



**Auditor of State
Betty Montgomery**

CITY OF KENT
PORTAGE COUNTY

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CITY OF KENT
PORTAGE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2003

Federal Grantor/Pass-Through/ Program Title/Individual Grant Number		Federal CFDA Number	Program or Award Amount	Receipts Recognized	Program Income	Direct Program Expenditures
U.S. Department of Housing and Urban Development						
Direct Programs:						
Community Development Block Grant - Entitlement	B-00-MC-39-0026	14.218	\$432,000			\$2,423
Community Development Block Grant - Entitlement	B-01-MC-39-0026	14.218	443,000	268,734		178,803
Community Development Block Grant - Entitlement	B-02-MC-39-0026	14.218	438,000	257,159		307,250
Community Development Block Grant - Entitlement	B-03-MC-39-0026	14.218	379,000			37,424
Community Housing Improvement Prog. - Entitlement	A-C-01-136-2	14.239	500,000	178,150		178,148
Total U.S. Department of Housing and Urban Development				<u>704,043</u>		<u>704,048</u>
U.S. Department of Justice						
Direct Programs:						
Local Law Enforcement Block Grant	01-LB-BX-3130	16.592	23,398	3,950	374	4,324
Local Law Enforcement Block Grant	02-LB-BX-2726	16.592	17,065	12,532		12,532
Local Law Enforcement Block Grant	03-LB-BX-2494	16.592	11,672			
Total U.S. Department of Justice				<u>16,482</u>	<u>374</u>	<u>16,856</u>
Federal Emergency Management Agency						
Direct Programs:						
Public Assistance Program	133-39872-00 DR-1484	83.544	42,135	23,569		23,569
Public Assistance Program	133-39872-00 EM-3187	97.036	5,195	2,315		2,315
Total Federal Emergency Management Agency				<u>25,884</u>		<u>25,884</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$746,409</u>	<u>\$374</u>	<u>\$746,788</u>

* Includes \$374 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, 2003**

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 reconciliation by grant from the cash basis to the accrual basis at December 31, 2003.

	<u>Receipt Recognized</u>	<u>Direct Program Expenditures</u>
<u>Department of HUD</u>		
Cash Basis	\$ 723,959	689,800
Accrual Adjustment	(19,916)	14,248
Department of HUD - Accrual Basis	<u>\$ 704,043</u>	<u>704,048</u>
 <u>Department of Justice</u>		
Cash Basis	\$ 11,672	17,572
Accrual Adjustment	4,810	(716)
Department of Justice - Accrual Basis	<u>\$ 16,482</u>	<u>16,856</u>
 <u>Federal Emergency Management Agency</u>		
Cash Basis	\$ 47,330	25,884
Accrual Adjustment	(21,446)	0
FEMA - Accrual Basis	<u>\$ 25,884</u>	<u>25,884</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, 2003 was \$292,553. 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 \$374 is related to a direct program and is not included in the program income identified below.

CITY OF KENT
PORTAGE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2003
(Continued)

NOTE 3: PROGRAM INCOME (Continued)

<u>Description</u>	<u>Program Income</u>
Revolving Loan Interest Earnings - EDA	\$ 12,472
Revolving Loan Interest Earnings - UDAG	5,328
Rehabilitation Loan Repayment - CDBG	85,346
Interest Income from Bank Accounts - UDAG	1,303
Community Development Block Grant - Program Income	40,700
Continuing Housing Impact Program - Program Income	88,919
Total Program Income	<u>\$ 234,068</u>

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**Auditor of State
Betty Montgomery**

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Kent as of and for the year ended December 31, 2003, which collectively comprise the City of Kent's basic financial statements and have issued our report thereon dated July 29, 2004, wherein we noted the City adopted GASB Statement 34. 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 the City of Kent'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 a certain immaterial instance of noncompliance that we have reported to management in a separate letter dated July 29, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Kent'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 of Kent in a separate letter dated July 29, 2004.

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

July 29, 2004



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

Compliance

We have audited the compliance of the City of Kent, Portage County (the City) 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 its major federal program for the year ended December 31, 2003. The City's major federal program is 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 major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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 major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of the City 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.

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 basic financial statements of the City of Kent as of and for the year ended December 31, 2003, and have issued our report thereon dated July 29, 2004. Our audit was performed for the purpose of forming an opinion on the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

July 29, 2004

CITY OF KENT
PORTAGE COUNTY
DECEMBER 31, 2003

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number	N/A – No Finding is Reported
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	N/A – No Finding is Reported
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CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2003

Issued by The Department of Budget and Finance

BARBARA A. RISSLAND
Director of Budget and Finance

City of Kent, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2003
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Comprehensive Annual Financial Report
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Comprehensive Annual Financial Report
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CITY OF KENT, OHIO

DEPARTMENT OF BUDGET AND FINANCE

July 29, 2004
Members of City Council
City Manager
Citizens of Kent, Ohio

The Comprehensive Annual Financial Report (CAFR) of the City of Kent (the City) for the fiscal year ended December 31, 2003, is herein submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management of the City is responsible for establishing and maintaining an internal control structure that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Kent's financial statements in conformity with generally accepted accounting principles (GAAP). The concept of reasonable assurance recognizes that the cost of the internal control structure should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial records, books of accounts and transactions of the City of Kent, Ohio, for the year ended December 31, 2003, 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.

The Comprehensive Annual Financial Report is divided into three sections: introductory, financial, and statistical. The introductory section contains this transmittal letter, the City of Kent organization chart, a list of principal officials and the Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the Independent Accountants' Report, the Management Discussion and Analysis, the basic financial statements, the combining and individual fund financial statements. The statistical section provides selected financial and demographic information about the City, generally presented on a multi-year basis.

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

PROFILE OF THE GOVERNMENT

The City of Kent, Ohio, is located in Portage County, approximately fifteen miles northeast of the City of Akron and six miles west of the City of Ravenna, the county seat. The City is the largest of four cities in this industrial and agricultural county. It is principally noted as the home of Kent State University, which has a current enrollment of approximately 24,250 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.

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The City of Kent enjoys a very stable economic environment, primarily due to the fact that it is home to Kent State University, the second largest of Ohio's thirteen state-assisted universities. 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>
2003	24,242	3.2%
2002	23,500	2.9%
2001	22,828	4.2%
2000	21,900	1.1%
1999	21,652	3.4%

In the statistical section, the table entitled “Principal Employers - By Municipal Income Tax Withheld” shows that Kent State University alone accounts for 33.44 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 2003, work continued on a five year, \$165 million project consisting of construction and renovation of the residence halls.

During the year, permits issued for commercial/industrial new construction and alterations show an estimated value of \$2.5 million. Three new residential subdivisions were also 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 \$10.0 million for residential new construction and renovations.

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.

Long-term Financial Planning

During 2003, 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 completion in 2003 of the \$4.3 million renovation and expansion of the main fire station.

Construction began on the \$5.0 million Cuyahoga River Restoration Project. This project involves the bypassing and preservation of the Kent Dam structure that was constructed in 1836. The river will be redirected around the dam, thereby eliminating the dam pool, improving the quality of the water and restoring suitable conditions for aquatic habitat and fish passage. A park will be developed that highlights the historical aspects of the site, while also increasing access to the river by installing trails, creating portage opportunities for kayaks/canoes and establishing landscape features that increase the economic, recreational and aesthetic value of the area.

Cash Management Policies and Practices

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 2003 was \$469,895.

Risk Management

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities whose CAFR is easily readable, efficiently organized and conforms to GFOA reporting standards. Such a report must satisfy both generally accepted accounting principles (GAAP) as well as applicable legal requirements. The City of Kent received this honor for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002. This was the sixteenth consecutive year that the government has received this prestigious award.

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

Special recognition for the preparation of this report is made to Christina Lillich, Controller, and 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, 2002

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.



A handwritten signature in black ink, appearing to read "Edward Haney". The signature is fluid and cursive, written in a professional style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer". The signature is cursive and written in a professional style.

Executive Director

CITY OF KENT, OHIO
ELECTED OFFICIALS - 2003

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

CITY COUNCIL MEMBERS BY WARDS:

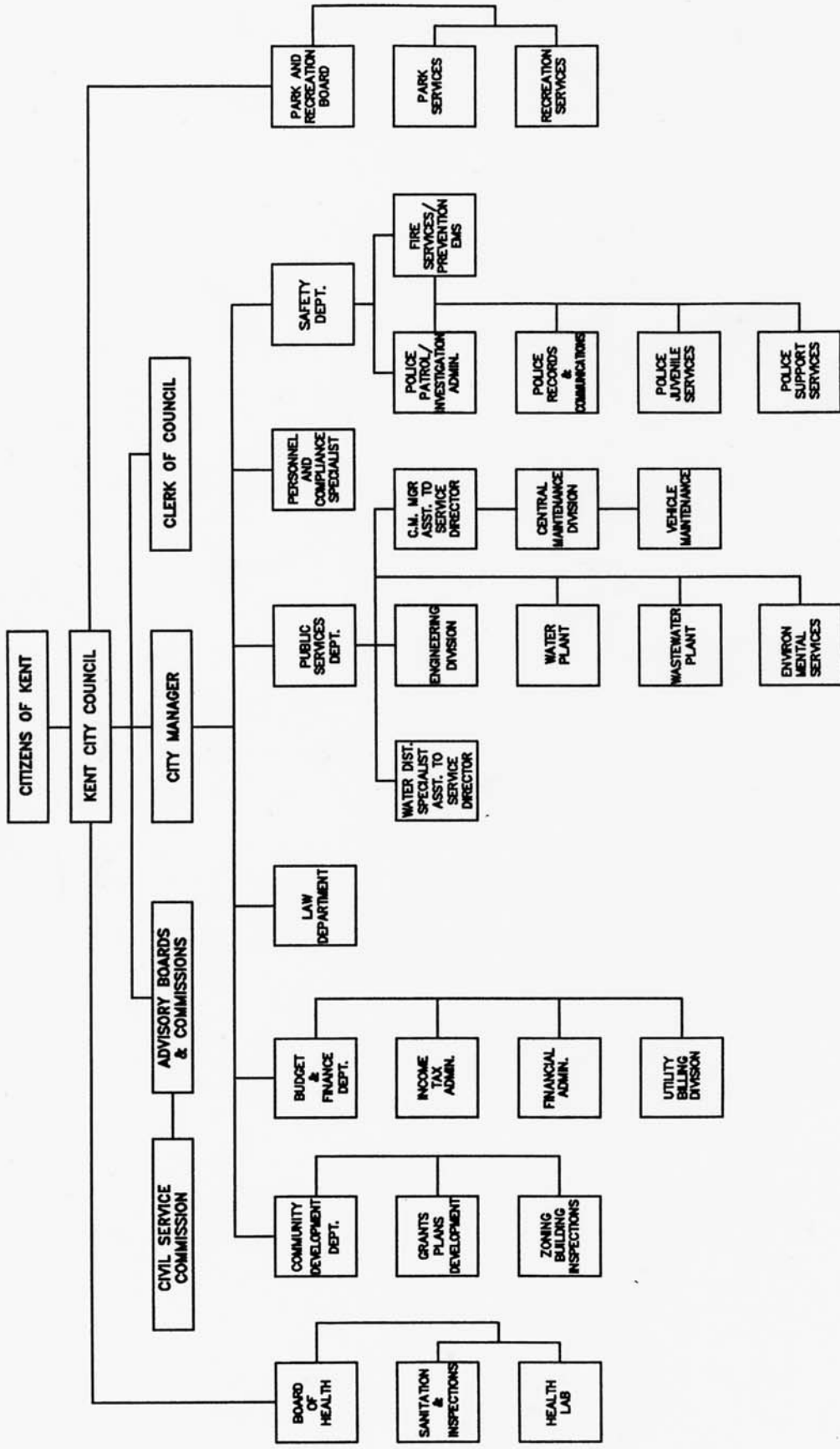
WARD 1	Garret M. Ferrara
WARD 2	Ronald F. Heineking
WARD 3	Wayne A. Wilson
WARD 4	Robert O. Felton
WARD 5	Kathleen M. Guckelberger
WARD 6	Carol E. Neff

CITY OF KENT, OHIO

APPOINTED OFFICIALS - 2003

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 City Engineer Water Plant Supervisor Sewer Plant Supervisor Central Maintenance Manager	David J. Merleno Gene K. Roberts John E. Cordier Robert W. Brown Jack E. Hogue
DEPARTMENT OF BUDGET AND FINANCE Director of Budge and Finance Controller Income Tax Commissioner Systems Analyst	Barbara A. Rissland Christina M. Lillich 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





**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANT'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Portage County, Ohio (the City), as of and for the year ended December 31, 2003 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Portage County, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General; Street Construction, Maintenance and Repair Fund, Income Tax Fund; Income Tax Safety Fund; and Fire and Emergency Medical Services Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, and GASB Interpretation No.6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2004, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Betty Montgomery
Auditor of State

July 29, 2004

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

The discussion and analysis of the City of Kent's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2003 are:

- This is the City of Kent's first publication of a Comprehensive Annual Financial Report (CAFR) under the new GASB 34 reporting model. Comparisons to prior financials are not offered for this discussion and analysis.
- Total assets of the City of Kent exceeded its liabilities at the close of the most recent year by \$80,395,163 (*net assets*). Of this amount, \$20,402,844 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to its citizens and creditors.
- Total net assets increased by \$7,703,754 or 10.60% over 2002. Of this amount, \$3,748,792 is attributable to governmental activities and \$3,954,962 is attributable to business-type activities.
- Total capital assets increased by \$7,877,636 or 14.70% over 2002. Governmental capital assets increased by \$2,756,261 and business-type capital assets increased by \$5,121,375.
- Total current assets decreased \$912,903 or 2.42% as compared to 2002. This decrease corresponds to a decrease in current assets of the business-type activities of \$1,173,598, which is partially offset by an increase in governmental current assets of \$260,695.
- Total liabilities decreased \$739,021 or 3.95% as compared to 2002. This decrease is comprised of a decrease in governmental activities long-term liabilities of \$731,836 and a decrease in the liabilities of the business-type activities of \$7,185.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found starting on page 23 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 26-29 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 35-38 of this report.

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

The basic fiduciary fund financial statement can be found on page 39 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-65 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented, as well as individual budgetary comparisons for all nonmajor funds. This information can be found on pages 66-99 of this report.

Government-wide Financial Analysis

Statement of Net Assets and the Statement of Activities. While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole considers all financial transactions and measures how the City did financially during fiscal year 2003. The *Statement of Net Assets* and the *Statement of Activities* include assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

The City of Kent as a Whole

Table 1 provides a summary of the City's net assets for 2003 compared to 2002.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and Other Assets	30,336,945	\$30,076,250	\$6,536,989	\$7,710,587	\$36,873,934	\$37,786,837
Capital Assets, Net	15,704,840	12,948,579	45,776,351	40,654,976	61,481,191	53,603,555
<i>Total Assets</i>	<u>46,041,785</u>	<u>43,024,829</u>	<u>52,313,340</u>	<u>48,365,563</u>	<u>98,355,125</u>	<u>91,390,392</u>
Current and Other Liabilities	8,754,563	9,302,137	3,633,356	4,684,465	12,387,919	13,986,602
Long-Term Liabilities:						
Due Within One Year	766,834	742,201	168,561	166,459	935,395	908,660
Due In More Than One Year	3,582,157	3,791,052	1,054,491	12,669	4,636,648	3,803,721
<i>Total Liabilities</i>	<u>13,103,554</u>	<u>13,835,390</u>	<u>4,856,408</u>	<u>4,863,593</u>	<u>17,959,962</u>	<u>18,698,983</u>
Invested in Capital Assets, Net of Related Debt	7,742,185	4,468,977	41,824,749	37,259,976	49,566,934	41,728,953
Restricted:						
Capital Projects	2,987,712	3,064,058	0	0	2,987,712	3,064,058
Debt Service	1,011,723	1,088,694	0	0	1,011,723	1,088,694
Other Purposes	6,425,950	5,874,959	0	0	6,425,950	5,874,959
Unrestricted	14,770,661	14,692,751	5,632,183	6,241,994	20,402,844	20,934,745
<i>Total Net Assets</i>	<u>\$32,938,231</u>	<u>\$29,189,439</u>	<u>\$47,456,932</u>	<u>\$43,501,970</u>	<u>\$80,395,163</u>	<u>\$72,691,409</u>

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As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Kent, total assets exceed total liabilities by \$80,395,163 at the close of the most recent year.

The largest portion of the City's net assets (61.6%) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, equipment and vehicles), less any related outstanding debt issued to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (13.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$20,402,844 or 25.4%) may be used to meet the government's ongoing obligations to citizens and creditors.

Total assets increased by \$6,954,733 from 2002 to 2003, while the City's total liabilities decreased by \$739,021. The most significant change in assets was an increase in capital assets of \$7,877,636, which is partially offset by a decrease in current and other assets of \$912,903. This increase in capital assets is primarily due to the acceptance of \$4.0 million in infrastructure assets from subdivision developers, coupled with an increase in construction in progress of \$2.9 million in the business-type funds.

Total liabilities decreased \$739,021, which corresponds to the decrease in current assets of \$912,903.

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

The total net assets of the City increased \$7,703,754 from 2002 to 2003. The primary reason for this overall increase is an increase of \$7,837,981 relating to investment in capital assets, net of outstanding debt.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers additional details regarding the results of activities for the current year. Since this is the first year the City has prepared financial statements following GASB 34, revenue and expense comparisons to 2002 are not available. In the future, a comparative analysis of government-wide data will be presented when prior year information is available.

