

CITY OF KENT, OHIO

SINGLE AUDIT REPORT

DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
Columbus, Ohio 43215

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The Honorable Mayor, City Manager,
and Members of City Council
City of Kent
Kent, OH 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, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 24, 2002

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CITY OF KENT, OHIO
AUDIT REPORT
DECEMBER 31, 2001

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

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

Member American Institute of Certified Public Accountants

(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, 2001, and have issued our report thereon dated June 24, 2002. As described in the notes to the general purpose financial statements, during the year ended December 31, 2001, the City adopted Governmental Accounting Standards Board Statements Number 33 and 36. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City'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 24, 2002.

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 24, 2002

James G. Zupka
Certified Public Accountant

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**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, 2001. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Kent, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination 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, 2001. 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 24, 2002.

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, 2001, and have issued our report thereon dated June 24, 2002. 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 24, 2002

James G. Zupka
Certified Public Accountant

CITY OF KENT, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2001

<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-97-MC-39-0026	\$ 453,000	\$ 0	\$ 0	\$ 9,433
Community Development Block Grant - Entitlement	14.218	B-98-MC-39-0026	432,000	0	0	201
Community Development Block Grant - Entitlement	14.218	B-99-MC-39-0026	435,000	235,515	0	9,743
Community Development Block Grant - Entitlement	14.218	B-00-MC-39-0026	432,000	71,858	0	247,163
Community Development Block Grant - Entitlement	14.218	B-01-MC-37-0026	443,000	0	0	43,623
Community Housing Improvement Prog Entitlement	14.239	A-C-99-136-2	465,000	244,959	0	242,219
Community Housing Improvement Prog Entitlement	14.239	A-C-01-136-2	500,000	5,000	0	5,000
Total U.S. Department of Housing and Urban Development				<u>557,332</u>	<u>0</u>	<u>557,382</u>
<u>U.S. Department of Justice</u>						
Direct Programs:						
COPS Fast Grant	16.710	95-CF-WX03461	450,000	2,457	0	2,457
Total COPS Fast Grant				<u>2,457</u>	<u>0</u>	<u>2,457</u>
Local Law Enforcement Block Grant	16.592	99-LB-VX-8487	28,066	17,009	1,365	18,374 *
Local Law Enforcement Block Grant	16.592	00-LB-VX-3130	25,983	18,642	0	18,642
Local Law Enforcement Block Grant	16.592	01-LB-VX-3931	23,398	2,131	0	2,122
Total Local Law Enforcement Block Grant				<u>37,782</u>	<u>1,365</u>	<u>39,138</u>
Total U.S. Department of Justice				<u>40,239</u>	<u>1,365</u>	<u>41,595</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 597,571</u>	<u>\$ 1,365</u>	<u>\$ 598,977</u>

* Includes \$1,365 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, 2001

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, 2001.

	<u>Receipt Recognized</u>	<u>Direct Program Expenditures</u>
<u>Department of HUD</u>		
Community Development -		
Cash Basis	\$ 507,240	\$ 509,616
Accrual Adjustment	50,092	47,766
Community Development - Accrual Basis	<u>\$ 557,332</u>	<u>\$ 557,382</u>
<u>Department of Justice</u>		
Cash Basis	\$ 50,795	\$ 42,611
Accrual Adjustments	(10,556)	(1,016)
Department of Justice - Accrual Basis	<u>\$ 40,239</u>	<u>\$ 41,595</u>

CITY OF KENT, OHIO
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2001

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, 2001 was \$449,885. 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 \$1,365 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	\$ 15,821
Revolving Loan Interest Earnings - UDAG	10,670
Rehabilitation Loan Repayment - CDBG	47,798
Interest Income from Bank Accounts - UDAG	5,465
Interest Income from Bank Accounts	1,804
Community Development Block Grant:	
Program Income	10,706
Continuing Housing Impact Program:	
Program Income	47,900
	<hr/>
Total Program Income	\$ 140,164 <hr/> <hr/>

CITY OF KENT, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001

The prior audit report, as of December 31, 2000, 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, 2001

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

2001(i)	Type of Financial Statement Opinion	Unqualified
2001(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2001(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
2001(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
2001(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2001(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2001(v)	Type of Major Programs' Compliance Opinions	Unqualified
2001(vi)	Are there any reportable findings under .510?	No
2001(vii)	Major Programs (list):	<ol style="list-style-type: none"> 1. Community Development Block Grant (CDBG) (CFDA #14.218) 2. Community Housing Improvement Program (CFDA #14.239)
2001(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
2001(ix)	Low Risk Auditee?	Yes

CITY OF KENT, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
(CONTINUED)
DECEMBER 31, 2001

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, 2001

Issued by The Department of Budget and Finance

BARBARA A. RISSLAND
Director of Budget and Finance

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CITY OF KENT

Comprehensive Annual Financial Report
December 31, 2001

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 - 2001	15
Appointed Officials - 2001	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) - All Governmental Fund Types	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, 2001

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, 2001

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, 2001

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 25, 2002

Dear Mayor, Councilmembers and Citizens of Kent:

The City of Kent Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001, 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 2000. 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 fifteenth 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,

Lewis J. Steinbrecher
City Manager

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CITY OF KENT, OHIO

DEPARTMENT OF BUDGET AND FINANCE

June 25, 2002

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, 2001, 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 2001 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 23,000 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.

Kent State University Enrollment

<u>Year</u>	<u>Average Enrollment</u>	<u>Percent Change from Previous Year</u>
2001	22,828	4.2%
2000	21,900	1.1%
1999	21,652	3.4%
1998	20,947	1.0%
1997	20,743	0.7%

In the statistical section, the table entitled "Principal Employers - By Municipal Income Tax Withheld" shows that Kent State University alone accounts for 32.3 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 \$9.6 million second 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 2001. A \$6 million renovation of the auditorium was also completed in 2001. Finally, work began on a five year, \$165 million project consisting of construction and renovation of the residence halls.

During the year, construction within the City continued at high levels. Permits issued for commercial/industrial new construction and alterations show an estimated value of \$8.8 million. Three new residential subdivisions were under construction. These subdivisions consist of upscale condominiums and single family houses with values ranging from \$150,000 to \$250,000. Building permits issued indicate a total value of \$12.6 million for residential new construction and renovations.

The City continues to work with Kent State University in a spirit of cooperation in order to enhance the quality of life for Kent residents as well as for the students attending the university. 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 2001.

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 2001, 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. 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. This information will be reviewed throughout upcoming planning sessions. The comprehensive capital plan will help the City provide for the orderly replacement and development of public facilities and infrastructure as evidenced by the groundbreaking in 2001 on the \$4.3 million renovation and expansion of the main fire station. The storm water drainage utility was also implemented as planned in 2001. Total operating revenues exceeded \$340,000 for the first eight months of operations. 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. Finally, the City's redevelopment efforts began to show results with the approval of plans for the renovation of a vacant building in the West River Neighborhood into medical office space. It is anticipated that this project will stimulate additional redevelopment in this area.

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, 2001. Major revenue categories are shown and a discussion of material differences from 2000 to 2001.

ALL GOVERNMENTAL FUNDS
Comparison of Revenues - 2001 - 2000

	<u>2001</u> <u>Amount</u>	<u>Percentage</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2000</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
Revenues:				
Taxes	\$ 12,036,231	64.70	\$ 581,906	5.08
Fees, licenses and permits	300,552	1.61	148,056	97.09
Intergovernmental	3,671,672	19.74	(35,344)	(0.95)
Charges for services	755,909	4.06	(84,783)	(10.08)
Fines and forfeits	352,319	1.89	(11,300)	(3.11)
Special assessments	209,485	1.13	49,739	31.14
Interest	931,920	5.01	(9,412)	(1.00)
Miscellaneous	<u>345,495</u>	<u>1.86</u>	<u>(62,306)</u>	<u>(15.28)</u>
Total revenues	<u>\$ 18,603,583</u>	<u>100.00</u>	<u>\$ 576,556</u>	

The increase in taxes is primarily due to an increase in property taxes as a result of a county wide reevaluation of property which took place in 2000 and was first collected in 2001.

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

Charges for services declined primarily due to decreased ambulance collections. The collection of these charges will be contracted to an outside service agency in 2002.

Special assessments increased in 2001 principally due to a lump sum payment of \$30,000 related to the Marvin Street project.

The decrease in miscellaneous revenue is primarily due to a workers' compensation premium refund that was received in 2000.

The following schedule provides a summary of general government funds' expenditures for the year ended December 31, 2001. As with the revenue schedule above, a discussion of material differences from 2000 to 2001 is included.

ALL GOVERNMENTAL FUNDS

Comparison of Expenditures - 2001 - 2000

	<u>2001</u> <u>Amount</u>	<u>Percentage</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2000</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
Expenditures:				
Current:				
Security of persons and property	\$ 7,328,137	40.20	\$ 130,418	1.81
Public health and welfare	466,178	2.56	44,529	10.56
Leisure time activities	863,226	4.73	36,056	4.36
Community development	2,098,614	11.51	266,109	14.52
Transportation	1,251,158	6.86	(181,061)	(12.64)
General government	2,880,775	15.80	205,714	7.69
Capital outlays	2,835,200	15.55	(2,114)	(0.07)
Debt service:				
Principal retirements	176,947	0.97	(519,850)	(74.61)
Interest and fiscal charges	331,500	1.82	131,868	66.06
Total expenditures	<u>\$ 18,231,735</u>	<u>100.00</u>	<u>\$ 111,669</u>	

The increase in community development expenditures is attributable to economic development/urban renewal projects related to revitalizing the downtown business district and the West River Neighborhood.

Transportation expenditures decreased due to a mild winter and a corresponding decrease in the need for road salt.

The increase in general government expenditures is primarily due to an increase in professional services relate to new subdivision inspections.

Principal retirement on debt decreased because a short term note for \$525,000 was refinanced in 2000 with the issuance of bonded debt. Interest and fiscal charges increased in 2001 due to the initial interest payment on the three million dollar note first issued in 2000 for construction and renovation of the main fire station.

PROPRIETARY OPERATIONS

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

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

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

Total water and sewer system operating revenues in 2001 increased \$399,364 or 6.48 percent as compared to 2000. Most of this increase is attributable to 2001 rate increases and increased consumption. Other revenues increased due to funds obtained via a sponsorship agreement with the City of Massillon, Ohio, under the Water Resource Restoration Sponsor Program to pursue the Kent Dam Pool Water Improvement Project. Operating expenses increased by less than one percent in 2001.

The Solid Waste Fund includes a curbside recycling program which provides for the collection of glass, cans, paper, cardboard, plastic, magazines and phone books. A recycling program is also provided for multi-family and apartment units as well as commercial customers. Another significant program area included in this fund is a compost site. Operating results for the Solid Waste Fund reflect almost no change from the prior year.

The Storm Water Drainage Fund was established to account for storm water drainage services provided to the residential and commercial users of the City. A charge for Storm water Drainage was first implemented and collected in 2001 which accounts for the increase in operating revenues. Operating expenses were higher in 2001 due to an increase in professional services related to the rate determination.

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, 2001, the net general fixed assets of the City amounted to \$10,511,088. 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, 2001, the City's outstanding long-term obligations including rates of interest ranges were as follows:

General Obligation Bonded Debt (4.10% to 5.20%)	\$2,700,000
Special Assessment Bonded Debt (5.50% to 7.80%)	695,000
Ohio Public Works Commission loan (0.00%)	515,549
Accrued Wages and Benefits	1,977,667

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 2001 was \$1,232,048.

INDEPENDENT AUDIT

The financial records, books of accounts and transactions of the City of Kent, Ohio, for the year ended December 31, 2001, 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, 2000.

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, 2000

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.



Thomas A. Curren
President

Jeffrey L. Esser
Executive Director

CITY OF KENT, OHIO
ELECTED OFFICIALS – 2001

MAYOR/COUNCIL PRESIDENT	John H. Fender
COUNCILMEMBER AT LARGE	Michael A. DeLeone
COUNCILMEMBER AT LARGE	John F. Nemec*
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

* Daniel N. Kamburoff served as Councilmember at Large from January 1, 2001, to April 14, 2001.

