

HUDSON CITY SCHOOL DISTRICT

SUMMIT COUNTY, OHIO

SINGLE AUDIT

For the Fiscal Year Ended June 30, 2015





Dave Yost • Auditor of State

Board of Education
Hudson City School District
2386 Hudson-Aurora Road
Hudson, Ohio 44236

We have reviewed the *Independent Auditor's Report* of the Hudson City School District, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hudson City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 25, 2016

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**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Hudson City School District, Summit County, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2015. We noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 29, 2015.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
December 29, 2015

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Hudson City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect each major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Hudson City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

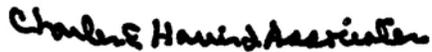
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have also audited the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the Hudson City School District, Summit County (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 29, 2015. We conducted our audit to opine on the District's basic financial statements. The accompanying Schedule of Federal Awards Expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Charles E. Harris & Associates, Inc.

December 29, 2015

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor Pass Through Grantor Program or Cluster Title	Grant Year	Federal CFDA Number	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education</i>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	2015	10.553	\$ 4,406	\$ -
National School Lunch Program	2015	10.555	<u>152,717</u>	<u>66,901</u>
<i>Total Child Nutrition Cluster</i>			<u>157,123</u>	<u>66,901</u>
Total U.S. Department of Agriculture			157,123	66,901
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction	2015	20.205	<u>34,043</u>	<u>-</u>
Total U.S. Department of Transportation			34,043	-
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education</i>				
<i>Title I</i>				
Title I Grants to Local Education Agencies	2014	84.010	56,838	-
Title I Grants to Local Education Agencies	2015	84.010	<u>136,214</u>	<u>-</u>
<i>Total Title I</i>			193,052	-
<i>Special Education Cluster</i>				
Special Education Grants to States - IDEA Part B	2014	84.027	237,097	-
Special Education Grants to States - IDEA Part B	2015	84.027	916,931	-
Special Education Grants to States - Parent Mentor	2014	84.027	3,218	-
Special Education Grants to States - Parent Mentor	2015	84.027	21,595	-
Special Education Preschool Grants	2014	84.173	1,519	-
Special Education Preschool Grants	2015	84.173	<u>21,524</u>	<u>-</u>
<i>Total Special Education Cluster</i>			1,201,884	-
<i>Title III</i>				
English Language Acquisition Grants	2014	84.365	544	-
English Language Acquisition Grants	2015	84.365	<u>956</u>	<u>-</u>
<i>Total Title III</i>			<u>1,500</u>	<u>-</u>
<i>Improving Teacher Quality</i>				
Improving Teacher Quality State Grants	2014	84.367	48,536	-
Improving Teacher Quality State Grants	2015	84.367	<u>55,179</u>	<u>-</u>
<i>Total Improving Teacher Quality State Grants</i>			<u>103,715</u>	<u>-</u>
Total U.S. Department of Education			1,500,151	-
Total Federal Awards Expenditures			<u>\$ 1,691,317</u>	<u>\$ 66,901</u>

The accompanying notes are an integral part of this schedule.

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Hudson City School District's (the District's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster - CFDA #84.027 & #84.173; Nutrition Cluster – CFDA #10.553 & #10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Allowable Costs/Cost Principles	Yes	Finding No Longer Valid
2014-002	Reporting	Yes	Finding No Longer Valid

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Hudson City Schools[®]

Hudson, Ohio

2015

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2015

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
HUDSON CITY SCHOOL DISTRICT

FOR THE
FISCAL YEAR ENDED JUNE 30, 2015



Board of Education

David Zuro, President
Steven DiMauro, Vice President
Patricia Engelman, Member
James Field, Member
Gary Mushock, Member

PREPARED BY THE OFFICE OF THE TREASURER
Kathryn L. Sines, Treasurer

HUDSON CITY SCHOOL DISTRICT
2386 Hudson-Aurora Road
Hudson, Ohio 44236

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Hudson City School District

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



December 29, 2015

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, 2015. This CAFR, which includes an opinion from the Auditors, Charles E. Harris & Associates, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

The Reporting Entity

The District has reviewed its reporting entity definition in order to insure conformance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the District, the primary government and its potential component units.

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

The District And Its Facilities

The District serves an area of approximately 31 square miles in and around the City of Hudson (the “City”). It is located in Summit County, approximately 28 miles southeast of downtown Cleveland and 14 miles north of Akron. The District is an affluent suburban district that grew rapidly from 1980 to 2000 but has since leveled off. Nearly 100 percent of the City of Hudson and portions of three other municipalities and a township are located within the District. They are: the City of Cuyahoga Falls, the City of Stow, the Village of Boston Heights and Boston Township. Hudson’s population in 1980 was 12,645 residents. By 1990, according to the U.S. Census Bureau, Hudson’s population had grown to 17,125 and the 2000 Census showed the population of the City of Hudson was 22,439. The 2010 Census shows a population of 22,262.

Because of the rapid growth of Hudson and the surrounding area, the District had recorded more than 19 consecutive years of increasing enrollment until fiscal year 2000 when enrollment slowed. The District’s enrollment for fiscal year 2015 was 4,598 students.

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

Economic Condition And Outlook

Ohio’s unemployment rate was 5.2 percent in June 2015, and the nation’s unemployment rate for the same period was 5.3 percent. Additionally, June 2015 employment in the Akron area was 338,900 with an unemployment rate of 5.0 percent. Specific employment figures for the Hudson City School District are not available. (Ohio Department of Job and Family Services, U.S. Bureau of Labor Statistics.)

Hudson is the headquarters for JoAnn Stores, Inc., and is also home to the division headquarters of Little Tikes Co., Caliber Logistics, Inc. (Federal Express), and Allstate Insurance.

On a budgetary-basis, the District receives approximately 65.9 percent of its total general operating fund revenues from local property tax collections. Therefore, the long-term financial health of the District is very dependent on its tax base. Tax rates are certified by the Summit County Auditor’s Office and Board of Education approved. This year’s rates were Board approved on April 13, 2015.

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

Long-Term Financial Planning

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

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

Organization Of The District

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

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.



INTRODUCTION

Principal Officials

BOARD MEMBERS – as of 6-30-15

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

ADMINISTRATION – as of 6-30-15

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

Employee Relations

The District currently has approximately 647 employees. Two labor organizations represent District employees. Certified employees, including teachers and educational specialists, are represented for collective bargaining purposes by the Hudson Education Association (HEA). Support employees, including cooks, custodians, educational aides and clerical staff, are represented for collective bargaining purposes by the Ohio Association of Public School Employees Local 372 (OAPSE).

Services Provided

The District provides a wide variety of educational and support services as mandated by the Ohio Revised Code or Board directives. The District contracts out its transportation of students. During the 2014-15 fiscal year, the District's fleet of 55 buses traveled 3,042 miles each day providing transportation services to 2,505 public and 228 private and parochial students. The Nutrition Services Department served an average of 2,341 meals daily for a total of 402,598 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 653 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 2015

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

- The Class of 2015 has 32 National Merit Scholars, based on PSAT scores
- HHS offers 22 Advanced Placement Classes: 658 students completed 1522 AP exams with 83.6% scoring a "3" or higher. Performance earned HHS national rankings by Newsweek, Washington Post and U.S. News & World Report Exceptional College Entrance Exam scores.
- 96% of the class of 2015 took the ACT. The mean ACT score in math 25.8, English 26.4, with an overall composite mean 26.4. The state of Ohio mean in math 20.8, English 20.4, with an Ohio mean composite at 21.0.
- Hudson Middle School consistently ranks in the top 5 Middle Schools in the state.
- Technology: Curriculum incorporates digital learning and technology beginning with the youngest students. Students have access to computer labs and work stations in all of the media centers. i-Pads are used in grades K, 1, and 2. Google Chrome Books are utilized by students and teachers in grades 3-12. The student to computer device ratio is approximately 1:1.25 students (one device to 1.25 students sharing).
- Environmental Sustainability: Recycling responsibility takes place K-12. HHS curriculum includes use of the Environmental Land Lab. McDowell Arboretum provides an outdoor environmental science education resource for elementary students. Our schools also have an Energy Star rating.
- Entrepreneurship Education: HHS hosts the Northeast Ohio SEE Conference for Science, Engineering and Entrepreneurship in partnership with Ashland University. East Woods students participate in "Lemonade Day," a national program that teaches students entrepreneurial and business skills. Fourth grade students create and launch their own business. Ellsworth Hill students work with high school students on entrepreneurship projects. High School students participate in BELIEVE IN OHIO, a STEM bridge to Ohio's innovation economy of the future by growing Ohio's next generation of entrepreneurs.
- Examples of unique Hudson High School programs that provide rigor and meaning for students:
 - Service Learning – Recognized by Ohio as the model program, this course combines the disciplines of Social Studies and English with application in service to the community. Students receive a "hands-on" experience through real-world experience.
 - New Dimensions – Interdisciplinary humanities course that includes psychology, philosophy, anthropology and sociology
 - World Language – HHS offers six World Languages, including Spanish, Latin, French, German, Mandarin Chinese, and American Sign Language
- In 2014-2015, the Service Learning program logged over 14,000 hours of community service.



INTRODUCTION

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

- Many Hudson High School students garnered Scholastic Art Awards. The art electives include Graphics, Drawing, AP art, photography (advanced and beginner), ceramics, mixed media, painting (advanced and beginner), art I, advanced art, AP studio art, and yearbook.
- General music is incorporated into the curriculum at all elementary grades. Orchestra begins in 4th grade; band begins in 5th grade. Vocal performance groups offered at East Woods include 4th grade choir, East Woods Singers, and East Woods Ensemble. The Middle School offers middle school choir and a middle school play.
- Collaborative efforts with experts in their field:
 - Middle School curriculum includes Actors in Residence from The Great Lakes Theater to expand student knowledge by combining arts and education together in a week-long stage experience
 - Sponsored by the PTO, authors of children's books annually visit elementary schools
- Video: Video is an important component of 21st century communications. HHS offers Digital Video Production. At the High School, Middle School and East Woods, students program and present morning announcements using studio and video technology.

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

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

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

- Gifted programming for students in grades 3-8
- English as a Second Language
- Preschool for students with and without disabilities
- Mental wellness programs: Red Flags Program – assists staff to identify students who may be struggling with social or emotional problems; Positive Behavior Intervention Support, K-12, Zones of Regulation, PBIS (Positive Behavior, Intervention, Supports).
- Partnered with community to bring education, awareness, resources, and expand parent partnerships to advocate for students who struggle or could potentially struggle with drug and alcohol addictions.



- Providing counseling services through partner agencies to provide more intensive mental health counseling to individual students.
- Guidance Counselors for all students (12.5 counselors)
- Health Services for all students RN, LPN, and Medical Assistances
- Speech & Language Therapy, Occupational Therapy, Physical Therapy, and adaptive programs such as in physical education
- Real-life experiences: Functional Living Labs, High School Cottage Industry, including woodworking, High School Sweet Sensations Café
- Vocational and Transition to Work Programs both in-house and within the community
- Help for struggling students or student enrichment:
 - Explorer Period, Grades 9-12
 - Focus Periods, K-8
 - Response to Intervention (RTI), Reading, Math, Behavior, pre-K-12
 - Academic Resource Centers, Grades 6-12
 - Math and Writing Labs, Grades 9-12
 - APEX – on-line, virtual learning courses for high school students
 - Elementary Supplemental Reading program

Financial Reporting

For the fiscal year ended June 30, 2015, 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 basis of presentation and types of basic financial statements presented are discussed in Note 1 to the basic financial statements.

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 2015. 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.



INTRODUCTION

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

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

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

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

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

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

Independent Audit

State statutes require an annual audit by independent accountants. Charles E. Harris & Associates conducted the District's 2015 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, 2014. This was the sixteenth 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, 2014. This was the sixteenth consecutive year that the District has achieved this prestigious award. The award represents a significant achievement by the District and reflects the District’s commitment to the highest standards of school system financial reporting. The District is also submitting this report to the Association of School Business Officials (ASBO) International for consideration of the Certificate of Excellence in Financial Reporting award. This award will certify that the Comprehensive Annual Financial Report conforms to the principles and standards of financial reporting as recommended and adopted by the Association of Schools Business Officials. This award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials. Management believes the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015, 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 Derek Cluse, Business Manager, for maintaining the District’s Capital Asset Records; to Doreen Osmun, Assistant Superintendent and Director of Curriculum & Instruction, for her contributions to the Curricular Initiatives section; to Sheryl Sheatzley, Manager of Communications and Alumni Outreach, for her work on the cover and design; and also to Julian & Grube, Inc. for their expert guidance and assistance.

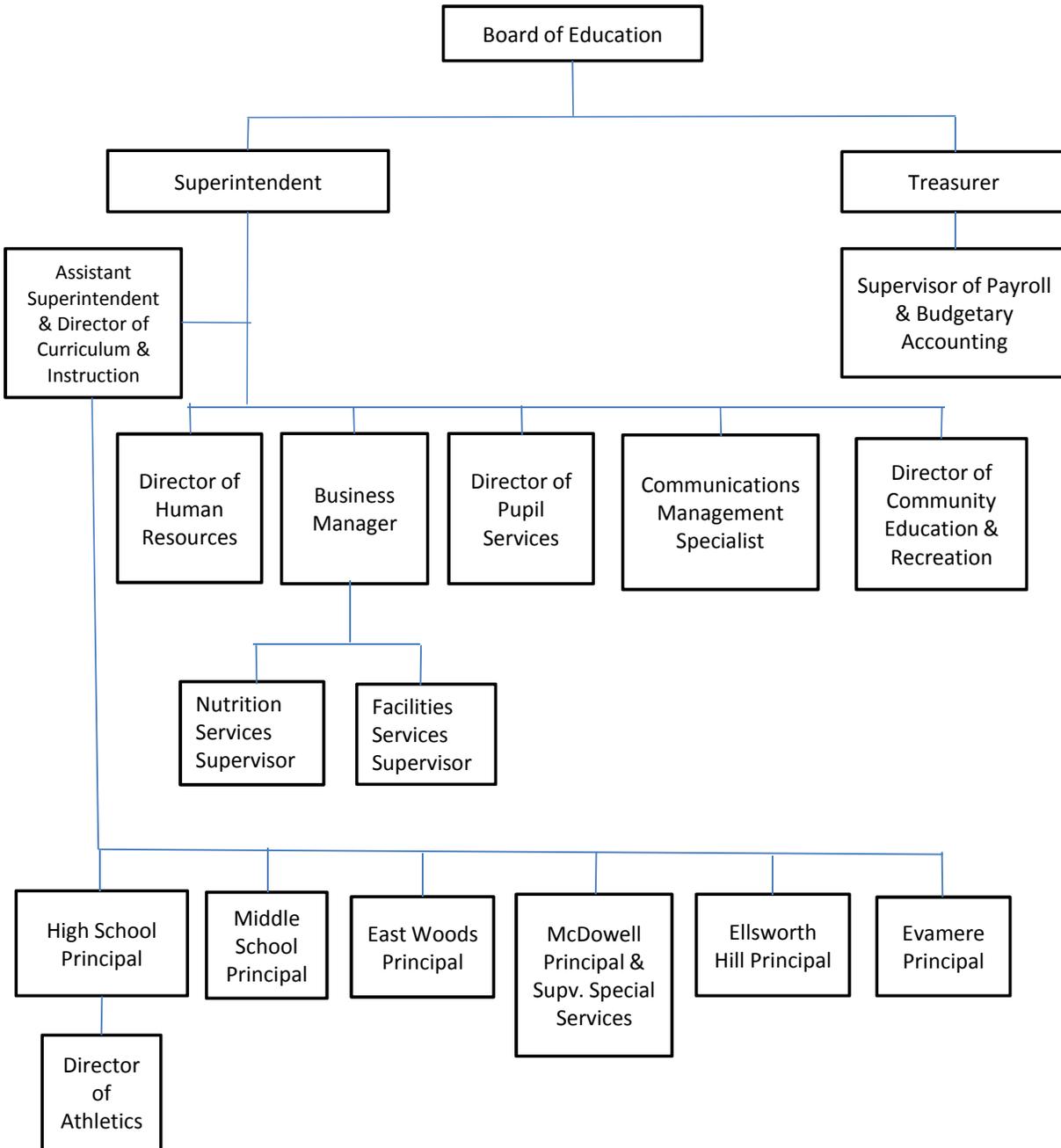
Respectfully submitted,

Kathryn L. Sines
Treasurer

Phillip Herman
Superintendent



HUDSON CITY SCHOOL DISTRICT ORGANIZATION CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Hudson City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Association of School Business Officials International



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

Hudson City School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



A handwritten signature in black ink, appearing to read "M. Pepera", written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read "John D. Musso", written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Hudson City School District, Summit County, (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Hudson City School District, Summit County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Other Information

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

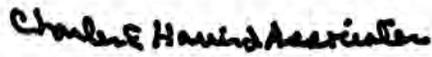
The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 29, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

The management's discussion and analysis of Hudson City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. 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 2015 are as follows:

- In total, net position increased \$8,651,777 from 2014's restated net position. Net position of governmental activities increased \$8,546,647 and net position of business-type activities increased \$105,130.
- Total governmental activities revenues were \$72,490,189. General revenues related to governmental activities accounted for \$63,822,793 in revenue or 88.04% of all revenues. Program specific revenues related to governmental activities in the form of charges for services and sales, grants and contributions accounted for \$8,667,396 or 11.96% of total revenues.
- The District had \$63,943,542 in expenses related to governmental activities; only \$8,667,396 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 \$63,822,793 were adequate to provide for these programs.
- The District had \$1,315,393 in expenses related to business-type activities; program specific revenues in the form of charges for services of \$1,369,879 were adequate to provide for these programs. Business-type activities also received general revenues of \$50,644 in the form of grants.
- The District's only major governmental fund is the general fund. The general fund had \$63,506,432 in revenues and other financing sources and \$56,955,564 in expenditures and other financing uses. This resulted in an increase in fund balance of \$6,550,868 from \$19,505,596 to \$26,056,464.

Using the Comprehensive Annual Financial Report (CAFR)

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary *assets, liabilities, deferred inflows and outflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

The District's statement of net position and statement of activities can be found on pages F 21 - F 23 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page F 15. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages F 24 - F 28 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages F 29 - F 31 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages F 32 - F 33. 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 35 - F 73 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages F 76 through F 82 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The following table provides a summary of the District's net position for fiscal years 2015 and 2014. Net position at June 30, 2014 has been restated as described in Note 3.A.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Net Position

	Governmental Activities		Business-Type Activities		Total	
		Restated		Restated		Restated
	2015	2014	2015	2014	2015	2014
<u>Assets</u>						
Current assets	\$ 75,263,536	\$ 73,035,348	\$ 1,127,252	\$ 988,261	\$ 76,390,788	\$ 74,023,609
Capital assets, net	57,382,419	56,297,750	-	-	57,382,419	56,297,750
Total assets	132,645,955	129,333,098	1,127,252	988,261	133,773,207	130,321,359
<u>Deferred outflows of resources</u>						
Unamortized deferred charges	1,534,659	1,615,787	-	-	1,534,659	1,615,787
Pension	5,792,976	4,734,043	74,566	66,345	5,867,542	4,800,388
Total deferred outflows of resources	7,327,635	6,349,830	74,566	66,345	7,402,201	6,416,175
<u>Liabilities</u>						
Current liabilities	7,584,058	8,003,804	128,497	118,607	7,712,555	8,122,411
Long-term liabilities:						
Due within one year	2,087,308	1,915,791	5,108	17,459	2,092,416	1,933,250
Net pension liability	79,909,354	95,004,806	892,573	994,525	80,801,927	95,999,331
Other amounts	23,116,688	24,433,043	9,214	11,413	23,125,902	24,444,456
Total liabilities	112,697,408	129,357,444	1,035,392	1,142,004	113,732,800	130,499,448
<u>Deferred inflows of resources</u>						
Property taxes and PILOTs	33,943,078	35,986,269	-	-	33,943,078	35,986,269
Pension	14,447,242	-	148,694	-	14,595,936	-
Total deferred inflows of resources	48,390,320	35,986,269	148,694	-	48,539,014	35,986,269
<u>Net Position</u>						
Net investment in capital assets	38,781,982	36,460,488	-	-	38,781,982	36,460,488
Restricted	2,510,271	3,842,694	-	-	2,510,271	3,842,694
Unrestricted	(62,406,391)	(69,963,967)	17,732	(87,398)	(62,388,659)	(70,051,365)
Total net position	<u>\$(21,114,138)</u>	<u>\$(29,660,785)</u>	<u>\$ 17,732</u>	<u>\$ (87,398)</u>	<u>\$(21,096,406)</u>	<u>\$(29,748,183)</u>

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, for governmental activities from \$60,609,978 to \$(29,660,785) and business-type activities from \$840,782 to \$(87,398).

