

CITY OF KENT, OHIO

SINGLE AUDIT REPORT

DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street,
1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398
www.auditor.state.oh.us

The Honorable Mayor, City Manager
and Members of City Council
City of Kent
325 S. Depeyster Street
Kent, Ohio 44240

We have reviewed the Independent Auditor's Report of the City of Kent, Portage County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2000 through December 31, 2000. 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.

JIM PETRO
Auditor of State

July 31, 2001

This Page is Intentionally Left Blank.

CITY OF KENT, OHIO
AUDIT REPORT
DECEMBER 31, 2000

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| Independent Auditor's Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 1-2 |
| Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 | 3-4 |
| Schedule of Expenditures of Federal Awards | 5 |
| Notes to Schedule of Expenditures of Federal Awards | 6-7 |
| Status of Prior Citations and Recommendations | 8 |
| Schedule of Findings and Questioned Costs | 9-10 |

This Page is Intentionally Left Blank.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor, City Manager,
and Members of City Council
City of Kent, Ohio

We have audited the general purpose financial statements of the City of Kent, Ohio (the City), as of and for the year ended December 31, 2000, and have issued our report thereon dated June 15, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the City in a separate letter dated June 15, 2001.

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

June 15, 2001

James G. Zupka
Certified Public Accountant

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

The Honorable Mayor, City Manager,
and Members of City Council
City of Kent, Ohio

Compliance

We have audited the compliance of the City of Kent, Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The City of Kent, Ohio's major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Kent, Ohio's management. Our responsibility is to express an opinion on the City of Kent, Ohio's compliance based on our audit.

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

In our opinion, the City of Kent, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the City of Kent, Ohio, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Kent, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over Federal compliance that do not require inclusion in this report that we have reported to the management of the City in a separate letter dated June 15, 2001.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the City of Kent, Ohio, as of and for the year ended December 31, 2000, and have issued our report thereon dated June 15, 2000. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

June 15, 2001

James G. Zupka
Certified Public Accountant

CITY OF KENT, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000

| <u>FEDERAL GRANTOR/PASS-THROUGH/ PROGRAM TITLE</u> | <u>FEDERAL CFDA NUMBER</u> | <u>INDIVIDUAL GRANT NUMBER</u> | <u>PROGRAM OR AWARD AMOUNT</u> | <u>RECEIPTS RECOGNIZED</u> | <u>PROGRAM INCOME</u> | <u>DIRECT PROGRAM EXPENDITURES</u> |
|--|------------------------------------|--|--|--------------------------------|---------------------------|--|
| <u>U.S. Department of Housing and Urban Development</u> | | | | | | |
| Direct Programs: | | | | | | |
| Community Development Block Grant - Entitlement | 14.218 | B-96-MC-39-0026 | \$ 462,000 | \$ 0 | \$ 0 | \$ 940 |
| Community Development Block Grant - Entitlement | 14.218 | B-97-MC-39-0026 | 453,000 | 0 | 0 | 13,009 |
| Community Development Block Grant - Entitlement | 14.218 | B-98-MC-39-0026 | 432,000 | 88,520 | 0 | 24,438 |
| Community Development Block Grant - Entitlement | 14.218 | B-99-MC-39-0026 | 435,000 | 199,485 | 0 | 321,972 |
| Community Development Block Grant - Entitlement | 14.218 | B-00-MC-39-0026 | 432,000 | 0 | 0 | 35,703 |
| Community Housing Improvement Prog Entitlement | 14.239 | A-C-99-136-2 | 465,000 | 219,272 | 0 | 221,064 |
| Total U.S. Department of Housing and Urban Development | | | | <u>507,277</u> | <u>0</u> | <u>617,126</u> |
| <u>U.S. Department of Justice</u> | | | | | | |
| Direct Programs: | | | | | | |
| COPS Fast Grant | 16.710 | 95-CF-WX03461 | 450,000 | 59,256 | 0 | 59,256 |
| Total COPS Fast Grant | | | | <u>59,256</u> | <u>0</u> | <u>59,256</u> |
| Local Law Enforcement Block Grant | 16.592 | 98-LB-VX-2852 | 28,839 | 24,258 | 685 | 23,825* |
| Local Law Enforcement Block Grant | 16.592 | 99-LB-VX-8487 | 28,066 | 11,057 | 0 | 11,057 |
| Local Law Enforcement Block Grant | 16.592 | 00-LB-VX-3130 | 25,983 | 0 | 0 | 0 |
| Total Local Law Enforcement Block Grant | | | | <u>35,315</u> | <u>685</u> | <u>34,882</u> |
| Bullet-Proof Vest Program | 16.607 | 99-001535 | 10,232 | 10,232 | 0 | 4,935 |
| Bullet-Proof Vest Program | 16.607 | 00-002780 | 6,773 | 2,405 | 0 | 2,405 |
| Total Bullet-Proof Vest Program | | | | <u>12,637</u> | <u>0</u> | <u>7,340</u> |
| Total U.S. Department of Justice | | | | <u>107,208</u> | <u>685</u> | <u>101,478</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | <u>\$ 614,485</u> | <u>\$ 685</u> | <u>\$ 718,604</u> |

* Includes \$685 program income.

See accompanying notes to the Schedule of Expenditures of Federal Awards

CITY OF KENT, OHIO
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1: **GENERAL**

The accompanying Schedule of Expenditures of Federal Awards of the City of Kent, Ohio, presents the activity of all federal financial assistance programs of the City. The City's reporting entity is defined in Note 1 to the City's general purpose financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

NOTE 2: **BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting, and has been reconciled to the programs federal financial reports. The following is a reconciliation by grant from the cash basis to the accrual basis at December 31, 2000.

| | <u>Receipt</u> <u>Recognized</u> | <u>Direct Program</u> <u>Expenditures</u> |
|---------------------------------------|-------------------------------------|--|
| <u>Department of HUD</u> | | |
| Community Development - | | |
| Cash Basis | \$ 634,997 | \$ 624,520 |
| Accrual Adjustment | (127,720) | (7,394) |
| Community Development - Accrual Basis | \$ 507,277 | \$ 617,126 |
| | | |
| <u>Department of Justice</u> | | |
| Cash Basis | \$ 120,947 | \$ 101,580 |
| Accrual Adjustments | (13,739) | (102) |
| Department of Justice - Accrual Basis | \$ 107,208 | \$ 101,478 |
| | | |

CITY OF KENT, OHIO
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 3: **PROGRAM INCOME**

The City of Kent, Ohio, uses federal funds received in the current and prior years to issue revolving loans. These loans are issued to companies and are to be repaid to the City in monthly installments. Principal received on these loans may be used to issue new loans. The principal outstanding at December 31, 2000 was \$390,822. The program income represents interest revenue earned from the revolving loans and bank accounts and repayment of revaluation loans. These amounts, identified below, were subject to Single Audit procedures. The program income from Local Law Enforcement of \$685 is related to a direct program and is not included in the program income identified below.

| <u>Description</u> | <u>Program Income</u> |
|---|---------------------------|
| Revolving Loan Interest Earnings - EDA | \$ 20,623 |
| Revolving Loan Interest Earnings - UDAG | 18,777 |
| Rehabilitation Loan Repayment - CDBG | 36,225 |
| Interest Income from Bank Accounts - UDAG | 7,671 |
| Interest Income from Bank Accounts | 1,618 |
| Community Development Block Grant: | |
| Program Income | 20,491 |
| Continuing Housing Impact Program: | |
| Program Income | 5,503 |
| | <hr/> |
| Total Program Income | \$ 110,908 |
| | <hr/> <hr/> <hr/> |

CITY OF KENT, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2000

The prior audit report, as of December 31, 1999, included no citations. Management letter recommendations have been corrected or procedures instituted to prevent occurrences in this audit period.

CITY OF KENT, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 DECEMBER 31, 2000

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

| | | |
|------------|--|--|
| 2000(i) | Type of Financial Statement Opinion | Unqualified |
| 2000(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| 2000(ii) | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| 2000(iii) | Was there any reported noncompliance at the financial statement level (GAGAS)? | No |
| 2000(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| 2000(iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| 2000(v) | Type of Major Programs' Compliance Opinions | Unqualified |
| 2000(vi) | Are there any reportable findings under .510? | No |
| 2000(vii) | Major Programs (list): | 1. Community Development Block Grant (CDBG) (CFDA #14.218) |
| 2000(viii) | Dollar Threshold: Type A/B Programs | Type A: >\$300,000 Type B: All others |
| 2000(ix) | Low Risk Auditee? | Yes |

CITY OF KENT, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
(CONTINUED)
DECEMBER 31, 2000

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

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2000

Issued by The Department of Budget and Finance

BARBARA A. RISSLAND
Director of Budget and Finance

This Page is Intentionally Left Blank.

CITY OF KENT

Comprehensive Annual Financial Report
December 31, 2000

Table of Contents

| INTRODUCTORY SECTION | Page |
|--|-------------|
| Letter of Transmittal - City Manager | 1 |
| Letter of Transmittal - Director of Budget and Finance | 3 |
| Certificate of Achievement for Excellence in Financial Reporting | 14 |
| Elected Officials - 2000 | 15 |
| Appointed Officials - 2000 | 16 |
| Organizational Chart | 17 |
| FINANCIAL SECTION | |
| Independent Auditors' Report. | 19 |
| General Purpose Financial Statements (Combined Statements - Overview): | |
| Combined Balance Sheet - All Fund Types and Account Groups | 20 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. | 22 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - General, Special Revenue and Debt Service Funds | 23 |
| Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types. | 25 |
| Combined Statement of Cash Flows - All Proprietary Fund Types. | 26 |
| Notes to Combined Financial Statements | 28 |
| Other Financial Information (Combining and Individual Fund and Account Group Statements and Schedules) | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis): | |
| General Fund | 51 |

(Continued)

CITY OF KENT

Comprehensive Annual Financial Report
December 31, 2000

Table of Contents
(Continued)

| | Page |
|--|------|
| Special Revenue Funds: | |
| Combining Balance Sheet - All Special Revenue Funds | 54 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance - All Special Revenue Funds | 56 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis): | |
| West Side Fire Fund | 58 |
| Street Construction, Maintenance and Repair | 59 |
| State Highway Improvement Fund | 60 |
| Parks and Recreation Fund | 61 |
| Food Service Fund | 62 |
| License Tax Fund | 63 |
| Income Tax Fund. | 64 |
| Revolving Housing Fund | 65 |
| State and Local Forfeits Fund. | 66 |
| Drug Law Enforcement Fund. | 67 |
| Enforcement and Education Fund | 68 |
| Income Tax Safety Fund | 69 |
| Law Enforcement Trust Fund. | 70 |
| Community Development Block Grant Fund. | 71 |
| Fire and Emergency Medical Service Fund | 72 |
| Swimming Pool Inspections Fund | 73 |
| Police Pension Fund. | 74 |
| Fire Pension Fund | 75 |
| Urban Development Action Grant Fund | 76 |

(Continued)

CITY OF KENT

Comprehensive Annual Financial Report
December 31, 2000

Table of Contents
(Continued)

| | Page |
|--|------|
| Debt Service Fund: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis): | |
| Debt Service Fund | 78 |
| Capital Projects Fund: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis): | |
| Capital Projects Fund | 80 |
| Enterprise Funds: | |
| Combining Balance Sheet - All Enterprise Funds | 82 |
| Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) - All Enterprise Funds | 83 |
| Combining Statement of Cash Flows - All Enterprise Funds | 84 |
| Internal Service Fund: | |
| Balance Sheet - Health and Life Insurance Fund | 87 |
| Statement of Revenues, Expenses and Changes in Retained Earnings - Health and Life Insurance Fund | 88 |
| Statement of Cash Flows - Health and Life Insurance Fund | 89 |
| Agency Funds: | |
| Combining Statement of Changes in Assets and Liabilities - All Agency Funds | 91 |
| General Fixed Assets Account Group: | |
| Schedule of General Fixed Assets by Source | 94 |
| Schedule of General Fixed Assets by Function and Activity | 95 |
| Schedule of Changes in General Fixed Assets by Function and Activity | 96 |

(Continued)

CITY OF KENT

Comprehensive Annual Financial Report
December 31, 2000

Table of Contents
(Continued)

| | Page |
|---|------|
| STATISTICAL SECTION | |
| General Government Revenues by Source (Last Ten Fiscal Years) | 97 |
| General Government Expenditures by Function (Last Ten Fiscal Years). | 98 |
| Property Tax Levies and Collections (Last Ten Fiscal Years) | 99 |
| Assessed Valuations and Estimated True Values of Taxable Real Property (Last Ten Fiscal Years). | 100 |
| Property Tax Rates - Direct and Overlapping Governments (Last Ten Fiscal Years). | 101 |
| Special Assessment Billings and Collections (Last Ten Fiscal Years). | 102 |
| Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita (Last Ten Fiscal Years) | 103 |
| Computation of Legal Debt Margin. | 104 |
| Computation of Direct and Overlapping Net Debt | 105 |
| Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Government Expenditures (Last Ten Fiscal Years) | 106 |
| Revenue Bond Coverage - Sewer Bonds (Last Ten Fiscal Years) | 107 |
| Revenue Bond Coverage - Water Bonds (Last Ten Fiscal Years) | 108 |
| Demographic Statistics (Last Ten Fiscal Years). | 109 |
| Construction and Bank Deposits (Last Ten Fiscal Years). | 110 |
| Principal Taxpayers | 111 |
| Principal Employers - By Municipal Income Tax Withheld | 112 |
| Miscellaneous Statistics and Community Profile | 113 |



CITY OF KENT, OHIO

OFFICE OF THE CITY MANAGER

June 15, 2001

Dear Mayor, Councilmembers and Citizens of Kent:

The City of Kent Comprehensive Annual Financial Report for the fiscal year ended December 31, 2000, is presented to you in conformity with generally accepted accounting principles and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

We are proud of the fact that the City of Kent has received the GFOA Certificate of Achievement for Excellence in Financial Reporting for calendar years 1987 through 1999. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment. We believe that this year's report, our fourteenth for the Certificate of Achievement for Excellence in Financial Reporting, is also in conformance with the reporting standards required for receiving the award.

The financial statements contained in this report have been examined by the independent accounting firm of James G. Zupka, Certified Public Accountants, Incorporated, and have received an unqualified opinion regarding adherence to generally accepted accounting principles (GAAP).

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

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

Sincerely,

A handwritten signature in cursive script, reading 'Lewis J. Steinbrecher', is written over a horizontal line.

Lewis J. Steinbrecher
City Manager

This page left blank intentionally.



CITY OF KENT, OHIO

DEPARTMENT OF BUDGET AND FINANCE

June 15, 2001

City Manager Lewis J. Steinbrecher
Kent, Ohio 44240

Dear City Manager:

The Comprehensive Annual Financial Report of the City of Kent, Ohio for the fiscal year ended December 31, 2000, is herein submitted. The City of Kent ("the City") and in particular, the Department of Budget and Finance, is responsible for the accuracy of the information contained in this report and we believe it is presented in a fair and complete manner. This report is intended to enable the reader to gain a thorough understanding of the financial affairs and operation of the City of Kent government.

The Comprehensive Annual Financial Report of the City of Kent, Ohio, is divided into three sections: 1) introductory, 2) financial, and 3) statistical. The introductory section contains this transmittal letter, the City of Kent organization chart and a list of principal officials. The Financial Section includes the opinion of the City's independent auditor, the general purpose financial statements and the accompanying notes to the combined financial statements, the Combining Financial Statements by fund type, and other schedules which provide detailed information for the 2000 fiscal year. The Statistical Section provides selected financial, economic, and demographic information about the City for the last ten years or other specified period.

THE REPORTING ENTITY

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

The charter provides for a Council-Manager form of government. Legislative authority is vested in a nine-member Council. In addition, a mayor is elected by the voters and serves as President of Council in a ceremonial capacity. City Council appoints members to City boards and commissions. The City's chief executive and administrative officer is the City Manager who is appointed by a majority vote of Council.

ECONOMIC CONDITIONS

The City of Kent, Ohio, is located in Portage County, approximately fifteen miles northeast of the City of Akron and six miles west of the City of Ravenna, the county seat. The City is the largest of four cities in this industrial and agricultural county. It is principally noted as the home of Kent State University, which has a current enrollment of close to 22,000 students at the main campus in the City. The City covers an area of approximately 8.74 square miles. The City's 2000 population of 27,906 reflects a 3.2 percent decrease as compared to the 1990 population of 28,835.

Kent State University, the third largest of Ohio's thirteen state-assisted universities, was founded in 1910. The university offers nine different baccalaureate degrees in 170 major fields of study. 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> |
| 2000 | 21,900 | 1.1% |
| 1999 | 21,652 | 3.4% |
| 1998 | 20,947 | 1.0% |
| 1997 | 20,743 | 0.7% |
| 1996 | 20,598 | (1.8%) |

In the statistical section, the table entitled "Principal Employers - By Municipal Income Tax Withheld" shows that Kent State University alone accounts for 30.8 percent of total municipal income tax revenues. Based on Kent State University's plans for the future, enrollment at the University is anticipated to increase slightly. The University has an aggressive capital improvement plan. Completion of the \$10.4 million first phase of a two phase project to construct a new gas fired power plant for generating power, steam and chilled water for the campus occurred in 2000. Construction of the \$8.2 million laboratory addition to Cunningham Hall for biology research was also completed in 2000.

During the year, fifty-one (51) new single family houses were constructed. Many of these homes were valued in the \$150,000 to \$250,000 price range, and are located in the Forest Lakes and University Woods subdivisions. Construction also continued in a third subdivision, Riverbend East, which is planned for fifty-six (56) homes in the \$200,000 to \$300,000 price range.

The City continues to work with Kent State University in a spirit of cooperation in order to enhance the quality of life for Kent residents as well as for the students attending the university. The expansion of the Liquid Crystal Institute at the university continues to present opportunities for both existing businesses and new businesses that would be induced by the technology being developed by the university to locate within the City. The Kent Regional Business Alliance, an affiliate organization of the university, completed a high-tech incubator feasibility study in 1999 with financial assistance from the Ohio Department of Development, Kent State University and the City. Work on an implementation strategy for the results of the study continued in 2000.

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

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

MAJOR INITIATIVES, SIGNIFICANT EVENTS AND ACCOMPLISHMENTS IN 2000

During 2000, 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. The comprehensive capital plan will help the City provide for the orderly replacement and development of public facilities and infrastructure, as evidenced by the decision to proceed with a major renovation and expansion of the main fire station. This project has an estimated cost of \$4.0 million. The design was underway in 2000 and construction is scheduled to begin in 2001. As part of the long range budgeting and planning process, the City Council created a steering committee, called Destination 2006, comprised of residents, school representatives, non-profit representatives, service agencies and business owners. The steering committee's task was to hold public meetings to gain input and feedback from interested and impacted parties in the City. The report of the Destination 2006 Committee will be presented to the City Council and reviewed throughout the planning process. Work on implementation of the storm water drainage utility also continued throughout 2000. This utility is a revenue enhancement that will enable the City to expand the capital program without overextending the City's financial capacity. The administration will also continue to evaluate municipal operations in an effort to improve overall service delivery in a cost-efficient manner.

CITY SERVICES

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

Public Service

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

Health

Health Inspection and Licensing
Environmental Services

Police

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

Budget and Finance

General Accounting
Utility Billing
Income Tax Administration and Collection
Payroll Processing

Community Development

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

Fire

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

Parks and Recreation

Parks Development Administration
Recreation Programs and Activities

ACCOUNTING CONTROLS AND POLICIES

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

In developing and evaluating the City of Kent's accounting system, consideration is given to the adequacy of internal control structure. The internal control structure is designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of the internal control structure should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management.

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

BUDGETARY CONTROLS AND POLICIES

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

FUND AND ACCOUNT GROUP STRUCTURE

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

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

Account Groups

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

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

GENERAL GOVERNMENT FUNCTIONS

Municipal activities and services are accounted for in the General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Fund. The following schedule provides a summary of general government funds' revenue for the fiscal year ended December 31, 2000. Major revenue categories are shown and a discussion of material differences from 1999 to 2000.

ALL GOVERNMENTAL FUNDS

Comparison of Revenues - 2000 -1999

| | <u>2000</u> <u>Amount</u> | <u>Percentage</u> <u>of Total</u> | <u>Increase</u> <u>(Decrease)</u> <u>From 1999</u> | <u>Percentage</u> <u>Increase</u> <u>(Decrease)</u> |
|----------------------------|------------------------------|--------------------------------------|--|---|
| Revenues: | | | | |
| Taxes | \$ 11,454,325 | 63.54 | \$ 230,117 | 2.05 |
| Fees, licenses and permits | 152,496 | 0.85 | (162,459) | (51.58) |
| Intergovernmental | 3,707,016 | 20.56 | 276,973 | 8.07 |
| Charges for services | 840,692 | 4.66 | 203,796 | 32.00 |
| Fines and forfeits | 363,619 | 2.02 | (9,389) | (2.52) |
| Special assessments | 159,746 | 0.89 | (138,482) | (46.43) |
| Interest | 941,332 | 5.22 | 242,381 | 34.68 |
| Miscellaneous | <u>407,801</u> | <u>2.26</u> | <u>232,284</u> | 132.34 |
| Total revenues | <u>\$ 18,027,027</u> | <u>100.00</u> | <u>\$ 875,221</u> | |

The increase in taxes is primarily due to an increase in municipal income tax collections of \$183,371, which is attributable to the strong economy (low unemployment, high wages).

The decrease in fees, licenses and permits is the result of fluctuations in subdivision activity. Subdivision fees impact zoning, building and park fees.

The increase in intergovernmental revenues is due to the receipt of \$254,000 in grant funds for the Elm/Mae/Morris storm water project. Also contributing to the increase is a reimbursement from the state for debris removal related to a wind storm.

The City renegotiated operating contracts for fire and ambulance service with surrounding entities resulting in an increase in charges for services.

Special assessments decreased in 2000 because the City levied project related assessments in 1999 and many property owners made lump sum payments in that year.

Interest revenue increased due to an improved rate of return in 2000 as compared to 1999, coupled with an increased cash balance.

The increase in miscellaneous revenue is primarily due to a workers' compensation premium refund that was received in 2000. Also contributing to the increase is a reimbursement of design fees of \$73,313 from Portage County for a joint bridge project. Finally, the parks department received royalties of \$33,359 from a gas well adjacent to park property.

The following schedule provides a summary of general government funds' expenditures for the year ended December 31, 2000. As with the revenue schedule above, a discussion of material differences from 1999 to 2000 is included.

