COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

HUDSON CITY
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY
THE OFFICE OF THE TREASURER

2386 HUDSON-AURORA ROAD HUDSON, OHIO 44236

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INTRODUCTORY SECTION

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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HUDSON CITY SCHOOL DISTRICT
TREASURER'S OFFICE

2386 Hudson-Aurora Road
Hudson, OH 44236-2322

BOARD OF EDUCATION:
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Steven DiMauro, Vice-President
Patricia Engelman
Gary Mushock
Joy York

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

ADMINISTRATORS:
Steven Farnsworth, Superintendent
Lowell Davis, Treasurer

December 21, 2011

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, 2011. 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, Moody's and Standard and Poor's Financial Rating Services, banks, the District's Business Advisory Council and any other interested parties.

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

The Reporting Entity

The District has reviewed its reporting entity definition in order to 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 enrollment for fiscal year-end June 30, 2011, was 4,890 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 8.8 percent in June 2011, and the nation's unemployment rate for June 2011 was 9.2 percent. Additionally, June 2011 employment in the Akron Metropolitan Statistical Area was 352,900. Specific employment figures for the Hudson City School District are not available. (Labor Force Estimates, June 2011 Ohio 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 (Newell Corp.); Caliber Logistics, Inc. (Federal Express); and Allstate Insurance.

On a budgetary-basis, the District receives approximately 77 percent of its total operating revenues from local property tax collections. Therefore, the long-term financial health of the District is very dependent on its tax base. Total assessed valuation of the District rose by 23.2 percent in the last ten years. The increased value in the tax duplicate is attributed to new construction and to revisions in property values made by the County Fiscal Officer over the most recent ten-year period.

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

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 6-30-11

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
Gary Mushock	01-01-08	12-31-11	Project Manager
Joy York	01-01-08	12-31-11	Management Professional
David Zuro President	01-01-10	12-31-13	Retired Telecommunications Manager

ADMINISTRATION – as of 6-30-11

Name	Position
Steven Farnsworth	Superintendent
Bart Griffith	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

*Lowell Davis became the District Treasurer effective August 1, 2011.

Employee Relations

The District currently has approximately 636 full-time and part-time employees. Two labor organizations represent District employees. Certified employees, including teachers and educational specialists, are represented for collective bargaining purposes by the Hudson Education Association (HEA). Support employees, including cooks, custodians, educational aides and clerical staff, are represented for collective bargaining purposes by the Ohio Association of Public School Employees Local 372 (OAPSE).

Services Provided

The District provides a wide variety of educational and support services as mandated by the Ohio Revised Code or Board directives. The District contracts out its transportation of students. During fiscal year 2011, 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 Food Service Department served an average of 2,844 meals daily for a total of 512,000 meals annually through the District's school lunchrooms.

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

At the center of the District's services are the instructional programs. The District offers regular instructional programs daily to students in grades pre-kindergarten to twelve. The District served approximately 793 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 2011

District Recognitions

Ohio Department of Education Local Report Card: District Excellent with Distinction
US Department of Education Blue Ribbon Award: Hudson High School (a five year distinction)
Hudson High School was ranked 6th highest based on Ohio's New Accountability System.
Ranked in the Top 4% in the Nation by the Newsweek Magazine for AP curriculum.
Ranked #2 in Northeast Ohio School Districts Cleveland Magazine 2011.
Class of 2011 received $4.5 million in scholarships.
2011 ACT composite score of 25.5
Ohio Department of Education Local Report Card: Hudson Middle School Rating was Highest Possible: Excellent with Distinction and ranked #4 in Ohio's New Accountability system.
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.
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
Fifth Grade entrepreneurial program earns The Leavey Award for Excellence in Private Enterprise Education from the Freedom Foundation.
Over 100 students participated in the National RTA Reflections program.
High School Service Learning class named a Model for service learning. Students served over 11,000 hours last year.
Evamere, Ellsworth Hill and McDowell were awarded the Healthy Schools Challenge Bronze Award

Language Arts Curricular Initiatives

- Linda Hoyt – Nonfiction writing at grades kindergarten through grade 2
- Four days with teachers – on-going project
- Implementation of Common Core Standards in English/Language Arts and Mathematics in kindergarten
- Content Area Reading Strategies – Dr. Mark Forget – two days with teachers new to grades 6-8
- Elevating Writing Project at high school
- Professional development on Value-Added data
- Analysis of OAT/OGT achievement data
- Ohio Improvement Process – development of reading goal – survey of staff
- Parent Literacy Nights
- Graduate Course – Master Teacher
- Further refinement of the standards-based report card K-5
- Additional DRA resources created for teachers
- Common Core Curriculum transition project
- Development of new report cards and assessments in preparation of new standards
- After school reading intervention provided in grades 3-5.

Mathematics

- Common assessments written
- Revision for standards based report cards
- New text book adoption process initiated at the middle school
- Implementation of mathematics electives at the high school
- Accelerated Geometry for high school honors credit offered at middle school
- Professional development for common core standards
- Peer tutoring at East Woods and Middle School
- Analysis of OAT information to inform instruction
- Review of course offerings and options for high school students
- Common Core Curriculum transition project
- Development of new report cards and assessments in preparation of new standards

Social Studies Curricular Initiatives

- Common pacing and assessments for high school courses
- Analyzing OAT data to inform instruction
- Refinement of fifth grade assessments
- 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 Common Core continues
- Summer Science Internship established for high school credit
- Community Science mentor programs
- Middle School Science Fairs
- Elementary Science Fairs
- Outdoor land lab lessons developed for Reinhhart Land Lab
- 7th grade field trips to CVEEC
- Partnering with Eagle Scout projects with school's existing land labs
- Assessments written for new courses and units of study
- Updated science technology in high school labs

K-12 Technology/Media Initiatives

- Provide web page development in-services for elementary teachers
- Vernier Technologies fully implemented in the high school science labs
- 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
- Continued phasing in video projection units while phasing out TVs
- Conducted data pilots prior to purchasing classroom technology
- Continuation of phasing in document cameras while phasing out overhead projectors
- Provided staff development for video projection units
- Integrated the use of document cameras into daily classroom instruction
- Integrated use of student response systems into classroom instruction.
- Look for/submit further grants for the District
- Increased curricular/academic presence on web
- Continue to work with instructional staff and offer technology professional development during PLC time.

- Create parent and teacher pathfinders for internet safety issues
- Create teacher pathfinders for copyright guidelines
- Provided professional support for implementation of Common Core Standards
- Provide training for new staff to implement technical units.
- 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
- Crisis Prevention Intervention training for appropriate staff members
- Legal issues update for all district administrators
- Mental Health Training for staff members
- Instructional Aide in-service opportunities continue book study.
- Instructional Aide ins-service with all district aides
- Continued training of Intervention specialist who supports students with Emotional Disturbance including School Psychologist completing FBAs
- Implement new Pre-algebra and Algebra textbooks for grades 8, 9 & 10
- Revised ESY service delivery program
- Evaluate nursing and health services
- Participate in OCALI training
- Continued implementation of Adaptive PE program
- Train staff on new federal regulations regarding 504 plans for students
- Support office of curriculum and instruction in the development and implementation of RTI across all buildings

Gifted and Talented

- Participation by all district Gifted Intervention Specialists in their building Professional Learning Communities.
- Focus group conducted to study best practices and make recommendations for gifted programming.
- Restructured Gifted program. Students who qualify receive direct service from a Gifted Intervention Specialist
- 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 initiated.
- On-line learning for students who need an alternative pathway to earn credits.
- Summer school offerings expanded to included on-line course work
- Participants in Ohio pilot of the new evaluation systems for teachers and principals
- Participants in Ohio project for high school to college transition and GAP analysis
- Comprehensive 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 19 AP courses at the high school

Financial Reporting

For the fiscal year ended June 30, 2011, 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 2011. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Financial Information

Internal Accounting and Budgetary Control

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

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

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

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

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

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

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

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

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

Cash Management

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

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

Risk Management

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

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

Independent Audit

State statutes require an annual audit by independent accountants. The Ohio Auditor of State conducted the District's 2011 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, 2010. This was the twelfth 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, 2010. This was the twelfth 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 (ABSO) 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, 2011, 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.

In closing, without the leadership and support of the Board of Education of the District, preparation of this report would not have been possible.

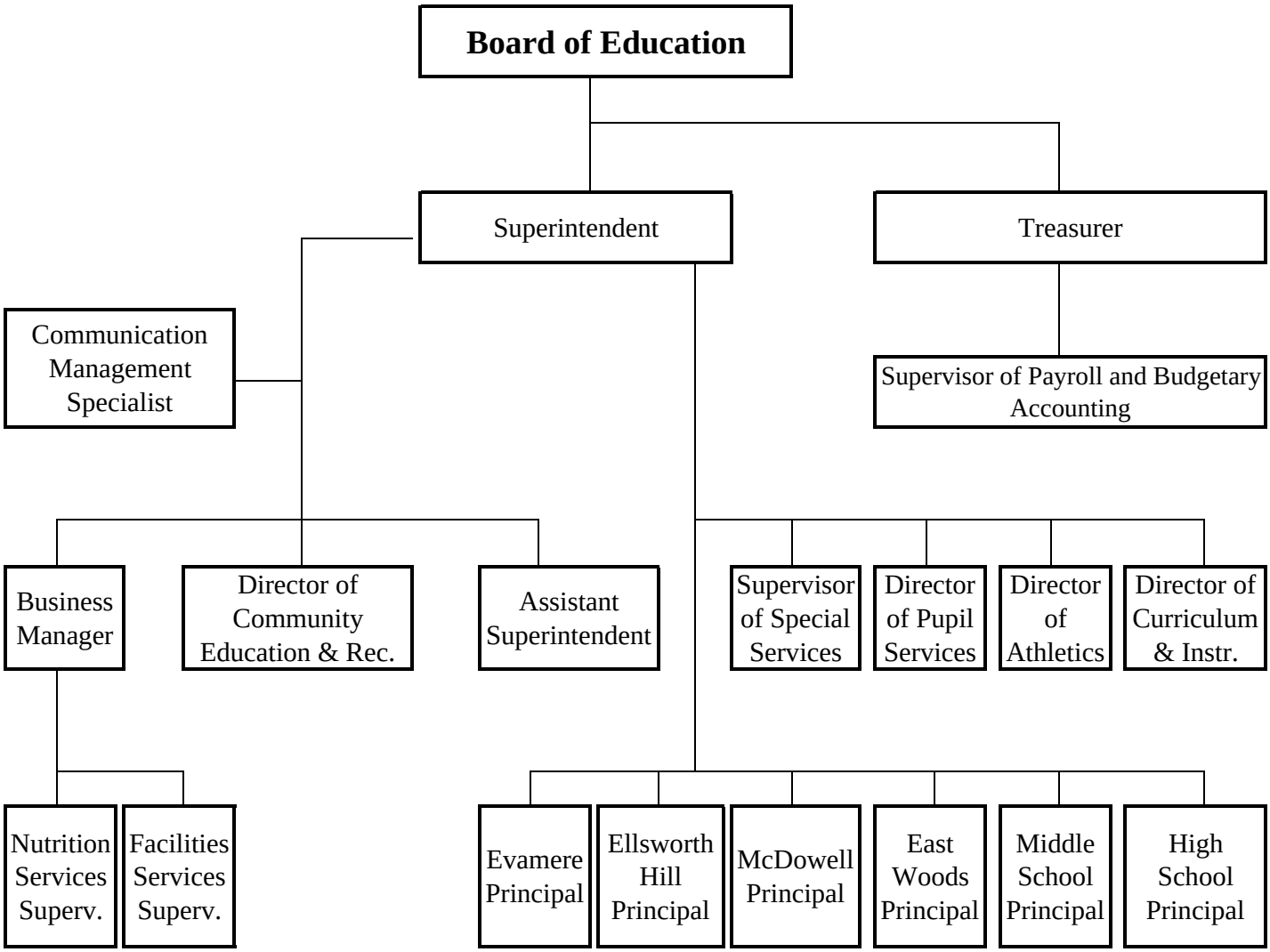
Respectfully submitted,

Lowell Davis
Treasurer

Steven Farnsworth
Superintendent

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

Organizational Chart



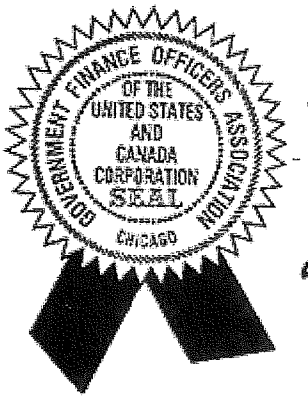
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hudson City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

This Certificate of Excellence in Financial Reporting

is presented to

Hudson City School District

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2010
upon recommendation of the Association's Panel of Review
which has judged that the Report substantially conforms
to principles and standards of ASBO's Certificate of Excellence

President

Executive Director

JSSCO

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, 2011, 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, 2011, and the respective changes in financial position and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As describe in Note 3B, during 2011, Hudson City School District restated its July 1, 2010 governmental fund balances due to changes in fund structure as a result of implementing the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, 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.

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

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 21, 2011

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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, 2011. 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 2011 are as follows:

- In total, net assets increased $3,465,839. Net assets of governmental activities increased $3,394,844, which represents a 9.87% increase from 2010. Net assets of business-type activities increased $70,995 or 17.82% from 2010.

- General revenues, related to governmental activities, accounted for $62,501,452 in revenue or 87.40% 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 $9,009,197 or 12.60% of total revenues of $71,510,649.

- The District had $68,115,805 in expenses related to governmental activities; only $9,009,197 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 $62,501,452 were adequate to provide for these programs.

- The District had $1,173,451 in expenses related to business-type activities; program specific revenues in the form of charges for services of $1,244,446 were adequate to provide for these programs.

- The District's only major governmental fund is the general fund. The general fund had $58,934,220 in revenues and other financing sources and $60,085,395 in expenditures and other financing uses. The general fund's fund balance decreased $1,151,175 from a restated balance of $8,442,865 to $7,291,690.

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 is by far the most significant fund, and the only governmental fund reported as a major fund.

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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 2011?" 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 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages F 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 62 of this report.

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

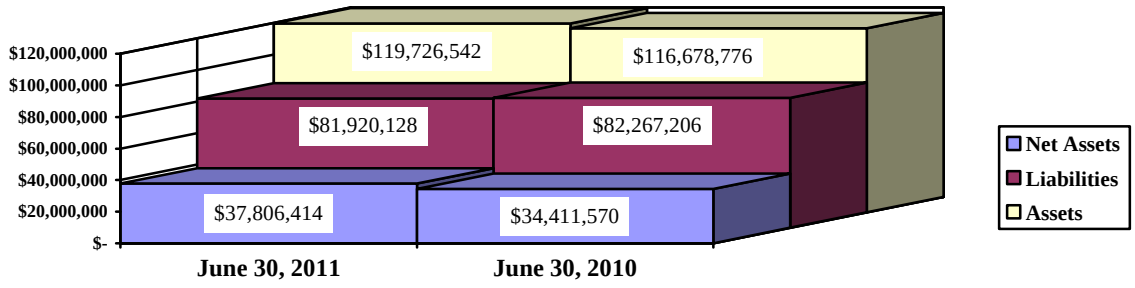
The District as a Whole

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 2011 and 2010.