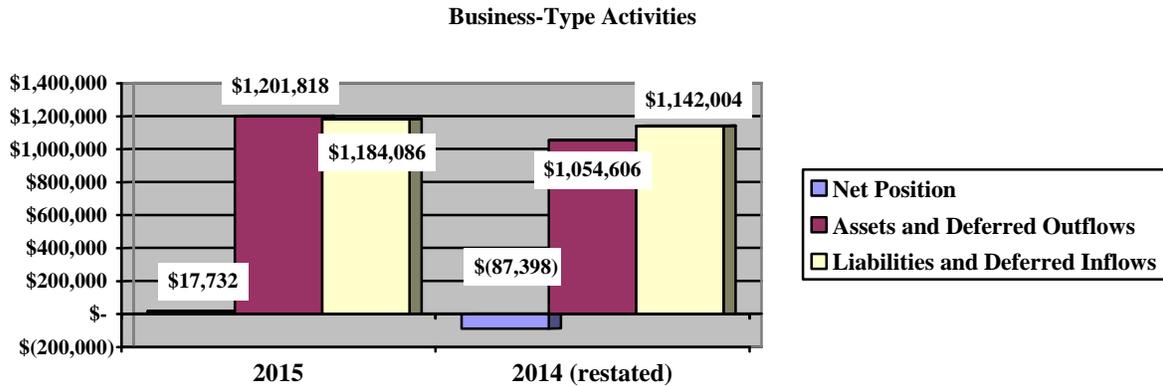
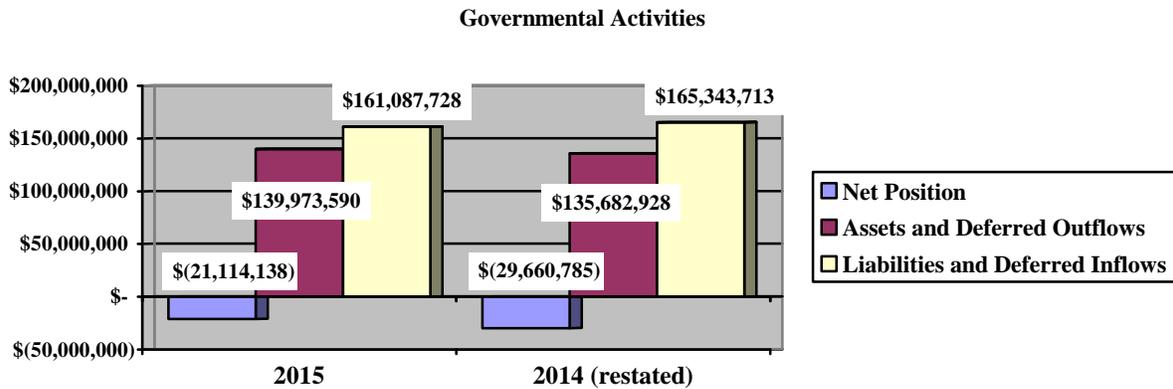
**HUDSON CITY SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Total governmental assets and deferred outflows of resources increased by \$4,290,662 while total governmental liabilities and deferred inflows of resources decreased by \$4,255,985 resulting in an increase to net position of \$8,546,647. Total assets and deferred outflows of resources of business-type activities increased \$147,212 while total liabilities and deferred inflows of business-type activities increased by \$42,082 resulting in an increase to net position of \$105,130.

The increase in governmental assets can primarily be attributed to an increase in cash and investments and capital assets. Liabilities and deferred inflows of resources for governmental activities totaled \$161,087,728; of this amount \$105,113,350 or 65.25% is long-term liabilities. The decrease in liabilities is primarily the result of current year principal payments on long-term general obligation bonds as well as a large decrease in net pension liability which was offset by an increase in deferred inflows of resources related to pensions.

The graphs below present the District's governmental and business-type assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2015 and June 30, 2014. The net position at June 30, 2014 was restated as described in Note 3.



The table below shows the changes in net position for fiscal years 2015 and 2014. Net position at June 30, 2014 has been restated as described in Note 3.A.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Revenues						
Program revenues:						
Charges for services and sales	\$ 3,087,713	\$ 3,233,042	\$1,369,879	\$1,402,122	\$ 4,457,592	\$ 4,635,164
Operating grants and contributions	5,324,592	5,604,408	-	-	5,324,592	5,604,408
Capital grants and contributions	255,091	1,205,481	-	-	255,091	1,205,481
General revenues:						
Property taxes	44,231,074	47,491,213	-	-	44,231,074	47,491,213
Payments in lieu of taxes	984,788	515,367	-	-	984,788	515,367
Grants and entitlements	18,210,293	17,664,962	50,644	49,354	18,260,937	17,714,316
Investment earnings	125,658	62,124	-	-	125,658	62,124
Miscellaneous	270,980	194,817	-	-	270,980	194,817
Total revenues	<u>72,490,189</u>	<u>75,971,414</u>	<u>1,420,523</u>	<u>1,451,476</u>	<u>73,910,712</u>	<u>77,422,890</u>

-Continued

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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Change in Net Position (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<u>Expenses</u>						
Program expenses:						
Instruction:						
Regular	27,692,555	28,005,316	-	-	27,692,555	28,005,316
Special	8,739,661	8,800,972	-	-	8,739,661	8,800,972
Vocational	288,761	290,652	-	-	288,761	290,652
Other	1,290,104	1,283,858	-	-	1,290,104	1,283,858
Support services:						
Pupil	4,516,471	4,681,004	-	-	4,516,471	4,681,004
Instructional staff	1,995,041	1,772,770	-	-	1,995,041	1,772,770
Board of education	70,122	41,731	-	-	70,122	41,731
Administration	3,789,299	4,059,710	-	-	3,789,299	4,059,710
Fiscal	1,198,288	1,627,077	-	-	1,198,288	1,627,077
Business	593,218	320,399	-	-	593,218	320,399
Operations and maintenance	5,363,794	5,076,162	-	-	5,363,794	5,076,162
Pupil transportation	3,898,262	3,281,271	-	-	3,898,262	3,281,271
Central	565,003	642,675	-	-	565,003	642,675
Operation of non-instructional services:						
Food service operations	1,374,636	1,423,600	-	-	1,374,636	1,423,600
Other non-instructional services	18,097	19,033	-	-	18,097	19,033
Extracurricular activities	1,707,800	1,672,664	-	-	1,707,800	1,672,664
Interest on long-term debt	842,430	885,321	-	-	842,430	885,321
Community education	-	-	1,315,393	1,345,070	1,315,393	1,345,070
Total expenses	<u>63,943,542</u>	<u>63,884,215</u>	<u>1,315,393</u>	<u>1,345,070</u>	<u>65,258,935</u>	<u>65,229,285</u>
Changes in net position	8,546,647	12,087,199	105,130	106,406	8,651,777	12,193,605
Net position at beginning of year (restated)	<u>(29,660,785)</u>	N/A	<u>(87,398)</u>	N/A	<u>(29,748,183)</u>	N/A
Net position at end of year	<u>\$ (21,114,138)</u>	<u>\$ (29,660,785)</u>	<u>\$ 17,732</u>	<u>\$ (87,398)</u>	<u>\$ (21,096,406)</u>	<u>\$ (29,748,183)</u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$4,734,043 computed under GASB 27 for governmental activities. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$3,389,235 for governmental activities and \$49,133 for business-type activities.

**HUDSON CITY SCHOOL DISTRICT
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Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2015 program expenses under GASB 68	\$ 63,943,542	\$ 1,315,393
Pension expense under GASB 68	(3,389,235)	(49,133)
2015 contractually required contributions	5,096,378	10,612
Adjusted 2015 program expenses	65,650,685	1,276,872
Total 2014 program expenses under GASB 27	63,884,215	1,345,070
Increase (decrease) in program expenses not related to pensions	\$ 1,766,470	\$ (68,198)

Governmental Activities

Net position of the District's governmental activities increased \$8,546,647. Program revenues supported 13.55% of the total governmental expenses.

Total revenues for governmental activities decreased \$3,481,225 or 4.58%. The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 86.14% of total governmental revenue. Grants and entitlements reported as general revenues consist primarily of the unrestricted portion of the District's State Foundation revenue. The decrease in property taxes revenue is partly due to fluctuations in the amount of tax collected and available for advance at fiscal year-end by the Summit County Fiscal Officer. Tax advances available are recorded as revenue under GAAP. The amount of tax advances available at June 30, 2015, 2014 and 2013 was approximately \$8.8 million, \$6.4 million and \$2.0 million, respectively. This amount can vary depending upon when the County Fiscal Officer distributes tax bills. Approximately \$500,000 in outstanding delinquent taxes was written off in fiscal year 2015, which also contributed to the decrease in property taxes revenue. Delinquent taxes are recorded as revenue under the full accrual basis of accounting.

The only significant decrease in revenues was in capital grants and contributions. These revenues consist primarily of donations for the construction of the Malson Athletic Center.

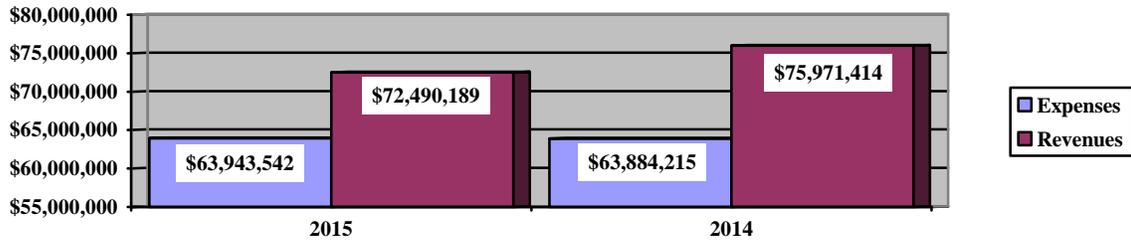
The overall increase in expenses not related to pensions was \$1,766,470 or 2.77%. The increase is primarily a result of slight increases in employees' retirement and insurance benefits and purchased services expenses. The largest expense of the District is for instructional programs. Instruction expenses totaled \$38,011,081 or 59.44% of total governmental expenses for fiscal year 2015.

The following graph presents the District's governmental activities revenues and expenses for fiscal years 2015 and 2014.

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SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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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 2015 and 2014. That is, it identifies the cost of these services supported by taxes revenue and unrestricted grants and entitlements.

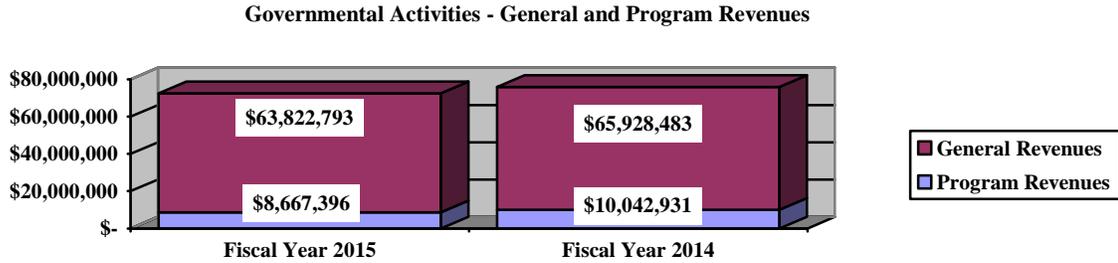
	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Program expenses:				
Instruction:				
Regular	\$ 27,692,555	\$ 24,669,745	\$ 28,005,316	\$ 25,241,781
Special	8,739,661	6,747,742	8,800,972	6,252,835
Vocational	288,761	252,980	290,652	243,054
Other	1,290,104	1,272,607	1,283,858	1,263,719
Support services:				
Pupil	4,516,471	3,659,763	4,681,004	3,642,527
Instructional staff	1,995,041	1,871,338	1,772,770	1,630,188
Board of education	70,122	70,122	41,731	41,731
Administration	3,789,299	3,620,332	4,059,710	3,885,928
Fiscal	1,198,288	1,198,288	1,627,077	1,627,077
Business	593,218	593,218	320,399	320,399
Operations and maintenance	5,363,794	5,313,373	5,076,162	5,072,202
Pupil transportation	3,898,262	3,898,262	3,281,271	3,281,271
Central	565,003	565,003	642,675	642,675
Operation of non-instructional services				
Food service operations	1,374,636	(52,806)	1,423,600	33,021
Other non-instructional services	18,097	7,571	19,033	8,008
Extracurricular activities	1,707,800	746,178	1,672,664	(230,453)
Interest on long-term debt	842,430	842,430	885,321	885,321
Total expenses	<u>\$ 63,943,542</u>	<u>\$ 55,276,146</u>	<u>\$ 63,884,215</u>	<u>\$ 53,841,284</u>

The dependence upon tax revenues during fiscal year 2015 for governmental activities is apparent, as 86.67% of 2015 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 86.45% in 2015. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for the District's students.

**HUDSON CITY SCHOOL DISTRICT
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The graph below presents the District's governmental activities revenue for fiscal years 2015 and 2014.



Business-Type Activities

Business-type activities include the District's community education program which had operating revenues of \$1,369,879 and operating expenses of \$1,315,393 for fiscal year 2015. Both operating revenues (2.30%) and operating expenses (2.21%) decreased compared to the prior year, and the program reported operating income of \$54,486. Nonoperating revenues consisted of \$50,644 in grants. The change in net position for the fiscal year was an increase of \$105,130. 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 24) reported a combined fund balance of \$28,577,449, which is \$5,190,905 or 22.20% higher than last year's total. The schedule below indicates the fund balance as of June 30, 2015 and 2014, and the total change in fund balance.

	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	Increase <u>(Decrease)</u>
General fund	\$ 26,056,464	\$ 19,505,596	\$ 6,550,868
Nonmajor governmental funds	<u>2,520,985</u>	<u>3,880,948</u>	<u>(1,359,963)</u>
Total	<u>\$ 28,577,449</u>	<u>\$ 23,386,544</u>	<u>\$ 5,190,905</u>

General Fund

Fund balance for the general fund increased \$6,550,868. 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 43.64% of total general fund expenditures, while total fund balance represents 46.09% of that same amount.

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

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	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 43,333,058	\$ 44,781,683	(3.23) %
Payments in lieu of taxes	484,788	515,367	(5.93) %
Tuition	641,669	800,280	(19.82) %
Interest earnings	37,808	56,240	(32.77) %
Intergovernmental	17,914,851	17,647,098	1.52 %
Other revenues	<u>1,077,323</u>	<u>999,843</u>	7.75 %
Total	<u>\$ 63,489,497</u>	<u>\$ 64,800,511</u>	(2.02) %

The overall decrease in revenues is mostly due to the decreased property taxes revenue. The primary reason for this is fluctuations in the amount of tax advances available at year-end, as discussed on page F 13. For the general fund, the amount of tax advances available at June 30, 2015, 2014 and 2013 were approximately \$8.6 million, \$6.2 million and \$1.8 million, respectively. The District had fewer pupils from other school districts who attended the District's special education programs which contributed to the decline in tuition revenue.

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 34,463,037	\$ 34,510,512	(0.14) %
Support services	20,287,942	20,195,580	0.46 %
Other non-instructional services	6,000	8,637	(30.53) %
Extracurricular activities	1,006,243	976,546	3.04 %
Debt service	<u>766,342</u>	<u>741,719</u>	3.32 %
Total	<u>\$ 56,529,564</u>	<u>\$ 56,432,994</u>	0.17 %

Overall, general fund expenditures were comparable to the prior year. There were slight increases in employees' retirement and insurance benefits expenditures, mostly as a result of increased medical insurance costs. In addition, purchased services expenditures for pupil transportation were higher in fiscal year 2015. However, expenditures decreased in several areas, including professional and legal fees and property tax collection fees.

Enterprise Fund

The District maintains an enterprise fund to account for the community education program. Since the enterprise fund is accounted for on the same basis of accounting as business-type activities (the accrual basis of accounting), the statement of net position and the results of operations on the fund financial statements mirror those reported as business-type activities on the District-wide financial statements. See page F 15 for a discussion of the District's business-type activities.

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General Fund Budgeting Highlights

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

For the general fund, both the original and final budgeted revenues and other financing sources were \$65,515,324. Actual revenues and other financing sources were \$61,201,933, or \$4,313,391 lower than the final budget. This large variance is mostly due to over budgeting property taxes and State Foundation revenue.

General fund original and final budget appropriations (expenditures and other financing uses) were \$59,713,380. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$57,507,690, which is \$2,205,690 less than the final budget appropriations. The District routinely appropriates more resources than actually projected in order to reflect what expenditures would be in a worst-case scenario.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had \$57,382,419 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and computer software. This entire amount is reported in governmental activities. The following table shows fiscal year 2015 balances compared to 2014:

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

	Governmental Activities	
	2015	2014
Land	\$ 1,032,204	\$ 1,032,204
Construction in progress (CIP)	322,179	523,955
Land improvements	4,325,124	4,329,314
Building and improvements	46,912,197	45,605,270
Furniture and equipment	3,414,797	3,425,574
Vehicles	1,252,617	1,138,088
Computer software	123,301	243,345
Total	\$ 57,382,419	\$ 56,297,750

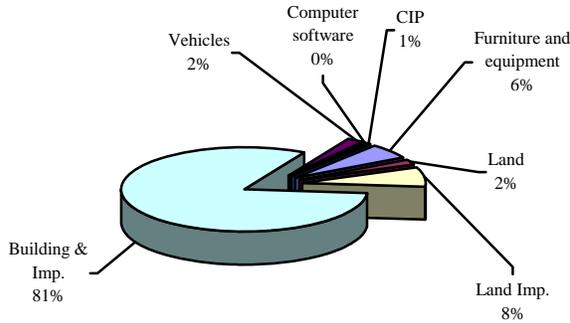
The net increase in capital assets is a result of acquisitions of \$3,277,368 exceeding depreciation expense of \$2,168,691 and disposals (net of accumulated depreciation) of \$24,008. The most significant acquisition in fiscal year 2015 was the construction of a new athletic center which cost approximately \$2.2 million. Construction in progress at June 30, 2015 consists of a tennis court improvements project.

The following graphs show the breakdown of governmental activities capital assets by category for 2015 and 2014.

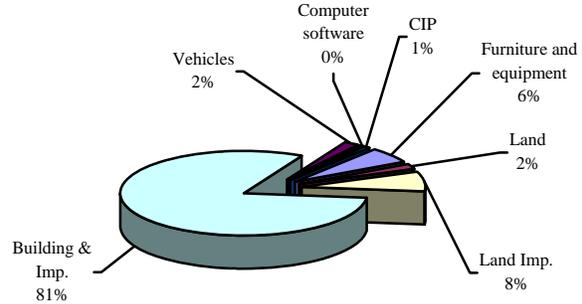
**HUDSON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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**Capital Assets - Governmental Activities
2015**



**Capital Assets - Governmental Activities
2014**



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

Debt Administration

At June 30, 2015, the District had \$21,244,057 in general obligation bonds, certificates of participation, capital leases and a software license obligation outstanding. Of this total, \$1,179,033 is due within one year and \$20,065,024 is due in greater than one year. The following table summarizes the outstanding debt.

