

CITY OF KENT, OHIO

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008



Mary Taylor, CPA
Auditor of State

Members of City Council
City of Kent
325 South Depeyster Street
Kent, Ohio 44240

We have reviewed the *Independent Auditor's Report* of the City of Kent, Portage County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2008 through December 31, 2008. 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 City of Kent is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 29, 2009

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**CITY OF KENT, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008**

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Members of City Council
City of Kent, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the City of Kent, Ohio's basic financial statements and have issued our report thereon dated July 31, 2009, wherein we noted that during the year ended December 31, 2008, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and GASB Statement No. 50, *Pension Disclosures*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Kent, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Kent, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Kent, Ohio's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Kent, Ohio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Kent, Ohio's financial statements that is more than inconsequential will not be prevented or detected by the City of Kent, Ohio's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Kent, Ohio's internal control.

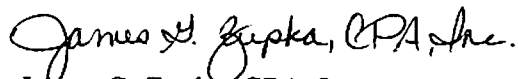
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Kent, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City of Kent, Ohio, in a separate letter dated July 31, 2009.

This report is intended solely for the information and use of management, members of City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


James G. Zupka, CPA, Inc.
Certified Public Accountant

July 31, 2009

JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125*

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Members of City Council
City of Kent, Ohio

Compliance

We have audited the compliance of the City of Kent, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City of Kent, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Kent, Ohio's management. Our responsibility is to express an opinion on the City of Kent, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Kent, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Kent, Ohio's compliance with those requirements.

In our opinion, the City of Kent, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the City of Kent, Ohio, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Kent, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the City of Kent, Ohio's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Kent, Ohio's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.


A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of and for the year ended December 31, 2008, and have issued our report thereon dated July 31, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Kent, Ohio's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, members of City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


James G. Zupka, CPA, Inc.
Certified Public Accountants

July 31, 2009

CITY OF KENT, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

| Federal Grantor/ Pass Through Grantor/ Program Title | | Federal CFDA Number | Program or Award Amount | Receipts Recognized | Federal Expenditures |
|---|-----------------|---------------------------|-------------------------------|------------------------|-------------------------|
| <u>United States Department of Housing and Urban Development</u> | | | | | |
| <i><u>Passed through the Ohio Department of Development</u></i> | | | | | |
| Community Development Block Grant - Entitlement | B-05-MC-39-0026 | 14.218 | \$ 347,271 | \$ 89,933 | \$ 89,933 |
| Community Development Block Grant - Entitlement | B-06-MC-39-0026 | 14.218 | 310,537 | 241,747 | 288,255 |
| Community Development Block Grant - Entitlement | B-07-MC-39-0026 | 14.218 | 310,449 | 68,969 | 59,723 |
| Total CFDA 14.218 | | | | <u>400,649</u> | <u>437,911</u> |
| Community Housing Improvement Prog. - Entitlement | A-C-05-136-2 | 14.239 | 555,000 | 58,225 | 21,178 |
| Total CFDA 14.239 | | | | <u>58,225</u> | <u>21,178</u> |
| Total United States Department of Housing and Urban Development | | | | <u>458,874</u> | <u>459,089</u> |
| <u>United States Environmental Protection Agency</u> | | | | | |
| <i><u>Direct Program</u></i> | | | | | |
| Brownfields Assessment Program - Petroleum | BF-00E03501-0 | 66.818 | 200,000 | 28,883 | 27,971 |
| Total United States Environmental Protection Agency | | | | <u>28,883</u> | <u>27,971</u> |
| <u>United States Department of Homeland Security</u> | | | | | |
| <i><u>Direct Program</u></i> | | | | | |
| Commercial Equipment Direct Assistance Program | | 97.096 | 36,247 | 36,247 | 36,247 |
| Total United States Department of Homeland Security | | | | <u>36,247</u> | <u>36,247</u> |
| <u>United States Department of Transportation</u> | | | | | |
| <i><u>Passed through the Ohio Department of Transportation</u></i> | | | | | |
| Portage – Kent Hike and Bike Trail | | 20.205 | 729,074 | 729,074 | 729,074 |
| Total United States Department of Transportation | | | | <u>729,074</u> | <u>729,074</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | <u>\$ 1,253,078</u> | <u>\$ 1,252,381</u> |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF KENT, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards of the City of Kent, Ohio presents the activity of all federal financial assistance programs of the City.

The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies are included on this schedule.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and has been reconciled to the program's federal financial reports. The following is a reconciliation by grant from the cash basis to the accrual basis at December 31, 2008.

| | <u>Receipt Recognized</u> | <u>Direct Program Expenditures</u> |
|---|-------------------------------|--|
| <u>Department of HUD</u> | | |
| Cash Basis | \$ 544,633 | \$ 471,292 |
| Accrual Adjustment | <u>(85,759)</u> | <u>(12,203)</u> |
| Department of HUD - Accrual Basis | <u>\$ 458,874</u> | <u>\$ 459,089</u> |
| <u>Environmental Protection Agency</u> | | |
| Cash Basis | \$ 28,883 | \$ 27,971 |
| Accrual Adjustment | <u>0</u> | <u>0</u> |
| Environmental Protection Agency - Accrual Basis | <u>\$ 28,883</u> | <u>\$ 27,971</u> |
| <u>Federal Highway Administration</u> | | |
| Cash Basis | \$ 729,074 | \$ 729,074 |
| Accrual Adjustment | <u>0</u> | <u>0</u> |
| Federal Highway Administration - Accrual Basis | <u>\$ 729,074</u> | <u>\$ 729,074</u> |
| <u>Department of Justice</u> | | |
| Cash Basis | \$ 36,247 | \$ 36,247 |
| Accrual Adjustment | <u>0</u> | <u>0</u> |
| Department of Justice - Accrual Basis | <u>\$ 36,247</u> | <u>\$ 36,247</u> |

CITY OF KENT, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 3: PROGRAM INCOME

The City of Kent, Ohio, uses federal funds received in the current and prior years to issue revolving loans. These loans are issued to companies and are to be repaid to the City in monthly installments. Principal received on these loans may be used to issue new loans. The principal outstanding at December 31, 2008 was \$439,295. The program income represents interest revenue earned from the revolving loans and bank accounts and repayment of loans of \$46,376. These amounts were subject to Single Audit procedures.

**CITY OF KENT, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|------------|---|---|
| 2008(i) | Type of Financial Statement Opinion | Unqualified |
| 2008(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| 2008(ii) | Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| 2008(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| 2008(iv) | Were there any material internal control Weaknesses reported for major federal programs? | No |
| 2008(iv) | Were there any other significant deficiencies in internal control reported for major federal programs? | No |
| 2008(v) | Type of Major Programs' Compliance Opinions | Unqualified |
| 2008(vi) | Are there any reportable findings under .510? | No |
| 2008(vii) | Major Programs (list): Community Development Block Grant - CFDA #14.218 Portage-Kent Hike and Bike Trail - CFDA #20.205 | |
| 2008(viii) | Dollar Threshold: A/B Programs | Type A: \$300,000 Type B: All Others |
| 2008(ix) | Low Risk Auditee? | No |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CITY OF KENT, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

The prior audit report, as of December 31, 2007, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2008

CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2008

Issued by The Department of Budget and Finance

DAVID A. COFFEE
Director of Budget and Finance

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INTRODUCTORY SECTION

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City of Kent, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2008
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CITY OF KENT, OHIO

DEPARTMENT OF BUDGET AND FINANCE

July 31, 2009

Members of City Council
City Manager
Citizens of Kent, Ohio

The Comprehensive Annual Financial Report (CAFR) of the City of Kent (the City) for the fiscal year ended December 31, 2008, is herein submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management of the City is responsible for establishing and maintaining an internal control structure that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Kent's financial statements in conformity with generally accepted accounting principles (GAAP). The concept of reasonable assurance recognizes that the cost of the internal control structure should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management. 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 City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial records, books of accounts and transactions of the City of Kent, Ohio, for the year ended December 31, 2008, have been audited by the independent auditing firm of James G. Zupka, Certified Public Accountants, Incorporated. The independent auditor's unqualified opinion has been included in this report.

In addition, the City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*. Based upon prior experience, management believes that no material weakness exists in internal controls and that questioned costs, if any, will not have an adverse material effect on the financial condition of the City.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD & A). This letter of transmittal is designed as a supplement to the MD & A and should be read in conjunction with it. The City of Kent's MD & A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Kent, Ohio, is located in Portage County, approximately fifteen miles northeast of the City of Akron and six miles west of the City of Ravenna, the county seat. The City is the largest of four cities in this industrial and agricultural county. It is principally noted as the home of Kent State University, which has a current enrollment of approximately 22,578 students at the main campus in the City. The City covers an area of approximately 9.29 square miles. The City's 2000 population of 27,906 reflects a 3.2 percent decrease as compared to the 1990 population of 28,835.

325 S. DEPEYSTER ST., KENT, OH 44240
(330) 678-8102 – Director and General Accounting
(330) 678-8103 Income Tax (330) 678-8104 Utility Billing FAX (330) 678-2082

The City of Kent, a full-service city, was incorporated in 1867. The City operates under and is governed by its charter, which was first adopted in 1963 and which has been amended by the voters from time to time. In addition, under the Ohio constitution, the City may exercise all powers of local self-government to the extent it is not in conflict with applicable general laws.

The charter provides for a Council-Manager form of government. Legislative authority is vested in a nine-member Council. In addition, a mayor is elected by the voters and serves as President of Council in a ceremonial capacity. All of these officials are elected for four-year terms. The Mayor and three Council members are elected on an at-large basis. The six remaining Council members are elected from their respective wards within the City. City Council appoints members to City boards and commissions. The City's chief executive and administrative officer is the City Manager who is appointed by a majority vote of Council.

The City provides a full range of municipal services. These services include police, fire, emergency medical assistance, public health care, recreation programs (including parks), transportation programs, water production, sanitary and storm sewers, recycling, planning and zoning, and general administration.

The City maintains its legal level of budgetary control at the department level. Management control is also exercised at the department level. The Director of Budget and Finance is authorized to allocate appropriations among departments within any fund without prior Council approval, as long as the total appropriation for each fund does not exceed that of the Council-approved appropriation. Budgetary control is maintained at the division level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of division balances are not processed until additional appropriations are made available through transfer from other accounts either by ordinance of City Council or administrative transfer. Open encumbrances are reported as reservations of fund balance at year end.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City of Kent operates.

Local Economy

Despite the national and regional economic challenges in 2008, the City of Kent has been able to sustain its financial position largely due to the stabilizing impact of Kent State University, one of the largest of Ohio's thirteen state-assisted universities. Kent State University is the City's largest employer and accounts for 36% of total municipal income tax revenues. The University has an aggressive capital plan as evidenced by the completion in 2008 of \$30 million in capital improvements including the rehabilitation of Oscar Ritchie Hall, Dix Stadium renovations, and facility upgrades at Lake Olson and Eastway campus housing facilities.

The number of students enrolled at Kent State University (main campus only) is reflected in the following table.

| <u>Kent State University Enrollment</u> | | |
|---|---------------------------|--|
| <u>Year</u> | <u>Average Enrollment</u> | <u>Percent Change from Previous Year</u> |
| 2008 | 22,578 | 1.0% |
| 2007 | 22,352 | 0.2% |
| 2006 | 22,317 | (5.5%) |

Although the number of permits issued for commercial/residential new construction and alterations declined by 11% in 2008, the total value of the new construction increased by 14.5%. The higher estimated values reflect the continued construction of upscale housing units in select Kent neighborhoods, the building of the new Cambria and DipTech manufacturing facilities in Kent, and the completion of Phase 1 of the \$6.5 million revitalization Phoenix Project in downtown Kent.

| | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|--------------|-------------------|-------------------|-------------------|
| 1,2,3 Family | 9,600,120 | 5,983,609 | 9,238,405 |
| Commercial | 4,028,652 | 5,925,094 | 3,093,156 |
| Total: | <u>13,628,772</u> | <u>11,908,703</u> | <u>12,331,561</u> |

The combination of new job creation at Cambria Manufacturing, business expansion at companies like AWP Traffic Control and Kent Elastimor Products, record setting profits at existing Kent corporate businesses like Ametek Corporation and Davey Tree, coupled with steady payroll growth at Kent State University, enabled Kent’s gross income tax receipts (on a cash basis) to grow by nearly 2% in 2008, keeping the economic outlook positive for Kent despite the current economic climate.

Major Initiatives

Progress has continued on the Phoenix Project, a major downtown Kent redevelopment project, as more private reinvestment occurred in the City of Kent’s central business district in 2008 than in the last 20 years. In 2008, the City and Kent State University selected a private development partner and began negotiations on what is likely to be a \$50 million downtown hotel/conference center project. Nationally, university cities have proven to be one of the few bright spots for economic performance and the City of Kent has been the beneficiary of its expanding university-city collaborations. It is anticipated that the City will continue to pursue a balanced and sustainable approach to growth and redevelopment that will serve to enhance the current financial position of the City.

The City continued to expand the boundaries of its Joint Economic Development Districts in 2008 with both Brimfield and Franklin Townships, and the City of Kent reached terms with the City of Tallmadge to partner on JEDD revenues in a new development in an area of Brimfield Township. As a result of these partnerships, the City received \$187,793 as its share of new JEDD based income taxes in 2008. The City also brokered a deal between Kent State University and Alpha Micron to relocate their business operations into a facility in the Franklin JEDD that would allow them to grow their employee base from 40 to as much as 100 employees in the next 3 years. This initiative is important not only as a revenue enhancement tool, but also as means of promoting regional cooperation.

The City completed a tax abatement deal with the Don Joseph Toyota car dealership that will enable the dealership to proceed with a \$12 million reinvestment in the dealership and expand its employee base by 25 new positions. New retail jobs resulted from the opening of new businesses such as Empire, Professors Pub, Jimmy Johns, and the Bakerei. University based research and technology spin-off companies continued to show signs of growth with the announcement of the location of Pathogen Detection Systems in the Kent-Franklin JEDD and Loca-lingual in the City’s business incubator.

During 2008, there was continued progress to preserve, protect and restore the City of Kent neighborhoods. The City hired a full time Code Enforcement Officer and initiated a new City tool loan program to encourage better property maintenance by offering yard tools at no cost. City Council authorized changes to the noise, trash, and nuisance party ordinances which have proven successful in reducing recidivism and repeat property offenses. These efforts help to preserve the quality of life throughout the City, particularly in the areas surrounding the University.

Long-term Financial Planning

During 2008, the City Council and Administration continued the update and implementation of the five-year capital improvement program that ensures the City's ability to meet the infrastructure needs of the community in future years. One component of the plan is long-term financial projections, which still indicate the need for continued cost containment or revenue enhancement efforts. To address the projected financial deficit, the City Council began to implement some of the recommendations of the 2006 Blue Ribbon Panel of the City's citizens. The Council increased vehicle license fees, approved reducing the income tax credit, and voted to put a change in the City's income tax rate on the ballot in 2009. However, as economic conditions worsened in the region, in late 2008 City Council voted to hold off any consideration of changing the income tax rate or tax credit until an economic recovery.

As recommended by the Blue Ribbon Panel, City Council did approve strategic land investments to be made in 2008 in order to enable planned redevelopment economic development projects to proceed. In addition, City staff continued to hold positions vacant and make budget cuts wherever possible bringing the cumulative budget savings over the last 3 years up to \$3 million.

Cash Management Policies and Practices

The City's investment policy is to manage and invest the public's funds with regard to the following criteria: Safety of principal is the foremost objective for the City. All investments are executed in a manner that seeks to ensure preservation of capital in the overall portfolio. Liquidity is the second objective, and the City's investment portfolio maturities are structured in such a manner so as to meet all of its operating requirements that can be reasonably anticipated. Finally, the City's investment portfolio is managed so as to achieve a competitive yield that is compatible with the risk and cash flow requirements of the portfolio. The Director of Budget and Finance is authorized by City Council to invest interim and active monies not in excess of \$10 million. Investments may be in certificates of deposit or repurchase agreements for a period not to exceed six months with an eligible institution designated as a depository in the State of Ohio. While these are considered uncollateralized for financial reporting purposes, the institutions are required by state statute to maintain a collateral pool of assets whose carrying value exceeds their total public deposits by at least 5%. Investments in excess of \$10 million or beyond six months require the authorization of the City's Treasury Investment Board. The Treasury Investment Board is comprised of the City Manager, the Director of Budget and Finance, and the Director of Law. The total interest earned during calendar year 2008 was \$ 1,135,187.

Risk Management

The City has established a formal self-insurance program for liabilities arising from employee health and life benefits. This plan utilizes the services of a third-party administrator, with the City maintaining a self-insured retention overload with conventional excess coverage. The City has recognized savings as a result of this program.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities whose CAFR is easily readable, efficiently organized and conforms, to GFOA reporting standards. Such a report must satisfy both generally accepted accounting principles (GAAP) as well as applicable legal requirements. The City of Kent received this honor for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2007. This was the twenty-first consecutive year that the government has received this prestigious award.

A Certificate of Achievement is valid for a period of only one year. The City believes this report conforms to the Certificate of Achievement program requirements, and has submitted it to the GFOA to determine its eligibility for another Certificate of Achievement.

Special recognition for the contributions to this report is made to John Mockler, Controller, and the Department of Budget and Finance staff for their many hours of dedicated effort. In addition, gratitude is extended to the independent auditing firm of James G. Zupka, Certified Public Accountants, Incorporated and Sujata M. Sulzer, Partner, for their advice, guidance and patience. Finally, a special acknowledgment is given to the City Council and City Department Heads for their continuing support and commitment to responsible fiscal reporting.

Respectfully submitted,



Dave Ruller
City Manager

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kent
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



President

Executive Director

CITY OF KENT, OHIO
ELECTED OFFICIALS - 2008

| | |
|-------------------------|---------------------|
| MAYOR/COUNCIL PRESIDENT | John H. Fender |
| COUNCIL MEMBER AT LARGE | Michael A. DeLeone |
| COUNCIL MEMBER AT LARGE | Richard L. Hawksley |
| COUNCIL MEMBER AT LARGE | Robin G. Turner |

CITY COUNCIL MEMBERS BY WARDS:

| | |
|--------|-------------------|
| WARD 1 | Garret M. Ferrara |
| WARD 2 | Jack Amrhein |
| WARD 3 | Wayne A. Wilson |
| WARD 4 | John M. Kuhar |
| WARD 5 | Heidi L. Shaffer |
| WARD 6 | Tracy Wallach |

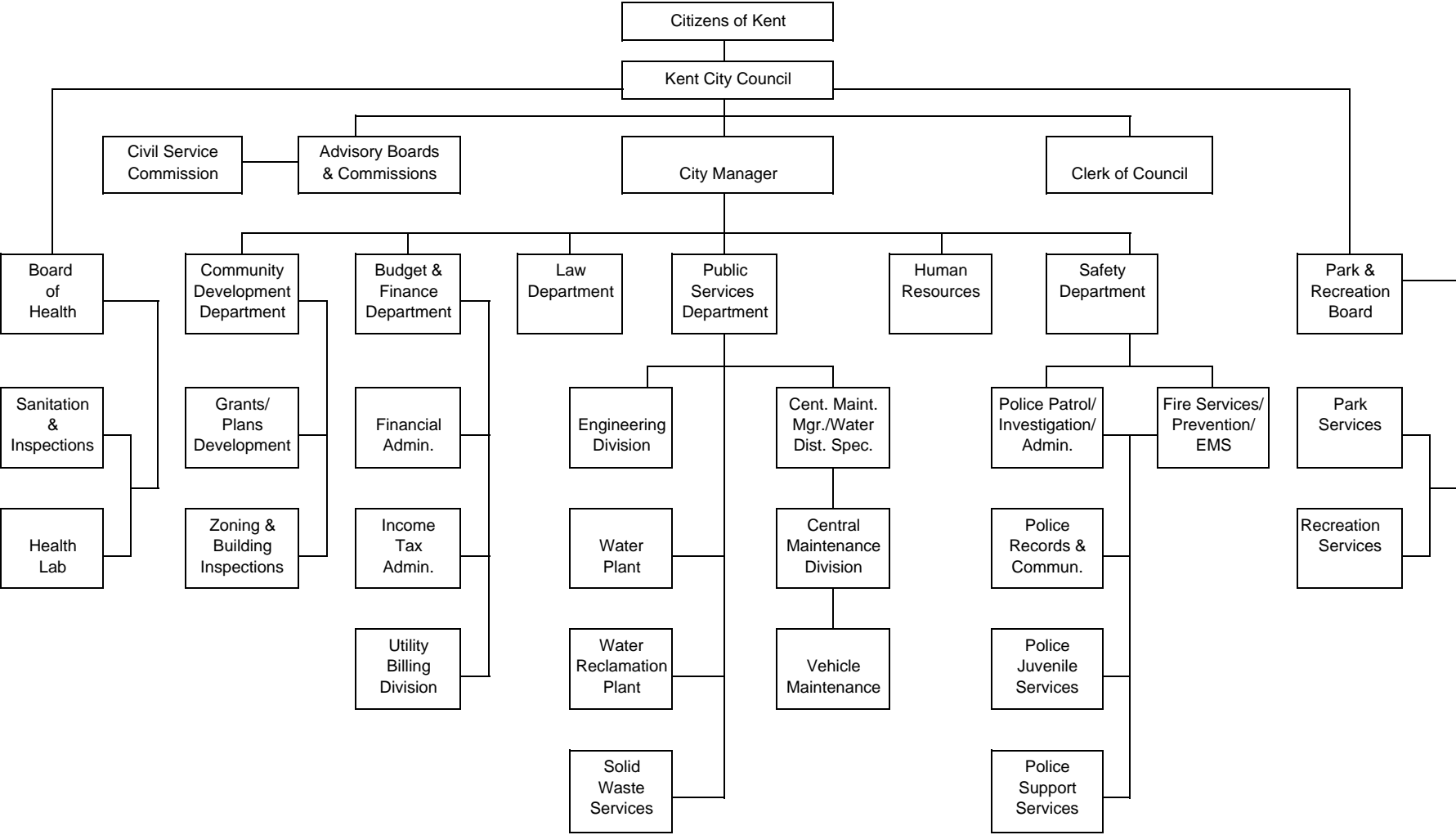
CITY OF KENT, OHIO

APPOINTED OFFICIALS - 2008

| | |
|---|--|
| OFFICE OF CITY MANAGER City Manager | David A. Ruller |
| OFFICE OF COUNCIL Clerk of Council | Linda M. Copley |
| DEPARTMENT OF LAW Law Director | James R. Silver |
| DEPARTMENT OF PUBLIC SERVICES Service Director City Engineer Water Plant Supervisor Sewer Plant Supervisor Central Maintenance Manager | Eugene K. Roberts James S. Bowling, Jr. Steve D. Hardesty, Sr. Robert W. Brown Jack E. Hogue |
| DEPARTMENT OF BUDGET AND FINANCE Director of Budget and Finance * Controller | Barbara A. Rissland John E. Mockler |
| DEPARTMENT OF PUBLIC SAFETY Safety Director Fire Chief Police Chief | William C. Lillich James A. Williams James A. Peach |
| DEPARTMENT OF COMMUNITY DEVELOPMENT Community Development Director | Gary S. Locke |
| DEPARTMENT OF HEALTH Health Commissioner Deputy Health Commissioner | John B. Ferlito John B. Bradshaw |
| DEPARTMENT OF PARKS AND RECREATION Director of Parks and Recreation Parks Supervisor Recreation Supervisor | John J. Idone Charles S. Tuttle Nancy R. Rice |

* Effective July 15, 2009, David A. Coffee was appointed as Director of Budget and Finance.

CITY OF KENT, OHIO ORGANIZATIONAL CHART





FINANCIAL SECTION

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Kent, Ohio

The Honorable Mary Taylor
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Kent, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

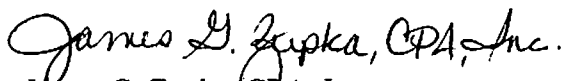
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of December 31, 2008, and the respective changes in financial position, and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund and major Special Revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2008, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and GASB Statement No. 50, *Pension Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2009, on our consideration of the City of Kent, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 13 through 25 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kent, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


James G. Zupka, CPA, Inc.
Certified Public Accountants

July 31, 2009

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The discussion and analysis of the City of Kent's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2008 are:

- Total assets of the City of Kent exceeded its liabilities at the close of the most recent year by \$115,282,110 (*net assets*). Of this amount, \$24,819,249 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to its citizens and creditors.
- Total net assets increased by \$2,577,079 or 2.29% over 2007. Of this amount, governmental activities increased by \$3,169,227 and business-type activities decreased by \$592,148.
- Total capital assets increased by \$1,863,378 or 2.12% as compared to 2007. Governmental capital assets increased by \$2,905,207 and business-type capital assets decreased by \$1,041,829.
- Total current assets decreased \$869,786 or 2.00% as compared to 2007. Of this amount, \$269,381 is attributable to governmental activities and \$600,405 is attributable to business-type activities.
- Total liabilities decreased \$1,583,487 or 8.40% as compared to 2007. This decrease is comprised of a decrease in the governmental activities liabilities of \$533,401 and a decrease in the liabilities of the business-type activities of \$1,050,086.

Overview of the Financial Statements

This discussion and analysis will serve as an introduction to the City of Kent's basic financial statements. The City of Kent's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Kent's finances, in a manner similar to private-sector businesses. The *statement of net assets* and *statement of activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major 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 dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

The *statement of net assets* presents information on all of the City of Kent's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Kent is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows*. Thus, revenues and expenses are reported in this

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Kent that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Kent include security of persons and property, public health and welfare, leisure time activities, community development, transportation and general government. The business-type activities include the provision of water, sewer, solid waste and storm water drainage services.

The government-wide financial statements can be found starting on page 27 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Kent, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Kent can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds' financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Kent maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Construction, Maintenance and Repair Fund, the Parks and Recreation Fund, the Income Tax Fund, the Income Tax Safety Fund, the Fire and Emergency Medical Services Fund and the Capital Projects Fund, all of which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Kent adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (non-GAAP basis) has been provided for each governmental and proprietary fund to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 30-33 of this report.

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Proprietary funds. The City of Kent maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Kent uses enterprise funds to account for its water, sewer, solid waste and storm water drainage operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains such a fund for its self-insurance of health related employee benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, the Sewer Fund, the Solid Waste Fund and the Storm Water Drainage Fund, all of which are considered to be major funds. The Internal Service Fund is also presented on the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 40-43 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of these funds are *not* available to support the City of Kent's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 44 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 45-70 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented, as well as individual budgetary comparisons for all nonmajor funds. This information can be found on pages 72-114 of this report.

Government-wide Financial Analysis

Statement of Net Assets and the Statement of Activities. While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole considers all financial transactions and measures how the City did financially during fiscal year 2008. The *Statement of Net Assets* and the *Statement of Activities* include assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into consideration all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and changes in those assets. The changes in assets statement is important because it tells whether, for the City as a whole, the financial position has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The *Statement of Net Assets* and the *Statement of Activities* are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Expenses and Revenues
- General Revenues
- Net Assets Beginning of Year and at Year's End

The City of Kent as a Whole

Table 1 provides a summary of the City's net assets for 2008 compared to 2007.

Table 1
Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Current and Other Assets | \$33,312,058 | \$33,581,439 | \$9,346,631 | \$9,947,036 | \$42,658,689 | \$43,528,475 |
| Capital Assets, Net | 36,075,922 | 33,170,715 | 53,821,109 | 54,862,938 | 89,897,031 | 88,033,653 |
| <i>Total Assets</i> | <u>69,387,980</u> | <u>66,752,154</u> | <u>63,167,740</u> | <u>64,809,974</u> | <u>132,555,720</u> | <u>131,562,128</u> |
| Current and Other Liabilities | 7,630,591 | 7,995,334 | 1,352,199 | 2,215,096 | 8,982,790 | 10,210,430 |
| Long-Term Liabilities: | | | | | | |
| Due Within One Year | 953,642 | 935,608 | 400,921 | 378,444 | 1,354,563 | 1,314,052 |
| Due In More Than One Year | 2,575,641 | 2,762,333 | 4,360,616 | 4,570,282 | 6,936,257 | 7,332,615 |
| <i>Total Liabilities</i> | <u>11,159,874</u> | <u>11,693,275</u> | <u>6,113,736</u> | <u>7,163,822</u> | <u>17,273,610</u> | <u>18,857,097</u> |
| Invested in Capital Assets, Net of Related Debt | 30,315,249 | 26,951,296 | 48,345,006 | 48,198,941 | 78,660,255 | 75,150,237 |
| Restricted: | | | | | | |
| Capital Projects | 3,207,869 | 2,607,054 | 0 | 0 | 3,207,869 | 2,607,054 |
| Debt Service | 621,191 | 696,830 | 0 | 0 | 621,191 | 696,830 |
| Street Construction, Maintenance and Repair | 1,930,995 | 2,318,906 | 0 | 0 | 1,930,995 | 2,318,906 |
| Income Tax | 2,120,760 | 2,030,076 | 0 | 0 | 2,120,760 | 2,030,076 |
| Community Development | | | | | | |
| Block Grant | 1,140,181 | 1,139,619 | 0 | 0 | 1,140,181 | 1,139,619 |
| Parks and Recreation | 786,211 | 934,412 | 0 | 0 | 786,211 | 934,412 |
| Other Purposes | 1,995,399 | 1,578,442 | 0 | 0 | 1,995,399 | 1,578,442 |
| Unrestricted | 16,110,251 | 16,802,244 | 8,708,998 | 9,447,211 | 24,819,249 | 26,249,455 |
| <i>Total Net Assets</i> | <u>\$58,228,106</u> | <u>\$55,058,879</u> | <u>\$57,054,004</u> | <u>\$57,646,152</u> | <u>\$115,282,110</u> | <u>\$112,705,031</u> |

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Kent, total assets exceed total liabilities by \$115,282,110 at the close of the most recent year.

The largest portion of the City's net assets (68.23%) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, equipment and vehicles), less any related outstanding debt issued to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$11,802,606 or 10.24%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$24,819,249 or 21.53%) may be used to meet the government's ongoing obligations to citizens and creditors.

Total assets increased by \$993,592 from 2007 to 2008. The change in assets corresponds primarily to a decrease in current and other assets of \$869,786, which is offset by an increase in capital assets net of accumulated depreciation of \$1,863,378. Most of this increase is associated with the Portage Hike and Bike Trail, the right-of-way acquisitions for the Crain Avenue Bridge project, and the Downtown Redevelopment.

Total liabilities decreased \$1,583,487, which corresponds to a decrease of \$533,401 in governmental funds and a decrease of \$1,050,086 in the business-type funds. A reduction of \$457,947 in outstanding debt combined with a decrease in claims payable of \$255,709 account for the majority of the change in the governmental funds. A decrease in outstanding debt of \$1,187,894 is the primary reason for the decrease in the business-type funds.

At the end of the current year, the City of Kent is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The total net assets of the City increased \$2,577,079 from 2007 to 2008. The primary reasons for this overall change are an increase of \$1,863,378 in capital assets, net of depreciation and a reduction of \$1,645,841 in outstanding debt.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers additional details regarding the results of activities for the current and prior years.

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 2
Changes in Net Assets

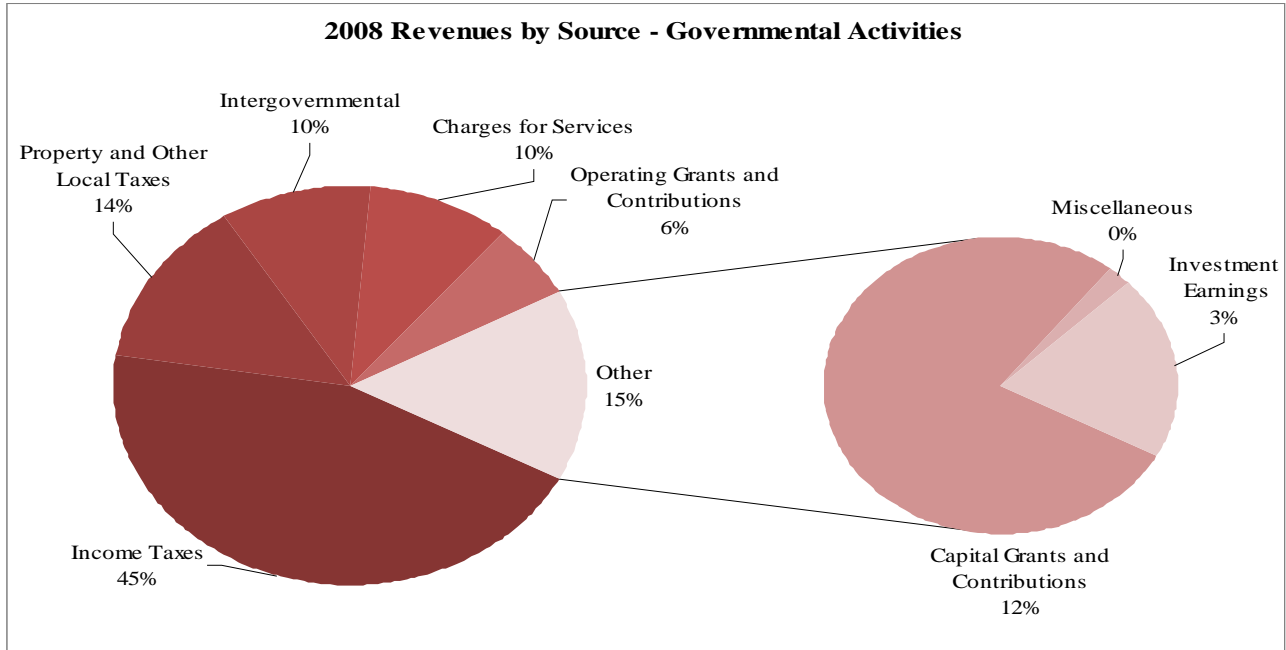
| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$2,295,383 | \$2,098,505 | \$6,601,100 | \$7,342,539 | \$8,896,483 | \$9,441,044 |
| Operating Grants and Contributions | 1,427,695 | 1,326,617 | 12,500 | 12,500 | 1,440,195 | 1,339,117 |
| Capital Grants and Contributions | 2,822,271 | 991,738 | 282,960 | 1,231,118 | 3,105,231 | 2,222,856 |
| General Revenues: | | | | | | |
| Income Taxes | 10,508,828 | 10,577,734 | 0 | 0 | 10,508,828 | 10,577,734 |
| Property and Other Local Taxes | 3,185,550 | 3,253,868 | 0 | 0 | 3,185,550 | 3,253,868 |
| Grants and Entitlements | 2,430,874 | 2,653,962 | 0 | 0 | 2,430,874 | 2,653,962 |
| Investments | 781,307 | 1,158,296 | 353,880 | 415,999 | 1,135,187 | 1,574,295 |
| Miscellaneous | 77,607 | 284,815 | 55,484 | 60,147 | 133,091 | 344,962 |
| Total Revenues | 23,529,515 | 22,345,535 | 7,305,924 | 9,062,303 | 30,835,439 | 31,407,838 |
| Program Expenses | | | | | | |
| Security of Persons and Property | 10,048,146 | 9,767,636 | 0 | 0 | 10,048,146 | 9,767,636 |
| Public Health and Welfare | 624,117 | 567,464 | 0 | 0 | 624,117 | 567,464 |
| Leisure Time Activities | 1,349,541 | 1,304,088 | 0 | 0 | 1,349,541 | 1,304,088 |
| Community Development | 1,809,918 | 1,806,399 | 0 | 0 | 1,809,918 | 1,806,399 |
| Transportation | 3,511,591 | 3,242,973 | 0 | 0 | 3,511,591 | 3,242,973 |
| General Government | 2,758,218 | 2,697,076 | 0 | 0 | 2,758,218 | 2,697,076 |
| Interest and Fiscal Charges | 258,757 | 276,968 | 0 | 0 | 258,757 | 276,968 |
| Water | 0 | 0 | 3,310,242 | 3,075,261 | 3,310,242 | 3,075,261 |
| Sewer | 0 | 0 | 3,881,883 | 3,758,029 | 3,881,883 | 3,758,029 |
| Solid Waste | 0 | 0 | 430,779 | 449,101 | 430,779 | 449,101 |
| Storm Water Drainage | 0 | 0 | 275,168 | 261,035 | 275,168 | 261,035 |
| Total Expenses | 20,360,288 | 19,662,604 | 7,898,072 | 7,543,426 | 28,258,360 | 27,206,030 |
| Increase in Net Assets | 3,169,227 | 2,682,931 | (592,148) | 1,518,877 | 2,577,079 | 4,201,808 |
| Net Assets Beginning of Year | 55,058,879 | 52,375,948 | 57,646,152 | 56,127,275 | 112,705,031 | 108,503,223 |
| Net Assets End of Year | <u>\$58,228,106</u> | <u>\$55,058,879</u> | <u>\$57,054,004</u> | <u>\$57,646,152</u> | <u>\$115,282,110</u> | <u>\$112,705,031</u> |

Governmental Activities

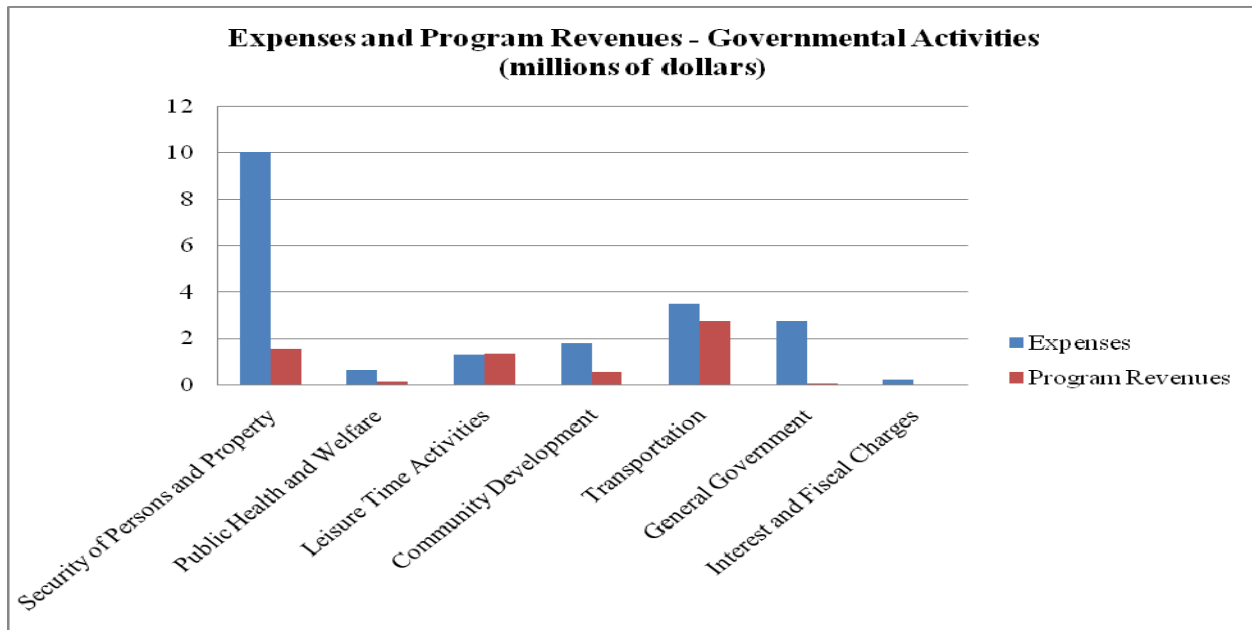
Governmental activities increased the City's net assets by \$3,169,227 during 2008.

