

CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2010



Dave Yost • Auditor of State

Members of City Council
City of Kent
325 S. Depeyster Street
Kent, Ohio 44240

We have reviewed the *Independent Auditor's Report* of the City of Kent, Portage County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 19, 2011

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CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2010

Issued by The Department of Budget and Finance

DAVID A. COFFEE
Director of Budget and Finance

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INTRODUCTORY SECTION

City of Kent, Ohio
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CITY OF KENT, OHIO

OFFICE OF THE CITY MANAGER

June 14, 2011

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, 2010, 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, 2010, have been audited by the independent auditing firm of James G. Zupka, Certified Public Accountants, Incorporated. The independent auditor's unqualified opinion has been included in this report.

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

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

PROFILE OF THE GOVERNMENT

The City of Kent, Ohio, is located in Portage County, approximately fifteen miles northeast of the City of Akron and six miles west of the City of Ravenna, the county seat. The City is the largest of four cities in this industrial and agricultural county. It is principally noted as the home of Kent State University, which has a current enrollment of approximately 24,560 students at the main campus in the City. The City covers an area of approximately 9.29 square miles. The City's 2010 population of 28,904 reflects a 3.6 percent growth as compared to the 2000 population of 27,906. Also of note in the 2010 census is the City of Kent's neighboring township to the south, Brimfield Township, which posted a 30 percent increase from the 2000 to 2010 census that has at least in part been related to the expansions and projects evidenced in the City of Kent and the continued growth of Kent State University.

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, separated into the categories of Personnel and Benefits, Other than Personnel and Benefits, Capital, Reserve/Debt Service, and Contingency. The Director of Budget and Finance is authorized to allocate appropriations for function and object levels within the same department and category as explained above without prior Council approval, as long as the total appropriation for each department and category 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 economic environment within which the City of Kent operates.

Local Economy

Despite continued strain in the region's economy, the City of Kent was able to maintain favorable reserve balances and sustain City services at existing levels without any new or increased taxes or fees in 2010. The City's aggressive cost cutting over the last 5 years, combined with the revenue stabilization provided by Kent State University, enabled the City to continue to hold the line on its budget in 2010 and weather the financial storm better than most of the neighboring communities in Northeast Ohio.

Kent State University is the City's largest employer, accounting for 40.8% of total municipal income tax revenues. Consequently, the City's financial condition is heavily influenced by the financial performance of the University. As a public institution of higher education Kent State tends to not experience dramatic revenue swings, which buffers the City's tax base from the more volatile highs and lows of private business cycles.

2010 marked Kent State University's Centennial year and with it came the highest recorded enrollment in the university's 100-year history, securing Kent State's position as the second largest public university in Ohio. Kent State reported an 11.6% increase in enrollment for Spring 2010 and a 7.56 percent increase in enrollment for the Fall 2010. These enrollment figures include record levels of international students (up 25%) and graduate school enrollment. Kent State's research funding reached record highs in 2010 (\$26.8 million) and the University also reported record-breaking fundraising results (securing \$39.9 million). The University's net assets increased 7.4% in 2010 and are trending upwards.

To commemorate the university's 2010 Centennial, Kent State commissioned a study to quantify the economic contribution of the University to the local economy. The report noted that in total, the average annual contribution of Kent State and its alumni in Northeast Ohio is \$1.9 billion. The region benefits from \$292.4 million in added income each year due to the payroll of Kent State faculty and staff, and the university's spending for supplies and services. Student off campus spending also contributes an additional \$45.3 million to the greater Kent economy.

The University's achievements in 2010 enabled Kent State to continue to fund faculty and staff raises. These income increases helped to offset the recessionary effects evident in other sectors of the greater Kent economy. Despite the University derived gains, income tax receipts (not including the Franklin and Brimfield JEDD agreements explained below) in 2010 came in below the prior year by 0.28%. That is only the third time in 25 years that the City experienced a net loss in income tax and while the City's single digit income tax drop is less precipitous than state and national declines, it remains a City concern and illustrates the depth of the troubles in the non-university sectors of the economy that have crippled some of Kent's neighboring communities.

While the City has not been immune to the broader economic downturn, it has witnessed some positive early indicators of an emerging economic recovery. 2010 marked yet another record year for Kent State income tax contributions and total City revenues began to rebound in the second half of 2010 following back to back years of decline to post a net increase of 4.6% for the last six months of the year. Real income growth was lead by University-based sectors in 2010 but it was tempered by sluggishness in the traditional manufacturing and transportation sectors.

Investments in Kent

In 2010 Kent State University began the largest capital re-investment program (\$250 million) in the history of the University, completing renovations of Risman Plaza (Phase I), main campus library, Roe Green Performance Center, and select residence halls. This level of investment will transform the campus and generate significant income taxes (\$250,000 to \$500,000/year) during the 2-3 year construction period.

Elsewhere in the Kent community new construction values were trending in opposite directions in 2010. Single family residential construction hit record lows but interest in new multi-family properties were at all time highs with over 3,000 new units in the pipeline for construction over the next 1-3 years. The proposed multi-family units will produce \$50-\$75 million in new investments with corresponding new construction related income taxes.

Likewise, the commercial construction rebound that began in 2009 continued in 2010, accelerating Kent's economic recovery. Over a dozen new businesses opened or expanded in Kent in 2010, including the ground breaking for Phase III of the Downtown Phoenix Project (\$10 million), grand opening of a new Sheetz store, Klaben Quick Lane Car Repair opening, the new Buzz Barber Shop, announcement of the new Record Courier headquarters to be built in Kent, Lucky Penny Farm and Creamery, Kent Yoga Center, Crooked River Canoe/Kayak Rental, Five Guys Burgers and Fries, Montrose Mazda Auto Dealership and the Dancing Beta Sushi Restaurant.

On the public side, the City continued to aggressively pursue Federal, State and Regional grant funds for infrastructure improvements with great success. As a result, the City is repairing more bridges, streets and sidewalks than it has in decades. Over the last 3 years the City was awarded (or was a partner in grant awards) amounting to over \$40 million in stimulus/grant funds, which has enabled the City to leverage grant funds to City funds at an impressive 5:1 ratio.

The Fairchild Avenue Bridge project construction was well underway by the end of 2010, with the new bridge superstructure constructed and the decking under construction. The adjoining roadway approaches to the bridge had been realigned to match the location and elevation of the new bridge, and the hike and bike trail connections had been graded for paving in a later phase of the project. The bulk of the remaining work relates to raising the adjacent railroad lines and building the new pedestrian/bike bridge. The project remains on budget and on schedule for completion in 2012.

Investment was not limited to new construction in 2010; it also included the continued demolition of blighted and non-productive properties that will be replaced with new residential and commercial properties as appropriate. For the residential properties, the City accessed Federal grant funds to take down three condemned structures and replace them with affordable housing to help stabilize distressed City neighborhoods. The commercial properties were removed as part of the larger downtown revitalization effort and included City, University and privately funded site preparation efforts.

Major Initiatives

Phases 1 and 2 of the Phoenix Project were completed and fully tenanted in downtown Kent by the end of 2009. This popular project offers an eclectic mix of small, local retail and restaurants, and office space; including the first off campus University business enterprise, the Tannery, a professional marketing, advertising and media services company that is staffed by students. Phase III, which includes the extension of Acorn Alley and the construction of another 50,000 square feet of office, retail and condominiums, began in late 2010 and is scheduled to be completed by Fall 2011.

The success of the Phoenix Project reaffirmed the City and Kent State's commitment to proceed with a mixed use redevelopment project that will include 56,000 square feet of new retail and restaurants, a 95 room hotel, a 15,000 square foot conference center, 75,000 square feet of office space, and 18 residential units strategically located at the edge of central business district and the expanded edge of the University campus in downtown Kent. Two major corporate tenants, Davey Tree and Ametek Corporation, began lease negotiations in 2010 (finalized and signed in 2011) to occupy 60,000 square feet of office space and bring 100 to 150 professional jobs into downtown Kent in 2012 when the first phases of construction are expected to be complete. During 2010 the City and University finalized land acquisition for the project, signed Development Agreements with the project partners, signed an Agreement with the Portage Area Regional Transit Agency (PARTA) for the new multi-modal facility, and completed the majority of the site demolition and mass grading.

In 2010 the City continued to work with Franklin and Brimfield townships to recruit new businesses and expand business development opportunities within the JEDD boundaries. As a result of these partnerships, the City received \$203,340 as its combined share of JEDD income taxes in 2010.

As part of the City's neighborhood enrichment initiatives, the City and Kent State University agreed in 2010 to jointly fund a new Community-University Liaison position. The purpose of the new position is to improve communications in the edge of campus neighborhoods and to facilitate new programs to improve the quality of life enjoyed by students and residents living in those neighborhoods.

Long-term Financial Planning

During 2010, the City continued to update and implement the five-year capital improvement program that ensures the City's ability to meet the infrastructure needs of the community in future years. In addition to the capital plan, City Council continued to support strategic land acquisitions in 2010 that advanced critical economic development priorities. City staff also continued to pursue efficiency and productivity improvements resulting in budget cuts and savings amounting to \$400,000 in 2010.

Cash Management Policies and Practices

The City's investment policy is to manage and invest the public's funds with regard to the following criteria: Safety of principal is the foremost objective for the City. All investments are executed in a manner that seeks to ensure preservation of capital in the overall portfolio. Liquidity is the second objective, and the City's investment portfolio maturities are structured in such a manner so as to meet all of its operating requirements that can be reasonably anticipated. Finally, the City's investment portfolio is managed so as to achieve a competitive yield that is compatible with the risk and cash flow requirements of the portfolio. The Director of Budget and Finance is authorized by City Council to invest interim and active monies not in excess of \$10 million. Investments may be in certificates of deposit or repurchase agreements for a period not to exceed six months with an eligible institution designated as a depository in the State of Ohio. While these are considered uncollateralized for financial reporting purposes, the institutions are required by state statute to maintain a collateral pool of assets whose carrying value exceeds their total public deposits by at least 5%. Investments in excess of \$10 million or beyond six months require the authorization of the City's Treasury Investment Board. The Treasury Investment Board is comprised of the City Manager, the Director of Budget and Finance and the Director of Law. The total interest earned during 2010 was \$308,817.

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 2009. This was the twenty-third consecutive year that the government has received this prestigious award.

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Dave Ruller". The signature is stylized, with the first name "Dave" and last name "Ruller" clearly legible.

Dave Ruller
City Manager

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, 2009

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



President

Executive Director

CITY OF KENT, OHIO
ELECTED OFFICIALS - 2010

MAYOR/COUNCIL PRESIDENT	Jerry T. Fiala
COUNCIL MEMBER AT LARGE	Michael A. DeLeone
COUNCIL MEMBER AT LARGE	Erik D. Valenta
COUNCIL MEMBER AT LARGE	Robin G. Turner

CITY COUNCIL MEMBERS BY WARDS:

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

CITY OF KENT, OHIO

APPOINTED OFFICIALS - 2010

OFFICE OF CITY MANAGER

City Manager

David A. Ruller

OFFICE OF COUNCIL

Clerk of Council

Linda M. Copley

DEPARTMENT OF LAW

Law Director

James R. Silver

DEPARTMENT OF PUBLIC SERVICES

Service Director

Eugene K. Roberts

City Engineer

James S. Bowling

Water Plant Supervisor

Steve D. Hardesty, Sr.

Sewer Plant Supervisor

Robert W. Brown

Central Maintenance Manager

Jack E. Hogue

DEPARTMENT OF BUDGET AND FINANCE

Director of Budget and Finance

David A. Coffee

Controller

John E. Mockler

DEPARTMENT OF PUBLIC SAFETY

Safety Director

William C. Lillich

Fire Chief

James A. Williams

Police Chief

James A. Peach

DEPARTMENT OF COMMUNITY DEVELOPMENT

Community Development Director

Gary S. Locke

Economic Development Director

Daniel D. Smith

DEPARTMENT OF HEALTH

Health Commissioner

John B. Ferlito

Deputy Health Commissioner

John B. Bradshaw

DEPARTMENT OF PARKS AND RECREATION

Director of Parks and Recreation

John J. Idone

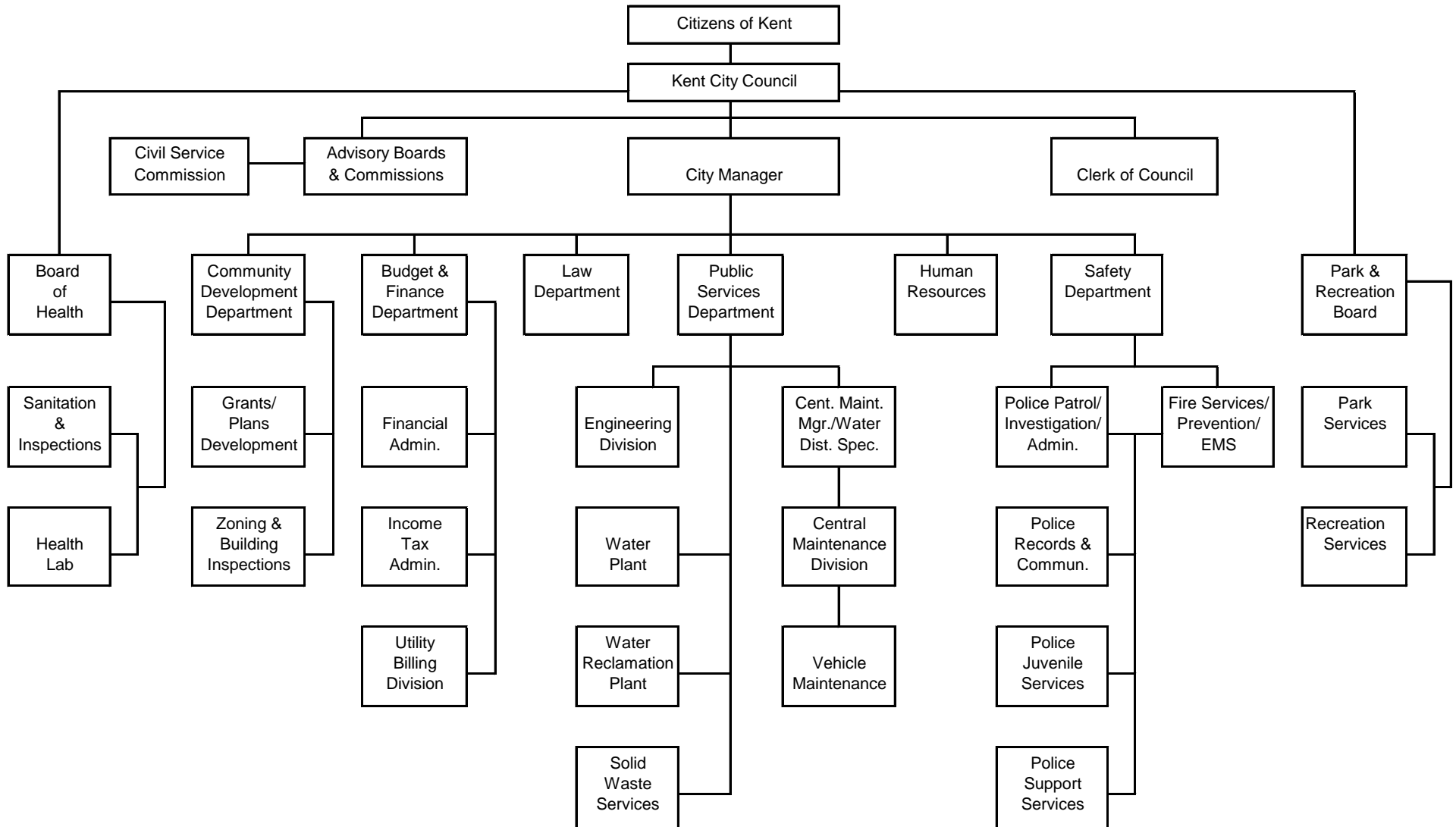
Parks Supervisor

Charles S. Tuttle

Recreation Supervisor

Nancy R. Rice

CITY OF KENT, OHIO ORGANIZATIONAL CHART



FINANCIAL SECTION

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Kent, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Kent, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of December 31, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Street Construction, Maintenance and Repair Fund, Parks and Recreation Fund, Income Tax Fund, Income Tax Safety Fund, and Fire and Emergency Medical Services Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2011, on our consideration of the City of Kent, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kent, Ohio's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


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

June 14, 2011

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The discussion and analysis of the City of Kent's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2010. 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 2010 are:

- Total assets of the City exceeded its liabilities at the close of the most recent year by \$117,606,660 (*net assets*). Of this amount, \$22,503,309 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to its citizens and creditors.
- Total net assets increased by \$800,456 or 0.69 percent over 2009. Of this amount, governmental activities increased by \$580,551 and business-type activities increased by \$219,905.
- Total capital assets increased by \$1,918,987 or 2.08 percent as compared to 2009. Governmental capital assets increased by \$1,383,399 and business-type capital assets increased by \$535,588.
- Total current assets increased \$278,801 or 0.68 percent as compared to 2009. This increase reflects the net change between an increase of \$654,342 attributable to governmental activities and a decrease of \$375,541 attributable to business-type activities.
- Total liabilities increased \$1,397,332 or 8.55 percent as compared to 2009. This increase is comprised of an increase in the governmental activities' liabilities of \$1,457,190 and a decrease in the liabilities of the business-type activities of \$59,858.

Overview of the Financial Statements

This discussion and analysis will serve as an introduction to the City's basic financial statements. The City'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's finances, in a manner similar to private-sector businesses. The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

The *Statement of Net Assets* presents information on all of the City'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 is improving or deteriorating.

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The *Statement of Activities* presents information showing how the City'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 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 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 17 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, 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 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 maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Street Construction, Maintenance and Repair Fund, the Parks and Recreation Fund, the Income Tax Fund, the Income Tax Safety Fund, the Fire and Emergency Medical Services Fund and the Capital Projects Fund, all of which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City 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 starting on page 20 of this report.

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Proprietary funds. The City 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 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 starting on page 30 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 statements because the resources of these funds are *not* available to support the City'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 34 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 starting on page 35 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 starting on page 66 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 2010. The *Statement of Net Assets* and the *Statement of Activities* include assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into consideration all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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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 2010 compared to 2009.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$32,933,643	\$32,279,301	\$8,101,430	\$8,476,971	\$41,035,073	\$40,756,272
Capital Assets, Net	39,348,687	37,965,288	54,964,610	54,429,022	94,313,297	92,394,310
<i>Total Assets</i>	<u>72,282,330</u>	<u>70,244,589</u>	<u>63,066,040</u>	<u>62,905,993</u>	<u>135,348,370</u>	<u>133,150,582</u>
Current and Other Liabilities	8,367,503	7,160,482	1,353,595	1,217,577	9,721,098	8,378,059
Long-Term Liabilities:						
Due Within One Year	1,023,249	1,009,728	427,955	405,954	1,451,204	1,415,682
Due In More Than One Year	2,640,225	2,403,577	3,929,183	4,147,060	6,569,408	6,550,637
<i>Total Liabilities</i>	<u>12,030,977</u>	<u>10,573,787</u>	<u>5,710,733</u>	<u>5,770,591</u>	<u>17,741,710</u>	<u>16,344,378</u>
Invested in Capital Assets, Net of Related Debt	34,486,661	32,644,284	50,033,315	49,221,658	84,519,976	81,865,942
Restricted	10,583,375	11,445,419	0	0	10,583,375	11,445,419
Unrestricted	15,181,317	15,581,099	7,321,992	7,913,744	22,503,309	23,494,843
<i>Total Net Assets</i>	<u>\$60,251,353</u>	<u>\$59,670,802</u>	<u>\$57,355,307</u>	<u>\$57,135,402</u>	<u>\$117,606,660</u>	<u>\$116,806,204</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, total assets exceed total liabilities by \$117,606,660 at the close of the most recent year.

The largest portion of the City's net assets (71.87 percent) 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 (\$10,583,375 or 9.00 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$22,503,309 or 19.13 percent) may be used to meet the government's ongoing obligations to its citizens and creditors.

Total assets increased by \$2,197,788 from 2009 to 2010. The change in assets corresponds primarily to an increase in capital assets net of accumulated depreciation of \$1,918,987. Most of this increase is associated with the State Route 59 Street Light repairs and replacement project, the right-of-way acquisitions for the Crain Avenue Bridge project, Plum Creek Feasibility and Dam Restoration project, and the Downtown Redevelopment project.

Total liabilities increased \$1,397,332, which corresponds to an increase of \$1,457,190 in governmental activities and a decrease of \$59,858 in the business-type funds. The City issued an additional \$900,000 in Bond Anticipation Notes (BANs) in the governmental activities. This increase in BANs was the main contributor to the increase in liabilities for 2010.

At the end of the current year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for the governmental and business-type activities shown in Table 1. The same situation held true for the prior fiscal year.

The total net assets of the City increased \$800,456 from 2009 to 2010. The primary reason for this overall change is that the City had another year where current year revenues exceeded expenses on the GAAP basis.

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

Table 2
Changes in Net Assets

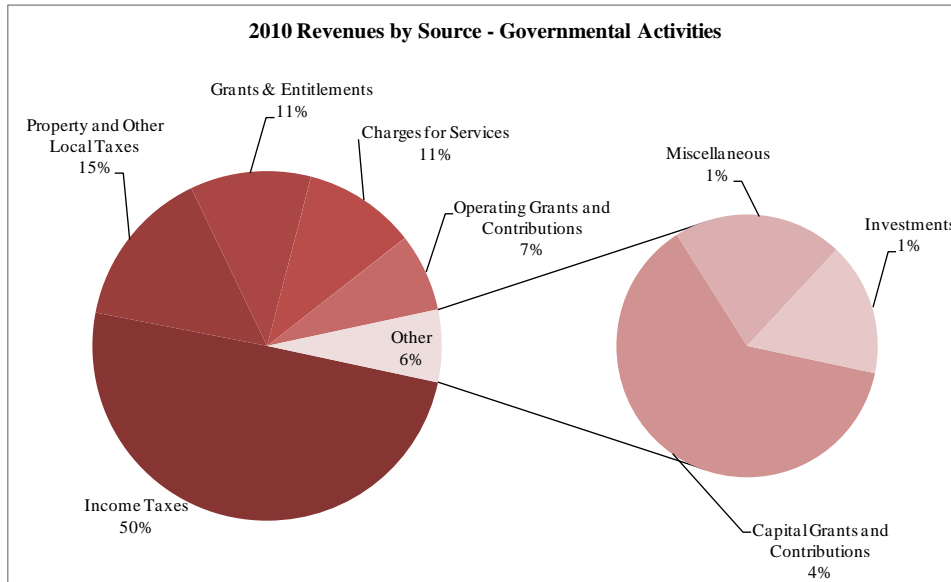
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services	\$2,267,760	\$2,200,504	\$7,166,957	\$7,029,626	\$9,434,717	\$9,230,130
Operating Grants and Contributions	1,569,539	1,376,313	12,500	12,500	1,582,039	1,388,813
Capital Grants and Contributions	905,353	2,005,657	1,267,638	789,539	2,172,991	2,795,196
General Revenues:						
Income Taxes	10,800,430	10,402,223	0	0	10,800,430	10,402,223
Property and Other Local Taxes	3,219,661	3,217,782	0	0	3,219,661	3,217,782
Grants and Entitlements	2,446,005	2,403,218	0	0	2,446,005	2,403,218
Investments	232,274	443,814	76,543	187,029	308,817	630,843
Miscellaneous	301,344	165,543	106,032	129,495	407,376	295,038
Total Revenues	21,742,366	22,215,054	8,629,670	8,148,189	30,372,036	30,363,243
Program Expenses						
Security of Persons and Property	10,595,357	10,369,569	0	0	10,595,357	10,369,569
Public Health and Welfare	632,398	620,303	0	0	632,398	620,303
Leisure Time Activities	1,438,323	1,382,046	0	0	1,438,323	1,382,046
Community Development	1,787,031	1,771,093	0	0	1,787,031	1,771,093
Transportation	3,713,225	3,462,831	0	0	3,713,225	3,462,831
General Government	2,852,097	2,848,297	0	0	2,852,097	2,848,297
Interest and Fiscal Charges	143,384	215,996	0	0	143,384	215,996
Water	0	0	3,306,197	3,339,193	3,306,197	3,339,193
Sewer	0	0	3,985,170	4,062,437	3,985,170	4,062,437
Solid Waste	0	0	453,846	479,740	453,846	479,740
Storm Water Drainage	0	0	664,552	287,644	664,552	287,644
Total Expenses	21,161,815	20,670,135	8,409,765	8,169,014	29,571,580	28,839,149
Increase in Net Assets						
Before Transfers	580,551	1,544,919	219,905	(20,825)	800,456	1,524,094
Transfers	0	(102,223)	0	102,223	0	0
Increase in Net Assets	580,551	1,442,696	219,905	81,398	800,456	1,524,094
Net Assets Beginning of Year	59,670,802	58,228,106	57,135,402	57,054,004	116,806,204	115,282,110
Net Assets End of Year	\$60,251,353	\$59,670,802	\$57,355,307	\$57,135,402	\$117,606,660	\$116,806,204

Governmental Activities

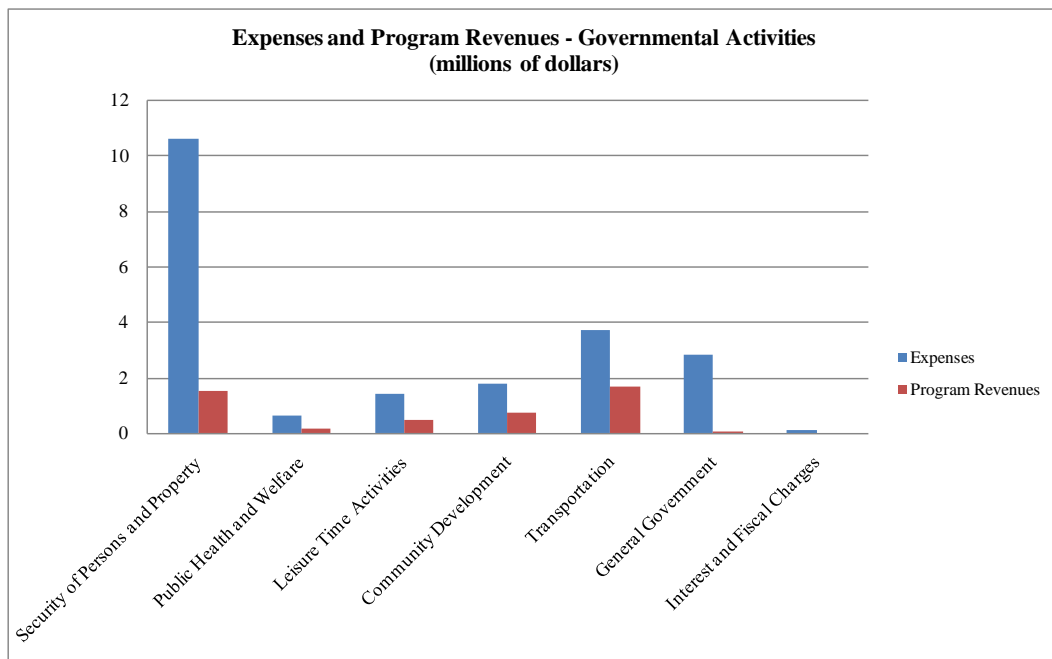
Governmental activities increased the City's net assets by \$580,551 during 2010.

Several types of revenues fund the City's governmental activities, with municipal income tax being the largest contributor. As presented in the above table, income tax revenues increased by \$398,207 or 3.83 percent, due mainly to a trend which began in July and continued through year-end 2010 and into 2011. While the City's total governmental revenues decreased by \$472,688 in 2010 as compared to 2009, the main decrease is related to the timing of one-time revenues for Capital Grants and Contributions primarily for the Spaulding Drive Bridge replacement and the Crain Avenue Bridge design and right-of-way acquisitions received in 2009 and not received in 2010 along with further reduction in interest income caused by overall lower interest rates on portfolio investments from 2009 to 2010.