Outstanding Debt, at Year End

	Governmental Activities 2015	Governmental Activities 2014
Series 2003 Refunding Bonds	\$ -	\$ 435,000
Energy Conservation Bonds	1,505,000	1,705,000
Qualified School Construction Bonds	1,580,000	1,725,000
Certificates of Participation	17,385,000	17,825,000
Capital Leases	712,899	874,520
Software License Obligation	61,158	175,380
Total	<u>\$ 21,244,057</u>	<u>\$ 22,739,900</u>

All bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. There were no additions to long-term debt in fiscal year 2015 and principal payments for the year were \$1,495,843.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 \$24,398,732 at June 30, 2015. Fiscal year-end general fund cash balances were \$19,504,427, \$15,585,850, \$11,957,932 and \$10,791,463 at June 30 in fiscal years 2014, 2013, 2012 and 2011, respectively. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance and continue a quality, comprehensive educational program.

Property taxes revenue is the District's main source of revenue, comprising 65.9% of all cash receipts in fiscal year 2015. Property taxes are largely dependent upon assessed property values, which are determined by the Summit County Fiscal Officer. Real property values totaled \$919,449,390 in 2014 for calendar year 2015 tax collections, and have increased \$38,612,350 (4.38%) since 2011 primarily because of the County's triennial update of values that occurred in 2014. The next reappraisal will be conducted in 2017.

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

The District's second largest revenue source is unrestricted State aid from the State Foundation program. The State's per pupil funding formula generated 17.0% of all District receipts in fiscal year 2015. The District is on the funding guarantee which means that the District will receive an adjusted total funding amount that is at least equal to the amount received in fiscal year 2015, or approximately \$10.4 million.

The District's per pupil valuation of \$205,043 is 147.38% of the State average per pupil valuation of \$139,128. It is this ratio that drives the District's per pupil funding which calculates a State share of 21.31%. Districts with lower per pupil valuation receive higher levels of State share of the \$5,900 formula amount per pupil. In fiscal year 2016 the formula calculates about \$1,257 per pupil. The District's calculated formula funding is \$8,717,513 and the District is guaranteed \$10,703,327. It is this guarantee of approximately \$2.0 million that is subject to legislative reduction in future years.

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

Contacting the District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 30,954,009	\$ 1,127,252	\$ 32,081,261
Receivables:			
Property taxes	43,493,020	-	43,493,020
Payment in lieu of taxes	440,691	-	440,691
Intergovernmental	203,669	-	203,669
Accrued interest	114,616	-	114,616
Materials and supplies inventory	2,229	-	2,229
Inventory held for resale	55,302	-	55,302
Capital assets:			
Nondepreciable capital assets	1,354,383	-	1,354,383
Depreciable capital assets, net	56,028,036	-	56,028,036
Capital assets, net	57,382,419	-	57,382,419
Total assets	<u>132,645,955</u>	<u>1,127,252</u>	<u>133,773,207</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding. . .	1,534,659	-	1,534,659
Pension - STRS	4,506,033	11,668	4,517,701
Pension - SERS	1,286,943	62,898	1,349,841
Total deferred outflows of resources	<u>7,327,635</u>	<u>74,566</u>	<u>7,402,201</u>
Liabilities:			
Accounts payable	291,716	51,210	342,926
Contracts payable	322,179	-	322,179
Accrued wages and benefits payable	5,158,677	57,125	5,215,802
Pension and postemployment benefits payable	963,263	17,557	980,820
Intergovernmental payable	228,350	2,605	230,955
Accrued interest payable	62,883	-	62,883
Claims payable	556,990	-	556,990
Long-term liabilities:			
Due within one year	2,087,308	5,108	2,092,416
Due in more than one year:			
Net pension liability (See Note 12)	79,909,354	892,573	80,801,927
Other amounts due in more than one year	23,116,688	9,214	23,125,902
Total liabilities	<u>112,697,408</u>	<u>1,035,392</u>	<u>113,732,800</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	33,502,387	-	33,502,387
Payment in lieu of taxes levied for the next fiscal year .	440,691	-	440,691
Pension - STRS	12,042,898	31,184	12,074,082
Pension - SERS	2,404,344	117,510	2,521,854
Total deferred inflows of resources	<u>48,390,320</u>	<u>148,694</u>	<u>48,539,014</u>
Net position:			
Net investment in capital assets	38,781,982	-	38,781,982
Restricted for:			
Capital projects	1,981,905	-	1,981,905
Locally funded programs	86,451	-	86,451
State funded programs	50,725	-	50,725
Federally funded programs	54,760	-	54,760
Student activities	143,715	-	143,715
Other purposes	192,715	-	192,715
Unrestricted (deficit)	(62,406,391)	17,732	(62,388,659)
Total net position (deficit)	<u>\$ (21,114,138)</u>	<u>\$ 17,732</u>	<u>\$ (21,096,406)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 27,692,555	\$ 882,386	\$ 2,093,950	\$ 46,474
Special	8,739,661	60,560	1,931,359	-
Vocational	288,761	1,007	34,774	-
Other.	1,290,104	6,697	10,800	-
Support services:				
Pupil	4,516,471	183,095	673,613	-
Instructional staff.	1,995,041	24,205	99,498	-
Board of education	70,122	-	-	-
Administration	3,789,299	-	168,967	-
Fiscal.	1,198,288	-	-	-
Business.	593,218	-	-	-
Operations and maintenance	5,363,794	10,052	40,369	-
Pupil transportation	3,898,262	-	-	-
Central.	565,003	-	-	-
Operation of non-instructional services:				
Food service operations.	1,374,636	1,201,321	226,121	-
Other non-instructional services	18,097	4,573	5,953	-
Extracurricular activities	1,707,800	713,817	39,188	208,617
Interest on long-term debt.	842,430	-	-	-
Total governmental activities.	63,943,542	3,087,713	5,324,592	255,091
Business-type activities:				
Community education	1,315,393	1,369,879	-	-
Totals	\$ 65,258,935	\$ 4,457,592	\$ 5,324,592	\$ 255,091

General revenues:

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-Type Activities	Total
\$ (24,669,745)	\$ -	\$ (24,669,745)
(6,747,742)	-	(6,747,742)
(252,980)	-	(252,980)
(1,272,607)	-	(1,272,607)
(3,659,763)	-	(3,659,763)
(1,871,338)	-	(1,871,338)
(70,122)	-	(70,122)
(3,620,332)	-	(3,620,332)
(1,198,288)	-	(1,198,288)
(593,218)	-	(593,218)
(5,313,373)	-	(5,313,373)
(3,898,262)	-	(3,898,262)
(565,003)	-	(565,003)
52,806	-	52,806
(7,571)	-	(7,571)
(746,178)	-	(746,178)
(842,430)	-	(842,430)
(55,276,146)	-	(55,276,146)
-	54,486	54,486
(55,276,146)	54,486	(55,221,660)
42,824,517	-	42,824,517
139,736	-	139,736
1,266,821	-	1,266,821
984,788	-	984,788
18,210,293	50,644	18,260,937
125,658	-	125,658
270,980	-	270,980
63,822,793	50,644	63,873,437
8,546,647	105,130	8,651,777
(29,660,785)	(87,398)	(29,748,183)
\$ (21,114,138)	\$ 17,732	\$ (21,096,406)

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 24,398,732	\$ 2,845,757	\$ 27,244,489
Receivables:			
Property taxes.	42,262,700	1,230,320	43,493,020
Payment in lieu of taxes.	440,691	-	440,691
Intergovernmental.	37,278	166,391	203,669
Accrued interest.	114,616	-	114,616
Due from other funds	34,043	-	34,043
Materials and supplies inventory	-	2,229	2,229
Inventory held for resale.	43,680	11,622	55,302
Total assets	<u>\$ 67,331,740</u>	<u>\$ 4,256,319</u>	<u>\$ 71,588,059</u>
Liabilities:			
Accounts payable	\$ 235,593	\$ 50,074	\$ 285,667
Contracts payable	-	322,179	322,179
Accrued wages and benefits payable	4,923,999	234,678	5,158,677
Compensated absences payable	695,053	2,202	697,255
Pension and postemployment benefits payable	909,150	54,113	963,263
Intergovernmental payable.	219,045	9,085	228,130
Claims payable.	47,128	-	47,128
Due to other funds	-	34,043	34,043
Total liabilities	<u>7,029,968</u>	<u>706,374</u>	<u>7,736,342</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	32,561,538	940,849	33,502,387
Payment in lieu of taxes levied for the next fiscal year	440,691	-	440,691
Delinquent property tax revenue not available	1,128,463	28,271	1,156,734
Accrued interest not available	114,616	-	114,616
Intergovernmental revenue not available.	-	59,840	59,840
Total deferred inflows of resources	<u>34,245,308</u>	<u>1,028,960</u>	<u>35,274,268</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	43,680	2,229	45,909
Restricted:			
Capital improvements.	-	2,016,517	2,016,517
Food service operations	-	237,215	237,215
Non-public schools	-	54,964	54,964
Extracurricular activities.	-	143,715	143,715
Other purposes.	-	91,731	91,731
Assigned:			
Student instruction.	663,760	-	663,760
Student and staff support.	542,064	-	542,064
Rotary services.	123,268	-	123,268
Other purposes.	15,585	-	15,585
Unassigned (deficit)	24,668,107	(25,386)	24,642,721
Total fund balances	<u>26,056,464</u>	<u>2,520,985</u>	<u>28,577,449</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 67,331,740</u>	<u>\$ 4,256,319</u>	<u>\$ 71,588,059</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

Total governmental fund balances		\$	28,577,449
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			57,382,419
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,156,734	
Accrued interest receivable		114,616	
Intergovernmental receivable		59,840	
Total		1,331,190	1,331,190
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			3,193,389
Unamortized premiums on bonds issued are not recognized in the funds.			(89,916)
Deferred amounts on refundings are not recognized in the funds.			1,534,659
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(62,883)
The net pension liability is not due and payable in the current period, therefore, the liability and related deferred inflows and outflows of resources are not reported in governmental funds.			
Deferred outflows of resources - pension		5,792,976	
Deferred inflows of resources - pension		(14,447,242)	
Net pension liability		(79,909,354)	
Total		(88,563,620)	(88,563,620)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(3,085,000)	
Certificates of participation		(17,385,000)	
Capital lease obligations		(712,899)	
Software license obligation		(61,158)	
Compensated absences		(3,172,768)	
Total		(24,416,825)	(24,416,825)
Net position of governmental activities		\$	(21,114,138)

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, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 43,333,058	\$ 1,433,578	\$ 44,766,636
Payment in lieu of taxes	484,788	500,000	984,788
Tuition	641,669	-	641,669
Earnings on investments	37,808	872	38,680
Charges for services	2,069	1,201,321	1,203,390
Extracurricular	442,581	406,354	848,935
Classroom materials and fees.	361,002	-	361,002
Other local revenues	271,671	409,851	681,522
Intergovernmental - intermediate	-	1,335,218	1,335,218
Intergovernmental - state	17,914,851	2,451,686	20,366,537
Intergovernmental - federal	-	1,693,478	1,693,478
Total revenues	<u>63,489,497</u>	<u>9,432,358</u>	<u>72,921,855</u>
Expenditures:			
Current:			
Instruction:			
Regular	24,683,203	2,448,018	27,131,221
Special	8,232,997	710,679	8,943,676
Vocational	267,533	2,000	269,533
Other	1,279,304	10,800	1,290,104
Support services:			
Pupil.	3,879,119	688,345	4,567,464
Instructional staff	1,901,288	86,749	1,988,037
Board of education	70,249	-	70,249
Administration	3,694,020	174,816	3,868,836
Fiscal	1,144,805	62,069	1,206,874
Business	591,359	-	591,359
Operations and maintenance.	4,893,377	44,109	4,937,486
Pupil transportation	3,660,121	255,766	3,915,887
Central	453,604	-	453,604
Operation of non-instructional services:			
Food service operations	-	1,388,802	1,388,802
Other non-instructional services	6,000	5,306	11,306
Extracurricular activities	1,006,243	472,819	1,479,062
Facilities acquisition and construction	-	3,367,929	3,367,929
Debt service:			
Principal retirement	620,843	875,000	1,495,843
Interest and fiscal charges	145,499	625,114	770,613
Total expenditures.	<u>56,529,564</u>	<u>11,218,321</u>	<u>67,747,885</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,959,933</u>	<u>(1,785,963)</u>	<u>5,173,970</u>
Other financing sources (uses):			
Proceeds from sale of assets	16,935	-	16,935
Transfers in.	-	1,645,000	1,645,000
Transfers (out)	(426,000)	(1,219,000)	(1,645,000)
Total other financing sources (uses).	<u>(409,065)</u>	<u>426,000</u>	<u>16,935</u>
Net change in fund balances.	6,550,868	(1,359,963)	5,190,905
Fund balances at beginning of year.	<u>19,505,596</u>	<u>3,880,948</u>	<u>23,386,544</u>
Fund balances at end of year	<u>\$ 26,056,464</u>	<u>\$ 2,520,985</u>	<u>\$ 28,577,449</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds	\$	5,190,905
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 3,277,368	
Current year depreciation	<u>(2,168,691)</u>	
Total		1,108,677
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(24,008)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(535,562)	
Accrued interest	87,850	
Intergovernmental	<u>(889)</u>	
Total		(448,601)
Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,495,843
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	2,653	
Amortization of bond premiums	6,658	
Amortization of deferred charges on refunding	<u>(81,128)</u>	
Total		(71,817)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows of resources.		
		5,096,378
Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(3,389,235)
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.		
		107,471
An internal service fund used by management to charge the costs of medical and insurance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(518,966)</u>
Change in net position of governmental activities	\$	<u>8,546,647</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
From local sources:				
Property taxes.	\$ 44,416,640	\$ 44,416,640	\$ 40,950,962	\$ (3,465,678)
Payment in lieu of taxes.	566,244	566,244	484,788	(81,456)
Tuition.	756,750	756,750	553,478	(203,272)
Earnings on investments.	60,316	60,316	37,808	(22,508)
Extracurricular.	321,355	321,355	292,380	(28,975)
Classroom materials and fees	125,795	125,795	114,462	(11,333)
Other local revenues	111,843	111,843	115,583	3,740
Intergovernmental - state	18,987,519	18,987,519	18,240,012	(747,507)
Total revenues	<u>65,346,462</u>	<u>65,346,462</u>	<u>60,789,473</u>	<u>(4,556,989)</u>
Expenditures:				
Current:				
Instruction:				
Regular	25,805,494	25,805,494	24,706,453	1,099,041
Special.	8,256,423	8,256,423	8,205,647	50,776
Vocational.	270,735	270,735	268,456	2,279
Other.	1,631,909	1,631,909	1,394,114	237,795
Support services:				
Pupil.	3,873,256	3,873,256	3,715,670	157,586
Instructional staff	1,947,600	1,947,600	1,929,698	17,902
Board of education	94,502	94,502	78,485	16,017
Administration.	4,104,716	4,104,716	3,901,802	202,914
Fiscal	1,813,696	1,813,696	1,404,436	409,260
Business.	586,531	586,531	596,939	(10,408)
Operations and maintenance	4,987,370	4,987,370	5,062,963	(75,593)
Pupil transportation	3,757,869	3,757,869	3,728,300	29,569
Central.	639,867	639,867	648,015	(8,148)
Extracurricular activities	1,087,392	1,087,392	1,011,990	75,402
Debt service:				
Principal	345,000	345,000	345,000	-
Interest and fiscal charges	84,000	84,000	83,702	298
Total expenditures	<u>59,286,360</u>	<u>59,286,360</u>	<u>57,081,670</u>	<u>2,204,690</u>
Excess of revenues over expenditures	<u>6,060,102</u>	<u>6,060,102</u>	<u>3,707,803</u>	<u>(2,352,299)</u>
Other financing sources (uses):				
Proceeds from sale of assets	2,966	2,966	16,935	13,969
Refund of prior year's expenditures.	165,896	165,896	395,525	229,629
Refund of prior year's receipts	(20)	(20)	(20)	-
Transfers (out)	(427,000)	(427,000)	(426,000)	1,000
Total other financing sources (uses)	<u>(258,158)</u>	<u>(258,158)</u>	<u>(13,560)</u>	<u>244,598</u>
Net change in fund balance.	5,801,944	5,801,944	3,694,243	(2,107,701)
Fund balance at beginning of year.	18,353,640	18,353,640	18,353,640	-
Prior year encumbrances appropriated . . .	813,380	813,380	813,380	-
Fund balance at end of year	<u>\$ 24,968,964</u>	<u>\$ 24,968,964</u>	<u>\$ 22,861,263</u>	<u>\$ (2,107,701)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Community Education Funds	Governmental Activities - Internal Service Funds
Assets:		
Current assets:		
Equity in pooled cash and investments	\$ 1,127,252	\$ 3,709,520
Total assets	1,127,252	3,709,520
Deferred outflows of resources:		
Pension - STRS	11,668	-
Pension - SERS	62,898	-
Total deferred outflows of resources.	74,566	-
Liabilities:		
Current liabilities:		
Accounts payable	51,210	6,049
Accrued wages and benefits	57,125	-
Compensated absences.	5,108	-
Pension and postemployment benefits payable.	17,557	-
Intergovernmental payable.	2,605	220
Claims payable.	-	509,862
Total current liabilities	133,605	516,131
Long-term liabilities:		
Compensated absences payable.	9,214	-
Net pension liability.	892,573	-
Total long-term liabilities.	901,787	-
Total liabilities	1,035,392	516,131
Deferred inflows of resources:		
Pension - STRS	31,184	-
Pension - SERS	117,510	-
Total deferred inflows of resources.	148,694	-
Net position:		
Unrestricted	17,732	3,193,389
Total net position	\$ 17,732	\$ 3,193,389

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Community Education Funds	Governmental Activities - Internal Service Funds
Operating revenues:		
Sales/charges for services.	\$ 1,369,879	\$ 7,979,132
Other	-	1,156
	<hr/>	<hr/>
Total operating revenues	1,369,879	7,980,288
	<hr/>	<hr/>
Operating expenses:		
Personal services	575,816	32,671
Purchased services.	648,079	1,171,715
Materials and supplies.	55,761	2,706
Capital outlay	-	-
Claims	-	7,292,162
Other.	35,737	-
	<hr/>	<hr/>
Total operating expenses.	1,315,393	8,499,254
	<hr/>	<hr/>
Operating income (loss)	54,486	(518,966)
	<hr/>	<hr/>
Nonoperating revenues:		
Grants	50,644	-
	<hr/>	<hr/>
Change in net position.	105,130	(518,966)
	<hr/>	<hr/>
Net position (deficit) at beginning of year (restated)	(87,398)	3,712,355
	<hr/>	<hr/>
Net position at end of year	\$ 17,732	\$ 3,193,389
	<hr/>	<hr/>

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, 2015

	Business-Type Activities - Community Education Funds	Governmental Activities - Internal Service Funds
Cash flows from operating activities:		
Cash received from sales/charges for services.	\$ 1,369,879	\$ 7,979,132
Cash received from other operations.	-	1,156
Cash payments for personal services.	(563,079)	(33,348)
Cash payments for contractual services	(629,661)	(1,180,900)
Cash payments for materials and supplies	(55,213)	(2,706)
Cash payments for claims	-	(7,312,748)
Cash payments for other expenses	(33,579)	(1,917)
Net cash provided by (used in) operating activities.	88,347	(551,331)
Cash flows from noncapital financing activities:		
Cash received from grants	50,644	-
Net cash provided by noncapital financing activities.	50,644	-
Net increase (decrease) in cash and cash cash equivalents	138,991	(551,331)
Cash and cash equivalents at beginning of year	988,261	4,260,851
Cash and cash equivalents at end of year	\$ 1,127,252	\$ 3,709,520
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 54,486	\$ (518,966)
Changes in assets and liabilities:		
(Increase) in deferred outflows, pensions	(8,221)	-
Increase (decrease) in accounts payable	21,124	(9,885)
(Decrease) in accrued wages and benefits	(366)	-
Increase (decrease) in intergovernmental payable	499	(1,894)
(Decrease) in compensated absences payable	(14,550)	-
(Decrease) in pension and postemployment benefits payable.	(11,367)	-
(Decrease) in claims payable	-	(20,586)
(Decrease) in net pension liability	(101,952)	-
Increase in deferred inflows, pensions	148,694	-
Net cash provided by (used in) operating activities.	\$ 88,347	\$ (551,331)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private-Purpose Trust	
	Scholarships	Agency
Assets:		
Equity in pooled cash and investments	\$ 2,586	\$ 351,196
Receivables:		
Intergovernmental	-	2,973
Total assets	2,586	\$ 354,169
Liabilities:		
Accounts payable	-	\$ 12,208
Accrued wages and benefits	-	3,420
Pension and postemployment benefits payable	-	3,912
Intergovernmental payable	-	2,369
Due to students	-	86,767
Undistributed monies	-	245,493
Total liabilities	-	\$ 354,169
Net position:		
Held in trust for scholarships	2,586	
Total net position	\$ 2,586	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Private-Purpose Trust
	Scholarships
Additions:	
Gifts and contributions.	\$ 177,470
Deductions:	
Scholarships awarded	177,470
Change in net position	-
Net position at beginning of year.	2,586
Net position at end of year	\$ 2,586

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, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The District employs 265 non-certified and 382 certified employees (including administrators) to provide services to approximately 4,598 students and community members.