ALL GOVERNMENTAL FUNDS

Comparison of Expenditures - 2000 - 1999

| | 2000 <u>Amount</u> | Percentage <u>of Total</u> | Increase (Decrease) <u>From 1999</u> | Percentage Increase <u>(Decrease)</u> |
|----------------------------------|-----------------------|-------------------------------|--|---|
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | \$ 7,197,719 | 39.73 | \$ 270,609 | 3.91 |
| Public health and welfare | 421,649 | 2.33 | 336 | 0.08 |
| Leisure time activities | 827,170 | 4.56 | (2,555) | (0.31) |
| Community development | 1,832,505 | 10.11 | 501,061 | 37.63 |
| Transportation | 1,432,219 | 7.90 | 285,123 | 24.86 |
| General government | 2,675,061 | 14.76 | 150,827 | 5.98 |
| Capital outlays | 2,837,314 | 15.66 | 771,376 | 37.34 |
| Debt service: | | 0.00 | | |
| Principal retirements | 696,797 | 3.85 | 537,150 | 336.46 |
| Interest and fiscal charges | <u>199,632</u> | <u>1.10</u> | <u>20,068</u> | 11.18 |
| Total expenditures | <u>\$ 18,120,066</u> | <u>100.00</u> | <u>\$ 2,533,995</u> | |

Security of persons and property increased due to the retirement of four police officers in 2000 and the payment of severance pay and accumulated leave balances.

Increased grant activity of \$311,912 is the primary reason for the increase in community development expenditures. Also contributing to the increase are expenditures in the shade tree division of \$109,277 related to the wind storm debris removal that occurred last summer.

Transportation expenditures increased primarily due to severe winter weather resulting in the need for more road salt and additional overtime hours. Transportation is also impacted by the wind storm debris removal, causing an increase in personnel costs.

Contractual wage increases contribute to approximately half of the increase in general government expenditures. The rest of the increase is attributable to election costs, insurance deductibles and an increase in current year workers' compensation premiums.

The increase in capital outlay expenditures is primarily due to the addition of the Marvin Street project.

The increase in principal retirements and interest is caused by the payment of \$525,000 in notes and \$24,016 in related interest.

PROPRIETARY OPERATIONS

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

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

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

Total water and sewer system operating revenues in 2000 increased \$88,287 or 1.45 percent as compared to 1999. This increase corresponds to rate increases that were implemented in 2000. Total system operating expenses increased \$347,905 or 6.6 percent in 2000 as compared to 1999. The change is attributable to an increase in contractual services of \$115,110 due to a study to address recent EPA requirements, an increase in depreciation of \$88,793, and increased expenses related to repairs at the plants.

The Solid Waste Fund includes a curbside recycling program which provides for the collection of glass, cans, paper, cardboard, plastic, magazines and phone books. A recycling program is also provided for multi-family and apartment units as well as commercial customers. Another significant program area included in this fund is a compost site. Operating revenues increased in 2000 by \$13,185 or 4.3 percent as compared to 1999. This increase is primarily related to changes in the multi-family recycling billing. Operating expenses increased \$36,551 or 11.6 percent in 2000 as compared to 1999. This increase is because of increased curbside collection costs.

The Storm Water Drainage Fund was established to account for storm water drainage services provided to the residential and commercial users of the City. The expenses in 1999 and 2000 are for design of the program and a rate study. Charges for services will be implemented in May of 2001

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

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

FIDUCIARY OPERATIONS

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

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

GENERAL FIXED ASSETS

The General Fixed Assets Account Group of the City includes all city-owned land, buildings, improvements and equipment used in the performance of general governmental functions. The General Fixed Assets Account Group excludes the fixed assets of the Proprietary Funds. Infrastructure assets, such as roads, curbs and sidewalks, are not included in the fixed assets of the General Fixed Asset Account Group. As of December 31, 2000, the net general fixed assets of the City amounted to \$9,661,249. This amount represents the historical cost or estimated historical cost, if actual historical cost is not available, net of accumulated depreciation, and is less than their market value. Depreciation of general fixed assets is recorded in the General Fixed Asset Account Group.

LONG-TERM OBLIGATIONS

At December 31, 2000, the City’s outstanding long-term obligations including rates of interest ranges were as follows:

| | |
|---|-------------|
| General Obligation Bonded Debt (3.90% to 5.20%) | \$2,805,000 |
| Special Assessment Bonded Debt (5.50% to 7.80%) | 737,000 |
| Ohio Public Works Commission loan (0.00%) | 545,496 |
| Accrued Wages and Benefits | 1,868,845 |

The City’s bond rating is currently Aa3.

RISK MANAGEMENT

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

CASH MANAGEMENT

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

maintain a collateral pool of assets whose carrying value exceeds their total public deposits by at least 10 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 2000 was \$1,309,528.

INDEPENDENT AUDIT

The financial records, books of accounts and transactions of the City of Kent, Ohio, for the year ended December 31, 2000, have been audited by the firm of James G. Zupka, Certified Public Accountants, Incorporated. Their unqualified opinion has been included in this report.

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

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING


The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities whose CAFR is easily readable, efficiently organized and conforms to GFOA reporting standards. Such a report must satisfy both generally accepted accounting principles (GAAP) as well as applicable legal requirements. The City of Kent received this honor for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 1999.

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

ACKNOWLEDGEMENTS

Special recognition for the preparation of this report is made to the Department of Budget and Finance staff for their many hours of dedicated effort. In addition, gratitude is extended to the independent auditing firm of James G. Zupka, Certified Public Accountants, Incorporated and Sujata M. Sulzer, Manager, 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, 1999

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.



Anne Spray Kinsey
President

Jeffrey L. Essler
Executive Director

CITY OF KENT, OHIO
ELECTED OFFICIALS – 2000

| | |
|-------------------------|---------------------|
| MAYOR/COUNCIL PRESIDENT | John H. Fender |
| COUNCILMEMBER AT LARGE | Michael A. DeLeone |
| COUNCILMEMBER AT LARGE | Daniel N. Kamburoff |
| COUNCILMEMBER AT LARGE | William J. Schultz |

CITY COUNCILMEMBERS BY WARDS:

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

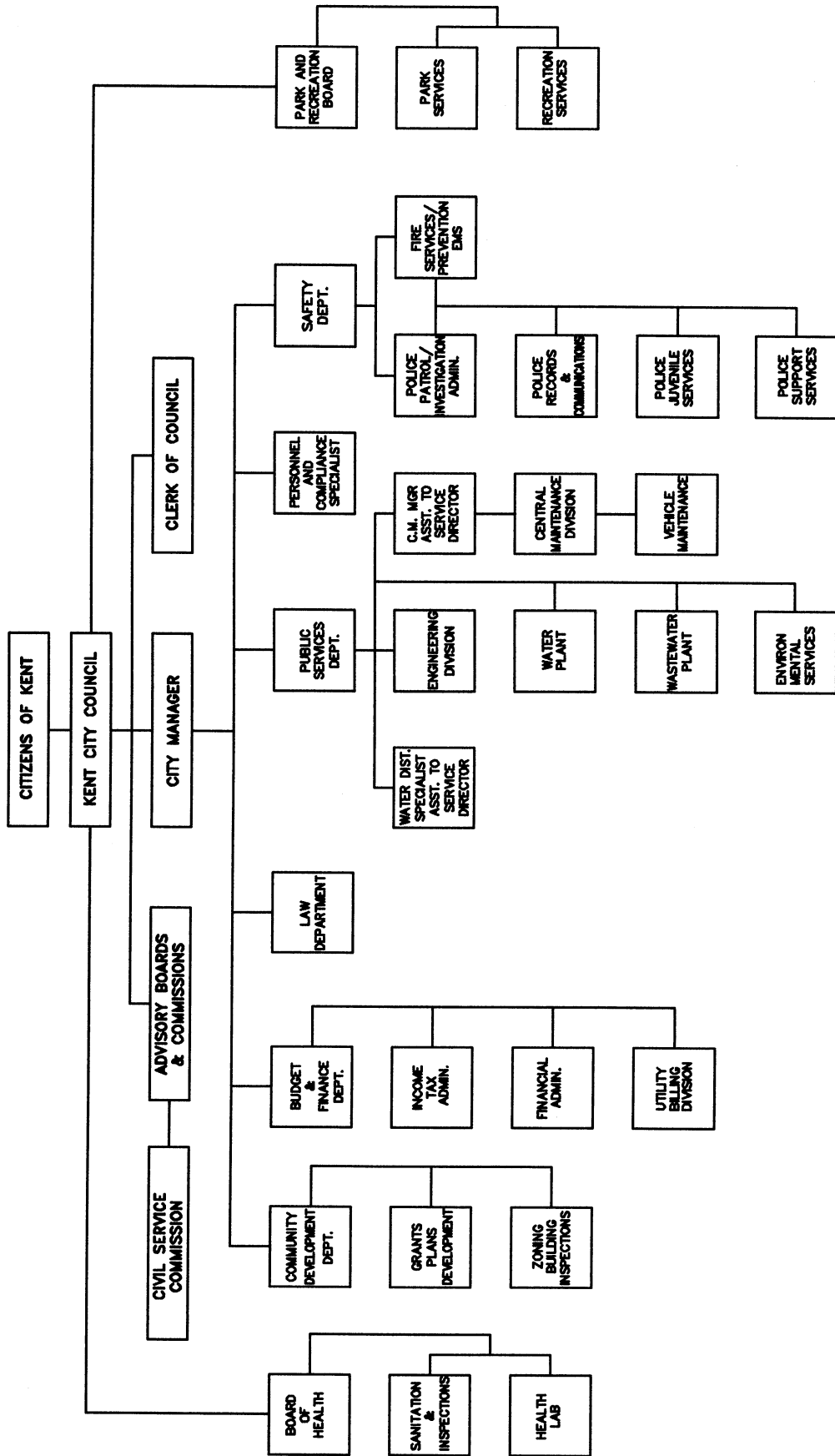
* Wayne A. Wilson served as President Pro-tem from January 1, 2000, to December 31, 2000.

CITY OF KENT, OHIO

APPOINTED OFFICIALS - 2000

| | |
|--|---|
| OFFICE OF CITY MANAGER City Manager | Lewis J. Steinbrecher |
| OFFICE OF COUNCIL Clerk of Council | Linda M. Copley |
| DEPARTMENT OF LAW Law Director | James R. Silver |
| DEPARTMENT OF PUBLIC SERVICES Service Director City Engineer Water/Sewer Plant Supervisor Water Distribution Specialist Central Maintenance Manager Environmental Services Manager | Dennis A. Missimi B. Alan Brubaker Robert W. Brown Jack E. Hogue Stephen D. Hardesty Mary L. Gilbert |
| DEPARTMENT OF BUDGET AND FINANCE Director of Budget and Finance Controller Income Tax Commissioner Systems Analyst | Barbara A. Rissland Christine I. May Robert F. Gillian John R. Tryon |
| DEPARTMENT OF PUBLIC SAFETY Safety Director Fire Chief Police Chief | William C. Lillich James A. Williams James A. Peach |
| DEPARTMENT OF COMMUNITY DEVELOPMENT Community Development Director | Charles V. Bowman |
| DEPARTMENT OF HEALTH Health Commissioner Deputy Health Commissioner | John B. Ferlito John B. Bradshaw |
| DEPARTMENT OF PARKS AND RECREATION Director of Parks and Recreation Parks Supervisor Recreation Supervisor | John J. Idone Craig E. McClintock Robert D. Hutchison |

CITY OF KENT, OHIO ORGANIZATIONAL CHART



This page left blank intentionally.

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

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

Member American Institute of Certified Public Accountants

(216) 475-6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, City Manager
and Members of City Council
City of Kent, Ohio

The Honorable Jim Petro
Auditor of State
State of Ohio

We have audited the accompanying general purpose financial statements of the City of Kent, Ohio, as of and for the year ended December 31, 2000, as listed in the accompanying Table of Contents. These general purpose financial statements are the responsibility of the City of Kent, Ohio's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

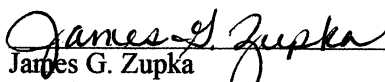
In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Kent, Ohio, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 15, 2001 on our consideration of the City of Kent, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City of Kent, Ohio, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the accompanying Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Kent, Ohio. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

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

June 15, 2001


James G. Zupka
Certified Public Accountant

CITY OF KENT, OHIO
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 2000
 (with comparative totals for 1999)

| | Governmental Fund Types | | | | Proprietary Fund Types | | Fiduciary Fund Type Agency | Account Groups | | Totals (Memorandum Only) | |
|---|-------------------------|--------------------|------------------|---------------------|------------------------|---------------------|----------------------------------|----------------------------|------------------------------|-----------------------------|-------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | | General Fixed Assets | General Long-Term Debt | 2000 | 1999 |
| | | | | | | | | | | | |
| Assets and Other Debits | | | | | | | | | | | |
| Cash and cash equivalents (note 2) | \$ 5,922,089 | 5,740,175 | 39,166 | 4,408,700 | 5,032,112 | 119,611 | 340,866 | - | - | 21,602,719 | 18,185,858 |
| Receivables | | | | | | | | | | | |
| Property taxes | 1,333,180 | 1,040,395 | - | - | - | - | - | - | - | 2,373,575 | 1,661,134 |
| Income taxes | - | 837,159 | - | - | - | - | - | - | - | 837,159 | 870,655 |
| Accounts | - | - | - | - | 1,113,221 | - | - | - | - | 1,113,221 | 1,166,899 |
| Special assessments | - | - | 2,982,897 | - | - | - | - | - | - | 2,982,897 | 2,180,143 |
| Interest | 203,654 | 15,093 | - | - | 70,084 | - | - | - | - | 288,831 | 225,890 |
| Loans | - | 390,822 | - | - | - | - | - | - | - | 390,822 | 404,006 |
| Other | 117,726 | 19,658 | - | 13,500 | - | - | - | - | - | 150,884 | 65,319 |
| Less allowance for doubtful accounts | - | - | - | - | (117,672) | - | - | - | - | (117,672) | (89,638) |
| Receivables, net | <u>1,654,560</u> | <u>2,303,127</u> | <u>2,982,897</u> | <u>13,500</u> | <u>1,065,633</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,019,717</u> | <u>6,484,408</u> |
| Due from other funds (note 4) | 351,466 | 1,557,080 | - | - | - | - | - | - | - | 1,908,546 | 1,535,759 |
| Due from other governments | 524,999 | 111,287 | - | - | 65,794 | - | - | - | - | 702,080 | 624,700 |
| Inventories | 6,829 | 116,391 | - | - | 18,371 | - | - | - | - | 141,591 | 283,012 |
| Prepaid items | 43,154 | 15,427 | - | - | 14,528 | 450 | - | - | - | 73,559 | 68,426 |
| Assets whose use is limited | - | - | - | - | - | - | - | - | - | - | 288,499 |
| Restricted cash and cash equivalents (note 2) | 10,366 | 133,998 | 50 | - | 7,425 | - | - | - | - | 151,839 | 150,932 |
| Unamortized bond issuance costs (note 7) | - | - | - | - | 70,157 | - | - | - | - | 70,157 | 77,173 |
| Other assets - cash surrender value of life insurance policies | - | - | - | - | - | 905,085 | - | - | - | 905,085 | 866,668 |
| Fixed assets in service (note 3) | | | | | | | | | | | |
| Land | - | - | - | - | 1,601,290 | - | - | 2,425,664 | - | 4,026,954 | 4,023,452 |
| Buildings, structures and improvements | - | - | - | - | 40,484,438 | - | - | 6,360,293 | - | 46,844,731 | 46,167,840 |
| Machinery and equipment | - | - | - | - | 8,718,494 | - | - | 7,825,339 | - | 16,543,833 | 14,205,169 |
| Less accumulated depreciation | - | - | - | - | (17,281,049) | - | - | (7,108,206) | - | (24,389,255) | (22,709,786) |
| Fixed assets in service, net | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>33,523,173</u> | <u>-</u> | <u>-</u> | <u>9,503,090</u> | <u>-</u> | <u>43,026,263</u> | <u>41,686,675</u> |
| Construction in progress | - | - | - | - | 1,096,980 | - | - | 158,159 | - | 1,255,139 | 2,486,102 |
| Other debits | | | | | | | | | | | |
| Amount available for retirement of general long-term obligations - debt | - | - | - | - | - | - | - | - | 39,166 | 39,166 | 50,190 |
| Amount to be provided for retirement of general long-term obligations | | | | | | | | | | | |
| Debt | - | - | - | - | - | - | - | - | 3,502,834 | 3,502,834 | 3,599,810 |
| Other obligations | - | - | - | - | - | - | - | - | 2,414,341 | 2,414,341 | 2,268,245 |
| Total assets and other debits | <u>\$ 8,513,463</u> | <u>9,977,485</u> | <u>3,022,113</u> | <u>4,422,200</u> | <u>40,894,173</u> | <u>1,025,146</u> | <u>340,866</u> | <u>9,661,249</u> | <u>5,956,341</u> | <u>83,813,036</u> | <u>78,656,457</u> |

CITY OF KENT, OHIO
Combined Balance Sheet - All Fund Types and Account Groups - Continued

| Liabilities | Governmental Fund Types | | | | Proprietary Fund Types | | Fiduciary Fund Type Agency | Account Groups | | Totals (Memorandum Only) | |
|--|-------------------------|--------------------|------------------|---------------------|------------------------|---------------------|----------------------------------|------------------|-------------------|-----------------------------|-------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | | General | General | 2000 | 1999 |
| | | | | | | | | Fixed Assets | Long-Term Debt | | |
| Accounts payable | \$ 141,562 | 175,902 | - | 10,584 | 206,427 | 13,784 | 340,866 | - | - | 889,125 | 1,187,481 |
| Claims payable (note 17) | - | - | - | - | - | 98,030 | - | - | - | 98,030 | 100,316 |
| Capital contracts payable (note 11) | - | - | - | 38,271 | 47,731 | - | - | - | - | 86,002 | 385,850 |
| Due to other funds (note 4) | - | 200,000 | - | - | 1,708,546 | - | - | - | - | 1,908,546 | 1,535,759 |
| Accrued wages and benefits (notes 5, 6 and 7) | 290,122 | 626,746 | - | - | 767,452 | - | - | - | 1,868,845 | 3,553,165 | 3,225,121 |
| Deferred revenue | 1,426,276 | 1,041,231 | 2,982,897 | - | - | - | - | - | - | 5,450,404 | 3,866,548 |
| Payable from restricted assets | 9,866 | 13,998 | 50 | - | 7,425 | - | - | - | - | 31,339 | 30,932 |
| Debt (note 7) | | | | | | | | | | | |
| Ohio Public Works Commission loan | - | - | - | - | - | - | - | - | 545,496 | 545,496 | 487,293 |
| Notes payable | - | - | - | 3,000,000 | - | - | - | - | - | 3,000,000 | 525,000 |
| General obligation bonds payable | - | - | - | - | 3,945,000 | - | - | - | 2,805,000 | 6,750,000 | 7,130,000 |
| Special assessment bonds payable with governmental commitment | - | - | - | - | - | - | - | - | 737,000 | 737,000 | 220,000 |
| Mortgage revenue bonds payable | - | - | - | - | - | - | - | - | - | - | 265,000 |
| Total debt | - | - | - | 3,000,000 | 3,945,000 | - | - | - | 4,087,496 | 11,032,496 | 8,627,293 |
| Total liabilities | 1,867,826 | 2,057,877 | 2,982,947 | 3,048,855 | 6,682,581 | 111,814 | 340,866 | - | 5,956,341 | 23,049,107 | 18,959,300 |
| Equity and Other Credits | | | | | | | | | | | |
| Investment in general fixed assets | - | - | - | - | - | - | - | 9,661,249 | - | 9,661,249 | 9,735,297 |
| Contributed capital (note 13) | - | - | - | - | 11,649,675 | - | - | - | - | 11,649,675 | 11,613,624 |
| Retained earnings - unreserved | - | - | - | - | 22,561,917 | 913,332 | - | - | - | 23,475,249 | 22,924,441 |
| Fund balance | | | | | | | | | | | |
| Reserved for loans receivable | - | 390,822 | - | - | - | - | - | - | - | 390,822 | 404,006 |
| Reserved for debt service | - | - | 39,166 | - | - | - | - | - | - | 39,166 | 50,190 |
| Reserved for inventories | 6,829 | 116,391 | - | - | - | - | - | - | - | 123,220 | 262,229 |
| Reserved for prepaid items | 43,154 | 15,427 | - | - | - | - | - | - | - | 58,581 | 54,821 |
| Reserved for encumbrances | 721,366 | 556,955 | - | 965,838 | - | - | - | - | - | 2,244,159 | 1,553,189 |
| Unreserved | | | | | | | | | | | |
| Designated for public facilities and programs | - | 1,558,664 | - | - | - | - | - | - | - | 1,558,664 | 1,377,877 |
| Designated for future loans | - | 257,260 | - | - | - | - | - | - | - | 257,260 | 278,656 |
| Undesignated | 5,874,288 | 5,024,089 | - | 407,507 | - | - | - | - | - | 11,305,884 | 11,442,827 |
| Total equity and other credits | 6,645,637 | 7,919,608 | 39,166 | 1,373,345 | 34,211,592 | 913,332 | - | 9,661,249 | - | 60,763,929 | 59,697,157 |
| Total liabilities, equity and other credits | \$ 8,513,463 | 9,977,485 | 3,022,113 | 4,422,200 | 40,894,173 | 1,025,146 | 340,866 | 9,661,249 | 5,956,341 | 83,813,036 | 78,656,457 |

See accompanying notes to combined financial statements.