City of Kent, Ohio
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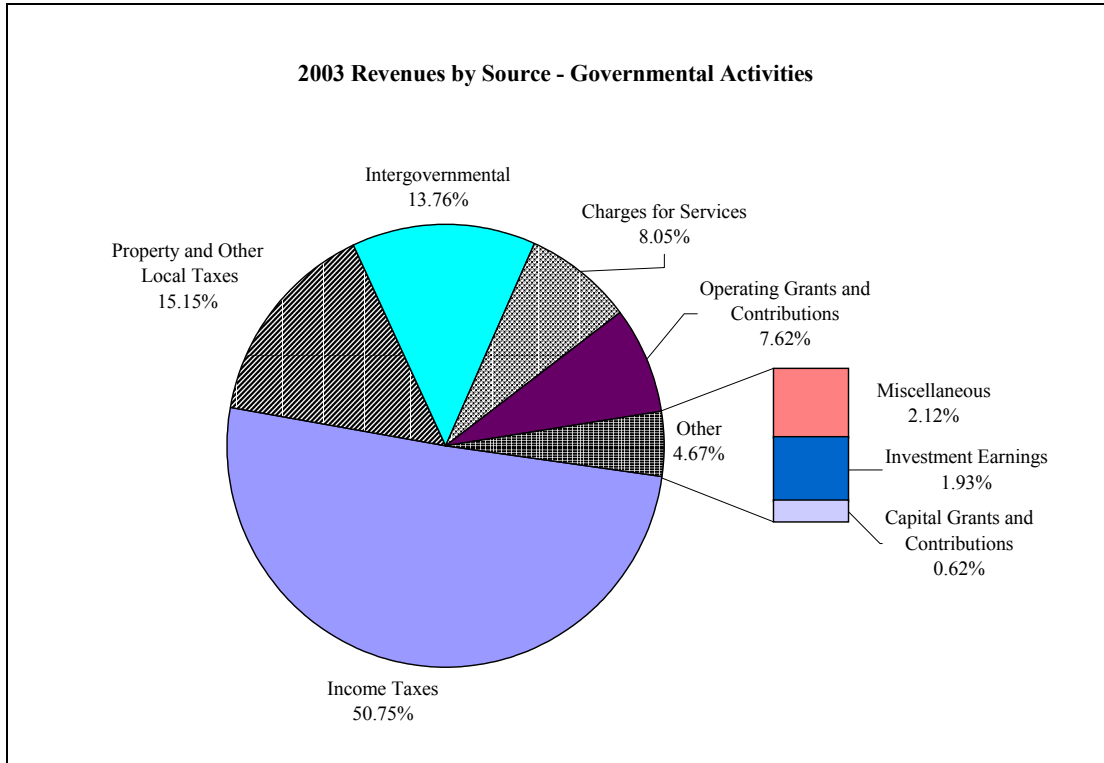
Table 2
Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
	2003	2003	2003
Revenues			
Program Revenues:			
Charges for Services	\$1,545,509	\$7,148,601	\$8,694,110
Operating Grants and Contributions	1,462,410	23,891	1,486,301
Capital Grants and Contributions	119,116	3,107,548	3,226,664
General Revenues:			
Income Taxes	9,743,877	0	9,743,877
Property and Other Local Taxes	2,907,923	0	2,907,923
Intergovernmental	2,642,496	0	2,642,496
Investments	369,743	100,152	469,895
Miscellaneous	407,711	79,665	487,376
Total Revenues	<u>19,198,785</u>	<u>10,459,857</u>	<u>29,658,642</u>
Program Expenses			
Security of Persons and Property	7,925,699	0	7,925,699
Public Health and Welfare	492,345	0	492,345
Leisure Time Activities	793,778	0	793,778
Community Development	1,822,724	0	1,822,724
Transportation	1,540,000	0	1,540,000
General Government	2,394,007	0	2,394,007
Interest and Fiscal Charges	256,440	0	256,440
Water	0	2,660,267	2,660,267
Sewer	0	3,441,320	3,441,320
Solid Waste	0	396,039	396,039
Storm Water Drainage	0	232,269	232,269
Total Expenses	<u>15,224,993</u>	<u>6,729,895</u>	<u>21,954,888</u>
Increase in Net Assets Before Transfers	3,973,792	3,729,962	7,703,754
Transfers	<u>(225,000)</u>	<u>225,000</u>	<u>0</u>
Increase in Net Assets	<u>\$3,748,792</u>	<u>\$3,954,962</u>	<u>\$7,703,754</u>

City of Kent, Ohio
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Governmental Activities

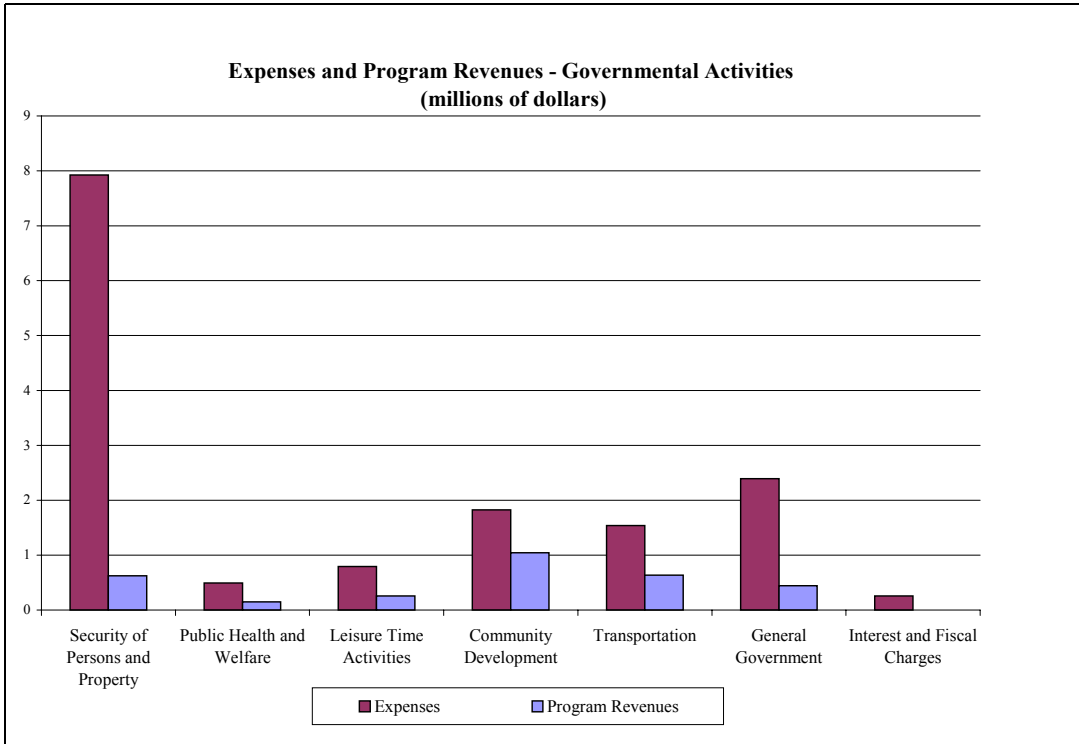
Governmental activities increased the City's net assets by \$3,748,792 during 2003.



Several types of revenues fund the City's governmental activities, with municipal income tax being the largest contributor. Income tax collections increased by \$114,729 (modified accrual basis) or 1.19% which is reflective of the local economy. Overall, the City's revenues for governmental activities were very stable, decreasing just 0.8%.

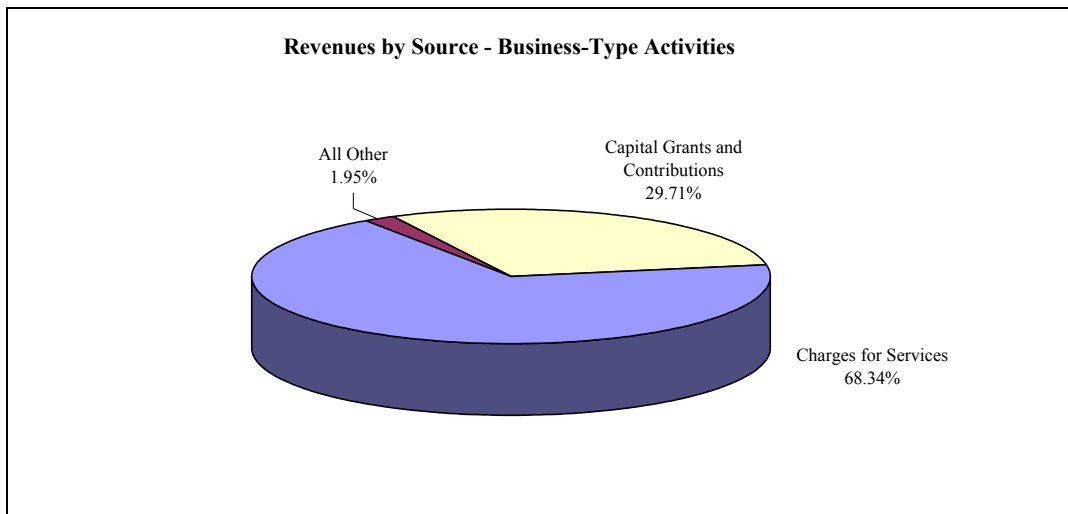
Expenditures in the governmental activities were reflective of inflation and increased personnel costs, primarily in health benefits. The City did not increase staffing in 2003. During 2003, the largest program area for the City relates to security of persons and property (52.06%), which includes police, fire and emergency medical services. The next largest program is general government (15.72%), which accounts for the basic operations of the City including council, mayor, city manager, human resources, finance, law, engineering, service administration and civil service.

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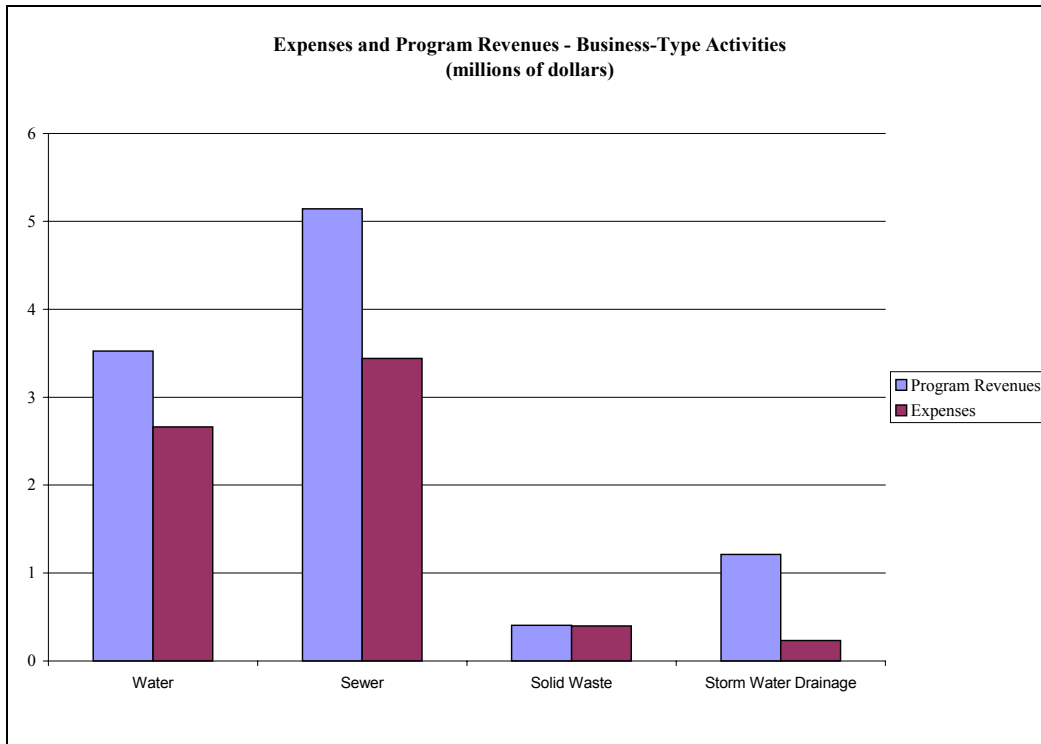
Business-Type Activities

Business-type activities of the City, which include water, sewer, solid waste and storm water drainage operations, increased the City's net assets by \$3,954,962.



Charges for services account for 68.34% of total business-type revenues. The capital grants and contributions include infrastructure assets of \$2.0 million that were accepted from subdivision developers, as well as \$.9 million in capital grants related to the Cuyahoga River Restoration project.

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Program revenues exceed program expenses in all of the City's business-type activities. The substantial excesses of program revenues over expenses in the water, sewer and storm water drainage relate primarily to capital grants and contributions.

Financial Analysis of the City of Kent's Funds

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

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

As of the end of the current fiscal year, the City of Kent's governmental funds reported combined ending fund balances of \$17,336,844, an increase of \$1,004,330 or 6.15% as compared to 2002. Of the total amount, \$13,856,665 constitutes *unreserved fund balance*, which is available at the government's discretion. The current unreserved fund balance represents 79.93% of the total governmental funds expenditures. A portion of the unreserved fund balance (\$1,752,668) is designated as an emergency reserve for public facilities and programs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for the following reasons: 1) to liquidate purchase orders of the prior period (\$2,729,397); 2) to fund the revolving loan program (\$524,731); and 3) for other restricted purposes (\$226,051).

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

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

	Water	Sewer	Solid Waste	Storm Water Drainage
Unrestricted Net Assets	\$2,186,597	\$3,113,974	(\$198,884)	\$546,915
Change in Net Assets	956,070	1,772,559	60,967	1,181,785

In the water and sewer funds, which are the two largest enterprise funds, the unrestricted net assets represent 82.42% and 95.75% of the total current operating expenses, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights. The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2003, the city amended its general fund budget on various occasions. All recommendations for budget changes are reviewed by the Finance Committee of City Council prior to presentation to Council for ordinance enactment of the changes.

For the general fund expenditures, the original budget amount was \$7,452,739 and the final amended budget was \$7,796,014, an increase of \$343,275. Actual expenditures were \$7,191,658, or \$604,356 less than was budgeted. The security of persons and property and the community development budgets increased \$77,650 and \$244,799, respectively. These increases were primarily attributable to increased insurance costs, including health, property and liability, as well as expanded economic development activities. These increases were partially offset by a decrease in the general government budget of \$121,774, which was mainly due to the transferring of budgeted funds from the operating to the capital program area. Capital outlay increased \$142,600 primarily due to the reappropriation of capital items that were originally budgeted in 2002, but not spent, coupled with a property purchase related to economic development activities.

The budget was also amended to include an advance out to the sewer fund due to fact that the Ohio Water Development Authority (OWDA) loan in this fund did not close until late in December. The advance was budgeted at \$1.5 million, however, only \$1.2 million was required to be transferred.

Capital Assets and Debt Administration

Capital Assets. The City of Kent's investment in capital assets (net of accumulated depreciation) for governmental and business-type activities as of December 31, 2003, was \$61,481,191. The City's investment in capital assets increased by \$2,756,261 or 21.29% for governmental activities and \$5,121,375 or 12.60% for business-type activities when comparing 2002 to 2003.

Although all governments are encouraged to report all infrastructure assets at the effective dates of GASB Statement No. 34, governments are permitted to defer retroactive reporting of infrastructure for four years. The City has elected this option and will report major general infrastructure assets in 2004.

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

City of Kent, Ohio
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Table 3 compares capital assets as of December 31, 2003 to balances at December 31, 2002.

Table 3
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$2,810,651	\$2,674,859	\$1,742,484	\$1,640,812	\$4,553,135	\$4,315,671
Buildings, Structures and Improvements	7,930,215	4,171,756	6,695,284	6,988,175	14,625,499	11,159,931
Machinery and Equipment	2,597,169	2,193,779	3,150,965	3,283,388	5,748,134	5,477,167
Construction in Progress	134,882	3,908,185	6,202,595	3,271,505	6,337,477	7,179,690
Infrastructure						
Roads	2,220,916	0	0	0	2,220,916	0
Traffic Signals	11,007	0	0	0	11,007	0
Water	0	0	6,813,375	5,908,123	6,813,375	5,908,123
Sewer	0	0	12,022,439	11,083,759	12,022,439	11,083,759
Storm Water	0	0	9,149,209	8,479,214	9,149,209	8,479,214
<i>Total Capital Assets</i>	<u>\$15,704,840</u>	<u>\$12,948,579</u>	<u>\$45,776,351</u>	<u>\$40,654,976</u>	<u>\$61,481,191</u>	<u>\$53,603,555</u>

Long-term Debt. At December 31, 2003, the City's bonds, notes and loans outstanding remained stable at \$11.9 million.

Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
General Obligation Bonds	\$2,475,000	\$2,590,000	\$0	\$0	\$2,475,000	\$2,590,000
Special Assessment Bonds	627,000	664,000	0	0	627,000	664,000
OPWC Loans	455,655	485,602	0	0	455,655	485,602
OWDA Loans	0	0	1,041,602	0	1,041,602	0
Notes Payable	4,405,000	4,740,000	2,910,000	3,395,000	7,315,000	8,135,000
Total	<u>\$7,962,655</u>	<u>\$8,479,602</u>	<u>\$3,951,602</u>	<u>\$3,395,000</u>	<u>\$11,914,257</u>	<u>\$11,874,602</u>

The City of Kent's total long-term debt increased by \$859,655 or 22.99%. This increase is primarily due to an increase in OWDA loans for the Kent-Ravenna Interconnect and the Sanitary Sewer Improvements in the amounts of \$411,114 and \$630,488, respectively. It is intended that both of these loans be repaid through charges for services. These increases were partially offset by scheduled debt service payments on the remaining bonds and notes.