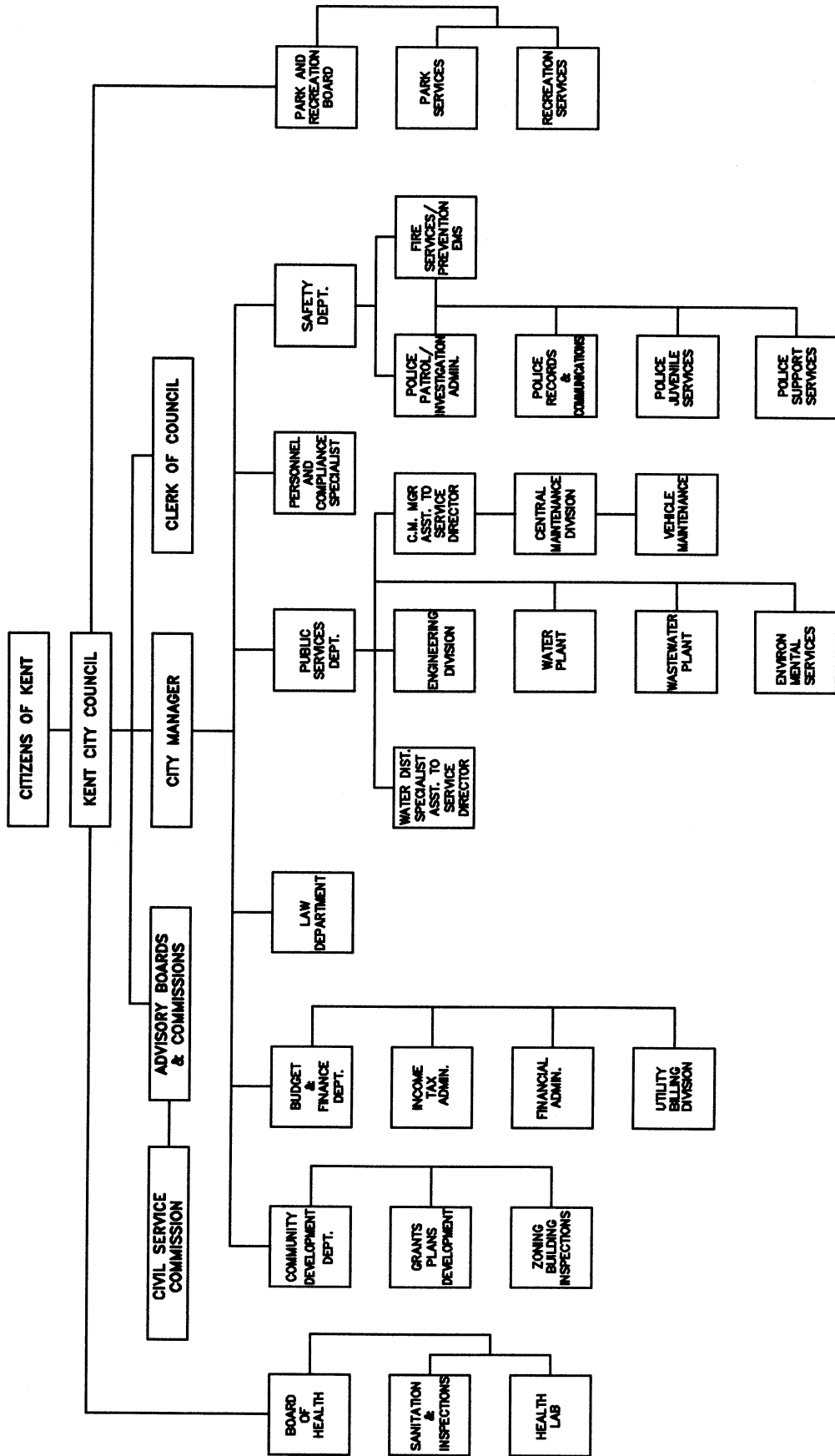
** Wayne A. Wilson served as President Pro-tem from January 1, 2001, to December 31, 2001.

CITY OF KENT, OHIO

APPOINTED OFFICIALS - 2001

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 John E. Mockler 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



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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, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2001, 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.

As described in Note 18, during the year ended December 31, 2001, the City adopted Governmental Accounting Standards Board Statements 33 and 36.

In accordance with Government Auditing Standards, we have also issued a report dated June 24, 2002 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 24, 2002


James G. Zupka
Certified Public Accountant

CITY OF KENT, OHIO
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 2001

Assets and Other Debits	Governmental Fund Types							Proprietary Fund Types		Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Fund Type Agency	General Fixed Assets	General Long-Term Debt				
	Cash and cash equivalents (note 2)	\$ 7,073,538	5,596,346	44,704	5,957,538	6,000,169	98,478	366,347	-	-	25,137,120		
Receivables													
Property taxes	1,357,141	1,181,432	-	-	-	-	-	-	-	2,538,573			
Income taxes	-	1,510,722	-	-	-	-	-	-	-	1,510,722			
Lodging taxes	54,712	-	-	-	-	-	-	-	-	54,712			
Accounts	-	1,217,831	-	-	1,249,681	-	-	-	-	2,467,512			
Special assessments	-	-	1,147,317	123,706	534,922	-	-	-	-	1,805,945			
Interest	145,816	3,701	-	-	43,358	-	-	-	-	192,875			
Loans	-	449,885	-	-	-	-	-	-	-	449,885			
Other	123,933	18,026	-	2,461	-	-	-	-	-	144,420			
Less allowance for doubtful accounts	-	-	-	-	(136,076)	-	-	-	-	(136,076)			
Receivables, net	<u>1,681,602</u>	<u>4,381,597</u>	<u>1,147,317</u>	<u>126,167</u>	<u>1,691,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,028,568</u>			
Due from other funds (note 4)	351,466	2,063,930	-	-	-	-	-	-	-	2,415,396			
Due from other governments	1,002,279	507,825	-	27,000	198,732	-	-	-	-	1,735,836			
Inventories	7,615	189,621	-	-	17,893	-	-	-	-	215,129			
Prepaid items	51,602	13,524	-	-	21,836	450	-	-	-	87,412			
Restricted cash and cash equivalents (note 2)	10,467	134,159	50	-	425	-	-	-	-	145,101			
Unamortized bond issuance costs (note 7)	-	-	-	-	63,141	-	-	-	-	63,141			
Other assets - cash surrender value of life insurance policies	-	-	-	-	-	943,101	-	-	-	943,101			
Fixed assets in service (note 3)													
Land	-	-	-	-	1,662,050	-	-	2,750,445	-	4,412,495			
Buildings, structures and improvements	-	-	-	-	40,834,694	-	-	6,475,689	-	47,310,383			
Machinery and equipment	-	-	-	-	8,698,420	-	-	7,035,239	-	15,733,659			
Less accumulated depreciation	-	-	-	-	(18,102,503)	-	-	(6,972,649)	-	(25,075,152)			
Fixed assets in service, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,092,661</u>	<u>-</u>	<u>-</u>	<u>9,288,724</u>	<u>-</u>	<u>42,381,385</u>			
Construction in progress	-	-	-	-	1,793,886	-	-	1,222,364	-	3,016,250			
Other debits													
Amount available for retirement of general long-term obligations - debt	-	-	-	-	-	-	-	-	44,704	44,704			
Amount to be provided for retirement of general long-term obligations													
Debt	-	-	-	-	-	-	-	-	3,350,296	3,350,296			
Other obligations	-	-	-	-	-	-	-	-	2,493,216	2,493,216			
Total assets and other debits	<u>\$ 10,178,569</u>	<u>12,887,002</u>	<u>1,192,071</u>	<u>6,110,705</u>	<u>42,880,628</u>	<u>1,042,029</u>	<u>366,347</u>	<u>10,511,088</u>	<u>5,888,216</u>	<u>91,056,655</u>			

CITY OF KENT, OHIO

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

Liabilities	Governmental Fund Types							Proprietary Fund Types		Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Debt				
Accounts payable	\$ 146,875	217,671	-	29,382	125,308	13,261	366,347	-	-	-	-	898,844	
Claims payable (note 17)	-	-	-	-	-	120,635	-	-	-	-	-	120,635	
Capital contracts payable (note 11)	-	-	-	623,782	305,666	-	-	-	-	-	-	929,448	
Due to other funds (note 4)	-	206,850	-	-	2,208,546	-	-	-	-	-	-	2,415,396	
Accrued wages and benefits (notes 5, 6 and 7)	266,402	691,552	-	-	792,527	-	-	-	-	1,977,667	-	3,728,148	
Deferred revenue	2,026,481	3,254,744	1,147,317	123,706	-	-	-	-	-	-	-	6,552,248	
Payable from restricted assets	9,967	14,159	50	-	425	-	-	-	-	-	-	24,601	
Debt (note 7)													
Ohio Public Works Commission loan	-	-	-	-	-	-	-	-	515,549	-	-	515,549	
Notes payable	-	-	-	4,750,000	-	-	-	-	-	-	-	4,750,000	
General obligation bonds payable	-	-	-	-	3,645,000	-	-	-	-	2,700,000	-	6,345,000	
Special assessment bonds payable with governmental commitment	-	-	-	-	-	-	-	-	-	695,000	-	695,000	
Total debt	-	-	-	4,750,000	3,645,000	-	-	-	-	3,910,549	-	12,305,549	
Total liabilities	<u>2,449,725</u>	<u>4,384,976</u>	<u>1,147,367</u>	<u>5,526,870</u>	<u>7,077,472</u>	<u>133,896</u>	<u>366,347</u>	<u>-</u>	<u>5,888,216</u>	<u>-</u>	<u>-</u>	<u>26,974,869</u>	
Equity and Other Credits													
Investment in general fixed assets	-	-	-	-	-	-	-	10,511,088	-	-	-	10,511,088	
Contributed capital (note 13)	-	-	-	-	12,226,155	-	-	-	-	-	-	12,226,155	
Retained earnings - unreserved	-	-	-	-	23,577,001	908,133	-	-	-	-	-	24,485,134	
Fund balance													
Reserved for loans receivable	-	449,885	-	-	-	-	-	-	-	-	-	449,885	
Reserved for debt service	-	-	44,704	-	-	-	-	-	-	-	-	44,704	
Reserved for inventories	7,615	189,621	-	-	-	-	-	-	-	-	-	197,236	
Reserved for prepaid items	51,602	13,524	-	-	-	-	-	-	-	-	-	65,126	
Reserved for encumbrances	794,178	461,651	-	3,596,495	-	-	-	-	-	-	-	4,852,324	
Unreserved													
Designated for public facilities and programs	-	1,647,123	-	-	-	-	-	-	-	-	-	1,647,123	
Undesignated	6,875,449	5,740,222	-	(3,012,660)	-	-	-	-	-	-	-	9,603,011	
Total equity and other credits	<u>7,728,844</u>	<u>8,502,026</u>	<u>44,704</u>	<u>583,835</u>	<u>35,803,156</u>	<u>908,133</u>	<u>-</u>	<u>10,511,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,081,786</u>	
Total liabilities, equity and other credits	<u>\$ 10,178,569</u>	<u>12,887,002</u>	<u>1,192,071</u>	<u>6,110,705</u>	<u>42,880,628</u>	<u>1,042,029</u>	<u>366,347</u>	<u>10,511,088</u>	<u>5,888,216</u>	<u>-</u>	<u>-</u>	<u>91,056,655</u>	

See accompanying notes to combined financial statements.

CITY OF KENT, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balance -
All Governmental Fund types
Year ended December 31, 2001

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
Revenues					
Taxes	\$ 1,526,555	10,509,676	-	-	12,036,231
Fees, licenses and permits	176,158	124,394	-	-	300,552
Intergovernmental	2,266,855	1,277,817	-	127,000	3,671,672
Charges for services	567,479	188,430	-	-	755,909
Fines and forfeits	344,384	7,935	-	-	352,319
Special assessments	-	67,821	111,664	30,000	209,485
Interest	787,678	144,242	-	-	931,920
Miscellaneous	147,495	146,719	-	51,281	345,495
Total revenues	<u>5,816,604</u>	<u>12,467,034</u>	<u>111,664</u>	<u>208,281</u>	<u>18,603,583</u>
Expenditures					
Current					
Security of persons and property	2,408,542	4,919,595	-	-	7,328,137
Public health and welfare	348,533	117,645	-	-	466,178
Leisure time activities	-	863,226	-	-	863,226
Community development	1,336,607	762,007	-	-	2,098,614
Transportation	-	1,251,158	-	-	1,251,158
General government	2,122,125	583,696	4,524	170,430	2,880,775
Capital outlays	131,342	399,673	-	2,304,185	2,835,200
Debt service (note 7)					
Principal retirements	-	-	176,947	-	176,947
Interest and fiscal charges	-	-	193,324	138,176	331,500
Total expenditures	<u>6,347,149</u>	<u>8,897,000</u>	<u>374,795</u>	<u>2,612,791</u>	<u>18,231,735</u>
Excess of revenues over (under) expenditures	<u>(530,545)</u>	<u>3,570,034</u>	<u>(263,131)</u>	<u>(2,404,510)</u>	<u>371,848</u>
Other financing sources (uses)					
Operating transfers-in	1,350,000	4,752,034	268,669	1,615,000	7,985,703
Operating transfers-out	-	(7,985,703)	-	-	(7,985,703)
Net other financing sources (uses)	<u>1,350,000</u>	<u>(3,233,669)</u>	<u>268,669</u>	<u>1,615,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>819,455</u>	<u>336,365</u>	<u>5,538</u>	<u>(789,510)</u>	<u>371,848</u>
Fund balance - January 1, as restated (note 18)	<u>6,909,389</u>	<u>8,165,661</u>	<u>39,166</u>	<u>1,373,345</u>	<u>16,487,561</u>
Fund balance - December 31	<u>\$ 7,728,844</u>	<u>8,502,026</u>	<u>44,704</u>	<u>583,835</u>	<u>16,859,409</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, 2001