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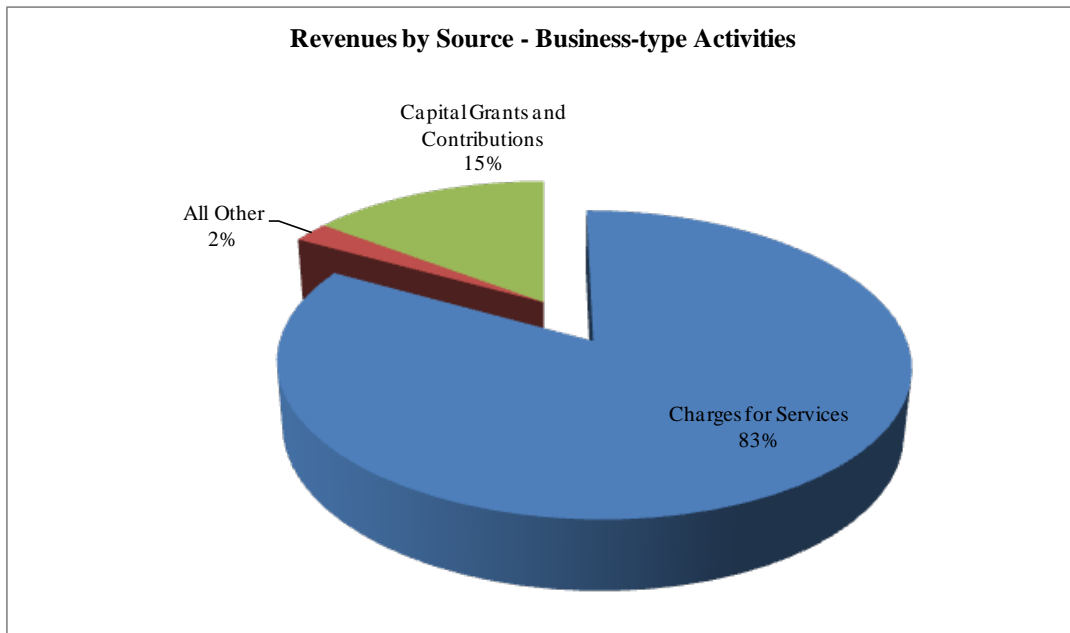
Expenses in the governmental activities increased by \$491,680 or 2.38 percent. Most of this increase corresponds to a negotiated wage and benefit increase of 2.75 percent, which are the largest component of general government expenditures. During 2010, the largest program area for the City is security of persons and property at 50.07 percent which includes police, fire and emergency medical services. The next largest program area is transportation at 17.55 percent, of which \$1.29 million or 34.84 percent of the total transportation expenses are attributable to depreciation on the City's roads and bridges. General government is the third largest program area at 13.48 percent and 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

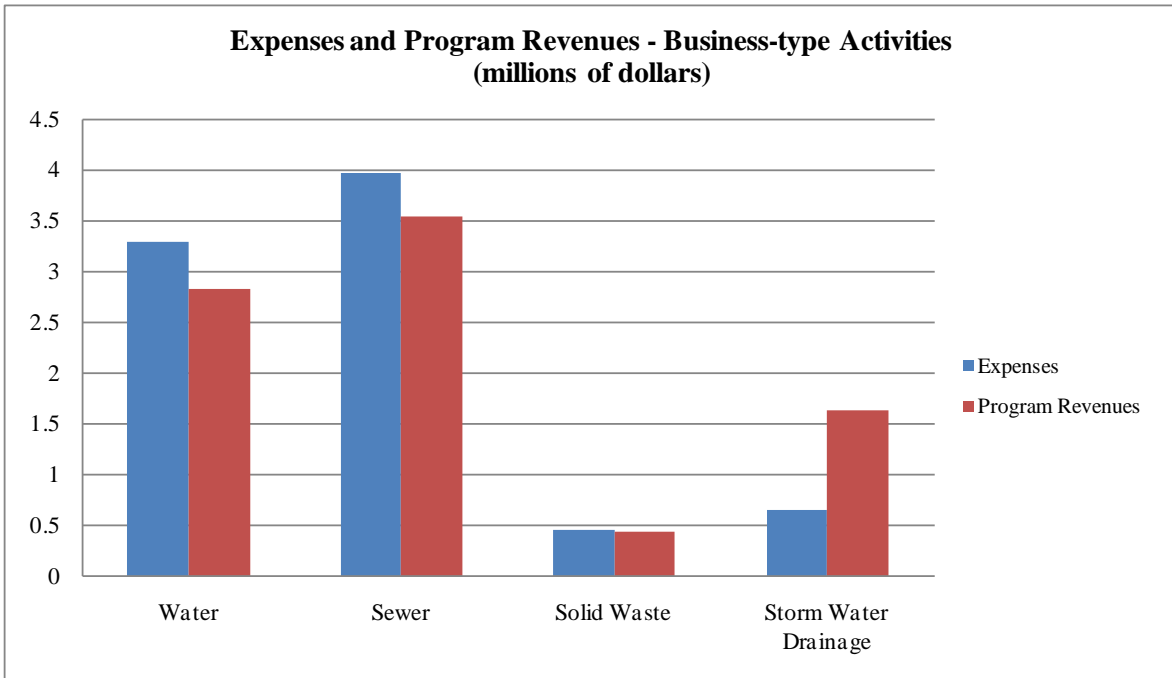
Business-type activities of the City, which include water, sewer, solid waste and storm water drainage operations, increased the City's net assets by \$219,905.



Charges for services account for 83.05 percent of total business-type revenues. The increase in charges for services, \$137,331 or 1.95 percent, is largely explained by water and sewer rate revisions implemented in 2010 which were in turn partially offset by reductions in consumption demand and related billable services. The City also continued an ongoing program to upgrade its meter reading system, resulting in a reduction in the number of estimated reads. The reduction in estimated meter reads translates to more accurate readings that reflect actual usage, resulting in a significant decrease in customer refunds and credits attributable to over-estimated customer billings. Capital grants and contributions increased by \$478,099, mostly due to an increase in capital grants related to the grant funding provided through the Ohio Water Development Authority (OWDA) along with capital contributions from a developer. The OWDA grant funds were used to fund the Plum Creek Restoration project

Expenses in the business-type activities grew by \$240,751 or 2.95 percent, which roughly equates to negotiated wage increases and additionally includes market increases in cost of goods and services associated with these operations.

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Program revenues approximate program expenses for the solid waste business-type activity. The excess of program revenues over expenses in the storm water drainage funds is due primarily to a capital grant from OWDA.

Financial Analysis of the City of Kent's Funds

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

Governmental funds. The focus of the City'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's governmental funds reported combined ending fund balances of \$20,272,380, which represents a decrease of \$885,810 or 4.19 percent as compared to 2009. Of the total amount, \$15,393,218 constitutes *unreserved fund balance*, which is available at the government's discretion. The current unreserved fund balance represents 68.07 percent of the total governmental funds' expenditures. A portion of unreserved fund balance (\$2,189,748) 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 (\$2,468,417); 2) to fund the revolving loan program (\$470,801); 3) for assets held for resale (\$1,647,911); and 4) for other restricted purposes (\$292,033).

Fund balance for the City's General Fund declined by \$36,903 due to expenditures exceeding revenues. The City's General Fund revenues and expenditures for 2010 remained relatively consistent with 2009.

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Fund balance for the City's Capital Projects Fund decreased by \$444,189 due a significant decrease in external funding sources as compared to 2009. The net change in fund balances for the City's other major governmental funds are unremarkable. There were no significant changes in revenues and expenditures as compared to 2009.

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	\$2,597,260	\$2,382,282	(\$370,782)	\$2,765,606
Change in Net Assets	(371,169)	(376,237)	(20,999)	1,025,419

In the Water and Sewer Funds, which are the two largest enterprise funds, the unrestricted net assets represent 79.37 percent and 62.21 percent of the total current operating expenses, respectively. In response to projected operating losses for 2010 and subsequent years, City Council approved a 3 percent increase in water and sewer rates that became effective January 15, 2010. Further rate review is anticipated and revisions will be proposed for Council approval if determined necessary. 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 2010, 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 and other financing uses, the original budget amount was \$9,095,968 and the final amended budget was \$9,472,835, an increase of \$376,867. Actual expenditures were \$8,358,738 or \$1,114,097 less than were budgeted. Conservative budget practices and vacancies in some positions were the principal reason budget funds were not spent.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets (net of accumulated depreciation) for governmental and business-type activities as of December 31, 2010, was \$94,313,297. The City's investment in capital assets increased by \$1,383,399 or 3.64 percent for governmental activities and increased by \$535,588 or 1.00 percent for business-type activities when comparing 2010 to 2009.

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

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Table 3 compares capital assets as of December 31, 2010 to balances at December 31, 2009.

Table 3
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$6,059,282	\$5,861,666	\$1,787,536	\$1,787,536	\$7,846,818	\$7,649,202
Buildings, Structures and Improvements	5,937,049	6,150,410	6,103,579	6,285,718	12,040,628	12,436,128
Machinery and Equipment	2,533,839	2,650,846	1,742,957	1,861,789	4,276,796	4,512,635
Construction in Progress	8,147,369	8,378,150	2,791,661	2,260,035	10,939,030	10,638,185
Infrastructure						
Roads, Bridges, Walks	16,272,076	14,495,427	0	0	16,272,076	14,495,427
Traffic Signals	399,072	428,789	0	0	399,072	428,789
Water	0	0	10,261,803	10,121,753	10,261,803	10,121,753
Sewer	0	0	21,160,576	21,636,911	21,160,576	21,636,911
Storm Water	0	0	11,116,498	10,475,280	11,116,498	10,475,280
<i>Total Capital Assets</i>	<u>\$39,348,687</u>	<u>\$37,965,288</u>	<u>\$54,964,610</u>	<u>\$54,429,022</u>	<u>\$94,313,297</u>	<u>\$92,394,310</u>

Long-term Debt. At December 31, 2010, the City's bonds, notes and loans outstanding were \$11.1 million.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$1,530,000	\$1,685,000	\$0	\$0	\$1,530,000	\$1,685,000
Special Assessment Bonds	361,000	386,000	0	0	361,000	386,000
OPWC Loans	246,026	275,973	84,592	89,559	330,618	365,532
OWDA Loans	0	0	4,051,703	4,262,805	4,051,703	4,262,805
Loans Payable	455,101	0	0	0	455,101	0
Notes Payable	3,625,000	2,965,000	795,000	855,000	4,420,000	3,820,000
Total	<u>\$6,217,127</u>	<u>\$5,311,973</u>	<u>\$4,931,295</u>	<u>\$5,207,364</u>	<u>\$11,148,422</u>	<u>\$10,519,337</u>

The City's total long-term debt slightly increased by \$29,085 or 0.43 percent. This increase for 2010 is primarily due to scheduled debt service payments on long term debt and an issuance of loans payable in the amount of \$455,101.

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Short-term debt increased \$600,000. The notes payable of \$3,625,000 in the governmental activities are for the construction and renovation of the main fire station, renovation of administration offices and the development of downtown. The note payable of \$795,000 in the business-type activities was used to finance a capital sewer project and will be repaid through user charges.

As a result of Moody's recalibration program released in April, 2010, the City's bond rating was recalibrated from Aa3 to Aa2. Market participants should not view the recalibration of municipal ratings as rating upgrades or downgrades, but rather as a recalibration of the ratings to a different ratings scale. Nonetheless, factors noted as contributing to the City's favorable rating were its 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 \$31,639,745 at December 31, 2010.

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

While the City is projecting relatively flat revenues during this fragile economic recovery period, it believes that investment partnerships with Portage County, PARTA (Portage Area Regional Transportation Authority), Kent State University, JEDD Townships, and private developers will yield positive new economic growth opportunities. To that end, the City and its partners developed a framework for downtown Kent redevelopment that aims to align city, university, and business assets in such a way that the downtown can be a catalyst for economic revival that will create jobs, inspire new technologies, spawn entrepreneurship, and keep the City the kind of place people are proud to call home. Simply stated the framework seeks to put the City's assets to work for the Kent community as a whole.

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

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During 2010, the City Council and Administration continued the update and implementation of Kent's five-year capital improvement program that ensures the City's ability to meet the infrastructure needs of the community in future years. One component of the plan is long-term financial projections, which still indicate the need for continued cost containment and revenue enhancement efforts. To address the financial challenges, City Council continues to incorporate some of the recommendations of the 2006 Blue Ribbon Panel of Kent citizens, along with strategic initiatives to ensure cohesive progress in the downtown redevelopment. Among other actions in 2010, Council created a downtown TIF District, revised water and sewer rates, amended civil violations/penalties/property maintenance code, and completed a variety of land transactions and related land use/development agreements.

Additionally, City staff continued to hold positions vacant and make budget cuts wherever possible bringing the cumulative budget savings over the last 5 years to over \$3.5 million.

The City continues to possess sufficient funds to meet its requirements for cash outlay in the coming year, and possesses the financial capacity in addition to management direction to ensure that its obligations are met for the years to come.

Contacting the City's Finance Department

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

Basic Financial Statements

City of Kent, Ohio
Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$19,547,950	\$7,617,654	\$27,165,604
Cash Surrender Value of Life Insurance Policies	731,238	0	731,238
Receivables:			
Interest Receivable	30,333	2,439	32,772
Accounts Receivable	0	1,516,397	1,516,397
Other Receivable	239,319	95,342	334,661
Income Taxes Receivable	1,625,319	0	1,625,319
Property Taxes Receivable	3,075,566	0	3,075,566
Other Local Taxes Receivable	65,899	0	65,899
Loans Receivable	470,801	0	470,801
Utilization Fee Receivable	0	108,399	108,399
Special Assessments Receivable	1,174,534	1,215,549	2,390,083
Less Allowance for Doubtful Accounts	0	(349,212)	(349,212)
Receivables, Net	<u>6,681,771</u>	<u>2,588,914</u>	<u>9,270,685</u>
Internal Balances	2,210,920	(2,210,920)	0
Due From Other Governments	1,696,705	48,172	1,744,877
Unamortized Note Issuance Costs	21,060	2,060	23,120
Inventories	198,025	33,450	231,475
Prepaid Items	61,863	22,100	83,963
Assets Held for Resale	1,647,911	0	1,647,911
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	136,200	0	136,200
Capital Assets, Non-Depreciable	14,206,651	4,579,197	18,785,848
Capital Assets, Depreciable, Net	<u>25,142,036</u>	<u>50,385,413</u>	<u>75,527,449</u>
<i>Total Assets</i>	<u>72,282,330</u>	<u>63,066,040</u>	<u>135,348,370</u>
Liabilities			
Accounts Payable	215,479	183,748	399,227
Capital Contracts Payable	406,514	71,852	478,366
Retainage Payable	222,010	83,488	305,498
Accrued Wages and Benefits	883,094	213,935	1,097,029
Matured Compensated Absences Payable	24,137	0	24,137
Unearned Revenue	2,790,578	0	2,790,578
Accrued Interest Payable	18,376	2,208	20,584
Claims Payable	150,777	0	150,777
Notes Payable	3,640,338	798,364	4,438,702
Payable from Restricted Assets	16,200	0	16,200
Long-Term Liabilities:			
Due Within One Year	1,023,249	427,955	1,451,204
Due In More Than One Year	<u>2,640,225</u>	<u>3,929,183</u>	<u>6,569,408</u>
<i>Total Liabilities</i>	<u>12,030,977</u>	<u>5,710,733</u>	<u>17,741,710</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	34,486,661	50,033,315	84,519,976
Restricted for:			
Capital Projects	2,519,407	0	2,519,407
Debt Service	516,342	0	516,342
Street Construction, Maintenance and Repair	1,749,909	0	1,749,909
Income Tax	2,162,966	0	2,162,966
Community Development Block Grant	1,102,373	0	1,102,373
Parks and Recreation	739,675	0	739,675
Fire & EMS	596,135	0	596,135
Community Development	536,718	0	536,718
Other Purposes	659,850	0	659,850
Unrestricted	<u>15,181,317</u>	<u>7,321,992</u>	<u>22,503,309</u>
<i>Total Net Assets</i>	<u>\$60,251,353</u>	<u>\$57,355,307</u>	<u>\$117,606,660</u>

The notes to the basic financial statements are an integral part of this statement

City of Kent, Ohio
Statement of Activities
For the Year Ended December 31, 2010

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Security of Persons and Property	\$10,595,357	\$1,472,354	\$50,659	\$0
Public Health and Welfare	632,398	151,774	9,977	0
Leisure Time Activities	1,438,323	483,292	0	32,297
Community Development	1,787,031	58,576	704,125	0
Transportation	3,713,225	38,632	804,778	873,056
General Government	2,852,097	63,132	0	0
Interest and Fiscal Charges	143,384	0	0	0
<i>Total Governmental Activities</i>	<u>21,161,815</u>	<u>2,267,760</u>	<u>1,569,539</u>	<u>905,353</u>
Business-Type Activities				
Water	3,306,197	2,706,968	0	127,177
Sewer	3,985,170	3,491,363	0	57,438
Solid Waste	453,846	419,696	12,500	0
Storm Water Drainage	664,552	548,930	0	1,083,023
<i>Total Business-Type Activities</i>	<u>8,409,765</u>	<u>7,166,957</u>	<u>12,500</u>	<u>1,267,638</u>
<i>Total</i>	<u>\$29,571,580</u>	<u>\$9,434,717</u>	<u>\$1,582,039</u>	<u>\$2,172,991</u>

General Revenues

Property and Other Local Taxes Levied for:

General Purposes

Other Purposes

Income Taxes

Grants and Entitlements not Restricted

to Specific Programs

Investments

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

The notes to the basic financial statements are an integral part of this statement

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activity	Total
(\$9,072,344)	\$0	(\$9,072,344)
(470,647)	0	(470,647)
(922,734)	0	(922,734)
(1,024,330)	0	(1,024,330)
(1,996,759)	0	(1,996,759)
(2,788,965)	0	(2,788,965)
(143,384)	0	(143,384)
<u>(16,419,163)</u>	<u>0</u>	<u>(16,419,163)</u>
0	(472,052)	(472,052)
0	(436,369)	(436,369)
0	(21,650)	(21,650)
0	967,401	967,401
<u>0</u>	<u>37,330</u>	<u>37,330</u>
<u>(16,419,163)</u>	<u>37,330</u>	<u>(16,381,833)</u>
1,626,108	0	1,626,108
1,593,553	0	1,593,553
10,800,430	0	10,800,430
2,446,005	0	2,446,005
232,274	76,543	308,817
0	23,796	23,796
301,344	82,236	383,580
<u>16,999,714</u>	<u>182,575</u>	<u>17,182,289</u>
580,551	219,905	800,456
<u>59,670,802</u>	<u>57,135,402</u>	<u>116,806,204</u>
<u>\$60,251,353</u>	<u>\$57,355,307</u>	<u>\$117,606,660</u>

The notes to the basic financial statements are an integral part of this statement

City of Kent, Ohio
Balance Sheet
Governmental Funds
December 31, 2010

	General	Street Construction, Maintenance and Repair	Parks and Recreation	Income Tax	Income Tax Safety	Fire and Emergency Medical Services
Assets						
Equity in Pooled Cash and Cash Equivalents	\$6,719,871	\$713,187	\$891,110	\$3,519,482	\$233,750	\$1,009,668
Receivables:						
Property Taxes Receivable	1,493,042	0	1,128,725	0	0	0
Income Taxes Receivable	0	0	0	1,625,319	0	0
Other Taxes Receivable	65,899	0	0	0	0	0
Interest Receivable	28,434	0	0	1,846	0	0
Loans Receivable	0	0	0	0	0	0
Other Receivable	238,463	0	856	0	0	0
Special Assessments Receivable	0	590,850	0	0	0	0
Receivables, Net	<u>1,825,838</u>	<u>590,850</u>	<u>1,129,581</u>	<u>1,627,165</u>	<u>0</u>	<u>0</u>
Due from Other Funds	886,930	0	0	2,007,080	0	0
Due from Other Governments	961,842	385,061	73,945	0	0	0
Inventories	21,312	176,713	0	0	0	0
Prepaid Items	51,274	6,581	1,066	0	0	2,881
Unamortized Note Issuance Costs	0	0	0	0	0	0
Assets Held for Resale	1,569,850	0	0	0	0	0
Restricted Cash:						
Equity in Pooled Cash and Cash Equivalents	0	16,200	0	0	0	0
Total Assets	<u><u>\$12,036,917</u></u>	<u><u>\$1,888,592</u></u>	<u><u>\$2,095,702</u></u>	<u><u>\$7,153,727</u></u>	<u><u>\$233,750</u></u>	<u><u>\$1,012,549</u></u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$110,270	\$33,111	\$5,483	\$5,000	\$0	\$15,804
Capital Contracts Payable	0	0	39,520	0	0	0
Accrued Wages and Benefits	346,140	37,670	38,074	9,021	236,767	197,476
Retainage Payable	0	0	9,651	0	0	0
Due to Other Funds	0	0	220,000	0	0	0
Matured Compensated Absences Payable	24,137	0	0	0	0	0
Unearned Revenue	1,359,922	0	1,020,409	0	0	0
Deferred Revenue	801,068	847,761	182,261	560,360	0	0
Accrued Interest Payable	0	0	0	0	0	0
Notes Payable	0	0	0	0	0	0
Payable from Restricted Assets	0	16,200	0	0	0	0
Total Liabilities	<u><u>2,641,537</u></u>	<u><u>934,742</u></u>	<u><u>1,515,398</u></u>	<u><u>574,381</u></u>	<u><u>236,767</u></u>	<u><u>213,280</u></u>
Fund Balances						
Reserved for Encumbrances	107,589	24,302	93,877	1,022	0	427,781
Reserved for Loans Receivable	0	0	0	0	0	0
Reserved for Inventories	21,312	176,713	0	0	0	0
Reserved for Prepaid Items	51,274	6,581	1,066	0	0	2,881
Reserved for Debt Service	0	0	0	0	0	0
Reserved for Assets Held for Resale	1,569,850	0	0	0	0	0
Unreserved:						
Designated:						
For Public Facilities and Programs	0	0	0	2,189,748	0	0
Undesignated (Deficit), Reported in:						
General Fund	7,645,355	0	0	0	0	0
Special Revenue Funds	0	746,254	485,361	4,388,576	(3,017)	368,607
Capital Projects Funds	0	0	0	0	0	0
Total Fund Balances	<u><u>9,395,380</u></u>	<u><u>953,850</u></u>	<u><u>580,304</u></u>	<u><u>6,579,346</u></u>	<u><u>(3,017)</u></u>	<u><u>799,269</u></u>
Total Liabilities and Fund Balances	<u><u>\$12,036,917</u></u>	<u><u>\$1,888,592</u></u>	<u><u>\$2,095,702</u></u>	<u><u>\$7,153,727</u></u>	<u><u>\$233,750</u></u>	<u><u>\$1,012,549</u></u>

The notes to the basic financial statements are an integral part of this statement

Capital Projects	Other Governmental Funds	Total Governmental Funds	<i>Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities</i> <i>December 31, 2010</i>	
\$2,860,019	\$3,021,016	\$18,968,103	Total Governmental Fund Balances	\$20,272,380
0	453,799	3,075,566	Amounts reported for governmental activities in the statement of net assets are different because	
0	0	1,625,319	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	39,348,687
0	0	65,899	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
0	53	30,333	Special Assessments	1,174,534
0	470,801	470,801	Delinquent Property Taxes	284,988
0	0	239,319	Intergovernmental	986,456
91,180	492,504	1,174,534	Charges for Services	100,247
91,180	1,417,157	6,681,771	Municipal Income Taxes	560,360
0	0	2,894,010	Total	3,106,585
63,418	212,439	1,696,705	An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	1,195,482
0	0	198,025	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due	(8,307)
0	61	61,863	Long-term liabilities, including bonds and compensated absences, are not due and payable in the current period therefore are not reported in the funds:	
7,061	13,999	21,060	General Obligation Bonds	(1,530,000)
0	78,061	1,647,911	Special Assessment Bonds	(361,000)
0	120,000	136,200	OPWC Loans	(246,026)
\$3,021,678	\$4,862,733	\$32,305,648	Loans Payable	(455,101)
			Compensated Absences	(1,071,347)
			Total	(3,663,474)
			<i>Net Assets of Governmental Activities</i>	<u>\$60,251,353</u>
\$13,736	\$14,875	\$198,279		
262,607	104,387	406,514		
0	17,946	883,094		
206,829	5,530	222,010		
0	515,464	735,464		
0	0	24,137		
0	410,247	2,790,578		
120,235	594,900	3,106,585		
7,569	2,500	10,069		
2,736,530	903,808	3,640,338		
0	0	16,200		
3,347,506	2,569,657	12,033,268		
1,434,831	379,015	2,468,417		
0	470,801	470,801		
0	0	198,025		
0	61	61,863		
0	32,145	32,145		
0	78,061	1,647,911		
0	0	2,189,748		
0	0	7,645,355		
0	1,337,810	7,323,591		
(1,760,659)	(4,817)	(1,765,476)		
(325,828)	2,293,076	20,272,380		
\$3,021,678	\$4,862,733	\$32,305,648		

The notes to the basic financial statements are an integral part of this statement

City of Kent, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Street Construction, Maintenance and Repair	Parks and Recreation	Income Tax	Income Tax Safety	Fire and Emergency Medical Services
Revenues						
Property and Other Local Taxes	\$1,616,692	\$196,990	\$968,181	\$0	\$0	\$0
Income Taxes	0	0	0	10,497,813	0	0
Charges for Services	1,191,232	38,632	480,818	0	0	0
Fees, Licenses and Permits	76,814	0	2,474	0	0	0
Fines and Forfeitures	198,619	0	0	0	0	0
Intergovernmental	2,261,702	743,750	268,913	0	26,305	0
Special Assessments	0	83,166	0	0	0	0
Interest	155,380	0	0	26,786	0	0
Miscellaneous	69,650	29,222	53,991	90,183	0	7,555
<i>Total Revenues</i>	<u>5,570,089</u>	<u>1,091,760</u>	<u>1,774,377</u>	<u>10,614,782</u>	<u>26,305</u>	<u>7,555</u>
Expenditures						
Current:						
Security of Persons and Property	4,021,836	0	0	0	2,756,009	2,562,518
Public Health and Welfare	491,271	0	0	0	0	0
Leisure Time Activities	0	0	1,316,516	0	0	0
Community Development	1,464,126	0	0	0	0	0
Transportation	0	1,490,244	0	0	0	0
General Government	2,186,391	0	0	524,268	0	0
Capital Outlay	0	64,521	496,650	0	0	100,584
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<i>Total Expenditures</i>	<u>8,163,624</u>	<u>1,554,765</u>	<u>1,813,166</u>	<u>524,268</u>	<u>2,756,009</u>	<u>2,663,102</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,593,535)</u>	<u>(463,005)</u>	<u>(38,789)</u>	<u>10,090,514</u>	<u>(2,729,704)</u>	<u>(2,655,547)</u>
Other Financing Sources (Uses)						
Proceeds from Loans	455,101	0	0	0	0	0
Transfers In	2,200,000	512,495	0	0	2,489,955	2,489,955
Transfers Out	(98,469)	0	0	(10,220,720)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,556,632</u>	<u>512,495</u>	<u>0</u>	<u>(10,220,720)</u>	<u>2,489,955</u>	<u>2,489,955</u>
<i>Net Change in Fund Balances</i>	<u>(36,903)</u>	<u>49,490</u>	<u>(38,789)</u>	<u>(130,206)</u>	<u>(239,749)</u>	<u>(165,592)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>9,432,283</u>	<u>904,360</u>	<u>619,093</u>	<u>6,709,552</u>	<u>236,732</u>	<u>964,861</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$9,395,380</u>	<u>\$953,850</u>	<u>\$580,304</u>	<u>\$6,579,346</u>	<u>(\$3,017)</u>	<u>\$799,269</u>

The notes to the basic financial statements are an integral part of this statement

			<i>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, 2010</i>	
Capital Projects	Other Governmental Funds	Total Governmental Funds		
\$0	\$407,094	\$3,188,957	Net Change in Fund Balances - Total Governmental Funds	(\$885,810)
0	0	10,497,813	Amounts reported for governmental activities in the statement of activities are different because	
0	0	1,710,682	Governmental funds report capital outlays as expenditures.	
0	124,552	203,840	However, in the statement of activities, the cost of those assets	
0	16,472	215,091	are allocated over their estimated useful lives as depreciation	
790,928	841,970	4,933,568	expense. This is the amount by which capital outlays exceeded	
17,212	61,756	162,134	depreciation in the current period.	
0	16,909	199,075	Capital Outlay	3,490,303
16,630	34,265	301,496	Depreciation	<u>(2,154,738)</u>
<u>824,770</u>	<u>1,503,018</u>	<u>21,412,656</u>	Total	1,335,565
188,035	604,550	10,132,948	Donations of capital assets increase net assets in the statement of	
0	132,882	624,153	activities, but do not appear in the governmental funds because	
0	0	1,316,516	they are not current financial sources.	47,834
0	323,726	1,787,852	Revenues in the statement of activities that do not provide current	
315,114	54,297	1,859,655	financial resources are not reported as revenues in the funds.	
59,060	2,628	2,772,347	Delinquent Property Taxes	30,704
2,891,806	211,360	3,764,921	Intergovernmental	31,566
0	209,947	209,947	Special Assessments	(145,506)
29,723	114,385	144,108	Income Tax	302,617
<u>3,483,738</u>	<u>1,653,775</u>	<u>22,612,447</u>	Charges for Services	<u>29,296</u>
(2,658,968)	(150,757)	(1,199,791)	Total	248,677
0	0	455,101	Other financing sources in the governmental funds increase long-	
2,214,779	270,885	10,178,069	term liabilities in the statement of net assets. These sources	
0	0	(10,319,189)	were attributed to the issuance of a loan.	(455,101)
2,214,779	270,885	313,981	Repayment of bond and loan principal is an expenditure in the	
(444,189)	120,128	(885,810)	governmental funds, but the repayment reduces long-term	
118,361	2,172,948	21,158,190	liabilities in the statement of net assets.	209,947
(325,828)	2,293,076	20,272,380	In the statement of activities, interest is accrued on outstanding	
			bonds, whereas in governmental funds, an interest expenditure	
			is reported when due.	724
			Compensated absences reported in the statement of activities	
			do not require the use of current financial resources and	
			therefore are not reported as expenditures in governmental	
			funds.	(5,015)
			The internal service fund used by management to charge the costs	
			of insurance to individual funds is not reported in the entity-wide	
			statement of activities. Governmental expenditures and related	
			internal service fund revenues are eliminated. The net revenue	
			(expense) of the internal service fund is allocated among the	
			governmental activities.	<u>83,730</u>
			<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$580,551</u></u>

The notes to the basic financial statements are an integral part of this statement

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,610,169	\$ 1,615,762	\$ 1,615,797	\$ 35
Intergovernmental	2,324,028	2,317,955	2,320,220	2,265
Interest	309,585	237,993	238,812	819
Fees, Licenses and Permits	88,800	75,880	76,814	934
Fines and Forfeits	227,000	196,700	196,821	121
Charges for Services	1,206,650	1,249,105	1,248,187	(918)
Miscellaneous	26,000	61,950	60,840	(1,110)
Total Revenues	<u>5,792,232</u>	<u>5,755,345</u>	<u>5,757,491</u>	<u>2,146</u>
Expenditures				
Current:				
Security of Persons and Property	4,478,973	4,478,973	3,995,436	483,537
Public Health and Welfare	512,248	512,248	462,024	50,224
Community Development	1,467,736	1,490,733	1,253,009	237,724
General Government	2,572,961	2,567,412	2,224,800	342,612
Total Expenditures	<u>9,031,918</u>	<u>9,049,366</u>	<u>7,935,269</u>	<u>1,114,097</u>
Excess of Revenues Over (Under) Expenditures	(3,239,686)	(3,294,021)	(2,177,778)	1,116,243
Other Financing Sources (Uses)				
Sale of Assets	2,500	8,850	8,865	15
Advances In	109,050	54,537	54,536	(1)
Advances Out	(64,050)	(325,000)	(325,000)	-
Transfer In	2,200,000	2,200,000	2,200,000	-
Transfers Out	-	(98,469)	(98,469)	-
Total Other Financing Sources (Uses)	<u>2,247,500</u>	<u>1,839,918</u>	<u>1,839,932</u>	<u>14</u>
Net Change in Fund Balance	(992,186)	(1,454,103)	(337,846)	1,116,257
Fund Balance - Beginning of Year	6,650,628	6,650,628	6,650,628	-
Recovery of Prior Year Encumbrances	-	-	133,459	133,459
Fund Balance - End of Year	<u>\$ 5,658,442</u>	<u>\$ 5,196,525</u>	<u>\$ 6,446,241</u>	<u>\$ 1,249,716</u>