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

JOINTLY GOVERNED ORGANIZATION

Six District Educational Compact (the "Compact")

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

PUBLIC ENTITY RISK POOL

Ohio SchoolComp Workers' Compensation Group Rating Program

The District participates in the Ohio SchoolComp Workers' Compensation Group Rating Program (GRP). The GRP is co-sponsored by the Ohio School Boards Association and the Ohio Association of School Business Officials. CompManagement, Inc. provides administration services for the GRP. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

The following is the District's major governmental fund:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

PROPRIETARY FUNDS

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

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

D. Basis of Accounting

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

E. Budgets

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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 2015.

Estimated Resources:

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

Appropriations:

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Lapsing of Appropriations:

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

F. Cash and Investments

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

During fiscal year 2015, 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 2015. 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, 2015.

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 2015 amounted to \$37,808, which includes \$10,802 assigned from other District funds.

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

An analysis of the District's investment account at fiscal year end is provided in Note 3.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the consumption method.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

H. Capital Assets

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

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

M. Net Position

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

N. Estimates

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

O. Interfund Activity

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

P. Nonpublic Schools

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

Q. Unamortized Bond Premiums and Deferred Charges on Debt Refunding

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

S. 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 2015.

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures, as presented in Note 12 to the financial statements, and added required supplementary information which is presented on pages F 73 through F 80.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A net position restatement is required in order to implement GASB Statement No 68 and 71. The net position at July 1, 2014 has been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position as previously reported	\$ 60,609,978	\$ 840,782
Deferred outflows - payments subsequent to measurement date	4,734,043	66,345
Net pension liability	<u>(95,004,806)</u>	<u>(994,525)</u>
Restated net position at July 1, 2014	<u>\$ (29,660,785)</u>	<u>\$ (87,398)</u>

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

B. Deficit Fund Balances

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Title VI-B	\$ 14,163
Title I	7,605
EHA preschool grant	780
Classroom reduction	2,786
Other federal grants	52

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.

C. Compliance

Contrary to Ohio Revised Code 5705.39 and 5705.36, the District had appropriations in excess of estimated resources in the classroom reduction fund and the scholarship fund in the amount of \$15,000 and \$8,386, respectively.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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;
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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

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

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all District deposits was \$29,066,164, exclusive of the \$3,360,000 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, 2015, \$26,430,188 of the District’s bank balance of \$29,368,569 was exposed to custodial risk as discussed below, while \$2,938,381 was covered by the FDIC.

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

C. Investments

As of June 30, 2015, the District had the following investments, all of which have maturities of six months or less:

<u>Investment type</u>	<u>Fair Value</u>
Repurchase agreement	\$ 3,360,000
STAR Ohio	<u>7,579</u>
Total	<u>\$ 3,367,579</u>

The weighted average maturity of investments is one day.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held at June 30, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreement	\$ 3,360,000	99.77
STAR Ohio	7,579	0.23
Total	<u>\$ 3,367,579</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 29,066,164
Investments	3,367,579
Cash on hand	<u>1,300</u>
Total	<u>\$ 32,435,043</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 30,954,009
Business type activities	1,127,252
Private-purpose trust funds	2,586
Agency funds	<u>351,196</u>
Total	<u>\$ 32,435,043</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2015, as reported on the fund statements consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 34,043

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2015 are reported on the statement of net position.

- B. Interfund transfers for the fiscal year ended June 30, 2015, consisted of the following, as reported on the fund statements:

<u>Transfers from:</u>	<u>Transfer to:</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 426,000
Nonmajor governmental funds	Nonmajor governmental funds	1,219,000

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, 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 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 - PROPERTY TAXES - (Continued)

The District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$8,572,699 in the general fund and \$261,200 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2014 was \$6,190,603 in the general fund, \$70,732 in the debt service fund (a nonmajor governmental fund) and \$182,928 in the permanent improvement fund (a nonmajor governmental fund). 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, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 890,931,340	99.29	\$ 919,449,390	99.20
Public utility personal	<u>6,390,820</u>	<u>0.71</u>	<u>7,450,040</u>	<u>0.80</u>
Total	<u>\$ 897,322,160</u>	<u>100.00</u>	<u>\$ 926,899,430</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General operations	\$ 86.93		\$ 86.93	
Debt service	0.58		-	
Permanent improvement	1.50		1.50	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2015, as reported on the statement of net position, consisted of property taxes, payments in lieu of taxes, accrued interest, and intergovernmental grants and entitlements. Receivables have been disaggregated on the face of the basic financial statements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. All receivables are expected to be collected within the subsequent year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2015 was as follows:

	Balance			Balance
	<u>07/01/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/15</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,032,204	\$ -	\$ -	\$ 1,032,204
Construction in progress	<u>523,955</u>	<u>2,002,702</u>	<u>(2,204,478)</u>	<u>322,179</u>
Total capital assets, not being depreciated	<u>1,556,159</u>	<u>2,002,702</u>	<u>(2,204,478)</u>	<u>1,354,383</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	5,951,141	140,635	-	6,091,776
Buildings and improvements	73,218,998	2,648,923	-	75,867,921
Furniture and equipment	12,466,720	402,151	-	12,868,871
Vehicles	4,935,887	287,435	(240,076)	4,983,246
Computer software	<u>390,819</u>	<u>-</u>	<u>-</u>	<u>390,819</u>
Total capital assets, being depreciated	<u>96,963,565</u>	<u>3,479,144</u>	<u>(240,076)</u>	<u>100,202,633</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,621,827)	(144,825)	-	(1,766,652)
Buildings and improvements	(27,613,728)	(1,341,996)	-	(28,955,724)
Furniture and equipment	(9,041,146)	(412,928)	-	(9,454,074)
Vehicles	(3,797,799)	(148,898)	216,068	(3,730,629)
Computer software	<u>(147,474)</u>	<u>(120,044)</u>	<u>-</u>	<u>(267,518)</u>
Total accumulated depreciation	<u>(42,221,974)</u>	<u>(2,168,691)</u>	<u>216,068</u>	<u>(44,174,597)</u>
Governmental activities capital assets, net	<u>\$ 56,297,750</u>	<u>\$ 3,313,155</u>	<u>\$ (2,228,486)</u>	<u>\$ 57,382,419</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,369,017
Special	51,619
Vocational	18,316
<u>Support services:</u>	
Pupil	17,722
Instructional staff	57,807
Administration	33,392
Operations and maintenance	65,985
Pupil transportation	149,410
Central	120,044
Extracurricular activities	257,529
Food service operations	27,850
Total depreciation expense	<u>\$ 2,168,691</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2015, the following changes occurred in the District's long-term obligations. July 1, 2014 amounts have been restated as described in Note 3.A.

	Restated Balance Outstanding <u>07/01/14</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>06/30/15</u>	Amount Due in One Year
Governmental activities:					
<u>Certificates of participation:</u>					
Series 2012 refunding	\$ 17,825,000	\$ -	\$ (440,000)	\$ 17,385,000	\$ 600,000
<u>General obligation bonds:</u>					
Energy conservation bonds	1,705,000	-	(200,000)	1,505,000	200,000
Qualified school construction bonds	1,725,000	-	(145,000)	1,580,000	145,000
Series 2003, refunding					
Current interest bonds	<u>435,000</u>	<u>-</u>	<u>(435,000)</u>	<u>-</u>	<u>-</u>
Total bonds and certificates of participation	<u>21,690,000</u>	<u>-</u>	<u>(1,220,000)</u>	<u>20,470,000</u>	<u>945,000</u>
Capital leases	874,520	-	(161,621)	712,899	172,875
Software license obligation	175,380	-	(114,222)	61,158	61,158
Compensated absences	3,512,360	777,611	(419,948)	3,870,023	908,275
Net pension liability	<u>95,004,806</u>	<u>-</u>	<u>(15,095,452)</u>	<u>79,909,354</u>	<u>-</u>
Total, governmental activities	<u>\$ 121,257,066</u>	<u>\$ 777,611</u>	<u>\$ (17,011,243)</u>	<u>\$ 105,023,434</u>	<u>\$ 2,087,308</u>
Add: unamortized premium on bonds				<u>89,916</u>	
Total on statement of net position				<u>\$ 105,113,350</u>	
Business-type activities:					
Compensated absences	\$ 28,872	\$ 2,909	\$ (17,459)	\$ 14,322	\$ 5,108
Net pension liability	<u>994,525</u>	<u>122,399</u>	<u>(224,351)</u>	<u>892,573</u>	<u>-</u>
Total, business-type activities	<u>\$ 1,023,397</u>	<u>\$ 125,308</u>	<u>\$ (241,810)</u>	<u>\$ 906,895</u>	<u>\$ 5,108</u>

The energy conservation bonds and qualified school construction bonds will be paid from the general fund. All bonds are backed by the full faith and credit of the District. The capital leases and computer software obligation are paid from the general fund; see Note 9 for more detail on capital leases. Compensated absences will be paid from the fund from which the employee is paid, which is primarily the general fund and the following nonmajor governmental funds: food service, auxiliary services, and Title VI-B. See Note 12 for more detail on the net pension liability.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Series 2003 Refunding General Obligation Bonds

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

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

Certificates of Participation, Series 2012 Refunding

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

The issuance proceeds of \$18,725,000 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in substance) and accordingly has been removed from the statement of net position. At June 30, 2015, \$18,810,000 of this debt was outstanding.

Energy Conservation Bonds

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

Qualified School Construction Bonds

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Software License Obligation

In March 2013, the District entered into an agreement to license computer software. The District makes monthly and annual payments over the 3-year contract term for the rights to use the software. Payments are made from the general fund. The following is a schedule of the future long-term minimum payments required under the agreement and the present value of these payments as of June 30, 2015:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$ 62,568
Less: amount representing interest	<u>(1,410)</u>
Total	<u>\$ 61,158</u>

- B.** Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2015, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Energy Conservation Bonds</u>			<u>Qualified School Construction Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 200,000	\$ 50,525	\$ 250,525	\$ 145,000	\$ 25,477	\$ 170,477
2017	200,000	44,525	244,525	150,000	22,984	172,984
2018	200,000	38,325	238,325	150,000	20,449	170,449
2019	215,000	31,363	246,363	155,000	17,872	172,872
2020	220,000	23,200	243,200	155,000	15,252	170,252
2021 - 2025	<u>470,000</u>	<u>19,000</u>	<u>489,000</u>	<u>825,000</u>	<u>35,364</u>	<u>860,364</u>
Total	<u>\$ 1,505,000</u>	<u>\$ 206,938</u>	<u>\$ 1,711,938</u>	<u>\$ 1,580,000</u>	<u>\$ 137,398</u>	<u>\$ 1,717,398</u>

- C.** Principal and interest requirements to retire the certificates of participation outstanding at June 30, 2015, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 600,000	\$ 607,614	\$ 1,207,614
2017	620,000	595,614	1,215,614
2018	640,000	583,214	1,223,214
2019	665,000	568,814	1,233,814
2020	690,000	552,189	1,242,189
2021 - 2025	3,920,000	2,446,553	6,366,553
2026 - 2030	5,095,000	1,621,152	6,716,152
2031 - 2034	<u>5,155,000</u>	<u>529,600</u>	<u>5,684,600</u>
Total	<u>\$ 17,385,000</u>	<u>\$ 7,504,750</u>	<u>\$ 24,889,750</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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, 2015, are a voted debt margin of \$62,950,949 and an unvoted debt margin of \$926,899.

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District entered into lease agreements to acquire copiers and copier equipment. Capital assets consisting of equipment have been capitalized in the amount of \$918,391. Accumulated depreciation as of June 30, 2015 was \$229,598, leaving a current book value of \$688,793. Lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. Principal and interest payments of \$161,621 and \$54,091, respectively, were paid from the general fund.

The following is a schedule of the future long-term minimum lease payments required under the lease agreement and the present value of the future minimum lease payments as of June 30, 2015:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$ 215,712
2017	215,712
2018	215,712
2019	<u>161,784</u>
Total minimum lease payments	808,920
Less: amount representing interest	<u>(96,021)</u>
Total	<u>\$ 712,899</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working 11 or 12 months per year are entitled to an annual vacation, with pay, based on length of service in the District. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for an unlimited number of days. For both certified and classified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the first 144 days and adding to that one day for every eight days in excess of 144 days to a maximum of 36 additional days of severance. Maximum severance in total is 72 days. See Note 1.J. for further detail on the financial reporting of the District's compensated absences.

NOTE 11 - RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The District has a comprehensive property and casualty policy with deductibles that vary from \$0 to \$50,000 depending on the type of coverage. The District's vehicle liability insurance policy limit is \$5,000,000 with a \$500 collision deductible. All Board Members, administrators and employees are covered under a District liability policy. The limits of this coverage are \$5,000,000 per occurrence and \$7,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior year.

B. Fidelity Bond

The Treasurer is covered under a surety bond in the amount of \$50,000. Selected other employees are covered for faithful performance in the District's property and casualty liability policy for \$100,000, subject to a \$1,000 deductible.

C. Employee Health Insurance

The District has elected to provide employee medical and prescription benefits through a self-insurance program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$400 family and \$200 single deductible. A third party administrator reviews and processes all claims for payment. Medical Mutual of Ohio is the claims administrator for medical and prescription claims. The District provides fully insured dental coverage through Delta Dental of Ohio preferred provider organization. Employees are offered two plan options, a High and a Low plan. Both plans have a \$25 deductible per person annual deductible capped at \$50 per family. The District purchases stop-loss coverage for the medical/prescription coverage of \$125,000 per individual and \$9,226,775 in the aggregate.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - RISK MANAGEMENT - (Continued)

The District pays into the self-insurance internal service fund for full-time medical and prescription drug family coverage \$1,271.98 per month for certified, classified and administrative employees. Single coverage full-time costs are \$580.14 for certified, classified and administrative employees. Employees are considered part-time if they work 17.5 or more hours per week for certified staff or 25 or more hours per week for classified staff and administrators and less than 35 hours per week. Part-time employees are eligible for family and single coverage. The premiums for part-time employees are prorated according to hours worked per week for certified employees and classified employees.

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

Dental coverage is provided on a fully-insured basis through Delta Dental of Ohio. There are two dental plans; Low plan and High plan. For this coverage, the District pays \$56.10 and \$106.76 per month under the Low and High plans, respectively, for family coverage and \$18.36 and \$38.40 per month under the Low and High plans, respectively, for single coverage for certified employees. Premiums for classified employees are prorated according to hours worked per 35-hour week with premiums ranging from \$17.42 to \$70.60 for family coverage and \$7.50 to \$21.17 for single coverage. Employees working 17.5 or more hours per week for certified staff or 25 hours per week for classified and administrative staff are eligible for dental coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages of fixed rates established in each plan.

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

The claims liability of \$509,862 reported in the internal service fund at June 30, 2015, is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2015	\$ 530,448	\$ 7,292,162	\$ (7,312,748)	\$ 509,862
2014	618,288	6,924,832	(7,012,672)	530,448

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - RISK MANAGEMENT - (Continued)

D. Workers' Compensation

Effective January 1, 2012, the District participates in the Ohio SchoolComp Group Rating Program (GRP), an insurance purchasing pool (See Note 1.A). The GRP is co-sponsored by the Ohio School Boards Association and the Ohio Association of School Business Officials. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund".

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

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

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

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

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2015	\$ 6,924	\$ 77,015	\$ (36,811)	\$ 47,128
2014	6,286	20,097	(19,459)	6,924

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension obligation payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,217,596 for fiscal year 2015. Of this amount \$108,019 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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.

**HUDSON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$3,889,394 for fiscal year 2015. Of this amount, \$643,308 is reported as pension and postemployment benefits payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 15,537,956	\$ 65,263,971	\$ 80,801,927
Proportion of the Net Pension Liability	0.30701700%	0.26831696%	
Pension Expense	\$ 906,742	\$ 2,531,626	\$ 3,438,368

**HUDSON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 132,245	\$ 628,307	\$ 760,552
School District contributions subsequent to the measurement date	1,217,596	3,889,394	5,106,990
Total Deferred Outflows of Resources	\$ 1,349,841	\$ 4,517,701	\$ 5,867,542
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 2,521,854	\$ 12,074,082	\$ 14,595,936

\$5,106,990 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	\$ (597,403)	\$ (2,861,444)	\$ (3,458,847)
2017	(597,403)	(2,861,444)	(3,458,847)
2018	(597,403)	(2,861,444)	(3,458,847)
2019	(597,400)	(2,861,443)	(3,458,843)
Total	\$ (2,389,609)	\$ (11,445,775)	\$ (13,835,384)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**HUDSON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u><u>100.00 %</u></u>	

**HUDSON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 22,168,045	\$ 15,537,956	\$ 9,961,477

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
 Total	 <u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 93,432,489	\$ 65,263,971	\$ 41,442,883

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$160,711.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$230,709, \$164,656, and \$142,798, respectively. For fiscal year 2015, 92.07 percent has been contributed, with the balance being reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$279,199, and \$284,469 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 14 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

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

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 15 - SET-ASIDES

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	704,712
Current year qualifying expenditures	(665,344)
Current year offsets	<u>(1,398,112)</u>
Total	<u>\$ (1,358,744)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 16 - 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

	<u>General fund</u>
Budget basis	\$ 3,694,243
Net adjustment for revenue accruals	2,056,935
Net adjustment for expenditure accruals	61,091
Net adjustment for other sources/uses	(395,505)
Funds budgeted elsewhere	(67,253)
Adjustment for encumbrances	<u>1,201,357</u>
GAAP basis	<u>\$ 6,550,868</u>