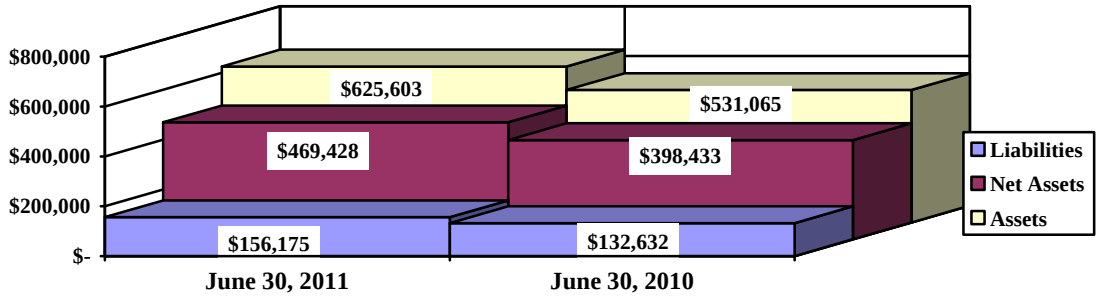
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	$ 68,643,724	$ 66,144,344	$ 625,603	$ 531,065	$ 69,269,327	$ 66,675,409
Capital assets	51,082,818	50,534,432	-	-	51,082,818	50,534,432
Total assets	119,726,542	116,678,776	625,603	531,065	120,352,145	117,209,841
Liabilities						
Current liabilities	46,582,718	45,294,213	131,748	114,832	46,714,466	45,409,045
Long-term liabilities	35,337,410	36,972,993	24,427	17,800	35,361,837	36,990,793
Total liabilities	81,920,128	82,267,206	156,175	132,632	82,076,303	82,399,838
Net Assets						
Invested in capital assets, net of related debt	22,009,927	19,493,702	-	-	22,009,927	19,493,702
Restricted	6,330,508	7,185,275	-	-	6,330,508	7,185,275
Unrestricted	9,465,979	7,732,593	469,428	398,433	9,935,407	8,131,026
Total net assets	$ 37,806,414	$ 34,411,570	$ 469,428	$ 398,433	$ 38,275,842	$ 34,810,003

Governmental - Net Assets



Business-Type - Net Assets



The table below shows the changes in net assets for fiscal years 2011 and 2010.

Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services and sales	$ 2,760,156	$ 2,704,756	$1,244,446	$1,196,526	$ 4,004,602	$ 3,901,282
Operating grants and contributions	6,202,110	4,964,385	-	-	6,202,110	4,964,385
Capital grants and contributions	46,931	54,830	-	-	46,931	54,830
General revenues:						
Property taxes	41,119,932	39,997,078	-	-	41,119,932	39,997,078
Payments in lieu of taxes	314,000	314,000	-	-	314,000	314,000
Grants and entitlements	20,657,581	21,020,826	-	-	20,657,581	21,020,826
Investment earnings	184,402	303,682	-	-	184,402	303,682
Miscellaneous	225,537	98,706	-	-	225,537	98,706
Total revenues	71,510,649	69,458,263	1,244,446	1,196,526	72,755,095	70,654,789

-Continued

Change in Net Assets (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Expenses						
Program expenses:						
Instruction:						
Regular	29,603,309	31,363,765	-	-	29,603,309	31,363,765
Special	7,012,389	6,853,151	-	-	7,012,389	6,853,151
Vocational	380,359	419,385	-	-	380,359	419,385
Other	1,395,007	1,026,976	-	-	1,395,007	1,026,976
Support services:						
Pupil	4,660,098	4,796,386	-	-	4,660,098	4,796,386
Instructional staff	5,055,553	5,483,143	-	-	5,055,553	5,483,143
Board of education	34,423	37,223	-	-	34,423	37,223
Administration	4,140,062	4,611,017	-	-	4,140,062	4,611,017
Fiscal	1,472,350	1,662,591	-	-	1,472,350	1,662,591
Business	562,450	606,119	-	-	562,450	606,119
Operations and maintenance	5,715,952	6,242,385	-	-	5,715,952	6,242,385
Pupil transportation	3,052,413	4,306,932	-	-	3,052,413	4,306,932
Central	456,023	533,722	-	-	456,023	533,722
Operation of non-instructional services:						
Food service	1,562,149	1,790,492	-	-	1,562,149	1,790,492
Other non-instructional services	41,313	53,654	-	-	41,313	53,654
Extracurricular activities	1,386,725	1,381,672	-	-	1,386,725	1,381,672
Interest and fiscal charges	1,585,230	1,768,561	-	-	1,585,230	1,768,561
Community education	-	-	1,173,451	1,183,200	1,173,451	1,183,200
Total expenses	68,115,805	72,937,174	1,173,451	1,183,200	69,289,256	74,120,374
Changes in net assets	3,394,844	(3,478,911)	70,995	13,326	3,465,839	(3,465,585)
Net assets at beginning of year	34,411,570	37,890,481	398,433	385,107	34,810,003	38,275,588
Net assets at end of year	$ 37,806,414	$ 34,411,570	$ 469,428	$ 398,433	$ 38,275,842	$ 34,810,003

Governmental Activities

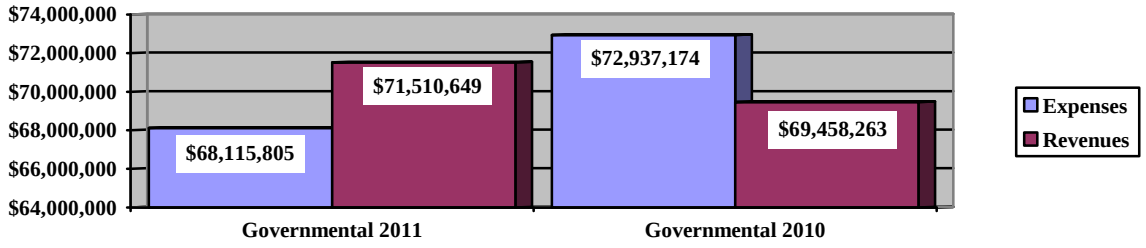
Net assets of the District's governmental activities increased $3,394,844. Program revenues supported 13.23% of the total governmental expenses.

Total revenues for governmental activities increased $2,052,386 or 2.95%. This is primarily the result of increased operating grants and contributions due to the Education Jobs Grant funding from the federal government. The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 86.39% of total governmental revenue. Property taxes and payments in lieu of taxes support 60.35% of total expenses while grants and entitlements supported 30.09% of total expenses. Between these two revenue items, 90.43% of total governmental expenses were funded.

The largest expense of the District is for instructional programs. Instruction expenses totaled $38,391,064 or 56.36% of total governmental expenses for fiscal year 2011.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2011 and 2010.

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 2011 and 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

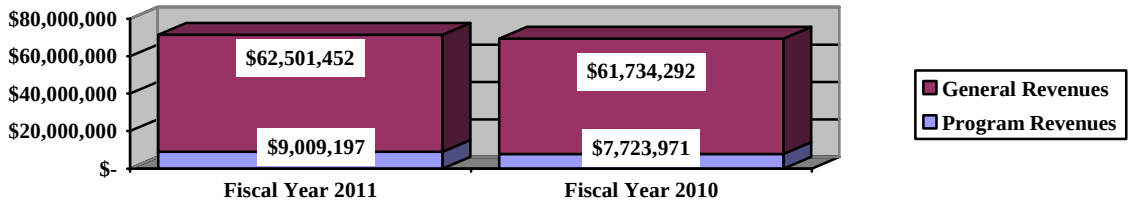
Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Program expenses:				
Instruction:				
Regular	$ 29,603,309	$ 26,810,507	$ 31,363,765	$ 29,278,816
Special	7,012,389	5,981,290	6,853,151	6,279,264
Vocational	380,359	323,515	419,385	388,597
Other	1,395,007	1,348,882	1,026,976	1,000,077
Support services:				
Pupil	4,660,098	3,683,544	4,796,386	3,611,932
Instructional staff	5,055,553	4,457,786	5,483,143	4,997,821
Board of education	34,423	34,423	37,223	37,223
Administration	4,140,062	3,768,942	4,611,017	4,157,569
Fiscal	1,472,350	1,472,350	1,662,591	1,662,591
Business	562,450	562,365	606,119	561,726
Operations and maintenance	5,715,952	5,259,009	6,242,385	5,780,630
Pupil transportation	3,052,413	2,758,344	4,306,932	4,208,885
Central	456,023	451,023	533,722	524,724
Operation of non-instructional services				
Food service operations	1,562,149	(35,151)	1,790,492	112,360
Other non-instructional services	41,313	(3,082)	53,654	(5,602)
Extracurricular activities	1,386,725	647,631	1,381,672	848,029
Interest and fiscal charges	1,585,230	1,585,230	1,768,561	1,768,561
Total expenses	$ 68,115,805	$ 59,106,608	$ 72,937,174	$ 65,213,203

The dependence upon tax revenues during fiscal year 2011 for governmental activities is apparent, as 89.77% of 2011 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 86.77% in 2011. The District's taxpayers and unrestricted grants and entitlements from the State, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2011 and 2010.

Governmental Activities - General and Program Revenues



Business-Type Activities

Business-type activities include the District's community education program which had revenues of $1,244,446 and expenses of $1,173,451 for fiscal year 2011. This resulted in an increase to net assets for the fiscal year of $70,995. 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 $14,425,765, which is below last year's total of $15,441,500. The District restated fund balances at June 30, 2010 as described in Note 3.B. The schedule below indicates the fund balance as of June 30, 2011 and 2010, and the total change in fund balance.

	Fund Balance June 30, 2011	Restated Fund Balance June 30, 2010	Increase (Decrease)
General	$ 7,291,690	$ 8,442,865	$ (1,151,175)
Other Governmental	7,134,075	6,998,635	135,440
Total	$ 14,425,765	$ 15,441,500	$ (1,015,735)

General Fund

The District's general fund balance decreased $1,151,175. 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 10.05% of total general fund expenditures, while total fund balance represents 12.14% of that same amount. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2011 Amount	Restated 2010 Amount	Percentage Change
Revenues			
Taxes	$ 37,205,157	$ 35,720,224	4.16 %
Payments in lieu of taxes	314,000	314,000	- %
Tuition	102,236	125,137	(18.30) %
Interest earnings	130,603	316,452	(58.73) %
Intergovernmental	19,170,565	19,410,178	(1.23) %
Other revenues	1,145,367	962,286	19.03 %
Total	$ 58,067,928	$ 56,848,277	2.15 %

Taxes revenue increased $1,484,933 or 4.16% from the prior year. This is attributable to fluctuations in the amount of tax advance that was available to the District from the County Fiscal Officer at fiscal year end. Interest earnings decreased significantly due to lower interest rates and lower cash balances held by the District in interest-bearing accounts. The increase in other revenues is primarily the result of fees charged for extracurricular activities.

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

	2011 Amount	Restated 2010 Amount	Percentage Change
Expenditures			
Instruction	$ 35,799,884	$ 35,860,138	(0.17) %
Support services	22,668,789	24,906,733	(8.99) %
Other non-instructional services	7,271	10,311	(29.48) %
Extracurricular activities	958,698	930,359	3.05 %
Debt service	616,618	47,162	1,207.45 %
Total	$ 60,051,260	$ 61,754,703	(2.76) %

The overall decrease in general fund expenditures is the result of cost saving measures employed by the District. In particular, pupil transportation expenditures decreased by more than $1 million, or about 24%. Debt service expenditures represent payments on the District's Energy Conservation Bonds, which increased in fiscal year 2011. In addition, payments on the District's capital lease obligation are recorded as debt service expenditures in the general fund.

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 10 for a discussion of the District's business-type activities.

General Fund Budgeting Highlights

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

During the course of fiscal year 2011, 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 $56,854,871. Actual revenues and other financing sources were $56,625,895, or $228,976 less than the final budget.

General fund original appropriations (expenditures and other financing uses) of $62,309,214 were decreased slightly to $61,916,490 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled $60,025,814, which was $1,890,676 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had $51,082,818 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2011 balances compared to 2010:

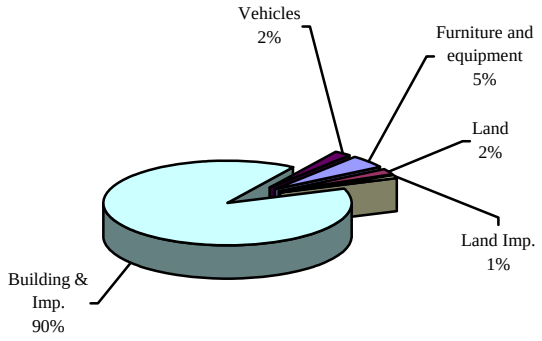
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2011	2010
Land	$ 1,032,204	$ 1,032,204
Construction in progress	-	1,614,430
Land improvements	620,291	654,617
Building and improvements	45,681,260	44,641,696
Furniture and equipment	2,622,006	1,892,296
Vehicles	1,127,057	699,189
Total	$ 51,082,818	$ 50,534,432

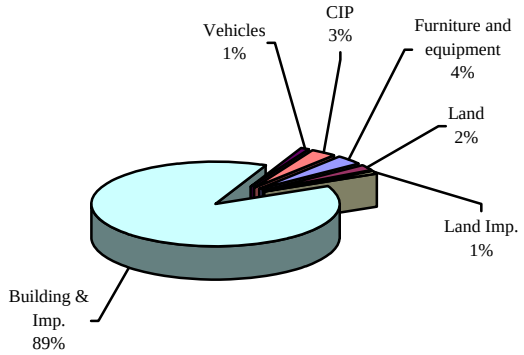
The increase from 2010 to 2011 was a result of capital outlays of $2,291,720 exceeding depreciation expense of $1,743,334 in fiscal year 2011.

The following graphs show the breakdown of governmental activities capital assets by category for 2011 and 2010.

Capital Assets - Governmental Activities
2010



Capital Assets - Governmental Activities
2010



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

Debt Administration

At June 30, 2011, the District had $32,326,707 in general obligation bonds, certificates of participation and capital leases outstanding. Of this total, $2,904,594 is due within one year and $29,422,113 is due in greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2011	Governmental Activities 2010
Series 1993, Improvement	$ -	$ 2,002,330
Series 2003, Refunding	7,293,780	7,275,998
Energy Conservation	2,260,000	2,440,000
Qualified School Construction	2,140,000	2,274,257
Certificates of Participation	19,935,000	20,140,000
Capital Leases	697,927	-
Total	$ 32,326,707	$ 34,132,585

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 $10,791,463 at June 30, 2011. Fiscal year-end general fund cash balances were $13,096,732, $16,864,531, $17,888,470, and $15,967,803 at June 30 in fiscal years 2010, 2009, 2008 and 2007, respectively. Although the general fund cash balance has decreased in recent years, sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance and continue a quality, comprehensive educational program.

The voters of the District passed an additional operating levy of 4.9 mils in May 2011. Collections on this levy will commence in 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.