CITY OF KENT, OHIO
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
 All Governmental Fund Types
 Year ended December 31, 2000
 (with comparative totals for 1999)

| | General | Special Revenue | Debt Service | Capital Projects | Totals (Memorandum Only) | |
|--|---------------------|--------------------|------------------|---------------------|-----------------------------|-------------------|
| | | | | | 2000 | 1999 |
| Revenues | | | | | | |
| Taxes | \$ 1,134,583 | 10,319,742 | - | - | 11,454,325 | 11,224,208 |
| Fees, licenses and permits | 65,845 | 86,651 | - | - | 152,496 | 314,955 |
| Intergovernmental | 2,232,193 | 1,220,823 | - | 254,000 | 3,707,016 | 3,430,043 |
| Charges for services | 662,511 | 178,181 | - | - | 840,692 | 636,896 |
| Fines and forfeits | 353,895 | 9,724 | - | - | 363,619 | 373,008 |
| Special assessments | - | 79,545 | 80,201 | - | 159,746 | 298,228 |
| Interest | 777,124 | 164,208 | - | - | 941,332 | 698,951 |
| Miscellaneous | 183,891 | 150,234 | 363 | 73,313 | 407,801 | 175,517 |
| Total revenues | <u>5,410,042</u> | <u>12,209,108</u> | <u>80,564</u> | <u>327,313</u> | <u>18,027,027</u> | <u>17,151,806</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| Security of persons and property | 2,323,146 | 4,874,573 | - | - | 7,197,719 | 6,927,110 |
| Public health and welfare | 307,450 | 114,199 | - | - | 421,649 | 421,313 |
| Leisure time activities | - | 827,170 | - | - | 827,170 | 829,725 |
| Community development | 968,091 | 864,414 | - | - | 1,832,505 | 1,331,444 |
| Transportation | - | 1,432,219 | - | - | 1,432,219 | 1,147,096 |
| General government | 1,923,065 | 625,020 | 3,085 | 123,891 | 2,675,061 | 2,524,234 |
| Capital outlays | 193,184 | 357,869 | - | 2,286,261 | 2,837,314 | 2,065,938 |
| Debt service (note 7) | | | | | | |
| Principal retirements | - | - | 696,797 | - | 696,797 | 159,647 |
| Interest and fiscal charges | - | - | 199,632 | - | 199,632 | 179,564 |
| Total expenditures | <u>5,714,936</u> | <u>9,095,464</u> | <u>899,514</u> | <u>2,410,152</u> | <u>18,120,066</u> | <u>15,586,071</u> |
| Excess of revenues over (under) expenditures | <u>(304,894)</u> | <u>3,113,644</u> | <u>(818,950)</u> | <u>(2,082,839)</u> | <u>(93,039)</u> | <u>1,565,735</u> |
| Other financing sources (uses) | | | | | | |
| Proceeds from sale of notes | - | - | - | - | - | 525,000 |
| Proceeds from sale of bonds | - | - | 561,000 | - | 561,000 | - |
| Proceeds from long-term debt | - | - | - | 86,000 | 86,000 | - |
| Proceeds from sale of assets | - | - | - | - | - | 318,564 |
| Operating transfers-in | 1,500,000 | 4,661,392 | 246,926 | 2,475,000 | 8,883,318 | 9,079,794 |
| Operating transfers-out | - | (8,883,318) | - | - | (8,883,318) | (9,079,794) |
| Net other financing sources (uses) | <u>1,500,000</u> | <u>(4,221,926)</u> | <u>807,926</u> | <u>2,561,000</u> | <u>647,000</u> | <u>843,564</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>1,195,106</u> | <u>(1,108,282)</u> | <u>(11,024)</u> | <u>478,161</u> | <u>553,961</u> | <u>2,409,299</u> |
| Fund balance - January 1 | 5,450,531 | 9,027,890 | 50,190 | 895,184 | 15,423,795 | 13,014,496 |
| Fund balance - December 31 | \$ <u>6,645,637</u> | <u>7,919,608</u> | <u>39,166</u> | <u>1,373,345</u> | <u>15,977,756</u> | <u>15,423,795</u> |

See accompanying notes to combined financial statements.

CITY OF KENT, OHIO

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

Year Ended December 31, 2000

| | General Fund | | | Special Revenue Funds | | | Debt Service Fund | | |
|---|---------------------|------------------|----------------------------------|-----------------------|--------------------|----------------------------------|-------------------|------------------|----------------------------------|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | | | | | | | |
| Taxes | \$ 1,119,003 | 1,134,583 | 15,580 | 10,226,412 | 10,478,819 | 252,407 | - | - | - |
| Fees, licenses and permits | 77,700 | 66,406 | (11,294) | 75,000 | 86,693 | 11,693 | - | - | - |
| Intergovernmental | 2,205,285 | 2,266,408 | 61,123 | 1,407,826 | 1,357,324 | (50,502) | - | - | - |
| Charges for services | 554,000 | 599,683 | 45,683 | 163,500 | 178,942 | 15,442 | - | - | - |
| Fines and forfeits | 325,000 | 355,269 | 30,269 | 7,000 | 9,641 | 2,641 | - | - | - |
| Special assessments | - | - | - | 80,000 | 79,545 | (455) | 71,797 | 80,201 | 8,404 |
| Interest | 650,000 | 733,084 | 83,084 | 116,000 | 143,742 | 27,742 | - | - | - |
| Miscellaneous | 50,000 | 76,651 | 26,651 | 81,000 | 200,361 | 119,361 | - | - | - |
| Total revenues | <u>4,980,988</u> | <u>5,232,084</u> | <u>251,096</u> | <u>12,156,738</u> | <u>12,535,067</u> | <u>378,329</u> | <u>71,797</u> | <u>80,201</u> | <u>8,404</u> |
| Expenditures | | | | | | | | | |
| Current | | | | | | | | | |
| Security of persons and property | 2,459,707 | 2,320,326 | 139,381 | 4,906,772 | 4,826,618 | 80,154 | - | - | - |
| Public health and welfare | 383,468 | 351,580 | 31,888 | 128,063 | 113,132 | 14,931 | - | - | - |
| Leisure time activities | - | - | - | 871,114 | 822,328 | 48,786 | - | - | - |
| Community development | 1,059,574 | 992,161 | 67,413 | 1,275,000 | 1,170,485 | 104,515 | - | - | - |
| Transportation | - | - | - | 1,299,383 | 1,250,250 | 49,133 | - | - | - |
| General government | 2,174,156 | 1,871,165 | 302,991 | 799,349 | 738,224 | 61,125 | 5,000 | 3,085 | 1,915 |
| Capital outlays | 339,859 | 207,887 | 131,972 | 400,656 | 311,905 | 88,751 | - | - | - |
| Debt service | - | - | - | - | - | - | 898,149 | 896,429 | 1,720 |
| Total expenditures | <u>6,416,764</u> | <u>5,743,119</u> | <u>673,645</u> | <u>9,680,337</u> | <u>9,232,942</u> | <u>447,395</u> | <u>903,149</u> | <u>899,514</u> | <u>3,635</u> |
| Excess of revenues over (under) expenditures | <u>(1,435,776)</u> | <u>(511,035)</u> | <u>924,741</u> | <u>2,476,401</u> | <u>3,302,125</u> | <u>825,724</u> | <u>(831,352)</u> | <u>(819,313)</u> | <u>12,039</u> |
| Other financing sources (uses) | | | | | | | | | |
| Proceeds from sale of notes | - | - | - | - | - | - | - | - | - |
| Proceeds from sale of bonds | - | - | - | - | - | - | 561,000 | 561,363 | 363 |
| Proceeds from long-term debt | - | - | - | - | - | - | - | - | - |
| Operating transfers-in | 1,500,000 | 1,500,000 | - | 4,661,392 | 4,661,392 | - | 246,926 | 246,926 | - |
| Operating transfers-out | - | - | - | (8,883,318) | (8,883,318) | - | - | - | - |
| Advances-in | - | - | - | 150,000 | 150,000 | - | - | - | - |
| Advances-out | (150,000) | (150,000) | - | (231,000) | (231,000) | - | - | - | - |
| Net other financing sources (uses) | <u>1,350,000</u> | <u>1,350,000</u> | <u>-</u> | <u>(4,302,926)</u> | <u>(4,302,926)</u> | <u>-</u> | <u>807,926</u> | <u>808,289</u> | <u>363</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(85,776)</u> | <u>838,965</u> | <u>924,741</u> | <u>(1,826,525)</u> | <u>(1,000,801)</u> | <u>825,724</u> | <u>(23,426)</u> | <u>(11,024)</u> | <u>12,402</u> |
| Recovery of prior year encumbrances | - | 147,833 | 147,833 | - | 137,560 | 137,560 | - | - | - |
| Fund balance - January 1 | <u>4,047,278</u> | <u>4,047,278</u> | <u>-</u> | <u>5,540,442</u> | <u>5,540,442</u> | <u>-</u> | <u>50,190</u> | <u>50,190</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 3,961,502</u> | <u>5,034,076</u> | <u>1,072,574</u> | <u>3,713,917</u> | <u>4,677,201</u> | <u>963,284</u> | <u>26,764</u> | <u>39,166</u> | <u>12,402</u> |

CITY OF KENT, OHIO

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

| | Capital Projects Fund | | | Total (Memorandum Only) | | |
|---|-----------------------|-------------|--|----------------------------|-------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | | | | |
| Taxes | \$ - | - | - | 11,345,415 | 11,613,402 | 267,987 |
| Fees, licenses and permits | - | - | - | 152,700 | 153,099 | 399 |
| Intergovernmental | 254,000 | 254,000 | - | 3,867,111 | 3,877,732 | 10,621 |
| Charges for services | - | - | - | 717,500 | 778,625 | 61,125 |
| Fines and forfeits | - | - | - | 332,000 | 364,910 | 32,910 |
| Special assessments | - | - | - | 151,797 | 159,746 | 7,949 |
| Interest | - | - | - | 766,000 | 876,826 | 110,826 |
| Miscellaneous | 45,000 | 59,813 | 14,813 | 176,000 | 336,825 | 160,825 |
| Total revenues | 299,000 | 313,813 | 14,813 | 17,508,523 | 18,161,165 | 652,642 |
| Expenditures | | | | | | |
| Current | | | | | | |
| Security of persons and property | - | - | - | 7,366,479 | 7,146,944 | 219,535 |
| Public health and welfare | - | - | - | 511,531 | 464,712 | 46,819 |
| Leisure time activities | - | - | - | 871,114 | 822,328 | 48,786 |
| Community development | - | - | - | 2,334,574 | 2,162,646 | 171,928 |
| Transportation | - | - | - | 1,299,383 | 1,250,250 | 49,133 |
| General government | - | - | - | 2,978,505 | 2,612,474 | 366,031 |
| Capital outlays | 3,770,333 | 3,119,937 | 650,396 | 4,510,848 | 3,639,729 | 871,119 |
| Debt service | - | - | - | 898,149 | 896,429 | 1,720 |
| Total expenditures | 3,770,333 | 3,119,937 | 650,396 | 20,770,583 | 18,995,512 | 1,775,071 |
| Excess of revenues over (under) expenditures | (3,471,333) | (2,806,124) | 665,209 | (3,262,060) | (834,347) | 2,427,713 |
| Other financing sources (uses) | | | | | | |
| Proceeds from sale of notes | 3,000,000 | 3,000,000 | - | 3,000,000 | 3,000,000 | - |
| Proceeds from sale of bonds | - | - | - | 561,000 | 561,363 | 363 |
| Proceeds from long-term debt | 86,000 | 86,000 | - | 86,000 | 86,000 | - |
| Operating transfers - in | 2,475,000 | 2,475,000 | - | 8,883,318 | 8,883,318 | - |
| Operating transfers - out | - | - | - | (8,883,318) | (8,883,318) | - |
| Advances - in | - | - | - | 150,000 | 150,000 | - |
| Advances - out | - | - | - | (381,000) | (381,000) | - |
| Net other financing sources (uses) | 5,561,000 | 5,561,000 | - | 3,416,000 | 3,416,363 | 363 |
| Excess of revenues and other sources over (under) expenditures and other uses | 2,089,667 | 2,754,876 | 665,209 | 153,940 | 2,582,016 | 2,428,076 |
| Recovery of prior year encumbrances | - | 50,833 | 50,833 | - | 336,226 | 336,226 |
| Fund balance - January 1 | 598,882 | 598,882 | - | 10,236,792 | 10,236,792 | - |
| Fund balance - December 31 | \$ 2,688,549 | 3,404,591 | 716,042 | 10,390,732 | 13,155,034 | 2,764,302 |

See accompanying notes to combined financial statements.

CITY OF KENT, OHIO
 Combined Statement of Revenues, Expenses and Changes in Retained Earnings -
 All Proprietary Fund Types
 Year ended December 31, 2000
 (with comparative totals for 1999)

| | Enterprise | Internal Service | Totals (Memorandum Only) | |
|--------------------------------------|----------------------|---------------------|-----------------------------|-------------------|
| | | | 2000 | 1999 |
| Operating revenues | | | | |
| Charges for services | \$ 6,345,191 | 1,397,186 | 7,742,377 | 7,796,392 |
| Other | 133,661 | - | 133,661 | 51,766 |
| Total operating revenues | <u>6,478,852</u> | <u>1,397,186</u> | <u>7,876,038</u> | <u>7,848,158</u> |
| Operating expenses | | | | |
| Personal services | 2,444,322 | - | 2,444,322 | 2,345,741 |
| Benefits | 656,328 | - | 656,328 | 664,209 |
| Utilities | 355,723 | - | 355,723 | 347,746 |
| Contractual services | 871,969 | - | 871,969 | 784,867 |
| Supplies and materials | 327,424 | - | 327,424 | 363,051 |
| Depreciation | 1,080,973 | - | 1,080,973 | 992,932 |
| Claims | - | 1,113,769 | 1,113,769 | 1,132,073 |
| Premiums | - | 263,699 | 263,699 | 272,636 |
| Other | 290,200 | - | 290,200 | 214,794 |
| Total operating expenses | <u>6,026,939</u> | <u>1,377,468</u> | <u>7,404,407</u> | <u>7,118,049</u> |
| Operating income (loss) | <u>451,913</u> | <u>19,718</u> | <u>471,631</u> | <u>730,109</u> |
| Nonoperating revenues (expenses) | | | | |
| Interest revenue | 309,830 | 58,366 | 368,196 | 319,328 |
| Interest expense | (282,003) | - | (282,003) | (311,363) |
| Amortization of bond issuance costs | (7,016) | - | (7,016) | (7,016) |
| Gain on disposition of fixed assets | - | - | - | 3,969 |
| Loss on disposition of fixed assets | - | - | - | (101,503) |
| Net nonoperating revenues (expenses) | <u>20,811</u> | <u>58,366</u> | <u>79,177</u> | <u>(96,585)</u> |
| Net income | <u>472,724</u> | <u>78,084</u> | <u>550,808</u> | <u>633,524</u> |
| Retained earnings - January 1 | 22,089,193 | 835,248 | 22,924,441 | 22,290,917 |
| Retained earnings - December 31 | <u>\$ 22,561,917</u> | <u>913,332</u> | <u>23,475,249</u> | <u>22,924,441</u> |

See accompanying notes to combined financial statements.

CITY OF KENT, OHIO
 Combined Statement of Cash Flows -
 All Proprietary Fund Types
 Year ended December 31, 2000
 (with comparative totals for 1999)

| | <u>Enterprise</u> | <u>Internal Service</u> | <u>Totals (Memorandum Only)</u> | |
|---|---------------------|-----------------------------|-------------------------------------|--------------------|
| | | | <u>2000</u> | <u>1999</u> |
| Cash flows from operating activities | | | | |
| Cash received from users | \$ 6,426,903 | 1,397,186 | 7,824,089 | 7,632,465 |
| Cash payments to suppliers for goods and services | (2,791,057) | (1,388,231) | (4,179,288) | (3,449,268) |
| Cash payments to employees for services | (2,396,361) | - | (2,396,361) | (2,334,910) |
| Other operating revenue | <u>67,867</u> | <u>-</u> | <u>67,867</u> | <u>51,766</u> |
| Net cash provided (used) by operating activities | <u>1,307,352</u> | <u>8,955</u> | <u>1,316,307</u> | <u>1,900,053</u> |
| Cash flows from noncapital financing activities | | | | |
| Loan from other fund | <u>199,610</u> | <u>-</u> | <u>199,610</u> | <u>235,000</u> |
| Net cash provided by noncapital financing activities | <u>199,610</u> | <u>-</u> | <u>199,610</u> | <u>235,000</u> |
| Cash flows from capital and related financing activities | | | | |
| Capital contributions | 36,051 | - | 36,051 | 99,943 |
| Purchase of capital assets | (476,320) | - | (476,320) | (190,767) |
| Construction of capital assets | (974,529) | - | (974,529) | (1,473,555) |
| Principal paid on outstanding capital debt | (545,000) | - | (545,000) | (520,000) |
| Interest paid on outstanding capital debt | (282,003) | - | (282,003) | (311,363) |
| Capital loan from other fund | 31,390 | - | 31,390 | - |
| Repayment of capital loan to other fund | (8,213) | - | (8,213) | - |
| Repayment of capital loan from other fund | 8,213 | - | 8,213 | - |
| Proceeds from sale of equipment | <u>-</u> | <u>-</u> | <u>-</u> | <u>107,816</u> |
| Net cash used by capital and related financing activities | <u>(2,210,411)</u> | <u>-</u> | <u>(2,210,411)</u> | <u>(2,287,926)</u> |
| Cash flows from investing activities | | | | |
| Payments for investments | - | (38,417) | (38,417) | (29,552) |
| Interest on investments | <u>300,566</u> | <u>58,366</u> | <u>358,932</u> | <u>308,023</u> |
| Net cash provided (used) by investing activities | <u>300,566</u> | <u>19,949</u> | <u>320,515</u> | <u>278,471</u> |
| Net increase (decrease) in cash and cash equivalents | (402,883) | 28,904 | (373,979) | 125,598 |
| Cash and cash equivalents - January 1 | <u>5,442,420</u> | <u>90,707</u> | <u>5,533,127</u> | <u>5,407,529</u> |
| Cash and cash equivalents - December 31 | <u>\$ 5,039,537</u> | <u>119,611</u> | <u>5,159,148</u> | <u>5,533,127</u> |

CITY OF KENT, OHIO
 Combined Statement of Cash Flows -
 All Proprietary Fund Types - Continued

| | | Internal | Totals | |
|---|---------------------|----------------|--------------------------|------------------|
| | <u>Enterprise</u> | <u>Service</u> | <u>(Memorandum Only)</u> | |
| | | | <u>2000</u> | <u>1999</u> |
| Reconciliation of operating income to net cash provided by operating activities | | | | |
| Operating income (loss) | \$ 451,913 | 19,718 | 471,631 | 730,109 |
| Adjustment to reconcile operating income to net cash provided by operating activities | | | | |
| Depreciation | 1,080,973 | - | 1,080,973 | 992,932 |
| Provision for uncollectible accounts | 28,034 | - | 28,034 | (2,157) |
| Change in assets and liabilities | | | | |
| (Increase) decrease in accounts receivable | 53,678 | - | 53,678 | (161,770) |
| (Increase) decrease in due from other governments | (65,794) | - | (65,794) | - |
| (Increase) decrease in inventories | 2,412 | - | 2,412 | (4,426) |
| (Increase) decrease in prepaid items | (1,373) | - | (1,373) | 15,372 |
| Increase (decrease) in accounts payable | (290,452) | (8,477) | (298,929) | 360,517 |
| Increase (decrease) in wages and benefits payable | 47,961 | - | 47,961 | 10,831 |
| Increase (decrease) in claims payable | <u>-</u> | <u>(2,286)</u> | <u>(2,286)</u> | <u>(41,355)</u> |
| Net cash provided (used) by operating activities | <u>\$ 1,307,352</u> | <u>8,955</u> | <u>1,316,307</u> | <u>1,900,053</u> |

See accompanying notes to combined financial statements.

CITY OF KENT, OHIO

Notes to Combined Financial Statements

December 31, 2000

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

(a) Financial Reporting Entity

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

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

(b) Basis of Presentation

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

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

(Continued)

Notes to Combined Financial Statements

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

Governmental funds

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

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

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

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

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

Proprietary funds

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

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

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

Fiduciary Funds

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

Account Groups

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

(Continued)

Notes to Combined Financial Statements

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

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

(c) Basis of Accounting

All governmental fund types are accounted for on the modified accrual basis of accounting and the flow of financial resources measurement focus. Governmental revenues are recognized when they become measurable and available to finance expenditures of the current period.

Expenditures are recognized when the related fund liability is incurred, if measurable, with the exception of accumulated unpaid employee compensation which is not payable from expendable financial resources. Agency funds are purely custodial (assets equal liabilities), do not involve measurement of results of operations, and are accounted for on the modified accrual basis of accounting.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available, as they are collectible within the current period or soon enough thereafter to be used to pay obligations of the current period: investment earnings, special assessments due in the current year, income taxes withheld by employers and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made.

Property taxes and special assessments (in the debt service funds), though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

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

All proprietary type funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. Their revenues are recognized when earned and their expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year end.

Notes to Combined Financial Statements

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

(d) Budgetary Accounting

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

The revisions made to the original budget during 2000 were as follows:

| | Original <u>Budget</u> | Total <u>Revisions</u> | Revised <u>Budget</u> |
|--|---------------------------|---------------------------|--------------------------|
| General fund | \$ 5,960,084 | 606,680 | 6,566,764 |
| Special revenue funds: | | | |
| Street Construction, Maintenance and Repair | 1,928,289 | (573,497) | 1,354,792 |
| Parks and Recreation | 940,864 | 52,000 | 992,864 |
| Food Service | 45,823 | 6,000 | 51,823 |
| Income Tax | 8,778,522 | 981,942 | 9,760,464 |
| Income Tax Safety | 2,293,658 | 45,000 | 2,338,658 |
| Community Development Block Grant | 435,000 | 600,000 | 1,035,000 |
| Fire and Emergency Medical Service | 2,268,390 | 154,700 | 2,423,090 |
| Urban Development Action Grant | 140,000 | 100,000 | 240,000 |
| Capital projects fund | 1,573,600 | 2,196,733 | 3,770,333 |
| Debt service fund | 304,299 | 598,850 | 903,149 |

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

Notes to Combined Financial Statements

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

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

An analysis of the difference in fund balance at December 31, 2000 as determined under the budgetary and GAAP basis follows:

| | General Fund | Special Revenue Funds | Debt Service Fund | Capital Projects Fund |
|---------------------------------------|-----------------|-----------------------------|-------------------------|-----------------------------|
| Fund balance - budgetary basis | \$ 5,034,076 | 4,677,201 | 39,166 | 3,404,591 |
| Adjustments for GAAP basis | | | | |
| Increase (decrease): | | | | |
| Encumbrances outstanding (cash basis) | | | | |
| at December 31, 2000 | 887,358 | 1,052,144 | - | 1,004,109 |
| Due to revenues/prepays: | | | | |
| Accrued revenues/prepaid | | | | |
| items/restricted cash | 1,708,080 | 2,452,552 | 2,982,947 | 13,500 |
| Due from other funds/governments | 876,465 | 1,668,367 | - | - |
| Unrealized gain on investment | - | 10,830 | - | - |
| Deferred revenue | (1,426,276) | (1,041,231) | (2,982,897) | - |
| Due to expenditures: | | | | |
| Accounts payable/accrued payroll/ | | | | |
| payable from restricted assets | (441,550) | (816,646) | (50) | (48,855) |
| Inventories | 6,829 | 116,391 | - | - |
| Due to other funds/governments | - | (200,000) | - | - |
| Notes payable | - | - | - | (3,000,000) |
| Other reclassifications | 655 | - | - | - |
| Fund balance - GAAP basis | \$ 6,645,637 | 7,919,608 | 39,166 | 1,373,345 |

(Continued)

Notes to Combined Financial Statements

(e) Fixed Assets

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

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

(f) Depreciation

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

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

(g) Encumbrances

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

(h) Grants and Other Intergovernmental Revenues

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

(i) Interfund Transactions

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

(Continued)

Notes to Combined Financial Statements

(j) Inventories

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

(k) Cash and Cash Equivalents

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

The City applied GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" as of December 31, 2000. As a governmental entity other than an external investment pool in accordance with GASB 31, the City's investments are stated at fair value, which is the quoted market price as of the valuation date.