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

NOTE 17 - COOPERATIVE AGREEMENT

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

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 \$1,335,218 from the City of Hudson during fiscal year 2015 as a result of this agreement. This revenue is reported in the building fund and debt service fund, both of which are nonmajor governmental funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 18 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 1,115,523
Nonmajor governmental funds	<u>392,555</u>
Total	<u>\$ 1,508,078</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	2014	2013
District's proportion of the net pension liability	0.30701700%	0.30701700%
District's proportionate share of the net pension liability	\$ 15,537,956	\$ 18,257,316
District's covered-employee payroll	\$ 8,921,306	\$ 7,335,853
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	248.88%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	2014	2013
District's proportion of the net pension liability	0.26831696%	0.26831696%
District's proportionate share of the net pension liability	\$ 65,263,971	\$ 77,742,015
District's covered-employee payroll	\$ 27,414,577	\$ 28,446,892
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	273.29%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,217,596	\$ 1,236,493	\$ 1,015,282	\$ 971,580
Contributions in relation to the contractually required contribution	<u>(1,217,596)</u>	<u>(1,236,493)</u>	<u>(1,015,282)</u>	<u>(971,580)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,238,209	\$ 8,921,306	\$ 7,335,853	\$ 7,223,643
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 947,504	\$ 1,057,708	\$ 762,346	\$ 711,969	\$ 719,386	\$ 674,082
<u>(947,504)</u>	<u>(1,057,708)</u>	<u>(762,346)</u>	<u>(711,969)</u>	<u>(719,386)</u>	<u>(674,082)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,537,820	\$ 7,811,728	\$ 7,747,419	\$ 7,250,193	\$ 6,735,824	\$ 6,371,285
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 3,889,394	\$ 3,563,895	\$ 3,698,096	\$ 3,792,759
Contributions in relation to the contractually required contribution	<u>(3,889,394)</u>	<u>(3,563,895)</u>	<u>(3,698,096)</u>	<u>(3,792,759)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 27,781,386	\$ 27,414,577	\$ 28,446,892	\$ 29,175,069
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 4,014,133	\$ 4,042,798	\$ 3,904,683	\$ 3,755,884	\$ 3,601,314	\$ 3,592,616
<u>(4,014,133)</u>	<u>(4,042,798)</u>	<u>(3,904,683)</u>	<u>(3,755,884)</u>	<u>(3,601,314)</u>	<u>(3,592,616)</u>
<u>\$ -</u>					
\$ 30,877,946	\$ 31,098,446	\$ 30,036,023	\$ 28,891,415	\$ 27,702,415	\$ 27,635,508
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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

FUND DESCRIPTIONS

GENERAL FUND

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

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

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

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

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Rotary</u>			
Total Revenues and Other Financing Sources	\$ 313,000	\$ 348,323	\$ 35,323
Total Expenditures and Other Financing Uses	<u>550,493</u>	<u>410,633</u>	<u>139,860</u>
Net Change in Fund Balance	(237,493)	(62,310)	175,183
Fund Balance, July 1	223,116	223,116	-
Prior Year Encumbrances Appropriated	<u>20,493</u>	<u>20,493</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,116</u>	<u>\$ 181,299</u>	<u>\$ 175,183</u>
<u>Public School Support</u>			
Total Revenues and Other Financing Sources	\$ 300,000	\$ 281,275	\$ (18,725)
Total Expenditures and Other Financing Uses	<u>307,770</u>	<u>288,355</u>	<u>19,415</u>
Net Change in Fund Balance	(7,770)	(7,080)	690
Fund Balance, July 1	119,214	119,214	-
Prior Year Encumbrances Appropriated	<u>7,770</u>	<u>7,770</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 119,214</u>	<u>\$ 119,904</u>	<u>\$ 690</u>
<u>Special Trust</u>			
Total Revenues and Other Financing Sources	\$ 12,968	\$ 13,860	\$ 892
Total Expenditures and Other Financing Uses	<u>25,543</u>	<u>11,810</u>	<u>13,733</u>
Net Change in Fund Balance	(12,575)	2,050	14,625
Fund Balance, July 1	14,550	14,550	-
Prior Year Encumbrances Appropriated	<u>1,690</u>	<u>1,690</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,665</u>	<u>\$ 18,290</u>	<u>\$ 14,625</u>

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

FUND DESCRIPTIONS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Title III - Used to account for federal grant monies provided to develop and carry out elementary and secondary school programs, including activities at the preschool level, to meet the educational needs of children of limited English proficiency.

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

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

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

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

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

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

DEBT SERVICE FUND

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

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

FUND DESCRIPTIONS

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS

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

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

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

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 750,136	\$ 2,095,621	\$ 2,845,757
Receivables:			
Property taxes	-	1,230,320	1,230,320
Intergovernmental	166,391	-	166,391
Materials and supplies inventory	2,229	-	2,229
Inventory held for resale	11,622	-	11,622
	<u>\$ 930,378</u>	<u>\$ 3,325,941</u>	<u>\$ 4,256,319</u>
Liabilities:			
Accounts payable	\$ 31,949	\$ 18,125	\$ 50,074
Contracts payable	-	322,179	322,179
Accrued wages and benefits payable.	234,678	-	234,678
Compensated absences payable	2,202	-	2,202
Pension and postemployment benefits payable.	54,113	-	54,113
Intergovernmental payable	9,085	-	9,085
Due to other funds	34,043	-	34,043
	<u>366,070</u>	<u>340,304</u>	<u>706,374</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	-	940,849	940,849
Delinquent property tax revenue not available	-	28,271	28,271
Intergovernmental revenue not available	59,840	-	59,840
	<u>59,840</u>	<u>969,120</u>	<u>1,028,960</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	2,229	-	2,229
Restricted:			
Capital improvements	-	2,016,517	2,016,517
Food service operations	237,215	-	237,215
Non-public schools	54,964	-	54,964
Extracurricular activities.	143,715	-	143,715
Other purposes.	91,731	-	91,731
Unassigned (deficit)	(25,386)	-	(25,386)
	<u>504,468</u>	<u>2,016,517</u>	<u>2,520,985</u>
Total liabilities, deferred inflows of resources and fund balances.	<u>\$ 930,378</u>	<u>\$ 3,325,941</u>	<u>\$ 4,256,319</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ -	\$ 155,154	\$ 1,278,424	\$ 1,433,578
Payment in lieu of taxes	-	-	500,000	500,000
Earnings on investments	872	-	-	872
Charges for services	1,201,321	-	-	1,201,321
Extracurricular	406,354	-	-	406,354
Other local revenues	154,760	-	255,091	409,851
Intergovernmental - intermediate	-	2,010	1,333,208	1,335,218
Intergovernmental - state	2,223,338	30,589	197,759	2,451,686
Intergovernmental - federal	1,693,478	-	-	1,693,478
Total revenues	<u>5,680,123</u>	<u>187,753</u>	<u>3,564,482</u>	<u>9,432,358</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,163,004	-	285,014	2,448,018
Special	710,679	-	-	710,679
Vocational	2,000	-	-	2,000
Other	10,800	-	-	10,800
Support services:				
Pupil	688,345	-	-	688,345
Instructional staff	86,749	-	-	86,749
Administration	174,816	-	-	174,816
Fiscal	-	44,974	17,095	62,069
Operations and maintenance	44,109	-	-	44,109
Pupil transportation	-	-	255,766	255,766
Operation of non-instructional services:				
Food service operations	1,388,802	-	-	1,388,802
Other non-instructional services	5,306	-	-	5,306
Extracurricular activities	472,819	-	-	472,819
Facilities acquisition and construction	-	-	3,367,929	3,367,929
Debt service:				
Principal retirement	-	875,000	-	875,000
Interest and fiscal charges	-	625,114	-	625,114
Total expenditures	<u>5,747,429</u>	<u>1,545,088</u>	<u>3,925,804</u>	<u>11,218,321</u>
Excess of expenditures over revenues	<u>(67,306)</u>	<u>(1,357,335)</u>	<u>(361,322)</u>	<u>(1,785,963)</u>
Other financing sources (uses):				
Transfers in	26,000	1,055,000	564,000	1,645,000
Transfers (out)	-	-	(1,219,000)	(1,219,000)
Total other financing sources (uses)	<u>26,000</u>	<u>1,055,000</u>	<u>(655,000)</u>	<u>426,000</u>
Net change in fund balances	(41,306)	(302,335)	(1,016,322)	(1,359,963)
Fund balances at beginning of year	<u>545,774</u>	<u>302,335</u>	<u>3,032,839</u>	<u>3,880,948</u>
Fund balances at end of year	<u>\$ 504,468</u>	<u>\$ -</u>	<u>\$ 2,016,517</u>	<u>\$ 2,520,985</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Other Grants	Athletics and Music	Auxiliary Services	Other State Grants	Title VI-B
Assets:					
Equity in pooled cash and investments	\$ 87,740	\$ 149,608	\$ 83,767	\$ 450	\$ 59,176
Receivables:					
Intergovernmental	-	-	-	-	108,409
Materials and supplies inventory	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Total assets.	<u>\$ 87,740</u>	<u>\$ 149,608</u>	<u>\$ 83,767</u>	<u>\$ 450</u>	<u>\$ 167,585</u>
Liabilities:					
Accounts payable.	\$ 1,286	\$ 5,720	\$ 19,438	\$ -	\$ 4,110
Accrued wages and benefits payable	-	-	7,303	-	106,712
Compensated absences payable.	-	-	-	-	-
Pension and postemployment benefits payable.	-	92	1,851	-	19,996
Intergovernmental payable	3	81	211	-	4,454
Due to other funds	-	-	-	-	-
Total liabilities	<u>1,289</u>	<u>5,893</u>	<u>28,803</u>	<u>-</u>	<u>135,272</u>
Deferred inflows of resources:					
Intergovernmental revenue not available.	-	-	-	-	46,476
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,476</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory.	-	-	-	-	-
Restricted:					
Food service operations	-	-	-	-	-
Non-public schools	-	-	54,964	-	-
Extracurricular activities.	-	143,715	-	-	-
Other purposes.	86,451	-	-	450	-
Unassigned (deficit).	-	-	-	-	(14,163)
Total fund balances (deficits)	<u>86,451</u>	<u>143,715</u>	<u>54,964</u>	<u>450</u>	<u>(14,163)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 87,740</u>	<u>\$ 149,608</u>	<u>\$ 83,767</u>	<u>\$ 450</u>	<u>\$ 167,585</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2015

	<u>Title III</u>	<u>Title I</u>	<u>EHA Preschool Grant</u>	<u>Classroom Reduction</u>	<u>Other Federal Grants</u>
Assets:					
Equity in pooled cash and investments	\$ 204	\$ 16,504	\$ 507	\$ 2,663	\$ -
Receivables:					
Intergovernmental	-	1,011	1,671	8,623	46,677
Materials and supplies inventory	-	-	-	-	-
Inventory held for resale	-	-	-	-	-
Total assets.	<u>\$ 204</u>	<u>\$ 17,515</u>	<u>\$ 2,178</u>	<u>\$ 11,286</u>	<u>\$ 46,677</u>
Liabilities:					
Accounts payable.	\$ -	\$ -	\$ -	\$ 1,350	\$ -
Accrued wages and benefits payable	-	21,962	2,344	9,392	-
Compensated absences payable.	-	-	-	-	-
Pension and postemployment benefits payable.	-	2,452	478	2,363	-
Intergovernmental payable	-	706	136	237	52
Due to other funds	-	-	-	-	34,043
Total liabilities	<u>-</u>	<u>25,120</u>	<u>2,958</u>	<u>13,342</u>	<u>34,095</u>
Deferred inflows of resources:					
Intergovernmental revenue not available.	-	-	-	730	-
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>730</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory.	-	-	-	-	-
Restricted:					
Food service operations	-	-	-	-	-
Non-public schools	-	-	-	-	-
Extracurricular activities.	-	-	-	-	-
Other purposes.	204	-	-	-	-
Unassigned (deficit).	<u>-</u>	<u>(7,605)</u>	<u>(780)</u>	<u>(2,786)</u>	<u>(52)</u>
Total fund balances (deficits)	<u>204</u>	<u>(7,605)</u>	<u>(780)</u>	<u>(2,786)</u>	<u>(52)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 204</u>	<u>\$ 17,515</u>	<u>\$ 2,178</u>	<u>\$ 11,286</u>	<u>\$ 34,043</u>

<u>Food Service</u>	<u>Other Special Revenue</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 344,891	\$ 4,626	\$ 750,136
-	-	166,391
2,229	-	2,229
11,622	-	11,622
<u>\$ 358,742</u>	<u>\$ 4,626</u>	<u>\$ 930,378</u>
\$ 45	\$ -	\$ 31,949
86,965	-	234,678
2,202	-	2,202
26,881	-	54,113
3,205	-	9,085
-	-	34,043
<u>119,298</u>	<u>-</u>	<u>366,070</u>
-	12,634	59,840
-	12,634	59,840
2,229	-	2,229
237,215	-	237,215
-	-	54,964
-	-	143,715
-	4,626	91,731
-	-	(25,386)
<u>239,444</u>	<u>4,626</u>	<u>504,468</u>
<u>\$ 358,742</u>	<u>\$ 17,260</u>	<u>\$ 930,378</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Other Grants	Athletics and Music	Auxiliary Services	Data Communications	Other State Grants
Revenues:					
From local sources:					
Earnings on investments.	\$ -	\$ -	\$ 510	\$ -	\$ -
Charges for services	-	-	-	-	-
Extracurricular.	-	406,354	-	-	-
Other local revenues.	112,732	40,963	-	-	-
Intergovernmental - state	-	-	2,163,341	10,800	47,462
Intergovernmental - federal.	-	-	-	-	-
Total revenues	<u>112,732</u>	<u>447,317</u>	<u>2,163,851</u>	<u>10,800</u>	<u>47,462</u>
Expenditures:					
Current:					
Instruction:					
Regular	71,029	-	1,995,213	-	7,022
Special.	-	-	-	-	-
Vocational	2,000	-	-	-	-
Other.	-	-	-	10,800	-
Support services:					
Pupil.	597	-	142,258	-	-
Instructional staff	3,109	-	1,196	-	-
Administration.	-	-	119,142	-	-
Operations and maintenance.	-	-	-	-	39,962
Operation of non-instructional services:					
Food service operations	-	-	-	-	-
Other non-instructional services.	-	-	-	-	-
Extracurricular activities.	10,271	462,548	-	-	-
Total expenditures	<u>87,006</u>	<u>462,548</u>	<u>2,257,809</u>	<u>10,800</u>	<u>46,984</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,726</u>	<u>(15,231)</u>	<u>(93,958)</u>	<u>-</u>	<u>478</u>
Other financing sources:					
Transfers in	-	26,000	-	-	-
Total other financing sources.	<u>-</u>	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	25,726	10,769	(93,958)	-	478
Fund balances (deficits)					
at beginning of year.	60,725	132,946	148,922	-	(28)
Fund balances (deficits) at end of year. . .	<u><u>\$ 86,451</u></u>	<u><u>\$ 143,715</u></u>	<u><u>\$ 54,964</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 450</u></u>

<u>Race to the Top</u>	<u>Title VI-B</u>	<u>Title III</u>	<u>Title I</u>	<u>EHA Preschool Grant</u>	<u>Classroom Reduction</u>	<u>Other Federal Grants</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,136,348	1,160	183,856	23,702	90,345	34,043
8	1,136,348	1,160	183,856	23,702	90,345	34,043
-	-	1,384	-	-	88,356	-
-	512,214	-	177,221	21,244	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	538,671	-	6,819	-	-	-
-	48,422	-	-	-	-	34,022
-	55,674	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,976	-	-	-	-	-
-	-	-	-	-	-	-
-	1,159,957	1,384	184,040	21,244	88,356	34,022
8	(23,609)	(224)	(184)	2,458	1,989	21
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8	(23,609)	(224)	(184)	2,458	1,989	21
(8)	9,446	428	(7,421)	(3,238)	(4,775)	(73)
\$ -	\$ (14,163)	\$ 204	\$ (7,605)	\$ (780)	\$ (2,786)	\$ (52)

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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, 2015