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For the Year Ended December 31, 2003
Unaudited

Short-term debt decreased \$820,000. The notes payable of \$4,005,000 in the governmental activities are for the construction and renovation of the main fire station and renovation of administration offices. The notes payable in the business-type activities were originally issued to current refund outstanding sewer bonds with an average interest rate of 6.48%. It is the City's intention to retire these notes through the reissuance of notes, scheduling debt service payments at approximately the same level required by the refunded debt.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10.5 percent of total assessed valuation. The City's overall legal debt margin was \$37,253,764 at December 31, 2003.

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

Current Financial Related Activities

The City of Kent is subject to a similar economic slowdown as the rest of Ohio and the Country as a whole. Revenues are projected to remain stable, but no growth is anticipated. The City's Charter requires that 25% of the net income tax proceeds be used to fund capital items. Given these restraints, the city administration has been forced to examine operating expenditures. Six years ago, the City adopted a five-year capital improvement program, which has been updated on an annual basis. Complete financial projections for the next five years are included in this plan. At this time, a trend was identified that the City's expenditures (operating and capital) were going to regularly exceed revenues unless some action was taken to correct the situation. The City adopted an attrition strategy and eliminated eight positions over the last several years. Council implemented water and sewer rate increases and established a storm water utility. Funds continued to be allocated to a managed reserve. The end result of these actions is a financially stronger municipality.

During 2003, 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.

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. Redevelopment of previously neglected sections of the downtown area also points to a new surge of investment into these areas. The administration continues to evaluate municipal operations in an effort to improve overall service delivery in a cost-efficient manner. 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.

Contacting the City's Finance Department

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

City Of Kent, Ohio

Statement of Net Assets

December 31, 2003

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$16,038,684	\$8,121,977	\$24,160,661
Cash Surrender Value of Life Insurance Policies	859,335	0	859,335
Receivables:			
Interest Receivable	49,489	15,012	64,501
Accounts Receivable	0	1,304,697	1,304,697
Other Receivable	124,298	0	124,298
Income Taxes Receivable	1,454,074	0	1,454,074
Property Taxes Receivable	2,927,030	0	2,927,030
Lodging Taxes Receivable	49,887	0	49,887
Loans Receivable	524,731	0	524,731
Special Assessments Receivable	2,231,130	782,587	3,013,717
Less Allowance for Doubtful Accounts	0	(201,310)	(201,310)
Receivables, Net	<u>7,360,639</u>	<u>1,900,986</u>	<u>9,261,625</u>
Internal Balances	3,614,965	(3,614,965)	0
Due From Other Governments	2,146,780	88,634	2,235,414
Inventories	117,797	20,453	138,250
Prepaid Items	63,857	19,479	83,336
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	134,888	425	135,313
Capital Assets, Non-Depreciable	2,945,533	7,945,079	10,890,612
Capital Assets, Depreciable, Net	<u>12,759,307</u>	<u>37,831,272</u>	<u>50,590,579</u>
<i>Total Assets</i>	<u>46,041,785</u>	<u>52,313,340</u>	<u>98,355,125</u>
Liabilities			
Accounts Payable	335,908	147,272	483,180
Capital Contracts Payable	24,898	292,144	317,042
Accrued Wages and Benefits	946,404	263,653	1,210,057
Due to Other Governments	25,378	3,068	28,446
Deferred Revenue	2,864,342	12,528	2,876,870
Accrued Interest Payable	20,178	4,266	24,444
Claims Payable	118,067	0	118,067
Notes Payable	4,405,000	2,910,000	7,315,000
Payable from Restricted Assets	14,388	425	14,813
Long-Term Liabilities:			
Due Within One Year	766,834	168,561	935,395
Due In More Than One Year	<u>3,582,157</u>	<u>1,054,491</u>	<u>4,636,648</u>
<i>Total Liabilities</i>	<u>13,103,554</u>	<u>4,856,408</u>	<u>17,959,962</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	7,742,185	41,824,749	49,566,934
Restricted for:			
Capital Projects	2,987,712	0	2,987,712
Debt Service	1,011,723	0	1,011,723
Other Purposes	6,425,950	0	6,425,950
Unrestricted	<u>14,770,661</u>	<u>5,632,183</u>	<u>20,402,844</u>
<i>Total Net Assets</i>	<u>\$32,938,231</u>	<u>\$47,456,932</u>	<u>\$80,395,163</u>

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Activities
For the Year Ended December 31, 2003

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Security of Persons and Property	\$7,925,699	\$572,818	\$45,007	\$0
Public Health and Welfare	492,345	168,914	2,651	0
Leisure Time Activities	793,778	245,281	8,023	0
Community Development	1,822,724	209,881	711,927	119,116
Transportation	1,540,000	7,789	618,533	0
General Government	2,394,007	340,826	76,269	0
Interest and Fiscal Charges	256,440	0	0	0
<i>Total Governmental Activities</i>	<u>15,224,993</u>	<u>1,545,509</u>	<u>1,462,410</u>	<u>119,116</u>
Business-Type Activities				
Water	2,660,267	2,742,512	6,588	773,838
Sewer	3,441,320	3,471,812	14,514	1,654,812
Solid Waste	396,039	403,039	2,789	0
Storm Water Drainage	232,269	531,238	0	678,898
<i>Total Business-Type Activities</i>	<u>6,729,895</u>	<u>7,148,601</u>	<u>23,891</u>	<u>3,107,548</u>
<i>Total</i>	<u><u>\$21,954,888</u></u>	<u><u>\$8,694,110</u></u>	<u><u>\$1,486,301</u></u>	<u><u>\$3,226,664</u></u>

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activity	Total
(\$7,307,874)	\$0	(\$7,307,874)
(320,780)	0	(320,780)
(540,474)	0	(540,474)
(781,800)	0	(781,800)
(913,678)	0	(913,678)
(1,976,912)	0	(1,976,912)
(256,440)	0	(256,440)
<u>(12,097,958)</u>	<u>0</u>	<u>(12,097,958)</u>
0	862,671	862,671
0	1,699,818	1,699,818
0	9,789	9,789
<u>0</u>	<u>977,867</u>	<u>977,867</u>
<u>0</u>	<u>3,550,145</u>	<u>3,550,145</u>
<u>(12,097,958)</u>	<u>3,550,145</u>	<u>(8,547,813)</u>
1,482,922	0	1,482,922
1,425,001	0	1,425,001
9,743,877	0	9,743,877
2,642,496	0	2,642,496
369,743	100,152	469,895
<u>407,711</u>	<u>79,665</u>	<u>487,376</u>
16,071,750	179,817	16,251,567
<u>(225,000)</u>	<u>225,000</u>	<u>0</u>
<u>15,846,750</u>	<u>404,817</u>	<u>16,251,567</u>
3,748,792	3,954,962	7,703,754
<u>29,189,439</u>	<u>43,501,970</u>	<u>72,691,409</u>
<u>\$32,938,231</u>	<u>\$47,456,932</u>	<u>\$80,395,163</u>

City of Kent, Ohio

Balance Sheet

Governmental Funds

December 31, 2003

	General	Street Construction, Maintenance and Repair	Income Tax	Income Tax Safety	Fire and Emergency Medical Services
Assets					
Equity in Pooled Cash and Cash Equivalents	\$6,703,410	\$709,393	\$2,758,994	\$185,496	\$771,156
Receivables:					
Property Taxes Receivable	1,486,180	0	0	0	0
Income Taxes Receivable	0	0	1,454,074	0	0
Lodging Taxes Receivable	49,887	0	0	0	0
Interest Receivable	48,278	0	1,211	0	0
Loans Receivable	0	0	0	0	0
Other Receivable	114,136	344	0	0	0
Special Assessments Receivable	0	1,139,198	0	0	0
Receivables, Net	<u>1,698,481</u>	<u>1,139,542</u>	<u>1,455,285</u>	<u>0</u>	<u>0</u>
Due from Other Funds	1,551,466	0	2,247,080	0	0
Due from Other Governments	1,625,414	292,895	0	2,324	401
Inventories	14,808	102,989	0	0	0
Prepaid Items	48,314	6,380	1,051	0	3,196
Restricted Cash:					
Equity in Pooled Cash and Cash Equivalents	500	14,338	0	0	0
<i>Total Assets</i>	<u>\$11,642,393</u>	<u>\$2,265,537</u>	<u>\$6,462,410</u>	<u>\$187,820</u>	<u>\$774,753</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$204,242	\$31,039	\$8,921	\$0	\$9,799
Capital Contracts Payable	0	0	0	0	0
Accrued Wages and Benefits	271,341	60,854	20,562	80,882	69,701
Due to Other Funds	0	0	0	0	0
Due to Other Governments	10,350	0	9,905	0	0
Deferred Revenue	2,289,300	1,345,697	467,101	0	0
Accrued Interest Payable	0	0	0	0	0
Notes Payable	0	0	0	0	0
Payable from Restricted Assets	0	14,338	0	0	0
<i>Total Liabilities</i>	<u>2,775,233</u>	<u>1,451,928</u>	<u>506,489</u>	<u>80,882</u>	<u>79,500</u>
Fund Balances					
Reserved for Encumbrances	575,744	164,043	10,462	0	658,504
Reserved for Loans Receivable	0	0	0	0	0
Reserved for Inventories	14,808	102,989	0	0	0
Reserved for Prepays	48,314	6,380	1,051	0	3,196
Reserved for Debt Service	0	0	0	0	0
Unreserved:					
Designated:					
For Public Facilities and Programs	0	0	1,752,668	0	0
Undesignated (Deficit), Reported in:					
General Fund	8,228,294	0	0	0	0
Special Revenue Funds	0	540,197	4,191,740	106,938	33,553
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>8,867,160</u>	<u>813,609</u>	<u>5,955,921</u>	<u>106,938</u>	<u>695,253</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$11,642,393</u>	<u>\$2,265,537</u>	<u>\$6,462,410</u>	<u>\$187,820</u>	<u>\$774,753</u>

See accompanying notes to the basic financial statements

City of Kent, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2003*

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$2,922,939	\$1,975,845	\$16,027,233
0	1,440,850	2,927,030
0	0	1,454,074
0	0	49,887
0	0	49,489
0	524,731	524,731
0	9,818	124,298
111,335	980,597	2,231,130
111,335	2,955,996	7,360,639
0	0	3,798,546
0	225,746	2,146,780
0	0	117,797
0	4,466	63,407
0	120,050	134,888
<u>\$3,034,274</u>	<u>\$5,282,103</u>	<u>\$29,649,290</u>
15,207	\$49,023	\$318,231
24,898	0	24,898
0	39,168	542,508
0	200,000	200,000
0	5,123	25,378
111,335	2,562,153	6,775,586
6,457	0	6,457
4,405,000	0	4,405,000
0	50	14,388
4,562,897	2,855,517	12,312,446
813,819	506,825	2,729,397
0	524,731	524,731
0	0	117,797
0	4,466	63,407
0	44,847	44,847
0	0	1,752,668
0	0	8,228,294
0	1,345,717	6,218,145
(2,342,442)	0	(2,342,442)
(1,528,623)	2,426,586	17,336,844
<u>\$3,034,274</u>	<u>\$5,282,103</u>	<u>\$29,649,290</u>

Total Governmental Fund Balances \$17,336,844

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 15,704,840

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

Special Assessments	2,231,130
Delinquent Property Taxes	127,577
Intergovernmental	1,085,436
Municipal Income Taxes	<u>467,101</u>
Total	3,911,244

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 751,911

Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds. (403,896)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due (13,721)

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

General Obligation Bonds	(2,475,000)
Special Assessment Bonds	(627,000)
OPWC Loans	(455,655)
Compensated Absences	<u>(791,336)</u>
Total	(4,348,991)

Net Assets of Governmental Activities \$32,938,231

City of Kent, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	General	Street Construction, Maintenance and Repair	Income Tax	Income Tax Safety	Fire and Emergency Medical Services
Revenues					
Property and Other Local Taxes	\$1,470,206	\$0	\$0	\$0	\$0
Income Taxes	0	0	9,745,072	0	0
Charges for Services	744,591	7,789	0	0	0
Fees, Licenses and Permits	133,803	0	0	0	0
Fines and Forfeitures	300,529	0	0	0	0
Intergovernmental	2,462,404	618,469	0	12,022	12,038
Special Assessments	0	77,795	0	0	0
Interest	209,651	0	52,679	0	0
Miscellaneous	47,460	42,100	0	9,897	1,240
<i>Total Revenues</i>	<u>5,368,644</u>	<u>746,153</u>	<u>9,797,751</u>	<u>21,919</u>	<u>13,278</u>
Expenditures					
Current:					
Security of Persons and Property	3,128,950	0	0	2,298,428	2,112,432
Public Health and Welfare	398,260	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Development	1,184,196	0	0	0	0
Transportation	0	1,375,909	0	0	0
General Government	1,918,699	0	502,443	0	0
Capital Outlay	611,622	122,441	0	0	64,388
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>7,241,727</u>	<u>1,498,350</u>	<u>502,443</u>	<u>2,298,428</u>	<u>2,176,820</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,873,083)</u>	<u>(752,197)</u>	<u>9,295,308</u>	<u>(2,276,509)</u>	<u>(2,163,542)</u>
Other Financing Sources (Uses)					
Transfers In	1,800,000	889,000	30,000	2,374,553	2,374,553
Transfers Out	0	0	(9,359,113)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,800,000</u>	<u>889,000</u>	<u>(9,329,113)</u>	<u>2,374,553</u>	<u>2,374,553</u>
<i>Net Change in Fund Balances</i>	(73,083)	136,803	(33,805)	98,044	211,011
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>8,940,243</u>	<u>676,806</u>	<u>5,989,726</u>	<u>8,894</u>	<u>484,242</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$8,867,160</u>	<u>\$813,609</u>	<u>\$5,955,921</u>	<u>\$106,938</u>	<u>\$695,253</u>

See accompanying notes to the basic financial statements

City of Kent, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2003*

Capital Projects	Other Governmental Funds	Total Governmental Funds		
			Net Change in Fund Balances - Total Governmental Funds	\$1,004,330
			Amounts reported for governmental activities in the statement of activities are different because	
\$0	\$1,406,758	\$2,876,964	Governmental funds report capital outlays as expenditures.	
0	0	9,745,072	However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
0	236,037	988,417	Capital Asset Additions	3,654,119
0	107,584	241,387	Capital Asset Depreciation	<u>(866,738)</u>
0	15,176	315,705	Total	2,787,381
119,116	921,935	4,145,984	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(31,120)
6,185	82,795	166,775	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
0	56,748	319,078	Delinquent Property Taxes	30,959
1,204	305,810	407,711	Intergovernmental	78,038
			Special Assessments	<u>(166,775)</u>
			Income Tax	<u>(1,195)</u>
			Total	(58,973)
126,505	3,132,843	19,207,093	Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	181,947
			In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	1,093
0	438,071	7,977,881	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
0	122,183	520,443	Compensated Absences	2,315
0	979,959	979,959	Pension Obligation	<u>(138,103)</u>
0	762,122	1,946,318	Total	(135,788)
0	48,948	1,424,857	The internal service fund used by management to charge the costs of insurance to individual funds is not reported in entity-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.	(78)
0	3,635	2,424,777		
1,271,583	194,014	2,264,048		
0	181,947	181,947		
90,083	167,450	257,533		
1,361,666	2,898,329	17,977,763		
(1,235,161)	234,514	1,229,330		
1,500,000	305,007	9,273,113		
0	(139,000)	(9,498,113)		
1,500,000	166,007	(225,000)		
264,839	400,521	1,004,330		
(1,793,462)	2,026,065	16,332,514		
<u>(\$1,528,623)</u>	<u>\$2,426,586</u>	<u>\$17,336,844</u>		
			<i>Change in Net Assets of Governmental Activities</i>	<u>\$3,748,792</u>

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$1,441,042	\$1,430,897	\$1,461,261	\$30,364
Fees, Licenses and Permits	117,225	116,400	134,277	17,877
Intergovernmental	2,153,562	2,138,400	2,117,476	(20,924)
Charges for Services	674,751	670,000	765,685	95,685
Fines and Forfeits	300,113	298,000	298,318	318
Interest	226,595	225,000	209,036	(15,964)
Miscellaneous	75,532	75,000	48,516	(26,484)
Total Revenues	<u>4,988,820</u>	<u>4,953,697</u>	<u>5,034,569</u>	<u>80,872</u>
Expenditures				
Current:				
Security of Persons and Property	3,234,005	3,311,655	3,246,169	65,486
Public Health and Welfare	426,026	426,026	409,432	16,594
Community Development	1,139,356	1,384,155	1,155,729	228,426
General Government	2,303,852	2,182,078	1,938,998	243,080
Capital Outlays	349,500	492,100	441,330	50,770
Total Expenditures	<u>7,452,739</u>	<u>7,796,014</u>	<u>7,191,658</u>	<u>604,356</u>
Excess of Revenues Under Expenditures	<u>(2,463,919)</u>	<u>(2,842,317)</u>	<u>(2,157,089)</u>	<u>685,228</u>
Other Financing Sources (Uses)				
Transfers in	1,800,000	1,800,000	1,800,000	0
Advances out	<u>0</u>	<u>(1,500,000)</u>	<u>(1,200,000)</u>	<u>300,000</u>
Net Other Financing Sources (Uses)	<u>1,800,000</u>	<u>300,000</u>	<u>600,000</u>	<u>300,000</u>
Net Change in Fund Balance	(663,919)	(2,542,317)	(1,557,089)	985,228
Recovery of Prior Year Encumbrances	0	0	276,152	276,152
Fund Balance Beginning of Year	<u>7,232,408</u>	<u>7,232,408</u>	<u>7,232,408</u>	<u>0</u>
Fund Balance End of Year	<u>\$6,568,489</u>	<u>\$4,690,091</u>	<u>\$5,951,471</u>	<u>\$1,261,380</u>

