

CITY OF KENT, OHIO

AUDIT REPORT

DECEMBER 31, 2007



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Kent, Portage County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 28, 2008

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**CITY OF KENT, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

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

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Ohio Society of Certified Public Accountants

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

To the Members of City Council
City of Kent, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the City of Kent, Ohio's basic financial statements and have issued our report thereon dated June 27, 2008. The City has retroactively reported major infrastructure assets, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted, as of December 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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


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

Compliance and Other Matters

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

We noted certain matters that we reported to the City of Kent, Ohio, in a separate letter dated June 27, 2008.

This report is intended solely for the information and use of management, members of City Council and others within the entity 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 27, 2008

**CITY OF KENT, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007**

The prior audit report, as of December 31, 2006, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2007

Issued by The Department of Budget and Finance

BARBARA A. RISSLAND
Director of Budget and Finance

INTRODUCTORY SECTION

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City of Kent, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007
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CITY OF KENT, OHIO

DEPARTMENT OF BUDGET AND FINANCE

June 27, 2008
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, 2007, 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, 2007, have been audited by the independent auditing firm of James G. Zupka, Certified Public Accountants, Incorporated. The independent auditor's unqualified opinion has been included in this report.

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

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

PROFILE OF THE GOVERNMENT

The City of Kent, Ohio, is located in Portage County, approximately fifteen miles northeast of the City of Akron and six miles west of the City of Ravenna, the county seat. The City is the largest of four cities in this industrial and agricultural county. It is principally noted as the home of Kent State University, which has a current enrollment of approximately 22,352 students at the main campus in the City. The City covers an area of approximately 9.29 square miles. The City's 2000 population of 27,906 reflects a 3.2 percent decrease as compared to the 1990 population of 28,835.

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The City of Kent enjoys a very stable economic environment, primarily due to the fact that it is home to Kent State University, one of the largest of Ohio's thirteen state-assisted universities. Kent State University is the City's largest employer and accounts for 34.8% of total municipal income tax revenues. The University has an aggressive capital improvement plan as evidenced by the completion in 2007 of the \$20 million renovation of Franklin Hall.

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

<u>Kent State University Enrollment</u>		
<u>Year</u>	<u>Average Enrollment</u>	<u>Percent Change from Previous Year</u>
2007	22,352	0.2%
2006	22,317	(5.5%)
2005	23,622	(2.6%)

During the year, permits issued for commercial/industrial new construction and alterations show an

estimated value of \$3.5 million. Three residential subdivisions were also under construction. These subdivisions consist of upscale condominiums and single family houses with values ranging from \$95,400 to \$1,209,000. Building permits issued indicate a total value of \$10.0 million for residential new construction and renovations.

The combined effects of continued development of upscale residential housing, coupled with the stability of Kent State University, are just a few indicators that the City's future economic outlook remains positive. Current and proposed redevelopment of previously neglected sections of the downtown area also points to a renewed focus of investment into these areas. It is anticipated that the City will continue to pursue a balanced and sustainable approach to growth and redevelopment that will serve to enhance the current financial position of the City.

Major Initiatives

The City implemented Joint Economic Development Districts with both Brimfield and Franklin Townships to coordinate both land use and economic development. The City and the townships will be able to levy and share income taxes on the businesses located within these districts. This initiative is important not only as a revenue enhancement tool, but also as means of promoting regional cooperation.

The City commenced discussions with Portage County and Kent State University regarding the construction of a combined municipal court and police facility to service all three entities. These meetings are another example of continued regional cooperation.

During 2007, there was a renewed focus on neighborhood enrichment initiatives including, but not limited to, expanded enforcement of the property maintenance code, increased enforcement of the noise ordinance and elimination of trash and blight. Multiple offenses at the same location are now aggregated under a nuisance ordinance that holds both the property owners and the tenants responsible. These efforts help to preserve the quality of life in the areas surrounding the University.

Long-term Financial Planning

During 2007, the City Council and Administration continued the update and implementation of the five-year capital improvement program that ensures the City's ability to meet the needs of the community in future years. One component of the plan is long-term financial projections, which still indicate the need for continued cost containment or revenue enhancement efforts. To address the structural financial deficit, the City Council appointed a committee of citizens who have financial experience to aid in an in-depth analysis of the City's finances. Use of the committee is also intended to aid the City in implementing any remedial changes. Throughout 2006, City Council held several work sessions with the committee whose ultimate goal was to identify actions that would provide financial sustainability in a proactive, equitable and constructive manner. The citizen committee presented their findings to the community through a series of neighborhood and service organization meetings in 2007. It is anticipated that the City will discuss implementation of the recommendations in 2008.

Cash Management Policies and Practices

The City's investment policy is to ensure safety of principal while maintaining a competitive yield on its monies. The Director of Budget and Finance is authorized by Council to invest interim and active monies not in excess of \$10 million. Investments may be in certificates of deposit or repurchase agreements for a period not to exceed six months with an eligible institution designated as a depository in the State of Ohio. While these are considered uncollateralized for financial reporting purposes, the institutions are required by state statute to maintain a collateral pool of assets whose carrying value exceeds their total public deposits by at least five percent. Investments in excess of

depository in the State of Ohio. While these are considered uncollateralized for financial reporting purposes, the institutions are required by state statute to maintain a collateral pool of assets whose carrying value exceeds their total public deposits by at least five percent. Investments in excess of \$10 million or beyond six months require the authorization of the City's Treasury Investment Board. The Treasury Investment Board is comprised of the City Manager, the Director of Budget and Finance and the Director of Law. The total interest earned during calendar year 2007 was \$1,574,295.

Risk Management

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities whose CAFR is easily readable, efficiently organized and conforms to GFOA reporting standards. Such a report must satisfy both generally accepted accounting principles (GAAP) as well as applicable legal requirements. The City of Kent received this honor for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006. This was the twentieth consecutive year that the government has received this prestigious award.

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

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

Respectfully submitted,



Barbara A. Rissland
Director of Budget and Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kent
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF KENT, OHIO
ELECTED OFFICIALS - 2007

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

CITY COUNCIL MEMBERS BY WARDS:

WARD 1	Garret M. Ferrara
WARD 2	Carrie L. Gavriloff
WARD 3	Wayne A. Wilson
WARD 4	John M. Kuhar
WARD 5	Edward C. Bargerstock
WARD 6	Beth A. Oswitch

CITY OF KENT, OHIO

APPOINTED OFFICIALS - 2007

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, Jr.

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

Barbara A. Rissland

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

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

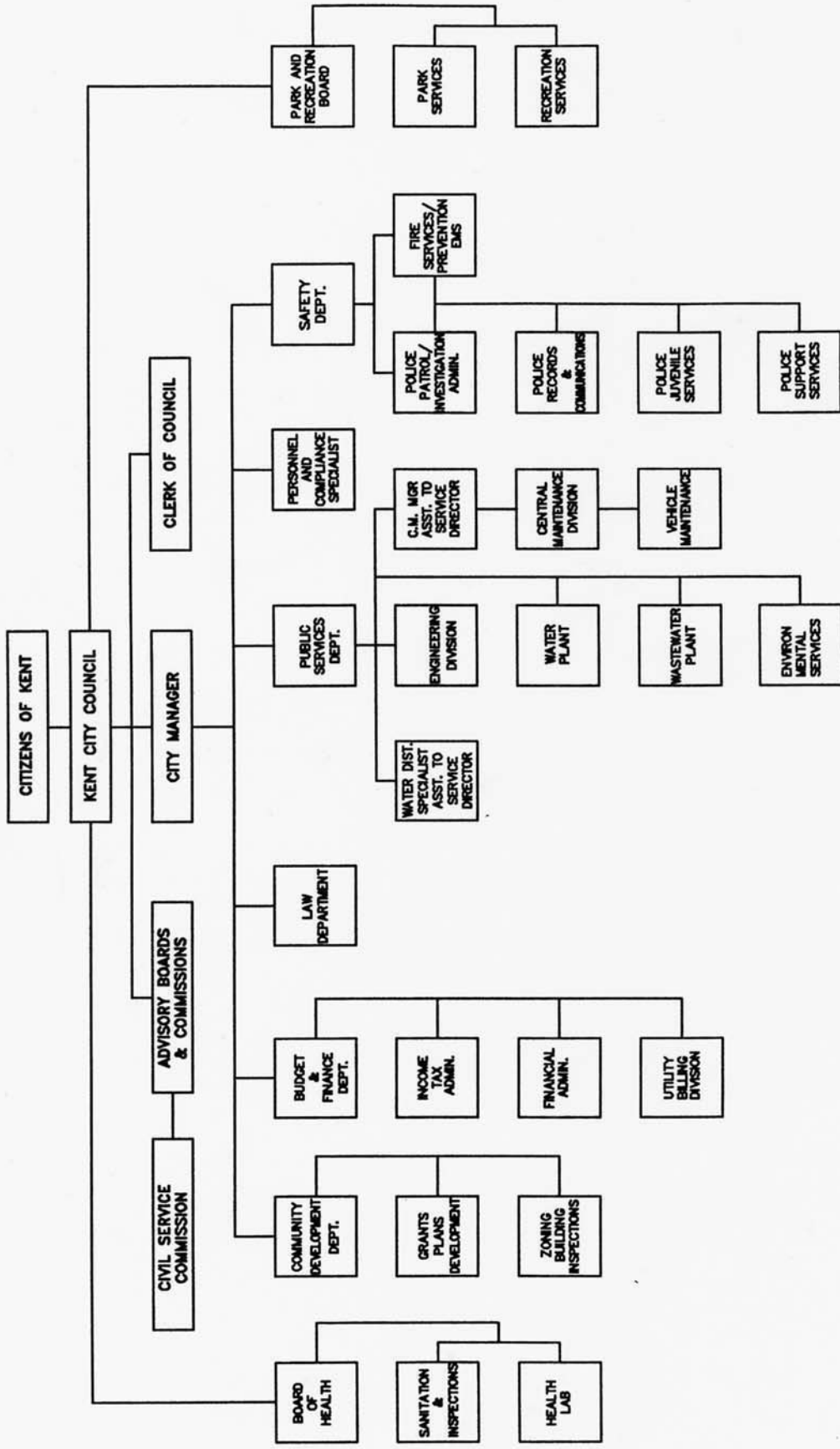
Parks Supervisor

Charles S. Tuttle

Recreation Supervisor

Nancy R. Rice

CITY OF KENT, OHIO ORGANIZATIONAL CHART



FINANCIAL SECTION

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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

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Kent, Ohio

The Honorable Mary Taylor
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of and for the year ended December 31, 2007, 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 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.

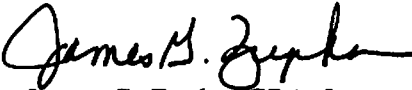
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of December 31, 2007, and the respective changes in financial position and, cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and major Special Revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the City has retroactively reported major infrastructure assets, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted, as of December 31, 2006.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2008, on our consideration of the City of Kent, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 11 through 22 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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


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

June 27, 2008

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The discussion and analysis of the City of Kent's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2007. 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 2007 are:

- Total assets of the City of Kent exceeded its liabilities at the close of the most recent year by \$112,705,031 (*net assets*). Of this amount, \$26,249,455 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to its citizens and creditors.
- Total net assets increased by \$4,201,808 or 3.87% over 2006. Of this amount, \$2,682,931 is attributable to governmental activities and \$1,518,877 is attributable to business-type activities.
- Total capital assets decreased by \$854,521 or 0.96% as compared to 2006. Governmental capital assets decreased by \$14,017 and business-type capital assets decreased by \$840,504.
- Total current assets increased \$4,300,943 or 10.96% as compared to 2006. Of this amount, \$2,378,294 is attributable to governmental activities and \$1,922,649 is attributable to business-type activities.
- Total liabilities decreased \$755,386 or 3.85% as compared to 2006. This decrease is comprised of a decrease in the governmental activities liabilities of \$318,654 and a decrease in the liabilities of the business-type activities of \$436,732.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

the change occurs, *regardless of the timing of cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 36-39 of this report.

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

The basic fiduciary fund financial statement can be found on page 40 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-65 of this report.

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

Government-wide Financial Analysis

Statement of Net Assets and the Statement of Activities. While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole considers all financial transactions and measures how the City did financially during fiscal year 2007. 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 2007 compared to 2006, as restated.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	Restated				Restated	
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$33,581,439	\$31,203,145	\$9,947,036	\$8,024,387	\$43,528,475	\$39,227,532
Capital Assets, Net	33,170,715	33,184,732	54,862,938	55,703,442	88,033,653	88,888,174
<i>Total Assets</i>	<u>66,752,154</u>	<u>64,387,877</u>	<u>64,809,974</u>	<u>63,727,829</u>	<u>131,562,128</u>	<u>128,115,706</u>
Current and Other Liabilities	7,995,334	8,146,625	2,215,096	2,791,413	10,210,430	10,938,038
Long-Term Liabilities:						
Due Within One Year	935,608	897,116	378,444	368,434	1,314,052	1,265,550
Due In More Than One Year	2,762,333	2,968,188	4,570,282	4,440,707	7,332,615	7,408,895
<i>Total Liabilities</i>	<u>11,693,275</u>	<u>12,011,929</u>	<u>7,163,822</u>	<u>7,600,554</u>	<u>18,857,097</u>	<u>19,612,483</u>
Invested in Capital Assets, Net of Related Debt	26,951,296	27,980,128	48,198,941	48,635,444	75,150,237	76,615,572
Restricted:						
Capital Projects	2,607,054	1,907,765	0	0	2,607,054	1,907,765
Debt Service	696,830	773,209	0	0	696,830	773,209
Street Construction, Maintenance and Repair	2,318,906	2,097,675	0	0	2,318,906	2,097,675
Income Tax	2,030,076	1,965,565	0	0	2,030,076	1,965,565
Community Development						
Block Grant	1,139,619	1,108,878	0	0	1,139,619	1,108,878
Parks and Recreation	934,412	729,442	0	0	934,412	729,442
Other Purposes	1,578,442	1,546,068	0	0	1,578,442	1,546,068
Unrestricted	16,802,244	14,267,218	9,447,211	7,491,831	26,249,455	21,759,049
<i>Total Net Assets</i>	<u>\$55,058,879</u>	<u>\$52,375,948</u>	<u>\$57,646,152</u>	<u>\$56,127,275</u>	<u>\$112,705,031</u>	<u>\$108,503,223</u>

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As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Kent, total assets exceed total liabilities by \$112,705,031 at the close of the most recent year.

The largest portion of the City's net assets (66.7%) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, equipment and vehicles), less any related outstanding debt issued to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$11,305,339 or 10.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$26,249,455 or 23.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

Total assets increased by \$3,446,422 from 2006 to 2007. The change in assets corresponds primarily to an increase in current assets of \$4,300,943, which is offset by a decrease in capital assets net of accumulated depreciation of \$854,521. The majority of the change in these items relate to two causes – unspent capital of \$3.7 million and temporarily unfilled positions of approximately 18.4 full time equivalents which equates to unspent personnel funds of \$1.1 million. Various delays on the Fairchild Bridge Project, coupled with vacancies in the engineering staff, contributed to the unspent capital. It has since been reappropriated and the positions have been filled.

Total liabilities decreased \$755,386, which corresponds to a decrease of \$318,654 in governmental funds and a decrease of \$436,732 in the business-type funds. A reduction of \$446,947 in outstanding debt combined with an increase in claims payable of \$181,843 account for the majority of the change in the governmental funds. A decrease in outstanding debt of \$404,001 is the primary reason for the decrease in the business-type funds.

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

The total net assets of the City increased \$4,201,808 from 2006 to 2007. The primary reason for this overall change is an increase of \$4,300,943 in current assets which was previously discussed.

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.

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Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	Restated 2006	2007	2006	2007	Restated 2006
Revenues						
Program Revenues:						
Charges for Services	\$2,098,505	\$2,115,368	\$7,342,539	\$7,201,781	\$9,441,044	\$9,317,149
Operating Grants and Contributions	1,326,617	1,460,565	12,500	12,500	1,339,117	1,473,065
Capital Grants and Contributions	991,738	1,850,088	1,231,118	1,120,278	2,222,856	2,970,366
General Revenues:						
Income Taxes	10,577,734	10,147,407	0	0	10,577,734	10,147,407
Property and Other Local Taxes	3,253,868	3,205,536	0	0	3,253,868	3,205,536
Intergovernmental	2,653,962	2,203,538	0	0	2,653,962	2,203,538
Investments	1,158,296	1,083,312	415,999	320,134	1,574,295	1,403,446
Gain on Sale of Capital Assets	0	0	0	203,669	0	203,669
Miscellaneous	284,815	171,322	60,147	50,602	344,962	221,924
Total Revenues	22,345,535	22,237,136	9,062,303	8,908,964	31,407,838	31,146,100
Program Expenses						
Security of Persons and Property	9,767,636	9,326,847	0	0	9,767,636	9,326,847
Public Health and Welfare	567,464	565,274	0	0	567,464	565,274
Leisure Time Activities	1,304,088	1,316,911	0	0	1,304,088	1,316,911
Community Development	1,806,399	1,909,670	0	0	1,806,399	1,909,670
Transportation	3,242,973	3,167,359	0	0	3,242,973	3,167,359
General Government	2,697,076	2,751,222	0	0	2,697,076	2,751,222
Interest and Fiscal Charges	276,968	279,179	0	0	276,968	279,179
Water	0	0	3,075,261	2,898,864	3,075,261	2,898,864
Sewer	0	0	3,758,029	3,819,961	3,758,029	3,819,961
Solid Waste	0	0	449,101	429,551	449,101	429,551
Storm Water Drainage	0	0	261,035	240,410	261,035	240,410
Total Expenses	19,662,604	19,316,462	7,543,426	7,388,786	27,206,030	26,705,248
Increase in Net Assets	2,682,931	2,920,674	1,518,877	1,520,178	4,201,808	4,440,852
Net Assets Beginning of Year - Restated	52,375,948	49,455,274	56,127,275	54,607,097	108,503,223	104,062,371
Net Assets End of Year	\$55,058,879	\$52,375,948	\$57,646,152	\$56,127,275	\$112,705,031	\$108,503,223

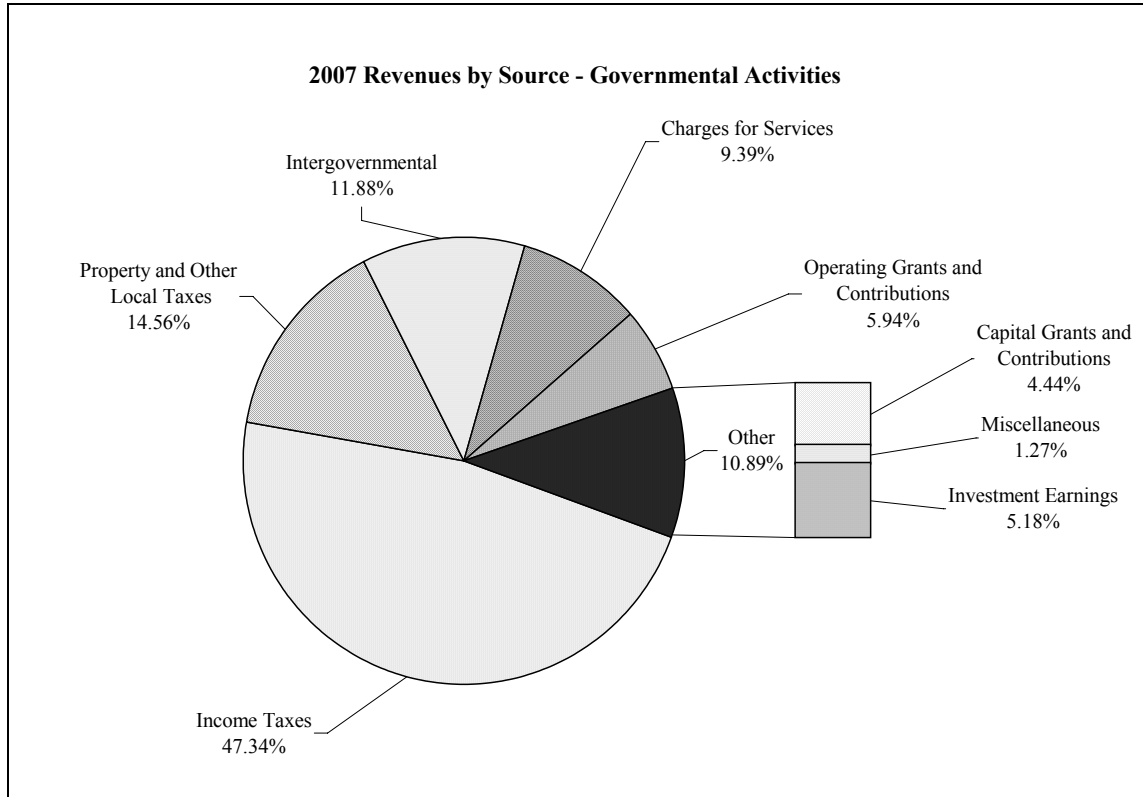
Governmental Activities

Governmental activities increased the City's net assets by \$2,682,931 during 2007.