The City utilized to following methods and assumptions as of December 31, 2000:

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

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

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

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

Following Ohio statutes, the City has, by ordinance, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$777,124, which includes \$464,924 assigned from other City funds.

Notes to Combined Financial Statements

(2) Deposits with Financial Institutions and Investments

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3. The captions on the combined balance sheet related to cash and cash equivalents are as follows:

| | <u>GASB Statement No. 9</u> | <u>GASB Statement No. 3</u> |
|--|---------------------------------|---------------------------------|
| Cash | \$ 1,545,486 | 21,382,488 |
| Investments | <u>20,209,072</u> | <u>372,070</u> |
| Total Deposits and investments | 21,754,558 | 21,754,558 |
| Less: Restricted cash and cash equivalents | <u>(151,839)</u> | <u>(151,839)</u> |
| Cash and cash equivalents | <u>\$ 21,602,719</u> | <u>21,602,719</u> |

The City maintains a cash pool that is available for the use by all funds and accounts except for the Sewer fund, the Water fund and Health and Life Insurance Internal Service fund, which are maintained separately. Also maintained separately are accounts for revolving loans and restricted cash. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents". State statutes require the classification of funds held by the City into three categories:

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

Category 2 consists of "inactive" funds - those funds not required for use within the current two 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 by not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation,

(Continued)

Notes to Combined Financial Statements

government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in an amount equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation, or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation, or other authority.

The City's ordinances authorize the City to invest in certificates of deposit or repurchase agreements for a period not to exceed six months with any eligible institution which is designated as a public depository in the State of Ohio. The City did not invest in repurchase agreements in 2000. The investment balance in certificates of deposit is included in the deposit section, based on the criteria set forth in GASB No. 3. Included as investments are obligations of the City of Kent held by the City.

Deposits

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

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

Notes to Combined Financial Statements

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

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

| <u>Insured</u> | Risk <u>Category</u> | <u>Financial Institution</u> | Book <u>Balance</u> | Bank <u>Balance</u> |
|----------------|-------------------------|--------------------------------|------------------------|------------------------|
| FDIC | 1 | Bank One N.A. | \$ 100,000 | 100,000 |
| FDIC | 1 | Fifth Third | 100,000 | 100,000 |
| FDIC | 1 | First Merit | 100,000 | 100,000 |
| FDIC | 1 | Home Savings Bank | 100,000 | 100,000 |
| FDIC | 1 | Huntington National Bank | 500 | 100,000 |
| FDIC | 1 | Key Bank | 100,000 | 100,000 |
| FDIC | 1 | National City Bank, Northeast | 100,000 | 100,000 |
| FDIC | 1 | Second National Bank of Warren | 100,000 | 100,000 |
| No | 2 | Home Savings Bank | 2,804,395 | 2,804,395 |
| No | 3 | Bank One N.A. | 130,984 | 122,302 |
| No | 3 | Fifth Third | 1,055,000 | 1,055,000 |
| No | 3 | First Merit | 25,000 | 25,000 |
| No | 3 | Huntington National Bank | - | 188,118 |
| No | 3 | Key Bank | 3,711,609 | 3,715,304 |
| No | 3 | National City Bank, Northeast | 6,190,000 | 6,190,000 |
| No | 3 | Second National Bank of Warren | <u>6,765,000</u> | <u>6,765,278</u> |
| Total Deposits | | | <u>\$ 21,382,488</u> | <u>21,665,397</u> |

All deposits are carried at cost. At year end, the carrying amount of the City's cash and deposits was \$21,382,488 and the bank balance was \$21,665,397. Of the bank balance, \$800,000 was insured, \$2,804,395 was classified as risk Category 2, and \$18,061,002 was classified as risk Category 3.

Investments

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

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

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

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

(Continued)

Notes to Combined Financial Statements

The City's investments at December 31, 2000, were as follows:

| <u>Risk Category</u> | | <u>Cost</u> | <u>Fair Value</u> |
|----------------------|--------------------|-------------------|-------------------|
| 1 | City of Kent Bonds | \$ <u>361,241</u> | <u>372,070</u> |
| | Total investments | <u>361,241</u> | <u>372,070</u> |

(3) Changes in Fixed Assets in Service

A summary of changes in general fixed assets follows:

| | <u>Balance January 1, 2000</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2000</u> |
|--|--|------------------|------------------|--|
| Land | \$ 2,422,164 | 3,500 | - | 2,425,664 |
| Buildings, structures and improvements | 6,134,751 | 225,542 | - | 6,360,293 |
| Machinery and equipment | 7,447,209 | 454,868 | (76,738) | 7,825,339 |
| Construction in progress | - | 158,159 | - | 158,159 |
| Accumulated depreciation | <u>(6,268,827)</u> | <u>(901,617)</u> | <u>62,238</u> | <u>(7,108,206)</u> |
| | \$ <u>9,735,297</u> | <u>(59,548)</u> | <u>(14,500)</u> | <u>9,661,249</u> |

A summary of changes in enterprise fund fixed assets follows:

| | <u>Balance January 1, 2000</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2000</u> |
|--|--|--------------------|--------------------|--|
| Land | \$ 1,601,288 | 2 | - | 1,601,290 |
| Buildings, structures and improvements | 40,033,089 | 451,349 | - | 40,484,438 |
| Machinery and equipment | 6,757,960 | 2,201,417 | (240,883) | 8,718,494 |
| Construction in progress | 2,486,102 | 1,019,906 | (2,409,028) | 1,096,980 |
| Accumulated depreciation | <u>(16,440,959)</u> | <u>(1,080,973)</u> | <u>240,883</u> | <u>(17,281,049)</u> |
| | \$ <u>34,437,480</u> | <u>2,591,701</u> | <u>(2,409,028)</u> | <u>34,620,153</u> |

(Continued)

Notes to Combined Financial Statements

(4) Interfund Receivables and Payables

The following balances at December 31, 2000, represent individual fund interfund receivables and payables:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|-----------------------------------|----------------------------------|-------------------------------|
| General fund | \$ 351,466 | - |
| Special Revenue Funds: | | |
| Income Tax | 1,557,080 | - |
| Community Development Block Grant | - | 200,000 |
| Enterprise Funds: | | |
| Solid Waste | - | 421,466 |
| Storm Water Drainage | - | 346,000 |
| Sewer | - | 428,980 |
| Water | - | 512,100 |
| | <u>\$ 1,908,546</u> | <u>1,908,546</u> |

(5) Pension and Other Postemployment Benefits

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

(a) Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS of Ohio) provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System of Ohio issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The employee contribution rate is 8.5% for employees other than law enforcement. The Retirement board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state

(Continued)

Notes to Combined Financial Statements

and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84% percent of covered payroll, of which 6.54% was allocated to fund the pension and 4.3% to fund postemployment health care. The 1999 and 1998 employer contribution rate was 13.55% of covered payroll. The City's contributions to PERS of Ohio for the years ending December 31, 2000, 1999 and 1998 were \$607,740, \$707,679 and \$692,635, respectively, which were equal to the required contributions for each year.

The Public Employees Retirement System of Ohio provides postemployment health care coverage to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through a portion of their contribution rate. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3% of covered payroll, which amounted to \$244,435. In 1998 and 1999, the employer contribution rate for postemployment health care was 4.2%.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% 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 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 1999 was \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

(b) Ohio Police and Fire Pension Fund

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

(Continued)

Notes to Combined Financial Statements

Plan members are required to contribute 10% of their annual covered salary, while the City is required to contribute 19.5% and 24% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2000, 1999 and 1998 were \$463,785, \$454,518 and \$424,156 for police and \$417,325, \$374,321 and \$359,347 for firefighters, respectively, which were equal to the required contributions for each year.

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

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 7.0% and 7.25% of covered payroll in 1999 and 2000, respectively. The allocation is 7.50% in 2001. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1999, (the latest actuarial valuation available) was 12,467 for police and 9,807 for firefighters. The portion of the City's contributions that was used to pay postemployment benefits was \$172,528 for police and \$126,032 for firefighters. The OP&F had total health care expenses for the year ended December 31, 1999, the date of the last actuarial valuation available, of \$95,004,633, which was net of member contributions of \$5,518,098.

(6) Accumulated Unpaid Employee Benefits

Included in accrued benefits are the workers' compensation liability, the accrued pension liability for both the retirement systems, estimated severance pay liability and the compensated absences liability. The accrued pension liability is recorded as a liability in the respective fund type because it is encumbered as of December 31, 2000, and therefore, expected to be liquidated with available financial resources.

Some City employees are contractually entitled to severance pay equal to one month of their salary if they retire with at least 10 years of service. It is estimated that 90% of the current employees will retire from the City. As of December 31, 2000, the estimated amount of severance pay liability for governmental fund types totaled \$396,255 and is recorded in the General Long-Term Debt Account Group. For enterprise funds, the estimated severance pay liability was \$53,147 and is recorded in the respective enterprise funds.

Notes to Combined Financial Statements

City employees earn vacation leave ranging from 10 to 30 days per year based on length of service, except for firemen who accumulate vacation at rates from 6 to 14 tours of duty per year based on length of service. Accumulated vacation leave cannot exceed 10 days for City employees and 5 tours of duty for firemen at the end of any year. Sick leave for City employees is accrued at rates from 119.6 to 195 hours per year. Employees may convert 50% of their current year accumulated sick leave into a lump-sum payment within certain limitations. Employees who retire after 10 years of service may convert 50% of their accumulated sick leave days into a lump-sum payment within certain limitations.

In accordance with Governmental Accounting Standard's Board (GASB) Statement 16, the City has accrued a liability for compensated absences at December 31, 2000. For governmental fund types, the City recognized the current portion of this liability at December 31, 2000, that is expected to be liquidated with expendable available financial resources. Accumulated vacation, sick leave and compensatory time totaled \$147,441 and is recorded as a liability within the respective fund type since it was used within sixty days of year-end. The amount of sick leave which will be converted during the following year amounted to \$16,859 and is also recorded as a liability within the respective fund type. The remainder of the compensated absences liability for governmental fund types amounted to \$1,472,590 and is recorded as a liability in the General Long-Term Debt Account Group since the timing of future payments is not determinable. For enterprise funds, accumulated vacation, compensatory time and 45% of accumulated sick leave totaled \$510,079 at December 31, 2000. These amounts are recorded as liabilities in the respective enterprise funds.

(7) Debt and Long-Term Obligations

| | Balance January 1, 2000 | Additions | Reductions | Balance December 31, 2000 |
|---|-------------------------------|------------------|----------------|---------------------------------|
| Short-Term Obligations | | | | |
| Notes payable - 4.65% | \$ - | 3,000,000 | - | 3,000,000 |
| Total Short-Term Obligations | <u>-</u> | <u>3,000,000</u> | <u>-</u> | <u>3,000,000</u> |
| Long-Term Obligations | | | | |
| Notes payable - 4.60% | 525,000 | - | 525,000 | - |
| Total notes payable | <u>525,000</u> | <u>-</u> | <u>525,000</u> | <u>-</u> |
| General obligation bonds payable: | | | | |
| 3.90%-5.20%, 1998 various purpose | 2,905,000 | - | 100,000 | 2,805,000 |
| Total general obligation bonds payable | <u>2,905,000</u> | <u>-</u> | <u>100,000</u> | <u>2,805,000</u> |
| Special assessment bonds with governmental commitment: | | | | |
| 7.40%-7.80%, 1988 street improvements bond | 180,000 | - | 15,000 | 165,000 |
| 6.75%, 1990-1 street improvements bond | 18,000 | - | 18,000 | - |
| 6.80%, 1990-2 street improvements bond | 22,000 | - | 11,000 | 11,000 |
| 5.50%-6.00%, 2000 street improvements bond | <u>-</u> | <u>561,000</u> | <u>-</u> | <u>561,000</u> |
| Total special assessment bonds with governmental commitment | <u>220,000</u> | <u>561,000</u> | <u>44,000</u> | <u>737,000</u> |

(Continued)

Notes to Combined Financial Statements

| | Balance January 1, 2000 | Additions | Reductions | Balance December 31, 2000 |
|--|-------------------------------|----------------|----------------|---------------------------------|
| Ohio Public Works Commission loans | 487,293 | 86,000 | 27,797 | 545,496 |
| Accrued sick leave, compensatory time and severance pay | <u>1,780,952</u> | <u>87,893</u> | <u>-</u> | <u>1,868,845</u> |
| Total Long-Term General Obligations | <u>\$ 5,918,245</u> | <u>734,893</u> | <u>696,797</u> | <u>5,956,341</u> |
| Enterprise Funds: | | | | |
| General obligation bonds payable: | | | | |
| 5.70%-6.50%, 1992 sewer improvement refunding bond | <u>\$ 4,225,000</u> | <u>-</u> | <u>280,000</u> | <u>3,945,000</u> |
| Total general obligation bonds payable | <u>4,225,000</u> | <u>-</u> | <u>280,000</u> | <u>3,945,000</u> |
| Mortgage revenue bonds payable: | | | | |
| 5.75%, 1973 water mortgage bond | <u>265,000</u> | <u>-</u> | <u>265,000</u> | <u>-</u> |
| Total mortgage revenue bonds payable | <u>265,000</u> | <u>-</u> | <u>265,000</u> | <u>-</u> |
| Total Enterprise Funds Debt | <u>\$ 4,490,000</u> | <u>-</u> | <u>545,000</u> | <u>3,945,000</u> |

Annual maturity and sinking fund requirements to pay principal and interest on the obligations outstanding at December 31, 2000 follow:

| | <u>General Debt</u> | | <u>Ohio Public Works Commission Loan</u> | | <u>Enterprise Funds Debt</u> | |
|-------------|---------------------|------------------|--|-----------------|----------------------------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2001 | \$ 147,000 | 193,324 | 29,947 | 0 | 300,000 | 250,805 |
| 2002 | 141,000 | 173,980 | 29,947 | 0 | 315,000 | 233,405 |
| 2003 | 152,000 | 167,450 | 29,947 | 0 | 335,000 | 213,718 |
| 2004 | 158,000 | 160,145 | 29,947 | 0 | 350,000 | 193,450 |
| 2005 | 159,000 | 152,505 | 29,947 | 0 | 375,000 | 171,925 |
| 2006 - 2010 | 894,000 | 633,173 | 149,735 | 0 | 2,270,000 | 460,850 |
| 2011 - 2015 | 1,038,000 | 399,730 | 149,735 | 0 | 0 | 0 |
| 2016 - 2020 | <u>853,000</u> | <u>107,060</u> | <u>96,291</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>\$ 3,542,000</u> | <u>1,987,367</u> | <u>545,496</u> | <u>0</u> | <u>3,945,000</u> | <u>1,524,153</u> |

(Continued)

Notes to Combined Financial Statements

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

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

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

The City has the ability to issue \$11.6 million of additional debt without obtaining voter approval.

Issuance costs on the 1992 sewer improvement refunding bond are amortized using the straight-line method over the term of the issue.

(8) Income Taxes

During 2000, 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, partial credit is allowed for income taxes paid to other municipalities.

(9) Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the City. The assessed value upon which the 2000 levy was based was \$316,712,780.

Real property taxes received by the City in a calendar year are levied on January 1 of the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. A revaluation was completed in 2000. Public utility property taxes are assessed on tangible personal property, as well as land improvements, at true value (in general, true value is net book value). Tangible personal property used in business (except for public utilities) is assessed at 25% of average value for inventories and 25% of true value for substantially all other personal property for the year 2000.

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.

(Continued)

Notes to Combined Financial Statements

(10) Contingent Liabilities

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

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

(11) Construction and Other Commitments

As of December 31, 2000, the City had capital contracts payable of \$38,271 and \$47,731 in the Capital Projects fund and enterprise funds, respectively. The entire amount in the Capital Projects fund relates to the Elm/Mae/Morris storm water project, as well as \$9,978 in the enterprise funds. Also recorded in the enterprise funds are final payments of \$27,000 and \$3,747 for the water meter replacement projects and the Riverbend East pump station project, respectively, and \$1,062 for initial testing to commence the McKinney Boulevard water and sanitary sewer project. Finally the City is obligated under contract for an unpaid commitment of \$106,120 for the Kent/Ravenna emergency waterline connection project. Of this amount, \$5,944 is recorded as a capital contracts payable.

The City had no material operating lease commitments at December 31, 2000.

(12) Segment Information for Enterprise Funds

The City maintains four enterprise funds which provide water, sewer, solid waste collection and storm water drainage services. Information for the year ended December 31, 2000 for the enterprise funds is summarized as follows:

| | Solid Waste | Storm Water Drainage | Sewer | Water | Total |
|---|----------------|-------------------------|------------|------------|------------|
| Operating revenues | \$ 318,505 | - | 3,339,031 | 2,821,316 | 6,478,852 |
| Operating expenses | 350,945 | 68,346 | 3,072,047 | 2,535,601 | 6,026,939 |
| Depreciation | 2,680 | - | 651,923 | 426,370 | 1,080,973 |
| Operating income (loss) | (32,440) | (68,346) | 266,984 | 285,715 | 451,913 |
| Net income (loss) | (32,440) | (68,346) | 160,144 | 413,366 | 472,724 |
| Current capital contributions | - | - | 19,455 | 16,596 | 36,051 |
| Net additions to property, plant and equipment | - | 31,390 | 797,046 | 194,327 | 1,022,763 |
| Net working capital (deficiency) | (285,644) | (238,939) | 1,731,699 | 1,959,166 | 3,166,282 |
| Total identifiable assets | 173,427 | 159,228 | 25,327,524 | 15,233,994 | 40,894,173 |
| Bonds payable | - | - | 3,945,000 | - | 3,945,000 |
| Total fund equity (deficit) | (277,105) | (207,549) | 20,411,215 | 14,285,031 | 34,211,592 |

(Continued)

Notes to Combined Financial Statements

(13) Enterprise Fund Contributed Capital

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

| <u>Source</u> | <u>Solid Waste</u> | <u>Sewer</u> | <u>Water</u> |
|----------------------------------|--------------------|-------------------|----------------|
| Contributed capital, January 1 | \$ 139,656 | 10,490,959 | 983,009 |
| Special assessments | - | 19,455 | 16,596 |
| Contributed capital, December 31 | <u>\$ 139,656</u> | <u>10,510,414</u> | <u>999,605</u> |

(14) Fund Equity

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

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

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

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

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

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

Unreserved Designated fund balance - This designation was created to segregate a portion of the fund balance for an account titled, “Emergency Reserve for Public Facilities and Programs”. The designation was established since the City expects to use these resources within future budgetary periods. As well, a designation of fund balance has been created in the Community Development Block Grant Fund to account for loan repayment proceeds which must be used for future community development loans.

Notes to Combined Financial Statements

(15) Fund Deficit

Start-up costs associated with the City's recycling program (initiated in 1990) resulted in a deficit retained earnings in the Solid Waste Fund. Disposition of Solid Waste Fund fixed assets in 1995 resulted in a loss of \$90,575 which contributed to increasing the deficit to \$416,761 at December 31, 2000. It is anticipated that this deficit will be eliminated gradually by a combination of reviewing the scope of services provided and rate increases.

During 1999, the City initiated a storm water drainage utility. Currently, the City is conducting a rate study and will institute charges for services in May of 2001. The costs associated with design of the program and the rate study resulted in a deficit retained earnings in the Storm Water Drainage Fund of \$207,549 at December 31, 2000. It is anticipated that this deficit will be eliminated gradually by user charges.

(16) Conduit Debt

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

| <u>Type</u> | <u>On Behalf of</u> | <u>Principal Outstanding December 31, 2000</u> | <u>Year Issued</u> |
|------------------------|------------------------------|--|------------------------|
| Industrial Development | | | |
| Revenue Bonds | Ravens Metals Products, Inc. | \$ 2,650,000 | 1994 |
| Multi-Family Housing | | | |
| Revenue Bonds | Silver Meadows Apartments | <u>10,046,200</u> | 1999 |
| | Total | <u>\$ 12,696,200</u> | |

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

(17) Risk Management

The City has established a formal self-insurance program for liabilities arising from employee health and life benefits. This exposure is accounted for in the Health and Life Insurance Internal Service Fund which is responsible for collecting interfund premiums from other City funds and departments, paying claim settlements and purchasing other specified insurance policies. Reinsurance for any individual loss over \$60,000 is covered by Sun Life of Canada.

The claims liability of \$98,030 reported in the fund at December 31, 2000, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in the fund's claims liability amount in 1999 and 2000 were:

Notes to Combined Financial Statements

| | <u>Balance at</u> <u>Beginning of Year</u> | <u>Current Year</u> <u>Claims</u> | <u>Claim</u> <u>Payments</u> | <u>Balance at</u> <u>End of Year</u> |
|------|---|--------------------------------------|---------------------------------|---|
| 1999 | \$141,671 | 1,132,073 | 1,173,428 | 100,316 |
| 2000 | 100,316 | 1,113,769 | 1,116,055 | 98,030 |

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 2000, the City contracted with several companies for various types of insurance as follows:

| <u>Company</u> | <u>Type of Coverage</u> | <u>Deductible</u> |
|--|---|-------------------|
| National Casualty Company | Public Officials Liability | \$15,000 |
| National Casualty Company | Law Enforcement Liability | 10,000 |
| Indiana Insurance Company | Commercial Property | 1,000 |
| Indiana Insurance Company | Commercial Crime | 0 |
| Indiana Insurance Company | Inland Marine | 250 |
| Indiana Insurance Company | Boiler and Machinery | 1,000 |
| Personal Service Insurance Company | Automobile Comprehensive | 100 |
| Personal Service Insurance Company | Automobile Collision | 500 |
| Twin City Fire Insurance Company | General Liability | 0 |
| Hartford Casualty Insurance Company | Excess General Liability | 0 |
| Volunteer Fireman's Insurance Services | Fire Errors and Omissions | 0 |
| Volunteer Fireman's Insurance Services | Ambulance Malpractice | 0 |
| Ohio Casualty Insurance Company | Bond - Finance Officials | 0 |
| Ohio Casualty Insurance Company | Blanket Employee Faithful Performance Bond | 0 |

The contracts listed above reflect no significant reduction in insurance coverage as compared to the prior year.

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.

This page left blank intentionally.

