43,200	$ 3,722
Liabilities:					
Accounts payable	$ -	$ 2,857	$ -	$ -	$ -
Accrued wages and benefits	-	120,690	-	12,740	3,911
Pension obligation payable	-	34,887	-	-	548
Intergovernmental payable	58	3,120	38	288	74
Due to other funds	-	18,062	1,111	9,100	-
Deferred revenue	22,421	84,135	-	20,267	-
Total liabilities	22,479	263,751	1,149	42,395	4,533
Fund balances:					
Nonspendable:					
Materials and supplies / inventory held for resale	-	-	-	-	-
Restricted:					
Food service operations	-	-	-	-	-
Non-public schools	-	-	-	-	-
Targeted academic assistance	-	-	-	805	-
Extracurricular	-	-	-	-	-
Other purposes	10,442	-	-	-	-
Unassigned (deficit)	-	(37,639)	(38)	-	(811)
Total fund balances (deficits)	10,442	(37,639)	(38)	805	(811)
Total liabilities and fund balances	$ 32,921	$ 226,112	$ 1,111	$ 43,200	$ 3,722

Classroom Reduction	Food Service	Other Special Revenue	Total Nonmajor Special Revenue Funds
$ -	$ 325,346	$ 5,583	$ 819,771
31,516	-	-	453,664
-	1,572	-	1,572
-	19,991	-	19,991
$ 31,516	$ 346,909	$ 5,583	$ 1,294,998
$ -	$ 82,201	$ 975	$ 121,838
5,150	93,673	-	339,217
-	51,450	-	104,183
80	2,564	-	8,948
6,104	-	-	38,185
20,347	-	-	159,433
31,681	229,888	975	771,804
-	21,563	-	21,563
-	95,458	-	95,458
-	-	-	216,107
-	-	-	805
-	-	-	154,621
-	-	4,608	76,234
(165)	-	-	(41,594)
(165)	117,021	4,608	523,194
$ 31,516	$ 346,909	$ 5,583	$ 1,294,998

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, 2012

	Other Grants	Athletics and Music	Auxiliary Services	Data Communications
Revenues:				
From local sources:				
Earnings on investments	$ -	$ -	$ 1,111	$ -
Charges for services	-	-	-	-
Extracurricular	-	308,487	-	-
Other local revenues	56,127	45,651	-	-
Intergovernmental - state	-	-	1,907,294	10,800
Intergovernmental - federal	-	-	-	-
Total revenue	56,127	354,138	1,908,405	10,800
Expenditures:				
Current:				
Instruction:				
Regular	26,856	-	1,405,549	-
Special	-	-	-	-
Other	-	-	-	10,800
Support services:				
Pupil	1,212	-	170,109	-
Instructional staff	2,932	-	162	-
Administration	3,000	-	155,636	-
Operations and maintenance	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	354,211	-	-
Facilities acquisition and construction	-	3,245	-	-
Total expenditures	34,000	357,456	1,731,456	10,800
Excess (deficiency) of revenues over (under) expenditures	22,127	(3,318)	176,949	-
Other financing sources:				
Sale/loss of assets	-	-	-	-
Transfers in	-	26,000	-	-
Total other financing sources	-	26,000	-	-
Net change in fund balances	22,127	22,682	176,949	-
Fund balances (deficits) at beginning of year	34,142	131,939	39,158	-
Fund balances (deficits) at end of year	$ 56,269	$ 154,621	$ 216,107	$ -

Other State Grants	Education Jobs	Race to the Top	Title VI-B	Stimulus Title II D	Nutrition Education & Training	Title III
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	631,672	27,904	1,168,791	859	-	10,584
-	631,672	27,904	1,168,791	859	-	10,584
-	400,385	14,833	-	500	-	1,198
-	116,621	-	237,010	-	-	9,424
-	-	-	-	-	-	-
-	117,607	-	530,189	-	-	-
-	-	2,605	299,780	250	-	-
-	-	-	162,621	-	-	-
-	-	-	27,701	-	-	-
-	-	-	-	-	-	-
-	-	-	9,222	109	186	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	634,613	17,438	1,266,523	859	186	10,622
-	(2,941)	10,466	(97,732)	-	(186)	(38)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(2,941)	10,466	(97,732)	-	(186)	(38)
4,915	-	(24)	60,093	-	186	-
$ 4,915	$ (2,941)	$ 10,442	$ (37,639)	$ -	$ -	$ (38)

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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, 2012

	Title I	EHA Preschool Grant	Classroom Reduction	Other Federal Grants
Revenues:				
From local sources:				
Earnings on investments	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-
Extracurricular	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	108,230	24,420	74,822	1,400
Total revenue	108,230	24,420	74,822	1,400
Expenditures:				
Current:				
Instruction:				
Regular	-	-	78,245	-
Special	69,205	84	-	-
Other	-	-	-	-
Support services:				
Pupil	12,029	-	-	-
Instructional staff	5,949	25,568	-	-
Administration	-	-	-	-
Operations and maintenance	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	-	825	1,400
Extracurricular activities	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	87,183	25,652	79,070	1,400
Excess (deficiency) of revenues over (under) expenditures	21,047	(1,232)	(4,248)	-
Other financing sources:				
Sale/loss of assets	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	21,047	(1,232)	(4,248)	-
Fund balances (deficits) at beginning of year	(20,242)	421	4,083	-
Fund balances (deficits) at end of year	$ 805	$ (811)	$ (165)	$ -

Food Service	Other Special Revenue	Total Nonmajor Special Revenue Funds
$ 816	$ -	$ 1,927
1,285,541	-	1,285,541
-	-	308,487
-	-	101,778
1,773	-	1,919,867
205,110	-	2,253,792
1,493,240	-	5,871,392
-	951	1,928,517
-	-	432,344
-	-	10,800
-	-	831,146
-	975	338,221
-	-	321,257
5,673	-	33,374
1,543,380	-	1,543,380
-	-	11,742
-	-	354,211
-	-	3,245
1,549,053	1,926	5,808,237
(55,813)	(1,926)	63,155
5,951	-	5,951
-	-	26,000
5,951	-	31,951
(49,862)	(1,926)	95,106
166,883	6,534	428,088
$ 117,021	$ 4,608	$ 523,194