Several types of revenues fund the City's governmental activities, with municipal income tax being the largest contributor. Income tax revenues slightly decreased by \$68,906 or 0.65%, due mainly to the overall economic downturn experienced in 2008. However, income tax collections received from Kent State University, the City's largest employer, increased by \$211,608 on a cash basis in 2008, emphasizing the stabilizing effect of the University. While the City's total governmental revenues increased by \$1,183,980 in 2008 as compared to 2007, all of this increase is related to an increase of \$1,830,533 in one-time revenues for Capital Grants and Contributions related primarily to the Portage Hike and Bike Trail and right-of-way acquisitions for the Crain Avenue Bridge Project.

City of Kent, Ohio
Management's Discussion and Analysis
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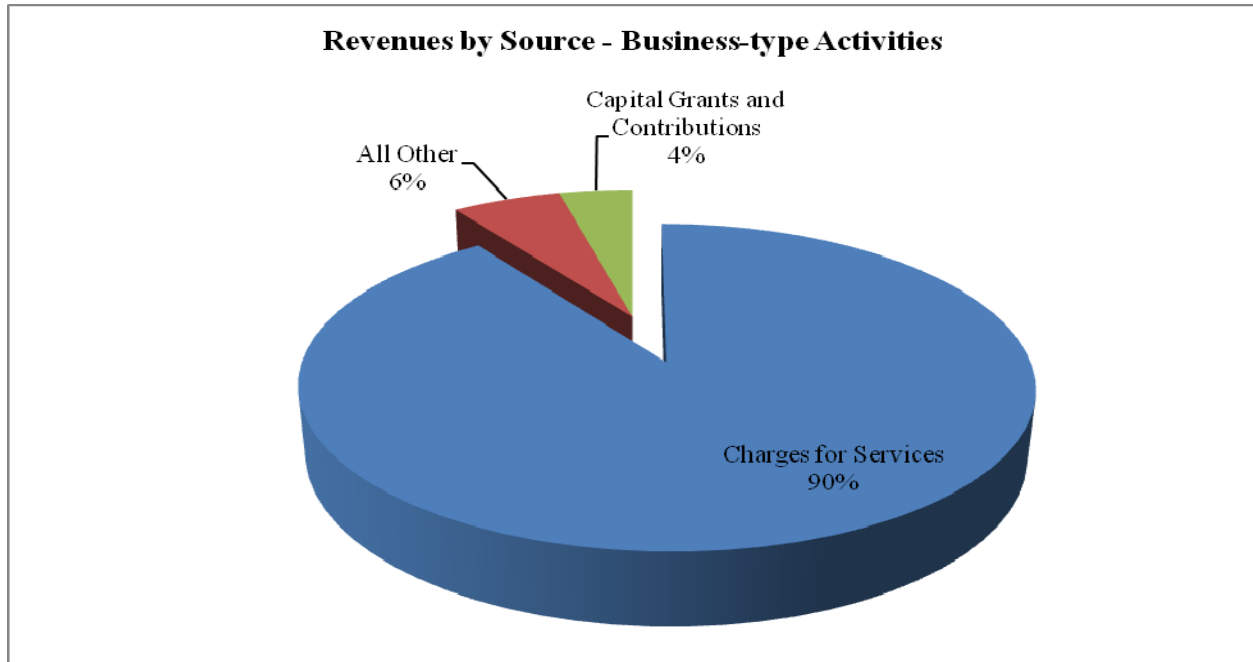
Expenses in the governmental activities increased by \$697,684 or 3.55%. Most of this increase corresponds to negotiated wage and benefit increase of 2.75%, which are the largest component of general government expenditures. Non-cash expenses for depreciation increased approximately \$240,000, also contributing to the increase. During 2008, the largest program area for the City is security of persons and property at 49.35%, which includes police, fire and emergency medical services. The next largest program area is transportation at 17.25%, of which \$1.8 million or 53.40% of the total expenses are attributable to depreciation on the City's roads. General government is the third largest program area at 13.55% and accounts for the basic operations of the City including council, mayor, city manager, human resources, finance, law, engineering, service administration and civil service.



City of Kent, Ohio
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Business-Type Activities

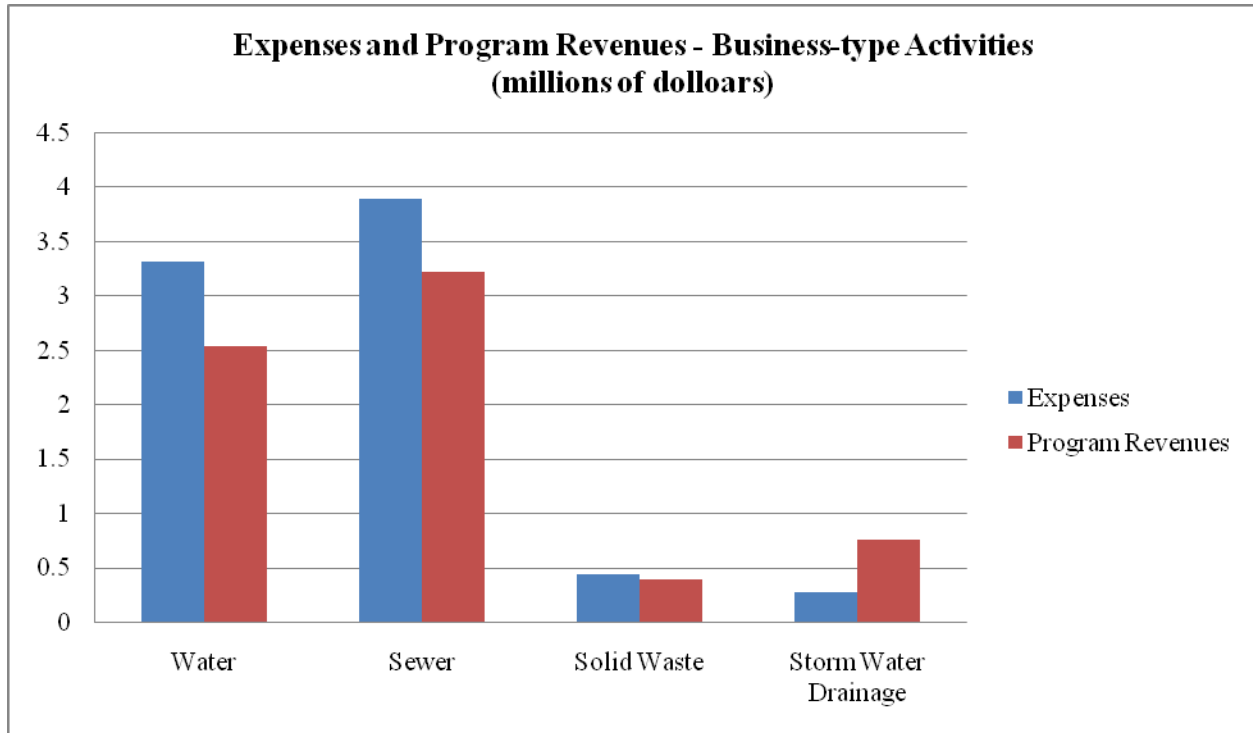
Business-type activities of the City, which include water, sewer, solid waste and storm water drainage operations, decreased the City's net assets by \$592,148.



Charges for services account for 90.35% of total business-type revenues. The decrease in charges for services, \$741,439 or 10.10%, is partly explained by an ongoing decrease in the amount of water being produced and sold because of a decrease in demand due to current economic conditions, as well as an increase in conservation efforts. The City has had an ongoing program to upgrade its meter reading system, resulting in a reduction in the number of estimated reads. When the City estimates meter reads, the estimate is increased incrementally until an actual read is obtained, usually resulting in a refund or credit to the customer. Capital grants and Contributions declined by \$948,158, mostly due to reduction in Capital Contributions from Special Assessments from \$601,388 in 2007 to \$0 in 2008, and Capital Contributions from Developers, which went from \$377,989 in 2007 to \$0 in 2008.

Expenses in the business-type activities grew by \$354,646 or 4.70%, which roughly equates to negotiated wage increases and market increases in cost of goods and services.

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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Program revenues approximate program expenses for the solid waste business-type activity. The excess of program revenues over expenses in the storm water drainage funds is due primarily to capital grants and contributions.

Financial Analysis of the City of Kent's Funds

As noted earlier, the City of Kent uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Kent's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Kent's governmental funds reported combined ending fund balances of \$21,493,345, which represents an increase of \$261,428 or 1.23% as compared to 2007. Of the total amount, \$17,424,327 constitutes *unreserved fund balance*, which is available at the government's discretion. The current unreserved fund balance represents 73.79% of the total governmental funds expenditures. A portion of the unreserved fund balance (\$2,120,760) is designated as an emergency reserve for public facilities and programs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for the following reasons: 1) to liquidate purchase orders of the prior period (\$2,104,395); 2) to fund the revolving loan program (\$439,295); 3) for assets held for resale (\$1,200,717); and 4) for other restricted purposes (\$324,611).

Fund balance for the City's General Fund declined by \$265,870 due to the following: 1) a decrease in revenue of \$321,781, mostly comprised of a decline in interest earning of \$314,186; 2) an

City of Kent, Ohio
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increase in expenditures of \$482,049, generally due to negotiated salary and benefit increases as well as increased costs for some significant goods and services such as utilities and fuel, and 3) costs associated with the Downtown Redevelopment.

Proprietary Funds. The City of Kent's proprietary fund statements provide similar information to that found in the government-wide financial statements, but in more detail.

The following table lists unrestricted net assets and change in net assets for all of the proprietary funds.

| | Water | Sewer | Solid Waste | Storm Water Drainage |
|-------------------------|-------------|-------------|-------------|----------------------|
| Unrestricted Net Assets | \$3,510,287 | \$2,860,443 | (\$284,467) | \$2,597,427 |
| Change in Net Assets | (648,973) | (573,638) | (41,378) | 608,233 |

In the water and sewer funds, which are the two largest enterprise funds, the unrestricted net assets represent 105.7% and 77.1% of the total current operating expenses, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights. The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2008, the City amended its general fund budget on various occasions. All recommendations for budget changes are reviewed by the Finance Committee of City Council prior to presentation to Council for ordinance enactment of the changes.

For the General Fund expenditures, the original budget amount was \$8,892,416 and the final amended budget was \$10,420,041, an increase of \$1,527,625. \$1,500,000 of the additional appropriation was for community development purpose related to Downtown Redevelopment.

Actual expenditures were \$9,741,552 or \$678,489 less than were budgeted. Conservative budget practices and vacancies in some positions were the principal reason budget funds were not spent.

Capital Assets and Debt Administration

Capital Assets. The City of Kent's investment in capital assets (net of accumulated depreciation) for governmental and business-type activities as of December 31, 2008, was \$89,897,031. The City's investment in capital assets increased by \$2,905,207 or 8.76% for governmental activities and decreased by \$1,041,829 or 1.90% for business-type activities when comparing 2008 to 2007.

The City is committed to a long-term goal of meeting its infrastructure and facilities' needs. Management has a five-year capital plan in place that provides for building and infrastructure improvements to complement the City's current capital assets. For additional information of capital assets, see note 11 to the basic financial statements.

Table 3 compares capital assets as of December 31, 2008 to balances at December 31, 2007.

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 3
Capital Assets
(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Land | \$5,819,427 | \$3,919,800 | \$1,775,033 | \$1,775,033 | \$7,594,460 | \$5,694,833 |
| Buildings, Structures and Improvements | 6,432,884 | 6,801,201 | 6,627,200 | 6,902,776 | 13,060,084 | 13,703,977 |
| Machinery and Equipment | 2,746,386 | 2,896,476 | 1,803,044 | 1,921,213 | 4,549,430 | 4,817,689 |
| Construction in Progress | 5,101,067 | 1,984,888 | 608,880 | 212,389 | 5,709,947 | 2,197,277 |
| Infrastructure | | | | | | |
| Roads, Bridges, Walks | 15,517,651 | 17,080,125 | 0 | 0 | 15,517,651 | 17,080,125 |
| Traffic Signals | 458,507 | 488,225 | 0 | 0 | 458,507 | 488,225 |
| Water | 0 | 0 | 10,335,241 | 10,612,297 | 10,335,241 | 10,612,297 |
| Sewer | 0 | 0 | 22,088,311 | 22,635,959 | 22,088,311 | 22,635,959 |
| Storm Water | 0 | 0 | 10,583,400 | 10,803,271 | 10,583,400 | 10,803,271 |
| <i>Total Capital Assets</i> | <u>\$36,075,922</u> | <u>\$33,170,715</u> | <u>\$53,821,109</u> | <u>\$54,862,938</u> | <u>\$89,897,031</u> | <u>\$88,033,653</u> |

Long-term Debt. At December 31, 2008, the City's bonds, notes and loans outstanding were \$11.2 million.

Outstanding Debt at Year End

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|--------------------|--------------------------|--------------------|---------------------|---------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| General Obligation Bonds | \$1,830,000 | \$1,970,000 | \$0 | \$0 | \$1,830,000 | \$1,970,000 |
| Special Assessment Bonds | 410,000 | 458,000 | 0 | 0 | 410,000 | 458,000 |
| OPWC Loans | 305,920 | 335,867 | 94,526 | 96,324 | 400,446 | 432,191 |
| OWDA Loans | 0 | 0 | 4,466,577 | 4,657,673 | 4,466,577 | 4,657,673 |
| Notes Payable | 3,205,000 | 3,445,000 | 915,000 | 1,910,000 | 4,120,000 | 5,355,000 |
| Total | <u>\$5,750,920</u> | <u>\$6,208,867</u> | <u>\$5,476,103</u> | <u>\$6,663,997</u> | <u>\$11,227,023</u> | <u>\$12,872,864</u> |

The City of Kent's total long-term debt decreased by \$410,841 or 5.46%. This decrease is primarily due to scheduled debt service payments on long term debt of \$412,694.

Short-term debt decreased \$1,235,000. The notes payable of \$3,205,000 in the governmental activities are for the construction and renovation of the main fire station and renovation of administration offices. The note payable of \$915,000 in the business-type activities was used to finance a capital sewer project and will be repaid through user charges.

As of our last review, the City was rated Aa3 by Moody's Investors Services, one of the three largest recognized rating agencies of municipal debt. Factors noted as contributing to this favorable rating were the City's history of prudent budget management and long-term financial planning.

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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State statutes limit the amount of general obligation debt a governmental entity may issue to 10.5 percent of total assessed valuation. The City's overall legal debt margin was \$38,039,588 at December 31, 2008.

Additional information concerning the City's debt can be found in notes 15 and 16 to the basic financial statements.

Current Financial Related Activities

The City of Kent has been impacted by the regional, state and national economic slowdown. Fortunately, Kent's largest employer, Kent State University, continues to have a stabilizing influence on the City's local economic conditions as both a purchaser of goods and services in Kent, and as a producer of new technologies and new businesses that have been added to the Kent tax base. The new university spin-off and service businesses have been able to offset business losses in older manufacturing sectors that have experienced employment declines.

In this economic transition period, the City of Kent is projecting relatively flat revenues but the City believes that investment partnerships with Portage County, Kent State University and the JEDD townships provide a blueprint for future economic growth. To that end, these partners developed a framework for downtown Kent redevelopment that aims to align city, university, and business assets in such a way that the downtown can be a catalyst for economic revival that will create jobs, inspire new technologies, spawn entrepreneurship, and keep Kent the kind of place people are proud to call home. Simply stated the framework seeks to put Kent's assets to work for the Kent community.

Downtowns are centers of commerce, entertainment, and cultural expression. The CEO's of Kent's corporate community and the officials from Kent State University have stressed the importance of downtown Kent to their ability to compete for the best business talent, best employees, best students and best faculty. The City of Kent depends upon the success of the University and the corporate base to supply new residents, foster new businesses and support a dynamic cultural setting essential for continued economic prosperity. Success in this shared mission depends upon the strength and quality of the physical networks and infrastructure that connect our community and bridge Town and Gown with the central business district. The City believes that the redevelopment framework will enable the City to maximize that connectivity and fulfill the economic promise of a vibrant university-city.

During 2008, the City Council and Administration continued the update and implementation of the five-year capital improvement program that ensures the City's ability to meet the infrastructure needs of the community in future years. One component of the plan is long-term financial projections, which still indicate the need for continued cost containment or revenue enhancement efforts. To address the projected financial deficit, the City Council began to implement some of the recommendations of the 2006 Blue Ribbon Panel of Kent citizens. The Council increased vehicle license fees, approved reducing the income tax credit, and voted to put a change in the City's income tax rate on the ballot in 2009. However, as economic conditions worsened in the region in late 2008 City Council voted to hold off any consideration of changing the income tax rate or tax credit until an economic recovery.

As recommended by the Blue Ribbon Panel, Council did approve strategic land investments to be made in 2008 in order to enable planned redevelopment economic development projects to proceed. In addition, City staff continued to hold positions vacant and make budget cuts wherever possible bringing the cumulative budget savings over the last 5 years to over \$3 million.

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, customers, employees, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Budget and Finance, City of Kent, 325 South Depeyster Street, Kent, Ohio 44240, telephone (330) 678-8102.

Basic Financial Statements

City Of Kent, Ohio
Statement of Net Assets
December 31, 2008

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$20,017,386 | \$8,784,296 | \$28,801,682 |
| Cash Surrender Value of Life Insurance Policies | 889,015 | 0 | 889,015 |
| Receivables: | | | |
| Interest Receivable | 185,175 | 49,701 | 234,876 |
| Accounts Receivable | 0 | 1,248,828 | 1,248,828 |
| Other Receivable | 293,396 | 159,253 | 452,649 |
| Income Taxes Receivable | 1,357,913 | 0 | 1,357,913 |
| Property Taxes Receivable | 3,026,177 | 0 | 3,026,177 |
| Other Local Taxes Receivable | 58,197 | 0 | 58,197 |
| Loans Receivable | 439,295 | 0 | 439,295 |
| Utilization Fee Receivable | 0 | 127,439 | 127,439 |
| Special Assessments Receivable | 1,436,780 | 1,202,525 | 2,639,305 |
| Less Allowance for Doubtful Accounts | 0 | (284,462) | (284,462) |
| Receivables, Net | <u>6,796,933</u> | <u>2,503,284</u> | <u>9,300,217</u> |
| Internal Balances | 2,193,238 | (2,193,238) | 0 |
| Due From Other Governments | 1,784,140 | 198,540 | 1,982,680 |
| Inventories | 216,655 | 34,112 | 250,767 |
| Prepaid Items | 77,770 | 19,212 | 96,982 |
| Assets Held for Resale | 1,200,717 | 0 | 1,200,717 |
| Restricted Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | 136,204 | 425 | 136,629 |
| Capital Assets, Non-Depreciable | 10,920,494 | 2,383,913 | 13,304,407 |
| Capital Assets, Depreciable, Net | <u>25,155,428</u> | <u>51,437,196</u> | <u>76,592,624</u> |
| <i>Total Assets</i> | <u>69,387,980</u> | <u>63,167,740</u> | <u>132,555,720</u> |
| Liabilities | | | |
| Accounts Payable | 287,158 | 140,349 | 427,507 |
| Capital Contracts Payable | 265,128 | 82,814 | 347,942 |
| Retainage Payable | 97,832 | 28,072 | 125,904 |
| Accrued Wages and Benefits | 816,329 | 175,239 | 991,568 |
| Claims Payable | 99,085 | 0 | 99,085 |
| Unearned Revenue | 2,809,063 | 3,151 | 2,812,214 |
| Accrued Interest Payable | 34,792 | 7,149 | 41,941 |
| Notes Payable | 3,205,000 | 915,000 | 4,120,000 |
| Payable from Restricted Assets | 16,204 | 425 | 16,629 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 953,642 | 400,921 | 1,354,563 |
| Due In More Than One Year | <u>2,575,641</u> | <u>4,360,616</u> | <u>6,936,257</u> |
| <i>Total Liabilities</i> | <u>11,159,874</u> | <u>6,113,736</u> | <u>17,273,610</u> |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | 30,315,249 | 48,345,006 | 78,660,255 |
| Restricted for: | | | |
| Capital Projects | 3,207,869 | 0 | 3,207,869 |
| Debt Service | 621,191 | 0 | 621,191 |
| Street Construction, Maintenance and Repair | 1,930,995 | 0 | 1,930,995 |
| Income Tax | 2,120,760 | 0 | 2,120,760 |
| Community Development Block Grant | 1,140,181 | 0 | 1,140,181 |
| Parks and Recreation | 786,211 | 0 | 786,211 |
| Special Revenue | 1,995,399 | 0 | 1,995,399 |
| Unrestricted | <u>16,110,251</u> | <u>8,708,998</u> | <u>24,819,249</u> |
| <i>Total Net Assets</i> | <u>\$58,228,106</u> | <u>\$57,054,004</u> | <u>\$115,282,110</u> |

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Activities
For the Year Ended December 31, 2008

| | Expenses | Program Revenues | |
|---------------------------------------|---------------------|----------------------|------------------------------------|
| | | Charges for Services | Operating Grants and Contributions |
| Governmental Activities | | | |
| Security of Persons and Property | \$10,048,146 | \$1,473,544 | \$109,737 |
| Public Health and Welfare | 624,117 | 162,688 | 8,467 |
| Leisure Time Activities | 1,349,541 | 485,958 | 0 |
| Community Development | 1,809,918 | 74,398 | 487,756 |
| Transportation | 3,511,591 | 420 | 821,735 |
| General Government | 2,758,218 | 98,375 | 0 |
| Interest and Fiscal Charges | 258,757 | 0 | 0 |
| <i>Total Governmental Activities</i> | <u>20,360,288</u> | <u>2,295,383</u> | <u>1,427,695</u> |
| Business-Type Activities | | | |
| Water | 3,310,242 | 2,491,836 | 0 |
| Sewer | 3,881,883 | 3,173,156 | 0 |
| Solid Waste | 430,779 | 377,726 | 12,500 |
| Storm Water Drainage | 275,168 | 558,382 | 0 |
| <i>Total Business-Type Activities</i> | <u>7,898,072</u> | <u>6,601,100</u> | <u>12,500</u> |
| <i>Total</i> | <u>\$28,258,360</u> | <u>\$8,896,483</u> | <u>\$1,440,195</u> |

General Revenues

Property and Other Local Taxes Levied for:
General Purposes
Other Purposes
Income Taxes
Grants and Entitlements not Restricted
to Specific Programs
Investments
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

| Net (Expense) Revenue and Changes in Net Assets | | | |
|--|----------------------------|---------------------------|---------------|
| Capital Grants and Contributions | Governmental Activities | Business-Type Activity | Total |
| \$0 | (\$8,464,865) | \$0 | (\$8,464,865) |
| 0 | (452,962) | 0 | (452,962) |
| 892,074 | 28,491 | 0 | 28,491 |
| 0 | (1,247,764) | 0 | (1,247,764) |
| 1,930,197 | (759,239) | 0 | (759,239) |
| 0 | (2,659,843) | 0 | (2,659,843) |
| 0 | (258,757) | 0 | (258,757) |
| 2,822,271 | (13,814,939) | 0 | (13,814,939) |
| 42,052 | 0 | (776,354) | (776,354) |
| 39,693 | 0 | (669,034) | (669,034) |
| 0 | 0 | (40,553) | (40,553) |
| 201,215 | 0 | 484,429 | 484,429 |
| 282,960 | 0 | (1,001,512) | (1,001,512) |
| \$3,105,231 | (13,814,939) | (1,001,512) | (14,816,451) |
| : | 1,645,714 | 0 | 1,645,714 |
| | 1,539,836 | 0 | 1,539,836 |
| | 10,508,828 | 0 | 10,508,828 |
| | 2,430,874 | 0 | 2,430,874 |
| | 781,307 | 353,880 | 1,135,187 |
| | 77,607 | 55,484 | 133,091 |
| | 16,984,166 | 409,364 | 17,393,530 |
| | 3,169,227 | (592,148) | 2,577,079 |
| | 55,058,879 | 57,646,152 | 112,705,031 |
| | \$58,228,106 | \$57,054,004 | \$115,282,110 |

City of Kent, Ohio

Balance Sheet

Governmental Funds

December 31, 2008

| | General | Street Construction, Maintenance and Repair | Parks and Recreation | Income Tax | Income Tax Safety | Fire and Emergency Medical Services |
|--|---------------------|--|----------------------------|--------------------|-------------------------|--|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$7,623,926 | \$671,744 | \$915,748 | \$3,610,696 | \$580,338 | \$1,168,634 |
| Receivables: | | | | | | |
| Property Taxes Receivable | 1,521,209 | 0 | 1,053,921 | 0 | 0 | 0 |
| Income Taxes Receivable | 0 | 0 | 0 | 1,357,913 | 0 | 0 |
| Other Taxes Receivable | 58,197 | 0 | 0 | 0 | 0 | 0 |
| Interest Receivable | 182,788 | 0 | 0 | 2,208 | 0 | 0 |
| Loans Receivable | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Receivable | 250,501 | 30,197 | 4,623 | 0 | 4,790 | 3,285 |
| Special Assessments Receivable | 0 | 741,067 | 0 | 0 | 0 | 0 |
| Receivables, Net | <u>2,012,695</u> | <u>771,264</u> | <u>1,058,544</u> | <u>1,360,121</u> | <u>4,790</u> | <u>3,285</u> |
| Due from Other Funds | 611,466 | 0 | 0 | 2,067,080 | 0 | 0 |
| Due from Other Governments | 1,028,822 | 391,941 | 210,843 | 0 | 3,040 | 0 |
| Inventories | 21,132 | 195,523 | 0 | 0 | 0 | 0 |
| Prepaid Items | 63,877 | 5,958 | 3,032 | 180 | 0 | 4,683 |
| Assets Held for Resale | 1,200,717 | 0 | 0 | 0 | 0 | 0 |
| Restricted Cash: | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>0</u> | <u>16,154</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Total Assets</i> | <u>\$12,562,635</u> | <u>\$2,052,584</u> | <u>\$2,188,167</u> | <u>\$7,038,077</u> | <u>\$588,168</u> | <u>\$1,176,602</u> |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts Payable | \$169,783 | \$18,422 | \$14,408 | \$840 | \$0 | \$10,736 |
| Capital Contracts Payable | 10,740 | 0 | 5,305 | 0 | 0 | 0 |
| Accrued Wages and Benefits | 358,607 | 42,820 | 34,441 | 11,160 | 207,241 | 160,588 |
| Retainage Payable | 0 | 0 | 88,979 | 0 | 0 | 0 |
| Due to Other Funds | 0 | 0 | 260,000 | 0 | 0 | 0 |
| Unearned Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Revenue | 2,198,461 | 1,017,354 | 1,126,950 | 380,852 | 0 | 0 |
| Accrued Interest Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Notes Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Payable from Restricted Assets | <u>0</u> | <u>16,154</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Total Liabilities</i> | <u>2,737,591</u> | <u>1,094,750</u> | <u>1,530,083</u> | <u>392,852</u> | <u>207,241</u> | <u>171,324</u> |
| Fund Balances | | | | | | |
| Reserved for Encumbrances | 545,662 | 19,135 | 486,638 | 8,078 | 113 | 485,307 |
| Reserved for Loans Receivable | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserved for Inventories | 21,132 | 195,523 | 0 | 0 | 0 | 0 |
| Reserved for Prepays | 63,877 | 5,958 | 3,032 | 180 | 0 | 4,683 |
| Reserved for Debt Service | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserved for Assets Held for Resale | 1,200,717 | 0 | 0 | 0 | 0 | 0 |
| Unreserved: | | | | | | |
| Designated: | | | | | | |
| For Public Facilities and Programs | 0 | 0 | 0 | 2,120,760 | 0 | 0 |
| Undesignated (Deficit), Reported in: | | | | | | |
| General Fund | 7,993,656 | 0 | 0 | 0 | 0 | 0 |
| Special Revenue Funds | 0 | 737,218 | 168,414 | 4,516,207 | 380,814 | 515,288 |
| Capital Projects Funds | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Total Fund Balances (Deficit)</i> | <u>9,825,044</u> | <u>957,834</u> | <u>658,084</u> | <u>6,645,225</u> | <u>380,927</u> | <u>1,005,278</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$12,562,635</u> | <u>\$2,052,584</u> | <u>\$2,188,167</u> | <u>\$7,038,077</u> | <u>\$588,168</u> | <u>\$1,176,602</u> |

See accompanying notes to the basic financial statements

City of Kent, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2008*

| Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---------------------|--------------------------------|--------------------------------|
| \$3,383,274 | \$1,736,793 | \$19,691,153 |
| 0 | 451,047 | 3,026,177 |
| 0 | 0 | 1,357,913 |
| 0 | 0 | 58,197 |
| 0 | 179 | 185,175 |
| 0 | 439,295 | 439,295 |
| 0 | 0 | 293,396 |
| 104,708 | 591,005 | 1,436,780 |
| 104,708 | 1,481,526 | 6,796,933 |
| 0 | 0 | 2,678,546 |
| 25,631 | 123,863 | 1,784,140 |
| 0 | 0 | 216,655 |
| 0 | 40 | 77,770 |
| 0 | 0 | 1,200,717 |
| 0 | 120,050 | 136,204 |
| <u>\$3,513,613</u> | <u>\$3,462,272</u> | <u>\$32,582,118</u> |
| \$11,732 | \$42,454 | \$268,375 |
| 249,083 | 0 | 265,128 |
| 0 | 1,472 | 816,329 |
| 8,853 | 0 | 97,832 |
| 0 | 200,000 | 460,000 |
| 11,037 | 0 | 11,037 |
| 104,708 | 1,095,504 | 5,923,829 |
| 25,039 | 0 | 25,039 |
| 3,205,000 | 0 | 3,205,000 |
| 0 | 50 | 16,204 |
| 3,615,452 | 1,339,480 | 11,088,773 |
| 451,624 | 107,838 | 2,104,395 |
| 0 | 439,295 | 439,295 |
| 0 | 0 | 216,655 |
| 0 | 40 | 77,770 |
| 0 | 30,186 | 30,186 |
| 0 | 0 | 1,200,717 |
| 0 | 0 | 2,120,760 |
| 0 | 0 | 7,993,656 |
| 0 | 1,545,433 | 7,863,374 |
| (553,463) | 0 | (553,463) |
| (101,839) | 2,122,792 | 21,493,345 |
| <u>\$3,513,613</u> | <u>\$3,462,272</u> | <u>\$32,582,118</u> |

Total Governmental Fund Balances \$21,493,345

*Amounts reported for governmental activities in
the statement of net assets are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 36,075,922

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

| | | |
|---------------------------|-----------|------------------|
| Special Assessments | 1,436,780 | |
| Delinquent Property Taxes | 228,151 | |
| Intergovernmental | 999,200 | |
| Charges for Services | 80,820 | |
| Municipal Income Taxes | 380,852 | |
| Total | | 3,125,803 |

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 1,072,072

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due (9,753)

Long-term liabilities, including bonds and compensated absences, are not due and payable in the current period therefore are not reported in the funds:

| | | |
|--------------------------|-------------|--------------------|
| General Obligation Bonds | (1,830,000) | |
| Special Assessment Bonds | (410,000) | |
| OPWC Loans | (305,920) | |
| Compensated Absences | (983,363) | |
| Total | | (3,529,283) |

Net Assets of Governmental Activities \$58,228,106

City of Kent, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

| | General | Street Construction, Maintenance and Repair | Parks and Recreation | Income Tax | Income Tax Safety | Fire and Emergency Medical Services |
|---|--------------------|--|----------------------------|---------------------|-------------------------|--|
| Revenues | | | | | | |
| Property and Other Local Taxes | \$1,644,185 | \$0 | \$991,244 | \$0 | \$0 | \$0 |
| Income Taxes | 0 | 0 | 0 | 10,590,922 | 0 | 0 |
| Charges for Services | 1,299,933 | 420 | 482,213 | 0 | 0 | 0 |
| Fees, Licenses and Permits | 100,421 | 0 | 3,745 | 0 | 0 | 0 |
| Fines and Forfeitures | 225,792 | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental | 2,343,325 | 773,467 | 1,085,728 | 0 | 3,040 | 0 |
| Special Assessments | 0 | 75,278 | 0 | 0 | 0 | 0 |
| Interest | 644,579 | 0 | 0 | 63,443 | 0 | 0 |
| Miscellaneous | 28,618 | 10,272 | 28,395 | 103 | 914 | 2,264 |
| <i>Total Revenues</i> | <u>6,286,853</u> | <u>859,437</u> | <u>2,591,325</u> | <u>10,654,468</u> | <u>3,954</u> | <u>2,264</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 4,222,907 | 0 | 0 | 0 | 2,522,278 | 2,270,260 |
| Public Health and Welfare | 498,577 | 0 | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 1,282,314 | 0 | 0 | 0 |
| Community Development | 1,432,515 | 0 | 0 | 0 | 0 | 0 |
| Transportation | 0 | 1,580,396 | 0 | 0 | 0 | 0 |
| General Government | 2,160,032 | 0 | 0 | 459,855 | 0 | 0 |
| Capital Outlay | 238,692 | 219,842 | 1,462,844 | 0 | 0 | 65,597 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>8,552,723</u> | <u>1,800,238</u> | <u>2,745,158</u> | <u>459,855</u> | <u>2,522,278</u> | <u>2,335,857</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(2,265,870)</u> | <u>(940,801)</u> | <u>(153,833)</u> | <u>10,194,613</u> | <u>(2,518,324)</u> | <u>(2,333,593)</u> |
| Other Financing Sources (Uses) | | | | | | |
| Transfers In | 2,000,000 | 662,000 | 0 | 0 | 2,627,120 | 2,627,120 |
| Transfers Out | 0 | 0 | 0 | (10,523,237) | 0 | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>2,000,000</u> | <u>662,000</u> | <u>0</u> | <u>(10,523,237)</u> | <u>2,627,120</u> | <u>2,627,120</u> |
| <i>Net Change in Fund Balances</i> | (265,870) | (278,801) | (153,833) | (328,624) | 108,796 | 293,527 |
| <i>Fund Balances (Deficit) Beginning of Year</i> | 10,090,914 | 1,236,635 | 811,917 | 6,973,849 | 272,131 | 711,751 |
| <i>Fund Balances (Deficit) End of Year</i> | <u>\$9,825,044</u> | <u>\$957,834</u> | <u>\$658,084</u> | <u>\$6,645,225</u> | <u>\$380,927</u> | <u>\$1,005,278</u> |