CITY OF KENT, OHIO

General Fund

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

CITY OF KENT, OHIO

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

Year Ended December 31, 2000

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|---------------------|------------------|--|
| Revenues | | | |
| Taxes | \$ 1,119,003 | 1,134,583 | 15,580 |
| Fees, licenses and permits | 77,700 | 66,406 | (11,294) |
| Intergovernmental | 2,205,285 | 2,266,408 | 61,123 |
| Charges for services | 554,000 | 599,683 | 45,683 |
| Fines and forfeits | 325,000 | 355,269 | 30,269 |
| Interest | 650,000 | 733,084 | 83,084 |
| Miscellaneous | 50,000 | 76,651 | 26,651 |
| Total revenues | <u>4,980,988</u> | <u>5,232,084</u> | <u>251,096</u> |
| Expenditures | | | |
| Current | | | |
| Security of persons and property | 2,459,707 | 2,320,326 | 139,381 |
| Public health and welfare | 383,468 | 351,580 | 31,888 |
| Community development | 1,059,574 | 992,161 | 67,413 |
| General government | 2,174,156 | 1,871,165 | 302,991 |
| Capital outlays | 339,859 | 207,887 | 131,972 |
| Total expenditures | <u>6,416,764</u> | <u>5,743,119</u> | <u>673,645</u> |
| Excess of revenues over (under) expenditures | <u>(1,435,776)</u> | <u>(511,035)</u> | <u>924,741</u> |
| Other financing sources | | | |
| Operating transfers - in | 1,500,000 | 1,500,000 | - |
| Advances - out | (150,000) | (150,000) | - |
| Net other financing sources | <u>1,350,000</u> | <u>1,350,000</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures | (85,776) | 838,965 | 924,741 |
| Recovery of prior year encumbrances | - | 147,833 | 147,833 |
| Fund balance - January 1 | <u>4,047,278</u> | <u>4,047,278</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 3,961,502</u> | <u>5,034,076</u> | <u>1,072,574</u> |

CITY OF KENT, OHIO

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than special assessments or those for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

| | |
|--|---|
| West Side Fire Fund | To account for the revenue from property taxes levied and expenditures relative to operation of the West Side fire station. |
| Street Construction, State Maintenance and Repair Fund | To account for a percentage of the revenue from the City's share of gasoline taxes and vehicle registration fees. State law requires that these taxes be used for maintenance of streets. Additional financing is provided by transfers from the Income Tax Fund. |
| State Highway State Improvement Fund | To account for a percentage of the revenue from the City's share of gasoline taxes and vehicle registration fees. State law requires that these taxes be used for maintenance of state highways. |
| Parks and Recreation Fund | To account for the revenue from property taxes levied and the expenditures relative to operation and maintenance of the parks and recreation programs. Additional financing is provided by user charges. |
| Food Service Fund | To account for the revenue from food service permits and the expenditures relative to the operation of a food service inspection program. |
| License Tax Fund | To account for the revenue received from municipal motor vehicle taxes. |
| Income Tax Fund | To account for the revenue received from the municipal income tax, the expenditures relative to the administration of collections and transfers to support the operations of other funds. |
| Revolving Housing Fund | To account for the revenue received from housing inspections and the expenditures relative to the operation of the housing inspection program. |
| State and Local Forfeits Fund | To account for the revenue received from state and local law enforcement agencies due to the City's participation in an arrest and property seizure. State law requires that these monies be used for criminal apprehension purposes. |

CITY OF KENT, OHIO

Special Revenue Funds

| | |
|---|---|
| Drug Law Enforcement Fund | To account for the revenue received from mandatory drug fines as the result of felony drug convictions. State law requires that these monies be used for drug-related law enforcement activities. |
| Enforcement and Education Fund | To account for the revenue received from fines as the result of convictions of operating a motor vehicle while under the influence. State law requires that these monies be used to enforce such laws or to Educate the public about such laws. |
| Income Tax Safety Fund | To account for public safety expenditures relative to the distribution of municipal income tax monies as required by the City Charter. |
| Law Enforcement Trust Fund | To account for the revenue received from federal law enforcement agencies due to the City's participation in an arrest and property seizure. State law requires that these monies be used for criminal apprehension purposes. |
| Community Development Block Grant Fund | To account for the revenue from the federal government and expenditures as prescribed under the Community Development Block Grant and the Comprehensive Housing Improvement Program. |
| Fire and Emergency Medical Service Fund | To account for fire and ambulance service expenditures relative to the distribution of municipal income tax monies as required by the City Charter. |
| Swimming Pool Inspections Fund | To account for the revenue received from swimming pool inspections and the expenditures relative to the operation of the swimming pool inspection program. |
| Police Pension Fund | To account for the revenue from property taxes levied for the partial payment of the current liability for police disability and pension. |
| Fire Pension Fund | To account for the revenue from property taxes levied for the partial payment of the current liability for fire disability and pension. |
| Urban Development Action Grant Fund | To account for the revenue received from the federal government, Community Development loans and expenditures relative to the operations of this program. |

CITY OF KENT, OHIO

Combining Balance Sheet - All Special Revenue Funds

December 31, 2000
(with comparative totals for 1999)

| | West Side Fire | Street Construction Maintenance and Repair | State Highway | Parks and Recreation | Food Service | License Tax | Income Tax | Revolving Housing | State and Local Forfeits | Drug Law Enforcement | Enforcemen and Education |
|---|----------------------|---|------------------|----------------------------|-----------------|----------------|------------------|----------------------|--------------------------------|----------------------------|--------------------------------|
| Assets | | | | | | | | | | | |
| Cash and cash equivalents | \$ 9,717 | 1,269,371 | 19,752 | 219,645 | 7,006 | 18,183 | 1,769,483 | 41,415 | 12,221 | 14,328 | 13,995 |
| Receivables | | | | | | | | | | | |
| Property taxes | 95,310 | - | - | 762,033 | - | - | - | - | - | - | - |
| Income taxes | - | - | - | - | - | - | 837,159 | - | - | - | - |
| Interest | - | - | - | - | - | - | 14,591 | - | - | - | - |
| Loans | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | 2,273 | - | 7,888 | - | 8,977 | - | - | - | 200 | 320 |
| Receivables, net | <u>95,310</u> | <u>2,273</u> | <u>-</u> | <u>769,921</u> | <u>-</u> | <u>8,977</u> | <u>851,750</u> | <u>-</u> | <u>-</u> | <u>200</u> | <u>320</u> |
| Due from other funds | - | - | - | - | - | - | 1,557,080 | - | - | - | - |
| Due from other governments | - | 50,421 | 2,034 | 20,449 | - | - | 341 | - | - | - | - |
| Inventory | - | 116,391 | - | - | - | - | - | - | - | - | - |
| Prepaid items | 19 | 7,747 | - | 1,600 | - | - | 1,639 | - | - | - | - |
| Restricted cash and cash equivalents | - | 13,998 | - | - | - | - | - | - | - | - | - |
| Total assets | <u>\$ 105,046</u> | <u>1,460,201</u> | <u>21,786</u> | <u>1,011,615</u> | <u>7,006</u> | <u>27,160</u> | <u>4,180,293</u> | <u>41,415</u> | <u>12,221</u> | <u>14,528</u> | <u>14,315</u> |
| Liabilities | | | | | | | | | | | |
| Accounts payable | \$ 623 | 46,299 | 2,824 | 9,454 | - | - | 6,347 | 4 | - | - | - |
| Due to other funds | - | - | - | - | - | - | - | - | - | - | - |
| Accrued wages and benefits | - | 57,240 | - | 41,145 | 793 | - | 39,112 | 1,067 | - | - | - |
| Deferred revenue | 95,310 | - | - | 762,869 | - | - | - | - | - | - | - |
| Payable from restricted assets | - | 13,998 | - | - | - | - | - | - | - | - | - |
| Total liabilities | <u>95,933</u> | <u>117,537</u> | <u>2,824</u> | <u>813,468</u> | <u>793</u> | <u>-</u> | <u>45,459</u> | <u>1,071</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance | | | | | | | | | | | |
| Reserved for loans receivable | - | - | - | - | - | - | - | - | - | - | - |
| Reserved for inventories | - | 116,391 | - | - | - | - | - | - | - | - | - |
| Reserved for prepaid items | 19 | 7,747 | - | 1,600 | - | - | 1,639 | - | - | - | - |
| Reserved for encumbrances | - | 127,245 | - | 15,372 | 106 | - | 30,339 | 158 | - | 800 | 125 |
| Unreserved | | | | | | | | | | | |
| Designated for public facilities and programs | - | - | - | - | - | - | 1,558,664 | - | - | - | - |
| Designated for future loans | - | - | - | - | - | - | - | - | - | - | - |
| Undesignated | 9,094 | 1,091,281 | 18,962 | 181,175 | 6,107 | 27,160 | 2,544,192 | 40,186 | 12,221 | 13,728 | 14,190 |
| Total fund balance | <u>9,113</u> | <u>1,342,664</u> | <u>18,962</u> | <u>198,147</u> | <u>6,213</u> | <u>27,160</u> | <u>4,134,834</u> | <u>40,344</u> | <u>12,221</u> | <u>14,528</u> | <u>14,315</u> |
| Total liabilities and fund balance | <u>\$ 105,046</u> | <u>1,460,201</u> | <u>21,786</u> | <u>1,011,615</u> | <u>7,006</u> | <u>27,160</u> | <u>4,180,293</u> | <u>41,415</u> | <u>12,221</u> | <u>14,528</u> | <u>14,315</u> |

(Continued)

CITY OF KENT, OHIO

Combining Balance Sheet - All Special Revenue Funds - Continued

| | Income | Law | Community | Fire and | Swimming | Police | Fire | Urban | Totals | |
|---|-------------------|----------------------|-------------------------------|---------------------------------|---------------------|----------------|----------------|-----------------|------------------|-------------------|
| | Tax Safety | Enforcement Trust | Development Block Grant | Emergency Medical Service | Pool Inspections | Pension | Pension | Action Grant | 2000 | 1999 |
| Assets | | | | | | | | | | |
| Cash and cash equivalents | \$ 369,356 | 70,925 | 445,390 | 957,841 | 8,626 | 133,829 | 115,726 | 243,366 | 5,740,175 | 6,499,709 |
| Receivables | | | | | | | | | | |
| Property taxes | - | - | - | - | - | 91,526 | 91,526 | - | 1,040,395 | 765,679 |
| Income taxes | - | - | - | - | - | - | - | - | 837,159 | 870,655 |
| Interest | - | - | - | - | - | - | - | 502 | 15,093 | 5,457 |
| Loans | - | - | 246,963 | - | - | - | - | 143,859 | 390,822 | 404,006 |
| Other | - | - | - | - | - | - | - | - | 19,658 | 11,706 |
| Receivables, net | - | - | 246,963 | - | - | 91,526 | 91,526 | 144,361 | 2,303,127 | 2,057,503 |
| Due from other funds | - | - | - | - | - | - | - | - | 1,557,080 | 1,326,080 |
| Due from other governments | - | - | 33,555 | 4,487 | - | - | - | - | 111,287 | 239,811 |
| Inventory | - | - | - | - | - | - | - | - | 116,391 | 259,064 |
| Prepaid items | - | - | 227 | 4,195 | - | - | - | - | 15,427 | 14,904 |
| Restricted cash and cash equivalents | - | - | - | - | - | - | - | 120,000 | 133,998 | 133,737 |
| Total assets | \$ 369,356 | 70,925 | 726,135 | 966,523 | 8,626 | 225,355 | 207,252 | 507,727 | 9,977,485 | 10,530,808 |
| Liabilities | | | | | | | | | | |
| Accounts payable | \$ - | - | 21,485 | 88,862 | 4 | - | - | - | 175,902 | 168,177 |
| Due to other funds | - | - | 200,000 | - | - | - | - | - | 200,000 | 50,000 |
| Accrued wages and benefits | 128,491 | - | 200 | 112,324 | 44 | 132,217 | 114,113 | - | 626,746 | 504,312 |
| Deferred revenue | - | - | - | - | - | 91,526 | 91,526 | - | 1,041,231 | 766,692 |
| Payable from restricted assets | - | - | - | - | - | - | - | - | 13,998 | 13,737 |
| Total liabilities | 128,491 | - | 221,685 | 201,186 | 48 | 223,743 | 205,639 | - | 2,057,877 | 1,502,918 |
| Fund balance | | | | | | | | | | |
| Reserved for loans receivable | - | - | 246,963 | - | - | - | - | 143,859 | 390,822 | 404,006 |
| Reserved for inventories | - | - | - | - | - | - | - | - | 116,391 | 259,064 |
| Reserved for prepaid items | - | - | 227 | 4,195 | - | - | - | - | 15,427 | 14,904 |
| Reserved for encumbrances | - | - | 365,482 | 17,328 | - | - | - | - | 556,955 | 509,280 |
| Unreserved | | | | | | | | | | |
| Designated for public facilities and programs | - | - | - | - | - | - | - | - | 1,558,664 | 1,377,877 |
| Designated for future loans | - | - | 257,260 | - | - | - | - | - | 257,260 | 278,656 |
| Undesignated | 240,865 | 70,925 | (365,482) | 743,814 | 8,578 | 1,612 | 1,613 | 363,868 | 5,024,089 | 6,184,103 |
| Total fund balance | 240,865 | 70,925 | 504,450 | 765,337 | 8,578 | 1,612 | 1,613 | 507,727 | 7,919,608 | 9,027,890 |
| Total liabilities and fund balance | \$ 369,356 | 70,925 | 726,135 | 966,523 | 8,626 | 225,355 | 207,252 | 507,727 | 9,977,485 | 10,530,808 |

CITY OF KENT, OHIO

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

Year ended December 31, 2000
(with comparative totals for 1999)

| | West Side Fire | Street Construction Maintenance and Repair | State Highway | Parks and Recreation | Food Service | License Tax | Income Tax | Revolving Housing | State and Local Forfeits | Drug Law Enforcement | Enforcement and Education |
|---|----------------------|---|------------------|----------------------------|-----------------|------------------|--------------------|----------------------|--------------------------------|----------------------------|---------------------------------|
| Revenues | | | | | | | | | | | |
| Taxes | \$ 90,295 | - | - | 654,229 | - | 141,555 | 9,283,257 | - | - | - | - |
| Fees, licenses and permits | - | - | - | 2,800 | 27,104 | - | - | 54,747 | - | - | - |
| Intergovernmental | 6,731 | 571,350 | 44,316 | 71,654 | - | - | - | - | - | - | - |
| Charges for services | - | 3,990 | - | 174,191 | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - | - | - | 4,980 | 4,744 |
| Special Assessments | - | 79,545 | - | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | 105,348 | - | - | - | - |
| Miscellaneous | - | 41,444 | - | 49,666 | - | - | 341 | - | - | - | - |
| Total revenues | <u>97,026</u> | <u>696,329</u> | <u>44,316</u> | <u>952,540</u> | <u>27,104</u> | <u>141,555</u> | <u>9,388,946</u> | <u>54,747</u> | <u>-</u> | <u>4,980</u> | <u>4,744</u> |
| Expenditures | | | | | | | | | | | |
| Current | | | | | | | | | | | |
| Security of persons and property | 97,413 | - | - | - | - | - | - | - | - | 1,000 | 5,331 |
| Public health and welfare | - | - | - | - | 49,111 | - | - | 61,247 | - | - | - |
| Leisure time activities | - | - | - | 827,170 | - | - | - | - | - | - | - |
| Community development | - | - | - | - | - | - | - | - | - | - | - |
| Transportation | - | 1,389,000 | 43,219 | - | - | - | - | - | - | - | - |
| General government | - | 19,431 | - | - | - | - | 605,589 | - | - | - | - |
| Capital outlays | - | 118,208 | - | 115,356 | - | - | - | - | - | - | - |
| Debt Service | | | | | | | | | | | |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | <u>97,413</u> | <u>1,526,639</u> | <u>43,219</u> | <u>942,526</u> | <u>49,111</u> | <u>-</u> | <u>605,589</u> | <u>61,247</u> | <u>-</u> | <u>1,000</u> | <u>5,331</u> |
| Excess of revenues over (under) expenditures | <u>(387)</u> | <u>(830,310)</u> | <u>1,097</u> | <u>10,014</u> | <u>(22,007)</u> | <u>141,555</u> | <u>8,783,357</u> | <u>(6,500)</u> | <u>-</u> | <u>3,980</u> | <u>(587)</u> |
| Other financing sources (uses) | | | | | | | | | | | |
| Proceeds from sale of notes | - | - | - | - | - | - | - | - | - | - | - |
| Operating transfers - in | - | 145,000 | - | - | 20,000 | - | - | - | - | - | - |
| Operating transfers - out | - | (8,203) | - | - | - | (145,000) | (8,730,115) | - | - | - | - |
| Net other financing sources (uses) | <u>-</u> | <u>136,797</u> | <u>-</u> | <u>-</u> | <u>20,000</u> | <u>(145,000)</u> | <u>(8,730,115)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(387)</u> | <u>(693,513)</u> | <u>1,097</u> | <u>10,014</u> | <u>(2,007)</u> | <u>(3,445)</u> | <u>53,242</u> | <u>(6,500)</u> | <u>-</u> | <u>3,980</u> | <u>(587)</u> |
| Fund balance - January 1 | <u>9,500</u> | <u>2,036,177</u> | <u>17,865</u> | <u>188,133</u> | <u>8,220</u> | <u>30,605</u> | <u>4,081,592</u> | <u>46,844</u> | <u>12,221</u> | <u>10,548</u> | <u>14,902</u> |
| Fund balance - December 31 | <u>\$ 9,113</u> | <u>1,342,664</u> | <u>18,962</u> | <u>198,147</u> | <u>6,213</u> | <u>27,160</u> | <u>4,134,834</u> | <u>40,344</u> | <u>12,221</u> | <u>14,528</u> | <u>14,315</u> |

(Continued)