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, 2012

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Other Grants			
Total Revenues and Other Financing Sources	$ 71,465	$ 56,127	$ (15,338)
Total Expenditures and Other Financing Uses	70,419	35,385	35,034
Net Change in Fund Balance	1,046	20,742	19,696
Fund Balance, July 1	32,469	32,469	-
Prior Year Encumbrances Appropriated	2,434	2,434	-
Fund Balance, June 30	$ 35,949	$ 55,645	$ 19,696
Athletic and Music			
Total Revenues and Other Financing Sources	$ 436,748	$ 384,637	$ (52,111)
Total Expenditures and Other Financing Uses	475,658	365,362	110,296
Net Change in Fund Balance	(38,910)	19,275	58,185
Fund Balance, July 1	133,061	133,061	-
Prior Year Encumbrances Appropriated	658	658	-
Fund Balance, June 30	$ 94,809	$ 152,994	$ 58,185
Auxiliary Services			
Total Revenues and Other Financing Sources	$ 2,030,095	$ 1,909,032	$ (121,063)
Total Expenditures and Other Financing Uses	2,247,095	2,011,466	235,629
Net Change in Fund Balance	(217,000)	(102,434)	114,566
Fund Balance, July 1	19,905	19,905	-
Prior Year Encumbrances Appropriated	197,095	197,095	-
Fund Balance, June 30	$ -	$ 114,566	$ 114,566

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, 2012

	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	$ -	$ -	$ -
Total Expenditures and Other Financing Uses	4,915	-	4,915
Net Change in Fund Balance	(4,915)	-	4,915
Fund Balance, July 1	4,915	4,915	-
Fund Balance, June 30	$ -	$ 4,915	$ 4,915
Education Jobs			
Total Revenues and Other Financing Sources	$ 627,103	$ 528,374	$ (98,729)
Total Expenditures and Other Financing Uses	532,182	532,182	-
Net Change in Fund Balance	94,921	(3,808)	(98,729)
Fund Balance, July 1	-	-	-
Fund Balance (Deficit), June 30	$ 94,921	$ (3,808)	$ (98,729)

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, 2012

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Race to the Top			
Total Revenues and Other Financing Sources	$ 35,000	$ 17,883	$ (17,117)
Total Expenditures and Other Financing Uses	27,954	27,954	-
Net Change in Fund Balance	7,046	(10,071)	(17,117)
Fund Balance, July 1	50	50	-
Fund Balance (Deficit), June 30	$ 7,096	$ (10,021)	$ (17,117)
Title VI-B			
Total Revenues and Other Financing Sources	$ 1,393,961	$ 1,215,677	$ (178,284)
Total Expenditures and Other Financing Uses	1,531,611	1,400,441	131,170
Net Change in Fund Balance	(137,650)	(184,764)	(47,114)
Fund Balance (Deficit), July 1	(36,672)	(36,672)	-
Prior Year Encumbrances Appropriated	124,611	124,611	-
Fund Balance (Deficit), June 30	$ (49,711)	$ (96,825)	$ (47,114)
Stimulus Title II D			
Total Revenues and Other Financing Sources	$ -	$ 859	$ 859
Total Expenditures and Other Financing Uses	860	859	1
Net Change in Fund Balance	(860)	-	860
Fund Balance, July 1	-	-	-
Fund Balance (Deficit), June 30	$ (860)	$ -	$ 860

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, 2012

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Nutrition Education & Training			
Total Revenues and Other Financing Sources	$ -	$ -	$ -
Total Expenditures and Other Financing Uses	3,835	2,000	1,835
Net Change in Fund Balance	(3,835)	(2,000)	1,835
Fund Balance, July 1	165	165	-
Prior Year Encumbrances Appropriated	1,835	1,835	-
Fund Balance (Deficit), June 30	$ (1,835)	$ -	$ 1,835
Title III			
Total Revenues and Other Financing Sources	$ 10,584	$ 9,473	$ (1,111)
Total Expenditures and Other Financing Uses	10,641	10,641	-
Net Change in Fund Balance	(57)	(1,168)	(1,111)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	57	57	-
Fund Balance (Deficit), June 30	$ -	$ (1,111)	$ (1,111)
Title I			
Total Revenues and Other Financing Sources	$ 122,550	$ 85,297	$ (37,253)
Total Expenditures and Other Financing Uses	126,366	109,426	16,940
Net Change in Fund Balance	(3,816)	(24,129)	(20,313)
Fund Balance (Deficit), July 1	(2,347)	(2,347)	-
Prior Year Encumbrances Appropriated	14,366	14,366	-
Fund Balance (Deficit), June 30	$ 8,203	$ (12,110)	$ (20,313)

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, 2012

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
EHA Preschool Grant			
Total Revenues and Other Financing Sources	$ 24,265	$ 24,995	$ 730
Total Expenditures and Other Financing Uses	27,201	25,454	1,747
Net Change in Fund Balance	(2,936)	(459)	2,477
Fund Balance (Deficit), July 1	(742)	(742)	-
Prior Year Encumbrances Appropriated	1,201	1,201	-
Fund Balance (Deficit), June 30	$ (2,477)	$ -	$ 2,477
Classroom Reduction			
Total Revenues and Other Financing Sources	$ 116,088	$ 85,066	$ (31,022)
Total Expenditures and Other Financing Uses	104,717	95,555	9,162
Net Change in Fund Balance	11,371	(10,489)	(21,860)
Fund Balance (Deficit), July 1	(8,443)	(8,443)	-
Prior Year Encumbrances Appropriated	8,462	8,462	-
Fund Balance (Deficit), June 30	$ 11,390	$ (10,470)	$ (21,860)
Other Federal Grants			
Total Revenues and Other Financing Sources	$ -	$ 1,400	$ 1,400
Total Expenditures and Other Financing Uses	1,400	1,400	-
Net Change in Fund Balance	(1,400)	-	1,400
Fund Balance, July 1	-	-	-
Fund Balance (Deficit), June 30	$ (1,400)	$ -	$ 1,400

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, 2012

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Food Service			
Total Revenues and Other Financing Sources	$ 1,520,250	$ 1,433,984	$ (86,266)
Total Expenditures and Other Financing Uses	1,726,807	1,506,656	220,151
Net Change in Fund Balance	(206,557)	(72,672)	133,885
Fund Balance, July 1	308,962	308,962	-
Prior Year Encumbrances Appropriated	7,807	7,807	-
Fund Balance, June 30	$ 110,212	$ 244,097	$ 133,885
Other Special Revenue			
Total Revenues and Other Financing Sources	$ 4,539	$ -	$ (4,539)
Total Expenditures and Other Financing Uses	7,744	1,101	6,643
Net Change in Fund Balance	(3,205)	(1,101)	2,104
Fund Balance, July 1	5,313	5,313	-
Prior Year Encumbrances Appropriated	1,371	1,371	-
Fund Balance, June 30	$ 3,479	$ 5,583	$ 2,104

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	Building	Permanent Improvement	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and investments	$ 1,166,913	$ 1,656,245	$ 2,823,158
Receivables:			
Taxes	-	628,989	628,989
Total assets	$ 1,166,913	$ 2,285,234	$ 3,452,147
Liabilities:			
Unearned revenue	$ -	$ 470,370	$ 470,370
Deferred revenue	-	42,756	42,756
Total liabilities	-	513,126	513,126
Fund balances:			
Restricted:			
Capital improvements	1,166,913	1,772,108	2,939,021
Total liabilities and fund balances	$ 1,166,913	$ 2,285,234	$ 3,452,147