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$400,319	\$561,000	\$612,094	\$51,094
Charges for Services	3,276	4,500	3,650	(850)
Special Assessments	24,046	42,730	76,966	34,236
Miscellaneous	28,359	29,270	42,100	12,830
Total Revenues	456,000	637,500	734,810	97,310
Expenditures				
Current:				
Transportation	1,367,344	1,396,544	1,370,048	26,496
Capital Outlays	202,500	195,000	189,376	5,624
Total Expenditures	1,569,844	1,591,544	1,559,424	32,120
Excess of Revenues Under Expenditures	(1,113,844)	(954,044)	(824,614)	129,430
Other Financing Sources				
Transfers In	889,000	889,000	889,000	0
Net Change in Fund Balance	(224,844)	(65,044)	64,386	129,430
Recovery of Prior Year Encumbrances	0	0	14,617	14,617
Fund Balance Beginning of Year	436,799	436,799	436,799	0
Fund Balance End of Year	\$211,955	\$371,755	\$515,802	\$144,047

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Income Tax Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$9,705,224	\$9,760,000	\$9,858,428	\$98,428
Interest	39,776	40,000	40,236	236
Total Revenues	9,745,000	9,800,000	9,898,664	98,664
Expenditures				
Current:				
General Government	749,491	749,491	667,836	81,655
Excess of Revenues Over Expenditures	8,995,509	9,050,509	9,230,828	180,319
Other Financing Sources (Uses)				
Transfers In	30,000	30,000	30,000	0
Transfers Out	(9,208,761)	(9,359,113)	(9,359,113)	0
Net Other Financing Sources (Uses)	(9,178,761)	(9,329,113)	(9,329,113)	0
Net Change in Fund Balance	(183,252)	(278,604)	(98,285)	180,319
Recovery of Prior Year Encumbrances	0	0	203	203
Fund Balance Beginning of Year	2,781,767	2,781,767	2,781,767	0
Fund Balance End of Year	<u>\$2,598,515</u>	<u>\$2,503,163</u>	<u>\$2,683,685</u>	<u>\$180,522</u>

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Income Tax Safety Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$0	\$0	\$11,389	\$11,389
Miscellaneous	0	0	9,897	9,897
Total Revenues	0	0	21,286	21,286
Expenditures				
Current:				
Security of Persons and Property	2,303,129	2,303,129	2,301,158	1,971
Excess of Revenues Under Expenditures	(2,303,129)	(2,303,129)	(2,279,872)	23,257
Other Financing Sources				
Transfers In	2,282,950	2,374,553	2,374,553	0
Net Change in Fund Balance	(20,179)	71,424	94,681	23,257
Fund Balance Beginning of Year	90,815	90,815	90,815	0
Fund Balance End of Year	\$70,636	\$162,239	\$185,496	\$23,257

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Fire and Emergency Medical Services Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$0	\$0	\$11,637	\$11,637
Miscellaneous	0	0	1,240	1,240
Total Revenues	0	0	12,877	12,877
Expenditures				
Current:				
Security of Persons and Property	2,121,612	2,208,082	2,197,703	10,379
Capital Outlays	385,000	617,355	614,362	2,993
Total Expenditures	2,506,612	2,825,437	2,812,065	13,372
Excess of Revenues Under Expenditures	(2,506,612)	(2,825,437)	(2,799,188)	26,249
Other Financing Sources				
Transfers In	2,282,950	2,374,553	2,374,553	0
Net Change in Fund Balance	(223,662)	(450,884)	(424,635)	26,249
Recovery of Prior Year Encumbrances	0	0	44,632	44,632
Fund Balance Beginning of Year	489,215	489,215	489,215	0
Fund Balance End of Year	\$265,553	\$38,331	\$109,212	\$70,881

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2003

	Business-Type Activities				Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Storm Water Drainage		
Assets						
<i>Current Assets</i>						
Equity in Pooled Cash and Cash Equivalents	\$2,478,552	\$4,014,157	\$239,716	\$1,389,552	\$8,121,977	\$11,451
Receivables:						
Interest Receivable	7,526	7,486	0	0	15,012	0
Accounts Receivable	455,074	681,938	60,420	107,265	1,304,697	0
Special Assessments Receivable	322,020	436,284	0	24,283	782,587	0
Less Allowance for Doubtful Accounts	(86,907)	(106,174)	(4,763)	(3,466)	(201,310)	0
Receivables, Net	697,713	1,019,534	55,657	128,082	1,900,986	0
Due from Other Governments	589	69,174	12,947	5,924	88,634	0
Inventories	9,623	10,830	0	0	20,453	0
Prepaid Items	13,546	5,888	45	0	19,479	450
<i>Total Current Assets</i>	<u>3,200,023</u>	<u>5,119,583</u>	<u>308,365</u>	<u>1,523,558</u>	<u>10,151,529</u>	<u>11,901</u>
<i>Noncurrent Assets</i>						
Restricted Assets:						
Cash and Cash Equivalents	0	425	0	0	425	0
Cash Surrender Value of Life Insurance Policies	0	0	0	0	0	859,335
Capital Assets, Non-Depreciable	3,706,461	4,184,951	0	53,667	7,945,079	0
Capital Assets, Depreciable, Net	11,097,285	17,552,458	3,726	9,177,803	37,831,272	0
<i>Total Noncurrent Assets</i>	<u>14,803,746</u>	<u>21,737,834</u>	<u>3,726</u>	<u>9,231,470</u>	<u>45,776,776</u>	<u>859,335</u>
<i>Total Assets</i>	<u>18,003,769</u>	<u>26,857,417</u>	<u>312,091</u>	<u>10,755,028</u>	<u>55,928,305</u>	<u>871,236</u>
Liabilities						
<i>Current Liabilities</i>						
Accounts Payable	51,861	74,330	20,438	643	147,272	17,677
Capital Contracts Payable	245,954	46,190	0	0	292,144	0
Claims Payable	0	0	0	0	0	118,067
Accrued Wages and Benefits	119,492	140,776	3,385	0	263,653	0
Due to Other Governments	1,466	1,602	0	0	3,068	0
Due to Other Funds	512,100	1,628,980	481,466	976,000	3,598,546	0
Deferred Revenue	2,914	9,614	0	0	12,528	0
Accrued Interest Payable	0	4,266	0	0	4,266	0
Compensated Absences Payable	69,455	88,335	1,740	0	159,530	0
Notes Payable	0	2,910,000	0	0	2,910,000	0
OWDA Loans	9,031	0	0	0	9,031	0
Payable from Restricted Assets	0	425	0	0	425	0
<i>Total Current Liabilities</i>	<u>1,012,273</u>	<u>4,904,518</u>	<u>507,029</u>	<u>976,643</u>	<u>7,400,463</u>	<u>135,744</u>
<i>Long-Term Liabilities</i>						
Compensated Absences Payable	10,184	11,516	220	0	21,920	0
OWDA Loans	402,083	630,488	0	0	1,032,571	0
<i>Total Long-Term Liabilities</i>	<u>412,267</u>	<u>642,004</u>	<u>220</u>	<u>0</u>	<u>1,054,491</u>	<u>0</u>
<i>Total Liabilities</i>	<u>1,424,540</u>	<u>5,546,522</u>	<u>507,249</u>	<u>976,643</u>	<u>8,454,954</u>	<u>135,744</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt Unrestricted	14,392,632	18,196,921	3,726	9,231,470	41,824,749	0
	<u>2,186,597</u>	<u>3,113,974</u>	<u>(198,884)</u>	<u>546,915</u>	<u>5,648,602</u>	<u>735,492</u>
<i>Total Net Assets</i>	<u>\$16,579,229</u>	<u>\$21,310,895</u>	<u>(\$195,158)</u>	<u>\$9,778,385</u>	<u>\$735,492</u>	<u>\$735,492</u>

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

(16,419)
\$47,456,932

See accompanying notes to the basic financial statements

City of Kent, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003*

	Business-Type Activities				Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Storm Water Drainage		
Operating Revenues						
Charges for Services	\$2,742,512	\$3,471,812	\$403,039	\$531,238	\$7,148,601	\$1,843,091
Miscellaneous	46,040	20,651	12,974	0	79,665	0
<i>Total Operating Revenues</i>	<u>2,788,552</u>	<u>3,492,463</u>	<u>416,013</u>	<u>531,238</u>	<u>7,228,266</u>	<u>1,843,091</u>
Operating Expenses						
Personal Services	1,064,369	1,353,449	36,971	0	2,454,789	0
Benefits	407,833	494,595	14,329	0	916,757	0
Utilities	173,055	231,354	0	0	404,409	0
Contractual Services	341,203	390,579	341,295	58,481	1,131,558	0
Materials and Supplies	168,113	166,677	594	0	335,384	0
Claims	0	0	0	0	0	1,601,024
Premiums	0	0	0	0	0	309,229
Other Operating Expenses	13,288	17,380	1,262	1,717	33,647	0
Depreciation	485,074	598,274	1,317	172,071	1,256,736	0
<i>Total Operating Expenses</i>	<u>2,652,935</u>	<u>3,252,308</u>	<u>395,768</u>	<u>232,269</u>	<u>6,533,280</u>	<u>1,910,253</u>
<i>Operating Income (Loss)</i>	<u>135,617</u>	<u>240,155</u>	<u>20,245</u>	<u>298,969</u>	<u>694,986</u>	<u>(67,162)</u>
Non Operating Revenues (Expenses)						
Intergovernmental	6,588	14,514	2,789	0	23,891	0
Interest	40,027	43,274	2,933	13,918	100,152	50,665
Interest and Fiscal Charges	0	(67,112)	0	0	(67,112)	0
Amortization of Deferred Amount on Bond Refunding	0	(113,084)	0	0	(113,084)	0
<i>Total Non Operating Revenues (Expenses)</i>	<u>46,615</u>	<u>(122,408)</u>	<u>5,722</u>	<u>13,918</u>	<u>(56,153)</u>	<u>50,665</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>182,232</u>	<u>117,747</u>	<u>25,967</u>	<u>312,887</u>	<u>638,833</u>	<u>(16,497)</u>
Capital Contributions - Tap-in-Fees	82,914	94,665	0	0	177,579	0
Capital Contributions from Special Assessments	122,717	145,724	0	0	268,441	0
Capital Contributions from Developers	568,207	783,982	0	678,898	2,031,087	0
Capital Grants	0	630,441	0	0	630,441	0
Transfers In	0	0	35,000	220,000	255,000	0
Transfers Out	0	0	0	(30,000)	(30,000)	0
<i>Change in Net Assets</i>	<u>956,070</u>	<u>1,772,559</u>	<u>60,967</u>	<u>1,181,785</u>	<u>3,971,381</u>	<u>(16,497)</u>
<i>Net Assets Beginning of Year - Restated - (See Note 3)</i>	<u>15,623,159</u>	<u>19,538,336</u>	<u>(256,125)</u>	<u>8,596,600</u>	<u>43,501,970</u>	<u>751,989</u>
<i>Net Assets End of Year</i>	<u>\$16,579,229</u>	<u>\$21,310,895</u>	<u>(\$195,158)</u>	<u>\$9,778,385</u>		<u>\$735,492</u>

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

(16,419)
\$47,456,932

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003

	Business-Type Activities				Total	Governmental
	Water	Sewer	Solid Waste	Storm Water Drainage		Activities - Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents						
Cash Flows from Operating Activities						
Cash Received from Customers	\$2,831,495	\$3,423,369	\$390,921	\$500,212	\$7,145,997	\$1,843,091
Cash Payments for Employee Services and Benefits	(1,466,085)	(1,848,653)	(50,724)	0	(3,365,462)	0
Cash Payments to Suppliers for Goods and Services	(704,511)	(839,772)	(362,632)	(69,152)	(1,976,067)	(1,966,941)
Other Operating Revenues	48,365	29,398	27	0	77,790	0
Other Operating Expenses	(51,326)	(73,965)	(1,282)	(122)	(126,695)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>657,938</u>	<u>690,377</u>	<u>(23,690)</u>	<u>430,938</u>	<u>1,755,563</u>	<u>(123,850)</u>
Cash Flows from Noncapital Financing Activities						
Transfers In	0	0	35,000	220,000	255,000	0
Advance In	0	1,200,000	0	0	1,200,000	0
Intergovernmental	6,588	14,514	15,289	0	36,391	0
Transfers Out	0	0	0	(30,000)	(30,000)	0
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>6,588</u>	<u>1,214,514</u>	<u>50,289</u>	<u>190,000</u>	<u>1,461,391</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets	(2,055,835)	(2,628,006)	0	(143,041)	(4,826,882)	0
Capital Grants	0	1,059,954	0	0	1,059,954	0
Proceeds of Notes	0	2,911,659	0	0	2,911,659	0
Proceeds of Loans	411,114	630,488	0	0	1,041,602	0
Special Assessments	41,886	41,898	0	1,347	85,131	0
Tap-In Fees	82,914	94,665	0	0	177,579	0
Principal Paid on Notes	0	(3,395,000)	0	0	(3,395,000)	0
Interest Paid on Notes	0	(64,505)	0	0	(64,505)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,519,921)</u>	<u>(1,348,847)</u>	<u>0</u>	<u>(141,694)</u>	<u>(3,010,462)</u>	<u>0</u>
Cash Flows from Investing Activities						
Payments for Investments	0	0	0	0	0	(33,658)
Proceeds from Sale of Investments	0	0	0	0	0	75,911
Interest on Investments	42,922	47,946	2,933	13,849	107,650	50,665
<i>Net Cash Provided by Investing Activities</i>	<u>42,922</u>	<u>47,946</u>	<u>2,933</u>	<u>13,849</u>	<u>107,650</u>	<u>92,918</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(812,473)	603,990	29,532	493,093	314,142	(30,932)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>3,291,025</u>	<u>3,410,592</u>	<u>210,184</u>	<u>896,459</u>	<u>7,808,260</u>	<u>42,383</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$2,478,552</u>	<u>\$4,014,582</u>	<u>\$239,716</u>	<u>\$1,389,552</u>	<u>\$8,122,402</u>	<u>\$11,451</u>

(continued)

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2003

	Business-Type Activities					Governmental
	Water	Sewer	Solid Waste	Storm Water Drainage	Total	Activities - Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities						
Operating Income (Loss)	\$135,617	\$240,155	\$20,245	\$298,969	\$694,986	(\$67,162)
<i>Adjustments:</i>						
Depreciation	485,074	598,274	1,317	172,071	1,256,736	0
(Increase) Decrease in Assets:						
Accounts Receivable	49,874	(106,326)	(12,138)	(29,431)	(98,021)	0
Materials and Supplies Inventory	5,178	134	0	0	5,312	0
Prepaid Items	(1,122)	171	18	0	(933)	0
Due from Other Governments	2,325	8,828	(12,947)	0	(1,794)	0
Increase (Decrease) in Liabilities:						
Accounts Payable	(27,261)	(52,622)	(20,761)	(10,671)	(111,315)	(17,231)
Claims Payable	0	0	0	0	0	(39,457)
Accrued Wages	4,798	196	208	0	5,202	0
Compensated Absences Payable	1,989	(35)	368	0	2,322	0
Due to Other Governments	1,466	1,602	0	0	3,068	0
<i>Total Adjustments</i>	522,321	450,222	(43,935)	131,969	1,060,577	(56,688)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$657,938</u>	<u>\$690,377</u>	<u>(\$23,690)</u>	<u>\$430,938</u>	<u>\$1,755,563</u>	<u>(\$123,850)</u>

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Escrow Fund
December 31, 2003

Assets

Cash and Cash Equivalents	<u>\$398,108</u>
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Liabilities

Accounts Payable	<u>\$398,108</u>
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See accompanying notes to the basic financial statements

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City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 1 – Description of the City and Reporting Entity

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

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

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

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

The City is associated with one jointly governed organization, the Northeast Ohio Public Energy Council. Information about the organization is presented in Note 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the City’s accounting policies are described below.

A. Basis of Presentation

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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

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

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

B. Fund Accounting

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

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

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only agency fund holds in trust those funds held by the City and received from a contractor, developer, or individual to insure compliance with the ordinances of the City of Kent.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

C. Measurement Focus

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants, fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2003, but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

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

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

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 2003 amounted to \$209,651, which includes \$104,698 assigned from other City funds.

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

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City capitalization threshold is \$2,500 for 2003. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

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

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

Although all governments are encouraged to report all infrastructure assets at the effective dates of the statement, governments are permitted to defer retroactive reporting of infrastructure for four years. The City has elected this option and will report major general infrastructure assets in 2004.