	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	\$ 1,459,625	1,471,843	12,218	10,515,785	10,723,452	207,667	-	-	-
Fees, licenses and permits	179,700	208,448	28,748	109,000	124,462	15,462	-	-	-
Intergovernmental	2,374,858	2,489,085	114,227	1,248,552	1,269,911	21,359	-	-	-
Charges for services	590,000	609,754	19,754	183,500	189,920	6,420	-	-	-
Fines and forfeits	300,000	346,567	46,567	6,950	8,230	1,280	-	-	-
Special assessments	-	-	-	65,000	67,821	2,821	111,650	111,664	14
Interest	800,000	845,515	45,515	124,500	148,541	24,041	-	-	-
Miscellaneous	200,000	239,467	39,467	146,000	197,823	51,823	-	-	-
Total revenues	5,904,183	6,210,679	306,496	12,399,287	12,730,160	330,873	111,650	111,664	14
Expenditures									
Current									
Security of persons and property	2,531,857	2,471,591	60,266	5,071,659	4,903,251	168,408	-	-	-
Public health and welfare	410,911	384,726	26,185	134,934	118,752	16,182	-	-	-
Leisure time activities	-	-	-	914,892	876,180	38,712	-	-	-
Community development	1,457,922	1,408,486	49,436	764,500	741,247	23,253	-	-	-
Transportation	-	-	-	1,332,189	1,322,587	9,602	-	-	-
General government	2,332,493	2,199,531	132,962	759,129	751,110	8,019	4,995	4,524	471
Capital outlays	271,519	137,913	133,606	508,380	483,934	24,446	-	-	-
Debt service	-	-	-	-	-	-	370,275	370,271	4
Total expenditures	7,004,702	6,602,247	402,455	9,485,683	9,197,061	288,622	375,270	374,795	475
Excess of revenues over (under) expenditures	(1,100,519)	(391,568)	708,951	2,913,604	3,533,099	619,495	(263,620)	(263,131)	489
Other financing sources (uses)									
Proceeds from sale of notes	-	-	-	-	-	-	-	-	-
Operating transfers-in	1,350,000	1,350,000	-	4,752,034	4,752,034	-	268,669	268,669	-
Operating transfers-out	-	-	-	(8,485,703)	(8,485,703)	-	-	-	-
Advances-in	-	-	-	6,850	6,850	-	-	-	-
Advances-out	-	-	-	(6,850)	(6,850)	-	-	-	-
Net other financing sources (uses)	1,350,000	1,350,000	-	(3,733,669)	(3,733,669)	-	268,669	268,669	-
Excess of revenues and other sources over (under) expenditures and other uses	249,481	958,432	708,951	(820,065)	(200,570)	619,495	5,049	5,538	489
Recovery of prior year encumbrances	-	97,549	97,549	-	74,147	74,147	-	-	-
Fund balance - January 1	5,034,076	5,034,076	-	4,677,201	4,677,201	-	39,166	39,166	-
Fund balance - December 31	\$ 5,283,557	6,090,057	806,500	3,857,136	4,550,778	693,642	44,215	44,704	489

(Continued)

CITY OF KENT, OHIO

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

	Capital Projects Fund			Total (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$ -	-	-	11,975,410	12,195,295	219,885
Fees, licenses and permits	-	-	-	288,700	332,910	44,210
Intergovernmental	100,000	100,000	-	3,723,410	3,858,996	135,586
Charges for services	-	-	-	773,500	799,674	26,174
Fines and forfeits	-	-	-	306,950	354,797	47,847
Special assessments	30,000	30,000	-	206,650	209,485	2,835
Interest	-	-	-	924,500	994,056	69,556
Miscellaneous	-	62,320	62,320	346,000	499,610	153,610
Total revenues	130,000	192,320	62,320	18,545,120	19,244,823	699,703
Expenditures						
Current						
Security of persons and property	-	-	-	7,603,516	7,374,842	228,674
Public health and welfare	-	-	-	545,845	503,478	42,367
Leisure time activities	-	-	-	914,892	876,180	38,712
Community development	-	-	-	2,222,422	2,149,733	72,689
Transportation	-	-	-	1,332,189	1,322,587	9,602
General government	-	-	-	3,096,617	2,955,165	141,452
Capital outlays	5,432,734	5,145,934	286,800	6,212,633	5,767,781	444,852
Debt service	3,147,000	3,138,213	8,787	3,517,275	3,508,484	8,791
Total expenditures	8,579,734	8,284,147	295,587	25,445,389	24,458,250	987,139
Excess of revenues over (under) expenditures	(8,449,734)	(8,091,827)	357,907	(6,900,269)	(5,213,427)	1,686,842
Other financing sources (uses)						
Proceeds from sale of notes	4,750,000	4,750,000	-	4,750,000	4,750,000	-
Operating transfers - in	1,615,000	1,615,000	-	7,985,703	7,985,703	-
Operating transfers - out	-	-	-	(8,485,703)	(8,485,703)	-
Advances - in	-	-	-	6,850	6,850	-
Advances - out	-	-	-	(6,850)	(6,850)	-
Net other financing sources (uses)	6,365,000	6,365,000	-	4,250,000	4,250,000	-
Excess of revenues and other sources over (under) expenditures and other uses	(2,084,734)	(1,726,827)	357,907	(2,650,269)	(963,427)	1,686,842
Recovery of prior year encumbrances	-	31,076	31,076	-	202,772	202,772
Fund balance - January 1	3,404,591	3,404,591	-	13,155,034	13,155,034	-
Fund balance - December 31	\$ 1,319,857	1,708,840	388,983	10,504,765	12,394,379	1,889,614

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, 2001

	Enterprise	Internal Service	Total (Memorandum Only)
Operating revenues			
Charges for services	\$ 6,977,381	1,366,275	8,343,656
Other	244,100	-	244,100
Total operating revenues	7,221,481	1,366,275	8,587,756
Operating expenses			
Personal services	2,418,502	-	2,418,502
Benefits	684,680	-	684,680
Utilities	391,778	-	391,778
Contractual services	842,121	-	842,121
Supplies and materials	359,810	-	359,810
Depreciation	1,140,035	-	1,140,035
Claims	-	1,148,510	1,148,510
Premiums	-	283,256	283,256
Other	268,881	-	268,881
Total operating expenses	6,105,807	1,431,766	7,537,573
Operating income (loss)	1,115,674	(65,491)	1,050,183
Nonoperating revenues (expenses)			
Interest revenue	239,836	60,292	300,128
Interest expense	(250,805)	-	(250,805)
Amortization of bond issuance costs	(7,016)	-	(7,016)
Net nonoperating revenues (expenses)	(17,985)	60,292	42,307
Net income	1,097,689	(5,199)	1,092,490
Retained earnings - January 1, as restated (note3)	22,479,312	913,332	23,392,644
Retained earnings - December 31	\$ 23,577,001	908,133	24,485,134

See accompanying notes to combined financial statements.

CITY OF KENT, OHIO
 Combined Statement of Cash Flows -
 All Proprietary Fund Types
 Year ended December 31, 2001

	Enterprise	Internal Service	Total (Memorandum Only)
Cash flows from operating activities			
Cash received from users	\$ 6,859,325	1,366,275	8,225,600
Cash payments to suppliers for goods and services	(1,950,509)	(1,409,684)	(3,360,193)
Cash payments to employees for services	(3,078,137)	-	(3,078,137)
Other operating revenue	111,162	-	111,162
Net cash provided (used) by operating activities	1,941,841	(43,409)	1,898,432
Cash flows from noncapital financing activities			
Loan from other fund	500,000	-	500,000
Net cash provided by noncapital financing activities	500,000	-	500,000
Cash flows from capital and related financing activities			
Capital contributions	23,681	-	23,681
Purchase of capital assets	(496,834)	-	(496,834)
Construction of capital assets	(716,388)	-	(716,388)
Principal paid on outstanding capital debt	(300,000)	-	(300,000)
Interest paid on outstanding capital debt	(250,805)	-	(250,805)
Net cash used by capital and related financing activities	(1,740,346)	-	(1,740,346)
Cash flows from investing activities			
Payments for investments	-	(38,016)	(38,016)
Interest on investments	266,562	60,292	326,854
Net cash provided by investing activities	266,562	22,276	288,838
Net increase (decrease) in cash and cash equivalents	968,057	(21,133)	946,924
Cash and cash equivalents - January 1	5,032,112	119,611	5,151,723
Cash and cash equivalents - December 31	\$ 6,000,169	98,478	6,098,647

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

	Enterprise	Internal Service	Total (Memorandum Only)
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 1,115,674	(65,491)	1,050,183
Adjustment to reconcile operating income to net cash provided by operating activities			
Depreciation	1,140,035	-	1,140,035
Provision for uncollectible accounts	18,404	-	18,404
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(136,460)	-	(136,460)
(Increase) decrease in due from other governments	(132,938)	-	(132,938)
(Increase) decrease in inventories	478	-	478
(Increase) decrease in prepaid items	(7,308)	-	(7,308)
Increase (decrease) in accounts payable	(81,119)	(523)	(81,642)
Increase (decrease) in wages and benefits payable	25,075	-	25,075
Increase (decrease) in claims payable	-	22,605	22,605
Net cash provided (used) by operating activities	\$ 1,941,841	(43,409)	1,898,432

See accompanying notes to combined financial statements.

CITY OF KENT, OHIO

Notes to Combined Financial Statements

December 31, 2001

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

(a) Financial Reporting Entity

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

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

(b) Basis of Presentation

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

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

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, which for the City is sixty days after year end. 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 or received within sixty days of year end 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 received more than sixty days after year end 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 2001 were as follows:

	Original Budget	Total Revisions	Revised Budget
General fund	\$ 6,271,504	733,198	7,004,702
Food Service	49,900	5,000	54,900
Income Tax	8,610,738	469,094	9,079,832
Income Tax Safety	2,318,200	75,000	2,393,200
Community Development Block Grant	432,000	200,000	632,000
Urban Development Action Grant	6,000	126,500	132,500
Capital projects fund	1,740,000	6,839,734	8,579,734

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.

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;

(Continued)

Notes to Combined Financial Statements

- (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, 2001 as determined under the budgetary and GAAP basis follows:

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund
Fund balance - budgetary basis	\$ 6,090,057	4,550,778	44,704	1,708,840
Adjustments for GAAP basis				
Increase (decrease):				
Encumbrances outstanding (cash basis) at December 31, 2001	983,981	1,027,518	-	4,248,698
Due to revenues/prepaids:				
Accrued revenues/prepaid items/restricted cash	1,743,671	4,529,280	1,147,367	126,167
Due from other funds/governments	1,353,745	2,571,755	-	27,000
Unrealized gain on investment	-	18,050	-	-
Deferred revenue	(2,026,481)	(3,254,744)	(1,147,317)	(123,706)
Due to expenditures:				
Accounts payable/accrued payroll/ payable from restricted assets	(423,244)	(923,382)	(50)	(653,164)
Inventories	7,615	189,621	-	-
Due to other funds/governments	-	(206,850)	-	-
Notes payable	-	-	-	(4,750,000)
Other reclassifications	(500)	-	-	-
Fund balance - GAAP basis	<u>\$ 7,728,844</u>	<u>8,502,026</u>	<u>44,704</u>	<u>583,835</u>

(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.

(Continued)

Notes to Combined Financial Statements

(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.

(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.

(Continued)

Notes to Combined Financial Statements

The City applied GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" as of December 31, 2001. As a governmental entity other than an external investment pool in accordance with GASB Statement 31, the City's investments are stated at fair value, which is the quoted market price as of the valuation date.

The City utilized the following methods and assumptions as of December 31, 2001:

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 2001 amounted to \$787,678, which includes \$491,976 assigned from other City funds.

(2) Deposits with Financial Institutions and Investments

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

	GASB Statement 9	GASB Statement 3
Cash	\$ 699,471	24,903,171
Investments	<u>24,582,750</u>	<u>379,050</u>
Total Deposits and investments	25,282,221	25,282,221
Less: Restricted cash and cash equivalents	<u>(145,101)</u>	<u>(145,101)</u>
Cash and cash equivalents	<u>\$ 25,137,120</u>	<u>25,137,120</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:

Notes to Combined Financial Statements

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

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

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

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

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

Notes to Combined Financial Statements

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 2001. 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.

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>	<u>Risk Category</u>	<u>Financial Institution</u>	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC	1	Bank One N.A.	\$ 100,000	100,000
FDIC	1	First Merit	100,000	100,000
FDIC	1	Home SavingsBank	100,000	100,000
FDIC	1	Huntington National Bank	500	100,000
FDIC	1	Key Bank	100,000	100,000
FDIC	1	National City Bank, Northeast	100,000	100,000
FDIC	1	Second National Bank of Warren	100,000	100,000
No	2	Home SavingsBank	1,709,821	1,709,821
No	3	Bank One N.A.	144,601	144,656
No	3	First Merit	740,000	740,000
No	3	Huntington National Bank	-	449,181
No	3	Key Bank	2,244,549	2,281,623
No	3	National City Bank, Northeast	3,580,000	3,580,000
No	3	Second National Bank of Warren	15,883,700	15,883,700
Total Deposits			<u>\$ 24,903,171</u>	<u>25,488,981</u>

(Continued)

Notes to Combined Financial Statements

All deposits are carried at cost. At year end, the carrying amount of the City's cash and deposits was \$24,903,171 and the bank balance was \$25,488,981. Of the bank balance, \$700,000 was insured, \$1,709,821 was classified as risk Category 2, and \$23,079,160 was classified as risk Category 3.

