



**Auditor of State  
Betty Montgomery**



THE CITY OF KENT  
PORTAGE COUNTY

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CITY OF KENT  
PORTAGE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2002

FEDERAL GRANTOR/PASS-THROUGH/ PROGRAM TITLE	Federal CFDA Number	Individual Grant Number	Program or Award Amount	Receipts Recognized	Program Income	Direct Program Expenditures
<b>U.S. Department of Housing and Urban Development</b>						
Direct Programs:						
Community Development Block Grant - Entitlement	14.218	B-99-MC-39-0026	\$ 435,000	\$ 360,143	\$ 0	70,000
Community Development Block Grant - Entitlement	14.218	B-00-MC-39-0026	432,000	174,266	0	148,039
Community Development Block Grant - Entitlement	14.218	B-01-MC-39-0026	443,000	0	0	147,099
Community Development Block Grant - Entitlement	14.218	B-02-MC-39-0026	438,000	0	0	169,227
Community Housing Improvement Prog. - Entitlement	14.239	A-C-01-136-2	500,000	316,850	0	316,850
<b>Total U.S. Department of Housing and Urban Development</b>				<u>851,259</u>	<u>0</u>	<u>851,215</u>
<b>U.S. Department of Justice</b>						
Direct Programs:						
Local Law Enforcement Block Grant	16.592	00-LB-BX-3130	25,983	7,341	721	8,062 *
Local Law Enforcement Block Grant	16.592	01-LB-BX-3931	23,398	17,317	0	17,326
Local Law Enforcement Block Grant	16.592	02-LB-BX-2726	17,065	0	0	0
<b>Total U.S. Department of Justice</b>				<u>24,658</u>	<u>721</u>	<u>25,388</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 875,917</u>	<u>\$ 721</u>	<u>\$ 876,603</u>

\* Includes \$721 of program income.

See accompanying notes to the Schedule of Expenditures of Federal Awards

**CITY OF KENT  
PORTAGE COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2002**

**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 general purpose financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the 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 programs' federal financial reports. The following is a reconciliation by grant from the cash basis to the accrual basis at December 31, 2002.

	<u>Receipt Recognized</u>	<u>Direct Program Expenditures</u>
<b><u>Department of HUD</u></b>		
Cash Basis	\$ 861,510	890,945
Accrual Adjustment	<u>(10,251)</u>	<u>(39,730)</u>
Department of HUD - Accrual Basis	<u>\$ 851,259</u>	<u>851,215</u>
<b><u>Department of Justice</u></b>		
Cash Basis	\$ 17,065	23,982
Accrual Adjustment	<u>7,593</u>	<u>1,406</u>
Department of Justice - Accrual Basis	<u>\$ 24,658</u>	<u>25,388</u>

**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, 2002 was \$542,111. The program income represents interest revenue earned from the revolving loans and bank accounts and repayment of loans. These amounts, identified below, were subject to Single Audit procedures. The program income from Local Law Enforcement of \$721 is related to a direct program and is not included in the program income identified below.

<u>Description</u>	<u>Program Income</u>
Revolving Loan Interest Earnings - EDA	\$ 12,657
Revolving Loan Interest Earnings - UDAG	5,832
Rehabilitation Loan Repayment - CDBG	35,899
Interest Income from Bank Accounts - UDAG	2,220
Community Development Block Grant - Program Income	36,643
Continuing Housing Impact Program - Program Income	<u>95,156</u>
Total Program Income	<u>\$ 188,407</u>



**Auditor of State  
Betty Montgomery**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Kent  
Portage County  
325 South Depeyster Street  
Kent, Ohio 44240

To the City Council:

We have audited the general purpose financial statements of the City of Kent, Portage County as of and for the year ended December 31, 2002, and have issued our report thereon dated June 16, 2003. 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.

**Compliance**

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 16, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 16, 2003.

This report is intended for the information and use of the, management, members of City Council, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 16, 2003





## Auditor of State Betty Montgomery

### REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City of Kent  
Portage County  
325 South Depeyster Street  
Kent, Ohio 44240

To the City Council:

#### Compliance

We have audited the compliance of the City of Kent, Portage County 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, 2002's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City of Kent'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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City'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 on the City's compliance with those requirements.

In our opinion, the City of Kent 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, 2002. The management of the City of Kent 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's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

### **Internal Control Over Compliance**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Federal Awards Expenditures**

We have audited the general-purpose financial statements of the City of Kent as of and for the year ended December 31, 2002, and have issued our report thereon dated June 16, 2003. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information and use of the, management, members of City Council, 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.



**Betty Montgomery**  
Auditor of State

June 16, 2003

CITY OF KENT  
PORTAGE COUNTY  
DECEMBER 31, 2002

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 §.505

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Community Development Block Grant Entitlement (CFDA # 14.218) and Community Housing Improvement Program Entitlement (CFDA # 14.239)
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes



# CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2002

Issued by The Department of Budget and Finance

BARBARA A. RISSLAND  
*Director of Budget and Finance*



CITY OF KENT

Comprehensive Annual Financial Report  
December 31, 2002

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# CITY OF KENT, OHIO

## OFFICE OF THE CITY MANAGER

June 16, 2003

Dear Mayor, Councilmembers and Citizens of Kent:

The City of Kent Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002, is presented to you in conformity with generally accepted accounting principles and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

We are proud of the fact that the City of Kent has received the GFOA Certificate of Achievement for Excellence in Financial Reporting for calendar years 1987 through 2001. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment. We believe that this year's report, our sixteenth for the Certificate of Achievement for Excellence in Financial Reporting, is also in conformance with the reporting standards required for receiving the award.

The financial statements contained in this report have been examined by Ohio Auditor of State, Betty Montgomery, and have received an unqualified opinion regarding adherence to generally accepted accounting principles (GAAP).

The level of services provided by the City continues to increase. The provision of these services with a strong fiscal support system is a mark of distinction. We are committed to maintain Kent's outstanding municipal operation, and pledge our continued efforts to provide quality services through the efficient use of tax dollars.

Finally, I wish to thank Director of Budget and Finance, Barbara A. Rissland, and her staff for their efforts in the preparation of this Comprehensive Annual Financial Report.

Sincerely,

Lewis J. Steinbrecher  
City Manager

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# CITY OF KENT, OHIO

## DEPARTMENT OF BUDGET AND FINANCE

June 16, 2003

City Manager Lewis J. Steinbrecher  
Kent, Ohio 44240

Dear City Manager:

The Comprehensive Annual Financial Report of the City of Kent, Ohio for the fiscal year ended December 31, 2002, is herein submitted. The City of Kent ("the City") and in particular, the Department of Budget and Finance, is responsible for the accuracy of the information contained in this report and we believe it is presented in a fair and complete manner. This report is intended to enable the reader to gain a thorough understanding of the financial affairs and operation of the City of Kent government.

The Comprehensive Annual Financial Report of the City of Kent, Ohio, is divided into three sections: 1) introductory, 2) financial, and 3) statistical. The introductory section contains this transmittal letter, the City of Kent organization chart and a list of principal officials. The Financial Section includes the opinion of the City's independent auditor, the general purpose financial statements and the accompanying notes to the combined financial statements, the Combining Financial Statements by fund type, and other schedules which provide detailed information for the 2002 fiscal year. The Statistical Section provides selected financial, economic, and demographic information about the City for the last ten years or other specified period.

### **THE REPORTING ENTITY**

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. 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.

## ECONOMIC CONDITIONS

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 23,500 students at the main campus in the City. The City covers an area of approximately 9.21 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.

Kent State University, the third largest of Ohio's thirteen state-assisted universities, was founded in 1910. The university offers nine different baccalaureate degrees in 255 major fields of study. The number of students enrolled at Kent State University (main campus only) is reflected in the following table.

Kent State University Enrollment

<u>Year</u>	<u>Average Enrollment</u>	<u>Percent Change from Previous Year</u>
2002	23,500	2.9%
2001	22,828	4.2%
2000	21,900	1.1%
1999	21,652	3.4%
1998	20,947	1.0%

In the statistical section, the table entitled "Principal Employers - By Municipal Income Tax Withheld" shows that Kent State University alone accounts for 32.81 percent of total municipal income tax revenues. Based on Kent State University's plans for the future, enrollment at the University is anticipated to increase slightly. The University has an aggressive capital improvement plan. During 2002, work continued on a five year, \$165 million project consisting of construction and renovation of the residence halls.

During the year, construction within the City continued at high levels. Permits issued for commercial/industrial new construction and alterations show an estimated value of \$5.7 million. Three new residential subdivisions were under construction. These subdivisions consist of upscale condominiums and single family houses with values ranging from \$150,000 to \$250,000. Building permits issued indicate a total value of \$14.1 million for residential new construction and renovations.

The City continues to work with Kent State University in a spirit of cooperation in order to enhance the quality of life for Kent residents as well as for the students attending the university. This cooperation is evidenced by discussions relating to a multi-modal parking facility to serve both campus and the downtown, as well as a joint traffic study to evaluate traffic congestion on streets interconnecting the community with the campus. The expansion of the Liquid Crystal Institute at the university continues to present opportunities for both existing businesses and new businesses that would be induced by the technology being developed by the university to locate within the City. Kent State University and the City continue to work on an implementation strategy for the development of a business technology center. Finally, Kent State facilitated the annexation of 263 acres of primarily university land into the City of Kent. The annexed property contains several university facilities, and the jobs located at these facilities will enhance the City's income tax base.

The City is also working in conjunction with Brimfield and Franklin Townships to coordinate both land use and economic development.

The combined effects of continued development of upscale residential housing, coupled with the stability of Kent State University, are just a few indicators that the City's future economic outlook is bright. It is anticipated that the City will continue to pursue a balanced and manageable approach to growth that will serve to enhance the current sound financial position of the City. The administration continues to evaluate municipal operations in an effort to improve overall service delivery in a cost-efficient manner. Redevelopment of previously neglected sections of the downtown area also points to a new surge of investment into these areas.

### **MAJOR INITIATIVES, SIGNIFICANT EVENTS AND ACCOMPLISHMENTS IN 2002**

During 2002, 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 needs of the community in future years. This comprehensive capital plan will help the City provide for the orderly replacement and development of public facilities and infrastructure as evidenced by the construction in 2002 of the \$4.3 million renovation and expansion of the main fire station.

The storm water drainage utility that was implemented in 2001 completed its first full year of operations with revenues exceeding \$500,000. This utility is a revenue enhancement that will enable the City to expand the capital program without overextending the City's financial capacity.

The City's redevelopment efforts continue to show results with the completion of the renovation of a vacant building in the West River Neighborhood into medical office space. As anticipated, this project has stimulated additional redevelopment in this area. Plans were approved for the renovation of an adjacent vacant building into a professional office complex.

During 2002, the City also initiated a unique, community-wide comprehensive planning process that incorporates sustainability principles to balance economic growth with the preservation of limited environmental resources and the sensitivity to historic properties. This is a pilot project in the State of Ohio and represents an uncommon collaborative effort with the City receiving technical support from Kent State University and Ohio State University.

### **CITY SERVICES**

The City provides a full range of basic services, which are summarized below:

#### **Public Service**

Street Maintenance  
Water Production and Distribution  
Wastewater Recovery and Processing  
Engineering  
Curbside Recycling  
Shade Tree Maintenance  
Storm Water Drainage

## **Health**

Health Inspection and Licensing  
Environmental Services

## **Police**

Patrol  
Criminal Investigation  
Police Support Services  
Neighborhood Watch and Policing  
Juvenile Counseling  
Emergency Dispatch  
Records  
Community Policing Initiatives  
Bike Patrol  
Parking and Animal Control  
Jail

## **Budget and Finance**

General Accounting  
Utility Billing  
Income Tax Administration and Collection  
Payroll Processing

## **Community Development**

Zoning Administration and Enforcement  
Grant Administration  
Economic Development Activities  
Building Inspection and Enforcement  
Community Planning

## **Fire**

Fire Suppression  
Emergency Medical Assistance and Advanced Life Support  
Fire Prevention  
Hazardous Material Inspection  
Technical Rescue  
Confined Space

## **Parks and Recreation**

Parks Development Administration  
Recreation Programs and Activities



## **ACCOUNTING CONTROLS AND POLICIES**

The City of Kent reports on a modified accrual basis of accounting, which conforms to generally accepted accounting principles (GAAP), as applicable to local government. Under these principles, the governmental and fiduciary fund types are accounted for on the modified accrual basis of accounting. Governmental revenues are recognized when they become measurable and available to finance expenditures of the current period. Revenue items, which are recognized before the related cash is received and are recorded as receivables, include income taxes arising from payroll tax withholding during the year, investment income and reimbursable grants. Expenditures are recognized when the related fund liability is incurred, with the exception of accumulated unpaid employee compensation which is not payable from expendable financial resources. Proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary funds' unbilled services are recognized as revenue receivable in the period when the service is provided.

In developing and evaluating the City of Kent's accounting system, consideration is given to the adequacy of internal control structure. The internal control structure is designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. 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.

All internal control evaluations occur within the above framework. We believe that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

## **BUDGETARY CONTROLS AND POLICIES**

The City maintains its legal level of budgetary control at the fund level. Management control, however, is exercised at the department levels. 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.

## **FUND AND ACCOUNT GROUP STRUCTURE**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operation of the funds is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and, as applicable, expenditures and expenses. The individual funds account for the governmental

resources allocated to them for the purpose of carrying on specific activities in accordance with special regulations, restrictions or limitations. The funds used by the City are grouped into three broad fund types and seven generic funds as follows:

### **Governmental Funds**

General Fund - To account for all financial resources except those required to be accounted for in a separate fund.

Special Revenue Funds - To account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - To account for the accumulation of resources for, and the payment of, general long-term debt and special assessment bond retirement principal and interest.

Capital Projects Fund - To account for financial resources to be used for the acquisition or construction of major capital facilities, except for those financed by Proprietary Funds.

### **Proprietary Funds**

Enterprise Funds - To account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund - To account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units, on a cost reimbursement basis.

### **Fiduciary Funds**

Agency Fund - To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

In addition to the seven generic funds described above, the City uses account groups to establish accounting control and accountability for the City's general fixed assets and general long-term capital debt. A description of the two account groups follows:

### **Account Groups**

General Fixed Assets Account Group - To account for all fixed assets of the City, except those accounted for in the Proprietary Funds.

General Long-Term Debt Account Group - To account for all long-term obligations of the City, except for those accounted for in the Proprietary Funds.

## GENERAL GOVERNMENT FUNCTIONS

Municipal activities and services are accounted for in the General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Fund. The following schedule provides a summary of general government funds' revenue for the fiscal year ended December 31, 2002. Major revenue categories are shown and a discussion of material differences from 2001 to 2002.

### ALL GOVERNMENTAL FUNDS Comparison of Revenues - 2002 - 2001

	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2001</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
Revenues:				
Taxes	\$ 12,335,994	63.71	\$ 299,763	2.49
Fees, licenses and permits	293,606	1.52	(6,946)	(2.31)
Intergovernmental	4,457,224	23.02	785,552	21.39
Charges for services	849,472	4.39	93,563	12.38
Fines and forfeits	339,937	1.75	(12,382)	(3.51)
Special assessments	166,417	0.86	(43,068)	(20.56)
Interest	432,931	2.24	(498,989)	(53.54)
Miscellaneous	<u>485,468</u>	<u>2.51</u>	<u>139,973</u>	40.51
Total revenues	<u>\$ 19,361,049</u>	<u>100.00</u>	<u>\$ 757,466</u>	

An increase in income tax collections of \$239,768 accounts for the majority of the increase in taxes.

Intergovernmental revenue increased primarily due to an increase in estate taxes of \$686,603, coupled with an increase in grant activity. These increases were partially offset by a decrease of \$88,428 in state-levied locally shared revenues.

In 2002, the City contracted ambulance collections to an outside service agency due to changing health insurance and Medicare requirements. This change contributed to an increase in collections of \$72,000 for ambulance service charges.

The decrease of special assessments in 2002 is primarily due to the receipt of a \$30,000 lump sum payment in 2001 related to the Marvin Street project.

The substantial decrease in interest earnings is reflective of the interest rate reductions of the past year.

The sale of City land for \$125,000 accounts for the majority of the increase in miscellaneous revenues.

The following schedule provides a summary of general government funds' expenditures for the year ended December 31, 2002. As with the revenue schedule above, a discussion of material differences from 2001 to 2002 is included.

ALL GOVERNMENTAL FUNDS

Comparison of Expenditures - 2002 - 2001

	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2001</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
Expenditures:				
Current:				
Security of persons and property	\$ 7,801,668	38.62	\$ 473,531	6.46
Public health and welfare	517,827	2.56	51,649	11.08
Leisure time activities	955,279	4.73	92,053	10.66
Community development	2,102,383	10.41	3,769	0.18
Transportation	1,365,439	6.76	114,281	9.13
General government	2,616,445	12.95	(264,330)	(9.18)
Capital outlays	4,382,589	21.69	1,547,389	54.58
Debt service:				
Principal retirements	170,947	0.85	(6,000)	(3.39)
Interest and fiscal charges	289,869	1.43	(41,631)	(12.56)
Total expenditures	<u>\$ 20,202,446</u>	<u>100.00</u>	<u>\$ 1,970,711</u>	

Contractual increases in wages, coupled with increased health care costs, accounted for the majority of the increase in security of persons and property. Also, a reallocation of communication expenditures based on an upgraded and expanded system contribute to the increase.

The increase in leisure time activity expenditures is attributable to increased participation in recreation programs.

Transportation expenditures increased due to a severe winter and a corresponding increase in the purchase of road salt and use of overtime.

The decrease in general government expenditures is primarily due to the elimination of two positions and temporary vacancies in authorized positions. Decreases in professional services related to new subdivision inspections and annexation activities also contributed to the decrease in general government expenditures. Finally, the reallocation of communication expenditures based on an upgraded and expanded system reduced the expenditures in general government.

Activity related to the construction and renovation of the main fire station accounts for the increase in capital outlays.

Interest and fiscal charges decreased in 2002 due to a reduction in the interest rate on the note issued for construction and renovation of the main fire station.

## **PROPRIETARY OPERATIONS**

Certain activities of the City are accounted for in Enterprise Funds and the Internal Service Fund.

Enterprise Funds - The City's Enterprise Funds are the Solid Waste, Storm Water Drainage, Sewer and Water Funds.

The City of Kent operates both a Water and a Wastewater Treatment Plant. Having a capacity of six million gallons per day, the Water Plant's source is a series of wells. The Wastewater Plant has an average capacity of five million gallons per day, with a peak load of ten million gallons per day.

Total water and sewer system operating revenues in 2002 increased \$191,496 or 2.9 percent as compared to 2001. Most of this increase is attributable to 2002 rate increases and increased consumption. The increase in charges for services is partially offset by a reduction in other revenue that is the result of an operating grant received in 2001. Operating expenses increased by 3.5 percent in 2002. Contractual increases in personal services, coupled with increased health care costs, accounted for most of the increase.