CITY OF KENT, OHIO

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

| | Income Tax Safety | Law Enforcement Trust | Community Development Block Grant | Fire and Emergency Medical Service | Swimming Pool Inspections | Police Pension | Fire Pension | Urban Development Action Grant | Totals | |
|---|-------------------------|-----------------------------|--|---|---------------------------------|-------------------|-----------------|---|-------------|-------------|
| | | | | | | | | | 2000 | 1999 |
| | | | | | | | | | | |
| Revenues | \$ | | | | | | | | | |
| Taxes | - | - | - | - | - | 75,203 | 75,203 | - | 10,319,742 | 10,118,647 |
| Fees, licenses and permits | - | - | - | - | 2,000 | - | - | - | 86,651 | 94,428 |
| Intergovernmental | - | - | 507,277 | 4,487 | - | 7,504 | 7,504 | - | 1,220,823 | 1,150,177 |
| Charges for services | - | - | - | - | - | - | - | - | 178,181 | 172,663 |
| Fines and forfeits | - | - | - | - | - | - | - | - | 9,724 | 39,034 |
| Special Assessments | - | - | - | - | - | - | - | - | 79,545 | 219,900 |
| Interest | - | 4,840 | 27,572 | - | - | - | - | 26,448 | 164,208 | 138,958 |
| Miscellaneous | - | - | 56,888 | 1,895 | - | - | - | - | 150,234 | 118,106 |
| Total revenues | - | 4,840 | 591,737 | 6,382 | 2,000 | 82,707 | 82,707 | 26,448 | 12,209,108 | 12,051,913 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| Security of persons and property | 2,359,002 | - | - | 2,249,603 | - | 81,112 | 81,112 | - | 4,874,573 | 4,202,478 |
| Public health and welfare | - | - | - | - | 3,841 | - | - | - | 114,199 | 106,544 |
| Leisure time activities | - | - | - | - | - | - | - | - | 827,170 | 829,725 |
| Community development | - | - | 749,414 | - | - | - | - | 115,000 | 864,414 | 680,680 |
| Transportation | - | - | - | - | - | - | - | - | 1,432,219 | 1,147,096 |
| General government | - | - | - | - | - | - | - | - | 625,020 | 633,424 |
| Capital outlays | - | 7,389 | - | 116,916 | - | - | - | - | 357,869 | 962,231 |
| Debt Service | | | | | | | | | | |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | 18,010 |
| Total expenditures | 2,359,002 | 7,389 | 749,414 | 2,366,519 | 3,841 | 81,112 | 81,112 | 115,000 | 9,095,464 | 8,580,188 |
| Excess of revenues over (under) expenditures | (2,359,002) | (2,549) | (157,677) | (2,360,137) | (1,841) | 1,595 | 1,595 | (88,552) | 3,113,644 | 3,471,725 |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds from sale of notes | - | - | - | - | - | - | - | - | - | 525,000 |
| Operating transfers - in | 2,248,196 | - | - | 2,248,196 | - | - | - | - | 4,661,392 | 5,449,221 |
| Operating transfers - out | - | - | - | - | - | - | - | - | (8,883,318) | (8,979,794) |
| Net other financing sources (uses) | 2,248,196 | - | - | 2,248,196 | - | - | - | - | (4,221,926) | (3,005,573) |
| Excess of revenues and other sources over (under) expenditures and other uses | (110,806) | (2,549) | (157,677) | (111,941) | (1,841) | 1,595 | 1,595 | (88,552) | (1,108,282) | 466,152 |
| Fund balance - January 1 | 351,671 | 73,474 | 662,127 | 877,278 | 10,419 | 17 | 18 | 596,279 | 9,027,890 | 8,561,738 |
| Fund balance - December 31 | \$ 240,865 | 70,925 | 504,450 | 765,337 | 8,578 | 1,612 | 1,613 | 507,727 | 7,919,608 | 9,027,890 |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | Revised <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|--------------------------|---------------|--|
| Revenues | | | |
| Taxes | \$ 87,707 | 90,294 | 2,587 |
| Intergovernmental | <u>6,570</u> | <u>6,731</u> | <u>161</u> |
| Total revenues | <u>94,277</u> | <u>97,025</u> | <u>2,748</u> |
| Expenditures | | | |
| Current | | | |
| Security of persons and property | <u>100,500</u> | <u>96,810</u> | <u>3,690</u> |
| Total expenditures | <u>100,500</u> | <u>96,810</u> | <u>3,690</u> |
| Excess of revenues over (under) expenditures | (6,223) | 215 | 6,438 |
| Recovery of prior year encumbrances | - | 640 | 640 |
| Fund balance - January 1 | <u>8,797</u> | <u>8,797</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 2,574</u> | <u>9,652</u> | <u>7,078</u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | Revised <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|--------------------------|-------------------------|--|
| Revenues | | | |
| Intergovernmental | \$ 577,200 | 594,125 | 16,925 |
| Charges for services | 3,500 | 3,990 | 490 |
| Special assessments | 80,000 | 79,545 | (455) |
| Miscellaneous | <u>-</u> | <u>40,895</u> | <u>40,895</u> |
| Total revenues | <u>660,700</u> | <u>718,555</u> | <u>57,855</u> |
| Expenditures | | | |
| Current | | | |
| Transportation | 1,253,383 | 1,207,031 | 46,352 |
| Capital outlays | <u>93,206</u> | <u>93,030</u> | <u>176</u> |
| Total expenditures | <u>1,346,589</u> | <u>1,300,061</u> | <u>46,528</u> |
| Excess of revenues over (under) expenditures | (685,889) | (581,506) | 104,383 |
| Other financing sources (uses) | | | |
| Operating transfers - in | 145,000 | 145,000 | - |
| Operating transfers - out | <u>(8,203)</u> | <u>(8,203)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>136,797</u> | <u>136,797</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | (549,092) | (444,709) | 104,383 |
| Recovery of prior year encumbrances | - | 109,186 | 109,186 |
| Fund balance - January 1 | <u>1,417,891</u> | <u>1,417,891</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 868,799</u></u> | <u><u>1,082,368</u></u> | <u><u>213,569</u></u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|---------------------------|----------------------|--|
| Revenues | | | |
| Intergovernmental | \$ <u>46,800</u> | <u>48,172</u> | <u>1,372</u> |
| Total revenues | <u>46,800</u> | <u>48,172</u> | <u>1,372</u> |
| Expenditures | | | |
| Current | | | |
| Transportation | <u>46,000</u> | <u>43,219</u> | <u>2,781</u> |
| Total expenditures | <u>46,000</u> | <u>43,219</u> | <u>2,781</u> |
| Excess of revenues over expenditures | 800 | 4,953 | 4,153 |
| Fund balance - January 1 | <u>11,975</u> | <u>11,975</u> | - |
| Fund balance - December 31 | <u><u>\$ 12,775</u></u> | <u><u>16,928</u></u> | <u><u>4,153</u></u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | Revised <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|--------------------------|----------------|--|
| Revenues | | | |
| Taxes | \$ 644,157 | 654,229 | 10,072 |
| Fees, licenses and permits | - | 2,800 | 2,800 |
| Intergovernmental | 57,953 | 58,291 | 338 |
| Charges for services | 160,000 | 174,952 | 14,952 |
| Miscellaneous | <u>1,000</u> | <u>37,498</u> | <u>36,498</u> |
| Total revenues | <u>863,110</u> | <u>927,770</u> | <u>64,660</u> |
| Expenditures | | | |
| Current | | | |
| Leisure time activities | 871,114 | 822,328 | 48,786 |
| Capital outlay | <u>121,750</u> | <u>113,784</u> | <u>7,966</u> |
| Total expenditures | <u>992,864</u> | <u>936,112</u> | <u>56,752</u> |
| Excess of revenues over (under) expenditures | (129,754) | (8,342) | 121,412 |
| Recovery of prior year encumbrances | - | 16,774 | 16,774 |
| Fund balance - January 1 | <u>182,417</u> | <u>182,417</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 52,663</u> | <u>190,849</u> | <u>138,186</u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | Revised <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|--------------------------|---------------|--|
| Revenues | | | |
| Fees, licenses and permits | \$ <u>28,000</u> | <u>27,104</u> | <u>(896)</u> |
| Total revenues | <u>28,000</u> | <u>27,104</u> | <u>(896)</u> |
| Expenditures | | | |
| Current | | | |
| Public health and welfare | <u>51,823</u> | <u>48,644</u> | <u>3,179</u> |
| Total expenditures | <u>51,823</u> | <u>48,644</u> | <u>3,179</u> |
| Excess of revenues over (under) expenditures | (23,823) | (21,540) | 2,283 |
| Other financing sources | | | |
| Operating transfers - in | <u>20,000</u> | <u>20,000</u> | <u>-</u> |
| Total other financing sources | <u>20,000</u> | <u>20,000</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures | (3,823) | (1,540) | 2,283 |
| Recovery of prior year encumbrances | - | 4 | 4 |
| Fund balance - January 1 | <u>8,437</u> | <u>8,437</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 4,614</u> | <u>6,901</u> | <u>2,287</u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|---------------------------|----------------------|--|
| Revenues | | | |
| Taxes | \$ <u>145,000</u> | <u>142,977</u> | <u>(2,023)</u> |
| Total revenues | <u>145,000</u> | <u>142,977</u> | <u>(2,023)</u> |
| Other financing uses | | | |
| Operating transfers - out | <u>(145,000)</u> | <u>(145,000)</u> | <u>-</u> |
| Total other financing uses | <u>(145,000)</u> | <u>(145,000)</u> | <u>-</u> |
| Excess of revenues under other financing uses | - | (2,023) | (2,023) |
| Fund balance - January 1 | <u>20,206</u> | <u>20,206</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 20,206</u></u> | <u><u>18,183</u></u> | <u><u>(2,023)</u></u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|---------------------------|--------------------|--|
| Revenues | | | |
| Taxes | \$ 9,250,000 | 9,440,913 | 190,913 |
| Interest | <u>85,000</u> | <u>84,971</u> | <u>(29)</u> |
| Total revenues | <u>9,335,000</u> | <u>9,525,884</u> | <u>190,884</u> |
| Expenditures | | | |
| Current | | | |
| General government | <u>799,349</u> | <u>738,224</u> | <u>61,125</u> |
| Total expenditures | <u>799,349</u> | <u>738,224</u> | <u>61,125</u> |
| Excess of revenues over expenditures | 8,535,651 | 8,787,660 | 252,009 |
| Other financing uses | | | |
| Operating transfers - out | (8,730,115) | (8,730,115) | - |
| Advances - out | <u>(231,000)</u> | <u>(231,000)</u> | <u>-</u> |
| Total other financing uses | <u>(8,961,115)</u> | <u>(8,961,115)</u> | <u>-</u> |
| Excess of revenues over (under) expenditures and other uses | (425,464) | (173,455) | 252,009 |
| Recovery of prior year encumbrances | - | 1,535 | 1,535 |
| Fund balance - January 1 | <u>1,888,516</u> | <u>1,888,516</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 1,463,052</u> | <u>1,716,596</u> | <u>253,544</u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|---------------------------|---------------|--|
| Revenues | | | |
| Fees, licenses and permits | \$ <u>45,000</u> | <u>54,789</u> | <u>9,789</u> |
| Total revenues | <u>45,000</u> | <u>54,789</u> | <u>9,789</u> |
| Expenditures | | | |
| Current | | | |
| Public health and welfare | <u>70,953</u> | <u>60,685</u> | <u>10,268</u> |
| Total expenditures | <u>70,953</u> | <u>60,685</u> | <u>10,268</u> |
| Excess of revenues over (under) expenditures | (25,953) | (5,896) | 20,057 |
| Fund balance - January 1 | <u>47,149</u> | <u>47,149</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 21,196</u> | <u>41,253</u> | <u>20,057</u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|---------------------------|----------------------|--|
| Revenues | | | |
| Fines and forfeits | \$ <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | |
| Current | | | |
| Security of persons and property | <u>3,000</u> | <u>-</u> | <u>3,000</u> |
| Total expenditures | <u>3,000</u> | <u>-</u> | <u>3,000</u> |
| Excess of revenues over (under) expenditures | (3,000) | - | 3,000 |
| Fund balance - January 1 | <u>12,221</u> | <u>12,221</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 9,221</u></u> | <u><u>12,221</u></u> | <u><u>3,000</u></u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | Revised <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|--------------------------|---------------|--|
| Revenues | | | |
| Fines and forfeits | \$ <u>4,000</u> | <u>5,107</u> | <u>1,107</u> |
| Total revenues | <u>4,000</u> | <u>5,107</u> | <u>1,107</u> |
| Expenditures | | | |
| Current | | | |
| Security of persons and property | <u>5,000</u> | <u>1,800</u> | <u>3,200</u> |
| Total expenditures | <u>5,000</u> | <u>1,800</u> | <u>3,200</u> |
| Excess of revenues over (under) expenditures | (1,000) | 3,307 | 4,307 |
| Fund balance - January 1 | <u>10,221</u> | <u>10,221</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 9,221</u> | <u>13,528</u> | <u>4,307</u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | Revised <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|--------------------------|---------------|--|
| Revenues | | | |
| Fines and forfeits | \$ <u>3,000</u> | <u>4,534</u> | <u>1,534</u> |
| Total revenues | <u>3,000</u> | <u>4,534</u> | <u>1,534</u> |
| Expenditures | | | |
| Current | | | |
| Security of persons and property | <u>10,000</u> | <u>5,455</u> | <u>4,545</u> |
| Total expenditures | <u>10,000</u> | <u>5,455</u> | <u>4,545</u> |
| Excess of revenues over (under) expenditures | (7,000) | (921) | 6,079 |
| Recovery of prior year encumbrances | - | 64 | 64 |
| Fund balance - January 1 | <u>14,727</u> | <u>14,727</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 7,727</u> | <u>13,870</u> | <u>6,143</u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|---------------------------|-----------------------|--|
| Expenditures | | | |
| Current | | | |
| Security of persons and property | \$ <u>2,338,658</u> | <u>2,338,587</u> | <u>71</u> |
| Total expenditures | <u>2,338,658</u> | <u>2,338,587</u> | <u>71</u> |
| Other financing sources | | | |
| Operating transfers - in | <u>2,248,196</u> | <u>2,248,196</u> | <u>-</u> |
| Total other financing sources | <u>2,248,196</u> | <u>2,248,196</u> | <u>-</u> |
| Excess of other sources over (under) expenditures | (90,462) | (90,391) | 71 |
| Fund balance - January 1 | <u>459,092</u> | <u>459,092</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 368,630</u></u> | <u><u>368,701</u></u> | <u><u>71</u></u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|---------------------------|---------------|--|
| Revenues | | | |
| Interest | \$ <u>-</u> | <u>4,840</u> | <u>4,840</u> |
| Total revenues | <u>-</u> | <u>4,840</u> | <u>4,840</u> |
| Expenditures | | | |
| Current | | | |
| Security of persons and property | 25,000 | - | 25,000 |
| Capital outlays | <u>25,000</u> | <u>7,367</u> | <u>17,633</u> |
| Total expenditures | <u>50,000</u> | <u>7,367</u> | <u>42,633</u> |
| Excess of revenues over (under) expenditures | (50,000) | (2,527) | 47,473 |
| Fund balance - January 1 | <u>73,452</u> | <u>73,452</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 23,452</u> | <u>70,925</u> | <u>47,473</u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|---------------------------|------------------|--|
| Revenues | | | |
| Intergovernmental | \$ 704,795 | 634,997 | (69,798) |
| Interest | 25,000 | 27,572 | 2,572 |
| Miscellaneous | <u>80,000</u> | <u>83,321</u> | <u>3,321</u> |
| Total revenues | <u>809,795</u> | <u>745,890</u> | <u>(63,905)</u> |
| Expenditures | | | |
| Current | | | |
| Community development | <u>1,035,000</u> | <u>1,005,485</u> | <u>29,515</u> |
| Total expenditures | <u>1,035,000</u> | <u>1,005,485</u> | <u>29,515</u> |
| Excess of revenues over (under) expenditures | (225,205) | (259,595) | (34,390) |
| Other financing sources | | | |
| Advances - in | <u>150,000</u> | <u>150,000</u> | <u>-</u> |
| Total other financing sources (uses) | <u>150,000</u> | <u>150,000</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures | (75,205) | (109,595) | (34,390) |
| Recovery of prior year encumbrances | - | 119 | 119 |
| Fund balance - January 1 | <u>117,900</u> | <u>117,900</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 42,695</u> | <u>8,424</u> | <u>(34,271)</u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | Revised <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|--------------------------|------------------|--|
| Revenues | | | |
| Miscellaneous | \$ - | 1,895 | 1,895 |
| Total revenues | <u>-</u> | <u>1,895</u> | <u>1,895</u> |
| Expenditures | | | |
| Current | | | |
| Security of persons and property | 2,262,390 | 2,221,742 | 40,648 |
| Capital outlays | <u>160,700</u> | <u>97,724</u> | <u>62,976</u> |
| Total expenditures | <u>2,423,090</u> | <u>2,319,466</u> | <u>103,624</u> |
| Excess of revenues over (under) expenditures | (2,423,090) | (2,317,571) | 105,519 |
| Other financing sources | | | |
| Operating transfers - in | <u>2,248,196</u> | <u>2,248,196</u> | <u>-</u> |
| Total other financing sources | <u>2,248,196</u> | <u>2,248,196</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures | (174,894) | (69,375) | 105,519 |
| Recovery of prior year encumbrances | - | 9,238 | 9,238 |
| Fund balance - January 1 | <u>911,733</u> | <u>911,733</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 736,839</u> | <u>851,596</u> | <u>114,757</u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|---------------------------|---------------------|--|
| Revenues | | | |
| Fees, licenses and permits | \$ <u>2,000</u> | <u>2,000</u> | <u>-</u> |
| Total revenues | <u>2,000</u> | <u>2,000</u> | <u>-</u> |
| Expenditures | | | |
| Current | | | |
| Public health and welfare | <u>5,287</u> | <u>3,803</u> | <u>1,484</u> |
| Total expenditures | <u>5,287</u> | <u>3,803</u> | <u>1,484</u> |
| Excess of revenues over (under) expenditures | (3,287) | (1,803) | 1,484 |
| Fund balance - January 1 | <u>10,419</u> | <u>10,419</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 7,132</u></u> | <u><u>8,616</u></u> | <u><u>1,484</u></u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | Revised <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|--------------------------|---------------------|--|
| Revenues | | | |
| Taxes | \$ 74,774 | 75,203 | 429 |
| Intergovernmental | <u>7,254</u> | <u>7,504</u> | <u>250</u> |
| Total revenues | <u>82,028</u> | <u>82,707</u> | <u>679</u> |
| Expenditures | | | |
| Current | | | |
| Security of persons and property | <u>81,112</u> | <u>81,112</u> | <u>-</u> |
| Total expenditures | <u>81,112</u> | <u>81,112</u> | <u>-</u> |
| Excess of revenues over expenditures | 916 | 1,595 | 679 |
| Fund balance - January 1 | <u>17</u> | <u>17</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 933</u></u> | <u><u>1,612</u></u> | <u><u>679</u></u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|---------------------------|---------------------|--|
| Revenues | | | |
| Taxes | \$ 74,774 | 75,203 | 429 |
| Intergovernmental | <u>7,254</u> | <u>7,504</u> | <u>250</u> |
| Total revenues | <u>82,028</u> | <u>82,707</u> | <u>679</u> |
| Expenditures | | | |
| Current | | | |
| Security of persons and property | <u>81,112</u> | <u>81,112</u> | <u>-</u> |
| Total expenditures | <u>81,112</u> | <u>81,112</u> | <u>-</u> |
| Excess of revenues over expenditures | 916 | 1,595 | 679 |
| Fund balance - January 1 | <u>17</u> | <u>17</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 933</u></u> | <u><u>1,612</u></u> | <u><u>679</u></u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------------------|-----------------------|---|
| Revenues | | | |
| Interest | \$ 6,000 | 26,359 | 20,359 |
| Miscellaneous | <u>-</u> | <u>36,752</u> | <u>36,752</u> |
| Total revenues | <u>6,000</u> | <u>63,111</u> | <u>57,111</u> |
| Expenditures | | | |
| Current | | | |
| Community development | <u>240,000</u> | <u>165,000</u> | <u>75,000</u> |
| Total expenditures | <u>240,000</u> | <u>165,000</u> | <u>75,000</u> |
| Excess of revenues over (under) expenditures | (234,000) | (101,889) | 132,111 |
| Fund balance - January 1 | <u>345,255</u> | <u>345,255</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 111,255</u></u> | <u><u>243,366</u></u> | <u><u>132,111</u></u> |

CITY OF KENT, OHIO

Debt Service Fund

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

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | Revised <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|--------------------------|----------------------|--|
| Revenues | | | |
| Special assessments | \$ <u>71,797</u> | <u>80,201</u> | <u>8,404</u> |
| Total revenues | <u>71,797</u> | <u>80,201</u> | <u>8,404</u> |
| Expenditures | | | |
| Current | | | |
| General government | 5,000 | 3,085 | 1,915 |
| Debt service | <u>898,149</u> | <u>896,429</u> | <u>1,720</u> |
| Total expenditures | <u>903,149</u> | <u>899,514</u> | <u>3,635</u> |
| Excess of revenues over (under) expenditures | (831,352) | (819,313) | 12,039 |
| Other financing sources | | | |
| Proceeds from sale of bonds | 561,000 | 561,363 | 363 |
| Operating transfers - in | <u>246,926</u> | <u>246,926</u> | <u>-</u> |
| Total other financing sources | <u>807,926</u> | <u>808,289</u> | <u>363</u> |
| Excess of revenues and other sources over (under) expenditures | (23,426) | (11,024) | 12,402 |
| Fund balance - January 1 | <u>50,190</u> | <u>50,190</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 26,764</u></u> | <u><u>39,166</u></u> | <u><u>12,402</u></u> |

CITY OF KENT, OHIO

Capital Projects Fund

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

CITY OF KENT, OHIO

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

Year ended December 31, 2000

| | <u>Revised Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|----------------------------|-------------------------|--|
| Revenues | | | |
| Intergovernmental | \$ 254,000 | 254,000 | - |
| Miscellaneous | <u>45,000</u> | <u>59,813</u> | <u>14,813</u> |
| Total revenues | <u>299,000</u> | <u>313,813</u> | <u>14,813</u> |
| Expenditures | | | |
| Capital outlays | \$ <u>3,770,333</u> | <u>3,119,937</u> | <u>650,396</u> |
| Total expenditures | <u>3,770,333</u> | <u>3,119,937</u> | <u>650,396</u> |
| Excess of revenues over (under) expenditures | (3,471,333) | (2,806,124) | 665,209 |
| Other financing sources | | | |
| Proceeds from sale of notes | 3,000,000 | 3,000,000 | - |
| Proceeds from long-term debt | 86,000 | 86,000 | - |
| Operating transfers - in | <u>2,475,000</u> | <u>2,475,000</u> | <u>-</u> |
| Total other financing sources | <u>5,561,000</u> | <u>5,561,000</u> | <u>-</u> |
| Excess of revenue and other sources over expenditures | 2,089,667 | 2,754,876 | 665,209 |
| Recovery of prior year encumbrances | - | 50,833 | 50,833 |
| Fund balance - January 1 | <u>598,882</u> | <u>598,882</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 2,688,549</u></u> | <u><u>3,404,591</u></u> | <u><u>716,042</u></u> |

CITY OF KENT, OHIO

Enterprise Funds

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

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

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

CITY OF KENT, OHIO
Combining Balance Sheet - All Enterprise Funds
December 31, 2000
(with comparative totals for 1999)

| ASSETS | Solid Waste Fund | Storm Water Drainage Fund | Sewer Fund | Water Fund | Totals | |
|---|---------------------|---------------------------------|---------------|---------------|--------------|--------------|
| | Fund | Fund | Fund | Fund | 2000 | 1999 |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ 133,744 | 127,838 | 2,377,817 | 2,392,713 | 5,032,112 | 5,146,496 |
| Receivables | | | | | | |
| Accounts | 32,311 | - | 592,859 | 488,051 | 1,113,221 | 1,166,899 |
| Interest | - | - | 37,180 | 32,904 | 70,084 | 60,820 |
| Less allowance for doubtful accounts | (1,803) | - | (63,257) | (52,612) | (117,672) | (89,638) |
| Receivables, net | 30,508 | - | 566,782 | 468,343 | 1,065,633 | 1,138,081 |
| Due from other funds | - | - | - | - | - | 8,213 |
| Due from other governments | 557 | - | 32,538 | 32,699 | 65,794 | - |
| Inventories | - | - | 8,632 | 9,739 | 18,371 | 20,783 |
| Prepaid items | 79 | - | 9,814 | 4,635 | 14,528 | 13,155 |
| Total current assets | 164,888 | 127,838 | 2,995,583 | 2,908,129 | 6,196,438 | 6,326,728 |
| Assets whose use is limited | - | - | - | - | - | 288,499 |
| Restricted cash and cash equivalents | - | - | 7,425 | - | 7,425 | 7,425 |
| Unamortized bond issuance costs | - | - | 70,157 | - | 70,157 | 77,173 |
| Fixed assets in service | | | | | | |
| Land and land improvements | - | - | 344,227 | 1,257,063 | 1,601,290 | 1,601,288 |
| Buildings, structures and improvements | 4,430 | - | 26,611,264 | 13,868,744 | 40,484,438 | 40,033,089 |
| Machinery and equipment | 21,096 | - | 4,585,086 | 4,112,312 | 8,718,494 | 6,757,960 |
| Less accumulated depreciation | (16,987) | - | (9,985,302) | (7,278,760) | (17,281,049) | (16,440,959) |
| Fixed assets in service, net | 8,539 | - | 21,555,275 | 11,959,359 | 33,523,173 | 31,951,378 |
| Construction in progress | - | 31,390 | 699,084 | 366,506 | 1,096,980 | 2,486,102 |
| Total assets | \$ 173,427 | 159,228 | 25,327,524 | 15,233,994 | 40,894,173 | 41,137,305 |
| LIABILITIES AND FUND EQUITY | | | | | | |
| Current Liabilities | | | | | | |
| Current portion of long-term debt | \$ - | - | 300,000 | - | 300,000 | 545,000 |
| Accounts payable | 20,283 | 20,777 | 116,752 | 48,615 | 206,427 | 496,879 |
| Capital contracts payable | - | - | 6,356 | 41,375 | 47,731 | 234,934 |
| Due to other funds | 421,466 | 346,000 | 428,980 | 512,100 | 1,708,546 | 1,485,759 |
| Accrued wages and benefits | 8,783 | - | 411,796 | 346,873 | 767,452 | 719,491 |
| Total current liabilities | 450,532 | 366,777 | 1,263,884 | 948,963 | 3,030,156 | 3,482,063 |
| Payable from restricted assets | - | - | 7,425 | - | 7,425 | 7,425 |
| Debt, net of current maturities | | | | | | |
| General obligation bonds payable | - | - | 3,645,000 | - | 3,645,000 | 3,945,000 |
| Mortgage revenue bonds payable | - | - | - | - | - | - |
| Total debt, net of current maturities | - | - | 3,645,000 | - | 3,645,000 | 3,945,000 |
| Total liabilities | 450,532 | 366,777 | 4,916,309 | 948,963 | 6,682,581 | 7,434,488 |
| Fund equity | | | | | | |
| Contributed capital - City of Kent and others | 139,656 | - | 10,510,414 | 999,605 | 11,649,675 | 11,613,624 |
| Retained earnings (deficit) | (416,761) | (207,549) | 9,900,801 | 13,285,426 | 22,561,917 | 22,089,193 |
| Total fund equity | (277,105) | (207,549) | 20,411,215 | 14,285,031 | 34,211,592 | 33,702,817 |
| Total liabilities and fund equity | \$ 173,427 | 159,228 | 25,327,524 | 15,233,994 | 40,894,173 | 41,137,305 |