Investments

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

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

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

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

The City's investments at December 31, 2001, were as follows:

<u>Risk Category</u>		<u>Cost</u>	<u>Fair Value</u>
1	City of Kent Bonds	\$ <u>361,000</u>	<u>379,050</u>
	Total investments	\$ <u><u>361,000</u></u>	<u><u>379,050</u></u>

(3) Changes in Fixed Assets in Service

A summary of changes in general fixed assets follows:

	Restated Balance January 1, 2001	Additions	Deletions	Balance December 31, 2001
Land	\$ 2,425,664	324,781	-	2,750,445
Buildings, structures and improvements	6,334,171	141,518	-	6,475,689
Machinery and equipment	6,838,371	402,698	(205,830)	7,035,239
Construction in progress	158,159	1,253,320	(189,115)	1,222,364
Accumulated depreciation	<u>(6,364,858)</u>	<u>(812,288)</u>	<u>204,497</u>	<u>(6,972,649)</u>
	<u>\$ 9,391,507</u>	<u>1,310,029</u>	<u>(190,448)</u>	<u>10,511,088</u>

(Continued)

Notes to Combined Financial Statements

A summary of changes in enterprise fund fixed assets follows:

	Restated Balance January 1, 2001	Additions	Deletions	Balance December 31, 2001
Land	\$ 1,601,290	60,760	-	1,662,050
Buildings, structures and improvements	40,484,438	350,256	-	40,834,694
Machinery and equipment	8,375,209	381,111	(57,900)	8,698,420
Construction in progress	1,096,980	940,939	(244,033)	1,793,886
Accumulated depreciation	<u>(17,020,369)</u>	<u>(1,140,034)</u>	<u>57,900</u>	<u>(18,102,503)</u>
	<u>\$ 34,537,548</u>	<u>593,032</u>	<u>(244,033)</u>	<u>34,886,547</u>

In 2001, the City increased its capitalization threshold from \$500 to \$2,500, resulting in the removal of assets that no longer qualified. The following is a summary of the removals:

	General Fixed Assets	Enterprise Fixed Assets
Buildings, structures and improvements	\$ (26,122)	-
Machinery and equipment	(986,968)	(343,285)
Accumulated depreciation	<u>743,348</u>	<u>260,680</u>
Net Adjustment	<u>\$ (269,742)</u>	<u>(82,605)</u>

(4) Interfund Receivables and Payables

The following balances at December 31, 2001, 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:		
Street Construction, Maintenance and Repair	6,850	
License Tax		6,850
Income Tax	2,057,080	-
Community Development Block Grant	-	200,000
Enterprise Funds:		
Solid Waste	-	481,466
Storm Water Drainage	-	786,000
Sewer	-	428,980
Water	-	512,100
	<u>\$ 2,415,396</u>	<u>2,415,396</u>

(Continued)

Notes to Combined Financial Statements

(5) Pension and Other Postemployment Benefits

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

(a) 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 2001 employer contribution rate for local government employer units was 13.55% of covered payroll, of which 4.3% was allocated to fund postemployment health care. The City's contributions to PERS of Ohio for the years ending December 31, 2001, 2000 and 1999 were \$759,326, \$607,740 and \$707,679, 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 2001 employer contribution rate (identified above) that was used to fund health care for the year 2001 was 4.3% of covered payroll, which amounted to \$240,934. In 1999 and 2000, the employer contribution rate for postemployment health care was 4.2% and 4.3%, respectively.

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, 2000. 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

(Continued)

Notes to Combined Financial Statements

depreciation on investment assets. The investment assumption rate for 2000 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 411,076. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 2000 was \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 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.

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, 2001, 2000 and 1999 were \$459,996, \$463,785 and \$454,518 for police and \$428,081, \$417,325 and \$374,321 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 7.25% and 7.5% of covered payroll in 2000 and 2001, respectively. The allocation is 7.75% in 2002. 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, 2000, (the latest actuarial valuation available) was 12,853 for police and 10,037 for firefighters. The portion of the City's contributions that was used to pay postemployment benefits was \$176,921 for police

(Continued)

Notes to Combined Financial Statements

and \$133,775 for firefighters. The OP&F had total health care expenses for the year ended December 31, 2000, the date of the last actuarial valuation available, of \$106,160,054, which was net of member contributions of \$5,657,431.

(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, 2001, 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, 2001, the estimated amount of severance pay liability for governmental fund types totaled \$403,846 and is recorded in the General Long-Term Debt Account Group. For enterprise funds, the estimated severance pay liability was \$53,442 and is recorded in the respective enterprise funds.

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

In accordance with Governmental Accounting Standard's Board (GASB) Statement 16, the City has accrued a liability for compensated absences at December 31, 2001. For governmental fund types, the City recognized the current portion of this liability at December 31, 2001, that is expected to be liquidated with expendable available financial resources. Accumulated vacation, sick leave and compensatory time totaled \$155,653 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 \$21,912 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 \$1,573,821 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 \$574,198 at December 31, 2001. These amounts are recorded as liabilities in the respective enterprise funds.

Notes to Combined Financial Statements

(7) Debt and Long-Term Obligations

	Balance January 1, 2001	Additions	Reductions	Balance December 31, 2001
Short-Term Obligations				
Notes payable - 4.65%	\$ 3,000,000	-	3,000,000	-
Notes payable - 2.35%	-	4,750,000	-	4,750,000
Total Short-Term Obligations	\$ 3,000,000	4,750,000	3,000,000	4,750,000
Long-Term Obligations				
General obligation bonds payable:				
3.90%-5.20%, 1998 various purpose	\$ 2,805,000	-	105,000	2,700,000
Total general obligation bonds payable	2,805,000	-	105,000	2,700,000
Special assessment bonds with governmental commitment:				
7.40%-7.80%, 1988 street improvements bond	165,000	-	15,000	150,000
6.80%, 1990-2 street improvements bond	11,000	-	11,000	-
5.50%-6.00%, 2000 street improvements bond	561,000	-	16,000	545,000
Total special assessment bonds with governmental commitment	737,000	-	42,000	695,000
Ohio Public Works Commission loans	545,496	-	29,947	515,549
Accrued sick leave, compensatory time and severance pay	1,868,845	108,822	-	1,977,667
Total Long-Term General Obligations	\$ 5,956,341	108,822	176,947	5,888,216
Enterprise Funds:				
General obligation bonds payable:				
5.70%-6.5%, 1992 sewer improvement refunding bond	\$ 3,945,000	-	300,000	3,645,000
Total general obligation bonds payable	3,945,000	-	300,000	3,645,000
Total Enterprise Funds Debt	\$ 3,945,000	-	300,000	3,645,000

(Continued)

Notes to Combined Financial Statements

Annual maturity and sinking fund requirements to pay principal and interest on the obligations outstanding at December 31, 2001 follow:

	General Debt		Ohio Public Works Commission Loan		Enterprise Funds Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
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	175,000	144,690	29,947	0	400,000	147,550
2007 - 2011	906,000	588,718	149,735	0	1,870,000	313,300
2012 - 2016	1,093,000	345,515	149,735	0	0	0
2017 - 2020	611,000	61,040	66,344	0	0	0
	<u>\$ 3,395,000</u>	<u>1,794,043</u>	<u>515,549</u>	<u>0</u>	<u>3,645,000</u>	<u>1,273,348</u>

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

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

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

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

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 2001, 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.

Notes to Combined Financial Statements

(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 2001 levy was based was \$321,253,593.

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 24% of average value for inventories and 25% of true value for substantially all other personal property for the year 2001.

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

(10) Contingent Liabilities

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

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

(11) Construction and Other Commitments

As of December 31, 2001, the City had capital contracts payable of \$623,782 and \$305,666 in the Capital Projects fund and enterprise funds, respectively. The amount reflected in the Capital Projects fund is comprised of \$421,815 for construction of the new main fire station, \$58,327 related to the 2001 street program, \$35,195 for renovation to City offices and \$108,445 for a new parking lot. The amount shown in the enterprise funds includes \$284,135 for Phase III of the Elm/Mae/Morris storm sewer project, \$12,808 for the water plant roof replacement and \$8,723 for an upgrade to the water treatment plant controls system.

The City had no material operating lease commitments at December 31, 2001.

(Continued)

Notes to Combined Financial Statements

(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, 2001 for the enterprise funds is summarized as follows:

	Solid Waste	Storm Water Drainage	Sewer	Water	Total
Operating revenues	\$ 319,092	342,678	3,690,439	2,869,272	7,221,481
Operating expenses	348,324	113,109	3,129,811	2,514,563	6,105,807
Depreciation	2,199	1,906	677,104	458,826	1,140,035
Operating income (loss)	(29,232)	229,569	560,628	354,709	1,115,674
Net income (loss)	(29,232)	229,569	423,963	473,389	1,097,689
Current capital contributions	-	6,732	61,609	69,345	137,686
Net additions to property, plant and equipment	(6,895)	361,950	338,191	394,602	1,087,848
Net working capital (deficiency)	(313,039)	(362,682)	2,323,904	2,535,285	4,183,468
Total identifiable assets	203,563	1,095,401	25,614,995	15,966,669	42,880,628
Bonds payable	-	-	3,645,000	-	3,645,000
Total fund equity (deficit)	(306,728)	28,752	21,057,816	15,023,316	35,803,156

(13) Enterprise Fund Contributed Capital

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

Source	Solid Waste	Storm Water Drainage	Sewer	Water
Contributed capital, January 1	\$ 139,656	-	10,510,414	999,605
Adjustment	-	-	201,586	237,208
January 1, as restated	139,656	-	10,712,000	1,236,813
Contributions from developers	-	6,732	-	11,145
Special assessments	-	-	61,609	58,200
Contributed capital, December 31	<u>\$ 139,656</u>	<u>6,732</u>	<u>10,773,609</u>	<u>1,306,158</u>

The adjustment to contributed capital is due to the understatement of special assessment receivables. In prior years, these receivables were incorrectly shown in the debt service fund; however, no debt issue was associated with these assessments.

(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 appropriate for future expenditures. Specific reservations of the fund balance accounts are summarized below.

Notes to Combined Financial Statements

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

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

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

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

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

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

(15) Fund Deficit

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 \$446,384 at December 31, 2001. In 2001, City Council approved a substantial rate increase that will take effect in January 2002. It is anticipated that this rate increase will begin to reduce the deficit.

(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, 2001</u>	<u>Year Issued</u>
Industrial Development Revenue Bonds	Ravens Metals Products, Inc.	\$ 2,150,000	1994
Multi-Family Housing Revenue Bonds	Silver Meadows Apartments	<u>9,976,200</u>	1999
	Total	<u>\$ 12,126,200</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.

(Continued)

Notes to Combined Financial Statements

(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 \$75,000 is covered by Sun Life of Canada.

The claims liability of \$120,635 reported in the fund at December 31, 2001, 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 2000 and 2001 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2000	\$100,316	1,113,769	1,116,055	98,030
2001	98,030	1,148,510	1,125,905	120,635

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 2001, the City contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Zurich American Insurance Company	Public Officials Liability	\$15,000
Scottsdale Insurance 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
Clarendon National	Automobile Comprehensive	250
Clarendon National	Automobile Collision	500
St. Paul Fire and Marine Insurance Company	General Liability	0
St. Paul Fire and Marine 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. Finally, the City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

(Continued)

Notes to Combined Financial Statements

(18) Change in Accounting Principle

For December 31, 2001, the City has adopted GASB Statement 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". GASB Statement 36 modified the provisions of GASB Statement 33 for certain specific nonexchange revenues. Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations.

GASB Statement 33 and GASB Statement 36 were required for the current year. These statements clarified the timing requirements for recognizing assets, liabilities, revenues and expenditures/ expenses associated with nonexchange transactions.

Due to the implementation of GASB Statement 33, prior year fund balances were restated for the following funds:

General fund		
Fund balance as of December 31, 2000	\$	6,645,637
Intergovernmental revenue		<u>263,752</u>
Restated balance, December 31, 2000		6,909,389
Special revenue funds:		
Street Construction, Maintenance and Repair		
Fund balance as of December 31, 2000		1,342,664
Intergovernmental revenue		<u>54,113</u>
Restated balance, December 31, 2000		1,396,777
State Highway		
Fund balance as of December 31, 2000		18,662
Intergovernmental revenue		<u>4,387</u>
Restated balance, December 31, 2000		23,049
Income Tax		
Fund balance as of December 31, 2000		4,134,834
Income tax revenue		<u>187,553</u>
Restated balance, December 31, 2000		4,322,387

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CITY OF KENT, OHIO

General Fund

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

CITY OF KENT, OHIO

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

Year Ended December 31, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 1,459,625	1,471,843	12,218
Fees, licenses and permits	179,700	208,448	28,748
Intergovernmental	2,374,858	2,489,085	114,227
Charges for services	590,000	609,754	19,754
Fines and forfeits	300,000	346,567	46,567
Interest	800,000	845,515	45,515
Miscellaneous	200,000	239,467	39,467
Total revenues	<u>5,904,183</u>	<u>6,210,679</u>	<u>306,496</u>
Expenditures			
Current			
Security of persons and property	2,531,857	2,471,591	60,266
Public health and welfare	410,911	384,726	26,185
Community development	1,457,922	1,408,486	49,436
General government	2,332,493	2,199,531	132,962
Capital outlays	271,519	137,913	133,606
Total expenditures	<u>7,004,702</u>	<u>6,602,247</u>	<u>402,455</u>
Excess of revenues over (under) expenditures	<u>(1,100,519)</u>	<u>(391,568)</u>	<u>708,951</u>
Other financing sources			
Operating transfers - in	<u>1,350,000</u>	<u>1,350,000</u>	<u>-</u>
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	249,481	958,432	708,951
Recovery of prior year encumbrances	-	97,549	97,549
Fund balance - January 1	<u>5,034,076</u>	<u>5,034,076</u>	<u>-</u>
Fund balance - December 31	<u>\$ 5,283,557</u>	<u>6,090,057</u>	<u>806,500</u>