The Solid Waste Fund includes a curbside recycling program which provides for the collection of glass, cans, paper, cardboard, plastic, magazines and phone books. A recycling program is also provided for multi-family and apartment units as well as commercial customers. Another significant program area included in this fund is a compost site. Operating results for the Solid Waste Fund reflect a rate increase that was implemented in 2002, as well as costs related to the reinstatement of a curbside spring clean-up program.

The Storm Water Drainage Fund was established to account for storm water drainage services provided to the residential and commercial users of the City. A charge for Storm Water Drainage was implemented in 2001 and 2002 is the first full year of collections, which explains the significant increase in revenues. Operating expenses decreased in 2002 due to a reduction in professional services related to the rate determination for this utility.

Internal Service Fund - The City's Internal Service Fund is the Health and Life Insurance Fund.

The City of Kent operates the Health and Life Insurance Fund to account for health and life insurance premiums and claims for employees of the City. This fund bills the various departments for the services it renders.

## **FIDUCIARY OPERATIONS**

The City maintains an Agency Fund to account for assets received and held by the City acting in the capacity of an agent or custodian.

Agency Fund - The Trust and Agency Escrow Fund accounts for the funds held by the City and received from a contractor, developer or individual to ensure compliance with the ordinances of the City of Kent.

## **GENERAL FIXED ASSETS**

The General Fixed Assets Account Group of the City includes all city-owned land, buildings, improvements and equipment used in the performance of general governmental functions. The General Fixed Assets Account Group excludes the fixed assets of the Proprietary Funds. Infrastructure assets, such as roads, curbs and sidewalks, are not included in the fixed assets of the General Fixed Asset Account Group. As of December 31, 2002, the net general fixed assets of the City amounted to \$12,930,168. This amount represents the historical cost or estimated historical cost, if actual historical cost is not available, net of accumulated depreciation, and is less than their market value. Depreciation of general fixed assets is recorded in the General Fixed Asset Account Group.

## **LONG-TERM OBLIGATIONS**

At December 31, 2002, the City's outstanding long-term obligations including rates of interest ranges were as follows:

General Obligation Bonded Debt (4.10% to 5.20%)	\$2,590,000
Special Assessment Bonded Debt (5.50% to 7.80%)	664,000
Ohio Public Works Commission loan (0.00%)	485,602
Accrued Wages and Benefits	2,179,767

The City's bond rating is currently Aa3.

## **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.

## **CASH MANAGEMENT**

The City's investment policy is to ensure safety of principal while maintaining a competitive yield on its monies. The Director of Budget and Finance is authorized by 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 five percent. 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 2002 was \$621,195.

## **INDEPENDENT AUDIT**

The financial records, books of accounts and transactions of the City of Kent, Ohio, for the year ended December 31, 2002, have been audited by Ohio Auditor of State, Betty Montgomery. 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.

## **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (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, 2001.

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.

## **ACKNOWLEDGEMENTS**

Special recognition for the preparation of this report is made to the Department of Budget and Finance staff for their many hours of dedicated effort. In addition, gratitude is extended to Ohio Auditor of State, Betty Montgomery, and her staff for their advice, guidance and patience. Finally, a special acknowledgment is given to the City Council and City Manager for their continuing support and commitment to responsible fiscal reporting.

Respectfully submitted,



Barbara A. Rissland  
Director of Budget and Finance

# 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, 2001

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 – 2002

MAYOR/COUNCIL PRESIDENT	John H. Fender
COUNCILMEMBER AT LARGE	Michael A. DeLeone
COUNCILMEMBER AT LARGE	Richard L. Hawksley
COUNCILMEMBER AT LARGE	William J. Schultz

CITY COUNCILMEMBERS BY WARDS:

WARD 1	Garret M. Ferrara
WARD 2	Ronald F. Heineking
WARD 3	Wayne A. Wilson *
WARD 4	Robert O. Felton
WARD 5	Kathleen M. Guckelberger
WARD 6	Carol E. Neff

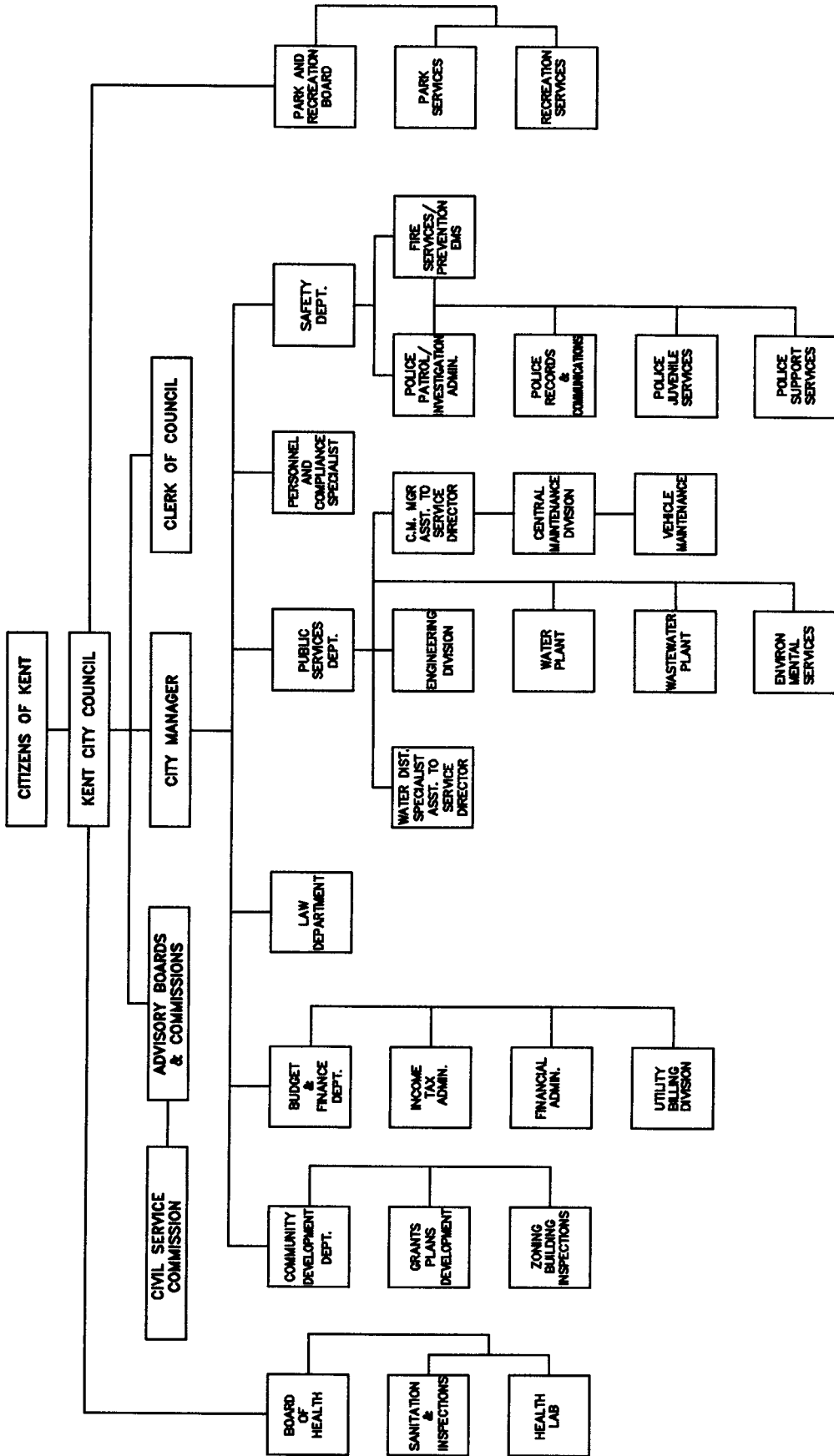
\* Wayne A. Wilson served as President Pro-tem from January 1, 2002, to December 31, 2002.

## CITY OF KENT, OHIO

### APPOINTED OFFICIALS - 2002

OFFICE OF CITY MANAGER City Manager	Lewis J. Steinbrecher
OFFICE OF COUNCIL Clerk of Council	Linda M. Copley
DEPARTMENT OF LAW Law Director	James R. Silver
DEPARTMENT OF PUBLIC SERVICES Service Director Acting City Engineer Water/Sewer Plant Supervisor Central Maintenance Manager	David J. Merleno Rhonda E. Boyd Robert W. Brown Jack E. Hogue
DEPARTMENT OF BUDGET AND FINANCE Director of Budget and Finance Controller Income Tax Commissioner Systems Analyst	Barbara A. Rissland Vjekoslav J. Nogalo Robert F. Gillian John R. Tryon
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	Charles V. Bowman
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 Craig E. McClintock Nancy R. Rice

# CITY OF KENT, OHIO ORGANIZATIONAL CHART



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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

City of Kent  
Portage County  
325 South Depeyster Street  
Kent, Ohio 44240

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Kent, Portage County, (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose 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 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Kent, Portage County, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

**Betty Montgomery**  
Auditor of State

June 16, 2003

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

CITY OF KENT, OHIO  
 Combined Balance Sheet - All Fund Types and Account Groups  
 December 31, 2002

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Type Agency	Account Groups		Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise		Internal Service	General		Long-Term Debt
								Fixed Assets		
Assets and Other Debits										
Cash and cash equivalents (note 2)	\$ 8,476,358	5,613,260	40,116	3,074,278	7,807,835	42,383	-	-	25,426,531	
Receivables										
Property taxes	1,352,656	1,359,211	-	-	-	-	-	-	2,711,867	
Income taxes	-	1,434,510	-	-	-	-	-	-	1,434,510	
Lodging taxes	50,306	-	-	-	-	-	-	-	50,306	
Accounts	-	-	-	1,253,274	-	-	-	-	1,253,274	
Special assessments	-	1,216,993	1,063,392	117,520	573,647	-	-	-	2,971,552	
Interest	47,663	1,519	-	-	22,579	-	-	-	71,761	
Loans	-	542,111	-	-	-	-	-	-	542,111	
Other	155,396	16,099	-	68,134	-	-	-	-	239,629	
Less allowance for doubtful accounts	-	-	-	-	(171,709)	-	-	-	(171,709)	
Receivables, net	1,606,021	4,570,443	1,063,392	185,654	1,677,791	-	-	-	9,103,301	
Due from other funds (note 4)	351,466	2,247,080	-	-	-	-	-	-	2,598,546	
Due from other governments	1,183,522	491,771	-	-	516,325	-	-	-	2,191,618	
Inventories	16,346	130,637	-	-	25,765	-	-	-	172,748	
Prepaid items	52,815	13,846	-	-	18,546	450	-	-	85,657	
Deferred amount on bond refunding (note 7)	-	-	-	-	113,084	-	-	-	113,084	
Restricted cash and cash equivalents (note 2)	500	134,274	50	-	425	-	-	-	135,249	
Other assets - cash surrender value of life insurance policies	-	-	-	-	-	901,588	-	-	901,588	
Fixed assets in service (note 3)										
Land	-	-	-	-	1,640,812	-	2,674,859	-	4,315,671	
Buildings, structures and improvements	-	-	-	-	41,952,893	-	6,695,908	-	48,648,801	
Machinery and equipment	-	-	-	-	8,896,929	-	7,234,502	-	16,131,431	
Less accumulated depreciation	-	-	-	-	(19,232,530)	-	(7,583,286)	-	(26,815,816)	
Fixed assets in service, net	-	-	-	-	33,258,104	-	9,021,983	-	42,280,087	
Construction in progress	-	-	-	-	3,138,695	-	3,908,185	-	7,046,880	
Other debits										
Amount available for retirement of general long-term obligations - debt	-	-	-	-	-	-	-	40,116	40,116	
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	-	-	-	
Debt	-	-	-	-	-	-	-	-	3,213,884	
Other obligations	-	-	-	-	-	-	-	-	2,665,369	
Total assets and other debits	\$ 11,687,028	13,201,311	1,103,558	3,259,932	46,556,570	944,421	12,930,168	5,919,369	95,974,658	

CITY OF KENT, OHIO

Combined Balance Sheet - All Fund Types and Account Groups - Continued

Liabilities	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Type		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets	Long-Term Debt	Total	
Accounts payable	\$ 211,795	117,897	-	15,368	258,587	34,908	372,301	-	-	-	1,010,856
Claims payable (note 17)	-	-	-	-	-	157,524	-	-	-	-	157,524
Capital contracts payable (note 11)	-	-	-	173,351	772,002	-	-	-	-	-	945,353
Due to other funds (note 4)	-	200,000	-	-	2,398,546	-	-	-	-	-	2,598,546
Accrued wages and benefits (notes 5, 6 and 7)	419,842	656,694	-	-	914,662	-	-	-	2,179,767	-	4,170,965
Deferred revenue	2,115,148	3,379,053	1,063,392	117,520	-	-	-	-	-	-	6,675,113
Payable from restricted assets	-	14,274	50	-	425	-	-	-	-	-	14,749
Debt (note 7)	-	-	-	-	-	-	-	-	-	485,602	485,602
Ohio Public Works Commission loan	-	-	-	-	-	-	-	-	-	-	8,135,000
Notes payable	-	-	-	4,740,000	3,395,000	-	-	-	-	-	2,590,000
General obligation bonds payable	-	-	-	-	-	-	-	-	-	-	2,590,000
Special assessment bonds payable with governmental commitment	-	-	-	-	-	-	-	-	-	664,000	664,000
Total debt	-	-	-	4,740,000	3,395,000	-	-	-	-	3,739,602	11,874,602
Total liabilities	2,746,785	4,367,918	1,063,442	5,046,239	7,739,222	192,432	372,301	-	-	5,919,369	27,447,708
Equity and Other Credits											
Investment in general fixed assets	-	-	-	-	-	-	-	12,930,168	-	-	12,930,168
Contributed capital (note 13)	-	-	-	-	12,279,290	-	-	-	-	-	12,279,290
Retained earnings - unreserved	-	-	-	-	26,538,058	751,989	-	-	-	-	27,290,047
Fund balance	-	542,111	-	-	-	-	-	-	-	-	542,111
Reserved for loans receivable	-	-	-	-	-	-	-	-	-	-	40,116
Reserved for debt service	-	-	40,116	-	-	-	-	-	-	-	40,116
Reserved for inventories	16,346	130,637	-	-	-	-	-	-	-	-	146,983
Reserved for prepaid items	52,815	13,846	-	-	-	-	-	-	-	-	66,661
Reserved for encumbrances	985,764	703,370	-	3,596,495	-	-	-	-	-	-	5,285,629
Unreserved	-	-	-	-	-	-	-	-	-	-	-
Designated for public facilities and programs	-	1,698,184	-	-	-	-	-	-	-	-	1,698,184
Undesignated	7,885,318	5,745,245	-	(5,382,802)	-	-	-	-	-	-	8,247,761
Total equity and other credits	8,940,243	8,833,393	40,116	(1,786,307)	38,817,348	751,989	-	12,930,168	-	-	68,526,950
Total liabilities, equity and other credits	\$ 11,687,028	13,201,311	1,103,558	3,259,932	46,556,570	944,421	372,301	12,930,168	5,919,369	-	95,974,658

See accompanying notes to combined financial statements.

CITY OF KENT, OHIO

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -  
All Governmental Fund types  
Year ended December 31, 2002

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
<b>Revenues</b>					
Taxes	\$ 1,482,964	10,853,030	-	-	12,335,994
Fees, licenses and permits	179,830	113,776	-	-	293,606
Intergovernmental	2,856,694	1,600,530	-	-	4,457,224
Charges for services	645,598	203,874	-	-	849,472
Fines and forfeits	330,156	9,781	-	-	339,937
Special assessments	-	76,969	83,015	6,433	166,417
Interest	341,371	91,413	-	147	432,931
Miscellaneous	97,602	301,876	-	85,990	485,468
<b>Total revenues</b>	<b>5,934,215</b>	<b>13,251,249</b>	<b>83,015</b>	<b>92,570</b>	<b>19,361,049</b>
<b>Expenditures</b>					
<b>Current</b>					
Security of persons and property	2,612,425	5,189,243	-	-	7,801,668
Public health and welfare	395,378	122,449	-	-	517,827
Leisure time activities	-	955,279	-	-	955,279
Community development	1,161,935	940,448	-	-	2,102,383
Transportation	-	1,365,439	-	-	1,365,439
General government	1,832,119	559,563	3,193	221,570	2,616,445
Capital outlays	470,959	276,944	-	3,634,686	4,382,589
Debt service (note 7)	-	-	170,947	-	170,947
Principal retirements	-	-	173,980	115,889	289,869
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>6,472,816</b>	<b>9,409,365</b>	<b>348,120</b>	<b>3,972,145</b>	<b>20,202,446</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(538,601)</b>	<b>3,841,884</b>	<b>(265,105)</b>	<b>(3,879,575)</b>	<b>(841,397)</b>
<b>Other financing sources (uses)</b>					
Premium on sale of notes	-	-	-	9,433	9,433
Operating transfers-in	1,750,000	5,130,179	260,517	1,500,000	8,640,696
Operating transfers-out	-	(8,640,696)	-	-	(8,640,696)
<b>Net other financing sources (uses)</b>	<b>1,750,000</b>	<b>(3,510,517)</b>	<b>260,517</b>	<b>1,509,433</b>	<b>9,433</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>1,211,399</b>	<b>331,367</b>	<b>(4,588)</b>	<b>(2,370,142)</b>	<b>(831,964)</b>
Fund balance - January 1	7,728,844	8,502,026	44,704	583,835	16,859,409
Fund balance - December 31	\$ 8,940,243	8,833,393	40,116	(1,786,307)	16,027,445

See accompanying notes to combined financial statements.