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, 2012

	Building	Permanent Improvement	Total Nonmajor Capital Projects Funds
Revenues:			
From local sources:			
Taxes	$ -	$ 1,159,685	$ 1,159,685
Other local revenues	-	35,181	35,181
Intergovernmental - intermediate	1,156,822	-	1,156,822
Intergovernmental - state	-	178,314	178,314
Total revenue	1,156,822	1,373,180	2,530,002
Expenditures:			
Current:			
Instruction:			
Regular	-	82,577	82,577
Support services:			
Fiscal	-	22,735	22,735
Pupil transportation	-	38,994	38,994
Operation of non-instructional services	-	15,673	15,673
Facilities acquisition and construction	323,972	684,316	1,008,288
Total expenditures	323,972	844,295	1,168,267
Excess of revenues over expenditures	832,850	528,885	1,361,735
Other financing uses:			
Transfers out	(1,300,000)	-	(1,300,000)
Total other financing uses	(1,300,000)	-	(1,300,000)
Net change in fund balances	(467,150)	528,885	61,735
Fund balances at beginning of year	1,634,063	1,243,223	2,877,286
Fund balances at end of year	$ 1,166,913	$ 1,772,108	$ 2,939,021

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, 2012

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Building			
Total Revenues and Other Financing Sources	$ 1,260,719	$ 1,157,822	$ (102,897)
Total Expenditures and Other Financing Uses	1,769,000	1,624,972	144,028
Net Change in Fund Balance	(508,281)	(467,150)	41,131
Fund Balance, July 1	1,634,063	1,634,063	-
Fund Balance, June 30	$ 1,125,782	$ 1,166,913	$ 41,131
Permanent Improvement			
Total Revenues and Other Financing Sources	$ 1,504,383	$ 1,406,015	$ (98,368)
Total Expenditures and Other Financing Uses	2,419,629	1,570,722	848,907
Net Change in Fund Balance	(915,246)	(164,707)	750,539
Fund Balance, July 1	728,206	728,206	-
Prior Year Encumbrances Appropriated	371,629	371,629	-
Fund Balance, June 30	$ 184,589	$ 935,128	$ 750,539

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, 2012

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Community Education			
Total Revenues	$ 1,129,203	$ 1,442,183	$ 312,980
Total Expenses	1,711,599	1,411,482	300,117
Net Change in Fund Balance	(582,396)	30,701	613,097
Fund Balance, July 1	514,004	514,004	-
Prior Year Encumbrances Appropriated	111,599	111,599	-
Fund Balance, June 30	$ 43,207	$ 656,304	$ 613,097
Self-Insurance			
Total Revenues	$ 8,991,545	$ 8,190,922	$ (800,623)
Total Expenses	10,680,985	8,953,956	1,727,029
Net Change in Fund Balance	(1,689,440)	(763,034)	926,406
Fund Balance, July 1	3,382,606	3,382,606	-
Prior Year Encumbrances Appropriated	680,985	680,985	-
Fund Balance, June 30	$ 2,374,151	$ 3,300,557	$ 926,406
Scholarship			
Total Revenues	$ 105,529	$ 129,000	$ 23,471
Total Expenses	142,586	139,000	3,586
Net Change in Fund Balance	(37,057)	(10,000)	27,057
Fund Balance, July 1	13,856	13,856	-
Fund Balance (Deficit), June 30	$ (23,201)	$ 3,856	$ 27,057

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Student Activities

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Assets:				
Equity in pooled cash and investments	$ 96,174	$ 81,350	$ 80,857	$ 96,667
Total assets	$ 96,174	$ 81,350	$ 80,857	$ 96,667
Liabilities:				
Accounts payable	$ 10,559	$ 11,175	$ 10,559	$ 11,175
Due to students	85,615	70,175	70,298	85,492
Total liabilities	$ 96,174	$ 81,350	$ 80,857	$ 96,667

Six District Educational Compact

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Assets:				
Equity in pooled cash and investments	$ 143,408	$ 581,393	$ 590,177	$ 134,624
Receivables:				
Intergovernmental	20,171	25,525	20,171	25,525
Total assets	$ 163,579	$ 606,918	$ 610,348	$ 160,149
Liabilities:				
Accounts payable	$ 13,678	$ 11,630	$ 13,678	$ 11,630
Intergovernmental payable	3,283	1,772	3,283	1,772
Accrued wages and benefits	4,436	4,085	4,436	4,085
Undistributed monies	136,611	583,944	583,380	137,175
Pension obligation payable	5,571	5,487	5,571	5,487
Total liabilities	$ 163,579	$ 606,918	$ 610,348	$ 160,149

Total

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Assets:				
Equity in pooled cash and investments	$ 239,582	$ 662,743	$ 671,034	$ 231,291
Receivables:				
Intergovernmental	20,171	25,525	20,171	25,525
Total assets	$ 259,753	$ 688,268	$ 691,205	$ 256,816
Liabilities:				
Accounts payable	$ 24,237	$ 22,805	$ 24,237	$ 22,805
Intergovernmental payable	3,283	1,772	3,283	1,772
Accrued wages and benefits	4,436	4,085	4,436	4,085
Undistributed monies	136,611	583,944	583,380	137,175
Pension obligation payable	5,571	5,487	5,571	5,487
Due to students	85,615	70,175	70,298	85,492
Total liabilities	$ 259,753	$ 688,268	$ 691,205	$ 256,816

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

	2012	2011	2010	2009	2008
Governmental activities					
Invested in capital assets, net of related debt	$ 23,427,664	$ 22,009,927	$ 19,493,702	$ 22,949,265	$ 23,252,056
Restricted	6,910,143	6,330,508	7,185,275	5,049,911	4,395,239
Unrestricted	10,747,276	9,465,979	7,732,593	9,891,305	7,025,595
Total governmental activities net assets	$ 41,085,083	$ 37,806,414	$ 34,411,570	$ 37,890,481	$ 34,672,890
Business-type activities					
Unrestricted	$ 614,762	$ 469,428	$ 398,433	$ 385,107	$ 324,739
Total business-type activities net assets	$ 614,762	$ 469,428	$ 398,433	$ 385,107	$ 324,739
Primary government					
Invested in capital assets, net of related debt	$ 23,427,664	$ 22,009,927	$ 19,493,702	$ 22,949,265	$ 23,252,056
Restricted	6,910,143	6,330,508	7,185,275	5,049,911	4,395,239
Unrestricted	11,362,038	9,935,407	8,131,026	10,276,412	7,350,334
Total primary government net assets	$ 41,699,845	$ 38,275,842	$ 34,810,003	$ 38,275,588	$ 34,997,629

Source: School District financial records.