See accompanying notes to the basic financial statements

City of Kent, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2008*

| Capital Projects | Other Governmental Funds | Total Governmental Funds | | |
|------------------|--------------------------|--------------------------|---|--------------------|
| | | | Net Change in Fund Balances - Total Governmental Funds | \$261,428 |
| | | | <i>Amounts reported for governmental activities in the statement of activities are different because</i> | |
| \$0 | \$546,288 | \$3,181,717 | Governmental funds report capital outlays as expenditures. | |
| 0 | 0 | 10,590,922 | However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | |
| 0 | 0 | 1,782,566 | Capital Outlay | 5,475,772 |
| 0 | 129,583 | 233,749 | Depreciation | <u>(2,570,565)</u> |
| 0 | 47,425 | 273,217 | Total | 2,905,207 |
| 1,919,183 | 669,970 | 6,794,713 | Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| 34,487 | 78,428 | 188,193 | Delinquent Property Taxes | 3,833 |
| 0 | 38,204 | 746,226 | Intergovernmental | (129,205) |
| 1,412 | 12,175 | 84,153 | Special Assessments | (183,726) |
| | | | Income Tax | (82,094) |
| 1,955,082 | 1,522,073 | 23,875,456 | Charges for Services | <u>10,169</u> |
| | | | Total | (381,023) |
| 0 | 589,120 | 9,604,565 | Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | 217,947 |
| 0 | 123,544 | 622,121 | In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | 799 |
| 0 | 0 | 1,282,314 | Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | (49,288) |
| 0 | 351,196 | 1,783,711 | The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the entity-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. | 214,157 |
| 0 | 70,562 | 1,650,958 | | |
| 0 | 3,178 | 2,623,065 | | |
| 3,429,113 | 153,703 | 5,569,791 | <i>Change in Net Assets of Governmental Activities</i> | <u>\$3,169,227</u> |
| 0 | 217,947 | 217,947 | | |
| 132,936 | 126,620 | 259,556 | | |
| 3,562,049 | 1,635,870 | 23,614,028 | | |
| (1,606,967) | (113,797) | 261,428 | | |
| 2,458,000 | 268,997 | 10,643,237 | | |
| 0 | (120,000) | (10,643,237) | | |
| 2,458,000 | 148,997 | 0 | | |
| 851,033 | 35,200 | 261,428 | | |
| (952,872) | 2,087,592 | 21,231,917 | | |
| (\$101,839) | \$2,122,792 | \$21,493,345 | | |

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$1,696,312 | \$1,632,179 | \$1,636,084 | \$3,905 |
| Charges for Services | 1,099,000 | 1,334,000 | 1,332,260 | (1,740) |
| Fees, Licenses and Permits | 106,900 | 106,900 | 100,569 | (6,331) |
| Fines and Forfeits | 231,400 | 231,400 | 225,288 | (6,112) |
| Intergovernmental | 2,307,368 | 2,460,318 | 2,358,803 | (101,515) |
| Interest | 800,000 | 800,000 | 796,686 | (3,314) |
| Miscellaneous | 20,000 | 20,000 | 28,071 | 8,071 |
| Total Revenues | 6,260,980 | 6,584,797 | 6,477,761 | (107,036) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | 4,495,370 | 4,517,380 | 4,328,988 | 188,392 |
| Public Health and Welfare | 507,289 | 507,289 | 500,681 | 6,608 |
| Community Development | 1,375,755 | 2,913,345 | 2,709,563 | 203,782 |
| General Government | 2,514,002 | 2,482,027 | 2,202,320 | 279,707 |
| Total Expenditures | 8,892,416 | 10,420,041 | 9,741,552 | 678,489 |
| Excess of Revenues Under Expenditures | (2,631,436) | (3,835,244) | (3,263,791) | 571,453 |
| Other Financing Sources | | | | |
| Sale of Capital Asset | 5,000 | 5,000 | 2,500 | (2,500) |
| Transfers In | 2,000,000 | 2,000,000 | 2,000,000 | 0 |
| Advance In | 20,000 | 20,000 | 20,000 | 0 |
| Net Other Financing Sources | 2,025,000 | 2,025,000 | 2,022,500 | (2,500) |
| Net Change in Fund Balance | (606,436) | (1,810,244) | (1,241,291) | 568,953 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 50,074 | 50,074 |
| Fund Balance Beginning of Year | 8,012,304 | 8,012,304 | 8,012,304 | 0 |
| Fund Balance End of Year | \$7,405,868 | \$6,202,060 | \$6,821,087 | \$619,027 |

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------------|-------------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Charges for Services | \$2,000 | \$0 | \$420 | \$420 |
| Intergovernmental | 752,000 | 752,000 | 778,454 | 26,454 |
| Special Assessments | 73,000 | 73,000 | 78,646 | 5,646 |
| Miscellaneous | 5,000 | 5,000 | 6,904 | 1,904 |
| Total Revenues | <u>832,000</u> | <u>830,000</u> | <u>864,424</u> | <u>34,424</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transportation | <u>1,715,416</u> | <u>1,907,416</u> | <u>1,735,020</u> | <u>172,396</u> |
| Excess of Revenues Under Expenditures | (883,416) | (1,077,416) | (870,596) | 206,820 |
| Other Financing Sources | | | | |
| Transfers In | <u>625,000</u> | <u>662,000</u> | <u>662,000</u> | <u>0</u> |
| Net Change in Fund Balance | (258,416) | (415,416) | (208,596) | 206,820 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 13,317 | 13,317 |
| Fund Balance Beginning of Year | <u>821,876</u> | <u>821,876</u> | <u>821,876</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$563,460</u></u> | <u><u>\$406,460</u></u> | <u><u>\$626,597</u></u> | <u><u>\$220,137</u></u> |

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Parks and Recreation Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$1,039,910 | \$990,983 | \$991,244 | \$261 |
| Charges for Services | 480,500 | 480,500 | 490,332 | 9,832 |
| Fees, Licenses and Permits | 5,000 | 5,000 | 3,745 | (1,255) |
| Intergovernmental | 161,478 | 1,089,998 | 947,914 | (142,084) |
| Miscellaneous | 20,500 | 20,500 | 30,649 | 10,149 |
| Total Revenues | <u>1,707,388</u> | <u>2,586,981</u> | <u>2,463,884</u> | <u>(123,097)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Leisure Time Activities | <u>2,424,772</u> | <u>3,319,772</u> | <u>3,071,628</u> | <u>248,144</u> |
| Excess of Revenues Under Expenditures | (717,384) | (732,791) | (607,744) | 125,047 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(20,000)</u> | <u>(20,000)</u> | <u>(20,000)</u> | <u>0</u> |
| Net Change in Fund Balance | (737,384) | (752,791) | (627,744) | 125,047 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 6,840 | 6,840 |
| Fund Balance Beginning of Year | <u>1,033,191</u> | <u>1,033,191</u> | <u>1,033,191</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$295,807</u> | <u>\$280,400</u> | <u>\$412,287</u> | <u>\$131,887</u> |

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Income Tax Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| Income Taxes | \$10,650,000 | \$10,750,000 | \$10,871,742 | \$121,742 |
| Interest | 105,000 | 105,000 | 90,684 | (14,316) |
| Miscellaneous | 0 | 0 | 103 | 103 |
| Total Revenues | <u>10,755,000</u> | <u>10,855,000</u> | <u>10,962,529</u> | <u>107,529</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | <u>744,658</u> | <u>784,658</u> | <u>628,868</u> | <u>155,790</u> |
| Excess of Revenues Over Expenditures | 10,010,342 | 10,070,342 | 10,333,661 | 263,319 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (10,401,669) | (10,629,722) | (10,523,237) | 106,485 |
| Advances In | <u>30,000</u> | <u>30,000</u> | <u>30,000</u> | <u>0</u> |
| Net Other Financing Sources (Uses) | <u>(10,371,669)</u> | <u>(10,599,722)</u> | <u>(10,493,237)</u> | <u>106,485</u> |
| Net Change in Fund Balance | (361,327) | (529,380) | (159,576) | 369,804 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 764 | 764 |
| Fund Balance Beginning of Year | <u>3,726,159</u> | <u>3,726,159</u> | <u>3,726,159</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$3,364,832</u> | <u>\$3,196,779</u> | <u>\$3,567,347</u> | <u>\$370,568</u> |

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Income Tax Safety Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|-------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Intergovernmental | \$0 | \$0 | \$2,200 | \$2,200 |
| Miscellaneous | 0 | 0 | 914 | 914 |
| Total Revenues | 0 | 0 | 3,114 | 3,114 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | 2,552,206 | 2,554,406 | 2,504,406 | 50,000 |
| Excess of Revenues Under Expenditures | (2,552,206) | (2,554,406) | (2,501,292) | 53,114 |
| Other Financing Sources | | | | |
| Transfers In | 2,513,836 | 2,627,120 | 2,627,120 | 0 |
| Net Change in Fund Balance | (38,370) | 72,714 | 125,828 | 53,114 |
| Fund Balance Beginning of Year | 350,373 | 350,373 | 350,373 | 0 |
| Fund Balance End of Year | \$312,003 | \$423,087 | \$476,201 | \$53,114 |

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Fire and Emergency Medical Services Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|-------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Miscellaneous | \$0 | \$0 | \$2,264 | \$2,264 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | 2,619,718 | 2,744,718 | 2,536,083 | 208,635 |
| Excess of Revenues Under Expenditures | (2,619,718) | (2,744,718) | (2,533,819) | 210,899 |
| Other Financing Sources | | | | |
| Transfers In | 2,513,836 | 2,627,120 | 2,627,120 | 0 |
| Net Change in Fund Balance | (105,882) | (117,598) | 93,301 | 210,899 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 83,024 | 83,024 |
| Fund Balance Beginning of Year | 418,098 | 418,098 | 418,098 | 0 |
| Fund Balance End of Year | \$312,216 | \$300,500 | \$594,423 | \$293,923 |

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2008

| | Business-Type Activities | | | | Total | Governmental Activities - Internal Service Fund |
|---|--------------------------|---------------------|--------------------|-------------------------|---------------------|--|
| | Water | Sewer | Solid Waste | Storm Water Drainage | | |
| Assets | | | | | | |
| <i>Current Assets</i> | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$3,172,553 | \$2,472,770 | \$169,328 | \$2,969,645 | \$8,784,296 | \$326,233 |
| Restricted Assets: | | | | | | |
| Cash and Cash Equivalents | 0 | 425 | 0 | 0 | 425 | 0 |
| Receivables: | | | | | | |
| Interest Receivable | 25,150 | 24,551 | 0 | 0 | 49,701 | 0 |
| Accounts Receivable | 482,734 | 578,892 | 66,387 | 120,815 | 1,248,828 | 0 |
| Other Receivable | 15,099 | 105,828 | 0 | 38,326 | 159,253 | 0 |
| Utilization Fee Receivable | 37,677 | 89,762 | 0 | 0 | 127,439 | 0 |
| Special Assessments Receivable | 612,150 | 407,203 | 0 | 183,172 | 1,202,525 | 0 |
| Less Allowance for Doubtful Accounts | (121,653) | (150,273) | (6,497) | (6,039) | (284,462) | 0 |
| Receivables, Net | <u>1,051,157</u> | <u>1,055,963</u> | <u>59,890</u> | <u>336,274</u> | <u>2,503,284</u> | <u>0</u> |
| Due from Other Governments | 0 | 0 | 0 | 198,540 | 198,540 | 0 |
| Inventories | 15,864 | 18,248 | 0 | 0 | 34,112 | 0 |
| Prepaid Items | <u>14,158</u> | <u>4,700</u> | <u>25</u> | <u>329</u> | <u>19,212</u> | <u>0</u> |
| <i>Total Current Assets</i> | <u>4,253,732</u> | <u>3,552,106</u> | <u>229,243</u> | <u>3,504,788</u> | <u>11,539,869</u> | <u>326,233</u> |
| <i>Noncurrent Assets</i> | | | | | | |
| Cash Surrender Value of Life Insurance Policies | 0 | 0 | 0 | 0 | 0 | 889,015 |
| Capital Assets, Non-Depreciable | 1,394,750 | 441,386 | 0 | 547,777 | 2,383,913 | 0 |
| Capital Assets, Depreciable, Net | <u>13,626,184</u> | <u>27,186,672</u> | <u>1,546</u> | <u>10,622,794</u> | <u>51,437,196</u> | <u>0</u> |
| <i>Total Noncurrent Assets</i> | <u>15,020,934</u> | <u>27,628,058</u> | <u>1,546</u> | <u>11,170,571</u> | <u>53,821,109</u> | <u>889,015</u> |
| <i>Total Assets</i> | <u>19,274,666</u> | <u>31,180,164</u> | <u>230,789</u> | <u>14,675,359</u> | <u>65,360,978</u> | <u>1,215,248</u> |
| Liabilities | | | | | | |
| <i>Current Liabilities</i> | | | | | | |
| Accounts Payable | 55,283 | 58,264 | 25,702 | 1,100 | 140,349 | 18,783 |
| Capital Contracts Payable | 625 | 0 | 0 | 82,189 | 82,814 | 0 |
| Retainage Payable | 0 | 0 | 0 | 28,072 | 28,072 | 0 |
| Accrued Wages and Benefits | 81,702 | 90,715 | 2,822 | 0 | 175,239 | 0 |
| Claims Payable | 0 | 0 | 0 | 0 | 0 | 99,085 |
| Due to Other Funds | 512,100 | 428,980 | 481,466 | 796,000 | 2,218,546 | 0 |
| Unearned Revenue | 0 | 3,151 | 0 | 0 | 3,151 | 0 |
| Accrued Interest Payable | 0 | 7,149 | 0 | 0 | 7,149 | 0 |
| Notes Payable | 0 | 915,000 | 0 | 0 | 915,000 | 0 |
| Payable from Restricted Assets | 0 | 425 | 0 | 0 | 425 | 0 |
| Compensated Absences Payable | 88,996 | 99,988 | 3,199 | 0 | 192,183 | 0 |
| OWDA/OPWC Loans | <u>31,689</u> | <u>172,082</u> | <u>0</u> | <u>4,967</u> | <u>208,738</u> | <u>0</u> |
| <i>Total Current Liabilities</i> | <u>770,395</u> | <u>1,775,754</u> | <u>513,189</u> | <u>912,328</u> | <u>3,971,666</u> | <u>117,868</u> |
| <i>Long-Term Liabilities</i> | | | | | | |
| Compensated Absences Payable | 4,739 | 2,991 | 521 | 0 | 8,251 | 0 |
| OWDA/OPWC Loans | <u>617,815</u> | <u>3,644,991</u> | <u>0</u> | <u>89,559</u> | <u>4,352,365</u> | <u>0</u> |
| <i>Total Long-Term Liabilities</i> | <u>622,554</u> | <u>3,647,982</u> | <u>521</u> | <u>89,559</u> | <u>4,360,616</u> | <u>0</u> |
| <i>Total Liabilities</i> | <u>1,392,949</u> | <u>5,423,736</u> | <u>513,710</u> | <u>1,001,887</u> | <u>8,332,282</u> | <u>117,868</u> |
| Net Assets | | | | | | |
| Invested in Capital Assets, Net of Related Debt Unrestricted | 14,371,430 | 22,895,985 | 1,546 | 11,076,045 | 48,345,006 | 0 |
| | <u>3,510,287</u> | <u>2,860,443</u> | <u>(284,467)</u> | <u>2,597,427</u> | <u>8,683,690</u> | <u>1,097,380</u> |
| <i>Total Net Assets</i> | <u>\$17,881,717</u> | <u>\$25,756,428</u> | <u>(\$282,921)</u> | <u>\$13,673,472</u> | <u>\$57,054,004</u> | <u>\$1,097,380</u> |

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.

25,308
\$57,054,004

See accompanying notes to the basic financial statements

City of Kent, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008*

| | Business-Type Activities | | | | Total | Governmental Activities - Internal Service Fund |
|---|--------------------------|---------------------|--------------------|-------------------------|--------------------|--|
| | Water | Sewer | Solid Waste | Storm Water Drainage | | |
| Operating Revenues | | | | | | |
| Charges for Services | \$2,491,836 | \$3,173,156 | \$377,726 | \$558,382 | \$6,601,100 | \$2,330,809 |
| Miscellaneous | 38,360 | 15,708 | 24 | 1,392 | 55,484 | 0 |
| <i>Total Operating Revenues</i> | <u>2,530,196</u> | <u>3,188,864</u> | <u>377,750</u> | <u>559,774</u> | <u>6,656,584</u> | <u>2,330,809</u> |
| Operating Expenses | | | | | | |
| Personal Services | 1,265,419 | 1,430,385 | 44,322 | 0 | 2,740,126 | 0 |
| Benefits | 462,533 | 536,605 | 15,167 | 0 | 1,014,305 | 0 |
| Utilities | 241,453 | 297,174 | 0 | 0 | 538,627 | 0 |
| Contractual Services | 297,492 | 264,012 | 371,703 | 46,731 | 979,938 | 0 |
| Materials and Supplies | 396,976 | 239,641 | 0 | 1,011 | 637,628 | 0 |
| Claims | 0 | 0 | 0 | 0 | 0 | 1,697,439 |
| Premiums | 0 | 0 | 0 | 0 | 0 | 390,686 |
| Other Operating Expenses | 20,612 | 15,836 | 0 | 0 | 36,448 | 0 |
| Depreciation | 635,126 | 928,774 | 436 | 227,426 | 1,791,762 | 0 |
| <i>Total Operating Expenses</i> | <u>3,319,611</u> | <u>3,712,427</u> | <u>431,628</u> | <u>275,168</u> | <u>7,738,834</u> | <u>2,088,125</u> |
| <i>Operating Income (Loss)</i> | <u>(789,415)</u> | <u>(523,563)</u> | <u>(53,878)</u> | <u>284,606</u> | <u>(1,082,250)</u> | <u>242,684</u> |
| Non Operating Revenues (Expenses) | | | | | | |
| Intergovernmental | 0 | 0 | 12,500 | 0 | 12,500 | 0 |
| Interest | 117,682 | 113,786 | 0 | 122,412 | 353,880 | 35,081 |
| Interest and Fiscal Charges | (19,292) | (203,554) | 0 | 0 | (222,846) | 0 |
| <i>Total Non Operating Revenues (Expenses)</i> | <u>98,390</u> | <u>(89,768)</u> | <u>12,500</u> | <u>122,412</u> | <u>143,534</u> | <u>35,081</u> |
| <i>Income (Loss) Before Contributions and Transfers</i> | <u>(691,025)</u> | <u>(613,331)</u> | <u>(41,378)</u> | <u>407,018</u> | <u>(938,716)</u> | <u>277,765</u> |
| Capital Contributions from Tap-in Fees | 42,052 | 39,693 | 0 | 2,675 | 84,420 | 0 |
| Capital Grants | 0 | 0 | 0 | 198,540 | 198,540 | 0 |
| <i>Change in Net Assets</i> | <u>(648,973)</u> | <u>(573,638)</u> | <u>(41,378)</u> | <u>608,233</u> | <u>(655,756)</u> | <u>277,765</u> |
| <i>Net Assets Beginning of Year -</i> | <u>18,530,690</u> | <u>26,330,066</u> | <u>(241,543)</u> | <u>13,065,239</u> | | <u>819,615</u> |
| <i>Net Assets End of Year</i> | <u>\$17,881,717</u> | <u>\$25,756,428</u> | <u>(\$282,921)</u> | <u>\$13,673,472</u> | | <u>\$1,097,380</u> |

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

63,608
(\$592,148)

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

| | Business-Type Activities | | | | | Governmental |
|---|--------------------------|-------------|----------------|-------------------------|-------------|---|
| | Water | Sewer | Solid Waste | Storm Water Drainage | Total | Activities - Internal Service Fund |
| Increase (Decrease) in Cash and Cash Equivalents | | | | | | |
| Cash Flows from Operating Activities | | | | | | |
| Cash Received from Customers | \$2,572,689 | \$3,311,084 | \$370,710 | \$570,028 | \$6,824,511 | \$2,330,809 |
| Cash Payments for Employee Services and Benefits | (1,716,220) | (1,962,740) | (60,720) | 0 | (3,739,680) | 0 |
| Cash Payments to Suppliers for Goods and Services | (929,798) | (798,618) | (372,418) | (48,606) | (2,149,440) | (2,367,243) |
| Other Operating Revenues | 38,360 | 15,708 | 24 | 1,392 | 55,484 | 0 |
| Other Operating Expenses | (20,612) | (9,242) | 0 | 0 | (29,854) | 0 |
| <i>Net Cash Provided by (Used for) Operating Activities</i> | (55,581) | 556,192 | (62,404) | 522,814 | 961,021 | (36,434) |
| Cash Flows from Noncapital Financing Activities | | | | | | |
| Intergovernmental | 0 | 0 | 25,000 | 0 | 25,000 | 0 |
| Advance Out | 0 | 0 | 0 | (30,000) | (30,000) | 0 |
| <i>Net Cash Provided by Noncapital Financing Activities</i> | 0 | 0 | 25,000 | (30,000) | (5,000) | 0 |
| Cash Flows from Capital and Related Financing Activities | | | | | | |
| Acquisition of Capital Assets | (248,667) | (108,618) | 0 | (298,990) | (656,275) | 0 |
| Proceeds of Notes | 0 | 915,000 | 0 | 0 | 915,000 | 0 |
| Premium on Notes | 0 | 3,980 | 0 | 0 | 3,980 | 0 |
| Proceeds of Loans | 0 | 0 | 0 | 1,853 | 1,853 | 0 |
| Principal Paid on OWDA\OPWC Loans | (28,860) | (162,236) | 0 | (3,651) | (194,747) | 0 |
| Interest Paid on OWDA\OPWC Loans | (19,292) | (140,592) | 0 | 0 | (159,884) | 0 |
| Special Assessments | 39,081 | 47,742 | 0 | 14,223 | 101,046 | 0 |
| Tap-In Fees | 44,458 | 45,424 | 0 | 2,675 | 92,557 | 0 |
| Principal Paid on Notes | 0 | (1,910,000) | 0 | 0 | (1,910,000) | 0 |
| Interest Paid on Notes | 0 | (76,188) | 0 | 0 | (76,188) | 0 |
| <i>Net Cash Used for Capital and Related Financing Activities</i> | (213,280) | (1,385,488) | 0 | (283,890) | (1,882,658) | 0 |
| Cash Flows from Investing Activities | | | | | | |
| Interest on Investments | 130,705 | 134,579 | 0 | 122,412 | 387,696 | 8,124 |
| <i>Net Cash Provided by Investing Activities</i> | 130,705 | 134,579 | 0 | 122,412 | 387,696 | 8,124 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (138,156) | (694,717) | (37,404) | 331,336 | (538,941) | (28,310) |
| <i>Cash and Cash Equivalents Beginning of Year</i> | 3,310,709 | 3,167,487 | 206,732 | 2,638,309 | 9,323,237 | 354,543 |
| <i>Cash and Cash Equivalents End of Year</i> | \$3,172,553 | \$2,472,770 | \$169,328 | \$2,969,645 | \$8,784,296 | \$326,233 |

(continued)

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2008

| | Business-Type Activities | | | | | Governmental |
|--|--------------------------|------------------|-------------------|-------------------------|------------------|---|
| | Water | Sewer | Solid Waste | Storm Water Drainage | Total | Activities - Internal Service Fund |
| Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities | | | | | | |
| Operating Income (Loss) | (\$789,415) | (\$523,563) | (\$53,878) | \$284,606 | (\$1,082,250) | \$242,684 |
| <i>Adjustments:</i> | | | | | | |
| Depreciation | 635,126 | 928,774 | 436 | 227,426 | 1,791,762 | 0 |
| (Increase) Decrease in Assets: | | | | | | |
| Accounts Receivable | 80,853 | 137,928 | (7,016) | 11,646 | 223,411 | 0 |
| Other Receivable | (15,099) | (15,099) | 0 | 0 | (30,198) | 0 |
| Materials and Supplies Inventory | 275 | 1,226 | 0 | 0 | 1,501 | 0 |
| Prepaid Items | 1,493 | 1,863 | 7 | 36 | 3,399 | 0 |
| Increase (Decrease) in Liabilities: | | | | | | |
| Accounts Payable | 4,355 | 5,714 | (722) | (900) | 8,447 | (23,409) |
| Claims Payable | 0 | 0 | 0 | 0 | 0 | (255,709) |
| Accrued Wages | 20,224 | 18,500 | 520 | 0 | 39,244 | 0 |
| Compensated Absences Payable | 6,607 | 849 | (1,751) | 0 | 5,705 | 0 |
| <i>Total Adjustments</i> | <u>733,834</u> | <u>1,079,755</u> | <u>(8,526)</u> | <u>238,208</u> | <u>2,043,271</u> | <u>(279,118)</u> |
| <i>Net Cash Provided by (Used for) Operating Activities</i> | <u>(\$55,581)</u> | <u>\$556,192</u> | <u>(\$62,404)</u> | <u>\$522,814</u> | <u>\$961,021</u> | <u>(\$36,434)</u> |

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Escrow Fund
December 31, 2008

Assets

| | |
|---------------------------|-------------------------|
| Cash and Cash Equivalents | <u><u>\$574,529</u></u> |
|---------------------------|-------------------------|

Liabilities

| | |
|------------------|-------------------------|
| Accounts Payable | <u><u>\$574,529</u></u> |
|------------------|-------------------------|

See accompanying notes to the basic financial statements

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 1 – Description of the City and Reporting Entity

The City of Kent (the City) is a home rule municipal corporation established under the laws of the State of Ohio. In 1963, a voter-approved Charter became effective which provides for a Council/Manager form of government.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. This definition of reporting entity is found in GASB Statement No. 14, “The Financial Reporting Entity.”

The City of Kent’s primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. The City provides the following services as authorized by its Charter: police, fire, emergency medical assistance, public health care, recreation programs (including parks), transportation programs, water production, sanitary and storm sewers, recycling, planning and zoning, and general administration. None of these services are provided by legally separate organizations; therefore, these operations are included in the primary government. The operation of each of these activities is directly controlled by Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board and 1) the City is able to significantly influence the programs or services performed or provided by the organization; or 2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The reporting entity of the City does not include any component units.

The City is associated with one jointly governed organization, the Northeast Ohio Public Energy Council, and two joint ventures, the Kent-Franklin Township Joint Economic Development District and the Kent-Brimfield Township Joint Economic Development District. Information about these organizations is presented in Note 19 and Note 21 to the basic financial statements, respectively.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (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 City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the City’s accounting policies are described below.

A. Basis of Presentation

The City’s basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-types activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

General Fund This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Construction, Maintenance and Repair Fund - This fund accounts for a percentage of the revenue from the City’s share of State gasoline taxes and vehicle registration fees. State law requires that these taxes be used for maintenance of streets. Additional financing is provided by transfers from the Income Tax fund and the License Tax Fund.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Parks and Recreation Fund - This fund accounts for the revenue from property taxes levied and the expenditures relative to operation and maintenance of the parks and recreation programs. Additional financing is provided by user charges.

Income Tax Fund - This fund accounts for the revenue received from the municipal income tax, the expenditures relative to the administration of income tax collections, and transfers to support the operations of other funds.

Income Tax Safety Fund - This fund accounts for the public safety expenditures relative to the distribution of municipal income tax monies as required by the City Charter.

Fire and Emergency Medical Services Fund - This fund accounts for fire and ambulance service expenditures relative to the distribution of municipal income tax monies as required by the City Charter.

Capital Projects Fund - This fund is used to account for expenditures related to the acquisition and construction of major capital facilities and infrastructure, except those financed by Proprietary Funds. Primary financing is provided by transfers from the Income Tax Fund.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external customers for goods or services. The following are the City's major enterprise funds:

Water Fund - This fund is used to account for provision of water services provided to the residential and commercial customers of the City.

Sewer Fund - This fund is used to account for sanitary sewer services provided to the residential and commercial customers of the City.

Solid Waste Fund - This fund is used to account for solid waste collection services provided to the residential and commercial customers of the City.

Storm Water Drainage Fund - This fund is used to account for storm water drainage services provided to the residential and commercial customers of the City.

Internal Service Funds Internal Service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program for employee health and life insurance benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only agency fund holds in trust those funds held by the City and received from a contractor, developer, or individual to ensure compliance with the ordinances of the City of Kent.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are presented using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (e.g., revenues and other financing sources) and uses (e.g., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the 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 year when use is first permitted, matching requirements, in which

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the 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 year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants, fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue, although none were reported in 2008.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

Investments are reported at fair value which is based on quoted market prices as of the valuation date, with the exception of nonparticipating repurchase agreements and non-negotiable certificate of deposits, which are reported at cost.

During the year, the City's investments were limited to non-negotiable certificates of deposits and repurchase agreements.

Following Ohio statutes, the City has, by ordinance, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during 2008 amounted to \$644,579, which includes \$459,887 assigned from other City funds.

The City considers highly liquid investments, with an original maturity of three months or less, to be cash equivalents. Investments with an original maturity of three months or more are disclosed as investments.

F. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventory consists of expendable supplies.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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 City capitalization threshold is \$2,500 for 2008. 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. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

| Description | Estimated Lives |
|----------------------------|-----------------|
| Buildings and Improvements | 10 - 45 years |
| Infrastructure | 10 - 80 years |
| Machinery and Equipment | 3 - 25 years |
| Vehicles | 3 - 20 years |

The City's infrastructure consists of roads, bridges, culverts, traffic signals, sidewalks, water mains, sanitary sewers and storm water drainage lines.

I. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Due to/from other funds." Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

The current portion of unpaid compensated absences is the amount of matured compensated absences expected to be paid using expendable available financial resources. These amounts are included in accrued wages and benefits in the funds from which the employees 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 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, compensated absences and severance benefits 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 long-term loans are recognized as a liability on the governmental fund financial statements when due.

L. Fund Equity

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for loans receivable, debt service, inventories, prepaid items, encumbrances and assets held for resale. The City also maintains a designation of unreserved fund balance for an account titled "For Public Facilities and Programs."

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services and other operating revenue for the water, sewer, solid waste and storm water drainage funds. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non operating.

O. Contributions of Capital

Contributions of capital in governmental and proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 non operating revenues/expenses in 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.

Q. 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 City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2008.

R. Estimates

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

S. Budgetary Process

All funds, except agency and internal service funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level, department and object level for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Director of Budget and Finance. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources in effect when final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Note 3 – Changes in Accounting Principles

Changes in Accounting Principles For fiscal year 2008, the City implemented GASB Statements No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions,” No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations” and No. 50 “Pension Disclosures”. GASB Statement No. 45 provides guidance on all aspects of other postemployment benefit (OPEB) reporting by employers. GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

The implementation of aforementioned GASB statements did not affect the presentation of the financial statements of the City. See Note 12 for further disclosure on the implementation of GASB Statement No. 45.

Note 4 – Accountability and Compliance

Fund Deficits

Notes payable of \$3,205,000 caused a deficit fund balance of \$101,839 in the Capital Projects fund. The notes were issued to provide funding primarily for the main fire station renovation and expansion. It is anticipated that the notes will eventually be retired through the issuance of general obligation bonds, which will eliminate the notes payable liability and resulting deficit fund balance.

Start-up costs associated with the City’s recycling program (initiated in 1990) resulted in deficit net assets in the Solid Waste fund. Disposition of Solid Waste fund capital assets in 1995 resulted in a loss of \$90,575 that contributed to increasing the deficit to \$446,384 at December 31, 2001. In 2001, City Council approved a substantial rate increase that was effective in January 2002. The combination of increased revenues and revised service levels resulted in a reduction of the deficit net assets over the last several years. However, recent increases in the curbside collection contract caused decreases in net assets of \$39,189 and \$41,378 for 2007 and 2008, respectively, which increased the overall deficit to \$282,921 at December 31, 2008.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 5 - Budgetary Basis of Accounting

While the City is reporting financial position, results of operations, and changes in fund balances/net assets on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General, Street Construction, Maintenance and Repair, Parks and Recreation, Income Tax, Income Tax Safety, and the Fire and Emergency Medical Services funds are 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 as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Investments reported at fair value (GAAP) rather than cost (budget basis).

The following tables summarize the adjustments necessary to reconcile the budgetary basis statements to the GAAP basis statements for the General fund and for the five major special revenue funds.

| | General | Street Construction, Maintenance and Repair | Parks and Recreation | Income Tax | Income Tax Safety | Fire and Emergency Medical Services |
|-----------------------------|--------------------|--|----------------------------|--------------------|-------------------------|--|
| Fund Balance - Budget Basis | \$6,821,087 | \$626,597 | \$412,287 | \$3,567,347 | \$476,201 | \$594,423 |
| Net Adjustment | | | | | | |
| Revenue Accruals | 3,652,983 | 1,163,205 | 1,269,387 | 3,427,201 | 7,830 | 3,285 |
| Deferred Revenue | (2,198,461) | (1,017,354) | (1,126,950) | (380,852) | 0 | 0 |
| Expenditure Accruals | 661,587 | (61,242) | (403,133) | (12,000) | (207,241) | (171,324) |
| Inventories/Prepays | 85,009 | 201,481 | 3,032 | 180 | 0 | 4,683 |
| Investment Valuation | 0 | 0 | 0 | 32,490 | 0 | 0 |
| Encumbrances | 802,839 | 45,147 | 503,461 | 10,859 | 104,137 | 574,211 |
| Fund Balance - GAAP Basis | <u>\$9,825,044</u> | <u>\$957,834</u> | <u>\$658,084</u> | <u>\$6,645,225</u> | <u>\$380,927</u> | <u>\$1,005,278</u> |

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 6 - Deposits and Investments

The City maintains a cash pool that is available for the use by all funds and accounts. Also maintained separately are accounts for revolving loans and restricted cash. Each fund type's portion of this pool is displayed on the balance sheet as "equity in pooled cash and cash equivalents." State statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;
- 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;
- 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Cash on Hand

At December 31, 2008, the City had \$1,055 in undeposited cash on hand, which is included on the balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposit may not be returned. The City's policy is to place deposits with major local banks approved by the City Council. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution 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 a Federal Reserve Bank in the name of the City.

At December 31, 2008, the carrying value of the City's deposits was \$28,449,718, of which \$27,974,760 was non-negotiable certificates of deposit. The cash balances per the banks were \$29,131,948, of which \$1,500,000 was insured by Federal depository insurance. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$27,631,948 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments

The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all of its investments at fair value. At December 31, 2008, fair value was \$32,490 above the City's net cost for investments. Fair value is determined by quoted market prices and other acceptable pricing methodologies.

Interest Rate Risk. As a means of limiting its exposure to fair value of losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt obligations. The City holds one investment which matures on December 1, 2020. The \$393,490 investment in City of Kent Special Assessment Bonds was specifically approved by the Treasury Investment Board.

Credit Risk. The City's investment in City of Kent Assessment Bonds was not specifically rated; however, the City was rated Aa3 by Moody's Investors Services as of our last review. The City has no investment policy that would further limit its investment choices.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City 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 City places no limit on the amount it may invest in any one issuer.