CITY OF KENT, OHIO
Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) -
All Enterprise Funds
Year ended December 31, 2000
(with comparative totals for 1999)

| | Solid Waste | Storm Water | Sewer | Water | Totals | |
|---|---------------------|------------------|------------------|-------------------|-------------------|-------------------|
| | Fund | Drainage Fund | | | 2000 | 1999 |
| Operating revenues | | | | | | |
| Charges for services | \$ 317,948 | - | 3,278,038 | 2,749,205 | 6,345,191 | 6,325,614 |
| Other | 557 | - | 60,993 | 72,111 | 133,661 | 51,766 |
| Total operating revenues | <u>318,505</u> | <u>-</u> | <u>3,339,031</u> | <u>2,821,316</u> | <u>6,478,852</u> | <u>6,377,380</u> |
| Operating expenses | | | | | | |
| Personal services | 35,996 | - | 1,282,527 | 1,125,799 | 2,444,322 | 2,345,741 |
| Benefits | 10,129 | - | 346,024 | 300,175 | 656,328 | 664,209 |
| Utilities | - | - | 212,829 | 142,894 | 355,723 | 347,746 |
| Contractual services | 291,847 | 68,346 | 317,658 | 194,118 | 871,969 | 784,867 |
| Supplies and materials | 981 | - | 127,336 | 199,107 | 327,424 | 363,051 |
| Depreciation | 2,680 | - | 651,923 | 426,370 | 1,080,973 | 992,932 |
| Other | 9,312 | - | 133,750 | 147,138 | 290,200 | 214,794 |
| Total operating expenses | <u>350,945</u> | <u>68,346</u> | <u>3,072,047</u> | <u>2,535,601</u> | <u>6,026,939</u> | <u>5,713,340</u> |
| Operating income (loss) | <u>(32,440)</u> | <u>(68,346)</u> | <u>266,984</u> | <u>285,715</u> | <u>451,913</u> | <u>664,040</u> |
| Nonoperating revenues (expenses) | | | | | | |
| Interest revenue | - | - | 166,941 | 142,889 | 309,830 | 264,986 |
| Interest expense | - | - | (266,765) | (15,238) | (282,003) | (311,363) |
| Amortization of bond issuance costs | - | - | (7,016) | - | (7,016) | (7,016) |
| Gain on disposition of fixed assets | - | - | - | - | - | 3,969 |
| Loss on disposition of fixed assets | - | - | - | - | - | (101,503) |
| Net nonoperating revenues (expenses) | <u>-</u> | <u>-</u> | <u>(106,840)</u> | <u>127,651</u> | <u>20,811</u> | <u>(150,927)</u> |
| Net income (loss) | <u>(32,440)</u> | <u>(68,346)</u> | <u>160,144</u> | <u>413,366</u> | <u>472,724</u> | <u>513,113</u> |
| Retained earnings (deficit) - January 1 | (384,321) | (139,203) | 9,740,657 | 12,872,060 | 22,089,193 | 21,576,080 |
| Retained earnings (deficit) - December 31 | <u>\$ (416,761)</u> | <u>(207,549)</u> | <u>9,900,801</u> | <u>13,285,426</u> | <u>22,561,917</u> | <u>22,089,193</u> |

CITY OF KENT, OHIO
Combining Statement of Cash Flows -
All Enterprise Funds
Year ended December 31, 2000
(with comparative totals for 1999)

| | Solid Waste Fund | Storm Water Drainage Fund | Sewer Fund | Water Fund | Totals | |
|---|---------------------|---------------------------------|--------------------|------------------|--------------------|--------------------|
| | | | | | 2000 | 1999 |
| Cash flows from operating activities | | | | | | |
| Cash received from users | \$ 318,312 | - | 3,386,092 | 2,722,499 | 6,426,903 | 6,161,687 |
| Cash payments to suppliers for goods and services | (321,747) | (93,447) | (1,126,237) | (1,249,626) | (2,791,057) | (1,999,956) |
| Cash payments to employees for services | (34,909) | - | (1,248,761) | (1,112,691) | (2,396,361) | (2,334,910) |
| Other operating revenue | - | - | 28,455 | 39,412 | 67,867 | 51,766 |
| Net cash provided (used) by operating activities | <u>(38,344)</u> | <u>(93,447)</u> | <u>1,039,549</u> | <u>399,594</u> | <u>1,307,352</u> | <u>1,878,587</u> |
| Cash flows from noncapital financing activities | | | | | | |
| Loan from other fund | <u>65,000</u> | <u>134,610</u> | <u>-</u> | <u>-</u> | <u>199,610</u> | <u>235,000</u> |
| Net cash provided by noncapital financing activities | <u>65,000</u> | <u>134,610</u> | <u>-</u> | <u>-</u> | <u>199,610</u> | <u>235,000</u> |
| Cash flows from capital and related financing activities | | | | | | |
| Capital contributions | - | - | 19,455 | 16,596 | 36,051 | 99,943 |
| Purchase of capital assets | - | (31,390) | (217,789) | (227,141) | (476,320) | (190,767) |
| Construction of capital assets | - | - | (644,688) | (329,841) | (974,529) | (1,473,555) |
| Principal paid on outstanding capital debt | - | - | (280,000) | (265,000) | (545,000) | (520,000) |
| Interest paid on outstanding capital debt | - | - | (266,765) | (15,238) | (282,003) | (311,363) |
| Capital loan from other fund | - | 31,390 | - | - | 31,390 | - |
| Repayment of capital loan to other fund | - | - | (8,213) | - | (8,213) | - |
| Repayment of capital loan from other fund | - | - | - | 8,213 | 8,213 | - |
| Proceeds from sale of equipment | - | - | - | - | - | 107,816 |
| Net cash used by capital and related financing activities | <u>-</u> | <u>-</u> | <u>(1,398,000)</u> | <u>(812,411)</u> | <u>(2,210,411)</u> | <u>(2,287,926)</u> |
| Cash flows from investing activities | | | | | | |
| Interest on investments | <u>-</u> | <u>-</u> | <u>163,295</u> | <u>137,271</u> | <u>300,566</u> | <u>253,681</u> |
| Net cash provided by investing activities | <u>-</u> | <u>-</u> | <u>163,295</u> | <u>137,271</u> | <u>300,566</u> | <u>253,681</u> |
| Net increase (decrease) in cash and cash equivalents | 26,656 | 41,163 | (195,156) | (275,546) | (402,883) | 79,342 |
| Cash and cash equivalents - January 1 | <u>107,088</u> | <u>86,675</u> | <u>2,580,398</u> | <u>2,668,259</u> | <u>5,442,420</u> | <u>5,363,078</u> |
| Cash and cash equivalents - December 31 | <u>\$ 133,744</u> | <u>127,838</u> | <u>2,385,242</u> | <u>2,392,713</u> | <u>5,039,537</u> | <u>5,442,420</u> |

CITY OF KENT, OHIO
Combining Statement of Cash Flows -
All Enterprise Funds - Continued

| | Solid Waste | Storm Water | Sewer | Water | Totals | |
|---|--------------------|------------------|------------------|----------------|------------------|------------------|
| | Fund | Drainage Fund | | | Fund | Fund |
| Reconciliation of operating income to net cash provided by operating activities | | | | | | |
| Operating income (loss) | \$ (32,440) | (68,346) | 266,984 | 285,715 | 451,913 | 664,040 |
| Adjustment to reconcile operating income to net cash provided by operating activities | | | | | | |
| Depreciation | 2,680 | - | 651,923 | 426,370 | 1,080,973 | 992,932 |
| Provision for uncollectible accounts | 1,803 | - | 14,311 | 11,920 | 28,034 | (2,157) |
| Change in assets and liabilities | | | | | | |
| (Increase) decrease in accounts receivable | (1,439) | - | 93,743 | (38,626) | 53,678 | (161,770) |
| (Increase) decrease in due from other governments | (557) | - | (32,538) | (32,699) | (65,794) | - |
| (Increase) decrease in inventories | - | - | 695 | 1,717 | 2,412 | (4,426) |
| (Increase) decrease in prepaid items | 113 | - | (3,324) | 1,838 | (1,373) | 15,372 |
| Increase (decrease) in accounts payable | (9,591) | (25,101) | 13,989 | (269,749) | (290,452) | 363,765 |
| Increase (decrease) in wages and benefits payable | 1,087 | - | 33,766 | 13,108 | 47,961 | 10,831 |
| Net cash provided by operating activities | <u>\$ (38,344)</u> | <u>(93,447)</u> | <u>1,039,549</u> | <u>399,594</u> | <u>1,307,352</u> | <u>1,878,587</u> |

CITY OF KENT, OHIO

Internal Service Fund

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

Health and Life
Insurance Fund

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

CITY OF KENT, OHIO

Balance Sheet - Health and Life Insurance Fund

December 31, 2000

(with comparative totals for 1999)

| | <u>2000</u> | <u>1999</u> |
|---|---------------------|----------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 119,611 | 90,707 |
| Prepaid items | <u>450</u> | <u>450</u> |
| Total current assets | <u>120,061</u> | <u>91,157</u> |
| Other assets - cash surrender value of life insurance policies | | |
| | <u>905,085</u> | <u>866,668</u> |
| Total assets | <u>\$ 1,025,146</u> | <u>957,825</u> |
| LIABILITIES AND FUND EQUITY | | |
| Current Liabilities | | |
| Accounts payable | \$ 13,784 | 22,261 |
| Claims payable | <u>98,030</u> | <u>100,316</u> |
| Total current liabilities | <u>111,814</u> | <u>122,577</u> |
| Total liabilities | <u>111,814</u> | <u>122,577</u> |
| Fund equity | | |
| Retained earnings | <u>913,332</u> | <u>835,248</u> |
| Total fund equity | <u>913,332</u> | <u>835,248</u> |
| Total liabilities and fund equity | <u>\$ 1,025,146</u> | <u>957,825</u> |

CITY OF KENT, OHIO

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

Year ended December 31, 2000

(with comparative totals for 1999)

| | <u>2000</u> | <u>1999</u> |
|---------------------------------|--------------------------|-----------------------|
| Operating revenues | | |
| Charges for services | \$ <u>1,397,186</u> | <u>1,470,778</u> |
| Total operating revenues | <u>1,397,186</u> | <u>1,470,778</u> |
| Operating expenses | | |
| Claims | 1,113,769 | 1,132,073 |
| Premiums | <u>263,699</u> | <u>272,636</u> |
| Total operating expenses | <u>1,377,468</u> | <u>1,404,709</u> |
| Operating income (loss) | <u>19,718</u> | <u>66,069</u> |
| Nonoperating revenues | | |
| Interest revenue | <u>58,366</u> | <u>54,342</u> |
| Net nonoperating revenues | <u>58,366</u> | <u>54,342</u> |
| Net income | 78,084 | 120,411 |
| Retained earnings - January 1 | <u>835,248</u> | <u>714,837</u> |
| Retained earnings - December 31 | <u>\$ <u>913,332</u></u> | <u><u>835,248</u></u> |

CITY OF KENT, OHIO
Statement of Cash Flows -
Health and Life Insurance Fund
Year ended December 31, 2000
(with comparative totals for 1999)

| | <u>2000</u> | <u>1999</u> |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Cash received from users | \$ 1,397,186 | 1,470,778 |
| Cash payments to suppliers for goods and services | <u>(1,388,231)</u> | <u>(1,449,312)</u> |
| Net cash provided (used) by operating activities | <u>8,955</u> | <u>21,466</u> |
| Cash flows from investing activities | | |
| Payments for investments | (38,417) | (29,552) |
| Interest on investments | <u>58,366</u> | <u>54,342</u> |
| Net cash provided (used) by investing activities | <u>19,949</u> | <u>24,790</u> |
| Net increase (decrease) in cash and cash equivalents | 28,904 | 46,256 |
| Cash and cash equivalents - January 1 | <u>90,707</u> | <u>44,451</u> |
| Cash and cash equivalents - December 31 | <u>\$ 119,611</u> | <u>90,707</u> |
| Reconciliation of operating loss to net cash used by operating activities | | |
| Operating income (loss) | \$ 19,718 | 66,069 |
| Adjustment to reconcile operating loss to net cash used by operating activities | | |
| Change in assets and liabilities | | |
| Increase (decrease) in accounts payable | (8,477) | (3,248) |
| Increase (decrease) in claims payable | <u>(2,286)</u> | <u>(41,355)</u> |
| Net cash provided (used) by operating activities | <u>\$ 8,955</u> | <u>21,466</u> |

CITY OF KENT, OHIO

Agency Fund

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

Trust and Agency
Escrow Fund

To hold in trust those funds held by the City and received from a contractor, developer, or individual to insure compliance with the ordinances of the City of Kent.

CITY OF KENT, OHIO

Statement of Changes in Assets and Liabilities -
Trust and Agency Escrow Fund

Year ended December 31, 2000

| | Balance January 1, <u>2000</u> | <u>Additions</u> | <u>Deductions</u> | Balance December 31, <u>2000</u> |
|---------------------------|--------------------------------------|------------------|-------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents | \$ <u>304,606</u> | <u>151,388</u> | <u>115,128</u> | <u>340,866</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ <u>304,606</u> | <u>151,388</u> | <u>115,128</u> | <u>340,866</u> |

This page left blank intentionally.

CITY OF KENT, OHIO

General Fixed Asset Account Group

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

CITY OF KENT, OHIO

Schedule of General Fixed Assets by Source

December 31, 2000

| | <u>Gross</u> | <u>Accumulated Depreciation</u> | <u>Net</u> |
|---|----------------------|-------------------------------------|------------------|
| General fixed assets | | | |
| Land | \$ 2,425,664 | - | 2,425,664 |
| Buildings, structures and improvements | 6,360,293 | (2,049,587) | 4,310,706 |
| Machinery and equipment | 7,825,339 | (5,058,619) | 2,766,720 |
| Construction in progress | <u>158,159</u> | <u>-</u> | <u>158,159</u> |
| Total general fixed assets | <u>\$ 16,769,455</u> | <u>(7,108,206)</u> | <u>9,661,249</u> |
| Investment in general fixed assets from | \$ 5,016,923 | | |
| General fund revenue | 10,829,810 | | |
| Special revenue funds | 158,159 | | |
| Federal grants | 349,423 | | |
| Donations | <u>415,140</u> | | |
| Total investment in general fixed assets | <u>\$ 16,769,455</u> | | |

CITY OF KENT, OHIO

Schedule of General Fixed Assets by Function and Activity

December 31, 2000

| | <u>Land</u> | <u>Buildings, Structures and Improvements</u> | <u>Machinery and Equipment</u> | <u>Total</u> |
|--|---------------------|---|--|--------------------|
| Security of persons and property | | | | |
| Safety Director | \$ - | - | 26,346 | 26,346 |
| Fire | 17,000 | 581,861 | 2,231,719 | 2,830,580 |
| Police | <u>1,700</u> | <u>213,393</u> | <u>1,448,554</u> | <u>1,663,647</u> |
| Total security of persons and property | <u>18,700</u> | <u>795,254</u> | <u>3,706,619</u> | <u>4,520,573</u> |
| Public health and welfare | 36,630 | - | 28,677 | 65,307 |
| Leisure time activities | 1,577,081 | 654,324 | 475,740 | 2,707,145 |
| Community development | - | 370,595 | 131,923 | 502,518 |
| Transportation | 283,928 | 3,007,821 | 2,733,994 | 6,025,743 |
| General government | | | | |
| Civil service | - | 11,319 | 12,389 | 23,708 |
| Council | - | 185,297 | 61,514 | 246,811 |
| Engineering | - | 33,955 | 258,860 | 292,815 |
| Finance administration | - | 534,092 | 116,477 | 650,569 |
| Law | - | 11,318 | 14,371 | 25,689 |
| Manager | - | 22,637 | 32,338 | 54,975 |
| Service administration | <u>509,325</u> | <u>733,681</u> | <u>252,437</u> | <u>1,495,443</u> |
| Total general government | <u>509,325</u> | <u>1,532,299</u> | <u>748,386</u> | <u>2,790,010</u> |
| Total general fixed assets allocated to functions | 2,425,664 | 6,360,293 | 7,825,339 | 16,611,296 |
| Construction in progress | - | 127,584 | 30,575 | 158,159 |
| Accumulated depreciation | <u>-</u> | <u>(2,049,587)</u> | <u>(5,058,619)</u> | <u>(7,108,206)</u> |
| Net general fixed assets allocated to functions | \$ <u>2,425,664</u> | <u>4,438,290</u> | <u>2,797,295</u> | <u>9,661,249</u> |

CITY OF KENT, OHIO

Schedule of Changes in General Fixed Assets by Function and Activity

Year ended December 31, 2000

| | Fixed Assets January 1, 2000 | Additions | Deductions | Fixed Assets December 31, 2000 |
|--|---------------------------------------|------------------|-----------------|---|
| Security of persons and property | | | | |
| Safety Director | \$ 26,346 | - | - | 26,346 |
| Fire | 2,665,196 | 172,884 | (7,500) | 2,830,580 |
| Police | <u>1,576,572</u> | <u>90,295</u> | <u>(3,220)</u> | <u>1,663,647</u> |
| Total security of persons and property | <u>4,268,114</u> | <u>263,179</u> | <u>(10,720)</u> | <u>4,520,573</u> |
| Public health and welfare | 65,307 | - | - | 65,307 |
| Leisure time activities | 2,522,827 | 220,454 | (36,136) | 2,707,145 |
| Community development | 499,026 | 3,492 | - | 502,518 |
| Transportation | 5,958,545 | 97,080 | (29,882) | 6,025,743 |
| General government | | | | |
| Civil service | 23,708 | - | - | 23,708 |
| Council | 245,008 | 1,803 | - | 246,811 |
| Engineering | 268,003 | 24,812 | - | 292,815 |
| Finance administration | 650,569 | - | - | 650,569 |
| Law | 23,972 | 1,717 | - | 25,689 |
| Manager | 53,475 | 1,500 | - | 54,975 |
| Service administration | <u>1,425,570</u> | <u>69,873</u> | <u>-</u> | <u>1,495,443</u> |
| Total general government | <u>2,690,305</u> | <u>99,705</u> | <u>-</u> | <u>2,790,010</u> |
| Total general fixed assets allocated to functions | 16,004,124 | 683,910 | (76,738) | 16,611,296 |
| Construction in progress | - | 158,159 | - | 158,159 |
| Accumulated depreciation | <u>(6,268,827)</u> | <u>(901,617)</u> | <u>62,238</u> | <u>(7,108,206)</u> |
| Net general fixed assets allocated to functions | <u>\$ 9,735,297</u> | <u>(59,548)</u> | <u>(14,500)</u> | <u>9,661,249</u> |

CITY OF KENT, OHIO

General Government Revenue by Source (1)

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Taxes</u> | <u>Fees, Licenses, and Permits</u> | <u>Intergovernmental Revenue</u> | <u>Charges for Services</u> | <u>Fines and Forfeits</u> | <u>Special Assessments</u> | <u>Interest</u> | <u>Miscellaneous Revenue</u> | <u>Total</u> |
|--------------------|--------------|--|--------------------------------------|-------------------------------------|-----------------------------------|--------------------------------|-----------------|----------------------------------|--------------|
| 1991 | \$ 8,205,727 | 120,830 | 2,488,814 | 391,424 | 238,142 | 227,562 | 534,776 | 58,240 | 12,265,515 |
| 1992 | 8,518,526 | 171,877 | 2,071,814 | 482,159 | 246,072 | 234,716 | 349,953 | 145,365 | 12,220,482 |
| 1993 | 8,888,566 | 171,462 | 2,511,247 | 480,322 | 231,492 | 281,745 | 320,270 | 139,223 | 13,024,327 |
| 1994 | 9,011,745 | 135,346 | 3,273,344 | 475,802 | 299,133 | 142,291 | 356,688 | 236,109 | 13,930,458 |
| 1995 | 9,563,804 | 215,398 | 3,008,709 | 554,722 | 448,483 | 168,473 | 519,978 | 968,050 | 15,447,617 |
| 1996 | 9,937,708 | 172,204 | 3,782,230 | 555,781 | 359,628 | 177,847 | 500,984 | 376,652 | 15,863,034 |
| 1997 | 10,265,609 | 228,748 | 3,752,674 | 566,867 | 299,169 | 168,743 | 553,740 | 208,339 | 16,043,889 |
| 1998 | 11,096,845 | 248,234 | 3,540,752 | 591,432 | 472,835 | 131,322 | 679,171 | 374,474 | 17,135,065 |
| 1999 | 11,224,208 | 314,955 | 3,430,043 | 636,896 | 373,008 | 298,228 | 698,951 | 175,517 | 17,151,806 |
| 2000 | 11,454,325 | 152,496 | 3,707,016 | 840,692 | 363,619 | 159,746 | 941,332 | 407,801 | 18,027,027 |

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

CITY OF KENT, OHIO

General Government Expenditures By Function (1)

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Security of Persons and Property</u> | <u>Public Health and Welfare</u> | <u>Leisure Time Activities</u> | <u>Community Development</u> | <u>Transportation</u> | <u>General Government</u> | <u>Capital Outlays</u> | <u>Debt Service</u> | <u>Total</u> |
|--------------------|---|--|--|----------------------------------|-----------------------|-------------------------------|----------------------------|-------------------------|--------------|
| 1991 | \$ 4,800,215 | 346,622 | 524,547 | 671,512 | 956,774 | 1,820,480 | 2,370,092 | 157,141 | 11,647,383 |
| 1992 | 4,921,799 | 365,111 | 506,374 | 799,814 | 996,237 | 1,815,357 | 2,161,519 | 169,851 | 11,736,062 |
| 1993 | 5,140,570 | 367,218 | 581,019 | 833,332 | 991,660 | 1,931,608 | 1,998,366 | 956,825 | 12,800,598 |
| 1994 | 5,559,042 | 369,873 | 689,015 | 975,122 | 1,142,409 | 2,238,373 | 3,400,659 | 176,098 | 14,550,591 |
| 1995 | 5,618,153 | 362,258 | 670,684 | 1,392,519 | 1,162,392 | 2,506,238 | 2,937,126 | 168,025 | 14,817,395 |
| 1996 | 5,834,900 | 379,258 | 799,162 | 1,604,129 | 1,183,541 | 2,587,758 | 4,922,511 | 159,878 | 17,471,137 |
| 1997 | 6,181,814 | 384,446 | 843,018 | 1,596,340 | 1,257,393 | 2,358,076 | 2,073,682 | 201,704 | 14,896,473 |
| 1998 | 6,522,907 | 415,147 | 869,507 | 1,633,099 | 1,161,164 | 2,562,947 | 4,032,289 | 368,799 | 17,565,859 |
| 1999 | 6,927,110 | 421,313 | 829,725 | 1,331,444 | 1,147,096 | 2,524,234 | 2,065,938 | 339,211 | 15,586,071 |
| 2000 | 7,197,719 | 421,649 | 827,170 | 1,832,505 | 1,432,219 | 2,675,061 | 2,837,314 | 896,429 | 18,120,066 |

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

CITY OF KENT, OHIO

Property Tax Levies and Collections

Last Ten Fiscal Years

| Collection <u>Year</u> | Current Tax <u>Levy</u> | Total Tax <u>Collections (1)</u> | Total Collections as a Percent of Current <u>Tax Levy</u> | Accumulated Outstanding Delinquent <u>Taxes (2)</u> | Percent of Accumulated Delinquent Taxes to Total Current <u>Tax Levy</u> |
|---------------------------|----------------------------|-------------------------------------|---|--|---|
| 1991 | \$ 1,392,625 | 1,398,406 | 100.4 | 120,031 | 8.6 |
| 1992 | 1,504,154 | 1,487,432 | 98.9 | 116,123 | 7.7 |
| 1993 | 1,520,914 | 1,543,607 | 101.5 | 103,363 | 6.8 |
| 1994 | 1,537,402 | 1,561,468 | 101.6 | 96,616 | 6.3 |
| 1995 | 1,655,061 | 1,714,983 | 103.6 | 70,753 | 4.3 |
| 1996 | 1,666,273 | 1,696,819 | 101.8 | 73,189 | 4.4 |
| 1997 | 1,864,376 | 1,856,717 | 99.6 | 94,912 | 5.1 |
| 1998 | 1,993,259 | 2,026,685 | 101.7 | 80,678 | 4.0 |
| 1999 | 1,993,007 | 2,004,367 | 100.6 | 109,342 | 5.5 |
| 2000 | 2,085,962 | 2,060,446 | 98.8 | 95,986 | 4.6 |

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

(2) Exclusive of penalties and interest assessed on delinquent taxes.