2007	2006	2005	2004	2003
$ 17,574,629	$ 22,610,611	$ 22,621,463	$ 22,376,384	$ 22,678,949
8,620,854	2,975,479	1,964,726	2,573,352	2,293,932
5,301,232	841,055	(630,985)	(5,699,201)	(4,985,004)
$ 31,496,715	$ 26,427,145	$ 23,955,204	$ 19,250,535	$ 19,987,877
$ 281,580	$ 224,332	$ 165,773	$ 115,021	$ 117,207
$ 281,580	$ 224,332	$ 165,773	$ 115,021	$ 117,207
$ 17,574,629	$ 22,610,611	$ 22,621,463	$ 22,376,384	$ 22,678,949
8,620,854	2,975,479	1,964,726	2,573,352	2,293,932
5,582,812	1,065,387	(465,212)	(5,584,180)	(4,867,797)
$ 31,778,295	$ 26,651,477	$ 24,120,977	$ 19,365,556	$ 20,105,084

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

	2012	2011	2010	2009	2008
Expenses					
Governmental activities:					
Instruction:					
Regular	$ 27,296,776	$ 29,603,309	$ 31,363,765	$ 29,945,058	$ 29,090,257
Special	6,198,419	7,012,389	6,853,151	6,271,075	5,981,206
Vocational	263,974	380,359	419,385	385,778	372,512
Adult/Continuing	-	-	-	-	-
Other	1,327,522	1,395,007	1,026,976	968,677	707,956
Support services:					
Pupil	5,029,365	4,660,098	4,796,386	4,560,753	4,194,460
Instructional staff	4,744,431	5,055,553	5,483,143	4,678,235	4,514,964
Board of education	48,947	34,423	37,223	43,359	39,191
Administration	4,201,741	4,140,062	4,611,017	4,224,167	4,320,855
Fiscal	1,488,463	1,472,350	1,662,591	1,778,315	1,302,064
Business	583,773	562,450	606,119	550,168	524,006
Operations and maintenance	4,758,948	5,715,952	6,242,385	5,485,131	5,579,144
Pupil transportation	3,818,376	3,052,413	4,306,932	3,392,304	3,383,529
Central	422,134	456,023	533,722	439,019	371,527
Operation of non-instructional services:					
Food service operations	1,485,582	1,562,149	1,790,492	1,733,192	1,625,420
Other non-instructional services	16,603	41,313	53,654	39,054	24,990
Extracurricular activities	1,287,632	1,386,725	1,381,672	1,350,043	1,337,715
Intergovernmental pass-through	-	-	-	-	-
Interest on long-term debt	1,377,679	1,585,230	1,768,561	1,926,040	2,081,168
Total governmental activities expenses	64,350,365	68,115,805	72,937,174	67,770,368	65,450,964
Business-type activities:					
Community education	1,196,799	1,173,451	1,183,200	1,217,535	1,186,280
Total business-type activities expenses	1,196,799	1,173,451	1,183,200	1,217,535	1,186,280
Total primary government expenses	$ 65,547,164	$ 69,289,256	$ 74,120,374	$ 68,987,903	$ 66,637,244

2007	2006	2005	2004	2003
$ 29,363,006	$ 27,218,512	$ 25,454,301	$ 24,983,603	$ 23,731,674
5,359,756	5,184,533	4,551,698	4,185,412	4,101,950
366,288	285,679	285,963	309,954	286,703
-	15,059	17,496	-	-
564,895	532,122	388,805	476,290	817,998
4,095,825	3,745,017	3,430,276	3,386,131	3,441,568
4,143,529	3,992,689	3,900,864	3,631,033	3,591,957
86,777	46,313	33,603	43,428	43,414
4,120,189	4,011,601	3,737,759	4,005,983	3,684,495
1,197,348	1,118,243	1,084,887	1,120,757	983,947
459,463	403,174	370,938	414,012	369,361
4,822,825	4,770,844	4,689,430	5,349,709	5,277,330
3,222,654	3,144,242	3,515,470	2,816,749	2,808,211
338,315	327,914	342,548	361,106	311,047
1,646,119	1,599,960	1,577,089	1,563,691	1,565,615
67,194	32,068	30,760	40,510	39,960
1,341,007	1,281,754	1,200,351	1,233,044	1,169,803
-	1,433,299	1,497,383	1,248,837	1,272,469
2,225,204	2,342,997	2,326,758	1,548,363	1,829,639
63,420,394	61,486,020	58,436,379	56,718,612	55,327,141
1,071,923	1,099,610	1,063,751	1,058,010	982,763
1,071,923	1,099,610	1,063,751	1,058,010	982,763
$ 64,492,317	$ 62,585,630	$ 59,500,130	$ 57,776,622	$ 56,309,904

- - Continued

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

Program Revenues	**2012**	**2011**	**2010**	**2009**	**2008**
Governmental activities:					
Charges for services:					
Instruction:					
Regular	$ 330,894	$ 316,116	$ 439,433	$ 451,235	$ 397,466
Special	116,880	743	-	-	-
Vocational	568	25,825	-	-	-
Other	7,812	14,886	-	-	-
Support services:					
Pupil	243,287	264,389	253,198	297,723	332,620
Instructional staff	35,307	34,140	7,163	21,963	27,579
Administration	-	-	4,923	12,235	3,132
Business	-	85	-	-	-
Operations and maintenance	11,608	18,930	7,528	-	-
Pupil transportation	766	1,460	30,710	34,300	23,316
Operation of non-instructional services:					
Food service operations	1,285,541	1,373,250	1,471,478	1,523,517	1,530,784
Other non-instructional services	6,314	6,893	7,611	11,377	11,369
Extracurricular activities	896,877	703,439	482,712	525,392	582,216
Operating grants and contributions:					
Instruction:					
Regular	1,719,629	2,429,755	1,590,686	1,419,089	1,496,365
Special	576,943	1,030,356	573,887	1,310,832	1,343,302
Vocational	31,019	31,019	30,788	30,587	25,610
Other	10,800	31,239	26,899	18,000	-
Support services:					
Pupil	688,718	712,165	931,256	791,228	704,493
Instructional staff	316,312	563,627	478,159	283,003	389,026
Administration	323,655	371,120	448,525	386,221	261,310
Business	-	-	44,393	1,127	4,362
Operations and maintenance	25,068	438,013	454,227	-	-
Pupil transportation	-	292,609	67,337	59,085	226,897
Central	-	5,000	8,998	14,879	17,992
Operation of non-instructional services:					
Food service operations	207,699	224,050	206,654	158,260	125,899
Other non-instructional services	10,602	37,502	51,645	32,316	24,143
Extracurricular activities	45,651	35,655	50,931	-	-
Intergovernmental pass-through	-	-	-	-	-
Capital grants and contributions:					
Instruction:					
Regular	35,181	46,931	54,830	68,133	61,408
Support services:					
Administration	-	-	-	-	-
Fiscal	-	-	-	-	-
Operations and maintenance	-	-	-	16,000	-
Pupil transportation	-	-	-	31,820	-
Extracurricular activities	-	-	-	-	-
Total governmental program revenues	6,927,131	9,009,197	7,723,971	7,498,322	7,589,289
Business-type activities:					
Charges for services	1,342,133	1,244,446	1,196,526	1,277,903	1,229,439
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	1,342,133	1,244,446	1,196,526	1,277,903	1,229,439
Total primary government program revenue	$ 8,269,264	$ 10,253,643	$ 8,920,497	$ 8,776,225	$ 8,818,728
Net (Expense)/Revenue					
Governmental activities	$ (57,423,234)	$ (59,106,608)	$ (65,213,203)	$ (60,272,046)	$ (57,861,675)
Business-type activities	145,334	70,995	13,326	60,368	43,159
Total primary government net expense	$ (57,277,900)	$ (59,035,613)	$ (65,199,877)	$ (60,211,678)	$ (57,818,516)