As of December 31, 2008, the City had the following investments and maturities.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Credit Rating *</u> | <u>Investment Maturity</u> |
|--|--------------------|----------------------------|----------------------------|
| City of Kent Assessment Bonds | \$393,490 | Aa3 | December 1, 2020 |
| Repurchase Agreement - Federal National Mortgage Assoc. | <u>668,577</u> | Aaa | January 2, 2009 |
| Total | <u>\$1,062,067</u> | | |

* Credit rating obtained from Moody's Investors Services.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments to the Statement of Net Assets as of December 31, 2008.

| | |
|--|----------------------------|
| Investments | \$1,062,067 |
| Carrying amount of the City's Deposits | 28,449,718 |
| Cash on Hand | 1,055 |
| Total | <u><u>\$29,512,840</u></u> |
| <i>Governmental Activities</i> | |
| Governmental Funds | |
| Equity in Pooled Cash and Cash Equivalents | \$18,661,576 |
| Restricted Cash | 136,204 |
| Investments | 1,029,577 |
| Internal Service Funds | |
| Equity in Pooled Cash and Cash Equivalents | 326,233 |
| Total Governmental Activities | <u><u>20,153,590</u></u> |
| <i>Business-Type Activities</i> | |
| Enterprise Funds | |
| Equity in Pooled Cash and Cash Equivalents | 8,784,296 |
| Restricted Cash | 425 |
| Total Business-Type Activities | <u><u>8,784,721</u></u> |
| <i>Agency Funds</i> | |
| Total | <u><u>\$29,512,840</u></u> |

Note 7 - Income Taxes

During 2008, the City levied income tax of 2% on substantially all income earned within the City. In addition, residents are required to pay City income tax on income earned outside the City; however, credit is allowed for income taxes paid to other municipalities, up to a maximum of 2%.

Note 8 - Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the City. The assessed value upon which the 2008 levy was based was \$362,281,790.

Real property taxes received by the City in a calendar year are levied on January 1 of the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. The assessed value of real property (including public utility real property) is established by the County Auditor at 35% of estimated true value. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. A revaluation was completed in 2006. Public utility personal property is assessed at 88% of actual value (1997-2004) and 67% of actual value (2005-2008). General business tangible personal property was assessed in previous years at 25% for machinery and equipment and 23% for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006, both types of general business tangible personal property were assessed at 18.75%. The percentage will be 12.5% for 2007, 6.25% for 2008 and zero for 2009.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Kent. Taxes are payable in two equal installments on February 15 and July 17 and, if not paid, become delinquent approximately ten days subsequent to the date they are payable. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes are recognized as revenues when received since they are used to pay current period liabilities.

Note 9 – Interfund Balances and Transfers

As of December 31, 2008, individual funds due to/from other funds that resulted from various interfund transactions were as follows:

| | PAYABLE FUND | | | | | | Total |
|--------------------------------|--------------------------------|------------------|---------------------------------|------------------|------------------|----------------------------|--------------------|
| | <i>Governmental Activities</i> | | <i>Business-Type Activities</i> | | | | |
| | Parks and Recreation | Nonmajor | Water | Sewer | Solid Waste | Storm Water Drainage | |
| RECEIVABLE FUND | | | | | | | |
| <i>Governmental Activities</i> | | | | | | | |
| General | \$260,000 | \$200,000 | \$0 | \$0 | \$151,466 | \$0 | \$611,466 |
| Income Tax | 0 | 0 | 512,100 | 428,980 | 330,000 | 796,000 | \$2,067,080 |
| Total | <u>\$260,000</u> | <u>\$200,000</u> | <u>\$512,100</u> | <u>\$428,980</u> | <u>\$481,466</u> | <u>\$796,000</u> | <u>\$2,678,546</u> |

Interfund balances are used primarily to provide capital to expand the utility infrastructure which facilitates new development. The balances are also used to provide the initial cash for expenditure driven grant funds.

Transfers made during the year ended December 31, 2008 were as follows:

| | TRANSFERS OUT | | |
|---|--------------------------------|------------------|---------------------|
| | <i>Governmental activities</i> | | |
| | Income Tax | License Tax | Total |
| TRANSFERS IN | | | |
| <i>Governmental Activities</i> | | | |
| General | \$2,000,000 | \$0 | \$2,000,000 |
| Street Construction, Maintenance and Repair | 542,000 | 120,000 | \$662,000 |
| Income Tax Safety | 2,627,120 | 0 | \$2,627,120 |
| Fire and Emergency Medical Services | 2,627,120 | 0 | \$2,627,120 |
| Capital Projects | 2,458,000 | 0 | \$2,458,000 |
| Nonmajor | 268,997 | 0 | \$268,997 |
| Total Governmental Activities | <u>\$10,523,237</u> | <u>\$120,000</u> | <u>\$10,643,237</u> |

Transfers are primarily from the Income Tax special revenue fund to various funds within the City to help finance the various programs accounted for in other funds. The License Tax special revenue fund transferred \$120,000 to the Street Construction, Maintenance and Repair special revenue fund. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16. Transfers between governmental funds are eliminated on the governmental activities' statement of activities.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 10 – Risk Management

The City has established a formal self-insurance program for liabilities arising from employee health and life benefits. This exposure is accounted for in the Health and Life Insurance Internal Service fund which is responsible for collecting interfund premiums from other City funds and departments, paying claim settlements and purchasing other specified insurance policies. Reinsurance for any individual loss over \$85,000 is covered by Companion Life Insurance.

The claims liability of \$99,085 reported in the fund at December 31, 2008, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claim, be reported. Changes in the fund's claims liability amount in 2006, 2007 and 2008 were:

| | <u>Beginning of Year</u> | <u>Claims</u> | <u>Payments</u> | <u>End of Year</u> |
|------|--------------------------|---------------|-----------------|--------------------|
| 2006 | \$208,080 | \$1,727,338 | \$1,762,467 | \$172,951 |
| 2007 | 172,951 | 1,942,496 | 1,760,653 | 354,794 |
| 2008 | 354,794 | 1,697,439 | 1,953,148 | 99,085 |

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from the previously noted risks have not exceeded commercial insurance coverage in the past three fiscal years. During 2008, the City contracted with several companies for various types of insurance as follows:

| <u>Company</u> | <u>Type of Coverage</u> | <u>Deductible</u> |
|--|---------------------------------------|-------------------|
| The Clarendon National Insurance Company | Public Officials Liability | \$15,000 |
| Scottsdale Insurance Company | Law Enforcement Liability | 25,000 |
| St. Paul Fire and Marine Insurance Company | Commercial Property | 2,500 |
| St. Paul Fire and Marine Insurance Company | Commercial Crime | 1,000 |
| St. Paul Fire and Marine Insurance Company | Inland Marine | 1,000 |
| St. Paul Fire and Marine Insurance Company | Boiler and Machinery | 2,500 |
| The Clarendon National Insurance Company | Automobile Comprehensive | 500 |
| The Clarendon National Insurance Company | Automobile Collision | 500 |
| St. Paul Fire and Marine Insurance Company | General Liability | 0 |
| St. Paul Fire and Marine Insurance Company | Employee Benefit Plans Administration | |
| | Administration Liability | 1,000 |
| St. Paul Fire and Marine Insurance Company | General Liability - Sewer Backup | 5,000 |
| St. Paul Fire and Marine Insurance Company | Excess General Liability | 10,000 |
| American Alternative Insurance Company | Fire Errors and Omissions | 0 |
| American Alternative Insurance Company | Ambulance Malpractice | 0 |
| Ohio Casualty Insurance Company | Bond - Finance Officials | 0 |
| Ohio Casualty Insurance Company | Blanket Employee Faithful | |
| | Performance Bond | 0 |

The contracts listed above reflect no significant reduction in insurance coverage as compared to the prior year. Finally, the City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

| | Balance 12/31/07 | Additions | Deletions | Balance 12/31/08 |
|--|---------------------|----------------------|------------|---------------------|
| Governmental Activities | | | | |
| <i>Capital Assets, Not Being Depreciated:</i> | | | | |
| Land | \$3,919,800 | \$1,899,627 | \$0 | \$5,819,427 |
| Construction in Progress | 1,984,888 | 3,116,179 | 0 | 5,101,067 |
| <i>Total Capital Assets, Not Being Depreciated</i> | <u>5,904,688</u> | <u>5,015,806</u> | <u>0</u> | <u>10,920,494</u> |
| <i>Capital Assets, Being Depreciated:</i> | | | | |
| Buildings, Structures and Improvements | 10,965,188 | 0 | 0 | 10,965,188 |
| Machinery and Equipment | 9,926,588 | 459,966 | 0 | 10,386,554 |
| Infrastructure: | | | | |
| Roads | 30,504,918 | 0 | 0 | 30,504,918 |
| Bridges | 2,454,556 | 0 | 0 | 2,454,556 |
| Sidewalks | 54,014 | 0 | 0 | 54,014 |
| Traffic Signals | 561,998 | 0 | 0 | 561,998 |
| <i>Total Capital Assets, Being Depreciated</i> | <u>54,467,262</u> | <u>459,966</u> | <u>0</u> | <u>54,927,228</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings, Structures and Improvements | (4,163,987) | (368,317) | 0 | (4,532,304) |
| Machinery and Equipment | (7,030,112) | (610,056) | 0 | (7,640,168) |
| Infrastructure: | | | | |
| Roads | (15,332,818) | (1,509,893) | 0 | (16,842,711) |
| Bridges | (587,883) | (51,636) | 0 | (639,519) |
| Sidewalks | (12,662) | (945) | 0 | (13,607) |
| Traffic Signals | (73,773) | (29,718) | 0 | (103,491) |
| <i>Total Accumulated Depreciation</i> | <u>(27,201,235)</u> | <u>(2,570,565) *</u> | <u>0</u> | <u>(29,771,800)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>27,266,027</u> | <u>(2,110,599)</u> | <u>0</u> | <u>25,155,428</u> |
| Governmental Activities Capital Assets, Net | <u>\$33,170,715</u> | <u>\$2,905,207</u> | <u>\$0</u> | <u>\$36,075,922</u> |

* Depreciation expense was charged to governmental functions as follows:

| <u>Governmental Activities</u> | |
|----------------------------------|--------------------|
| Security of Persons and Property | \$462,058 |
| Public Health and Welfare | 3,223 |
| Leisure Time Activities | 71,618 |
| Community Development | 14,575 |
| Transportation | 1,874,808 |
| General Government | 144,283 |
| Total Depreciation Expense | <u>\$2,570,565</u> |

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

| | Balance 12/31/07 | Additions | Deletions | Balance 12/31/08 |
|--|---------------------|----------------------|------------|---------------------|
| Business-Type Activities | | | | |
| <i>Capital Assets, Not Being Depreciated:</i> | | | | |
| Land | \$1,775,033 | \$0 | \$0 | \$1,775,033 |
| Construction in Progress | 212,389 | 396,491 | 0 | 608,880 |
| <i>Total Capital Assets, Not Being Depreciated</i> | <u>1,987,422</u> | <u>396,491</u> | <u>0</u> | <u>2,383,913</u> |
| <i>Capital Assets, Being Depreciated:</i> | | | | |
| Buildings, Structures and Improvements | 14,374,393 | 65,819 | 0 | 14,440,212 |
| Machinery and Equipment | 9,530,023 | 287,623 | 0 | 9,817,646 |
| Infrastructure: | | | | |
| Water Mains | 14,924,579 | 0 | 0 | 14,924,579 |
| Sanitary Sewers | 27,179,964 | 0 | 0 | 27,179,964 |
| Storm Water Drainage Lines | 13,899,910 | 0 | 0 | 13,899,910 |
| <i>Total Capital Assets, Being Depreciated</i> | <u>79,908,869</u> | <u>353,442</u> | <u>0</u> | <u>80,262,311</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings, Structures and Improvements | (7,471,617) | (341,395) | 0 | (7,813,012) |
| Machinery and Equipment | (7,608,810) | (405,792) | 0 | (8,014,602) |
| Infrastructure: | | | | |
| Water Mains | (4,312,282) | (277,056) | 0 | (4,589,338) |
| Sanitary Sewers | (4,544,005) | (547,648) | 0 | (5,091,653) |
| Storm Water Drainage Lines | (3,096,639) | (219,871) | 0 | (3,316,510) |
| <i>Total Accumulated Depreciation</i> | <u>(27,033,353)</u> | <u>(1,791,762) *</u> | <u>0</u> | <u>(28,825,115)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>52,875,516</u> | <u>(1,438,320)</u> | <u>0</u> | <u>51,437,196</u> |
| Business-Type Activities Capital Assets, Net | <u>\$54,862,938</u> | <u>(\$1,041,829)</u> | <u>\$0</u> | <u>\$53,821,109</u> |

* Depreciation expense was charged to business-type funds as follows:

| Business-Type Activities | |
|---------------------------|--------------------|
| Water Fund | \$635,126 |
| Sewer Fund | 928,774 |
| Solid Waste Fund | 436 |
| Storm Water Drainage Fund | 227,426 |
| | <u>\$1,791,762</u> |

Note 12 - Pension and Other Post-employment Benefits

The City of Kent and all of its employees are required to participate in one of two separate retirement systems, both of which are cost-sharing, multiple employer defined benefit pension plans. The following information was provided by the Public Employees Retirement System of Ohio and the Ohio Police and Fire Pension Fund to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers" and GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension".

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

- 1) The Traditional Pension Plan (TP) – a cost-sharing, multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
- 3) The Combined Plan (CO) – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans (TP, MD and CO). The 2008 member contribution rates were 10.0% for members in state and local classifications other than law enforcement and public safety. The 2008 employer contribution rate for local government employers was 14.00% of covered payroll. The City's required contributions to the Traditional and Combined Plans for the years ended December 31, 2008, 2007 and 2006 were \$927,352, \$846,383, and \$827,919, respectively. As of December 31, 2008, 91.93 percent of the City's required contributions have been made for 2008. 100.00 percent of the required contributions for 2007 and 2006 have been made. Contributions to the Member-Directed Plan for 2008 were \$13,734 made by the City and \$9,810 made by plan members.

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Funding Policy - The Ohio Revised Code provides the statutory authority to require public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. The portion of the 2008 employer contribution rate (identified above) that was used to fund health care was 7.0% of covered payroll which amounted to \$470,543. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary, while the City is required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2008, 2007 and 2006 were \$560,062, \$533,129, and \$519,212 for police and \$549,298, \$516,280, and \$499,520 for firefighters, respectively. As of December 31, 2008, the City has contributed 73.27 percent and 75.36 percent respectively for the police officers and firefighters required contributions. 100.00 percent of the required contributions have been made for 2007 and 2006.

Plan Description – The City contributions to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by the OP&F is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401 (h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401 (h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401 (h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The portion of the City's contributions that was used to pay post-employment benefits for December 31, 2008, 2007, and 2006 was \$193,868, \$184,463, and \$206,127 for police and \$154,490, \$145,075, and \$161,345 for firefighters, respectively.

Other Postemployment Benefits

Plan Description – The City provides other postemployment benefits (OPEB) in the form of life insurance benefits to 75 retirees employed by the City prior to June 2005. These benefits are provided through a single-employer defined benefit plan. The benefits, benefit levels and employer contributions are governed by the City. The activity of the plan is reported in the City's Internal Service Fund.

Life insurance benefits are only provided to the aforementioned retirees. The OPEB includes payment of the annual life insurance premiums.

Funding Policy – The City's annual contributions to the plan for fiscal year ended December 31, 2008, were \$9,935. The plan requires no matching contributions from the employees during or after their period of employment. The City is funding the plan on a pay as you go basis.

The City's annual OPEB cost (expense) of \$9,935 was equal to the City's annual required contribution (ARC) for the fiscal year, as the transition liability was set at zero as of December 31, 2008. The funded status of the plan as of December 31, 2008, was as follows:

| | |
|---|-----------|
| Actuarial Accrued Liability | \$357,954 |
| Actuarial Value of Plan Assets | 20,357 |
| Unfunded Actuarial Accrued Liability | \$337,597 |
| Fund Ratio (Actuarial Value of Plan Assets/AAL) | 5.69% |

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The alternative method was used for these calculations. Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future mortality. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision 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 employer 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 employer and plan members to that point. Consistent with that perspective the methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actual value of assets, consistent with long-term perspective of the calculations.

Note 13 – Other Employee Benefits

A. Compensated Absences

Accumulated Unpaid Vacation and Compensatory Time City employees earn vacation leave ranging from 10 to 30 days per year based on length of service, except for firemen who accumulate vacation at rates from 6 to 14 tours of duty per year based on length of service. Accumulated vacation leave cannot exceed 10 days for City employees and 5 tours of duty for firemen at the end of any year. All accumulated unused vacation time is paid upon termination.

The total obligation for vacation and compensatory time accrual for the City, including salary-related payments, amounted to \$1,073,833 as of December 31, 2008.

Accumulated Unpaid Sick Leave Sick leave for City employees is accrued at rates from 119.6 to 195 hours per year. Employees may convert 50 percent of their current year accumulated sick leave into a lump-sum payment within certain limitations. Employees who retire after 10 years of service may convert 50 percent of their accumulated sick leave days into a lump-sum payment within certain limitations. The obligation for sick leave accrual was calculated using the termination payments method and amounted to \$83,328 as of December 31, 2008.

B. Other Benefits

City employees are contractually entitled to severance pay equal to one month of their salary if they retire with at least 10 years of service. The severance pay obligation was calculated using the termination payments method and amounted to \$26,636 as of December 31, 2008.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 14 - Construction and Other Commitments

As of December 31, 2008, the City had capital contracts payable of \$265,128 and \$82,814 in governmental funds and business-type funds, respectively.

| | <u>Contract Amount</u> |
|---------------------------------|------------------------|
| Governmental | |
| Crain Avenue Bridge | \$228,379 |
| Spaulding Drive Bridge | 4,450 |
| Stonemore/Admore Traffic Signal | 4,995 |
| State Route 59 Signalization | 11,259 |
| Log Cabin Project | 5,305 |
| Various Capital Purchases | 10,740 |
| | 265,128 |
| Business-Type | |
| Area Q Storm Water Drainage | 82,189 |
| Other Projects | 625 |
| | 82,814 |

The City had no material operating lease commitments at December 31, 2008.

Note 15 – Long-term Obligations

Changes in bonds and other long-term obligations of the City during 2008 were as follows:

| | <u>Principal Outstanding 12/31/07</u> | <u>Additions</u> | <u>Deletions</u> | <u>Principal Outstanding 12/31/08</u> | <u>Due Within One Year</u> |
|---|---|------------------|------------------|---|------------------------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds: | | | | | |
| \$3,000,000 Various Purpose 1998 4.45% - 5.20% | \$1,970,000 | \$0 | \$140,000 | \$1,830,000 | \$145,000 |
| Special Assessment Bonds: | | | | | |
| \$613,000 Street Improvements 1988 7.80% - 7.80% | 25,000 | 0 | 25,000 | 0 | 0 |
| \$561,000 Street Improvements 2000 5.50% - 6.00% | 433,000 | 0 | 23,000 | 410,000 | 24,000 |
| <i>Total Special Assessment Bonds</i> | 458,000 | 0 | 48,000 | 410,000 | 24,000 |

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

| | Principal Outstanding 12/31/07 | Additions | Deletions | Principal Outstanding 12/31/08 | Due Within One Year |
|---|--------------------------------------|------------------|------------------|--------------------------------------|---------------------------|
| Governmental Activities - continued | | | | | |
| Ohio Public Works Commission Loans | | | | | |
| \$512,940 Fairchild Avenue Improvements 1999 0.00% | 282,117 | 0 | 25,647 | 256,470 | 25,647 |
| \$86,000 Elm-Mae-Morris Improvements 2001 0.00% | 53,750 | 0 | 4,300 | 49,450 | 4,300 |
| <i>Total Ohio Public Works Commission Loans</i> | <u>335,867</u> | <u>0</u> | <u>29,947</u> | <u>305,920</u> | <u>29,947</u> |
| Compensated Absences | 934,075 | 717,661 | 668,373 | 983,363 | 754,695 |
| <i>Total Governmental Activities</i> | <u>\$3,697,942</u> | <u>\$717,661</u> | <u>\$886,320</u> | <u>\$3,529,283</u> | <u>\$953,642</u> |
| Business-Type Activities | | | | | |
| Ohio Water Development Authority Loans | | | | | |
| \$485,851 Kent-Ravenna Interconnect 2003 3.65% | \$414,597 | \$0 | \$19,484 | \$395,113 | \$20,201 |
| \$4,372,503 Sanitary Sewer Improvements 2003 3.66% | 3,979,309 | 0 | 162,236 | 3,817,073 | 172,082 |
| \$271,200 Franklin Hills Waterline 2007 2.00% | 263,767 | 0 | 9,376 | 254,391 | 11,488 |
| <i>Total Ohio Water Development Authority Loans</i> | <u>4,657,673</u> | <u>0</u> | <u>191,096</u> | <u>4,466,577</u> | <u>203,771</u> |
| Ohio Public Works Commission Loans | | | | | |
| \$46,694 Elm-Mae-Morris Improvements 2005 0.00% | 45,527 | 0 | 2,335 | 43,192 | 2,335 |
| \$52,650 Drainage Area Q - Phase 3 2007 0.00% | 50,797 | 1,853 | 1,316 | 51,334 | 2,632 |
| <i>Total Ohio Public Works Commission Loans</i> | <u>96,324</u> | <u>1,853</u> | <u>3,651</u> | <u>94,526</u> | <u>4,967</u> |
| Compensated Absences | 194,729 | 183,697 | 177,992 | 200,434 | 192,183 |
| <i>Total Business-Type Activities</i> | <u>\$4,948,726</u> | <u>\$185,550</u> | <u>\$372,739</u> | <u>\$4,761,537</u> | <u>\$400,921</u> |

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008 are as follows:

| Governmental Activities | | | | | | | |
|-------------------------|-----------------------------|------------------|-----------------------------|------------------|------------------|--------------------|------------------|
| Years | General Obligation Bonds | | Special Assessment Bonds | | OPWC | Total | |
| | Principal | Interest | Principal | Interest | Principal | Principal | Interest |
| 2009 | 145,000 | 92,680 | 24,000 | 24,355 | 29,947 | 198,947 | 117,035 |
| 2010 | 155,000 | 85,937 | 25,000 | 23,035 | 29,947 | 209,947 | 108,972 |
| 2011 | 160,000 | 78,575 | 27,000 | 21,660 | 29,947 | 216,947 | 100,235 |
| 2012 | 170,000 | 70,815 | 29,000 | 20,040 | 29,947 | 228,947 | 90,855 |
| 2013 | 175,000 | 62,400 | 31,000 | 18,300 | 29,947 | 235,947 | 80,700 |
| 2014-2018 | 1,025,000 | 165,100 | 183,000 | 61,620 | 149,735 | 1,357,735 | 226,720 |
| 2019-2020 | 0 | 0 | 91,000 | 8,280 | 6,450 | 97,450 | 8,280 |
| Total | \$1,830,000 | \$555,507 | \$410,000 | \$177,290 | \$305,920 | \$2,545,920 | \$732,797 |

| Business-Type Activities | | | | | |
|--------------------------|--------------------|--------------------|-----------------|--------------------|--------------------|
| Years | OWDA Loans | | OPWC | Total | |
| | Principal | Interest | Principal | Principal | Interest |
| 2009 | 203,771 | 157,415 | 4,967 | 208,738 | 157,415 |
| 2010 | 211,102 | 150,084 | 4,967 | 216,069 | 150,084 |
| 2011 | 218,700 | 142,485 | 4,967 | 223,667 | 142,485 |
| 2012 | 226,574 | 134,612 | 4,967 | 231,541 | 134,612 |
| 2013 | 234,735 | 126,451 | 4,967 | 239,702 | 126,451 |
| 2014-2018 | 1,306,880 | 499,048 | 24,835 | 1,331,715 | 499,048 |
| 2019-2023 | 1,560,428 | 245,500 | 24,835 | 1,585,263 | 245,500 |
| 2024-2028 | 504,387 | 18,771 | 20,021 | 524,408 | 18,771 |
| Total | \$4,466,577 | \$1,474,366 | \$94,526 | \$4,561,103 | \$1,474,366 |

The general long-term obligation resulting from special assessment projects is funded through the issuance of bonds payable. Bonds issued are backed by the full faith, credit and general revenues of the City and fully retired with assessments levied against property owners. Assessments are receivable over periods ranging from ten to twenty years, with interest equal to the interest on the bonds issued to finance the improvements.

For governmental activities, compensated absences are generally liquidated by the fund where the corresponding employee's salary expenditure is recorded, primarily the general and major special revenue funds.

The City has the ability to issue \$14.9 million of additional debt without obtaining voter approval.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 16 – Note Obligations

A summary of note transactions for the year ended December 31, 2008 follows:

| | Balance 12/31/07 | Additions | Deletions | Balance 12/31/08 |
|------------------------------------|---------------------|--------------------|--------------------|---------------------|
| Governmental Activities | | | | |
| Capital Projects Fund | | | | |
| 2007, 4.00% | \$3,445,000 | \$0 | \$3,445,000 | \$0 |
| 2008, 3.75% | 0 | 3,205,000 | 0 | 3,205,000 |
| <i>Total Capital Projects Fund</i> | <u>3,445,000</u> | <u>3,205,000</u> | <u>3,445,000</u> | <u>3,205,000</u> |
| Business-Type Activities | | | | |
| Sewer Fund | | | | |
| 2007, 4.00% | 1,910,000 | 0 | 1,910,000 | 0 |
| 2008, 3.75% | 0 | 915,000 | 0 | 915,000 |
| <i>Total Sewer Fund</i> | <u>1,910,000</u> | <u>915,000</u> | <u>1,910,000</u> | <u>915,000</u> |
| Total | <u>\$5,355,000</u> | <u>\$4,120,000</u> | <u>\$5,355,000</u> | <u>\$4,120,000</u> |

On October 15, 2008, the City issued \$4.120 million in various purpose notes at an interest rate of 3.75% with a maturity date of October 15, 2009. The notes are backed by the full faith and credit of the City of Kent. However, it is the intention of the City that all enterprise obligations be paid from operating income. The note liability is reflected in the funds which received the proceeds. The notes were issued at a premium of \$13,942. A portion of the premium was offset against the corresponding interest expense, and the unamortized balance is reported as unearned revenue in the respective funds.

Note 17 – Conduit Debt

The City of Kent is party to certain Conduit Debt Obligations:

| Type | On Behalf of | Principal Outstanding December 31, 2008 | Year Issued |
|---------------------------------------|---------------------------|--|----------------|
| Multi-Family Housing Revenue Bonds | Silver Meadows Apartments | <u>\$9,315,000</u> | 1999 |

Although conduit debt obligations bear the name of the City of Kent, the City has no responsibility for principal and interest payments on these issues.

Note 18 - Contingent Liabilities

There are several lawsuits pending in which the City is involved. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 19 - Jointly Governed Organization

Northeast Ohio Public Energy Council The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the nine-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139.

Note 20 – Assets Held for Resale

Assets held for resale represents five properties purchased by the City, which will be resold for development purposes. During 2008, three properties were purchased for \$821,645 and two properties were purchased for \$379,072. A fund balance reserve, in the amount of \$1,200,717 was created in the General Fund and presented in the governmental fund financial statements.

Note 21 – Joint Ventures

Kent-Franklin Township Joint Economic Development District (JEDD) – In June 2006, the City of Kent and Franklin Township entered into a contract to create the Kent-Franklin Township JEDD, which is a statutorily created subdivision of the State of Ohio. The JEDD was created to facilitate the economic development, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Portage County, the City of Kent and Franklin Township. Each member, of the five member Board of Directors, is appointed to govern the District.

In 2008, the City received \$166,963 in income tax distributions from the JEDD. The joint venture is considered a separate reporting entity by the City's management. Accordingly, the joint venture's financial statements have not been included in the City's financial statements. The JEDD's financial statements can be obtained by contacting the City's Finance Department.

Kent-Brimfield Township Joint Economic Development District (JEDD) - In April 2005, the City of Kent and Brimfield Township entered into a contract to create the Kent-Brimfield Township JEDD, which is a statutorily created subdivision of the State of Ohio. The JEDD was created to facilitate the economic development, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Portage County, the City of Kent and Brimfield Township. Each member, of the five member Board of Directors, is appointed to govern the District.

In 2008, the City received \$20,831 in income tax distributions from the JEDD. The joint venture is considered a separate reporting entity by the City's management. Accordingly, the joint venture's financial statements have not been included in the City's financial statements. The JEDD's financial statements can be obtained by contacting the City's Finance Department.



Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Special Revenue funds are established to account for the proceeds of specific revenue sources (other than special assessments or those for major capital projects) that are restricted by law or administrative action to expenditures for specific purposes. A description of the City's special revenue funds follows:

West Side Fire Fund - This fund accounts for the revenue from property taxes levied and expenditures relative to operation of the West Side fire station.

State Highway Fund - This fund accounts for a percentage of the revenue from the City's share of State gasoline taxes and vehicle registration fees. State law requires that these taxes be used for maintenance of state highways.

Food Service Fund - This fund accounts for the revenue from food service permits and the expenditures relative to the operation of a food service inspection program.

License Tax Fund - This fund accounts for the revenue received from municipal motor vehicle taxes.

Revolving Housing Fund - This fund accounts for the revenue received from housing inspections and the expenditures relative to the operation of the housing inspection program.

State and Local Forfeits Fund - This fund accounts for the revenue received from state and local law enforcement agencies due to the City's participation in an arrest and property seizure. State law requires that these monies be used for criminal apprehension purposes.

Drug Law Enforcement Fund - This fund accounts for the revenue received from mandatory drug fines as the result of felony drug convictions. State law requires that these monies be used for drug-related law enforcement activities.

Enforcement and Education Fund - This fund accounts for the revenue received from fines as the result of convictions of operating a motor vehicle while under the influence. State law requires that these monies be used to enforce such laws or to educate the public about such laws.

Law Enforcement Trust Fund - This fund accounts for the revenue received from federal law enforcement agencies due to the City's participation in an arrest and property seizure. State law requires that these monies be used for criminal apprehension purposes.

Community Development Block Grant Fund - This fund accounts for the revenue from the federal government and expenditures as prescribed under the Community Development Block Grant and the Comprehensive Housing Improvement Program.

Wireless 911 Fund - This fund accounts for the revenue received from a surcharge to wireless telephone customers. The surcharge is paid to the State and then distributed to the counties and the local governments. State law requires that these funds be used for the provision of an enhanced wireless 911 emergency phone call service.

Nonmajor Special Revenue Funds (continued)

Swimming Pool Inspections Fund - This fund accounts for the revenue received from swimming pool inspections and the expenditures relative to the operation of the swimming pool inspection program.

Police Pension Fund - This fund accounts for the revenue from property taxes levied for the partial payment of the current liability for police disability and pension.

Fire Pension Fund - This fund accounts for the revenue from property taxes levied for the partial payment of the current liability for fire disability and pension.

Urban Development Action Grant Fund - This fund accounts for the revenue received from federal government, Community Development loans and expenditures relative to the operation of this program.

Nonmajor Debt Service Fund

The Debt Service Fund is established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Total Nonmajor Governmental Funds |
|--|---|-------------------------------------|--|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,706,607 | \$30,186 | \$1,736,793 |
| Receivables: | | | |
| Property Taxes Receivable | 451,047 | 0 | 451,047 |
| Interest Receivable | 179 | 0 | 179 |
| Loans Receivable | 439,295 | 0 | 439,295 |
| Special Assessment Receivable | 0 | 591,005 | 591,005 |
| Receivables, Net | <u>890,521</u> | <u>591,005</u> | <u>1,481,526</u> |
| Due from Other Governments | 123,863 | 0 | 123,863 |
| Prepaid Items | 40 | 0 | 40 |
| Restricted Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>120,000</u> | <u>50</u> | <u>120,050</u> |
| <i>Total Assets</i> | <u><u>\$2,841,031</u></u> | <u><u>\$621,241</u></u> | <u><u>\$3,462,272</u></u> |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable | \$42,454 | \$0 | \$42,454 |
| Accrued Wages and Benefits | 1,472 | 0 | 1,472 |
| Due to Other Funds | 200,000 | 0 | 200,000 |
| Deferred Revenue | 504,499 | 591,005 | 1,095,504 |
| Payable from Restricted Assets | <u>0</u> | <u>50</u> | <u>50</u> |
| <i>Total Liabilities</i> | <u>748,425</u> | <u>591,055</u> | <u>1,339,480</u> |
| Fund Balances | | | |
| Reserved for Encumbrances | 107,838 | 0 | 107,838 |
| Reserved for Loans Receivable | 439,295 | 0 | 439,295 |
| Reserved for Prepays | 40 | 0 | 40 |
| Reserved for Debt Service | 0 | 30,186 | 30,186 |
| Unreserved, Undesignated | | | |
| Reported in: | | | |
| Special Revenue Funds | <u>1,545,433</u> | <u>0</u> | <u>1,545,433</u> |
| <i>Total Fund Balances</i> | <u>2,092,606</u> | <u>30,186</u> | <u>2,122,792</u> |
| <i>Total Liabilities and Fund Balances</i> | <u><u>\$2,841,031</u></u> | <u><u>\$621,241</u></u> | <u><u>\$3,462,272</u></u> |

City of Kent, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Total Nonmajor Governmental Funds |
|--|---|-------------------------------------|--|
| Revenues | | | |
| Property and Other Local Taxes | \$546,288 | \$0 | \$546,288 |
| Fees, Licenses and Permits | 129,583 | 0 | 129,583 |
| Fines and Forfeitures | 47,425 | 0 | 47,425 |
| Intergovernmental | 669,970 | 0 | 669,970 |
| Special Assessments | 0 | 78,428 | 78,428 |
| Interest | 38,204 | 0 | 38,204 |
| Miscellaneous | 8,997 | 3,178 | 12,175 |
| <i>Total Revenues</i> | <u>1,440,467</u> | <u>81,606</u> | <u>1,522,073</u> |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property | 589,120 | 0 | 589,120 |
| Public Health and Welfare | 123,544 | 0 | 123,544 |
| Community Development | 351,196 | 0 | 351,196 |
| Transportation | 70,562 | 0 | 70,562 |
| General Government | 0 | 3,178 | 3,178 |
| Capital Outlay | 153,703 | 0 | 153,703 |
| Debt Service: | | | |
| Principal Retirement | 0 | 217,947 | 217,947 |
| Interest and Fiscal Charges | 0 | 126,620 | 126,620 |
| <i>Total Expenditures</i> | <u>1,288,125</u> | <u>347,745</u> | <u>1,635,870</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>152,342</u> | <u>(266,139)</u> | <u>(113,797)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers In | 0 | 268,997 | 268,997 |
| Transfers Out | (120,000) | 0 | (120,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(120,000)</u> | <u>268,997</u> | <u>148,997</u> |
| <i>Net Change in Fund Balances</i> | 32,342 | 2,858 | 35,200 |
| <i>Fund Balances Beginning of Year</i> | <u>2,060,264</u> | <u>27,328</u> | <u>2,087,592</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$2,092,606</u></u> | <u><u>\$30,186</u></u> | <u><u>\$2,122,792</u></u> |