CITY OF KENT, OHIO

Special Revenue Funds

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

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

CITY OF KENT, OHIO

Special Revenue Funds

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

CITY OF KENT, OHIO

Combining Balance Sheet - All Special Revenue Funds

December 31, 2001

	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
Assets										
Cash and cash equivalents	\$ 13,440	799,670	20,319	352,143	9,763	253	2,431,318	35,590	11,016	11,691
Receivables										
Property taxes	226,050	-	-	769,588	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-	1,510,722	-	-	-
Special assessments	-	1,217,831	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	3,543	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Other	-	2,641	-	6,550	-	8,610	-	-	-	100
Receivables, net	<u>226,050</u>	<u>1,220,472</u>	<u>-</u>	<u>776,138</u>	<u>-</u>	<u>8,610</u>	<u>1,514,265</u>	<u>-</u>	<u>-</u>	<u>100</u>
Due from other funds	-	6,850	-	-	-	-	2,057,080	-	-	-
Due from other governments	11,668	335,771	27,225	39,926	-	-	-	-	-	-
Inventory	-	189,621	-	-	-	-	-	-	-	-
Prepaid items	19	6,737	-	1,720	-	-	1,819	-	-	-
Restricted cash and cash equivalents	-	14,159	-	-	-	-	-	-	-	-
Total assets	<u>\$ 251,177</u>	<u>2,573,280</u>	<u>47,544</u>	<u>1,169,927</u>	<u>9,763</u>	<u>8,863</u>	<u>6,004,482</u>	<u>35,590</u>	<u>11,016</u>	<u>11,791</u>
Liabilities										
Accounts payable	\$ 588	48,738	9,844	31,727	-	-	40,906	2	-	-
Due to other funds	-	-	-	-	-	6,850	-	-	-	-
Accrued wages and benefits	-	80,825	-	38,119	385	-	44,715	459	-	-
Deferred revenue	237,718	1,475,838	20,920	808,313	-	-	516,571	-	-	-
Payable from restricted assets	-	14,159	-	-	-	-	-	-	-	-
Total liabilities	<u>238,306</u>	<u>1,619,560</u>	<u>30,764</u>	<u>878,159</u>	<u>385</u>	<u>6,850</u>	<u>602,192</u>	<u>461</u>	<u>-</u>	<u>-</u>
Fund balance										
Reserved for loans receivable	-	-	-	-	-	-	-	-	-	-
Reserved for inventories	-	189,621	-	-	-	-	-	-	-	-
Reserved for prepaid items	19	6,737	-	1,720	-	-	1,819	-	-	-
Reserved for encumbrances	23	87,090	-	9,094	24	-	12,651	216	-	-
Unreserved										
Designated for public facilities and programs	-	-	-	-	-	-	1,647,123	-	-	-
Undesignated	12,829	670,272	16,780	280,954	9,354	2,013	3,740,697	34,913	11,016	11,791
Total fund balance	<u>12,871</u>	<u>953,720</u>	<u>16,780</u>	<u>291,768</u>	<u>9,378</u>	<u>2,013</u>	<u>5,402,290</u>	<u>35,129</u>	<u>11,016</u>	<u>11,791</u>
Total liabilities and fund balance	<u>\$ 251,177</u>	<u>2,573,280</u>	<u>47,544</u>	<u>1,169,927</u>	<u>9,763</u>	<u>8,863</u>	<u>6,004,482</u>	<u>35,590</u>	<u>11,016</u>	<u>11,791</u>

(Continued)

CITY OF KENT, OHIO

Combining Balance Sheet - All Special Revenue Funds - Continued

	Enforcement and Education	Income Tax Safety	Law Enforcement Trust	Community Development Block Grant	Fire and Emergency Medical Service	Swimming Pool Inspections	Police Pension	Fire Pension	Urban Development Action Grant	Total
Assets										
Cash and cash equivalents	\$ 11,235	285,546	60,161	422,009	689,499	6,325	153,006	134,381	148,981	5,596,346
Receivables										
Property taxes	-	-	-	-	-	-	92,897	92,897	-	1,181,432
Income taxes	-	-	-	-	-	-	-	-	-	1,510,722
Income taxes	-	-	-	-	-	-	-	-	-	1,217,831
Interest	-	-	-	-	-	-	-	-	158	3,701
Loans	-	-	-	318,277	-	-	-	-	131,608	449,885
Other	125	-	-	-	-	-	-	-	-	18,026
Receivables, net	125	-	-	318,277	-	-	92,897	92,897	131,766	4,381,597
Due from other funds	-	-	-	-	-	-	-	-	-	2,063,930
Due from other governments	-	-	-	83,647	-	-	4,794	4,794	-	507,825
Inventory	-	-	-	-	-	-	-	-	-	189,621
Prepaid items	-	-	-	177	3,052	-	-	-	-	13,524
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	120,000	134,159
Total assets	\$ 11,360	285,546	60,161	824,110	692,551	6,325	250,697	232,072	400,747	12,887,002
Liabilities										
Accounts payable	\$ -	-	-	69,273	8,801	2	-	-	7,790	217,671
Due to other funds	-	-	-	200,000	-	-	-	-	-	206,850
Accrued wages and benefits	-	139,366	-	128	125,705	24	140,288	121,538	-	691,552
Deferred revenue	-	-	-	-	-	-	97,692	97,692	-	3,254,744
Payable from restricted assets	-	-	-	-	-	-	-	-	-	14,159
Total liabilities	-	139,366	-	269,401	134,506	26	237,980	219,230	7,790	4,384,976
Fund balance										
Reserved for loans receivable	-	-	-	318,277	-	-	-	-	131,608	449,885
Reserved for inventories	-	-	-	-	-	-	-	-	-	189,621
Reserved for prepaid items	-	-	-	177	3,052	-	-	-	-	13,524
Reserved for encumbrances	-	-	-	232,600	118,686	18	-	-	1,249	461,651
Unreserved										
Designated for public facilities and programs	-	-	-	-	-	-	-	-	-	1,647,123
Undesignated	11,360	146,180	60,161	3,655	436,307	6,281	12,717	12,842	260,100	5,740,222
Total fund balance	11,360	146,180	60,161	554,709	558,045	6,299	12,717	12,842	392,957	8,502,026
Total liabilities and fund balance	\$ 11,360	285,546	60,161	824,110	692,551	6,325	250,697	232,072	400,747	12,887,002

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

Year ended December 31, 2001

	West Side Fire	Street Construction Maintenance and Repair	State Highway	Parks and Recreation	Food Service	License Tax	Income Tax	Revolving Housing	State and Local Forfeits	Drug Law Enforcement
Revenues										
Taxes	\$ 90,180	-	-	717,164	-	139,853	9,390,575	-	-	-
Fees, licenses and permits	-	-	-	28,578	38,737	-	-	55,079	-	-
Intergovernmental	6,715	578,989	46,945	70,138	-	-	-	-	-	-
Charges for services	-	5,180	-	183,250	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	250	2,463
Special Assessments	-	67,821	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	88,581	-	-	-
Miscellaneous	-	14,124	-	34,378	-	-	1,692	-	-	-
Total revenues	<u>96,895</u>	<u>666,114</u>	<u>46,945</u>	<u>1,033,508</u>	<u>38,737</u>	<u>139,853</u>	<u>9,480,848</u>	<u>55,079</u>	<u>250</u>	<u>2,463</u>
Expenditures										
Current										
Security of persons and property	93,137	-	-	-	-	-	-	-	1,455	1,500
Public health and welfare	-	-	-	-	53,072	-	-	60,294	-	-
Leisure time activities	-	-	-	863,226	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-
Transportation	-	1,197,644	53,514	-	-	-	-	-	-	-
General government	-	3,454	-	-	-	-	580,242	-	-	-
Capital outlays	-	73,073	-	83,661	-	-	-	-	-	3,700
Total expenditures	<u>93,137</u>	<u>1,274,171</u>	<u>53,514</u>	<u>946,887</u>	<u>53,072</u>	<u>-</u>	<u>580,242</u>	<u>60,294</u>	<u>1,455</u>	<u>5,200</u>
Excess of revenues over (under) expenditures	<u>3,758</u>	<u>(608,057)</u>	<u>(6,569)</u>	<u>86,621</u>	<u>(14,335)</u>	<u>139,853</u>	<u>8,900,606</u>	<u>(5,215)</u>	<u>(1,205)</u>	<u>(2,737)</u>
Other financing sources (uses)										
Operating transfers - in	-	165,000	-	7,000	17,500	-	-	-	-	-
Operating transfers - out	-	-	-	-	-	(165,000)	(7,820,703)	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>165,000</u>	<u>-</u>	<u>7,000</u>	<u>17,500</u>	<u>(165,000)</u>	<u>(7,820,703)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>3,758</u>	<u>(443,057)</u>	<u>(6,569)</u>	<u>93,621</u>	<u>3,165</u>	<u>(25,147)</u>	<u>1,079,903</u>	<u>(5,215)</u>	<u>(1,205)</u>	<u>(2,737)</u>
Fund balance - January 1, as restated	<u>9,113</u>	<u>1,396,777</u>	<u>23,349</u>	<u>198,147</u>	<u>6,213</u>	<u>27,160</u>	<u>4,322,387</u>	<u>40,344</u>	<u>12,221</u>	<u>14,528</u>
Fund balance - December 31	<u>\$ 12,871</u>	<u>953,720</u>	<u>16,780</u>	<u>291,768</u>	<u>9,378</u>	<u>2,013</u>	<u>5,402,290</u>	<u>35,129</u>	<u>11,016</u>	<u>11,791</u>

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

	Enforcement and Education	Income Tax Safety	Law Enforcement Trust	Community Development Block Grant	Fire and Emergency Medical Service	Swimming Pool Inspections	Police Pension	Fire Pension	Urban Development Action Grant	Total
Revenues	\$									
Taxes	-	-	-	-	-	-	85,952	85,952	-	10,509,676
Fees, licenses and permits	-	-	-	-	-	2,000	-	-	-	124,394
Intergovernmental	-	-	-	557,332	-	-	8,849	8,849	-	1,277,817
Charges for services	-	-	-	-	-	-	-	-	-	188,430
Fines and forfeits	4,189	-	1,033	-	-	-	-	-	-	7,935
Special Assessments	-	-	-	-	-	-	-	-	-	67,821
Interest	-	-	2,468	37,058	-	-	-	-	16,135	144,242
Miscellaneous	-	-	-	86,971	9,554	-	-	-	-	146,719
Total revenues	<u>4,189</u>	<u>-</u>	<u>3,501</u>	<u>681,361</u>	<u>9,554</u>	<u>2,000</u>	<u>94,801</u>	<u>94,801</u>	<u>16,135</u>	<u>12,467,034</u>
Expenditures										
Current										
Security of persons and property	7,144	2,375,952	-	-	2,273,139	-	83,696	83,572	-	4,919,595
Public health and welfare	-	-	-	-	-	4,279	-	-	-	117,645
Leisure time activities	-	-	-	-	-	-	-	-	-	863,226
Community development	-	-	-	631,102	-	-	-	-	130,905	762,007
Transportation	-	-	-	-	-	-	-	-	-	1,251,158
General government	-	-	-	-	-	-	-	-	-	583,696
Capital outlays	-	-	14,265	-	224,974	-	-	-	-	399,673
Total expenditures	<u>7,144</u>	<u>2,375,952</u>	<u>14,265</u>	<u>631,102</u>	<u>2,498,113</u>	<u>4,279</u>	<u>83,696</u>	<u>83,572</u>	<u>130,905</u>	<u>8,897,000</u>
Excess of revenues over (under) expenditures	<u>(2,955)</u>	<u>(2,375,952)</u>	<u>(10,764)</u>	<u>50,259</u>	<u>(2,488,559)</u>	<u>(2,279)</u>	<u>11,105</u>	<u>11,229</u>	<u>(114,770)</u>	<u>3,570,034</u>
Other financing sources (uses)										
Operating transfers - in	-	2,281,267	-	-	2,281,267	-	-	-	-	4,752,034
Operating transfers - out	-	-	-	-	-	-	-	-	-	(7,985,703)
Net other financing sources (uses)	<u>-</u>	<u>2,281,267</u>	<u>-</u>	<u>-</u>	<u>2,281,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,233,669)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(2,955)</u>	<u>(94,685)</u>	<u>(10,764)</u>	<u>50,259</u>	<u>(207,292)</u>	<u>(2,279)</u>	<u>11,105</u>	<u>11,229</u>	<u>(114,770)</u>	<u>336,365</u>
Fund balance - January 1, as restated	<u>14,315</u>	<u>240,865</u>	<u>70,925</u>	<u>504,450</u>	<u>765,337</u>	<u>8,578</u>	<u>1,612</u>	<u>1,613</u>	<u>507,727</u>	<u>8,165,661</u>
Fund balance - December 31	\$ <u>11,360</u>	\$ <u>146,180</u>	\$ <u>60,161</u>	\$ <u>554,709</u>	\$ <u>558,045</u>	\$ <u>6,299</u>	\$ <u>12,717</u>	\$ <u>12,842</u>	\$ <u>392,957</u>	\$ <u>8,502,026</u>

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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 88,800	90,180	1,380
Intergovernmental	<u>6,715</u>	<u>6,715</u>	<u>-</u>
Total revenues	<u>95,515</u>	<u>96,895</u>	<u>1,380</u>
Expenditures			
Current			
Security of persons and property	<u>97,000</u>	<u>93,280</u>	<u>3,720</u>
Total expenditures	<u>97,000</u>	<u>93,280</u>	<u>3,720</u>
Excess of revenues over (under) expenditures	(1,485)	3,615	5,100
Fund balance - January 1	<u>9,652</u>	<u>9,652</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 8,167</u></u>	<u><u>13,267</u></u>	<u><u>5,100</u></u>