2007	2006	2005	2004	2003
$ 441,873	$ 461,183	$ 388,533	$ 377,250	$ 405,206
-	-	-	-	-
-	-	-	-	-
545	17,900	-	-	-
363,272	301,209	211,827	235,252	202,237
11,364	8,820	7,898	-	-
2,018	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,477,851	1,462,685	1,465,356	1,444,725	1,365,745
26,042	14,745	13,164	-	-
593,913	498,836	398,885	334,818	331,869
1,350,135	28,556	49,106	360,009	172,009
1,531,637	1,538,785	501,735	384,266	59,720
43,908	-	-	-	-
94,298	18,000	-	-	21,000
742,436	606,232	481,864	404,913	398,936
294,394	370,546	567,453	401,638	167,603
209,392	65,615	66,644	35,496	54,521
-	-	-	-	-
-	5,300	-	8,798	-
227,429	9	13,849	2,038	-
17,867	18,148	17,386	20,345	3,112
166,496	175,512	130,686	135,860	128,315
30,820	1,639	21,682	26,093	8,062
-	-	-	-	-
-	1,506,633	1,425,802	1,358,055	1,239,043
-	-	-	-	85,350
1,164	3,995	-	-	-
236	1,205	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	69,828	-	-
7,627,090	7,105,553	5,831,698	5,529,556	4,642,728
-				
1,129,171	1,158,169	1,112,580	1,055,824	900,380
-	-	1,923	-	-
1,129,171	1,158,169	1,114,503	1,055,824	900,380
$ 8,756,261	$ 8,263,722	$ 6,946,201	$ 6,585,380	$ 5,543,108
$ (55,793,304)	$ (54,380,467)	$ (52,604,681)	$ (51,189,056)	$ (50,684,413)
57,248	58,559	50,752	(2,186)	(82,383)
$ (55,736,056)	$ (54,321,908)	$ (52,553,929)	$ (51,191,242)	$ (50,766,796)

- - Continued

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

General Revenues and Other Changes in Net Assets	**2012**	**2011**	**2010**	**2009**	**2008**
Governmental activities:					
Property taxes levied for:					
General purposes	$ 36,431,621	$ 37,602,792	$ 36,458,638	$ 38,615,268	$ 36,956,647
Debt service	2,116,209	2,249,137	2,257,774	3,510,815	3,036,407
Capital outlay	1,132,961	1,268,003	1,280,666	1,609,296	1,572,169
Payments in lieu of taxes	314,000	314,000	314,000	-	-
Grants and entitlements not restricted to specific programs	19,770,571	20,657,581	21,020,826	18,921,561	18,080,264
Investment earnings	174,389	184,402	303,682	719,784	1,286,547
Miscellaneous	251,152	225,537	98,706	112,913	105,816
Special item	511,000	-	-	-	-
Total governmental activities	60,701,903	62,501,452	61,734,292	63,489,637	61,037,850
Total primary government	$ 60,701,903	$ 62,501,452	$ 61,734,292	$ 63,489,637	$ 61,037,850
Change in Net Assets					
Governmental activities	$ 3,278,669	$ 3,394,844	$ (3,478,911)	$ 3,217,591	$ 3,176,175
Business-type activities	145,334	70,995	13,326	60,368	43,159
Total primary government	$ 3,424,003	$ 3,465,839	$ (3,465,585)	$ 3,277,959	$ 3,219,334

Source: School District financial records.

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

2007	2006	2005	2004	2003
$ 37,715,893	$ 34,530,049	$ 35,701,776	$ 30,419,376	$ 31,148,442
3,050,457	3,633,321	2,270,292	2,235,254	2,453,157
1,530,840	1,042,442	1,082,941	979,841	1,092,167
-	-	-	-	-
16,615,320	15,881,846	17,182,672	16,377,027	15,645,717
1,803,271	1,571,148	952,108	177,039	315,327
147,093	193,602	119,561	263,177	289,801
-	-	-	-	-
60,862,874	56,852,408	57,309,350	50,451,714	50,944,611
$ 60,862,874	$ 56,852,408	$ 57,309,350	$ 50,451,714	$ 50,944,611
$ 5,069,570	$ 2,471,941	$ 4,704,669	$ (737,342)	$ 260,198
57,248	58,559	50,752	(2,186)	(82,383)
$ 5,126,818	$ 2,530,500	$ 4,755,421	$ (739,528)	$ 177,815

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

	2012	2011	2010	2009	2008
General Fund:					
Nonspendable	$ 35,225	$ 34,833	$ -	$ -	$ -
Assigned	884,086	1,220,404	-	-	-
Unassigned	7,485,045	6,036,453	-	-	-
Reserved	-	-	4,487,399	5,553,270	3,673,180
Unreserved	-	-	3,955,466	7,467,190	8,759,910
Total general fund	$ 8,404,356	$ 7,291,690	$ 8,442,865	$ 13,020,460	$ 12,433,090
All Other Governmental Funds:					
Nonspendable	$ 21,563	$ 22,726	$ -	$ -	$ -
Restricted	7,951,968	7,131,615	-	-	-
Unassigned (deficit)	(41,594)	(20,266)	-	-	-
Reserved	-	-	5,255,294	3,943,832	3,902,671
Unreserved (deficit), reported in:					
Special revenue funds	-	-	324,149	643,950	780,241
Capital projects funds	-	-	1,419,192	(635,544)	(908,793)
Total all other governmental funds	$ 7,931,937	$ 7,134,075	$ 6,998,635	$ 3,952,238	$ 3,774,119

Source: School District financial records.