	Food Service	Other Special Revenue	Total Nonmajor Special Revenue Funds
Revenues:			
From local sources:			
Earnings on investments	\$ 362	\$ -	\$ 872
Charges for services	1,201,321	-	1,201,321
Extracurricular	-	-	406,354
Other local revenues	-	1,057	154,760
Intergovernmental - state	1,735	-	2,223,338
Intergovernmental - federal	224,024	-	1,693,478
Total revenues	<u>1,427,442</u>	<u>1,057</u>	<u>5,680,123</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	-	2,163,004
Special	-	-	710,679
Vocational	-	-	2,000
Other	-	-	10,800
Support services:			
Pupil	-	-	688,345
Instructional staff	-	-	86,749
Administration	-	-	174,816
Operations and maintenance	4,147	-	44,109
Operation of non-instructional services:			
Food service operations	1,388,802	-	1,388,802
Other non-instructional services	-	330	5,306
Extracurricular activities	-	-	472,819
Total expenditures	<u>1,392,949</u>	<u>330</u>	<u>5,747,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,493</u>	<u>727</u>	<u>(67,306)</u>
Other financing sources:			
Transfers in	-	-	26,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>26,000</u>
Net change in fund balances	34,493	727	(41,306)
Fund balances (deficits)			
at beginning of year	204,951	3,899	545,774
Fund balances (deficits) at end of year	<u>\$ 239,444</u>	<u>\$ 4,626</u>	<u>\$ 504,468</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Other Grants</u>			
Total Revenues and Other Financing Sources	\$ 89,475	\$ 112,732	\$ 23,257
Total Expenditures and Other Financing Uses	<u>150,951</u>	<u>97,035</u>	<u>53,916</u>
Net Change in Fund Balance	(61,476)	15,697	77,173
Fund Balance, July 1	50,207	50,207	-
Prior Year Encumbrances Appropriated	<u>11,269</u>	<u>11,269</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 77,173</u>	<u>\$ 77,173</u>
<u>Athletics and Music</u>			
Total Revenues and Other Financing Sources	\$ 380,000	\$ 488,450	\$ 108,450
Total Expenditures and Other Financing Uses	<u>509,100</u>	<u>496,714</u>	<u>12,386</u>
Net Change in Fund Balance	(129,100)	(8,264)	120,836
Fund Balance, July 1	129,765	129,765	-
Prior Year Encumbrances Appropriated	<u>9,100</u>	<u>9,100</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 9,765</u>	<u>\$ 130,601</u>	<u>\$ 120,836</u>
<u>Auxiliary Services</u>			
Total Revenues and Other Financing Sources	\$ 2,472,877	\$ 2,166,206	\$ (306,671)
Total Expenditures and Other Financing Uses	<u>2,578,461</u>	<u>2,561,088</u>	<u>17,373</u>
Net Change in Fund Balance	(105,584)	(394,882)	(289,298)
Fund Balance, July 1	105,123	105,123	-
Prior Year Encumbrances Appropriated	<u>307,134</u>	<u>307,134</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 306,673</u>	<u>\$ 17,375</u>	<u>\$ (289,298)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Data Communications</u>			
Total Revenues and Other Financing Sources	\$ 10,800	\$ 10,800	\$ -
Total Expenditures and Other Financing Uses	<u>10,800</u>	<u>10,800</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other State Grants</u>			
Total Revenues and Other Financing Sources	\$ 47,500	\$ 47,462	\$ (38)
Total Expenditures and Other Financing Uses	<u>47,462</u>	<u>47,012</u>	<u>450</u>
Net Change in Fund Balance	38	450	412
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 38</u>	<u>\$ 450</u>	<u>\$ 412</u>
<u>Title VI-B</u>			
Total Revenues and Other Financing Sources	\$ 1,300,000	\$ 1,169,323	\$ (130,677)
Total Expenditures and Other Financing Uses	<u>1,238,016</u>	<u>1,236,304</u>	<u>1,712</u>
Net Change in Fund Balance	61,984	(66,981)	(128,965)
Fund Balance, July 1	11,195	11,195	-
Prior Year Encumbrances Appropriated	<u>57,498</u>	<u>57,498</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 130,677</u>	<u>\$ 1,712</u>	<u>\$ (128,965)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Title III</u>			
Total Revenues and Other Financing Sources	\$ 1,710	\$ 1,160	\$ (550)
Total Expenditures and Other Financing Uses	<u>1,704</u>	<u>1,704</u>	<u>-</u>
Net Change in Fund Balance	6	(544)	(550)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>544</u>	<u>544</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 550</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (550)</u></u>
<u>Title I</u>			
Total Revenues and Other Financing Sources	\$ 315,000	\$ 200,855	\$ (114,145)
Total Expenditures and Other Financing Uses	<u>208,700</u>	<u>193,051</u>	<u>15,649</u>
Net Change in Fund Balance	106,300	7,804	(98,496)
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>8,700</u>	<u>8,700</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 115,000</u></u>	<u><u>\$ 16,504</u></u>	<u><u>\$ (98,496)</u></u>
<u>EHA Preschool Grant</u>			
Total Revenues and Other Financing Sources	\$ 27,000	\$ 22,031	\$ (4,969)
Total Expenditures and Other Financing Uses	<u>23,500</u>	<u>23,043</u>	<u>457</u>
Net Change in Fund Balance	3,500	(1,012)	(4,512)
Fund Balance, July 1	<u>1,519</u>	<u>1,519</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 5,019</u></u>	<u><u>\$ 507</u></u>	<u><u>\$ (4,512)</u></u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Classroom Reduction</u>			
Total Revenues and Other Financing Sources	\$ 85,000	\$ 100,866	\$ 15,866
Total Expenditures and Other Financing Uses	<u>105,512</u>	<u>104,519</u>	<u>993</u>
Net Change in Fund Balance	(20,512)	(3,653)	16,859
Fund Balance, July 1	-	-	-
Prior Year Encumbrances Appropriated	<u>5,512</u>	<u>5,512</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (15,000)</u>	<u>\$ 1,859</u>	<u>\$ 16,859</u>
<u>Other Federal Grants</u>			
Total Revenues and Other Financing Sources	\$ 95,426	\$ 49,426	\$ (46,000)
Total Expenditures and Other Financing Uses	<u>34,043</u>	<u>34,043</u>	<u>-</u>
Net Change in Fund Balance	61,383	15,383	(46,000)
Fund Balance (Deficit), July 1	<u>(49,426)</u>	<u>(49,426)</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u>\$ 11,957</u>	<u>\$ (34,043)</u>	<u>\$ (46,000)</u>
<u>Food Service</u>			
Total Revenues and Other Financing Sources	\$ 1,458,000	\$ 1,363,326	\$ (94,674)
Total Expenditures and Other Financing Uses	<u>1,597,103</u>	<u>1,343,665</u>	<u>253,438</u>
Net Change in Fund Balance	(139,103)	19,661	158,764
Fund Balance, July 1	307,403	307,403	-
Prior Year Encumbrances Appropriated	<u>13,103</u>	<u>13,103</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 181,403</u>	<u>\$ 340,167</u>	<u>\$ 158,764</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Other Special Revenue</u>			
Total Revenues and Other Financing Sources	\$ 594	\$ 1,057	\$ 463
Total Expenditures and Other Financing Uses	<u>4,300</u>	<u>330</u>	<u>3,970</u>
Net Change in Fund Balance	(3,706)	727	4,433
Fund Balance, July 1	<u>3,899</u>	<u>3,899</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 193</u>	<u>\$ 4,626</u>	<u>\$ 4,433</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Debt Service</u>			
Total Revenues and Other Financing Sources	\$ 1,355,406	\$ 1,355,406	\$ -
Total Expenditures and Other Financing Uses	<u>1,587,009</u>	<u>1,587,009</u>	<u>-</u>
Net Change in Fund Balance	(231,603)	(231,603)	-
Fund Balance, July 1	<u>231,603</u>	<u>231,603</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	Building	Permanent Improvement	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and investments	\$ 1,576,931	\$ 518,690	\$ 2,095,621
Receivables:			
Property taxes	-	1,230,320	1,230,320
Total assets	<u>\$ 1,576,931</u>	<u>\$ 1,749,010</u>	<u>\$ 3,325,941</u>
Liabilities:			
Accounts payable	\$ -	\$ 18,125	\$ 18,125
Contracts payable.	322,179	-	322,179
Total liabilities.	322,179	18,125	340,304
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	-	940,849	940,849
Delinquent property tax revenue not available.	-	28,271	28,271
Total deferred inflows of resources	-	969,120	969,120
Fund balances:			
Restricted:			
Capital improvements.	1,254,752	761,765	2,016,517
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,576,931</u>	<u>\$ 1,749,010</u>	<u>\$ 3,325,941</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Building	Permanent Improvement	Total Nonmajor Capital Projects Funds
Revenues:			
From local sources:			
Property taxes	\$ -	\$ 1,278,424	\$ 1,278,424
Payment in lieu of taxes	500,000	-	500,000
Other local revenues	206,413	48,678	255,091
Intergovernmental - intermediate	1,333,208	-	1,333,208
Intergovernmental - state	-	197,759	197,759
	<u>2,039,621</u>	<u>1,524,861</u>	<u>3,564,482</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	285,014	285,014
Support services:			
Fiscal	-	17,095	17,095
Pupil transportation	-	255,766	255,766
Facilities acquisition and construction	2,025,095	1,342,834	3,367,929
	<u>2,025,095</u>	<u>1,900,709</u>	<u>3,925,804</u>
Total expenditures	<u>2,025,095</u>	<u>1,900,709</u>	<u>3,925,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,526</u>	<u>(375,848)</u>	<u>(361,322)</u>
Other financing (uses):			
Transfers in	564,000	-	564,000
Transfers out	(1,055,000)	(164,000)	(1,219,000)
	<u>(491,000)</u>	<u>(164,000)</u>	<u>(655,000)</u>
Total other financing (uses)	<u>(491,000)</u>	<u>(164,000)</u>	<u>(655,000)</u>
Net change in fund balances	(476,474)	(539,848)	(1,016,322)
Fund balances at beginning of year	<u>1,731,226</u>	<u>1,301,613</u>	<u>3,032,839</u>
Fund balances at end of year	<u>\$ 1,254,752</u>	<u>\$ 761,765</u>	<u>\$ 2,016,517</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Building</u>			
Total Revenues and Other Financing Sources	\$ 3,146,820	\$ 3,303,621	\$ 156,801
Total Expenditures and Other Financing Uses	<u>5,155,723</u>	<u>4,290,493</u>	<u>865,230</u>
Net Change in Fund Balance	(2,008,903)	(986,872)	1,022,031
Fund Balance, July 1	1,153,181	1,153,181	-
Prior Year Encumbrances Appropriated	<u>855,723</u>	<u>855,723</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 1</u></u>	<u><u>\$ 1,022,032</u></u>	<u><u>\$ 1,022,031</u></u>
<u>Permanent Improvement</u>			
Total Revenues and Other Financing Sources	\$ 1,410,984	\$ 1,474,445	\$ 63,461
Total Expenditures and Other Financing Uses	<u>2,498,832</u>	<u>2,208,759</u>	<u>290,073</u>
Net Change in Fund Balance	(1,087,848)	(734,314)	353,534
Fund Balance, July 1	1,104,670	1,104,670	-
Prior Year Encumbrances Appropriated	<u>98,832</u>	<u>98,832</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 115,654</u></u>	<u><u>\$ 469,188</u></u>	<u><u>\$ 353,534</u></u>

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

FUND DESCRIPTIONS

PROPRIETARY FUNDS

MAJOR ENTERPRISE FUND

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

INTERNAL SERVICE FUND

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

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Community Education</u>			
Total Revenues	\$ 1,340,208	\$ 1,421,867	\$ 81,659
Total Expenses	<u>2,109,667</u>	<u>1,520,428</u>	<u>589,239</u>
Net Change in Fund Balance	(769,459)	(98,561)	670,898
Fund Balance, July 1	778,594	778,594	-
Prior Year Encumbrances Appropriated	<u>209,667</u>	<u>209,667</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 218,802</u>	<u>\$ 889,700</u>	<u>\$ 670,898</u>
<u>Self-Insurance</u>			
Total Revenues	\$ 10,000,000	\$ 7,994,888	\$ (2,005,112)
Total Expenses	<u>11,015,885</u>	<u>9,782,642</u>	<u>1,233,243</u>
Net Change in Fund Balance	(1,015,885)	(1,787,754)	(771,869)
Fund Balance, July 1	3,244,966	3,244,966	-
Prior Year Encumbrances Appropriated	<u>1,015,885</u>	<u>1,015,885</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,244,966</u>	<u>\$ 2,473,097</u>	<u>\$ (771,869)</u>

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

FUND DESCRIPTIONS

FIDUCIARY FUNDS

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

PRIVATE-PURPOSE TRUST FUND

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

AGENCY FUNDS

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

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

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<u>Scholarship</u>			
Total Revenues	\$ 169,085	\$ 177,470	\$ 8,385
Total Expenses	<u>180,057</u>	<u>177,470</u>	<u>2,587</u>
Net Change in Fund Balance	(10,972)	-	10,972
Fund Balance, July 1	<u>2,586</u>	<u>2,586</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (8,386)</u>	<u>\$ 2,586</u>	<u>\$ 10,972</u>

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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Student Activities

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>
Assets:				
Equity in pooled cash and investments	\$ 89,570	\$ 88,062	\$ 79,628	\$ 98,004
Total assets.	<u>\$ 89,570</u>	<u>\$ 88,062</u>	<u>\$ 79,628</u>	<u>\$ 98,004</u>
Liabilities:				
Accounts payable.	\$ 10,955	\$ 11,237	\$ 10,955	\$ 11,237
Due to students.	78,615	76,825	68,673	86,767
Total liabilities.	<u>\$ 89,570</u>	<u>\$ 88,062</u>	<u>\$ 79,628</u>	<u>\$ 98,004</u>

Six District Educational Compact

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>
Assets:				
Equity in pooled cash and investments	\$ 169,829	\$ 637,780	\$ 554,417	\$ 253,192
Receivables:				
Intergovernmental	-	2,973	-	2,973
Total assets.	<u>\$ 169,829</u>	<u>\$ 640,753</u>	<u>\$ 554,417</u>	<u>\$ 256,165</u>
Liabilities:				
Accounts payable.	\$ 2,968	\$ 971	\$ 2,968	\$ 971
Accrued wages and benefits	3,593	3,420	3,593	3,420
Pension and postemployment benefits payable . . .	4,500	3,912	4,500	3,912
Intergovernmental payable	3,131	2,369	3,131	2,369
Undistributed monies	155,637	630,081	540,225	245,493
Total liabilities.	<u>\$ 169,829</u>	<u>\$ 640,753</u>	<u>\$ 554,417</u>	<u>\$ 256,165</u>

Total

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>
Assets:				
Equity in pooled cash and investments	\$ 259,399	\$ 725,842	\$ 634,045	\$ 351,196
Receivables:				
Intergovernmental	-	2,973	-	2,973
Total assets.	<u>\$ 259,399</u>	<u>\$ 728,815</u>	<u>\$ 634,045</u>	<u>\$ 354,169</u>
Liabilities:				
Accounts payable.	\$ 13,923	\$ 12,208	\$ 13,923	\$ 12,208
Accrued wages and benefits	3,593	3,420	3,593	3,420
Pension and postemployment benefits payable . . .	4,500	3,912	4,500	3,912
Intergovernmental payable	3,131	2,369	3,131	2,369
Due to students.	78,615	76,825	68,673	86,767
Undistributed monies	155,637	630,081	540,225	245,493
Total liabilities.	<u>\$ 259,399</u>	<u>\$ 728,815</u>	<u>\$ 634,045</u>	<u>\$ 354,169</u>

STATISTICAL SECTION

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

STATISTICAL SECTION

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

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

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

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities					
Net investment in capital assets	\$ 38,781,982	\$ 36,460,488	\$ 33,552,876	\$ 23,427,664	\$ 22,009,927
Restricted	2,510,271	3,842,694	4,604,254	6,910,143	6,330,508
Unrestricted (deficit)	(62,406,391)	(69,963,967)	10,365,649	10,747,276	9,465,979
Total governmental activities net position	<u>\$ (21,114,138)</u>	<u>\$ (29,660,785)</u>	<u>\$ 48,522,779</u>	<u>\$ 41,085,083</u>	<u>\$ 37,806,414</u>
Business-type activities					
Unrestricted (deficit)	\$ 17,732	\$ (87,398)	\$ 734,376	\$ 614,762	\$ 469,428
Total business-type activities net position	<u>\$ 17,732</u>	<u>\$ (87,398)</u>	<u>\$ 734,376</u>	<u>\$ 614,762</u>	<u>\$ 469,428</u>
Primary government					
Net investment in capital assets	\$ 38,781,982	\$ 36,460,488	\$ 33,552,876	\$ 23,427,664	\$ 22,009,927
Restricted	2,510,271	3,842,694	4,604,254	6,910,143	6,330,508
Unrestricted (deficit)	(62,388,659)	(70,051,365)	11,100,025	11,362,038	9,935,407
Total primary government net position	<u>\$ (21,096,406)</u>	<u>\$ (29,748,183)</u>	<u>\$ 49,257,155</u>	<u>\$ 41,699,845</u>	<u>\$ 38,275,842</u>

Source: School District financial records.

Note: The District implemented GASB Statement No. 68 in 2015 which had the effect of restating 2014 net position.

2010	2009	2008	2007	2006
\$ 19,493,702	\$ 22,949,265	\$ 23,252,056	\$ 17,574,629	\$ 22,610,611
7,185,275	5,049,911	4,395,239	8,620,854	2,975,479
7,732,593	9,891,305	7,025,595	5,301,232	841,055
<u>\$ 34,411,570</u>	<u>\$ 37,890,481</u>	<u>\$ 34,672,890</u>	<u>\$ 31,496,715</u>	<u>\$ 26,427,145</u>
\$ 398,433	\$ 385,107	\$ 324,739	\$ 281,580	\$ 224,332
<u>\$ 398,433</u>	<u>\$ 385,107</u>	<u>\$ 324,739</u>	<u>\$ 281,580</u>	<u>\$ 224,332</u>
\$ 19,493,702	\$ 22,949,265	\$ 23,252,056	\$ 17,574,629	\$ 22,610,611
7,185,275	5,049,911	4,395,239	8,620,854	2,975,479
8,131,026	10,276,412	7,350,334	5,582,812	1,065,387
<u>\$ 34,810,003</u>	<u>\$ 38,275,588</u>	<u>\$ 34,997,629</u>	<u>\$ 31,778,295</u>	<u>\$ 26,651,477</u>

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Governmental activities:					
Instruction:					
Regular	\$ 27,692,555	\$ 28,005,316	\$ 28,142,699	\$ 27,296,776	\$ 29,603,309
Special	8,739,661	8,800,972	6,518,659	6,198,419	7,012,389
Vocational	288,761	290,652	265,708	263,974	380,359
Adult/Continuing	-	-	-	-	-
Other	1,290,104	1,283,858	1,211,810	1,327,522	1,395,007
Support services:					
Pupil	4,516,471	4,681,004	4,959,355	5,029,365	4,660,098
Instructional staff	1,995,041	1,772,770	4,475,298	4,744,431	5,055,553
Board of education	70,122	41,731	44,337	48,947	34,423
Administration	3,789,299	4,059,710	4,294,431	4,201,741	4,140,062
Fiscal	1,198,288	1,627,077	2,029,663	1,488,463	1,472,350
Business	593,218	320,399	599,758	583,773	562,450
Operations and maintenance	5,363,794	5,076,162	5,820,731	4,758,948	5,715,952
Pupil transportation	3,898,262	3,281,271	4,122,142	3,818,376	3,052,413
Central	565,003	642,675	495,129	422,134	456,023
Operation of non-instructional services:					
Food service operations	1,374,636	1,423,600	1,489,944	1,485,582	1,562,149
Other non-instructional services	18,097	19,033	22,872	16,603	41,313
Extracurricular activities	1,707,800	1,672,664	1,408,146	1,287,632	1,386,725
Intergovernmental pass-through	-	-	-	-	-
Interest on long-term debt	842,430	885,321	1,579,616	1,377,679	1,585,230
Total governmental activities expenses	<u>63,943,542</u>	<u>63,884,215</u>	<u>67,480,298</u>	<u>64,350,365</u>	<u>68,115,805</u>
Business-type activities:					
Community education	1,315,393	1,345,070	1,216,037	1,196,799	1,173,451
Total business-type activities expenses	<u>1,315,393</u>	<u>1,345,070</u>	<u>1,216,037</u>	<u>1,196,799</u>	<u>1,173,451</u>
Total primary government expenses	<u>\$ 65,258,935</u>	<u>\$ 65,229,285</u>	<u>\$ 68,696,335</u>	<u>\$ 65,547,164</u>	<u>\$ 69,289,256</u>

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	31,363,765	\$ 29,945,058	\$ 29,090,257	\$ 29,363,006	\$ 27,218,512
	6,853,151	6,271,075	5,981,206	5,359,756	5,184,533
	419,385	385,778	372,512	366,288	285,679
	-	-	-	-	15,059
	1,026,976	968,677	707,956	564,895	532,122
	4,796,386	4,560,753	4,194,460	4,095,825	3,745,017
	5,483,143	4,678,235	4,514,964	4,143,529	3,992,689
	37,223	43,359	39,191	86,777	46,313
	4,611,017	4,224,167	4,320,855	4,120,189	4,011,601
	1,662,591	1,778,315	1,302,064	1,197,348	1,118,243
	606,119	550,168	524,006	459,463	403,174
	6,242,385	5,485,131	5,579,144	4,822,825	4,770,844
	4,306,932	3,392,304	3,383,529	3,222,654	3,144,242
	533,722	439,019	371,527	338,315	327,914
	1,790,492	1,733,192	1,625,420	1,646,119	1,599,960
	53,654	39,054	24,990	67,194	32,068
	1,381,672	1,350,043	1,337,715	1,341,007	1,281,754
	-	-	-	-	1,433,299
	1,768,561	1,926,040	2,081,168	2,225,204	2,342,997
	<u>72,937,174</u>	<u>67,770,368</u>	<u>65,450,964</u>	<u>63,420,394</u>	<u>61,486,020</u>
	<u>1,183,200</u>	<u>1,217,535</u>	<u>1,186,280</u>	<u>1,071,923</u>	<u>1,099,610</u>
	<u>1,183,200</u>	<u>1,217,535</u>	<u>1,186,280</u>	<u>1,071,923</u>	<u>1,099,610</u>
	<u>\$ 74,120,374</u>	<u>\$ 68,987,903</u>	<u>\$ 66,637,244</u>	<u>\$ 64,492,317</u>	<u>\$ 62,585,630</u>

- - Continued

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

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

Program Revenues	2015	2014	2013	2012	2011
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 882,386	\$ 888,626	\$ 798,724	\$ 330,894	\$ 316,116
Special	60,560	141,314	141,021	116,880	743
Vocational	1,007	5,025	855	568	25,825
Other	6,697	9,339	8,847	7,812	14,886
Support services:					
Pupil	183,095	217,724	257,276	243,287	264,389
Instructional staff	24,205	43,048	35,663	35,307	34,140
Administration	-	-	-	-	-
Business	-	-	-	-	85
Operations and maintenance	10,052	3,960	9,646	11,608	18,930
Pupil transportation	-	-	-	766	1,460
Operation of non-instructional services:					
Food service operations	1,201,321	1,203,971	1,276,922	1,285,541	1,373,250
Other non-instructional services	4,573	6,582	8,279	6,314	6,893
Extracurricular activities	713,817	713,453	579,007	896,877	703,439
Operating grants and contributions:					
Instruction:					
Regular	2,093,950	1,838,264	1,763,997	1,719,629	2,429,755
Special	1,931,359	2,406,823	789,698	576,943	1,030,356
Vocational	34,774	42,573	31,019	31,019	31,019
Other	10,800	10,800	10,800	10,800	31,239
Support services:					
Pupil	673,613	820,753	705,350	688,718	712,165
Instructional staff	99,498	99,534	278,238	316,312	563,627
Administration	168,967	173,782	227,220	323,655	371,120
Business	-	-	-	-	-
Operations and maintenance	40,369	-	-	25,068	438,013
Pupil transportation	-	-	-	-	292,609
Central	-	-	-	-	5,000
Operation of non-instructional services:					
Food service operations	226,121	186,608	231,386	207,699	224,050
Other non-instructional services	5,953	4,443	11,061	10,602	37,502
Extracurricular activities	39,188	20,828	42,312	45,651	35,655
Intergovernmental pass-through	-	-	-	-	-
Capital grants and contributions:					
Instruction:					
Regular	46,474	36,645	25,566	35,181	46,931
Support services:					
Administration	-	-	-	-	-
Fiscal	-	-	-	-	-
Operations and maintenance	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Extracurricular activities	208,617	1,168,836	6,034,097	-	-
Total governmental program revenues	<u>8,667,396</u>	<u>10,042,931</u>	<u>13,266,984</u>	<u>6,927,131</u>	<u>9,009,197</u>
Business-type activities:					
Charges for services	1,369,879	1,402,122	1,291,244	1,342,133	1,244,446
Total business-type activities program revenues	<u>1,369,879</u>	<u>1,402,122</u>	<u>1,291,244</u>	<u>1,342,133</u>	<u>1,244,446</u>
Total primary government program revenue	<u>\$ 10,037,275</u>	<u>\$ 11,445,053</u>	<u>\$ 14,558,228</u>	<u>\$ 8,269,264</u>	<u>\$ 10,253,643</u>
Net (Expense)/Revenue					
Governmental activities	\$ (55,276,146)	\$ (53,841,284)	\$ (54,213,314)	\$ (57,423,234)	\$ (59,106,608)
Business-type activities	54,486	57,052	75,207	145,334	70,995
Total primary government net expense	<u>\$ (55,221,660)</u>	<u>\$ (53,784,232)</u>	<u>\$ (54,138,107)</u>	<u>\$ (57,277,900)</u>	<u>\$ (59,035,613)</u>