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

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

Contacting the District's Financial Management

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

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 19,585,227	$ 625,603	$ 20,210,830
Cash with fiscal agent	2,391,319	-	2,391,319
Receivables:			
Taxes	44,887,269	-	44,887,269
Payments in lieu of taxes	314,000	-	314,000
Intergovernmental	981,662	-	981,662
Accrued interest	16,175	-	16,175
Materials and supplies inventory	2,298	-	2,298
Inventory held for resale	55,261	-	55,261
Unamortized bond issue costs	410,513	-	410,513
Capital assets:			
Land	1,032,204	-	1,032,204
Depreciable capital assets, net	50,050,614	-	50,050,614
Capital assets, net	51,082,818	-	51,082,818
Total assets	119,726,542	625,603	120,352,145
Liabilities:			
Accounts payable	659,995	43,138	703,133
Accrued wages and benefits	5,781,769	42,507	5,824,276
Pension obligation payable	1,430,352	36,995	1,467,347
Intergovernmental payable	215,001	9,108	224,109
Unearned revenue	37,657,769	-	37,657,769
Accrued interest payable	110,585	-	110,585
Claims payable	727,247	-	727,247
Long-term liabilities:			
Due within one year	3,470,184	21,156	3,491,340
Due in more than one year	31,867,226	3,271	31,870,497
Total liabilities	81,920,128	156,175	82,076,303
Net assets:			
Invested in capital assets, net of related debt	22,009,927	-	22,009,927
Restricted for:			
Capital projects	1,312,703	-	1,312,703
Debt service	3,851,738	-	3,851,738
Locally funded programs	34,142	-	34,142
State funded programs	35,754	-	35,754
Federally funded programs	823,038	-	823,038
Student activities	131,939	-	131,939
Other purposes	141,194	-	141,194
Unrestricted	9,465,979	469,428	9,935,407
Total net assets	$ 37,806,414	$ 469,428	$ 38,275,842

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, 2011

		Program Revenues		
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
Instruction:				
Regular	$ 29,603,309	$ 316,116	$ 2,429,755	$ 46,931
Special	7,012,389	743	1,030,356	-
Vocational	380,359	25,825	31,019	-
Other	1,395,007	14,886	31,239	-
Support services:				
Pupil	4,660,098	264,389	712,165	-
Instructional staff	5,055,553	34,140	563,627	-
Board of education	34,423	-	-	-
Administration	4,140,062	-	371,120	-
Fiscal	1,472,350	-	-	-
Business	562,450	85	-	-
Operations and maintenance	5,715,952	18,930	438,013	-
Pupil transportation	3,052,413	1,460	292,609	-
Central	456,023	-	5,000	-
Operation of non-instructional services:				
Food service operations	1,562,149	1,373,250	224,050	-
Other non-instructional services	41,313	6,893	37,502	-
Extracurricular activities	1,386,725	703,439	35,655	-
Interest and fiscal charges	1,585,230	-	-	-
Total governmental activities	68,115,805	2,760,156	6,202,110	46,931
Business-type activities:				
Community education	1,173,451	1,244,446	-	-
Total business-type activities	1,173,451	1,244,446	-	-
Totals	$ 69,289,256	$ 4,004,602	$ 6,202,110	$ 46,931

General revenues:
Property taxes levied for:
General purposes
Debt service
Capital outlay
Payments in lieu of taxes
Grants and entitlements not restricted to specific programs
Investment earnings
Miscellaneous

Total general revenues

Change in net 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**
$ (26,810,507)	$ -	$ (26,810,507)
(5,981,290)	-	(5,981,290)
(323,515)	-	(323,515)
(1,348,882)	-	(1,348,882)
(3,683,544)	-	(3,683,544)
(4,457,786)	-	(4,457,786)
(34,423)	-	(34,423)
(3,768,942)	-	(3,768,942)
(1,472,350)	-	(1,472,350)
(562,365)	-	(562,365)
(5,259,009)	-	(5,259,009)
(2,758,344)	-	(2,758,344)
(451,023)	-	(451,023)
35,151	-	35,151
3,082	-	3,082
(647,631)	-	(647,631)
(1,585,230)	-	(1,585,230)
(59,106,608)	-	(59,106,608)
-	70,995	70,995
-	70,995	70,995
(59,106,608)	70,995	(59,035,613)
37,602,792	-	37,602,792
2,249,137	-	2,249,137
1,268,003	-	1,268,003
314,000	-	314,000
20,657,581	-	20,657,581
184,402	-	184,402
225,537	-	225,537
62,501,452	-	62,501,452
3,394,844	70,995	3,465,839
34,411,570	398,433	34,810,003
$ 37,806,414	$ 469,428	$ 38,275,842

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	$ 10,791,463	$ 4,730,173	$ 15,521,636
Cash with fiscal agent	-	2,391,319	2,391,319
Receivables:			
Taxes	41,371,324	3,515,945	44,887,269
Payments in lieu of taxes	314,000	-	314,000
Intergovernmental	-	981,662	981,662
Accrued interest	16,175	-	16,175
Materials and supplies inventory	-	2,298	2,298
Inventory held for resale	34,833	20,428	55,261
Total assets	$ 52,527,795	$ 11,641,825	$ 64,169,620
Liabilities:			
Accounts payable	$ 424,802	$ 234,647	$ 659,449
Accrued wages and benefits	5,502,542	279,227	5,781,769
Compensated absences payable	352,956	-	352,956
Pension obligation payable	1,323,093	107,259	1,430,352
Intergovernmental payable	205,572	9,241	214,813
Claims payable	7,337	-	7,337
Unearned revenue	34,734,956	2,922,813	37,657,769
Deferred revenue	2,684,847	954,563	3,639,410
Total liabilities	45,236,105	4,507,750	49,743,855
Fund balances:			
Nonspendable:			
Materials and supplies / inventory held for resale	34,833	22,726	57,559
Restricted:			
Debt service	-	3,828,701	3,828,701
Capital improvements	-	2,877,286	2,877,286
Food service operations	-	144,157	144,157
Non-public schools	-	39,158	39,158
Special education	-	60,514	60,514
Targeted academic assistance	-	4,083	4,083
Extracurricular	-	131,939	131,939
Other purposes	-	45,777	45,777
Assigned:			
Student instruction	207,052	-	207,052
Student and staff support	660,467	-	660,467
Extracurricular activities	5,490	-	5,490
Rotary services	326,718	-	326,718
Other purposes	20,677	-	20,677
Unassigned (deficit)	6,036,453	(20,266)	6,016,187
Total fund balances	7,291,690	7,134,075	14,425,765
Total liabilities and fund balances	$ 52,527,795	$ 11,641,825	$ 64,169,620

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, 2011

Total governmental fund balances			$	14,425,765
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.				51,082,818
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.				
Taxes receivable	$	2,855,466		
Accrued interest receivable		16,175		
Intergovernmental receivable		767,769		
Total				3,639,410
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.				3,342,947
Bond issuance costs are not recognized in the funds.				410,513
Unamortized premiums on bond issuance are not recognized in the funds.				(49,028)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.				(110,585)
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		(11,693,780)		
Certificates of participation		(19,935,000)		
Capital lease obligations		(697,927)		
Compensated absences		(2,608,719)		
Total				(34,935,426)
Net assets of governmental activities			$	37,806,414

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, 2011

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Taxes	$ 37,205,157	$ 3,491,847	$ 40,697,004
Payments in lieu of taxes	314,000	-	314,000
Tuition	102,236	-	102,236
Transportation fees	33,815	-	33,815
Earnings on investments	130,603	90,674	221,277
Charges for services	4,981	1,373,250	1,378,231
Extracurricular	607,779	303,549	911,328
Classroom materials and fees	302,976	-	302,976
Other local revenues	195,816	136,443	332,259
Intergovernmental - intermediate	-	1,260,719	1,260,719
Intergovernmental - state	19,170,565	2,276,601	21,447,166
Intergovernmental - federal	-	3,752,699	3,752,699
Total revenues	58,067,928	12,685,782	70,753,710
Expenditures:			
Current:			
Instruction:			
Regular	27,780,541	2,139,672	29,920,213
Special	6,266,532	894,096	7,160,628
Vocational	395,679	-	395,679
Other	1,357,132	36,962	1,394,094
Support services:			
Pupil	3,955,549	789,086	4,744,635
Instructional staff	4,610,264	595,465	5,205,729
Board of education	34,423	-	34,423
Administration	3,777,550	401,122	4,178,672
Fiscal	1,378,788	103,213	1,482,001
Business	573,689	-	573,689
Operations and maintenance	4,703,936	457,698	5,161,634
Pupil transportation	3,174,722	309,381	3,484,103
Central	459,868	5,000	464,868
Operation of non-instructional services:			
Food service operations	-	1,572,734	1,572,734
Other non-instructional services	7,271	43,748	51,019
Extracurricular activities	958,698	355,594	1,314,292
Facilities acquisition and construction	-	1,308,126	1,308,126
Debt service:			
Principal retirement	470,517	2,465,000	2,935,517
Interest and fiscal charges	146,101	1,156,766	1,302,867
Total expenditures	60,051,260	12,633,663	72,684,923
Excess (deficiency) of revenues over (under) expenditures	(1,983,332)	52,119	(1,931,213)
Other financing sources (uses):			
Sale/loss of assets	12,105	49,186	61,291
Capital lease transaction	854,187	-	854,187
Transfers in	-	1,229,317	1,229,317
Transfers (out)	(34,135)	(1,195,182)	(1,229,317)
Total other financing sources (uses)	832,157	83,321	915,478
Net change in fund balances	(1,151,175)	135,440	(1,015,735)
Fund balances at beginning of year (restated).	8,442,865	6,998,635	15,441,500
Fund balances at end of year.	$ 7,291,690	$ 7,134,075	$ 14,425,765

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, 2011

Net change in fund balances - total governmental funds			$	(1,015,735)
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 capital outlays exceed depreciation expense in the current period.				
Capital asset additions	$	2,291,720		
Current year depreciation		(1,743,334)		
Total				548,386
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				
Delinquent property taxes		422,928		
Accrued interest		(32,233)		
Intergovernmental		304,953		
Total				695,648
The proceeds from capital lease transactions are recorded as an other financing source in the governmental funds; however, the proceeds increase long-term liabilities on the statement of net assets.				(854,187)
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.				2,935,517
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		10,621		
Amortization of bond issuance costs		(21,244)		
Amortization of bond premiums		3,712		
Accreted interest on capital appreciation bonds		(275,452)		
Total				(282,363)
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.				(155,878)
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.				1,523,456
Change in net assets of governmental activities			$	3,394,844

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
From local sources:				
Taxes	$ 36,449,415	$ 36,449,415	$ 36,261,175	$ (188,240)
Payments in lieu of taxes	315,630	315,630	314,000	(1,630)
Tuition	39,518	39,518	39,314	(204)
Earnings on investments	140,975	140,975	140,247	(728)
Extracurricular	401,966	401,966	399,890	(2,076)
Classroom materials and fees	107,129	107,129	106,576	(553)
Other local revenues	102,678	102,678	102,148	(530)
Intergovernmental - state	19,270,083	19,270,083	19,170,565	(99,518)
Total revenues	56,827,394	56,827,394	56,533,915	(293,479)
Expenditures:				
Current:				
Instruction:				
Regular	28,306,070	28,127,663	27,268,759	858,904
Special	6,480,272	6,439,428	6,242,794	196,634
Vocational	412,708	410,107	397,584	12,523
Other	1,487,548	1,478,172	1,433,035	45,137
Support services:				
Pupil	3,848,462	3,824,206	3,707,430	116,776
Instructional staff	4,877,511	4,846,768	4,698,768	148,000
Board of education	38,806	38,562	37,384	1,178
Administration	4,126,509	4,100,500	3,975,288	125,212
Fiscal	1,501,664	1,492,200	1,446,634	45,566
Business	633,515	629,522	610,299	19,223
Operations and maintenance	5,290,517	5,257,171	5,096,639	160,532
Pupil transportation	3,290,146	3,269,408	3,169,574	99,834
Central	535,992	532,614	516,350	16,264
Extracurricular activities	1,006,707	1,000,362	969,815	30,547
Debt service:				
Principal retirement	326,211	324,155	314,257	9,898
Interest and fiscal charges	112,342	111,634	108,225	3,409
Total expenditures	62,274,980	61,882,472	59,992,835	1,889,637
Excess (deficiency) of revenues over (under) expenditures	(5,447,586)	(5,055,078)	(3,458,920)	1,596,158
Other financing sources (uses):				
Sale/loss of assets	12,121	12,121	12,058	(63)
Refund of prior year's expenditures	15,356	15,356	15,277	(79)
Refund of prior year's receipts	(757)	(752)	(729)	23
Transfers in	-	-	64,645	64,645
Transfers (out)	(33,477)	(33,266)	(32,250)	1,016
Total other financing sources (uses)	(6,757)	(6,541)	59,001	65,542
Net change in fund balance	(5,454,343)	(5,061,619)	(3,399,919)	1,661,700
Fund balance at beginning of year (restated)	11,043,797	11,043,797	11,043,797	-
Prior year encumbrances appropriated	1,493,444	1,493,444	1,493,444	-
Fund balance at end of year	$ 7,082,898	$ 7,475,622	$ 9,137,322	$ 1,661,700

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Assets:		
Equity in pooled cash and cash equivalents	$ 625,603	$ 4,063,591
Total assets	625,603	4,063,591
Liabilities:		
Current liabilities:		
Accounts payable	43,138	546
Accrued wages and benefits	42,507	-
Compensated absences	21,156	-
Pension obligation payable	36,995	-
Intergovernmental payable	9,108	188
Claims payable	-	719,910
Total current liabilities	152,904	720,644
Long-term liabilities:		
Compensated absences payable	3,271	-
Total liabilities	156,175	720,644
Net assets:		
Unrestricted	469,428	3,342,947
Total net assets	$ 469,428	$ 3,342,947

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, 2011

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Sales/charges for services.	$ 1,244,446	$ 8,797,155
Other	-	4,799
Total operating revenues	1,244,446	8,801,954
Operating expenses:		
Personal services.	517,267	35,710
Purchased services	613,707	921,641
Materials and supplies	17,393	-
Claims	-	6,321,147
Other.	25,084	-
Total operating expenses.	1,173,451	7,278,498
Operating income and change in net assets. .	70,995	1,523,456
Net assets at beginning of year	398,433	1,819,491
Net assets at end of year.	$ 469,428	$ 3,342,947

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, 2011

	Business-Type Activities - Community Education Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from sales/charges for services.	$ 1,244,446	$ 8,797,155
Cash received from other operations.	-	4,799
Cash payments for personal services.	(506,476)	(35,518)
Cash payments for purchased services.	(600,121)	(921,405)
Cash payments for materials and supplies	(18,272)	-
Cash payments for claims	-	(6,496,182)
Cash payments for other expenses	(25,039)	-
Net cash provided by operating activities	94,538	1,348,849
Net increase in cash and cash equivalents	94,538	1,348,849
Cash and cash equivalents at beginning of year . . .	531,065	2,714,742
Cash and cash equivalents at end of year	$ 625,603	$ 4,063,591
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 70,995	$ 1,523,456
Changes in assets and liabilities:		
Increase in accounts payable	5,165	516
Increase in accrued wages and benefits.	7,268	-
Increase (decrease) in intergovernmental payable . .	6,552	(88)
Increase in compensated absences payable.	6,627	-
(Decrease) in pension obligation payable.	(2,069)	-
(Decrease) in claims payable	-	(175,035)
Net cash provided by operating activities	$ 94,538	$ 1,348,849

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Private Purpose Trust	
	Scholarships	**Agency**
Assets:		
Equity in pooled cash and cash equivalents	$ 13,856	$ 239,582
Receivables:		
Intergovernmental	-	20,171
Total assets	13,856	$ 259,753
Liabilities:		
Accounts payable	1,937	$ 24,237
Intergovernmental payable	1,384	3,283
Accrued wages and benefits	-	4,436
Undistributed monies	-	136,611
Pension obligation payable	-	5,571
Due to students	-	85,615
Total liabilities	3,321	$ 259,753
Net assets:		
Held in trust for scholarships	10,535	
Total net assets	$ 10,535	

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, 2011

	Private Purpose Trust
	Scholarships
Additions:	
Gifts and contributions.	$ 108,530
Deductions:	
Scholarships awarded	110,321
Change in net assets	(1,791)
Net assets at beginning of year	12,326
Net assets at end of year	$ 10,535

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District ranks as the 74th largest by enrollment among the 918 public and community school districts in the State. The District employs 236 non-certified and 400 certified employees (including administrators) to provide services to approximately 4,890 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 funds, 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

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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.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. 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).