CITY OF KENT, OHIO

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Non-GAAP Budgetary Basis)  
All Governmental Fund Types

Year Ended December 31, 2002

	General Fund			Special Revenue Funds			Debt/Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>									
Taxes	1,482,020	1,487,370	5,350	10,734,105	11,004,544	270,439	-	-	-
Fees, licenses and permits	138,400	183,020	44,620	90,000	113,776	23,776	-	-	-
Intergovernmental	2,721,337	2,743,419	22,082	1,567,443	1,612,850	45,407	-	-	-
Charges for services	578,000	627,579	49,579	200,675	208,597	7,922	-	-	-
Fines and forfeits	325,000	328,029	3,029	8,900	9,452	552	-	-	-
Special assessments	-	-	-	67,000	76,969	9,969	83,000	83,015	15
Interest	438,000	439,524	1,524	50,600	88,181	37,581	-	-	-
Miscellaneous	65,000	112,550	47,550	336,000	348,490	12,490	-	-	-
<b>Total revenues</b>	<b>5,747,757</b>	<b>5,921,491</b>	<b>173,734</b>	<b>13,054,723</b>	<b>13,462,859</b>	<b>408,136</b>	<b>83,000</b>	<b>83,015</b>	<b>15</b>
<b>Expenditures</b>									
<b>Current</b>									
Security of persons and property	2,601,903	2,493,719	108,184	5,371,137	5,234,689	136,448	-	-	-
Public health and welfare	413,679	409,205	4,474	134,884	121,619	13,265	-	-	-
Leisure time activities	-	-	-	965,601	958,038	7,563	-	-	-
Community development	1,275,284	1,163,086	112,198	1,252,000	1,243,720	8,280	-	-	-
Transportation	-	-	-	1,388,793	1,308,836	79,957	-	-	-
General government	2,228,601	1,899,841	328,760	754,125	698,449	55,676	5,000	3,193	1,807
Capital outlays	715,684	690,532	25,152	524,434	310,023	214,411	-	-	-
Debt service	-	-	-	-	-	-	344,927	344,927	-
<b>Total expenditures</b>	<b>7,235,151</b>	<b>6,656,383</b>	<b>578,768</b>	<b>10,390,974</b>	<b>9,875,374</b>	<b>515,600</b>	<b>349,927</b>	<b>348,120</b>	<b>1,807</b>
Excess of revenues over (under) expenditures	(1,487,394)	(734,892)	752,502	2,663,749	3,587,485	923,736	(266,927)	(265,105)	1,822
<b>Other financing sources (uses)</b>									
Proceeds from sale of notes	-	-	-	-	-	-	-	-	-
Operating transfers-in	1,750,000	1,750,000	-	5,160,179	5,160,179	-	260,517	260,517	-
Operating transfers-out	-	-	-	(8,860,696)	(8,860,696)	-	-	-	-
Advances-in	-	-	-	6,850	6,850	-	-	-	-
Advances-out	-	-	-	(6,850)	(6,850)	-	-	-	-
<b>Net other financing sources (uses)</b>	<b>1,750,000</b>	<b>1,750,000</b>	<b>-</b>	<b>(3,700,517)</b>	<b>(3,700,517)</b>	<b>-</b>	<b>260,517</b>	<b>260,517</b>	<b>-</b>
Excess of revenues and other sources over (under) expenditures and other uses	262,606	1,015,108	752,502	(1,036,768)	(113,032)	923,736	(6,410)	(4,588)	1,822
Recovery of prior year encumbrances	-	127,243	127,243	-	13,997	13,997	-	-	-
<b>Fund balance - January 1</b>	<b>6,090,057</b>	<b>6,090,057</b>	<b>-</b>	<b>4,550,778</b>	<b>4,550,778</b>	<b>-</b>	<b>44,704</b>	<b>44,704</b>	<b>-</b>
<b>Fund balance - December 31</b>	<b>\$ 6,352,663</b>	<b>7,232,408</b>	<b>879,745</b>	<b>3,514,010</b>	<b>4,451,743</b>	<b>937,733</b>	<b>38,294</b>	<b>40,116</b>	<b>1,822</b>

(Continued)

CITY OF KENT, OHIO

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Non-GAAP Budgetary Basis)  
All Governmental Fund Types - Continued

	Capital Projects Fund			Total (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	-	-	-	12,216,125	12,491,914	275,789
Fees, licenses and permits	-	-	-	228,400	296,796	68,396
Intergovernmental	19,925	27,000	7,075	4,308,705	4,383,269	74,564
Charges for services	-	-	-	778,675	836,176	57,501
Fines and forfeits	-	-	-	333,900	337,481	3,581
Special assessments	-	6,433	6,433	150,000	166,417	16,417
Interest	-	-	-	488,600	527,705	39,105
Miscellaneous	-	20,464	20,464	401,000	481,504	80,504
Total revenues	19,925	53,897	33,972	18,905,405	19,521,262	615,857
Expenditures						
Current						
Security of persons and property	-	-	-	7,973,040	7,728,408	244,632
Public health and welfare	-	-	-	548,563	530,824	17,739
Leisure time activities	-	-	-	965,601	958,038	7,563
Community development	-	-	-	2,527,284	2,406,806	120,478
Transportation	-	-	-	1,388,793	1,308,836	79,957
General government	1,911,224	1,272,338	638,886	2,987,726	2,601,483	386,243
Capital outlays	4,887,750	4,866,069	21,681	3,151,342	2,272,893	878,449
Debt service	-	-	-	5,232,677	5,210,996	21,681
Total expenditures	6,798,974	6,138,407	660,567	24,775,026	23,018,284	1,756,742
Excess of revenues over (under) expenditures	(6,779,049)	(6,084,510)	694,539	(5,869,621)	(3,497,022)	2,372,599
Other financing sources (uses)						
Proceeds from sale of notes	4,750,000	4,749,433	(567)	4,750,000	4,749,433	(567)
Operating transfers - in	1,500,000	1,500,000	-	8,670,696	8,670,696	-
Operating transfers - out	-	-	-	(8,860,696)	(8,860,696)	-
Advances - in	-	-	-	6,850	6,850	-
Advances - out	-	-	-	(6,850)	(6,850)	-
Net other financing sources (uses)	6,250,000	6,249,433	(567)	4,560,000	4,559,433	(567)
Excess of revenues and other sources over (under) expenditures and other uses	(529,049)	164,923	693,972	(1,309,621)	1,062,411	2,372,032
Recovery of prior year encumbrances	-	74,012	74,012	-	215,252	215,252
Fund balance - January 1	1,708,840	1,708,840	-	12,394,379	12,394,379	-
Fund balance - December 31	\$ 1,179,791	\$ 1,947,775	\$ 767,984	\$ 11,084,758	\$ 13,672,042	\$ 2,587,284

See accompanying notes to combined financial statements.

CITY OF KENT, OHIO

Combined Statement of Revenues, Expenses and Changes in Retained Earnings -  
All Proprietary Fund Types

Year ended December 31, 2002

	Enterprise	Internal Service	Total (Memorandum Only)
Operating revenues			
Charges for services	\$ 7,621,291	1,762,633	9,383,924
Other	79,659	-	79,659
<b>Total operating revenues</b>	<b>7,700,950</b>	<b>1,762,633</b>	<b>9,463,583</b>
Operating expenses			
Personal services	2,569,323	-	2,569,323
Benefits	798,835	-	798,835
Utilities	365,667	-	365,667
Contractual services	687,667	-	687,667
Supplies and materials	339,841	-	339,841
Depreciation	1,153,279	-	1,153,279
Claims	-	1,701,648	1,701,648
Premiums	-	276,793	276,793
Other	351,691	-	351,691
<b>Total operating expenses</b>	<b>6,266,303</b>	<b>1,978,441</b>	<b>8,244,744</b>
<b>Operating income (loss)</b>	<b>1,434,647</b>	<b>(215,808)</b>	<b>1,218,839</b>
Nonoperating revenues (expenses)			
Interest revenue	128,600	59,664	188,264
Interest expense	(233,405)	-	(233,405)
Grant revenue	1,388,567	-	1,388,567
Special assessments	3,323	-	3,323
Capital contributions from developers	42,743	-	42,743
Gain on sale of assets	195,362	-	195,362
Amortization of deferred amount on bond refunding	(16,657)	-	(16,657)
<b>Net nonoperating revenues (expenses)</b>	<b>1,508,533</b>	<b>59,664</b>	<b>1,568,197</b>
<b>Net income</b>	<b>2,943,180</b>	<b>(156,144)</b>	<b>2,787,036</b>
Retained earnings - January 1, as restated (note 18)	23,594,878	908,133	24,503,011
Retained earnings - December 31	\$ 26,538,058	751,989	27,290,047

See accompanying notes to combined financial statements.

CITY OF KENT, OHIO

Combined Statement of Cash Flows -  
All Proprietary Fund Types

Year ended December 31, 2002

	Enterprise	Internal Service	Total (Memorandum Only)
Cash flows from operating activities			
Cash received from users	\$ 7,617,698	1,762,633	9,380,331
Cash payments to suppliers for goods and services	(1,580,536)	(1,919,905)	(3,500,441)
Cash payments to employees for services	(3,246,023)	-	(3,246,023)
Other operating revenue	67,159	-	67,159
Net cash provided (used) by operating activities	2,858,298	(157,272)	2,701,026
Cash flows from noncapital financing activities			
Repayment of loan from other fund	(30,000)	-	(30,000)
Loan from other fund	220,000	-	220,000
Net cash provided by noncapital financing activities	190,000	-	190,000
Cash flows from capital and related financing activities			
Capital contributions from special assessments	35,610	-	35,610
Capital contributions from developers	42,743	-	42,743
Capital grant	1,083,474	-	1,083,474
Purchase of capital assets	(222,685)	-	(222,685)
Construction of capital assets	(1,995,748)	-	(1,995,748)
Proceeds from sale of assets	216,600	-	216,600
Proceeds from sale of notes	3,395,000	-	3,395,000
Principal paid on outstanding capital debt	(3,645,000)	-	(3,645,000)
Premium paid on bond refunding	(66,600)	-	(66,600)
Interest paid on outstanding capital debt	(233,405)	-	(233,405)
Net cash used by capital and related financing activities	(1,390,011)	-	(1,390,011)
Cash flows from investing activities			
Payments for investments	-	(42,093)	(42,093)
Proceeds from sale of investments	-	83,606	83,606
Interest on investments	149,379	59,664	209,043
Net cash provided by investing activities	149,379	101,177	250,556
Net increase (decrease) in cash and cash equivalents	1,807,666	(56,095)	1,751,571
Cash and cash equivalents - January 1	6,000,169	98,478	6,098,647
Cash and cash equivalents - December 31	\$ 7,807,835	42,383	7,850,218

CITY OF KENT, OHIO

Combined Statement of Cash Flows -  
All Proprietary Fund Types - Continued

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 1,434,647	(215,808)	1,218,839
Adjustment to reconcile operating income to net cash provided by operating activities			
Depreciation	1,153,279	-	1,153,279
Provision for uncollectible accounts	35,633	-	35,633
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(3,593)	-	(3,593)
(Increase) decrease in due from other governments	(12,500)	-	(12,500)
(Increase) decrease in inventories	(7,872)	-	(7,872)
(Increase) decrease in prepaid items	3,290	-	3,290
Increase (decrease) in accounts payable	133,279	21,647	154,926
Increase (decrease) in wages and benefits payable	122,135	-	122,135
Increase (decrease) in claims payable	-	36,889	36,889
Net cash provided (used) by operating activities	<u>\$ 2,858,298</u>	<u>(157,272)</u>	<u>2,701,026</u>

See accompanying notes to combined financial statements.

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CITY OF KENT, OHIO

Notes to Combined Financial Statements

December 31, 2002

(1) Description of Reporting Entity, Basis of Presentation and Summary of Significant Accounting Policies

(a) Financial Reporting Entity

The City of Kent, Ohio (“the City”) operates as a Home Rule city in accordance with Article XVIII of the Ohio Constitution under a Council-Manager form of government. The City provides the following services as authorized by its Charter: public safety, highway and streets, parks and recreation, public improvements, planning and zoning, public health and general administrative services. In addition, the City owns and operates a water system and sewage treatment facilities.

In conformance with generally accepted accounting principles, the City does not have any component units and therefore, no component unit financial information is presented.

(b) Basis of Presentation

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments.

The financial transactions of the City are recorded in individual funds and account groups. The various funds and account groups are reported by type in the general purpose financial statements. Amounts in the “total - memorandum only” columns in the general purpose financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented only for analytical purposes. The summation includes fund types and account groups that use a different basis of accounting, both restricted and unrestricted amounts, interfund transactions that have not been eliminated, and the caption “amount to be provided for retirement of general long-term obligations”, which does not represent an asset. Consequently, amounts shown in the “total - memorandum only” columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures/expenses of the City.

(Continued)

## Notes to Combined Financial Statements

The City uses the following fund categories, fund types and account groups:

### Governmental funds

Governmental funds are accounted for on a spending measurement focus. Only current assets and current liabilities are generally included on their balance sheet. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of “available spendable resources” during a period.

General fund - the general operating fund of the City; used to account for all revenues and expenditures except those required to be accounted for in another fund.

Special revenue funds - used to account for revenue from specific sources (other than special assessments or major capital projects) which require separate accounting because of legal restrictions requiring that expenditures be for specified purposes.

Debt service fund - used to account for the accumulation of resources for, and the payment of, general long-term obligations principal and interest.

Capital projects fund - used to account for revenues and expenditures related to the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

### Proprietary funds

Proprietary funds are accounted for on a capital maintenance measurement focus. All assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is classified as retained earnings.

Enterprise funds - used to account for operations where the intention is to finance such operations primarily through user charges, or where the City has decided that the periodic determination of revenues, expenses and net income is appropriate.

Internal service funds - used to account for the financing of significant goods or services provided by one department or agency to other departments or agencies of the City, or to other governments on a cost reimbursement basis.

### Fiduciary Funds

Agency funds - Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units and/or other funds.

### Account Groups

Account groups are used to establish accounting control and accountability for the City’s general fixed assets and general long-term debt.

(Continued)



## Notes to Combined Financial Statements

General fixed assets - used to account for capital assets used in general government operations with a useful life of greater than one year (other than those accounted for in proprietary funds).

General long-term debt - used to account for all long-term obligations of the City, except for those accounted for in proprietary funds. These obligations are secured by the credit of the City as a whole and are payable from general government resources.

### (c) Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

All governmental fund types are accounted for using the modified accrual basis of accounting and a current financial resources measurement focus. Under this basis, governmental revenues are recognized when they become susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the City, available means sixty days after year end. Expenditures are recognized when the related fund liability is incurred, if measurable.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Income taxes withheld by employers or received within sixty days of year end are considered susceptible to accrual. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 the City must provide local resources to be used for a specific purpose and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Property taxes assessed in 2002 for collection in 2003 are recorded as deferred revenue at December 31, 2002.

Other revenue considered to be measurable and available includes investment earnings, state-levied locally shared taxes (including motor vehicle license fees) and franchise fees. Revenue which is generally not measurable until actually received, therefore not susceptible to accrual, includes licenses, permits, certain charges for services and miscellaneous revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred except for unmatured principal and interest on general long-term debt which are recognized when paid and accumulated unpaid employee compensation which is not payable from expendable financial resources. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

All proprietary type funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. Their revenues are recognized when earned and their expenses are recognized when incurred. Allocations of costs, such as

(Continued)

Notes to Combined Financial Statements

depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year end.

With respect to proprietary activities, the City has adopted GASB Statement 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting". The City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board pronouncements and Accounting Principles Board Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict pronouncements.

(d) Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. Modifications to the original budget are approved by City Council throughout the year.

The revisions made to the original budget during 2002 were as follows:

	Original Budget	Total Revisions	Revised Budget
General fund	\$ 6,879,691	355,460	7,235,151
Special revenue funds:			
Street Construction, Maintenance and Repair	1,404,502	50,400	1,454,902
Parks and Recreation	1,028,501	49,125	1,077,626
License Tax	165,000	(28,150)	136,850
Income Tax	9,336,778	148,043	9,484,821
Revolving Housing	70,500	6,149	76,649
Income Tax Safety	2,482,045	48,000	2,530,045
Community Development Block Grant	444,000	665,000	1,109,000
Fire and Emergency Medical Service	2,551,892	46,000	2,597,892
Urban Development Action Grant	3,000	140,000	143,000
Capital projects fund	6,325,750	473,224	6,798,974

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. Budget amounts presented in the accompanying combined financial statements represent final amended amounts. The City maintains budgetary control by not permitting expenditures to exceed appropriations within each fund (legal level) without the approval of City Council. The Director of Budget and Finance is authorized to allocate appropriations among departments within any fund. Unencumbered appropriations lapse at year end. The encumbered appropriations are carried forward to the succeeding year and need not be reappropriated

Notes to Combined Financial Statements

The City's budget (budgetary basis) accounts for certain transactions on a basis which differs from generally accepted accounting principles (GAAP basis). The major differences between the budget basis and the GAAP basis are that:

- (1) Revenues are recorded when received in cash for budget purposes as opposed to when susceptible to accrual for GAAP purposes;
- (2) Expenditures are recorded when paid in cash for budget purposes as opposed to when the liability is incurred for GAAP purposes;
- (3) Encumbrances are recorded as the equivalent of expenditures for budget purposes as opposed to reservation of fund balance for GAAP purposes;

An analysis of the difference in fund balance at December 31, 2002 as determined under the budgetary and GAAP basis follows:

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund balance - budgetary basis	\$ 7,232,408	4,451,743	40,116	1,947,775
Adjustments for GAAP basis				
Increase (decrease):				
Encumbrances outstanding (cash basis)				
at December 31, 2002	1,244,450	1,138,052	-	1,126,503
Due to revenues/prepaids:				
Accrued revenues/prepaid				
items/restricted cash	1,659,336	4,718,563	1,063,442	185,654
Due from other funds/governments	1,534,988	2,738,851	-	-
Unrealized gain on investment	-	23,465	-	-
Deferred revenue	(2,115,148)	(3,379,053)	(1,063,392)	(117,520)
Due to expenditures:				
Accounts payable/accrued payroll/				
payable from restricted assets	(631,637)	(788,865)	(50)	(188,719)
Inventories	16,346	130,637	-	-
Due to other funds/governments	-	(200,000)	-	-
Notes payable	-	-	-	(4,740,000)
Other reclassifications	(500)	-	-	-
Fund balance - GAAP basis	<u>\$ 8,940,243</u>	<u>8,833,393</u>	<u>40,116</u>	<u>(1,786,307)</u>

(Continued)

## Notes to Combined Financial Statements

### (e) Fixed Assets

Fixed assets include land and land improvements, buildings, structures and improvements and machinery and equipment owned by the City. Infrastructure assets, including streets, bridges and sidewalks, are not included.

Fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and capitalized in the General Fixed Assets Account Group. Property and equipment acquired by proprietary funds are reported in those funds. All fixed assets are recorded at historical cost, estimated historical cost or at estimated fair market value at time of donation.

### (f) Depreciation

Depreciation is provided on general fixed assets and proprietary funds over the fixed assets' estimated useful lives using the straight-line method. Depreciation is recorded in the General Fixed Assets Account Group as a reduction to the Investment in General Fixed Assets account. The following lives are used for both general fixed assets and proprietary fund fixed assets:

Buildings, structures and improvements	40 - 80 years
Machinery and equipment	2 - 25 years

### (g) Encumbrances

As part of formal budgetary control over governmental funds, purchase orders, contracts and other commitments for expenditures are encumbered and reported as expenditures on the non-GAAP budget basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balance since they do not represent expenditures or liabilities of the governmental funds.

### (h) Grants and Other Intergovernmental Revenues

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. Federal reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures/expenses are incurred. Amounts received in excess of expenditures/expenses are reflected as deferred revenue.

### (i) Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. Operating subsidies are recorded as operating transfers.

(Continued)

## Notes to Combined Financial Statements

### (j) Inventories

Inventories are recorded at cost as determined by the first-in, first-out inventory valuation method. The cost is recorded as an expenditure at the time inventory items are consumed. In the governmental funds, reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available expendable financial resources" even though they are a component of net current assets.

### (k) Cash and Cash Equivalents

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.

The City applied GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" as of December 31, 2002. As a governmental entity other than an external investment pool in accordance with GASB Statement 31, the City's investments are stated at fair value, which is the quoted market price as of the valuation date.