I. Interfund Balances

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

J. Compensated Absences

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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

K. Accrued Liabilities and Long-term Obligations

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

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

L. Fund Equity

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

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

M. Net Assets

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

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

N. Operating Revenues and Expenses

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

O. Contributions of Capital

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

P. Interfund Activity

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

R. Estimates

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

S. Budgetary Process

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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

Note 3 – Change in Accounting Principles and Restatement of Prior Year Net Assets

A. Change in Accounting Principles

For 2003, the City has implemented GASB Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis – for State and Local Governments,” and GASB Statement No. 37, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus,” GASB Statement No. 38, “Certain Financial Statement Note Disclosures,” GASB Statement No. 41, “Budgetary Comparison Schedules – Perspective Differences,” and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.”

GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s programs between governmental and business-type activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2002, caused by the elimination of the internal service fund, based on the guidance provided in GASB Statement No. 34, and the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of GASB Statement No. 34, including the required content of the Management’s Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures. GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the government’s legally adopted budget.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

B. Restatement of Fund Balances

The implementation of these changes, together with restatements for loans receivable, accrued interest payable and due to other governments that were previously understated had the following effects on fund balances of the major and nonmajor funds of the City that were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	General	Street Construction, Maintenance and Repair	Income Tax	Income Tax Safety
Fund Balances, December 31, 2002	\$8,940,243	\$676,806	\$6,023,295	\$8,894
Implementation of GASB Interpretation No. 6	0	0	0	0
Understatement of Accrued Interest Payable	0	0	0	0
Understatement of Due to Other Governments	0	0	(33,569)	0
Adjusted Fund Balance (Deficit), December 31, 2002	<u>\$8,940,243</u>	<u>\$676,806</u>	<u>\$5,989,726</u>	<u>\$8,894</u>
	Fire and Emergency Medical Services	Capital Projects	Nonmajor	Total
Fund Balances (Deficit), December 31, 2002	\$484,242	(\$1,786,307)	\$1,680,272	\$16,027,445
Implementation of GASB Interpretation No. 6	0	0	265,793	265,793
Understatement of Loans Receivable	0	0	80,000	80,000
Understatement of Accrued Interest Payable	0	(7,155)	0	(7,155)
Understatement of Due to Other Governments	0	0	0	(33,569)
Adjusted Fund Balance (Deficit), December 31, 2002	<u>\$484,242</u>	<u>(\$1,793,462)</u>	<u>\$2,026,065</u>	16,332,514
GASB 34 Adjustments:				
Capital Assets				12,948,579
Internal Service Fund				751,989
Long-Term (Deferred) Assets				3,970,217
Long-Term Liabilities:				
Compensated Absences Payable				(793,651)
General Obligation Bonds				(3,739,602)
Pension Obligation				(265,793)
Accrued Interest Payable				(14,814)
Governmental Activities Net Assets, December 31, 2002				<u>\$29,189,439</u>

The implementation of these statements had no effect on net assets for business-type activities at December 31, 2002; however overstatements in accrued wages payable and accounts receivable and an understatement in capital assets, special assessment receivable and compensated absences payable had the following effect on net assets at December 31, 2002.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

	Water	Sewer	Solid Waste	Storm Water Drainage	Total
Fund Equity, December 31, 2002 as previously reported:	\$15,453,932	\$22,692,430	(\$261,752)	\$932,738	\$38,817,348
Capital Assets	630	(3,380,761)	7	7,638,301	4,258,177
Accrued Wages Payable	277,099	371,900	7,212	0	656,211
Accounts Receivable	(30,852)	(45,347)	0	0	(76,199)
Special Assessment Receivable	0	0	0	25,561	25,561
Compensated Absences Payable	(77,650)	(99,886)	(1,592)	0	(179,128)
Restated Net Assets, December 31, 2002	<u>\$15,623,159</u>	<u>\$19,538,336</u>	<u>(\$256,125)</u>	<u>\$8,596,600</u>	<u>\$43,501,970</u>

Note 4 - Fund Deficits

Notes payable of \$4,405,000 caused a deficit fund balance of \$1,528,623 in the Capital Projects fund. The notes were issued to provide funding primarily for the main fire station renovation and expansion. It is anticipated that the notes will eventually be retired through the issuance of general obligation bonds, which will eliminate the notes payable liability and resulting deficit fund balance.

Start-up costs associated with the City's recycling program (initiated in 1990) resulted in deficit net assets in the Solid Waste fund. Disposition of Solid Waste fund capital assets in 1995 resulted in a loss of \$90,575 that contributed to increasing the deficit to \$446,384 at December 31, 2001. In 2001, City Council approved a substantial rate increase that was effective in January 2002. The rate increase generated increased revenues which resulted in net income of \$20,245, reducing the fund deficit to \$195,158 at December 31, 2003.

Note 5 - Budgetary Basis of Accounting

While the City is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general, fire department, police and park development funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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

	Net Change in Fund Balance				
	General	Street Construction, Maintenance and Repair	Income Tax	Income Tax Safety	Fire and Emergency Medical Services
GAAP Basis	(\$73,083)	\$136,803	(\$33,805)	\$98,044	\$211,011
Net Adjustment for Revenue Accruals	(334,075)	(11,343)	(680,652)	(633)	(401)
Beginning Fair Value Adjustment for Investments	0	0	384,465	0	0
Ending Fair Value Adjustment for Investments	0	0	397,100	0	0
Net Adjustment for Expenditure Accruals	802,508	132,517	(126,184)	(2,730)	26,699
Advance Out	(1,200,000)	0	0	0	0
Encumbrances	(752,439)	(193,591)	(39,209)	0	(661,944)
Budget Basis	<u>(\$1,557,089)</u>	<u>\$64,386</u>	<u>(\$98,285)</u>	<u>\$94,681</u>	<u>(\$424,635)</u>

Note 6 - Deposits 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	\$1,536,531	\$24,296,982
Investments	23,157,551	397,100
Total Deposits and Investments	24,694,082	24,694,082
Less: Restricted Cash and Cash Equivalents	(135,313)	(135,313)
Cash and Cash Equivalents	<u>\$24,558,769</u>	<u>\$24,558,769</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.

City of Kent, Ohio
Notes to the Basic Financial Statements
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Category 3 consists of “interim” funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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 2003. 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.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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.)

Insured	Risk Category	Financial Institution	Book Balance	Bank Balance
FDIC	1	Bank One N.A.	\$100,000	\$100,000
FDIC	1	Fifth Third Bank	100,000	100,000
FDIC	1	First Merit	100,000	100,000
FDIC	1	Home Savings Bank	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 Savings Bank	1,821,263	1,821,263
No	3	Bank One N.A.	359,995	359,995
No	3	Fifth Third Bank	2,290,000	2,290,000
No	3	First Merit	4,830,000	4,830,000
No	3	Huntington National Bank	0	644,100
No	3	Key Bank	297,673	295,056
No	3	National City Bank, Northeast	1,235,000	1,235,000
No	3	Second National Bank of Warren	12,762,551	12,763,262
Total Deposits			<u>\$24,296,982</u>	<u>\$25,038,676</u>

All deposits are carried at cost. At year end, the carrying amount of the City's cash and deposits was \$24,296,982 and the bank balance was \$25,038,676. Of the bank balance, \$800,000 was insured, \$1,821,263 was classified as risk Category 2, and \$22,417,413 was classified as risk Category 3.

Investments

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, 2003, were as follows:

Risk Category		Cost	Fair Value
1	City of Kent Bonds	<u>\$361,000</u>	<u>\$397,100</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
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Note 7 - Income Taxes

During 2003, the City levied income tax of 2% on substantially all income earned within the City. In addition, residents are required to pay City income tax on income earned outside the City; however, credit is allowed for income taxes paid to other municipalities, up to a maximum of 2%.

Note 8 - Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the City. The assessed value upon which the 2003 levy was based was \$354,797,750.

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 2003.

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

Note 9 – Interfund Balances and Transfers

As of December 31, 2003, individual funds due to/from other funds that resulted from various interfund transactions were as follows:

	PAYABLE FUND						
	<i>Governmental Activities</i>		<i>Business-Type Activities</i>				
	Nonmajor	Water	Sewer	Solid Waste	Storm Water Drainage	Total	Total
RECEIVABLE FUND							
<i>Governmental Activities</i>							
General	\$200,000	\$0	\$0	\$481,466	\$870,000	\$1,351,466	\$1,551,466
Income Tax	0	512,100	1,628,980	0	106,000	2,247,080	2,247,080
Total	\$200,000	\$512,100	\$1,628,980	\$481,466	\$976,000	\$3,598,546	\$3,798,546

City of Kent, Ohio
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For the Year Ended December 31, 2003

Transfers made during the year ended December 31, 2003 were as follows:

	TRANSFERS OUT				
	<i>Governmental Activities</i>			<i>Business-Type Activities</i>	
	Income Tax	License Tax	Total	Storm Water Drainage	Total
TRANSFERS IN					
<i>Governmental Activities</i>					
General	\$1,800,000	\$0	\$1,800,000	\$0	\$1,800,000
Street Construction, Maintenance and Repair	750,000	139,000	889,000	0	889,000
Income Tax	0	0	0	30,000	30,000
Income Tax Safety	2,374,553	0	2,374,553	0	2,374,553
Fire and Emergency Medical Services	2,374,553	0	2,374,553	0	2,374,553
Capital Projects	1,500,000	0	1,500,000	0	1,500,000
Nonmajor	305,007	0	305,007	0	305,007
Total Governmental Activities	9,104,113	139,000	9,243,113	30,000	9,273,113
<i>Business-Type Activities</i>					
Solid Waste	35,000	0	35,000	0	35,000
Storm Water Drainage	220,000	0	220,000	0	220,000
Total Business-Type Activities	255,000	0	255,000	0	255,000
Total	\$9,359,113	\$139,000	\$9,498,113	\$30,000	\$9,528,113

Transfers are primarily from the Income Tax special revenue fund to various funds within the City to help finance the various programs accounted for in other funds.

Note 10 – Risk Management

The City has established a formal self-insurance program for liabilities arising from employee health and life benefits. This exposure is accounted for in the Health and Life Insurance Internal Service fund which is responsible for collecting interfund premiums from other City funds and departments, paying claim settlements and purchasing other specified insurance policies. Reinsurance for any individual loss over \$80,000 is covered by Sun Life of Canada.

The claims liability of \$118,067 reported in the fund at December 31, 2003, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claim, be reported. Changes in the fund's claims liability amount in 2002 and 2003 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2002	\$120,635	\$1,701,648	\$1,664,759	\$157,524
2003	157,524	1,601,024	1,640,481	118,067

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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 2003, the City contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
The Clarendon National Insurance Company	Public Officials Liability	\$15,000
Scottsdale Insurance Company	Law Enforcement Liability	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
The Clarendon National Insurance Company	Automobile Comprehensive	500
The Clarendon National Insurance Company	Automobile Collision	500
St. Paul Fire and Marine Insurance Company	General Liability	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	1,000

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2003, was as follows:

	<u>Balance</u> 12/31/02	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/03
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$2,674,859	\$135,792	\$0	\$2,810,651
Construction in Progress	<u>3,908,185</u>	<u>620,782</u>	<u>(4,394,085)</u>	<u>134,882</u>
<i>Total Capital Assets, Not Being Depreciated</i>	<u>6,583,044</u>	<u>756,574</u>	<u>(4,394,085)</u>	<u>2,945,533</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings, Structures and Improvements	6,534,407	4,062,911	0	10,597,318
Machinery and Equipment	7,189,435	933,568	(292,404)	7,830,599
Infrastructure:				
Roads	0	2,283,862	0	2,283,862
Traffic Signals	<u>0</u>	<u>11,289</u>	<u>0</u>	<u>11,289</u>
<i>Total Capital Assets, Being Depreciated</i>	<u>13,723,842</u>	<u>7,291,630</u>	<u>(292,404)</u>	<u>20,723,068</u>
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(2,362,651)	(304,452)	0	(2,667,103)
Machinery and Equipment	(4,995,656)	(499,058)	261,284	(5,233,430)
Infrastructure:				
Roads	0	(62,946)	0	(62,946)
Traffic Signals	<u>0</u>	<u>(282)</u>	<u>0</u>	<u>(282)</u>
<i>Total Accumulated Depreciation</i>	<u>(7,358,307)</u>	<u>(866,738) *</u>	<u>261,284</u>	<u>(7,963,761)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,365,535</u>	<u>6,424,892</u>	<u>(31,120)</u>	<u>12,759,307</u>
Governmental Activities Capital Assets, Net	<u><u>\$12,948,579</u></u>	<u><u>\$7,181,466</u></u>	<u><u>(\$4,425,205)</u></u>	<u><u>\$15,704,840</u></u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

	Balance 12/31/02	Additions	Deletions	Balance 12/31/03
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$1,640,812	\$101,672	\$0	\$1,742,484
Construction in Progress	3,271,505	4,041,057	(1,109,967)	6,202,595
<i>Total Capital Assets, Not Being Depreciated</i>	<u>4,912,317</u>	<u>4,142,729</u>	<u>(1,109,967)</u>	<u>7,945,079</u>
Capital Assets, Being Depreciated:				
Buildings, Structures and Improvements	12,878,009	0	0	12,878,009
Machinery and Equipment	8,880,502	279,209	(18,098)	9,141,613
Infrastructure:				
Water Mains	9,143,114	1,061,494	0	10,204,608
Sanitary Sewers	13,690,160	1,166,392	0	14,856,552
Storm Water Drainage Lines	10,637,896	838,254	0	11,476,150
<i>Total Capital Assets, Being Depreciated</i>	<u>55,229,681</u>	<u>3,345,349</u>	<u>(18,098)</u>	<u>58,556,932</u>
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(5,889,834)	(292,891)	0	(6,182,725)
Machinery and Equipment	(5,597,114)	(411,632)	18,098	(5,990,648)
Infrastructure:				
Water Mains	(3,234,991)	(156,242)	0	(3,391,233)
Sanitary Sewers	(2,606,401)	(227,712)	0	(2,834,113)
Storm Water Drainage Lines	(2,158,682)	(168,259)	0	(2,326,941)
<i>Total Accumulated Depreciation</i>	<u>(19,487,022)</u>	<u>(1,256,736)</u>	<u>18,098</u>	<u>(20,725,660)</u>
Total Capital Assets, Being Depreciated, Net	<u>35,742,659</u>	<u>2,088,613</u>	<u>0</u>	<u>37,831,272</u>
Business-Type Activities Capital Assets, Net	<u>\$40,654,976</u>	<u>\$6,231,342</u>	<u>(\$1,109,967)</u>	<u>\$45,776,351</u>

* Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property	\$336,833
Public Health and Welfare	1,114
Leisure Time Activities	52,657
Community Development	14,690
Transportation	267,358
General Government	194,086
Total Depreciation Expense	<u>\$866,738</u>

Note 12 - Pension and Other Post-employment 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 Post-employment Benefits Other than Pension Benefits by State and Local Governmental Employers."

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Ohio Public Employees Retirement System

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System 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 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2003, member and employer contribution rates were consistent across all three plans (TP, MD and CO). The 2003 member contribution rates were 8.5%, for members in classifications other than law enforcement and public safety. The 2003 employer contribution rate for local government employers was 13.55% of covered payroll. The City's contributions to OPERS for the years ending December 31, 2003, 2002 and 2001 were \$839,133, \$775,308 and \$759,326, respectively, which were equal to the required contributions.

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-retirement health coverage, age and service retirees must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

The Ohio Revised Code provides the statutory authority to require public employers to fund post retirement health care through their contributions to OPERS. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll, which amounted to \$513,520. In 2002 and 2001, the employer contribution rate for post-employment health care was 5.0% and 4.3%, respectively.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS latest actuarial review performed as of December 31, 2002. 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 2002 was 8.0%. An annual increase of 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 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

OPEBs are advanced-funded on an actuarially determined basis. The number of active contributing participants in the Traditional and Combined Plans total 364,881. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2002 was \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 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 in an OPERS covered position 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 broader 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.

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10% of their annual covered salary, while the City is required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2003, 2002 and 2001 were \$492,091, \$474,487 and \$459,996 for police and \$464,249, \$443,209 and \$428,081 for firefighters, respectively, which were equal to the required contributions for each year.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

The OP&F provides post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. 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 full-time or on a two-thirds basis. The health care coverage provided by the retirement system is considered an Other Post-employment 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. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

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 7.75% of covered payroll in 2002 and in 2003. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2002, (the latest actuarial valuation available) was 13,527 for police and 10,396 for firefighters. The portion of the City's contributions that was used to pay post-employment benefits was \$195,360 for police and \$149,952 for firefighters. The OP&F had total health care expenses for the year ended December 31, 2002, the date of the last actuarial valuation available, of \$141,028,006, which was net of member contributions of \$12,623,875.

Note 13 – Other Employee Benefits

A. Compensated Absences

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

The total obligation for vacation and compensatory time accrual for the City, including salary-related payments, amounted to \$881,955 as of December 31, 2003.

Accumulated Unpaid Sick Leave Sick leave for City employees is accrued at rates from 119.6 to 195 hours per year. Employees may convert 50 percent of their current year accumulated sick leave into a lump-sum payment within certain limitations. Employees who retire after 10 years of service may convert 50 percent of their accumulated sick leave days into a lump-sum payment within certain limitations. The obligation for sick leave accrual was calculated using the termination payments method and amounted to \$75,267 as of December 31, 2003.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

A. Other Benefits

City employees are contractually entitled to severance pay equal to one month of their salary if they retire with at least 10 years of service. The severance pay obligation was calculated using the termination payments method and amounted to \$15,564 as of December 31, 2003.