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

| | West Side Fire | State Highway | Food Service | License Tax | Revolving Housing |
|--|----------------------|------------------|-----------------|-----------------|----------------------|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$14,708 | \$67,717 | \$40,308 | \$1,487 | \$65,486 |
| Receivables: | | | | | |
| Property Taxes Receivable | 240,173 | 0 | 0 | 0 | 0 |
| Interest Receivable | 0 | 0 | 0 | 0 | 0 |
| Loans Receivable | 0 | 0 | 0 | 0 | 0 |
| Receivables, Net | <u>240,173</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Due from Other Governments | 16,592 | 31,779 | 0 | 10,976 | 0 |
| Prepaid Items | 40 | 0 | 0 | 0 | 0 |
| Restricted Assets: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | 0 | 0 | 0 | 0 | 0 |
| <i>Total Assets</i> | <u>\$271,513</u> | <u>\$99,496</u> | <u>\$40,308</u> | <u>\$12,463</u> | <u>\$65,486</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$2,146 | \$6,380 | \$0 | \$0 | \$0 |
| Accrued Wages and Benefits | 0 | 0 | 543 | 0 | 897 |
| Due to Other Funds | 0 | 0 | 0 | 0 | 0 |
| Deferred Revenue | 256,765 | 22,402 | 0 | 0 | 0 |
| <i>Total Liabilities</i> | <u>258,911</u> | <u>28,782</u> | <u>543</u> | <u>0</u> | <u>897</u> |
| Fund Balances | | | | | |
| Reserved for Encumbrances | 0 | 299 | 13 | 0 | 0 |
| Reserved for Loans Receivable | 0 | 0 | 0 | 0 | 0 |
| Reserved for Prepays | 40 | 0 | 0 | 0 | 0 |
| Unreserved, Undesignated | 12,562 | 70,415 | 39,752 | 12,463 | 64,589 |
| <i>Total Fund Balances</i> | <u>12,602</u> | <u>70,714</u> | <u>39,765</u> | <u>12,463</u> | <u>64,589</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$271,513</u> | <u>\$99,496</u> | <u>\$40,308</u> | <u>\$12,463</u> | <u>\$65,486</u> |

| State and Local Forfeits | Drug Law Enforcement | Enforcement and Education | Law Enforcement Trust | Community Development Block Grant | Wireless 911 | Swimming Pool Inspections |
|--------------------------------|-------------------------|---------------------------------|-----------------------------|--|------------------|---------------------------------|
| \$11,791 | \$39,694 | \$19,466 | \$23,064 | \$1,072,143 | \$176,303 | \$10,793 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 257,610 | 0 | 0 |
| 0 | 0 | 0 | 0 | 257,610 | 0 | 0 |
| 0 | 0 | 765 | 0 | 44,356 | 4,937 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$11,791</u> | <u>\$39,694</u> | <u>\$20,231</u> | <u>\$23,064</u> | <u>\$1,374,109</u> | <u>\$181,240</u> | <u>\$10,793</u> |
| \$0 | \$0 | \$0 | \$0 | \$33,928 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 32 |
| 0 | 0 | 0 | 0 | 200,000 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 233,928 | 0 | 32 |
| 0 | 0 | 1,893 | 0 | 105,633 | 0 | 0 |
| 0 | 0 | 0 | 0 | 257,610 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11,791 | 39,694 | 18,338 | 23,064 | 776,938 | 181,240 | 10,761 |
| 11,791 | 39,694 | 20,231 | 23,064 | 1,140,181 | 181,240 | 10,761 |
| <u>\$11,791</u> | <u>\$39,694</u> | <u>\$20,231</u> | <u>\$23,064</u> | <u>\$1,374,109</u> | <u>\$181,240</u> | <u>\$10,793</u> |

(continued)

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2008

| | Police Pension | Fire Pension | Urban Development Action Grant | Total Nonmajor Special Revenue Funds |
|--|-------------------|------------------|--------------------------------------|---|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$7,289 | \$7,291 | \$149,067 | \$1,706,607 |
| Receivables: | | | | |
| Property Taxes Receivable | 105,437 | 105,437 | 0 | 451,047 |
| Interest Receivable | 0 | 0 | 179 | 179 |
| Loans Receivable | 0 | 0 | 181,685 | 439,295 |
| Receivables, Net | <u>105,437</u> | <u>105,437</u> | <u>181,864</u> | <u>890,521</u> |
| Due from Other Governments | 7,229 | 7,229 | 0 | 123,863 |
| Prepaid Items | 0 | 0 | 0 | 40 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 0 | 0 | 120,000 | 120,000 |
| <i>Total Assets</i> | <u>\$119,955</u> | <u>\$119,957</u> | <u>\$450,931</u> | <u>\$2,841,031</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | \$0 | \$0 | \$0 | \$42,454 |
| Accrued Wages and Benefits | 0 | 0 | 0 | 1,472 |
| Due to Other Funds | 0 | 0 | 0 | 200,000 |
| Deferred Revenue | 112,666 | 112,666 | 0 | 504,499 |
| <i>Total Liabilities</i> | <u>112,666</u> | <u>112,666</u> | <u>0</u> | <u>748,425</u> |
| Fund Balances | | | | |
| Reserved for Encumbrances | 0 | 0 | 0 | 107,838 |
| Reserved for Loans Receivable | 0 | 0 | 181,685 | 439,295 |
| Reserved for Prepays | 0 | 0 | 0 | 40 |
| Unreserved, Undesignated | 7,289 | 7,291 | 269,246 | 1,545,433 |
| <i>Total Fund Balances</i> | <u>7,289</u> | <u>7,291</u> | <u>450,931</u> | <u>2,092,606</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$119,955</u> | <u>\$119,957</u> | <u>\$450,931</u> | <u>\$2,841,031</u> |

City of Kent, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

| | West Side Fire | State Highway | Food Service | License Tax | Revolving Housing |
|---|----------------------|------------------|-----------------|-----------------|----------------------|
| Revenues | | | | | |
| Property and Other Local Taxes | \$225,390 | \$0 | \$0 | \$123,080 | \$0 |
| Fees, Licenses and Permits | 0 | 0 | 48,175 | 0 | 78,183 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental | 42,991 | 62,713 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 0 | 0 | 25 |
| <i>Total Revenues</i> | <u>268,381</u> | <u>62,713</u> | <u>48,175</u> | <u>123,080</u> | <u>78,208</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 313,596 | 0 | 0 | 0 | 0 |
| Public Health and Welfare | 0 | 0 | 46,326 | 0 | 73,806 |
| Community Development | 0 | 0 | 0 | 0 | 0 |
| Transportation | 0 | 70,562 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>313,596</u> | <u>70,562</u> | <u>46,326</u> | <u>0</u> | <u>73,806</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(45,215)</u> | <u>(7,849)</u> | <u>1,849</u> | <u>123,080</u> | <u>4,402</u> |
| Other Financing Uses | | | | | |
| Transfers Out | 0 | 0 | 0 | (120,000) | 0 |
| <i>Net Change in Fund Balances</i> | <u>(45,215)</u> | <u>(7,849)</u> | <u>1,849</u> | <u>3,080</u> | <u>4,402</u> |
| <i>Fund Balances Beginning of Year</i> | <u>57,817</u> | <u>78,563</u> | <u>37,916</u> | <u>9,383</u> | <u>60,187</u> |
| <i>Fund Balances End of Year</i> | <u>\$12,602</u> | <u>\$70,714</u> | <u>\$39,765</u> | <u>\$12,463</u> | <u>\$64,589</u> |

(continued)

City of Kent, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2008

| | State and Local Forfeits | Drug Law Enforcement | Enforcement and Education | Law Enforcement Trust | Community Development Block Grant |
|---|--------------------------------|-------------------------|---------------------------------|-----------------------------|--|
| Revenues | | | | | |
| Property and Other Local Taxes | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fees, Licenses and Permits | 0 | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 106 | 35,577 | 7,424 | 4,318 | 0 |
| Intergovernmental | 0 | 0 | 0 | 0 | 458,873 |
| Interest | 0 | 0 | 0 | 800 | 25,576 |
| Miscellaneous | 0 | 0 | 0 | 0 | 8,972 |
| <i>Total Revenues</i> | <u>106</u> | <u>35,577</u> | <u>7,424</u> | <u>5,118</u> | <u>493,421</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 2,998 | 7,799 | 6,456 | 0 | 0 |
| Public Health and Welfare | 0 | 0 | 0 | 0 | 0 |
| Community Development | 0 | 0 | 0 | 0 | 345,196 |
| Transportation | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 6,040 | 0 | 0 | 147,663 |
| <i>Total Expenditures</i> | <u>2,998</u> | <u>13,839</u> | <u>6,456</u> | <u>0</u> | <u>492,859</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(2,892)</u> | <u>21,738</u> | <u>968</u> | <u>5,118</u> | <u>562</u> |
| Other Financing Uses | | | | | |
| Transfers Out | 0 | 0 | 0 | 0 | 0 |
| <i>Net Change in Fund Balances</i> | <u>(2,892)</u> | <u>21,738</u> | <u>968</u> | <u>5,118</u> | <u>562</u> |
| <i>Fund Balances Beginning of Year</i> | <u>14,683</u> | <u>17,956</u> | <u>19,263</u> | <u>17,946</u> | <u>1,139,619</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$11,791</u></u> | <u><u>\$39,694</u></u> | <u><u>\$20,231</u></u> | <u><u>\$23,064</u></u> | <u><u>\$1,140,181</u></u> |

| Wireless 911 | Swimming Pool Inspections | Police Pension | Fire Pension | Urban Development Action Grant | Total Nonmajor Special Revenue Funds |
|------------------|---------------------------------|-------------------|-----------------|--------------------------------------|---|
| \$0 | \$0 | \$98,909 | \$98,909 | \$0 | \$546,288 |
| 0 | 3,225 | 0 | 0 | 0 | 129,583 |
| 0 | 0 | 0 | 0 | 0 | 47,425 |
| 68,592 | 0 | 18,400 | 18,401 | 0 | 669,970 |
| 0 | 0 | 0 | 0 | 11,828 | 38,204 |
| 0 | 0 | 0 | 0 | 0 | 8,997 |
| <u>68,592</u> | <u>3,225</u> | <u>117,309</u> | <u>117,310</u> | <u>11,828</u> | <u>1,440,467</u> |
| 8,271 | 0 | 125,000 | 125,000 | 0 | 589,120 |
| 0 | 3,412 | 0 | 0 | 0 | 123,544 |
| 0 | 0 | 0 | 0 | 6,000 | 351,196 |
| 0 | 0 | 0 | 0 | 0 | 70,562 |
| 0 | 0 | 0 | 0 | 0 | 153,703 |
| <u>8,271</u> | <u>3,412</u> | <u>125,000</u> | <u>125,000</u> | <u>6,000</u> | <u>1,288,125</u> |
| <u>60,321</u> | <u>(187)</u> | <u>(7,691)</u> | <u>(7,690)</u> | <u>5,828</u> | <u>152,342</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(120,000)</u> |
| <u>60,321</u> | <u>(187)</u> | <u>(7,691)</u> | <u>(7,690)</u> | <u>5,828</u> | <u>32,342</u> |
| <u>120,919</u> | <u>10,948</u> | <u>14,980</u> | <u>14,981</u> | <u>445,103</u> | <u>2,060,264</u> |
| <u>\$181,240</u> | <u>\$10,761</u> | <u>\$7,289</u> | <u>\$7,291</u> | <u>\$450,931</u> | <u>\$2,092,606</u> |

Combining Statements

Fiduciary Funds

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

Agency Funds

Agency Escrow Fund – This fund holds in trust those funds held by the City and received from a contractor, developer, or individual to insure compliance with the ordinances of the City of Kent.

City of Kent, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Escrow Fund
For the Year Ended December 31, 2008

| | Beginning Balance 12/31/07 | Additions | Deductions | Ending Balance 12/31/08 |
|---------------------------|----------------------------------|-----------|------------|-------------------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$555,529 | \$184,044 | \$165,044 | \$574,529 |
| Liabilities | | | | |
| Accounts Payable | \$555,529 | \$184,044 | \$165,044 | \$574,529 |

**Individual Fund Schedules of Revenues, Expenditures/Expenses and
Changes in Fund Balances/Fund Equity – Budget (Non-GAAP Basis) and Actual**

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$1,696,312 | \$1,632,179 | \$1,636,084 | 3,905 |
| Charges for Services | 1,099,000 | 1,334,000 | 1,332,260 | (1,740) |
| Fees, Licenses and Permits | 106,900 | 106,900 | 100,569 | (6,331) |
| Fines and Forfeits | 231,400 | 231,400 | 225,288 | (6,112) |
| Intergovernmental | 2,307,368 | 2,460,318 | 2,358,803 | (101,515) |
| Interest | 800,000 | 800,000 | 796,686 | (3,314) |
| Miscellaneous | 20,000 | 20,000 | 28,071 | 8,071 |
| Total Revenues | 6,260,980 | 6,584,797 | 6,477,761 | (107,036) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Fire | | | | |
| Personal Services | 1,126,093 | 1,126,093 | 1,060,476 | 65,617 |
| Police | | | | |
| Personal Services | 2,522,558 | 2,522,558 | 2,510,805 | 11,753 |
| Other | 546,000 | 565,780 | 481,352 | 84,428 |
| Capital Outlay | 150,000 | 150,000 | 145,400 | 4,600 |
| Total Police | 3,218,558 | 3,238,338 | 3,137,557 | 100,781 |
| Safety Director | | | | |
| Personal Services | 119,119 | 120,649 | 120,626 | 23 |
| Other | 31,600 | 32,300 | 10,329 | 21,971 |
| Total Safety Director | 150,719 | 152,949 | 130,955 | 21,994 |
| Total Security of Persons and Property | 4,495,370 | 4,517,380 | 4,328,988 | 188,392 |
| Public Health and Welfare | | | | |
| Personal Services | 237,589 | 237,589 | 237,176 | 413 |
| Other | 269,700 | 269,700 | 263,505 | 6,195 |
| Total Public Health and Welfare | 507,289 | 507,289 | 500,681 | 6,608 |
| Community Development | | | | |
| Community Development | | | | |
| Personal Services | 503,555 | 503,555 | 451,038 | 52,517 |
| Other | 191,400 | 193,310 | 186,223 | 7,087 |
| Capital Outlay | 6,500 | 6,500 | 5,036 | 1,464 |
| Total Community Development | 701,455 | 703,365 | 642,297 | 61,068 |
| Building | | | | |
| Personal Services | 206,054 | 206,054 | 140,411 | 65,643 |
| Other | 26,500 | 40,649 | 38,880 | 1,769 |
| Capital Outlay | 0 | 286 | 268 | 18 |
| Total Building | 232,554 | 246,989 | 179,559 | 67,430 |

(Continued)

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008
(Continued)*

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|------------------------------|--------------------|-----------------|-----------|---|
| | Original Budget | Final Budget | Actual | |
| Public Planting | | | | |
| Other | 31,000 | 38,500 | 34,145 | 4,355 |
| Main Street Program | | | | |
| Personal Services | 78,746 | 81,006 | 80,992 | 14 |
| Other | 3,000 | 3,000 | 3,000 | 0 |
| Total Main Street Program | 81,746 | 84,006 | 83,992 | 14 |
| Land Banking | | | | |
| Other | 120,000 | 120,000 | 87,000 | 33,000 |
| Permit Parking | | | | |
| Other | 13,000 | 14,985 | 14,976 | 9 |
| Shade Tree | | | | |
| Other | 81,000 | 80,678 | 77,320 | 3,358 |
| Capital Outlay | 15,000 | 15,322 | 15,322 | 0 |
| Total Shade Tree | 96,000 | 96,000 | 92,642 | 3,358 |
| Urban Renewal | | | | |
| Other | 100,000 | 404,500 | 374,141 | 30,359 |
| Capital Outlay | 0 | 1,205,000 | 1,200,811 | 4,189 |
| Total Urban Renewal | 100,000 | 1,609,500 | 1,574,952 | 34,548 |
| Total Community Development | 1,375,755 | 2,913,345 | 2,709,563 | 203,782 |
| General Government | | | | |
| Service Administration | | | | |
| Personal Services | 60,819 | 60,989 | 60,976 | 13 |
| Other | 434,300 | 463,565 | 455,982 | 7,583 |
| Capital Outlay | 50,000 | 25,235 | 13,347 | 11,888 |
| Total Service Administration | 545,119 | 549,789 | 530,305 | 19,484 |
| Facilities Expansion | | | | |
| Other | 18,300 | 18,300 | 11,068 | 7,232 |
| Engineering | | | | |
| Personal Services | 233,194 | 233,194 | 197,758 | 35,436 |
| Other | 122,500 | 121,606 | 98,740 | 22,866 |
| Capital Outlay | 0 | 894 | 894 | 0 |
| Total Engineering | 355,694 | 355,694 | 297,392 | 58,302 |
| Law | | | | |
| Personal Services | 286,932 | 286,932 | 253,734 | 33,198 |
| Other | 116,700 | 116,700 | 82,212 | 34,488 |
| Total Law | 403,632 | 403,632 | 335,946 | 67,686 |

(Continued)

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008
(Continued)*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------|--------------------|-----------------|-------------|---|
| | Original Budget | Final Budget | | |
| Budget and Finance | | | | |
| Personal Services | 165,109 | 165,109 | 125,867 | 39,242 |
| Other | 352,000 | 273,760 | 224,164 | 49,596 |
| Total Budget and Finance | 517,109 | 438,869 | 350,031 | 88,838 |
| Mayor | | | | |
| Personal Services | 7,721 | 7,721 | 7,713 | 8 |
| Other | 2,500 | 2,500 | 1,818 | 682 |
| Total Mayor | 10,221 | 10,221 | 9,531 | 690 |
| City Council | | | | |
| Personal Services | 155,034 | 155,034 | 145,633 | 9,401 |
| Other | 19,150 | 21,625 | 21,072 | 553 |
| Total City Council | 174,184 | 176,659 | 166,705 | 9,954 |
| Community Support | | | | |
| Other | 55,000 | 57,485 | 56,535 | 950 |
| City Manager | | | | |
| Personal Services | 225,459 | 225,459 | 210,674 | 14,785 |
| Other | 54,900 | 64,735 | 64,712 | 23 |
| Capital Outlay | 0 | 17,625 | 17,625 | 0 |
| Total City Manager | 280,359 | 307,819 | 293,011 | 14,808 |
| Human Resources | | | | |
| Personal Services | 47,586 | 47,586 | 38,278 | 9,308 |
| Other | 17,350 | 23,950 | 22,473 | 1,477 |
| Total Human Resources | 64,936 | 71,536 | 60,751 | 10,785 |
| Civil Service | | | | |
| Personal Services | 64,648 | 64,648 | 63,689 | 959 |
| Other | 24,800 | 27,375 | 27,356 | 19 |
| Total Civil Service | 89,448 | 92,023 | 91,045 | 978 |
| Total General Government | 2,514,002 | 2,482,027 | 2,202,320 | 279,707 |
| Total Expenditures | 8,892,416 | 10,420,041 | 9,741,552 | 678,489 |
| Excess of Revenues | | | | |
| Under Expenditures | (2,631,436) | (3,835,244) | (3,263,791) | 571,453 |
| Other Financing Sources | | | | |
| Sale of Capital Assets | 5,000 | 5,000 | 2,500 | (2,500) |
| Advance In | 20,000 | 20,000 | 20,000 | 0 |
| Transfers In | 2,000,000 | 2,000,000 | 2,000,000 | 0 |
| Net Other Financing Sources | 2,025,000 | 2,025,000 | 2,022,500 | (2,500) |

(Continued)

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008
(Continued)*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------------|--------------------|--------------------|--------------------|---|
| | Original Budget | Final Budget | | |
| Net Change in Fund Balance | (606,436) | (1,810,244) | (1,241,291) | 568,953 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 50,074 | 50,074 |
| Fund Balance Beginning of Year | 8,012,304 | 8,012,304 | 8,012,304 | 0 |
| Fund Balance End of Year | <u>\$7,405,868</u> | <u>\$6,202,060</u> | <u>\$6,821,087</u> | <u>\$619,027</u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------------|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Charges for Services | \$2,000 | \$0 | \$420 | \$420 |
| Intergovernmental | 752,000 | 752,000 | 778,454 | 26,454 |
| Special Assessments | 73,000 | 73,000 | 78,646 | 5,646 |
| Miscellaneous | 5,000 | 5,000 | 6,904 | 1,904 |
| Total Revenues | <u>832,000</u> | <u>830,000</u> | <u>864,424</u> | <u>34,424</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transportation | | | | |
| Services | | | | |
| Personal Services | 968,916 | 968,916 | 925,022 | 43,894 |
| Other | 628,500 | 800,500 | 672,361 | 128,139 |
| Capital Outlay | 118,000 | 138,000 | 137,637 | 363 |
| Total Expenditures | <u>1,715,416</u> | <u>1,907,416</u> | <u>1,735,020</u> | <u>172,396</u> |
| Excess of Revenues | | | | |
| Under Expenditures | (883,416) | (1,077,416) | (870,596) | 206,820 |
| Other Financing Sources | | | | |
| Transfers in | <u>625,000</u> | <u>662,000</u> | <u>662,000</u> | <u>0</u> |
| Net Change in Fund Balance | (258,416) | (415,416) | (208,596) | 206,820 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 13,317 | 13,317 |
| Fund Balance Beginning of Year | <u>821,876</u> | <u>821,876</u> | <u>821,876</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$563,460</u> | <u>\$406,460</u> | <u>\$626,597</u> | <u>\$220,137</u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Park and Recreation Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$1,039,910 | \$990,983 | \$991,244 | \$261 |
| Charges for Services | 480,500 | 480,500 | 490,332 | 9,832 |
| Fees, Licenses and Permits | 5,000 | 5,000 | 3,745 | (1,255) |
| Intergovernmental | 161,478 | 1,089,998 | 947,914 | (142,084) |
| Miscellaneous | 20,500 | 20,500 | 30,649 | 10,149 |
| Total Revenues | <u>1,707,388</u> | <u>2,586,981</u> | <u>2,463,884</u> | <u>(123,097)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Leisure Time Activities | | | | |
| Parks and Recreation | | | | |
| Personal Services | 889,222 | 889,222 | 833,883 | 55,339 |
| Other | 526,550 | 541,550 | 447,958 | 93,592 |
| Capaital Outlay | 1,009,000 | 1,889,000 | 1,789,787 | 99,213 |
| Total Expenditures | <u>2,424,772</u> | <u>3,319,772</u> | <u>3,071,628</u> | <u>248,144</u> |
| Excess of Revenues Under Expenditures | (717,384) | (732,791) | (607,744) | 125,047 |
| Other Financing Uses | | | | |
| Advance out | <u>(20,000)</u> | <u>(20,000)</u> | <u>(20,000)</u> | <u>0</u> |
| Net Change in Fund Balance | (737,384) | (752,791) | (627,744) | 125,047 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 6,840 | 6,840 |
| Fund Balance Beginning of Year | <u>1,033,191</u> | <u>1,033,191</u> | <u>1,033,191</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$295,807</u> | <u>\$280,400</u> | <u>\$412,287</u> | <u>\$131,887</u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Income Tax Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Income Tax | \$10,650,000 | \$10,750,000 | \$10,871,742 | \$121,742 |
| Interest | 105,000 | 105,000 | 90,684 | (14,316) |
| Miscellaneous | 0 | 0 | 103 | 103 |
| Total Revenues | 10,755,000 | 10,855,000 | 10,962,529 | 107,529 |
| Expenditures | | | | |
| Current: | | | | |
| General Government | | | | |
| Budget and Finance | | | | |
| Personal Services | 372,508 | 372,508 | 243,594 | 128,914 |
| Other | 372,150 | 412,150 | 385,274 | 26,876 |
| Total Expenditures | 744,658 | 784,658 | 628,868 | 155,790 |
| Excess of Revenues Over Expenditures | 10,010,342 | 10,070,342 | 10,333,661 | 263,319 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (10,401,669) | (10,629,722) | (10,523,237) | 106,485 |
| Advances in | 30,000 | 30,000 | 30,000 | 0 |
| Net Other Financing Sources (Uses) | (10,371,669) | (10,599,722) | (10,493,237) | 106,485 |
| Net Change in Fund Balance | (361,327) | (529,380) | (159,576) | 369,804 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 764 | 764 |
| Fund Balance Beginning of Year | 3,726,159 | 3,726,159 | 3,726,159 | 0 |
| Fund Balance End of Year | <u>\$3,364,832</u> | <u>\$3,196,779</u> | <u>\$3,567,347</u> | <u>\$370,568</u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Income Tax Safety Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|--------------------|-----------------|-------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Intergovernmental | \$0 | \$0 | \$2,200 | \$2,200 |
| Miscellaneous | 0 | 0 | 914 | 914 |
| Total Revenues | 0 | 0 | 3,114 | 3,114 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Police | | | | |
| Personal Services | 2,552,206 | 2,552,206 | 2,502,206 | 50,000 |
| Other | 0 | 2,200 | 2,200 | 0 |
| Total Expenditures | 2,552,206 | 2,554,406 | 2,504,406 | 50,000 |
| Excess of Revenues | | | | |
| Under Expenditures | (2,552,206) | (2,554,406) | (2,501,292) | 53,114 |
| Other Financing Sources | | | | |
| Transfers in | 2,513,836 | 2,627,120 | 2,627,120 | 0 |
| Net Change in Fund Balance | (38,370) | 72,714 | 125,828 | 53,114 |
| Fund Balance Beginning of Year | 350,373 | 350,373 | 350,373 | 0 |
| Fund Balance End of Year | \$312,003 | \$423,087 | \$476,201 | \$53,114 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Fire and Emergency Medical Service Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------------|-------------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Miscellaneous | \$0 | \$0 | \$2,264 | \$2,264 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Fire | | | | |
| Personal Services | 2,113,818 | 2,113,818 | 1,916,799 | 197,019 |
| Other | 336,400 | 358,730 | 349,166 | 9,564 |
| Capital Outlay | 169,500 | 272,170 | 270,118 | 2,052 |
| Total Expenditures | <u>2,619,718</u> | <u>2,744,718</u> | <u>2,536,083</u> | <u>208,635</u> |
| Excess of Revenues Under Expenditures | (2,619,718) | (2,744,718) | (2,533,819) | 210,899 |
| Other Financing Sources | | | | |
| Transfers in | <u>2,513,836</u> | <u>2,627,120</u> | <u>2,627,120</u> | <u>0</u> |
| Net Change in Fund Balance | (105,882) | (117,598) | 93,301 | 210,899 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 83,024 | 83,024 |
| Fund Balance Beginning of Year | <u>418,098</u> | <u>418,098</u> | <u>418,098</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$312,216</u></u> | <u><u>\$300,500</u></u> | <u><u>\$594,423</u></u> | <u><u>\$293,923</u></u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Capital Projects Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Intergovernmental | \$1,500,000 | \$1,860,000 | \$1,938,196 | \$78,196 |
| Special Assessments | 6,000 | 48,000 | 35,899 | (12,101) |
| Miscellaneous | 10,000 | 200,000 | 196,739 | (3,261) |
| Total Revenues | <u>1,516,000</u> | <u>2,108,000</u> | <u>2,170,834</u> | <u>62,834</u> |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| Safety | 300,000 | 300,000 | 0 | 300,000 |
| Service | 2,585,000 | 4,078,740 | 3,016,076 | 1,062,664 |
| Total Capital Outlay | <u>2,885,000</u> | <u>4,378,740</u> | <u>3,016,076</u> | <u>1,362,664</u> |
| Debt Service: | | | | |
| Principal Retirement | 3,445,000 | 3,445,000 | 3,445,000 | 0 |
| Interest and Fiscal Charges | 140,800 | 146,060 | 146,055 | 5 |
| Total Debt Service | <u>3,585,800</u> | <u>3,591,060</u> | <u>3,591,055</u> | <u>5</u> |
| Total Expenditures | <u>6,470,800</u> | <u>7,969,800</u> | <u>6,607,131</u> | <u>1,362,669</u> |
| Excess of Revenues Under Expenditures | (4,954,800) | (5,861,800) | (4,436,297) | 1,425,503 |
| Other Financing Sources | | | | |
| Proceeds from Sale of Notes | 3,205,000 | 3,205,000 | 3,205,000 | 0 |
| Premium on Notes | 20,000 | 20,000 | 13,942 | (6,058) |
| Transfers In | 2,500,000 | 2,458,000 | 2,458,000 | 0 |
| Net Other Financing Sources | <u>5,725,000</u> | <u>5,683,000</u> | <u>5,676,942</u> | <u>(6,058)</u> |
| Net Change in Fund Balance | 770,200 | (178,800) | 1,240,645 | 1,419,445 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 15,774 | 15,774 |
| Fund Balance Beginning of Year | <u>1,426,211</u> | <u>1,426,211</u> | <u>1,426,211</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$2,196,411</u> | <u>\$1,247,411</u> | <u>\$2,682,630</u> | <u>\$1,435,219</u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|--------------------|--------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Charges for Services | \$2,800,000 | \$2,607,000 | \$2,607,145 | \$145 |
| Special Assessments | 22,000 | 40,000 | 40,710 | 710 |
| Interest | 100,000 | 100,000 | 130,705 | 30,705 |
| Miscellaneous | 38,000 | 38,000 | 36,731 | (1,269) |
| Total Revenues | 2,960,000 | 2,785,000 | 2,815,291 | 30,291 |
| Expenses | | | | |
| Current: | | | | |
| Services | | | | |
| Personal Services | 961,285 | 948,330 | 931,523 | 16,807 |
| Benefits | 339,739 | 352,694 | 345,735 | 6,959 |
| Utilities | 195,000 | 239,265 | 239,265 | 0 |
| Contractual Services | 159,400 | 126,413 | 119,442 | 6,971 |
| Materials and Supplies | 372,900 | 391,673 | 387,765 | 3,908 |
| Other | 5,500 | 6,870 | 5,851 | 1,019 |
| Capital Outlay | 884,000 | 1,743,910 | 349,477 | 1,394,433 |
| Total Services | 2,917,824 | 3,809,155 | 2,379,058 | 1,430,097 |
| Budget and Finance | | | | |
| Personal Services | 386,874 | 386,874 | 330,669 | 56,205 |
| Benefits | 132,839 | 132,839 | 109,627 | 23,212 |
| Contractual Services | 36,400 | 50,619 | 43,255 | 7,364 |
| Materials and Supplies | 2,150 | 6,822 | 2,647 | 4,175 |
| Other | 25,350 | 37,128 | 33,081 | 4,047 |
| Total Budget and Finance | 583,613 | 614,282 | 519,279 | 95,003 |
| Debt Service: | | | | |
| Principal Retirement | 30,544 | 30,544 | 28,860 | 1,684 |
| Interest and Fiscal Charges | 20,119 | 20,119 | 19,292 | 827 |
| Total Debt Service | 50,663 | 50,663 | 48,152 | 2,511 |
| Total Expenses | 3,552,100 | 4,474,100 | 2,946,489 | 1,527,611 |
| Excess of Revenues | | | | |
| Under Expenses | (592,100) | (1,689,100) | (131,198) | 1,557,902 |
| Other Financing Sources | | | | |
| Capital Contributions - Tap-in Fees | 50,000 | 45,000 | 44,458 | (542) |
| Net Change in Fund Equity | (542,100) | (1,644,100) | (86,740) | 1,557,360 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 15,490 | 15,490 |
| Fund Equity Beginning of Year | 3,062,582 | 3,062,582 | 3,062,582 | 0 |
| Fund Equity End of Year | \$2,520,482 | \$1,418,482 | \$2,991,332 | \$1,572,850 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|--------------------|--------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| Charges for Services | \$3,650,000 | \$3,350,000 | \$3,362,530 | \$12,530 |
| Special Assessments | 31,000 | 31,000 | 49,089 | 18,089 |
| Interest | 120,000 | 120,000 | 134,579 | 14,579 |
| Miscellaneous | 9,000 | 9,000 | 14,361 | 5,361 |
| Total Revenues | 3,810,000 | 3,510,000 | 3,560,559 | 50,559 |
| Expenses | | | | |
| Current: | | | | |
| Services | | | | |
| Personal Services | 914,202 | 892,942 | 877,761 | 15,181 |
| Benefits | 333,026 | 354,276 | 341,332 | 12,944 |
| Utilities | 275,000 | 295,730 | 295,730 | 0 |
| Contractual Services | 250,550 | 209,899 | 188,136 | 21,763 |
| Materials and Supplies | 221,400 | 239,931 | 236,692 | 3,239 |
| Other | 6,600 | 6,600 | 4,851 | 1,749 |
| Capital Outlay | 900,000 | 900,120 | 127,247 | 772,873 |
| Total Services | 2,900,778 | 2,899,498 | 2,071,749 | 827,749 |
| Budget and Finance | | | | |
| Personal Services | 386,874 | 386,874 | 330,666 | 56,208 |
| Benefits | 132,839 | 132,839 | 109,630 | 23,209 |
| Contractual Services | 28,800 | 42,290 | 39,386 | 2,904 |
| Materials and Supplies | 2,150 | 2,848 | 2,647 | 201 |
| Other | 37,150 | 51,817 | 51,712 | 105 |
| Total Budget and Finance | 587,813 | 616,668 | 534,041 | 82,627 |
| Health | | | | |
| Personal Services | 231,681 | 231,376 | 225,515 | 5,861 |
| Benefits | 79,942 | 80,247 | 78,332 | 1,915 |
| Contractual Services | 36,800 | 36,800 | 26,737 | 10,063 |
| Materials and Supplies | 17,000 | 17,000 | 16,009 | 991 |
| Other | 3,100 | 3,100 | 1,840 | 1,260 |
| Total Health | 368,523 | 368,523 | 348,433 | 20,090 |
| Debt Service: | | | | |
| Principal Retirement | 2,075,952 | 2,073,257 | 2,072,237 | 1,020 |
| Interest and Fiscal Charges | 220,674 | 216,784 | 216,779 | 5 |
| Total Debt Service | 2,296,626 | 2,290,041 | 2,289,016 | 1,025 |
| Total Expenses | 6,153,740 | 6,174,730 | 5,243,239 | 931,491 |
| Excess of Revenues | | | | |
| Under Expenses | (2,343,740) | (2,664,730) | (1,682,680) | 982,050 |
| Other Financing Sources | | | | |
| Proceeds from Sale of Notes | 1,360,000 | 915,000 | 915,000 | 0 |
| Premium on Note | 0 | 5,000 | 3,980 | (1,020) |
| Capital Contributions - Tap-in Fees | 75,000 | 50,000 | 45,424 | (4,576) |
| Net Other Financing Sources | 1,435,000 | 970,000 | 964,404 | (5,596) |
| Net Change in Fund Equity | (908,740) | (1,694,730) | (718,276) | 976,454 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 17,586 | 17,586 |
| Fund Equity Beginning of Year | 2,997,350 | 2,997,350 | 2,997,350 | 0 |
| Fund Equity End of Year | \$2,088,610 | \$1,302,620 | \$2,296,660 | \$994,040 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP Basis) and Actual
Solid Waste Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------------|--------------------|-----------------|----------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Charges for Services | \$436,000 | \$386,000 | \$392,779 | \$6,779 |
| Intergovernmental | 12,500 | 12,500 | 25,000 | 12,500 |
| Miscellaneous | 0 | 0 | 24 | 24 |
| Total Revenues | 448,500 | 398,500 | 417,803 | 19,303 |
| Expenses | | | | |
| Current: | | | | |
| Services | | | | |
| Personal Services | 45,336 | 45,762 | 45,762 | 0 |
| Benefits | 15,483 | 15,057 | 14,959 | 98 |
| Contractual Services | 392,100 | 393,300 | 368,706 | 24,594 |
| Materials and Supplies | 1,200 | 0 | 0 | 0 |
| Other | 1,000 | 25,000 | 22,986 | 2,014 |
| Total Expenses | 455,119 | 479,119 | 452,413 | 26,706 |
| Net Change in Fund Equity | (6,619) | (80,619) | (34,610) | 46,009 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 11 | 11 |
| Fund Equity Beginning of Year | 176,828 | 176,828 | 176,828 | 0 |
| Fund Equity End of Year | \$170,209 | \$96,209 | \$142,229 | \$46,020 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP Basis) and Actual
Storm Water Drainage Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|--------------------|-----------------|-------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Charges for Services | \$560,000 | \$560,000 | \$570,028 | \$10,028 |
| Special Assessments | 2,000 | 2,000 | 8,921 | 6,921 |
| Interest | 80,000 | 120,000 | 122,412 | 2,412 |
| Miscellaneous | 0 | 0 | 6,695 | 6,695 |
| Total Revenues | 642,000 | 682,000 | 708,056 | 26,056 |
| Expenses | | | | |
| Current: | | | | |
| Services | | | | |
| Materials and Supplies | 0 | 1,272 | 1,005 | 267 |
| Contractual Services | 20,000 | 18,728 | 18,724 | 4 |
| Capital Outlay | 1,270,000 | 3,169,000 | 751,799 | 2,417,201 |
| Total Public Services | 1,290,000 | 3,189,000 | 771,528 | 2,417,472 |
| Debt Service: | | | | |
| Principal Retirement | 3,335 | 3,335 | 3,651 | (316) |
| Total Expenses | 1,293,335 | 3,192,335 | 775,179 | 2,417,156 |
| Excess of Revenues Under Expenses | (651,335) | (2,510,335) | (67,123) | 2,443,212 |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Loan | 0 | 0 | 1,852 | 1,852 |
| Capital Contributions - Tap-in Fees | 3,000 | 3,000 | 2,675 | (325) |
| Advance Out | (30,000) | (30,000) | (30,000) | 0 |
| Net Other Financing Sources (Uses) | (27,000) | (27,000) | (25,473) | 1,527 |
| Net Change in Fund Equity | (678,335) | (2,537,335) | (92,596) | 2,444,739 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 1,675 | 1,675 |
| Fund Equity Beginning of Year | 2,584,009 | 2,584,009 | 2,584,009 | 0 |
| Fund Equity End of Year | \$1,905,674 | \$46,674 | \$2,493,088 | \$2,446,414 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
West Side Fire Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|--------------------|-----------------|-----------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$235,684 | \$226,560 | \$225,390 | (\$1,170) |
| Intergovernmental | 36,217 | 42,417 | 42,991 | 574 |
| Total Revenues | <u>271,901</u> | <u>268,977</u> | <u>268,381</u> | <u>(596)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Fire | | | | |
| Personal Services | 305,000 | 300,000 | 286,863 | 13,137 |
| Other | 22,300 | 27,300 | 26,694 | 606 |
| Total Expenditures | <u>327,300</u> | <u>327,300</u> | <u>313,557</u> | <u>13,743</u> |
| Net Change in Fund Balance | (55,399) | (58,323) | (45,176) | 13,147 |
| Fund Balance Beginning of Year | <u>58,327</u> | <u>58,327</u> | <u>58,327</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$2,928</u> | <u>\$4</u> | <u>\$13,151</u> | <u>\$13,147</u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------|--------------------|-----------------|----------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Intergovernmental | \$60,600 | \$60,600 | \$63,118 | \$2,518 |
| Expenditures | | | | |
| Current: | | | | |
| Transportation | | | | |
| Services | | | | |
| Other | 60,000 | 85,000 | 70,618 | 14,382 |
| Net Change in Fund Balance | 600 | (24,400) | (7,500) | 16,900 |
| Fund Balance Beginning of Year | 68,538 | 68,538 | 68,538 | 0 |
| Fund Balance End of Year | \$69,138 | \$44,138 | \$61,038 | \$16,900 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------------|--------------------|-----------------|----------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Fees, Licenses and Permits | \$49,500 | \$49,500 | \$48,231 | (\$1,269) |
| Expenditures | | | | |
| Current: | | | | |
| Public Health and Welfare | | | | |
| Health | | | | |
| Personal Services | 52,750 | 52,750 | 39,962 | 12,788 |
| Other | 7,800 | 7,800 | 6,340 | 1,460 |
| Total Expenditures | 60,550 | 60,550 | 46,302 | 14,248 |
| Net Change in Fund Balance | (11,050) | (11,050) | 1,929 | 12,979 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 140 | 140 |
| Fund Balance Beginning of Year | 38,226 | 38,226 | 38,226 | 0 |
| Fund Balance End of Year | \$27,176 | \$27,176 | \$40,295 | \$13,119 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
License Tax Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------|--------------------|-----------------|----------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$125,000 | \$120,000 | \$120,755 | \$755 |
| Other Financing Uses | | | | |
| Transfers Out | (125,000) | (120,000) | (120,000) | 0 |
| Net Change in Fund Balance | 0 | 0 | 755 | 755 |
| Fund Balance Beginning of Year | 732 | 732 | 732 | 0 |
| Fund Balance End of Year | <u>\$732</u> | <u>\$732</u> | <u>\$1,487</u> | <u>\$755</u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Revolving Housing Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------|--------------------|-----------------|-----------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Fees, Licenses and Permits | \$70,000 | \$70,000 | \$78,183 | \$8,183 |
| Miscellaneous | 0 | 0 | 25 | 25 |
| Total Revenues | <u>70,000</u> | <u>70,000</u> | <u>78,208</u> | <u>8,208</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public Health and Welfare | | | | |
| Health | | | | |
| Personal Services | 71,958 | 71,958 | 65,290 | 6,668 |
| Other | 14,200 | 14,200 | 8,417 | 5,783 |
| Total Expenditures | <u>86,158</u> | <u>86,158</u> | <u>73,707</u> | <u>12,451</u> |
| Net Change in Fund Balance | (16,158) | (16,158) | 4,501 | 20,659 |
| Fund Balance Beginning of Year | <u>60,985</u> | <u>60,985</u> | <u>60,985</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$44,827</u> | <u>\$44,827</u> | <u>\$65,486</u> | <u>\$20,659</u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
State and Local Forfeits Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|--------------------|-----------------|----------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Fines and Forfeits | \$5,000 | \$500 | \$106 | (\$394) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Police | | | | |
| Other | 15,000 | 15,000 | 2,998 | 12,002 |
| Net Change in Fund Balance | (10,000) | (14,500) | (2,892) | 11,608 |
| Fund Balance Beginning of Year | 14,683 | 14,683 | 14,683 | 0 |
| Fund Balance End of Year | \$4,683 | \$183 | \$11,791 | \$11,608 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|--------------------|-----------------|----------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Fines and Forfeits | \$6,000 | \$35,000 | \$35,677 | \$677 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Police | | | | |
| Other | 15,000 | 8,960 | 7,799 | 1,161 |
| Capital Outlay | 0 | 6,040 | 6,040 | 0 |
| Total Expenditures | 15,000 | 15,000 | 13,839 | 1,161 |
| Net Change in Fund Balance | (9,000) | 20,000 | 21,838 | 1,838 |
| Fund Balance Beginning of Year | 17,856 | 17,856 | 17,856 | 0 |
| Fund Balance End of Year | \$8,856 | \$37,856 | \$39,694 | \$1,838 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|--------------------|-----------------|----------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Fines and Forfeits | \$6,000 | \$6,000 | \$7,432 | \$1,432 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Police | | | | |
| Other | 12,000 | 12,000 | 7,771 | 4,229 |
| Net Change in Fund Balance | (6,000) | (6,000) | (339) | 5,661 |
| Fund Balance Beginning of Year | 17,912 | 17,912 | 17,912 | 0 |
| Fund Balance End of Year | \$11,912 | \$11,912 | \$17,573 | \$5,661 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|------------------------|-----------------------|------------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Fines and Forfeits | \$20,000 | \$4,000 | \$4,318 | \$318 |
| Interest | 0 | 0 | 800 | 800 |
| Total Revenues | <u>20,000</u> | <u>4,000</u> | <u>5,118</u> | <u>1,118</u> |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Police | | | | |
| Capital Outlay | <u>14,300</u> | <u>14,300</u> | <u>0</u> | <u>14,300</u> |
| Net Change in Fund Balance | 5,700 | (10,300) | 5,118 | 15,418 |
| Fund Balance Beginning of Year | <u>17,946</u> | <u>17,946</u> | <u>17,946</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$23,646</u></u> | <u><u>\$7,646</u></u> | <u><u>\$23,064</u></u> | <u><u>\$15,418</u></u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------------|--------------------|------------------|--------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Intergovernmental | \$560,000 | \$520,000 | \$544,632 | \$24,632 |
| Interest | 30,000 | 35,000 | 25,576 | (9,424) |
| Miscellaneous | 50,000 | 55,000 | 47,607 | (7,393) |
| Total Revenues | <u>640,000</u> | <u>610,000</u> | <u>617,815</u> | <u>7,815</u> |
| Expenditures | | | | |
| Current: | | | | |
| Community Development | | | | |
| Community Development | | | | |
| Personal Services | 26,040 | 26,040 | 6,087 | 19,953 |
| Other | 364,409 | 295,344 | 277,639 | 17,705 |
| Capital Outlay | 0 | 169,065 | 147,663 | 21,402 |
| Total Expenditures | <u>390,449</u> | <u>490,449</u> | <u>431,389</u> | <u>59,060</u> |
| Net Change in Fund Balance | 249,551 | 119,551 | 186,426 | 66,875 |
| Recovery of Prior Year Encumbrances | 0 | 0 | 4,811 | 4,811 |
| Fund Balance Beginning of Year | <u>811,348</u> | <u>811,348</u> | <u>811,348</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$1,060,899</u> | <u>\$930,899</u> | <u>\$1,002,585</u> | <u>\$71,686</u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Wireless 911 Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|--------------------|-----------------|-----------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Intergovernmental | \$0 | \$60,000 | \$70,664 | \$10,664 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Safety | | | | |
| Other | 0 | 25,000 | 8,271 | 16,729 |
| Net Change in Fund Balance | 0 | 35,000 | 62,393 | 27,393 |
| Fund Balance Beginning of Year | 113,910 | 113,910 | 113,910 | 0 |
| Fund Balance End of Year | \$113,910 | \$148,910 | \$176,303 | \$27,393 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Swimming Pool Inspections Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------|--------------------|-----------------|----------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Fees, Licenses and Permits | \$3,200 | \$3,200 | \$3,225 | \$25 |
| Expenditures | | | | |
| Current: | | | | |
| Public Health and Welfare | | | | |
| Health | | | | |
| Personal Services | 3,605 | 3,605 | 2,334 | 1,271 |
| Other | 1,700 | 1,700 | 1,077 | 623 |
| Total Expenditures | 5,305 | 5,305 | 3,411 | 1,894 |
| Net Change in Fund Balance | (2,105) | (2,105) | (186) | 1,919 |
| Fund Balance Beginning of Year | 10,979 | 10,979 | 10,979 | 0 |
| Fund Balance End of Year | \$8,874 | \$8,874 | \$10,793 | \$1,919 |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|--------------------|-----------------|----------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$103,138 | \$98,955 | \$98,909 | (\$46) |
| Intergovernmental | 15,852 | 18,602 | 18,400 | (202) |
| Total Revenues | 118,990 | 117,557 | 117,309 | (248) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Police | | | | |
| Personal Services | 125,000 | 125,000 | 125,000 | 0 |
| Net Change in Fund Balance | (6,010) | (7,443) | (7,691) | (248) |
| Fund Balance Beginning of Year | 14,981 | 14,981 | 14,981 | 0 |
| Fund Balance End of Year | \$8,971 | \$7,538 | \$7,290 | (\$248) |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|-----------------------|-----------------------|-----------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$103,138 | \$98,955 | \$98,909 | (\$46) |
| Intergovernmental | 15,852 | 18,602 | 18,401 | (201) |
| Total Revenues | <u>118,990</u> | <u>117,557</u> | <u>117,310</u> | <u>(247)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Fire | | | | |
| Personal Services | <u>125,000</u> | <u>125,000</u> | <u>125,000</u> | <u>0</u> |
| Net Change in Fund Balance | (6,010) | (7,443) | (7,690) | (247) |
| Fund Balance Beginning of Year | <u>14,981</u> | <u>14,981</u> | <u>14,981</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$8,971</u></u> | <u><u>\$7,538</u></u> | <u><u>\$7,291</u></u> | <u><u>(\$247)</u></u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Urban Development Action Grant Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------|--------------------|-----------------|------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Interest | \$16,000 | \$16,000 | \$12,130 | (\$3,870) |
| Miscellaneous | 15,000 | 15,000 | 20,519 | 5,519 |
| Total Revenues | <u>31,000</u> | <u>31,000</u> | <u>32,649</u> | <u>1,649</u> |
| Expenditures | | | | |
| Current: | | | | |
| Community Development | | | | |
| City Manager | | | | |
| Other | 6,000 | 136,000 | 6,000 | 130,000 |
| Net Change in Fund Balance | 25,000 | (105,000) | 26,649 | 131,649 |
| Fund Balance Beginning of Year | <u>122,417</u> | <u>122,417</u> | <u>122,417</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$147,417</u> | <u>\$17,417</u> | <u>\$149,066</u> | <u>\$131,649</u> |