The City utilized the following methods and assumptions as of December 31, 2002:

The portfolio was limited to nonparticipating interest-earning investment contracts and U.S. Government securities;

Exceptions to the fair value requirement include nonparticipating interest-earning investment contracts and money market securities. Nonparticipating investment contracts, such as non-negotiable certificates of deposit and repurchase agreements, are reported at cost;

The gain/loss resulting from valuation will be reported within the revenue account "Interest" on the Statement of Revenues, Expenditures and Changes in Fund Balance, since the investments have been identified as belonging to the Income Tax fund;

The City's policy is to hold investments until maturity.

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 fiscal year 2002 amounted to \$341,371, which includes \$179,485 assigned from other City funds.

Notes to Combined Financial Statements

(2) Deposits with Financial Institutions and Investments

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement 9. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement 3. The captions on the combined balance sheet related to cash and cash equivalents are as follows:

	GASB Statement 9	GASB Statement 3
Cash	\$ 2,130,000	25,177,315
Investments	23,431,780	384,465
Total Deposits and investments	25,561,780	25,561,780
Less: Restricted cash and cash equivalents	(135,249)	(135,249)
Cash and cash equivalents	<u>\$ 25,426,531</u>	<u>25,426,531</u>

The City maintains a cash pool that is available for the use by all funds and accounts except for the Sewer fund and the Water fund, which are maintained separately. Also maintained separately are accounts for revolving loans and restricted cash. Each fund type's portion of this pool is displayed on the combined balance sheet as "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

(Continued)

## Notes to Combined Financial Statements

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).

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in an amount equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation, or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation, or other authority.

The City's ordinances authorize the City to invest in certificates of deposit or repurchase agreements for a period not to exceed six months with any eligible institution which is designated as a public depository in the State of Ohio. The City did not invest in repurchase agreements in 2002. The investment balance in certificates of deposit is included in the deposit section, based on the criteria set forth in GASB Statement 3. Included as investments are obligations of the City of Kent held by the City.

### Deposits

The Governmental Accounting Standards Board has established risk categories for deposits as follows:

Category 1 - Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging institution or its trust department or agent but not in the City's name.)

Notes to Combined Financial Statements

<u>Insured</u>	<u>Risk Category</u>	<u>Financial Institution</u>	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC	1	Bank One N.A.	\$ 100,000	100,000
FDIC	1	First Merit	100,000	100,000
FDIC	1	Home SavingsBank	100,000	100,000
FDIC	1	Huntington National Bank	500	100,000
FDIC	1	Key Bank	100,000	100,000
FDIC	1	National City Bank, Northeast	100,000	100,000
FDIC	1	Second National Bank of Warren	100,000	100,000
No	2	Home SavingsBank	1,151,083	1,151,083
No	3	Bank One N.A.	210,627	210,627
No	3	First Merit	4,260,000	4,260,000
No	3	Huntington National Bank	-	265,067
No	3	Key Bank	107,790	113,716
No	3	National City Bank, Northeast	7,120,000	7,120,000
No	3	Second National Bank of Warren	11,727,315	11,728,157
Total Deposits			\$ <u>25,177,315</u>	<u>25,548,650</u>

All deposits are carried at cost. At year end, the carrying amount of the City's cash and deposits was \$25,177,315 and the bank balance was \$25,548,650. Of the bank balance, \$700,000 was insured, \$1,151,083 was classified as risk Category 2, and \$23,697,567 was classified as risk Category 3.

Investments

The Governmental Accounting Standards board has established risk categories for investments as follows:

Category 1 - Investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

The City's investments at December 31, 2002, were as follows:

<u>Risk Category</u>		<u>Cost</u>	<u>Fair Value</u>
1	City of Kent Bonds	\$ 361,000	384,465
Total investments		\$ <u>361,000</u>	<u>384,465</u>

(Continued)



Notes to Combined Financial Statements

(3) Changes in Fixed Assets in Service

A summary of changes in general fixed assets follows:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
Land	\$ 2,750,445	-	(75,586)	2,674,859
Buildings, structures and improvements	6,475,689	223,218	(2,999)	6,695,908
Machinery and equipment	7,035,239	335,958	(136,695)	7,234,502
Construction in progress	1,222,364	2,900,716	(214,895)	3,908,185
Accumulated depreciation	<u>(6,972,649)</u>	<u>(748,755)</u>	<u>138,118</u>	<u>(7,583,286)</u>
	<u>\$ 10,511,088</u>	<u>2,711,137</u>	<u>(292,057)</u>	<u>12,930,168</u>

A summary of changes in enterprise fund fixed assets follows:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
Land	\$ 1,662,050	-	(21,238)	1,640,812
Buildings, structures and improvements	40,834,694	1,118,199	-	41,952,893
Machinery and equipment	8,698,420	221,761	(23,252)	8,896,929
Construction in progress	1,793,886	2,420,265	(1,075,456)	3,138,695
Accumulated depreciation	<u>(18,102,503)</u>	<u>(1,153,279)</u>	<u>23,252</u>	<u>(19,232,530)</u>
	<u>\$ 34,886,547</u>	<u>2,606,946</u>	<u>(1,096,694)</u>	<u>36,396,799</u>

(4) Interfund Receivables and Payables

The following balances at December 31, 2002, represent individual fund interfund receivables and payables:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 351,466	-
Special Revenue Funds:		
Income Tax	2,247,080	-
Community Development Block Grant	-	200,000
Enterprise Funds:		
Solid Waste	-	481,466
Storm Water Drainage	-	976,000
Sewer	-	428,980
Water	-	512,100
	<u>\$ 2,598,546</u>	<u>2,598,546</u>

(Continued)

## Notes to Combined Financial Statements

### (5) Pension and Other Postemployment Benefits

The City of Kent as well as 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. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Governmental Employers".

#### (a) Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System of Ohio issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The contribution requirements of plan members and the City are established and may be amended by the Ohio Public Employees Retirement Board. The employee contribution rate is 8.5% for employees other than law enforcement. The 2002 employer contribution rate for local government employer units was 13.55% of covered payroll, of which 5.0% was allocated to fund postemployment health care. The City's contributions to OPERS for the years ending December 31, 2002, 2001 and 2000 were \$775,308, \$759,326 and \$607,740, respectively, which were equal to the required contributions for each year.

The Ohio Public Employees Retirement System provides postemployment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through a portion of their contribution rate. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5.0% of covered payroll, which amounted to \$286,089. In 2000 and 2001, the employer contribution rate for postemployment health care was 4.3%.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the OPERS latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0%. An annual increase of

(Continued)

## Notes to Combined Financial Statements

4.0% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.50% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of OPERS net assets available for OPEB at December 31, 2001 was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of the monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

### (b) Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides retirement and disability 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 statements and required supplementary information. 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% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2002, 2001 and 2000 were \$474,487, \$459,996 and \$463,785 for police and \$443,209, \$428,081 and \$417,325 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F provides postemployment health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on at least a two-thirds basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate.

(Continued)

## Notes to Combined Financial Statements

The Ohio Revised Code provides statutory authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.50% and 7.75% of covered payroll in 2001 and 2002, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2001, (the latest actuarial valuation available) was 13,174 for police and 10,239 for firefighters. The portion of the City's contributions that was used to pay postemployment benefits was \$188,578 for police and \$143,120 for firefighters. The OP&F had total health care expenses for the year ended December 31, 2001, the date of the last actuarial valuation available, of \$122,298,771, which was net of member contributions of \$6,874,699.

### (6) Accumulated Unpaid Employee Benefits

Included in accrued benefits are the workers' compensation liability, the accrued pension liability for both the retirement systems, estimated severance pay liability and the compensated absences liability. The accrued pension liability is recorded as a liability in the respective fund type because it is encumbered as of December 31, 2002, and therefore, expected to be liquidated with available financial resources.

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. It is estimated that 90% of the current employees will retire from the City. As of December 31, 2002, the estimated amount of severance pay liability for governmental fund types totaled \$480,475 and is recorded in the General Long-Term Debt Account Group. For enterprise funds, the estimated severance pay liability was \$147,130 and is recorded in the respective enterprise funds.

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. Sick leave for City employees is accrued at rates from 119.6 to 195 hours per year. Employees may convert 50% 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% of their accumulated sick leave days into a lump-sum payment within certain limitations.

In accordance with Governmental Accounting Standard's Board (GASB) Statement 16, the City has accrued a liability for compensated absences at December 31, 2002. For governmental fund types, the City recognized the current portion of this liability at December 31, 2002, that is expected to be liquidated with expendable available financial resources. Accumulated vacation, sick leave and compensatory time totaled \$128,973 and is recorded as a liability within the respective fund type since it was used within sixty days of year-end. The amount of sick leave which will be converted during the following year amounted to \$19,746 and is also recorded as a liability within the respective

(Continued)

Notes to Combined Financial Statements

fund type. The remainder of the compensated absences liability for governmental fund types amounted to \$1,699,292 and is recorded as a liability in the General Long-Term Debt Account Group since the timing of future payments is not determinable. For enterprise funds, accumulated vacation, compensatory time and 45% of accumulated sick leave totaled \$509,080 at December 31, 2002. These amounts are recorded as liabilities in the respective enterprise funds.

(7) Debt and Long-Term Obligations

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
<b>Short-Term Obligations</b>				
Notes payable - 2.35%	\$ 4,750,000	-	4,750,000	-
Notes payable - 1.90%	-	4,740,000	-	4,740,000
<b>Total Short-Term Obligations</b>	<b>\$ 4,750,000</b>	<b>4,740,000</b>	<b>4,750,000</b>	<b>4,740,000</b>
<b>Long-Term Obligations</b>				
General obligation bonds payable:				
4.10%-5.20%, 1998 various purpose	\$ 2,700,000	-	110,000	2,590,000
<b>Total general obligation bonds payable</b>	<b>2,700,000</b>	<b>-</b>	<b>110,000</b>	<b>2,590,000</b>
Special assessment bonds with governmental commitment:				
7.60%-7.80%, 1988 street improvements bond	150,000	-	15,000	135,000
5.50%-6.00%, 2000 street improvements bond	545,000	-	16,000	529,000
<b>Total special assessment bonds with governmental commitment</b>	<b>695,000</b>	<b>-</b>	<b>31,000</b>	<b>664,000</b>
Ohio Public Works Commission loans	515,549	-	29,947	485,602
Accrued sick leave, compensatory time and severance pay	1,977,667	202,100	-	2,179,767
<b>Total Long-Term General Obligations</b>	<b>\$ 5,888,216</b>	<b>202,100</b>	<b>170,947</b>	<b>5,919,369</b>
<b>Enterprise Funds:</b>				
<b>Short-Term Obligations</b>				
Notes payable - 1.90%	\$ -	3,395,000	-	3,395,000
<b>Total Short-Term Obligations</b>	<b>\$ -</b>	<b>3,395,000</b>	<b>-</b>	<b>3,395,000</b>
<b>Long-Term Obligations</b>				
General obligation bonds payable:				
6.25%-6.5%, 1992 sewer improvement refunding bond	\$ 3,645,000	-	3,645,000	-
<b>Total general obligation bonds payable</b>	<b>3,645,000</b>	<b>-</b>	<b>3,645,000</b>	<b>-</b>
<b>Total Long-Term Enterprise Funds Debt</b>	<b>\$ 3,645,000</b>	<b>-</b>	<b>3,645,000</b>	<b>-</b>

(Continued)

## Notes to Combined Financial Statements

Annual maturity and sinking fund requirements to pay principal and interest on the obligations outstanding at December 31, 2002 follow:

	General Debt		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest
2003	\$ 152,000	167,450	29,947	0
2004	158,000	160,145	29,947	0
2005	159,000	152,505	29,947	0
2006	175,000	144,690	29,947	0
2007	182,000	135,855	29,947	0
2008 - 2012	923,000	543,718	149,735	0
2013 - 2017	1,148,000	287,800	149,735	0
2018 - 2020	357,000	27,900	36,397	0
	\$ 3,254,000	1,620,063	485,602	0

The general long-term obligations resulting from special assessment projects are 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.

The capital loans payable are obligations to the Ohio Public Works Commission related to the Fairchild Avenue Project and the Elm/Mae/Morris Project. No interest is associated with these loans.

Enterprise funds debt is backed by the full faith, credit and general revenues of the City. However, it is the intention of the City that all enterprise obligations be paid from operating income.

The City has the ability to issue \$10.2 million of additional debt without obtaining voter approval.

On December 2, 2002, the City issued \$8.135 million in various purpose notes with an interest rate of 1.9 percent and a term of one year. Of the total, \$4.74 million was issued to fund capital projects, \$3.33 million was issued to current refund outstanding Sewer Improvement Refunding Bonds, Series 1992, with an average interest rate of 6.48 percent and \$65,000 was used to pay the call premium on the refunded bonds.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$123,310. This difference, reported in the financial statements as deferred amount on debt refunding, is being charged to operations using the straight-line method over the life of the new debt, which is one year. The City completed the current refunding to reduce its total debt service payments over the next eight years by \$976,673 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$692,065. These projected savings are based solely on the terms of the current note and may be overstated. It is the City's

(Continued)

## Notes to Combined Financial Statements

intention to retire the notes through the reissuance of notes, scheduling debt service payments at approximately the same level required by the refunded debt. Any interest savings will be applied to further reduce the note principal, thereby reducing the risk of short-term interest rate fluctuations, shortening the overall term of the outstanding debt and minimizing issuance costs.

### (8) Income Taxes

During 2002, 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%.

### (9) 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 2002 levy was based was \$319,490,754.

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. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of all property is required to be completed no less that every six years, with a statistical update every third year. A revaluation was completed in 2000. Public utility property taxes are assessed on tangible personal property, as well as land improvements, at true value (in general, true value is net book value). Tangible personal property used in business (except for public utilities) is assessed at 23% of average value for inventories and 25% of true value for substantially all other personal property for the year 2002.

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.

### (10) 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.

### (11) Construction and Other Commitments

As of December 31, 2002, the City had capital contracts payable of \$173,351 and \$772,002 in the Capital Projects fund and enterprise funds, respectively. The amount reflected in the Capital Projects

(Continued)

## Notes to Combined Financial Statements

fund is comprised of \$120,368 related to the 2002 street program, \$7,355 for renovation to City offices and \$45,628 for a new parking lot. The amount shown in the enterprise funds includes \$490,117 for the Cuyahoga River Restoration project, \$58,767 for Phase III of the Elm/Mae/Morris storm sewer project, \$184,283 for the McKinney Boulevard water and sewer project, \$25,151 for the Janet Drive storm sewer project and \$13,684 for various water projects.

The City had no material operating lease commitments at December 31, 2002.

### (12) Segment Information for Enterprise Funds

The City maintains four enterprise funds which provide water, sewer, solid waste collection and storm water drainage services. Information for the year ended December 31, 2002 for the enterprise funds is summarized as follows:

	<u>Solid Waste</u>	<u>Storm Water Drainage</u>	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating revenues	\$ 438,991	510,752	3,711,714	3,039,493	7,700,950
Operating expenses	394,015	32,754	3,199,548	2,639,986	6,266,303
Depreciation	2,199	12,023	669,615	469,442	1,153,279
Operating income (loss)	44,976	477,998	512,166	399,507	1,434,647
Net income (loss)	44,976	903,986	1,534,356	459,862	2,943,180
Net additions to property, plant and equipment	924	647,808	1,516,024	475,523	2,640,279
Net working capital (deficiency)	(266,788)	(94,481)	(166,376)	2,948,194	2,420,549
Total identifiable assets	271,302	2,003,970	27,756,807	16,524,491	46,556,570
Total fund equity (deficit)	(261,752)	932,738	22,692,430	15,453,932	38,817,348

### (13) Enterprise Fund Contributed Capital

During the year, enterprise fund contributed capital changed by the following amounts:

<u>Source</u>	<u>Solid Waste</u>	<u>Storm Water Drainage</u>	<u>Sewer</u>	<u>Water</u>
Contributed capital, January 1	\$ 139,656	6,732	10,773,609	1,306,158
Adjustment due to special assessments	-	-	100,258	(29,246)
Adjustment due to developer contributions	-	(6,732)	-	(11,145)
January 1, as restated	139,656	-	10,873,867	1,265,767
Contributed capital, December 31	<u>\$ 139,656</u>	<u>-</u>	<u>10,873,867</u>	<u>1,265,767</u>

The adjustment to contributed capital is due to a correction in the allocation and amount of special assessment receivables. Also, last year the developer contributions were reported as direct additions to contributed capital and should have been reported as revenues and closed to retained earnings.



## Notes to Combined Financial Statements

### (14) Fund Equity

Reservations of fund balances of governmental funds are to satisfy legal covenants that require a portion of the fund balance to be segregated or to identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance accounts are summarized below.

Reserved for encumbrances - This reserve represents encumbrances outstanding at the end of the year based upon purchase orders and contracts signed by the City but not completed as of the close of the fiscal year.

Reserved for inventories - This reserve was created to represent the portion of the fund balance that is not available for expenditures because the City expects to use these resources within the next budgetary period.

Reserved for prepaid items - This reserve was created to represent the portion of the fund balance that is not available for expenditures because the City expects to use these resources within the next budgetary period.

Reserved for loans receivable - This reserve was created to represent the portion of the fund balance in the Special Revenue funds that is not available for expenditures because repayment of the loans is not expected to be made until after the close of the subsequent year.

Reserved for debt service - This reserve was created to segregate a portion of the fund balance that will be used for debt service, including both principal and interest payments.

Unreserved Designated fund balance - This designation was created to segregate a portion of the fund balance for an account titled, "Emergency Reserve for Public Facilities and Programs". The designation was created since the City expects to use these resources within future budgetary periods.

### (15) Fund Deficit

Notes payable of \$4,740,000 caused a deficit fund balance of \$1,786,307 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 the resulting deficit fund balance.

Start-up costs associated with the City's recycling program (initiated in 1990) resulted in a deficit retained earnings in the Solid Waste Fund. Disposition of Solid Waste Fund fixed 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 rate increase generated increased revenues which resulted in net income of \$44,976, reducing the fund deficit to \$401,408 at December 31, 2002.

Notes to Combined Financial Statements

(16) Conduit Debt

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

<u>Type</u>	<u>On Behalf of</u>	<u>Principal Outstanding December 31, 2002</u>	<u>Year Issued</u>
Multi-Family Housing Revenue Bonds	Silver Meadows Apartments	\$ <u>9,896,200</u>	1999
	Total	\$ <u><u>9,896,200</u></u>	

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.

(17) 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 \$80,000 is covered by Sun Life of Canada.