The notes to the basic financial statements are an integral part of this statement

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, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 195,000	\$ 197,500	\$ 197,684	\$ 184
Intergovernmental	745,000	741,000	742,069	1,069
Charges for Services	40,500	38,475	38,632	157
Special Assessments	68,156	68,156	85,929	17,773
Miscellaneous	3,500	7,025	26,459	19,434
Total Revenues	<u>1,052,156</u>	<u>1,052,156</u>	<u>1,090,773</u>	<u>38,617</u>
Expenditures				
Current:				
Transportation	<u>1,574,184</u>	<u>1,574,184</u>	<u>1,495,569</u>	<u>78,615</u>
Excess of Revenues Over (Under) Expenditures	(522,028)	(522,028)	(404,796)	117,232
Other Financing Sources				
Transfers In	<u>512,495</u>	<u>512,495</u>	<u>512,495</u>	<u>-</u>
Net Change in Fund Balance	(9,533)	(9,533)	107,699	117,232
Fund Balance - Beginning of Year	534,533	534,533	534,533	-
Recovery of Prior Year Encumbrances	-	-	17,078	17,078
Fund Balance - End of Year	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>\$ 659,310</u>	<u>\$ 134,310</u>

The notes to the basic financial statements are an integral part of this statement

City of Kent, Ohio
*Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget (Non-GAAP Basis) and Actual
 Parks and Recreation Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 980,999	\$ 968,179	\$ 968,181	\$ 2
Intergovernmental	497,932	281,752	268,913	(12,839)
Fees, Licenses and Permits	5,000	5,000	2,474	(2,526)
Charges for Services	503,500	503,500	501,274	(2,226)
Miscellaneous	18,000	37,000	57,433	20,433
Total Revenues	<u>2,005,431</u>	<u>1,795,431</u>	<u>1,798,275</u>	<u>2,844</u>
Expenditures				
Current:				
Leisure Time Activities	<u>2,331,652</u>	<u>2,120,793</u>	<u>1,887,046</u>	<u>233,747</u>
Excess of Revenues Over (Under) Expenditures	(326,221)	(325,362)	(88,771)	236,591
Other Financing (Uses)				
Advances Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net Change in Fund Balance	(346,221)	(345,362)	(108,771)	236,591
Fund Balance - Beginning of Year	845,147	845,147	845,147	-
Recovery of Prior Year Encumbrances	-	-	10,506	10,506
Fund Balance - End of Year	<u>\$ 498,926</u>	<u>\$ 499,785</u>	<u>\$ 746,882</u>	<u>\$ 247,097</u>

The notes to the basic financial statements are an integral part of this statement

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$10,500,000	\$10,454,250	\$10,453,032	\$ (1,218)
Interest	26,215	26,782	26,782	-
Miscellaneous	45,000	90,183	90,183	-
Total Revenues	<u>10,571,215</u>	<u>10,571,215</u>	<u>10,569,997</u>	<u>(1,218)</u>
Expenditures				
Current:				
General Government	<u>585,180</u>	<u>585,180</u>	<u>519,751</u>	<u>65,429</u>
Excess of Revenues Over Expenditures	9,986,035	9,986,035	10,050,246	64,211
Other Financing Sources (Uses)				
Advances In	30,000	30,000	30,000	-
Transfer Out	<u>(10,229,600)</u>	<u>(10,229,600)</u>	<u>(10,220,720)</u>	<u>8,880</u>
Total Other Financing Sources (Uses)	<u>(10,199,600)</u>	<u>(10,199,600)</u>	<u>(10,190,720)</u>	<u>8,880</u>
Net Change in Fund Balance	(213,565)	(213,565)	(140,474)	73,091
Fund Balance - Beginning of Year	<u>3,639,493</u>	<u>3,639,493</u>	<u>3,639,493</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 3,425,928</u></u>	<u><u>\$ 3,425,928</u></u>	<u><u>\$ 3,499,019</u></u>	<u><u>\$ 73,091</u></u>

The notes to the basic financial statements are an integral part of this statement

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, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 23,973	\$ 23,973	\$ 26,305	\$ 2,332
Expenditures				
Current:				
Security of Persons & Property	<u>2,802,322</u>	<u>2,802,322</u>	<u>2,736,342</u>	<u>65,980</u>
Excess of Revenues Over (Under) Expenditures	(2,778,349)	(2,778,349)	(2,710,037)	68,312
Other Financing Sources				
Transfers In	<u>2,489,955</u>	<u>2,489,955</u>	<u>2,489,955</u>	<u>-</u>
Net Change in Fund Balance	(288,394)	(288,394)	(220,082)	68,312
Fund Balance - Beginning of Year	<u>345,132</u>	<u>345,132</u>	<u>345,132</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 56,738</u></u>	<u><u>\$ 56,738</u></u>	<u><u>\$ 125,050</u></u>	<u><u>\$ 68,312</u></u>

The notes to the basic financial statements are an integral part of this statement

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$ 17,982	\$ 17,982	\$ 17,982	\$ -
Miscellaneous	2,500	200	200	-
Total Revenues	<u>20,482</u>	<u>18,182</u>	<u>18,182</u>	<u>-</u>
Expenditures				
Current:				
Security of Persons & Property	2,717,425	2,771,035	2,696,916	74,119
Excess of Revenues Over (Under) Expenditures	(2,696,943)	(2,752,853)	(2,678,734)	74,119
Other Financing Sources				
Sale of Assets	-	2,300	6,355	4,055
Transfers In	2,489,955	2,489,955	2,489,955	-
Total Other Financing Sources	<u>2,489,955</u>	<u>2,492,255</u>	<u>2,496,310</u>	<u>4,055</u>
Net Change in Fund Balance	(206,988)	(260,598)	(182,424)	78,174
Fund Balance - Beginning of Year	630,982	630,982	630,982	-
Recovery of Prior Year Encumbrances	-	-	27,584	27,584
Fund Balance - End of Year	<u>\$ 423,994</u>	<u>\$ 370,384</u>	<u>\$ 476,142</u>	<u>\$ 105,758</u>

The notes to the basic financial statements are an integral part of this statement

City of Kent, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2010

	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	\$2,299,845	\$2,059,383	\$141,929	\$3,116,497	\$7,617,654	\$579,847
Receivables:						
Interest Receivable	1,137	1,302	0	0	2,439	0
Accounts Receivable	576,105	736,845	62,761	140,686	1,516,397	0
Other Receivable	0	58,229	0	37,113	95,342	0
Utilization Fee Receivable	32,050	76,349	0	0	108,399	0
Special Assessments Receivable	527,402	334,908	0	353,239	1,215,549	0
Less Allowance for Doubtful Accounts	(147,182)	(183,374)	(9,014)	(9,642)	(349,212)	0
Receivables, Net	989,512	1,024,259	53,747	521,396	2,588,914	0
Due from Other Governments	0	0	0	48,172	48,172	0
Unamortized Note Issuance Costs	0	2,060	0	0	2,060	0
Inventories	17,777	15,673	0	0	33,450	0
Prepaid Items	16,144	5,613	15	328	22,100	0
Total Current Assets	3,323,278	3,106,988	195,691	3,686,393	10,312,350	579,847
<i>Noncurrent Assets</i>						
Cash Surrender Value of Life Insurance Policies	0	0	0	0	0	731,238
Capital Assets, Non-Depreciable	1,839,889	820,511	0	1,918,797	4,579,197	0
Capital Assets, Depreciable, Net	13,208,007	26,038,113	997	11,138,296	50,385,413	0
Total Noncurrent Assets	15,047,896	26,858,624	997	13,057,093	54,964,610	731,238
Total Assets	18,371,174	29,965,612	196,688	16,743,486	65,276,960	1,311,085
Liabilities						
<i>Current Liabilities</i>						
Accounts Payable	39,404	36,800	77,173	30,371	183,748	17,200
Capital Contracts Payable	0	11,363	0	60,489	71,852	0
Retainage Payable	7,869	0	0	75,619	83,488	0
Accrued Wages and Benefits	75,749	116,836	3,042	18,308	213,935	0
Claims Payable	0	0	0	0	0	150,777
Due to Other Funds	512,100	428,980	481,466	736,000	2,158,546	0
Accrued Interest Payable	0	2,208	0	0	2,208	0
Notes Payable	0	798,364	0	0	798,364	0
Compensated Absences Payable	83,918	116,097	4,273	0	204,288	0
OWDA/OPWC Loans	33,672	185,028	0	4,967	223,667	0
Total Current Liabilities	752,712	1,695,676	565,954	925,754	3,940,096	167,977
<i>Long-Term Liabilities</i>						
Compensated Absences Payable	6,978	9,058	519	0	16,555	0
OWDA/OPWC Loans	551,478	3,281,525	0	79,625	3,912,628	0
Total Long-Term Liabilities	558,456	3,290,583	519	79,625	3,929,183	0
Total Liabilities	1,311,168	4,986,259	566,473	1,005,379	7,869,279	167,977
Net Assets						
Invested in Capital Assets, Net of Related Debt Unrestricted	14,462,746 2,597,260	22,597,071 2,382,282	997 (370,782)	12,972,501 2,765,606	50,033,315 7,374,366	0 1,143,108
Total Net Assets	\$17,060,006	\$24,979,353	(\$369,785)	\$15,738,107		\$1,143,108

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.

(52,374)
\$57,355,307

The notes to the basic financial statements are an integral part of this statement

City of Kent, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities				Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Storm Water Drainage		
Operating Revenues						
Charges for Services	\$2,706,968	\$3,491,363	\$419,696	\$548,930	\$7,166,957	\$2,067,573
Miscellaneous	48,261	20,583	0	13,392	82,236	2,351
<i>Total Operating Revenues</i>	<u>2,755,229</u>	<u>3,511,946</u>	<u>419,696</u>	<u>562,322</u>	<u>7,249,193</u>	<u>2,069,924</u>
Operating Expenses						
Personal Services	1,270,046	1,527,465	50,344	296,265	3,144,120	0
Benefits	437,792	505,343	17,742	96,634	1,057,511	0
Utilities	204,952	232,439	0	0	437,391	0
Contractual Services	304,354	357,562	379,160	27,948	1,069,024	0
Materials and Supplies	463,558	314,244	4,935	790	783,527	0
Claims	0	0	0	0	0	1,770,149
Premiums	0	0	0	0	0	427,473
Other Operating Expenses	18,276	20,469	793	1,553	41,091	0
Depreciation	573,395	872,178	221	238,170	1,683,964	0
<i>Total Operating Expenses</i>	<u>3,272,373</u>	<u>3,829,700</u>	<u>453,195</u>	<u>661,360</u>	<u>8,216,628</u>	<u>2,197,622</u>
<i>Operating Income (Loss)</i>	<u>(517,144)</u>	<u>(317,754)</u>	<u>(33,499)</u>	<u>(99,038)</u>	<u>(967,435)</u>	<u>(127,698)</u>
Non Operating Revenues (Expenses)						
Intergovernmental	0	0	12,500	0	12,500	0
Interest	18,671	16,438	0	41,434	76,543	33,199
Interest and Fiscal Charges	(18,296)	(137,732)	0	0	(156,028)	0
<i>Total Non Operating Revenues (Expenses)</i>	<u>375</u>	<u>(121,294)</u>	<u>12,500</u>	<u>41,434</u>	<u>(66,985)</u>	<u>33,199</u>
<i>Income (Loss) Before Contributions and Transfers</i>						
<i>Contributions and Transfers</i>	(516,769)	(439,048)	(20,999)	(57,604)	(1,034,420)	(94,499)
Gain of Capital Asset	18,423	5,373	0	0	23,796	0
Capital Contributions from Tap-in Fees	17,490	10,553	0	700	28,743	0
Capital Contributions from Developers	47,006	46,885	0	48,666	142,557	0
Capital Grants	62,681	0	0	1,033,657	1,096,338	0
Transfers In	0	0	0	0	0	141,120
<i>Change in Net Assets</i>	<u>(371,169)</u>	<u>(376,237)</u>	<u>(20,999)</u>	<u>1,025,419</u>	<u>257,014</u>	<u>46,621</u>
<i>Net Assets Beginning of Year -</i>	<u>17,431,175</u>	<u>25,355,590</u>	<u>(348,786)</u>	<u>14,712,688</u>		<u>1,096,487</u>
<i>Net Assets End of Year</i>	<u>\$17,060,006</u>	<u>\$24,979,353</u>	<u>(\$369,785)</u>	<u>\$15,738,107</u>		<u>\$1,143,108</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.

(37,109)
\$219,905

The notes to the basic financial statements are an integral part of this statement

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities					Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Storm Water Drainage	Total	
Increase (Decrease) in Cash and Cash Equivalents						
Cash Flows from Operating Activities						
Cash Received from Customers	\$2,699,165	\$3,461,759	\$414,734	\$538,859	\$7,114,517	\$2,067,573
Cash Payments for Employee Services and Benefits	(1,693,496)	(1,989,704)	(66,116)	(386,361)	(4,135,677)	0
Cash Payments to Suppliers for Goods and Services	(987,691)	(940,368)	(333,986)	(28,738)	(2,290,783)	(2,141,968)
Other Operating Revenues	48,261	20,583	0	13,392	82,236	2,351
Other Operating Expenses	(18,276)	(20,469)	(793)	(1,553)	(41,091)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>47,963</u>	<u>531,801</u>	<u>13,839</u>	<u>135,599</u>	<u>729,202</u>	<u>(72,044)</u>
Cash Flows from Noncapital Financing Activities						
Intergovernmental	0	0	12,500	0	12,500	0
Transfers In	0	0	0	0	0	141,120
Advance Out	0	0	0	(30,000)	(30,000)	0
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>0</u>	<u>0</u>	<u>12,500</u>	<u>(30,000)</u>	<u>(17,500)</u>	<u>141,120</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets	(463,211)	(252,030)	0	(1,214,235)	(1,929,476)	0
Capital Grants	62,681	0	0	1,200,572	1,263,253	0
Proceeds of Notes	0	795,000	0	0	795,000	0
Premium on Notes	0	4,325	0	0	4,325	0
Principal Paid on OWDA\OPWC Loans	(32,664)	(178,438)	0	(4,967)	(216,069)	0
Interest Paid on OWDA\OPWC Loans	(18,296)	(131,789)	0	0	(150,085)	0
Special Assessments	41,731	50,600	0	19,777	112,108	0
Proceeds from Sales of Capital Assets	23,378	5,373	0	0	28,751	0
Tap-In Fees	20,303	17,254	0	700	38,257	0
Principal Paid on Notes	0	(855,000)	0	0	(855,000)	0
Interest Paid on Notes	0	(12,825)	0	0	(12,825)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(366,078)</u>	<u>(557,530)</u>	<u>0</u>	<u>1,847</u>	<u>(921,761)</u>	<u>0</u>
Cash Flows from Investing Activities						
Proceeds from Sales of Investments	0	0	0	0	0	25,531
Interest on Investments	31,768	25,706	0	41,434	98,908	21,236
<i>Net Cash Provided by Investing Activities</i>	<u>31,768</u>	<u>25,706</u>	<u>0</u>	<u>41,434</u>	<u>98,908</u>	<u>46,767</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(286,347)	(23)	26,339	148,880	(111,151)	115,843
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,586,192</u>	<u>2,059,406</u>	<u>115,590</u>	<u>2,967,617</u>	<u>7,728,805</u>	<u>464,004</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$2,299,845</u>	<u>\$2,059,383</u>	<u>\$141,929</u>	<u>\$3,116,497</u>	<u>\$7,617,654</u>	<u>\$579,847</u>

(continued)

The notes to the basic financial statements are an integral part of this statement

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2010

	Business-Type Activities					Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Storm Water Drainage	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities						
Operating Income (Loss)	(\$517,144)	(\$317,754)	(\$33,499)	(\$99,038)	(\$967,435)	(\$127,698)
<i>Adjustments:</i>						
Depreciation	573,395	872,178	221	238,170	1,683,964	0
(Increase) Decrease in Assets:						
Accounts Receivable	(7,803)	(29,604)	(4,962)	(10,071)	(52,440)	0
Materials and Supplies Inventory	3,032	1,550	0	0	4,582	0
Prepaid Items	(1,318)	(2,386)	1	0	(3,703)	0
Increase (Decrease) in Liabilities:						
Accounts Payable	(16,541)	(35,287)	50,108	0	(1,720)	(258)
Claims Payable	0	0	0	0	0	55,912
Accrued Wages	8,190	30,356	677	6,538	45,761	0
Compensated Absences Payable	6,152	12,748	1,293	0	20,193	0
<i>Total Adjustments</i>	<u>565,107</u>	<u>849,555</u>	<u>47,338</u>	<u>234,637</u>	<u>1,696,637</u>	<u>55,654</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$47,963</u>	<u>\$531,801</u>	<u>\$13,839</u>	<u>\$135,599</u>	<u>\$729,202</u>	<u>(\$72,044)</u>

Schedule of Non-Cash Investing, Capital, and Financing Activities:

During the year, the Water, Sewer and Storm Water Drainage Funds received capital contributions from developers in the amounts of \$47,006, \$46,885, and \$48,666, respectively. In addition, the Storm Water Drainage Fund's net effect of receivable accruals (due from other governments) in the amount of (\$166,915), impacted capital grants during 2010.

The notes to the basic financial statements are an integral part of this statement

City of Kent, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Escrow Fund
December 31, 2010

Assets

Cash and Cash Equivalents	<u><u>\$599,698</u></u>
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Liabilities

Accounts Payable	<u><u>\$599,698</u></u>
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The notes to the basic financial statements are an integral part of this statement

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

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.

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. As a general rule, the activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. An exception to this general rule is that interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

B. Fund Accounting

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

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

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

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

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

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

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

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

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

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

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

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

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

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

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

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

C. Measurement Focus

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

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; 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.

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.

Unearned/Deferred Revenue Unearned/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, 2010, but which were levied to finance year 2011 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue, although none were reported in 2010.

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.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

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

E. Cash and Cash Equivalents

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

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

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

Following Ohio statutes, the City has, by ordinance, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2010 amounted to \$155,380, which includes \$141,736 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, 2010 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Capital Assets

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City capitalization threshold is \$2,500 for 2010. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

The current portion of unpaid compensated absences is the amount of matured compensated absences expected to be paid using expendable available financial resources. These amounts are presented as "Matured Compensated Absences Payable" in the funds from which the employees are paid. The noncurrent portion of the liability is not reported in the governmental funds.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

K. Accrued Liabilities and Long-term Obligations

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

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

L. Fund Equity

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted as "Other Purposes" are mainly attributed to the Wireless 911 program, the City's state highway funding, the revolving housing program, and several other minor grant funds.

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, sewer, solid waste and storm water drainage funds. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

O. Contributions of Capital

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

P. Interfund Activity

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2010.

R. Estimates

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

S. Budgetary Process

All funds, except agency and internal service funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the department level, separated into categories within each department of personnel and benefits, other than personnel and benefits, capital, debt service and contingency. The Director of Budget and Finance is authorized to allocate appropriations for function and object levels as long as they are in the same department and category as explained above without prior Council approval, and as long as the total appropriation for each department and category does not exceed that of the Council-approved appropriation measure.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

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

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

Note 3 – Changes in Accounting Principles

For fiscal year 2010, the City implemented GASB Statements No. 51, *Accounting and Financial Reporting for Intangible Assets*, No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

GASB Statement No. 51 improves the quality of financial reporting by reducing inconsistencies that have developed in accounting and financial reporting for intangible assets.

GASB Statement No. 53 improves the quality of financial reporting by requiring governments to measure derivative instruments, with the exception of synthetic guaranteed investment contract that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements.

GASB Statement No. 58 improves the quality of financial reporting by providing more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy.

The implementation of the aforementioned GASB Statements did not affect the presentation of the financial statements of the City.

Note 4 – Accountability and Compliance

Fund Deficits

Start-up costs associated with the City's recycling program (initiated in 1990) resulted in deficit net assets in the Solid Waste fund. Disposition of Solid Waste fund capital assets in 1995 resulted in a loss of \$90,575 that contributed to increasing the deficit to \$446,384 at December 31, 2001. In 2001, City Council approved a substantial rate increase that was effective in January 2002. The combination of increased revenues and revised service levels resulted in a reduction of the deficit net assets over the last several years. However, recent increases in the curbside collection contract caused decreases in net assets of \$65,865 and \$20,999 for 2009 and 2010, respectively, which increased the overall deficit to \$369,785 at December 31, 2010.

In addition, the City's Income Tax Safety Fund, Capital Projects Fund, and nonmajor capital projects fund all reported deficit fund balances for 2010. These fund deficits resulted from accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

Note 5 - Budgetary Basis of Accounting

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

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

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

	General	Street Construction, Maintenance and Repair	Parks and Recreation	Income Tax	Income Tax Safety	Fire and Emergency Medical Services
Fund Balance - Budget Basis	\$6,446,241	\$659,310	\$746,882	\$3,499,019	\$125,050	\$476,142
Net Adjustment						
Revenue Accruals	3,674,610	975,911	1,203,526	3,634,245	0	0
Deferred Revenue	(2,160,990)	(847,761)	(1,202,670)	(560,360)	0	0
Expenditure Accruals	(480,547)	(70,781)	(312,728)	(14,021)	(236,767)	(213,280)
Assets Held for Resale	1,569,850	0	0	0	0	0
Inventories/Prepays	72,586	183,294	1,066	0	0	2,881
Investment Valuation	0	0	0	14,440	0	0
Encumbrances	273,630	53,877	144,228	6,023	108,700	533,526
Fund Balance - GAAP Basis	<u>\$9,395,380</u>	<u>\$953,850</u>	<u>\$580,304</u>	<u>\$6,579,346</u>	<u>(\$3,017)</u>	<u>\$799,269</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

Note 6 - Deposits and Investments

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

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

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

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

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

Cash on Hand

At December 31, 2010, the City had \$1,055 in undeposited cash on hand, which is included on the balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents".

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposit may not be returned. The City's policy is to place deposits with major local banks approved by the City Council. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the federal reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve Bank in the name of the City.

At December 31, 2010, the carrying value of the City's deposits was \$27,525,007, of which \$12,263,748 was non-negotiable certificates of deposit. The cash balances per the banks were \$27,092,568, of which \$2,156,720 was insured by Federal depository insurance. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$24,935,848 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments

The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all of its investments at fair value. At December 31, 2010, fair value was \$14,440 above the City's net cost for investments. Fair value is determined by quoted market prices and other acceptable pricing methodologies.

Interest Rate Risk. As a means of limiting its exposure to fair value of losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt obligations. The City holds one investment which matures on December 1, 2020. The \$375,440 investment in City of Kent Special Assessment Bonds was specifically approved by the Treasury Investment Board.

Credit Risk. The City's investment in City of Kent Assessment Bonds was not specifically rated; however, the City was rated Aa2 by Moody's Investors Services, in their latest recalibration of ratings to a different ratings scale. The City has no investment policy that would further limit its investment choices.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer.

As of December 31, 2010, the City had the following investment and investment maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating *</u>	<u>Investment Maturity</u>
City of Kent Assessment Bonds	\$375,440	Aa2	December 1, 2020

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

* Credit rating obtained from Moody's Investors Services.

Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments to the Statement of Net Assets as of December 31, 2010.

Investments	\$375,440
Carrying amount of the City's Deposits	27,525,007
Cash on Hand	1,055
Total	\$27,901,502
 <i>Governmental Activities</i>	
Governmental Funds	
Equity in Pooled Cash and Cash Equivalents	\$18,968,103
Restricted Cash	136,200
Internal Service Funds	
Equity in Pooled Cash and Cash Equivalents	579,847
Total Governmental Activities	19,684,150
 <i>Business-Type Activities</i>	
Enterprise Funds	
Equity in Pooled Cash and Cash Equivalents	7,617,654
<i>Agency Funds</i>	599,698
Total	\$27,901,502

Note 7 - Income Taxes

During 2010, the City levied income tax of 2 percent 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 percent.

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 2010 levy was based was \$350,120,000.

Real property taxes received by the City in a calendar year are levied on January 1 of the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. The assessed value of real property (including public utility real property) is established by the County Auditor at 35 percent of estimated true value. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. A revaluation was completed in 2006. Public utility personal property is assessed at 88 percent of actual value (1997-2004) and 67 percent of actual value (2005-2008). General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006, both types of general business tangible personal property were assessed at 18.75 percent. The percentage was 12.50 percent for 2007, 6.25 percent for 2008 and zero for periods after 2008.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

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, 2010, 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>				Total
	Parks and Recreation	Nonmajor	Water	Sewer	Solid Waste	Storm Water Drainage	
RECEIVABLE FUND							
<i>Governmental Activities</i>							
General	\$220,000	\$515,464	\$0	\$0	\$151,466	\$0	\$886,930
Income Tax	0	0	512,100	428,980	330,000	736,000	\$2,007,080
Total	<u>\$220,000</u>	<u>\$515,464</u>	<u>\$512,100</u>	<u>\$428,980</u>	<u>\$481,466</u>	<u>\$736,000</u>	<u>\$2,894,010</u>

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

Transfers made during the year ended December 31, 2010 were as follows:

	TRANSFERS OUT		
	<i>Governmental activities</i>		
	General	Income Tax	Total
TRANSFERS IN			
<i>Governmental Activities</i>			
General	\$0	\$2,200,000	\$2,200,000
Street Construction, Maintenance and Repair	0	512,495	\$512,495
Income Tax Safety	0	2,489,955	\$2,489,955
Fire and Emergency Medical Services	0	2,489,955	\$2,489,955
Capital Projects	98,469	2,116,310	\$2,214,779
Nonmajor	0	270,885	\$270,885
Internal Service Fund	0	141,120	\$141,120
Total Governmental Activities	<u>\$98,469</u>	<u>\$10,220,720</u>	<u>\$10,319,189</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

Transfers are primarily from the Income Tax Fund to various funds within the City to help finance the various programs accounted for in other funds. The General Fund transferred \$98,469 to the Capital Projects Fund for additional funding for capital related projects. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16. Transfers between governmental funds are eliminated on the governmental activities' statement of activities.

Note 10 – Risk Management

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

The claims liability of \$150,777 reported in the fund at December 31, 2010, 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 2008, 2009 and 2010 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2008	\$ 354,794	\$ 1,697,439	\$ 1,953,148	\$ 99,085
2009	99,085	1,844,125	1,848,345	94,865
2010	94,865	1,770,149	1,714,237	150,777

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 2010, the City contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Deductible
US Specialty Insurance Company	Wrongful Acts Liability	\$10,000
Scottsdale Insurance Company	Law Enforcement Liability	25,000
St. Paul Fire and Marine Insurance Company	Commercial Property	2,500
St. Paul Fire and Marine Insurance Company	Commercial Crime	1,000
St. Paul Fire and Marine Insurance Company	Inland Marine	1,000
St. Paul Fire and Marine Insurance Company	Boiler and Machinery	2,500
US Specialty Insurance Company	Automobile Comprehensive	500
US Specialty Insurance Company	Automobile Collision	500
St. Paul Fire and Marine Insurance Company	General Liability	0
St. Paul Fire and Marine Insurance Company	Employee Benefit Plans Administration	
	Administration Liability	1,000
St. Paul Fire and Marine Insurance Company	General Liability - Sewer Backup	5,000
St. Paul Fire and Marine Insurance Company	Excess General Liability	10,000
American Alternative Insurance Company	Fire General Liability	0
Ohio Casualty Insurance Company	Bond - Finance Officials	0
Ohio Casualty Insurance Company	Bond - New Finance Director	0
Ohio Casualty Insurance Company	Blanket Employee Faithful	
	Performance Bond	0

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

The contracts in the preceding list 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.