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.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

The following is the District's major governmental fund:

General fund - The general fund is used to account for 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.

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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.

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

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

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

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

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

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

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.

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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, 2011, but which were levied to finance fiscal year 2012 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, 2011 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.

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

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

E. Budgets

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

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased tax) rates. By no later than January 20, the Board-adopted budget is filed with Summit County Budget Commission for rate determination. The Summit County Budget Commission waived this requirement for fiscal year 2011.

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 2011, investments were limited to overnight repurchase agreements, non-negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, and non-negotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2011. 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, 2011.

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 2011 amounted to $130,603, which includes $9,584 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 and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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 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. Neither type of transaction occurred during fiscal year 2011.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	General	Nonmajor Governmental	Total Governmental
Fund balance as previously reported	$ 8,104,817	$ 7,336,683	$ 15,441,500
Fund reclassifications:			
Special trust fund	18,402	(18,402)	-
Uniform school supplies fund	211,666	(211,666)	-
Public school support fund	107,980	(107,980)	-
Total fund reclassifications	338,048	(338,048)	-
Restated fund balance at July 1, 2010	$ 8,442,865	$ 6,998,635	$ 15,441,500

The fund reclassifications did not have an effect on net assets as previously reported.

C. Budgetary Prior Period Adjustment

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. Pursuant to GASB Statement No. 54, only the legally budgeted general fund should be reported in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

Budgetary Basis

	General Fund
Balance at June 30, 2010	$ 11,285,254
Funds budgeted elsewhere	(241,457)
Restated balance at July 1, 2010	$ 11,043,797

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

D. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

Nonmajor funds	Deficit
Race to the top	$ 24
Title I	6,351
Drug-free grant	13,891

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;

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

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

A. Cash on Hand

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

B. Cash with Fiscal Agent

At fiscal year end, the District had $2,391,319 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, 2011, the carrying amount of all District deposits was $18,458,481, exclusive of the $1,860,000 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, 2011, $14,213,992 of the District's bank balance of $18,954,276 was exposed to custodial risk as discussed below, while $4,740,284 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, 2011, the District had the following investments and maturities:

		Investment Maturities
Investment type	Fair Value	6 months or less
Repurchase agreement	$ 1,860,000	$ 1,860,000
STAR Ohio	144,487	144,487
Total	$ 2,004,487	$ 2,004,487

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

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

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, 2011:

Investment type	Fair Value	% of Total
Repurchase agreement	$ 1,860,000	92.79
STAR Ohio	144,487	7.21
Total	$ 2,004,487	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, 2011:

Cash and investments per note	
Carrying amount of deposits	$ 18,458,481
Investments	2,004,487
Cash on hand	1,300
Cash with fiscal agent	2,391,319
Total	$ 22,855,587
Cash and investments per statement of net assets	
Governmental activities	$ 21,976,546
Business type activities	625,603
Private-purpose trust funds	13,856
Agency funds	239,582
Total	$ 22,855,587

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2011, consisted of the following, as reported on the fund statements:

Transfers from:	Transfer to:	Amount
General fund	Nonmajor governmental funds	$ 34,135
Nonmajor governmental funds	Nonmajor governmental funds	1,195,182

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. Transfers between nonmajor governmental funds consisted of $1,195,182 from the building capital projects fund to the debt service fund in order to cover 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, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, 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.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

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, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was $4,281,696 in the general fund, $257,640 in the debt service fund (a nonmajor governmental fund) and $148,698 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2010 was $3,337,714 in the general fund, $213,784 in the debt service fund (a nonmajor governmental fund) and $114,344 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 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.

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 942,970,570	99.34	$ 949,773,800	99.48
Public utility personal	4,820,720	0.50	4,990,800	0.52
Tangible personal property	1,485,955	0.16	-	-
Total	$ 949,277,245	100.00	$ 954,764,600	100.00
Tax rate per $1,000 of assessed valuation for:				
General operations	$82.03		$82.03	
Debt service	2.70		2.50	
Permanent improvement	1.50		1.50	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2011 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	$ 44,887,269
Payments in lieu of taxes	314,000
Accrued interest	16,175
Intergovernmental	981,662
Total	$ 46,199,106

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, 2011 was as follows:

	Balance 07/01/10	Additions	Deductions	Balance 06/30/11
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,032,204	$ -	$ -	$ 1,032,204
Construction in progress	1,614,430	618,372	(2,232,802)	-
Total capital assets, not being depreciated	2,646,634	618,372	(2,232,802)	1,032,204
Capital assets, being depreciated:				
Land improvements	1,926,142	24,575	-	1,950,717
Buildings and improvements	67,197,911	2,272,537	-	69,470,448
Furniture and equipment	10,071,137	994,760	-	11,065,897
Vehicles	3,818,919	614,278	-	4,433,197
Total capital assets, being depreciated	83,014,109	3,906,150	-	86,920,259
Less: accumulated depreciation				
Land improvements	(1,271,525)	(58,901)	-	(1,330,426)
Buildings and improvements	(22,556,215)	(1,232,973)	-	(23,789,188)
Furniture and equipment	(8,178,841)	(265,050)	-	(8,443,891)
Vehicles	(3,119,730)	(186,410)	-	(3,306,140)
Total accumulated depreciation	(35,126,311)	(1,743,334)	-	(36,869,645)
Governmental activities capital assets, net	$ 50,534,432	$ 2,781,188	$ (2,232,802)	$ 51,082,818

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 1,222,083
Special	49,591
Vocational	18,484
Other	913
Support services:	
Pupil	17,588
Instructional staff	55,938
Administration	33,351
Operations and maintenance	56,922
Pupil transportation	182,588
Extracurricular	78,256
Food service operations	27,620
Total depreciation expense	$ 1,743,334

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2011, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding 07/01/10	Additions	Deletions	Balance Outstanding 06/30/11	Amount Due in One Year
Governmental activities:					
Certificates of participation	$ 20,140,000	$ -	$ (205,000)	$ 19,935,000	$ 235,000
General obligation bonds:					
Energy conservation bonds	2,440,000	-	(180,000)	2,260,000	180,000
Qualified school construction bonds	2,274,257	-	(134,257)	2,140,000	135,000
Series 1993, improvement					
Capital appreciation bonds	306,865	-	(306,865)	-	-
Accreted interest	1,695,465	112,670	(1,808,135)	-	-
Series 2003, refunding					
Current interest bonds	5,245,000	-	(145,000)	5,100,000	-
Capital appreciation bonds	1,199,964	-	-	1,199,964	1,199,964
Accreted interest	831,034	162,782	-	993,816	993,816
Total bonds and certificates of participation	34,132,585	275,452	(2,779,257)	31,628,780	2,743,780
Capital lease	-	854,187	(156,260)	697,927	160,814
Compensated absences	2,787,668	659,166	(485,159)	2,961,675	565,590
Total, governmental activities	$ 36,920,253	$ 1,788,805	$ (3,420,676)	$ 35,288,382	$ 3,470,184
Add: unamortized premium on bonds				49,028	
Total on statement of net assets				$ 35,337,410	
Business-type activities:					
Compensated absences	$ 17,800	$ 22,099	$ (15,472)	$ 24,427	$ 21,156
Total, business-type activities	$ 17,800	$ 22,099	$ (15,472)	$ 24,427	$ 21,156

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 drug-free grant.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Series 1993 School Improvement General Obligation Bonds

During 1993, the District issued general obligation bonds to provide for building improvements to the high school. During fiscal year 2005, the District refunded the callable portion of the outstanding bonds by issuing the Series 2003 refunding bonds described below. The remaining capital appreciation bonds matured on December 15, 2010.

Series 2003 Refunding General Obligation Bonds

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

The refunding issue is comprised of both current interest bonds par value $6,045,000, and capital appreciation bonds, par value $1,199,964. The interest rate on the current interest bonds range from 2.0%-4.0%. The capital appreciation bonds mature on December 15, 2011 (stated interest 7.860%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is $2,280,000. Total accreted interest of $993,816 has been included on the statement of net assets.

The capital appreciation bonds are not subject to early redemption. The current interest bonds maturing on or after December 15, 2012 are subject to prior redemption on or after December 15, 2011 by and at the sole option of the District, at the following redemption prices, plus accrued interest:

Redemption Dates	Redemption Price
December 15, 2011 through December 14, 2012	101.0% of par
December 15, 2012 through December 14, 2013	100.5% of par
December 15, 2013 and thereafter	100.0% of par

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

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.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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 will be 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.

B. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2011, are as follows:

Fiscal Year	General Obligation Current Interest Bonds - Series 2003			General Obligation Capital Appreciation Bonds - Series 2003		
Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
2012	$ -	$ 204,000	$ 204,000	$ 1,199,964	$ 1,080,036	$ 2,280,000
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	$ 436,200	$ 5,536,200	$ 1,199,964	$ 1,080,036	$ 2,280,000

Fiscal Year	Energy Conservation Bonds			Qualified School Construction Bonds		
Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
2012	$ 180,000	$ 67,325	$ 247,325	$ 135,000	$ 35,025	$ 170,025
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 - 2021	1,065,000	151,613	1,216,613	770,000	89,148	859,148
2022 - 2025	240,000	4,800	244,800	665,000	22,773	687,773
Total	$ 2,260,000	$ 453,638	$ 2,713,638	$ 2,140,000	$ 263,387	$ 2,403,387

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

C. Principal and interest requirements to retire the certificates of participation outstanding at June 30, 2011, are as follows:

Fiscal Year	Certificates of Participation		
Ending June 30,	Principal	Interest	Total
2012	$ 235,000	$ 943,090	$ 1,178,090
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 - 2021	2,485,000	4,241,509	6,726,509
2022 - 2026	3,845,000	3,576,912	7,421,912
2027 - 2031	5,720,000	2,469,475	8,189,475
2032 - 2034	6,390,000	740,250	7,130,250
Total	$ 19,935,000	$ 15,644,085	$ 35,579,085

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, 2011, are a voted debt margin of $58,673,379 (including available funds of $3,828,701) and an unvoted debt margin of $949,774.

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, 2011 was $122,027, leaving a current book value of $732,160. Principal and interest payments of $156,260 and $37,876, respectively, were paid from the general fund.

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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, 2011:

Fiscal Year Ending June 30	Amount
2012	$ 194,136
2013	194,136
2014	194,136
2015	194,136
Total minimum lease payments	776,544
Less: amount representing interest	(78,617)
Total	$ 697,927

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 $1,000,000 with a $500 collision deductible. All Board Members, administrators and employees are covered under a District liability policy. The limits of this coverage are $1,000,000 per occurrence, $2,000,000 in aggregate, and an umbrella of $10,000,000. Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior year.

NOTE 12 - RISK MANAGEMENT - (Continued)

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 $100 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 $4,714,295 in the aggregate.

The District pays into the self-insurance internal service fund for full-time medical and prescription drug family coverage $1,363.82 per month for certified, classified and administrative employees. Single coverage full-time costs are $622.03 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.

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 $79.97 and $119.55 per month under Plan S and Plan T, respectively, for family coverage and $36.02 and $51.00 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 $4.00 to $103.30 for family coverage and $0.72 to $44.00 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 District also provides prescription drug insurance to its employees through a self-insured program. The District pays the cost of prescription drug above the employee co-payment for a 34 day supply. The employee co-payment for a 34 day supply is: generic $15, preferred $20 and non-preferred $25. The District pays the cost of mail order prescriptions above the employee co-payment for a 90 day supply. The employee co-payment for a 90 day mail order supply is: generic $25, preferred $35 and non-preferred $45. The third party administrator, Klais and Company, reviews and processes the claims. The premium for this coverage is included in the medical plan premium amounts stated above.

NOTE 12 - RISK MANAGEMENT - (Continued)

The claims liability of $719,910 reported in the internal service fund at June 30, 2011, 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
2011	$ 894,945	$ 6,321,147	$ (6,496,182)	$ 719,910
2010	802,923	8,169,972	(8,077,950)	894,945

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

For fiscal year 2011, the District participated in the Ohio Bureau of Workers' Compensation (Bureau) Individual Retrospective Rating program. In the program, the District assumes a portion of the risk in return for a reduction in premium. The total premium to be paid is a combination of the minimum premium, all medical costs, indemnity, and any remaining reserves (not to exceed the claim limit and aggregate premium percentage limit) at the end of the 10 year liability period. Since the program is retrospective in nature, the 2011 premium will be paid in 2012 after total medical and indemnity costs are known for 2011. The minimum premium percentage is 46% of the experience modified premium determined by the Bureau of Workers Compensation. The District selected an individual claim limit of $200,000 and a maximum premium percentage of 150% of the experience rated premium. The District contracted with Sheakley Uniservice, Inc. for claims management service and CareWorks for medical care management services.

The District's Workers' Compensation 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 claims liability is recorded based on an actuarial determination of future claims, review of five years of claim liabilities and claim payment trends including the settlement to the Bureau after the tenth year. The change in claims activity for the past fiscal year is as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
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 *"Media/Financial Reports"*.

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 2011, 11.77 percent and 0.04 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, 2011, 2010 and 2009 were $890,217, $998,339 and $704,240, respectively; 51.57 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

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

NOTE 13 - PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year 2011, 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, 2011, 2010 and 2009 were $4,014,133, $4,042,798 and $3,904,683, respectively; 82.24 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were $142,651 made by the District and $101,894 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, 2011, 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 was $96.40 and 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 *"Media/Financial Reports"*.

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 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 2011, 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, 2011, 2010 and 2009 were $228,248, $148,323 and $426,776, respectively; 51.57 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were $57,287, $59,369 and $58,106, respectively; 51.57 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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 2011, 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, 2011, 2010 and 2009 were $308,779, $310,984 and $300,360, respectively; 82.24 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 16 - SET-ASIDES

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount 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. These amounts must be carried forward to be used for the same purposes in future years.

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

	Textbooks	Capital Improvements
Set-aside balance June 30, 2010	$ -	$ -
Current year set-aside requirement	709,084	709,084
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(930,205)	(786,097)
Excess qualified expenditures from prior years	(2,884,061)	-
Current year offsets	-	(1,446,210)
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	$ (3,105,182)	$ (1,523,223)
Balance carried forward to fiscal year 2012	$ -	$ -
Set-aside balance June 30, 2011	$ -	$ -

NOTE 16 - SET-ASIDES - (Continued)

The District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

During fiscal year 2005, the District issued $20,810,000 in capital related certificates of participation. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The District is responsible for tracking the amount of the proceeds that may be used as an offset in future periods, which was $20,810,000 at June 30, 2011.