Several types of revenues fund the City's governmental activities, with municipal income tax being the largest contributor. Income tax collections increased \$430,327 or 4.24%, which corresponds to standard wage increases in employee withholding which increased collections. Overall, the City's governmental revenues increased very slightly, \$108,399 or .49% as compared to 2006. In addition to income tax, intergovernmental revenue increased primarily due to the newly created Joint Economic Development Districts that were created with the contiguous townships. The increases in income tax and intergovern-

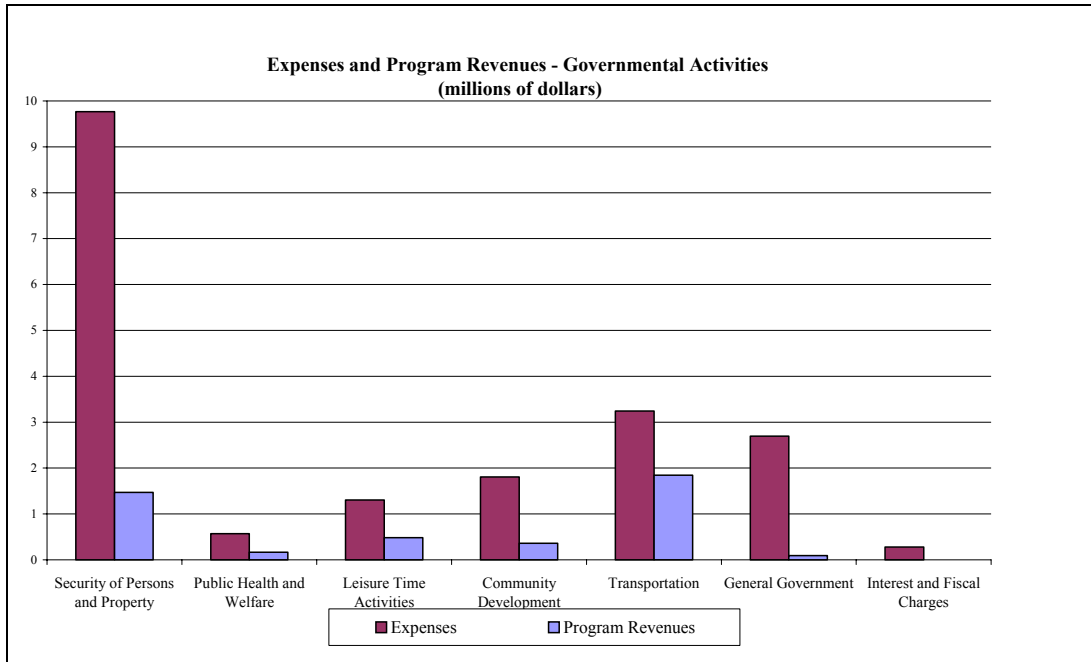
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mental revenue were partially offset by a decrease in capital grants as the result of fewer subdivisions being dedicated and a drop in overall capital activity.



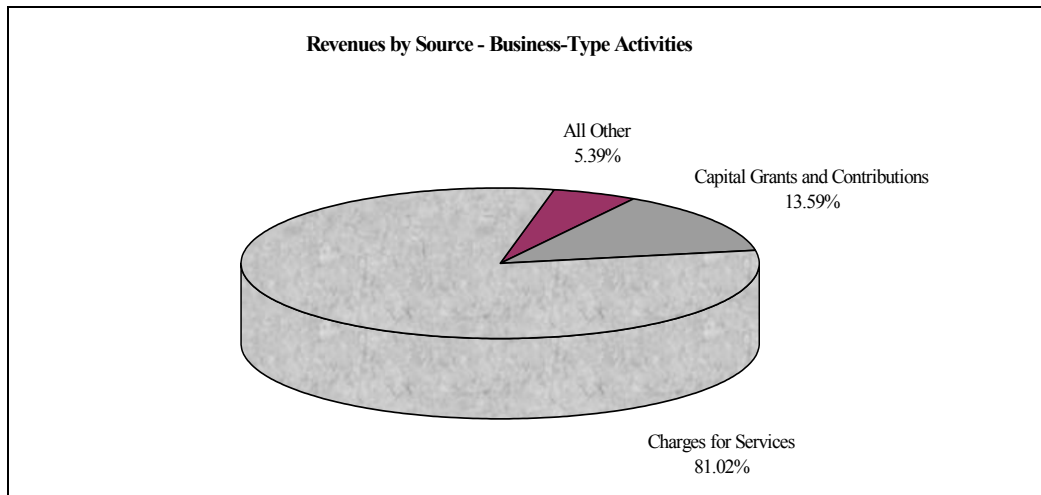
Expenses in the governmental activities increased by \$346,142 or 1.792%. Overall, this increase corresponds to the negotiated wage and benefit increases, which are the largest component of general government expenditures. Security of persons and property increased by \$440,789 or 4.7% because of negotiated rate increases of 3.0% and the filling of previously vacant positions. Transportation expenses were up for the same reasons. The remaining program areas reflect either slight increases or decreases basically because of vacancies. While it is the City's intent to fill some of these positions, other vacancies have been held pending the determination of the City's future financial strategy. During 2007, the largest program area for the City is security of persons and property at 49.68%, which includes police, fire and emergency medical services. The next largest program area is transportation at 16.49%, of which \$1.3 million or 40.4% of the total expenses are attributable to depreciation on the City's roads. General government is the third largest program area at 13.72% 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

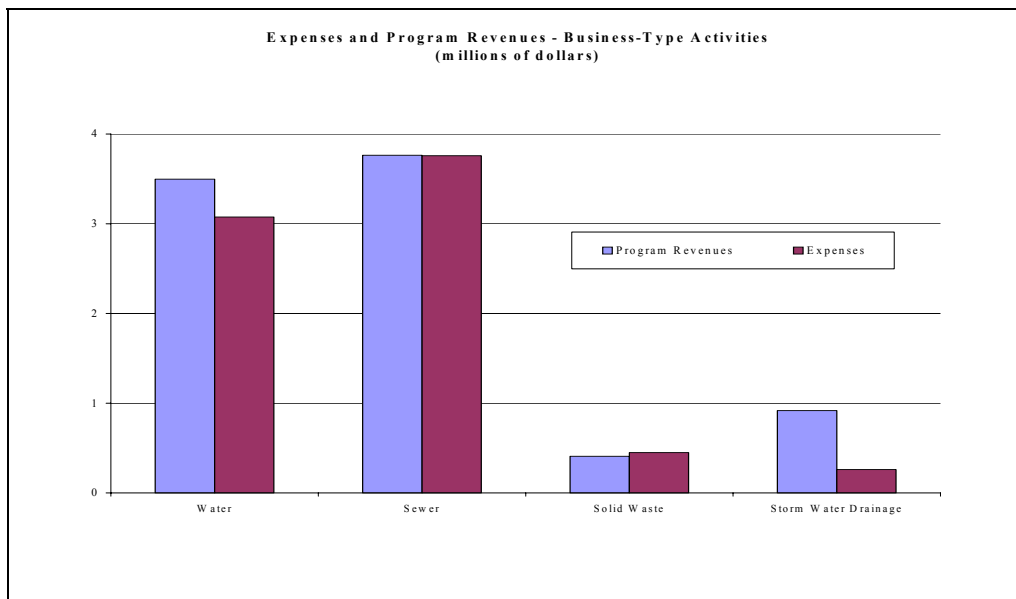
Business-type activities of the City, which include water, sewer, solid waste and storm water drainage operations, increased the City's net assets by \$1,518,877.



Charges for services account for 81.02% of total business-type revenues. The increase in charges for services, \$140,758 or 1.95%, corresponds to a 2.0% increase in the sewer and storm water drainage funds. The capital grants and contributions consist of \$.60 million in special assessments, combined with \$.38 million in infrastructure assets that were accepted from developers and \$.25 million of tap-in fees.

Expenses in the business-type activities grew by \$154,640 or 2.09%, which roughly equates to negotiated wage increases and market increases.

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Program revenues approximate program expenses in the sewer and solid waste business-type activities. The large excess of program revenues over expenses in the water and storm water drainage funds is due primarily to capital grants and contributions.

Financial Analysis of the City of Kent's Funds

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

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

As of the end of the current fiscal year, the City of Kent's governmental funds reported combined ending fund balances of \$21,231,917, which represents an increase of \$2,658,074 or 14.31% as compared to 2006. Of the total amount, \$18,259,859 constitutes *unreserved fund balance*, which is available at the government's discretion. The current unreserved fund balance represents 94.04% of the total governmental funds expenditures. A portion of the unreserved fund balance (\$2,030,076) 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 (\$2,144,493); 2) to fund the revolving loan program (\$498,449); and 3) for other restricted purposes (\$329,116).

The overall impact of position vacancies and a decrease in capital activity is apparent in the growth of the fund balances of the major governmental funds that contain personnel expenditures, as well as the Capital Projects Fund.

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

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

	Water	Sewer	Solid Waste	Storm Water Drainage
Unrestricted Net Assets	\$3,790,411	\$3,771,161	(\$243,525)	\$2,167,464
Change in Net Assets	619,820	205,336	(39,189)	756,967

In the water and sewer funds, which are the two largest enterprise funds, the unrestricted net assets represent 124.5% and 107.7% of the total current operating expenses, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights. The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2007, the City amended its general fund budget on various occasions. All recommendations for budget changes are reviewed by the Finance Committee of City Council prior to presentation to Council for ordinance enactment of the changes.

For the general fund expenditures, the original budget amount was \$8,664,920 and the final amended budget was \$9,398,920, an increase of \$734,000. The major items contributing to the increase in the budget were increases in community development and in budget and finance. The community development increase was due to activity related to a renewed interest in redevelopment of the downtown, as well as an increase for a brownfield assessment grant received from the Environmental Protection Agency. The increase in budget and finance relates to the settlement of several lawsuits that have been pending for a few years.

Actual expenditures were \$8,479,509, or \$919,411 less than was budgeted. Vacancies in several positions were the reason budgeted funds were not spent.

Capital Assets and Debt Administration

Capital Assets. The City of Kent's investment in capital assets (net of accumulated depreciation) for governmental and business-type activities as of December 31, 2007, was \$88,033,653. The City's investment in capital assets decreased by \$14,017 or .04% for governmental activities and decreased by \$840,504 or 1.51% for business-type activities when comparing 2007 to 2006.

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

Table 3 compares capital assets as of December 31, 2007 to balances at December 31, 2006, as restated.

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Table 3
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	Restated				Restated	
	2007	2006	2007	2006	2007	2006
Land	\$3,919,800	\$3,691,089	\$1,775,033	\$1,769,343	\$5,694,833	\$5,460,432
Buildings, Structures and Improvements	6,801,201	7,118,744	6,902,776	7,234,341	13,703,977	14,353,085
Machinery and Equipment	2,896,476	2,828,951	1,921,213	2,220,812	4,817,689	5,049,763
Construction in Progress	1,984,888	3,298,577	212,389	835,202	2,197,277	4,133,779
Infrastructure						
Roads, Bridges, Walks	17,080,125	15,729,429	0	0	17,080,125	15,729,429
Traffic Signals	488,225	517,942	0	0	488,225	517,942
Water	0	0	10,612,297	10,405,103	10,612,297	10,405,103
Sewer	0	0	22,635,959	23,082,425	22,635,959	23,082,425
Storm Water	0	0	10,803,271	10,156,216	10,803,271	10,156,216
<i>Total Capital Assets</i>	<u>\$33,170,715</u>	<u>\$33,184,732</u>	<u>\$54,862,938</u>	<u>\$55,703,442</u>	<u>\$88,033,653</u>	<u>\$88,888,174</u>

Long-term Debt. At December 31, 2007, the City's bonds, notes and loans outstanding were \$12.9 million.

Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$1,970,000	\$2,105,000	\$0	\$0	\$1,970,000	\$2,105,000
Special Assessment Bonds	458,000	505,000	0	0	458,000	505,000
OPWC Loans	335,867	365,814	96,324	33,733	432,191	399,547
OWDA Loans	0	0	4,657,673	4,574,265	4,657,673	4,574,265
Notes Payable	3,445,000	3,680,000	1,910,000	2,460,000	5,355,000	6,140,000
Total	<u>\$6,208,867</u>	<u>\$6,655,814</u>	<u>\$6,663,997</u>	<u>\$7,067,998</u>	<u>\$12,872,864</u>	<u>\$13,723,812</u>

The City of Kent's total long-term debt decreased by \$65,948 or .87%. This decrease is primarily due to scheduled debt service payments of \$400,906, combined with a new OWDA loan for the Franklin Hills Waterline in the amount of \$271,200, an increase in the OPWC loan for the Elm-Mae-Morris Improvements and a new OPWC loan for Drainage Area Q in the amounts of \$12,961 and \$50,797, respectively. It is intended that the OWDA loan will be repaid through an intergovernmental agreement with Franklin Township and Portage County and that the OPWC loans be repaid through charges for services.

Short-term debt decreased \$785,000. The notes payable of \$3,445,000 in the governmental activities are for the construction and renovation of the main fire station and renovation of administration offices. Of the notes payable in the business-type activities, \$935,000 was originally issued to current refund outstanding sewer bonds with an average interest rate of 6.48%. It is the City's intention to retire these notes through the

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reissuance of notes, scheduling debt service payments at approximately the same level required by the refunded debt. The remaining \$975,000 was used to finance a capital sewer project and will be repaid through user charges.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10.5 percent of total assessed valuation. The City's overall legal debt margin was \$38,589,338 at December 31, 2007.

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

Current Financial Related Activities

The City of Kent is subject to a similar economic slowdown as the rest of Ohio and the Country as a whole. Revenues are projected to remain stable, but no growth in existing sources is anticipated. The City is hopeful that revenues associated with the newly implemented Joint Economic Development Districts will help to supplement our existing tax base in the future. The City is also looking into regional cooperation to increase the overall efficiency in providing services to our taxpayers. The combined effect of both of these actions should result in a financially stronger municipality.

During 2007, the City Council and Administration continued the update and implementation of the five-year capital improvement program that ensures the City's ability to meet the needs of the community in future years. One component of the plan is long-term financial projections, which still indicate the need for continued cost containment or revenue enhancement efforts. To address the structural financial deficit, the City Council appointed a committee of citizens who have financial experience to aid in an in-depth analysis of the City's finances. Use of the committee is also intended to aid the City in implementing any remedial changes. Throughout 2006, City Council held several work sessions with the committee whose ultimate goal was to identify actions that would provide financial sustainability in a proactive, equitable and constructive manner. The citizen committee presented their findings to the community through a series of neighborhood and service organization meetings in 2007. It is anticipated that the City will discuss implementation of the recommendation in 2008.

The combined effects of continued development of upscale residential housing, coupled with the stability of Kent State University, are just a few indicators that the City's future economic outlook is positive. Current and proposed redevelopment of previously neglected sections of the downtown area also points to a new surge of investment into these areas. It is anticipated that the City will continue to pursue a balanced and manageable approach to growth that will serve to enhance the current financial position of the City.

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.

City Of Kent, Ohio
Statement of Net Assets
December 31, 2007

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$20,472,583	\$9,323,237	\$29,795,820
Cash Surrender Value of Life Insurance Policies	862,058	0	862,058
Receivables:			
Interest Receivable	337,751	83,517	421,268
Accounts Receivable	0	1,448,331	1,448,331
Other Receivable	276,687	150,950	427,637
Income Taxes Receivable	1,561,888	0	1,561,888
Property Taxes Receivable	3,080,552	0	3,080,552
Other Local Taxes Receivable	50,097	0	50,097
Loans Receivable	498,449	0	498,449
Utilization Fee Receivable	0	135,576	135,576
Special Assessments Receivable	1,620,505	1,281,676	2,902,181
Less Allowance for Doubtful Accounts	0	(260,554)	(260,554)
Receivables, Net	<u>7,425,929</u>	<u>2,839,496</u>	<u>10,265,425</u>
Internal Balances	2,286,846	(2,286,846)	0
Due From Other Governments	2,096,423	12,500	2,108,923
Inventories	222,536	35,613	258,149
Prepaid Items	79,252	22,611	101,863
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	135,812	425	136,237
Capital Assets, Non-Depreciable	5,904,688	1,987,422	7,892,110
Capital Assets, Depreciable, Net	<u>27,266,027</u>	<u>52,875,516</u>	<u>80,141,543</u>
<i>Total Assets</i>	<u>66,752,154</u>	<u>64,809,974</u>	<u>131,562,128</u>
Liabilities			
Accounts Payable	477,278	131,902	609,180
Capital Contracts Payable	117,103	17,228	134,331
Accrued Wages and Benefits	683,308	135,995	819,303
Unearned Revenue	2,862,779	3,629	2,866,408
Accrued Interest Payable	39,260	15,917	55,177
Claims Payable	354,794	0	354,794
Notes Payable	3,445,000	1,910,000	5,355,000
Payable from Restricted Assets	15,812	425	16,237
Long-Term Liabilities:			
Due Within One Year	935,608	378,444	1,314,052
Due In More Than One Year	<u>2,762,333</u>	<u>4,570,282</u>	<u>7,332,615</u>
<i>Total Liabilities</i>	<u>11,693,275</u>	<u>7,163,822</u>	<u>18,857,097</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	26,951,296	48,198,941	75,150,237
Restricted for:			
Capital Projects	2,607,054	0	2,607,054
Debt Service	696,830	0	696,830
Street Construction, Maintenance and Repair	2,318,906	0	2,318,906
Income Tax	2,030,076	0	2,030,076
Community Development Block Grant	1,139,619	0	1,139,619
Parks and Recreation	934,412	0	934,412
Other Purposes	1,578,442	0	1,578,442
Unrestricted	<u>16,802,244</u>	<u>9,447,211</u>	<u>26,249,455</u>
<i>Total Net Assets</i>	<u>\$55,058,879</u>	<u>\$57,646,152</u>	<u>\$112,705,031</u>

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Activities
For the Year Ended December 31, 2007

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
Security of Persons and Property	\$9,767,636	\$1,296,839	\$174,223
Public Health and Welfare	567,464	154,456	9,786
Leisure Time Activities	1,304,088	483,382	0
Community Development	1,806,399	72,749	289,541
Transportation	3,242,973	420	853,067
General Government	2,697,076	90,659	0
Interest and Fiscal Charges	276,968	0	0
<i>Total Governmental Activities</i>	<u>19,662,604</u>	<u>2,098,505</u>	<u>1,326,617</u>
Business-Type Activities			
Water	3,075,261	2,764,094	0
Sewer	3,758,029	3,606,844	0
Solid Waste	449,101	397,071	12,500
Storm Water Drainage	261,035	574,530	0
<i>Total Business-Type Activities</i>	<u>7,543,426</u>	<u>7,342,539</u>	<u>12,500</u>
<i>Total</i>	<u>\$27,206,030</u>	<u>\$9,441,044</u>	<u>\$1,339,117</u>