Note 14 - Construction and Other Commitments

As of December 31, 2003, the City had capital contracts payable of \$24,898 and \$292,144 in the Capital Projects fund and enterprise funds, respectively. The amount reflected in the Capital Projects fund is comprised of \$18,502 related to the 2003 street program, \$3,930 for the 2003 sidewalk program and \$2,466 for the Crain Ave bridge project. The amount shown in the enterprise funds includes \$46,190 for the Cuyahoga River Restoration project, \$231,464 for the West Main Street sanitary sewer project and \$14,490 for the well abandonment project near Plum Creek Park.

The City had no material operating lease commitments at December 31, 2003.

Note 15 – Note Obligations

A summary of note transactions for the year ended December 31, 2003 follows:

	Balance 12/31/02	Additions	Deletions	Balance 12/31/03
Governmental Activities				
Capital Projects Fund				
2002, 1.90%	\$4,740,000	\$0	\$4,740,000	\$0
2003, 1.45%	0	4,405,000	0	4,405,000
<i>Total Capital Projects Fund</i>	<u>4,740,000</u>	<u>4,405,000</u>	<u>4,740,000</u>	<u>4,405,000</u>
Business-Type Activities				
Sewer Fund				
2002, 1.90%	3,395,000	0	3,395,000	0
2003, 1.45%	0	2,910,000	0	2,910,000
<i>Total Sewer Fund</i>	<u>3,395,000</u>	<u>2,910,000</u>	<u>3,395,000</u>	<u>2,910,000</u>
Total	<u><u>\$8,135,000</u></u>	<u><u>\$7,315,000</u></u>	<u><u>\$8,135,000</u></u>	<u><u>\$7,315,000</u></u>

On November 24, 2003, the City issued \$7.315 million in various purpose notes with an interest rate of 1.45% with a maturity date of November 24, 2004. The notes are backed by the full faith and credit of the City of Kent. However, it is the intention of the City that all enterprise obligations be paid from operating income. The note liability is reflected in the funds which received the proceeds.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 16 – Long-term Obligations

Changes in bonds and other long-term obligations of the City during 2003 were as follows:

	Principal Outstanding 12/31/02	Additions	Deletions	Principal Outstanding 12/31/03	Due Within One Year
Governmental Activities					
General Obligation Bonds:					
\$3,000,000 Various Purpose 1998 4.10% - 5.20%	\$2,590,000	\$0	\$115,000	\$2,475,000	\$120,000
Special Assessment Bonds:					
\$613,000 Street Improvements 1988 7.60% - 7.80%	135,000	0	20,000	115,000	20,000
\$561,000 Street Improvements 2000 5.50% - 6.00%	529,000	0	17,000	512,000	18,000
<i>Total Special Assessment Bonds</i>	<u>664,000</u>	<u>0</u>	<u>37,000</u>	<u>627,000</u>	<u>38,000</u>
Ohio Public Works Commission Loans					
\$512,940 Fairchild Avenue Improvements 1999 0.00%	410,352	0	25,647	384,705	25,647
\$86,000 Elm-Mae-Morris Improvements 2001 0.00%	75,250	0	4,300	70,950	4,300
<i>Total Ohio Public Works Commission Loans</i>	<u>485,602</u>	<u>0</u>	<u>29,947</u>	<u>455,655</u>	<u>29,947</u>
Compensated Absences	793,651	1,741	4,056	791,336	578,887
<i>Total Governmental Activities</i>	<u>\$4,533,253</u>	<u>\$1,741</u>	<u>\$186,003</u>	<u>\$4,348,991</u>	<u>\$766,834</u>
Business-Type Activities					
Ohio Water Development Authority Loans					
\$411,114 Kent-Ravenna Interconnect 2003 3.65%	0	411,114	0	411,114	9,031
\$630,488 Sanitary Sewer Improvements 2003 3.66%	0	630,488	0	630,488	0
<i>Total Ohio Water Development Authority Loans</i>	<u>0</u>	<u>1,041,602</u>	<u>0</u>	<u>1,041,602</u>	<u>9,031</u>
Compensated Absences	179,128	5,484	3,162	181,450	159,530
<i>Total Business-Type Activities</i>	<u>\$179,128</u>	<u>\$1,047,086</u>	<u>\$3,162</u>	<u>\$1,223,052</u>	<u>\$168,561</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2003 are as follows:

Governmental Activities							
Years	General Obligation Bonds		Special Assessment Bonds		OPWC	Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2004	\$120,000	\$121,230	\$38,000	\$38,915	\$29,947	\$187,947	\$160,145
2005	120,000	116,130	39,000	36,375	29,947	188,947	152,505
2006	130,000	110,910	45,000	33,780	29,947	204,947	144,690
2007	135,000	105,125	47,000	30,730	29,947	211,947	135,855
2008	140,000	99,050	48,000	27,570	29,947	217,947	126,620
2009-2013	805,000	390,408	136,000	107,390	149,735	1,090,735	497,798
2014-2018	1,025,000	165,100	183,000	61,620	149,735	1,357,735	226,720
2019-2020	0	0	91,000	8,280	6,450	97,450	8,280
Total	<u>\$2,475,000</u>	<u>\$1,107,953</u>	<u>\$627,000</u>	<u>\$344,660</u>	<u>\$455,655</u>	<u>\$3,557,655</u>	<u>\$1,452,613</u>

The general long-term obligation 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 Ohio Water Development Authority loans reflect loan amounts outstanding as of December 31, 2003. The amount authorized but unissued was \$114,126 for the Kent-Ravenna Interconnect Project and \$5,788,041 for the Sanitary Sewer Improvements Project. Repayment schedules will be provided when the loans are finalized.

The City has the ability to issue \$13 million of additional debt without obtaining voter approval.

Note 17 – Conduit Debt

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

Type	On Behalf of	Principal Outstanding December 31, 2003	Year Issued
Multi-Family Housing Revenue Bonds	Silver Meadows Apartments	<u>\$9,820,000</u>	1999

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 18 - Contingent Liabilities

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

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

Note 19 - Jointly Governed Organization

Northeast Ohio Public Energy Council The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 112 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. Kent City Manger, Lewis Steinbrecher, serves as the representative for Portage County. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting Dan DiLiberto, Board Chairman, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Nonmajor Special Revenue Funds (continued)

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

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

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

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

Nonmajor Debt Service Fund

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

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City of Kent, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,930,998	\$44,847	\$1,975,845
Receivables:			
Property Taxes Receivable	1,440,850	0	1,440,850
Loans Receivable	524,731	0	524,731
Other Receivable	9,818	0	9,818
Special Assessment Receivable	0	980,597	980,597
Receivables, Net	<u>1,975,399</u>	<u>980,597</u>	<u>2,955,996</u>
Due from Other Governments	225,746	0	225,746
Prepaid Items	4,466	0	4,466
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>120,000</u>	<u>50</u>	<u>120,050</u>
<i>Total Assets</i>	<u><u>\$4,256,609</u></u>	<u><u>\$1,025,494</u></u>	<u><u>\$5,282,103</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$49,023	\$0	\$49,023
Accrued Wages and Benefits	39,168	0	39,168
Due to Other Funds	200,000	0	200,000
Due to Other Governments	5,123	0	5,123
Deferred Revenue	1,581,556	980,597	2,562,153
Payable from Restricted Asset	<u>0</u>	<u>50</u>	<u>50</u>
<i>Total Liabilities</i>	<u>1,874,870</u>	<u>980,647</u>	<u>2,855,517</u>
Fund Balances			
Reserved for Encumbrances	506,825	0	506,825
Reserved for Loans Receivable	524,731	0	524,731
Reserved for Prepays	4,466	0	4,466
Reserved for Debt Service	0	44,847	44,847
Unreserved, Undesignated			
Reported in:			
Special Revenue Funds	<u>1,345,717</u>	<u>0</u>	<u>1,345,717</u>
<i>Total Fund Balances</i>	<u>2,381,739</u>	<u>44,847</u>	<u>2,426,586</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$4,256,609</u></u>	<u><u>\$1,025,494</u></u>	<u><u>\$5,282,103</u></u>

City of Kent, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Property and Other Local Taxes	\$1,406,758	\$0	\$1,406,758
Charges for Services	236,037	0	236,037
Fees, Licenses and Permits	107,584	0	107,584
Fines and Forfeitures	15,176	0	15,176
Intergovernmental	921,935	0	921,935
Special Assessments	0	82,795	82,795
Interest	56,748	0	56,748
Miscellaneous	301,849	3,961	305,810
<i>Total Revenues</i>	<u>3,046,087</u>	<u>86,756</u>	<u>3,132,843</u>
Expenditures			
Current:			
Security of Persons and Property	438,071	0	438,071
Public Health and Welfare	122,183	0	122,183
Leisure Time Activities	979,959	0	979,959
Community Development	762,122	0	762,122
Transportation	48,948	0	48,948
General Government	0	3,635	3,635
Capital Outlay	194,014	0	194,014
Debt Service:			
Principal Retirement	0	181,947	181,947
Interest and Fiscal Charges	0	167,450	167,450
<i>Total Expenditures</i>	<u>2,545,297</u>	<u>353,032</u>	<u>2,898,329</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>500,790</u>	<u>(266,276)</u>	<u>234,514</u>
Other Financing Sources (Uses)			
Transfers In	34,000	271,007	305,007
Transfers Out	(139,000)	0	(139,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(105,000)</u>	<u>271,007</u>	<u>166,007</u>
<i>Net Change in Fund Balances</i>	395,790	4,731	400,521
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>1,985,949</u>	<u>40,116</u>	<u>2,026,065</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,381,739</u></u>	<u><u>\$44,847</u></u>	<u><u>\$2,426,586</u></u>

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	West Side Fire	State Highway	Parks and Recreation	Food Service
Assets				
Equity in Pooled Cash and Cash Equivalents	\$8,135	\$13,964	\$638,556	\$17,646
Receivables:				
Property Taxes Receivable	235,327	0	997,075	0
Loans Receivable	0	0	0	0
Other Receivable	0	0	8,976	0
Receivables, Net	<u>235,327</u>	<u>0</u>	<u>1,006,051</u>	<u>0</u>
Due from Other Governments	13,617	23,340	59,642	0
Prepaid Items	2,736	0	1,730	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$259,815</u></u>	<u><u>\$37,304</u></u>	<u><u>\$1,705,979</u></u>	<u><u>\$17,646</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$668	\$0	\$4,613	\$0
Accrued Wages and Benefits	0	0	39,168	0
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	5,123	0
Deferred Revenue	<u>247,425</u>	<u>16,020</u>	<u>1,053,155</u>	<u>0</u>
<i>Total Liabilities</i>	<u>248,093</u>	<u>16,020</u>	<u>1,102,059</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	51	45,005	54
Reserved for Loans Receivable	0	0	0	0
Reserved for Prepays	2,736	0	1,730	0
Unreserved, Undesignated	<u>8,986</u>	<u>21,233</u>	<u>557,185</u>	<u>17,592</u>
<i>Total Fund Balances</i>	<u>11,722</u>	<u>21,284</u>	<u>603,920</u>	<u>17,646</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$259,815</u></u>	<u><u>\$37,304</u></u>	<u><u>\$1,705,979</u></u>	<u><u>\$17,646</u></u>

License Tax	Revolving Housing	State and Local Forfeits	Drug Law Enforcement	Enforcement and Education	Law Enforcement Trust	Community Development Block Grant	Swimming Pool Inspections
\$275	\$49,867	\$7,044	\$11,712	\$12,536	\$46,331	\$799,136	\$2,566
0	0	0	0	0	0	0	0
0	0	0	0	0	0	292,553	0
0	0	0	400	372	0	70	0
0	0	0	400	372	0	292,623	0
63,466	0	0	0	0	0	53,479	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$63,741</u>	<u>\$49,867</u>	<u>\$7,044</u>	<u>\$12,112</u>	<u>\$12,908</u>	<u>\$46,331</u>	<u>\$1,145,238</u>	<u>\$2,566</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$43,742	\$0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	200,000	0
0	0	0	0	0	0	0	0
45,602	0	0	0	0	0	0	0
45,602	0	0	0	0	0	243,742	0
0	647	0	0	0	0	187,423	9
0	0	0	0	0	0	292,553	0
0	0	0	0	0	0	0	0
18,139	49,220	7,044	12,112	12,908	46,331	421,520	2,557
18,139	49,867	7,044	12,112	12,908	46,331	901,496	2,566
<u>\$63,741</u>	<u>\$49,867</u>	<u>\$7,044</u>	<u>\$12,112</u>	<u>\$12,908</u>	<u>\$46,331</u>	<u>\$1,145,238</u>	<u>\$2,566</u>

(continued)

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2003

	Police Pension	Fire Pension	Urban Development Action Grant	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$144,157	\$129,874	\$49,199	\$1,930,998
Receivables:				
Property Taxes Receivable	104,224	104,224	0	1,440,850
Loans Receivable	0	0	232,178	524,731
Other Receivable	0	0	0	9,818
Receivables, Net	<u>104,224</u>	<u>104,224</u>	<u>232,178</u>	<u>1,975,399</u>
Due from Other Governments	6,101	6,101	0	225,746
Prepaid Items	0	0	0	4,466
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>0</u>	<u>0</u>	<u>120,000</u>	<u>120,000</u>
<i>Total Assets</i>	<u><u>\$254,482</u></u>	<u><u>\$240,199</u></u>	<u><u>\$401,377</u></u>	<u><u>\$4,256,609</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$49,023
Accrued Wages and Benefits	0	0	0	39,168
Due to Other Funds	0	0	0	200,000
Due to Other Governments	0	0	0	5,123
Deferred Revenue	<u>109,677</u>	<u>109,677</u>	<u>0</u>	<u>1,581,556</u>
<i>Total Liabilities</i>	<u>109,677</u>	<u>109,677</u>	<u>0</u>	<u>1,874,870</u>
Fund Balances				
Reserved for Encumbrances	143,717	129,434	485	506,825
Reserved for Loans Receivable	0	0	232,178	524,731
Reserved for Prepays	0	0	0	4,466
Unreserved, Undesignated	<u>1,088</u>	<u>1,088</u>	<u>168,714</u>	<u>1,345,717</u>
<i>Total Fund Balances</i>	<u>144,805</u>	<u>130,522</u>	<u>401,377</u>	<u>2,381,739</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$254,482</u></u>	<u><u>\$240,199</u></u>	<u><u>\$401,377</u></u>	<u><u>\$4,256,609</u></u>

City of Kent, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003

	West Side Fire	State Highway	Parks and Recreation	Food Service
Revenues				
Property and Other Local Taxes	\$211,043	\$0	\$896,088	\$0
Charges for Services	0	0	236,037	0
Fees, Licenses and Permits	0	0	9,244	38,891
Fines and Forfeitures	0	0	0	0
Intergovernmental	23,702	49,475	107,353	0
Interest	0	0	0	0
Miscellaneous	0	0	123,901	0
<i>Total Revenues</i>	<u>234,745</u>	<u>49,475</u>	<u>1,372,623</u>	<u>38,891</u>
Expenditures				
Current:				
Security of Persons and Property	236,480	0	0	0
Public Health and Welfare	0	0	0	51,644
Leisure Time Activities	0	0	979,959	0
Community Development	0	0	0	0
Transportation	0	48,948	0	0
Capital Outlay	0	0	183,846	0
<i>Total Expenditures</i>	<u>236,480</u>	<u>48,948</u>	<u>1,163,805</u>	<u>51,644</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,735)</u>	<u>527</u>	<u>208,818</u>	<u>(12,753)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	17,000
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,000</u>
<i>Net Change in Fund Balances</i>	(1,735)	527	208,818	4,247
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>13,457</u>	<u>20,757</u>	<u>395,102</u>	<u>13,399</u>
<i>Fund Balances End of Year</i>	<u>\$11,722</u>	<u>\$21,284</u>	<u>\$603,920</u>	<u>\$17,646</u>

(continued)

City of Kent, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds (continued)

For the Year Ended December 31, 2003

	License Tax	Revolving Housing	State and Local Forfeits	Drug Law Enforcement
Revenues				
Property and Other Local Taxes	\$125,983	\$0	\$0	\$0
Charges for Services	0	0	0	0
Fees, Licenses and Permits	0	57,449	0	0
Fines and Forfeitures	0	0	6,967	3,495
Intergovernmental	17,864	0	0	0
Interest	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>143,847</u>	<u>57,449</u>	<u>6,967</u>	<u>3,495</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	7,956	2,840
Public Health and Welfare	0	66,862	0	0
Leisure Time Activities	0	0	0	0
Community Development	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	0	0	3,262	0
<i>Total Expenditures</i>	<u>0</u>	<u>66,862</u>	<u>11,218</u>	<u>2,840</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>143,847</u>	<u>(9,413)</u>	<u>(4,251)</u>	<u>655</u>
Other Financing Sources (Uses)				
Transfers In	0	17,000	0	0
Transfers Out	(139,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(139,000)</u>	<u>17,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	4,847	7,587	(4,251)	655
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>13,292</u>	<u>42,280</u>	<u>11,295</u>	<u>11,457</u>
<i>Fund Balances End of Year</i>	<u><u>\$18,139</u></u>	<u><u>\$49,867</u></u>	<u><u>\$7,044</u></u>	<u><u>\$12,112</u></u>