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance 12/31/09	Additions	Deletions	Balance 12/31/10
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$5,861,666	\$197,616	\$0	\$6,059,282
Construction in Progress	8,378,150	3,022,048	(3,252,829)	8,147,369
<i>Total Capital Assets, Not Being Depreciated</i>	<u>14,239,816</u>	<u>3,219,664</u>	<u>(3,252,829)</u>	<u>14,206,651</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings, Structures and Improvements	11,032,655	121,697	0	11,154,352
Machinery and Equipment	10,658,625	378,299	0	11,036,924
Infrastructure:				
Roads	30,615,317	2,479,398	0	33,094,715
Bridges	2,454,556	591,908	(97,375)	2,949,089
Sidewalks	54,014	0	0	54,014
Traffic Signals	561,998	0	0	561,998
<i>Total Capital Assets, Being Depreciated</i>	<u>55,377,165</u>	<u>3,571,302</u>	<u>(97,375)</u>	<u>58,851,092</u>
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(4,882,245)	(335,058)	0	(5,217,303)
Machinery and Equipment	(8,007,779)	(495,306)	0	(8,503,085)
Infrastructure:				
Roads	(17,894,370)	(1,230,702)	0	(19,125,072)
Bridges	(687,122)	(63,010)	97,375	(652,757)
Sidewalks	(46,968)	(945)	0	(47,913)
Traffic Signals	(133,209)	(29,717)	0	(162,926)
<i>Total Accumulated Depreciation</i>	<u>(31,651,693)</u>	<u>(2,154,738) *</u>	<u>97,375</u>	<u>(33,709,056)</u>
Total Capital Assets, Being Depreciated, Net	<u>23,725,472</u>	<u>1,416,564</u>	<u>0</u>	<u>25,142,036</u>
Governmental Activities Capital Assets, Net	<u><u>\$37,965,288</u></u>	<u><u>\$4,636,228</u></u>	<u><u>(\$3,252,829)</u></u>	<u><u>\$39,348,687</u></u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

* Depreciation expense was charged to governmental functions as follows:

Governmental Activities				
Security of Persons and Property	\$409,538			
Public Health and Welfare	2,146			
Leisure Time Activities	114,336			
Community Development	11,510			
Transportation	1,549,467			
General Government	67,741			
Total Depreciation Expense	\$2,154,738			
	Balance	Additions	Deletions	Balance
	12/31/09			12/31/10
Business-Type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$1,787,536	\$0	\$0	\$1,787,536
Construction in Progress	2,260,035	1,873,192	(1,341,566)	2,791,661
<i>Total Capital Assets, Not Being Depreciated</i>	4,047,571	1,873,192	(1,341,566)	4,579,197
<i>Capital Assets, Being Depreciated:</i>				
Buildings, Structures and Improvements	14,440,212	161,564	0	14,601,776
Machinery and Equipment	10,256,836	182,035	(33,030)	10,405,841
Infrastructure:				
Water Mains	14,981,554	407,907	0	15,389,461
Sanitary Sewers	27,276,482	70,785	0	27,347,267
Storm Water Drainage Lines	14,012,133	870,590	0	14,882,723
<i>Total Capital Assets, Being Depreciated</i>	80,967,217	1,692,881	(33,030)	82,627,068
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(8,154,494)	(343,703)	0	(8,498,197)
Machinery and Equipment	(8,395,047)	(295,912)	28,075	(8,662,884)
Infrastructure:				
Water Mains	(4,859,801)	(267,857)	0	(5,127,658)
Sanitary Sewers	(5,639,571)	(547,120)	0	(6,186,691)
Storm Water Drainage Lines	(3,536,853)	(229,372)	0	(3,766,225)
<i>Total Accumulated Depreciation</i>	(30,585,766)	(1,683,964) *	28,075	(32,241,655)
Total Capital Assets, Being Depreciated, Net	50,381,451	8,917	(4,955)	50,385,413
Business-Type Activities Capital Assets, Net	\$54,429,022	\$1,882,109	(\$1,346,521)	\$54,964,610

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

Business-Type Activities	
Water Fund	\$573,395
Sewer Fund	872,178
Solid Waste Fund	221
Storm Water Drainage Fund	238,170
	\$1,683,964

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

Note 12 - Pension and Other Post-employment Benefits

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

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 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
- 3) The Combined Plan (CO) – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

The Ohio Revised Code provides statutory authority for member and employer contributions. The 2010 member contribution rates were 10.00 percent for members in state and local classifications other than law enforcement and public safety. The 2010 total employer contribution rate for local government employers was 14.00 percent of covered payroll. The City's required contribution rate was allocated to fund pension benefits for members of: the Traditional Plan was 8.50 percent from January 1 through February 28, 2010 and 9.00 percent from March 1 through December 31, 2010; the Combined Plan was 9.27 percent from January 1 through February 28, 2010 and 9.77 percent from March 1 through December 31, 2010. The City's required contributions to OPERS for the years ended December 31, 2010, 2009, and 2008 were \$1,008,819, \$977,022, and \$927,352, respectively. As of December 31, 2009, 100 percent of the City's required contributions have been made for 2010, 2009, and 2008.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

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

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority to require public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. The 2010 local government employer contribution rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for local government employers. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. The portion of the 2010 employer contribution rate (identified above) that was used to fund health care for: the Traditional Plan was 5.50 percent from January 1 through February 28, 2010 and 5.00 percent from March 1 through December 31, 2010; and the Combined Plan was 4.73 percent from January 1 through February 28, 2010 and 4.23 percent from March 1 through December 31, 2010. The City's 2010, 2009, and 2008 contributions that were used to fund post-employment benefits amounted to \$424,863, \$448,665, and \$470,543, respectively. As of December 31, 2010, the City has contributed 100 percent of its required post-employment contributions for 2010, 2009, and 2008. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary, while the City is required to contribute 19.50 percent and 24.00 percent respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2010, 2009, and 2008 were \$591,145, \$579,701, and \$560,062 for police and \$570,884, \$566,465, and \$549,298 for firefighters, respectively. As of December 31, 2010, the City has contributed 73.86 percent and 76.05 percent respectively for the police officers and firefighters required contributions with the unpaid portion being recorded as a liability in the City's financial statements. 100.00 percent of the required contributions have been made for 2009 and 2008.

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

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

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401 (h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401 (h).

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

The portion of the City's contributions that was used to pay post-employment benefits for December 31, 2010, 2009, and 2008 was \$204,627, \$200,666, and \$193,868 for police and \$160,561, \$159,318, and \$154,490 for firefighters, respectively. As of December 31, 2010, the City has contributed 73.86 percent and 76.05 percent, respectively, for the police officers and firefighters required contributions. 100.00 percent of the required contributions have been made for 2009 and 2008.

Other Postemployment Benefits

Plan Description – The City administers a single-employer defined benefit life insurance plan. The plan provides other post-employment benefits (OPEB) in the form of life insurance benefits to 72 retirees employed by the City prior to June 2005. The benefits, benefit levels and employer contributions are governed by the City. The activity of the plan is reported in the City's Internal Service Fund. Life insurance benefits are only provided to the aforementioned retirees. All members of the plan have retired and the benefits provided have been set at a flat amount.

Funding Policy – The City's annual contributions to the plan for fiscal year ended December 31, 2010, were \$21,236. The plan requires no matching contributions from the employees during or after their period of employment. The City is funding the plan on a pay as you go basis.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (of funding excess) over the lesser of the average remaining life expectancy of the group or a period not to exceed thirty years. As of December 31, 2009 (the latest information available), the alternative measurement method was performed to determine the funded status of the plan as well as the City's ARC. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligations to the plan:

Annual required contribution	\$	21,236
Contributions made		21,236
Change in Net OPEB obligation		-
Net OPEB obligation - beginning of year		-
Net OPEB obligation - end of year	\$	-

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and 2009 were as follows:

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 22,089	100%	\$ -
2010	21,236	100	-

Funded Status and Funding Progress – As of December 31, 2009 (the latest information available), the actuarial accrued liability for life insurance benefits was \$356,645, of which \$31,548 was funded through actual plan assets. There is no covered payroll since the plan is closed and all of the members are retired.

The funded status of the plan as of December 31, 2009 (the latest information available), was as follows:

Actuarial Accrued Liability	\$356,645
Actual Value of Plan Assets	<u>31,548</u>
Unfunded Actuarial Accrued Liability	<u><u>\$325,097</u></u>
 Fund Ratio (Actual Value of Plan Assets/AAL)	 8.85%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the other trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and other historical patterns. The methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actual value of assets, consistent with the long-term perspective of the calculations.

Based on the plan's benefits provided to the qualified retirees, some of the assumptions generally made are not applicable. However, the following simplifying assumptions are applicable to the plan and were made:

Mortality – Life expectancies were based on mortality tables from the National Center for Health Statistics (www.cdc.gov). The 2004 United States Life Tables for Males and Females were used.

Investment return – The investment return is based on historical (and expected future) returns of its short-term investment portfolio (the current and expected investments that are expected to be used in financing the payment of benefits). The City expects to earn an average of 1.0 percent on these investments in the future.

Inflation rate – The expected long-term inflation assumption of 2.7 is provided through the Bureau of Labor Statistics (www.bls.gov) as of December 31, 2009.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

In addition, a simplified version of the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2009, was 16 years which is the average remaining life expectancy of the group.

Note 13 – Other Employee Benefits

A. Compensated Absences

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

The total obligation for vacation and compensatory time accrual for the City, including salary-related payments, amounted to \$1,172,985 as of December 31, 2010.

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 \$92,792 as of December 31, 2010.

B. Other Benefits

City employees are contractually entitled to severance pay equal to one month of their salary if they retire with at least 10 years of service. The severance pay obligation was calculated using the termination payments method and amounted to \$26,413 as of December 31, 2010.

City of Kent, Ohio
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For the Year Ended December 31, 2010
(Continued)

Note 14 - Construction and Other Commitments

As of December 31, 2010, the City had capital contracts and retainage payables of \$628,524 and \$155,340 in governmental funds and business-type funds, respectively.

	<u>Contract Amount</u>
Governmental	
Crain Avenue Bridge	\$27,992
Longmere Dr. Reconstruction	19,260
SR 59 Signalization Improvement	69,059
Plum Creek Amphitheater	23,877
Portage Hike & Bike Trail - Tannery Section	1,467
Park Maintenance Building	23,827
SR 59 Street Light Replacement	148,081
Summit Street Improvement	28,169
2010 Street Program	100,276
2009 Street Program	33,609
Downtown Development	124,428
Various Capital Purchases	28,479
	\$628,524
 Business-Type	
Plum Creek Restoration	\$136,108
High Service Area Water Line	7,869
Energy Conservation Project	11,363
	\$155,340

The City had no material operating lease commitments at December 31, 2010.

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City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

Note 15 – Long-term Obligations

Changes in bonds and other long-term obligations of the City during 2010 were as follows:

	Principal Outstanding 12/31/09	Additions	Deletions	Principal Outstanding 12/31/10	Due Within One Year
Governmental Activities					
General Obligation Bonds:					
\$3,000,000 Various Purpose 1998 4.35% - 5.20%	\$1,685,000	\$0	\$155,000	\$1,530,000	\$160,000
Special Assessment Bonds:					
\$561,000 Street Improvements 2000 5.50% - 6.00%	386,000	0	25,000	\$361,000	27,000
Ohio Public Works Commission Loans					
\$512,940 Fairchild Avenue Improvements 1999 0.00%	230,823	0	25,647	205,176	25,647
\$86,000 Elm-Mae-Morris Improvements 2001 0.00%	45,150	0	4,300	40,850	4,300
<i>Total Ohio Public Works Commission Loans</i>	<u>275,973</u>	<u>0</u>	<u>29,947</u>	<u>246,026</u>	<u>29,947</u>
Loans Payable	0	455,101	0	455,101	0
Compensated Absences	1,066,332	799,781	794,766	1,071,347	806,302
<i>Total Governmental Activities</i>	<u>\$3,413,305</u>	<u>\$1,254,882</u>	<u>\$1,004,713</u>	<u>\$3,663,474</u>	<u>\$1,023,249</u>
Business-Type Activities					
Ohio Water Development Authority Loans					
\$485,851 Kent-Ravenna Interconnect 2003 3.65%	\$374,912	\$0	\$20,945	\$353,967	\$21,717
\$4,372,503 Sanitary Sewer Improvements 2003 3.66%	3,644,991	0	178,438	3,466,553	185,028
\$271,200 Franklin Hills Waterline 2007 2.00%	242,902	0	11,719	231,183	11,955
<i>Total Ohio Water Development Authority Loans</i>	<u>4,262,805</u>	<u>0</u>	<u>211,102</u>	<u>4,051,703</u>	<u>218,700</u>
Ohio Public Works Commission Loans					
\$46,694 Elm-Mae-Morris Improvements 2005 0.00%	40,857	0	2,335	38,522	2,335
\$52,650 Drainage Area Q - Phase 3 2007 0.00%	48,702	0	2,632	46,070	2,632
<i>Total Ohio Public Works Commission Loans</i>	<u>89,559</u>	<u>0</u>	<u>4,967</u>	<u>84,592</u>	<u>4,967</u>
Compensated Absences	200,650	189,885	169,692	220,843	204,288
<i>Total Business-Type Activities</i>	<u>\$4,553,014</u>	<u>\$189,885</u>	<u>\$385,761</u>	<u>\$4,357,138</u>	<u>\$427,955</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2010 are as follows:

Governmental Activities							
Years	General Obligation Bonds		Special Assessment Bonds		OPWC	Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2011	\$160,000	\$78,575	\$27,000	\$21,660	\$29,947	\$216,947	\$100,235
2012	170,000	70,815	29,000	20,040	29,947	228,947	90,855
2013	175,000	62,400	31,000	18,300	29,947	235,947	80,700
2014	185,000	53,300	32,000	16,440	29,947	246,947	69,740
2015	195,000	43,680	34,000	14,520	29,947	258,947	58,200
2016-2020	645,000	68,120	208,000	38,940	96,291	949,291	107,060
Total	\$1,530,000	\$376,890	\$361,000	\$129,900	\$246,026	\$2,137,026	\$506,790

Business-Type Activities					
Years	OWDA Loans		OPWC	Total	
	Principal	Interest	Principal	Principal	Interest
2011	\$218,700	\$142,485	\$4,967	\$223,667	\$142,485
2012	226,574	134,612	4,967	231,541	134,612
2013	234,735	126,451	4,967	239,702	126,451
2014	243,193	117,993	4,967	248,160	117,993
2015	251,960	109,227	4,967	256,927	109,227
2016-2020	1,402,887	403,040	24,835	1,427,722	403,040
2021-2025	1,449,363	132,571	24,835	1,474,198	132,571
2026-2028	24,291	488	10,087	34,378	488
Total	\$4,051,703	\$1,166,867	\$84,592	\$4,136,295	\$1,166,867

The general long-term obligation resulting from special assessment projects is funded through the issuance of bonds payable. Bonds issued are backed by the full faith, credit and general revenues of the City and fully retired with assessments levied against property owners. Assessments are receivable over periods ranging from ten to twenty years, with interest equal to the interest on the bonds issued to finance the improvements. As of December 31, 2010, an amortization schedule will be provided for the loans payable issued during 2010, when the projects are finalized. These loans payable will be paid from the General Fund.

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

The City has the ability to issue \$14.1 million of additional debt without obtaining voter approval.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

Note 16 – Note Obligations

A summary of note transactions for the year ended December 31, 2010 follows:

	Balance 12/31/09	Additions	Deletions	Balance 12/31/10
Governmental Activities				
2009, 1.50%	\$2,965,000	\$0	\$2,965,000	\$0
2010, 1.25%	0	2,725,000	0	2,725,000
2010, 1.25%	0	900,000	0	900,000
Unamortized Premium	0	19,720	4,382	15,338
<i>Total Governmental Activities</i>	<u>2,965,000</u>	<u>3,644,720</u>	<u>2,969,382</u>	<u>3,640,338</u>
Business-Type Activities				
Sewer Fund				
2009, 1.50%	855,000	0	855,000	0
2010, 1.25%	0	795,000	0	795,000
Unamortized Premium	0	4,325	961	3,364
<i>Total Sewer Fund</i>	<u>855,000</u>	<u>799,325</u>	<u>855,961</u>	<u>798,364</u>
Total	<u><u>\$3,820,000</u></u>	<u><u>\$4,444,045</u></u>	<u><u>\$3,825,343</u></u>	<u><u>\$4,438,702</u></u>

On October 13, 2010, the City issued \$4.420 million in various purpose notes at an interest rate of 1.25 percent with a maturity date of October 12, 2011. The notes are backed by the full faith and credit of the City of Kent. However, it is the intention of the City that all enterprise obligations be paid from operating income. The note liability is reflected in the funds which received the proceeds. The notes were issued at a premium of \$24,045. A portion of the premium was offset against the corresponding interest expense, and the unamortized balance is reported as part of the carrying value of the notes in the respective funds.

Note 17 – Conduit Debt

The City is party to certain conduit debt obligations:

Type	On Behalf of	Principal Outstanding December 31, 2010	Year Issued
Multi-Family Housing Revenue Bonds	Silver Meadows Apartments	<u><u>\$9,065,000</u></u>	1999

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

Note 18 - Contingent Liabilities

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

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 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

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

Note 20 – Assets Held for Resale

Assets held for resale represents six properties purchased through 2010. These properties were acquired for the intent of redevelopment. Properties acquired in 2010 were funded through development loans in the amount of \$455,101. A fund balance reserve, in the amount of \$1,569,850 was created in the General Fund and presented in the governmental fund financial statements.

In 2010, the City used \$78,061 in Neighborhood Stabilization Program (NSP) grant funds to purchase and demolish a blighted property within the City. The City's intent is to prepare the property for resale. A fund balance reserve, in the amount of \$78,061 was created in the NSP special revenue fund.

Note 21 – Joint Ventures

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

In 2010, the City received \$170,832 in income tax distributions from the JEDD. The joint venture is considered a separate reporting entity by the City's management. Accordingly, the joint venture's financial statements have not been included in the City's financial statements. The JEDD's financial statements can be obtained by contacting the City's Finance Department.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)

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

In 2010, the City received \$32,508 in income tax distributions from the JEDD. The joint venture is considered a separate reporting entity by the City's management. Accordingly, the joint venture's financial statements have not been included in the City's financial statements. The JEDD's financial statements can be obtained by contacting the City's Finance Department.

Note 22 – Subsequent Event

On May 18, 2011, the City issued \$4.000 million in parking improvement bond anticipation notes at an interest rate of 1.50 percent with a maturity date of May 17, 2012. The notes are backed by the full faith and credit of the City of Kent. A note liability will be reflected in the fund which will receive the note proceeds. The proceeds will be used to pay for an operating lease that the City will enter into with PARTA (Portage Area Regional Transportation Authority).



Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Non-Major Special Revenue Funds

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

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

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

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

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.

Neighborhood Stabilization Fund – This fund accounts for the City's share of a Federal Grant passed thru the Ohio Department of Development and Portage County to provide funding for activities that assist with the stabilization of residential property values. These funds can be used for several types of activities, including the demolition of blighted residential structures, the rehabilitation of abandoned and foreclosed residential units; or the development of new single-family residential units to replace blighted structures that have been demolished

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Non-Major Special Revenue Funds (continued)

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

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.

Justice Assistance Grant (JAG) Fund – This fund accounts for a Federal Grant received from the U.S. Department of Justice and will be utilized for several programs including K-9 acquisition and training, bike patrol, police citizen’s academy, and community police training and neighborhood policing activity.

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.

General Obligation Debt Service Fund

The General Obligation Debt Service Fund accounts for the resources that are used for payment of principal and interest and fiscal charges on general obligation debt.

Non-Major Capital Project Fund

Capital Project funds are established to account for the proceeds of specific revenue sources that are accumulated for major capital projects. A description of the City's capital project fund follows:

Muni PI Tax Increment Equivalent Fund

This fund accounts for the accumulation of resources (mostly bond anticipation note proceeds) that will be used for the development of the City’s downtown. A TIF District was established for a defined area of downtown Kent development and PILOTs (payments in lieu of taxes) will be collected to service debt related to this purpose

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,101,379	\$32,145	\$887,492	\$3,021,016
Receivables:				
Property Taxes Receivable	453,799	0	0	453,799
Interest Receivable	53	0	0	53
Loans Receivable	470,801	0	0	470,801
Special Assessment Receivable	0	492,504	0	492,504
Receivables, Net	<u>924,653</u>	<u>492,504</u>	<u>0</u>	<u>1,417,157</u>
Due from Other Governments	212,439	0	0	212,439
Prepaid Items	61	0	0	61
Unamortized Note Issuance Costs	0	0	13,999	13,999
Assets held for Resale	78,061	0	0	78,061
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	120,000	0	0	120,000
<i>Total Assets</i>	<u><u>\$3,436,593</u></u>	<u><u>\$524,649</u></u>	<u><u>\$901,491</u></u>	<u><u>\$4,862,733</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$14,875	\$0	\$0	\$14,875
Capital Contracts Payable	104,387	0	0	104,387
Accrued Wages and Benefits	17,946	0	0	17,946
Due to Other Funds	515,464	0	0	515,464
Retainage Payable	5,530	0	0	5,530
Unearned Revenue	410,247	0	0	410,247
Deferred Revenue	102,396	492,504	0	594,900
Accrued Interest Payable	0	0	2,500	2,500
Notes Payable	0	0	903,808	903,808
<i>Total Liabilities</i>	<u>1,170,845</u>	<u>492,504</u>	<u>906,308</u>	<u>2,569,657</u>
Fund Balances				
Reserved for Encumbrances	379,015	0	0	379,015
Reserved for Loans Receivable	470,801	0	0	470,801
Reserved for Prepaid Items	61	0	0	61
Reserved for Assets held for Resale	78,061	0	0	78,061
Reserved for Debt Service	0	32,145	0	32,145
Unreserved, Undesignated				
Reported in:				
Special Revenue Funds	1,337,810	0	0	1,337,810
Capital Projects Fund	0	0	(4,817)	(4,817)
<i>Total Fund Balances</i>	<u>2,265,748</u>	<u>32,145</u>	<u>(4,817)</u>	<u>2,293,076</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$3,436,593</u></u>	<u><u>\$524,649</u></u>	<u><u>\$901,491</u></u>	<u><u>\$4,862,733</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, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Property and Other Local Taxes	\$407,094	\$0	\$0	\$407,094
Fees, Licenses and Permits	124,552	0	0	124,552
Fines and Forfeitures	16,472	0	0	16,472
Intergovernmental	841,970	0	0	841,970
Special Assessments	0	61,756	0	61,756
Interest	16,314	0	595	16,909
Miscellaneous	31,637	2,628	0	34,265
<i>Total Revenues</i>	<u>1,438,039</u>	<u>64,384</u>	<u>595</u>	<u>1,503,018</u>
Expenditures				
Current:				
Security of Persons and Property	604,550	0	0	604,550
Public Health and Welfare	132,882	0	0	132,882
Community Development	323,726	0	0	323,726
Transportation	54,297	0	0	54,297
General Government	0	2,628	0	2,628
Capital Outlay	211,360	0	0	211,360
Debt Service:				
Principal Retirement	0	209,947	0	209,947
Interest and Fiscal Charges	0	108,973	5,412	114,385
<i>Total Expenditures</i>	<u>1,326,815</u>	<u>321,548</u>	<u>5,412</u>	<u>1,653,775</u>
<i>Excess of Revenues Under Expenditures</i>	<u>111,224</u>	<u>(257,164)</u>	<u>(4,817)</u>	<u>(150,757)</u>
Other Financing Sources (Uses)				
Transfers In	0	270,885	0	270,885
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>270,885</u>	<u>0</u>	<u>270,885</u>
<i>Net Change in Fund Balances</i>	111,224	13,721	(4,817)	120,128
<i>Fund Balances Beginning of Year</i>	<u>2,154,524</u>	<u>18,424</u>	<u>0</u>	<u>2,172,948</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$2,265,748</u>	<u>\$32,145</u>	<u>(\$4,817)</u>	<u>\$2,293,076</u>

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	West Side Fire	State Highway	Food Service	Revolving Housing	State and Local Forfeits
Assets					
Equity in Pooled Cash and Cash Equivalents	\$45,900	\$82,183	\$36,916	\$71,565	\$10,351
Receivables:					
Property Taxes Receivable	246,621	0	0	0	0
Interest Receivable	0	0	0	0	0
Loans Receivable	0	0	0	0	0
Receivables, Net	<u>246,621</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Due from Other Governments	16,825	30,084	0	0	0
Prepaid Items	61	0	0	0	0
Assets held for Resale	0	0	0	0	0
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	0	0	0	0	0
<i>Total Assets</i>	<u>\$309,407</u>	<u>\$112,267</u>	<u>\$36,916</u>	<u>\$71,565</u>	<u>\$10,351</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$1,296	\$0	\$0	\$0	\$0
Capital Contracts Payable	0	0	0	0	0
Accrued Wages and Benefits	15,961	0	736	1,034	0
Due to Other Funds	0	0	0	0	0
Retainage Payable	0	0	0	0	0
Unearned Revenue	222,947	0	0	0	0
Deferred Revenue	40,499	20,831	0	0	0
<i>Total Liabilities</i>	<u>280,703</u>	<u>20,831</u>	<u>736</u>	<u>1,034</u>	<u>0</u>
Fund Balances					
Reserved for Encumbrances	822	1,964	0	0	0
Reserved for Loans Receivable	0	0	0	0	0
Reserved for Prepaid Items	61	0	0	0	0
Reserved for Assets held for Resale	0	0	0	0	0
Unreserved, Undesignated	27,821	89,472	36,180	70,531	10,351
<i>Total Fund Balances</i>	<u>28,704</u>	<u>91,436</u>	<u>36,180</u>	<u>70,531</u>	<u>10,351</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$309,407</u>	<u>\$112,267</u>	<u>\$36,916</u>	<u>\$71,565</u>	<u>\$10,351</u>

Drug Law Enforcement	Enforcement and Education	Law Enforcement Trust	Community Development Block Grant	Neighborhood Stabilization	Wireless 911	Swimming Pool Inspections	JAG Grant
\$33,436	\$18,947	\$17,513	\$1,058,035	\$308,339	\$261,120	\$8,759	\$43,749
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	236,511	0	0	0	0
0	0	0	236,511	0	0	0	0
420	135	0	73,305	62,431	16,121	0	0
0	0	0	0	0	0	0	0
0	0	0	0	78,061	0	0	0
0	0	0	0	0	0	0	0
<u>\$33,856</u>	<u>\$19,082</u>	<u>\$17,513</u>	<u>\$1,367,851</u>	<u>\$448,831</u>	<u>\$277,241</u>	<u>\$8,759</u>	<u>\$43,749</u>
\$0	\$0	\$0	\$10,866	\$0	\$2,713	\$0	\$0
0	0	0	54,612	49,775	0	0	0
0	0	0	0	0	0	44	171
0	0	0	200,000	315,464	0	0	0
0	0	0	0	5,530	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	8,070	0	0
0	0	0	265,478	370,769	10,783	44	171
0	0	0	138,091	238,138	0	0	0
0	0	0	236,511	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	78,061	0	0	0
33,856	19,082	17,513	727,771	(238,137)	266,458	8,715	43,578
33,856	19,082	17,513	1,102,373	78,062	266,458	8,715	43,578
<u>\$33,856</u>	<u>\$19,082</u>	<u>\$17,513</u>	<u>\$1,367,851</u>	<u>\$448,831</u>	<u>\$277,241</u>	<u>\$8,759</u>	<u>\$43,749</u>

(Continued)

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds (continued)
December 31, 2010

	Police Pension	Fire Pension	Urban Development Action Grant	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$126	\$127	\$104,313	\$2,101,379
Receivables:				
Property Taxes Receivable	103,589	103,589	0	453,799
Interest Receivable	0	0	53	53
Loans Receivable	0	0	234,290	470,801
Receivables, Net	<u>103,589</u>	<u>103,589</u>	<u>234,343</u>	<u>924,653</u>
Due from Other Governments	6,559	6,559	0	212,439
Prepaid Items	0	0	0	61
Assets held for Resale	0	0	0	78,061
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	0	120,000	120,000
<i>Total Assets</i>	<u>\$110,274</u>	<u>\$110,275</u>	<u>\$458,656</u>	<u>\$3,436,593</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$14,875
Capital Contracts Payable	0	0	0	104,387
Accrued Wages and Benefits	0	0	0	17,946
Due to Other Funds	0	0	0	515,464
Retainage Payable	0	0	0	5,530
Unearned Revenue	93,650	93,650	0	410,247
Deferred Revenue	16,498	16,498	0	102,396
<i>Total Liabilities</i>	<u>110,148</u>	<u>110,148</u>	<u>0</u>	<u>1,170,845</u>
 Fund Balances				
Reserved for Encumbrances	0	0	0	379,015
Reserved for Loans Receivable	0	0	234,290	470,801
Reserved for Prepaid Items	0	0	0	61
Reserved for Assets held for Resale	0	0	0	78,061
Unreserved, Undesignated	126	127	224,366	1,337,810
<i>Total Fund Balances</i>	<u>126</u>	<u>127</u>	<u>458,656</u>	<u>2,265,748</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$110,274</u>	<u>\$110,275</u>	<u>\$458,656</u>	<u>\$3,436,593</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, 2010

	West Side Fire	State Highway	Food Service	Revolving Housing	State and Local Forfeits
Revenues					
Property and Other Local Taxes	\$220,832	\$0	\$0	\$0	\$0
Fees, Licenses and Permits	0	0	48,139	74,075	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	52,423	60,304	0	0	0
Interest	0	0	0	0	0
Miscellaneous	5,526	0	0	0	0
<i>Total Revenues</i>	<u>278,781</u>	<u>60,304</u>	<u>48,139</u>	<u>74,075</u>	<u>0</u>
Expenditures					
Current:					
Security of Persons and Property	260,942	0	0	0	3,730
Public Health and Welfare	0	0	53,685	75,890	0
Community Development	0	0	0	0	0
Transportation	0	54,297	0	0	0
Capital Outlay	0	1,246	0	0	0
<i>Total Expenditures</i>	<u>260,942</u>	<u>55,543</u>	<u>53,685</u>	<u>75,890</u>	<u>3,730</u>
<i>Net Change in Fund Balances</i>	17,839	4,761	(5,546)	(1,815)	(3,730)
<i>Fund Balances Beginning of Year</i>	<u>10,865</u>	<u>86,675</u>	<u>41,726</u>	<u>72,346</u>	<u>14,081</u>
<i>Fund Balances End of Year</i>	<u><u>\$28,704</u></u>	<u><u>\$91,436</u></u>	<u><u>\$36,180</u></u>	<u><u>\$70,531</u></u>	<u><u>\$10,351</u></u>

Drug Law Enforcement	Enforcement and Education	Law Enforcement Trust	Community Development Block Grant	Neighborhood Stabilization	Wireless 911	Swimming Pool Inspections	JAG Grant
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	2,338	0
11,386	4,857	229	0	0	0	0	0
0	0	0	494,923	89,917	87,108	0	13,673
0	0	250	10,503	0	0	0	0
0	0	0	26,111	0	0	0	0
<u>11,386</u>	<u>4,857</u>	<u>479</u>	<u>531,537</u>	<u>89,917</u>	<u>87,108</u>	<u>2,338</u>	<u>13,673</u>
10,000	6,839	0	0	0	51,480	0	41,559
0	0	0	0	0	0	3,307	0
0	0	0	311,871	11,855	0	0	0
0	0	0	0	0	0	0	0
0	0	0	210,114	0	0	0	0
<u>10,000</u>	<u>6,839</u>	<u>0</u>	<u>521,985</u>	<u>11,855</u>	<u>51,480</u>	<u>3,307</u>	<u>41,559</u>
1,386	(1,982)	479	9,552	78,062	35,628	(969)	(27,886)
32,470	21,064	17,034	1,092,821	0	230,830	9,684	71,464
<u>\$33,856</u>	<u>\$19,082</u>	<u>\$17,513</u>	<u>\$1,102,373</u>	<u>\$78,062</u>	<u>\$266,458</u>	<u>\$8,715</u>	<u>\$43,578</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, 2010