General Revenues

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

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restated

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets			
Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
\$0	(\$8,296,574)	\$0	(\$8,296,574)
0	(403,222)	0	(403,222)
0	(820,706)	0	(820,706)
0	(1,444,109)	0	(1,444,109)
991,738	(1,397,748)	0	(1,397,748)
0	(2,606,417)	0	(2,606,417)
0	(276,968)	0	(276,968)
991,738	(15,245,744)	0	(15,245,744)
732,442	0	421,275	421,275
156,177	0	4,992	4,992
0	0	(39,530)	(39,530)
342,499	0	655,994	655,994
1,231,118	0	1,042,731	1,042,731
\$2,222,856	(15,245,744)	1,042,731	(14,203,013)
:	1,672,891	0	1,672,891
	1,580,977	0	1,580,977
	10,577,734	0	10,577,734
	2,653,962	0	2,653,962
	1,158,296	415,999	1,574,295
	284,815	60,147	344,962
	17,928,675	476,146	18,404,821
	2,682,931	1,518,877	4,201,808
	52,375,948	56,127,275	108,503,223
	\$55,058,879	\$57,646,152	\$112,705,031

City of Kent, Ohio

Balance Sheet

Governmental Funds

December 31, 2007

	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	\$8,937,263	\$959,327	\$1,148,415	\$3,793,884	\$435,709	\$876,903
Receivables:						
Property Taxes Receivable	1,548,146	0	1,074,052	0	0	0
Income Taxes Receivable	0	0	0	1,561,888	0	0
Other Taxes Receivable	50,097	0	0	0	0	0
Interest Receivable	334,895	0	0	2,374	0	0
Loans Receivable	0	0	0	0	0	0
Other Receivable	269,810	0	6,877	0	0	0
Special Assessments Receivable	0	836,077	0	0	0	0
Receivables, Net	<u>2,202,948</u>	<u>836,077</u>	<u>1,080,929</u>	<u>1,564,262</u>	<u>0</u>	<u>0</u>
Due from Other Funds	631,466	0	0	2,097,080	0	0
Due from Other Governments	1,166,775	410,290	67,146	0	2,200	0
Inventories	14,766	207,770	0	0	0	0
Prepaid Items	65,353	7,053	1,875	216	0	4,711
Restricted Cash:						
Equity in Pooled Cash and Cash Equivalents	<u>0</u>	<u>15,762</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$13,018,571</u>	<u>\$2,436,279</u>	<u>\$2,298,365</u>	<u>\$7,455,442</u>	<u>\$437,909</u>	<u>\$881,614</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$294,112	\$25,975	\$16,245	\$9,490	\$0	\$24,103
Capital Contracts Payable	0	0	15,378	0	0	0
Accrued Wages and Benefits	295,337	32,181	33,627	9,157	165,778	145,760
Due to Other Funds	0	0	280,000	0	0	0
Due to Other Governments	0	0	0	0	0	0
Unearned Revenue	0	0	0	0	0	0
Deferred Revenue	2,338,208	1,125,726	1,141,198	462,946	0	0
Accrued Interest Payable	0	0	0	0	0	0
Notes Payable	0	0	0	0	0	0
Payable from Restricted Assets	<u>0</u>	<u>15,762</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>2,927,657</u>	<u>1,199,644</u>	<u>1,486,448</u>	<u>481,593</u>	<u>165,778</u>	<u>169,863</u>
Fund Balances						
Reserved for Encumbrances	542,972	105,487	86,123	1,632	0	356,650
Reserved for Loans Receivable	0	0	0	0	0	0
Reserved for Inventories	14,766	207,770	0	0	0	0
Reserved for Prepays	65,353	7,053	1,875	216	0	4,711
Reserved for Debt Service	0	0	0	0	0	0
Unreserved:						
Designated:						
For Public Facilities and Programs	0	0	0	2,030,076	0	0
Undesignated (Deficit), Reported in:						
General Fund	9,467,823	0	0	0	0	0
Special Revenue Funds	0	916,325	723,919	4,941,925	272,131	350,390
Capital Projects Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Fund Balances (Deficit)</i>	<u>10,090,914</u>	<u>1,236,635</u>	<u>811,917</u>	<u>6,973,849</u>	<u>272,131</u>	<u>711,751</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$13,018,571</u>	<u>\$2,436,279</u>	<u>\$2,298,365</u>	<u>\$7,455,442</u>	<u>\$437,909</u>	<u>\$881,614</u>

See accompanying notes to the basic financial statements

City of Kent, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007*

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$2,399,455	\$1,567,084	\$20,118,040
0	458,354	3,080,552
0	0	1,561,888
0	0	50,097
0	482	337,751
0	498,449	498,449
0	0	276,687
114,926	669,502	1,620,505
<u>114,926</u>	<u>1,626,787</u>	<u>7,425,929</u>
0	0	2,728,546
241,383	208,629	2,096,423
0	0	222,536
0	44	79,252
<u>0</u>	<u>120,050</u>	<u>135,812</u>
<u>\$2,755,764</u>	<u>\$3,522,594</u>	<u>\$32,806,538</u>
\$11,732	\$53,429	\$435,086
101,725	0	117,103
0	1,468	683,308
0	200,000	480,000
0	0	0
6,545	0	6,545
114,926	1,180,055	6,363,059
28,708	0	28,708
3,445,000	0	3,445,000
0	50	15,812
<u>3,708,636</u>	<u>1,435,002</u>	<u>11,574,621</u>
871,519	180,110	2,144,493
0	498,449	498,449
0	0	222,536
0	44	79,252
0	27,328	27,328
0	0	2,030,076
0	0	9,467,823
0	1,381,661	8,586,351
(1,824,391)	0	(1,824,391)
<u>(952,872)</u>	<u>2,087,592</u>	<u>21,231,917</u>
<u>\$2,755,764</u>	<u>\$3,522,594</u>	<u>\$32,806,538</u>

Total Governmental Fund Balances \$21,231,917

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

Capital assets used in governmental activities are not
 financial resources and therefore are not reported
 in the funds 33,170,715

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

Special Assessments	1,620,505	
Delinquent Property Taxes	224,318	
Intergovernmental	1,128,405	
Charges for Services	70,651	
Municipal Income Taxes	<u>462,946</u>	
Total		3,506,825

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. 857,915

In the statement of activities, interest is accrued on
 outstanding bonds, whereas in governmental fund,
 an interest expenditure is reported when due (10,552)

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

General Obligation Bonds	(1,970,000)	
Special Assessment Bonds	(458,000)	
OPWC Loans	(335,867)	
Compensated Absences	<u>(934,074)</u>	
Total		(3,697,941)

Net Assets of Governmental Activities \$55,058,879

City of Kent, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	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	\$1,678,902	\$0	\$1,029,059	\$0	\$0	\$0
Income Taxes	0	0	0	10,564,245	0	0
Charges for Services	1,248,268	420	478,442	0	0	0
Fees, Licenses and Permits	97,307	0	4,940	0	0	0
Fines and Forfeitures	219,549	0	0	0	0	0
Intergovernmental	2,367,278	786,932	152,050	0	2,200	0
Special Assessments	0	80,339	0	0	0	0
Interest	958,765	0	0	93,961	0	0
Miscellaneous	38,565	15,579	42,020	0	0	2,819
<i>Total Revenues</i>	<u>6,608,634</u>	<u>883,270</u>	<u>1,706,511</u>	<u>10,658,206</u>	<u>2,200</u>	<u>2,819</u>
Expenditures						
Current:						
Security of Persons and Property	3,850,511	0	0	0	2,481,474	2,355,978
Public Health and Welfare	440,130	0	0	0	0	0
Leisure Time Activities	0	0	1,233,477	0	0	0
Community Development	1,449,610	0	0	0	0	0
Transportation	0	1,425,339	0	0	0	0
General Government	2,077,732	0	0	453,020	0	0
Capital Outlay	252,691	86,511	328,273	0	0	313,380
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>8,070,674</u>	<u>1,511,850</u>	<u>1,561,750</u>	<u>453,020</u>	<u>2,481,474</u>	<u>2,669,358</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,462,040)</u>	<u>(628,580)</u>	<u>144,761</u>	<u>10,205,186</u>	<u>(2,479,274)</u>	<u>(2,666,539)</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	36,075	0	50,300	0	0	0
Transfers In	2,500,000	925,000	0	0	2,496,935	2,496,935
Transfers Out	0	0	0	(10,063,942)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,536,075</u>	<u>925,000</u>	<u>50,300</u>	<u>(10,063,942)</u>	<u>2,496,935</u>	<u>2,496,935</u>
<i>Net Change in Fund Balances</i>	1,074,035	296,420	195,061	141,244	17,661	(169,604)
<i>Fund Balances (Deficit) Beginning of Year</i>	9,016,879	940,215	616,856	6,832,605	254,470	881,355
<i>Fund Balances (Deficit) End of Year</i>	<u>\$10,090,914</u>	<u>\$1,236,635</u>	<u>\$811,917</u>	<u>\$6,973,849</u>	<u>\$272,131</u>	<u>\$711,751</u>

See accompanying notes to the basic financial statements

City of Kent, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007*

Capital Projects	Other Governmental Funds	Total Governmental Funds		
			Net Change in Fund Balances - Total Governmental Funds	\$2,658,074
			Amounts reported for governmental activities in the statement of activities are different because	
\$0	\$560,502	\$3,268,463	Governmental funds report capital outlays as expenditures.	
0	0	10,564,245	However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
0	0	1,727,130	Capital Outlay	1,986,530
0	123,658	225,905	Depreciation	<u>(2,328,757)</u>
0	15,219	234,768	Total	(342,227)
564,671	532,982	4,406,113	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(15,906)
46,576	80,028	206,943	Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	344,116
0	67,261	1,119,987	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
100,247	36,654	235,884	Delinquent Property Taxes	(14,595)
			Intergovernmental	124,137
711,494	1,416,304	21,989,438	Special Assessments	(130,530)
			Income Tax	13,489
			Charges for Services	<u>(89,298)</u>
			Total	(96,797)
			Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	211,947
			In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	769
			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.	(44,584)
			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>(32,461)</u>
			Change in Net Assets of Governmental Activities	<u><u>\$2,682,931</u></u>

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$1,595,636	\$1,677,377	\$1,679,315	\$1,938
Fees, Licenses and Permits	107,100	97,100	97,626	526
Intergovernmental	2,095,206	2,400,327	2,411,768	11,441
Charges for Services	1,067,600	1,087,600	1,136,339	48,739
Fines and Forfeits	262,000	222,000	221,509	(491)
Interest	600,000	850,000	862,866	12,866
Miscellaneous	55,000	20,000	38,797	18,797
Total Revenues	5,782,542	6,354,404	6,448,220	93,816
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	4,184,832	4,214,968	3,890,802	324,166
Public Health and Welfare				
Department of Health	487,349	491,269	445,415	45,854
Community Development				
Department of Community Development	1,272,513	1,884,512	1,687,762	196,750
General Government				
Office of City Manager	337,732	344,107	299,615	44,492
Office of Council	232,860	244,360	230,446	13,914
Office of Civil Service	83,847	83,847	83,625	222
Department of Law	396,860	396,860	323,859	73,001
Department of Public Services	858,223	872,095	764,769	107,326
Department of Budget and Finance	502,704	562,207	462,813	99,394
Total General Government	2,412,226	2,503,476	2,165,127	338,349
Capital Outlays	308,000	304,695	290,403	14,292
Total Expenditures	8,664,920	9,398,920	8,479,509	919,411
Excess of Revenues Under Expenditures	(2,882,378)	(3,044,516)	(2,031,289)	1,013,227
Other Financing Sources (Uses)				
Sale of Capital Asset	0	20,000	38,575	18,575
Transfers In	2,200,000	2,500,000	2,500,000	0
Advance In	0	20,000	20,000	0
Net Other Financing Sources (Uses)	2,200,000	2,540,000	2,558,575	18,575
Net Change in Fund Balance	(682,378)	(504,516)	527,286	1,031,802
Recovery of Prior Year Encumbrances	0	0	58,758	58,758
Fund Balance Beginning of Year	7,426,260	7,426,260	7,426,260	0
Fund Balance End of Year	\$6,743,882	\$6,921,744	\$8,012,304	\$1,090,560

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$722,000	\$722,000	\$789,240	\$67,240
Charges for Services	2,000	2,000	420	(1,580)
Special Assessments	78,000	78,000	80,339	2,339
Miscellaneous	5,000	5,000	3,279	(1,721)
Total Revenues	807,000	807,000	873,278	66,278
Expenditures				
Current:				
Transportation				
Department of Public Services	1,561,996	1,593,026	1,419,435	173,591
Capital Outlays	160,000	168,970	168,966	4
Total Expenditures	1,721,996	1,761,996	1,588,401	173,595
Excess of Revenues Under Expenditures	(914,996)	(954,996)	(715,123)	239,873
Other Financing Sources				
Transfers In	800,000	925,000	925,000	0
Sale of Capital Asset	0	0	12,300	12,300
Net Other Financing Sources (Uses)	800,000	925,000	937,300	12,300
Net Change in Fund Balance	(114,996)	(29,996)	222,177	252,173
Recovery of Prior Year Encumbrances	0	0	70,879	70,879
Fund Balance Beginning of Year	528,820	528,820	528,820	0
Fund Balance End of Year	\$413,824	\$498,824	\$821,876	\$323,052

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Parks and Recreation Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$1,036,220	\$1,026,910	\$1,029,059	\$2,149
Fees, Licenses and Permits	5,000	5,000	4,940	(60)
Intergovernmental	101,880	151,326	152,050	724
Charges for Services	460,500	470,500	486,428	15,928
Miscellaneous	20,500	30,500	40,983	10,483
Total Revenues	1,624,100	1,684,236	1,713,460	29,224
Expenditures				
Current:				
Leisure Time Activities				
Department of Parks and Recreation	1,318,487	1,343,487	1,267,472	76,015
Capital Outlays	326,500	534,500	242,204	292,296
Total Expenditures	1,644,987	1,877,987	1,509,676	368,311
Excess of Revenues Over (Under) Expenditures	(20,887)	(193,751)	203,784	397,535
Other Financing Sources				
Sale of Capital Asset	0	50,000	50,300	300
Advances out	(20,000)	(20,000)	(20,000)	0
Net Other Financing Sources (Uses)	(20,000)	30,000	30,300	300
Net Change in Fund Balance	(40,887)	(163,751)	234,084	397,835
Recovery of Prior Year Encumbrances	0	0	6,984	6,984
Fund Balance Beginning of Year	792,123	792,123	792,123	0
Fund Balance End of Year	\$751,236	\$628,372	\$1,033,191	\$404,819

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Income Tax Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$10,400,000	\$10,575,000	\$10,660,344	\$85,344
Interest	80,000	105,000	106,485	1,485
Total Revenues	10,480,000	10,680,000	10,766,829	86,829
Expenditures				
Current:				
General Government				
Department of Budget and Finance	789,875	789,875	564,180	225,695
Excess of Revenues Over Expenditures	9,690,125	9,890,125	10,202,649	312,524
Other Financing Sources (Uses)				
Transfers Out	(9,975,134)	(10,063,942)	(10,063,942)	0
Advances In	30,000	30,000	30,000	0
Net Other Financing Sources (Uses)	(9,945,134)	(10,033,942)	(10,033,942)	0
Net Change in Fund Balance	(255,009)	(143,817)	168,707	312,524
Recovery of Prior Year Encumbrances	0	0	414	414
Fund Balance Beginning of Year	3,557,038	3,557,038	3,557,038	0
Fund Balance End of Year	\$3,302,029	\$3,413,221	\$3,726,159	\$312,938

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Income Tax Safety Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	2,500,240	2,500,240	2,475,641	24,599
Excess of Revenues				
Under Expenditures	(2,500,240)	(2,500,240)	(2,475,641)	24,599
Other Financing Sources				
Transfers In	2,451,482	2,496,935	2,496,935	0
Net Change in Fund Balance	(48,758)	(3,305)	21,294	24,599
Fund Balance Beginning of Year	329,079	329,079	329,079	0
Fund Balance End of Year	<u>\$280,321</u>	<u>\$325,774</u>	<u>\$350,373</u>	<u>\$24,599</u>

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Fire and Emergency Medical Services Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Miscellaneous	0	0	2,819	2,819
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	2,435,924	2,438,124	2,355,073	83,051
Capital Outlays	225,000	222,800	222,761	39
Total Expenditures	2,660,924	2,660,924	2,577,834	83,090
Excess of Revenues Under Expenditures	(2,660,924)	(2,660,924)	(2,575,015)	85,909
Other Financing Sources				
Transfers In	2,451,482	2,496,935	2,496,935	0
Net Change in Fund Balance	(209,442)	(163,989)	(78,080)	85,909
Recovery of Prior Year Encumbrances	0	0	45,004	45,004
Fund Balance Beginning of Year	451,174	451,174	451,174	0
Fund Balance End of Year	\$241,732	\$287,185	\$418,098	\$130,913

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2007

	Business-Type Activities				Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Storm Water Drainage		
Assets						
<i>Current Assets</i>						
Equity in Pooled Cash and Cash Equivalents	\$3,310,709	\$3,167,487	\$206,732	\$2,638,309	\$9,323,237	\$354,543
Restricted Assets:						
Cash and Cash Equivalents	0	425	0	0	425	0
Receivables:						
Interest Receivable	38,173	45,344	0	0	83,517	0
Accounts Receivable	554,000	704,532	58,552	131,247	1,448,331	0
Other Receivable	0	106,979	0	43,971	150,950	0
Utilization Fee Receivable	40,083	95,493	0	0	135,576	0
Special Assessments Receivable	651,231	438,695	0	191,750	1,281,676	0
Less Allowance for Doubtful Accounts	(112,066)	(137,985)	(5,678)	(4,825)	(260,554)	0
Receivables, Net	1,171,421	1,253,058	52,874	362,143	2,839,496	0
Due from Other Governments	0	0	12,500	0	12,500	0
Inventories	16,139	19,474	0	0	35,613	0
Prepaid Items	15,651	6,563	32	365	22,611	0
<i>Total Current Assets</i>	4,513,920	4,447,007	272,138	3,000,817	12,233,882	354,543
<i>Noncurrent Assets</i>						
Cash Surrender Value of Life Insurance Policies	0	0	0	0	0	862,058
Capital Assets, Non-Depreciable	1,377,302	441,386	0	168,734	1,987,422	0
Capital Assets, Depreciable, Net	14,041,341	28,006,828	1,982	10,825,365	52,875,516	0
<i>Total Noncurrent Assets</i>	15,418,643	28,448,214	1,982	10,994,099	54,862,938	862,058
<i>Total Assets</i>	19,932,563	32,895,221	274,120	13,994,916	67,096,820	1,216,601
Liabilities						
<i>Current Liabilities</i>						
Accounts Payable	50,928	52,550	26,424	2,000	131,902	42,192
Capital Contracts Payable	11,875	0	0	5,353	17,228	0
Claims Payable	0	0	0	0	0	354,794
Accrued Wages and Benefits	61,478	72,215	2,302	0	135,995	0
Due to Other Funds	512,100	428,980	481,466	826,000	2,248,546	0
Unearned Revenue	0	3,629	0	0	3,629	0
Accrued Interest Payable	0	15,917	0	0	15,917	0
Notes Payable	0	1,910,000	0	0	1,910,000	0
Payable from Restricted Assets	0	425	0	0	425	0
Compensated Absences Payable	81,945	97,241	4,511	0	183,697	0
OWDA/OPWC Loans	28,860	162,236	0	3,651	194,747	0
<i>Total Current Liabilities</i>	747,186	2,743,193	514,703	837,004	4,842,086	396,986
<i>Long-Term Liabilities</i>						
Compensated Absences Payable	5,183	4,889	960	0	11,032	0
OWDA/OPWC Loans	649,504	3,817,073	0	92,673	4,559,250	0
<i>Total Long-Term Liabilities</i>	654,687	3,821,962	960	92,673	4,570,282	0
<i>Total Liabilities</i>	1,401,873	6,565,155	515,663	929,677	9,412,368	396,986
Net Assets						
Invested in Capital Assets, Net of Related Debt Unrestricted	14,740,279	22,558,905	1,982	10,897,775	48,198,941	0
	3,790,411	3,771,161	(243,525)	2,167,464	9,485,511	819,615
<i>Total Net Assets</i>	\$18,530,690	\$26,330,066	(\$241,543)	\$13,065,239		\$819,615