The claims liability of \$157,524 reported in the fund at December 31, 2002, 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 claims, be reported. Changes in the fund's claims liability amount in 2001 and 2002 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2001	\$98,030	1,148,510	1,125,905	120,635
2002	120,635	1,701,648	1,664,759	157,524

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 2002, the City contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Clarendon National	Public Officials Liability	\$15,000
Scottsdale Insurance Company	Law Enforcement Liability	15,000
St. Paul Fire and Marine Insurance Company	Commercial Property	2,500
St. Paul Fire and Marine Insurance Company	Commercial Crime	250
St. Paul Fire and Marine Insurance Company	Inland Marine	500
St. Paul Fire and Marine Insurance Company	Boiler and Machinery	2,500

(Continued)

Notes to Combined Financial Statements

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Clarendon National	Automobile Comprehensive	\$ 250
Clarendon National	Automobile Collision	500
St. Paul Fire and Marine Insurance Company	General Liability	250
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.

(18) Prior Period Adjustments

Last year, developer capital contributions in the enterprise funds were reported as direct additions to contributed capital and should have been reported as revenues and closed to retained earnings. Adjustments have been made to the January 1, 2002, retained earnings in the following funds:

Enterprise funds:

Storm Water Drainage

Retained earnings as of January 1, 2002	\$	22,020
Capital contributions from developers		<u>6,732</u>
Restated balance, January 1, 2002		28,752

Water

Retained earnings as of January 1, 2002	\$	13,717,158
Capital contributions from developers		<u>11,145</u>
Restated balance, January 1, 2002		13,728,303

(19) Subsequent Event

In February of 2003, the City Council authorized the City to apply for a Water Pollution Control Loan Fund loan in an amount not to exceed \$6.5 million to construct infrastructure improvements. The loan program is with the Ohio Water Development Authority and the Ohio Environmental Protection Agency. It is anticipated that the scope of the improvements and the amount of the loan will be finalized in December of 2003.

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CITY OF KENT, OHIO

General Fund

The General Fund is the general operating fund of the City and is used to account for all revenues and expenditures, except those required to be accounted for in another fund.

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund

Year Ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 1,482,020	1,487,370	5,350
Fees, licenses and permits	138,400	183,020	44,620
Intergovernmental	2,721,337	2,743,419	22,082
Charges for services	578,000	627,579	49,579
Fines and forfeits	325,000	328,029	3,029
Interest	438,000	439,524	1,524
Miscellaneous	65,000	112,550	47,550
Total revenues	<u>5,747,757</u>	<u>5,921,491</u>	<u>173,734</u>
Expenditures			
Current			
Security of persons and property	2,601,903	2,493,719	108,184
Public health and welfare	413,679	409,205	4,474
Community development	1,275,284	1,163,086	112,198
General government	2,228,601	1,899,841	328,760
Capital outlays	715,684	690,532	25,152
Total expenditures	<u>7,235,151</u>	<u>6,656,383</u>	<u>578,768</u>
Excess of revenues over (under) expenditures	<u>(1,487,394)</u>	<u>(734,892)</u>	<u>752,502</u>
Other financing sources			
Operating transfers - in	1,750,000	1,750,000	-
Net other financing sources	<u>1,750,000</u>	<u>1,750,000</u>	<u>-</u>
Excess of revenues and other sources over expenditures	262,606	1,015,108	752,502
Recovery of prior year encumbrances	-	127,243	127,243
Fund balance - January 1	<u>6,090,057</u>	<u>6,090,057</u>	<u>-</u>
Fund balance - December 31	<u>\$ 6,352,663</u>	<u>7,232,408</u>	<u>879,745</u>

## CITY OF KENT, OHIO

### 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 specified purposes.

West Side Fire Fund	To account for the revenue from property taxes levied and expenditures relative to operation of the West Side fire station.
Street Construction, Maintenance and Repair Fund	To account 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.
State Highway Fund	To account 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.
Parks and Recreation Fund	To account 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.
Food Service Fund	To account for the revenue from food service permits and the expenditures relative to the operation of a food service inspection program.
License Tax Fund	To account for the revenue received from municipal motor vehicle taxes.
Income Tax Fund	To account for the revenue received from the municipal income tax, the expenditures relative to the administration of collections and transfers to support the operations of other funds.
Revolving Housing Fund	To account for the revenue received from housing inspections and the expenditures relative to the operation of the housing inspection program.
State and Local Forfeits Fund	To account 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.

CITY OF KENT, OHIO

Special Revenue Funds

Drug Law Enforcement Fund	To account 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	To account 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.
Income Tax Safety Fund	To account for public safety expenditures relative to the distribution of municipal income tax monies as required by the City Charter.
Law Enforcement Trust Fund	To account 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	To account for the revenue from the federal government and expenditures as prescribed under the Community Development Block Grant and the Comprehensive Housing Improvement Program.
Fire and Emergency Medical Service Fund	To account for fire and ambulance service expenditures relative to the distribution of municipal income tax monies as required by the City Charter.
Swimming Pool Inspections Fund	To account for the revenue received from swimming pool inspections and the expenditures relative to the operation of the swimming pool inspection program.
Police Pension Fund	To account for the revenue from property taxes levied for the partial payment of the current liability for police disability and pension.
Fire Pension Fund	To account 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	To account for the revenue received from the federal government, Community Development loans and expenditures relative to the operations of this program.



CITY OF KENT, OHIO

Combining Balance Sheet - All Special Revenue Funds

December 31, 2002

	West Side Fire	Street Construction Maintenance and Repair	State Highway	Parks and Recreation	Food Service	License Tax	Income Tax	Revolving Housing	State and Local Forfeits	Drug Law Enforcement
<b>Assets</b>										
Cash and cash equivalents	\$ 14,407	587,153	14,584	453,365	14,194	3,924	2,836,876	43,349	14,557	11,557
Receivables										
Property taxes	224,444	-	-	950,149	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-	1,434,510	-	-	-
Special assessments	-	1,216,993	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	1,403	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	6,177	-	9,368	-	-	-	150
	<u>224,444</u>	<u>1,216,993</u>	<u>-</u>	<u>956,326</u>	<u>-</u>	<u>9,368</u>	<u>1,435,913</u>	<u>-</u>	<u>-</u>	<u>150</u>
Receivables, net										
Due from other funds	-	-	-	-	-	-	2,247,080	-	-	-
Due from other governments	11,868	318,278	27,043	49,734	-	-	-	-	-	-
Inventory	-	130,637	-	-	-	-	-	-	-	-
Prepaid items	28	7,940	-	1,608	-	-	939	-	-	-
Restricted cash and cash equivalents	-	14,274	-	-	-	-	-	-	-	-
	<u>250,747</u>	<u>2,275,275</u>	<u>41,627</u>	<u>1,461,033</u>	<u>14,194</u>	<u>13,292</u>	<u>6,520,808</u>	<u>43,349</u>	<u>14,557</u>	<u>11,707</u>
<b>Total assets</b>	<b>\$ 250,747</b>	<b>\$ 2,275,275</b>	<b>\$ 41,627</b>	<b>\$ 1,461,033</b>	<b>\$ 14,194</b>	<b>\$ 13,292</b>	<b>\$ 6,520,808</b>	<b>\$ 43,349</b>	<b>\$ 14,557</b>	<b>\$ 11,707</b>
<b>Liabilities</b>										
Accounts payable	\$ 978	46,273	-	17,299	-	-	3,284	-	3,262	250
Due to other funds	-	-	-	-	-	-	-	-	-	-
Accrued wages and benefits	-	78,787	-	48,574	795	-	25,933	1,069	-	-
Deferred revenue	236,312	1,459,135	20,870	1,000,058	-	-	468,296	-	-	-
Payable from restricted assets	-	14,274	-	-	-	-	-	-	-	-
	<u>237,290</u>	<u>1,598,469</u>	<u>20,870</u>	<u>1,065,931</u>	<u>795</u>	<u>-</u>	<u>497,513</u>	<u>1,069</u>	<u>3,262</u>	<u>250</u>
<b>Total liabilities</b>	<b>\$ 237,290</b>	<b>\$ 1,598,469</b>	<b>\$ 20,870</b>	<b>\$ 1,065,931</b>	<b>\$ 795</b>	<b>\$ -</b>	<b>\$ 497,513</b>	<b>\$ 1,069</b>	<b>\$ 3,262</b>	<b>\$ 250</b>
<b>Fund balance</b>										
Reserved for loans receivable	-	-	-	-	-	-	-	-	-	-
Reserved for inventories	-	130,637	-	-	-	-	-	-	-	-
Reserved for prepaid items	28	7,940	-	1,608	-	-	939	-	-	-
Reserved for encumbrances	1,178	108,046	-	18,646	-	-	20,981	439	-	-
Unreserved										
Designated for public facilities and programs	-	-	-	-	-	-	1,698,184	-	-	-
Undesignated	12,251	430,183	20,757	374,848	13,399	13,292	4,303,191	41,841	11,295	11,457
	<u>13,457</u>	<u>676,806</u>	<u>20,757</u>	<u>395,102</u>	<u>13,399</u>	<u>13,292</u>	<u>6,023,295</u>	<u>42,280</u>	<u>11,295</u>	<u>11,457</u>
<b>Total fund balance</b>	<b>\$ 13,457</b>	<b>\$ 676,806</b>	<b>\$ 20,757</b>	<b>\$ 395,102</b>	<b>\$ 13,399</b>	<b>\$ 13,292</b>	<b>\$ 6,023,295</b>	<b>\$ 42,280</b>	<b>\$ 11,295</b>	<b>\$ 11,457</b>
<b>Total liabilities and fund balance</b>	<b>\$ 250,747</b>	<b>\$ 2,275,275</b>	<b>\$ 41,627</b>	<b>\$ 1,461,033</b>	<b>\$ 14,194</b>	<b>\$ 13,292</b>	<b>\$ 6,520,808</b>	<b>\$ 43,349</b>	<b>\$ 14,557</b>	<b>\$ 11,707</b>

(Continued)

CITY OF KENT, OHIO

Combining Balance Sheet - All Special Revenue Funds - Continued

	Enforcement and Education	Income Tax Safety	Law Enforcement Trust	Community Development Block Grant	Fire and Emergency Medical Service	Swimming Pool Inspections	Police Pension	Fire Pension	Urban Development Action Grant	Total
<b>Assets</b>										
Cash and cash equivalents	\$ 12,673	90,880	57,202	516,728	647,640	4,294	140,788	125,061	24,028	5,613,260
Receivables	-	-	-	-	-	-	92,309	92,309	-	1,359,211
Property taxes	-	-	-	-	-	-	-	-	-	1,434,510
Income taxes	-	-	-	-	-	-	-	-	-	1,216,993
Interest	-	-	-	-	-	-	-	-	116	1,519
Loans	-	-	-	289,009	-	-	-	-	253,102	542,111
Other	404	-	-	-	-	-	-	-	-	16,099
Receivables, net	404	-	-	289,009	-	-	92,309	92,309	253,218	4,570,443
Due from other funds	-	-	-	-	-	-	-	-	-	2,247,080
Due from other governments	-	1,691	-	73,395	-	-	4,881	4,881	-	491,771
Inventory	-	-	-	-	-	-	-	-	-	130,637
Prepaid items	-	-	-	230	3,101	-	-	-	-	13,846
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	120,000	134,274
<b>Total assets</b>	<b>\$ 13,077</b>	<b>92,571</b>	<b>57,202</b>	<b>879,362</b>	<b>650,741</b>	<b>4,294</b>	<b>237,978</b>	<b>222,251</b>	<b>397,246</b>	<b>13,201,311</b>
<b>Liabilities</b>										
Accounts payable	-	-	2,343	29,357	14,851	-	-	-	-	117,897
Due to other funds	-	-	-	200,000	-	-	-	-	-	200,000
Accrued wages and benefits	-	83,677	-	367	151,648	51	140,741	125,052	-	656,694
Deferred revenue	-	-	-	-	-	-	97,191	97,191	-	3,379,053
Payable from restricted assets	-	-	-	-	-	-	-	-	-	14,274
<b>Total liabilities</b>	<b>-</b>	<b>83,677</b>	<b>2,343</b>	<b>229,724</b>	<b>166,499</b>	<b>51</b>	<b>237,932</b>	<b>222,243</b>	<b>-</b>	<b>4,367,918</b>
<b>Fund balance</b>										
Reserved for loans receivable	-	-	-	289,009	-	-	-	-	253,102	542,111
Reserved for inventories	-	-	-	-	-	-	-	-	-	130,637
Reserved for prepaid items	-	-	-	230	3,101	-	-	-	-	13,846
Reserved for encumbrances	-	65	-	404,585	148,945	-	-	-	485	703,370
Unreserved	-	-	-	-	-	-	-	-	-	-
Designated for public facilities and programs	-	-	-	-	-	-	-	-	-	1,698,184
Undesignated	13,077	8,829	54,859	(44,186)	332,196	4,243	46	8	143,659	5,745,245
<b>Total fund balance</b>	<b>13,077</b>	<b>8,894</b>	<b>54,859</b>	<b>649,638</b>	<b>484,242</b>	<b>4,243</b>	<b>46</b>	<b>8</b>	<b>397,246</b>	<b>8,833,393</b>
<b>Total liabilities and fund balance</b>	<b>\$ 13,077</b>	<b>92,571</b>	<b>57,202</b>	<b>879,362</b>	<b>650,741</b>	<b>4,294</b>	<b>237,978</b>	<b>222,251</b>	<b>397,246</b>	<b>13,201,311</b>

CITY OF KENT, OHIO  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 All Special Revenue Funds

Year ended December 31, 2002

	West Side Fire	Street Construction Maintenance and Repair	State Highway	Parks and Recreation	Food Service	License Tax	Income Tax	Revolving Housing	State and Local Forfeits	Drug Law Enforcement
Revenues										
Taxes	\$ 207,521	-	-	703,321	-	141,279	9,630,343	-	-	-
Fees, licenses and permits	-	-	-	14,711	38,926	-	-	58,074	-	-
Intergovernmental	23,346	568,992	46,134	75,885	-	-	-	-	-	-
Charges for services	-	4,050	-	199,824	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	3,541	1,041
Special Assessments	-	76,969	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	50,939	-	-	-
Miscellaneous	-	4,096	-	148,583	-	-	-	-	-	-
Total revenues	230,867	654,107	46,134	1,142,324	38,926	141,279	9,681,282	58,074	3,541	1,041
Expenditures										
Current										
Security of persons and property	230,281	-	-	-	-	-	-	-	-	1,375
Public health and welfare	-	-	-	-	52,405	-	-	65,923	-	-
Leisure time activities	-	-	-	955,279	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-
Transportation	-	1,323,282	42,157	-	-	-	-	-	-	-
General government	-	9,982	-	-	-	-	549,581	-	-	-
Capital outlays	-	77,757	-	104,600	-	-	-	-	3,262	-
Total expenditures	230,281	1,411,021	42,157	1,059,879	52,405	-	549,581	65,923	3,262	1,375
Excess of revenues over (under) expenditures	586	(756,914)	3,977	82,445	(13,479)	141,279	9,131,701	(7,849)	279	(334)
Other financing sources (uses)										
Operating transfers - in	-	480,000	-	20,889	17,500	-	-	15,000	-	-
Operating transfers - out	-	-	-	-	-	(130,000)	(8,510,696)	-	-	-
Net other financing sources (uses)	-	480,000	-	20,889	17,500	(130,000)	(8,510,696)	15,000	-	-
Excess of revenues and other sources over (under) expenditures and other uses	586	(276,914)	3,977	103,334	4,021	11,279	621,005	7,151	279	(334)
Fund balance - January 1	12,871	953,720	16,780	291,768	9,378	2,013	5,402,290	35,129	11,016	11,791
Fund balance - December 31	\$ 13,457	676,806	20,757	395,102	13,399	13,292	6,023,295	42,280	11,295	11,457

(Continued)

CITY OF KENT, OHIO  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 All Special Revenue Funds - Continued

	Enforcement and Education	Income Tax Safety	Law Enforcement Trust	Community Development Block Grant	Fire and Emergency Medical Service	Swimming Pool Inspections	Police Pension	Fire Pension	Urban Development Action Grant	Total
Revenues										
Taxes	-	-	-	-	-	-	85,283	85,283	-	10,853,030
Fees, licenses and permits	-	-	-	-	-	2,065	-	-	-	113,776
Intergovernmental	-	15,726	-	851,259	-	-	9,594	9,594	-	1,600,530
Charges for services	-	-	-	-	-	-	-	-	-	203,874
Fines and forfeits	5,199	-	-	-	-	-	-	-	-	9,781
Special Assessments	-	-	-	31,388	-	-	-	-	-	76,969
Interest	-	-	1,034	148,967	-	-	-	-	8,052	91,413
Miscellaneous	-	40	-	-	190	-	-	-	-	301,876
Total revenues	5,199	15,766	1,034	1,031,614	190	2,065	94,877	94,877	8,052	13,251,249
Expenditures										
Current										
Security of persons and property	3,482	2,451,447	2,344	-	2,285,055	-	107,548	107,711	-	5,189,243
Public health and welfare	-	-	-	-	-	4,121	-	-	-	122,449
Leisure time activities	-	-	-	-	-	-	-	-	-	955,279
Community development	-	-	-	936,685	-	-	-	-	3,763	940,448
Transportation	-	-	-	-	-	-	-	-	-	1,365,439
General government	-	-	-	-	-	-	-	-	-	559,563
Capital outlays	-	-	3,992	-	87,333	-	-	-	-	276,944
Total expenditures	3,482	2,451,447	6,336	936,685	2,372,388	4,121	107,548	107,711	3,763	9,409,365
Excess of revenues over (under) expenditures	1,717	(2,435,681)	(5,302)	94,929	(2,372,198)	(2,056)	(12,671)	(12,834)	4,289	3,841,884
Other financing sources (uses)										
Operating transfers - in	-	2,298,395	-	-	2,298,395	-	-	-	-	5,130,179
Operating transfers - out	-	-	-	-	-	-	-	-	-	(8,640,696)
Net other financing sources (uses)	-	2,298,395	-	-	2,298,395	-	-	-	-	(3,510,517)
Excess of revenues and other sources over (under) expenditures and other uses	1,717	(137,286)	(5,302)	94,929	(73,803)	(2,056)	(12,671)	(12,834)	4,289	331,367
Fund balance - January 1	11,360	146,180	60,161	554,709	558,045	6,299	12,717	12,842	392,957	8,502,026
Fund balance - December 31	13,077	8,894	54,859	649,638	484,242	4,243	46	8	397,246	8,833,393

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
West Side Fire Fund

Year ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 207,513	207,521	8
Intergovernmental	<u>23,302</u>	<u>23,346</u>	<u>44</u>
Total revenues	<u>230,815</u>	<u>230,867</u>	<u>52</u>
Expenditures			
Current			
Security of persons and property	<u>234,500</u>	<u>231,202</u>	<u>3,298</u>
Total expenditures	<u>234,500</u>	<u>231,202</u>	<u>3,298</u>
Excess of revenues over (under) expenditures	(3,685)	(335)	3,350
Fund balance - January 1	<u>13,267</u>	<u>13,267</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 9,582</u></u>	<u><u>12,932</u></u>	<u><u>3,350</u></u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Street Construction, Maintenance and Repair Fund