	Police Pension	Fire Pension	Urban Development Action Grant	Total Nonmajor Special Revenue Funds
Revenues				
Property and Other Local Taxes	\$93,131	\$93,131	\$0	\$407,094
Fees, Licenses and Permits	0	0	0	124,552
Fines and Forfeitures	0	0	0	16,472
Intergovernmental	21,811	21,811	0	841,970
Interest	0	0	5,561	16,314
Miscellaneous	0	0	0	31,637
<i>Total Revenues</i>	<u>114,942</u>	<u>114,942</u>	<u>5,561</u>	<u>1,438,039</u>
Expenditures				
Current:				
Security of Persons and Property	115,000	115,000	0	604,550
Public Health and Welfare	0	0	0	132,882
Community Development	0	0	0	323,726
Transportation	0	0	0	54,297
Capital Outlay	0	0	0	211,360
<i>Total Expenditures</i>	<u>115,000</u>	<u>115,000</u>	<u>0</u>	<u>1,326,815</u>
<i>Net Change in Fund Balances</i>	(58)	(58)	5,561	111,224
<i>Fund Balances Beginning of Year</i>	184	185	453,095	2,154,524
<i>Fund Balances End of Year</i>	<u>\$126</u>	<u>\$127</u>	<u>\$458,656</u>	<u>\$2,265,748</u>

Combining Statements

Fiduciary Funds

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

Agency Funds

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

City of Kent, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Escrow Fund
For the Year Ended December 31, 2010

	Beginning Balance 12/31/09	Additions	Deductions	Ending Balance 12/31/10
Assets				
Cash and Cash Equivalents	<u>\$575,958</u>	<u>\$295,191</u>	<u>\$271,451</u>	<u>\$599,698</u>
Liabilities				
Accounts Payable	<u>\$575,958</u>	<u>\$295,191</u>	<u>\$271,451</u>	<u>\$599,698</u>

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

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 1,610,169	\$ 1,615,762	\$ 1,615,797	\$ 35
Intergovernmental	2,324,028	2,317,955	2,320,220	2,265
Interest	309,585	237,993	238,812	819
Fees, Licenses and Permits	88,800	75,880	76,814	934
Fines and Forfeits	227,000	196,700	196,821	121
Charges for Services	1,206,650	1,249,105	1,248,187	(918)
Miscellaneous	26,000	61,950	60,840	(1,110)
Total Revenues	5,792,232	5,755,345	5,757,491	2,146
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,202,297	1,202,297	936,146	266,151
Police				
Personal Services	2,558,360	2,558,360	2,503,730	54,630
Other Expenses	564,250	564,250	414,176	150,074
Capital Outlay	0	0	0	0
Total Police	3,122,610	3,122,610	2,917,906	204,704
Safety Director				
Personal Services	125,666	127,666	125,889	1,777
Other Expenses	28,400	26,400	15,495	10,905
Total Safety Director	154,066	154,066	141,384	12,682
Total Security of Persons and Property	4,478,973	4,478,973	3,995,436	483,537
Public Health & Welfare				
Personal Services	246,473	250,973	232,781	18,192
Other Expenses	265,775	261,275	229,243	32,032
Total Public Health and Welfare	512,248	512,248	462,024	50,224

(Continued)

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2010
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Development				
Community Development				
Personal Services	458,257	455,257	371,933	83,324
Other Expenses	197,551	197,551	155,983	41,568
Total Community Development	655,808	652,808	527,916	124,892
Economic Development				
Personal Services	100,340	100,340	94,569	5,771
Other Expenses	11,716	11,716	8,312	3,404
Total Economic Development	112,056	112,056	102,881	9,175
Building				
Personal Services	219,407	219,407	157,889	61,518
Other Expenses	33,600	42,600	37,871	4,729
Total Building	253,007	262,007	195,760	66,247
Public Planting				
Other Expenses	47,500	47,500	35,000	12,500
Main Street Program				
Personal Services	83,665	86,665	86,654	11
Other Expenses	3,300	3,300	3,300	0
Total Main Street Program	86,965	89,965	89,954	11
Land Banking				
Other Expenses	100,000	118,997	118,996	1
Permit Parking				
Other Expenses	16,150	16,150	15,306	844
Shade Tree				
Other Expenses	80,700	80,700	75,660	5,040
Capital Outlay	15,000	15,000	11,533	3,467
Total Shade Tree	95,700	95,700	87,193	8,507

(Continued)

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2010
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Urban Renewal				
Other Expenses	100,550	95,550	80,003	15,547
Total Urban Renewal	100,550	95,550	80,003	15,547
Total Community Development	1,467,736	1,490,733	1,253,009	237,724
General Government				
Service Administration				
Personal Services	51,504	54,504	51,445	3,059
Other Expenses	513,600	501,600	428,057	73,543
Capital Outlay	6,000	6,000	1,456	4,544
Total Service Administration	571,104	562,104	480,958	81,146
Rental Units				
Other Expenses	48,750	48,750	25,571	23,179
Engineering				
Personal Services	161,730	161,730	154,533	7,197
Other Expenses	115,450	115,450	75,062	40,388
Total Engineering	277,180	277,180	229,595	47,585
Law				
Personal Services	307,941	268,441	263,985	4,456
Other Expenses	114,800	184,090	179,966	4,124
Total Law	422,741	452,531	443,951	8,580
Budget and Finance				
Personal Services	173,945	168,945	134,429	34,516
Other Expenses	116,100	121,100	102,731	18,369
Total Budget and Finance	290,045	290,045	237,160	52,885

(Continued)

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2010
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Miscellaneous, Sundry and Contingency				
Other Expenses	253,300	210,161	153,469	56,692
Mayor's Office				
Personal Services	7,716	7,716	7,716	0
Other Expenses	2,000	2,000	1,054	946
Total Mayor's Office	9,716	9,716	8,770	946
City Council				
Personal Services	158,941	158,941	143,215	15,726
Other Expenses	18,200	18,200	17,953	247
Total City Council	177,141	177,141	161,168	15,973
Community Support				
Other Expenses	55,000	66,800	64,713	2,087
City Manager				
Personal Services	238,310	229,310	212,659	16,651
Other Expenses	54,900	68,900	65,873	3,027
Total City Manager	293,210	298,210	278,532	19,678
Human Resources				
Personal Services	50,526	50,526	42,276	8,250
Other Expenses	17,018	17,018	12,295	4,723
Total Human Resources	67,544	67,544	54,571	12,973
Civil Service				
Personal Services	76,530	76,530	71,713	4,817
Other Expenses	30,700	30,700	14,629	16,071
Total Civil Service	107,230	107,230	86,342	20,888
Total General Government	2,572,961	2,567,412	2,224,800	342,612
Total Expenditures	9,031,918	9,049,366	7,935,269	1,114,097
Excess of Revenues Over (Under) Expenditures	(3,239,686)	(3,294,021)	(2,177,778)	1,116,243

(Continued)

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2010
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Sale of Assets	2,500	8,850	8,865	15
Advances In	109,050	54,537	54,536	(1)
Advances Out	(64,050)	(325,000)	(325,000)	0
Transfers In	2,200,000	2,200,000	2,200,000	0
Transfers Out	0	(98,469)	(98,469)	0
Total Other Financing Sources (Uses)	<u>2,247,500</u>	<u>1,839,918</u>	<u>1,839,932</u>	<u>14</u>
Net Change in Fund Balance	(992,186)	(1,454,103)	(337,846)	1,116,257
Fund Balance - Beginning of Year	6,650,628	6,650,628	6,650,628	-
Recovery of Prior Year Encumbrances	-	-	133,459	133,459
Fund Balance - End of Year	<u><u>\$ 5,658,442</u></u>	<u><u>\$ 5,196,525</u></u>	<u><u>\$ 6,446,241</u></u>	<u><u>\$ 1,249,716</u></u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Street Construction, Maintenance and Repair Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 195,000	\$ 197,500	\$ 197,684	\$ 184
Intergovernmental	745,000	741,000	742,069	1,069
Charges for Services	40,500	38,475	38,632	157
Special Assessments	68,156	68,156	85,929	17,773
Miscellaneous	3,500	7,025	26,459	19,434
Total Revenues	<u>1,052,156</u>	<u>1,052,156</u>	<u>1,090,773</u>	<u>38,617</u>
Expenditures				
Current:				
Transportation				
Public Service				
Personal Services	854,609	854,609	831,532	23,077
Other	719,575	719,575	664,037	55,538
Total Expenditures	<u>1,574,184</u>	<u>1,574,184</u>	<u>1,495,569</u>	<u>78,615</u>
Excess of Revenues Over (Under) Expenditures	(522,028)	(522,028)	(404,796)	117,232
Other Financing Sources				
Transfers In	<u>512,495</u>	<u>512,495</u>	<u>512,495</u>	<u>-</u>
Net Change in Fund Balance	(9,533)	(9,533)	107,699	117,232
Fund Balance - Beginning of Year	534,533	534,533	534,533	-
Recovery of Prior Year Encumbrances	-	-	17,078	17,078
Fund Balance - End of Year	<u><u>\$ 525,000</u></u>	<u><u>\$ 525,000</u></u>	<u><u>\$ 659,310</u></u>	<u><u>\$ 134,310</u></u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Park and Recreation Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 980,999	\$ 968,179	\$ 968,181	\$ 2
Intergovernmental	497,932	281,752	268,913	(12,839)
Fees, Licenses and Permits	5,000	5,000	2,474	(2,526)
Charges for Services	503,500	503,500	501,274	(2,226)
Miscellaneous	18,000	37,000	57,433	20,433
Total Revenues	<u>2,005,431</u>	<u>1,795,431</u>	<u>1,798,275</u>	<u>2,844</u>
Expenditures				
Current:				
Leisure Time Activities				
Parks & Recreation				
Personal Services	944,609	944,609	866,028	78,581
Other	524,100	524,100	452,246	71,854
Capital Outlay	862,943	652,084	568,772	83,312
Total Expenditures	<u>2,331,652</u>	<u>2,120,793</u>	<u>1,887,046</u>	<u>233,747</u>
Excess of Revenues Over (Under) Expenditures	(326,221)	(325,362)	(88,771)	236,591
Other Financing (Uses)				
Advances Out	(20,000)	(20,000)	(20,000)	-
Net Change in Fund Balance	(346,221)	(345,362)	(108,771)	236,591
Fund Balance - Beginning of Year	845,147	845,147	845,147	-
Recovery of Prior Year Encumbrances	-	-	10,506	10,506
Fund Balance - End of Year	<u>\$ 498,926</u>	<u>\$ 499,785</u>	<u>\$ 746,882</u>	<u>\$ 247,097</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Income Tax Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$10,500,000	\$10,454,250	\$10,453,032	\$ (1,218)
Interest	26,215	26,782	26,782	-
Miscellaneous	45,000	90,183	90,183	-
Total Revenues	<u>10,571,215</u>	<u>10,571,215</u>	<u>10,569,997</u>	<u>(1,218)</u>
Expenditures				
Current:				
General Government				
Budget & Finance				
Personal Services	240,430	240,430	201,361	39,069
Other	344,750	344,750	318,390	26,360
Total Expenditures	<u>585,180</u>	<u>585,180</u>	<u>519,751</u>	<u>65,429</u>
Excess of Revenues Over Expenditures	9,986,035	9,986,035	10,050,246	64,211
Other Financing Sources (Uses)				
Advances In	30,000	30,000	30,000	-
Transfer Out	(10,229,600)	(10,229,600)	(10,220,720)	8,880
Total Other Financing Sources (Uses)	<u>(10,199,600)</u>	<u>(10,199,600)</u>	<u>(10,190,720)</u>	<u>8,880</u>
Net Change in Fund Balance	(213,565)	(213,565)	(140,474)	73,091
Fund Balance - Beginning of Year	3,639,493	3,639,493	3,639,493	-
Fund Balance - End of Year	<u>\$ 3,425,928</u>	<u>\$ 3,425,928</u>	<u>\$ 3,499,019</u>	<u>\$ 73,091</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Income Tax Safety Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 23,973	\$ 23,973	\$ 26,305	\$ 2,332
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	2,799,822	2,799,822	2,735,677	64,145
Other	2,500	2,500	665	1,835
Total Expenditures	<u>2,802,322</u>	<u>2,802,322</u>	<u>2,736,342</u>	<u>65,980</u>
Excess of Revenues Over (Under) Expenditures	(2,778,349)	(2,778,349)	(2,710,037)	68,312
Other Financing Sources				
Transfers In	<u>2,489,955</u>	<u>2,489,955</u>	<u>2,489,955</u>	<u>-</u>
Net Change in Fund Balance	(288,394)	(288,394)	(220,082)	68,312
Fund Balance - Beginning of Year	<u>345,132</u>	<u>345,132</u>	<u>345,132</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 56,738</u></u>	<u><u>\$ 56,738</u></u>	<u><u>\$ 125,050</u></u>	<u><u>\$ 68,312</u></u>

City of Kent, Ohio
*Schedule 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, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 17,982	\$ 17,982	\$ 17,982	\$ -
Miscellaneous	2,500	200	200	-
Total Revenues	<u>20,482</u>	<u>18,182</u>	<u>18,182</u>	<u>-</u>
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	2,211,115	2,213,790	2,204,978	8,812
Other	403,550	403,550	355,572	47,978
Capital Outlay	102,760	153,695	136,366	17,329
Total Expenditures	<u>2,717,425</u>	<u>2,771,035</u>	<u>2,696,916</u>	<u>74,119</u>
Excess of Revenues Over (Under) Expenditures	(2,696,943)	(2,752,853)	(2,678,734)	74,119
Other Financing Sources				
Sale of Assets	-	2,300	6,355	4,055
Transfers In	2,489,955	2,489,955	2,489,955	-
Total Other Financing Sources	<u>2,489,955</u>	<u>2,492,255</u>	<u>2,496,310</u>	<u>4,055</u>
Net Change in Fund Balance	(206,988)	(260,598)	(182,424)	78,174
Fund Balance - Beginning of Year	630,982	630,982	630,982	-
Recovery of Prior Year Encumbrances	-	-	27,584	27,584
Fund Balance - End of Year	<u>\$ 423,994</u>	<u>\$ 370,384</u>	<u>\$ 476,142</u>	<u>\$ 105,758</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Capital Projects Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 4,385,000	\$ 848,000	\$ 879,566	\$ 31,566
Special Assessments	23,227	17,727	17,729	2
Miscellaneous	-	2,500	2,500	-
Total Revenues	<u>4,408,227</u>	<u>868,227</u>	<u>899,795</u>	<u>31,568</u>
Expenditures				
Capital Outlay:				
Safety	414,956	416,888	302,063	114,825
Service	7,112,828	3,186,325	3,138,716	47,609
Community Development	-	811,700	718,515	93,185
Finance Department	50,000	-	-	-
Total Capital Outlay	<u>7,577,784</u>	<u>4,414,913</u>	<u>4,159,294</u>	<u>255,619</u>
Debt Service:				
Principal	2,965,000	2,965,000	2,965,000	-
Interest & Fiscal Charges	54,475	54,475	53,553	922
Total Debt Service	<u>3,019,475</u>	<u>3,019,475</u>	<u>3,018,553</u>	<u>922</u>
Total Expenditures	<u>10,597,259</u>	<u>7,434,388</u>	<u>7,177,847</u>	<u>256,541</u>
Excess of Revenues Over (Under) Expenditures	(6,189,032)	(6,566,161)	(6,278,052)	288,109
Other Financing Sources				
Proceeds from Sale of Notes	2,725,000	2,725,000	2,725,000	-
Premium on Notes	-	14,800	14,824	24
Transfers In	2,116,310	2,214,779	2,214,779	-
Total Other Financing Sources	<u>4,841,310</u>	<u>4,954,579</u>	<u>4,954,603</u>	<u>24</u>
Net Change in Fund Balance	(1,347,722)	(1,611,582)	(1,323,449)	288,133
Fund Balance - Beginning of Year	2,165,487	2,165,487	2,165,487	-
Recovery of Prior Year Encumbrances	-	-	99,976	99,976
Fund Balance - End of Year	<u>\$ 817,765</u>	<u>\$ 553,905</u>	<u>\$ 942,014</u>	<u>\$ 388,109</u>

City of Kent, Ohio
*Schedule of Revenues, Expenses and Changes in Fund Equity -
 Budget (Non-GAAP Basis) and Actual
 Water Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 295,000	\$ -	\$ 62,681	\$ 62,681
Interest	32,000	31,000	31,768	768
Charges for Services	2,665,000	2,681,000	2,689,587	8,587
Special Assessments	41,047	41,047	46,766	5,719
Miscellaneous	38,894	38,894	43,226	4,332
Total Revenues	3,071,941	2,791,941	2,874,028	82,087
Expenses				
Current:				
Administrative Support				
Personal Services	355,321	355,321	313,100	42,221
Benefits	118,293	118,293	101,183	17,110
Contractual Services	51,713	53,661	48,309	5,352
Supplies and Materials	2,575	2,575	1,702	873
Other	450	1,002	664	338
Total Administrative Support	528,352	530,852	464,958	65,894
Service				
Personal Services	1,007,809	1,007,809	946,799	61,010
Benefits	349,097	349,097	332,414	16,683
Utilities	240,700	240,700	207,830	32,870
Contractual Services	154,500	142,963	126,651	16,312
Supplies and Materials	479,275	489,039	466,535	22,504
Other	56,500	44,739	8,098	36,641
Capital Outlay	1,499,271	722,326	699,058	23,268
Total Service	3,787,152	2,996,673	2,787,385	209,288
Debt Service:				
Principal	33,672	32,664	32,664	-
Interest & Fiscal Charges	17,288	18,296	18,296	-
Total Debt Service	50,960	50,960	50,960	-
Total Expenses	4,366,464	3,578,485	3,303,303	275,182
Excess of Revenues Over (Under) Expenses	(1,294,523)	(786,544)	(429,275)	357,269

(Continued)

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, 2010
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources				
Sale of Capital Assets	-	-	23,378	23,378
Capital Contributions - Tap-in Fees	35,000	20,000	20,303	303
Total Other Financing Sources	<u>35,000</u>	<u>20,000</u>	<u>43,681</u>	<u>23,681</u>
 Net Change in Fund Equity	 (1,259,522)	 (766,544)	 (385,594)	 380,950
 Fund Equity - Beginning of Year	 2,365,041	 2,365,041	 2,365,041	 -
Recovery of Prior Year Encumbrances	-	-	72,460	72,460
Fund Equity - End of Year	<u><u>\$ 1,105,519</u></u>	<u><u>\$ 1,598,497</u></u>	<u><u>\$ 2,051,907</u></u>	<u><u>\$ 453,410</u></u>

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Interest	\$ 32,000	\$ 25,750	\$ 25,706	\$ (44)
Charges for Services	3,433,000	3,433,000	3,449,394	16,394
Special Assessments	33,181	51,181	56,170	4,989
Miscellaneous	10,000	15,750	21,729	5,979
Total Revenues	3,508,181	3,525,681	3,552,999	27,318
Expenses				
Current:				
Administrative Support				
Personal Services	355,321	355,321	313,097	42,224
Benefits	118,293	118,293	101,187	17,106
Contractual Services	49,113	51,061	40,931	10,130
Supplies and Materials	2,575	2,575	1,702	873
Other	3,150	3,702	3,178	524
Total Administrative Support	528,452	530,952	460,095	70,857
Service				
Personal Services	981,485	982,150	936,253	45,897
Benefits	341,884	341,219	323,088	18,131
Utilities	308,000	308,000	233,370	74,630
Contractual Services	249,850	237,633	194,317	43,316
Supplies and Materials	299,250	311,467	284,074	27,393
Other	5,900	20,900	19,695	1,205
Capital Outlay	696,486	637,470	533,987	103,483
Total Service	2,882,855	2,838,839	2,524,784	314,055
Health				
Personal Services	244,748	244,468	241,330	3,138
Benefits	83,192	83,472	74,749	8,723
Contractual Services	36,765	31,916	21,668	10,248
Supplies and Materials	18,060	24,260	15,497	8,763
Other	4,900	3,549	1,898	1,651
Capital Outlay	19,000	21,550	21,549	1
Total Health	406,665	409,215	376,691	32,524

(Continued)

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, 2010
 (Continued)*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Debt Service:				
Principal Retirement	1,040,028	1,033,438	1,033,438	-
Interest & Fiscal Charges	138,024	144,614	144,614	-
Total Debt Service	<u>1,178,052</u>	<u>1,178,052</u>	<u>1,178,052</u>	<u>-</u>
Total Expenses	<u>4,996,024</u>	<u>4,957,058</u>	<u>4,539,622</u>	<u>417,436</u>
Excess of Revenues Over (Under) Expenses	(1,487,843)	(1,431,377)	(986,623)	444,754
Other Financing Sources				
Proceeds from Sale of Notes	795,000	795,000	795,000	-
Premium on Notes	-	-	4,325	4,325
Capital Contribution - Tap-in Fees	35,000	17,500	15,911	(1,589)
Total Other Financing Sources	<u>830,000</u>	<u>812,500</u>	<u>815,236</u>	<u>2,736</u>
Net Change in Fund Equity	(657,843)	(618,877)	(171,387)	447,490
Fund Equity - Beginning of Year	1,826,702	1,826,702	1,826,702	-
Recovery of Prior Year Encumbrances	-	-	66,456	66,456
Fund Equity - End of Year	<u>\$ 1,168,859</u>	<u>\$ 1,207,825</u>	<u>\$ 1,721,771</u>	<u>\$ 513,946</u>

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, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 12,500	\$ 12,500	\$ 12,500	\$ -
Charges for Services	416,000	416,000	413,941	(2,059)
Total Revenues	<u>428,500</u>	<u>428,500</u>	<u>426,441</u>	<u>(2,059)</u>
Expenses				
Current:				
Service				
Personal Services	52,809	52,809	48,653	4,156
Benefits	18,214	18,214	17,463	751
Contractual Services	428,350	428,350	384,663	43,687
Supplies and Materials	9,000	9,000	4,935	4,065
Other	1,000	1,000	-	1,000
Total Expenses	<u>509,373</u>	<u>509,373</u>	<u>455,714</u>	<u>53,659</u>
Net Change in Fund Equity	(80,873)	(80,873)	(29,273)	51,600
Fund Equity - Beginning of Year	87,443	87,443	87,443	-
Recovery of Prior Year Encumbrances	-	-	1,094	1,094
Fund Equity - End of Year	<u>\$ 6,570</u>	<u>\$ 6,570</u>	<u>\$ 59,264</u>	<u>\$ 52,694</u>

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,400,000	\$ 1,089,845	\$ 1,089,847	\$ 2
Interest	35,000	40,500	41,434	934
Charges for Services	555,000	536,960	537,761	801
Special Assessments	20,971	25,969	25,969	-
Miscellaneous	7,000	7,000	7,156	156
Total Revenues	<u>2,017,971</u>	<u>1,700,274</u>	<u>1,702,167</u>	<u>1,893</u>
Expenses				
Current:				
Service				
Personal Services	306,634	306,634	295,302	11,332
Benefits	97,651	97,651	91,059	6,592
Contractual Services	31,000	34,772	24,276	10,496
Supplies and Materials	6,000	6,085	2,168	3,917
Other	1,000	1,000	455	545
Capital Outlay	3,065,000	1,507,143	1,493,810	13,333
Total Service	<u>3,507,285</u>	<u>1,953,285</u>	<u>1,907,070</u>	<u>46,215</u>
Debt Service:				
Principal Retirement	4,968	4,968	4,967	1
Total Expenses	<u>3,512,253</u>	<u>1,958,253</u>	<u>1,912,037</u>	<u>46,216</u>
Excess of Revenues Over (Under) Expenses	(1,494,282)	(257,979)	(209,870)	48,109
Other Financing Sources (Uses)				
Capital Contributions - Tap-in Fees	2,000	500	700	200
OPWC Loans Issued	100,000	-	-	-
Capital Grant	550,000	110,724	110,725	1
Advances Out	(30,000)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	<u>622,000</u>	<u>81,224</u>	<u>81,425</u>	<u>201</u>
Net Change in Fund Equity	(872,282)	(176,755)	(128,445)	48,310
Fund Equity - Beginning of Year	2,744,427	2,744,427	2,744,427	-
Recovery of Prior Year Encumbrances	-	-	117,057	117,057
Fund Equity - End of Year	<u>\$ 1,872,145</u>	<u>\$ 2,567,672</u>	<u>\$ 2,733,039</u>	<u>\$ 165,367</u>

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, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 222,089	\$ 220,830	\$ 220,832	\$ 2
Intergovernmental	53,118	52,377	52,423	46
Miscellaneous	-	2,000	5,526	3,526
Total Revenues	<u>275,207</u>	<u>275,207</u>	<u>278,781</u>	<u>3,574</u>
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	246,600	236,600	236,593	7
Other	28,300	38,300	22,144	16,156
Total Expenditures	<u>274,900</u>	<u>274,900</u>	<u>258,737</u>	<u>16,163</u>
Net Change in Fund Balance	307	307	20,044	19,737
Fund Balance - Beginning of Year	14,562	14,562	14,562	-
Recovery of Prior Year Encumbrances	-	-	1,026	1,026
Fund Balance - End of Year	<u>\$ 14,869</u>	<u>\$ 14,869</u>	<u>\$ 35,632</u>	<u>\$ 20,763</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 State Highway Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 60,168	\$ 168
Expenditures				
Current:				
Transportation				
Service				
Other	60,000	58,753	56,261	2,492
Capital Outlay	-	1,247	1,246	1
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>57,507</u>	<u>2,493</u>
Net Change in Fund Balance	-	-	2,661	2,661
Fund Balance - Beginning of Year	77,245	77,245	77,245	-
Recovery of Prior Year Encumbrances	-	-	312	312
Fund Balance - End of Year	<u><u>\$ 77,245</u></u>	<u><u>\$ 77,245</u></u>	<u><u>\$ 80,218</u></u>	<u><u>\$ 2,973</u></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, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Fees, Licenses and Permits	\$ 49,000	\$ 48,100	\$ 48,139	\$ 39
Expenditures				
Current:				
Public Health and Welfare				
Health				
Personal Services	55,370	55,370	52,822	2,548
Other	1,900	1,900	538	1,362
Total Expenditures	<u>57,270</u>	<u>57,270</u>	<u>53,360</u>	<u>3,910</u>
Net Change in Fund Balance	(8,270)	(9,170)	(5,221)	3,949
Fund Balance - Beginning of Year	42,137	42,137	42,137	-
Fund Balance - End of Year	<u>\$ 33,867</u>	<u>\$ 32,967</u>	<u>\$ 36,916</u>	<u>\$ 3,949</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Revolving Housing Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Fees, Licenses and Permits	\$ 75,000	\$ 74,000	\$ 74,075	\$ 75
Expenditures				
Current:				
Public Health and Welfare				
Health				
Personal Services	74,604	74,604	74,530	74
Other	12,500	12,500	1,066	11,434
Total Expenditures	<u>87,104</u>	<u>87,104</u>	<u>75,596</u>	<u>11,508</u>
Net Change in Fund Balance	(12,104)	(13,104)	(1,521)	11,583
Fund Balance - Beginning of Year	73,086	73,086	73,086	-
Fund Balance - End of Year	<u><u>\$ 60,982</u></u>	<u><u>\$ 59,982</u></u>	<u><u>\$ 71,565</u></u>	<u><u>\$ 11,583</u></u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 State and Local Forfeits Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	\$ 14,000	\$ 14,000	\$ 3,730	\$ 10,270
Net Change in Fund Balance	(14,000)	(14,000)	(3,730)	10,270
Fund Balance - Beginning of Year	14,081	14,081	14,081	-
Fund Balance - End of Year	\$ 81	\$ 81	\$ 10,351	\$ 10,270

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeits	\$ -	\$ 10,950	\$ 10,966	\$ 16
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	17,000	17,000	10,000	7,000
Net Change in Fund Balance	(17,000)	(6,050)	966	7,016
Fund Balance - Beginning of Year	32,470	32,470	32,470	-
Fund Balance - End of Year	\$ 15,470	\$ 26,420	\$ 33,436	\$ 7,016

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeits	\$ 6,000	\$ 5,000	\$ 5,080	\$ 80
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	20,000	20,000	6,839	13,161
Net Change in Fund Balance	(14,000)	(15,000)	(1,759)	13,241
Fund Balance - Beginning of Year	20,706	20,706	20,706	-
Fund Balance - End of Year	\$ 6,706	\$ 5,706	\$ 18,947	\$ 13,241