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. (38,300)
\$57,646,152

See accompanying notes to the basic financial statements

City of Kent, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007*

	Business-Type Activities				Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Storm Water Drainage		
Operating Revenues						
Charges for Services	\$2,764,094	\$3,606,844	\$397,071	\$574,530	\$7,342,539	\$2,201,761
Miscellaneous	44,247	15,806	0	94	60,147	0
<i>Total Operating Revenues</i>	<u>2,808,341</u>	<u>3,622,650</u>	<u>397,071</u>	<u>574,624</u>	<u>7,402,686</u>	<u>2,201,761</u>
Operating Expenses						
Personal Services	1,195,699	1,360,374	46,731	0	2,602,804	0
Benefits	422,797	487,094	11,745	0	921,636	0
Utilities	207,378	266,380	0	0	473,758	0
Contractual Services	216,849	260,367	389,775	42,657	909,648	0
Materials and Supplies	350,568	188,098	73	609	539,348	0
Claims	0	0	0	0	0	1,942,496
Premiums	0	0	0	0	0	354,092
Other Operating Expenses	7,239	12,066	0	0	19,305	0
Depreciation	644,329	927,510	436	217,769	1,790,044	0
<i>Total Operating Expenses</i>	<u>3,044,859</u>	<u>3,501,889</u>	<u>448,760</u>	<u>261,035</u>	<u>7,256,543</u>	<u>2,296,588</u>
<i>Operating Income (Loss)</i>	<u>(236,518)</u>	<u>120,761</u>	<u>(51,689)</u>	<u>313,589</u>	<u>146,143</u>	<u>(94,827)</u>
Non Operating Revenues (Expenses)						
Intergovernmental	0	0	12,500	0	12,500	0
Interest	143,241	171,879	0	100,879	415,999	38,309
Interest and Fiscal Charges	(19,345)	(243,481)	0	0	(262,826)	0
<i>Total Non Operating Revenues (Expenses)</i>	<u>123,896</u>	<u>(71,602)</u>	<u>12,500</u>	<u>100,879</u>	<u>165,673</u>	<u>38,309</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>(112,622)</u>	<u>49,159</u>	<u>(39,189)</u>	<u>414,468</u>	<u>311,816</u>	<u>(56,518)</u>
Capital Contributions from Tap-in Fees	191,345	55,996	0	4,400	251,741	0
Capital Contributions from Special Assessments	396,964	0	0	204,424	601,388	0
Capital Contributions from Developers	144,133	100,181	0	133,675	377,989	0
<i>Change in Net Assets</i>	<u>619,820</u>	<u>205,336</u>	<u>(39,189)</u>	<u>756,967</u>	<u>1,542,934</u>	<u>(56,518)</u>
<i>Net Assets Beginning of Year -</i>	<u>17,910,870</u>	<u>26,124,730</u>	<u>(202,354)</u>	<u>12,308,272</u>		<u>876,133</u>
<i>Net Assets End of Year</i>	<u>\$18,530,690</u>	<u>\$26,330,066</u>	<u>(\$241,543)</u>	<u>\$13,065,239</u>		<u>\$819,615</u>

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.

(24,057)
\$1,518,877

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007

	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	\$2,763,772	\$3,586,227	\$393,734	\$572,563	\$7,316,296	\$2,201,761
Cash Payments for Employee Services and Benefits	(1,623,959)	(1,860,801)	(57,260)	0	(3,542,020)	0
Cash Payments to Suppliers for Goods and Services	(759,023)	(702,870)	(413,262)	(43,484)	(1,918,639)	(2,089,365)
Other Operating Revenues	44,247	15,806	0	94	60,147	0
Other Operating Expenses	(7,239)	(12,066)	0	0	(19,305)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>417,798</u>	<u>1,026,296</u>	<u>(76,788)</u>	<u>529,173</u>	<u>1,896,479</u>	<u>112,396</u>
Cash Flows from Noncapital Financing Activities						
Intergovernmental	0	0	12,500	0	12,500	0
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>0</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets	(425,830)	(34,130)	0	(121,023)	(580,983)	0
Capital Grants	0	0	0	503,292	503,292	0
Proceeds of Notes	0	1,910,000	0	0	1,910,000	0
Premium on Notes	0	4,584	0	0	4,584	0
Proceeds of Loans	271,200	650,708	0	63,759	985,667	0
Principal Paid on OWDA\OPWC Loans	(26,224)	(161,568)	0	(1,168)	(188,960)	0
Interest Paid on OWDA\OPWC Loans	(19,345)	(152,075)	0	0	(171,420)	0
Special Assessments	89,063	47,496	0	54,479	191,038	0
Tap-In Fees	193,249	60,532	0	4,400	258,181	0
Principal Paid on Notes	0	(2,460,000)	0	0	(2,460,000)	0
Interest Paid on Notes	0	(106,475)	0	0	(106,475)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>82,113</u>	<u>(240,928)</u>	<u>0</u>	<u>503,739</u>	<u>344,924</u>	<u>0</u>
Cash Flows from Investing Activities						
Proceeds from sales of investments	0	0	0	0	0	63,569
Interest on Investments	141,188	157,499	0	100,879	399,566	38,309
<i>Net Cash Provided by Investing Activities</i>	<u>141,188</u>	<u>157,499</u>	<u>0</u>	<u>100,879</u>	<u>399,566</u>	<u>101,878</u>
Net Increase (Decrease) in Cash and Cash Equivalents	641,099	942,867	(64,288)	1,103,791	2,623,469	214,274
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,669,610</u>	<u>2,224,620</u>	<u>271,020</u>	<u>1,534,518</u>	<u>6,699,768</u>	<u>140,269</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$3,310,709</u>	<u>\$3,167,487</u>	<u>\$206,732</u>	<u>\$2,638,309</u>	<u>\$9,323,237</u>	<u>\$354,543</u>

(continued)

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2007

	Business-Type Activities					Governmental
	Water	Sewer	Solid Waste	Storm Water Drainage	Total	Activities - Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities						
Operating Income (Loss)	(\$236,518)	\$120,761	(\$51,689)	\$313,589	\$146,143	(\$94,827)
<i>Adjustments:</i>						
Depreciation	644,329	927,510	436	217,769	1,790,044	0
(Increase) Decrease in Assets:						
Accounts Receivable	(322)	(20,617)	(3,337)	(1,967)	(26,243)	0
Materials and Supplies Inventory	(2,210)	2,423	0	0	213	0
Prepaid Items	52	(903)	5	(18)	(864)	0
Increase (Decrease) in Liabilities:						
Accounts Payable	17,930	10,455	(23,419)	(200)	4,766	25,380
Claims Payable	0	0	0	0	0	181,843
Accrued Wages	3,127	(14,719)	426	0	(11,166)	0
Compensated Absences Payable	(8,590)	1,386	790	0	(6,414)	0
Due to Other Governments	0	0	0	0	0	0
<i>Total Adjustments</i>	654,316	905,535	(25,099)	215,584	1,750,336	207,223
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$417,798</u>	<u>\$1,026,296</u>	<u>(\$76,788)</u>	<u>\$529,173</u>	<u>\$1,896,479</u>	<u>\$112,396</u>
Noncash Capital Financing Activities						
Infrastructure Contributions from Developers	\$144,133	\$100,181	\$0	\$133,675		

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Escrow Fund
December 31, 2007

Assets

Cash and Cash Equivalents	<u>\$555,529</u>
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Liabilities

Accounts Payable	<u>\$555,529</u>
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See accompanying notes to the basic financial statements

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 1 – Description of the City and Reporting Entity

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

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

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

B. Fund Accounting

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

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

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue, although none were reported in 2007.

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

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

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

E. Cash and Cash Equivalents

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

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

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

Following Ohio statutes, the City has, by ordinance, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during 2007 amounted to \$958,765, which includes \$501,854 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.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City capitalization threshold is \$2,500 for 2007. 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

City of Kent, Ohio
Notes to the Basic Financial Statements
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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 included in accrued wages and benefits in the funds from which the employees are paid. The noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-term Obligations

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

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

L. Fund Equity

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

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

M. Net Assets

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

N. Operating Revenues and Expenses

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

O. Contributions of Capital

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

P. Interfund Activity

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2007.

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

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

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 and Restatement of Prior Year Net Assets

Changes in Accounting Principles. For 2007, the City has implemented GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”. GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. This statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold. The implementation of GASB No. 48 did not have an effect on the financial statements of the City.

Restatement of Prior Year Net Assets. Prior to 2007, GASB 34 has allowed entities to defer reporting of infrastructure for four years. During 2007, the City was required to report historical costs for, at a minimum, all of its infrastructure added after 1980. Prior to this, the City was showing only additions of infrastructure from 2003 through 2006.

The retroactive reporting of infrastructure had the following effect on the City’s governmental activities.

	<u>Governmental Activities</u>
Net Assets, December 31, 2006, as previously reported:	\$42,222,545
Net Historical Value of City's Infrastructure	<u>10,153,403</u>
Restated Net Assets, December 31, 2006	<u><u>\$52,375,948</u></u>

Note 4 – Accountability and Compliance

Fund Deficits

Notes payable of \$3,445,000 caused a deficit fund balance of \$952,872 in the Capital Projects fund. The notes were issued to provide funding primarily for the main fire station renovation and expansion. It is anticipated that the notes will eventually be retired through the issuance of general obligation bonds, which will eliminate the notes payable liability and resulting deficit fund balance.

City of Kent, Ohio
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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 \$27,599 and \$39,189 for 2006 and 2007, respectively, which increased the overall deficit to \$241,543 at December 31, 2007.

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	\$8,012,304	\$821,876	\$1,033,191	\$3,726,159	\$350,373	\$418,098
Net Adjustment						
Revenue Accruals	4,001,189	1,246,367	1,148,075	3,661,342	2,200	0
Deferred Revenue	(2,338,208)	(1,125,726)	(1,141,198)	(462,946)	0	0
Expenditure Accruals	(589,449)	(58,156)	(345,250)	(18,647)	(165,778)	(169,863)
Inventories/Prepays	80,119	214,823	1,875	216	0	4,711
Investment Valuation	0	0	0	59,565	0	0
Encumbrances	924,959	137,451	115,224	8,160	85,336	458,805
Fund Balance - GAAP Basis	<u>\$10,090,914</u>	<u>\$1,236,635</u>	<u>\$811,917</u>	<u>\$6,973,849</u>	<u>\$272,131</u>	<u>\$711,751</u>

City of Kent, Ohio
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For the Year Ended December 31, 2007

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 combined balance sheet as "cash and cash equivalents." State statutes require the classification of funds held by the City into three categories:

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement 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, 2007, the City had \$1,055 in undeposited cash on hand, which is included on the balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

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

City of Kent, Ohio
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equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve Banks, or at member banks of the federal reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve Bank in the name of the City.

At December 31, 2007, the carrying value of the City's deposits was \$29,487,975, of which \$28,824,076 was non-negotiable certificates of deposit. The cash balances per the banks were \$29,822,797, of which \$600,000 was insured by Federal depository insurance. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$2,483,842 was uninsured and collateralized with securities held at a Federal Reserve Bank in the name of the City, and \$26,738,955 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, 2007, fair value was \$59,565 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 generally 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 \$420,565 investment in City of Kent Special Assessment Bonds was specifically approved by the Treasury Investment Board.

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

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

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

As of December 31, 2007, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating *</u>	<u>Investment Maturity</u>
City of Kent Assessment Bonds	\$420,565	Aa3	December 1, 2020
Repurchase Agreement - Federal National Mortgage Assoc.	577,991	Aaa	January 2, 2008
Total	<u>\$998,556</u>		

* Credit rating obtained from Moody's Investors Services.

City of Kent, Ohio
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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, 2007.

Investments	\$998,556
Carrying amount of the City's Deposits	29,487,975
Cash on Hand	1,055
Total	\$30,487,586
 <i>Governmental Activities</i>	
Governmental Funds	
Equity in Pooled Cash and Cash Equivalents	\$19,119,484
Restricted Cash	135,812
Investments	998,556
Internal Service Funds	
Equity in Pooled Cash and Cash Equivalents	354,543
Total Governmental Activities	20,608,395
 <i>Business-Type Activities</i>	
Enterprise Funds	
Equity in Pooled Cash and Cash Equivalents	9,323,237
Restricted Cash	425
Total Business-Type Activities	9,323,662
 <i>Agency Funds</i>	
Total	555,529
Total	\$30,487,586

Note 7 - Income Taxes

During 2007, the City levied income tax of 2% on substantially all income earned within the City. In addition, residents are required to pay City income tax on income earned outside the City; however, credit is allowed for income taxes paid to other municipalities, up to a maximum of 2%.

Note 8 - Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the City. The assessed value upon which the 2007 levy was based was \$367,517,508.

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

City of Kent, Ohio
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For the Year Ended December 31, 2007

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, 2007, 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	\$280,000	\$200,000	\$0	\$0	\$151,466	\$0	\$631,466
Income Tax	0	0	512,100	428,980	330,000	826,000	\$2,097,080
Total	<u>\$280,000</u>	<u>\$200,000</u>	<u>\$512,100</u>	<u>\$428,980</u>	<u>\$481,466</u>	<u>\$826,000</u>	<u>\$2,728,546</u>

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

Transfers made during the year ended December 31, 2007 were as follows:

	TRANSFERS OUT		
	<i>Governmental activities</i>		
	Income Tax	License Tax	Total
TRANSFERS IN			
<i>Governmental Activities</i>			
General	\$2,500,000	\$0	\$2,500,000
Street Construction, Maintenance and Repair	800,000	125,000	\$925,000
Income Tax Safety	2,496,935	0	\$2,496,935
Fire and Emergency Medical Services	2,496,935	0	\$2,496,935
Capital Projects	1,500,000	0	\$1,500,000
Nonmajor	270,072	0	\$270,072
Total Governmental Activities	<u>\$10,063,942</u>	<u>\$125,000</u>	<u>\$10,188,942</u>

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 10 – Risk Management

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

The claims liability of \$354,794 reported in the fund at December 31, 2007, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claim, be reported. Changes in the fund's claims liability amount in 2006 and 2007 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2006	208,080	1,727,338	1,762,467	172,951
2007	172,951	1,942,496	1,760,653	354,794

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 2007, the City contracted with several companies for various types of insurance as follows:

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	Restated Balance 12/31/06	Additions	Deletions	Balance 12/31/07
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$3,691,089	\$244,617	(\$15,906)	\$3,919,800
Construction in Progress	<u>3,298,577</u>	<u>1,169,039</u>	<u>(2,482,728)</u>	<u>1,984,888</u>
<i>Total Capital Assets, Not Being Depreciated</i>	<u>6,989,666</u>	<u>1,413,656</u>	<u>(2,498,634)</u>	<u>5,904,688</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings, Structures and Improvements	10,913,734	51,454	0	10,965,188
Machinery and Equipment	9,602,868	648,036	(324,316)	9,926,588
Infrastructure:				
Roads	28,976,349	1,528,569	0	30,504,918
Bridges	1,282,897	1,171,659	0	2,454,556
Sidewalks	54,014	0	0	54,014
Traffic Signals	<u>561,998</u>	<u>0</u>	<u>0</u>	<u>561,998</u>
<i>Total Capital Assets, Being Depreciated</i>	<u>51,391,860</u>	<u>3,399,718</u>	<u>(324,316)</u>	<u>54,467,262</u>
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(3,794,990)	(368,997)	0	(4,163,987)
Machinery and Equipment	(6,773,917)	(580,511)	324,316	(7,030,112)
Infrastructure:				
Roads	(14,024,151)	(1,308,667)	0	(15,332,818)
Bridges	(547,963)	(39,920)	0	(587,883)
Sidewalks	(11,717)	(945)	0	(12,662)
Traffic Signals	<u>(44,056)</u>	<u>(29,717)</u>	<u>0</u>	<u>(73,773)</u>
<i>Total Accumulated Depreciation</i>	<u>(25,196,794)</u>	<u>(2,328,757) *</u>	<u>324,316</u>	<u>(27,201,235)</u>
Total Capital Assets, Being Depreciated, Net	<u>26,195,066</u>	<u>1,070,961</u>	<u>0</u>	<u>27,266,027</u>
Governmental Activities Capital Assets, Net	<u>\$33,184,732</u>	<u>\$2,484,617</u>	<u>(\$2,498,634)</u>	<u>\$33,170,715</u>

* Depreciation expense was charged to governmental functions as follows:

<u>Governmental Activities</u>	
Security of Persons and Property	\$426,086
Public Health and Welfare	2,150
Leisure Time Activities	73,563
Community Development	14,579
Transportation	1,665,241
General Government	<u>147,138</u>
Total Depreciation Expense	<u>\$2,328,757</u>

City of Kent, Ohio
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For the Year Ended December 31, 2007

	Balance 12/31/06	Additions	Deletions	Balance 12/31/07
Business-Type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$1,769,343	\$5,690	\$0	\$1,775,033
Construction in Progress	835,202	446,679	(1,069,492)	212,389
<i>Total Capital Assets, Not Being Depreciated</i>	2,604,545	452,369	(1,069,492)	1,987,422
<i>Capital Assets, Being Depreciated:</i>				
Buildings, Structures and Improvements	14,364,651	9,742	0	14,374,393
Machinery and Equipment	9,446,498	118,773	(35,248)	9,530,023
Infrastructure:				
Water Mains	14,445,124	479,455	0	14,924,579
Sanitary Sewers	27,079,783	100,181	0	27,179,964
Storm Water Drainage Lines	13,041,398	858,512	0	13,899,910
<i>Total Capital Assets, Being Depreciated</i>	78,377,454	1,566,663	(35,248)	79,908,869
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(7,130,310)	(341,307)	0	(7,471,617)
Machinery and Equipment	(7,225,686)	(418,372)	35,248	(7,608,810)
Infrastructure:				
Water Mains	(4,040,021)	(272,261)	0	(4,312,282)
Sanitary Sewers	(3,997,358)	(546,647)	0	(4,544,005)
Storm Water Drainage Lines	(2,885,182)	(211,457)	0	(3,096,639)
<i>Total Accumulated Depreciation</i>	(25,278,557)	(1,790,044) *	35,248	(27,033,353)
Total Capital Assets, Being Depreciated, Net	53,098,897	(223,381)	0	52,875,516
Business-Type Activities Capital Assets, Net	\$55,703,442	\$228,988	(\$1,069,492)	\$54,862,938

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

Business-Type Activities	
Water Fund	\$644,329
Sewer Fund	927,510
Solid Waste Fund	436
Storm Water Drainage Fund	217,769
	\$1,790,044

Note 12 - Pension and Other Post-employment Benefits

The City of Kent and all of its employees are required to participate in one of two separate retirement systems, both of which are cost-sharing, multiple employer defined benefit pension plans. The following information was provided by the Public Employees Retirement System of Ohio and the Ohio Police and Fire Pension Fund to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers" and GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits Other than Pension Benefits by State and Local Governmental Employers".