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

2007	2006	2005	2004	2003
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
5,082,727	3,206,619	3,160,430	1,930,496	3,211,506
6,940,335	4,654,175	4,524,522	1,162,442	1,077,613
$ 12,023,062	$ 7,860,794	$ 7,684,952	$ 3,092,938	$ 4,289,119
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
7,054,409	14,664,726	3,654,382	1,603,393	2,143,551
672,302	574,073	546,330	762,103	590,061
1,467,845	3,015,980	18,152,799	587,083	287,594
$ 9,194,556	$ 18,254,779	$ 22,353,511	$ 2,952,579	$ 3,021,206

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

	2012	2011	2010	2009	2008
Revenues					
From local sources:					
Taxes	$ 40,745,914	$ 40,697,004	$ 39,204,717	$ 43,210,965	$ 41,478,391
Payments in lieu of taxes	314,000	314,000	314,000	-	-
Tuition	205,244	102,236	125,137	122,188	70,126
Transportation fees	-	33,815	30,710	34,300	23,316
Earnings on investments	180,591	221,277	384,418	695,776	1,284,315
Charges for services	1,288,685	1,378,231	1,476,715	1,529,079	1,537,243
Extracurricular	1,086,564	911,328	765,723	776,075	812,114
Classroom materials and fees	328,148	302,976	289,526	297,232	294,918
Other local revenues	396,017	332,259	342,666	398,069	425,962
Intergovernmental - Intermediate	1,156,822	1,260,719	1,187,368	267,000	220,000
Intergovernmental - State	20,820,684	21,447,166	21,517,696	21,580,927	20,560,306
Intergovernmental - Federal	2,253,792	3,752,699	2,732,027	1,557,897	901,987
Total revenues	68,776,461	70,753,710	68,370,703	70,469,508	67,608,678
Expenditures					
Current:					
Instruction:					
Regular	26,547,675	29,920,213	30,065,006	29,257,245	28,883,870
Special	6,186,526	7,160,628	6,748,321	6,295,345	6,024,879
Vocational	244,846	395,679	405,644	378,932	359,473
Other	1,327,522	1,394,094	1,024,287	961,250	699,881
Current:					
Pupil	5,026,641	4,744,635	4,739,136	4,600,883	4,230,914
Instructional staff	4,773,005	5,205,729	5,354,574	4,767,246	4,584,820
Board of education	49,083	34,423	37,223	43,359	39,191
Administration	4,215,459	4,178,672	4,567,935	4,240,788	4,354,324
Fiscal	1,488,408	1,482,001	1,662,388	1,786,706	1,311,073
Business	586,663	573,689	615,677	565,160	529,938
Operations and maintenance	4,776,440	5,161,634	5,398,265	5,077,949	5,160,851
Pupil transportation	3,663,230	3,484,103	4,181,700	3,240,860	3,208,379
Central	426,422	464,868	530,602	439,754	379,276
Operation of non-instructional services:					
Food service operations	1,543,380	1,572,734	1,748,682	1,736,090	1,662,998
Other non-instructional services	35,185	51,019	52,563	44,541	31,779
Extracurricular activities	1,220,646	1,314,292	1,300,036	1,272,230	1,261,363
Pass through payments	-	-	-	-	-
Facilities acquisitions and construction	1,011,533	1,308,126	2,480,455	1,356,136	4,172,880
Debt service:					
Principal retirement	1,910,778	1,127,382	639,771	635,534	3,605,373
Interest and fiscal charges	2,362,798	3,111,002	3,041,895	3,020,011	3,020,718
Bond issue costs	-	-	91,606	-	-
Total expenditures	67,396,240	72,684,923	74,685,766	69,720,019	73,521,980
Excess of revenues over (under) expenditures	1,380,221	(1,931,213)	(6,315,063)	749,489	(5,913,302)
Other Financing Sources (Uses)					
Transfers in	1,326,000	1,229,317	515,476	35,000	230,097
Transfers (out)	(1,326,000)	(1,229,317)	(515,476)	(35,000)	(230,097)
Sale/loss of assets	19,307	61,291	14,393	16,000	-
Capital lease transaction	-	854,187	-	-	-
Premium on bond issuance	-	-	55,215	-	-
Sale of bonds	-	-	4,714,257	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Discount on certificates of participation issued	-	-	-	-	-
Issuance of certificates of participation	-	-	-	-	-
Total other financing sources (uses)	19,307	915,478	4,783,865	16,000	-
Special item	511,000	-	-	-	-
Net change in fund balances	$ 1,910,528	$ (1,015,735)	$ (1,531,198)	$ 765,489	$ (5,913,302)
Debt service as a percentage of noncapital expenditures	6.49%	6.02%	5.17%	5.32%	9.50%

Source: School District financial records.

2007	2006	2005	2004	2003
$ 42,233,924	$ 39,142,496	$ 39,051,878	$ 33,132,113	$ 34,717,907
-	-	-	-	-
107,876	77,587	69,161	71,399	89,584
-	-	-	-	-
2,044,961	1,517,291	802,546	141,892	330,738
1,483,619	1,469,185	1,473,077	1,453,339	1,648,559
890,738	754,939	576,915	614,295	468,735
271,216	254,510	243,533	249,188	-
400,619	407,959	242,538	267,001	387,980
220,000	326,662	543,276	226,471	109,581
19,141,356	18,059,869	18,240,221	17,903,547	16,892,278
2,591,854	1,242,731	1,524,507	1,263,435	947,693
69,386,163	63,253,229	62,767,652	55,322,680	55,593,055
27,381,559	25,906,604	24,451,633	24,205,572	23,391,460
5,348,069	5,105,276	4,497,526	4,138,437	4,045,538
348,689	268,734	270,846	291,430	260,876
551,964	532,122	388,805	484,241	822,633
3,871,512	3,703,133	3,406,656	3,364,297	3,432,758
4,108,874	3,883,897	3,851,498	3,577,549	3,508,990
62,679	45,169	39,319	43,568	41,612
4,002,364	3,948,855	3,681,662	4,015,855	3,653,183
1,209,265	1,117,617	1,081,177	1,113,076	989,395
459,781	401,613	370,855	404,294	372,901
4,777,140	4,706,725	4,552,039	4,304,382	4,405,895
3,008,638	2,904,170	3,315,242	2,831,375	2,688,428
339,149	323,179	342,551	361,813	308,490
1,634,538	1,567,594	1,557,715	1,557,279	1,488,850
64,625	23,226	24,675	33,601	33,555
1,276,866	1,216,146	1,123,155	1,172,972	1,124,173
1,623,787	1,434,409	1,496,878	1,261,899	1,266,389
13,254,047	5,966,981	941,734	981,818	900,496
831,667	835,525	747,758	643,436	2,121,959
2,898,905	2,885,144	2,594,728	1,804,704	506,560
-	-	426,874	-	-
77,054,118	66,776,119	59,163,326	56,591,598	55,364,141
(7,667,955)	(3,522,890)	3,604,326	(1,268,918)	228,914
228,357	231,271	222,989	242,997	119,868
(228,357)	(631,271)	(222,989)	(242,997)	(119,868)
-	-	-	-	-
-	-	-	-	-
-	-	-	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	-
-	-	-	-	-
$ (4,897,955)	$ (3,922,890)	$ 24,392,218	$ (1,264,808)	$ 228,914
5.85%	6.15%	6.47%	4.36%	4.81%