Enforcement and Education	Law Enforcement Trust	Community Development Block Grant	Swimming Pool Inspections	Police Pension	Fire Pension	Urban Development Action Grant	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$86,822	\$86,822	\$0	\$1,406,758
0	0	0	0	0	0	0	236,037
0	0	0	2,000	0	0	0	107,584
4,714	0	0	0	0	0	0	15,176
0	0	704,043	0	9,749	9,749	0	921,935
0	628	49,489	0	0	0	6,631	56,748
0	0	177,948	0	0	0	0	301,849
4,714	628	931,480	2,000	96,571	96,571	6,631	3,046,087
4,883	2,250	0	0	92,553	91,109	0	438,071
0	0	0	3,677	0	0	0	122,183
0	0	0	0	0	0	0	979,959
0	0	759,622	0	0	0	2,500	762,122
0	0	0	0	0	0	0	48,948
0	6,906	0	0	0	0	0	194,014
4,883	9,156	759,622	3,677	92,553	91,109	2,500	2,545,297
(169)	(8,528)	171,858	(1,677)	4,018	5,462	4,131	500,790
0	0	0	0	0	0	0	34,000
0	0	0	0	0	0	0	(139,000)
0	0	0	0	0	0	0	(105,000)
(169)	(8,528)	171,858	(1,677)	4,018	5,462	4,131	395,790
13,077	54,859	729,638	4,243	140,787	125,060	397,246	1,985,949
\$12,908	\$46,331	\$901,496	\$2,566	\$144,805	\$130,522	\$401,377	\$2,381,739

Combining Statements

Fiduciary Funds

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

Agency Funds

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

City of Kent, Ohio
Statement of Changes in Assets and Liabilities
Agency Escrow Fund
For the Year Ended December 31, 2003

	Beginning Balance 12/31/02	Additions	Deductions	Ending Balance 12/31/03
Assets				
Cash and Cash Equivalents	\$372,301	\$214,210	\$188,403	\$398,108
Liabilities				
Accounts Payable	\$372,301	\$214,210	\$188,403	\$398,108

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

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Capital Projects Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$295,000	\$115,000	\$119,116	\$4,116
Special Assessments	0	0	6,185	6,185
Miscellaneous	0	0	69,338	69,338
Total Revenues	295,000	115,000	194,639	79,639
Expenditures				
Capital Outlays	1,398,000	1,437,800	1,428,987	8,813
Debt Service:				
Principal Retirement	4,900,000	4,740,000	4,740,000	0
Interest and Fiscal Charges	198,000	93,200	93,112	88
Total Expenditures	6,496,000	6,271,000	6,262,099	8,901
Excess of Revenues Under Expenditures	(6,201,000)	(6,156,000)	(6,067,460)	88,540
Other Financing Sources				
Proceeds from Sale of Notes	4,405,000	4,405,000	4,407,511	2,511
Transfers In	1,500,000	1,500,000	1,500,000	0
Net Other Financing Sources	5,905,000	5,905,000	5,907,511	2,511
Net Change in Fund Balance	(296,000)	(251,000)	(159,949)	91,051
Recovery of Prior Year Encumbrances	0	0	281,189	281,189
Fund Balance Beginning of Year	1,947,775	1,947,775	1,947,775	0
Fund Balance End of Year	\$1,651,775	\$1,696,775	\$2,069,015	\$372,240

CITY OF KENT, OHIO

*Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$3,032,024	\$2,848,000	\$2,831,495	(\$16,505)
Interest	42,585	40,000	42,922	2,922
Intergovernmental	0	0	6,588	6,588
Special Assessments	39,391	37,000	38,838	1,838
Miscellaneous	0	0	48,365	48,365
Total Revenues	3,114,000	2,925,000	2,968,208	43,208
Expenses				
Personal Services	1,159,934	1,101,484	1,077,041	24,443
Benefits	347,131	378,801	361,367	17,434
Utilities	147,000	181,475	171,268	10,207
Contractual Services	436,581	611,068	378,289	232,779
Materials and Supplies	181,300	173,420	169,218	4,202
Other	11,000	52,150	51,129	1,021
Capital Outlay	2,288,169	2,586,967	2,337,067	249,900
Total Expenses	4,571,115	5,085,365	4,545,379	539,986
Excess of Revenues Under Expenses	(1,457,115)	(2,160,365)	(1,577,171)	583,194
Proceeds from Loan	410,000	410,000	411,114	1,114
Capital Contributions - Tap-in-Fees	50,000	50,000	82,914	32,914
Net Change in Fund Equity	(997,115)	(1,700,365)	(1,083,143)	617,222
Recovery of Prior Year Encumbrances	0	0	119,103	119,103
Fund Equity Beginning of Year	2,572,694	2,572,694	2,572,694	0
Fund Equity End of Year	\$1,575,579	\$872,329	\$1,608,654	\$736,325

CITY OF KENT, OHIO

*Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$1,913,667	\$3,406,500	\$3,423,369	\$16,869
Interest	39,324	70,000	47,946	(22,054)
Intergovernmental	466,268	830,000	1,074,468	244,468
Special Assessments	6,741	12,000	45,776	33,776
Miscellaneous	0	0	29,398	29,398
Total Revenues	2,426,000	4,318,500	4,620,957	302,457
Expenses				
Personal Services	1,389,629	1,380,379	1,374,404	5,975
Benefits	414,304	454,004	440,770	13,234
Utilities	230,000	243,000	214,214	28,786
Contractual Services	455,271	435,628	390,105	45,523
Materials and Supplies	209,200	202,550	175,270	27,280
Other	10,000	75,025	73,694	1,331
Capital Outlay	1,365,879	4,496,047	4,493,164	2,883
Debt Service:				
Principal Retirement	3,395,000	3,395,000	3,395,000	0
Interest and Fiscal Charges	68,000	65,900	64,505	1,395
Total Expenses	7,537,283	10,747,533	10,621,126	126,407
Excess of Revenues				
Under Expenses	(5,111,283)	(6,429,033)	(6,000,169)	428,864
Proceeds from Sale of Notes	2,915,000	2,915,000	2,911,659	(3,341)
Proceeds from Loan	626,000	626,000	630,488	4,488
Capital Contributions - Tap-in-Fees	65,000	65,000	94,665	29,665
Advances in	1,500,000	1,500,000	1,200,000	(300,000)
Net Change in Fund Equity	(5,283)	(1,323,033)	(1,163,357)	159,676
Recovery of Prior Year Encumbrances	0	0	114,257	114,257
Fund Equity Beginning of Year	2,047,649	2,047,649	2,047,649	0
Fund Equity End of Year	\$2,042,366	\$724,616	\$998,549	\$273,933

CITY OF KENT, OHIO

*Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP Basis) and Actual
Solid Waste Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$370,547	\$387,500	\$390,921	\$3,421
Interest	0	0	2,933	2,933
Intergovernmental	11,953	12,500	15,289	2,789
Miscellaneous	0	0	27	27
Total Revenues	382,500	400,000	409,170	9,170
Expenses				
Personal Services	37,557	37,557	37,230	327
Benefits	11,284	13,384	13,082	302
Contractual Services	379,100	379,100	342,688	36,412
Materials and Supplies	8,100	6,000	603	5,397
Other	2,000	2,000	1,282	718
Total Expenses	438,041	438,041	394,885	43,156
Excess of Revenues Over (Under) Expenses	(55,541)	(38,041)	14,285	52,326
Transfers in	35,000	35,000	35,000	0
Net Change in Fund Equity	(20,541)	(3,041)	49,285	52,326
Recovery of Prior Year Encumbrances	0	0	1,436	1,436
Fund Equity Beginning of Year	166,917	166,917	166,917	0
Fund Equity End of Year	\$146,376	\$163,876	\$217,638	\$53,762

CITY OF KENT, OHIO

*Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget (Non-GAAP Basis) and Actual
Storm Water Drainage Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$510,000	\$490,000	\$500,212	\$10,212
Interest	0	0	13,918	13,918
Special Assessments	0	0	1,278	1,278
Total Revenues	510,000	490,000	515,408	25,408
Expenses				
Contractual Services	69,152	69,152	69,152	0
Other	161	200	122	78
Capital Outlay	720,687	910,648	258,099	652,549
Debt Service:				
Interest and Fiscal Charges	2,500	2,500	0	2,500
Total Expenses	792,500	982,500	327,373	655,127
Excess of Revenues Over (Under) Expenses	(282,500)	(492,500)	188,035	680,535
Transfers in	220,000	220,000	220,000	0
Transfers out	(30,000)	(30,000)	(30,000)	0
Net Change in Fund Equity	(92,500)	(302,500)	378,035	680,535
Recovery of Prior Year Encumbrances	0	0	9,091	9,091
Fund Equity Beginning of Year	719,776	719,776	719,776	0
Fund Equity End of Year	\$627,276	\$417,276	\$1,106,902	\$689,626

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
West Side Fire Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$211,068	\$209,741	\$209,524	(\$217)
Intergovernmental	23,447	23,300	23,702	402
Total Revenues	234,515	233,041	233,226	185
Expenditures				
Current:				
Security of Persons and Property	239,500	239,500	239,238	262
Net Change in Fund Balance	(4,985)	(6,459)	(6,012)	447
Recovery of Prior Year Encumbrances	0	0	1,178	1,178
Fund Balance Beginning of Year	12,932	12,932	12,932	0
Fund Balance End of Year	\$7,947	\$6,473	\$8,098	\$1,625

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$45,000	\$44,000	\$48,328	\$4,328
Expenditures				
Current:				
Transportation	49,000	49,000	48,999	1
Net Change in Fund Balance	(4,000)	(5,000)	(671)	4,329
Fund Balance Beginning of Year	14,584	14,584	14,584	0
Fund Balance End of Year	\$10,584	\$9,584	\$13,913	\$4,329

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Parks and Recreation Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$859,685	\$895,292	\$888,908	(\$6,384)
Fees, Licenses and Permits	0	0	9,244	9,244
Intergovernmental	86,421	90,000	105,579	15,579
Charges for Services	222,773	232,000	241,776	9,776
Miscellaneous	20,165	21,000	126,319	105,319
Total Revenues	<u>1,189,044</u>	<u>1,238,292</u>	<u>1,371,826</u>	<u>133,534</u>
Expenditures				
Current:				
Leisure Time Activities	967,719	1,043,269	1,029,371	13,898
Capital Outlays	<u>170,100</u>	<u>214,550</u>	<u>177,703</u>	<u>36,847</u>
Total Expenditures	<u>1,137,819</u>	<u>1,257,819</u>	<u>1,207,074</u>	<u>50,745</u>
Net Change in Fund Balance	51,225	(19,527)	164,752	184,279
Recovery of Prior Year Encumbrances	0	0	12,080	12,080
Fund Balance Beginning of Year	<u>404,775</u>	<u>404,775</u>	<u>404,775</u>	<u>0</u>
Fund Balance End of Year	<u>\$456,000</u>	<u>\$385,248</u>	<u>\$581,607</u>	<u>\$196,359</u>

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fees, Licenses and Permits	\$36,000	\$37,083	\$38,914	\$1,831
Expenditures				
Current:				
Public Health and Welfare	55,474	55,474	52,516	2,958
Excess of Revenues Under Expenditures	(19,474)	(18,391)	(13,602)	4,789
Other Financing Sources				
Transfers In	17,000	17,000	17,000	0
Net Change in Fund Balance	(2,474)	(1,391)	3,398	4,789
Fund Balance Beginning of Year	14,194	14,194	14,194	0
Fund Balance End of Year	\$11,720	\$12,803	\$17,592	\$4,789

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
License Tax Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$150,000	\$135,300	\$135,351	\$51
Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	150,000	135,300	135,351	51
Other Financing Uses				
Transfers Out	(150,000)	(139,000)	(139,000)	0
Net Change in Fund Balance	0	(3,700)	(3,649)	51
Fund Balance Beginning of Year	3,924	3,924	3,924	0
Fund Balance End of Year	\$3,924	\$224	\$275	\$51

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Revolving Housing Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fees, Licenses and Permits	\$55,000	\$55,800	\$57,575	\$1,775
Expenditures				
Current:				
Public Health and Welfare	79,211	79,211	68,344	10,867
Excess of Revenues Under Expenditures	(24,211)	(23,411)	(10,769)	12,642
Other Financing Sources				
Transfers In	17,000	17,000	17,000	0
Net Change in Fund Balance	(7,211)	(6,411)	6,231	12,642
Recovery of Prior Year Encumbrances	0	0	80	80
Fund Balance Beginning of Year	42,909	42,909	42,909	0
Fund Balance End of Year	\$35,698	\$36,498	\$49,220	\$12,722

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
State and Local Forfeits Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeits	\$7,500	\$5,750	\$6,967	\$1,217
Expenditures				
Current:				
Security of Persons and Property	11,000	11,000	11,218	(218)
Net Change in Fund Balance	(3,500)	(5,250)	(4,251)	999
Fund Balance Beginning of Year	11,295	11,295	11,295	0
Fund Balance End of Year	\$7,795	\$6,045	\$7,044	\$999

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeits	\$5,000	\$3,200	\$3,245	\$45
Expenditures				
Current:				
Security of Persons and Property	10,000	10,000	2,840	7,160
Net Change in Fund Balance	(5,000)	(6,800)	405	7,205
Recovery of Prior Year Encumbrances	0	0	425	425
Fund Balance Beginning of Year	10,882	10,882	10,882	0
Fund Balance End of Year	\$5,882	\$4,082	\$11,712	\$7,630

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeits	\$9,000	\$4,700	\$4,746	\$46
Expenditures				
Current:				
Security of Persons and Property	12,000	12,000	4,883	7,117
Net Change in Fund Balance	(3,000)	(7,300)	(137)	7,163
Recovery of Prior Year Encumbrances	0	0	53	53
Fund Balance Beginning of Year	12,620	12,620	12,620	0
Fund Balance End of Year	\$9,620	\$5,320	\$12,536	\$7,216

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Interest	\$50,000	\$0	\$628	\$628
Expenditures				
Current:				
Security of Persons and Property	10,000	10,000	2,250	7,750
Capital Outlays	45,000	25,000	6,906	18,094
Total Expenditures	55,000	35,000	9,156	25,844
Net Change in Fund Balance	(5,000)	(35,000)	(8,528)	26,472
Fund Balance Beginning of Year	54,859	54,859	54,859	0
Fund Balance End of Year	\$49,859	\$19,859	\$46,331	\$26,472

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$337,139	\$722,000	\$723,959	\$1,959
Interest	18,678	40,000	49,489	9,489
Miscellaneous	82,183	176,000	254,334	78,334
Total Revenues	438,000	938,000	1,027,782	89,782
Expenditures				
Current:				
Community Development	438,000	703,000	569,990	133,010
Net Change in Fund Balance	0	235,000	457,792	222,792
Recovery of Prior Year Encumbrances	0	0	71,564	71,564
Fund Balance Beginning of Year	40,550	40,550	40,550	0
Fund Balance End of Year	\$40,550	\$275,550	\$569,906	\$294,356

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Swimming Pool Inspections Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fees, Licenses and Permits	\$2,000	\$2,000	\$2,000	\$0
Expenditures				
Current:				
Public Health and Welfare	4,670	4,670	3,737	933
Net Change in Fund Balance	(2,670)	(2,670)	(1,737)	933
Fund Balance Beginning of Year	4,294	4,294	4,294	0
Fund Balance End of Year	\$1,624	\$1,624	\$2,557	\$933

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$86,773	\$86,297	\$86,174	(\$123)
Intergovernmental	9,603	9,550	9,749	199
Total Revenues	96,376	95,847	95,923	76
Expenditures				
Current:				
Security of Persons and Property	96,376	96,376	96,376	0
Net Change in Fund Balance	0	(529)	(453)	76
Fund Balance Beginning of Year	893	893	893	0
Fund Balance End of Year	\$893	\$364	\$440	\$76

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$86,773	\$86,297	\$86,174	(\$123)
Intergovernmental	9,603	9,550	9,749	199
Total Revenues	96,376	95,847	95,923	76
Expenditures				
Current:				
Security of Persons and Property	96,376	96,376	96,376	0
Net Change in Fund Balance	0	(529)	(453)	76
Fund Balance Beginning of Year	893	893	893	0
Fund Balance End of Year	\$893	\$364	\$440	\$76

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Urban Development Action Grant Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Interest	\$357	\$2,500	\$6,748	\$4,248
Miscellaneous	2,143	15,000	20,923	5,923
Total Revenues	2,500	17,500	27,671	10,171
Expenditures				
Current:				
Community Development	2,500	2,500	2,500	0
Net Change in Fund Balance	0	15,000	25,171	10,171
Fund Balance Beginning of Year	23,543	23,543	23,543	0
Fund Balance End of Year	<u>\$23,543</u>	<u>\$38,543</u>	<u>\$48,714</u>	<u>\$10,171</u>

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Special Assessments	\$65,032	\$76,039	\$82,795	\$6,756
Miscellaneous	3,961	3,961	3,961	0
Total Revenues	68,993	80,000	86,756	6,756
Expenditures				
Current:				
General Government	5,000	5,000	3,635	1,365
Debt Service:				
Principal Retirement	181,947	181,947	181,947	0
Interest and Fiscal Charges	167,450	167,450	167,450	0
Total Expenditures	354,397	354,397	353,032	1,365
Excess of Revenues Under Expenditures	(285,404)	(274,397)	(266,276)	8,121
Other Financing Sources				
Transfers In	271,007	271,007	271,007	0
Net Change in Fund Balance	(14,397)	(3,390)	4,731	8,121
Fund Balance Beginning of Year	40,116	40,116	40,116	0
Fund Balance End of Year	\$25,719	\$36,726	\$44,847	\$8,121

STATISTICAL SECTION

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

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City of Kent, Ohio
*General Governmental Revenues by Source
and Expenditures by Function (1)*
Last Ten Years

	2003		2002	2001
	Full Accrual	Modified Accrual		
Program Revenues				
Charges for Services	\$1,545,509	N/A	N/A	N/A
Operating Grants and Contributions	1,462,410	N/A	N/A	N/A
Capital Grants and Contributions	119,116	N/A	N/A	N/A
General Revenues				
Taxes (2)	\$12,651,800	\$12,622,036	\$12,335,994	\$12,036,231
Fees, Licenses and Permits	N/A	241,387	293,606	300,552
Intergovernmental	2,642,496	4,145,984	4,457,224	3,671,672
Charges for Services	N/A	988,417	849,472	755,909
Fines and Forfeitures	N/A	315,705	339,937	352,319
Special Assessments	N/A	166,775	166,417	209,485
Interest	369,743	319,078	432,931	931,920
Miscellaneous	407,711	407,711	485,468	345,495
Total	<u><u>\$19,198,785</u></u>	<u><u>\$19,207,093</u></u>	<u><u>\$19,361,049</u></u>	<u><u>\$18,603,583</u></u>
Expenditures				
Current:				
Security of Persons and Property	\$7,925,699	\$7,977,881	\$7,801,668	\$7,328,137
Public Health and Welfare	492,345	520,443	517,827	466,178
Leisure Time Activities	793,778	979,959	955,279	863,226
Community Development	1,822,724	1,946,318	2,102,383	2,098,614
Transportation	1,540,000	1,424,857	1,365,439	1,251,158
General Government	2,394,007	2,424,777	2,616,445	2,880,775
Capital Outlay	0	2,264,048	4,382,589	2,835,200
Debt Service	256,440	439,480	460,816	508,447
Total	<u><u>\$15,224,993</u></u>	<u><u>\$17,977,763</u></u>	<u><u>\$20,202,446</u></u>	<u><u>\$18,231,735</u></u>

Source: City financial records

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.