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Ohio Public Employees Retirement System

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

- 1) The Traditional Pension Plan (TP) – a cost-sharing, multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
- 3) The Combined Plan (CO) – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution 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 Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans (TP, MD and CO). The 2007 member contribution rates were 9.5% for members in state and local classifications other than law enforcement and public safety. The 2007 employer contribution rate for local government employers was 13.85% of covered payroll. The City's required contributions to the Traditional and Combined Plans for the years ended December 31, 2007, 2006 and 2005 were \$846,383, \$827,919, and \$823,276, respectively; which were equal to the required contributions for each year. Contributions to the Member-Directed Plan for 2007 were \$24,046 made by the City and \$16,494 made by plan members.

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

The Ohio Revised Code provides the statutory authority to require public employers to fund post retirement health care through their contributions to OPERS. The portion of the 2007 employer contribution rate (identified above) that was used to fund health care was 5.0% of covered payroll from January 1 through June 30, 2007, which amounted to \$151,357, and 6.0% of covered payroll from July 1 through December 31, 2007, which amounted to \$185,024. In 2006 and 2005, the employer contribution rate for post-employment health care was 4.5% and 4.0%, respectively.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS latest actuarial review performed as of December 31, 2006. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5%. An annual increase of 4.0%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase at the projected wage inflation rate of 4.0% annually plus an additional factor ranging from 0.5% to 5% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEBs are advanced-funded on an actuarially determined basis. The number of active contributing participants in the Traditional Pension and Combined Plans totaled 374,979 as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2006 was \$12.0 billion. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefits recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10% of their annual covered salary, while the City is required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2007, 2006 and 2005 were \$533,129, \$519,212, and \$502,435

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

for police and \$516,280, \$499,520, and \$473,897 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F provides access to post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a two-thirds basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides statutory authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75% of covered payroll in 2006 and 6.75% of covered payroll in 2007. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2006, (the latest actuarial valuation available) was 14,120 for police and 10,563 for firefighters. The portion of the City's contributions that was used to pay post-employment benefits was \$184,463 for police and \$145,075 for firefighters. The OP&F had total health care expenses for the year ended December 31, 2006, the date of the last actuarial valuation available, of \$120,373,722, which was net of member contributions of \$58,532,848.

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 \$1,021,498 as of December 31, 2007.

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 \$81,914 as of December 31, 2007.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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 \$25,391 as of December 31, 2007.

Note 14 - Construction and Other Commitments

As of December 31, 2007, the City had capital contracts payable of \$117,103 and \$17,228 in governmental funds and business-type funds, respectively.

	<u>Contract Amount</u>
Governmental	
Crain Avenue Bridge	\$101,725
Portage Hike and Bike Trail	10,934
Log Cabin Project	4,444
	117,103
Business-Type	
Franklin Hills Waterline	11,875
Area Q Storm Water Drainage	4,353
Akron Boulevard Storm Water Drainage	1,000
	17,228
Total	\$134,331

The City had no material operating lease commitments at December 31, 2007.

Note 15 – Long-term Obligations

Changes in bonds and other long-term obligations of the City during 2007 were as follows:

	<u>Principal Outstanding 12/31/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Principal Outstanding 12/31/07</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds:					
\$3,000,000 Various Purpose 1998 4.45% - 5.20%	\$2,105,000	\$0	\$135,000	\$1,970,000	\$140,000
Special Assessment Bonds:					
\$613,000 Street Improvements 1988 7.80% - 7.80%	50,000	0	25,000	25,000	25,000
\$561,000 Street Improvements 2000 5.50% - 6.00%	455,000	0	22,000	433,000	23,000
<i>Total Special Assessment Bonds</i>	505,000	0	47,000	458,000	48,000

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

	Principal Outstanding 12/31/06	Additions	Deletions	Principal Outstanding 12/31/07	Due Within One Year
Governmental Activities - continued					
Ohio Public Works Commission Loans					
\$512,940 Fairchild Avenue Improvements 1999 0.00%	307,764	0	25,647	282,117	25,647
\$86,000 Elm-Mae-Morris Improvements 2001 0.00%	58,050	0	4,300	53,750	4,300
<i>Total Ohio Public Works Commission Loans</i>	<u>365,814</u>	<u>0</u>	<u>29,947</u>	<u>335,867</u>	<u>29,947</u>
Compensated Absences	889,490	695,155	650,571	934,074	717,661
<i>Total Governmental Activities</i>	<u>\$3,865,304</u>	<u>\$695,155</u>	<u>\$862,518</u>	<u>\$3,697,941</u>	<u>\$935,608</u>
Business-Type Activities					
Ohio Water Development Authority Loans					
\$485,851 Kent-Ravenna Interconnect 2003 3.65%	\$433,388	\$0	\$18,791	\$414,597	\$19,484
\$4,372,503 Sanitary Sewer Improvements 2003 3.66%	4,140,877	0	161,568	3,979,309	162,236
\$271,200 Franklin Hills Waterline 2007 2.00%	0	271,200	7,433	263,767	9,376
<i>Total Ohio Water Development Authority Loans</i>	<u>4,574,265</u>	<u>271,200</u>	<u>187,792</u>	<u>4,657,673</u>	<u>191,096</u>
Ohio Public Works Commission Loans					
\$46,694 Elm-Mae-Morris Improvements 2005 0.00%	33,733	12,961	1,167	45,527	2,335
\$50,797 Drainage Area Q - Phase 3 2007 0.00%	0	50,797	0	50,797	1,316
<i>Total Ohio Public Works Commission Loans</i>	<u>33,733</u>	<u>63,758</u>	<u>1,167</u>	<u>96,324</u>	<u>3,651</u>
Compensated Absences	201,143	184,538	190,952	194,729	183,697
<i>Total Business-Type Activities</i>	<u>\$4,809,141</u>	<u>\$519,496</u>	<u>\$379,911</u>	<u>\$4,948,726</u>	<u>\$378,444</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2007 are as follows:

Governmental Activities							
Years	General Obligation Bonds		Special Assessment Bonds		OPWC	Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2008	140,000	99,050	48,000	27,570	29,947	217,947	126,620
2009	145,000	92,680	24,000	24,355	29,947	198,947	117,035
2010	155,000	85,937	25,000	23,035	29,947	209,947	108,972
2011	160,000	78,575	27,000	21,660	29,947	216,947	100,235
2012	170,000	70,815	29,000	20,040	29,947	228,947	90,855
2013-2017	975,000	215,800	173,000	72,000	149,735	1,297,735	287,800
2018-2020	225,000	11,700	132,000	16,200	36,397	393,397	27,900
Total	<u>\$1,970,000</u>	<u>\$654,557</u>	<u>\$458,000</u>	<u>\$204,860</u>	<u>\$335,867</u>	<u>\$2,763,867</u>	<u>\$859,417</u>

Business-Type Activities					
Years	OWDA Loans		OPWC	Total	
	Principal	Interest	Principal	Principal	Interest
2008	191,096	159,425	2,335	193,431	159,425
2009	203,771	157,415	2,335	206,106	157,415
2010	211,102	150,084	2,335	213,437	150,084
2011	218,700	142,485	2,335	221,035	142,485
2012	226,574	134,612	2,335	228,909	134,612
2013-2017	1,261,394	544,535	11,675	1,273,069	544,535
2018-2022	1,506,023	299,906	11,675	1,517,698	299,906
2023-2027	839,013	45,329	10,502	849,515	45,329
Total	<u>\$4,657,673</u>	<u>\$1,633,791</u>	<u>\$45,527</u>	<u>\$4,703,200</u>	<u>\$1,633,791</u>

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

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

The Ohio Public Works Commission loan for Drainage Area Q – Phase 3 2007 reflects the loan amount outstanding as of December 31, 2007. A repayment schedule will be provided when the loan is finalized.

The City has the ability to issue \$14.8 million of additional debt without obtaining voter approval.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 16 – Note Obligations

A summary of note transactions for the year ended December 31, 2007 follows:

	Balance 12/31/06	Additions	Deletions	Balance 12/31/07
Governmental Activities				
Capital Projects Fund				
2006, 4.25%	\$3,680,000	\$0	\$3,680,000	\$0
2007, 4.00%	0	3,445,000	0	3,445,000
<i>Total Capital Projects Fund</i>	<u>3,680,000</u>	<u>3,445,000</u>	<u>3,680,000</u>	<u>3,445,000</u>
Business-Type Activities				
Sewer Fund				
2006, 4.25%	2,460,000	0	2,460,000	0
2007, 4.00%	0	1,910,000	0	1,910,000
<i>Total Sewer Fund</i>	<u>2,460,000</u>	<u>1,910,000</u>	<u>2,460,000</u>	<u>1,910,000</u>
Total	<u>\$6,140,000</u>	<u>\$5,355,000</u>	<u>\$6,140,000</u>	<u>\$5,355,000</u>

On October 17, 2007, the City issued \$5.355 million in various purpose notes at an interest rate of 4.00% with a maturity date of October 16, 2008. 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 \$12,852. A portion of the premium was offset against the corresponding interest expense, and the unamortized balance is reported as unearned revenue in the respective funds.

Note 17 – Conduit Debt

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

Type	On Behalf of	Principal Outstanding December 31, 2007	Year Issued
Multi-Family Housing Revenue Bonds	Silver Meadows Apartments	<u>\$9,430,000</u>	1999

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

Note 18 - Contingent Liabilities

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 19 - Jointly Governed Organization

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the nine-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 8536 Crow Drive, Suite 210, Macedonia, Ohio 44056.

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Special Revenue Funds (continued)

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

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

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

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

Nonmajor Debt Service Fund

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

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,539,756	\$27,328	\$1,567,084
Receivables:			
Property Taxes Receivable	458,354	0	458,354
Interest Receivable	482	0	482
Loans Receivable	498,449	0	498,449
Special Assessment Receivable	0	669,502	669,502
Receivables, Net	<u>957,285</u>	<u>669,502</u>	<u>1,626,787</u>
Due from Other Governments	208,629	0	208,629
Prepaid Items	44	0	44
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>120,000</u>	<u>50</u>	<u>120,050</u>
<i>Total Assets</i>	<u><u>\$2,825,714</u></u>	<u><u>\$696,880</u></u>	<u><u>\$3,522,594</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$53,429	\$0	\$53,429
Accrued Wages and Benefits	1,468	0	1,468
Due to Other Funds	200,000	0	200,000
Deferred Revenue	510,553	669,502	1,180,055
Payable from Restricted Assets	<u>0</u>	<u>50</u>	<u>50</u>
<i>Total Liabilities</i>	<u>765,450</u>	<u>669,552</u>	<u>1,435,002</u>
Fund Balances			
Reserved for Encumbrances	180,110	0	180,110
Reserved for Loans Receivable	498,449	0	498,449
Reserved for Prepaids	44	0	44
Reserved for Debt Service	0	27,328	27,328
Unreserved, Undesignated			
Reported in:			
Special Revenue Funds	<u>1,381,661</u>	<u>0</u>	<u>1,381,661</u>
<i>Total Fund Balances</i>	<u>2,060,264</u>	<u>27,328</u>	<u>2,087,592</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$2,825,714</u></u>	<u><u>\$696,880</u></u>	<u><u>\$3,522,594</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, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Property and Other Local Taxes	\$560,502	\$0	\$560,502
Fees, Licenses and Permits	123,658	0	123,658
Fines and Forfeitures	15,219	0	15,219
Intergovernmental	532,982	0	532,982
Special Assessments	0	80,028	80,028
Interest	67,261	0	67,261
Miscellaneous	36,654	0	36,654
<i>Total Revenues</i>	<u>1,336,276</u>	<u>80,028</u>	<u>1,416,304</u>
Expenditures			
Current:			
Security of Persons and Property	489,891	0	489,891
Public Health and Welfare	121,493	0	121,493
Community Development	339,851	0	339,851
Transportation	46,346	0	46,346
General Government	0	3,078	3,078
Capital Outlay	21,800	0	21,800
Debt Service:			
Principal Retirement	0	211,947	211,947
Interest and Fiscal Charges	0	135,855	135,855
<i>Total Expenditures</i>	<u>1,019,381</u>	<u>350,880</u>	<u>1,370,261</u>
<i>Excess of Revenues Under Expenditures</i>	<u>316,895</u>	<u>(270,852)</u>	<u>46,043</u>
Other Financing Sources (Uses)			
Transfers In	10,000	260,072	270,072
Transfers Out	(125,000)	0	(125,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(115,000)</u>	<u>260,072</u>	<u>145,072</u>
<i>Net Change in Fund Balances</i>	201,895	(10,780)	191,115
<i>Fund Balances Beginning of Year</i>	<u>1,858,369</u>	<u>38,108</u>	<u>1,896,477</u>
<i>Fund Balances End of Year</i>	<u>\$2,060,264</u>	<u>\$27,328</u>	<u>\$2,087,592</u>

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	West Side Fire	State Highway	Food Service	License Tax	Revolving Housing
Assets					
Equity in Pooled Cash and Cash Equivalents	\$59,582	\$74,431	\$38,394	\$732	\$60,985
Receivables:					
Property Taxes Receivable	244,144	0	0	0	0
Interest Receivable	0	0	0	0	0
Loans Receivable	0	0	0	0	0
Receivables, Net	<u>244,144</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Due from Other Governments	15,316	33,267	0	8,651	0
Prepaid Items	44	0	0	0	0
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$319,086</u></u>	<u><u>\$107,698</u></u>	<u><u>\$38,394</u></u>	<u><u>\$9,383</u></u>	<u><u>\$60,985</u></u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$1,809	\$5,650	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	478	0	798
Due to Other Funds	0	0	0	0	0
Deferred Revenue	<u>259,460</u>	<u>23,485</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>261,269</u>	<u>29,135</u>	<u>478</u>	<u>0</u>	<u>798</u>
Fund Balances					
Reserved for Encumbrances	0	243	168	0	0
Reserved for Loans Receivable	0	0	0	0	0
Reserved for Prepaids	44	0	0	0	0
Unreserved, Undesignated	<u>57,773</u>	<u>78,320</u>	<u>37,748</u>	<u>9,383</u>	<u>60,187</u>
<i>Total Fund Balances</i>	<u>57,817</u>	<u>78,563</u>	<u>37,916</u>	<u>9,383</u>	<u>60,187</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$319,086</u></u>	<u><u>\$107,698</u></u>	<u><u>\$38,394</u></u>	<u><u>\$9,383</u></u>	<u><u>\$60,985</u></u>

State and Local Forfeits	Drug Law Enforcement	Enforcement and Education	Law Enforcement Trust	Community Development Block Grant	Wireless 911	Swimming Pool Inspections
\$14,683	\$17,856	\$18,490	\$17,946	\$959,390	\$113,910	\$10,979
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	296,245	0	0
0	0	0	0	296,245	0	0
0	100	773	0	130,115	7,009	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$14,683</u>	<u>\$17,956</u>	<u>\$19,263</u>	<u>\$17,946</u>	<u>\$1,385,750</u>	<u>\$120,919</u>	<u>\$10,979</u>
\$0	\$0	\$0	\$0	\$45,970	\$0	\$0
0	0	0	0	161	0	31
0	0	0	0	200,000	0	0
0	0	0	0	0	0	0
0	0	0	0	246,131	0	31
0	0	578	0	179,121	0	0
0	0	0	0	296,245	0	0
0	0	0	0	0	0	0
14,683	17,956	18,685	17,946	664,253	120,919	10,948
14,683	17,956	19,263	17,946	1,139,619	120,919	10,948
<u>\$14,683</u>	<u>\$17,956</u>	<u>\$19,263</u>	<u>\$17,946</u>	<u>\$1,385,750</u>	<u>\$120,919</u>	<u>\$10,979</u>

(continued)

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2007

	Police Pension	Fire Pension	Urban Development Action Grant	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$14,980	\$14,981	\$122,417	\$1,539,756
Receivables:				
Property Taxes Receivable	107,105	107,105	0	458,354
Interest Receivable	0	0	482	482
Loans Receivable	0	0	202,204	498,449
Receivables, Net	<u>107,105</u>	<u>107,105</u>	<u>202,686</u>	<u>957,285</u>
Due from Other Governments	6,699	6,699	0	208,629
Prepaid Items	0	0	0	44
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>0</u>	<u>0</u>	<u>120,000</u>	<u>120,000</u>
<i>Total Assets</i>	<u>\$128,784</u>	<u>\$128,785</u>	<u>\$445,103</u>	<u>\$2,825,714</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$53,429
Accrued Wages and Benefits	0	0	0	1,468
Due to Other Funds	0	0	0	200,000
Deferred Revenue	<u>113,804</u>	<u>113,804</u>	<u>0</u>	<u>510,553</u>
<i>Total Liabilities</i>	<u>113,804</u>	<u>113,804</u>	<u>0</u>	<u>765,450</u>
 Fund Balances				
Reserved for Encumbrances	0	0	0	180,110
Reserved for Loans Receivable	0	0	202,204	498,449
Reserved for Prepays	0	0	0	44
Unreserved, Undesignated	<u>14,980</u>	<u>14,981</u>	<u>242,899</u>	<u>1,381,661</u>
<i>Total Fund Balances</i>	<u>14,980</u>	<u>14,981</u>	<u>445,103</u>	<u>2,060,264</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$128,784</u>	<u>\$128,785</u>	<u>\$445,103</u>	<u>\$2,825,714</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, 2007

	West Side Fire	State Highway	Food Service	License Tax	Revolving Housing
Revenues					
Property and Other Local Taxes	\$233,290	\$0	\$0	\$122,620	\$0
Fees, Licenses and Permits	0	0	48,189	0	72,244
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	33,929	63,806	0	0	0
Interest	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>267,219</u>	<u>63,806</u>	<u>48,189</u>	<u>122,620</u>	<u>72,244</u>
Expenditures					
Current:					
Security of Persons and Property	261,316	0	0	0	0
Public Health and Welfare	0	0	47,090	0	70,729
Community Development	0	0	0	0	0
Transportation	0	46,346	0	0	0
Capital Outlay	0	0	0	0	0
<i>Total Expenditures</i>	<u>261,316</u>	<u>46,346</u>	<u>47,090</u>	<u>0</u>	<u>70,729</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,903</u>	<u>17,460</u>	<u>1,099</u>	<u>122,620</u>	<u>1,515</u>
Other Financing Sources (Uses)					
Transfers In	0	0	5,000	0	0
Transfers Out	0	0	0	(125,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>(125,000)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	5,903	17,460	6,099	(2,380)	1,515
<i>Fund Balances Beginning of Year</i>	<u>51,914</u>	<u>61,103</u>	<u>31,817</u>	<u>11,763</u>	<u>58,672</u>
<i>Fund Balances End of Year</i>	<u><u>\$57,817</u></u>	<u><u>\$78,563</u></u>	<u><u>\$37,916</u></u>	<u><u>\$9,383</u></u>	<u><u>\$60,187</u></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, 2007

	State and Local Forfeits	Drug Law Enforcement	Enforcement and Education	Law Enforcement Trust
Revenues				
Property and Other Local Taxes	\$0	\$0	\$0	\$0
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	925	5,533	8,761	0
Intergovernmental	0	0	0	2,570
Interest	0	0	0	1,015
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>925</u>	<u>5,533</u>	<u>8,761</u>	<u>3,585</u>
Expenditures				
Current:				
Security of Persons and Property	3,250	4,500	4,825	0
Public Health and Welfare	0	0	0	0
Community Development	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	0	0	0	21,800
<i>Total Expenditures</i>	<u>3,250</u>	<u>4,500</u>	<u>4,825</u>	<u>21,800</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,325)</u>	<u>1,033</u>	<u>3,936</u>	<u>(18,215)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(2,325)	1,033	3,936	(18,215)
<i>Fund Balances Beginning of Year</i>	<u>17,008</u>	<u>16,923</u>	<u>15,327</u>	<u>36,161</u>
<i>Fund Balances End of Year</i>	<u><u>\$14,683</u></u>	<u><u>\$17,956</u></u>	<u><u>\$19,263</u></u>	<u><u>\$17,946</u></u>