Year ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 550,000	570,620	20,620
Charges for services	4,500	4,050	(450)
Special assessments	67,000	76,969	9,969
Miscellaneous	5,000	4,096	(904)
Total revenues	<u>626,500</u>	<u>655,735</u>	<u>29,235</u>
Expenditures			
Current			
Transportation	1,339,793	1,266,679	73,114
Capital outlays	115,109	91,014	24,095
Total expenditures	<u>1,454,902</u>	<u>1,357,693</u>	<u>97,209</u>
Excess of revenues over (under) expenditures	(828,402)	(701,958)	126,444
Other financing sources (uses)			
Operating transfers - in	480,000	480,000	-
Advances - in	6,850	6,850	-
Total other financing sources (uses)	<u>486,850</u>	<u>486,850</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(341,552)	(215,108)	126,444
Recovery of prior year encumbrances	-	6,374	6,374
Fund balance - January 1	<u>645,533</u>	<u>645,533</u>	<u>-</u>
Fund balance - December 31	<u>\$ 303,981</u>	<u>436,799</u>	<u>132,818</u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
State Highway Improvement Fund

Year ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ <u>44,000</u>	<u>46,266</u>	<u>2,266</u>
Total revenues	<u>44,000</u>	<u>46,266</u>	<u>2,266</u>
Expenditures			
Current			
Transportation	<u>49,000</u>	<u>42,157</u>	<u>6,843</u>
Total expenditures	<u>49,000</u>	<u>42,157</u>	<u>6,843</u>
Excess of revenues over (under) expenditures	(5,000)	4,109	9,109
Fund balance - January 1	<u>10,475</u>	<u>10,475</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 5,475</u></u>	<u><u>14,584</u></u>	<u><u>9,109</u></u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Parks and Recreation Fund

Year ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 703,320	703,321	1
Fees, licenses and permits	-	14,711	14,711
Intergovernmental	73,961	77,885	3,924
Charges for services	196,175	204,547	8,372
Miscellaneous	146,000	147,423	1,423
Total revenues	<u>1,119,456</u>	<u>1,147,887</u>	<u>28,431</u>
Expenditures			
Current			
Leisure time activities	965,601	958,038	7,563
Capital outlay	112,025	111,465	560
Total expenditures	<u>1,077,626</u>	<u>1,069,503</u>	<u>8,123</u>
Excess of revenues over expenditures	41,830	78,384	36,554
Other financing sources			
Operating transfers - in	20,889	20,889	-
Total other financing sources	<u>20,889</u>	<u>20,889</u>	<u>-</u>
Excess of revenues and other sources over expenditures	62,719	99,273	36,554
Recovery of prior year encumbrances	-	6,451	6,451
Fund balance - January 1	<u>299,051</u>	<u>299,051</u>	<u>-</u>
Fund balance - December 31	<u>\$ 361,770</u>	<u>404,775</u>	<u>43,005</u>



CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Food Service Fund

Year ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Fees, licenses and permits	\$ 38,000	38,926	926
Total revenues	<u>38,000</u>	<u>38,926</u>	<u>926</u>
Expenditures			
Current			
Public health and welfare	<u>53,683</u>	<u>51,971</u>	<u>1,712</u>
Total expenditures	<u>53,683</u>	<u>51,971</u>	<u>1,712</u>
Excess of revenues over (under) expenditures	(15,683)	(13,045)	2,638
Other financing sources			
Operating transfers - in	<u>17,500</u>	<u>17,500</u>	<u>-</u>
Total other financing sources	<u>17,500</u>	<u>17,500</u>	<u>-</u>
Excess of revenues and other sources over expenditures	1,817	4,455	2,638
Fund balance - January 1	<u>9,739</u>	<u>9,739</u>	<u>-</u>
Fund balance - December 31	<u>\$ 11,556</u>	<u>14,194</u>	<u>2,638</u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
License Tax Fund

Year ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 140,000	140,521	521
Total revenues	<u>140,000</u>	<u>140,521</u>	<u>521</u>
Other financing sources (uses)			
Operating transfers - out	(130,000)	(130,000)	
Advance - out	<u>(6,850)</u>	<u>(6,850)</u>	-
Total other financing sources (uses)	<u>(136,850)</u>	<u>(136,850)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	3,150	3,671	521
Fund balance - January 1	<u>253</u>	<u>253</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 3,403</u></u>	<u><u>3,924</u></u>	<u><u>521</u></u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Income Tax Fund

Year ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 9,510,000	9,782,615	272,615
Interest	40,000	47,664	7,664
Total revenues	<u>9,550,000</u>	<u>9,830,279</u>	<u>280,279</u>
Expenditures			
Current			
General government	754,125	698,449	55,676
Total expenditures	<u>754,125</u>	<u>698,449</u>	<u>55,676</u>
Excess of revenues over expenditures	8,795,875	9,131,830	335,955
Other financing uses			
Operating transfers - in	30,000	30,000	-
Operating transfers - out	<u>(8,730,696)</u>	<u>(8,730,696)</u>	<u>-</u>
Total other financing uses	<u>(8,700,696)</u>	<u>(8,700,696)</u>	<u>-</u>
Excess of revenues over expenditures and other uses	95,179	431,134	335,955
Recovery of prior year encumbrances	-	47	47
Fund balance - January 1	<u>2,350,586</u>	<u>2,350,586</u>	<u>-</u>
Fund balance - December 31	<u>\$ 2,445,765</u>	<u>2,781,767</u>	<u>336,002</u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Revolving Housing Fund

Year ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Fees, licenses and permits	\$ 50,000	58,074	8,074
Total revenues	<u>50,000</u>	<u>58,074</u>	<u>8,074</u>
Expenditures			
Current			
Public health and welfare	76,649	65,554	11,095
Total expenditures	<u>76,649</u>	<u>65,554</u>	<u>11,095</u>
Excess of revenues over (under) expenditures	(26,649)	(7,480)	19,169
Other financing sources			
Operating transfers-in	15,000	15,000	-
Total other financing sources	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(11,649)	7,520	19,169
Recovery of prior year encumbrances	-	18	18
Fund balance - January 1	<u>35,371</u>	<u>35,371</u>	<u>-</u>
Fund balance - December 31	<u>\$ 23,722</u>	<u>42,909</u>	<u>19,187</u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
State and Local Forfeits Fund

Year ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Fines and forfeits	\$ <u>3,500</u>	<u>3,541</u>	<u>41</u>
Total revenues	<u>3,500</u>	<u>3,541</u>	<u>41</u>
Expenditures			
Current			
Security of persons and property	3,000	0	3,000
Capital outlay	<u>9,000</u>	<u>3,262</u>	<u>5,738</u>
Total expenditures	<u>12,000</u>	<u>3,262</u>	<u>8,738</u>
Excess of revenues over (under) expenditures	(8,500)	279	8,779
Fund balance - January 1	<u>11,016</u>	<u>11,016</u>	<u>-</u>
Fund balance - December 31	<u>\$ 2,516</u>	<u>11,295</u>	<u>8,779</u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Drug Law Enforcement Fund

Year ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Fines and forfeits	\$ <u>700</u>	<u>991</u>	<u>291</u>
Total revenues	<u>700</u>	<u>991</u>	<u>291</u>
Expenditures			
Current			
Security of persons and property	5,000	1,800	3,200
Capital outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>10,000</u>	<u>1,800</u>	<u>8,200</u>
Excess of revenues over (under) expenditures	(9,300)	(809)	8,491
Fund balance - January 1	<u>11,691</u>	<u>11,691</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 2,391</u></u>	<u><u>10,882</u></u>	<u><u>8,491</u></u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Enforcement and Education Fund

Year ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Fines and forfeits	\$ 4,700	4,920	220
Total revenues	<u>4,700</u>	<u>4,920</u>	<u>220</u>
Expenditures			
Current			
Security of persons and property	6,000	3,535	2,465
Capital outlay	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total expenditures	<u>13,000</u>	<u>3,535</u>	<u>9,465</u>
Excess of revenues over (under) expenditures	(8,300)	1,385	9,685
Fund balance - January 1	<u>11,235</u>	<u>11,235</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 2,935</u></u>	<u><u>12,620</u></u>	<u><u>9,685</u></u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Income Tax Safety Fund

Year ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	-	14,035	14,035
Miscellaneous	\$ -	40	40
Total revenues	<u>-</u>	<u>14,075</u>	<u>14,075</u>
Expenditures			
Current			
Security of persons and property	<u>2,530,045</u>	<u>2,507,201</u>	<u>22,844</u>
Total expenditures	<u>2,530,045</u>	<u>2,507,201</u>	<u>22,844</u>
Excess of revenues over (under) expenditures	(2,530,045)	(2,493,126)	36,919
Other financing sources			
Operating transfers - in	<u>2,298,395</u>	<u>2,298,395</u>	<u>-</u>
Total other financing sources	<u>2,298,395</u>	<u>2,298,395</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(231,650)	(194,731)	36,919
Fund balance - January 1	<u>285,546</u>	<u>285,546</u>	<u>-</u>
Fund balance - December 31	<u>\$ 53,896</u>	<u>90,815</u>	<u>36,919</u>



CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Law Enforcement Trust Fund

Year ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ -	1,034	1,034
Total revenues	<u>-</u>	<u>1,034</u>	<u>1,034</u>
Expenditures			
Current			
Security of persons and property	10,000	2,344	7,656
Capital outlays	45,000	3,992	41,008
Total expenditures	<u>55,000</u>	<u>6,336</u>	<u>48,664</u>
Excess of revenues over (under) expenditures	(55,000)	(5,302)	49,698
Fund balance - January 1	<u>60,161</u>	<u>60,161</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 5,161</u></u>	<u><u>54,859</u></u>	<u><u>49,698</u></u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Community Development Block Grant Fund

Year ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 857,000	861,510	4,510
Interest	7,000	31,388	24,388
Miscellaneous	175,000	178,235	3,235
Total revenues	<u>1,039,000</u>	<u>1,071,133</u>	<u>32,133</u>
Expenditures			
Current			
Community development	1,109,000	1,100,720	8,280
Total expenditures	<u>1,109,000</u>	<u>1,100,720</u>	<u>8,280</u>
Excess of revenues over (under) expenditures	(70,000)	(29,587)	40,413
Fund balance - January 1	<u>70,137</u>	<u>70,137</u>	<u>-</u>
Fund balance - December 31	<u>\$ 137</u>	<u>40,550</u>	<u>40,413</u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Fire and Emergency Medical Service Fund

Year ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Miscellaneous	\$ -	190	190
Total revenues	<u>-</u>	<u>190</u>	<u>190</u>
Expenditures			
Current			
Security of persons and property	2,366,592	2,272,607	93,985
Capital outlays	231,300	100,290	131,010
Total expenditures	<u>2,597,892</u>	<u>2,372,897</u>	<u>224,995</u>
Excess of revenues over (under) expenditures	(2,597,892)	(2,372,707)	225,185
Other financing sources			
Operating transfers - in	<u>2,298,395</u>	<u>2,298,395</u>	<u>-</u>
Total other financing sources	<u>2,298,395</u>	<u>2,298,395</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(299,497)	(74,312)	225,185
Recovery of prior year encumbrances	-	1,089	1,089
Fund balance - January 1	<u>562,438</u>	<u>562,438</u>	<u>-</u>
Fund balance - December 31	<u>\$ 262,941</u>	<u>489,215</u>	<u>226,274</u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Swimming Pool Inspections Fund

Year ended December 31, 2002

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Fees, licenses and permits	\$ 2,000	2,065	65
Total revenues	<u>2,000</u>	<u>2,065</u>	<u>65</u>
Expenditures			
Current			
Public health and welfare	4,552	4,094	458
Total expenditures	<u>4,552</u>	<u>4,094</u>	<u>458</u>
Excess of revenues over (under) expenditures	(2,552)	(2,029)	523
Recovery of prior year encumbrances	-	18	18
Fund balance - January 1	<u>6,305</u>	<u>6,305</u>	<u>-</u>
Fund balance - December 31	<u>\$ 3,753</u>	<u>4,294</u>	<u>541</u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Police Pension Fund

Year ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 86,636	85,283	(1,353)
Intergovernmental	<u>9,590</u>	<u>9,594</u>	<u>4</u>
Total revenues	<u>96,226</u>	<u>94,877</u>	<u>(1,349)</u>
Expenditures			
Current			
Security of persons and property	<u>108,000</u>	<u>108,000</u>	<u>-</u>
Total expenditures	<u>108,000</u>	<u>108,000</u>	<u>-</u>
Excess of revenues over (under) expenditures	(11,774)	(13,123)	(1,349)
Fund balance - January 1	<u>14,016</u>	<u>14,016</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 2,242</u></u>	<u><u>893</u></u>	<u><u>(1,349)</u></u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Fire Pension Fund

Year ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 86,636	85,283	(1,353)
Intergovernmental	<u>9,590</u>	<u>9,594</u>	<u>4</u>
Total revenues	<u>96,226</u>	<u>94,877</u>	<u>(1,349)</u>
Expenditures			
Current			
Security of persons and property	<u>108,000</u>	<u>108,000</u>	<u>-</u>
Total expenditures	<u>108,000</u>	<u>108,000</u>	<u>-</u>
Excess of revenues over (under) expenditures	(11,774)	(13,123)	(1,349)
Fund balance - January 1	<u>14,016</u>	<u>14,016</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 2,242</u></u>	<u><u>893</u></u>	<u><u>(1,349)</u></u>

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Urban Development Action Grant Fund

Year ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest	\$ 3,600	8,095	4,495
Miscellaneous	<u>10,000</u>	<u>18,506</u>	<u>8,506</u>
Total revenues	<u>13,600</u>	<u>26,601</u>	<u>13,001</u>
Expenditures			
Current			
Community development	<u>143,000</u>	<u>143,000</u>	<u>-</u>
Total expenditures	<u>143,000</u>	<u>143,000</u>	<u>-</u>
Excess of revenues over (under) expenditures	(129,400)	(116,399)	13,001
Fund balance - January 1	<u>139,942</u>	<u>139,942</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 10,542</u></u>	<u><u>23,543</u></u>	<u><u>13,001</u></u>

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CITY OF KENT, OHIO

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

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Debt Service Fund

Year ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Special assessments	\$ 83,000	83,015	15
Total revenues	<u>83,000</u>	<u>83,015</u>	<u>15</u>
Expenditures			
Current			
General government	5,000	3,193	1,807
Debt service	<u>344,927</u>	<u>344,927</u>	<u>-</u>
Total expenditures	<u>349,927</u>	<u>348,120</u>	<u>1,807</u>
Excess of revenues over (under) expenditures	(266,927)	(265,105)	1,822
Other financing sources			
Operating transfers - in	<u>260,517</u>	<u>260,517</u>	<u>-</u>
Total other financing sources	<u>260,517</u>	<u>260,517</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(6,410)	(4,588)	1,822
Fund balance - January 1	<u>44,704</u>	<u>44,704</u>	<u>-</u>
Fund balance - December 31	<u>\$ 38,294</u>	<u>40,116</u>	<u>1,822</u>

CITY OF KENT, OHIO

Capital Projects Fund

The Capital Projects 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.

CITY OF KENT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (non-GAAP Budgetary Basis)  
Capital Projects Fund

Year ended December 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 19,925	27,000	7,075
Special Assessments	-	6,433	6,433
Miscellaneous	-	20,464	20,464
Total revenues	<u>19,925</u>	<u>53,897</u>	<u>33,972</u>
Expenditures			
Capital outlays	1,911,224	1,272,338	638,886
Debt service	4,887,750	4,866,069	21,681
Total expenditures	<u>6,798,974</u>	<u>6,138,407</u>	<u>660,567</u>
Excess of revenues over (under) expenditures	(6,779,049)	(6,084,510)	694,539
Other financing sources			
Proceeds from sale of notes	4,750,000	4,749,433	(567)
Operating transfers - in	1,500,000	1,500,000	-
Total other financing sources	<u>6,250,000</u>	<u>6,249,433</u>	<u>(567)</u>
Excess of revenue and other sources over (under) expenditures	(529,049)	164,923	693,972
Recovery of prior year encumbrances	-	74,012	74,012
Fund balance - January 1	<u>1,708,840</u>	<u>1,708,840</u>	-
Fund balance - December 31	<u>\$ 1,179,791</u>	<u>1,947,775</u>	<u>767,984</u>

## CITY OF KENT, OHIO

### Enterprise Funds

Enterprise Funds are set up to account for the acquisition and operation of governmental facilities and services that are entirely or predominantly self-supporting from user charges. The City of Kent operates the following enterprise activities:

Solid Waste Fund	To account for solid waste collection services provided to the residential and commercial users of the City.
Storm Water Drainage Fund	To account for storm water drainage services provided to the residential and commercial users of the City.
Sewer Fund	To account for sanitary sewer services provided to the residential and commercial users of the City.
Water Fund	To account for the provision of water services to the residential and commercial users of the City.

All activities necessary to provide the above services are accounted for in each particular fund including, but not limited to, administration, operations, maintenance, financing, related debt service, invoicing and collection.