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, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Interest	\$ 200	\$ 200	\$ 229	\$ 29
Fines and Forfeits	-	-	250	250
Total Revenues	<u>200</u>	<u>200</u>	<u>479</u>	<u>279</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
Capital Outlay	<u>16,500</u>	<u>16,500</u>	<u>-</u>	<u>16,500</u>
Net Change in Fund Balance	(16,300)	(16,300)	479	16,779
Fund Balance - Beginning of Year	<u>17,034</u>	<u>17,034</u>	<u>17,034</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 734</u></u>	<u><u>\$ 734</u></u>	<u><u>\$ 17,513</u></u>	<u><u>\$ 16,779</u></u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Community Development Block Grant Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 615,663	\$ 615,663	\$ 465,568	\$ (150,095)
Interest	10,000	10,000	10,503	503
Miscellaneous	50,000	50,000	54,588	4,588
Total Revenues	<u>675,663</u>	<u>675,663</u>	<u>530,659</u>	<u>(145,004)</u>
Expenditures				
Current:				
Community Development				
Community Development				
Personal Services	63,093	87,493	37,423	50,070
Other	196,638	335,238	184,246	150,992
Capital Outlay	243,609	406,164	263,294	142,870
Total Expenditures	<u>503,340</u>	<u>828,895</u>	<u>484,963</u>	<u>343,932</u>
Net Change in Fund Balance	172,323	(153,232)	45,696	198,928
Fund Balance - Beginning of Year	768,235	768,235	768,235	-
Recovery of Prior Year Encumbrances	-	-	40,536	40,536
Fund Balance - End of Year	<u>\$ 940,558</u>	<u>\$ 615,003</u>	<u>\$ 854,467</u>	<u>\$ 239,464</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Neighborhood Stabilization Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 89,050	\$ 34,537	\$ 34,536	\$ (1)
Expenditures				
Current:				
Community Development				
Community Development				
Personal Services	12,000	17,945	7,871	10,074
Other	159,050	9,478	4,658	4,820
Capital Outlay	-	315,527	315,526	1
Total Expenditures	171,050	342,950	328,055	14,895
Excess of Revenues Over (Under) Expenditures	(82,000)	(308,413)	(293,519)	14,894
Other Financing Sources				
Advances In	64,050	325,000	325,000	-
Advances Out	-	(34,537)	(34,536)	1
Total Other Financing Sources	64,050	290,463	290,464	1
Net Change in Fund Balance	(17,950)	(17,950)	(3,055)	14,895
Fund Balance - Beginning of Year	17,950	17,950	17,950	-
Fund Balance - End of Year	\$ -	\$ -	\$ 14,895	\$ 14,895

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Wireless 911 Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 94,556	\$ 4,556
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	72,500	72,500	51,423	21,077
Capital Outlay	35,000	35,000	-	35,000
Total Expenditures	107,500	107,500	51,423	56,077
Net Change in Fund Balance	(17,500)	(17,500)	43,133	60,633
Fund Balance - Beginning of Year	217,987	217,987	217,987	-
Fund Balance - End of Year	\$ 200,487	\$ 200,487	\$ 261,120	\$ 60,633

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$ 3,000	\$ 2,300	\$ 2,338	\$ 38
Expenditures				
Current:				
Public Health and Welfare				
Health				
Personal Services	3,615	3,615	3,266	349
Other	400	400	31	369
Total Expenditures	<u>4,015</u>	<u>4,015</u>	<u>3,297</u>	<u>718</u>
Net Change in Fund Balance	(1,015)	(1,715)	(959)	756
Fund Balance - Beginning of Year	9,718	9,718	9,718	-
Fund Balance - End of Year	<u>\$ 8,703</u>	<u>\$ 8,003</u>	<u>\$ 8,759</u>	<u>\$ 756</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 JAG Grant Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 13,673	\$ 13,673	\$ 13,673	\$ -
Expenditures				
Current:				
Security of Persons and Property:				
Police and Others:				
Personal Services	53,545	53,545	11,334	42,211
Travel and Education	31,592	31,592	30,054	1,538
Total Expenditures	<u>85,137</u>	<u>85,137</u>	<u>41,388</u>	<u>43,749</u>
Net Change in Fund Balance	(71,464)	(71,464)	(27,715)	43,749
Fund Balance - Beginning of Year	71,464	71,464	71,464	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,749</u>	<u>\$ 43,749</u>

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 93,736	\$ 93,129	\$ 93,131	\$ 2
Intergovernmental	22,034	21,809	21,811	2
Total Revenues	<u>115,770</u>	<u>114,938</u>	<u>114,942</u>	<u>4</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	115,000	115,000	115,000	-
Net Change in Fund Balance	770	(62)	(58)	4
Fund Balance - Beginning of Year	185	185	185	-
Fund Balance - End of Year	<u>\$ 955</u>	<u>\$ 123</u>	<u>\$ 127</u>	<u>\$ 4</u>

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, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 93,736	\$ 93,129	\$ 93,131	\$ 2
Intergovernmental	22,034	21,809	21,811	2
Total Revenues	<u>115,770</u>	<u>114,938</u>	<u>114,942</u>	<u>4</u>
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>
Net Change in Fund Balance	770	(62)	(58)	4
Fund Balance - Beginning of Year	<u>185</u>	<u>185</u>	<u>185</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 955</u></u>	<u><u>\$ 123</u></u>	<u><u>\$ 127</u></u>	<u><u>\$ 4</u></u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Urban Development Action Grant Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Interest	\$ 5,000	\$ 5,000	\$ 5,528	\$ 528
Miscellaneous	20,000	20,000	50,371	30,371
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>55,899</u>	<u>30,899</u>
Expenditures				
Current:				
Community Development				
City Manager				
Other	125,000	125,000	125,000	-
Net Change in Fund Balance	(100,000)	(100,000)	(69,101)	30,899
Fund Balance - Beginning of Year	173,414	173,414	173,414	-
Fund Balance - End of Year	<u>\$ 73,414</u>	<u>\$ 73,414</u>	<u>\$ 104,313</u>	<u>\$ 30,899</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, 2010*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Special Assessments	\$ 51,220	\$ 51,220	\$ 64,384	\$ 13,164
Expenditures				
Current:				
General Government				
Budget and Finance				
Other	3,500	3,500	2,628	872
Debt Service:				
Principal	209,947	209,947	209,947	-
Interest & Fiscal Charges	108,973	108,973	108,973	-
Total Debt Service	<u>318,920</u>	<u>318,920</u>	<u>318,920</u>	<u>-</u>
Total Expenditures	<u>322,420</u>	<u>322,420</u>	<u>321,548</u>	<u>872</u>
Excess of Revenues Over (Under) Expenditures	(271,200)	(271,200)	(257,164)	14,036
Other Financing Sources				
Transfers In	<u>270,885</u>	<u>270,885</u>	<u>270,885</u>	<u>-</u>
Net Change in Fund Balance	(315)	(315)	13,721	14,036
Fund Balance - Beginning of Year	<u>18,424</u>	<u>18,424</u>	<u>18,424</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 18,109</u>	<u>\$ 18,109</u>	<u>\$ 32,145</u>	<u>\$ 14,036</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Muni PI Tax Increment Equivalent Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ -	\$ -	\$ 595	\$ 595
Expenditures				
Capital Outlay:				
Community Development	882,000	882,000	-	882,000
Finance Department	18,000	18,000	17,999	1
Total Expenditures	<u>900,000</u>	<u>900,000</u>	<u>17,999</u>	<u>882,001</u>
Excess of Revenues Over (Under) Expenditures	(900,000)	(900,000)	(17,404)	882,596
Other Financing Sources				
Proceeds from Sale of Notes	900,000	900,000	900,000	-
Premium on Notes	4,896	-	4,896	4,896
Total Other Financing Sources	<u>904,896</u>	<u>900,000</u>	<u>904,896</u>	<u>4,896</u>
Net Change in Fund Balance	4,896	-	887,492	887,492
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<u>\$ 4,896</u>	<u>\$ -</u>	<u>\$ 887,492</u>	<u>\$ 887,492</u>

STATISTICAL SECTION

City of Kent, Ohio

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2 - S8
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local tax revenue sources, income tax and property tax.	S9 – S16
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S17 – S23
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S24 – S25
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S26 – S36

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

City of Kent, Ohio

Net Assets by Component Accrual Basis of Accounting Last Eight Years

Table 1

	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$34,486,661	\$32,644,284	\$30,315,249	\$26,951,296	\$17,826,725	\$15,071,440	\$10,945,438	\$7,742,185
Restricted	10,583,375	11,445,419	11,802,606	11,305,339	10,128,602	9,822,372	9,923,375	10,425,385
Unrestricted	15,181,317	15,581,099	16,110,251	16,802,244	14,267,218	13,419,546	14,674,034	14,770,661
<i>Total Governmental Activities Net Assets</i>	<u>60,251,353</u>	<u>59,670,802</u>	<u>58,228,106</u>	<u>55,058,879</u>	<u>42,222,545</u>	<u>38,313,358</u>	<u>35,542,847</u>	<u>32,938,231</u>
Business Type - Activities								
Invested in Capital Assets, Net of Related Debt	50,033,315	49,221,658	48,345,006	48,198,941	48,635,444	47,751,884	45,884,269	41,824,749
Unrestricted	7,321,992	7,913,744	8,708,998	9,447,211	7,491,831	6,855,253	5,798,379	5,632,183
<i>Total Business-Type Activities Net Assets</i>	<u>57,355,307</u>	<u>57,135,402</u>	<u>57,054,004</u>	<u>57,646,152</u>	<u>56,127,275</u>	<u>54,607,137</u>	<u>51,682,648</u>	<u>47,456,932</u>
Primary Government								
Invested in Capital Assets, Net of Related Debt	84,519,976	81,865,942	78,660,255	75,150,237	66,462,169	62,823,324	56,829,707	49,566,934
Restricted	10,583,375	11,445,419	11,802,606	11,305,339	10,128,602	9,822,372	9,923,375	10,425,385
Unrestricted	22,503,309	23,494,843	24,819,249	26,249,455	21,759,049	20,274,799	20,472,413	20,402,844
<i>Total Primary Government Net Assets</i>	<u>\$117,606,660</u>	<u>\$116,806,204</u>	<u>\$115,282,110</u>	<u>\$112,705,031</u>	<u>\$98,349,820</u>	<u>\$92,920,495</u>	<u>\$87,225,495</u>	<u>\$80,395,163</u>

City of Kent, Ohio

Changes in Net Assets Accrual Basis of Accounting Last Eight Years

Table 2

	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues								
Governmental Activities:								
Charges for Services:								
Security of Persons and Property	\$1,472,354	\$1,345,473	\$1,473,544	\$1,296,839	\$1,242,357	\$895,878	\$787,397	\$572,818
Public Health and Welfare	151,774	163,857	162,688	154,456	160,183	208,339	202,513	168,914
Leisure Time Activities	483,292	519,474	485,958	483,382	440,288	392,615	335,721	245,281
Community Development	58,576	59,667	74,398	72,749	76,504	243,509	234,795	209,881
Transportation	38,632	40,256	420	420	2,350	2,033	3,971	7,789
General Government	63,132	71,777	98,375	90,659	193,686	433,944	397,637	340,826
Subtotal - Charges for Services	2,267,760	2,200,504	2,295,383	2,098,505	2,115,368	2,176,318	1,962,034	1,545,509
Operating Grants and Contributions:								
Security of Persons and Property	50,659	236,658	109,737	174,223	40,670	58,165	90,360	45,007
Public Health and Welfare	9,977	8,564	8,467	9,786	8,404	4,893	8,568	2,651
Leisure Time Activities	0	0	0	0	0	0	11,961	8,023
Community Development	704,125	337,839	487,756	289,541	670,627	743,594	705,128	711,927
Transportation	804,778	793,252	821,735	853,067	740,864	771,546	961,337	618,533
General Government	0	0	0	0	0	23,055	50,599	76,269
Subtotal - Operating Grants and Contributions	1,569,539	1,376,313	1,427,695	1,326,617	1,460,565	1,601,253	1,827,953	1,462,410
Capital Grants and Contributions:								
Security of Persons and Property	0	0	0	0	38,303	0	0	0
Leisure Time Activities	32,297	7,001	892,074	0	0	0	0	0
Community Development	0	0	0	0	0	0	0	119,116
Transportation	873,056	1,998,656	1,930,197	991,738	1,811,785	797,717	898,967	0
Subtotal - Capital Grants and Contributions	905,353	2,005,657	2,822,271	991,738	1,850,088	797,717	898,967	119,116
Total Governmental Activities Program Revenues	4,742,652	5,582,474	6,545,349	4,416,860	5,426,021	4,575,288	4,688,954	3,127,035
Business-Type Activities:								
Charges for Services:								
Water	2,706,968	2,635,679	2,491,836	2,764,094	2,718,143	2,817,816	2,800,642	2,742,512
Sewer	3,491,363	3,433,218	3,173,156	3,606,844	3,534,247	3,519,931	3,514,419	3,471,812
Solid Waste	419,696	400,690	377,726	397,071	390,015	390,057	409,650	403,039
Storm Water Drainage	548,930	560,039	558,382	574,530	559,376	538,781	492,517	531,238
Subtotal - Charges for Services	7,166,957	7,029,626	6,601,100	7,342,539	7,201,781	7,266,585	7,217,228	7,148,601
Operating Grants and Contributions:								
Water	0	0	0	0	0	627	4,549	6,588
Sewer	0	0	0	0	0	12,730	79,484	14,514
Solid Waste	12,500	12,500	12,500	12,500	12,500	12,500	12,500	2,789
Subtotal - Operating Grants and Contributions	12,500	12,500	12,500	12,500	12,500	25,857	96,533	23,891
Capital Grants and Contributions								
Water	127,177	91,076	42,052	732,442	277,139	590,769	277,022	773,838
Sewer	57,438	111,524	39,693	156,177	270,058	1,172,094	3,122,967	1,654,812
Solid Waste	0	0	0	0	0	0	0	0
Storm Water Drainage	1,083,023	586,939	201,215	342,499	573,081	605,128	0	678,898
Subtotal - Capital Grants and Contributions	1,267,638	789,539	282,960	1,231,118	1,120,278	2,367,991	3,399,989	3,107,548
Total Business-Type Activities Program Revenues	8,447,095	7,831,665	6,896,560	8,586,157	8,334,559	9,660,433	10,713,750	10,280,040
Total Primary Government Program Revenues	\$13,189,747	\$13,414,139	\$13,441,909	\$13,003,017	\$13,760,580	\$14,235,721	\$15,402,704	\$13,407,075

(Continued)

City of Kent, Ohio

Changes in Net Assets (continued) Accrual Basis of Accounting Last Eight Years

Table 2

	2010	2009	2008	2007	2006	2005	2004	2003
Expenses								
Governmental Activities:								
Security of Persons and Property	\$10,595,357	\$10,369,569	\$10,048,146	\$9,767,636	\$9,323,964	\$9,088,539	\$9,075,391	\$7,925,699
Public Health and Welfare	632,398	620,303	624,117	567,464	565,274	547,160	561,554	492,345
Leisure Time Activities	1,438,323	1,382,046	1,349,541	1,304,088	1,316,911	1,202,921	1,242,072	793,778
Community Development	1,787,031	1,771,093	1,809,918	1,806,399	1,909,670	1,850,436	1,959,483	1,822,724
Transportation	3,713,225	3,462,831	3,511,591	3,242,973	2,181,729	2,056,046	1,958,035	1,540,000
General Government	2,852,097	2,848,297	2,758,218	2,697,076	2,751,222	2,747,645	2,825,076	2,394,007
Interest and Fiscal Charges	143,384	215,996	258,757	276,968	279,179	245,952	242,475	256,440
<i>Total Governmental Activities Expenses</i>	<u>21,161,815</u>	<u>20,670,135</u>	<u>20,360,288</u>	<u>19,662,604</u>	<u>18,327,949</u>	<u>17,738,699</u>	<u>17,864,086</u>	<u>15,224,993</u>
Business-Type Activities								
Water	3,306,197	3,339,193	3,310,242	3,075,261	2,898,864	2,936,749	2,899,516	2,660,267
Sewer	3,985,170	4,062,437	3,881,883	3,758,029	3,819,961	3,511,561	3,397,853	3,441,320
Solid Waste	453,846	479,740	430,779	449,101	429,551	362,930	371,803	396,039
Storm Water Drainage	664,552	287,644	275,168	261,035	240,410	215,725	237,800	232,269
<i>Total Business-Type Activities Expenses</i>	<u>8,409,765</u>	<u>8,169,014</u>	<u>7,898,072</u>	<u>7,543,426</u>	<u>7,388,786</u>	<u>7,026,965</u>	<u>6,906,972</u>	<u>6,729,895</u>
<i>Total Primary Government Program Expenses</i>	<u>29,571,580</u>	<u>28,839,149</u>	<u>28,258,360</u>	<u>27,206,030</u>	<u>25,716,735</u>	<u>24,765,664</u>	<u>24,771,058</u>	<u>21,954,888</u>
Net (Expense)/Revenue								
Governmental Activities	(\$16,419,163)	(\$15,087,661)	(\$13,814,939)	(\$15,245,744)	(\$12,901,928)	(\$13,163,411)	(\$13,175,132)	(\$12,097,958)
Business-Type Activities	37,330	(337,349)	(1,001,512)	1,042,731	945,773	2,633,468	3,806,778	3,550,145
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$16,381,833)</u>	<u>(\$15,425,010)</u>	<u>(\$14,816,451)</u>	<u>(\$14,203,013)</u>	<u>(\$11,956,155)</u>	<u>(\$10,529,943)</u>	<u>(\$9,368,354)</u>	<u>(\$8,547,813)</u>
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Taxes:								
Property and Other Local Taxes Levied For:								
General Purposes	\$1,626,108	\$1,639,561	\$1,645,714	\$1,672,891	\$1,688,373	\$1,579,658	\$1,588,087	\$1,482,922
Other Purposes	1,593,553	1,578,221	1,539,836	1,580,977	1,517,163	1,442,769	1,462,646	1,425,001
Income Taxes	10,800,430	10,402,223	10,508,828	10,577,734	10,147,407	10,149,597	9,705,339	9,743,877
Grants and Entitlements not Restricted to								
Specific Programs	2,446,005	2,403,218	2,430,874	2,653,962	2,203,538	2,308,746	2,173,408	2,642,496
Investment Earnings	232,274	443,814	781,307	1,158,296	1,083,312	615,028	354,751	369,743
Gain on Sale of Capital Assets	0	0	0	0	0	0	26,173	0
Miscellaneous	301,344	165,543	77,607	284,815	171,322	99,965	261,338	407,711
Transfers	0	0	0	0	0	0	(170,000)	(225,000)
<i>Total Governmental Activities</i>	<u>16,999,714</u>	<u>16,632,580</u>	<u>16,984,166</u>	<u>17,928,675</u>	<u>16,811,115</u>	<u>16,195,763</u>	<u>15,401,742</u>	<u>15,846,750</u>
Business-Type Activities								
Investment Earnings	76,543	187,029	353,880	415,999	320,134	225,528	94,364	100,152
Gain on Sale of Capital Assets	23,796	0	0	0	203,669	0	17,357	0
Miscellaneous	82,236	129,495	55,484	60,147	50,602	46,722	49,469	79,665
Transfers	0	0	0	0	0	0	170,000	225,000
<i>Total Business-Type Activities</i>	<u>182,575</u>	<u>316,524</u>	<u>409,364</u>	<u>476,146</u>	<u>574,405</u>	<u>272,250</u>	<u>331,190</u>	<u>404,817</u>
<i>Total Primary Government</i>	<u>17,182,289</u>	<u>16,949,104</u>	<u>17,393,530</u>	<u>18,404,821</u>	<u>17,385,520</u>	<u>16,468,013</u>	<u>15,732,932</u>	<u>16,251,567</u>
Change in Net Assets								
Governmental Activities	580,551	1,544,919	3,169,227	2,682,931	3,909,187	3,032,352	2,226,610	3,748,792
Business-Type Activities	219,905	(20,825)	(592,148)	1,518,877	1,520,178	2,905,718	4,137,968	3,954,962
<i>Total Primary Government Change in Net Assets</i>	<u>\$800,456</u>	<u>\$1,524,094</u>	<u>\$2,577,079</u>	<u>\$4,201,808</u>	<u>\$5,429,365</u>	<u>\$5,938,070</u>	<u>\$6,364,578</u>	<u>\$7,703,754</u>

City of Kent, Ohio

Governmental Activities Tax Revenues by Source
Accrual Basis of Accounting
Last Eight Years

Table 3

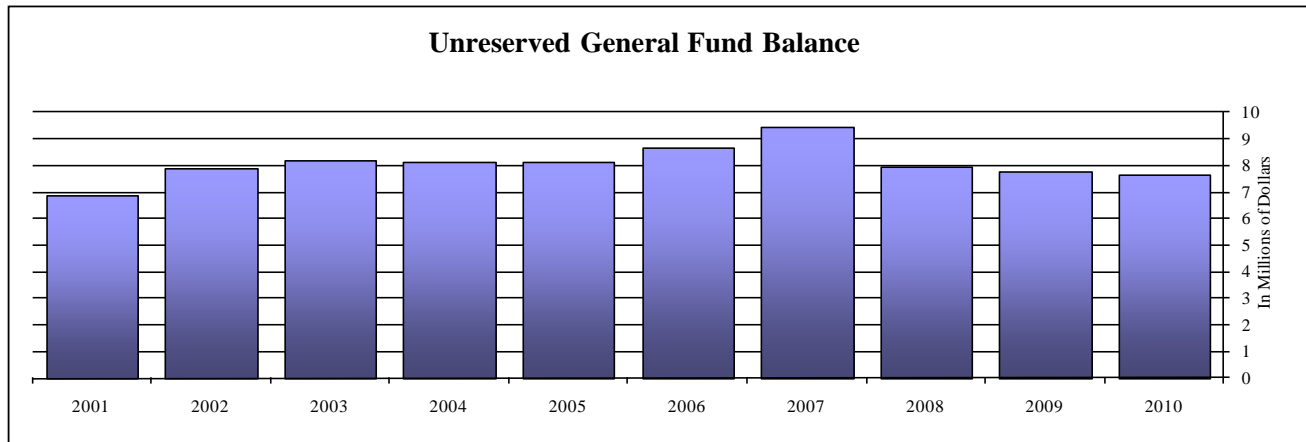
<u>Year</u>	<u>Municipal Income Taxes</u>	<u>Property and Other Local Taxes</u>	<u>Total</u>
2010	\$10,800,430	\$3,219,661	\$14,020,091
2009	10,402,223	3,217,782	13,620,005
2008	10,508,828	3,185,550	13,694,378
2007	10,577,734	3,253,868	13,831,602
2006	10,147,407	3,205,536	13,352,943
2005	10,149,597	3,022,427	13,172,024
2004	9,705,339	3,050,733	12,756,072
2003	9,743,877	2,907,923	12,651,800

City of Kent, Ohio

Fund Balances, Governmental Funds Modified Accrual Basis of Accounting Last Ten Years

Table 4

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	\$1,750,025	\$1,639,853	\$1,831,388	\$623,091	\$326,376	\$307,588	\$732,394	\$638,866	\$1,054,925	\$853,395
Unreserved	7,645,355	7,792,430	7,993,656	9,467,823	8,690,503	8,128,983	8,131,289	8,228,294	7,885,318	6,875,449
Total General Fund	9,395,380	9,432,283	9,825,044	10,090,914	9,016,879	8,436,571	8,863,683	8,867,160	8,940,243	7,728,844
All Other Governmental Funds										
Reserved	3,129,137	2,212,363	2,237,630	2,348,967	1,994,925	2,542,837	2,375,454	2,841,313	5,026,575	4,755,880
Unreserved:										
Designated:										
Special Revenue funds										
For Public Facilities and Programs	2,189,748	2,162,966	2,120,760	2,030,076	1,965,565	1,866,936	1,798,054	1,752,668	1,698,184	1,647,123
Undesignated (Deficit), Reported in:										
Special Revenue funds	7,323,591	8,062,407	7,863,374	8,586,351	7,709,110	7,096,062	6,548,672	6,218,145	5,745,245	5,740,222
Capital Projects funds	(1,765,476)	(711,829)	(553,463)	(1,824,391)	(2,112,636)	(2,510,795)	(2,817,282)	(2,342,442)	(5,382,802)	(3,012,660)
Total All Other Governmental Funds	10,877,000	11,725,907	11,668,301	11,141,003	9,556,964	8,995,040	7,904,898	8,469,684	7,087,202	9,130,565
Total Governmental Funds	\$20,272,380	\$21,158,190	\$21,493,345	\$21,231,917	\$18,573,843	\$17,431,611	\$16,768,581	\$17,336,844	\$16,027,445	\$16,859,409



City of Kent, Ohio

Changes in Fund Balances, Governmental Funds Modified Accrual Basis of Accounting Last Ten Years

Table 5

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Taxes:										
Property and Other Local Taxes	\$3,188,957	\$3,191,649	\$3,181,717	\$3,268,463	\$3,115,248	\$2,998,573	\$3,053,539	\$2,876,964	\$2,705,651	\$2,645,656
Municipal Income Taxes	10,497,813	10,525,332	10,590,922	10,564,245	10,179,387	10,142,768	9,697,832	9,745,072	9,630,343	9,390,575
Charges for Services	1,710,682	1,782,466	1,782,566	1,727,130	1,373,609	1,458,020	1,239,502	988,417	849,472	755,909
Fees, Licenses and Permits	203,840	195,432	233,749	225,905	334,498	348,454	349,356	241,387	293,606	300,552
Fines and Forfeitures	215,091	232,475	273,217	234,768	245,442	369,844	373,176	315,705	339,937	352,319
Intergovernmental	4,933,568	5,776,055	6,794,713	4,406,113	3,848,989	3,988,310	4,759,878	4,145,984	4,457,224	3,671,672
Special Assessments	162,134	134,760	188,193	206,943	164,351	163,218	163,005	166,775	166,417	209,485
Interest	199,075	411,319	746,226	1,119,987	1,044,343	573,151	311,813	319,078	432,931	931,920
Miscellaneous	301,496	169,412	84,153	235,884	441,168	97,432	261,338	407,711	485,468	345,495
<i>Total Revenues</i>	<u>21,412,656</u>	<u>22,418,900</u>	<u>23,875,456</u>	<u>21,989,438</u>	<u>20,747,035</u>	<u>20,139,770</u>	<u>20,209,439</u>	<u>19,207,093</u>	<u>19,361,049</u>	<u>18,603,583</u>
Expenditures										
Current:										
Security of Persons and Property	10,132,948	9,769,228	9,604,565	9,177,854	8,871,722	8,574,921	8,566,950	7,977,881	7,801,668	7,328,137
Public Health and Welfare	624,153	614,382	622,121	561,623	564,743	545,881	557,405	520,443	517,827	466,178
Leisure Time Activities	1,316,516	1,311,301	1,282,314	1,233,477	1,237,456	1,141,268	1,175,458	979,959	955,279	863,226
Community Development	1,787,852	1,748,287	1,783,711	1,789,461	1,895,068	1,836,098	1,924,022	1,946,318	2,102,383	2,098,614
Transportation	1,859,655	1,871,613	1,650,958	1,471,685	1,299,412	1,400,731	1,455,517	1,424,857	1,365,439	1,251,158
General Government	2,772,347	2,740,057	2,623,065	2,533,830	2,627,620	2,568,272	2,659,253	2,424,777	2,616,445	2,880,775
Capital Outlay	3,764,921	4,171,122	5,569,791	2,160,125	2,646,181	2,714,605	3,732,130	2,264,048	4,382,589	2,835,200
Debt Service:										
Principal Retirement	209,947	198,947	217,947	211,947	204,947	188,947	187,947	181,947	170,947	176,947
Interest and Fiscal Charges	144,108	216,718	259,556	277,737	280,497	246,585	242,924	257,533	289,869	331,500
<i>Total Expenditures</i>	<u>22,612,447</u>	<u>22,641,655</u>	<u>23,614,028</u>	<u>19,417,739</u>	<u>19,627,646</u>	<u>19,217,308</u>	<u>20,501,606</u>	<u>17,977,763</u>	<u>20,202,446</u>	<u>18,231,735</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,199,791)</u>	<u>(222,755)</u>	<u>261,428</u>	<u>2,571,699</u>	<u>1,119,389</u>	<u>922,462</u>	<u>(292,167)</u>	<u>1,229,330</u>	<u>(841,397)</u>	<u>371,848</u>

(Continued)

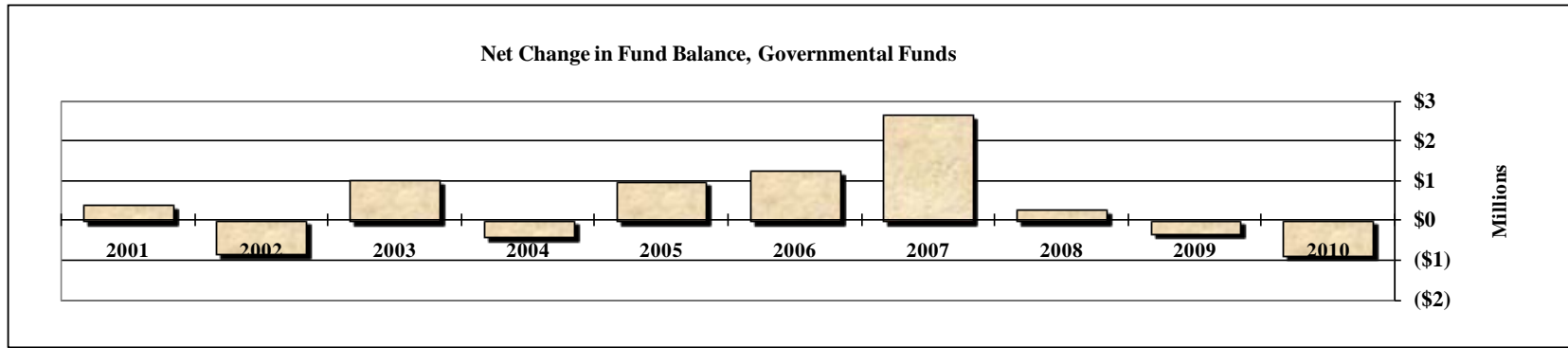
City of Kent, Ohio

Changes in Fund Balances, Governmental Funds Modified Accrual Basis of Accounting (continued)

Last Ten Years

Table 5

Other Financing Sources (Uses)										
Sale of Capital Assets	0	0	0	86,375	112,843	0	26,913	0	0	0
Note Premium	0	0	0	0	0	0	26,730	0	9,433	0
Loan Proceeds	455,101	0	0	0	0	0	0	0	0	0
Transfers In	10,178,069	9,834,480	10,643,237	10,188,942	9,599,347	9,579,181	8,995,666	9,273,113	8,640,696	7,985,703
Transfers Out	(10,319,189)	(9,946,880)	(10,643,237)	(10,188,942)	(9,599,347)	(9,549,181)	(9,165,666)	(9,498,113)	(8,640,696)	(7,985,703)
Total Other Financing Sources (Uses)	313,981	(112,400)	0	86,375	112,843	30,000	(116,357)	(225,000)	9,433	0
Net Change in Fund Balances	(\$885,810)	(\$335,155)	\$261,428	\$2,658,074	\$1,232,232	\$952,462	(\$408,524)	\$1,004,330	(\$831,964)	\$371,848
Debt Service as a Percentage of Noncapital Expenditures	1.85%	2.25%	2.65%	2.84%	2.86%	2.64%	2.57%	2.80%	2.91%	3.30%