Community Development Block Grant	Wireless 911	Swimming Pool Inspections	Police Pension	Fire Pension	Urban Development Action Grant	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$102,296	\$102,296	\$0	\$560,502
0	0	3,225	0	0	0	123,658
0	0	0	0	0	0	15,219
282,596	120,919	0	14,581	14,581	0	532,982
48,342	0	0	0	0	17,904	67,261
36,654	0	0	0	0	0	36,654
<u>367,592</u>	<u>120,919</u>	<u>3,225</u>	<u>116,877</u>	<u>116,877</u>	<u>17,904</u>	<u>1,336,276</u>
0	0	0	108,000	108,000	0	489,891
0	0	3,674	0	0	0	121,493
336,851	0	0	0	0	3,000	339,851
0	0	0	0	0	0	46,346
0	0	0	0	0	0	21,800
<u>336,851</u>	<u>0</u>	<u>3,674</u>	<u>108,000</u>	<u>108,000</u>	<u>3,000</u>	<u>1,019,381</u>
30,741	120,919	(449)	8,877	8,877	14,904	316,895
0	0	5,000	0	0	0	10,000
0	0	0	0	0	0	(125,000)
0	0	5,000	0	0	0	(115,000)
30,741	120,919	4,551	8,877	8,877	14,904	201,895
1,108,878	0	6,397	6,103	6,104	430,199	1,858,369
<u>\$1,139,619</u>	<u>\$120,919</u>	<u>\$10,948</u>	<u>\$14,980</u>	<u>\$14,981</u>	<u>\$445,103</u>	<u>\$2,060,264</u>

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, 2007

	Beginning Balance 12/31/06	Additions	Deductions	Ending Balance 12/31/07
Assets				
Cash and Cash Equivalents	\$486,364	\$285,407	\$216,242	\$555,529
Liabilities				
Accounts Payable	\$486,364	\$285,407	\$216,242	\$555,529

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

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Capital Projects Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$0	\$27,800	\$27,880	\$80
Special Assessments	6,400	46,400	46,823	423
Miscellaneous	10,000	200,000	200,000	0
Total Revenues	16,400	274,200	274,703	503
Expenditures				
Capital Outlays	2,516,000	2,863,778	1,604,117	1,259,661
Debt Service:				
Principal Retirement	3,680,000	3,680,000	3,680,000	0
Interest and Fiscal Charges	159,600	159,822	159,822	0
Total Expenditures	6,355,600	6,703,600	5,443,939	1,259,661
Excess of Revenues Under Expenditures	(6,339,200)	(6,429,400)	(5,169,236)	1,260,164
Other Financing Sources				
Proceeds from Sale of Notes	3,440,000	3,445,000	3,445,000	0
Premium on Notes	0	0	8,268	8,268
Transfers In	2,100,000	1,500,000	1,500,000	0
Net Other Financing Sources	5,540,000	4,945,000	4,953,268	8,268
Net Change in Fund Balance	(799,200)	(1,484,400)	(215,968)	1,268,432
Recovery of Prior Year Encumbrances	0	0	129,890	129,890
Fund Balance Beginning of Year	1,512,289	1,512,289	1,512,289	0
Fund Balance End of Year	\$713,089	\$27,889	\$1,426,211	\$1,398,322

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$2,850,000	\$2,790,000	\$2,783,887	(\$6,113)
Special Assessments	20,000	90,000	92,355	2,355
Interest	75,000	80,000	141,188	61,188
Miscellaneous	32,000	32,000	40,405	8,405
Total Revenues	2,977,000	2,992,000	3,057,835	65,835
Expenses				
Current:				
Department of Public Services				
Personal Services	1,325,457	1,316,927	1,200,424	116,503
Benefits	467,881	471,961	425,739	46,222
Utilities	190,000	204,670	204,669	1
Contractual Services	203,150	183,823	179,518	4,305
Materials and Supplies	319,850	353,992	348,870	5,122
Other	30,800	30,512	28,590	1,922
Capital Outlay	690,000	1,433,833	503,939	929,894
Debt Service:				
Principal Retirement	18,792	26,228	26,225	3
Interest and Fiscal Charges	15,649	19,333	19,333	0
Total Expenses	3,261,579	4,041,279	2,937,307	1,103,972
Excess of Revenues Over (Under) Expenses	(284,579)	(1,049,279)	120,528	1,169,807
Proceeds from Sale of Assets	0	0	550	550
Proceeds from Loan	0	266,322	271,188	4,866
Capital Contributions - Tap-in Fees	50,000	192,000	193,249	1,249
Net Change in Fund Equity	(234,579)	(590,957)	585,515	1,176,472
Recovery of Prior Year Encumbrances	0	0	99,708	99,708
Fund Equity Beginning of Year	2,377,359	2,377,359	2,377,359	0
Fund Equity End of Year	\$2,142,780	\$1,786,402	\$3,062,582	\$1,276,180

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$3,605,000	\$3,572,000	\$3,604,962	\$32,962
Interest	80,000	150,000	157,499	7,499
Intergovernmental	0	0	0	0
Special Assessments	27,000	47,000	51,731	4,731
Miscellaneous	5,000	7,500	11,571	4,071
Total Revenues	3,717,000	3,776,500	3,825,763	49,263
Expenses				
Current:				
Department of Public Services				
Personal Services	1,509,325	1,494,635	1,372,810	121,825
Benefits	536,484	542,339	490,445	51,894
Utilities	275,000	275,000	266,614	8,386
Contractual Services	320,700	303,078	260,550	42,528
Materials and Supplies	188,950	216,921	187,941	28,980
Other	44,800	42,706	32,044	10,662
Capital Outlay	91,000	87,420	46,753	40,667
Debt Service:				
Principal Retirement	2,619,638	2,621,568	2,621,568	0
Interest and Fiscal Charges	256,399	258,629	258,550	79
Total Expenses	5,842,296	5,842,296	5,537,275	305,021
Excess of Revenues				
Under Expenses	(2,125,296)	(2,065,796)	(1,711,512)	354,284
Proceeds from Sale of Notes	1,900,000	1,910,000	1,910,000	0
Premium on Note	0	0	4,584	4,584
Capital Contributions - Tap-in Fees	75,000	58,000	60,532	2,532
Proceeds from Loan	0	650,000	650,708	708
Net Change in Fund Equity	(150,296)	552,204	914,312	362,108
Recovery of Prior Year Encumbrances	0	0	54,015	54,015
Fund Equity Beginning of Year	2,029,023	2,029,023	2,029,023	0
Fund Equity (Deficit) End of Year	\$1,878,727	\$2,581,227	\$2,997,350	\$416,123

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$366,000	\$391,000	\$393,737	\$2,737
Intergovernmental	12,500	12,500	12,500	0
Total Revenues	378,500	403,500	406,237	2,737
Expenses				
Current:				
Department of Public Services				
Personal Services	44,130	45,735	45,729	6
Benefits	15,259	13,654	11,769	1,885
Contractual Services	377,100	425,975	392,689	33,286
Materials and Supplies	1,200	2,325	81	2,244
Other	1,000	1,000	3	997
Total Expenses	438,689	488,689	450,271	38,418
Net Change in Fund Equity	(60,189)	(85,189)	(44,034)	41,155
Recovery of Prior Year Encumbrances	0	0	420	420
Fund Equity Beginning of Year	220,442	220,442	220,442	0
Fund Equity End of Year	\$160,253	\$135,253	\$176,828	\$41,575

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$540,000	\$540,000	\$572,564	\$32,564
Interest	50,000	100,000	100,879	879
Special Assessments	1,000	53,000	54,573	1,573
Total Revenues	591,000	693,000	728,016	35,016
Expenses				
Current:				
Department of Public Services				
Materials and Supplies	0	682	678	4
Contractual Services	20,000	50,199	50,193	6
Other	1,000	1,000	2	998
Capital Outlay	1,330,000	1,753,951	43,542	1,710,409
Debt Service:				
Principal Retirement	0	1,168	1,167	1
Total Expenses	1,351,000	1,807,000	95,582	1,711,418
Excess of Revenues Over (Under) Expenses	(760,000)	(1,114,000)	632,434	1,746,434
Proceeds from Loan	0	58,000	63,759	5,759
Capital Contributions - Tap-in Fees	0	0	4,400	4,400
Capital Grants	0	500,000	503,292	3,292
Advances out	(30,000)	(30,000)	(30,000)	0
Net Change in Fund Equity	(790,000)	(586,000)	1,173,885	1,759,885
Recovery of Prior Year Encumbrances	0	0	80,503	80,503
Fund Equity Beginning of Year	1,329,621	1,329,621	1,329,621	0
Fund Equity End of Year	\$539,621	\$743,621	\$2,584,009	\$1,840,388

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$234,376	\$233,084	\$233,290	\$206
Intergovernmental	23,700	33,861	33,929	68
Total Revenues	258,076	266,945	267,219	274
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	266,355	266,355	260,551	5,804
Net Change in Fund Balance	(8,279)	590	6,668	6,078
Recovery of Prior Year Encumbrances	0	0	2,521	2,521
Fund Balance Beginning of Year	49,138	49,138	49,138	0
Fund Balance End of Year	\$40,859	\$49,728	\$58,327	\$8,599

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$58,400	\$58,400	\$63,992	\$5,592
Expenditures				
Current:				
Transportation				
Department of Public Services	60,000	60,000	46,589	13,411
Net Change in Fund Balance	(1,600)	(1,600)	17,403	19,003
Recovery of Prior Year Encumbrances	0	0	1,287	1,287
Fund Balance Beginning of Year	49,848	49,848	49,848	0
Fund Balance End of Year	\$48,248	\$48,248	\$68,538	\$20,290

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fees, Licenses and Permits	\$46,500	\$46,500	\$48,196	\$1,696
Expenditures				
Current:				
Public Health and Welfare				
Department of Health	59,257	59,257	47,251	12,006
Excess of Revenues Under Expenditures	(12,757)	(12,757)	945	13,702
Other Financing Sources				
Transfers In	0	5,000	5,000	0
Net Change in Fund Balance	(12,757)	(7,757)	5,945	13,702
Recovery of Prior Year Encumbrances	0	0	56	56
Fund Balance Beginning of Year	32,225	32,225	32,225	0
Fund Balance End of Year	\$19,468	\$24,468	\$38,226	\$13,758

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
License Tax Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$125,000	\$122,700	\$122,721	\$21
Other Financing Uses				
Transfers Out	(125,000)	(125,000)	(125,000)	0
Net Change in Fund Balance	0	(2,300)	(2,279)	21
Fund Balance Beginning of Year	3,011	3,011	3,011	0
Fund Balance End of Year	<u>\$3,011</u>	<u>\$711</u>	<u>\$732</u>	<u>\$21</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fees, Licenses and Permits	\$70,000	\$70,000	\$72,259	\$2,259
Expenditures				
Current:				
Public Health and Welfare				
Department of Health	83,903	83,903	70,782	13,121
Net Change in Fund Balance	(13,903)	(13,903)	1,477	15,380
Recovery of Prior Year Encumbrances	0	0	394	394
Fund Balance Beginning of Year	59,114	59,114	59,114	0
Fund Balance End of Year	\$45,211	\$45,211	\$60,985	\$15,774

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeits	\$10,000	\$900	\$925	\$25
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	15,000	15,000	3,250	11,750
Net Change in Fund Balance	(5,000)	(14,100)	(2,325)	11,775
Fund Balance Beginning of Year	17,008	17,008	17,008	0
Fund Balance End of Year	\$12,008	\$2,908	\$14,683	\$11,775

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeits	\$7,000	\$5,475	\$5,499	\$24
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	14,000	14,000	4,500	9,500
Net Change in Fund Balance	(7,000)	(8,525)	999	9,524
Fund Balance Beginning of Year	16,857	16,857	16,857	0
Fund Balance End of Year	\$9,857	\$8,332	\$17,856	\$9,524

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeits	\$6,500	\$6,000	\$8,711	\$2,711
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	10,000	10,000	5,403	4,597
Net Change in Fund Balance	(3,500)	(4,000)	3,308	7,308
Fund Balance Beginning of Year	14,604	14,604	14,604	0
Fund Balance End of Year	\$11,104	\$10,604	\$17,912	\$7,308

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$0	\$0	\$2,570	\$2,570
Fines and Forfeits	20,000	0	0	0
Interest	0	0	1,015	1,015
Total Revenues	20,000	0	3,585	3,585
Expenditures				
Capital Outlays	34,000	34,000	21,800	12,200
Net Change in Fund Balance	(14,000)	(34,000)	(18,215)	15,785
Fund Balance Beginning of Year	36,161	36,161	36,161	0
Fund Balance End of Year	\$22,161	\$2,161	\$17,946	\$15,785

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$310,357	\$377,357	\$377,889	\$532
Interest	30,000	48,000	48,341	341
Miscellaneous	70,000	60,000	67,490	7,490
Total Revenues	410,357	485,357	493,720	8,363
Expenditures				
Current:				
Community Development				
Department of Community Development	360,357	560,357	408,641	151,716
Net Change in Fund Balance	50,000	(75,000)	85,079	160,079
Recovery of Prior Year Encumbrances	0	0	41,028	41,028
Fund Balance Beginning of Year	685,241	685,241	685,241	0
Fund Balance End of Year	\$735,241	\$610,241	\$811,348	\$201,107

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$0	\$113,900	\$113,910	\$10
Net Change in Fund Balance	0	113,900	113,910	10
Fund Balance Beginning of Year	0	0	0	0
Fund Balance End of Year	\$0	\$113,900	\$113,910	\$10

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fees, Licenses and Permits	\$0	\$2,000	\$3,225	\$1,225
Expenditures				
Current:				
Public Health and Welfare				
Department of Health	4,973	4,973	3,680	1,293
Excess of Revenues Under Expenditures	(4,973)	(2,973)	(455)	2,518
Other Financing Sources				
Transfers in	0	5,000	5,000	0
Net Change in Fund Balance	(4,973)	2,027	4,545	2,518
Recovery of Prior Year Encumbrances	0	0	34	34
Fund Balance Beginning of Year	6,400	6,400	6,400	0
Fund Balance End of Year	\$1,427	\$8,427	\$10,979	\$2,552

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$95,509	\$102,288	\$102,296	\$8
Intergovernmental	10,550	14,550	14,581	31
Total Revenues	106,059	116,838	116,877	39
Expenditures				
Current:				
Security of Persons and Property				
Department of Pubic Safety	108,000	108,000	108,000	0
Net Change in Fund Balance	(1,941)	8,838	8,877	39
Fund Balance Beginning of Year	6,104	6,104	6,104	0
Fund Balance End of Year	\$4,163	\$14,942	\$14,981	\$39

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$95,509	\$102,288	\$102,296	\$8
Intergovernmental	10,550	14,550	14,581	31
Total Revenues	106,059	116,838	116,877	39
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	108,000	108,000	108,000	0
Net Change in Fund Balance	(1,941)	8,838	8,877	39
Fund Balance Beginning of Year	6,104	6,104	6,104	0
Fund Balance End of Year	\$4,163	\$14,942	\$14,981	\$39

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Interest	\$10,000	\$15,000	\$17,948	\$2,948
Miscellaneous	15,000	65,000	68,550	3,550
Total Revenues	25,000	80,000	86,498	6,498
Expenditures				
Current:				
Community Development				
Department of Community Development	6,000	6,000	3,000	3,000
Net Change in Fund Balance	19,000	74,000	83,498	9,498
Fund Balance Beginning of Year	38,919	38,919	38,919	0
Fund Balance End of Year	\$57,919	\$112,919	\$122,417	\$9,498

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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Special Assessments	\$80,000	\$80,000	\$80,028	\$28
Expenditures				
Current:				
General Government				
Department of Budget and Finance	3,500	3,500	3,078	422
Debt Service:				
Principal Retirement	211,947	211,947	211,947	0
Interest and Fiscal Charges	135,855	135,855	135,855	0
Total Expenditures	351,302	351,302	350,880	422
Excess of Revenues Under Expenditures	(271,302)	(271,302)	(270,852)	450
Other Financing Sources				
Transfers In	260,072	260,072	260,072	0
Net Change in Fund Balance	(11,230)	(11,230)	(10,780)	450
Fund Balance Beginning of Year	38,108	38,108	38,108	0
Fund Balance End of Year	\$26,878	\$26,878	\$27,328	\$450

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
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<i>Financial Trends</i>	S3-S11
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

<i>Revenue Capacity</i>	S12-S19
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These schedules contain information to help the reader assess the City's most significant local revenue sources, the municipal income tax and the property tax.

<i>Debt Capacity</i>	S20-S28
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

<i>Demographic and Economic Information</i>	S29-S30
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

<i>Operating Information</i>	S31-S40
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

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

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

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

The periods noted above do not reflect amounts restated.

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

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

(Continued)

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

	2007	2006	2005	2004	2003
Expenses					
<i>Governmental Activities:</i>					
Security of Persons and Property	\$9,767,636	\$9,323,964	\$9,088,539	\$9,075,391	\$7,925,699
Public Health and Welfare	567,464	565,274	547,160	561,554	492,345
Leisure Time Activities	1,304,088	1,316,911	1,202,921	1,242,072	793,778
Community Development	1,806,399	1,909,670	1,850,436	1,959,483	1,822,724
Transportation	3,242,973	2,181,729	2,056,046	1,958,035	1,540,000
General Government	2,697,076	2,751,222	2,747,645	2,825,076	2,394,007
Interest and Fiscal Charges	276,968	279,179	245,952	242,475	256,440
<i>Total Governmental Activities Expenses</i>	<u>19,662,604</u>	<u>18,327,949</u>	<u>17,738,699</u>	<u>17,864,086</u>	<u>15,224,993</u>
<i>Business-Type Activities</i>					
Water	3,075,261	2,898,864	2,936,749	2,899,516	2,660,267
Sewer	3,758,029	3,819,961	3,511,561	3,397,853	3,441,320
Solid Waste	449,101	429,551	362,930	371,803	396,039
Storm Water Drainage	261,035	240,410	215,725	237,800	232,269
<i>Total Business-Type Activities Expenses</i>	<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>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	(\$15,245,744)	(\$12,901,928)	(\$13,163,411)	(\$13,175,132)	(\$12,097,958)
Business-Type Activities	<u>1,042,731</u>	<u>945,773</u>	<u>2,633,468</u>	<u>3,806,778</u>	<u>3,550,145</u>
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$14,203,013)</u>	<u>(\$11,956,155)</u>	<u>(\$10,529,943)</u>	<u>(\$9,368,354)</u>	<u>(\$8,547,813)</u>

(Continued)

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

	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes:					
Property and Other Local Taxes Levied For:					
General Purposes	\$1,672,891	\$1,688,373	\$1,579,658	\$1,588,087	\$1,482,922
Other Purposes	1,580,977	1,517,163	1,442,769	1,462,646	1,425,001
Income Taxes	10,577,734	10,147,407	10,149,597	9,705,339	9,743,877
Grants and Entitlements not Restricted to					
Specific Programs	2,653,962	2,203,538	2,308,746	2,173,408	2,642,496
Investment Earnings	1,158,296	1,083,312	615,028	354,751	369,743
Gain (Loss) on Sale of Capital Assets	0	0	0	26,173	0
Miscellaneous	284,815	171,322	99,965	261,338	407,711
Transfers	0	0	0	(170,000)	(225,000)
<i>Total Governmental Activities</i>	<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	415,999	320,134	225,528	94,364	100,152
Gain (Loss) on Sale of Capital Assets	0	203,669	0	17,357	0
Miscellaneous	60,147	50,602	46,722	49,469	79,665
Transfers	0	0	0	170,000	225,000
<i>Total Business-Type Activities</i>	<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>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	2,682,931	3,909,187	3,032,352	2,226,610	3,748,792
Business-Type Activities	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>\$4,201,808</u>	<u>\$5,429,365</u>	<u>\$5,938,070</u>	<u>\$6,364,578</u>	<u>\$7,703,754</u>

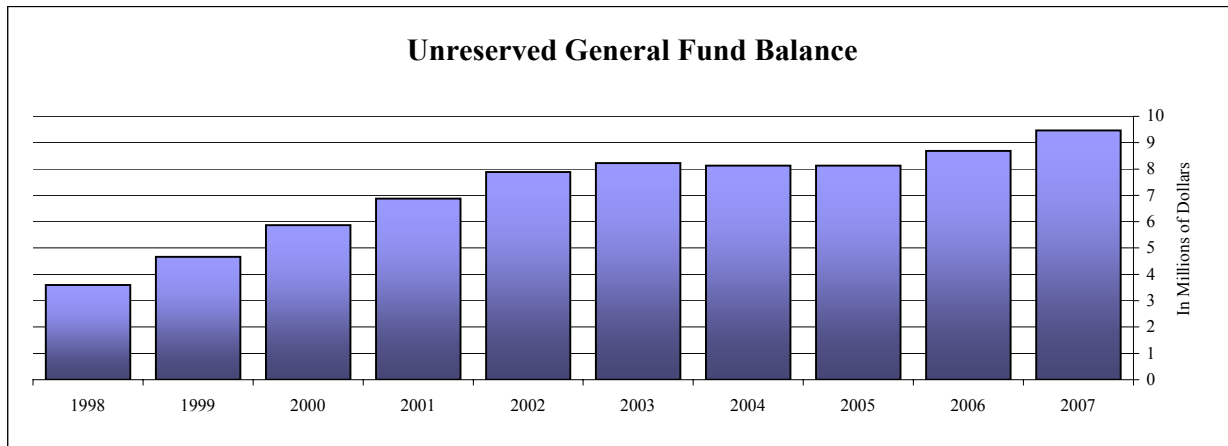
The periods noted above do not reflect amounts restated.