CITY OF KENT, OHIO  
 Combining Balance Sheet - All Enterprise Funds  
 December 31, 2002

ASSETS	Solid Waste Fund	Storm Water Drainage Fund	Sewer Fund	Water Fund	Total
Current Assets					
Cash and cash equivalents	\$ 210,184	896,459	3,410,167	3,291,025	7,807,835
Receivables					
Accounts	47,020	76,117	605,986	524,151	1,253,274
Special assessments	-	-	332,458	241,189	573,647
Interest	-	-	12,158	10,421	22,579
Less allowance for doubtful accounts	(3,501)	(1,749)	(91,201)	(75,258)	(171,709)
Receivables, net	43,519	74,368	859,401	700,503	1,677,791
Due from other governments	12,500	5,924	497,901	-	516,325
Inventories	-	-	10,964	14,801	25,765
Prepaid items	63	-	6,059	12,424	18,546
Deferred amount on bond refunding	-	-	113,084	-	113,084
Total current assets	266,266	976,751	4,897,576	4,018,753	10,159,346
Restricted cash and cash equivalents	-	-	425	-	425
Fixed assets in service					
Land and land improvements	-	-	361,003	1,279,809	1,640,812
Buildings, structures and improvements	4,430	981,933	26,857,534	14,108,996	41,952,893
Machinery and equipment	13,839	38,125	4,606,291	4,238,674	8,896,929
Less accumulated depreciation	(14,519)	(13,929)	(11,235,070)	(7,969,012)	(19,232,530)
Fixed assets in service, net	3,750	1,006,129	20,589,758	11,658,467	33,258,104
Construction in progress	1,286	21,090	2,269,048	847,271	3,138,695
Total assets	\$ 271,302	2,003,970	27,756,807	16,524,491	46,556,570

LIABILITIES AND FUND EQUITY

Current Liabilities					
Accounts payable	\$ 41,199	11,314	126,952	79,122	258,587
Capital contracts payable	-	83,918	600,540	87,544	772,002
Notes payable	-	-	3,395,000	-	3,395,000
Due to other funds	481,466	976,000	428,980	512,100	2,398,546
Accrued wages and benefits	10,389	-	512,480	391,793	914,662
Total current liabilities	533,054	1,071,232	5,063,952	1,070,559	7,738,797
Payable from restricted assets	-	-	425	-	425
Total liabilities	533,054	1,071,232	5,064,377	1,070,559	7,739,222
Fund equity					
Contributed capital - City of Kent and others	139,656	-	10,873,867	1,265,767	12,279,290
Retained earnings (deficit)	(401,408)	932,738	11,818,563	14,188,165	26,538,058
Total fund equity	(261,752)	932,738	22,692,430	15,453,932	38,817,348
Total liabilities and fund equity	\$ 271,302	2,003,970	27,756,807	16,524,491	46,556,570

CITY OF KENT, OHIO

Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) -  
All Enterprise Funds

Year ended December 31, 2002

	Solid Waste Fund	Storm Water Drainage Fund	Sewer Fund	Water Fund	Total
Operating revenues					
Charges for services	\$ 426,468	510,752	3,684,290	2,999,781	7,621,291
Other	12,523	-	27,424	39,712	79,659
Total operating revenues	438,991	510,752	3,711,714	3,039,493	7,700,950
Operating expenses					
Personal services	42,802	-	1,402,071	1,124,450	2,569,323
Benefits	11,181	-	428,780	358,874	798,835
Utilities	-	-	207,731	157,936	365,667
Contractual services	335,218	19,668	173,889	158,892	687,667
Supplies and materials	268	-	130,087	209,486	339,841
Depreciation	2,199	12,023	669,615	469,442	1,153,279
Other	2,347	1,063	187,375	160,906	351,691
Total operating expenses	394,015	32,754	3,199,548	2,639,986	6,266,303
Operating income (loss)	44,976	477,998	512,166	399,507	1,434,647
Nonoperating revenues (expenses)					
Interest revenue	-	7,701	61,623	59,276	128,600
Interest expense	-	-	(233,405)	-	(233,405)
Grant revenue	-	418,287	970,280	-	1,388,567
Special assessments	-	-	2,244	1,079	3,323
Capital contributions from developers	-	-	42,743	-	42,743
Gain on sale of assets	-	-	195,362	-	195,362
Amortization of deferred amount on bond refunding	-	-	(16,657)	-	(16,657)
Net nonoperating revenues (expenses)	-	425,988	1,022,190	60,355	1,508,533
Net income (loss)	44,976	903,986	1,534,356	459,862	2,943,180
Retained earnings (deficit) - January 1, as restated	(446,384)	28,752	10,284,207	13,728,303	23,594,878
Retained earnings (deficit) - December 31	\$ (401,408)	932,738	11,818,563	14,188,165	26,538,058

CITY OF KENT, OHIO  
Combining Statement of Cash Flows -  
All Enterprise Funds  
Year ended December 31, 2002

	Solid Waste Fund	Storm Water Drainage Fund	Sewer Fund	Water Fund	Total
Cash flows from operating activities					
Cash received from users	\$ 416,066	499,390	3,687,238	3,015,004	7,617,698
Cash payments to suppliers for goods and services	(316,251)	(9,992)	(600,345)	(653,948)	(1,580,536)
Cash payments to employees for services	(51,861)	-	(1,751,872)	(1,442,290)	(3,246,023)
Other operating revenue	23	-	27,424	39,712	67,159
Net cash provided (used) by operating activities	47,977	489,398	1,362,445	958,478	2,858,298
Cash flows from noncapital financing activities					
Repayment of loan from other fund	-	(30,000)	-	-	(30,000)
Loan from other fund	-	220,000	-	-	220,000
Net cash provided by noncapital financing activities	-	190,000	-	-	190,000
Cash flows from capital and related financing activities					
Capital contributions from special assessments	-	-	20,851	14,759	35,610
Capital contributions from developers	-	-	42,743	-	42,743
Capital grant	-	412,363	671,111	-	1,083,474
Purchase of capital assets	(924)	-	(74,648)	(147,113)	(222,685)
Construction of capital assets	-	(842,901)	(874,313)	(278,534)	(1,995,748)
Proceeds from sale of assets	-	-	216,600	-	216,600
Proceeds from sale of notes	-	-	3,395,000	-	3,395,000
Principal paid on outstanding capital debt	-	-	(3,645,000)	-	(3,645,000)
Premium paid on bond refunding	-	-	(66,600)	-	(66,600)
Interest paid on outstanding capital debt	-	-	(233,405)	-	(233,405)
Net cash used by capital and related financing activities	(924)	(430,538)	(547,661)	(410,888)	(1,390,011)
Cash flows from investing activities					
Interest on investments	-	7,701	69,622	72,056	149,379
Net cash provided by investing activities	-	7,701	69,622	72,056	149,379
Net increase (decrease) in cash and cash equivalents	47,053	256,561	884,406	619,646	1,807,666
Cash and cash equivalents - January 1	163,131	639,898	2,525,761	2,671,379	6,000,169
Cash and cash equivalents - December 31	\$ 210,184	896,459	3,410,167	3,291,025	7,807,835



CITY OF KENT, OHIO

Combining Statement of Cash Flows -  
All Enterprise Funds - Continued

	Solid Waste Fund	Storm Water Drainage Fund	Sewer Fund	Water Fund	Total
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	\$ 44,976	477,998	512,166	399,507	1,434,647
Adjustment to reconcile operating income to net cash provided by operating activities					
Depreciation	2,199	12,023	669,615	469,442	1,153,279
Provision for uncollectible accounts	890	1,063	18,903	14,777	35,633
Change in assets and liabilities					
(Increase) decrease in accounts receivable	(10,402)	(11,362)	2,948	15,223	(3,593)
(Increase) decrease in due from other governments	(12,500)	-	-	-	(12,500)
(Increase) decrease in inventories	-	-	(1,707)	(6,165)	(7,872)
(Increase) decrease in prepaid items	51	-	3,249	(10)	3,290
Increase (decrease) in accounts payable	20,641	9,676	78,292	24,670	133,279
Increase (decrease) in wages and benefits payable	2,122	-	78,979	41,034	122,135
Net cash provided by operating activities	\$ 47,977	489,398	1,362,445	958,478	2,858,298

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CITY OF KENT, OHIO

Internal Service Fund

Internal Service Funds are established to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Health and Life  
Insurance Fund

To account for health and life insurance premiums and claims for employees of the City.

CITY OF KENT, OHIO

Balance Sheet - Health and Life Insurance Fund

December 31, 2002

ASSETS

Current Assets		
Cash and cash equivalents	\$	42,383
Prepaid items		<u>450</u>
Total current assets		<u>42,833</u>
Other assets - cash surrender value of life insurance policies		<u>901,588</u>
Total assets	\$	<u><u>944,421</u></u>

LIABILITIES AND FUND EQUITY

Current Liabilities		
Accounts payable	\$	34,908
Claims payable		<u>157,524</u>
Total current liabilities		<u>192,432</u>
Total liabilities		<u>192,432</u>
Fund equity		
Retained earnings		<u>751,989</u>
Total fund equity		<u>751,989</u>
Total liabilities and fund equity	\$	<u><u>944,421</u></u>

CITY OF KENT, OHIO

Statement of Revenues, Expenses and Changes in Retained Earnings -  
Health and Life Insurance Fund

Year ended December 31, 2002

Operating revenues	
Charges for services	\$ 1,762,633
Total operating revenues	<u>1,762,633</u>
Operating expenses	
Claims	1,701,648
Premiums	<u>276,793</u>
Total operating expenses	<u>1,978,441</u>
Operating income (loss)	<u>(215,808)</u>
Nonoperating revenues	
Interest revenue	<u>59,664</u>
Net nonoperating revenues	<u>59,664</u>
Net income	(156,144)
Retained earnings - January 1	<u>908,133</u>
Retained earnings - December 31	<u><u>\$ 751,989</u></u>

CITY OF KENT, OHIO  
Statement of Cash Flows -  
Health and Life Insurance Fund  
Year ended December 31, 2002

Cash flows from operating activities	
Cash received from users	\$ 1,762,633
Cash payments to suppliers for goods and services	<u>(1,919,905)</u>
Net cash provided (used) by operating activities	<u>(157,272)</u>
 Cash flows from investing activities	
Payments for investments	(42,093)
Proceeds from sale of investments	83,606
Interest on investments	<u>59,664</u>
Net cash provided (used) by investing activities	<u>101,177</u>
 Net increase (decrease) in cash and cash equivalents	(56,095)
Cash and cash equivalents - January 1	<u>98,478</u>
Cash and cash equivalents - December 31	<u><u>\$ 42,383</u></u>
 Reconciliation of operating loss to net cash used by operating activities	
Operating income (loss)	\$ (215,808)
Adjustment to reconcile operating loss to net cash used by operating activities	
Change in assets and liabilities	
Increase (decrease) in accounts payable	21,647
Increase (decrease) in claims payable	<u>36,889</u>
Net cash provided (used) by operating activities	<u><u>\$ (157,272)</u></u>

CITY OF KENT, OHIO

Agency Fund

Agency Funds are established to account for assets received and held by the City acting in the capacity of an agent or custodian.

Agency Escrow Fund	To hold 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.
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CITY OF KENT, OHIO

Statement of Changes in Assets and Liabilities -  
Agency Escrow Fund

Year ended December 31, 2002

	<u>Balance</u> <u>January 1,</u> <u>2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2002</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ <u>366,347</u>	<u>162,764</u>	<u>156,810</u>	<u>372,301</u>
<b>LIABILITIES</b>				
Accounts payable	\$ <u>366,347</u>	<u>162,764</u>	<u>156,810</u>	<u>372,301</u>



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CITY OF KENT, OHIO

General Fixed Asset Account Group

The General Fixed Asset Account Group is a self-balancing group designed to account for the fixed assets owned by the City exclusive of those relating to Proprietary Fund operations.

CITY OF KENT, OHIO

Schedule of General Fixed Assets by Source

December 31, 2002

	<u>Gross</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
General fixed assets			
Land	\$ 2,674,859	-	2,674,859
Buildings, structures and improvements	6,695,908	(2,529,990)	4,165,918
Machinery and equipment	7,234,502	(5,053,296)	2,181,206
Construction in progress	<u>3,908,185</u>	<u>-</u>	<u>3,908,185</u>
Total general fixed assets	<u>\$ 20,513,454</u>	<u>(7,583,286)</u>	<u>12,930,168</u>
Investment in general fixed assets from	\$		
General fund revenue	4,830,716		
Special revenue funds	10,774,256		
Capital project fund	255,329		
Federal grants	338,788		
Donations	406,180		
Construction in progress	<u>3,908,185</u>		
Total investment in general fixed assets	<u>\$ 20,513,454</u>		

CITY OF KENT, OHIO

Schedule of General Fixed Assets by Function and Activity

December 31, 2002

	<u>Land</u>	<u>Buildings, Structures and Improvements</u>	<u>Machinery and Equipment</u>	<u>Total</u>
Security of persons and property				
Safety Director	\$ -	-	11,590	11,590
Fire	168,980	581,861	2,173,548	2,924,389
Police	<u>1,700</u>	<u>212,204</u>	<u>1,246,669</u>	<u>1,460,573</u>
Total security of persons and property	<u>170,680</u>	<u>794,065</u>	<u>3,431,807</u>	<u>4,396,552</u>
Public health and welfare	36,630	-	24,697	61,327
Leisure time activities	1,501,495	762,375	447,113	2,710,983
Community development	172,801	370,595	83,523	626,919
Transportation	283,928	3,021,678	2,647,861	5,953,467
General government				
Civil service	-	11,319	5,915	17,234
Council	-	185,297	38,857	224,154
Engineering	-	33,955	259,695	293,650
Finance administration	-	534,093	68,972	603,065
Law	-	11,318	1,415	12,733
Manager	-	237,532	14,014	251,546
Service administration	<u>509,325</u>	<u>733,681</u>	<u>210,633</u>	<u>1,453,639</u>
Total general government	<u>509,325</u>	<u>1,747,195</u>	<u>599,501</u>	<u>2,856,021</u>
Total general fixed assets allocated to functions	2,674,859	6,695,908	7,234,502	16,605,269
Construction in progress	-	3,604,065	304,120	3,908,185
Accumulated depreciation	<u>-</u>	<u>(2,529,990)</u>	<u>(5,053,296)</u>	<u>(7,583,286)</u>
Net general fixed assets allocated to functions	<u>\$ 2,674,859</u>	<u>7,769,983</u>	<u>2,485,326</u>	<u>12,930,168</u>

CITY OF KENT, OHIO

Schedule of Changes in General Fixed Assets by Function and Activity

Year ended December 31, 2002

	Fixed Assets January 1, 2002	Additions	Deductions	Fixed Assets December 31, 2002
Security of persons and property				
Safety Director	\$ 11,590	-	-	11,590
Fire	2,859,117	65,272	-	2,924,389
Police	1,374,264	103,459	(17,150)	1,460,573
Total security of persons and property	<u>4,244,971</u>	<u>168,731</u>	<u>(17,150)</u>	<u>4,396,552</u>
Public health and welfare	61,327	-	-	61,327
Leisure time activities	2,751,059	48,049	(88,125)	2,710,983
Community development	619,109	7,810	-	626,919
Transportation	5,934,738	94,778	(76,049)	5,953,467
General government				
Civil service	17,234	-	-	17,234
Council	221,575	2,579	-	224,154
Engineering	288,343	5,307	-	293,650
Finance administration	613,847	17,027	(27,809)	603,065
Law	12,733	-	-	12,733
Manager	39,233	214,895	(2,582)	251,546
Service administration	1,457,204	-	(3,565)	1,453,639
Total general government	<u>2,650,169</u>	<u>239,808</u>	<u>(33,956)</u>	<u>2,856,021</u>
Total general fixed assets allocated to functions	16,261,373	559,176	(215,280)	16,605,269
Construction in progress	1,222,364	2,900,716	(214,895)	3,908,185
Accumulated depreciation	<u>(6,972,649)</u>	<u>(748,755)</u>	<u>138,118</u>	<u>(7,583,286)</u>
Net general fixed assets allocated to functions	<u>\$ 10,511,088</u>	<u>2,711,137</u>	<u>(292,057)</u>	<u>12,930,168</u>

CITY OF KENT, OHIO

General Government Revenue by Source (1)

Last Ten Fiscal Years

Fiscal Year	Taxes	Fees, Licenses, and Permits	Intergovernmental Revenue	Charges for Services	Fines and Forfeits	Special Assessments	Interest	Miscellaneous Revenue	Total
1994	9,011,745	135,346	3,273,344	475,802	299,133	142,291	356,688	236,109	13,930,458
1995	9,563,804	215,398	3,008,709	554,722	448,483	168,473	519,978	968,050	15,447,617
1996	9,937,708	172,204	3,782,230	555,781	359,628	177,847	500,984	376,652	15,863,034
1997	10,265,609	228,748	3,752,674	566,867	299,169	168,743	553,740	208,339	16,043,889
1998	11,096,845	248,234	3,540,752	591,432	472,835	131,322	679,171	374,474	17,135,065
1999	11,224,208	314,955	3,430,043	636,896	373,008	298,228	698,951	175,517	17,151,806
2000	11,454,325	152,496	3,707,016	840,692	363,619	159,746	941,332	407,801	18,027,027
2001	12,036,231	300,552	3,671,672	755,909	352,319	209,485	931,920	345,495	18,603,583
2002	12,335,994	293,606	4,457,224	849,472	339,937	166,417	432,931	485,468	19,361,049

Notes: (1) Includes General, Special Revenue, Debt Service and Capital Project Funds.

CITY OF KENT, OHIO

General Government Expenditures By Function (1)

Last Ten Fiscal Years

Fiscal Year	Security of Persons and Property	Public Health and Welfare	Leisure		Community Development	Transportation	General Government	Capital Outlays	Debt Service	Total
			Time Activities							
1993	\$ 5,140,570	367,218	581,019	833,332	991,660	1,931,608	1,998,366	956,825	12,800,598	
1994	5,559,042	369,873	689,015	975,122	1,142,409	2,238,373	3,400,659	176,098	14,550,591	
1995	5,618,153	362,258	670,684	1,392,519	1,162,392	2,506,238	2,937,126	168,025	14,817,395	
1996	5,834,900	379,258	799,162	1,604,129	1,183,541	2,587,758	4,922,511	159,878	17,471,137	
1997	6,181,814	384,446	843,018	1,596,340	1,257,393	2,358,076	2,073,682	201,704	14,896,473	
1998	6,522,907	415,147	869,507	1,633,099	1,161,164	2,562,947	4,032,289	368,799	17,565,859	
1999	6,927,110	421,313	829,725	1,331,444	1,147,096	2,524,234	2,065,938	339,211	15,586,071	
2000	7,197,719	421,649	827,170	1,832,505	1,432,219	2,675,061	2,837,314	896,429	18,120,066	
2001	7,328,137	466,178	863,226	2,098,614	1,251,158	2,880,775	2,835,200	508,447	18,231,735	
2002	7,801,668	517,827	955,279	2,102,383	1,365,439	2,616,445	4,382,589	460,816	20,202,446	

Notes: (1) Includes General, Special Revenue, Debt Service and Capital Project Funds.

CITY OF KENT, OHIO

Property Tax Levies and Collections

Last Ten Fiscal Years

Collection Year	Current Tax Levy	Current Tax Collections	Current Collections as a Percent of Current Tax Levy	Delinquent Tax Collections	Total Tax Collections (2)	Total Collections as a Percent of Current Tax Levy	Accumulated Outstanding Delinquent Taxes	Percent of Accumulated Delinquent Taxes to Total Current Tax Levy
1993	\$ 1,520,914	N/A (1)	N/A (1)	N/A (1)	1,543,607	101.5	118,867	7.8
1994	1,537,402	N/A (1)	N/A (1)	N/A (1)	1,561,468	101.6	111,108	7.2
1995	1,655,061	N/A (1)	N/A (1)	N/A (1)	1,714,983	103.6	81,366	4.9
1996	1,666,273	N/A (1)	N/A (1)	N/A (1)	1,696,819	101.8	84,167	5.1
1997	1,864,376	N/A (1)	N/A (1)	N/A (1)	1,856,717	99.6	109,149	5.9
1998	1,993,259	N/A (1)	N/A (1)	N/A (1)	2,026,685	101.7	92,780	4.7
1999	2,013,482	1,944,504	96.6	59,863	2,004,367	99.5	125,743	6.2
2000	2,149,762	2,000,343	93.0	60,103	2,060,446	95.8	110,384	5.1
2001	2,458,410	2,401,347	97.7	62,949	2,464,296	100.2	148,243	6.0
2002	2,633,533	2,534,329	96.2	68,297	2,602,626	98.8	159,168	6.0

Notes: (1) Current and delinquent collection information was not separately available from Portage County Auditor records.

Notes: (2) Total tax collections include penalties and interest collected on delinquent taxes, as well as amounts received from the State of Ohio for the homestead and rollback reduction.

Source: Portage County, Ohio; County Auditor.