	2010	2009	2008	2007	2006
\$	439,433	\$ 451,235	\$ 397,466	\$ 441,873	\$ 461,183
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	545	17,900
	253,198	297,723	332,620	363,272	301,209
	7,163	21,963	27,579	11,364	8,820
	4,923	12,235	3,132	2,018	-
	-	-	-	-	-
	7,528	-	-	-	-
	30,710	34,300	23,316	-	-
	1,471,478	1,523,517	1,530,784	1,477,851	1,462,685
	7,611	11,377	11,369	26,042	14,745
	482,712	525,392	582,216	593,913	498,836
	1,590,686	1,419,089	1,496,365	1,350,135	28,556
	573,887	1,310,832	1,343,302	1,531,637	1,538,785
	30,788	30,587	25,610	43,908	-
	26,899	18,000	-	94,298	18,000
	931,256	791,228	704,493	742,436	606,232
	478,159	283,003	389,026	294,394	370,546
	448,525	386,221	261,310	209,392	65,615
	44,393	1,127	4,362	-	-
	454,227	-	-	-	5,300
	67,337	59,085	226,897	227,429	9
	8,998	14,879	17,992	17,867	18,148
	206,654	158,260	125,899	166,496	175,512
	51,645	32,316	24,143	30,820	1,639
	50,931	-	-	-	-
	-	-	-	-	1,506,633
	54,830	68,133	61,408	-	-
	-	-	-	1,164	3,995
	-	-	-	236	1,205
	-	16,000	-	-	-
	-	31,820	-	-	-
	-	-	-	-	-
	<u>7,723,971</u>	<u>7,498,322</u>	<u>7,589,289</u>	<u>7,627,090</u>	<u>7,105,553</u>
				-	
	<u>1,196,526</u>	<u>1,277,903</u>	<u>1,229,439</u>	<u>1,129,171</u>	<u>1,158,169</u>
	<u>1,196,526</u>	<u>1,277,903</u>	<u>1,229,439</u>	<u>1,129,171</u>	<u>1,158,169</u>
\$	<u>8,920,497</u>	<u>8,776,225</u>	<u>8,818,728</u>	<u>8,756,261</u>	<u>8,263,722</u>
\$	(65,213,203)	\$ (60,272,046)	\$ (57,861,675)	\$ (55,793,304)	\$ (54,380,467)
	13,326	60,368	43,159	57,248	58,559
\$	<u>(65,199,877)</u>	<u>(60,211,678)</u>	<u>(57,818,516)</u>	<u>(55,736,056)</u>	<u>(54,321,908)</u>

-- Continued

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

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 42,824,517	\$ 44,934,135	\$ 38,656,261	\$ 36,431,621	\$ 37,602,792
Debt service	139,736	1,237,233	2,138,611	2,116,209	2,249,137
Capital outlay	1,266,821	1,319,845	1,128,041	1,132,961	1,268,003
Payments in lieu of taxes	984,788	515,367	349,063	314,000	314,000
Grants and entitlements not restricted to specific programs	18,210,293	17,664,962	19,104,616	19,770,571	20,657,581
Investment earnings	125,658	62,124	58,911	174,389	184,402
Miscellaneous	270,980	194,817	215,507	251,152	225,537
Special item	-	-	-	511,000	-
Total governmental activities	<u>63,822,793</u>	<u>65,928,483</u>	<u>61,651,010</u>	<u>60,701,903</u>	<u>62,501,452</u>
Business-type activities:					
Grants not restricted to specific programs	50,644	49,354	44,407	-	-
Total business-type activities	<u>50,644</u>	<u>49,354</u>	<u>44,407</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 63,873,437</u>	<u>\$ 65,977,837</u>	<u>\$ 61,695,417</u>	<u>\$ 60,701,903</u>	<u>\$ 62,501,452</u>
Change in Net Position					
Governmental activities	\$ 8,546,647	\$ 12,087,199	\$ 7,437,696	\$ 3,278,669	\$ 3,394,844
Business-type activities	105,130	106,406	119,614	145,334	70,995
Total primary government	<u>\$ 8,651,777</u>	<u>\$ 12,193,605</u>	<u>\$ 7,557,310</u>	<u>\$ 3,424,003</u>	<u>\$ 3,465,839</u>

Source: School District financial records.

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

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 36,458,638	\$ 38,615,268	\$ 36,956,647	\$ 37,715,893	\$ 34,530,049
2,257,774	3,510,815	3,036,407	3,050,457	3,633,321
1,280,666	1,609,296	1,572,169	1,530,840	1,042,442
314,000	-	-	-	-
21,020,826	18,921,561	18,080,264	16,615,320	15,881,846
303,682	719,784	1,286,547	1,803,271	1,571,148
98,706	112,913	105,816	147,093	193,602
-	-	-	-	-
<u>61,734,292</u>	<u>63,489,637</u>	<u>61,037,850</u>	<u>60,862,874</u>	<u>56,852,408</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ 61,734,292</u>	<u>\$ 63,489,637</u>	<u>\$ 61,037,850</u>	<u>\$ 60,862,874</u>	<u>\$ 56,852,408</u>
\$ (3,478,911)	\$ 3,217,591	\$ 3,176,175	\$ 5,069,570	\$ 2,471,941
13,326	60,368	43,159	57,248	58,559
<u>\$ (3,465,585)</u>	<u>\$ 3,277,959</u>	<u>\$ 3,219,334</u>	<u>\$ 5,126,818</u>	<u>\$ 2,530,500</u>

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:					
Nonspendable	\$ 43,680	\$ 41,583	\$ 36,931	\$ 35,225	\$ 34,833
Assigned	1,344,677	860,100	1,026,273	884,086	1,220,404
Unassigned	24,668,107	18,603,913	9,179,798	7,485,045	6,036,453
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	<u>\$ 26,056,464</u>	<u>\$ 19,505,596</u>	<u>\$ 10,243,002</u>	<u>\$ 8,404,356</u>	<u>\$ 7,291,690</u>
All Other Governmental Funds:					
Nonspendable	\$ 2,229	\$ 11,322	\$ 10,782	\$ 21,563	\$ 22,726
Restricted	2,544,142	3,885,169	4,581,991	7,951,968	7,131,615
Unassigned (deficit)	(25,386)	(15,543)	(27,479)	(41,594)	(20,266)
Reserved	-	-	-	-	-
Unreserved (deficit), reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 2,520,985</u>	<u>\$ 3,880,948</u>	<u>\$ 4,565,294</u>	<u>\$ 7,931,937</u>	<u>\$ 7,134,075</u>

Source: School District financial records.

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

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
4,487,399	5,553,270	3,673,180	5,082,727	3,206,619
<u>3,955,466</u>	<u>7,467,190</u>	<u>8,759,910</u>	<u>6,940,335</u>	<u>4,654,175</u>
<u>\$ 8,442,865</u>	<u>\$ 13,020,460</u>	<u>\$ 12,433,090</u>	<u>\$ 12,023,062</u>	<u>\$ 7,860,794</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
5,255,294	3,943,832	3,902,671	7,054,409	14,664,726
324,149	643,950	780,241	672,302	574,073
<u>1,419,192</u>	<u>(635,544)</u>	<u>(908,793)</u>	<u>1,467,845</u>	<u>3,015,980</u>
<u>\$ 6,998,635</u>	<u>\$ 3,952,238</u>	<u>\$ 3,774,119</u>	<u>\$ 9,194,556</u>	<u>\$ 18,254,779</u>

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues					
From local sources:					
Property taxes	\$ 44,766,636	\$ 47,389,754	\$ 42,122,419	\$ 40,745,914	\$ 40,697,004
Payments in lieu of taxes	984,788	515,367	349,063	314,000	314,000
Tuition	641,669	800,280	703,700	205,244	102,236
Transportation fees	-	-	-	-	33,815
Earnings on investments	38,680	57,818	51,472	180,591	221,277
Charges for services	1,203,390	1,206,450	1,279,995	1,288,685	1,378,231
Extracurricular	848,935	849,924	769,849	1,086,564	911,328
Classroom materials and fees	361,002	346,964	346,101	328,148	302,976
Other local revenues	681,522	1,531,441	452,473	396,017	332,259
Intergovernmental - Intermediate	1,335,218	1,307,311	1,278,479	1,156,822	1,260,719
Intergovernmental - State	20,366,537	20,072,709	20,078,720	20,820,684	21,447,166
Intergovernmental - Federal	1,693,478	1,760,248	1,856,419	2,253,792	3,752,699
Total revenues	<u>72,921,855</u>	<u>75,838,266</u>	<u>69,288,690</u>	<u>68,776,461</u>	<u>70,753,710</u>
Expenditures					
Current:					
Instruction:					
Regular	27,131,221	27,194,680	26,755,411	26,547,675	29,920,213
Special	8,943,676	8,615,372	6,406,501	6,186,526	7,160,628
Vocational	269,533	254,736	241,724	244,846	395,679
Other	1,290,104	1,283,858	1,211,810	1,327,522	1,394,094
Support services:					
Pupil	4,567,464	4,706,665	4,908,661	5,026,641	4,744,635
Instructional staff	1,988,037	1,846,576	4,319,163	4,773,005	5,205,729
Board of education	70,249	41,731	44,201	49,083	34,423
Administration	3,868,836	4,020,237	4,259,944	4,215,459	4,178,672
Fiscal	1,206,874	1,619,261	2,023,839	1,488,408	1,482,001
Business	591,359	559,490	593,078	586,663	573,689
Operations and maintenance	4,937,486	4,882,939	4,772,810	4,776,440	5,161,634
Pupil transportation	3,915,887	3,233,565	3,954,783	3,663,230	3,484,103
Central	453,604	525,875	499,551	426,422	464,868
Operation of non-instructional services:					
Food service operations	1,388,802	1,365,327	1,435,672	1,543,380	1,572,734
Other non-instructional services	11,306	17,864	23,995	35,185	51,019
Extracurricular activities	1,479,062	1,458,495	1,241,538	1,220,646	1,314,292
Pass through payments	-	-	-	-	-
Facilities acquisitions and construction	3,367,929	2,312,691	1,002,774	1,011,533	1,308,126
Capital outlay	-	-	340,880	-	-
Debt service:					
Principal retirement	1,495,843	3,425,296	3,306,932	1,910,778	1,127,382
Interest and fiscal charges	770,613	816,437	847,026	2,362,798	3,111,002
Debt issue costs	-	-	302,738	-	-
Total expenditures	<u>67,747,885</u>	<u>68,181,095</u>	<u>68,493,031</u>	<u>67,396,240</u>	<u>72,684,923</u>
Excess of revenues over (under) expenditures	5,173,970	7,657,171	795,659	1,380,221	(1,931,213)
Other Financing Sources (Uses)					
Transfers in	1,645,000	1,006,000	1,006,000	1,326,000	1,229,317
Transfers (out)	(1,645,000)	(1,006,000)	(1,006,000)	(1,326,000)	(1,229,317)
Proceeds from sale of assets	16,935	2,686	20,674	19,307	61,291
Capital lease transaction	-	918,391	-	-	854,187
Software license obligation transaction	-	-	340,880	-	-
Premium on debt issuance	-	-	64,451	-	-
Sale of bonds	-	-	-	-	-
Payment to refunded debt escrow agent	-	-	(21,474,661)	-	-
Issuance of certificates of participation	-	-	18,725,000	-	-
Total other financing sources (uses)	<u>16,935</u>	<u>921,077</u>	<u>(2,323,656)</u>	<u>19,307</u>	<u>915,478</u>
Special item	-	-	-	511,000	-
Net change in fund balances	<u>\$ 5,190,905</u>	<u>\$ 8,578,248</u>	<u>\$ (1,527,997)</u>	<u>\$ 1,910,528</u>	<u>\$ (1,015,735)</u>
Debt service as a percentage of noncapital expenditures	3.52%	6.53%	6.13%	6.49%	6.02%

Source: School District financial records.

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	39,204,717	\$ 43,210,965	\$ 41,478,391	\$ 42,233,924	\$ 39,142,496
	314,000	-	-	-	-
	125,137	122,188	70,126	107,876	77,587
	30,710	34,300	23,316	-	-
	384,418	695,776	1,284,315	2,044,961	1,517,291
	1,476,715	1,529,079	1,537,243	1,483,619	1,469,185
	765,723	776,075	812,114	890,738	754,939
	289,526	297,232	294,918	271,216	254,510
	342,666	398,069	425,962	400,619	407,959
	1,187,368	267,000	220,000	220,000	326,662
	21,517,696	21,580,927	20,560,306	19,141,356	18,059,869
	2,732,027	1,557,897	901,987	2,591,854	1,242,731
	<u>68,370,703</u>	<u>70,469,508</u>	<u>67,608,678</u>	<u>69,386,163</u>	<u>63,253,229</u>
	30,065,006	29,257,245	28,883,870	27,381,559	25,906,604
	6,748,321	6,295,345	6,024,879	5,348,069	5,105,276
	405,644	378,932	359,473	348,689	268,734
	1,024,287	961,250	699,881	551,964	532,122
	4,739,136	4,600,883	4,230,914	3,871,512	3,703,133
	5,354,574	4,767,246	4,584,820	4,108,874	3,883,897
	37,223	43,359	39,191	62,679	45,169
	4,567,935	4,240,788	4,354,324	4,002,364	3,948,855
	1,662,388	1,786,706	1,311,073	1,209,265	1,117,617
	615,677	565,160	529,938	459,781	401,613
	5,398,265	5,077,949	5,160,851	4,777,140	4,706,725
	4,181,700	3,240,860	3,208,379	3,008,638	2,904,170
	530,602	439,754	379,276	339,149	323,179
	1,748,682	1,736,090	1,662,998	1,634,538	1,567,594
	52,563	44,541	31,779	64,625	23,226
	1,300,036	1,272,230	1,261,363	1,276,866	1,216,146
	-	-	-	1,623,787	1,434,409
	2,480,455	1,356,136	4,172,880	13,254,047	5,966,981
	-	-	-	-	-
	639,771	635,534	3,605,373	831,667	835,525
	3,041,895	3,020,011	3,020,718	2,898,905	2,885,144
	91,606	-	-	-	-
	<u>74,685,766</u>	<u>69,720,019</u>	<u>73,521,980</u>	<u>77,054,118</u>	<u>66,776,119</u>
	(6,315,063)	749,489	(5,913,302)	(7,667,955)	(3,522,890)
	515,476	35,000	230,097	228,357	231,271
	(515,476)	(35,000)	(230,097)	(228,357)	(631,271)
	14,393	16,000	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	55,215	-	-	-	-
	4,714,257	-	-	2,770,000	-
	-	-	-	-	-
	-	-	-	-	-
	<u>4,783,865</u>	<u>16,000</u>	<u>-</u>	<u>2,770,000</u>	<u>(400,000)</u>
	-	-	-	-	-
\$	<u>(1,531,198)</u>	<u>765,489</u>	<u>(5,913,302)</u>	<u>(4,897,955)</u>	<u>(3,922,890)</u>
	5.05%	5.32%	9.50%	5.85%	6.15%

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

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

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2015	\$ 919,449,390	\$ 2,626,998,257	\$ -	\$ -	\$ 7,450,040	\$ 21,285,829
2014	890,931,340	2,545,518,114	-	-	6,390,820	18,259,486
2013	885,645,250	2,530,415,000	-	-	5,718,170	16,337,629
2012	880,837,040	2,516,677,257	-	-	4,697,110	13,420,314
2011	949,773,800	2,713,639,429	-	-	4,990,800	14,259,429
2010	942,970,570	2,694,201,629	1,485,955	23,775,280	4,820,720	13,773,486
2009	943,668,810	2,696,196,600	1,468,633	23,498,128	4,906,500	14,018,571
2008	893,375,820	2,552,502,343	12,800,937	204,814,992	8,617,985	24,622,814
2007	893,375,820	2,552,502,343	25,601,873	204,814,984	12,164,170	34,754,771
2006	880,397,600	2,515,421,714	36,440,903	208,233,731	13,229,180	37,797,657

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	%
\$ 926,899,430	\$ 2,648,284,086	\$ 88.43	35.00%
897,322,160	2,563,777,600	89.01	35.00%
891,363,420	2,546,752,629	91.24	35.00%
885,534,150	2,530,097,571	91.33	35.00%
954,764,600	2,727,898,857	86.03	35.00%
949,277,245	2,731,750,394	86.23	34.75%
950,043,943	2,733,713,299	86.20	34.75%
914,794,742	2,781,940,149	86.25	32.88%
931,141,863	2,792,072,098	86.12	33.35%
930,067,683	2,761,453,103	80.73	33.68%