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

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

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

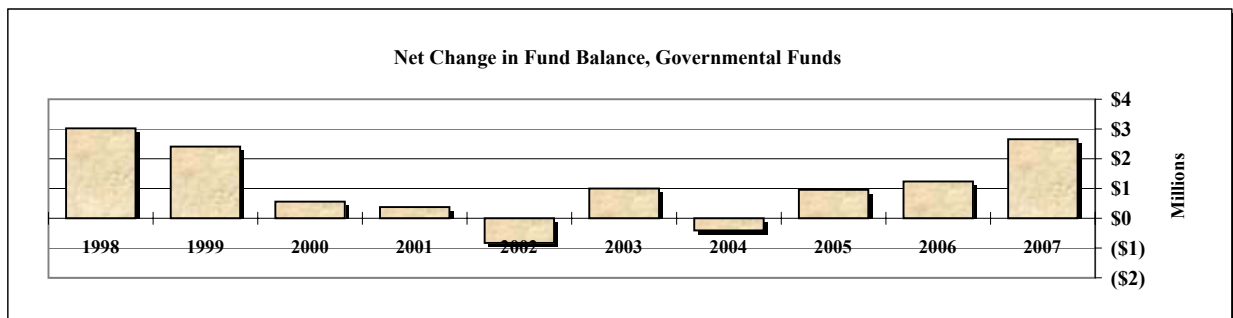
	2007	2006	2005	2004
General Fund				
Reserved	\$623,091	\$326,376	\$307,588	\$732,394
Unreserved	9,467,823	8,690,503	8,128,983	8,131,289
Total General Fund	10,090,914	9,016,879	8,436,571	8,863,683
All Other Governmental Funds				
Reserved	2,348,967	1,994,925	2,542,837	2,375,454
Unreserved:				
Designated:				
Special Revenue funds				
For Public Facilities and Programs	2,030,076	1,965,565	1,866,936	1,798,054
For Future Loans	0	0	0	0
Undesignated (Deficit), Reported in:				
Special Revenue funds	8,586,351	7,709,110	7,096,062	6,548,672
Debt Service funds	0	0	0	0
Capital Projects funds	(1,824,391)	(2,112,636)	(2,510,795)	(2,817,282)
Total All Other Governmental Funds	11,141,003	9,556,964	8,995,040	7,904,898
Total Governmental Funds	\$21,231,917	\$18,573,843	\$17,431,611	\$16,768,581



2003	2002	2001	2000	1999	1998
\$638,866	\$1,054,925	\$853,395	\$771,349	\$790,690	\$825,732
8,228,294	7,885,318	6,875,449	5,874,288	4,659,841	3,593,735
8,867,160	8,940,243	7,728,844	6,645,637	5,450,531	4,419,467
2,841,313	5,026,575	4,755,880	2,084,599	1,533,745	1,562,282
1,752,668	1,698,184	1,647,123	1,558,664	1,377,877	1,303,371
0		0	257,260	278,656	159,176
6,218,145	5,745,245	5,740,222	5,024,089	6,184,103	4,703,289
0	0	0	0	0	0
(2,342,442)	(5,382,802)	(3,012,660)	407,507	598,883	866,911
8,469,684	7,087,202	9,130,565	9,332,119	9,973,264	8,595,029
<u>\$17,336,844</u>	<u>\$16,027,445</u>	<u>\$16,859,409</u>	<u>\$15,977,756</u>	<u>\$15,423,795</u>	<u>\$13,014,496</u>

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

	2007	2006	2005	2004	2003
Revenues					
Taxes:					
Property and Other Local Taxes	\$3,268,463	\$3,115,248	\$2,998,573	\$3,053,539	\$2,876,964
Municipal Income Taxes	10,564,245	10,179,387	10,142,768	9,697,832	9,745,072
Charges for Services	1,727,130	1,373,609	1,458,020	1,239,502	988,417
Fees, Licenses and Permits	225,905	334,498	348,454	349,356	241,387
Fines and Forfeitures	234,768	245,442	369,844	373,176	315,705
Intergovernmental	4,406,113	3,848,989	3,988,310	4,759,878	4,145,984
Special Assessments	206,943	164,351	163,218	163,005	166,775
Interest	1,119,987	1,044,343	573,151	311,813	319,078
Miscellaneous	235,884	441,168	97,432	261,338	407,711
Total Revenues	21,989,438	20,747,035	20,139,770	20,209,439	19,207,093
Expenditures					
Current:					
Security of Persons and Property	9,177,854	8,871,722	8,574,921	8,566,950	7,977,881
Public Health and Welfare	561,623	564,743	545,881	557,405	520,443
Leisure Time Activities	1,233,477	1,237,456	1,141,268	1,175,458	979,959
Community Development	1,789,461	1,895,068	1,836,098	1,924,022	1,946,318
Transportation	1,471,685	1,299,412	1,400,731	1,455,517	1,424,857
General Government	2,533,830	2,627,620	2,568,272	2,659,253	2,424,777
Capital Outlay	2,160,125	2,646,181	2,714,605	3,732,130	2,264,048
Debt Service:					
Principal Retirement	211,947	204,947	188,947	187,947	181,947
Interest and Fiscal Charges	277,737	280,497	246,585	242,924	257,533
Total Expenditures	19,417,739	19,627,646	19,217,308	20,501,606	17,977,763
Excess of Revenues Over (Under) Expenditures	2,571,699	1,119,389	922,462	(292,167)	1,229,330
Other Financing Sources (Uses)					
Sale of Capital Assets	86,375	112,843	0	26,913	0
General Obligation Bonds Issued	0	0	0	0	0
Special Assessment Bonds Issued	0	0	0	0	0
Notes Issued	0	0	0	0	0
Note Premium	0	0	0	26,730	0
Loan Proceeds	0	0	0	0	0
Transfers In	10,188,942	9,599,347	9,579,181	8,995,666	9,273,113
Transfers Out	(10,188,942)	(9,599,347)	(9,549,181)	(9,165,666)	(9,498,113)
Total Other Financing Sources (Uses)	86,375	112,843	30,000	(116,357)	(225,000)
Net Change in Fund Balances	\$2,658,074	\$1,232,232	\$952,462	(\$408,524)	\$1,004,330
Debt Service as a Percentage of Noncapital Expenditures					
	2.81%	2.86%	2.64%	2.57%	2.80%



2002	2001	2000	1999	1998
\$2,705,651	\$2,645,656	\$2,171,068	\$2,124,322	\$2,123,628
9,630,343	9,390,575	9,283,257	9,099,886	8,973,217
849,472	755,909	840,692	636,896	591,432
293,606	300,552	152,496	314,955	248,234
339,937	352,319	363,619	373,008	472,835
4,457,224	3,671,672	3,707,016	3,430,043	3,540,752
166,417	209,485	159,746	298,228	131,322
432,931	931,920	941,332	698,951	679,171
485,468	345,495	407,801	175,517	374,474
<u>19,361,049</u>	<u>18,603,583</u>	<u>18,027,027</u>	<u>17,151,806</u>	<u>17,135,065</u>
7,801,668	7,328,137	7,197,719	6,927,110	6,522,907
517,827	466,178	421,649	421,313	415,147
955,279	863,226	827,170	829,725	869,507
2,102,383	2,098,614	1,832,505	1,331,444	1,633,099
1,365,439	1,251,158	1,432,219	1,147,096	1,161,164
2,616,445	2,880,775	2,675,061	2,524,234	2,562,947
4,382,589	2,835,200	2,837,314	2,065,938	4,032,289
170,947	176,947	696,797	159,647	93,000
289,869	331,500	199,632	179,564	275,799
<u>20,202,446</u>	<u>18,231,735</u>	<u>18,120,066</u>	<u>15,586,071</u>	<u>17,565,859</u>
<u>(841,397)</u>	<u>371,848</u>	<u>(93,039)</u>	<u>1,565,735</u>	<u>(430,794)</u>
0	0	0	318,564	0
0	0	0	0	3,000,000
0	0	561,000	0	0
0	0	0	525,000	0
9,433	0	0	0	0
0	0	86,000	0	456,994
8,640,696	7,985,703	8,883,318	9,079,794	8,727,949
<u>(8,640,696)</u>	<u>(7,985,703)</u>	<u>(8,883,318)</u>	<u>(9,079,794)</u>	<u>(8,727,949)</u>
<u>9,433</u>	<u>0</u>	<u>647,000</u>	<u>843,564</u>	<u>3,456,994</u>
<u>(\$831,964)</u>	<u>\$371,848</u>	<u>\$553,961</u>	<u>\$2,409,299</u>	<u>\$3,026,200</u>
2.91%	3.30%	5.87%	2.51%	2.73%

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

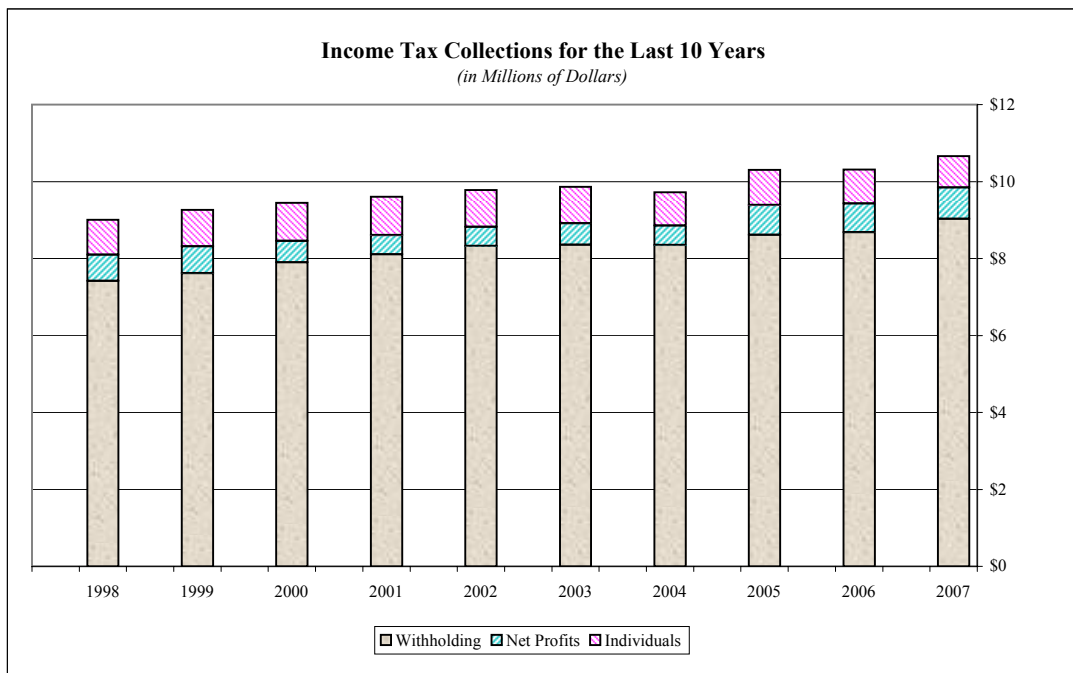
Year	Municipal Income Taxes	Property and Other Local Taxes	Total
2007	\$10,564,245	\$3,268,463	\$13,832,708
2006	\$10,179,387	\$3,115,248	\$13,294,635
2005	\$10,142,768	\$2,998,573	\$13,141,341
2004	\$9,697,832	\$3,053,539	\$12,751,371
2003	\$9,745,072	\$2,876,964	\$12,622,036
2002	\$9,630,343	\$2,705,651	\$12,335,994
2001	\$9,390,575	\$2,645,656	\$12,036,231
2000	\$9,283,257	\$2,171,068	\$11,454,325
1999	\$9,099,886	\$2,124,322	\$11,224,208
1998	\$8,973,217	\$2,123,628	\$11,096,845

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

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2007	2.00%	\$10,660,344	\$9,027,152	84.68%	\$816,743	7.66%	\$816,449	7.66%
2006	2.00	10,315,459	8,682,188	84.16	748,460	7.26	884,811	8.58
2005	2.00	10,305,383	8,613,458	83.58	772,397	7.50	919,528	8.92
2004	2.00	9,725,546	8,346,704	85.83	506,032	5.20	872,810	8.97
2003	2.00	9,858,757	8,358,858	84.79	558,370	5.66	941,529	9.55
2002	2.00	9,782,615	8,324,405	85.09	496,000	5.07	962,210	9.84
2001	2.00	9,603,984	8,106,727	84.41	498,065	5.19	999,192	10.40
2000	2.00	9,443,505	7,897,167	83.62	562,719	5.96	983,619	10.42
1999	2.00	9,268,081	7,621,351	82.23	698,647	7.54	948,083	10.23
1998	2.00	9,007,057	7,418,461	82.36	685,408	7.61	903,188	10.03

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 require voter approval. City residents pay City income tax on income earned outside the City, however a 100 % credit , up to 2.00% is allowed for income taxes paid to other municipalities.



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

2007

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

1998

2007 Rank	Rank	Employer Name
1	1	Kent State University
2	2	Kent City Schools
5	3	Ametek, Inc.
4	4	City of Kent
3	5	Davey Tree Expert Co., Inc.
22	6	Gougler Industries, Inc.
	7	Stoneridge, Inc.
8	8	Klaben Family Ford, Inc.
6	9	Land-O-Lakes
	10	Park Ohio Industries, Inc.

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.

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

Tax Year/ Collection Year	City of Kent Direct Rates						Overlapping Rates		Total Direct & Overlapping Rates
	General Fund	West Side Fire Station	Recreation Fund	Police Pension Fund	Police Pension Fund	Total City	Portage County	Kent City School District	
2007/2008	\$ 4.76	\$ 0.73	\$ 3.45	\$ 0.30	\$ 0.30	\$ 9.54	\$ 13.62	\$ 102.42	\$ 125.58
2006/2007	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.42	125.58
2005/2006	4.76	0.73	3.45	0.30	0.30	9.54	13.62	95.78	118.94
2004/2005	4.66	0.73	3.45	0.30	0.30	9.44	13.62	95.77	118.83
2003/2004	4.66	0.73	3.45	0.30	0.30	9.44	12.72	96.01	118.17
2002/2003	4.66	0.73	3.45	0.30	0.30	9.44	12.72	94.48	116.64
2001/2002	4.66	0.73	3.45	0.30	0.30	9.44	12.72	86.35	108.51
2000/2001	4.66	0.73	3.45	0.30	0.30	9.44	12.72	86.60	108.76
1999/2000	4.66	0.73	3.45	0.30	0.30	9.44	12.72	86.50	108.66
1998/1999	4.66	0.73	3.45	0.30	0.30	9.44	12.72	86.70	108.86

Source: Portage County, Ohio; County Auditor

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

Tax Year/ Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2007/2008	\$252,810,490	\$99,540,990	\$1,006,718,514	\$4,320,510	\$6,448,522
2006/2007	247,212,070	102,158,740	998,202,314	7,473,970	11,155,179
2005/2006	224,455,410	92,947,180	906,864,543	8,102,390	12,093,119
2004/2005	218,255,087	93,118,010	889,637,420	9,530,700	10,830,341
2003/2004	214,777,462	92,267,150	877,270,320	9,745,960	11,074,955
2002/2003	185,232,675	87,820,073	780,150,709	10,064,210	11,436,602
2001/2002	182,139,853	86,295,100	766,957,009	9,883,000	11,230,682
2000/2001	178,091,013	86,032,900	754,639,751	10,532,130	11,968,330
1999/2000	151,799,862	70,665,540	635,615,434	12,652,230	14,377,534
1998/1999	148,034,036	70,219,980	623,582,903	12,699,390	14,431,125

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

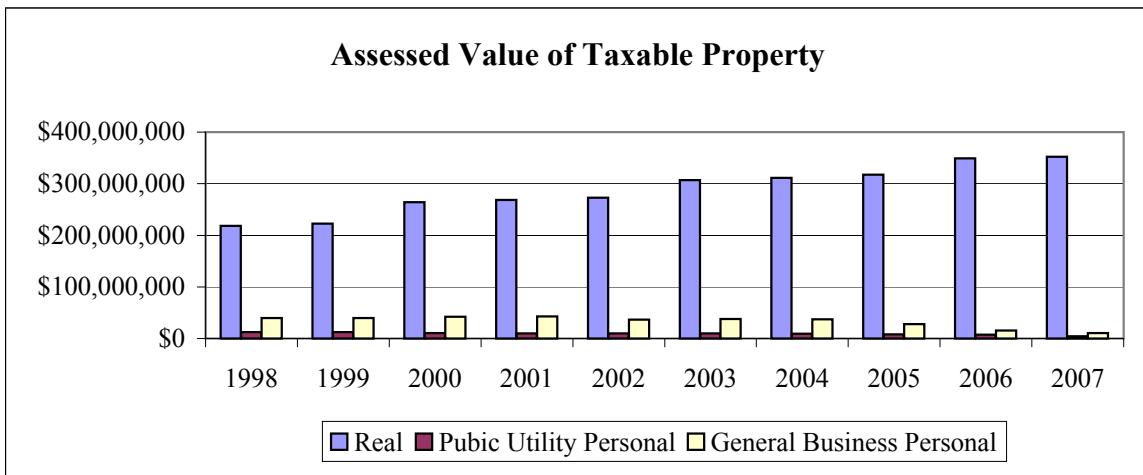
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Public utility personal property is assessed at 88% of actual value (1997-2004) and 67% of actual value (2005-2007). General business tangible personal property was assessed in previous 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 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

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

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

- (1) Other than public utility property
- (2) Real and tangible personal public utility property
- (3) This amount is calculated based on the following percentages:
 - Real property is assessed at 35% of actual value.
 - Public utility is assessed at 88% of actual value - 1996 through 2004.
 - Public utility is assessed at 67% of actual value - 2005 through 2007.
 - Tangible personal is assessed at 25% of true value for capital assets and 23% of true value for inventory.