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**
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
2003	795,743,250	2,273,552,143	61,203,761	244,815,044	17,332,170	49,520,486

Source: Summit County Fiscal Officer

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

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

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

Total			
Assessed Value	Estimated Actual Value	Total Direct Tax Rate	%
$ 885,534,150	$ 2,530,097,571	$ 90.93	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%
874,279,181	2,567,887,673	75.15	34.05%

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**
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
2002/2003	Boston Township	2.62	0.52	-	3.14	75.15	13.07	8.48	8.80	-	105.50
	Boston Heights Village	2.62	0.52	-	3.14	75.15	13.07	6.85	-	-	95.07
	Hudson City	2.62	0.52	1.99	5.13	75.15	13.07	9.29	-	-	97.51
	Cuyahoga Falls City	2.62	0.52	-	3.14	75.15	13.07	11.00	-	-	99.22

Source: Summit County Fiscal Officer

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2011 AND DECEMBER 31, 2002

	December 31, 2011		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
JoAnn Stores Support Center Inc.	$ 7,175,370	1	0.75%
Allstate Insurance Company	6,554,250	2	0.69%
Little Tikes, Inc.	5,181,450	3	0.54%
Georgetown Development Co.	2,620,860	4	0.27%
Albrecht, Inc.	2,191,390	5	0.23%
Hudson MOB LLC	2,013,750	6	0.21%
Prestige & Premier Co.	1,910,900	7	0.20%
Laurel Lake Retirement Community, Inc.	1,698,780	8	0.18%
Avaria Properties LLC	1,648,630	9	0.17%
Kobelco Stewart Bolling, Inc.	1,611,020	10	0.17%
Total	$ 32,606,400		3.41%

	December 31, 2002		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Allstate Insurance	$ 7,447,573	1	0.94%
Little Tikes	5,503,155	2	0.69%
Jagi Cleveland-Hudson LLC	3,930,745	3	0.50%
Hudson-Omni III LTD	3,881,434	4	0.49%
FabriCenters of America, Inc.	3,496,871	5	0.44%
Stella of Hudson LLC	3,225,502	6	0.41%
Georgetown Development	2,390,479	7	0.30%
Albrecht, Inc.	2,340,884	8	0.29%
Flood Company	2,306,283	9	0.29%
Kobelco Stewart Bolling	1,724,401	10	0.22%
Total	$ 36,247,327		4.57%

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
2011/2012	$ 48,570,508	$ 4,507,581	$ 53,078,089	$ 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%
2002/2003	36,521,096	1,779,068	38,300,164	35,139,224	96.22%

Source: Summit County Fiscal Officer

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
$ 1,786,784	$ 48,570,507	91.51%
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%
1,720,664	36,859,888	96.24%

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	(a) Total Primary Government	(b) Percentage of Personal Income	(b) Per Capita	(b) Per ADM
2012	$ 28,885,000	$ 537,113	$ 29,422,113	2.74%	$ 1,326	$ 6,195
2011	30,634,964	697,927	31,332,891	2.95%	1,407	6,408
2010	31,606,086	-	31,606,086	2.88%	1,373	6,357
2009	27,531,600	-	27,531,600	2.91%	1,189	5,604
2008	28,167,134	-	28,167,134	2.97%	1,217	5,423
2007	31,772,507	-	31,772,507	3.35%	1,372	5,950
2006	29,439,692	-	29,439,692	3.12%	1,275	5,441
2005	30,669,699	-	30,669,699	3.11%	1,273	5,565
2004	10,607,457	-	10,607,457	1.16%	473	1,894
2003	11,250,929	-	11,250,929	1.21%	494	2,008

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 Reserved for Debt Service	Net General Obligation Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2012	$ 28,885,000	$ (4,469,722)	$ 24,415,278	0.96%	$ 1,101
2011	30,634,964	(3,828,701)	26,806,263	0.98%	1,204
2010	31,606,086	(3,730,347)	27,875,739	1.02%	1,211
2009	27,531,600	(3,661,877)	23,869,723	0.87%	1,031
2008	28,167,134	(3,449,296)	24,717,838	0.89%	1,068
2007	31,772,507	(3,412,070)	28,360,437	1.02%	1,225
2006	29,439,692	(3,618,489)	25,821,203	0.94%	1,119
2005	30,669,699	(3,167,920)	27,501,779	1.08%	1,142
2004	10,607,457	(1,278,746)	9,328,711	0.37%	416
2003	11,250,929	(1,274,068)	9,976,861	0.39%	438

(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, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Direct Debt and Estimated Share of Overlapping Debt
Direct debt:			
Hudson City School District	$ 28,885,000 (a)	100.00%	$ 28,885,000
Total direct debt	28,885,000		28,885,000
Overlapping debt:			
City of Hudson	42,861,000	99.62%	42,698,128
City of Cuyahoga Falls	5,395,000	1.95%	105,203
Summit County	52,410,000	7.76%	4,067,016
Metro Transit	300,000	7.76%	23,280
Total overlapping debt	100,966,000		46,893,627
Total direct and overlapping debt	$ 129,851,000		$ 75,778,627

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) Includes general obligations bonds outstanding and capital appreciation bonds outstanding at fiscal year end and excludes accreted interest.

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	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
2012	$885,534	$ 79,698,074	$ 28,885,000	$ 4,469,722	$ 24,415,278	$ 55,282,796	30.63%
2011	885,534	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%
2003	874,279	78,685,126	11,250,929	1,274,068	9,976,861	68,708,265	12.68%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	$ 885,534,150
Debt limit (9% of assessed value)	79,698,074
Add: debt service fund equity	4,469,722
Less: debt applicable to limit	(28,885,000)
Legal debt margin	$ 55,282,796

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	United States
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%
2003	22,765	931,429,975	40,915	38.9	5,602	6.2%	5.5%	6.0%

Sources:
(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)
(b) District records
(c) June Ohio Labor Market Information, Ohio Department of Job and Family Services

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

PRINCIPAL EMPLOYERS
DECEMBER 31, 2011 AND DECEMBER 31, 2006

	December 31, 2011	
Employer	**Employees**	**Percentage of Total City Employment**
Jo-Ann Stores Supply Chain	1,287	7.71%
Allstate Insurance Company	1,250	7.50%
Hudson City School District	1,000	6.00%
Little Tikes Company	445	2.67%
Laurel Lake Retirement Community	415	2.49%
Western Reserve Academy	251	1.51%
Windstream Communications Inc.	245	1.47%
City of Hudson	238	1.43%
Lexi-Comp Inc.	175	1.05%
FEDEX Supply Chain Services	142	0.85%
Total	5,448	32.68%
Total Employment within the City	16,672	