CITY OF KENT, OHIO

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

Year ended December 31, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 592,200	605,209	13,009
Charges for services	3,500	5,180	1,680
Special assessments	65,000	67,821	2,821
Miscellaneous	-	14,673	14,673
Total revenues	<u>660,700</u>	<u>692,883</u>	<u>32,183</u>
Expenditures			
Current			
Transportation	1,277,189	1,269,073	8,116
Capital outlays	<u>67,385</u>	<u>69,804</u>	<u>(2,419)</u>
Total expenditures	<u>1,344,574</u>	<u>1,338,877</u>	<u>5,697</u>
Excess of revenues over (under) expenditures	(683,874)	(645,994)	37,880
Other financing sources (uses)			
Operating transfers - in	165,000	165,000	-
Advances - out	<u>(6,850)</u>	<u>(6,850)</u>	<u>-</u>
Total other financing sources (uses)	<u>158,150</u>	<u>158,150</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(525,724)	(487,844)	37,880
Recovery of prior year encumbrances	-	51,009	51,009
Fund balance - January 1	<u>1,082,368</u>	<u>1,082,368</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 556,644</u></u>	<u><u>645,533</u></u>	<u><u>88,889</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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ <u>46,800</u>	<u>47,061</u>	<u>261</u>
Total revenues	<u>46,800</u>	<u>47,061</u>	<u>261</u>
Expenditures			
Current			
Transportation	<u>55,000</u>	<u>53,514</u>	<u>1,486</u>
Total expenditures	<u>55,000</u>	<u>53,514</u>	<u>1,486</u>
Excess of revenues over (under) expenditures	(8,200)	(6,453)	1,747
Fund balance - January 1	<u>16,928</u>	<u>16,928</u>	<u>-</u>
Fund balance - December 31	<u>\$ 8,728</u>	<u>10,475</u>	<u>1,747</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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 715,095	717,164	2,069
Fees, licenses and permits	26,000	28,578	2,578
Intergovernmental	80,139	81,501	1,362
Charges for services	180,000	184,740	4,740
Miscellaneous	<u>36,000</u>	<u>44,023</u>	<u>8,023</u>
Total revenues	<u>1,037,234</u>	<u>1,056,006</u>	<u>18,772</u>
Expenditures			
Current			
Leisure time activities	914,892	876,180	38,712
Capital outlay	<u>81,880</u>	<u>81,838</u>	<u>42</u>
Total expenditures	<u>996,772</u>	<u>958,018</u>	<u>38,754</u>
Excess of revenues over expenditures	40,462	97,988	57,526
Other financing sources			
Operating transfers - in	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total other financing sources	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Excess of revenues and other sources over expenditures	47,462	104,988	57,526
Recovery of prior year encumbrances	-	3,214	3,214
Fund balance - January 1	<u>190,849</u>	<u>190,849</u>	<u>-</u>
Fund balance - December 31	<u>\$ 238,311</u>	<u>299,051</u>	<u>60,740</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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Fees, licenses and permits	\$ <u>31,000</u>	<u>38,805</u>	<u>7,805</u>
Total revenues	<u>31,000</u>	<u>38,805</u>	<u>7,805</u>
Expenditures			
Current			
Public health and welfare	<u>54,900</u>	<u>53,467</u>	<u>1,433</u>
Total expenditures	<u>54,900</u>	<u>53,467</u>	<u>1,433</u>
Excess of revenues over (under) expenditures	(23,900)	(14,662)	9,238
Other financing sources			
Operating transfers - in	<u>17,500</u>	<u>17,500</u>	<u>-</u>
Total other financing sources	<u>17,500</u>	<u>17,500</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(6,400)	2,838	9,238
Fund balance - January 1	<u>6,901</u>	<u>6,901</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 501</u></u>	<u><u>9,739</u></u>	<u><u>9,238</u></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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ <u>140,000</u>	<u>140,220</u>	<u>220</u>
Total revenues	<u>140,000</u>	<u>140,220</u>	<u>220</u>
Other financing sources (uses)			
Operating transfers - out	(165,000)	(165,000)	
Advance - in	<u>6,850</u>	<u>6,850</u>	<u>-</u>
Total other financing sources (uses)	<u>(158,150)</u>	<u>(158,150)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(18,150)	(17,930)	220
Fund balance - January 1	<u>18,183</u>	<u>18,183</u>	<u>-</u>
Fund balance - December 31	<u>\$ 33</u>	<u>253</u>	<u>220</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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 9,400,000	9,603,984	203,984
Interest	80,000	92,409	12,409
Miscellaneous	<u>-</u>	<u>2,033</u>	<u>2,033</u>
Total revenues	<u>9,480,000</u>	<u>9,698,426</u>	<u>218,426</u>
Expenditures			
Current			
General government	<u>759,129</u>	<u>751,110</u>	<u>8,019</u>
Total expenditures	<u>759,129</u>	<u>751,110</u>	<u>8,019</u>
Excess of revenues over expenditures	8,720,871	8,947,316	226,445
Other financing uses			
Operating transfers - out	<u>(8,320,703)</u>	<u>(8,320,703)</u>	<u>-</u>
Total other financing uses	<u>(8,320,703)</u>	<u>(8,320,703)</u>	<u>-</u>
Excess of revenues over expenditures and other uses	400,168	626,613	226,445
Recovery of prior year encumbrances	-	7,377	7,377
Fund balance - January 1	<u>1,716,596</u>	<u>1,716,596</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 2,116,764</u></u>	<u><u>2,350,586</u></u>	<u><u>233,822</u></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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Fees, licenses and permits	\$ <u>50,000</u>	<u>55,079</u>	<u>5,079</u>
Total revenues	<u>50,000</u>	<u>55,079</u>	<u>5,079</u>
Expenditures			
Current			
Public health and welfare	<u>74,650</u>	<u>60,968</u>	<u>13,682</u>
Total expenditures	<u>74,650</u>	<u>60,968</u>	<u>13,682</u>
Excess of revenues over (under) expenditures	(24,650)	(5,889)	18,761
Recovery of prior year encumbrances	-	7	7
Fund balance - January 1	<u>41,253</u>	<u>41,253</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 16,603</u></u>	<u><u>35,371</u></u>	<u><u>18,768</u></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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Fines and forfeits	\$ <u>100</u>	<u>250</u>	<u>150</u>
Total revenues	<u>100</u>	<u>250</u>	<u>150</u>
Expenditures			
Current			
Security of persons and property	4,000	1,455	2,545
Capital outlay	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total expenditures	<u>8,000</u>	<u>1,455</u>	<u>6,545</u>
Excess of revenues over (under) expenditures	(7,900)	(1,205)	6,695
Fund balance - January 1	<u>12,221</u>	<u>12,221</u>	<u>-</u>
Fund balance - December 31	<u>\$ 4,321</u>	<u>11,016</u>	<u>6,695</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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Fines and forfeits	\$ 2,500	2,563	63
Total revenues	<u>2,500</u>	<u>2,563</u>	<u>63</u>
Expenditures			
Current			
Security of persons and property	3,300	1,375	1,925
Capital outlay	<u>3,700</u>	<u>3,700</u>	<u>-</u>
Total expenditures	<u>7,000</u>	<u>5,075</u>	<u>1,925</u>
Excess of revenues over (under) expenditures	(4,500)	(2,512)	1,988
Recovery of prior year encumbrances	-	675	675
Fund balance - January 1	<u>13,528</u>	<u>13,528</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 9,028</u></u>	<u><u>11,691</u></u>	<u><u>2,663</u></u>

CITY OF KENT, OHIO

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

Year ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Fines and forfeits	\$ <u>4,350</u>	<u>4,384</u>	<u>34</u>
Total revenues	<u>4,350</u>	<u>4,384</u>	<u>34</u>
Expenditures			
Current			
Security of persons and property	<u>10,000</u>	<u>7,040</u>	<u>2,960</u>
Total expenditures	<u>10,000</u>	<u>7,040</u>	<u>2,960</u>
Excess of revenues over (under) expenditures	(5,650)	(2,656)	2,994
Recovery of prior year encumbrances	-	21	21
Fund balance - January 1	<u>13,870</u>	<u>13,870</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 8,220</u></u>	<u><u>11,235</u></u>	<u><u>3,015</u></u>

CITY OF KENT, OHIO

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

Year ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures			
Current			
Security of persons and property	\$ <u>2,393,200</u>	<u>2,364,422</u>	<u>28,778</u>
Total expenditures	<u>2,393,200</u>	<u>2,364,422</u>	<u>28,778</u>
Other financing sources			
Operating transfers - in	<u>2,281,267</u>	<u>2,281,267</u>	<u>-</u>
Total other financing sources	<u>2,281,267</u>	<u>2,281,267</u>	<u>-</u>
Excess of other sources over (under) expenditures	(111,933)	(83,155)	28,778
Fund balance - January 1	<u>368,701</u>	<u>368,701</u>	<u>-</u>
Fund balance - December 31	\$ <u><u>256,768</u></u>	<u><u>285,546</u></u>	<u><u>28,778</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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues			
Fines and forfeits	\$ -	1,033	1,033
Interest	<u>-</u>	<u>2,468</u>	<u>2,468</u>
Total revenues	<u>-</u>	<u>3,501</u>	<u>3,501</u>
Expenditures			
Current			
Security of persons and property	20,000	-	20,000
Capital outlays	<u>25,000</u>	<u>14,265</u>	<u>10,735</u>
Total expenditures	<u>45,000</u>	<u>14,265</u>	<u>30,735</u>
Excess of revenues over (under) expenditures	(45,000)	(10,764)	34,236
Fund balance - January 1	<u>70,925</u>	<u>70,925</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 25,925</u></u>	<u><u>60,161</u></u>	<u><u>34,236</u></u>

CITY OF KENT, OHIO

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

Year ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 505,000	507,240	2,240
Interest	37,000	37,185	185
Miscellaneous	<u>110,000</u>	<u>115,289</u>	<u>5,289</u>
Total revenues	<u>652,000</u>	<u>659,714</u>	<u>7,714</u>
Expenditures			
Current			
Community development	<u>632,000</u>	<u>609,093</u>	<u>22,907</u>
Total expenditures	<u>632,000</u>	<u>609,093</u>	<u>22,907</u>
Excess of revenues over expenditures	20,000	50,621	30,621
Recovery of prior year encumbrances	-	11,092	11,092
Fund balance - January 1	<u>8,424</u>	<u>8,424</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 28,424</u></u>	<u><u>70,137</u></u>	<u><u>41,713</u></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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ -	4,487	4,487
Miscellaneous	-	9,554	9,554
Total revenues	<u>-</u>	<u>14,041</u>	<u>14,041</u>
Expenditures			
Current			
Security of persons and property	2,379,365	2,270,885	108,480
Capital outlays	<u>326,415</u>	<u>314,327</u>	<u>12,088</u>
Total expenditures	<u>2,705,780</u>	<u>2,585,212</u>	<u>120,568</u>
Excess of revenues over (under) expenditures	(2,705,780)	(2,571,171)	134,609
Other financing sources			
Operating transfers - in	<u>2,281,267</u>	<u>2,281,267</u>	<u>-</u>
Total other financing sources	<u>2,281,267</u>	<u>2,281,267</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(424,513)	(289,904)	134,609
Recovery of prior year encumbrances	-	746	746
Fund balance - January 1	<u>851,596</u>	<u>851,596</u>	<u>-</u>
Fund balance - December 31	<u>\$ 427,083</u>	<u>562,438</u>	<u>135,355</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, 2001

	<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>5,384</u>	<u>4,317</u>	<u>1,067</u>
Total expenditures	<u>5,384</u>	<u>4,317</u>	<u>1,067</u>
Excess of revenues over (under) expenditures	(3,384)	(2,317)	1,067
Recovery of prior year encumbrances	-	6	6
Fund balance - January 1	<u>8,616</u>	<u>8,616</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 5,232</u></u>	<u><u>6,305</u></u>	<u><u>1,073</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, 2001