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);

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

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

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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	$ (3,399,919)
Net adjustment for revenue accruals	934,338
Net adjustment for expenditure accruals	(515,476)
Net adjustment for other sources/uses	774,994
Funds budgeted elsewhere	(83,744)
Adjustment for encumbrances	1,138,632
GAAP basis	$ (1,151,175)

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 $1,260,719 from the City of Hudson during fiscal year 2011 as a result of this agreement. This revenue is reported in the debt service 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	$ 746,850
Other governmental	499,857
Total	$ 1,246,707

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):

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

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.

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.

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

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

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

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. This fund did not have any activity on cash-basis during fiscal year 2011, therefore a budget and actual (non-GAAP budgetary basis) schedule has not been presented.

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.

Education Stabilization - Grant from the American Recovery and Reinvestment Act (ARRA) in State Fiscal Stabilization Funds (SFSF) to help stabilize state and local budgets in order to minimize and avoid reductions in education and other essential services.

FUND DESCRIPTIONS

NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

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.

Title I-G Stimulus - Federal grant fund used to provide resources in order to raise substantially the achievement of students in the District's lowest performing schools.

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.

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

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

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

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

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

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

NONMAJOR DEBT SERVICE FUND

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

CAPITAL PROJECTS FUNDS

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

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.

FUND DESCRIPTIONS

NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)

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.

INTERNAL SERVICE FUND

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

FIDUCIARY FUNDS

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

PRIVATE-PURPOSE TRUST FUND

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

AGENCY FUNDS

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

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

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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, 2011

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Uniform School Supplies			
Total Expenditures and Other Financing Uses	$ 10,559	$ 183,761	$ (173,202)
Net Change in Fund Balance	(10,559)	(183,761)	(173,202)
Fund Balance, July 1	173,202	173,202	-
Prior Year Encumbrances Appropriated	10,559	10,559	-
Fund Balance, June 30	$ 173,202	$ -	$ (173,202)
Rotary			
Total Revenues and Other Financing Sources	$ 343,178	$ 381,947	$ 38,769
Total Expenditures and Other Financing Uses	508,803	293,937	214,866
Net Change in Fund Balance	(165,625)	88,010	253,635
Fund Balance, July 1	241,267	241,267	-
Prior Year Encumbrances Appropriated	5,803	5,803	-
Fund Balance, June 30	$ 81,445	$ 335,080	$ 253,635
Co-Op Compact			
Total Revenues and Other Financing Sources	$ 28,875	$ 28,876	$ 1
Total Expenditures and Other Financing Uses	29,066	29,066	-
Net Change in Fund Balance	(191)	(190)	1
Fund Balance, July 1	190	190	-
Fund Balance (Deficit), June 30	$ (1)	$ -	$ 1

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, 2011

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Public School Support			
Total Expenditures and Other Financing Uses	413,080	276,051	137,029
Net Change in Fund Balance	(109,884)	20,774	130,658
Fund Balance, July 1	96,804	96,804	-
Prior Year Encumbrances Appropriated	13,080	13,080	-
Fund Balance, June 30	$ -	$ 130,658	$ 130,658
Special Trust			
Total Revenues and Other Financing Sources	$ 13,005	$ 18,251	$ 5,246
Total Expenditures and Other Financing Uses	31,591	16,471	15,120
Net Change in Fund Balance	(18,586)	1,780	20,366
Fund Balance, July 1	18,300	18,300	-
Prior Year Encumbrances Appropriated	286	286	-
Fund Balance, June 30	$ -	$ 20,366	$ 20,366

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	$ 816,533	$ 1,179,742	$ 2,733,898	$ 4,730,173
Cash with fiscal agent	-	2,391,319	-	2,391,319
Receivables:				
Taxes	-	2,221,059	1,294,886	3,515,945
Intergovernmental	981,662	-	-	981,662
Materials and supplies inventory	2,298	-	-	2,298
Inventory held for resale	20,428	-	-	20,428
Total assets	$ 1,820,921	$ 5,792,120	$ 4,028,784	$ 11,641,825
Liabilities:				
Accounts payable	$ 229,337	$ -	$ 5,310	$ 234,647
Accrued wages and benefits	279,227	-	-	279,227
Pension obligation payable	107,259	-	-	107,259
Intergovernmental payable	9,241	-	-	9,241
Unearned revenue	-	1,846,105	1,076,708	2,922,813
Deferred revenue	767,769	117,314	69,480	954,563
Total liabilities	1,392,833	1,963,419	1,151,498	4,507,750
Fund balances:				
Nonspendable:				
Materials and supplies / inventory held for resale	22,726	-	-	22,726
Restricted:				
Debt service	-	3,828,701	-	3,828,701
Capital improvements	-	-	2,877,286	2,877,286
Food service operations	144,157	-	-	144,157
Non-public schools	39,158	-	-	39,158
Special education	60,514	-	-	60,514
Targeted academic assistance	4,083	-	-	4,083
Extracurricular	131,939	-	-	131,939
Other purposes	45,777	-	-	45,777
Unassigned (deficit)	(20,266)	-	-	(20,266)
Total fund balances	428,088	3,828,701	2,877,286	7,134,075
Total liabilities and fund balances	$ 1,820,921	$ 5,792,120	$ 4,028,784	$ 11,641,825

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, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Taxes	$ -	$ 2,236,071	$ 1,255,776	$ 3,491,847
Earnings on investments	4,642	86,032	-	90,674
Charges for services	1,373,250	-	-	1,373,250
Extracurricular	303,549	-	-	303,549
Other local revenues	89,512	-	46,931	136,443
Intergovernmental - intermediate	-	-	1,260,719	1,260,719
Intergovernmental - state	1,803,001	283,166	190,434	2,276,601
Intergovernmental - federal	3,752,699	-	-	3,752,699
Total revenue	7,326,653	2,605,269	2,753,860	12,685,782
Expenditures:				
Current:				
Instruction:				
Regular	1,881,204	-	258,468	2,139,672
Special	894,096	-	-	894,096
Other	31,791	-	5,171	36,962
Support services:				
Pupil	789,086	-	-	789,086
Instructional staff	595,465	-	-	595,465
Administration	401,122	-	-	401,122
Fiscal	-	80,331	22,882	103,213
Operations and maintenance	457,698	-	-	457,698
Pupil transportation	296,671	-	12,710	309,381
Central	5,000	-	-	5,000
Operation of non-instructional services:				
Food service operations	1,572,734	-	-	1,572,734
Other non-instructional services	43,748	-	-	43,748
Extracurricular activities	355,594	-	-	355,594
Facilities acquisition and construction	6,000	-	1,302,126	1,308,126
Debt service:				
Principal retirement	-	2,465,000	-	2,465,000
Interest and fiscal charges	-	1,156,766	-	1,156,766
Total expenditures	7,330,209	3,702,097	1,601,357	12,633,663
Excess (deficiency) of revenues over (under) expenditures	(3,556)	(1,096,828)	1,152,503	52,119
Other financing sources (uses):				
Sale/loss of assets	2,590	-	46,596	49,186
Transfers in	34,135	1,195,182	-	1,229,317
Transfers (out)	-	-	(1,195,182)	(1,195,182)
Total other financing sources (uses)	36,725	1,195,182	(1,148,586)	83,321
Net change in fund balances	33,169	98,354	3,917	135,440
Fund balances at beginning of year (restated)	394,919	3,730,347	2,873,369	6,998,635
Fund balances at end of year	$ 428,088	$ 3,828,701	$ 2,877,286	$ 7,134,075

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Other Grants	Athletic and Music	Auxiliary Services	Other State Grants	Education Jobs
Assets:					
Equity in pooled cash and cash equivalents	$ 34,903	$ 133,719	$ 217,000	$ 4,915	$ -
Receivables:					
Intergovernmental	-	-	-	-	627,103
Materials and supplies inventory	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Total assets	$ 34,903	$ 133,719	$ 217,000	$ 4,915	$ 627,103
Liabilities:					
Accounts payable	$ 750	$ 728	$ 164,650	$ -	$ -
Accrued wages and benefits	-	990	7,004	-	-
Pension obligation payable	-	-	5,902	-	-
Intergovernmental payable	11	62	286	-	-
Deferred revenue	-	-	-	-	627,103
Total liabilities	761	1,780	177,842	-	627,103
Fund balances:					
Nonspendable:					
Materials and supplies / inventory held for resale	-	-	-	-	-
Restricted:					
Food service operations	-	-	-	-	-
Non-public schools	-	-	39,158	-	-
Special education	-	-	-	-	-
Targeted academic assistance	-	-	-	-	-
Extracurricular	-	131,939	-	-	-
Other purposes	34,142	-	-	4,915	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficits)	34,142	131,939	39,158	4,915	-
Total liabilities and fund balances	$ 34,903	$ 133,719	$ 217,000	$ 4,915	$ 627,103

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2011

	Race to the Top	Title VI-B	Nutrition Education & Training	Title III	Title I
Assets:					
Equity in pooled cash and cash equivalents	$ 50	$ 87,939	$ 2,000	$ 57	$ 12,019
Receivables:					
Intergovernmental	-	294,980	-	-	10,264
Materials and supplies inventory	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Total assets	$ 50	$ 382,919	$ 2,000	$ 57	$ 22,283
Liabilities:					
Accounts payable	$ -	$ 50,884	$ 1,814	$ 57	$ 2,667
Accrued wages and benefits	-	126,092	-	-	12,968
Pension obligation payable	-	33,970	-	-	2,406
Intergovernmental payable	74	5,083	-	-	329
Deferred revenue	-	106,797	-	-	10,264
Total liabilities	74	322,826	1,814	57	28,634
Fund balances:					
Nonspendable:					
Materials and supplies / inventory held for resale	-	-	-	-	-
Restricted:					
Food service operations	-	-	-	-	-
Non-public schools	-	-	-	-	-
Special education	-	60,093	-	-	-
Targeted academic assistance	-	-	-	-	-
Extracurricular	-	-	-	-	-
Other purposes	-	-	186	-	-
Unassigned (deficit)	(24)	-	-	-	(6,351)
Total fund balances (deficits)	(24)	60,093	186	-	(6,351)
Total liabilities and fund balances	$ 50	$ 382,919	$ 2,000	$ 57	$ 22,283

Drug-Free Grant	EHA Preschool Grant	Classroom Reduction	Food Service	Other Special Revenue	Total Nonmajor Special Revenue Funds
$ -	$ 459	$ 19	$ 316,769	$ 6,684	$ 816,533
-	4,464	44,851	-	-	981,662
-	-	-	2,298	-	2,298
-	-	-	20,428	-	20,428
$ -	$ 4,923	$ 44,870	$ 339,495	$ 6,684	$ 1,820,921
$ -	$ -	$ 2,036	$ 5,601	$ 150	$ 229,337
13,813	3,722	15,027	99,611	-	279,227
-	521	-	64,460	-	107,259
78	92	286	2,940	-	9,241
-	167	23,438	-	-	767,769
13,891	4,502	40,787	172,612	150	1,392,833
-	-	-	22,726	-	22,726
-	-	-	144,157	-	144,157
-	-	-	-	-	39,158
-	421	-	-	-	60,514
-	-	4,083	-	-	4,083
-	-	-	-	-	131,939
-	-	-	-	6,534	45,777
(13,891)	-	-	-	-	(20,266)
(13,891)	421	4,083	166,883	6,534	428,088
$ -	$ 4,923	$ 44,870	$ 339,495	$ 6,684	$ 1,820,921

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, 2011

	Other Grants	Athletic and Music	Auxiliary Services	Management Information Systems
Revenues:				
From local sources:				
Earnings on investments	$ -	$ -	$ 2,675	$ -
Charges for services	-	-	-	-
Extracurricular	-	303,549	-	-
Other local revenues	53,857	35,655	-	-
Intergovernmental - state	-	-	1,782,407	5,000
Intergovernmental - federal	-	-	-	-
Total revenue	53,857	339,204	1,785,082	5,000
Expenditures:				
Current:				
Instruction:				
Regular	36,255	-	1,517,320	-
Special	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	2,691	-	183,140	-
Instructional staff	13,485	-	6,540	-
Administration	-	-	145,409	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	5,000
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	355,594	-	-
Facilities acquisition and construction	-	6,000	-	-
Total expenditures	52,431	361,594	1,852,409	5,000
Excess (deficiency) of revenues over (under) expenditures	1,426	(22,390)	(67,327)	-
Other financing sources:				
Sale/loss of assets	-	-	-	-
Transfers in	-	34,135	-	-
Total other financing sources	-	34,135	-	-
Net change in fund balances	1,426	11,745	(67,327)	-
Fund balances (deficits) at beginning of year (restated)	32,716	120,194	106,485	-
Fund balances (deficits) at end of year	$ 34,142	$ 131,939	$ 39,158	$ -

Data Communications	Other State Grants	Race to the Top	Title VI-B	Education Stabilization	Stimulus Title II D	Title I-G Stimulus
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,650	-	-	-	-	-	-
-	-	15,050	2,113,602	914,475	725	170,860
13,650	-	15,050	2,113,602	914,475	725	170,860
-	-	15,074	-	190,141	503	-
-	-	-	776,534	-	-	-
13,650	-	-	-	17,833	-	-
-	-	-	560,774	10,227	-	-
-	-	-	333,313	15,332	191	170,860
-	-	-	255,713	-	-	-
-	-	-	50,396	397,943	-	-
-	-	-	-	295,707	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	34,911	-	22	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,650	-	15,074	2,011,641	927,183	716	170,860
-	-	(24)	101,961	(12,708)	9	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(24)	101,961	(12,708)	9	-
-	4,915	-	(41,868)	12,708	(9)	-
$ -	$ 4,915	$ (24)	$ 60,093	$ -	$ -	$ -

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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, 2011

	Nutrition Education & Training	Title III	Title I	Drug-Free Grant
Revenues:				
From local sources:				
Earnings on investments	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-
Extracurricular	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	2,000	1,947	128,407	2,044
Total revenue	2,000	1,947	128,407	2,044
Expenditures:				
Current:				
Instruction:				
Regular	-	1,947	-	-
Special	-	-	103,032	-
Other	-	-	-	-
Support services:				
Pupil	-	-	10,430	13,853
Instructional staff	-	-	20,784	-
Administration	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	1,814	-	-	2,023
Extracurricular activities	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	1,814	1,947	134,246	15,876
Excess (deficiency) of revenues over (under) expenditures	186	-	(5,839)	(13,832)
Other financing sources:				
Sale/loss of assets	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	186	-	(5,839)	(13,832)
Fund balances (deficits) at beginning of year (restated)	-	-	(512)	(59)
Fund balances (deficits) at end of year	$ 186	$ -	$ (6,351)	$ (13,891)

EHA Preschool Grant	Classroom Reduction	Other Federal Grants	Food Service	Other Special Revenue	Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ 1,967	$ -	$ 4,642
-	-	-	1,373,250	-	1,373,250
-	-	-	-	-	303,549
-	-	-	-	-	89,512
-	-	-	1,944	-	1,803,001
46,902	106,548	30,000	220,139	-	3,752,699
46,902	106,548	30,000	1,597,300	-	7,326,653
-	101,190	15,350	-	3,424	1,881,204
14,234	-	296	-	-	894,096
-	-	-	-	308	31,791
-	-	7,971	-	-	789,086
27,922	303	5,715	-	1,020	595,465
-	-	-	-	-	401,122
-	-	-	9,359	-	457,698
-	-	964	-	-	296,671
-	-	-	-	-	5,000
-	-	-	1,572,734	-	1,572,734
229	4,749	-	-	-	43,748
-	-	-	-	-	355,594
-	-	-	-	-	6,000
42,385	106,242	30,296	1,582,093	4,752	7,330,209
4,517	306	(296)	15,207	(4,752)	(3,556)
-	-	-	2,590	-	2,590
-	-	-	-	-	34,135
-	-	-	2,590	-	36,725
4,517	306	(296)	17,797	(4,752)	33,169
(4,096)	3,777	296	149,086	11,286	394,919
$ 421	$ 4,083	$ -	$ 166,883	$ 6,534	$ 428,088