CITY OF KENT, OHIO

Assessed Valuations and Estimated True Values of Taxable Real Property

Last Ten Fiscal Years

<u>Tax Year/Collection Year</u>	<u>Assessed Valuations</u>			<u>Estimated True Value</u>
	<u>Real Property (1)</u>	<u>Public Utility Property (2)</u>	<u>Tangible Personal Property</u>	
1993/1994	\$ 160,687,810	16,708,610	33,668,914	459,108,029
1994/1995	183,720,460	17,009,640	33,057,408	524,915,600
1995/1996	186,723,210	14,172,320	35,158,058	533,494,886
1996/1997	188,992,523	13,661,270	37,194,204	539,978,637
1997/1998	215,205,680	13,265,220	39,816,452	614,873,371
1998/1999	218,165,746	12,787,660	39,435,714	623,330,703
1999/2000	222,384,732	12,732,900	39,539,156	635,384,949
2000/2001	264,062,473	10,593,570	42,056,737	754,464,209
2001/2002	268,375,313	9,942,640	42,935,640	766,786,609
2002/2003	272,993,108	10,123,850	36,373,796	779,980,309
			<u>Total</u>	
			211,065,334	
			233,787,508	
			236,053,588	
			239,847,997	
			268,287,352	
			270,389,120	
			274,656,788	
			316,712,780	
			321,253,593	
			319,490,754	

The current assessed valuation is computed at the following percentages of estimated true value: real property - 35%; public utilities - 100%; tangible personal property machinery and equipment - 24%; and tangible personal property inventory - 24%.

Notes: (1) Other than public utility property.

(2) Real and tangible personal public utility property.

Source: Portage County, Ohio; County Auditor.

CITY OF KENT, OHIO

Property Tax Rates - Direct and Overlapping Governments  
(per \$1,000 of Assessed Valuation)

Last Ten Fiscal Years

<u>Tax Year/Collection Year</u>	<u>City</u>	<u>Portage County</u>	<u>Kent City School District</u>	<u>Total</u>
1993/1994	\$ 9.44	10.30	74.15	93.89
1994/1995	9.44	10.17	83.02	102.63
1995/1996	9.44	10.92	82.98	103.34
1996/1997	9.44	12.72	87.60	109.76
1997/1998	9.44	12.72	87.42	109.58
1998/1999	9.44	12.72	86.70	108.86
1999/2000	9.44	12.72	86.50	108.66
2000/2001	9.44	12.72	86.60	108.76
2001/2002	9.44	12.72	86.35	108.51
2002/2003	9.44	12.72	94.48	116.64

CITY OF KENT, OHIO

Special Assessment Billings and Collections

Last Ten Fiscal Years

Collection <u>Year</u>	<u>Current</u>	<u>Delinquent (1)</u>	<u>Total Billed</u>	<u>Collected Amount</u>	<u>Percent of Total Collected</u>
1993	\$ 193,732	51,542	245,274	252,740	103.04
1994	199,171	56,016	255,187	201,068	78.79
1995	186,181	56,580	242,761	180,236	74.24
1996	181,807	71,311	253,118	180,884	71.46
1997	125,486	73,005	198,491	163,824	82.53
1998	135,878	26,790	162,668	139,897	86.00
1999	95,499	15,583	111,082	86,609	77.97
2000	193,485	19,755	213,240	195,797	91.82
2001	211,757	30,985	242,742	204,094	84.08
2002	205,789	40,106	245,895	189,528	77.08

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Notes: (1) Source: Portage County, Ohio; County Auditor.

CITY OF KENT, OHIO

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (in thousands)</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Monies Available</u>	<u>Bonded Debt Payable from Enterprise Revenue</u>	<u>Net Debt Supported by Special Assessments</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1993	28,835	\$ 211,065	7,975,000	72,657	7,180,000	722,343	-	-	-
1994	28,835	233,788	7,455,000	211	6,780,000	674,789	-	-	-
1995	28,835	236,054	6,945,000	1,425	6,390,000	553,575	-	-	-
1996	28,835	239,848	6,390,000	13,342	5,955,000	421,658	-	-	-
1997	28,835	268,287	5,852,000	38,337	5,500,000	313,663	-	-	-
1998	28,835	270,389	8,269,000	33,291	5,010,000	225,709	3,000,000	0.01	104.04
1999	28,835	274,657	7,615,000	50,190	4,490,000	169,810	2,905,000	0.01	100.75
2000	27,906	316,713	7,487,000	39,166	3,945,000	697,834	2,805,000	0.01	100.52
2001	27,906	321,254	7,040,000	44,704	3,645,000	650,296	2,700,000	0.01	96.75
2002	27,906	319,491	3,254,000	40,116	-	623,884	2,590,000	0.01	92.81

Notes: (1) Source: U.S. Bureau of Census, Census of Population - Federal 1990 Census, Federal 2000 Census.

CITY OF KENT, OHIO

Computation of Legal Debt Margin

December 31, 2002

Assessed valuation		\$ 319,490,754
Overall debt limitation - 10.50% of assessed valuation		\$ 33,546,529
Gross indebtedness	\$ 11,389,000	
Less: Debt outside limitations	<u>4,059,000</u>	
Debt within 10.50% limitation	7,330,000	
Net debt within 10.50% limitation		7,330,000
Legal debt margin within 10.50% limitation		<u>\$ 26,216,529</u>
Unvoted debt limitation - 5.50% of assessed valuation		\$ 17,571,991
Gross indebtedness	\$ 11,389,000	
Less: Debt outside limitations	<u>4,059,000</u>	
Debt within 5.50% limitation	7,330,000	
Net debt within 5.50% limitation		<u>7,330,000</u>
Legal debt margin within 5.50% limitation		<u>\$ 10,241,991</u>

CITY OF KENT, OHIO

Computation of Direct and Overlapping Net Debt

December 31, 2002

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Kent</u>	<u>Amount Applicable to City of Kent</u>
<u>Direct</u>			
City of Kent	\$ <u>2,590,000</u>	100.00%	\$ <u>2,590,000</u>
Total Direct	<u>2,590,000</u>		<u>2,590,000</u>
<u>Overlapping</u>			
Kent City Schools (2)	18,982,183	70.53%	13,388,134
Portage County, Ohio (3)	<u>18,639,171</u>	11.40%	<u>2,124,865</u>
Total Overlapping	<u>37,621,354</u>		<u>15,512,999</u>
Grand Total	\$ <u><u>40,211,354</u></u>		\$ <u><u>18,102,999</u></u>

Notes: (1) Excluding general obligation bonds supported by enterprise operations and special assessments.

(2) Source: Kent City Schools; Treasurer.

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

CITY OF KENT, OHIO

Ratio of Annual Debt Service Expenditures for General  
Bonded Debt to Total General Government Expenditures

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (1)</u>	<u>Total General Government Expenditures (2)</u>	<u>Ratio of Debt Service to Total General Government Expenditures</u>
1993	\$ 105,000	63,728	168,728	12,800,598	1.32
1994	120,000	56,098	176,098	14,550,591	1.21
1995	120,000	48,025	168,025	14,817,395	1.13
1996	120,000	39,878	159,878	17,471,137	0.92
1997	83,000	31,645	114,645	14,896,473	0.77
1998	93,000	120,701	213,701	17,565,859	1.22
1999	134,000	161,554	295,554	15,586,071	1.90
2000	144,000	155,299	299,299	18,120,066	1.65
2001	147,000	193,324	340,324	18,231,735	1.87
2002	141,000	173,980	314,980	20,202,446	1.56

Notes: (1) Excludes enterprise obligations, includes special assessments.

(2) Includes General, Special Revenue, Debt Service and Capital Project Funds.

CITY OF KENT, OHIO

Revenue Bond Coverage - Sewer Bonds

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenue (1)</u>	<u>Total Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1993	\$ 2,865,526	1,913,083	952,443	200,000	345,427	545,427	1.75
1994	3,196,491	2,093,679	1,102,812	210,000	338,328	548,328	2.01
1995	3,341,390	2,160,064	1,181,326	215,000	328,983	543,983	2.17
1996	3,309,536	2,223,796	1,085,740	225,000	318,878	543,878	2.00
1997	3,271,850	2,155,379	1,116,471	235,000	307,740	542,740	2.06
1998	3,257,363	2,233,873	1,023,490	255,000	295,520	550,520	1.86
1999	3,476,351	2,253,505	1,222,846	270,000	281,750	551,750	2.22
2000	3,505,972	2,420,124	1,085,848	280,000	266,765	546,765	1.99
2001	3,811,595	2,452,707	1,358,888	300,000	250,805	550,805	2.47
2002	3,773,337	2,529,934	1,243,403	315,000	233,405	548,405 (3)	2.27

Notes: (1) Gross revenue is total operating revenue plus interest revenue.

(2) Total operating expenses are operating and maintenance expenses exclusive of depreciation.

(3) Total debt service requirements reflect scheduled payments only and does not include the optional redemption principal payment.



CITY OF KENT, OHIO

Revenue Bond Coverage - Water Bonds

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenue (1)</u>	<u>Total Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal (3)</u>	<u>Interest</u>	<u>Total</u>	
1993	\$ 2,877,653	2,042,985	834,668	300,000	110,137	410,137	2.04
1994	2,791,805	2,324,716	467,089	190,000	88,838	278,838	1.68
1995	2,791,736	2,149,234	642,502	175,000	77,913	252,913	2.54
1996	2,748,222	2,361,596	386,626	210,000	67,850	277,850	1.39
1997	2,743,794	2,021,631	722,163	220,000	55,775	275,775	2.62
1998	2,727,096	2,006,673	720,423	235,000	43,125	278,125	2.59
1999	2,860,695	2,016,738	843,957	250,000	29,613	279,613	3.02
2000	2,964,205	2,109,231	854,974	265,000	15,238	280,238	3.05
2001	2,987,952	2,055,737	932,215	0	0	0	N/A
2002	3,098,769	2,170,544	928,225	0	0	0	N/A

Notes: (1) Gross revenue is total operating revenue plus interest revenue.

(2) Total operating expenses are operating and maintenance expenses exclusive of depreciation.

(3) Principal includes amounts which were paid by the trustees.

CITY OF KENT, OHIO

Demographic Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Public School Enrollment (2)</u>	<u>Unemployment Rate - County (3)</u>	<u>Unemployment Rate - City (4)</u>
1993	28,835	4,101	5.8 %	6.7 %
1994	28,835	4,097	5.2	6.0
1995	28,835	4,173	4.2	4.8
1996	28,835	4,244	4.4	5.1
1997	28,835	4,152	4.0	4.7
1998	28,835	3,982	3.7	4.3
1999	28,835	3,990	4.0	4.6
2000	27,906	3,839	3.9	4.5
2001	27,906	3,795	4.1	4.7
2002	27,906	3,786	5.0	5.8

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Notes: (1) Source: U. S. Census Bureau - 1990 Federal Census, 2000 Federal Census.

(2) Kent Board of Education - includes special education and vocational education programs.

(3) Ohio Bureau of Employment Services - Portage County average annual rates as a percentage of the civilian labor force.

(4) Ohio Bureau of Employment Services - City of Kent average annual rates as a percentage of the civilian labor force.

CITY OF KENT, OHIO

Construction and Bank Deposits

Last Ten Fiscal Years

Fiscal Year	Commercial/Industrial - New Construction (1)		Commercial/Industrial - Alterations (1)		Residential - New Construction (1)		Residential - Alterations (1)		Bank Deposits (2) (in thousands)
	Number	Value	Number	Value	Number	Value	Number	Value	
1993	8	\$ 1,368,000	51	2,500,131	30	3,590,597	67	595,387	243,585
1994	4	1,050,338	49	5,515,635	53	6,822,403	93	949,901	251,884
1995	2	555,000	31	2,301,000	33	3,640,704	67	647,640	245,027
1996	6	5,539,000	11	570,750	44	5,206,377	70	634,723	324,344
1997	4	1,935,000	27	4,043,100	54	7,892,836	40	693,001	351,734
1998	3	3,453,403	14	379,300	40	6,143,841	60	762,782	354,069
1999	9	5,172,000	25	4,773,000	69	10,994,000	120	1,004,000	336,320
2000	3	349,000	29	1,119,350	51	8,753,425	108	1,744,813	353,361
2001	9	7,285,000	21	1,556,190	34	11,395,900	87	1,156,297	337,673
2002	3	1,379,880	29	4,358,616	55	11,857,738	92	2,247,607	N/A

Notes: (1) Source: City of Kent, Ohio; Department of Community Development.

(2) Source: Federal Deposit Insurance Corporation; Office of Corporate Communications.

N/A = Not Available

CITY OF KENT, OHIO

Principal Taxpayers

December 31, 2002

<u>Taxpayer</u>	<u>Business Activity</u>	<u>2002 Assessed Valuation for Collection in 2003</u>	<u>Percentage of Total Assessed Valuation</u>
Gougler Industries, Inc.	Manufacturer	\$ 4,552,610	1.42 %
Ohio Bell	Telephone Utility	4,348,430	1.36
Silver Meadows Ltd.	Apartment Residences	3,452,050	1.08
Mikey Ryan LLC	Apartment Residences	2,882,600	0.90
Paul P. Tell Sr.	Apartment Residences	2,758,890	0.86
Ohio Edison	Electric Utility	2,630,450	0.82
Associated Estates Realty *	Apartment Residences	2,271,150	0.71
Atlas Engineering, Inc.	Manufacturer	2,217,450	0.69
Whitehall Terrace Investors LLC	Apartment Residences	2,176,020	0.68
Douglas Partners **	Apartment Residences	<u>2,108,760</u>	<u>0.66</u>
		\$ <u>29,398,410</u>	<u>9.18 %</u>
Total Assessed Valuation		\$ <u>319,490,754</u>	

\* Formerly Kent State Apartments

\*\* Formerly W9/GLM Real Estate

Source: Portage County, Ohio; County Treasurer.

CITY OF KENT, OHIO

Principal Employers - By Municipal Income Tax Withheld

December 31, 2002

Listed below are the ten largest employers by municipal income tax withheld:

<u>Employer</u>	<u>Activity</u>	<u>Amount of Tax Withheld</u>	<u>Percentage of Total Municipal Income Tax Revenue</u>
Kent State University	Higher Education	\$ 3,200,519	32.81 %
Kent City Schools	Education	499,808	5.12
City of Kent	City Government	206,541	2.12
Davey Tree Expert Co., Inc.	Tree Care	190,103	1.95
Land-O-Lakes	Dairy Products	170,719	1.75
Ametek, Inc.	Manufacturer	134,937	1.38
Smithers-Oasis Company	Manufacturer	120,694	1.24
Klaben Family Ford, Inc.	Automobile Dealership	99,737	1.02
Kent Adhesive Products Co., Inc.	Manufacturer	88,192	0.90
Integrated Logistics Holding Co.	Manufacturer	<u>68,147</u>	<u>0.70</u>
		\$ <u>4,779,397</u>	<u>48.99 %</u>
Total municipal income tax revenue		\$ <u>9,754,678</u> (1)	

Notes: (1) Reflects total gross municipal income tax collections.

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

## CITY OF KENT, OHIO

### Miscellaneous Statistics and Community Profile

#### LOCATION

Nearest major cities: Akron, Cleveland  
Distance in miles: 15, 45  
Major highway/north - south: State Route 43  
Major highway/east - west: State Route 59  
Nearest interstates: Interstate 76, 3 miles south - Ohio Turnpike, 7 miles north

#### PORTAGE COUNTY LABOR FORCE DECEMBER 2002

Employment: 80,100  
Unemployment rate: 5.0%

#### EDUCATION

	<u>Schools</u>	<u>Teachers</u>	<u>Grades</u>	<u>Enrollment</u>
Elementary	5	-	K - 6	1,675
Middle school	1	-	7 - 8	823
High school	1	-	9 - 12	1,288
Private and parochial	1	-	K - 8	341
Vocational/technical	Co-operative with other communities			
Colleges	1 - graduate and undergraduate - 23,500			
Libraries	2			
Total volumes and other media	3,466,000			

#### TRANSPORTATION

##### Railroads

Name: CSX Transportation, Wheeling & Lake Erie Railroad

##### Motor Freight Lines

Name: 45 serve the area

##### Air

Name of local airport: Andrew Patton  
Runway length: 3,950 feet  
Distance: 3 miles west of city  
Surface: Asphalt  
Lighted: Yes  
Instrument approach: Yes  
Contact person: Commercial Aviation Corporation - 330/672-2640  
Nearest scheduled service: Akron/Canton, Cleveland Hopkins  
Distance in miles: 25, 45  
Name of major airlines: America West, American, Continental, Delta, Northwest, Southwest, USAirways, United

## CITY OF KENT, OHIO

### Miscellaneous Statistics and Community Profile

#### Water

Nearest port: Cleveland World Port  
Distance in miles: 45

#### UTILITIES AND SERVICES

Natural gas supplier: Dominion East Ohio  
Contact: 330/794-0790  
Electricity supplier: Ohio Edison Company  
Contact: 330/677-2700  
Water supplier: Municipal  
Contact: 330/678-8104  
Source: Wells  
Treatment capacity: 6.0 million gallons per day  
Available capacity: 2.3 million gallons per day

#### SEWERS

Sanitary: Yes  
Storm: Yes  
Wastewater treatment plant: Municipal  
Type: Advanced  
Design capacity: 5.0 million gallons per day  
Peak capacity: 10.0 million gallons per day

#### GREATER KENT AREA

YM/YWCA: 1  
Golf courses: 6  
Other facilities: 9 theaters, 1 drive-in, 12 ballfields, 24 tennis courts, 2 bowling alleys, 1 indoor ice arena, 1 roller rink, 2 indoor swimming pools, 11 municipal parks  
Churches: 26  
Catholic: 2  
Protestant: 24  
Motels: 8  
Rooms: 560  
Shopping centers: 2  
Department stores: 1  
Restaurants: 65

#### FINANCIAL

Banks: 8  
Credit Unions: 2

## CITY OF KENT, OHIO

### Miscellaneous Statistics and Community Profile

#### MEDICAL

Hospitals:	1
Beds:	218
Doctors:	27
Dentists:	16

#### GOVERNMENT

Type of government:	Council - City Manager
Police Department:	56 full-time
Fire Department:	34 full-time
Fire insurance rating:	5
Date comprehensive plan revised:	1986
Zoning ordinance:	Yes

#### COMMUNICATIONS

Newspapers:	Record Courier, Akron Beacon Journal
Radio stations:	WNIR/WKSU and Akron/Cleveland stations
Television stations:	All Akron/Cleveland stations
Cable television:	Yes, TCI Media, Incorporated

#### LOCAL CONTACTS

Chamber of Commerce:	Daniel Smith
Address:	155 East Main Street Kent, Ohio 44240 Phone: 330/673-9855
Kent Growth Corporation:	Lewis Steinbrecher, City Manager
Address:	City Building, 319 South Water Street Kent, Ohio 44240 Phone: 330/678-8100
Economic Development:	Michael T. Weddle, Economic Development Coordinator
Address:	City Building, 319 South Water Street Kent, Ohio 44240 Phone: 330/678-8100





**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**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  
JULY 29, 2003**