(2) Includes All Taxes

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$11,454,325	\$11,224,208	\$11,096,845	\$10,265,609	\$9,937,708	\$9,563,804	\$9,011,745
152,496	314,955	248,234	228,748	172,204	215,398	135,346
3,707,016	3,430,043	3,540,752	3,752,674	3,782,230	3,008,709	3,273,344
840,692	636,896	591,432	566,867	555,781	554,722	475,802
363,619	373,008	472,835	299,169	359,628	448,483	299,133
159,746	298,228	131,322	168,743	177,847	168,473	142,291
941,332	698,951	679,171	553,740	500,984	519,978	356,688
407,801	175,517	374,474	208,339	376,652	968,050	236,109
<u>\$18,027,027</u>	<u>\$17,151,806</u>	<u>\$17,135,065</u>	<u>\$16,043,889</u>	<u>\$15,863,034</u>	<u>\$15,447,617</u>	<u>\$13,930,458</u>
\$7,197,719	\$6,927,110	\$6,522,907	\$6,181,814	\$5,834,900	\$5,618,153	\$5,559,042
421,649	421,313	415,147	384,446	379,258	362,258	369,873
827,170	829,725	869,507	843,018	799,162	670,684	689,015
1,832,505	1,331,444	1,633,099	1,596,340	1,604,129	1,392,519	975,122
1,432,219	1,147,096	1,161,164	1,257,393	1,183,541	1,162,392	1,142,409
2,675,061	2,524,234	2,562,947	2,358,076	2,587,758	2,506,238	2,238,373
2,837,314	2,065,938	4,032,289	2,073,682	4,922,511	2,937,126	3,400,659
896,429	339,211	368,799	201,704	159,878	168,025	176,098
<u>\$18,120,066</u>	<u>\$15,586,071</u>	<u>\$17,565,859</u>	<u>\$14,896,473</u>	<u>\$17,471,137</u>	<u>\$14,817,395</u>	<u>\$14,550,591</u>

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

<u>Collection Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collection</u>	<u>Current Collections as a Percent of Current Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (2)</u>	<u>Total Collections As a Percent of Current Tax Levy</u>
1994	\$1,537,402	N/A (1)	N/A (1)	N/A (1)	\$1,561,468	101.6 %
1995	1,655,061	N/A (1)	N/A (1)	N/A (1)	1,714,983	103.6
1996	1,666,273	N/A (1)	N/A (1)	N/A (1)	1,696,819	101.8
1997	1,864,376	N/A (1)	N/A (1)	N/A (1)	1,856,717	99.6
1998	1,993,259	N/A (1)	N/A (1)	N/A (1)	2,026,685	101.7
1999	2,013,482	1,944,504	96.6	59,863	2,004,367	99.5
2000	2,149,762	2,000,343	93.0	60,103	2,060,446	95.8
2001	2,458,410	2,401,347	97.7	62,949	2,464,296	100.2
2002	2,633,533	2,534,329	96.2	68,297	2,602,626	98.8
2003	2,822,825	2,757,875	97.7	77,216	2,835,091	100.4

Source: Portage County, Ohio; County Auditor

- (1) Current and delinquent collection information was not separately available from Portage County Auditor records.
- (2) Total tax collections include penalties and interest collected on delinquent taxes, as well as amounts received for the State of Ohio for the homestead and rollback reduction.

Accumulated Outstanding Delinquent Taxes	Percent of Accumulated Delinquent Taxes to Total Current Tax Levy
\$111,108	7.2 %
81,366	4.9
84,167	5.1
109,149	5.9
92,780	4.7
125,743	6.3
110,384	5.1
148,243	6.0
159,168	6.1
225,047	8.0

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

<u>Tax Year/ Collection Year</u>	<u>Real Property</u>		<u>Public Utility Property</u>	
	<u>Assessed Value (1)</u>	<u>Estimated Actual Value (3)</u>	<u>Assessed Value (2)</u>	<u>Estimated Actual Value (3)</u>
1994/1995	\$183,720,460	\$524,915,600	\$17,009,640	\$19,329,136
1995/1996	186,723,210	533,494,886	14,172,320	16,104,909
1996/1997	188,992,523	539,978,637	13,661,270	15,524,170
1997/1998	215,205,680	614,873,371	13,265,220	15,074,114
1998/1999	218,165,746	623,330,703	12,787,660	14,531,432
1999/2000	222,384,732	635,384,949	12,732,900	14,469,205
2000/2001	264,062,473	754,464,209	10,593,570	12,038,148
2001/2002	268,375,313	766,786,609	9,942,640	11,298,455
2002/2003	272,993,108	779,980,309	10,123,850	11,504,375
2003/2004	306,982,572	877,093,063	9,808,000	11,145,455

Source: Portage County, Ohio; County Auditor

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

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (3)	Assessed Value	Estimated Actual Value (3)	Ratio
\$33,057,408	\$132,229,632	\$233,787,508	\$676,474,368	34.56 %
35,158,058	140,632,232	236,053,588	690,232,027	34.20
37,194,204	148,776,816	239,847,997	704,279,623	34.06
39,816,452	159,265,808	268,287,352	789,213,293	33.99
39,435,714	157,742,856	270,389,120	795,604,991	33.99
39,539,156	158,156,624	274,656,788	808,010,778	33.99
42,056,737	168,226,948	316,712,780	934,729,305	33.88
42,935,640	171,742,560	321,253,593	949,827,624	33.82
36,373,796	145,495,184	319,490,754	936,979,868	34.10
38,007,178	152,028,712	354,797,750	1,040,267,230	34.11

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

<u>Tax Year/ Collection Year</u>	<u>City</u>	<u>Portage County</u>	<u>Kent City School District</u>	<u>Total</u>
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
2003/2004	9.44	12.72	96.01	118.17

Source: Portage County, Ohio; County Auditor

City of Kent, Ohio
Special Assessment Billings and Collections
Last Ten Years

<u>Collection Year</u>	<u>Current</u>	<u>Delinquent (1)</u>	<u>Total Billed</u>	<u>Amount Collected</u>	<u>Percent of Total Collected</u>
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
2003	196,694	55,585	252,279	207,299	82.17

Source: Portage County, Ohio; County Auditor

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

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</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>
1994	28,835	\$233,787,508	\$7,455,000	\$211	\$6,780,000	\$674,789
1995	28,835	236,053,588	6,945,000	1,425	6,390,000	553,575
1996	28,835	239,847,997	6,390,000	13,342	5,955,000	421,658
1997	28,835	268,287,352	5,852,000	38,337	5,500,000	313,663
1998	28,835	270,389,120	8,269,000	33,291	5,010,000	225,709
1999	28,835	274,656,788	7,615,000	50,190	4,490,000	169,810
2000	27,906	316,712,780	7,487,000	39,166	3,945,000	697,834
2001	27,906	321,253,593	7,040,000	44,704	3,645,000	650,296
2002	27,906	319,490,754	3,254,000	40,116	0	623,884
2003	27,906	354,797,750	3,102,000	44,847	0	582,153

Sources:

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

(2) Portage County, Ohio; County Auditor

<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>
\$0	0.00 %	\$0.00
0	0.00	0.00
0	0.00	0.00
0	0.00	0.00
3,000,000	0.01	104.04
2,905,000	0.01	100.75
2,805,000	0.01	100.52
2,700,000	0.01	96.75
2,590,000	0.01	92.81
2,475,000	0.01	88.69

City of Kent, Ohio
Computation of Legal Debt Margin
December 31, 2003

Assessed Valuation		<u><u>\$354,797,750</u></u>
Debt Limit - 10.50% of Assessed Value		\$37,253,764
Debt Applicable to Limitation:		
General Obligation Bonds	\$2,475,000	
Special Assessment Bonds	627,000	
Governmental Funds' Notes	4,405,000	
Enterprise Funds' Notes	2,910,000	
Gross Indebtedness	<u>10,417,000</u>	
Less: Debt Outside Limitations		
Special Assessment Bonds	627,000	
Enterprise Funds' Notes	2,910,000	
Total Debt Outside Limitation	<u>3,537,000</u>	
Total Debt Applicable to Limitation - Within 10.50% Limitations		6,880,000
Less: Amount Available in Debt Service Fund		<u>(44,847)</u>
Legal Debt Margin Within 10.50% Limitations		<u><u>\$30,328,917</u></u>
Unvoted Debt Limitation - 5.50% of Assessed Valuation		\$19,513,876
Gross Indebtedness	\$10,417,000	
Less: Debt Outside Limitations	<u>3,537,000</u>	
Debt Within 5.50% Limitation		6,880,000
Less: Amount Available in Debt Service Fund		<u>(44,847)</u>
Unvoted Debt Margin Within 5.50% Limitations		<u><u>\$12,589,029</u></u>

Source: City Financial Records

City of Kent, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2003

<u>Jurisdiction</u>	<u>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>\$2,475,000</u>	100.00 %	<u>\$2,475,000</u>
<u>Overlapping:</u>			
Kent City Schools (2)	18,214,183	70.48	12,837,356
Portage County, Ohio (3)	<u>17,125,902</u>	12.66	<u>2,168,139</u>
Total Overlapping	<u>35,340,085</u>		<u>15,005,495</u>
Total	<u><u>\$37,815,085</u></u>		<u><u>\$17,480,495</u></u>

(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 General Government Expenditures
 Last Ten Years*

<u>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 (Percentage)</u>
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
2003	152,000	167,450	319,450	17,977,763	1.78

(1) Excludes Enterprise Obligations, Includes Special Assessments

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

(3) Sources: City Financial Records

City of Kent, Ohio
Revenue Bond Coverage - Sewer Bonds
Last Ten Years

Year	Gross Revenue (1)	Total Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (Percentage)
				Principal	Interest	Total	
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	2.27
2003	3,535,737	2,654,034	881,703	0	0	0	N/A

- (1) Gross revenue is total operating revenue plus interest revenue
- (2) Total operating expenses are operating and maintenance expense exclusive of depreciation
- (3) Total debt service requirements reflect scheduled payments only and does not include the optional redemption principal payment
- (4) Source: City Financial Records

City of Kent, Ohio
Revenue Bond Coverage - Water Bonds
Last Ten Years

Year	Gross Revenue (1)	Total Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (Percentage)
				Principal	Interest	Total	
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
2003	2,828,579	2,167,861	660,718	0	0	0	N/A

- (1) Gross revenue is total operating revenue plus interest revenue
- (2) Total operating expenses are operating and maintenance expense exclusive of depreciation
- (3) Total debt service requirements reflect scheduled payments only and does not include the optional redemption principal payment
- (4) Source: City Financial Records

City of Kent, Ohio
Demographic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Public School Enrollment (2)</u>	<u>Unemployment Rate - County (3)</u>	<u>Unemployment Rate - City (4)</u>
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
2003	27,906	3,784	5.3	6.1

- (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 Years

<u>Year</u>	<u>Commercial/Industrial - New Construction (1)</u>		<u>Commercial/Industrial - Alterations (1)</u>		<u>Residential - New Construction (1)</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
1994	4	\$1,050,338	49	\$5,515,635	53	\$6,822,403
1995	2	555,000	31	2,301,000	33	3,640,704
1996	6	5,539,000	11	570,750	44	5,206,377
1997	4	1,935,000	27	4,043,100	54	7,892,836
1998	3	3,453,403	14	379,300	40	6,143,841
1999	9	5,172,000	25	4,773,000	69	10,994,000
2000	3	349,000	29	1,119,350	51	8,753,425
2001	9	7,285,000	21	1,556,190	34	11,395,900
2002	3	1,379,880	29	4,358,616	55	11,857,738
2003	2	520,000	34	2,005,865	41	8,908,000

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

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

N/A = Not Available

<u>Residential - Alterations (1)</u>		<u>Bank Deposits (2) (in thousands)</u>
<u>Number</u>	<u>Value</u>	
93	\$949,901	\$251,884
67	647,640	245,027
70	634,723	324,344
40	693,001	351,734
60	762,782	354,069
120	1,004,000	336,320
108	1,744,813	353,361
87	1,156,297	337,673
92	2,247,607	352,291
88	1,108,162	N/A

City of Kent, Ohio

Principal Taxpayers

December 31, 2003

<u>Name of Taxpayer</u>	<u>Business Activity</u>	<u>2003 Assessed Valuation for Collection in 2004</u>	<u>Percent of Total Assessed Valuation</u>
Ohio Bell	Telephone Utility	\$4,215,540	1.19 %
Gougler Industries, Inc.	Manufacturer	3,952,230	1.11
Silver Meadows Ltd.	Apartment Residences	3,628,560	1.02
DSMP - Kent LLC *	Apartment Residences	3,396,400	0.96
Mikey Ryan LLC	Apartment Residences	2,882,600	0.81
Paul P. Tell Sr.	Apartment Residences	2,758,890	0.78
Ohio Edison	Electric Utility	2,676,410	0.75
Whitehall Terrace Investors LLC	Apartment Residences	2,176,020	0.61
Douglas Partners**	Apartment Residences	2,108,760	0.59
Klaben Ford, Inc	Automobile Dealership	<u>1,883,350</u>	<u>0.53</u>
Total		<u>\$29,678,760</u>	<u>8.35 %</u>
Total Assessed Value		<u>\$354,797,750</u>	

* Formerly Associated Estates Realty and Dale Terrace

** Formerly W9/GLM Real Estate

Source: Portage County, Ohio; County Treasurer

City of Kent, Ohio
Principal Employers - By Municipal Income Tax Withheld
December 31, 2003

<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	\$3,296,764	33.44 %
Kent City Schools	Education	501,828	5.09
City of Kent	City Government	214,337	2.17
Davey Tree Expert Co., Inc.	Tree Care	187,118	1.90
Land-O-Lakes	Dairy Products	158,503	1.61
Ametek, Inc.	Manufacturer	147,915	1.50
Smithers-Oasis Company	Manufacturer	119,828	1.22
CCI Supply	Contractor	89,453	0.91
Klaben Family Ford, Inc.	Automobile Dealership	89,304	0.91
Integrated Logistics Holding Co.	Manufacturer	<u>70,382</u>	<u>0.71</u>
Total		<u>\$4,875,432</u>	<u>49.46 %</u>
Total Municipal Income Tax Revenue		<u>\$9,858,428</u> (1)	

(1) Reflects total gross municipal income tax collections

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

City of Kent, Ohio
Miscellaneous Statistics and Community Profile
 December 31, 2003

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 73, 3 Miles South - Ohio Turnpike, 7 miles North

PORTAGE COUNTY LABOR FORCE DECEMBER 2003

Employment:	82,400
Unemployment:	5.30%

EDUCATION

	<u>Schools</u>	<u>Teachers</u>	<u>Grades</u>	<u>Enrollment</u>
Elementary	5		K - 6	1,662
Middle School	1		7 - 8	827
High School	1		9 - 12	1,295
Private and Parochial	1		K - 8	342
Vocational/Technical	Co-operative with Other Communities			
Colleges	1- Graduate and Undergraduate - 24,242			
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, US Airways, United

(continued)

City of Kent, Ohio
Miscellaneous Statistics and Community Profile (Continued)
December 31, 2003

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/YMCA 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

(continued)

City of Kent, Ohio
Miscellaneous Statistics and Community Profile (Continued)
December 31, 2003

FINANCIAL

Banks:	8
Credit Unions:	2
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

Newspaper:	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**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
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
NOVEMBER 4, 2004**