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, 2011

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Other Grants			
Total Revenues and Other Financing Sources	$ 45,957	$ 54,048	$ 8,091
Total Expenditures and Other Financing Uses	78,725	54,346	24,379
Net Change in Fund Balance	(32,768)	(298)	32,470
Fund Balance, July 1	28,020	28,020	-
Prior Year Encumbrances Appropriated	4,747	4,747	-
Fund Balance (Deficit), June 30	$ (1)	$ 32,469	$ 32,470
Athletic and Music			
Total Revenues and Other Financing Sources	$ 362,302	$ 373,339	$ 11,037
Total Expenditures and Other Financing Uses	470,473	364,275	106,198
Net Change in Fund Balance	(108,171)	9,064	117,235
Fund Balance, July 1	118,524	118,524	-
Prior Year Encumbrances Appropriated	5,473	5,473	-
Fund Balance, June 30	$ 15,826	$ 133,061	$ 117,235
Auxiliary Services			
Total Revenues and Other Financing Sources	$ 1,790,297	$ 1,785,753	$ (4,544)
Total Expenditures and Other Financing Uses	1,926,049	1,901,600	24,449
Net Change in Fund Balance	(135,752)	(115,847)	19,905
Fund Balance, July 1	108,991	108,991	-
Prior Year Encumbrances Appropriated	26,761	26,761	-
Fund Balance, June 30	$ -	$ 19,905	$ 19,905

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, 2011

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Management Information Systems			
Total Revenues and Other Financing Sources	$ 5,000	$ 5,000	$ -
Total Expenditures and Other Financing Uses	5,000	5,000	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	$ -	$ -	$ -
Data Communications			
Total Revenues and Other Financing Sources	$ 13,650	$ 13,650	$ -
Total Expenditures and Other Financing Uses	13,650	13,650	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	$ -	$ -	$ -
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

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, 2011

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Race to the Top			
Total Revenues and Other Financing Sources	$ 15,050	$ 15,050	$ -
Total Expenditures and Other Financing Uses	15,000	15,000	-
Net Change in Fund Balance	50	50	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	$ 50	$ 50	$ -
Title VI-B			
Total Revenues and Other Financing Sources	$ 2,076,159	$ 2,003,706	$ (72,453)
Total Expenditures and Other Financing Uses	2,127,424	2,079,609	47,815
Net Change in Fund Balance	(51,265)	(75,903)	(24,638)
Fund Balance, July 1	10,154	10,154	-
Prior Year Encumbrances Appropriated	29,077	29,077	-
Fund Balance (Deficit), June 30	$ (12,034)	$ (36,672)	$ (24,638)
Education Stabilization			
Total Revenues and Other Financing Sources	$ 914,476	$ 914,475	$ (1)
Total Expenditures and Other Financing Uses	927,184	927,183	1
Net Change in Fund Balance	(12,708)	(12,708)	-
Fund Balance, July 1	12,708	12,708	-
Fund Balance, June 30	$ -	$ -	$ -

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, 2011

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Stimulus Title II D			
Total Revenues and Other Financing Sources	$ 740	$ 725	$ (15)
Total Expenditures and Other Financing Uses	740	725	15
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	$ -	$ -	$ -
Title I-G Stimulus			
Total Revenues and Other Financing Sources	$ 180,000	$ 170,860	$ (9,140)
Total Expenditures and Other Financing Uses	180,000	170,860	9,140
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	$ -	$ -	$ -
Nutrition Education & Training			
Total Revenues and Other Financing Sources	$ 2,000	$ 2,000	$ -
Total Expenditures and Other Financing Uses	-	1,835	(1,835)
Net Change in Fund Balance	2,000	165	(1,835)
Fund Balance, July 1	-	-	-
Fund Balance, June 30	$ 2,000	$ 165	$ (1,835)

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, 2011

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Title III			
Total Revenues and Other Financing Sources	$ 1,947	$ 1,947	$ -
Total Expenditures and Other Financing Uses	1,947	1,947	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	$ -	$ -	$ -
Title I			
Total Revenues and Other Financing Sources	$ 138,895	$ 136,395	$ (2,500)
Total Expenditures and Other Financing Uses	147,181	147,028	153
Net Change in Fund Balance	(8,286)	(10,633)	(2,347)
Fund Balance, July 1	8,286	8,286	-
Fund Balance (Deficit), June 30	$ -	$ (2,347)	$ (2,347)
Drug-Free Grant			
Total Revenues and Other Financing Sources	$ 2,621	$ 2,621	$ -
Total Expenditures and Other Financing Uses	4,135	4,135	-
Net Change in Fund Balance	(1,514)	(1,514)	-
Fund Balance, July 1	1,236	1,236	-
Prior Year Encumbrances Appropriated	278	278	-
Fund Balance, June 30	$ -	$ -	$ -

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, 2011

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
EHA Preschool Grant			
Total Revenues and Other Financing Sources	$ 24,164	$ 41,078	$ 16,914
Total Expenditures and Other Financing Uses	30,384	45,878	(15,494)
Net Change in Fund Balance	(6,220)	(4,800)	1,420
Fund Balance, July 1	3,711	3,711	-
Prior Year Encumbrances Appropriated	347	347	-
Fund Balance (Deficit), June 30	$ (2,162)	$ (742)	$ 1,420
Classroom Reduction			
Total Revenues and Other Financing Sources	$ 112,745	$ 112,561	$ (184)
Total Expenditures and Other Financing Uses	108,699	116,958	(8,259)
Net Change in Fund Balance	4,046	(4,397)	(8,443)
Fund Balance (Deficit), July 1	(7,676)	(7,676)	-
Prior Year Encumbrances Appropriated	3,630	3,630	-
Fund Balance (Deficit), June 30	$ -	$ (8,443)	$ (8,443)
Other Federal Grants			
Total Revenues and Other Financing Sources	$ 30,000	$ 30,000	$ -
Total Expenditures and Other Financing Uses	30,296	30,296	-
Net Change in Fund Balance	(296)	(296)	-
Fund Balance, July 1	296	296	-
Fund Balance, June 30	$ -	$ -	$ -

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, 2011

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Food Service			
Total Revenues and Other Financing Sources	$ 1,525,438	$ 1,520,251	$ (5,187)
Total Expenditures and Other Financing Uses	1,746,500	1,533,069	213,431
Net Change in Fund Balance	(221,062)	(12,818)	208,244
Fund Balance, July 1	321,280	321,280	-
Prior Year Encumbrances Appropriated	500	500	-
Fund Balance, June 30	$ 100,718	$ 308,962	$ 208,244
Other Special Revenue			
Total Revenues and Other Financing Sources	$ -	$ -	$ -
Total Expenditures and Other Financing Uses	11,046	5,973	5,073
Net Change in Fund Balance	(11,046)	(5,973)	5,073
Fund Balance, July 1 (restated)	11,286	11,286	-
Fund Balance, June 30	$ 240	$ 5,313	$ 5,073
Debt Service			
Total Revenues and Other Financing Sources	$ 3,682,710	$ 3,670,563	$ (12,147)
Total Expenditures and Other Financing Uses	3,712,268	3,702,097	10,171
Net Change in Fund Balance	(29,558)	(31,534)	(1,976)
Fund Balance, July 1	1,211,276	1,211,276	-
Fund Balance, June 30	$ 1,181,718	$ 1,179,742	$ (1,976)

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011

	Building	Permanent Improvement	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and investments	$ 1,634,063	$ 1,099,835	$ 2,733,898
Receivables:			
Taxes	-	1,294,886	1,294,886
Total assets	$ 1,634,063	$ 2,394,721	$ 4,028,784
Liabilities:			
Accounts payable	$ -	$ 5,310	$ 5,310
Unearned revenue	-	1,076,708	1,076,708
Deferred revenue	-	69,480	69,480
Total liabilities	-	1,151,498	1,151,498
Fund balances:			
Restricted:			
Capital improvements	1,634,063	1,243,223	2,877,286
Total liabilities and fund balances	$ 1,634,063	$ 2,394,721	$ 4,028,784

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, 2011

	Building	Permanent Improvement	Total Nonmajor Capital Projects Funds
Revenues:			
From local sources:			
Taxes	$ -	$ 1,255,776	$ 1,255,776
Other local revenues	1,000	45,931	46,931
Intergovernmental - intermediate	1,260,719	-	1,260,719
Intergovernmental - state	-	190,434	190,434
Total revenue	1,261,719	1,492,141	2,753,860
Expenditures:			
Current:			
Instruction:			
Regular	-	258,468	258,468
Other	-	5,171	5,171
Support services:			
Fiscal	-	22,882	22,882
Facilities acquisition and construction	604,684	697,442	1,302,126
Pupil transportation	-	12,710	12,710
Total expenditures	604,684	996,673	1,601,357
Excess of revenues over expenditures	657,035	495,468	1,152,503
Other financing sources (uses):			
Sale/loss of assets	-	46,596	46,596
Transfers (out)	(1,195,182)	-	(1,195,182)
Total other financing sources (uses)	(1,195,182)	46,596	(1,148,586)
Net change in fund balances	(538,147)	542,064	3,917
Fund balances at beginning of year	2,172,210	701,159	2,873,369
Fund balances at end of year	$ 1,634,063	$ 1,243,223	$ 2,877,286

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, 2011

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Building			
Total Revenues and Other Financing Sources	$ 1,768,705	$ 1,273,524	$ (495,181)
Total Expenditures and Other Financing Uses	2,727,078	1,813,701	913,377
Net Change in Fund Balance	(958,373)	(540,177)	418,196
Fund Balance, July 1	1,215,868	1,215,868	-
Prior Year Encumbrances Appropriated	958,372	958,372	-
Fund Balance, June 30	$ 1,215,867	$ 1,634,063	$ 418,196
Permanent Improvement			
Total Revenues and Other Financing Sources	$ 1,504,384	$ 1,504,383	$ (1)
Total Expenditures and Other Financing Uses	1,926,958	1,370,709	556,249
Net Change in Fund Balance	(422,574)	133,674	556,248
Fund Balance, July 1	203,324	203,324	-
Prior Year Encumbrances Appropriated	391,208	391,208	-
Fund Balance, June 30	$ 171,958	$ 728,206	$ 556,248

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, 2011

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Community Education			
Total Revenues	$ 1,211,594	$ 1,244,965	$ 33,371
Total Expenses	1,369,921	1,262,026	107,895
Net Change in Fund Balance	(158,327)	(17,061)	141,266
Fund Balance, July 1	377,629	377,629	-
Prior Year Encumbrances Appropriated	153,436	153,436	-
Fund Balance, June 30	$ 372,738	$ 514,004	$ 141,266
Self-Insurance			
Total Revenues	$ 8,966,544	$ 9,489,970	$ 523,426
Total Expenses	8,833,308	8,822,106	11,202
Net Change in Fund Balance	133,236	667,864	534,628
Fund Balance, July 1	2,081,434	2,081,434	-
Prior Year Encumbrances Appropriated	633,308	633,308	-
Fund Balance, June 30	$ 2,847,978	$ 3,382,606	$ 534,628
Scholarship			
Total Revenues	$ 98,260	$ 108,530	$ 10,270
Total Expenses	110,586	107,000	3,586
Net Change in Fund Balance	(12,326)	1,530	13,856
Fund Balance, July 1	12,326	12,326	-
Fund Balance, June 30	$ -	$ 13,856	$ 13,856

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Student Activities

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011
Assets:				
Equity in pooled cash and investments	$ 88,259	$ 77,152	$ 69,237	$ 96,174
Total assets	$ 88,259	$ 77,152	$ 69,237	$ 96,174
Liabilities:				
Accounts payable	$ 13,171	$ 10,559	$ 13,171	$ 10,559
Due to students	75,088	66,593	56,066	85,615
Total liabilities	$ 88,259	$ 77,152	$ 69,237	$ 96,174

Six District Educational Compact

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011
Assets:				
Equity in pooled cash and investments	$ 132,830	$ 597,996	$ 587,418	$ 143,408
Receivables:				
Intergovernmental	25,374	20,171	25,374	20,171
Total assets	$ 158,204	$ 618,167	$ 612,792	$ 163,579
Liabilities:				
Accounts payable	$ 35,851	$ 13,678	$ 35,851	$ 13,678
Intergovernmental payable	614	3,283	614	3,283
Accrued wages and benefits	4,171	4,436	4,171	4,436
Undistributed monies	112,038	591,199	566,626	136,611
Pension obligation payable	5,530	5,571	5,530	5,571
Total liabilities	$ 158,204	$ 618,167	$ 612,792	$ 163,579

Total

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011
Assets:				
Equity in pooled cash and investments	$ 221,089	$ 675,148	$ 656,655	$ 239,582
Receivables:				
Intergovernmental	25,374	20,171	25,374	20,171
Total assets	$ 246,463	$ 695,319	$ 682,029	$ 259,753
Liabilities:				
Accounts payable	$ 49,022	$ 24,237	$ 49,022	$ 24,237
Intergovernmental payable	614	3,283	614	3,283
Accrued wages and benefits	4,171	4,436	4,171	4,436
Undistributed monies	112,038	591,199	566,626	136,611
Pension obligation payable	5,530	5,571	5,530	5,571
Due to students	75,088	66,593	56,066	85,615
Total liabilities	$ 246,463	$ 695,319	$ 682,029	$ 259,753

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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. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

	2011	2010	2009	2008	2007
Governmental activities					
Invested in capital assets, net of related debt	$ 22,009,927	$ 19,493,702	$ 22,949,265	$ 23,252,056	$ 17,574,629
Restricted	6,330,508	7,185,275	5,049,911	4,395,239	8,620,854
Unrestricted	9,465,979	7,732,593	9,891,305	7,025,595	5,301,232
Total governmental activities net assets	$ 37,806,414	$ 34,411,570	$ 37,890,481	$ 34,672,890	$ 31,496,715
Business-type activities					
Unrestricted	$ 469,428	$ 398,433	$ 385,107	$ 324,739	$ 281,580
Total business-type activities net assets	$ 469,428	$ 398,433	$ 385,107	$ 324,739	$ 281,580
Primary government					
Invested in capital assets, net of related debt	$ 22,009,927	$ 19,493,702	$ 22,949,265	$ 23,252,056	$ 17,574,629
Restricted	6,330,508	7,185,275	5,049,911	4,395,239	8,620,854
Unrestricted	9,935,407	8,131,026	10,276,412	7,350,334	5,582,812
Total primary government net assets	$ 38,275,842	$ 34,810,003	$ 38,275,588	$ 34,997,629	$ 31,778,295

Source: School District financial records.