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

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

Tax Year/ Collection Year	Government	Overlapping Rates				Direct Rates					
		School	County	City	Total	School Levy	County Levy	City/ Village Township	Valley Fire District	Union Cem. Assoc. of Boston Twp.	Total
2014/2015	Boston Township	\$ -	\$ 0.59	\$ -	\$ 0.59	\$ 88.43	\$ 14.16	\$ 7.98	\$ 8.80	\$ 1.00	\$ 120.37
	Boston Heights Village	-	0.59	-	0.59	88.43	14.16	6.10	-	-	108.69
	Hudson City	-	0.59	1.92	2.51	88.43	14.16	7.79	-	-	110.38
	Cuyahoga Falls City	-	0.59	-	0.59	88.43	14.16	11.00	-	-	113.59
2013/2014	Boston Township	0.58	0.59	-	1.17	89.01	14.16	7.98	8.80	1.00	120.95
	Boston Heights Village	0.58	0.59	-	1.17	89.01	14.16	6.10	-	-	109.27
	Hudson City	0.58	0.59	1.89	3.06	89.01	14.16	7.76	-	-	110.93
	Cuyahoga Falls City	0.58	0.59	-	1.17	89.01	14.16	11.00	-	-	114.17
2012/2013	Boston Township	2.81	0.59	-	3.40	91.24	14.16	7.98	8.80	1.00	123.18
	Boston Heights Village	2.81	0.59	-	3.40	91.24	14.16	6.10	-	-	111.50
	Hudson City	2.81	0.59	1.94	5.34	91.24	14.16	7.81	-	-	113.21
	Cuyahoga Falls City	2.81	0.59	-	3.40	91.24	14.16	11.00	-	-	116.40
2011/2012	Boston Township	2.90	0.59	-	3.49	91.33	14.16	7.98	8.80	1.00	123.27
	Boston Heights Village	2.90	0.59	-	3.49	91.33	14.16	6.10	-	-	111.59
	Hudson City	2.90	0.59	2.10	5.59	91.33	14.16	7.97	-	-	113.46
	Cuyahoga Falls City	2.90	0.59	-	3.49	91.33	14.16	11.00	-	-	116.49
2010/2011	Boston Township	2.50	0.59	-	3.09	86.03	14.16	7.98	8.80	1.00	117.97
	Boston Heights Village	2.50	0.59	-	3.09	86.03	14.16	6.10	-	-	106.29
	Hudson City	2.50	0.59	2.05	5.14	86.03	14.16	7.22	-	-	107.41
	Cuyahoga Falls City	2.50	0.59	-	3.09	86.03	14.16	11.00	-	-	111.19
2009/2010	Boston Township	2.70	0.48	-	3.18	86.23	14.16	7.98	8.80	1.00	118.17
	Boston Heights Village	2.70	0.48	-	3.18	86.23	14.16	6.10	-	-	106.49
	Hudson City	2.70	0.48	1.90	5.08	86.23	14.16	7.07	-	-	107.46
	Cuyahoga Falls City	2.70	0.48	-	3.18	86.23	14.16	11.00	-	-	111.39
2008/2009	Boston Township	2.66	0.41	-	3.07	86.20	14.16	7.98	8.80	1.00	118.14
	Boston Heights Village	2.66	0.41	-	3.07	86.20	14.16	6.60	-	-	106.96
	Hudson City	2.66	0.41	2.00	5.07	86.20	14.16	7.17	-	-	107.53
	Cuyahoga Falls City	2.66	0.41	-	3.07	86.20	14.16	11.00	-	-	111.36
2007/2008	Boston Township	2.72	0.42	-	3.14	86.25	14.26	7.98	8.80	1.00	118.29
	Boston Heights Village	2.72	0.42	-	3.14	86.25	14.26	6.60	-	-	107.11
	Hudson City	2.72	0.42	2.11	5.25	86.25	14.26	7.28	-	-	107.79
	Cuyahoga Falls City	2.72	0.42	-	3.14	86.25	14.26	11.00	-	-	111.51
2006/2007	Boston Township	2.59	0.62	-	3.21	86.12	14.57	7.98	8.80	0.50	117.97
	Boston Heights Village	2.59	0.62	-	3.21	86.12	14.57	6.85	-	-	107.54
	Hudson City	2.59	0.62	1.75	4.96	86.12	14.57	6.92	-	-	107.61
	Cuyahoga Falls City	2.59	0.62	-	3.21	86.12	14.57	11.00	-	-	111.69
2005/2006	Boston Township	2.70	0.62	-	3.32	80.73	13.07	8.48	8.80	-	111.08
	Boston Heights Village	2.70	0.62	-	3.32	80.73	13.07	6.85	-	-	100.65
	Hudson City	2.70	0.62	2.03	5.35	80.73	13.07	6.94	-	-	100.74
	Cuyahoga Falls City	2.70	0.62	-	3.32	80.73	13.07	11.00	-	-	104.80

Source: Summit County Fiscal Officer

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

**PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2014 AND DECEMBER 31, 2005**

December 31, 2014			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Little Tikes, Inc	\$ 9,906,330	1	1.10%
JoAnn Stores Support Center Inc.	5,174,270	2	0.58%
Allstate Insurance Company	5,022,290	3	0.56%
Hudson Village Finance Co. LLC	3,242,150	4	0.36%
Georgetown Development Co.	2,901,360	5	0.32%
Boston Mills Partners LLC	2,809,910	6	0.31%
Albrecht, Inc.	2,189,970	7	0.24%
Laurel Lake Retirement Community, Inc.	2,187,370	8	0.24%
Hudson MOB LLC	2,095,980	9	0.23%
Kobelco Stewart Bolling, Inc.	1,610,890	10	0.18%
Total	\$ 37,140,520		4.12%
December 31, 2005			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Allstate Insurance	\$ 7,447,540	1	0.85%
Little Tikes	5,503,130	2	0.63%
Hudson-Omni III LTD	3,881,450	3	0.44%
FabriCenters of America, Inc	3,496,830	4	0.40%
Title Guarantee & Trust Co. Trustee	3,214,310	5	0.37%
Georgetown Development	2,452,600	6	0.28%
Janus Hotels & Resorts, Inc	2,415,010	7	0.28%
Flood Company	2,306,360	8	0.26%
Albrecht, Inc	1,898,200	9	0.22%
Kobelco Stewart Bolling	1,724,400	10	0.20%
Total	\$ 34,339,830		3.93%

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
2014/2015	\$ 47,581,891	\$ 2,045,216	\$ 49,627,107	\$ 46,698,052	98.14%
2013/2014	47,466,864	3,154,378	50,621,242	45,987,842	96.88%
2012/2013	49,050,090	3,309,349	52,359,439	47,415,431	96.67%
2011/2012	48,570,508	3,531,347	52,101,855	46,783,723	96.32%
2010/2011	44,564,731	4,788,842	49,353,573	42,622,064	95.64%
2009/2010	44,490,221	4,041,672	48,531,893	42,948,809	96.54%
2008/2009	44,639,956	3,841,881	48,481,837	42,756,369	95.78%
2007/2008	44,902,415	3,138,748	48,041,163	43,254,802	96.33%
2006/2007	46,523,621	3,493,418	50,017,039	44,543,664	95.74%
2005/2006	41,480,529	3,127,785	44,608,314	40,189,583	96.89%

Source: Summit County Fiscal Officer

<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection As a Percent of Total Levy</u>
\$ 883,839	\$ 47,581,891	95.88%
1,479,022	47,466,864	93.77%
1,634,659	49,050,090	93.68%
1,786,784	48,570,507	93.22%
1,150,492	43,772,556	88.69%
1,541,412	44,490,221	91.67%
1,883,587	44,639,956	92.08%
1,647,611	44,902,413	93.47%
1,979,958	46,523,622	93.02%
1,290,947	41,480,530	92.99%

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

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

Governmental Activities

Fiscal Year	(a) General Obligation Bonds	Capital Leases	Software License Obligation	(a) Total Primary Government	(b) Percentage of Personal Income	(b) Per Capita	(b) Per ADM
2015	\$ 20,559,916	\$ 712,899	\$ 61,158	\$ 21,333,973	1.81%	\$ 950	\$ 4,640
2014	21,786,574	874,520	175,380	22,836,474	2.00%	1,016	4,946
2013	24,933,232	367,512	283,549	25,584,293	2.30%	1,146	5,466
2012	28,930,317	537,113	-	29,467,430	2.74%	1,328	6,205
2011	31,677,808	697,927	-	32,375,735	3.05%	1,454	6,621
2010	34,185,325	-	-	34,185,325	3.12%	1,485	6,876
2009	31,360,374	-	-	31,360,374	3.31%	1,354	6,383
2008	33,096,173	-	-	33,096,173	3.49%	1,429	6,372
2007	37,607,045	-	-	37,607,045	3.97%	1,624	7,043
2006	36,389,023	-	-	36,389,023	3.85%	1,576	6,725

Sources:

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

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

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

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

Fiscal Year	General Obligation Bonds (a)	Fund Balances Restricted for Debt Service	Net General Obligation Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2015	\$ 20,559,916	\$ -	\$ 20,559,916	0.78%	\$ 916
2014	21,786,574	(302,335)	21,484,239	0.84%	956
2013	24,933,232	(1,311,307)	23,621,925	0.93%	1,058
2012	28,930,317	(4,469,722)	24,460,595	0.97%	1,103
2011	31,677,808	(3,828,701)	27,849,107	1.02%	1,251
2010	34,185,325	(3,730,347)	30,454,978	1.11%	1,323
2009	31,360,374	(3,661,877)	27,698,497	1.01%	1,196
2008	33,096,173	(3,449,296)	29,646,877	1.07%	1,280
2007	37,607,045	(3,412,070)	34,194,975	1.22%	1,477
2006	36,389,023	(3,618,489)	32,770,534	1.19%	1,420

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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Direct Debt and Estimated Share of Overlapping Debt</u>
Direct debt:			
Hudson City School District	\$ 21,333,973 (a)	100.00%	\$ 21,333,973
Total direct debt	<u>21,333,973</u>		<u>21,333,973</u>
Overlapping debt:			
City of Hudson	37,943,500	99.70%	37,829,670
City of Cuyahoga Falls	9,215,000	2.46%	226,689
Summit County	37,505,000	8.15%	3,056,658
Metro Transit	<u>-</u>	8.15%	<u>-</u>
Total overlapping debt	<u>84,663,500</u>		<u>41,113,017</u>
Total direct and overlapping debt	<u>\$ 105,997,473</u>		<u>\$ 62,446,990</u>

Source: Ohio Municipal Advisory Council

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

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

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Unvoted Debt Limit	Voted Debt Limit	Total Debt Applicable to Limit	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2015	\$926,899	\$ 83,420,949	\$ 20,470,000	\$ -	\$ 20,470,000	\$ 62,950,949	24.54%
2014	897,322	80,758,994	21,690,000	302,335	21,387,665	59,371,329	26.48%
2013	891,363	80,222,708	24,830,000	1,311,307	23,518,693	56,704,015	29.32%
2012	885,534	79,698,074	28,885,000	4,469,722	24,415,278	55,282,796	30.63%
2011	891,363	85,479,642	30,634,964	3,828,701	26,806,263	58,673,379	31.36%
2010	947,791	85,301,216	31,606,086	3,730,347	27,875,739	57,425,477	32.68%
2009	948,337	85,350,292	27,531,600	3,661,877	23,869,723	61,480,569	27.97%
2008	897,950	80,815,484	28,167,134	3,449,296	24,717,838	56,097,646	30.59%
2007	897,794	80,801,473	31,772,507	3,412,070	28,360,437	52,441,036	35.10%
2006	930,068	83,706,091	29,439,692	3,618,489	25,821,203	57,884,888	30.85%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 926,899,430
Debt limit (9% of assessed value)	83,420,949
Add: debt service fund equity	-
Less: debt applicable to limit	<u>(20,470,000)</u>
Legal debt margin	<u><u>\$ 62,950,949</u></u>

Source: Summit County Fiscal Officer and District financial records

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

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (a)</u>	<u>Personal Income (a)</u>	<u>Per Capita Personal Income (a)</u>	<u>Median Age (a)</u>	<u>School Enrollment (b)</u>	<u>Unemployment Rates (c)</u>		
						<u>Summit County</u>	<u>Ohio (d)</u>	<u>United States (d)</u>
2015	22,448	\$ 1,180,495,424	\$ 52,588	41.3	4,598	5.0%	5.2%	5.3%
2014	22,474	1,143,881,652	50,898	41.3	4,617	5.5%	5.5%	6.1%
2013	22,323	1,111,283,586	49,782	41.3	4,681	7.1%	7.2%	7.6%
2012	22,182	1,074,141,168	48,424	41.3	4,749	7.1%	7.2%	8.2%
2011	22,262	1,060,472,632	47,636	41.3	4,890	8.7%	8.8%	9.2%
2010	23,026	1,096,866,536	47,636	41.3	4,972	9.4%	10.5%	9.5%
2009	23,154	947,345,910	40,915	38.9	4,913	10.5%	11.1%	9.5%
2008	23,154	947,345,910	40,915	38.9	5,194	6.2%	6.6%	5.5%
2007	23,154	947,345,910	40,915	38.9	5,340	5.2%	5.7%	4.6%
2006	23,084	944,481,860	40,915	38.9	5,411	5.3%	5.6%	4.6%

Sources/Notes:

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

(b) District records

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

(d) Seasonally adjusted

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

PRINCIPAL EMPLOYERS
DECEMBER 31, 2014 AND DECEMBER 31, 2006

<u>Employer</u>	<u>December 31, 2014</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Jo-Ann Stores Supply Chain	1,443	12.21%
Allstate Insurance Company	1,396	11.82%
Hudson City School District	999	8.46%
Little Tikes Company	514	4.35%
Laurel Lake Retirement Community	302	2.56%
Western Reserve Academy	246	2.08%
City of Hudson	230	1.95%
WBC Group LLC	189	1.60%
Universal Screen Arts Inc.	182	1.54%
Lexi-Comp Inc.	151	1.28%
Total	<u>5,652</u>	<u>47.85%</u>
Total Employment within the City	<u>11,815</u>	

<u>Employer</u>	<u>December 31, 2006</u>	
	<u>Employees</u>	
Jo-Ann Stores Inc.	1,800	
Allstate Insurance Company	1,500	
Rubbermaid Inc.	1,400	
Hudson City School District	796	
Laurel Lakes	400	
Windstream Communications Inc.	291	
Western Reserve Academy	230	
City of Hudson	208	
Flood Company	100	
Lexi-Comp Inc.	99	
Total	<u>6,824</u>	

Source: City of Hudson records.

Notes: Information prior to December 31, 2006, and the total city employment for 2006 was not available.
Information is available on a calendar year basis only.

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

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

Type	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Professional Staff:										
Teaching Staff:										
Elementary	106	109	116	116	128	135	138	135	135	138
Middle	76	67	69	71	82	83	83	82	82	88
High	93	95	94	99	106	109	111	107	105	105
Tutors	29	25	20	19	19	18	23	25	24	22
Others	3	4	4	4	3	3	2	4	3	3
Administration:										
District	25	25	25	26	27	29	28	30	29	31
Auxiliary Positions:										
Counselors	13	13	13	13	12	12	12	12	12	11
Speech	9	10	9	9	9	10	13	9	10	10
Mental Health Specialists	11	10	8	6	7	7	7	7	7	7
Other	27	29	27	27	29	28	31	29	29	29
Support Staff:										
Secretarial	44	45	48	46	46	46	49	51	49	50
Aides	91	90	92	89	94	91	95	88	71	74
Hall monitor/Security	10	13	11	11	11	10	10	11	10	13
Food service	19	21	21	21	23	23	26	26	24	26
Custodial	31	32	32	34	33	33	32	33	33	33
Maintenance	10	10	9	10	10	10	10	10	10	11
Bus Driver	-	-	-	-	-	-	-	-	-	36
Mechanics	-	-	-	-	-	-	-	-	-	3
Other	2	2	2	3	3	3	3	4	4	4
Total	599	600	600	604	642	650	673	663	637	694
Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:										
Regular	231	223	226	228	254	265	268	262	264	273
Special	72	73	73	76	78	77	84	84	77	74
Vocational	1	1	1	1	3	3	3	3	3	3
Other	3	3	3	4	3	3	2	4	5	5
Support Services:										
Pupil	50	54	49	47	50	48	52	47	47	46
Instructional staff	111	109	109	107	112	110	115	109	91	96
Administration	58	61	65	64	64	64	66	70	68	70
Fiscal	6	6	6	6	6	7	7	7	7	6
Business	4	4	4	4	4	5	5	5	5	5
Operations and maintenance	41	43	41	44	43	43	43	44	44	87
Central	2	2	2	2	2	2	2	2	2	3
Food service	20	21	21	21	23	23	26	26	24	26
Total Governmental Activities	599	600	600	604	642	650	673	663	637	694

Source: School District records

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

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

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:										
Regular and Special										
Enrollment (students)	4,598	4,617	4,681	4,749	4,890	4,972	4,913	5,194	5,340	5,411
Graduates	410	398	405	416	427	438	413	419	423	428
Support services:										
Administration										
Student attendance rate	(a)	96.30%	96.00%	96.40%	96.10%	95.90%	96.10%	96.20%	96.20%	95.90%
Food service operations:										
Number of students with free or reduced lunches	-	249	241	231	245	195	174	84	120	108

Source: District records and Ohio Department of Education

(a) Information not yet available from the Ohio Department of Education for this fiscal year.

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

**CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Land	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204
Construction in progress	322,179	523,955	-	-	-
Land improvements	4,325,124	4,329,314	4,375,993	705,203	620,291
Buildings and improvements	46,912,197	45,605,270	45,512,554	44,852,263	45,681,260
Furniture, fixtures and equipment	3,414,797	3,425,574	3,098,322	2,880,583	2,622,006
Vehicles	1,252,617	1,138,088	1,131,940	1,299,524	1,127,057
Computer software	123,301	243,345	352,637	-	-
 Total Governmental Activities Capital Assets, net	 <u>\$ 57,382,419</u>	 <u>\$ 56,297,750</u>	 <u>\$ 55,503,650</u>	 <u>\$ 50,769,777</u>	 <u>\$ 51,082,818</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

2010	2009	2008	2007	2006
\$ 1,032,204	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204	\$ 1,032,204
1,614,430	-	-	1,175,722	5,966,981
654,617	728,050	579,437	555,802	583,272
44,641,696	45,883,889	46,621,347	43,593,167	26,707,512
1,892,296	2,033,947	1,912,037	1,564,094	1,746,614
699,189	802,775	901,250	1,038,843	1,263,490
-	-	-	-	-
\$ 50,534,432	\$ 50,480,865	\$ 51,046,275	\$ 48,959,832	\$ 37,300,073

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Evamere Elementary							
Square feet	59,847	59,847	59,847	59,847	59,847	59,847	59,847
Enrollment	563	556	518	568	564	566	606
Hudson Elementary							
Square feet	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-
McDowell Elementary							
Square feet	56,800	56,800	56,800	56,800	56,800	56,800	56,800
Enrollment	288	344	287	329	330	319	366
Ellsworth Hill Elementary							
Square feet	64,411	64,411	64,411	64,411	64,411	64,411	64,411
Enrollment	364	328	405	352	396	402	388
East Woods School							
Square feet	139,900	139,900	139,900	139,900	139,900	139,900	139,900
Enrollment	661	660	688	679	718	747	757
Hudson Middle School							
Square feet	190,432	190,432	190,432	190,432	190,432	190,432	190,432
Enrollment	1,101	1,089	1,121	1,165	1,193	1,192	1,238
Hudson High School							
Square feet	342,620	342,620	342,620	342,620	342,620	342,620	342,620
Enrollment	1,621	1,640	1,662	1,656	1,689	1,746	1,757

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.

<u>2008</u>	<u>2007</u>	<u>2006</u>
59,847	47,897	47,897
599	705	710
-	27,428	27,428
-	232	233
56,800	56,800	56,800
372	513	513
64,411	-	-
415	-	-
139,900	139,900	139,900
788	768	769
190,432	190,432	190,432
1,255	1,783	1,336
342,620	330,000	330,000
1,765	1,783	1,767

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

TEACHER STATISTICS
AS OF JUNE 30, 2015

Degree	Number of Teachers	Percentage of Total	Pay Range
Associates and/or High School Diploma	1	0.36%	(a)
Bachelor's Degree	30	10.91%	\$40,003 - \$77,094
Master's Degree	242	88.00%	\$43,640 - \$96,008
Ph.D.	2	0.73%	\$49,456 - \$100,008
	<u>275</u>	<u>100.00%</u>	

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	37	13.45%
6 - 10	39	14.18%
11 and over	199	72.36%
	<u>275</u>	<u>100.00%</u>

Source: School District Personnel Records

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

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities		Enrollment	Percent Change
	Expenditures (a)	Cost per pupil	Expenses (a)	Cost per pupil		
2015	\$ 65,481,429	\$ 14,241	\$ 63,101,112	\$ 13,724	4,598	-0.41%
2014	63,939,362	13,849	62,998,894	13,645	4,617	-1.37%
2013	64,339,073	13,745	65,900,682	14,078	4,681	-1.43%
2012	63,122,664	13,292	62,972,686	13,260	4,749	-2.88%
2011	68,446,539	13,997	66,530,575	13,605	4,890	-1.65%
2010	70,912,494	14,262	71,168,613	14,314	4,972	1.20%
2009	66,064,474	13,447	65,844,328	13,402	4,913	-5.41%
2008	66,895,889	12,879	65,450,964	12,601	5,194	-2.73%
2007	73,323,546	13,731	63,420,394	11,876	5,340	-1.31%
2006	63,055,450	11,653	61,486,020	11,363	5,411	-1.81%

Source: District records

(a) Debt Service totals have been excluded.

(b) The Pupil/Teacher Ratio for fiscal years 2009 through 2015 was not available.

(c) Information not yet available from the Ohio Department of Education for this fiscal year.

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

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www.hudson.k12.oh.us

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

Overview
Monthly Financial Information
Five-Year Forecast
Financial Advisory Committee
Comprehensive Annual Financial Reports (CAFR)
Report Card Information
Ohio's Sunshine Law
Understanding School Finance
Public Records Request
Understanding Property Taxes and Terms
Levy History



Dave Yost • Auditor of State

HUDSON CITY SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 4, 2016**