Tangible Personal Property					
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	Direct Tax Rate
\$10,845,518	\$173,528,288	\$367,517,508	\$1,186,695,325	30.97%	\$9.54
15,448,700	123,589,600	372,293,480	1,132,947,093	32.86	9.54
28,023,818	149,460,363	353,528,798	1,068,418,025	33.09	9.54
37,133,989	148,535,956	358,037,786	1,049,003,717	34.13	9.44
38,007,178	152,028,712	354,797,750	1,040,373,987	34.10	9.44
36,373,796	145,495,184	319,490,754	937,082,495	34.09	9.44
42,935,640	171,742,560	321,253,593	949,930,250	33.82	9.44
42,056,737	168,226,948	316,712,780	934,835,029	33.88	9.44
39,539,156	158,156,624	274,656,788	808,149,592	33.99	9.44
39,435,714	157,742,856	270,389,120	795,756,884	33.98	9.44



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

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (2)</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>
2007	\$ 3,214,063	\$ 3,125,628	97.25%	\$ 89,501	\$ 3,215,129	100.03%	\$ 224,317
2006	3,001,119	2,943,312	98.07	87,851	3,031,163	101.00	238,914
2005	3,016,195	2,904,751	96.31	83,750	2,988,501	99.08	221,840
2004	2,990,557	2,908,664	97.26	130,128	3,038,792	101.61	193,334
2003	2,822,825	2,757,875	97.70	77,216	2,835,091	100.43	166,525
2002	2,633,533	2,534,329	96.23	68,297	2,602,626	98.83	159,168
2001	2,458,410	2,401,347	97.68	62,949	2,464,296	100.24	148,243
2000	2,149,762	2,000,343	93.05	60,103	2,060,446	95.85	110,384
1999	2,013,482	1,944,504	96.57	59,863	2,004,367	99.55	125,743
1998	1,993,259	N/A (1)	N/A (1)	N/A (1)	2,026,685	101.68	92,780

Source: Portage County, Ohio; County Auditor

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

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

City of Kent, Ohio
Principal Taxpayers - Real Estate Tax
 2007 and 1998

<i>2007</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
DSMP - Kent LLC	\$3,552,080	0.97 %
Silver Meadows Ltd.	3,386,260	0.92
Ohio Edison	3,105,670	0.85
Mikey Ryan	2,941,120	0.80
Draucker, Carl A.	2,623,460	0.71
Whitehall Terrace Investors LLC	2,423,050	0.66
Douglas Partners	2,022,370	0.55
Klaben, Albert	1,969,840	0.54
Davey Tree	1,748,850	0.48
Fontaine Trailer Company	1,732,750	0.47
Total	\$25,505,450	6.94 %
Total Assessed Valuation	\$367,517,508	
<i>1998</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Ohio Bell	\$6,037,280	2.23 %
Gougler Industries, Inc.	4,154,640	1.54 %
Ohio Edison	4,104,390	1.52 %
Klaben Ford, Inc.	2,761,840	1.02 %
Associated Estates Realty Corp.	2,620,800	0.97 %
Ametek, Inc.	2,297,770	0.85 %
Silver Meadows Ltd.	2,186,910	0.81 %
W9/GLM Real Estate	2,008,210	0.74 %
Paul P. Tell Sr.	1,899,030	0.70 %
Kent State Apartments	1,649,730	0.61 %
Total	\$29,720,600	10.99 %
Total Assessed Valuation	\$270,389,120	

Source: Portage County, County Treasurer

(1) The amounts presented represent the assessed values upon which 2006 and 1997 collections were based.

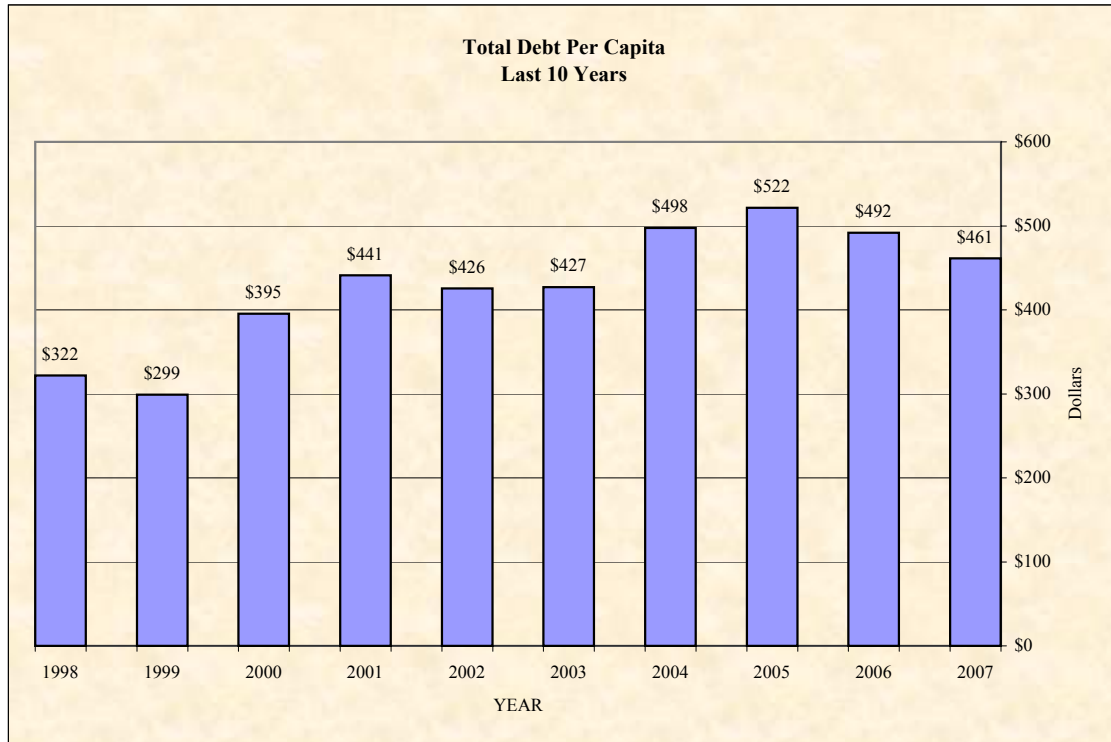
City of Kent, Ohio
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	Governmental Activities				
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Bond Anticipation Notes	General Obligation Bonds
2007	\$1,970,000	\$458,000	\$335,867	\$3,445,000	\$0
2006	2,105,000	505,000	365,814	3,680,000	0
2005	2,235,000	550,000	395,761	3,920,000	0
2004	2,355,000	589,000	425,708	4,170,000	0
2003	2,475,000	627,000	455,655	4,405,000	0
2002	2,590,000	664,000	485,602	4,740,000	0
2001	2,700,000	695,000	515,549	4,750,000	3,645,000
2000	2,805,000	737,000	545,496	3,000,000	3,945,000
1999	2,905,000	220,000	487,293	525,000	4,225,000
1998	3,000,000	259,000	512,940	500,000	4,495,000

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

Business-Type Activities

<u>OPWC Loans</u>	<u>Mortgage Revenue Bonds</u>	<u>Bond Anticipation Notes</u>	<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$96,324	\$0	\$1,910,000	\$4,657,673	\$12,872,864	3.07%	\$461
33,733	0	2,460,000	4,574,265	13,723,812	3.28	492
33,733	0	3,010,000	4,410,631	14,555,125	3.47	522
0	0	3,610,000	2,737,725	13,887,433	3.31	498
0	0	2,910,000	1,041,602	11,914,257	2.84	427
0	0	3,395,000	0	11,874,602	2.83	426
0	0	0	0	12,305,549	2.94	441
0	0	0	0	11,032,496	2.63	395
0	265,000	0	0	8,627,293	3.26	299
0	515,000	0	0	9,281,940	3.50	322



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

<u>Year</u>	<u>Population (1)</u>		<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Net Bonded Debt Per Capita</u>
2007	27,906	b	\$1,186,695,325	\$1,970,000	0.17 %	\$70.59
2006	27,906	b	1,132,947,093	2,105,000	0.19	\$75.43
2005	27,906	b	1,068,418,025	2,235,000	0.21	\$80.09
2004	27,906	b	1,049,003,717	2,355,000	0.22	\$84.39
2003	27,906	b	1,040,373,987	2,475,000	0.24	\$88.69
2002	27,906	b	937,082,495	2,590,000	0.28	\$92.81
2001	27,906	b	949,930,250	2,700,000	0.28	\$96.75
2000	27,906	b	934,835,029	2,805,000	0.30	\$100.52
1999	28,835	a	808,149,592	2,905,000	0.36	\$100.75
1998	28,835	a	795,756,884	3,000,000	0.38	\$104.04

Sources:

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

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) County Auditor

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

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

Year	Sewer Operating Revenue and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Percent Coverage
				Principal	Interest	
2007	\$3,794,529	\$2,574,379	\$1,220,150	\$0	\$0	N/A
2006	3,682,389	2,596,987	1,085,402	0	0	N/A
2005	3,626,854	2,669,943	956,911	0	0	N/A
2004	3,577,423	2,708,742	868,681	0	0	N/A
2003	3,535,737	2,654,034	881,703	0	0	N/A
2002	3,773,337	2,529,934	1,243,403	315,000	233,405	2.27
2001	3,811,595	2,452,707	1,358,888	300,000	250,805	2.47
2000	3,505,972	2,420,124	1,085,848	280,000	266,765	1.99
1999	3,476,351	2,253,505	1,222,846	270,000	281,750	2.22
1998	3,257,363	2,233,873	1,023,490	255,000	295,520	1.86

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

Source: City Financial Records

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

Year	Water Operating Revenue and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Percent Coverage
				Principal	Interest	
2007	\$2,951,582	\$2,400,530	\$551,052	\$0	\$0	N/A
2006	2,869,475	2,281,655	587,820	0	0	N/A
2005	2,921,177	2,328,973	592,204	0	0	N/A
2004	2,861,427	2,340,647	520,780	0	0	N/A
2003	2,828,579	2,167,861	660,718	0	0	N/A
2002	3,098,769	2,170,544	928,225	0	0	N/A
2001	2,987,952	2,055,737	932,215	0	0	N/A
2000	2,964,205	2,109,231	854,974	265,000	15,328	3.05
1999	2,860,695	2,016,738	843,957	250,000	29,613	3.02
1998	2,727,096	2,006,673	720,423	235,000	43,125	2.59

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

Source: City Financial Records

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

Year	Debt Service Assessments	Debt Service		Percent Coverage
		Principal	Interest	
2007	\$76,950	\$47,000	\$30,730	0.99
2006	77,709	45,000	33,780	0.99
2005	80,410	39,000	36,375	1.07
2004	76,056	38,000	38,915	0.99
2003	82,795	37,000	41,390	1.06
2002	79,822	31,000	43,410	1.07
2001	107,140	42,000	58,501	1.07
2000	77,116	44,000	16,576	1.27
1999	75,168	39,000	19,269	1.29
1998	113,798	93,000	25,845	0.96

Source: City Financial Records

City of Kent, Ohio
Legal Debt Margin
Last Ten Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total Assessed Property Value	<u>\$367,517,508</u>	<u>\$372,293,480</u>	<u>\$353,528,798</u>	<u>\$358,037,786</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>38,589,338</u>	<u>39,090,815</u>	<u>37,120,524</u>	<u>37,593,968</u>
Debt Outstanding:				
General Obligation Bonds - Governmental Activities	1,970,000	2,105,000	2,235,000	2,355,000
General Obligation Bonds - Business Type Activities	0	0	0	0
Special Assessment Bonds	458,000	505,000	550,000	589,000
Mortgage Revenue Bonds	0	0	0	0
Bond Anticipation Notes - Governmental Activities	3,445,000	3,680,000	3,920,000	4,170,000
Bond Anticipation Notes - Business Type Activities	<u>1,910,000</u>	<u>2,460,000</u>	<u>3,010,000</u>	<u>3,610,000</u>
Total Gross Indebtedness	7,783,000	8,750,000	9,715,000	10,724,000
Less:				
General Obligation Bonds - Business Type Activities	0	0	0	0
Special Assessment Bonds	(458,000)	(505,000)	(550,000)	(589,000)
Mortgage Revenue Bonds	0	0	0	0
Bond Anticipation Notes - Business Type Activities	(1,910,000)	(2,460,000)	(3,010,000)	(3,610,000)
General Obligation Bond Retirement Fund Balance	<u>(27,328)</u>	<u>(38,108)</u>	<u>(39,179)</u>	<u>(44,130)</u>
Total Net Debt Applicable to Debt Limit	<u>5,387,672</u>	<u>5,746,892</u>	<u>6,115,821</u>	<u>6,480,870</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$33,201,666</u>	<u>\$33,343,923</u>	<u>\$31,004,703</u>	<u>\$31,113,098</u>
Legal Debt Margin as a Percentage of the Debt Limit	86.04%	85.30%	83.52%	82.76%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$20,213,463</u>	<u>\$20,476,141</u>	<u>\$19,444,084</u>	<u>\$19,692,078</u>
Total Gross Indebtedness	7,783,000	8,750,000	9,715,000	10,724,000
Less:				
General Obligation Bonds - Business Type Activities	0	0	0	0
Special Assessment Bonds	(458,000)	(505,000)	(550,000)	(589,000)
Mortgage Revenue Bonds	0	0	0	0
Bond Anticipation Notes - Business Type Activities	(1,910,000)	(2,460,000)	(3,010,000)	(3,610,000)
General Obligation Bond Retirement Fund Balance	<u>(27,328)</u>	<u>(38,108)</u>	<u>(39,179)</u>	<u>(44,130)</u>
Net Debt Within 5 ½ % Limitations	<u>5,387,672</u>	<u>5,746,892</u>	<u>6,115,821</u>	<u>6,480,870</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$14,825,791</u>	<u>\$14,729,249</u>	<u>\$13,328,263</u>	<u>\$13,211,208</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	73.35%	71.93%	68.55%	67.09%

Source: City Financial Records

2003	2002	2001	2000	1999	1998
<u>\$354,797,750</u>	<u>\$319,490,754</u>	<u>\$321,253,593</u>	<u>\$316,712,780</u>	<u>\$274,656,788</u>	<u>\$270,389,120</u>
<u>37,253,764</u>	<u>33,546,529</u>	<u>33,731,627</u>	<u>33,254,842</u>	<u>28,838,963</u>	<u>28,390,858</u>
2,475,000	2,590,000	2,700,000	2,805,000	2,905,000	3,000,000
0	0	3,645,000	3,945,000	4,225,000	4,495,000
627,000	664,000	695,000	737,000	220,000	259,000
0	0	0	0	265,000	515,000
4,405,000	4,740,000	4,750,000	3,000,000	525,000	500,000
2,910,000	3,395,000	0	0	0	0
<u>10,417,000</u>	<u>11,389,000</u>	<u>11,790,000</u>	<u>10,487,000</u>	<u>8,140,000</u>	<u>8,769,000</u>
0	0	(3,645,000)	(3,945,000)	(4,225,000)	(4,495,000)
(627,000)	(664,000)	(695,000)	(737,000)	(220,000)	(259,000)
0	0	0	0	(265,000)	(515,000)
(2,910,000)	(3,395,000)	0	0	0	0
<u>(44,847)</u>	<u>(40,116)</u>	<u>(44,704)</u>	<u>(39,166)</u>	<u>(50,190)</u>	<u>(33,291)</u>
<u>6,835,153</u>	<u>7,289,884</u>	<u>7,405,296</u>	<u>5,765,834</u>	<u>3,379,810</u>	<u>3,466,709</u>
<u>\$30,418,611</u>	<u>\$26,256,645</u>	<u>\$26,326,331</u>	<u>\$27,489,008</u>	<u>\$25,459,153</u>	<u>\$24,924,149</u>
81.65%	78.27%	78.05%	82.66%	88.28%	87.79%
<u>\$19,513,876</u>	<u>\$17,571,991</u>	<u>\$17,668,948</u>	<u>\$17,419,203</u>	<u>\$15,106,123</u>	<u>\$14,871,402</u>
10,417,000	11,389,000	11,790,000	10,487,000	8,140,000	8,769,000
0	0	(3,645,000)	(3,945,000)	(4,225,000)	(4,495,000)
(627,000)	(664,000)	(695,000)	(737,000)	(220,000)	(259,000)
0	0	0	0	(265,000)	(515,000)
(2,910,000)	(3,395,000)	0	0	0	0
<u>(44,847)</u>	<u>(40,116)</u>	<u>(44,704)</u>	<u>(39,166)</u>	<u>(50,190)</u>	<u>(33,291)</u>
<u>6,835,153</u>	<u>7,289,884</u>	<u>7,405,296</u>	<u>5,765,834</u>	<u>3,379,810</u>	<u>3,466,709</u>
<u>\$12,678,723</u>	<u>\$10,282,107</u>	<u>\$10,263,652</u>	<u>\$11,653,369</u>	<u>\$11,726,313</u>	<u>\$11,404,693</u>
64.97%	58.51%	58.09%	66.90%	77.63%	76.69%

City of Kent, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2007

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Kent			
General Obligation Bonds	\$1,970,000	100.00 %	\$1,970,000
Overlapping			
Kent City School District (2)			
General Obligation Bonds	27,514,993	69.62	19,155,938
Portage County (3)			
General Obligation Bonds	14,857,624	10.64	1,580,851
<i>Total Overlapping Debt</i>	42,372,617		20,736,789
Total	\$44,342,617		\$22,706,789

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

(2) Source: Kent City Schools Treasurer

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (4)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>School Enrollment (2)</u>	<u>Portage County Unemployment Rate (3)</u>	<u>City of Kent Unemployment Rate (3)</u>
2007	27,906	\$419,008,590	\$15,015	\$29,582	3,382	5.4%	4.5%
2006	27,906	419,008,590	15,015	29,582	3,415	5.1%	4.2%
2005	27,906	419,008,590	15,015	29,582	3,371	5.6%	4.6%
2004	27,906	419,008,590	15,015	29,582	3,427	5.8%	4.6%
2003	27,906	419,008,590	15,015	29,582	3,471	5.8%	4.3%
2002	27,906	419,008,590	15,015	29,582	3,547	5.4%	6.1%
2001	27,906	419,008,590	15,015	29,582	3,618	4.3%	4.7%
2000	27,906	419,008,590	15,015	29,582	3,800	3.9%	4.3%
1999	28,835	265,022,485	9,191	21,463	3,767	4.0%	4.6%
1998	28,835	265,022,485	9,191	21,463	4,055	3.9%	4.5%

(1) Source: U. S. Census

(a) Years 2000 through 2006 - 2000 Federal Census

(b) Years 1997 through 1999 - 1990 Federal Census

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

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

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

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

2007		
Employer	Number of W-2's processed	Percentage of Total City W-2's processed
Kent State University	12,666	43.85%
Kent City Schools	944	3.27
Davey Tree Expert Co., Inc.	324	1.12
City of Kent	277	0.96
THI of Ohio at Kent LLC	223	0.77
Inn at Golden Pond Management	201	0.70
Land-O-Lakes	178	0.62
Smithers-Oasis Company	172	0.60
SBC Ohio Bell Telephone Company	125	0.43
ACS Industries, Inc.	116	0.40
Total	15,226	52.71%
Total W-2's Processed	28,885	

1998		
Employer	Number of W-2's processed	Percentage of Total City W-2's processed
Kent State University	10,425	32.93%
Kent City Schools	853	2.69
KWA Inc.	725	2.29
Xtrasource	389	1.23
Ametek Inc.	293	0.93
City of Kent	258	0.82
Kent Quality Care	247	0.78
SBC Ohio Bell Telephone Company	201	0.63
Klaben Family Ford Inc.	198	0.63
Ravens Inc.	198	0.63
Total	13,787	43.55%
Total W-2's Processed	31,655	

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

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

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

(Continued)

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

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

(Continued)

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

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

(Continued)

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

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

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

(1) Information prior to 2002 is not available

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

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

(1) Information prior to 2002 is not available

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

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

(Continued)

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

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

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

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

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

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

(Continued)

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

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

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



Mary Taylor, CPA
Auditor of State

CITY OF KENT
PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 11, 2008