	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	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Professional Staff:										
Teaching Staff:										
Elementary	116	128	135	138	135	135	138	136	141	142
Middle	71	82	83	83	82	82	88	87	88	87
High	99	106	109	111	107	105	105	105	105	107
Tutors	19	19	18	23	25	24	22	20	21	21
Others	4	3	3	2	4	3	3	1	1	2
Administration:										
District	26	27	29	28	30	29	31	31	31	31
Auxiliary Positions:										
Counselors	13	12	12	12	12	12	11	16	14	14
Speech	9	9	10	13	9	10	10	9	9	9
Mental Health Specialists	6	7	7	7	7	7	7	7	7	8
Other	27	29	28	31	29	29	29	25	32	26
Support Staff:										
Secretarial	46	46	46	49	51	49	50	49	50	49
Aides	89	94	91	95	88	71	74	76	77	74
Hall monitor/Security	11	11	10	10	11	10	13	12	11	14
Food service	21	23	23	26	26	24	26	25	26	25
Custodial	34	33	33	32	33	33	33	33	34	34
Maintenance	10	10	10	10	10	10	11	10	12	12
Bus Driver	-	-	-	-	-	-	36	33	33	33
Mechanics	-	-	-	-	-	-	3	3	3	3
Other	3	3	3	3	4	4	4	4	5	5
Total	604	642	650	673	663	637	694	682	700	696

Function	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Instruction:										
Regular	228	254	265	268	262	264	273	273	282	284
Special	76	78	77	84	84	77	74	70	70	68
Vocational	1	3	3	3	3	3	3	3	3	4
Other	4	3	3	2	4	5	5	3	3	2
Support Services:										
Pupil	47	50	48	52	47	47	46	44	48	47
Instructional staff	107	112	110	115	109	91	96	101	100	99
Administration	64	64	64	66	70	68	70	69	69	70
Fiscal	6	6	7	7	7	7	6	6	5	5
Business	4	4	5	5	5	5	5	5	5	5
Operations and maintenance	44	43	43	43	44	44	87	80	85	83
Central	2	2	2	2	2	2	3	3	4	4
Food service	21	23	23	26	26	24	26	25	26	25
Total Governmental Activities	604	642	650	673	663	637	694	682	700	696

Source: School District records

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction:										
Regular and Special										
Enrollment (students)	4,749	4,890	4,972	4,913	5,194	5,340	5,411	5,511	5,601	5,602
Graduates	416	427	438	413	419	423	428	396	415	379
Support services:										
Administration										
Student attendance rate	96.40%	96.10%	95.90%	96.10%	96.20%	96.20%	95.90%	95.80%	96.10%	95.90%
Food service operations:										
Number of students with										
free or reduced lunches	231	245	195	174	84	120	108	(a)	(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

	2012	2011	2010	2009	2008
Land	$ 1,032,204	$ 1,032,204	$ 1,032,204	$ 1,032,204	$ 1,032,204
Construction in progress	-	-	1,614,430	-	-
Land improvements	705,203	620,291	654,617	728,050	579,437
Buildings and improvements	44,852,263	45,681,260	44,641,696	45,883,889	46,621,347
Furniture, fixtures and equipment	2,880,583	2,622,006	1,892,296	2,033,947	1,912,037
Vehicles	1,299,524	1,127,057	699,189	802,775	901,250
Total Governmental Activities Capital Assets, net	$ 50,769,777	$ 51,082,818	$ 50,534,432	$ 50,480,865	$ 51,046,275

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

2007	2006	2005	2004	2003
$ 1,032,204	$ 1,032,204	$ 1,032,204	$ 1,032,204	$ 1,032,204
1,175,722	5,966,981	-	-	-
555,802	583,272	642,824	702,376	736,871
43,593,167	26,707,512	27,491,199	28,278,385	29,053,744
1,564,094	1,746,614	1,891,468	1,921,220	2,043,635
1,038,843	1,263,490	1,423,467	1,049,656	1,063,424
$ 48,959,832	$ 37,300,073	$ 32,481,162	$ 32,983,841	$ 33,929,878

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008	2007	2006
Evamere Elementary							
Square feet	59,847	59,847	59,847	59,847	59,847	47,897	47,897
Enrollment	568	564	566	606	599	705	710
Hudson Elementary							
Square feet	-	-	-	-	-	27,428	27,428
Enrollment	-	-	-	-	-	232	233
McDowell Elementary							
Square feet	56,800	56,800	56,800	56,800	56,800	56,800	56,800
Enrollment	329	330	319	366	372	513	513
Ellsworth Hill Elementary							
Square feet	64,411	64,411	64,411	64,411	64,411	-	-
Enrollment	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	679	718	747	757	788	768	769
Hudson Middle School							
Square feet	190,432	190,432	190,432	190,432	190,432	190,432	190,432
Enrollment	1,165	1,193	1,192	1,238	1,255	1,783	1,336
Hudson High School							
Square feet	342,620	342,620	342,620	342,620	342,620	330,000	330,000
Enrollment	1,656	1,689	1,746	1,757	1,765	1,783	1,767

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.

2005	2004	2003
47,897	47,897	47,897
721	743	794
27,428	27,428	27,428
243	246	236
56,800	56,800	56,800
510	498	523
-	-	-
-	-	-
139,900	139,900	139,900
808	843	862
190,432	190,432	190,432
1,355	1,381	1,407
330,000	330,000	330,000
1,772	1,784	1,779

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

TEACHER STATISTICS
AS OF JUNE 30, 2012

Degree	Number of Teachers	Percentage of Total	Pay Range
Associates and/or High School Diploma	2.00	0.70%	(a)
Bachelor's Degree	34.63	12.09%	$39,123 - $75,398
Master's Degree	246.7	86.16%	$42,679 - $93,895
Ph.D.	3.00	1.05%	$48,368 - $97,808
	286.33	100.00%	

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	29.38	10.26%
6 - 10	45.00	15.72%
11 and over	211.95	74.02%
	286.33	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 (b)		Enrollment	Percent Change
	Expenditures (a)	Cost per pupil	Expenses (a)	Cost per pupil		
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	68,446,539	13,766	71,168,613	14,314	4,972	1.20%
2009	70,912,494	14,434	65,844,328	13,402	4,913	-5.41%
2008	66,064,474	12,719	65,450,964	12,601	5,194	-2.73%
2007	66,895,889	12,527	63,420,394	11,876	5,340	-1.31%
2006	73,323,546	13,551	61,486,020	11,363	5,411	-1.81%
2005	63,055,450	11,442	58,436,379	10,604	5,511	-1.61%
2004	55,820,840	9,966	56,718,612	10,127	5,601	-0.02%
2003	54,143,458	9,665	55,327,141	9,876	5,602	0.20%

Source: District records

(a) Debt Service totals have been excluded.

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

(c) The Pupil/Teacher Ratio for fiscal years 2009 through 2012 was not available.

Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
345	(c)	96.40%
381	(c)	96.10%
397	(c)	95.90%
399	(c)	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%
425	18.70	95.90%

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