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

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

	2011	2010	2009	2008	2007
Expenses					
Governmental activities:					
Instruction:					
Regular	$ 29,603,309	$ 31,363,765	$ 29,945,058	$ 29,090,257	$ 29,363,006
Special	7,012,389	6,853,151	6,271,075	5,981,206	5,359,756
Vocational	380,359	419,385	385,778	372,512	366,288
Adult/Continuing	-	-	-	-	-
Other	1,395,007	1,026,976	968,677	707,956	564,895
Support services:					
Pupil	4,660,098	4,796,386	4,560,753	4,194,460	4,095,825
Instructional staff	5,055,553	5,483,143	4,678,235	4,514,964	4,143,529
Board of education	34,423	37,223	43,359	39,191	86,777
Administration	4,140,062	4,611,017	4,224,167	4,320,855	4,120,189
Fiscal	1,472,350	1,662,591	1,778,315	1,302,064	1,197,348
Business	562,450	606,119	550,168	524,006	459,463
Operations and maintenance	5,715,952	6,242,385	5,485,131	5,579,144	4,822,825
Pupil transportation	3,052,413	4,306,932	3,392,304	3,383,529	3,222,654
Central	456,023	533,722	439,019	371,527	338,315
Operation of non-instructional services:					
Food service operations	1,562,149	1,790,492	1,733,192	1,625,420	1,646,119
Other non-instructional services	41,313	53,654	39,054	24,990	67,194
Extracurricular activities	1,386,725	1,381,672	1,350,043	1,337,715	1,341,007
Intergovernmental pass-through	-	-	-	-	-
Interest and fiscal charges	1,585,230	1,768,561	1,926,040	2,081,168	2,225,204
Total governmental activities expenses	68,115,805	72,937,174	67,770,368	65,450,964	63,420,394
Business-type activities:					
Community education	1,173,451	1,183,200	1,217,535	1,186,280	1,071,923
Total business-type activities expenses	1,173,451	1,183,200	1,217,535	1,186,280	1,071,923
Total primary government expenses	$ 69,289,256	$ 74,120,374	$ 68,987,903	$ 66,637,244	$ 64,492,317

2006	2005	2004	2003
$ 27,218,512	$ 25,454,301	$ 24,983,603	$ 23,731,674
5,184,533	4,551,698	4,185,412	4,101,950
285,679	285,963	309,954	286,703
15,059	17,496	-	-
532,122	388,805	476,290	817,998
3,745,017	3,430,276	3,386,131	3,441,568
3,992,689	3,900,864	3,631,033	3,591,957
46,313	33,603	43,428	43,414
4,011,601	3,737,759	4,005,983	3,684,495
1,118,243	1,084,887	1,120,757	983,947
403,174	370,938	414,012	369,361
4,770,844	4,689,430	5,349,709	5,277,330
3,144,242	3,515,470	2,816,749	2,808,211
327,914	342,548	361,106	311,047
1,599,960	1,577,089	1,563,691	1,565,615
32,068	30,760	40,510	39,960
1,281,754	1,200,351	1,233,044	1,169,803
1,433,299	1,497,383	1,248,837	1,272,469
2,342,997	2,326,758	1,548,363	1,829,639
61,486,020	58,436,379	56,718,612	55,327,141
1,099,610	1,063,751	1,058,010	982,763
1,099,610	1,063,751	1,058,010	982,763
$ 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 NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Program Revenues	**2011**	**2010**	**2009**	**2008**	**2007**
Governmental activities:					
Charges for services:					
Instruction:					
Regular	$ 316,116	$ 439,433	$ 451,235	$ 397,466	$ 441,873
Special	743	-	-	-	-
Vocational	25,825	-	-	-	-
Other	14,886	-	-	-	545
Support services:					
Pupil	264,389	253,198	297,723	332,620	363,272
Instructional staff	34,140	7,163	21,963	27,579	11,364
Administration	-	4,923	12,235	3,132	2,018
Business	85	-	-	-	-
Operations and maintenance	18,930	7,528	-	-	-
Pupil transportation	1,460	30,710	34,300	23,316	-
Operation of non-instructional services:					
Food service operations	1,373,250	1,471,478	1,523,517	1,530,784	1,477,851
Other non-instructional services	6,893	7,611	11,377	11,369	26,042
Extracurricular activities	703,439	482,712	525,392	582,216	593,913
Operating grants and contributions:					
Instruction:					
Regular	2,429,755	1,590,686	1,419,089	1,496,365	1,350,135
Special	1,030,356	573,887	1,310,832	1,343,302	1,531,637
Vocational	31,019	30,788	30,587	25,610	43,908
Other	31,239	26,899	18,000	-	94,298
Support services:					
Pupil	712,165	931,256	791,228	704,493	742,436
Instructional staff	563,627	478,159	283,003	389,026	294,394
Administration	371,120	448,525	386,221	261,310	209,392
Business	-	44,393	1,127	4,362	-
Operations and maintenance	438,013	454,227	-	-	-
Pupil transportation	292,609	67,337	59,085	226,897	227,429
Central	5,000	8,998	14,879	17,992	17,867
Operation of non-instructional services:					
Food service operations	224,050	206,654	158,260	125,899	166,496
Other non-instructional services	37,502	51,645	32,316	24,143	30,820
Extracurricular activities	35,655	50,931	-	-	-
Intergovernmental pass-through	-	-	-	-	-
Capital grants and contributions:					
Instruction:					
Regular	46,931	54,830	68,133	61,408	-
Support services:					
Administration	-	-	-	-	1,164
Fiscal	-	-	-	-	236
Operations and maintenance	-	-	16,000	-	-
Pupil transportation	-	-	31,820	-	-
Extracurricular activities	-	-	-	-	-
Total governmental program revenues	9,009,197	7,723,971	7,498,322	7,589,289	7,627,090
					-
Business-type activities:					
Charges for services	1,244,446	1,196,526	1,277,903	1,229,439	1,129,171
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	1,244,446	1,196,526	1,277,903	1,229,439	1,129,171
Total primary government program revenue	$ 10,253,643	$ 8,920,497	$ 8,776,225	$ 8,818,728	$ 8,756,261
Net (Expense)/Revenue					
Governmental activities	$ (59,106,608)	$ (65,213,203)	$ (60,272,046)	$ (57,861,675)	$ (55,793,304)
Business-type activities	70,995	13,326	60,368	43,159	57,248
Total primary government net expense	$ (59,035,613)	$ (65,199,877)	$ (60,211,678)	$ (57,818,516)	$ (55,736,056)

2006	2005	2004	2003
$ 461,183	$ 388,533	$ 377,250	$ 405,206
-	-	-	-
-	-	-	-
17,900	-	-	-
301,209	211,827	235,252	202,237
8,820	7,898	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,462,685	1,465,356	1,444,725	1,365,745
14,745	13,164	-	-
498,836	398,885	334,818	331,869
28,556	49,106	360,009	172,009
1,538,785	501,735	384,266	59,720
-	-	-	-
18,000	-	-	21,000
606,232	481,864	404,913	398,936
370,546	567,453	401,638	167,603
65,615	66,644	35,496	54,521
-	-	-	-
5,300	-	8,798	-
9	13,849	2,038	-
18,148	17,386	20,345	3,112
175,512	130,686	135,860	128,315
1,639	21,682	26,093	8,062
-	-	-	-
1,506,633	1,425,802	1,358,055	1,239,043
-	-	-	85,350
3,995	-	-	-
1,205	-	-	-
-	-	-	-
-	-	-	-
-	69,828	-	-
7,105,553	5,831,698	5,529,556	4,642,728
1,158,169	1,112,580	1,055,824	900,380
-	1,923	-	-
1,158,169	1,114,503	1,055,824	900,380
$ 8,263,722	$ 6,946,201	$ 6,585,380	$ 5,543,108
$ (54,380,467)	$ (52,604,681)	$ (51,189,056)	$ (50,684,413)
58,559	50,752	(2,186)	(82,383)
$ (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 NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

General Revenues and Other Changes in Net Assets	**2011**	**2010**	**2009**	**2008**	**2007**
Governmental activities:					
Property taxes levied for:					
General purposes	$ 37,602,792	$ 36,458,638	$ 38,615,268	$ 36,956,647	$ 37,715,893
Debt service	2,249,137	2,257,774	3,510,815	3,036,407	3,050,457
Capital outlay	1,268,003	1,280,666	1,609,296	1,572,169	1,530,840
Payments in lieu of taxes	314,000	314,000	-	-	-
Grants and entitlements not restricted to specific programs	20,657,581	21,020,826	18,921,561	18,080,264	16,615,320
Investment earnings	184,402	303,682	719,784	1,286,547	1,803,271
Miscellaneous	225,537	98,706	112,913	105,816	147,093
Total governmental activities	62,501,452	61,734,292	63,489,637	61,037,850	60,862,874
Total primary government	$ 62,501,452	$ 61,734,292	$ 63,489,637	$ 61,037,850	$ 60,862,874
Change in Net Assets					
Governmental activities	$ 3,394,844	$ (3,478,911)	$ 3,217,591	$ 3,176,175	$ 5,069,570
Business-type activities	70,995	13,326	60,368	43,159	57,248
Total primary government	$ 3,465,839	$ (3,465,585)	$ 3,277,959	$ 3,219,334	$ 5,126,818

Source: School District financial records.

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

2006	2005	2004	2003
$ 34,530,049	$ 35,701,776	$ 30,419,376	$ 31,148,442
3,633,321	2,270,292	2,235,254	2,453,157
1,042,442	1,082,941	979,841	1,092,167
-	-	-	-
15,881,846	17,182,672	16,377,027	15,645,717
1,571,148	952,108	177,039	315,327
193,602	119,561	263,177	289,801
56,852,408	57,309,350	50,451,714	50,944,611
$ 56,852,408	$ 57,309,350	$ 50,451,714	$ 50,944,611
$ 2,471,941	$ 4,704,669	$ (737,342)	$ 260,198
58,559	50,752	(2,186)	(82,383)
$ 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)

	2011	2010 (1)	2009	2008	2007
General Fund:					
Nonspendable	$ 34,833	$ -	$ -	$ -	$ -
Assigned	1,220,404	-	-	-	-
Unassigned	6,036,453	-	-	-	-
Reserved	-	4,487,399	5,553,270	3,673,180	5,082,727
Unreserved	-	3,955,466	7,467,190	8,759,910	6,940,335
Total general fund	$ 7,291,690	$ 8,442,865	$ 13,020,460	$ 12,433,090	$ 12,023,062
All Other Governmental Funds:					
Nonspendable	$ 22,726	$ -	$ -	$ -	$ -
Restricted	7,131,615	-	-	-	-
Unassigned (deficit)	(20,266)	-	-	-	-
Reserved	-	5,255,294	3,943,832	3,902,671	7,054,409
Unreserved (deficit), reported in:					
Special revenue funds	-	324,149	643,950	780,241	672,302
Capital projects funds	-	1,419,192	(635,544)	(908,793)	1,467,845
Total all other governmental funds	$ 7,134,075	$ 6,998,635	$ 3,952,238	$ 3,774,119	$ 9,194,556

Source: School District financial records.

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

(1) Amounts have been reclassified to conform to 2011's presentation.

2006	2005	2004	2003	2002
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
3,206,619	3,160,430	1,930,496	3,211,506	1,410,532
4,654,175	4,524,522	1,162,442	1,077,613	2,226,286
$ 7,860,794	$ 7,684,952	$ 3,092,938	$ 4,289,119	$ 3,636,818
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
14,664,726	3,654,382	1,603,393	2,143,551	1,761,483
574,073	546,330	762,103	590,061	458,704
3,015,980	18,152,799	587,083	287,594	808,365
$ 18,254,779	$ 22,353,511	$ 2,952,579	$ 3,021,206	$ 3,028,552

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

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

	2011	2010	2009	2008	2007
Revenues					
From local sources:					
Taxes	$ 40,697,004	$ 39,204,717	$ 43,210,965	$ 41,478,391	$ 42,233,924
Payments in lieu of taxes	314,000	314,000	-	-	-
Tuition	102,236	125,137	122,188	70,126	107,876
Transportation fees	33,815	30,710	34,300	23,316	-
Earnings on investments	221,277	384,418	695,776	1,284,315	2,044,961
Charges for services	1,378,231	1,476,715	1,529,079	1,537,243	1,483,619
Extracurricular	911,328	765,723	776,075	812,114	890,738
Classroom materials and fees	302,976	289,526	297,232	294,918	271,216
Other local revenues	332,259	342,666	398,069	425,962	400,619
Intergovernmental - Intermediate	1,260,719	1,187,368	267,000	220,000	220,000
Intergovernmental - State	21,447,166	21,517,696	21,580,927	20,560,306	19,141,356
Intergovernmental - Federal	3,752,699	2,732,027	1,557,897	901,987	2,591,854
Total revenues	70,753,710	68,370,703	70,469,508	67,608,678	69,386,163
Expenditures					
Current:					
Instruction:					
Regular	29,920,213	30,065,006	29,257,245	28,883,870	27,381,559
Special	7,160,628	6,748,321	6,295,345	6,024,879	5,348,069
Vocational	395,679	405,644	378,932	359,473	348,689
Other	1,394,094	1,024,287	961,250	699,881	551,964
Current:					
Pupil	4,744,635	4,739,136	4,600,883	4,230,914	3,871,512
Instructional staff	5,205,729	5,354,574	4,767,246	4,584,820	4,108,874
Board of education	34,423	37,223	43,359	39,191	62,679
Administration	4,178,672	4,567,935	4,240,788	4,354,324	4,002,364
Fiscal	1,482,001	1,662,388	1,786,706	1,311,073	1,209,265
Business	573,689	615,677	565,160	529,938	459,781
Operations and maintenance	5,161,634	5,398,265	5,077,949	5,160,851	4,777,140
Pupil transportation	3,484,103	4,181,700	3,240,860	3,208,379	3,008,638
Central	464,868	530,602	439,754	379,276	339,149
Operation of non-instructional services:					
Food service operations	1,572,734	1,748,682	1,736,090	1,662,998	1,634,538
Other non-instructional services	51,019	52,563	44,541	31,779	64,625
Extracurricular activities	1,314,292	1,300,036	1,272,230	1,261,363	1,276,866
Pass through payments	-	-	-	-	1,623,787
Facilities acquisitions and construction	1,308,126	2,480,455	1,356,136	4,172,880	13,254,047
Debt service:					
Principal retirement	2,935,517	2,415,000	2,390,000	5,332,240	2,527,242
Interest and fiscal charges	1,302,867	1,266,666	1,265,545	1,293,851	1,203,330
Bond issue costs	-	91,606	-	-	-
Total expenditures	72,684,923	74,685,766	69,720,019	73,521,980	77,054,118
Excess of revenues over (under) expenditures	(1,931,213)	(6,315,063)	749,489	(5,913,302)	(7,667,955)
Other Financing Sources (Uses)					
Transfers in	1,229,317	515,476	35,000	230,097	228,357
Transfers (out)	(1,229,317)	(515,476)	(35,000)	(230,097)	(228,357)
Sale/loss of assets	61,291	14,393	16,000	-	-
Capital lease transaction	854,187	-	-	-	-
Premium on bond issuance	-	55,215	-	-	-
Sale of bonds	-	4,714,257	-	-	2,770,000
Payment to refunding bond escrow agent	-	-	-	-	-
Discount on certificates of participation issued	-	-	-	-	-
Issuance of certificates of participation	-	-	-	-	-
Total other financing sources (uses)	915,478	4,783,865	16,000	-	2,770,000
Net change in fund balances	$ (1,015,735)	$ (1,531,198)	$ 765,489	$ (5,913,302)	$ (4,897,955)
Debt service as a percentage of noncapital expenditures	6.02%	5.17%	5.32%	9.50%	5.85%

Source: School District financial records.