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2008*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------|--------------------|-----------------|-----------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Special Assessments | \$77,000 | \$77,000 | \$81,606 | \$4,606 |
| Expenditures | | | | |
| Current: | | | | |
| General Government | | | | |
| Budget and Finance | | | | |
| Other | 3,500 | 3,500 | 3,178 | 322 |
| Debt Service: | | | | |
| Principal Retirement | 217,947 | 217,947 | 217,947 | 0 |
| Interest and Fiscal Charges | 126,620 | 126,620 | 126,620 | 0 |
| Total Debt Service | 344,567 | 344,567 | 344,567 | 0 |
| Total Expenditures | 348,067 | 348,067 | 347,745 | 322 |
| Excess of Revenues | | | | |
| Under Expenditures | (271,067) | (271,067) | (266,139) | 4,928 |
| Other Financing Sources | | | | |
| Transfers In | 268,997 | 268,997 | 268,997 | 0 |
| Net Change in Fund Balance | (2,070) | (2,070) | 2,858 | 4,928 |
| Fund Balance Beginning of Year | 27,328 | 27,328 | 27,328 | 0 |
| Fund Balance End of Year | \$25,258 | \$25,258 | \$30,186 | \$4,928 |

STATISTICAL SECTION

Statistical Section

This part of the City of Kent'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 City's overall financial health.

| <u>Contents</u> | <u>Page(s)</u> |
|------------------------|-----------------------|
|------------------------|-----------------------|

| | |
|--------------------------------|---------------|
| <i>Financial Trends</i> | S3-S11 |
|--------------------------------|---------------|

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

| | |
|--------------------------------|----------------|
| <i>Revenue Capacity</i> | S12-S19 |
|--------------------------------|----------------|

These schedules contain information to help the reader assess the City's most significant local revenue sources, the municipal income tax and the property tax.

| | |
|-----------------------------|----------------|
| <i>Debt Capacity</i> | S20-S28 |
|-----------------------------|----------------|

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

| | |
|--|----------------|
| <i>Demographic and Economic Information</i> | S29-S30 |
|--|----------------|

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

| | |
|-------------------------------------|----------------|
| <i>Operating Information</i> | S31-S40 |
|-------------------------------------|----------------|

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The City implemented GASB Statement 34 in 2003. Schedules presenting government-wide information begin in that year.



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City of Kent, Ohio
Net Assets By Component
Last Six Years
(Accrual Basis of Accounting)

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|--|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$30,315,249 | \$26,951,296 | \$17,826,725 | \$15,071,440 | \$10,945,438 | \$7,742,185 |
| Restricted: | | | | | | |
| Capital Projects | 3,207,869 | 2,607,054 | 1,907,765 | 2,497,612 | 2,599,661 | 2,987,712 |
| Debt Service | 621,191 | 696,830 | 773,209 | 850,671 | 935,399 | 1,011,723 |
| Other Purposes | 7,973,546 | 8,001,455 | 7,447,628 | 6,474,089 | 6,388,315 | 6,425,950 |
| Unrestricted | <u>16,110,251</u> | <u>16,802,244</u> | <u>14,267,218</u> | <u>13,419,546</u> | <u>14,674,034</u> | <u>14,770,661</u> |
| <i>Total Governmental Activities Net Assets</i> | <u>58,228,106</u> | <u>55,058,879</u> | <u>42,222,545</u> | <u>38,313,358</u> | <u>35,542,847</u> | <u>32,938,231</u> |
| Business Type - Activities | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 48,345,006 | 48,198,941 | 48,635,444 | 47,751,884 | 45,884,269 | 41,824,749 |
| Unrestricted | <u>8,708,998</u> | <u>9,447,211</u> | <u>7,491,831</u> | <u>6,855,253</u> | <u>5,798,379</u> | <u>5,632,183</u> |
| <i>Total Business-Type Activities Net Assets</i> | <u>57,054,004</u> | <u>57,646,152</u> | <u>56,127,275</u> | <u>54,607,137</u> | <u>51,682,648</u> | <u>47,456,932</u> |
| Primary Government | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 78,660,255 | 75,150,237 | 66,462,169 | 62,823,324 | 56,829,707 | 49,566,934 |
| Restricted | 11,802,606 | 11,305,339 | 10,128,602 | 9,822,372 | 9,923,375 | 10,425,385 |
| Unrestricted | <u>24,819,249</u> | <u>26,249,455</u> | <u>21,759,049</u> | <u>20,274,799</u> | <u>20,472,413</u> | <u>20,402,844</u> |
| <i>Total Primary Government Net Assets</i> | <u>\$115,282,110</u> | <u>\$112,705,031</u> | <u>\$98,349,820</u> | <u>\$92,920,495</u> | <u>\$87,225,495</u> | <u>\$80,395,163</u> |

The periods noted above do not reflect amounts restated.

City of Kent, Ohio
Changes in Net Assets
Last Six Years
(Accrual Basis of Accounting)

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Program Revenues | | | | | | |
| Governmental Activities: | | | | | | |
| Charges for Services: | | | | | | |
| Security of Persons and Property | \$1,473,544 | \$1,296,839 | \$1,242,357 | \$895,878 | \$787,397 | \$572,818 |
| Public Health and Welfare | 162,688 | 154,456 | 160,183 | 208,339 | 202,513 | 168,914 |
| Leisure Time Activities | 485,958 | 483,382 | 440,288 | 392,615 | 335,721 | 245,281 |
| Community Development | 74,398 | 72,749 | 76,504 | 243,509 | 234,795 | 209,881 |
| Transportation | 420 | 420 | 2,350 | 2,033 | 3,971 | 7,789 |
| General Government | 98,375 | 90,659 | 193,686 | 433,944 | 397,637 | 340,826 |
| Subtotal - Charges for Services | <u>2,295,383</u> | <u>2,098,505</u> | <u>2,115,368</u> | <u>2,176,318</u> | <u>1,962,034</u> | <u>1,545,509</u> |
| Operating Grants and Contributions: | | | | | | |
| Security of Persons and Property | 109,737 | 174,223 | 40,670 | 58,165 | 90,360 | 45,007 |
| Public Health and Welfare | 8,467 | 9,786 | 8,404 | 4,893 | 8,568 | 2,651 |
| Leisure Time Activities | 0 | 0 | 0 | 0 | 11,961 | 8,023 |
| Community Development | 487,756 | 289,541 | 670,627 | 743,594 | 705,128 | 711,927 |
| Transportation | 821,735 | 853,067 | 740,864 | 771,546 | 961,337 | 618,533 |
| General Government | 0 | 0 | 0 | 23,055 | 50,599 | 76,269 |
| Subtotal - Operating Grants and Contributions | <u>1,427,695</u> | <u>1,326,617</u> | <u>1,460,565</u> | <u>1,601,253</u> | <u>1,827,953</u> | <u>1,462,410</u> |
| Capital Grants and Contributions: | | | | | | |
| Security of Persons and Property | 0 | 0 | 38,303 | 0 | 0 | 0 |
| Public Health and Welfare | 0 | 0 | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 892,074 | 0 | 0 | 0 | 0 | 0 |
| Community Development | 0 | 0 | 0 | 0 | 0 | 119,116 |
| Transportation | 1,930,197 | 991,738 | 1,811,785 | 797,717 | 898,967 | 0 |
| General Government | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal - Capital Grants and Contributions | <u>2,822,271</u> | <u>991,738</u> | <u>1,850,088</u> | <u>797,717</u> | <u>898,967</u> | <u>119,116</u> |
| <i>Total Governmental Activities Program Revenues</i> | <u>6,545,349</u> | <u>4,416,860</u> | <u>5,426,021</u> | <u>4,575,288</u> | <u>4,688,954</u> | <u>3,127,035</u> |
| Business-Type Activities: | | | | | | |
| Charges for Services: | | | | | | |
| Water | 2,491,836 | 2,764,094 | 2,718,143 | 2,817,816 | 2,800,642 | 2,742,512 |
| Sewer | 3,173,156 | 3,606,844 | 3,534,247 | 3,519,931 | 3,514,419 | 3,471,812 |
| Solid Waste | 377,726 | 397,071 | 390,015 | 390,057 | 409,650 | 403,039 |
| Storm Water Drainage | 558,382 | 574,530 | 559,376 | 538,781 | 492,517 | 531,238 |
| Subtotal - Charges for Services | <u>6,601,100</u> | <u>7,342,539</u> | <u>7,201,781</u> | <u>7,266,585</u> | <u>7,217,228</u> | <u>7,148,601</u> |
| Operating Grants and Contributions: | | | | | | |
| Water | 0 | 0 | 0 | 627 | 4,549 | 6,588 |
| Sewer | 0 | 0 | 0 | 12,730 | 79,484 | 14,514 |
| Solid Waste | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 2,789 |
| Storm Water Drainage | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal - Operating Grants and Contributions | <u>12,500</u> | <u>12,500</u> | <u>12,500</u> | <u>25,857</u> | <u>96,533</u> | <u>23,891</u> |
| Capital Grants and Contributions: | | | | | | |
| Water | 42,052 | 732,442 | 277,139 | 590,769 | 277,022 | 773,838 |
| Sewer | 39,693 | 156,177 | 270,058 | 1,172,094 | 3,122,967 | 1,654,812 |
| Solid Waste | 0 | 0 | 0 | 0 | 0 | 0 |
| Storm Water Drainage | 201,215 | 342,499 | 573,081 | 605,128 | 0 | 678,898 |
| Subtotal - Capital Grants and Contributions | <u>282,960</u> | <u>1,231,118</u> | <u>1,120,278</u> | <u>2,367,991</u> | <u>3,399,989</u> | <u>3,107,548</u> |
| <i>Total Business-Type Activities Program Revenues</i> | <u>6,896,560</u> | <u>8,586,157</u> | <u>8,334,559</u> | <u>9,660,433</u> | <u>10,713,750</u> | <u>10,280,040</u> |
| <i>Total Primary Government Program Revenues</i> | <u>\$13,441,909</u> | <u>\$13,003,017</u> | <u>\$13,760,580</u> | <u>\$14,235,721</u> | <u>\$15,402,704</u> | <u>\$13,407,075</u> |

(Continued)

City of Kent, Ohio
Changes in Net Assets (continued)
Last Six Years
(Accrual Basis of Accounting)

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| Expenses | | | | | | |
| <i>Governmental Activities:</i> | | | | | | |
| Security of Persons and Property | \$10,048,146 | \$9,767,636 | \$9,323,964 | \$9,088,539 | \$9,075,391 | \$7,925,699 |
| Public Health and Welfare | 624,117 | 567,464 | 565,274 | 547,160 | 561,554 | 492,345 |
| Leisure Time Activities | 1,349,541 | 1,304,088 | 1,316,911 | 1,202,921 | 1,242,072 | 793,778 |
| Community Development | 1,809,918 | 1,806,399 | 1,909,670 | 1,850,436 | 1,959,483 | 1,822,724 |
| Transportation | 3,511,591 | 3,242,973 | 2,181,729 | 2,056,046 | 1,958,035 | 1,540,000 |
| General Government | 2,758,218 | 2,697,076 | 2,751,222 | 2,747,645 | 2,825,076 | 2,394,007 |
| Interest and Fiscal Charges | 258,757 | 276,968 | 279,179 | 245,952 | 242,475 | 256,440 |
| <i>Total Governmental Activities Expenses</i> | <u>20,360,288</u> | <u>19,662,604</u> | <u>18,327,949</u> | <u>17,738,699</u> | <u>17,864,086</u> | <u>15,224,993</u> |
| <i>Business-Type Activities</i> | | | | | | |
| Water | 3,310,242 | 3,075,261 | 2,898,864 | 2,936,749 | 2,899,516 | 2,660,267 |
| Sewer | 3,881,883 | 3,758,029 | 3,819,961 | 3,511,561 | 3,397,853 | 3,441,320 |
| Solid Waste | 430,779 | 449,101 | 429,551 | 362,930 | 371,803 | 396,039 |
| Storm Water Drainage | 275,168 | 261,035 | 240,410 | 215,725 | 237,800 | 232,269 |
| <i>Total Business-Type Activities Expenses</i> | <u>7,898,072</u> | <u>7,543,426</u> | <u>7,388,786</u> | <u>7,026,965</u> | <u>6,906,972</u> | <u>6,729,895</u> |
| <i>Total Primary Government Program Expenses</i> | <u>28,258,360</u> | <u>27,206,030</u> | <u>25,716,735</u> | <u>24,765,664</u> | <u>24,771,058</u> | <u>21,954,888</u> |
| Net (Expense)/Revenue | | | | | | |
| Governmental Activities | (\$13,814,939) | (\$15,245,744) | (\$12,901,928) | (\$13,163,411) | (\$13,175,132) | (\$12,097,958) |
| Business-Type Activities | <u>(1,001,512)</u> | <u>1,042,731</u> | <u>945,773</u> | <u>2,633,468</u> | <u>3,806,778</u> | <u>3,550,145</u> |
| <i>Total Primary Government Net (Expense)/Revenue</i> | <u>(\$14,816,451)</u> | <u>(\$14,203,013)</u> | <u>(\$11,956,155)</u> | <u>(\$10,529,943)</u> | <u>(\$9,368,354)</u> | <u>(\$8,547,813)</u> |

(Continued)

City of Kent, Ohio
Changes in Net Assets (continued)
Last Six Years
(Accrual Basis of Accounting)

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Revenues and Other Changes in Net Assets | | | | | | |
| Governmental Activities | | | | | | |
| Taxes: | | | | | | |
| Property and Other Local Taxes Levied For: | | | | | | |
| General Purposes | \$1,645,714 | \$1,672,891 | \$1,688,373 | \$1,579,658 | \$1,588,087 | \$1,482,922 |
| Other Purposes | 1,539,836 | 1,580,977 | 1,517,163 | 1,442,769 | 1,462,646 | 1,425,001 |
| Income Taxes | 10,508,828 | 10,577,734 | 10,147,407 | 10,149,597 | 9,705,339 | 9,743,877 |
| Grants and Entitlements not Restricted to | | | | | | |
| Specific Programs | 2,430,874 | 2,653,962 | 2,203,538 | 2,308,746 | 2,173,408 | 2,642,496 |
| Investment Earnings | 781,307 | 1,158,296 | 1,083,312 | 615,028 | 354,751 | 369,743 |
| Gain (Loss) on Sale of Capital Assets | 0 | 0 | 0 | 0 | 26,173 | 0 |
| Miscellaneous | 77,607 | 284,815 | 171,322 | 99,965 | 261,338 | 407,711 |
| Transfers | 0 | 0 | 0 | 0 | (170,000) | (225,000) |
| <i>Total Governmental Activities</i> | <u>16,984,166</u> | <u>17,928,675</u> | <u>16,811,115</u> | <u>16,195,763</u> | <u>15,401,742</u> | <u>15,846,750</u> |
| Business-Type Activities | | | | | | |
| Investment Earnings | 353,880 | 415,999 | 320,134 | 225,528 | 94,364 | 100,152 |
| Gain (Loss) on Sale of Capital Assets | 0 | 0 | 203,669 | 0 | 17,357 | 0 |
| Miscellaneous | 55,484 | 60,147 | 50,602 | 46,722 | 49,469 | 79,665 |
| Transfers | 0 | 0 | 0 | 0 | 170,000 | 225,000 |
| <i>Total Business-Type Activities</i> | <u>409,364</u> | <u>476,146</u> | <u>574,405</u> | <u>272,250</u> | <u>331,190</u> | <u>404,817</u> |
| <i>Total Primary Government</i> | <u>17,393,530</u> | <u>18,404,821</u> | <u>17,385,520</u> | <u>16,468,013</u> | <u>15,732,932</u> | <u>16,251,567</u> |
| Change in Net Assets | | | | | | |
| Governmental Activities | 3,169,227 | 2,682,931 | 3,909,187 | 3,032,352 | 2,226,610 | 3,748,792 |
| Business-Type Activities | (592,148) | 1,518,877 | 1,520,178 | 2,905,718 | 4,137,968 | 3,954,962 |
| <i>Total Primary Government Change in Net Assets</i> | <u>\$2,577,079</u> | <u>\$4,201,808</u> | <u>\$5,429,365</u> | <u>\$5,938,070</u> | <u>\$6,364,578</u> | <u>\$7,703,754</u> |

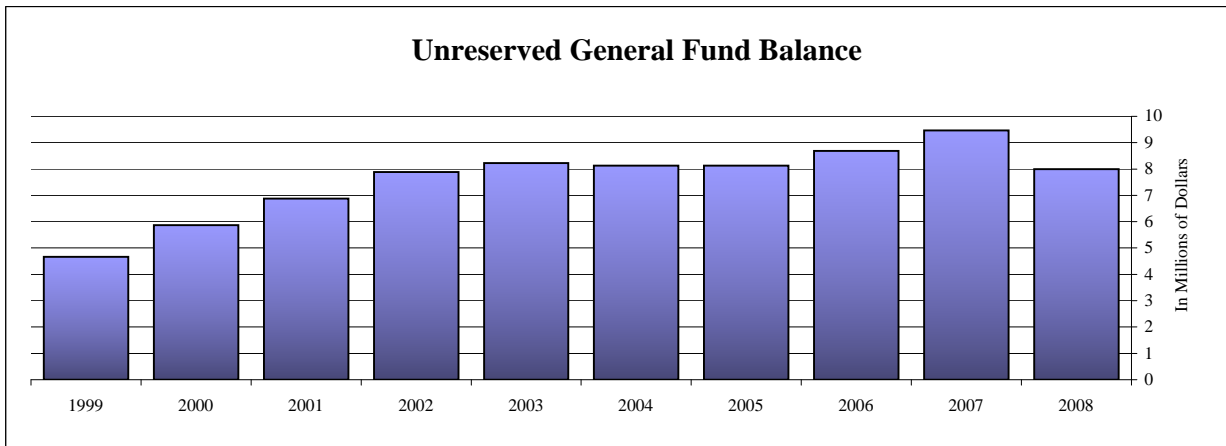
The periods noted above do not reflect amounts restated.

City of Kent, Ohio
Governmental Activities Tax Revenues by Source
Last Six Years
(Accrual Basis of Accounting)

| <u>Year</u> | <u>Municipal Income Taxes</u> | <u>Property and Other Local Taxes</u> | <u>Total</u> |
|-------------|---------------------------------------|---|--------------|
| 2008 | \$10,508,828 | \$3,185,550 | \$13,694,378 |
| 2007 | 10,577,734 | 3,253,868 | 13,831,602 |
| 2006 | 10,147,407 | 3,205,536 | 13,352,943 |
| 2005 | 10,149,597 | 3,022,427 | 13,172,024 |
| 2004 | 9,705,339 | 3,050,733 | 12,756,072 |
| 2003 | 9,743,877 | 2,907,923 | 12,651,800 |

City of Kent, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

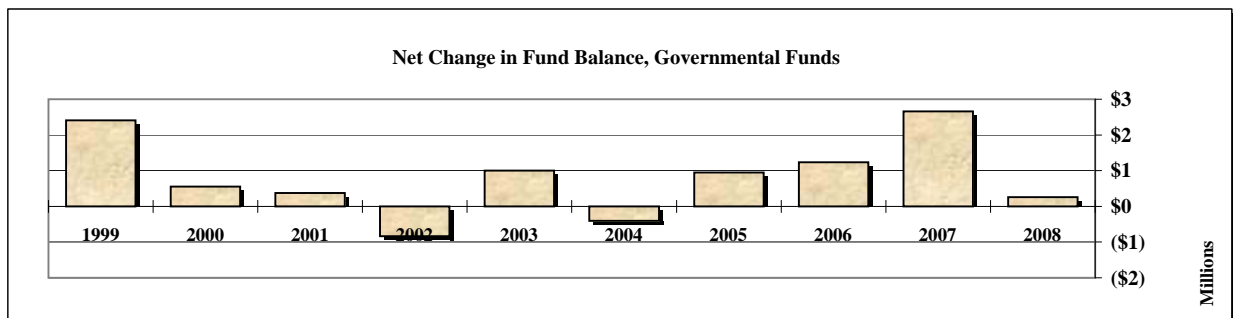
| | 2008 | 2007 | 2006 | 2005 |
|---|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | |
| Reserved | \$1,831,388 | \$623,091 | \$326,376 | \$307,588 |
| Unreserved | 7,993,656 | 9,467,823 | 8,690,503 | 8,128,983 |
| Total General Fund | 9,825,044 | 10,090,914 | 9,016,879 | 8,436,571 |
| All Other Governmental Funds | | | | |
| Reserved | 2,237,630 | 2,348,967 | 1,994,925 | 2,542,837 |
| Unreserved: | | | | |
| Designated: | | | | |
| Special Revenue funds | | | | |
| For Public Facilities and Programs | 2,120,760 | 2,030,076 | 1,965,565 | 1,866,936 |
| For Future Loans | 0 | 0 | 0 | 0 |
| Undesignated (Deficit), Reported in: | | | | |
| Special Revenue funds | 7,863,374 | 8,586,351 | 7,709,110 | 7,096,062 |
| Debt Service funds | 0 | 0 | 0 | 0 |
| Capital Projects funds | (553,463) | (1,824,391) | (2,112,636) | (2,510,795) |
| Total All Other Governmental Funds | 11,668,301 | 11,141,003 | 9,556,964 | 8,995,040 |
| Total Governmental Funds | \$21,493,345 | \$21,231,917 | \$18,573,843 | \$17,431,611 |



| 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$732,394 | \$638,866 | \$1,054,925 | \$853,395 | \$771,349 | \$790,690 |
| 8,131,289 | 8,228,294 | 7,885,318 | 6,875,449 | 5,874,288 | 4,659,841 |
| 8,863,683 | 8,867,160 | 8,940,243 | 7,728,844 | 6,645,637 | 5,450,531 |
| 2,375,454 | 2,841,313 | 5,026,575 | 4,755,880 | 2,084,599 | 1,533,745 |
| 1,798,054 | 1,752,668 | 1,698,184 | 1,647,123 | 1,558,664 | 1,377,877 |
| 0 | 0 | | 0 | 257,260 | 278,656 |
| 6,548,672 | 6,218,145 | 5,745,245 | 5,740,222 | 5,024,089 | 6,184,103 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| (2,817,282) | (2,342,442) | (5,382,802) | (3,012,660) | 407,507 | 598,883 |
| 7,904,898 | 8,469,684 | 7,087,202 | 9,130,565 | 9,332,119 | 9,973,264 |
| <u>\$16,768,581</u> | <u>\$17,336,844</u> | <u>\$16,027,445</u> | <u>\$16,859,409</u> | <u>\$15,977,756</u> | <u>\$15,423,795</u> |