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 85,945	85,952	7
Intergovernmental	<u>8,849</u>	<u>8,849</u>	<u>-</u>
Total revenues	<u>94,794</u>	<u>94,801</u>	<u>7</u>
Expenditures			
Current			
Security of persons and property	<u>82,397</u>	<u>82,397</u>	<u>-</u>
Total expenditures	<u>82,397</u>	<u>82,397</u>	<u>-</u>
Excess of revenues over expenditures	12,397	12,404	7
Fund balance - January 1	<u>1,612</u>	<u>1,612</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 14,009</u></u>	<u><u>14,016</u></u>	<u><u>7</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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 85,945	85,952	7
Intergovernmental	<u>8,849</u>	<u>8,849</u>	<u>-</u>
Total revenues	<u>94,794</u>	<u>94,801</u>	<u>7</u>
Expenditures			
Current			
Security of persons and property	<u>82,397</u>	<u>82,397</u>	<u>-</u>
Total expenditures	<u>82,397</u>	<u>82,397</u>	<u>-</u>
Excess of revenues over expenditures	12,397	12,404	7
Fund balance - January 1	<u>1,612</u>	<u>1,612</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 14,009</u></u>	<u><u>14,016</u></u>	<u><u>7</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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ 7,500	16,479	8,979
Miscellaneous	<u>-</u>	<u>12,251</u>	<u>12,251</u>
Total revenues	<u>7,500</u>	<u>28,730</u>	<u>21,230</u>
Expenditures			
Current			
Community development	<u>132,500</u>	<u>132,154</u>	<u>346</u>
Total expenditures	<u>132,500</u>	<u>132,154</u>	<u>346</u>
Excess of revenues over (under) expenditures	(125,000)	(103,424)	21,576
Fund balance - January 1	<u>243,366</u>	<u>243,366</u>	<u>-</u>
Fund balance - December 31	<u>\$ 118,366</u>	<u>139,942</u>	<u>21,576</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, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Special assessments	\$ <u>111,650</u>	<u>111,664</u>	<u>14</u>
Total revenues	<u>111,650</u>	<u>111,664</u>	<u>14</u>
Expenditures			
Current			
General government	4,995	4,524	471
Debt service	<u>370,275</u>	<u>370,271</u>	<u>4</u>
Total expenditures	<u>375,270</u>	<u>374,795</u>	<u>475</u>
Excess of revenues over (under) expenditures	(263,620)	(263,131)	489
Other financing sources			
Operating transfers - in	<u>268,669</u>	<u>268,669</u>	<u>-</u>
Total other financing sources	<u>268,669</u>	<u>268,669</u>	<u>-</u>
Excess of revenues and other sources over expenditures	5,049	5,538	489
Fund balance - January 1	<u>39,166</u>	<u>39,166</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 44,215</u></u>	<u><u>44,704</u></u>	<u><u>489</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, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 100,000	100,000	-
Special Assessments	30,000	30,000	-
Miscellaneous	<u>-</u>	<u>62,320</u>	<u>62,320</u>
Total revenues	<u>130,000</u>	<u>192,320</u>	<u>62,320</u>
Expenditures			
Capital outlays	5,432,734	5,145,934	286,800
Debt service	<u>3,147,000</u>	<u>3,138,213</u>	<u>8,787</u>
Total expenditures	<u>8,579,734</u>	<u>8,284,147</u>	<u>295,587</u>
Excess of revenues over (under) expenditures	(8,449,734)	(8,091,827)	357,907
Other financing sources			
Proceeds from sale of notes	4,750,000	4,750,000	-
Operating transfers - in	<u>1,615,000</u>	<u>1,615,000</u>	<u>-</u>
Total other financing sources	<u>6,365,000</u>	<u>6,365,000</u>	<u>-</u>
Excess of revenue and other sources over (under) expenditures	(2,084,734)	(1,726,827)	357,907
Recovery of prior year encumbrances	-	31,076	31,076
Fund balance - January 1	<u>3,404,591</u>	<u>3,404,591</u>	<u>-</u>
Fund balance - December 31	<u>\$ 1,319,857</u>	<u>1,708,840</u>	<u>388,983</u>

CITY OF KENT, OHIO

Enterprise Funds

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

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

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

CITY OF KENT, OHIO
Combining Balance Sheet - All Enterprise Funds
December 31, 2001

ASSETS	Solid Waste Fund	Storm Water Drainage Fund	Sewer Fund	Water Fund	Total
Current Assets					
Cash and cash equivalents	\$ 163,131	639,898	2,525,761	2,671,379	6,000,169
Receivables					
Accounts	36,618	64,755	608,934	539,374	1,249,681
Special assessments	-	-	250,807	284,115	534,922
Interest	-	-	20,157	23,201	43,358
Less allowance for doubtful accounts	<u>(2,611)</u>	<u>(686)</u>	<u>(72,298)</u>	<u>(60,481)</u>	<u>(136,076)</u>
Receivables, net	<u>34,007</u>	<u>64,069</u>	<u>807,600</u>	<u>786,209</u>	<u>1,691,885</u>
Due from other governments	-	-	198,732	-	198,732
Inventories	-	-	9,257	8,636	17,893
Prepaid items	<u>114</u>	<u>-</u>	<u>9,308</u>	<u>12,414</u>	<u>21,836</u>
Total current assets	<u>197,252</u>	<u>703,967</u>	<u>3,550,658</u>	<u>3,478,638</u>	<u>7,930,515</u>
Restricted cash and cash equivalents	-	-	425	-	425
Unamortized bond issuance costs	-	-	63,141	-	63,141
Fixed assets in service					
Land and land improvements	-	-	382,241	1,279,809	1,662,050
Buildings, structures and improvements	4,430	6,732	26,751,706	14,071,826	40,834,694
Machinery and equipment	13,839	38,125	4,543,269	4,103,187	8,698,420
Less accumulated depreciation	<u>(12,320)</u>	<u>(1,906)</u>	<u>(10,577,081)</u>	<u>(7,511,196)</u>	<u>(18,102,503)</u>
Fixed assets in service, net	<u>5,949</u>	<u>42,951</u>	<u>21,100,135</u>	<u>11,943,626</u>	<u>33,092,661</u>
Construction in progress	<u>362</u>	<u>348,483</u>	<u>900,636</u>	<u>544,405</u>	<u>1,793,886</u>
Total assets	<u>\$ 203,563</u>	<u>1,095,401</u>	<u>25,614,995</u>	<u>15,966,669</u>	<u>42,880,628</u>
LIABILITIES AND FUND EQUITY					
Current Liabilities					
Current portion of long-term debt	\$ -	-	315,000	-	315,000
Accounts payable	20,558	1,638	48,660	54,452	125,308
Capital contracts payable	-	279,011	613	26,042	305,666
Due to other funds	481,466	786,000	428,980	512,100	2,208,546
Accrued wages and benefits	<u>8,267</u>	<u>-</u>	<u>433,501</u>	<u>350,759</u>	<u>792,527</u>
Total current liabilities	<u>510,291</u>	<u>1,066,649</u>	<u>1,226,754</u>	<u>943,353</u>	<u>3,747,047</u>
Payable from restricted assets	-	-	425	-	425
Debt, net of current maturities					
General obligation bonds payable	<u>-</u>	<u>-</u>	<u>3,330,000</u>	<u>-</u>	<u>3,330,000</u>
Total debt, net of current maturities	<u>-</u>	<u>-</u>	<u>3,330,000</u>	<u>-</u>	<u>3,330,000</u>
Total liabilities	<u>510,291</u>	<u>1,066,649</u>	<u>4,557,179</u>	<u>943,353</u>	<u>7,077,472</u>
Fund equity					
Contributed capital - City of Kent and others	139,656	6,732	10,773,609	1,306,158	12,226,155
Retained earnings (deficit)	<u>(446,384)</u>	<u>22,020</u>	<u>10,284,207</u>	<u>13,717,158</u>	<u>23,577,001</u>
Total fund equity	<u>(306,728)</u>	<u>28,752</u>	<u>21,057,816</u>	<u>15,023,316</u>	<u>35,803,156</u>
Total liabilities and fund equity	<u>\$ 203,563</u>	<u>1,095,401</u>	<u>25,614,995</u>	<u>15,966,669</u>	<u>42,880,628</u>

CITY OF KENT, OHIO
Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) -
All Enterprise Funds
Year ended December 31, 2001

	Solid Waste Fund	Storm Water Drainage Fund	Sewer Fund	Water Fund	Total
Operating revenues					
Charges for services	\$ 319,092	342,678	3,479,928	2,835,683	6,977,381
Other	-	-	210,511	33,589	244,100
Total operating revenues	<u>319,092</u>	<u>342,678</u>	<u>3,690,439</u>	<u>2,869,272</u>	<u>7,221,481</u>
Operating expenses					
Personal services	35,721	-	1,282,305	1,100,476	2,418,502
Benefits	10,765	-	362,178	311,737	684,680
Utilities	-	-	223,617	168,161	391,778
Contractual services	290,793	110,517	295,590	145,221	842,121
Supplies and materials	949	-	149,260	209,601	359,810
Depreciation	2,199	1,906	677,104	458,826	1,140,035
Other	7,897	686	139,757	120,541	268,881
Total operating expenses	<u>348,324</u>	<u>113,109</u>	<u>3,129,811</u>	<u>2,514,563</u>	<u>6,105,807</u>
Operating income (loss)	<u>(29,232)</u>	<u>229,569</u>	<u>560,628</u>	<u>354,709</u>	<u>1,115,674</u>
Nonoperating revenues (expenses)					
Interest revenue	-	-	121,156	118,680	239,836
Interest expense	-	-	(250,805)	-	(250,805)
Amortization of bond issuance costs	-	-	(7,016)	-	(7,016)
Net nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(136,665)</u>	<u>118,680</u>	<u>(17,985)</u>
Net income (loss)	<u>(29,232)</u>	<u>229,569</u>	<u>423,963</u>	<u>473,389</u>	<u>1,097,689</u>
Retained earnings (deficit) - January 1, as restated	(417,152)	(207,549)	9,860,244	13,243,769	22,479,312
Retained earnings (deficit) - December 31	<u>\$ (446,384)</u>	<u>22,020</u>	<u>10,284,207</u>	<u>13,717,158</u>	<u>23,577,001</u>

CITY OF KENT, OHIO
Combining Statement of Cash Flows -
All Enterprise Funds
Year ended December 31, 2001

	Solid Waste Fund	Storm Water Drainage Fund	Sewer Fund	Water Fund	Total
Cash flows from operating activities					
Cash received from users	\$ 315,593	278,609	3,472,894	2,792,229	6,859,325
Cash payments to suppliers for goods and services	(299,399)	(130,342)	(876,435)	(644,333)	(1,950,509)
Cash payments to employees for services	(47,002)	-	(1,622,778)	(1,408,357)	(3,078,137)
Other operating revenue	557	-	44,317	66,288	111,162
Net cash provided (used) by operating activities	<u>(30,251)</u>	<u>148,267</u>	<u>1,017,998</u>	<u>805,827</u>	<u>1,941,841</u>
Cash flows from noncapital financing activities					
Loan from other fund	<u>60,000</u>	<u>440,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Net cash provided by noncapital financing activities	<u>60,000</u>	<u>440,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Cash flows from capital and related financing activities					
Capital contributions	-	-	12,388	11,293	23,681
Purchase of capital assets	(362)	(6,735)	(98,617)	(391,120)	(496,834)
Construction of capital assets	-	(69,472)	(371,199)	(275,717)	(716,388)
Principal paid on outstanding capital debt	-	-	(300,000)	-	(300,000)
Interest paid on outstanding capital debt	-	-	(250,805)	-	(250,805)
Net cash used by capital and related financing activities	<u>(362)</u>	<u>(76,207)</u>	<u>(1,008,233)</u>	<u>(655,544)</u>	<u>(1,740,346)</u>
Cash flows from investing activities					
Interest on investments	<u>-</u>	<u>-</u>	<u>138,179</u>	<u>128,383</u>	<u>266,562</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>138,179</u>	<u>128,383</u>	<u>266,562</u>
Net increase (decrease) in cash and cash equivalents	29,387	512,060	147,944	278,666	968,057
Cash and cash equivalents - January 1	<u>133,744</u>	<u>127,838</u>	<u>2,377,817</u>	<u>2,392,713</u>	<u>5,032,112</u>
Cash and cash equivalents - December 31	<u>\$ 163,131</u>	<u>639,898</u>	<u>2,525,761</u>	<u>2,671,379</u>	<u>6,000,169</u>

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

	Solid Waste Fund	Storm Water Drainage Fund	Sewer Fund	Water Fund	Total
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	\$ (29,232)	229,569	560,628	354,709	1,115,674
Adjustment to reconcile operating income to net cash provided by operating activities					
Depreciation	2,199	1,906	677,104	458,826	1,140,035
Provision for uncollectible accounts	808	686	9,041	7,869	18,404
Change in assets and liabilities					
(Increase) decrease in accounts receivable	(4,307)	(64,755)	(16,075)	(51,323)	(136,460)
(Increase) decrease in due from other governments	557	-	(166,194)	32,699	(132,938)
(Increase) decrease in inventories	-	-	(625)	1,103	478
(Increase) decrease in prepaid items	(35)	-	506	(7,779)	(7,308)
Increase (decrease) in accounts payable	275	(19,139)	(68,092)	5,837	(81,119)
Increase (decrease) in wages and benefits payable	(516)	-	21,705	3,886	25,075
Net cash provided by operating activities	<u>\$ (30,251)</u>	<u>148,267</u>	<u>1,017,998</u>	<u>805,827</u>	<u>1,941,841</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, 2001

ASSETS

Current Assets		
Cash and cash equivalents	\$	98,478
Prepaid items		<u>450</u>
Total current assets		<u>98,928</u>
Other assets - cash surrender value of life insurance policies		<u>943,101</u>
Total assets	\$	<u><u>1,042,029</u></u>

LIABILITIES AND FUND EQUITY

Current Liabilities		
Accounts payable	\$	13,261
Claims payable		<u>120,635</u>
Total current liabilities		<u>133,896</u>
Total liabilities		<u>133,896</u>
Fund equity		
Retained earnings		<u>908,133</u>
Total fund equity		<u>908,133</u>
Total liabilities and fund equity	\$	<u><u>1,042,029</u></u>

CITY OF KENT, OHIO

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

Year ended December 31, 2001

Operating revenues	
Charges for services	\$ <u>1,366,275</u>
Total operating revenues	<u>1,366,275</u>
Operating expenses	
Claims	1,148,510
Premiums	<u>283,256</u>
Total operating expenses	<u>1,431,766</u>
Operating income (loss)	<u>(65,491)</u>
Nonoperating revenues	
Interest revenue	<u>60,292</u>
Net nonoperating revenues	<u>60,292</u>
Net income	(5,199)
Retained earnings - January 1	<u>913,332</u>
Retained earnings - December 31	\$ <u><u>908,133</u></u>