2006	2005	2004	2003	2002
$ 39,142,496	$ 39,051,878	$ 33,132,113	$ 34,717,907	$ 32,835,352
-	-	-	-	-
77,587	69,161	71,399	89,584	87,709
-	-	-	-	-
1,517,291	802,546	141,892	330,738	428,364
1,469,185	1,473,077	1,453,339	1,648,559	-
754,939	576,915	614,295	468,735	431,800
254,510	243,533	249,188	-	-
407,959	242,538	267,001	387,980	311,374
326,662	543,276	226,471	109,581	26,625
18,059,869	18,240,221	17,903,547	16,892,278	16,561,703
1,242,731	1,524,507	1,263,435	947,693	901,886
63,253,229	62,767,652	55,322,680	55,593,055	51,584,813
25,906,604	24,451,633	24,205,572	23,391,460	23,131,646
5,105,276	4,497,526	4,138,437	4,045,538	3,614,102
268,734	270,846	291,430	260,876	256,132
532,122	388,805	484,241	822,633	585,560
3,703,133	3,406,656	3,364,297	3,432,758	3,405,934
3,883,897	3,851,498	3,577,549	3,508,990	3,244,951
45,169	39,319	43,568	41,612	41,542
3,948,855	3,681,662	4,015,855	3,653,183	3,530,063
1,117,617	1,081,177	1,113,076	989,395	1,037,771
401,613	370,855	404,294	372,901	321,865
4,706,725	4,552,039	4,304,382	4,405,895	4,087,462
2,904,170	3,315,242	2,831,375	2,688,428	2,678,118
323,179	342,551	361,813	308,490	353,803
1,567,594	1,557,715	1,557,279	1,488,850	-
23,226	24,675	33,601	33,555	23,997
1,216,146	1,123,155	1,172,972	1,124,173	1,054,493
1,434,409	1,496,878	1,261,899	1,266,389	-
5,966,981	941,734	981,818	900,496	788,903
2,502,739	2,373,707	643,436	2,121,959	2,069,200
1,217,930	968,779	1,804,704	506,560	612,586
-	426,874	-	-	-
66,776,119	59,163,326	56,591,598	55,364,141	50,838,128
(3,522,890)	3,604,326	(1,268,918)	228,914	746,685
231,271	222,989	242,997	119,868	78,164
(631,271)	(222,989)	(242,997)	(119,868)	(83,164)
-	-	-	-	663
-	-	-	-	-
-	-	4,146	-	-
-	-	7,244,964	-	-
-	-	(7,245,000)	-	-
-	(22,108)	-	-	-
-	20,810,000	-	-	-
(400,000)	20,787,892	4,110	-	(4,337)
$ (3,922,890)	$ 24,392,218	$ (1,264,808)	$ 228,914	$ 742,348
6.15%	6.47%	4.36%	4.81%	5.41%

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**
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
2002	715,164,690	2,043,327,686	62,661,329	250,645,316	16,195,670	46,273,343

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	%
$ 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%
794,021,689	2,340,246,345	75.63	33.93%

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**
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
2001/2002	Boston Township	3.10	0.36	-	3.46	75.63	13.07	7.48	6.50	-	102.68
	Boston Heights Village	3.10	0.36	-	3.46	75.63	13.07	7.35	-	-	96.05
	Hudson City	3.10	0.36	2.27	5.73	75.63	13.07	-	-	-	88.70
	Cuyahoga Falls City	3.10	0.36	-	3.46	75.63	13.07	11.00	-	-	99.70

Source: Summit County Fiscal Officer

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2010 AND DECEMBER 31, 2001

	December 31, 2010		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Allstate Insurance Company	$ 7,399,200	1	0.78%
JoAnn Stores Support Center Inc.	7,096,040	2	0.75%
Little Tikes, Inc.	5,840,040	3	0.62%
Georgetown Development Co.	2,972,630	4	0.31%
Bath Technology Associates LTD	2,764,780	5	0.29%
Hudson MOB LLC	2,248,970	6	0.24%
Albrecht, Inc.	1,999,300	7	0.21%
Laurel Lake Retirement Community, Inc.	1,921,580	8	0.20%
Avaria Properties LLC	1,850,710	9	0.19%
Kobelco Stewart Bolling, Inc.	1,828,680	10	0.19%
Total	$ 35,921,930		3.78%

	December 31, 2001		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Allstate Insurance	$ 7,235,620	1	0.93%
Little Tikes	5,774,870	2	0.75%
Jagi Cleveland-Hudson LLC	3,718,490	3	0.48%
FabriCenters of America, Inc.	3,290,730	4	0.42%
Flood Company	2,111,510	5	0.27%
Georgetown Development	1,937,880	6	0.25%
Hudson-Omni III LTD	1,777,210	7	0.23%
Kobelco Stewart Bolling	1,611,720	8	0.21%
Alltel Service Company	1,569,680	9	0.20%
Title Guarantee & Trust - Trustee	1,533,350	10	0.20%
Total	$ 30,561,060		3.94%

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
2010/2011	N/A	N/A	N/A	N/A	N/A
2009/2010	$ 44,490,221	$ 3,981,398	$ 48,471,619	$ 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%
2001/2002	35,827,683	1,604,695	37,432,378	34,867,895	97.32%

Source: Summit County Fiscal Officer

Note: Information for 2010/2011 is not available

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
N/A	N/A	N/A
$ 1,541,412	$ 44,490,221	91.79%
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%
1,023,222	35,891,117	95.88%

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
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
2002	13,372,888	-	13,372,888	1.45%	592	2,392

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 (1)	Fund Balances Reserved for Debt Service	Net General Obligation Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
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
2002	13,372,888	(1,226,759)	12,146,129	0.52%	538

(1) 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, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Direct Debt and Estimated Share of Overlapping Debt
Direct debt:			
Hudson City School District	$ 30,634,964 (1)	100.00%	$ 30,634,964
Total direct debt	30,634,964		30,634,964
Overlapping debt:			
City of Hudson	37,454,750	99.70%	37,342,386
City of Cuyahoga Falls	15,870,000	1.94%	307,878
Summit County	55,840,000	7.61%	4,249,424
Metro Transit	395,000	7.61%	30,060
Total overlapping debt	109,559,750		41,929,748
Total direct and overlapping debt	$ 140,194,714		$ 72,564,712

Source: Ohio Municipal Advisory Council

Note: Percent applicable to Hudson City School District calculated using assessed valuation of the District area value contained within the noted governmental unit divided by assessed valuation of the governmental unit.

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

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	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
2011	$ 949,774	$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%
2002	794,022	71,461,952	13,372,888	1,226,759	12,146,129	59,315,823	17.00%

Legal Debt Margin Calculation for Fiscal Year 2011

ssessed value	$ 954,764,600
Less: The portion of tangible personal property excluded by House Bill 530	(4,990,800)
Total assessed value	949,773,800
Debt limit (9% of assessed value)	85,479,642
Add: debt service fund equity	3,828,701
Less: debt applicable to limit	(30,634,964)
Legal debt margin	$ 58,673,379

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

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rates (4)		
						Summit County	Ohio	United States
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%
2002	22,593	924,392,595	40,915	38.9	5,591	6.0%	5.3%	5.8%

Sources:
(1 & 2) U. S. Census Bureau
(3) District records
(4) June Ohio Labor Market Information, Ohio Department of Job and Family Services

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

PRINCIPAL EMPLOYERS
CURRENT YEAR AND FOUR YEARS AGO

	December 31, 2010	
Employer	**Employees**	**Percentage of Total City Employment**
Allstate Insurance Company	1,460	9.67%
Jo-Ann Stores Supply Chain	1,252	8.29%
Hudson City School District	1,051	6.96%
Little Tikes Company	443	2.93%
Laurel Lake Retirement Community	421	2.79%
Windstream Communications Inc.	244	1.62%
Western Reserve Academy	237	1.57%
City of Hudson	236	1.56%
Lexi-Comp Inc.	172	1.14%
FEDEX Supply Chain Services	145	0.96%
Total	5,661	37.49%
Total Employment within the City	15,102	

	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	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Professional Staff:										
Teaching Staff:										
Elementary	128	135	138	135	135	138	136	141	142	138
Middle	82	83	83	82	82	88	87	88	87	85
High	106	109	111	107	105	105	105	105	107	103
Tutors	19	18	23	25	24	22	20	21	21	20
Others	3	3	2	4	3	3	1	1	2	11
Administration:										
District	27	29	28	30	29	31	31	31	31	31
Auxiliary Positions:										
Counselors	12	12	12	12	12	11	16	14	14	14
Speech	9	10	13	9	10	10	9	9	9	8
Mental Health Specialists	7	7	7	7	7	7	7	7	8	6
Other	29	28	31	29	29	29	25	32	26	24
Support Staff:										
Secretarial	46	46	49	51	49	50	49	50	49	49
Aides	94	91	95	88	71	74	76	77	74	75
Hall monitor/Security	11	10	10	11	10	13	12	11	14	11
Food service	23	23	26	26	24	26	25	26	25	25
Custodial	33	33	32	33	33	33	33	34	34	33
Maintenance	10	10	10	10	10	11	10	12	12	12
Bus Driver	-	-	-	-	-	36	33	33	33	37
Mechanics	-	-	-	-	-	3	3	3	3	3
Other	3	3	3	4	4	4	4	5	5	4
Total	642	650	673	663	637	694	682	700	696	689

Function	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Instruction:										
Regular	254	265	268	262	264	273	273	282	284	288
Special	78	77	84	84	77	74	70	70	68	62
Vocational	3	3	3	3	3	3	3	3	4	4
Other	3	3	2	4	5	5	3	3	2	3
Support Services:										
Pupil	50	48	52	47	47	46	44	48	47	42
Instructional staff	112	110	115	109	91	96	101	100	99	96
Administration	64	64	66	70	68	70	69	69	70	69
Fiscal	6	7	7	7	7	6	6	5	5	5
Business	4	5	5	5	5	5	5	5	5	5
Operations and maintenance	43	43	43	44	44	87	80	85	83	86
Central	2	2	2	2	2	3	3	4	4	4
Food service	23	23	26	26	24	26	25	26	25	25
Total Governmental Activities	642	650	673	663	637	694	682	700	696	689

Source: School District records

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction:										
Regular and Special										
Enrollment (students)	4,890	4,972	4,913	5,194	5,340	5,411	5,511	5,601	5,602	5,591
Graduates	427	438	413	419	423	428	396	415	379	399
Support services:										
Administration										
Student attendance rate	96.10%	95.90%	96.10%	96.20%	96.20%	95.90%	95.80%	96.10%	95.90%	95.90%
Food service operations:										
Number of students with										
free or reduced lunches	245	195	174	84	120	108	(1)	(1)	(1)	(1)

Source: District records

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

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

CAPITAL ASSET STATISTICS
LAST NINE FISCAL YEARS

	2011	2010	2009	2008	2007
Land	$ 1,032,204	$ 1,032,204	$ 1,032,204	$ 1,032,204	$ 1,032,204
Construction in progress	-	1,614,430	-	-	1,175,722
Land improvements	620,291	654,617	728,050	579,437	555,802
Buildings and improvements	45,681,260	44,641,696	45,883,889	46,621,347	43,593,167
Furniture, fixtures and equipment	2,622,006	1,892,296	2,033,947	1,912,037	1,564,094
Vehicles	1,127,057	699,189	802,775	901,250	1,038,843
Total Governmental Activities Capital Assets, net	$ 51,082,818	$ 50,534,432	$ 50,480,865	$ 51,046,275	$ 48,959,832

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

2006	2005	2004	2003
$ 1,032,204	$ 1,032,204	$ 1,032,204	$ 1,032,204
5,966,981	-	-	-
583,272	642,824	702,376	736,871
26,707,512	27,491,199	28,278,385	29,053,744
1,746,614	1,891,468	1,921,220	2,043,635
1,263,490	1,423,467	1,049,656	1,063,424
$ 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

	2011	2010	2009	2008	2007	2006	2005
Evamere Elementary							
Square feet	59,847	59,847	59,847	59,847	47,897	47,897	47,897
Enrollment	564	566	606	599	705	710	721
Hudson Elementary							
Square feet	-	-	-	-	27,428	27,428	27,428
Enrollment	-	-	-	-	232	233	243
McDowell Elementary							
Square feet	56,800	56,800	56,800	56,800	56,800	56,800	56,800
Enrollment	330	319	366	372	513	513	510
Ellsworth Hill Elementary							
Square feet	64,411	64,411	64,411	64,411	-	-	-
Enrollment	396	402	388	415	-	-	-
East Woods School							
Square feet	139,900	139,900	139,900	139,900	139,900	139,900	139,900
Enrollment	718	747	757	788	768	769	808
Hudson Middle School							
Square feet	190,432	190,432	190,432	190,432	190,432	190,432	190,432
Enrollment	1,193	1,192	1,238	1,255	1,783	1,336	1,355
Hudson High School							
Square feet	342,620	342,620	342,620	342,620	330,000	330,000	330,000
Enrollment	1,689	1,746	1,757	1,765	1,783	1,767	1,772

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.

2004	2003	2002
47,897	47,897	47,897
743	794	782
27,428	27,428	27,428
246	236	251
56,800	56,800	56,800
498	523	525
-	-	-
-	-	-
139,900	139,900	139,900
843	862	888
190,432	190,432	190,432
1,381	1,407	1,389
330,000	330,000	330,000
1,784	1,779	1,764

HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

TEACHER STATISTICS
AS OF JUNE 30, 2011

Degree	Number of Teachers	Percentage of Total	Pay Range
Associates and/or High School Diploma	1.00	0.32%	(1)
Bachelor's Degree	41.29	13.06%	$39,123 - $75,398
Master's Degree	270.89	85.68%	$42,679 - $93,895
Ph.D.	3.00	0.95%	$48,368 - $97,808
	316.18	100.00%	

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	41.20	13.03%
6 - 10	57.00	18.03%
11 and over	217.98	68.94%
	316.18	100.00%

Source: School District Personnel Records

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

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HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities (2)		Enrollment	Percent Change
	Expenditures (1)	Cost per pupil	Expenses (1)	Cost per pupil		
2011	$ 68,446,539	$ 13,997	$ 66,530,575	$ 13,605	4,890	-1.65%
2010	70,912,494	14,262	71,168,613	14,314	4,972	1.20%
2009	66,064,474	13,447	65,844,328	13,402	4,913	-5.41%
2008	66,895,889	12,879	65,450,964	12,601	5,194	-2.73%
2007	73,323,546	13,731	63,420,394	11,876	5,340	-1.31%
2006	63,055,450	11,653	61,486,020	11,363	5,411	-1.81%
2005	55,393,966	10,052	58,436,379	10,604	5,511	-1.61%
2004	54,143,458	9,667	56,718,612	10,127	5,601	-0.02%
2003	52,735,622	9,414	55,327,141	9,876	5,602	0.20%
2002	48,156,342	8,613	N/A	N/A	5,591	1.58%

Source: District records

(1) Debt Service totals have been excluded.

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

Note: the Pupil/Teacher Ratio for fiscal years 2009, 2010 and 2011 was not available.

Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
381	N/A	96.10%
397	N/A	95.90%
399	N/A	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%
442	19.05	95.90%

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