City of Kent, Ohio

Governmental Funds' Tax Revenues by Source
Modified Accrual Basis of Accounting
Last Ten Years

Table 6

<u>Year</u>	<u>Municipal Income Taxes</u>	<u>Property and Other Local Taxes</u>	<u>Total</u>
2010	\$10,497,813	\$3,188,957	\$13,686,770
2009	10,525,332	3,191,649	13,716,981
2008	10,590,922	3,181,717	13,772,639
2007	10,564,245	3,268,463	13,832,708
2006	10,179,387	3,115,248	13,294,635
2005	10,142,768	2,998,573	13,141,341
2004	9,697,832	3,053,539	12,751,371
2003	9,745,072	2,876,964	12,622,036
2002	9,630,343	2,705,651	12,335,994
2001	9,390,575	2,645,656	12,036,231

City of Kent, Ohio

Income Tax Revenue Base and Collections (Cash Basis)

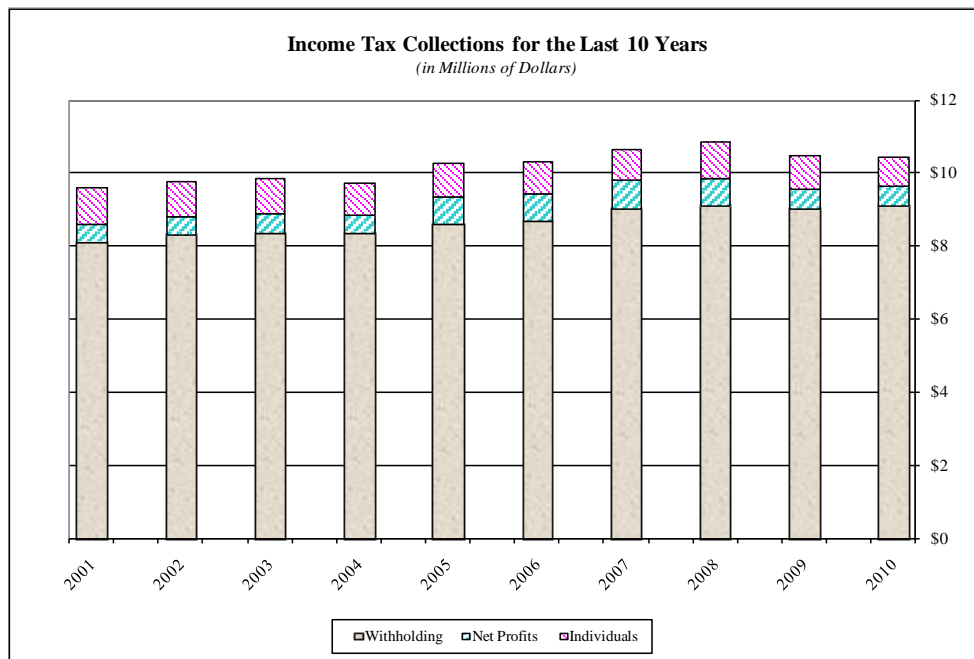
Last Ten Years

Table 7

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2010	2.00%	\$10,453,032	\$9,127,346	87.32%	\$514,532	4.92%	\$811,154	7.76%
2009	2.00	10,482,215	9,014,860	86.00	563,146	5.37	\$904,209	8.63
2008	2.00	10,871,742	9,132,780	84.01	754,913	6.94	984,049	9.05
2007	2.00	10,660,344	9,027,152	84.68	816,743	7.66	816,449	7.66
2006	2.00	10,315,459	8,682,188	84.16	748,460	7.26	884,811	8.58
2005	2.00	10,305,383	8,613,458	83.58	772,397	7.50	919,528	8.92
2004	2.00	9,725,546	8,346,704	85.83	506,032	5.20	872,810	8.97
2003	2.00	9,858,757	8,358,858	84.79	558,370	5.66	941,529	9.55
2002	2.00	9,782,615	8,324,405	85.09	496,000	5.07	962,210	9.84
2001	2.00	9,603,984	8,106,727	84.41	498,065	5.19	999,192	10.40

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

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



City of Kent, Ohio

Top Ten Income Tax Withholders

Current and Nine Years Ago

Table 8

2010	
Rank	Employer Name
1	Kent State University
2	Kent City Schools
3	Davey Tree Expert Co., Inc.
4	City of Kent
5	Land-O-Lakes
6	Smithers-Oasis Company
7	Klaben Family Ford, Inc.
8	Robinson Memorial
9	Don Joseph Inc.
10	ACS Industries

2001		
2010 Rank	Rank	Employer Name
1	1	Kent State University
2	2	Kent City Schools
4	3	City of Kent
3	4	Davey Tree Expert Co., Inc.
n/a	5	Ametek, Inc.
6	6	Smithers-Oasis Company
7	7	Klaben Family Ford, Inc.
5	8	Land-O-Lakes
n/a	9	Gougler Industries, Inc.
11	10	Kent Adhesive Products

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

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

n/a - Information is not available.

City of Kent, Ohio

*Property Tax Rates – Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)*

Last Ten Years

Table 9

Tax Year/ Collection Year	City of Kent Direct Rates						Overlapping Rates		Total Direct & Overlapping Rates
	General Fund	West Side Fire Station	Recreation Fund	Police Pension Fund	Fire Pension Fund	Total City	Portage County	Kent City School District	
2010/2011	\$ 4.76	\$ 0.73	\$ 3.45	\$ 0.30	\$ 0.30	\$ 9.54	\$ 13.62	\$ 102.91	\$ 126.07
2009/2010	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.42	125.58
2008/2009	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.18	125.34
2007/2008	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.42	125.58
2006/2007	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.42	125.58
2005/2006	4.76	0.73	3.45	0.30	0.30	9.54	13.62	95.78	118.94
2004/2005	4.66	0.73	3.45	0.30	0.30	9.44	13.62	95.77	118.83
2003/2004	4.66	0.73	3.45	0.30	0.30	9.44	12.72	96.01	118.17
2002/2003	4.66	0.73	3.45	0.30	0.30	9.44	12.72	94.48	116.64
2001/2002	4.66	0.73	3.45	0.30	0.30	9.44	12.72	86.35	108.51
2000/2001	4.66	0.73	3.45	0.30	0.30	9.44	12.72	86.60	108.76

Source: Portage County, Ohio; County Auditor



City of Kent, Ohio

Assessed Valuations and Estimated Actual Values of Taxable Property

Last Ten Years

Table 10

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2010	\$245,425,880	\$99,440,840	\$985,333,486	\$4,703,740	\$7,020,507
2009	256,434,590	100,457,690	1,019,692,229	4,346,170	6,486,821
2008	252,810,490	99,540,990	1,006,718,514	4,320,510	6,448,522
2007	247,212,070	102,158,740	998,202,314	7,473,970	11,155,179
2006	224,455,410	92,947,180	906,864,543	8,102,390	12,093,119
2005	218,255,087	93,118,010	889,637,420	9,530,700	10,830,341
2004	214,777,462	92,267,150	877,270,320	9,745,960	11,074,955
2003	185,232,675	87,820,073	780,150,709	10,064,210	11,436,602
2002	182,139,853	86,295,100	766,957,009	9,883,000	11,230,682
2001	178,091,013	86,032,900	754,639,751	10,532,130	11,968,330

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

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

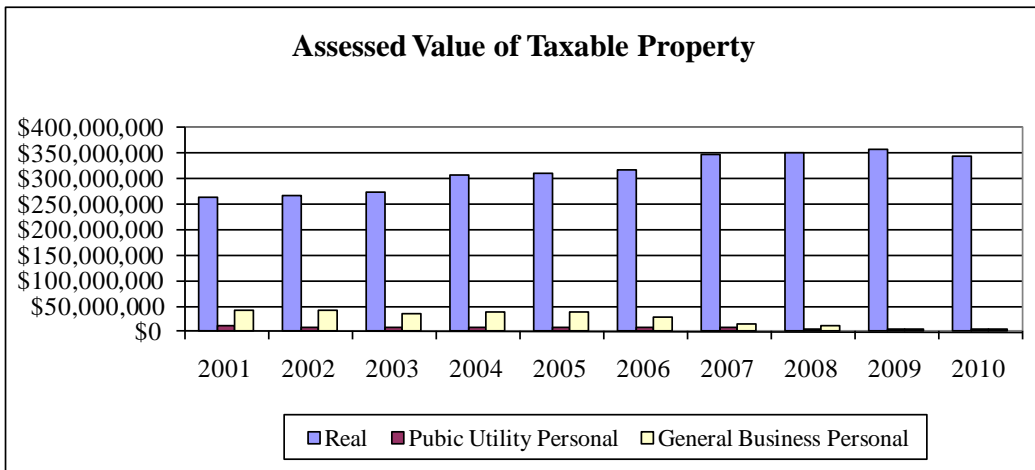
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by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

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

- (1) Other than public utility property
- (2) Real and tangible personal public utility property
- (3) This amount is calculated based on the following percentages:
 - Real property is assessed at 35% of actual value.
 - Public utility is assessed at 88% of actual value - 1996 through 2004.
 - Public utility is assessed at 67% of actual value - 2005 through 2009.
 - Tangible personal is assessed at 25% of true value for capital assets and 23% of true value for inventory.

Table 10

<u>Tangible Personal Property</u>					
<u>General Business</u>		<u>Total</u>			<u>Direct Tax Rate</u>
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>	
\$549,540	\$8,792,640	\$350,120,000	\$1,001,146,633	34.97%	9.54
1,043,340	16,693,440	362,281,790	1,042,872,489	34.97	9.54
10,845,518	173,528,288	367,517,508	1,186,695,325	34.74	9.54
15,448,700	123,589,600	372,293,480	1,132,947,093	30.97	9.54
28,023,818	149,460,363	353,528,798	1,068,418,025	33.09	9.54
37,133,989	148,535,956	358,037,786	1,049,003,717	34.13	9.44
38,007,178	152,028,712	354,797,750	1,040,373,987	34.10	9.44
36,373,796	145,495,184	319,490,754	937,082,495	34.09	9.44
42,935,640	171,742,560	321,253,593	949,930,250	33.82	9.44
42,056,737	168,226,948	316,712,780	934,835,029	33.88	9.44



City of Kent, Ohio

Property Tax Levies and Collections

Last Ten Years

Table 11

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections to Tax Levy (1)</u>	<u>Accumulated Outstanding Delinquent Taxes</u>
2010	\$ 3,110,607	\$ 2,971,714	95.53%	\$ 98,660	\$ 3,070,374	98.71%	\$ 284,989
2009	3,115,522	3,002,879	96.38	94,310	3,097,189	99.41	254,285
2008	3,165,432	3,072,009	97.05	88,462	3,160,471	99.84	228,150
2007	3,214,063	3,125,628	97.25	89,501	3,215,129	100.03	224,317
2006	3,001,119	2,943,312	98.07	87,851	3,031,163	101.00	238,914
2005	3,016,195	2,904,751	96.31	83,750	2,988,501	99.08	221,840
2004	2,990,557	2,908,664	97.26	130,128	3,038,792	101.61	193,334
2003	2,822,825	2,757,875	97.70	77,216	2,835,091	100.43	166,525
2002	2,633,533	2,534,329	96.23	68,297	2,602,626	98.83	159,168
2001	2,458,410	2,401,347	97.68	62,949	2,464,296	100.24	148,243

Source: Portage County, Ohio; County Auditor

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

Note: The County Auditor does not provide delinquent taxes by the year they were levied.

City of Kent, Ohio

Principal Taxpayers – Real Estate Tax

2010 and 2001

Table 12

Taxpayer	2010	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Mikey Ryan	\$2,941,120	0.84 %
Draucker, Carl A.	2,623,460	0.75
Silver Meadows Ltd.	2,500,100	0.71
DSMP - Kent LLC	2,365,790	0.68
Whitehall Terrace Investors LLC	2,190,900	0.63
Douglas Partners LLC	2,126,710	0.61
New Indian Valley Ltd.	1,845,940	0.53
Fontaine Trailer Company	1,732,750	0.49
Davey Tree Expert Co	1,693,550	0.48
Inn at Golden Pond Ltd.	1,675,520	0.48
Total	\$21,695,840	6.20 %
Total Assessed Valuation	\$350,120,000	
Taxpayer	2001	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Ohio Bell	\$4,653,280	1.47 %
Gougler Industries, Inc.	4,453,800	1.41 %
Ohio Edison	3,719,120	1.17 %
Silver Meadows Ltd.	3,452,050	1.09 %
W9/GLM Real Estate	2,885,120	0.91 %
Paul P. Tell Sr.	2,758,890	0.87 %
Mickey Ryan LLC *	2,620,800	0.83 %
Kent State Apartments	2,271,150	0.72 %
Klaben Ford, Inc.	2,251,180	0.71 %
Whitehall Associates, Inc.	2,176,020	0.69 %
Total	\$31,241,410	9.87 %
Total Assessed Valuation	\$316,712,780	

Source: Portage County, County Treasurer

(1) The amounts presented represent the assessed values upon which 2010 and 2001 collections were based.

City of Kent, Ohio

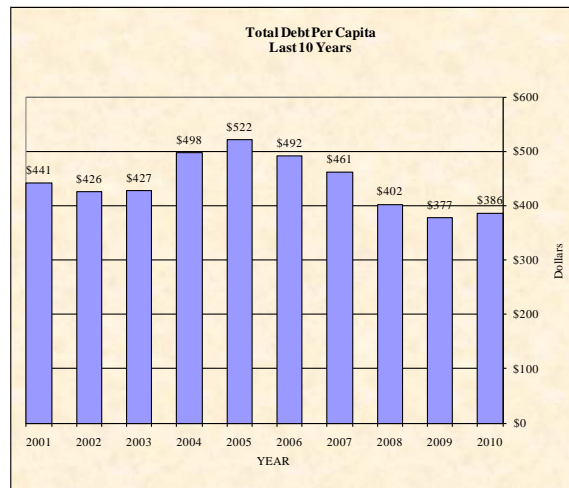
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita

Last Ten Years

Table 13

Year	Governmental Activities					Business-Type Activities				Total Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Loans Payable	Bond Anticipation Notes	General Obligation Bonds	OPWC Loans	Bond Anticipation Notes	OWDA Loans			
2010	\$1,530,000	\$361,000	\$246,026	\$455,101	\$3,625,000	\$0	\$84,592	\$795,000	\$4,051,703	\$11,148,422	2.13%	\$386
2009	1,685,000	386,000	275,973	0	2,965,000	0	89,559	\$855,000	4,262,805	10,519,337	2.01	377
2008	1,830,000	410,000	305,920	0	3,205,000	0	94,526	915,000	4,466,577	11,227,023	2.68	402
2007	1,970,000	458,000	335,867	0	3,445,000	0	96,324	1,910,000	4,657,673	12,872,864	3.07	461
2006	2,105,000	505,000	365,814	0	3,680,000	0	33,733	2,460,000	4,574,265	13,723,812	3.28	492
2005	2,235,000	550,000	395,761	0	3,920,000	0	33,733	3,010,000	4,410,631	14,555,125	3.47	522
2004	2,355,000	589,000	425,708	0	4,170,000	0	0	3,610,000	2,737,725	13,887,433	3.31	498
2003	2,475,000	627,000	455,655	0	4,405,000	0	0	2,910,000	1,041,602	11,914,257	2.84	427
2002	2,590,000	664,000	485,602	0	4,740,000	0	0	3,395,000	0	11,874,602	2.83	426
2001	2,700,000	695,000	515,549	0	4,750,000	3,645,000	0	0	0	12,305,549	2.94	441

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



City of Kent, Ohio

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

Table 14

<u>Year</u>	<u>Population (1)</u>		<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Net Bonded Debt Per Capita</u>
2010	28,904	b	\$1,001,146,633	\$1,530,000	0.15 %	\$52.93
2009	27,906	a	1,001,146,633	1,685,000	0.17	60.38
2008	27,906	a	1,042,872,489	1,830,000	0.18	65.58
2007	27,906	a	1,186,695,325	1,970,000	0.17	70.59
2006	27,906	a	1,132,947,093	2,105,000	0.19	\$75.43
2005	27,906	a	1,068,418,025	2,235,000	0.21	\$80.09
2004	27,906	a	1,049,003,717	2,355,000	0.22	\$84.39
2003	27,906	a	1,040,373,987	2,475,000	0.24	\$88.69
2002	27,906	a	937,082,495	2,590,000	0.28	\$92.81
2001	27,906	a	949,930,250	2,700,000	0.28	\$96.75

Sources:

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

(a) 2000 Federal Census

(b) 2010 Federal Census

(2) County Auditor

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

City of Kent, Ohio

Pledged Revenue Coverage
Sewer System General Obligation Bonds
Last Ten Years

Table 15

Year	Sewer Operating Revenue and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Percent Coverage
				Principal	Interest	
2010	\$3,528,384	\$2,957,522	\$570,862	\$0	\$0	N/A
2009	3,528,396	2,941,510	586,886	0	0	N/A
2008	3,302,650	2,783,653	518,997	0	0	N/A
2007	3,794,529	2,574,379	1,220,150	0	0	N/A
2006	3,682,389	2,596,987	1,085,402	0	0	N/A
2005	3,626,854	2,669,943	956,911	0	0	N/A
2004	3,577,423	2,708,742	868,681	0	0	N/A
2003	3,535,737	2,654,034	881,703	0	0	N/A
2002	3,773,337	2,529,934	1,243,403	315,000	233,405	2.27
2001	3,811,595	2,452,707	1,358,888	300,000	250,805	2.47

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

Source: City Financial Records

City of Kent, Ohio

*Pledged Revenue Coverage
Special Assessments Bonds
Last Ten Years*

Table 16

<u>Year</u>	<u>Debt Service Assessments</u>	<u>Debt Service</u>		<u>Percent Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
2010	\$61,756	\$25,000	\$23,035	1.29
2009	36,593	24,000	24,355	0.76
2008	78,428	48,000	27,570	1.04
2007	76,950	47,000	30,730	0.99
2006	77,709	45,000	33,780	0.99
2005	80,410	39,000	36,375	1.07
2004	76,056	38,000	38,915	0.99
2003	82,795	37,000	41,390	1.06
2002	79,822	31,000	43,410	1.07
2001	107,140	42,000	58,501	1.07

Source: City Financial Records

City of Kent, Ohio

Legal Debt Margin

Last Ten Years

Table 17

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Assessed Property Value	\$350,120,000	\$362,281,790	\$367,517,508	\$372,293,480	\$353,528,798	\$358,037,786	\$354,797,750	\$319,490,754	\$321,253,593	\$316,712,780
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	36,762,600	38,039,588	38,589,338	39,090,815	37,120,524	37,593,968	37,253,764	33,546,529	33,731,627	33,254,842
Debt Outstanding:										
General Obligation Bonds - Governmental Activities	1,530,000	1,685,000	1,830,000	1,970,000	2,105,000	2,235,000	2,355,000	2,475,000	2,590,000	2,700,000
General Obligation Bonds - Business Type Activities	0	0	0	0	0	0	0	0	0	3,645,000
Special Assessment Bonds	361,000	386,000	410,000	458,000	505,000	550,000	589,000	627,000	664,000	695,000
Bond Anticipation Notes - Governmental Activities	3,625,000	2,965,000	3,205,000	3,445,000	3,680,000	3,920,000	4,170,000	4,405,000	4,740,000	4,750,000
Bond Anticipation Notes - Business Type Activities	795,000	855,000	915,000	1,910,000	2,460,000	3,010,000	3,610,000	2,910,000	3,395,000	0
Total Gross Indebtedness	6,311,000	5,891,000	6,360,000	7,783,000	8,750,000	9,715,000	10,724,000	10,417,000	11,389,000	11,790,000
Less:										
General Obligation Bonds - Business Type Activities	0	0	0	0	0	0	0	0	0	(3,645,000)
Special Assessment Bonds	(361,000)	(386,000)	(410,000)	(458,000)	(505,000)	(550,000)	(589,000)	(627,000)	(664,000)	(695,000)
Bond Anticipation Notes - Business Type Activities	(795,000)	(855,000)	(915,000)	(1,910,000)	(2,460,000)	(3,010,000)	(3,610,000)	(2,910,000)	(3,395,000)	0
General Obligation Bond Retirement Fund Balance	(32,145)	(18,424)	(30,186)	(27,328)	(38,108)	(39,179)	(44,130)	(44,847)	(40,116)	(44,704)
Total Net Debt Applicable to Debt Limit	5,122,855	4,631,576	5,004,814	5,387,672	5,746,892	6,115,821	6,480,870	6,835,153	7,289,884	7,405,296
Legal Debt Margin Within 10 ½ % Limitations	\$31,639,745	\$33,408,012	\$33,584,524	\$33,703,143	\$31,373,632	\$31,478,147	\$30,772,894	\$26,711,376	\$26,441,743	\$25,849,546
Legal Debt Margin as a Percentage of the Debt Limit	86.07%	87.82%	87.03%	86.22%	84.52%	83.73%	82.60%	79.62%	78.39%	77.73%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	\$19,256,600	\$19,925,498	\$20,213,463	\$20,476,141	\$19,444,084	\$19,692,078	\$19,513,876	\$17,571,991	\$17,668,948	\$17,419,203
Total Gross Indebtedness	6,311,000	5,891,000	6,360,000	7,783,000	8,750,000	9,715,000	10,724,000	10,417,000	11,389,000	11,790,000
Less:										
General Obligation Bonds - Business Type Activities	0	0	0	0	0	0	0	0	0	(3,645,000)
Special Assessment Bonds	(361,000)	(386,000)	(410,000)	(458,000)	(505,000)	(550,000)	(589,000)	(627,000)	(664,000)	(695,000)
Bond Anticipation Notes - Business Type Activities	(795,000)	(855,000)	(915,000)	(1,910,000)	(2,460,000)	(3,010,000)	(3,610,000)	(2,910,000)	(3,395,000)	0
General Obligation Bond Retirement Fund Balance	(32,145)	(18,424)	(30,186)	(27,328)	(38,108)	(39,179)	(44,130)	(44,847)	(40,116)	(44,704)
Net Debt Within 5 ½ % Limitations	5,122,855	4,631,576	5,004,814	5,387,672	5,746,892	6,115,821	6,480,870	6,835,153	7,289,884	7,405,296
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$14,133,745	\$15,293,922	\$15,208,649	\$15,088,469	\$13,697,192	\$13,576,257	\$13,033,006	\$10,736,838	\$10,379,064	\$10,013,907
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	73.40%	76.76%	75.24%	73.69%	70.44%	68.94%	66.79%	61.10%	58.74%	57.49%

Source: City Financial Records

City of Kent, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2010

Table 18

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Kent			
General Obligation Bonds	\$1,530,000	100.00 %	\$1,530,000
Overlapping			
Kent City School District (2)			
General Obligation Bonds	23,444,981	68.31	16,015,267
Portage County (3)			
General Obligation Bonds	16,631,014	10.43	1,734,615
<i>Total Overlapping Debt</i>	<u>40,075,995</u>		<u>17,749,882</u>
Total	<u><u>\$41,605,995</u></u>		<u><u>\$19,279,882</u></u>

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

(2) Source: Kent City Schools Treasurer

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

City of Kent, Ohio

Demographic and Economic Statistics

Last Ten Years

Table 19

Year	Population (1)		Total Personal Income (4)	Personal Income Per Capita (1)	Median Household Income (1)	School Enrollment (2)	Portage County Unemployment Rate (3)	City of Kent Unemployment Rate (3)
2010	28,904	b	\$524,529,390	\$18,870	\$29,074	3,314	9.8%	7.9%
2009	27,906	a	524,529,390	18,870	29,074	3,389	9.9%	7.5%
2008	27,906	a	419,008,590	15,015	29,582	3,638	7.8%	5.8%
2007	27,906	a	419,008,590	15,015	29,582	3,382	5.4%	4.5%
2006	27,906	a	419,008,590	15,015	29,582	3,415	5.1%	4.2%
2005	27,906	a	419,008,590	15,015	29,582	3,371	5.6%	4.6%
2004	27,906	a	419,008,590	15,015	29,582	3,427	5.8%	4.6%
2003	27,906	a	419,008,590	15,015	29,582	3,471	5.8%	4.3%
2002	27,906	a	419,008,590	15,015	29,582	3,547	5.4%	6.1%
2001	27,906	a	419,008,590	15,015	29,582	3,618	4.3%	4.7%

(1) Source: U. S. Census

(a) 2000 Federal Census

(b) 2010 Federal Census

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

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

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

Note: Total Personal Income, Personal Income Per Capita, and Median Household Income for 2010 were the same as 2009 due to the unavailability of information.

City of Kent, Ohio

Principal Employers

Current and Nine Years Ago

Table 20

2010*		
Employer	Number of W-2's processed	Percentage of Total City W-2's processed
Kent State University	10,498	66.85%
Kent City Schools	893	5.69
Davey Tree Expert Co., Inc.	288	1.83
City of Kent	269	1.71
Land-O-Lakes	200	1.27
Smithers-Oasis Company	126	0.80
Klaben Family Ford	95	0.60
ACS Industries	93	0.59
Don Joseph Inc	73	0.46
Robinson Memorial Hospital - STR	63	0.42
Total	12,598	80.22%
Total W-2's Processed	15,704	
2001		
Employer	Number of W-2's processed	Percentage of Total City W-2's processed
Kent State University	9,000	36.26%
Kent City Schools	907	3.65
City of Kent	270	1.09
Davey Tree	243	0.98
Ametek	185	0.75
Klaben Family Ford Inc.	163	0.66
Kent Adhesive Products	160	0.64
Smithers Oasis	154	0.62
Lank O Lakes	127	0.51
Gougler Industries	107	0.43
Total	11,316	45.59%
Total W-2's Processed	24,819	

* As of 2009, RITA cannot rank by w2's, switch to top W/H

N/A - not available

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

City of Kent, Ohio

City Government Employees by Function/Program

Last Nine Years (1)

Table 21

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government									
City Council									
Councilman	9	9	9	9	9	9	9	9	9
Clerk of Council	1	1	1	1	1	1	1	1	1
Mayor									
Mayor/President of Council	1	1	1	1	1	1	1	1	1
City Manager									
City Manager	1	1	1	1	1	1	1	1	1
Executive Secretary to City Manager	1	1	1	1	1	1	1	1	1
Human Resources									
Human Resources Manager	1	1	1	1	1	1	1	1	1
Civil Service									
Civil Service Commissioner	3	3	3	3	3	3	3	3	3
Civil Service Coordinator	1	0	0	0	0	0	0	0	0
Administrative Assistant to Civil Service Commission	0	1	1	1	1	1	1	1	1
Law									
Director of Law	1	1	1	1	1	1	1	1	1
Assistant Law Director/Prosecutor	1	1	1	1	1	1	1	1	1
Assistant Law Director	1	1	1	1	1	1	1	1	1
Executive Secretary to Dir. Of Law	1	1	1	1	1	1	1	1	1
Finance Administration									
Director of Budget & Finance	1	1	1	1	1	1	1	1	1
Controller	1	1	1	1	1	1	1	1	1
Operations Analyst	1	1	1	1	1	1	1	1	1
Senior Account Clerk	1	1	1	1	1	1	1	1	1
Account Clerk	5	5	4	4	4	4	4	4	4
Administrative Assistant to Director of Budget & Finance	0	0	1	1	1	1	1	1	1
Tax Administration									
Income Tax Commissioner	0	0	1	1	1	1	1	1	1
Income Tax Auditor	1	1	1	1	1	1	1	1	2
Account Clerk	0	0	1	1	1	1	1	1	1
Service Administration									
Director of Public Service	1	1	1	1	1	1	1	1	1
Administrative Assistant to Director of Public Service	1	1	1	1	1	1	1	1	1
Account Clerk	1	1	1	1	1	1	1	1	1
Engineering Aide I	1	0	0	0	0	0	0	0	0

(Continued)

City of Kent, Ohio

City Government Employees by Function/Program (continued)

Last Nine Years (1)

Table 21

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002
Engineering									
Deputy Service Director/ Superintendent of Engineering	1	1	1	1	1	1	1	1	1
Senior Engineer	2	2	2	2	2	2	2	2	2
Senior Engineer (Part-time)	1	0	0	0	0	0	0	0	0
Design Engineer	0	1	1	1	1	1	1	1	1
Asst. Design Engineer (Part-time)	0	0	0	0	0	0	0	1	1
Engineering Technician	2	2	2	2	2	2	2	2	2
Engineering Aide I	0	1	1	1	1	1	1	0	0
Engineering Aide II	1	1	1	1	1	1	1	1	1
Co-op Student (Part-time)	0	0	0	0	0	0	0	1	1
Security of Persons and Property									
Safety Director									
Safety Director	1	1	1	1	1	1	1	1	1
Police									
Police Chief	1	1	1	1	1	1	1	1	1
Police Captain	2	2	2	2	2	2	2	2	2
Lieutenant	5	5	5	5	5	5	5	5	5
Technical Sergeant	4	4	4	4	4	4	4	4	4
Police Officer	27	27	27	27	27	27	27	27	27
Administrative Assistant to Chief	1	1	1	1	1	1	1	1	1
Secretary to Police Department	1	1	1	1	1	1	1	1	1
Records and Communications									
Coordinator - Dispatchers	3	3	3	3	3	3	3	3	3
Clerk-Dispatcher	7	7	7	7	7	7	7	7	7
Clerk-Dispatcher (Part-time)	3	3	3	3	3	3	3	3	3
Juvenile Services									
Juvenile Counselor	1	1	1	1	1	1	1	1	1
Police Officer	3	3	3	3	3	3	3	3	3
Support Services									
Compliance Officer	1	1	1	1	1	1	1	1	1
Detention Officer	6	6	6	6	6	6	6	6	6
Fire									
Fire Chief	1	1	1	1	1	1	1	1	1
Fire Captain	3	3	3	3	3	3	3	3	3
Fire Lieutenant	3	3	3	3	3	3	3	3	3
Firefighter	27	27	27	27	27	27	24	24	24
Fireman - Paid on Call	3	3	3	3	3	3	3	3	9
Fire Services Specialist	1	1	1	1	1	1	1	1	1
Community Services - Fire									
Fire Lieutenant	2	2	2	2	2	2	1	1	1
Firefighter	0	0	0	0	0	0	1	1	1