Source: Portage County, Ohio; County Auditor.

CITY OF KENT, OHIO

Assessed Valuations and Estimated True Values of Taxable Real Property

Last Ten Fiscal Years

| <u>Tax Year/Collection Year</u> | <u>Assessed Valuations</u> | | | | <u>Estimated True Value</u> |
|---------------------------------|----------------------------|------------------------------------|-----------------------------------|--------------|-----------------------------|
| | <u>Real Property (1)</u> | <u>Public Utility Property (2)</u> | <u>Tangible Personal Property</u> | <u>Total</u> | <u>Real Property</u> |
| 1991/1992 | \$ 157,252,830 | 16,796,130 | 31,477,549 | 205,526,509 | 449,293,800 |
| 1992/1993 | 158,525,701 | 16,339,550 | 32,307,578 | 207,172,829 | 452,930,574 |
| 1993/1994 | 160,687,810 | 16,708,610 | 33,668,914 | 211,065,334 | 459,108,029 |
| 1994/1995 | 183,720,460 | 17,009,640 | 33,057,408 | 233,787,508 | 524,915,600 |
| 1995/1996 | 186,723,210 | 14,172,320 | 35,158,058 | 236,053,588 | 533,494,886 |
| 1996/1997 | 188,992,523 | 13,661,270 | 37,194,204 | 239,847,997 | 539,978,637 |
| 1997/1998 | 215,205,680 | 13,265,220 | 39,816,452 | 268,287,352 | 614,873,371 |
| 1998/1999 | 218,165,746 | 12,787,660 | 39,435,714 | 270,389,120 | 623,330,703 |
| 1999/2000 | 222,384,732 | 12,732,900 | 39,539,156 | 274,656,788 | 635,384,949 |
| 2000/2001 | 264,062,473 | 10,593,570 | 42,056,737 | 316,712,780 | 754,464,209 |

The current assessed valuation is computed at the following percentages of estimated true value: real property - 35%; public utilities - 100%; tangible personal property machinery and equipment - 25%; and tangible personal property inventory - 25%.

Notes: (1) Other than public utility property.

(2) Real and tangible personal public utility property.

Source: Portage County, Ohio; County Auditor.

CITY OF KENT, OHIO

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

Last Ten Fiscal Years

| <u>Tax Year/Collection Year</u> | <u>City</u> | <u>Portage County</u> | <u>Franklin Township</u> | <u>Kent City School District</u> | <u>Total</u> |
|---------------------------------|-------------|---------------------------|------------------------------|--|--------------|
| 1991/1992 | \$ 9.14 | 10.34 | .40 | 74.25 | 94.13 |
| 1992/1993 | 9.14 | 10.32 | .40 | 74.25 | 94.11 |
| 1993/1994 | 9.44 | 10.30 | - | 74.15 | 93.89 |
| 1994/1995 | 9.44 | 10.17 | - | 83.02 | 102.63 |
| 1995/1996 | 9.44 | 10.92 | - | 82.98 | 103.34 |
| 1996/1997 | 9.44 | 12.72 | - | 87.60 | 109.76 |
| 1997/1998 | 9.44 | 12.72 | - | 87.42 | 109.58 |
| 1998/1999 | 9.44 | 12.72 | - | 86.70 | 108.86 |
| 1999/2000 | 9.44 | 12.72 | - | 86.50 | 108.66 |
| 2000/2001 | 9.44 | 12.72 | - | 86.60 | 108.76 |

CITY OF KENT, OHIO

Special Assessment Billings and Collections

Last Ten Fiscal Years

| <u>Collection Year</u> | <u>Current</u> | <u>Delinquent (1)</u> | <u>Total Billed</u> | <u>Collected Amount</u> | <u>Percent of Total Collected</u> |
|----------------------------|----------------|-----------------------|-------------------------|-----------------------------|---|
| 1991 | \$ 175,007 (2) | 58,194 (2) | 233,201 | 198,301 | 85.03 |
| 1992 | 217,467 (2) | 47,754 | 265,221 | 222,399 | 83.85 |
| 1993 | 193,732 | 51,542 | 245,274 | 252,740 | 103.04 |
| 1994 | 199,171 | 56,016 | 255,187 | 201,068 | 78.79 |
| 1995 | 186,181 | 56,580 | 242,761 | 180,236 | 74.24 |
| 1996 | 181,807 | 71,311 | 253,118 | 180,884 | 71.46 |
| 1997 | 125,486 | 73,005 | 198,491 | 163,824 | 82.53 |
| 1998 | 135,878 | 26,790 | 162,668 | 139,897 | 86.00 |
| 1999 | 95,499 | 15,583 | 111,082 | 86,609 | 77.97 |
| 2000 | 193,485 | 19,755 | 213,240 | 195,797 | 91.82 |

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

(2) Reduced by assessments defined by court order.

CITY OF KENT, OHIO

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

Last Ten Fiscal Years

| <u>Year</u> | <u>Population (1)</u> | <u>Assessed Value (in thousands)</u> | <u>Gross Bonded Debt</u> | <u>Debt Service Monies Available</u> | <u>Bonded Debt Payable from Enterprise Revenue</u> | <u>Net Debt Supported by Special Assessments</u> | <u>Net General Obligation Bonded Debt Outstanding</u> | <u>Ratio of Net Bonded Debt to Assessed Valuation</u> | <u>Net Bonded Debt Per Capita</u> |
|-------------|-----------------------|--------------------------------------|--------------------------|--------------------------------------|--|--|---|---|-----------------------------------|
| 1991 | 28,835 | \$ 205,527 | 9,436,398 | 13,538 | 8,437,868 | 984,992 | - | - | - |
| 1992 | 28,835 | 207,173 | 8,580,000 | 15,324 | 7,680,000 | 884,676 | - | - | - |
| 1993 | 28,835 | 211,065 | 7,975,000 | 72,657 | 7,180,000 | 722,343 | - | - | - |
| 1994 | 28,835 | 233,788 | 7,455,000 | 211 | 6,780,000 | 674,789 | - | - | - |
| 1995 | 28,835 | 236,054 | 6,945,000 | 1,425 | 6,390,000 | 553,575 | - | - | - |
| 1996 | 28,835 | 239,848 | 6,390,000 | 13,342 | 5,955,000 | 421,658 | - | - | - |
| 1997 | 28,835 | 268,287 | 5,852,000 | 38,337 | 5,500,000 | 313,663 | - | - | - |
| 1998 | 28,835 | 270,389 | 8,269,000 | 33,291 | 5,010,000 | 225,709 | 3,000,000 | 0.01 | 104.04 |
| 1999 | 28,835 | 274,657 | 7,615,000 | 50,190 | 4,490,000 | 169,810 | 2,905,000 | 0.01 | 100.75 |
| 2000 | 27,906 | 316,713 | 7,487,000 | 39,166 | 3,945,000 | 697,834 | 2,805,000 | 0.01 | 100.52 |

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

CITY OF KENT, OHIO

Computation of Legal Debt Margin

December 31, 2000

| | | |
|---|------------------|----------------------|
| Assessed valuation | | \$ 316,712,780 |
| Overall debt limitation - 10.50% of assessed valuation | | \$ 33,254,842 |
| Gross indebtedness | \$ 10,487,000 | |
| Less: Debt outside limitations | <u>4,682,000</u> | |
| Debt within 10.50% limitation | 5,805,000 | |
| Net debt within 10.50% limitation | | 5,805,000 |
| Legal debt margin within 10.50% limitation | | <u>\$ 27,449,842</u> |
| Unvoted debt limitation - 5.50% of assessed valuation | | \$ 17,419,203 |
| Gross indebtedness | \$ 10,487,000 | |
| Less: Debt outside limitations | <u>4,682,000</u> | |
| Debt within 5.50% limitation | 5,805,000 | |
| Net debt within 5.50% limitation | | <u>5,805,000</u> |
| Legal debt margin within 5.50% limitation | | <u>\$ 11,614,203</u> |

CITY OF KENT, OHIO

Computation of Direct and Overlapping Net Debt

December 31, 2000

| <u>Jurisdiction</u> | <u>Net General Obligation Bonded Debt Outstanding (1)</u> | <u>Percentage Applicable to City of Kent</u> | <u>Amount Applicable to City of Kent</u> |
|--------------------------|---|--|--|
| <u>Direct</u> | | | |
| City of Kent | \$ <u>2,805,000</u> | 100.00% | \$ <u>2,805,000</u> |
| Total Direct | <u>2,805,000</u> | | <u>2,805,000</u> |
| <u>Overlapping</u> | | | |
| Kent City Schools (2) | 20,646,998 | 70.03% | 14,459,093 |
| Portage County, Ohio (3) | <u>13,132,600</u> | 12.10% | <u>1,589,045</u> |
| Total Overlapping | <u>33,779,598</u> | | <u>16,048,138</u> |
| Grand Total | \$ <u><u>36,584,598</u></u> | | \$ <u><u>18,853,138</u></u> |

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

(2) Source: Kent City Schools; Treasurer.

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

CITY OF KENT, OHIO

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

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service (1)</u> | <u>Total General Government Expenditures (2)</u> | <u>Ratio of Debt Service to Total General Government Expenditures</u> |
|------------------------|------------------|-----------------|---------------------------------------|--|---|
| 1991 | \$ 76,000 | 81,141 | 157,141 | 11,647,383 | 1.35 |
| 1992 | 98,530 | 71,321 | 169,851 | 11,736,062 | 1.45 |
| 1993 | 105,000 | 63,728 | 168,728 | 12,800,598 | 1.32 |
| 1994 | 120,000 | 56,098 | 176,098 | 14,550,591 | 1.21 |
| 1995 | 120,000 | 48,025 | 168,025 | 14,817,395 | 1.13 |
| 1996 | 120,000 | 39,878 | 159,878 | 17,471,137 | 0.92 |
| 1997 | 83,000 | 31,645 | 114,645 | 14,896,473 | 0.77 |
| 1998 | 93,000 | 120,701 | 213,701 | 17,565,859 | 1.22 |
| 1999 | 134,000 | 161,554 | 295,554 | 15,586,071 | 1.90 |
| 2000 | 144,000 | 155,299 | 299,299 | 18,120,066 | 1.65 |

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

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

CITY OF KENT, OHIO

Revenue Bond Coverage - Sewer Bonds

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Gross Revenue (1)</u> | <u>Total Operating Expenses (2)</u> | <u>Net Revenue Available for Debt Service</u> | <u>Debt Service Requirements</u> | | | <u>Coverage</u> |
|--------------------|--------------------------|-------------------------------------|---|----------------------------------|-----------------|--------------|-----------------|
| | | | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 1991 | \$ 3,018,665 | 1,798,784 | 1,219,881 | 200,000 | 517,678 | 717,678 | 1.70 |
| 1992 | 2,817,491 | 1,813,742 | 1,003,749 | 385,000 | 427,955 | 812,955 | 1.23 |
| 1993 | 2,865,526 | 1,913,083 | 952,443 | 200,000 | 345,427 | 545,427 | 1.75 |
| 1994 | 3,196,491 | 2,093,679 | 1,102,812 | 210,000 | 338,328 | 548,328 | 2.01 |
| 1995 | 3,341,390 | 2,160,064 | 1,181,326 | 215,000 | 328,983 | 543,983 | 2.17 |
| 1996 | 3,309,536 | 2,223,796 | 1,085,740 | 225,000 | 318,878 | 543,878 | 2.00 |
| 1997 | 3,271,850 | 2,155,379 | 1,116,471 | 235,000 | 307,740 | 542,740 | 2.06 |
| 1998 | 3,257,363 | 2,233,873 | 1,023,490 | 255,000 | 295,520 | 550,520 | 1.86 |
| 1999 | 3,476,351 | 2,253,505 | 1,222,846 | 270,000 | 281,750 | 551,750 | 2.22 |
| 2000 | 3,505,972 | 2,420,124 | 1,085,848 | 280,000 | 266,765 | 546,765 | 1.99 |

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

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

CITY OF KENT, OHIO

Revenue Bond Coverage - Water Bonds

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Gross Revenue (1)</u> | <u>Total Operating Expenses (2)</u> | <u>Net Revenue Available for Debt Service</u> | <u>Debt Service Requirements</u> | | | <u>Coverage</u> |
|--------------------|--------------------------|-------------------------------------|---|----------------------------------|-----------------|--------------|-----------------|
| | | | | <u>Principal (3)</u> | <u>Interest</u> | <u>Total</u> | |
| 1991 | \$ 3,038,368 | 1,769,608 | 1,268,760 | 353,988 | 168,522 | 522,510 | 2.43 |
| 1992 | 2,863,076 | 2,139,979 | 723,097 | 372,868 | 140,806 | 513,674 | 1.41 |
| 1993 | 2,877,653 | 2,042,985 | 834,668 | 300,000 | 110,137 | 410,137 | 2.04 |
| 1994 | 2,791,805 | 2,324,716 | 467,089 | 190,000 | 88,838 | 278,838 | 1.68 |
| 1995 | 2,791,736 | 2,149,234 | 642,502 | 175,000 | 77,913 | 252,913 | 2.54 |
| 1996 | 2,748,222 | 2,361,596 | 386,626 | 210,000 | 67,850 | 277,850 | 1.39 |
| 1997 | 2,743,794 | 2,021,631 | 722,163 | 220,000 | 55,775 | 275,775 | 2.62 |
| 1998 | 2,727,096 | 2,006,673 | 720,423 | 235,000 | 43,125 | 278,125 | 2.59 |
| 1999 | 2,860,695 | 2,016,738 | 843,957 | 250,000 | 29,613 | 279,613 | 3.02 |
| 2000 | 2,964,205 | 2,109,231 | 854,974 | 265,000 | 15,238 | 280,238 | 3.05 |

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

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

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

CITY OF KENT, OHIO

Demographic Statistics

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Population (1)</u> | <u>Public School Enrollment (2)</u> | <u>Unemployment Rate - County (3)</u> | <u>Unemployment Rate - City (4)</u> |
|--------------------|-----------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| 1991 | 28,835 | 4,107 | 6.1 | 5.2 |
| 1992 | 28,835 | 4,109 | 7.1 | 6.2 |
| 1993 | 28,835 | 4,101 | 5.8 | 6.7 |
| 1994 | 28,835 | 4,097 | 5.2 | 6.0 |
| 1995 | 28,835 | 4,173 | 4.2 | 4.8 |
| 1996 | 28,835 | 4,244 | 4.4 | 5.1 |
| 1997 | 28,835 | 4,152 | 4.0 | 4.7 |
| 1998 | 28,835 | 3,982 | 3.7 | 4.3 |
| 1999 | 28,835 | 3,990 | 4.0 | 4.6 |
| 2000 | 27,906 | 3,839 | 3.9 | 4.5 |

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

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

(3) Ohio Bureau of Employment Services - Portage County average annual rates.

(4) Ohio Bureau of Employment Services - City of Kent average annual rates.

CITY OF KENT, OHIO
 Construction and Bank Deposits
 Last Ten Fiscal Years

| Fiscal Year | Commercial/Industrial - New Construction (1) | | Commercial/Industrial - Alterations (1) | | Residential - New Construction (1) | | Residential - Alterations (1) | | Bank Deposits (2) (in thousands) |
|-------------|---|-----------|--|-----------|---------------------------------------|------------|----------------------------------|-----------|--|
| | Number | Value | Number | Value | Number | Value | Number | Value | |
| 1991 | 2 | 684,434 | 35 | 1,152,960 | 29 | 4,509,000 | 90 | 866,695 | 200,740 |
| 1992 | 3 | 1,852,000 | 23 | 1,422,078 | 24 | 3,338,865 | 68 | 1,295,392 | 205,867 |
| 1993 | 8 | 1,368,000 | 51 | 2,500,131 | 30 | 3,590,597 | 67 | 595,387 | 243,585 |
| 1994 | 4 | 1,050,338 | 49 | 5,515,635 | 53 | 6,822,403 | 93 | 949,901 | 251,884 |
| 1995 | 2 | 555,000 | 31 | 2,301,000 | 33 | 3,640,704 | 67 | 647,640 | 245,027 |
| 1996 | 6 | 5,539,000 | 11 | 570,750 | 44 | 5,206,377 | 70 | 634,723 | 324,344 |
| 1997 | 4 | 1,935,000 | 27 | 4,043,100 | 54 | 7,892,836 | 40 | 693,001 | 351,734 |
| 1998 | 3 | 3,453,403 | 14 | 379,300 | 40 | 6,143,841 | 60 | 762,782 | 354,069 |
| 1999 | 9 | 5,172,000 | 25 | 4,773,000 | 69 | 10,994,000 | 120 | 1,004,000 | 336,320 |
| 2000 | 3 | 349,000 | 29 | 1,119,350 | 51 | 8,753,425 | 108 | 1,744,813 | N/A |

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

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

N/A = Not Available

CITY OF KENT, OHIO

Principal Taxpayers

December 31, 2000

| <u>Taxpayer</u> | <u>Business Activity</u> | <u>2000 Assessed Valuation for Collection in 2001</u> | <u>Percentage of Total Assessed Valuation</u> |
|----------------------------|--------------------------|---|---|
| Ohio Bell | Telephone Utility | \$ 4,653,280 | 1.47 % |
| Gougler Industries, Inc. | Manufacturer | 4,453,800 | 1.41 |
| Ohio Edison | Electric Utility | 3,719,120 | 1.17 |
| Silver Meadows Ltd. | Apartment Residences | 3,452,050 | 1.09 |
| W9/GLM Real Estate | Apartment Residences | 2,885,120 | 0.91 |
| Paul P. Tell Sr. | Apartment Residences | 2,758,890 | 0.87 |
| Mikey Ryan LLC * | Apartment Residences | 2,620,800 | 0.83 |
| Kent State Apartments | Apartment Residences | 2,271,150 | 0.72 |
| Klaben Ford, Inc. | Automobile Dealership | 2,251,180 | 0.71 |
| Whitehall Associates, Inc. | Apartment Residences | <u>2,176,020</u> | <u>0.69</u> |
| | | \$ <u><u>31,241,410</u></u> | <u><u>9.87 %</u></u> |
| Total Assessed Valuation | | \$ <u><u>316,712,780</u></u> | |

* Formerly AERC Holly Park

Source: Portage County, Ohio; County Treasurer.

CITY OF KENT, OHIO

Principal Employers - By Municipal Income Tax Withheld

December 31, 2000

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

| <u>Employer</u> | <u>Activity</u> | <u>Amount of Tax Withheld</u> | <u>Percentage of Total Municipal Income Tax Revenue</u> |
|------------------------------------|-----------------------|---------------------------------------|---|
| Kent State University | Higher Education | \$ 2,897,529 | 30.80 % |
| Kent City Schools | Education | 456,152 | 4.85 |
| Davey Tree Expert Co., Inc. | Tree Care | 215,065 | 2.29 |
| Ametek, Inc. | Manufacturer | 199,596 | 2.12 |
| City of Kent | City Government | 193,719 | 2.06 |
| Smithers-Oasis Company | Manufacturer | 117,491 | 1.25 |
| Klaben Family Ford, Inc. | Automobile Dealership | 112,025 | 1.19 |
| Land-O-Lakes | Dairy Products | 100,638 | 1.07 |
| Gougler Industries, Inc. | Manufacturer | 88,710 | 0.94 |
| Kent Adhesive Products Co., Inc. | Manufacturer | <u>83,339</u> | <u>0.89</u> |
| | | <u>\$ 4,464,264</u> | <u>47.46 %</u> |
| Total municipal income tax revenue | | <u>\$ 9,407,417</u> (1) | |

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

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

CITY OF KENT, OHIO

Miscellaneous Statistics and Community Profile

LOCATION

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

PORTAGE COUNTY LABOR FORCE DECEMBER 2000

Employment: 80,300
Unemployment rate: 3.9%

EDUCATION

| | Schools | Teachers | Grades | Enrollment |
|-------------------------------|---|----------|--------|------------|
| Elementary | 5 | - | K - 6 | 1,676 |
| Middle school | 1 | - | 7 - 8 | 803 |
| High school | 1 | - | 9 - 12 | 1,360 |
| Private and parochial | 1 | - | K - 8 | 374 |
| Vocational/technical | Co-operative with other communities | | | |
| Colleges | 1 - graduate and undergraduate - 21,900 | | | |
| Libraries | 2 | | | |
| Total volumes and other media | 3,466,000 | | | |

TRANSPORTATION

Railroads

Name: CSX Transportation, Wheeling & Lake Erie Railroad

Motor Freight Lines

Name: 45 serve the area

Air

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

CITY OF KENT, OHIO

Miscellaneous Statistics and Community Profile

Water

Nearest port: Cleveland World Port
Distance in miles: 45

UTILITIES AND SERVICES

Natural gas supplier: Dominion East Ohio
Contact: 330/794-0790
Electricity supplier: Ohio Edison Company
Contact: 330/677-2700
Water supplier: Municipal
Contact: 330/678-8104
Source: Wells
Treatment capacity: 6.0 million gallons per day
Available capacity: 2.4 million gallons per day

SEWERS

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

GREATER KENT AREA

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

FINANCIAL

Banks: 8
Credit Unions: 2

CITY OF KENT, OHIO

Miscellaneous Statistics and Community Profile

MEDICAL

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

GOVERNMENT

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

COMMUNICATIONS

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

LOCAL CONTACTS

Chamber of Commerce: Daniel Smith
Address: 155 East Main Street
Kent, Ohio 44240
Phone: 330/673-9855

Kent Growth Corporation: Lewis Steinbrecher, City Manager
Address: City Building, 319 South Water Street
Kent, Ohio 44240
Phone: 330/678-8100

Economic Development: Michael T. Weddle, Economic Development Coordinator
Address: City Building, 319 South Water Street
Kent, Ohio 44240
Phone: 330/678-8100

This page left blank intentionally.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF KENT
PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 16, 2001**