City of Kent, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|-------------------|--------------------|--------------------|-------------------|--------------------|
| Revenues | | | | | |
| Taxes: | | | | | |
| Property and Other Local Taxes | \$3,181,717 | \$3,268,463 | \$3,115,248 | \$2,998,573 | \$3,053,539 |
| Municipal Income Taxes | 10,590,922 | 10,564,245 | 10,179,387 | 10,142,768 | 9,697,832 |
| Charges for Services | 1,782,566 | 1,727,130 | 1,373,609 | 1,458,020 | 1,239,502 |
| Fees, Licenses and Permits | 233,749 | 225,905 | 334,498 | 348,454 | 349,356 |
| Fines and Forfeitures | 273,217 | 234,768 | 245,442 | 369,844 | 373,176 |
| Intergovernmental | 6,794,713 | 4,406,113 | 3,848,989 | 3,988,310 | 4,759,878 |
| Special Assessments | 188,193 | 206,943 | 164,351 | 163,218 | 163,005 |
| Interest | 746,226 | 1,119,987 | 1,044,343 | 573,151 | 311,813 |
| Miscellaneous | 84,153 | 235,884 | 441,168 | 97,432 | 261,338 |
| Total Revenues | 23,875,456 | 21,989,438 | 20,747,035 | 20,139,770 | 20,209,439 |
| Expenditures | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 9,604,565 | 9,177,854 | 8,871,722 | 8,574,921 | 8,566,950 |
| Public Health and Welfare | 622,121 | 561,623 | 564,743 | 545,881 | 557,405 |
| Leisure Time Activities | 1,282,314 | 1,233,477 | 1,237,456 | 1,141,268 | 1,175,458 |
| Community Development | 1,783,711 | 1,789,461 | 1,895,068 | 1,836,098 | 1,924,022 |
| Transportation | 1,650,958 | 1,471,685 | 1,299,412 | 1,400,731 | 1,455,517 |
| General Government | 2,623,065 | 2,533,830 | 2,627,620 | 2,568,272 | 2,659,253 |
| Capital Outlay | 5,569,791 | 2,160,125 | 2,646,181 | 2,714,605 | 3,732,130 |
| Debt Service: | | | | | |
| Principal Retirement | 217,947 | 211,947 | 204,947 | 188,947 | 187,947 |
| Interest and Fiscal Charges | 259,556 | 277,737 | 280,497 | 246,585 | 242,924 |
| Total Expenditures | 23,614,028 | 19,417,739 | 19,627,646 | 19,217,308 | 20,501,606 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <i>261,428</i> | <i>2,571,699</i> | <i>1,119,389</i> | <i>922,462</i> | <i>(292,167)</i> |
| Other Financing Sources (Uses) | | | | | |
| Sale of Capital Assets | 0 | 86,375 | 112,843 | 0 | 26,913 |
| General Obligation Bonds Issued | 0 | 0 | 0 | 0 | 0 |
| Special Assessment Bonds Issued | 0 | 0 | 0 | 0 | 0 |
| Notes Issued | 0 | 0 | 0 | 0 | 0 |
| Note Premium | 0 | 0 | 0 | 0 | 26,730 |
| Loan Proceeds | 0 | 0 | 0 | 0 | 0 |
| Transfers In | 10,643,237 | 10,188,942 | 9,599,347 | 9,579,181 | 8,995,666 |
| Transfers Out | (10,643,237) | (10,188,942) | (9,599,347) | (9,549,181) | (9,165,666) |
| Total Other Financing Sources (Uses) | 0 | 86,375 | 112,843 | 30,000 | (116,357) |
| Net Change in Fund Balances | \$261,428 | \$2,658,074 | \$1,232,232 | \$952,462 | (\$408,524) |
| Debt Service as a Percentage of Noncapital Expenditures | | | | | |
| | 2.63% | 2.81% | 2.86% | 2.64% | 2.57% |



| 2003 | 2002 | 2001 | 2000 | 1999 |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$2,876,964 | \$2,705,651 | \$2,645,656 | \$2,171,068 | \$2,124,322 |
| 9,745,072 | 9,630,343 | 9,390,575 | 9,283,257 | 9,099,886 |
| 988,417 | 849,472 | 755,909 | 840,692 | 636,896 |
| 241,387 | 293,606 | 300,552 | 152,496 | 314,955 |
| 315,705 | 339,937 | 352,319 | 363,619 | 373,008 |
| 4,145,984 | 4,457,224 | 3,671,672 | 3,707,016 | 3,430,043 |
| 166,775 | 166,417 | 209,485 | 159,746 | 298,228 |
| 319,078 | 432,931 | 931,920 | 941,332 | 698,951 |
| 407,711 | 485,468 | 345,495 | 407,801 | 175,517 |
| <u>19,207,093</u> | <u>19,361,049</u> | <u>18,603,583</u> | <u>18,027,027</u> | <u>17,151,806</u> |
| 7,977,881 | 7,801,668 | 7,328,137 | 7,197,719 | 6,927,110 |
| 520,443 | 517,827 | 466,178 | 421,649 | 421,313 |
| 979,959 | 955,279 | 863,226 | 827,170 | 829,725 |
| 1,946,318 | 2,102,383 | 2,098,614 | 1,832,505 | 1,331,444 |
| 1,424,857 | 1,365,439 | 1,251,158 | 1,432,219 | 1,147,096 |
| 2,424,777 | 2,616,445 | 2,880,775 | 2,675,061 | 2,524,234 |
| 2,264,048 | 4,382,589 | 2,835,200 | 2,837,314 | 2,065,938 |
| 181,947 | 170,947 | 176,947 | 696,797 | 159,647 |
| 257,533 | 289,869 | 331,500 | 199,632 | 179,564 |
| <u>17,977,763</u> | <u>20,202,446</u> | <u>18,231,735</u> | <u>18,120,066</u> | <u>15,586,071</u> |
| <u>1,229,330</u> | <u>(841,397)</u> | <u>371,848</u> | <u>(93,039)</u> | <u>1,565,735</u> |
| 0 | 0 | 0 | 0 | 318,564 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 561,000 | 0 |
| 0 | 0 | 0 | 0 | 525,000 |
| 0 | 9,433 | 0 | 0 | 0 |
| 0 | 0 | 0 | 86,000 | 0 |
| 9,273,113 | 8,640,696 | 7,985,703 | 8,883,318 | 9,079,794 |
| <u>(9,498,113)</u> | <u>(8,640,696)</u> | <u>(7,985,703)</u> | <u>(8,883,318)</u> | <u>(9,079,794)</u> |
| <u>(225,000)</u> | <u>9,433</u> | <u>0</u> | <u>647,000</u> | <u>843,564</u> |
| <u>\$1,004,330</u> | <u>(\$831,964)</u> | <u>\$371,848</u> | <u>\$553,961</u> | <u>\$2,409,299</u> |
| 2.80% | 2.91% | 3.30% | 5.87% | 2.51% |

City of Kent, Ohio
Governmental Activities Tax Revenues by Source
Last Ten Years
(Modified Accrual Basis of Accounting)

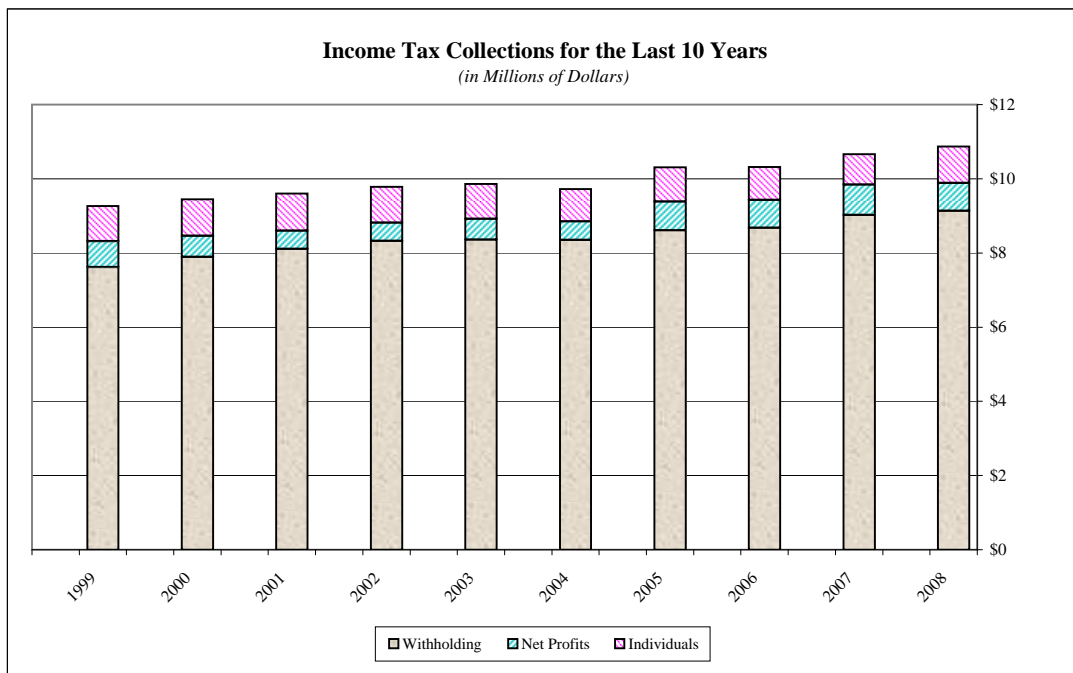
| Year | Municipal Income Taxes | Property and Other Local Taxes | Total |
|------|------------------------------|--------------------------------------|--------------|
| 2008 | \$10,590,922 | \$3,181,717 | \$13,772,639 |
| 2007 | 10,564,245 | 3,268,463 | 13,832,708 |
| 2006 | 10,179,387 | 3,115,248 | 13,294,635 |
| 2005 | 10,142,768 | 2,998,573 | 13,141,341 |
| 2004 | 9,697,832 | 3,053,539 | 12,751,371 |
| 2003 | 9,745,072 | 2,876,964 | 12,622,036 |
| 2002 | 9,630,343 | 2,705,651 | 12,335,994 |
| 2001 | 9,390,575 | 2,645,656 | 12,036,231 |
| 2000 | 9,283,257 | 2,171,068 | 11,454,325 |
| 1999 | 9,099,886 | 2,124,322 | 11,224,208 |

City of Kent, Ohio
Income Tax Revenue Base and Collections (Cash Basis)
Last Ten Years

| Tax Year | Tax Rate | Total Tax Collected | Taxes from Withholding | Percentage of Taxes from Withholding | Taxes From Net Profits | Percentage of Taxes from Net Profits | Taxes From Individuals | Percentage of Taxes from Individuals |
|----------|----------|---------------------|------------------------|--------------------------------------|------------------------|--------------------------------------|------------------------|--------------------------------------|
| 2008 | 2.00% | \$10,871,742 | \$9,132,780 | 84.01% | \$754,913 | 6.94% | \$984,049 | 9.05% |
| 2007 | 2.00 | 10,660,344 | 9,027,152 | 84.68 | 816,743 | 7.66 | 816,449 | 7.66 |
| 2006 | 2.00 | 10,315,459 | 8,682,188 | 84.16 | 748,460 | 7.26 | 884,811 | 8.58 |
| 2005 | 2.00 | 10,305,383 | 8,613,458 | 83.58 | 772,397 | 7.50 | 919,528 | 8.92 |
| 2004 | 2.00 | 9,725,546 | 8,346,704 | 85.83 | 506,032 | 5.20 | 872,810 | 8.97 |
| 2003 | 2.00 | 9,858,757 | 8,358,858 | 84.79 | 558,370 | 5.66 | 941,529 | 9.55 |
| 2002 | 2.00 | 9,782,615 | 8,324,405 | 85.09 | 496,000 | 5.07 | 962,210 | 9.84 |
| 2001 | 2.00 | 9,603,984 | 8,106,727 | 84.41 | 498,065 | 5.19 | 999,192 | 10.40 |
| 2000 | 2.00 | 9,443,505 | 7,897,167 | 83.62 | 562,719 | 5.96 | 983,619 | 10.42 |
| 1999 | 2.00 | 9,268,081 | 7,621,351 | 82.23 | 698,647 | 7.54 | 948,083 | 10.23 |

Source: City of Kent; Department of Budget and Finance; Income Tax Division

The City levies a 2.00% income tax on substantially all income earned within the City. Additional increases in the income tax rate require voter approval. City residents pay City income tax on income earned outside the City, however a 100 % credit, up to 2.00% is allowed for income taxes paid to other municipalities.



City of Kent, Ohio
Top Ten Income Tax Withholders
Current Year and Nine Years Ago

2008

| Rank | Employer Name |
|------|-----------------------------|
| 1 | Kent State University |
| 2 | Kent City Schools |
| 3 | Davey Tree Expert Co., Inc. |
| 4 | City of Kent |
| 5 | Land-O-Lakes |
| 6 | Smithers-Oasis Company |
| 7 | Ametek, Inc. |
| 8 | Klaben Family Ford, Inc. |
| 9 | Robinson Memorial Hospital |
| 10 | ACS Industries, Inc. |

1999

| 2008 Rank | Rank | Employer Name |
|-----------|------|-----------------------------|
| 1 | 1 | Kent State University |
| 2 | 2 | Kent City Schools |
| 7 | 3 | Ametek, Inc. |
| 3 | 4 | Davey Tree Expert Co., Inc. |
| 4 | 5 | City of Kent |
| n/a | 6 | KWA, Inc. |
| 8 | 7 | Klaben Family Ford, Inc. |
| 5 | 8 | Land-O-Lakes |
| 22 | 9 | Gougler Industries, Inc. |
| 6 | 10 | Smithers-Oasis Company |

Source: City of Kent; Department of Budget and Finance; Income Tax Division

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

n/a - Information is not available.

City of Kent, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

| Tax Year/ Collection Year | City of Kent Direct Rates | | | | | | Overlapping Rates | | Total Direct & Overlapping Rates |
|------------------------------|---------------------------|------------------------------|--------------------|---------------------------|---------------------------|---------------|-------------------|---------------------------------|---|
| | General Fund | West Side Fire Station | Recreation Fund | Police Pension Fund | Police Pension Fund | Total City | Portage County | Kent City School District | |
| 2008/2009 | \$ 4.20 | \$ 0.73 | \$ 3.45 | \$ 0.30 | \$ 0.30 | \$ 8.98 | \$ 13.62 | \$ 102.18 | \$ 124.78 |
| 2007/2008 | 4.76 | 0.73 | 3.45 | 0.30 | 0.30 | 9.54 | 13.62 | 102.42 | 125.58 |
| 2006/2007 | 4.76 | 0.73 | 3.45 | 0.30 | 0.30 | 9.54 | 13.62 | 102.42 | 125.58 |
| 2005/2006 | 4.76 | 0.73 | 3.45 | 0.30 | 0.30 | 9.54 | 13.62 | 95.78 | 118.94 |
| 2004/2005 | 4.66 | 0.73 | 3.45 | 0.30 | 0.30 | 9.44 | 13.62 | 95.77 | 118.83 |
| 2003/2004 | 4.66 | 0.73 | 3.45 | 0.30 | 0.30 | 9.44 | 12.72 | 96.01 | 118.17 |
| 2002/2003 | 4.66 | 0.73 | 3.45 | 0.30 | 0.30 | 9.44 | 12.72 | 94.48 | 116.64 |
| 2001/2002 | 4.66 | 0.73 | 3.45 | 0.30 | 0.30 | 9.44 | 12.72 | 86.35 | 108.51 |
| 2000/2001 | 4.66 | 0.73 | 3.45 | 0.30 | 0.30 | 9.44 | 12.72 | 86.60 | 108.76 |
| 1999/2000 | 4.66 | 0.73 | 3.45 | 0.30 | 0.30 | 9.44 | 12.72 | 86.50 | 108.66 |

Source: Portage County, Ohio; County Auditor

City of Kent, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

| Tax Year/ Collection Year | Real Property | | | Tangible Personal Property | |
|---------------------------------|------------------------------|-----------------------------|------------------------------|----------------------------|------------------------------|
| | Assessed Value | | Estimated Actual Value | Public Utility | |
| | Residential/ Agricultural | Commercial Industrial/PU | | Assessed Value | Estimated Actual Value |
| 2008/2009 | \$256,434,590 | \$100,457,690 | \$1,019,692,229 | \$4,346,170 | \$6,486,821 |
| 2007/2008 | 252,810,490 | 99,540,990 | 1,006,718,514 | 4,320,510 | 6,448,522 |
| 2006/2007 | 247,212,070 | 102,158,740 | 998,202,314 | 7,473,970 | 11,155,179 |
| 2005/2006 | 224,455,410 | 92,947,180 | 906,864,543 | 8,102,390 | 12,093,119 |
| 2004/2005 | 218,255,087 | 93,118,010 | 889,637,420 | 9,530,700 | 10,830,341 |
| 2003/2004 | 214,777,462 | 92,267,150 | 877,270,320 | 9,745,960 | 11,074,955 |
| 2002/2003 | 185,232,675 | 87,820,073 | 780,150,709 | 10,064,210 | 11,436,602 |
| 2001/2002 | 182,139,853 | 86,295,100 | 766,957,009 | 9,883,000 | 11,230,682 |
| 2000/2001 | 178,091,013 | 86,032,900 | 754,639,751 | 10,532,130 | 11,968,330 |
| 1999/2000 | 151,799,862 | 70,665,540 | 635,615,434 | 12,652,230 | 14,377,534 |

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Public utility personal property is assessed at 88% of actual value (1997-2004) and 67% of actual value (2005-2008). General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 6.25 percent for 2008 and zero for 2009.

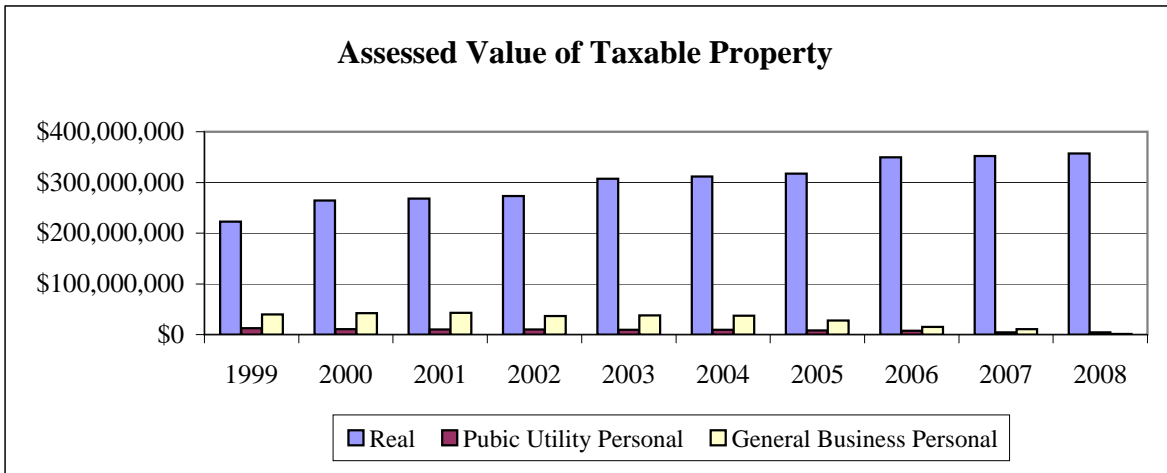
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Sources: Portage County, Ohio; County Auditor, Ohio Department of Taxation

- (1) Other than public utility property
- (2) Real and tangible personal public utility property
- (3) This amount is calculated based on the following percentages:
 - Real property is assessed at 35% of actual value.
 - Public utility is assessed at 88% of actual value - 1996 through 2004.
 - Public utility is assessed at 67% of actual value - 2005 through 2008.
 - Tangible personal is assessed at 25% of true value for capital assets and 23% of true value for inventory.

Tangible Personal Property

| General Business | | Total | | | Direct Tax Rate |
|------------------|------------------------|----------------|------------------------|--------|-----------------|
| Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Ratio | |
| \$1,043,340 | \$16,693,440 | \$362,281,790 | \$1,042,872,489 | 34.74% | \$9.54 |
| 10,845,518 | 173,528,288 | 367,517,508 | 1,186,695,325 | 30.97 | 9.54 |
| 15,448,700 | 123,589,600 | 372,293,480 | 1,132,947,093 | 32.86 | 9.54 |
| 28,023,818 | 149,460,363 | 353,528,798 | 1,068,418,025 | 33.09 | 9.54 |
| 37,133,989 | 148,535,956 | 358,037,786 | 1,049,003,717 | 34.13 | 9.44 |
| 38,007,178 | 152,028,712 | 354,797,750 | 1,040,373,987 | 34.10 | 9.44 |
| 36,373,796 | 145,495,184 | 319,490,754 | 937,082,495 | 34.09 | 9.44 |
| 42,935,640 | 171,742,560 | 321,253,593 | 949,930,250 | 33.82 | 9.44 |
| 42,056,737 | 168,226,948 | 316,712,780 | 934,835,029 | 33.88 | 9.44 |
| 39,539,156 | 158,156,624 | 274,656,788 | 808,149,592 | 33.99 | 9.44 |



City of Kent, Ohio
Property Tax Levies And Collections
Last Ten Years

| <u>Collection Year</u> | <u>Total Tax Levy</u> | <u>Current Tax Collections</u> | <u>Percent of Current Levy Collected</u> | <u>Delinquent Tax Collections</u> | <u>Total Tax Collections (1)</u> | <u>Percent of Total Tax Collections to Tax Levy</u> | <u>Accumulated Outstanding Delinquent Taxes</u> |
|------------------------|-----------------------|--------------------------------|--|-----------------------------------|----------------------------------|---|---|
| 2008 | \$ 3,165,432 | \$ 3,072,009 | 97.05% | \$ 88,462 | \$ 3,160,471 | 99.84% | \$ 228,150 |
| 2007 | 3,214,063 | 3,125,628 | 97.25 | 89,501 | 3,215,129 | 100.03 | 224,317 |
| 2006 | 3,001,119 | 2,943,312 | 98.07 | 87,851 | 3,031,163 | 101.00 | 238,914 |
| 2005 | 3,016,195 | 2,904,751 | 96.31 | 83,750 | 2,988,501 | 99.08 | 221,840 |
| 2004 | 2,990,557 | 2,908,664 | 97.26 | 130,128 | 3,038,792 | 101.61 | 193,334 |
| 2003 | 2,822,825 | 2,757,875 | 97.70 | 77,216 | 2,835,091 | 100.43 | 166,525 |
| 2002 | 2,633,533 | 2,534,329 | 96.23 | 68,297 | 2,602,626 | 98.83 | 159,168 |
| 2001 | 2,458,410 | 2,401,347 | 97.68 | 62,949 | 2,464,296 | 100.24 | 148,243 |
| 2000 | 2,149,762 | 2,000,343 | 93.05 | 60,103 | 2,060,446 | 95.85 | 110,384 |
| 1999 | 2,013,482 | 1,944,504 | 96.57 | 59,863 | 2,004,367 | 99.55 | 125,743 |

Source: Portage County, Ohio; County Auditor

(1) Total tax collections include penalties and interest collected on delinquent taxes, as well as amounts received for the State of Ohio for the homestead and rollback reduction.

City of Kent, Ohio
Principal Taxpayers - Real Estate Tax
 2008 and 1999

| <i>2008</i> | | |
|---------------------------------|---|--|
| Taxpayer | Real Property Assessed Valuation (1) | Percentage of Real Assessed Valuation |
| Silver Meadows Ltd. | \$3,386,260 | 0.93 % |
| Mikey Ryan | 2,941,120 | 0.81 |
| Draucker, Carl A. | 2,623,460 | 0.72 |
| Whitehall Terrace Investors LLC | 2,389,170 | 0.66 |
| DSMP - Kent LLC | 2,365,790 | 0.65 |
| Douglas Partners LLC | 2,126,710 | 0.59 |
| New Indian Valley Ltd. | 1,845,940 | 0.51 |
| Fontaine Trailer Company | 1,732,750 | 0.48 |
| Davey Tree | 1,693,550 | 0.47 |
| Inn at Golden Pond Ltd. | 1,675,520 | 0.46 |
| Total | \$22,780,270 | 6.28 % |
| Total Assessed Valuation | \$362,281,790 | |
| <i>1999</i> | | |
| Taxpayer | Real Property Assessed Valuation (1) | Percentage of Real Assessed Valuation |
| Ohio Bell | \$4,816,800 | 1.75 % |
| Ohio Edison | 3,792,460 | 1.38 % |
| Gougler Industries, Inc. | 3,779,620 | 1.38 % |
| AERC Holly Park | 2,620,800 | 0.95 % |
| Klaben Ford, Inc. | 2,387,120 | 0.87 % |
| Silver Meadows Ltd. | 2,186,910 | 0.80 % |
| W9/GLM Real Estate | 2,008,210 | 0.73 % |
| Paul P. Tell Sr. | 1,899,030 | 0.69 % |
| Park Ohio Holding | 1,797,320 | 0.65 % |
| Kent State Apartments | 1,649,730 | 0.60 % |
| Total | \$26,938,000 | 9.80 % |
| Total Assessed Valuation | \$274,656,788 | |

Source: Portage County, County Treasurer

(1) The amounts presented represent the assessed values upon which 2008 and 1999 collections were based.

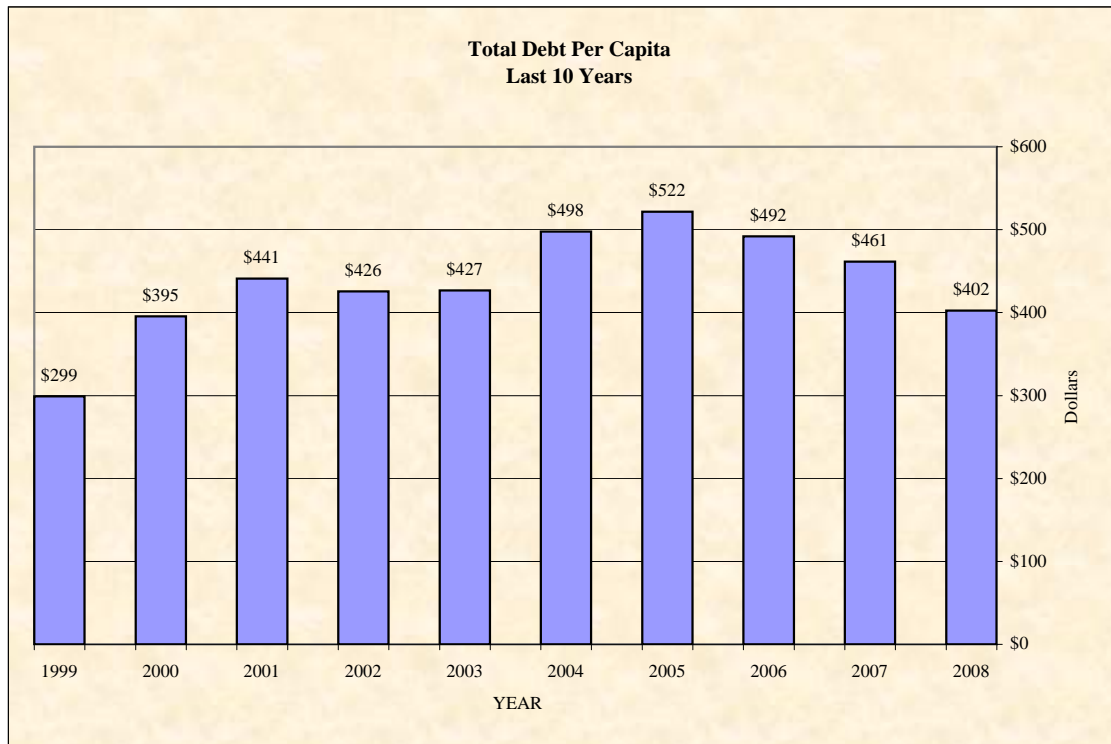
City of Kent, Ohio
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

| Year | Governmental Activities | | | | |
|------|--------------------------------|--------------------------------|---------------|-------------------------------|--------------------------------|
| | General Obligation Bonds | Special Assessment Bonds | OPWC Loans | Bond Anticipation Notes | General Obligation Bonds |
| 2008 | \$1,830,000 | \$410,000 | \$305,920 | \$3,205,000 | \$0 |
| 2007 | 1,970,000 | 458,000 | 335,867 | 3,445,000 | 0 |
| 2006 | 2,105,000 | 505,000 | 365,814 | 3,680,000 | 0 |
| 2005 | 2,235,000 | 550,000 | 395,761 | 3,920,000 | 0 |
| 2004 | 2,355,000 | 589,000 | 425,708 | 4,170,000 | 0 |
| 2003 | 2,475,000 | 627,000 | 455,655 | 4,405,000 | 0 |
| 2002 | 2,590,000 | 664,000 | 485,602 | 4,740,000 | 0 |
| 2001 | 2,700,000 | 695,000 | 515,549 | 4,750,000 | 3,645,000 |
| 2000 | 2,805,000 | 737,000 | 545,496 | 3,000,000 | 3,945,000 |
| 1999 | 2,905,000 | 220,000 | 487,293 | 525,000 | 4,225,000 |

Note: Population and Personal Income data are presented with Demographic information.

Business-Type Activities

| <u>OPWC Loans</u> | <u>Mortgage Revenue Bonds</u> | <u>Bond Anticipation Notes</u> | <u>OWDA Loans</u> | <u>Total Debt</u> | <u>Percentage of Personal Income</u> | <u>Per Capita</u> |
|-----------------------|---------------------------------------|--|-----------------------|-----------------------|--|-----------------------|
| \$94,526 | \$0 | \$915,000 | \$4,466,577 | \$11,227,023 | 2.68% | \$402 |
| 96,324 | 0 | 1,910,000 | 4,657,673 | 12,872,864 | 3.07 | 461 |
| 33,733 | 0 | 2,460,000 | 4,574,265 | 13,723,812 | 3.28 | 492 |
| 33,733 | 0 | 3,010,000 | 4,410,631 | 14,555,125 | 3.47 | 522 |
| 0 | 0 | 3,610,000 | 2,737,725 | 13,887,433 | 3.31 | 498 |
| 0 | 0 | 2,910,000 | 1,041,602 | 11,914,257 | 2.84 | 427 |
| 0 | 0 | 3,395,000 | 0 | 11,874,602 | 2.83 | 426 |
| 0 | 0 | 0 | 0 | 12,305,549 | 2.94 | 441 |
| 0 | 0 | 0 | 0 | 11,032,496 | 2.63 | 395 |
| 0 | 265,000 | 0 | 0 | 8,627,293 | 3.26 | 299 |



City of Kent, Ohio
*Ratio of General Obligation Bonded Debt to Assessed
 Value and Bonded Debt Per Capita
 Last Ten Years*

| <u>Year</u> | <u>Population (1)</u> | | <u>Estimated Actual Value of Taxable Property (2)</u> | <u>Gross Bonded Debt (3)</u> | <u>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</u> | <u>Net Bonded Debt Per Capita</u> |
|-------------|-----------------------|---|---|--------------------------------------|---|---|
| 2008 | 27,906 | b | \$1,042,872,489 | \$1,830,000 | 0.18 % | \$65.58 |
| 2007 | 27,906 | b | 1,186,695,325 | 1,970,000 | 0.17 | 70.59 |
| 2006 | 27,906 | b | 1,132,947,093 | 2,105,000 | 0.19 | \$75.43 |
| 2005 | 27,906 | b | 1,068,418,025 | 2,235,000 | 0.21 | \$80.09 |
| 2004 | 27,906 | b | 1,049,003,717 | 2,355,000 | 0.22 | \$84.39 |
| 2003 | 27,906 | b | 1,040,373,987 | 2,475,000 | 0.24 | \$88.69 |
| 2002 | 27,906 | b | 937,082,495 | 2,590,000 | 0.28 | \$92.81 |
| 2001 | 27,906 | b | 949,930,250 | 2,700,000 | 0.28 | \$96.75 |
| 2000 | 27,906 | b | 934,835,029 | 2,805,000 | 0.30 | \$100.52 |
| 1999 | 28,835 | a | 808,149,592 | 2,905,000 | 0.36 | \$100.75 |

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) County Auditor

(3) Includes all general obligation bonded debt with the exception of those general obligation issues that are supported by business-type activities.

City of Kent, Ohio
Pledged Revenue Coverage
Sewer System General Obligation Bonds
Last Ten Years

| Year | Sewer Operating Revenue and Interest | Direct Operating Expenses (1) | Net Available Revenues | Debt Service | | Percent Coverage |
|------|--|-------------------------------------|---------------------------|--------------|----------|---------------------|
| | | | | Principal | Interest | |
| 2008 | \$3,302,650 | \$2,783,653 | \$518,997 | \$0 | \$0 | N/A |
| 2007 | 3,794,529 | 2,574,379 | 1,220,150 | 0 | 0 | N/A |
| 2006 | 3,682,389 | 2,596,987 | 1,085,402 | 0 | 0 | N/A |
| 2005 | 3,626,854 | 2,669,943 | 956,911 | 0 | 0 | N/A |
| 2004 | 3,577,423 | 2,708,742 | 868,681 | 0 | 0 | N/A |
| 2003 | 3,535,737 | 2,654,034 | 881,703 | 0 | 0 | N/A |
| 2002 | 3,773,337 | 2,529,934 | 1,243,403 | 315,000 | 233,405 | 2.27 |
| 2001 | 3,811,595 | 2,452,707 | 1,358,888 | 300,000 | 250,805 | 2.47 |
| 2000 | 3,505,972 | 2,420,124 | 1,085,848 | 280,000 | 266,765 | 1.99 |
| 1999 | 3,476,351 | 2,253,505 | 1,222,846 | 270,000 | 281,750 | 2.22 |

(1) Direct operating expenses do not include depreciation and amortization expense.

Source: City Financial Records

City of Kent, Ohio
Pledged Revenue Coverage
Water System Mortgage Revenue Bonds
Last Ten Years

| Year | Water Operating Revenue and Interest | Direct Operating Expenses (1) | Net Available Revenues | Debt Service | | Percent Coverage |
|------|--|-------------------------------------|---------------------------|--------------|----------|---------------------|
| | | | | Principal | Interest | |
| 2008 | \$2,647,878 | \$2,684,485 | (\$36,607) | \$0 | \$0 | N/A |
| 2007 | 2,951,582 | 2,400,530 | 551,052 | 0 | 0 | N/A |
| 2006 | 2,869,475 | 2,281,655 | 587,820 | 0 | 0 | N/A |
| 2005 | 2,921,177 | 2,328,973 | 592,204 | 0 | 0 | N/A |
| 2004 | 2,861,427 | 2,340,647 | 520,780 | 0 | 0 | N/A |
| 2003 | 2,828,579 | 2,167,861 | 660,718 | 0 | 0 | N/A |
| 2002 | 3,098,769 | 2,170,544 | 928,225 | 0 | 0 | N/A |
| 2001 | 2,987,952 | 2,055,737 | 932,215 | 0 | 0 | N/A |
| 2000 | 2,964,205 | 2,109,231 | 854,974 | 265,000 | 15,328 | 3.05 |
| 1999 | 2,860,695 | 2,016,738 | 843,957 | 250,000 | 29,613 | 3.02 |

(1) Direct operating expenses do not include depreciation and amortization expense.