(Continued)

City of Kent, Ohio

City Government Employees by Function/Program (continued)

Last Nine Years (1)

Table 21

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002
Central Maintenance									
Central Maintenance Manager	0	0	0	0	0	0	0	0	1
Cent. Maint. Mgr./Water Dist. Spec.	1	1	1	1	1	1	1	1	0
Assignment Supervisor	0	0	0	0	1	1	1	1	1
Chief Operator	3	3	3	3	0	0	0	0	0
Repair Operator	3	3	3	3	6	6	6	6	6
Service Technician/Gardener	1	1	1	1	1	1	1	0	0
Service Worker	11	11	11	11	11	11	11	12	12
Carpenter	1	1	1	1	1	1	1	1	1
Arborist Supervisor	1	1	1	1	1	1	0	0	1
Arborist	0	0	0	0	0	0	1	1	1
Account Clerk	1	1	1	1	0	0	0	0	0
Vehicle Maintenance									
Master Mechanic	1	1	1	1	1	1	1	1	1
Mechanic	3	3	3	3	3	3	3	3	3
Basic Utility Services									
Water Treatment Plant									
Supervisor - Water Plant	1	1	1	1	1	1	1	1	1
Water Laboratory Technician	1	1	1	1	1	1	1	1	1
Plant Mechanic	1	1	1	1	1	1	1	1	1
Water Plant Chief Operator	1	1	1	1	1	1	1	1	1
Water Plant Operator	5	5	5	5	5	5	5	5	5
Laborer (General Maintenance)	1	1	1	1	1	1	1	1	1
Wastewater Treatment Plant									
Supervisor - Wastewater Plant	1	1	1	1	1	1	1	1	1
Plant Mechanic	1	1	1	1	1	1	1	1	1
Wastewater Plant Operator	7	7	7	7	7	8	8	8	8
Chief Operator	1	1	1	1	1	1	1	1	1
Public Health Services									
Health									
Health Commissioner	1	1	1	1	1	1	1	1	1
Deputy Health Commissioner	1	1	1	1	1	1	1	1	1
Public Health Sanitarian	2	2	2	2	2	2	2	2	2
Administrative Assistant to									
Health Commissioner	1	1	1	1	1	1	1	1	1
Laboratory Technician	2	2	2	2	2	2	2	2	2
Chemist	1	1	1	1	1	1	1	1	1
Secretary (Part-time)	1	1	1	1	1	1	1	1	1

(Continued)

City of Kent, Ohio

City Government Employees by Function/Program (continued)

Last Nine Years (1)

Table 21

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002
Leisure Time Activities									
Parks and Recreation									
Director - Parks and Recreation	1	1	1	1	1	1	1	1	1
Supervisor - Recreation	1	1	1	1	1	1	1	1	1
Supervisor - Parks	1	1	1	1	1	1	1	1	1
Clerk-Typist I	0	0	0	0	0	0	0	1	1
Account Clerk	1	1	1	1	1	1	1	0	0
Parks Maintenance Laborer	2	2	2	2	2	2	2	2	2
Senior Parks Crew Leader	1	1	1	1	1	1	1	1	1
Part-time and Seasonal	34	34	34	34	51	40	35	35	35
KABC Coordinator	1	1	1	1	1	0	0	0	0
K-6 Child Care (Full-Time)	1	1	0	0	0	0	0	0	0
K-6 Child Care (Part-Time)	16	16	17	17	0	0	0	0	0
Community Development									
Community Development									
Director of Community Development	1	1	1	1	1	1	1	1	1
Administrative Assistant to Director of Community Development	1	1	1	1	1	1	1	1	1
Grants & Neighborhood Programs Cord Plans Administrator	1	1	0	0	0	0	0	0	0
Development Planner	0	0	1	1	1	1	1	1	1
Economic Development Coordinator	1	1	1	1	1	1	1	1	1
Development Engineer	0	0	1	1	1	1	1	1	1
Code Enforcement Officer (Part-time)	1	1	1	1	1	1	1	1	1
Substainability Planner (Part-time)	0	0	0	0	0	1	0	0	0
Substainability Planner (Part-time)	0	0	0	0	1	1	1	1	1
Building									
Building Services Supervisor	1	1	1	1	1	1	1	1	1
Specialized Inspectors (Part-time)	5	5	5	5	5	5	5	5	5
Code Enforcement Officer (Part-time)	0	0	1	1	1	0	0	0	0
Code Enforcement Officer (Full-time)	1	1	0	0	0	0	0	0	0
Account Clerk	1	1	1	1	1	1	1	1	1
Main Street Program									
Coordinator	1	1	1	1	0	0	0	0	0
Economic Development									
Economic Development Director	1	1	0	0	0	0	0	0	0
Totals All Departments	<u>278</u>	<u>278</u>	<u>280</u>	<u>280</u>	<u>280</u>	<u>269</u>	<u>260</u>	<u>261</u>	<u>269</u>
Full-Time	193	193	194	194	193	194	192	191	193
Part-Time	85	85	86	86	87	75	68	70	76

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

City of Kent, Ohio

Capital Assets Statistics by Function/Program

Last Nine Years (1)

Table 22

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government									
Number of Buildings	1.5	1.5	2	2	2	2	2	2	2
Administrative Vehicles	4	4	6	6	3	3	3	3	3
Police									
Stations	1	1	1	1	1	1	1	1	1
Vehicles	25	26	28	25	29	29	30	29	29
Fire									
Stations	2	2	2	2	2	2	2	2	2
Vehicles	13	15	14	14	13	13	13	10	9
Recreation									
Number of Buildings	8	7	6	6	6	6	6	6	6
Number of Parks	23	23	21	21	21	21	21	21	21
Park Acreage	354	354	354	354	344	344	344	344	344
Number of Baseball Diamonds	6	6	6	6	6	6	6	6	6
Number of Soccer Fields	15	10	8	8	8	8	8	8	8
Vehicles	11	10	10	10	13	11	11	11	13
Transportation									
Number of Buildings	3.75	3.75	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Salt Dome	1	1	1	1	1	1	1	1	1
Streets (Center Lane Miles)	90.00	89.90	89.90	89.90	89.90	88.50	87.10	85.90	85.20
Service Vehicles	55	55	29	27	30	27	26	26	26
Public Health and Welfare									
Number of Buildings	0.50	0.50	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Service Vehicles	5	6	4	3	3	3	3	3	3
Community Development									
Number of Buildings	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Service Vehicles	2	2	2	2	1	1	1	1	1
Water									
Treatment Plant	1	1	1	1	1	1	1	1	1
Water Lines (Linear Feet)	374,437	368,220	368,110	364,280	362,700	353,500	341,100	330,600	326,800
Vehicles	6	6	6	9	17	16	15	14	15
Sewer									
Treatment Plant	1	1	1	1	1	1	1	1	1
Sanitary Sewers (Linear Feet)	334,132	332,090	332,090	332,090	330,600	330,600	322,500	320,000	314,600
Vehicles	5	5	5	9	12	12	12	12	11
Storm Water Drainage									
Storm Sewers (Linear Feet)	383,918	382,330	376,460	376,460	370,000	370,000	363,100	362,900	357,200

Source: City of Kent capital asset records

(1) Information prior to 2002 is not available

City of Kent, Ohio

Operating Indicators by Function/Program

Last Nine Years (1)

Table 23

	2010	2009	2008	2007	2006	2005	2004	2003	2002
City Council and Clerk of Council									
Number of Ordinances/Resolutions Passed	119	139	222	121	145	154	161	191	133
Number of Passports Accepted (Began November 2002)	443	420	554	872	737	677	687	324	15
Civil Service									
City of Kent:									
Entry Level Examinations	7	9	4	4	5	5	6	8	6
Promotional Examinations	1	3	1	0	2	2	0	4	1
Kent City School District:									
Entry Level Examinations	1	1	3	2	3	5	1	5	4
Promotional Examinations	1	0	2	1	0	0	0	0	5
Budget and Finance Department									
Number of checks/vouchers issued	5,595	5,756	6,162	5,958	6,207	6,529	7,185	6,970	6,889
Number of W-2's issued	269	275	271	284	285	281	273	276	267
Budget and Finance Department - Income Tax									
Transaction Totals:									
Individual Returns	7,446 *	15,517	15,693	14,221	15,461	16,010	15,708	16,262	17,559
Business (Net Profit) Returns	1,523 *	2,794	4,354	4,210	4,326	4,436	4,293	4,149	3,756
Withholding Accounts	9,461 *	11,061	11,211	11,068	11,257	11,079	10,613	10,428	10,496
Total Transactions	18,430 *	29,372	31,258	29,499	31,044	31,525	30,614	30,839	31,811
Budget and Finance Department - Utility Billing									
Number of Bills Mailed	94,302	77,251	77,226	77,865	71,968	71,119	70,294	69,159	69,595
Numer of Delinquent Notices Sent	10,716	10,136	8,424	8,270	7,774	7,667	7,270	7,258	7,488
Building Department Indicators									
Construction Permits Issued	155	196	234	228	220	205	200	209	156
Estimated Value of Construction	\$5,207,307	\$3,151,776	\$13,533,428	\$13,638,361	\$12,175,029	\$30,845,822	\$19,578,587	\$12,592,526	\$18,976,664
Number of permits issued	614	770	883	876	884	919	983	896	660
Amount of Revenue generated from permits	\$160,411	\$183,823	\$336,066	\$302,931	\$363,161	\$563,819	\$490,748	\$349,026	\$311,141
Number of contract registrations issued	208	254	193	238	244	264	290	383	235
Revenue generated from above 1,2,3	\$6,712	\$6,812	\$5,538	\$7,425	\$7,750	\$8,550	\$9,375	\$8,988	\$10,413
Number of Planning Commission Docket Items	27	13	15	23	29	27	23	23	35
Zoning Board of Appeals Docket Items	21	20	20	26	29	31	36	29	46

(Continued)

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Nine Years (1)

Table 23

		2010	2009	2008	2007	2006	2005	2004	2003	2002
Public Services Department - Engineering										
	Unit									
Total Number of Projects	EA	30	24	N/A	18	31	18	32	41	30
Total Dollars All Projects	\$	\$9,295,845	\$4,654,978	\$2,828,069	\$1,266,956	\$2,858,642	\$5,125,125	\$7,785,585	\$2,846,202	\$1,924,864
Total Professional Services Support	\$	\$2,165,201	\$1,291,834	\$1,266,667	\$374,225	\$794,863	\$826,852	\$735,051	\$2,025,029	\$550,963
Total Division Operating	\$	\$26,538	\$40,040	\$37,972	\$16,461	\$33,044	\$23,308	\$28,881	\$81,795	\$30,555
Public Services Department - Central Maintenance										
	Unit									
Street Repair (Curbs, aprons, berms, asphalt)	Hr.s	3,983	4,028	2,351	2,983	2,198	2,216	2,240	1,746	2,336
Paint Striping	Hr.s	1,121	871	853	858	860	1,199	813	1,108	1,187
Street Sweeper	Hr.s	1,148	1,132	1,128	1,059	1,145	955	817	1,120	1,342
Cold Patch	Hr.s	1,179	1,380	1,070	333	804	1,775	1,263	1,393	977
Snow & Ice Removal regular	Hr.s	5,758	2,375	1,426	1,617	667	1,014	1,062	1,455	992
Snow & Ice Removal overtime	Hr.s	2,665	2,028	3,052	2,276	611	2,103	2,380	3,084	1,829
Sewer and Sanitary calls for service	Ea	57	44	43	35	36	38	52	49	18
After hours Sewer Calls	Hr.s	62	65	67	13	9	4	2	13	3
Sewer Crew	Hr.s	2,012	2,089	2,737	1,432	829	843	964	1,260	1,106
Sewer jet, Vac-all, other services	Hr.s	2,012	2,089	2,737	1,432	829	843	964	1,260	1,106
Water Distribution Maintenance	Hr.s	8,124	7,981	7,234	4,955	3,989	4,661	4,868	5,013	5,663
Number of Water Breaks	Ea	44	32	37	33	29	29	19	25	18
Water Meter Reading	Hr.s	1,309	1,573	1,443	1,262	1,187	1,032	814	761	459
Landscaping, Tree Maint.(Stump-Chipper service)	Hr.s	4,193	5,753	5,246	2,586	3,894	4,448	5,854	4,432	5,761
Leaf collection	Hr.s	2,800	1,590	4,089	4,616	4,474	4,210	4,135	5,206	5,022
Holiday lights setup	Hr.s	56	48	96	77	110	224	397	320	312
Downtown Square events	Hr.s	576	532	430	246	257	253	287	269	343
Equipment repair	Hr.s	8,448	8,436	7,291	7,539	6,921	7,736	8,180	7,465	8,082
Sign department	Hr.s	1,054	1,077	1,108	1,217	1,787	1,685	1,465	1,608	2,105
Number of Trees Planted per year	Ea	N/A	191	123	99	186	71	95	193	90
Gallons of Caclium Chloride used (Year Jan-Dec)	Gal.s	8,512	7,140	9,440	5,300	900	600	15,538	13,836	1,350
Cost of Calcium Chloride Purchased	\$/Gal.	\$0.970	\$0.960	\$0.959	\$0.479	\$0.595	\$0.545	\$0.545	\$0.470	\$0.359
Tons of snow melting salt used (Year Jan-Dec)	Tons	3,687	4,188	8,723	5,048	1,860	4,416	4,678	6,216	4,131
Cost of salt purchased	\$/Ton	\$43.00	\$43.20	\$43.20	\$37.04	\$35.52	\$34.88	\$34.88	\$32.83	\$35.62
Public Services Department - Water Reclamation										
Wastewater rates (per 1st 300 cu. ft.)	\$	\$11.57	\$11.22	\$11.22	\$11.22	\$11.01	\$10.68	\$10.68	\$10.68	\$10.38
Total yearly flow	MG	756	989	923	854	920	990	1,029	1,014	920
Average daily flow	MGD	2.00	2.00	2.53	2.34	2.51	2.70	2.82	2.78	2.51
Sludge removed (dry tons)	\$/Ton	359	329	342	340	336	431	572	559	392
Treatment chemical cost	\$	\$64,699	\$66,548	\$53,000	\$52,000	\$62,500	\$54,200	\$44,000	\$52,100	\$46,000
Treatment electrical cost	\$	\$161,314	\$190,931	\$183,859	\$170,420	\$163,000	\$164,000	\$164,000	\$164,000	\$145,000

(Continued)

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Nine Years (1)

Table 23

	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Public Services Department - Water Treatment Plant										
	Unit									
Raw Water from wells	MG	1,000.70	932.00	932.00	1,001.53	1,015.49	1,058.77	1,053.20	1,100.84	1,133.21
Annual pumpage - finished water	MG	918.34	929.00	929.00	993.85	1,005.44	1,042.66	1,014.52	1,009.43	1,021.65
Lime	\$/Ton	\$124	\$124	\$124	\$124	\$113	\$101	\$84	\$70	\$67
Soda ash	\$/Ton	\$359	\$281	\$281	\$270	\$258	\$193	\$160	\$154	\$155
Chlorine	\$/Ton	\$510	\$510	\$510	\$450	\$540	\$540	\$426	\$420	\$380
Hydrofluosilicic acid	\$/Ton	\$720	\$484	\$484	\$340	\$309	\$236	\$246	\$252	\$254
Carbon dioxide	\$/Ton	\$150	\$176	\$176	\$176	\$86	\$86	\$86	\$86	\$86
Electric (wells, plant, booster stations, tanks)	Ttl. \$	\$178,180	\$178,266	\$178,266	\$163,208	\$135,023	\$161,554	\$144,777	\$129,536	\$131,481
Lime sludge production plant	CY	1,982.50	1,986.40	1,986.40	1,977.30	1,606.80	1,566.50	1,937.00	1,972.10	2,345.20
Lime sludge removed from plant and lagoons	CY	3,760.30	1,986.70	1,986.70	3,346.50	5,473.80	4,763.90	4,567.40	3,684.00	4,245.40
Lime	tons	733.08	639.90	639.90	700.70	751.10	772.53	808.77	812.10	800.22
Soda Ash	tons	291.45	288.80	288.80	284.70	268.96	321.14	290.55	189.02	190.97
Chlorine	tons	11.88	12.31	12.31	12.34	11.35	12.50	12.36	11.47	11.92
Carbon Dioxide	tons	41.40	38.34	38.34	38.71	36.72	43.89	50.09	49.63	42.85
Hydrofluosilicic acid	tons	17.14	16.06	16.06	17.15	18.00	19.96	18.72	18.44	18.68
Rainfall	inches	30.79	36.38	36.38	49.51	47.88	42.52	47.81	51.53	33.34
Police										
Total Calls for Services		20,669	21,765	21,674	19,937	19,491	21,284	25,041	25,010	22,661
Number of traffic citations issued		3,247	3,554	3,669	3,380	3,071	3,817	4,878	4,470	4,687
Number of parking citations issued		2,915	3,834	3,389	2,662	3,042	3,158	4,281	4,425	4,023
Number of criminal arrests		2,110	2,440	2,615	2,376	2,354	1,977	2,285	2,366	2,446
Number of accident reports completed		839	818	797	840	885	949	1,071	1,002	1,058
Part I Offenses (major offenses)		885	911	975	1,035	1,142	1,180	1,115	1,208	1,332
Animal Warden service calls		492	470	551	511	319	495	552	679	529
DUI arrests		214	302	306	253	364	341	436	293	307
Motor Vehicle Accidents		839	818	797	840	885	949	1,071	1,002	1,058
Property Damage Accidents		526	512	441	500	506	539	604	585	611
Fatalities from Motor Vehicle Accidents		0	0	0	0	3	1	3	0	1
Community Diversion Program Youths		55	70	70	75	80	85	87	52	62
Fire										
Fire Losses:										
City of Kent		\$183,850	\$1,048,500	\$467,350	\$292,500	\$444,600	\$991,885	\$186,500	\$420,000	\$217,075
Kent State University		\$0	\$150,000	\$200,500	\$0	\$6,000	\$871,000	\$0	\$0	\$50
Franklin Township		\$119,000	\$8,900	\$645,720	\$167,500	\$451,600	\$42,075	\$541,670	\$1,000,500	\$344,000
Other		\$0	\$0	\$27,500	\$0	\$0	\$0	\$0	\$0	\$0
Total Fire Losses		\$302,850	\$1,207,400	\$1,341,070	\$460,000	\$902,200	\$1,904,960	\$728,170	\$1,420,500	\$561,125

(Continued)

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Nine Years (1)

Table 23

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Fire - continued									
Fire Calls:									
City of Kent	571	602	764	541	555	624	635	628	600
Kent State University	196	212	246	219	213	209	267	211	171
Franklin Township	140	118	154	142	135	143	164	142	137
Other	46	3	2	70	44	48	68	49	46
Total Fire Calls	953	935	1,166	972	947	1,024	1,134	1,030	954
Emergency Medical Services Calls:									
City of Kent	2,395	2,421	2,374	2,110	2,059	1,960	1,940	1,938	1,834
Kent State University	335	347	292	308	264	284	315	244	152
Franklin Township	351	341	411	400	339	372	356	334	291
Other	48	8	5	38	14	50	72	86	131
Total Emergency Medical Services Calls	3,129	3,117	3,082	2,856	2,676	2,666	2,683	2,602	2,408
Total Calls for Service (Fire & EMS)	4,082	4,052	4,248	3,828	3,623	3,690	3,817	3,632	3,362
Community Development									
Grants received due to Community Development Dept.	\$478,841	\$383,118	\$298,370	\$310,449	\$510,537	\$902,271	\$366,000	\$934,000	\$438,000
Health Department									
Health Inspections:									
Food Service Operations	1,041	1,072	1,018	939	851	913	1,534	1,436	1,373
Housing	1,622	1,824	1,668	1,385	1,419	1,500	1,554	1,570	1,712
Swimming Pools	144	134	111	84	94	114	147	138	166
Nuisances	545	514	671	390	466	357	610	548	493
All Other	171	129	138	110	148	186	254	208	187
Total Inspections	3,523	3,673	3,606	2,908	2,978	3,070	4,099	3,900	3,931
Permits & Licenses Issued:									
Food Establishment Licenses	183	199	215	209	216	207	236	217	220
Housing Licenses	538	548	550	552	552	605	552	534	548
All Other Licenses	63	56	61	65	114	13	80	58	55
Total Permits & Licenses	784	803	826	826	882	825	868	809	823
Child Immunizations	80	123	195	112	89	75	106	172	81
Birth and Death Certificates Issued (Original & Copies)	3,034	2,982	3,047	3,080	3,048	3,219	3,220	3,060	N/A

(Continued)

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Nine Years (1)

Table 23

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Recreation									
Program Revenue:									
Adult Leagues and Programs	\$35,475	\$28,723	\$28,025	\$32,151	\$39,747	\$38,192	\$36,989	\$37,252	\$35,569
Youth Leagues and Programs	93,878	84,106	70,853	77,612	77,267	76,989	57,069	40,051	23,486
Camps and Lessons	56,792	58,725	50,526	48,537	74,042	51,863	62,886	50,733	46,586
Preschool Programs	28,069	24,369	26,916	23,916	19,825	17,061	18,239	13,998	15,340
KABC Leagues	26,381	22,289	20,898	31,101	31,894	34,447	36,721	35,114	33,795
Special Events/Other	58,652	57,436	55,812	49,709	13,733	17,274	15,512	13,315	20,840
Non-Resident Fees	12,401	13,371	13,295	13,464	10,144	10,140	9,715	9,573	11,124
After School and Summer Programs	201,467	209,426	227,023	210,688	147,148	129,559	82,202	26,518	0
Total Program Revenue	\$513,115	\$498,445	\$493,348	\$487,178	\$413,800	\$375,525	\$319,333	\$226,554	\$186,740
Number of Participants:									
KABC (5-18 years old)	446	480	490	503	517	520	new program	new program	new program
Fall Soccer (4-12 years old)	410	368	364	353	388	320	325	350	300
Spring Soccer (4-12 years old)	424	431	399	484	426	455	545	422	350
School Age Child Care (6-12 years old)	110	110	120	120	110	70	50	40	N/A
Flag Football (6-12 years old)	94	85	96	91	81	85	85	80	40
Basketball	412	397	399	330	332	334	350	360	300
Lacrosse	85	70	60	62	52	59	50	new program	new program
Volleyball	37	45	51	42	46	N/A	N/A	N/A	N/A
Wrestling	15	34	31	30	30	N/A	N/A	N/A	N/A
Karate	120	24	25	30	30	N/A	N/A	N/A	N/A
Sports Camps	480	453	248	384	353	N/A	N/A	N/A	N/A
Preschool Kinderbound	22	21	21	21	18	N/A	N/A	N/A	N/A
Preschool Tiny Tots	18	18	13	15	15	N/A	N/A	N/A	N/A
Summer Day Camps - All	243	228	232	1,230	1,140	N/A	N/A	N/A	N/A
Ice Hockey	0	23	29	N/A	N/A	N/A	N/A	N/A	N/A
USTA	23	51	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Theater	63	58	46	N/A	N/A	N/A	N/A	N/A	N/A
Cheer	56	27	35	N/A	N/A	N/A	N/A	N/A	N/A
Adult Tennis	18	22	32	N/A	N/A	N/A	N/A	N/A	N/A
Adult Softball Teams	51	52	46	N/A	N/A	N/A	N/A	N/A	N/A
Adult Men's Basketball	111	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Black Squirrel Triathlon	197	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Art in the Park Artists	96	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kids Nite Out	148	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Turkey Trot	242	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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



CITY OF KENT, OHIO

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

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

**CITY OF KENT, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

Certified Public Accountants

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

To the Members of City Council
City of Kent, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the City of Kent, Ohio's basic financial statements and have issued our report thereon dated June 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.


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

Compliance and Other Matters

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

We noted certain matters that we reported to the City of Kent, Ohio, in a separate letter dated June 14, 2011.

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


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

June 14, 2011

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

Certified Public Accountants

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

To the Members of City Council
City of Kent, Ohio

Compliance

We have audited the City of Kent, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Kent, Ohio's major federal program for the year ended December 31, 2010. The City of Kent, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Kent, Ohio's management. Our responsibility is to express an opinion on the City of Kent, Ohio's compliance based on our audit.

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

In our opinion, the City of Kent, Ohio, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the City of Kent, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Kent, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 14, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

James G. Zupka, CPA, Inc.

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

June 14, 2011

CITY OF KENT, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Grant Number	Federal CFDA Number	Receipts Recognized	Federal Expenditures
<u>United States Department of Housing and Urban Development</u>				
<i>Passed through the Ohio Department of Development</i>				
Community Development Block Grant - Entitlement	B-08-MC-39-0026	14.218	\$ 313,587	\$ 0
Community Development Block Grant - Entitlement	B-09-MC-39-0026	14.218	<u>181,336</u>	<u>494,894</u>
			<u>494,923</u>	<u>494,894</u>
<i>Passed through the Ohio Department of Development and Portage County</i>				
Neighborhood Stabilization Program Grant	B-Z-08-062-1	14.218	<u>89,917</u>	<u>89,763</u>
Total CFDA #14.218			<u>584,840</u>	<u>584,657</u>
Total United States Department of Housing and Urban Development			<u>584,840</u>	<u>584,657</u>
<u>United States Environmental Protection Agency</u>				
<i>Direct Program</i>				
Brownfields Assessment Program - Petroleum	BF-00E3501-0	66.818	<u>117,040</u>	<u>117,040</u>
Total CFDA #66.818			<u>117,040</u>	<u>117,040</u>
<i>Passed through the Ohio Environmental Protection Agency</i>				
ARRA - Capitalization Grant for Clean Water RLF - Plum Creek Restoration	CLF CS-390486-0014	66.458	<u>935,249</u>	<u>998,551</u>
Total CFDA #66.458			<u>935,249</u>	<u>998,551</u>
Total United States Environmental Protection Agency			<u>1,052,289</u>	<u>1,115,591</u>
<u>United States Department of Justice</u>				
<i>Direct Program</i>				
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program	2009-SB-B9-1237	16.804	<u>0</u>	<u>41,388</u>
Total CFDA #16.804			<u>0</u>	<u>41,388</u>
<u>United States Department of Transportation</u>				
<i>Passed through the Ohio Department of Transportation</i>				
Highway Planning and Construction - Portage - E. Summit St. Improvement	PID 84546	20.205	<u>170,101</u>	<u>170,101</u>
Portage - Summit Street Resurfacing	PID 88259	20.205	<u>178,215</u>	<u>155,680</u>
Portage - Spaulding Drive Avenue Bridge	PID 80549	20.205	<u>5,404</u>	<u>5,404</u>
Total CFDA #20.205			<u>353,720</u>	<u>331,185</u>
Total United States Department of Transportation			<u>353,720</u>	<u>331,185</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,990,849</u>	<u>\$ 2,072,821</u>

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

CITY OF KENT, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1: GENERAL

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

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and has been reconciled to the program's federal financial reports. The following is a reconciliation by grant from the cash basis to the accrual basis at December 31, 2010.

	<u>Receipt Recognized</u>	<u>Direct Program Expenditures</u>
<u>Department of HUD</u>		
Cash Basis	\$ 500,104	\$ 496,194
Accrual Adjustment	<u>84,736</u>	<u>88,463</u>
Department of HUD - Accrual Basis	<u>\$ 584,840</u>	<u>\$ 584,657</u>
<u>Environmental Protection Agency</u>		
Cash Basis	\$ 1,209,457	\$ 1,209,457
Accrual Adjustment	<u>(157,168)</u>	<u>(93,866)</u>
Environmental Protection Agency - Accrual Basis	<u>\$ 1,052,289</u>	<u>\$ 1,115,591</u>
<u>Department of Homeland Security</u>		
Cash Basis	\$ 17,982	\$ 17,982
Accrual Adjustment	<u>(17,982)</u>	<u>(17,982)</u>
Department of Homeland Security - Accrual Basis	<u>\$ 0</u>	<u>\$ 0</u>
<u>Department of Justice</u>		
Cash Basis	\$ 0	\$ 41,388
Accrual Adjustment	<u>0</u>	<u>0</u>
Department of Justice - Accrual Basis	<u>\$ 0</u>	<u>\$ 41,388</u>
<u>Department of Transportation</u>		
Cash Basis	\$ 345,410	\$ 345,410
Accrual Adjustment	<u>8,310</u>	<u>(14,225)</u>
Department of Transportation - Accrual Basis	<u>\$ 353,720</u>	<u>\$ 331,185</u>

CITY OF KENT, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

NOTE 3: **PROGRAM INCOME**

The City of Kent, Ohio, uses federal funds received in the current and prior years to issue revolving loans. These loans are issued to companies and are to be repaid to the City in monthly installments. Principal received on these loans may be used to issue new loans. The principal outstanding at December 31, 2010 was \$470,801. The program income represents interest revenue earned from the revolving loans and bank accounts and repayment of loans of \$42,175. These amounts were subject to single audit procedures.

**CITY OF KENT, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

2010 (i)	Type of Financial Statement Opinion	Unqualified
2010(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2010(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2010(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2010(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2010(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2010(v)	Type of Major Programs' Compliance Opinions	Unqualified
2010(vi)	Are there any reportable findings under .510?	No
2010(vii)	Major Programs (list): ARRA - Plum Creek Restoration - CFDA #66.458	
2010(viii)	Dollar Threshold: A/B Programs	Type A: \$300,000 Type B: All Others
2010(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CITY OF KENT, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

The prior audit report, as of December 31, 2009, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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Dave Yost • Auditor of State

CITY OF KENT

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 1, 2011