Source: City Financial Records

City of Kent, Ohio
Pledged Revenue Coverage
Special Assessment Bonds
Last Ten Years

| Year | Debt Service Assessments | Debt Service | | Percent Coverage |
|------|--------------------------|--------------|----------|------------------|
| | | Principal | Interest | |
| 2008 | \$78,428 | \$48,000 | \$27,570 | 1.04 |
| 2007 | 76,950 | 47,000 | 30,730 | 0.99 |
| 2006 | 77,709 | 45,000 | 33,780 | 0.99 |
| 2005 | 80,410 | 39,000 | 36,375 | 1.07 |
| 2004 | 76,056 | 38,000 | 38,915 | 0.99 |
| 2003 | 82,795 | 37,000 | 41,390 | 1.06 |
| 2002 | 79,822 | 31,000 | 43,410 | 1.07 |
| 2001 | 107,140 | 42,000 | 58,501 | 1.07 |
| 2000 | 77,116 | 44,000 | 16,576 | 1.27 |
| 1999 | 75,168 | 39,000 | 19,269 | 1.29 |

Source: City Financial Records

City of Kent, Ohio
Legal Debt Margin
Last Ten Years

| | 2008 | 2007 | 2006 | 2005 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total Assessed Property Value | <u>\$362,281,790</u> | <u>\$367,517,508</u> | <u>\$372,293,480</u> | <u>\$353,528,798</u> |
| Overall Legal Debt Limit (10 ½ % of Assessed Valuation) | <u>38,039,588</u> | <u>38,589,338</u> | <u>39,090,815</u> | <u>37,120,524</u> |
| Debt Outstanding: | | | | |
| General Obligation Bonds - Governmental Activities | 1,830,000 | 1,970,000 | 2,105,000 | 2,235,000 |
| General Obligation Bonds - Business Type Activities | 0 | 0 | 0 | 0 |
| Special Assessment Bonds | 410,000 | 458,000 | 505,000 | 550,000 |
| Mortgage Revenue Bonds | 0 | 0 | 0 | 0 |
| Bond Anticipation Notes - Governmental Activities | 3,205,000 | 3,445,000 | 3,680,000 | 3,920,000 |
| Bond Anticipation Notes - Business Type Activities | <u>915,000</u> | <u>1,910,000</u> | <u>2,460,000</u> | <u>3,010,000</u> |
| Total Gross Indebtedness | 6,360,000 | 7,783,000 | 8,750,000 | 9,715,000 |
| Less: | | | | |
| General Obligation Bonds - Business Type Activities | 0 | 0 | 0 | 0 |
| Special Assessment Bonds | (410,000) | (458,000) | (505,000) | (550,000) |
| Mortgage Revenue Bonds | 0 | 0 | 0 | 0 |
| Bond Anticipation Notes - Business Type Activities | (915,000) | (1,910,000) | (2,460,000) | (3,010,000) |
| General Obligation Bond Retirement Fund Balance | <u>(30,186)</u> | <u>(27,328)</u> | <u>(38,108)</u> | <u>(39,179)</u> |
| Total Net Debt Applicable to Debt Limit | <u>5,004,814</u> | <u>5,387,672</u> | <u>5,746,892</u> | <u>6,115,821</u> |
| Legal Debt Margin Within 10 ½ % Limitations | <u>\$33,034,774</u> | <u>\$33,201,666</u> | <u>\$33,343,923</u> | <u>\$31,004,703</u> |
| Legal Debt Margin as a Percentage of the Debt Limit | 86.84% | 86.04% | 85.30% | 83.52% |
| Unvoted Debt Limitation (5 ½ % of Assessed Valuation) | <u>\$19,925,498</u> | <u>\$20,213,463</u> | <u>\$20,476,141</u> | <u>\$19,444,084</u> |
| Total Gross Indebtedness | 6,360,000 | 7,783,000 | 8,750,000 | 9,715,000 |
| Less: | | | | |
| General Obligation Bonds - Business Type Activities | 0 | 0 | 0 | 0 |
| Special Assessment Bonds | (410,000) | (458,000) | (505,000) | (550,000) |
| Mortgage Revenue Bonds | 0 | 0 | 0 | 0 |
| Bond Anticipation Notes - Business Type Activities | (915,000) | (1,910,000) | (2,460,000) | (3,010,000) |
| General Obligation Bond Retirement Fund Balance | <u>(30,186)</u> | <u>(27,328)</u> | <u>(38,108)</u> | <u>(39,179)</u> |
| Net Debt Within 5 ½ % Limitations | <u>5,004,814</u> | <u>5,387,672</u> | <u>5,746,892</u> | <u>6,115,821</u> |
| Unvoted Legal Debt Margin Within 5 ½ % Limitations | <u>\$14,920,684</u> | <u>\$14,825,791</u> | <u>\$14,729,249</u> | <u>\$13,328,263</u> |
| Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation | 74.88% | 73.35% | 71.93% | 68.55% |

Source: City Financial Records

| 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>\$358,037,786</u> | <u>\$354,797,750</u> | <u>\$319,490,754</u> | <u>\$321,253,593</u> | <u>\$316,712,780</u> | <u>\$274,656,788</u> |
| <u>37,593,968</u> | <u>37,253,764</u> | <u>33,546,529</u> | <u>33,731,627</u> | <u>33,254,842</u> | <u>28,838,963</u> |
| 2,355,000 | 2,475,000 | 2,590,000 | 2,700,000 | 2,805,000 | 2,905,000 |
| 0 | 0 | 0 | 3,645,000 | 3,945,000 | 4,225,000 |
| 589,000 | 627,000 | 664,000 | 695,000 | 737,000 | 220,000 |
| 0 | 0 | 0 | 0 | 0 | 265,000 |
| 4,170,000 | 4,405,000 | 4,740,000 | 4,750,000 | 3,000,000 | 525,000 |
| 3,610,000 | 2,910,000 | 3,395,000 | 0 | 0 | 0 |
| <u>10,724,000</u> | <u>10,417,000</u> | <u>11,389,000</u> | <u>11,790,000</u> | <u>10,487,000</u> | <u>8,140,000</u> |
| 0 | 0 | 0 | (3,645,000) | (3,945,000) | (4,225,000) |
| (589,000) | (627,000) | (664,000) | (695,000) | (737,000) | (220,000) |
| 0 | 0 | 0 | 0 | 0 | (265,000) |
| (3,610,000) | (2,910,000) | (3,395,000) | 0 | 0 | 0 |
| <u>(44,130)</u> | <u>(44,847)</u> | <u>(40,116)</u> | <u>(44,704)</u> | <u>(39,166)</u> | <u>(50,190)</u> |
| <u>6,480,870</u> | <u>6,835,153</u> | <u>7,289,884</u> | <u>7,405,296</u> | <u>5,765,834</u> | <u>3,379,810</u> |
| <u>\$31,113,098</u> | <u>\$30,418,611</u> | <u>\$26,256,645</u> | <u>\$26,326,331</u> | <u>\$27,489,008</u> | <u>\$25,459,153</u> |
| 82.76% | 81.65% | 78.27% | 78.05% | 82.66% | 88.28% |
| <u>\$19,692,078</u> | <u>\$19,513,876</u> | <u>\$17,571,991</u> | <u>\$17,668,948</u> | <u>\$17,419,203</u> | <u>\$15,106,123</u> |
| 10,724,000 | 10,417,000 | 11,389,000 | 11,790,000 | 10,487,000 | 8,140,000 |
| 0 | 0 | 0 | (3,645,000) | (3,945,000) | (4,225,000) |
| (589,000) | (627,000) | (664,000) | (695,000) | (737,000) | (220,000) |
| 0 | 0 | 0 | 0 | 0 | (265,000) |
| (3,610,000) | (2,910,000) | (3,395,000) | 0 | 0 | 0 |
| <u>(44,130)</u> | <u>(44,847)</u> | <u>(40,116)</u> | <u>(44,704)</u> | <u>(39,166)</u> | <u>(50,190)</u> |
| <u>6,480,870</u> | <u>6,835,153</u> | <u>7,289,884</u> | <u>7,405,296</u> | <u>5,765,834</u> | <u>3,379,810</u> |
| <u>\$13,211,208</u> | <u>\$12,678,723</u> | <u>\$10,282,107</u> | <u>\$10,263,652</u> | <u>\$11,653,369</u> | <u>\$11,726,313</u> |
| 67.09% | 64.97% | 58.51% | 58.09% | 66.90% | 77.63% |

City of Kent, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2008

| Jurisdiction | General Obligation Debt Outstanding | Percentage Applicable to City (1) | Amount Applicable to City |
|-------------------------------|---|---|---------------------------------|
| Direct - City of Kent | | | |
| General Obligation Bonds | \$1,830,000 | 100.00 % | \$1,830,000 |
| Overlapping | | | |
| Kent City School District (2) | | | |
| General Obligation Bonds | 26,370,279 | 68.90 | 18,169,122 |
| Portage County (3) | | | |
| General Obligation Bonds | 13,981,721 | 10.47 | 1,463,886 |
| <i>Total Overlapping Debt</i> | 40,352,000 | | 19,633,008 |
| Total | \$42,182,000 | | \$21,463,008 |

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

(2) Source: Kent City Schools Treasurer

(3) Source: Portage County, Ohio; County Auditor

City of Kent, Ohio
Demographic and Economic Statistics
Last Ten Years

| <u>Year</u> | <u>Population (1)</u> | <u>Total Personal Income (4)</u> | <u>Personal Income Per Capita (1)</u> | <u>Median Household Income (1)</u> | <u>School Enrollment (2)</u> | <u>Portage County Unemployment Rate (3)</u> | <u>City of Kent Unemployment Rate (3)</u> |
|-------------|-----------------------|--------------------------------------|---|--|----------------------------------|---|---|
| 2008 | 27,906 | \$419,008,590 | \$15,015 | \$29,582 | 3,638 | 7.8% | 5.8% |
| 2007 | 27,906 | 419,008,590 | 15,015 | 29,582 | 3,382 | 5.4% | 4.5% |
| 2006 | 27,906 | 419,008,590 | 15,015 | 29,582 | 3,415 | 5.1% | 4.2% |
| 2005 | 27,906 | 419,008,590 | 15,015 | 29,582 | 3,371 | 5.6% | 4.6% |
| 2004 | 27,906 | 419,008,590 | 15,015 | 29,582 | 3,427 | 5.8% | 4.6% |
| 2003 | 27,906 | 419,008,590 | 15,015 | 29,582 | 3,471 | 5.8% | 4.3% |
| 2002 | 27,906 | 419,008,590 | 15,015 | 29,582 | 3,547 | 5.4% | 6.1% |
| 2001 | 27,906 | 419,008,590 | 15,015 | 29,582 | 3,618 | 4.3% | 4.7% |
| 2000 | 27,906 | 419,008,590 | 15,015 | 29,582 | 3,800 | 3.9% | 4.3% |
| 1999 | 28,835 | 265,022,485 | 9,191 | 21,463 | 3,767 | 4.0% | 4.6% |

(1) Source: U. S. Census

(a) Years 2000 through 2006 - 2000 Federal Census

(b) Years 1997 through 1999 - 1990 Federal Census

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

(3) Source: U.S. Department of Labor, Bureau of Labor Statistics

(4) Computation of per capita personal income multiplied by population

City of Kent, Ohio
Principal Employers
Current Year and Nine Years Ago

| 2008 | | |
|---------------------------------|------------------------------|--|
| Employer | Number of W-2's processed | Percentage of Total City W-2's processed |
| Kent State University | *N/A | 0.00% |
| Kent City Schools | 944 | 7.18 |
| Davey Tree Expert Co., Inc. | 324 | 2.46 |
| City of Kent | 271 | 2.06 |
| THI of Ohio at Kent LLC | 223 | 1.70 |
| Inn at Golden Pond Management | 201 | 1.53 |
| Land-O-Lakes | 178 | 1.35 |
| Smithers-Oasis Company | 172 | 1.31 |
| SBC Ohio Bell Telephone Company | 125 | 0.95 |
| ACS Industries, Inc. | 116 | 0.88 |
| Total | 2,554 | 19.42% |
| Total W-2's Processed | 13,151 | |

| 1999 | | |
|---------------------------------|------------------------------|--|
| Employer | Number of W-2's processed | Percentage of Total City W-2's processed |
| Kent State University | 9,000 | 33.20% |
| Kent City Schools | 851 | 3.14 |
| KWA Inc. | 495 | 1.83 |
| Xtrasource | 487 | 1.80 |
| Ravens Inc. | 272 | 1.00 |
| City of Kent | 264 | 0.97 |
| Kent Quality Care | 234 | 0.86 |
| SBC Ohio Bell Telephone Company | 198 | 0.73 |
| Klaben Family Ford Inc. | 178 | 0.66 |
| Ametek Inc. | N/A | 0.00 |
| Total | 11,979 | 44.19% |
| Total W-2's Processed | 27,105 | |

* Amount not available because Kent State University utilized a new payroll system and the City of Kent could not receive a total form the University.

Source: City of Kent Department of Budget & Finance - Income Tax Division

City of Kent, Ohio
City Government Employees by Function/Program
Last Seven Years (1)

| Function/Program | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|------|------|------|------|------|------|------|
| General Government | | | | | | | |
| City Council | | | | | | | |
| Councilman | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Clerk of Council | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mayor | | | | | | | |
| Mayor/President of Council | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| City Manager | | | | | | | |
| City Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Executive Secretary to City Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Human Resources | | | | | | | |
| Human Resources Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Civil Service | | | | | | | |
| Civil Service Commissioner | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Administrative Assistant to Civil Service Commission | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Law | | | | | | | |
| Director of Law | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Assistant Law Director/Prosecutor | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Assistant Law Director | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Executive Secretary to Dir. Of Law | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Finance Administration | | | | | | | |
| Director of Budget & Finance | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Controller | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Operations Analyst | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior Account Clerk | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Account Clerk | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Administrative Assistant to Director of Budget & Finance | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tax Administration | | | | | | | |
| Income Tax Commissioner | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Income Tax Auditor | 1 | 1 | 1 | 1 | 1 | 1 | 2 |
| Account Clerk | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Service Administration | | | | | | | |
| Director of Public Service | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Administrative Assistant to Director of Public Service | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Account Clerk | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

(Continued)

City of Kent, Ohio
City Government Employees by Function/Program (continued)
Last Seven Years (1)

| Function/Program | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|------|------|------|------|------|------|------|
| Engineering | | | | | | | |
| Deputy Service Director/ Superintendent of Engineering | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior Engineer | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Design Engineer | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Asst. Design Engineer (Part-time) | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Engineering Technician | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Engineering Aide I | 1 | 1 | 1 | 1 | 1 | 0 | 0 |
| Engineering Aide II | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Co-op Student (Part-time) | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Security of Persons and Property | | | | | | | |
| Safety Director | | | | | | | |
| Safety Director | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police | | | | | | | |
| Police Chief | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police Captain | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Lieutenant | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Technical Sergeant | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Police Officer | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| Administrative Assistant to Chief | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Secretary to Police Department | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Records and Communications | | | | | | | |
| Coordinator - Dispatchers | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Clerk-Dispatcher | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Clerk-Dispatcher (Part-time) | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Juvenile Services | | | | | | | |
| Juvenile Counselor | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police Officer | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Support Services | | | | | | | |
| Compliance Officer | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Detention Officer | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Fire | | | | | | | |
| Fire Chief | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire Captain | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Fire Lieutenant | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Firefighter | 27 | 27 | 27 | 27 | 24 | 24 | 24 |
| Fireman - Paid on Call | 3 | 3 | 3 | 3 | 3 | 3 | 9 |
| Fire Services Specialist | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community Services - Fire | | | | | | | |
| Fire Lieutenant | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Firefighter | 0 | 0 | 0 | 0 | 1 | 1 | 1 |

(Continued)

City of Kent, Ohio
City Government Employees by Function/Program (continued)
Last Seven Years (1)

| Function/Program | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|-------------------------------------|------|------|------|------|------|------|------|
| Central Maintenance | | | | | | | |
| Central Maintenance Manager | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Cent. Maint. Mgr./Water Dist. Spec. | 1 | 1 | 1 | 1 | 1 | 1 | 0 |
| Assignment Supervisor | 0 | 0 | 1 | 1 | 1 | 1 | 1 |
| Chief Operator | 3 | 3 | 0 | 0 | 0 | 0 | 0 |
| Repair Operator | 3 | 3 | 6 | 6 | 6 | 6 | 6 |
| Service Technician/Gardener | 1 | 1 | 1 | 1 | 1 | 0 | 0 |
| Service Worker | 11 | 11 | 11 | 11 | 11 | 12 | 12 |
| Carpenter | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Arborist Supervisor | 1 | 1 | 1 | 1 | 0 | 0 | 1 |
| Arborist | 0 | 0 | 0 | 0 | 1 | 1 | 1 |
| Account Clerk | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Vehicle Maintenance | | | | | | | |
| Master Mechanic | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mechanic | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Basic Utility Services | | | | | | | |
| Water Treatment Plant | | | | | | | |
| Supervisor - Water Plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water Laboratory Technician | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Plant Mechanic | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water Plant Chief Operator | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water Plant Operator | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Laborer (General Maintenance) | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wastewater Treatment Plant | | | | | | | |
| Supervisor - Wastewater Plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Plant Mechanic | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wastewater Plant Operator | 7 | 7 | 7 | 8 | 8 | 8 | 8 |
| Chief Operator | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Health Services | | | | | | | |
| Health | | | | | | | |
| Health Commissioner | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Deputy Health Commissioner | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Health Sanitarian | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Administrative Assistant to | | | | | | | |
| Health Commissioner | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Laboratory Technician | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Chemist | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Secretary (Part-time) | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

(Continued)

City of Kent, Ohio
City Government Employees by Function/Program (continued)
Last Seven Years (1)

| Function/Program | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|------------|------------|------------|------------|------------|------------|------------|
| Leisure Time Activities | | | | | | | |
| Parks and Recreation | | | | | | | |
| Director - Parks and Recreation | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Supervisor - Recreation | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Supervisor - Parks | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Clerk-Typist I | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Account Clerk | 1 | 1 | 1 | 1 | 1 | 0 | 0 |
| Parks Maintenance Laborer | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Senior Parks Crew Leader | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Part-time and Seasonal | 34 | 34 | 51 | 40 | 35 | 35 | 35 |
| KABC Coordinator | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| K-6 Child Care (Part Time) | 17 | 17 | 0 | 0 | 0 | 0 | 0 |
| Community Development | | | | | | | |
| Community Development | | | | | | | |
| Director of Community Development | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Administrative Assistant to Director of Community Development | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Plans Administrator | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Development Planner | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Economic Development Coordinator | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Development Engineer | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Code Enforcement Officer (Part-time) | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| Substainability Planner (Part-time) | 0 | 0 | 1 | 1 | 1 | 1 | 1 |
| Building | | | | | | | |
| Building Services Supervisor | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Specialized Inspectors (Part-time) | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Code Enforcement Officer (Part-time) | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Account Clerk | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Main Street Program | | | | | | | |
| Coordinator | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Totals All Departments | 280 | 280 | 280 | 269 | 260 | 261 | 269 |
| Full-Time | 194 | 194 | 193 | 194 | 192 | 191 | 193 |
| Part-Time | 86 | 86 | 87 | 75 | 68 | 70 | 76 |

Source: City of Kent Department of Budget and Finance, Annual Approved Budget - Positions Funded

(1) Information prior to 2002 is not available

City of Kent, Ohio
Capital Assets Statistics by Function/Program
Last Seven Years (1)

| Function/Program | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|
| General Government | | | | | | | |
| Number of Buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Administrative Vehicles | 6 | 6 | 3 | 3 | 3 | 3 | 3 |
| Police | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 28 | 25 | 29 | 29 | 30 | 29 | 29 |
| Fire | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Vehicles | 14 | 14 | 13 | 13 | 13 | 10 | 9 |
| Recreation | | | | | | | |
| Number of Buildings | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Number of Parks | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Park Acreage | 354 | 354 | 344 | 344 | 344 | 344 | 344 |
| Number of Baseball Diamonds | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Number of Soccer Fields | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Vehicles | 10 | 10 | 13 | 11 | 11 | 11 | 13 |
| Transportation | | | | | | | |
| Number of Buildings | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Salt Dome | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Streets (Center Lane Miles) | 89.90 | 89.90 | 89.90 | 88.50 | 87.10 | 85.90 | 85.20 |
| Service Vehicles | 29 | 27 | 30 | 27 | 26 | 26 | 26 |
| Public Health and Welfare | | | | | | | |
| Number of Buildings | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| Service Vehicles | 4 | 3 | 3 | 3 | 3 | 3 | 3 |
| Community Development | | | | | | | |
| Number of Buildings | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Service Vehicles | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | |
| Treatment Plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water Lines (Linear Feet) | 368,110 | 364,280 | 362,700 | 353,500 | 341,100 | 330,600 | 326,800 |
| Vehicles | 6 | 9 | 17 | 16 | 15 | 14 | 15 |
| Sewer | | | | | | | |
| Treatment Plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sanitary Sewers (Linear Feet) | 332,090 | 332,090 | 330,600 | 330,600 | 322,500 | 320,000 | 314,600 |
| Vehicles | 5 | 9 | 12 | 12 | 12 | 12 | 11 |
| Storm Water Drainage | | | | | | | |
| Storm Sewers (Linear Feet) | 376,460 | 376,460 | 370,000 | 370,000 | 363,100 | 362,900 | 357,200 |

(1) Information prior to 2002 is not available

City of Kent, Ohio
Operating Indicators by Function/Program
Last Seven Years (1)

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City Council and Clerk of Council | | | | | | | |
| Number of Ordinances/Resolutions Passed | 222 | 121 | 145 | 154 | 161 | 191 | 133 |
| Number of Passports Accepted (Began November 2002) | 554 | 872 | 737 | 677 | 687 | 324 | 15 |
| Civil Service | | | | | | | |
| City of Kent: | | | | | | | |
| Entry Level Examinations | 4 | 4 | 5 | 5 | 6 | 8 | 6 |
| Promotional Examinations | 1 | 0 | 2 | 2 | 0 | 4 | 1 |
| Kent City School District: | | | | | | | |
| Entry Level Examinations | 3 | 2 | 3 | 5 | 1 | 5 | 4 |
| Promotional Examinations | 2 | 1 | 0 | 0 | 0 | 0 | 5 |
| Budget and Finance Department | | | | | | | |
| Number of checks/vouchers issued | 6,162 | 5,958 | 6,207 | 6,529 | 7,185 | 6,970 | 6,889 |
| Number of W-2's issued | 271 | 284 | 285 | 281 | 273 | 276 | 267 |
| Budget and Finance Department - Income Tax | | | | | | | |
| Transaction Totals: | | | | | | | |
| Individual Returns | 15,693 | 14,221 | 15,461 | 16,010 | 15,708 | 16,262 | 17,559 |
| Business (Net Profit) Returns | 4,354 | 4,210 | 4,326 | 4,436 | 4,293 | 4,149 | 3,756 |
| Withholding Accounts | 11,211 | 11,068 | 11,257 | 11,079 | 10,613 | 10,428 | 10,496 |
| Total Transactions | 31,258 | 29,499 | 31,044 | 31,525 | 30,614 | 30,839 | 31,811 |
| Budget and Finance Department - Utility Billing | | | | | | | |
| Number of Bills Mailed | 77,226 | 77,865 | 71,968 | 71,119 | 70,294 | 69,159 | 69,595 |
| Numer of Delinquent Notices Sent | 8,424 | 8,270 | 7,774 | 7,667 | 7,270 | 7,258 | 7,488 |
| Building Department Indicators | | | | | | | |
| Construction Permits Issued | 234 | 228 | 220 | 205 | 200 | 209 | 156 |
| Estimated Value of Construction | \$13,533,428 | \$13,638,361 | \$12,175,029 | \$30,845,822 | \$19,578,587 | \$12,592,526 | \$18,976,664 |
| Number of permits issued | 883 | 876 | 884 | 919 | 983 | 896 | 660 |
| Amount of Revenue generated from permits | \$336,066 | \$302,931 | \$363,161 | \$563,819 | \$490,748 | \$349,026 | \$311,141 |
| Number of contract registrations issued | 193 | 238 | 244 | 264 | 290 | 383 | 235 |
| Revenue generated from above 1,2,3 | \$5,538 | \$7,425 | \$7,750 | \$8,550 | \$9,375 | \$8,988 | \$10,413 |
| Number of Planning Commission Docket Items | 15 | 23 | 29 | 27 | 23 | 23 | 35 |
| Zoning Board of Appeals Docket Items | 20 | 26 | 29 | 31 | 36 | 29 | 46 |

(Continued)

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Seven Years (1)

| | | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Services Department - Engineering | | | | | | | | |
| | Unit | | | | | | | |
| Total Number of Projects | EA | | 18 | 31 | 18 | 32 | 41 | 30 |
| Total Dollars All Projects | \$ | \$2,828,069 | \$1,266,956 | \$2,858,642 | \$5,125,125 | \$7,785,585 | \$2,846,202 | \$1,924,864 |
| Total Professional Services Support | \$ | \$1,266,667 | \$374,225 | \$794,863 | \$826,852 | \$735,051 | \$2,025,029 | \$550,963 |
| Total Division Operating | \$ | \$37,972 | \$16,461 | \$33,044 | \$23,308 | \$28,881 | \$81,795 | \$30,555 |
| Public Services Department - Central Maintenance | | | | | | | | |
| | Unit | | | | | | | |
| Street Repair (Curbs, aprons, berms, asphalt) | Hr.s | 2,351 | 2,983 | 2,198 | 2,216 | 2,240 | 1,746 | 2,336 |
| Paint Striping | Hr.s | 853 | 858 | 860 | 1,199 | 813 | 1,108 | 1,187 |
| Street Sweeper | Hr.s | 1,128 | 1,059 | 1,145 | 955 | 817 | 1,120 | 1,342 |
| Cold Patch | Hr.s | 1,070 | 333 | 804 | 1,775 | 1,263 | 1,393 | 977 |
| Snow & Ice Removal regular | Hr.s | 1,426 | 1,617 | 667 | 1,014 | 1,062 | 1,455 | 992 |
| Snow & Ice Removal overtime | Hr.s | 3,052 | 2,276 | 611 | 2,103 | 2,380 | 3,084 | 1,829 |
| Sewer and Sanitary calls for service | Ea | 43 | 35 | 36 | 38 | 52 | 49 | 18 |
| After hours Sewer Calls | Hr.s | 67 | 13 | 9 | 4 | 2 | 13 | 3 |
| Sewer Crew | Hr.s | 2,737 | 1,432 | 829 | 843 | 964 | 1,260 | 1,106 |
| Sewer jet, Vac-all, other services | Hr.s | 2,737 | 1,432 | 829 | 843 | 964 | 1,260 | 1,106 |
| Water Distribution Maintenance | Hr.s | 7,234 | 4,955 | 3,989 | 4,661 | 4,868 | 5,013 | 5,663 |
| Number of Water Breaks | Ea | 37 | 33 | 29 | 29 | 19 | 25 | 18 |
| Water Meter Reading | Hr.s | 1,443 | 1,262 | 1,187 | 1,032 | 814 | 761 | 459 |
| Landscaping, Tree Maint.(Stump-Chipper service) | Hr.s | 5,246 | 2,586 | 3,894 | 4,448 | 5,854 | 4,432 | 5,761 |
| Leaf collection | Hr.s | 4,089 | 4,616 | 4,474 | 4,210 | 4,135 | 5,206 | 5,022 |
| Holiday lights setup | Hr.s | 96 | 77 | 110 | 224 | 397 | 320 | 312 |
| Downtown Square events | Hr.s | 430 | 246 | 257 | 253 | 287 | 269 | 343 |
| Equipment repair | Hr.s | 7,291 | 7,539 | 6,921 | 7,736 | 8,180 | 7,465 | 8,082 |
| Sign department | Hr.s | 1,108 | 1,217 | 1,787 | 1,685 | 1,465 | 1,608 | 2,105 |
| Number of Trees Planted per year | Ea | 123 | 99 | 186 | 71 | 95 | 193 | 90 |
| Gallons of Calcium Chloride used (Year Jan-Dec) | Gal.s | 9,440 | 5,300 | 900 | 600 | 15,538 | 13,836 | 1,350 |
| Cost of Calcium Chloride Purchased | \$/Gal. | \$0.959 | \$0.479 | \$0.595 | \$0.545 | \$0.545 | \$0.470 | \$0.359 |
| Tons of snow melting salt used (Year Jan-Dec) | Tons | 8,723 | 5,048 | 1,860 | 4,416 | 4,678 | 6,216 | 4,131 |
| Cost of salt purchased | \$/Ton | \$43.20 | \$37.04 | \$35.52 | \$34.88 | \$34.88 | \$32.83 | \$35.62 |
| Public Services Department - Water Reclamation | | | | | | | | |
| Wastewater rates (per 1st 300 cu. ft.) | \$ | \$11.22 | \$11.22 | \$11.01 | \$10.68 | \$10.68 | \$10.68 | \$10.38 |
| Total yearly flow | MG | 923 | 854 | 920 | 990 | 1,029 | 1,014 | 920 |
| Average daily flow | MGD | 2.53 | 2.34 | 2.51 | 2.70 | 2.82 | 2.78 | 2.51 |
| Sludge removed (dry tons) | \$/Ton | 342 | 340 | 336 | 431 | 572 | 559 | 392 |
| Treatment chemical cost | \$ | \$53,000 | \$52,000 | \$62,500 | \$54,200 | \$44,000 | \$52,100 | \$46,000 |
| Treatment electrical cost | \$ | \$183,859 | \$170,420 | \$163,000 | \$164,000 | \$164,000 | \$164,000 | \$145,000 |

City of Kent, Ohio
Operating Indicators by Function/Program (continued)
Last Seven Years (1)

| | | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|-------------|-------------|-----------|-----------|-------------|-----------|-------------|-----------|
| Public Services Department - Water Treatment Plant | | | | | | | | |
| | Unit | | | | | | | |
| Raw Water from wells | MG | 932.00 | 1,001.53 | 1,015.49 | 1,058.77 | 1,053.20 | 1,100.84 | 1,133.21 |
| Annual pumpage - finished water | MG | 929.00 | 993.85 | 1,005.44 | 1,042.66 | 1,014.52 | 1,009.43 | 1,021.65 |
| Lime | \$/Ton | \$124 | \$124 | \$113 | \$101 | \$84 | \$70 | \$67 |
| Soda ash | \$/Ton | \$281 | \$270 | \$258 | \$193 | \$160 | \$154 | \$155 |
| Chlorine | \$/Ton | \$510 | \$450 | \$540 | \$540 | \$426 | \$420 | \$380 |
| Hydrofluosilicic acid | \$/Ton | \$484 | \$340 | \$309 | \$236 | \$246 | \$252 | \$254 |
| Carbon dioxide | \$/Ton | \$176 | \$176 | \$86 | \$86 | \$86 | \$86 | \$86 |
| Electric (wells, plant, booster stations, tanks) | Ttl. \$ | \$178,266 | \$163,208 | \$135,023 | \$161,554 | \$144,777 | \$129,536 | \$131,481 |
| Lime sludge production plant | CY | 1,986.40 | 1,977.30 | 1,606.80 | 1,566.50 | 1,937.00 | 1,972.10 | 2,345.20 |
| Lime sludge removed from plant and lagoons | CY | 1,986.70 | 3,346.50 | 5,473.80 | 4,763.90 | 4,567.40 | 3,684.00 | 4,245.40 |
| Lime | tons | 639.90 | 700.70 | 751.10 | 772.53 | 808.77 | 812.10 | 800.22 |
| Soda Ash | tons | 288.80 | 284.70 | 268.96 | 321.14 | 290.55 | 189.02 | 190.97 |
| Chlorine | tons | 12.31 | 12.34 | 11.35 | 12.50 | 12.36 | 11.47 | 11.92 |
| Carbon Dioxide | tons | 38.34 | 38.71 | 36.72 | 43.89 | 50.09 | 49.63 | 42.85 |
| Hydrofluosilicic acid | tons | 16.06 | 17.15 | 18.00 | 19.96 | 18.72 | 18.44 | 18.68 |
| Rainfall | inches | 36.38 | 49.51 | 47.88 | 42.52 | 47.81 | 51.53 | 33.34 |
| Police | | | | | | | | |
| Total Calls for Services | | 21,674 | 19,937 | 19,491 | 21,284 | 25,041 | 25,010 | 22,661 |
| Number of traffic citations issued | | 3,669 | 3,380 | 3,071 | 3,817 | 4,878 | 4,470 | 4,687 |
| Number of parking citations issued | | 3,389 | 2,662 | 3,042 | 3,158 | 4,281 | 4,425 | 4,023 |
| Number of criminal arrests | | 2,615 | 2,376 | 2,354 | 1,977 | 2,285 | 2,366 | 2,446 |
| Number of accident reports completed | | 797 | 840 | 885 | 949 | 1,071 | 1,002 | 1,058 |
| Part I Offenses (major offenses) | | 975 | 1,035 | 1,142 | 1,180 | 1,115 | 1,208 | 1,332 |
| Animal Warden service calls | | 551 | 511 | 319 | 495 | 552 | 679 | 529 |
| DUI arrests | | 306 | 253 | 364 | 341 | 436 | 293 | 307 |
| Motor Vehicle Accidents | | 797 | 840 | 885 | 949 | 1,071 | 1,002 | 1,058 |
| Property Damage Accidents | | 441 | 500 | 506 | 539 | 604 | 585 | 611 |
| Fatalities from Motor Vehicle Accidents | | 0 | 0 | 3 | 1 | 3 | 0 | 1 |
| Community Diversion Program Youths | | 70 | 75 | 80 | 85 | 87 | 52 | 62 |
| Fire | | | | | | | | |
| Fire Losses: | | | | | | | | |
| City of Kent | | \$467,350 | \$292,500 | \$444,600 | \$991,885 | \$186,500 | \$420,000 | \$217,075 |
| Kent State University | | \$200,500 | \$0 | \$6,000 | \$871,000 | \$0 | \$0 | \$50 |
| Franklin Township | | \$645,720 | \$167,500 | \$451,600 | \$42,075 | \$541,670 | \$1,000,500 | \$344,000 |
| Other | | \$27,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Fire Losses | | \$1,341,070 | \$460,000 | \$902,200 | \$1,904,960 | \$728,170 | \$1,420,500 | \$561,125 |

City of Kent, Ohio
Operating Indicators by Function/Program (continued)
Last Seven Years (1)

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>Fire - continued</i> | | | | | | | |
| Fire Calls: | | | | | | | |
| City of Kent | 764 | 541 | 555 | 624 | 635 | 628 | 600 |
| Kent State University | 246 | 219 | 213 | 209 | 267 | 211 | 171 |
| Franklin Township | 154 | 142 | 135 | 143 | 164 | 142 | 137 |
| Other | 2 | 70 | 44 | 48 | 68 | 49 | 46 |
| Total Fire Calls | 1,166 | 972 | 947 | 1,024 | 1,134 | 1,030 | 954 |
| Emergency Medical Services Calls: | | | | | | | |
| City of Kent | 2,374 | 2,110 | 2,059 | 1,960 | 1,940 | 1,938 | 1,834 |
| Kent State University | 292 | 308 | 264 | 284 | 315 | 244 | 152 |
| Franklin Township | 411 | 400 | 339 | 372 | 356 | 334 | 291 |
| Other | 5 | 38 | 14 | 50 | 72 | 86 | 131 |
| Total Emergency Medical Services Calls | 3,082 | 2,856 | 2,676 | 2,666 | 2,683 | 2,602 | 2,408 |
| Total Calls for Service (Fire & EMS) | 4,248 | 3,828 | 3,623 | 3,690 | 3,817 | 3,632 | 3,362 |
| <i>Community Development</i> | | | | | | | |
| Grants received due to Community Development Dept. | \$298,370 | \$310,449 | \$510,537 | \$902,271 | \$366,000 | \$934,000 | \$438,000 |
| <i>Health Department</i> | | | | | | | |
| Health Inspections: | | | | | | | |
| Food Service Operations | 1,018 | 939 | 851 | 913 | 1,534 | 1,436 | 1,373 |
| Housing | 1,668 | 1,385 | 1,419 | 1,500 | 1,554 | 1,570 | 1,712 |
| Swimming Pools | 111 | 84 | 94 | 114 | 147 | 138 | 166 |
| Nuisances | 671 | 390 | 466 | 357 | 610 | 548 | 493 |
| All Other | 138 | 110 | 148 | 186 | 254 | 208 | 187 |
| Total Inspections | 3,606 | 2,908 | 2,978 | 3,070 | 4,099 | 3,900 | 3,931 |
| Permits & Licenses Issued: | | | | | | | |
| Food Establishment Licenses | 215 | 209 | 216 | 207 | 236 | 217 | 220 |
| Housing Licenses | 550 | 552 | 552 | 605 | 552 | 534 | 548 |
| All Other Licenses | 61 | 65 | 114 | 13 | 80 | 58 | 55 |
| Total Permits & Licenses | 826 | 826 | 882 | 825 | 868 | 809 | 823 |
| Child Immunizations | 195 | 112 | 89 | 75 | 106 | 172 | 81 |
| Birth and Death Certificates Issued (Original & Copies) | 3,047 | 3,080 | 3,048 | 3,219 | 3,220 | 3,060 | N/A |

(Continued)

City of Kent, Ohio
Operating Indicators by Function/Program (continued)
Last Seven Years (1)

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Recreation | | | | | | | |
| Program Revenue: | | | | | | | |
| Adult Leagues and Programs | N/A | \$32,151 | \$39,747 | \$38,192 | \$36,989 | \$37,252 | \$35,569 |
| Youth Leagues and Programs | N/A | 77,612 | 77,267 | 76,989 | 57,069 | 40,051 | 23,486 |
| Camps and Lessons | N/A | 48,537 | 74,042 | 51,863 | 62,886 | 50,733 | 46,586 |
| Preschool Programs | N/A | 23,916 | 19,825 | 17,061 | 18,239 | 13,998 | 15,340 |
| KABC Leagues | N/A | 31,101 | 31,894 | 34,447 | 36,721 | 35,114 | 33,795 |
| Special Events/Other | N/A | 49,709 | 13,733 | 17,274 | 15,512 | 13,315 | 20,840 |
| Non-Resident Fees | N/A | 13,464 | 10,144 | 10,140 | 9,715 | 9,573 | 11,124 |
| After School and Summer Programs | N/A | 210,688 | 147,148 | 129,559 | 82,202 | 26,518 | 0 |
| Total Program Revenue | \$0 | \$487,178 | \$413,800 | \$375,525 | \$319,333 | \$226,554 | \$186,740 |
| Number of Participants: | | | | | | | |
| KABC (5-18 years old) | N/A | 503 | 517 | 520 | new program | new program | new program |
| Fall Soccer (4-12 years old) | N/A | 353 | 388 | 320 | 325 | 350 | 300 |
| Spring Soccer (4-12 years old) | N/A | 484 | 426 | 455 | 545 | 422 | 350 |
| School Age Child Care (6-12 years old) | N/A | 120 | 110 | 70 | 50 | 40 | N/A |
| Flag Football (6-12 years old) | N/A | 91 | 81 | 85 | 85 | 80 | 40 |
| Basketball | N/A | 330 | 332 | 334 | 350 | 360 | 300 |
| Lacrosse | N/A | 62 | 52 | 59 | 50 | new program | new program |
| Volleyball | N/A | 42 | 46 | N/A | N/A | N/A | N/A |
| Wrestling | N/A | 30 | 30 | N/A | N/A | N/A | N/A |
| Karate | N/A | 30 | 30 | N/A | N/A | N/A | N/A |
| Sports Camps | N/A | 384 | 353 | N/A | N/A | N/A | N/A |
| Preschool Kinderbound | N/A | 21 | 18 | N/A | N/A | N/A | N/A |
| Preschool Tiny Tots | N/A | 15 | 15 | N/A | N/A | N/A | N/A |
| Summer Day Camps - All | N/A | 1,230 | 1,140 | N/A | N/A | N/A | N/A |

(1) Information for 2008 and prior to 2002 is not available
Source: City Departments



Mary Taylor, CPA
Auditor of State

CITY OF KENT
PORTAGE 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
OCTOBER 13, 2009