CITY OF KENT, OHIO
Statement of Cash Flows -
Health and Life Insurance Fund
Year ended December 31, 2001

Cash flows from operating activities	
Cash received from users	\$ 1,366,275
Cash payments to suppliers for goods and services	<u>(1,409,684)</u>
Net cash provided (used) by operating activities	<u>(43,409)</u>
 Cash flows from investing activities	
Payments for investments	(38,016)
Interest on investments	<u>60,292</u>
Net cash provided (used) by investing activities	<u>22,276</u>
 Net increase (decrease) in cash and cash equivalents	(21,133)
Cash and cash equivalents - January 1	<u>119,611</u>
Cash and cash equivalents - December 31	<u><u>\$ 98,478</u></u>
 Reconciliation of operating loss to net cash used by operating activities	
Operating income (loss)	\$ (65,491)
Adjustment to reconcile operating loss to net cash used by operating activities	
Change in assets and liabilities	
Increase (decrease) in accounts payable	(523)
Increase (decrease) in claims payable	<u>22,605</u>
Net cash provided (used) by operating activities	<u><u>\$ (43,409)</u></u>

CITY OF KENT, OHIO

Agency Fund

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

Agency Escrow Fund	To hold in trust those funds held by the City and received from a contractor, developer, or individual to insure compliance with the ordinances of the City of Kent.
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CITY OF KENT, OHIO

Statement of Changes in Assets and Liabilities -
Agency Escrow Fund

Year ended December 31, 2001

	Balance January 1, 2001	<u>Additions</u>	<u>Deductions</u>	Balance December 31, 2001
ASSETS				
Cash and cash equivalents	\$ 340,866	<u>153,778</u>	<u>128,297</u>	<u>366,347</u>
LIABILITIES				
Accounts payable	\$ 340,866	<u>153,778</u>	<u>128,297</u>	<u>366,347</u>

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CITY OF KENT, OHIO

General Fixed Asset Account Group

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

CITY OF KENT, OHIO

Schedule of General Fixed Assets by Source

December 31, 2001

	<u>Gross</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
General fixed assets			
Land	\$ 2,750,445	-	2,750,445
Buildings, structures and improvements	6,475,689	(2,283,365)	4,192,324
Machinery and equipment	7,035,239	(4,689,284)	2,345,955
Construction in progress	<u>1,222,364</u>	<u>-</u>	<u>1,222,364</u>
Total general fixed assets	<u>\$ 17,483,737</u>	<u>(6,972,649)</u>	<u>10,511,088</u>
Investment in general fixed assets from	\$		
General fund revenue	4,735,482		
Special revenue funds	10,780,923		
Federal grants	338,788		
Donations	406,180		
Construction in progress	<u>1,222,364</u>		
Total investment in general fixed assets	<u>\$ 17,483,737</u>		

CITY OF KENT, OHIO

Schedule of General Fixed Assets by Function and Activity

December 31, 2001

	<u>Land</u>	<u>Buildings, Structures and Improvements</u>	<u>Machinery and Equipment</u>	<u>Total</u>
Security of persons and property				
Safety Director	\$ -	-	11,590	11,590
Fire	168,980	581,861	2,108,276	2,859,117
Police	<u>1,700</u>	<u>212,204</u>	<u>1,160,360</u>	<u>1,374,264</u>
Total security of persons and property	<u>170,680</u>	<u>794,065</u>	<u>3,280,226</u>	<u>4,244,971</u>
Public health and welfare	36,630	-	24,697	61,327
Leisure time activities	1,577,081	757,051	416,927	2,751,059
Community development	172,801	370,595	75,713	619,109
Transportation	283,928	3,021,678	2,629,132	5,934,738
General government				
Civil service	-	11,319	5,915	17,234
Council	-	185,297	36,278	221,575
Engineering	-	33,955	254,388	288,343
Finance administration	-	534,093	79,754	613,847
Law	-	11,318	1,415	12,733
Manager	-	22,637	16,596	39,233
Service administration	<u>509,325</u>	<u>733,681</u>	<u>214,198</u>	<u>1,457,204</u>
Total general government	<u>509,325</u>	<u>1,532,300</u>	<u>608,544</u>	<u>2,650,169</u>
Total general fixed assets allocated to functions	2,750,445	6,475,689	7,035,239	16,261,373
Construction in progress	-	1,196,886	25,478	1,222,364
Accumulated depreciation	<u>-</u>	<u>(2,283,365)</u>	<u>(4,689,284)</u>	<u>(6,972,649)</u>
Net general fixed assets allocated to functions	<u>\$ 2,750,445</u>	<u>5,389,210</u>	<u>2,371,433</u>	<u>10,511,088</u>

CITY OF KENT, OHIO

Schedule of Changes in General Fixed Assets by Function and Activity

Year ended December 31, 2001

	Fixed Assets January 1, 2001	Additions	Deductions	Fixed Assets December 31, 2001
Security of persons and property				
Safety Director	\$ 11,590	-	-	11,590
Fire	2,553,179	325,050	(19,112)	2,859,117
Police	1,379,411	65,942	(71,089)	1,374,264
	<u>3,944,180</u>	<u>390,992</u>	<u>(90,201)</u>	<u>4,244,971</u>
Total security of persons and property				
Public health and welfare	61,327	-	-	61,327
Leisure time activities	2,601,988	158,471	(9,400)	2,751,059
Community development	446,308	172,801	-	619,109
Transportation	5,945,595	75,983	(86,840)	5,934,738
General government				
Civil service	17,234	-	-	17,234
Council	219,866	5,000	(3,291)	221,575
Engineering	238,691	65,750	(16,098)	288,343
Finance administration	613,847	-	-	613,847
Law	12,733	-	-	12,733
Manager	39,233	-	-	39,233
Service administration	1,457,204	-	-	1,457,204
	<u>2,598,808</u>	<u>70,750</u>	<u>(19,389)</u>	<u>2,650,169</u>
Total general government				
Total general fixed assets allocated to functions	15,598,206	868,997	(205,830)	16,261,373
Construction in progress	158,159	1,253,320	(189,115)	1,222,364
Accumulated depreciation	<u>(6,364,858)</u>	<u>(812,288)</u>	<u>204,497</u>	<u>(6,972,649)</u>
Net general fixed assets allocated to functions	<u>\$ 9,391,507</u>	<u>1,310,029</u>	<u>(190,448)</u>	<u>10,511,088</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>
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
2001	12,036,231	300,552	3,671,672	755,909	352,319	209,485	931,920	345,495	18,603,583

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>
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
2001	7,328,137	466,178	863,226	2,098,614	1,251,158	2,880,775	2,835,200	508,447	18,231,735

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

CITY OF KENT, OHIO
Property Tax Levies and Collections
Last Ten Fiscal Years

Collection Year	Current Tax Levy	Current Tax Collections	Current Collections as a Percent of Current Tax Levy	Delinquent Tax Collections	Total Tax Collections (2)	Total Collections as a Percent of Current Tax Levy	Accumulated Outstanding Delinquent Taxes	Percent of Accumulated Delinquent Taxes to Total Current Tax Levy
1992	\$ 1,504,154	N/A (1)	N/A (1)	N/A (1)	1,487,432	98.9	133,541	8.9
1993	1,520,914	N/A (1)	N/A (1)	N/A (1)	1,543,607	101.5	118,867	7.8
1994	1,537,402	N/A (1)	N/A (1)	N/A (1)	1,561,468	101.6	111,108	7.2
1995	1,655,061	N/A (1)	N/A (1)	N/A (1)	1,714,983	103.6	81,366	4.9
1996	1,666,273	N/A (1)	N/A (1)	N/A (1)	1,696,819	101.8	84,167	5.1
1997	1,864,376	N/A (1)	N/A (1)	N/A (1)	1,856,717	99.6	109,149	5.9
1998	1,993,259	N/A (1)	N/A (1)	N/A (1)	2,026,685	101.7	92,780	4.7
1999	2,013,482	1,944,504	96.6	59,863	2,004,367	99.5	125,743	6.2
2000	2,149,762	2,000,343	93.0	60,103	2,060,446	95.8	110,384	5.1
2001	2,458,410	2,401,347	97.7	62,949	2,464,296	100.2	148,243	6.0

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

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

Source: Portage County, Ohio; County Auditor.

CITY OF KENT, OHIO

Assessed Valuations and Estimated True Values of Taxable Real Property

Last Ten Fiscal Years

<u>Tax Year/Collection Year</u>	<u>Assessed Valuations</u>				<u>Estimated True Value</u>
	<u>Real Property (1)</u>	<u>Public Utility Property (2)</u>	<u>Tangible Personal Property</u>	<u>Total</u>	<u>Real Property</u>
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
2001/2002	268,375,313	9,942,640	42,935,640	321,253,593	766,786,609

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 - 24%.

Notes: (1) Other than public utility property.

(2) Real and tangible personal public utility property.

Source: Portage County, Ohio; County Auditor.

CITY OF KENT, OHIO

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

Last Ten Fiscal Years

<u>Tax Year/Collection Year</u>	<u>City</u>	<u>Portage County</u>	<u>Franklin Township</u>	<u>Kent City School District</u>	<u>Total</u>
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
2001/2002	9.44	12.72	-	86.35	108.51

CITY OF KENT, OHIO

Special Assessment Billings and Collections

Last Ten Fiscal Years

Collection <u>Year</u>	<u>Current</u>	<u>Delinquent (1)</u>	<u>Total Billed</u>	<u>Collected Amount</u>	<u>Percent of Total Collected</u>
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
2001	211,757	30,985	242,742	204,094	84.08

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>
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
2001	27,906	321,254	7,040,000	44,704	3,645,000	650,296	2,700,000	0.01	96.75

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, 2001

Assessed valuation		\$ 321,253,593
Overall debt limitation - 10.50% of assessed valuation		\$ 33,731,627
Gross indebtedness	\$ 11,790,000	
Less: Debt outside limitations	<u>4,340,000</u>	
Debt within 10.50% limitation	7,450,000	
Net debt within 10.50% limitation		7,450,000
Legal debt margin within 10.50% limitation		<u>\$ 26,281,627</u>
Unvoted debt limitation - 5.50% of assessed valuation		\$ 17,668,948
Gross indebtedness	\$ 11,790,000	
Less: Debt outside limitations	<u>4,340,000</u>	
Debt within 5.50% limitation	7,450,000	
Net debt within 5.50% limitation		<u>7,450,000</u>
Legal debt margin within 5.50% limitation		<u>\$ 10,218,948</u>

CITY OF KENT, OHIO

Computation of Direct and Overlapping Net Debt

December 31, 2001

<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>2,700,000</u>	100.00%	\$ <u>2,700,000</u>
Total Direct	<u>2,700,000</u>		<u>2,700,000</u>
<u>Overlapping</u>			
Kent City Schools (2)	19,843,183	70.55%	13,999,366
Portage County, Ohio (3)	<u>19,896,827</u>	11.81%	<u>2,349,815</u>
Total Overlapping	<u>39,740,010</u>		<u>16,349,181</u>
Grand Total	\$ <u><u>42,440,010</u></u>		\$ <u><u>19,049,181</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>
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
2001	147,000	193,324	340,324	18,231,735	1.87

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>	
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
2001	3,811,595	2,452,707	1,358,888	300,000	250,805	550,805	2.47

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>	
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
2001	2,987,952	2,055,737	932,215	0	0	0	N/A

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

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

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

CITY OF KENT, OHIO

Demographic Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Public School Enrollment (2)</u>	<u>Unemployment Rate - County (3)</u>	<u>Unemployment Rate - City (4)</u>
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
2001	27,906	3,795	4.1	4.7

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	
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	353,361
2001	9	7,285,000	21	1,556,190	34	11,395,900	87	1,156,297	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, 2001

<u>Taxpayer</u>	<u>Business Activity</u>	<u>2001 Assessed Valuation for Collection in 2002</u>	<u>Percentage of Total Assessed Valuation</u>
Ohio Bell	Telephone Utility	\$ 4,582,640	1.43 %
Gougler Industries, Inc.	Manufacturer	4,321,540	1.35
Silver Meadows Ltd.	Apartment Residences	3,452,050	1.07
Douglas Partners *	Apartment Residences	2,885,120	0.90
Mikey Ryan LLC	Apartment Residences	2,882,600	0.90
Paul P. Tell Sr.	Apartment Residences	2,758,890	0.86
Ohio Edison	Electric Utility	2,659,040	0.83
Klaben Ford, Inc.	Automobile Dealership	2,418,270	0.75
Star of the West Milling Co.	Flour Mill	2,383,160	0.74
Associated Estates Realty **	Apartment Residences	<u>2,271,150</u>	<u>0.71</u>
		\$ <u><u>30,614,460</u></u>	<u><u>9.54 %</u></u>
Total Assessed Valuation		\$ <u><u>321,253,593</u></u>	

* Formerly W9/GLM Real Estate

** Formerly Kent State Apartments

Source: Portage County, Ohio; County Treasurer.

CITY OF KENT, OHIO

Principal Employers - By Municipal Income Tax Withheld

December 31, 2001

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

<u>Employer</u>	<u>Activity</u>	<u>Amount of Tax Withheld</u>	<u>Percentage of Total Municipal Income Tax Revenue</u>
Kent State University	Higher Education	\$ 3,094,059	32.32 %
Kent City Schools	Education	476,817	4.98
City of Kent	City Government	199,505	2.08
Davey Tree Expert Co., Inc.	Tree Care	173,630	1.81
Ametek, Inc.	Manufacturer	164,817	1.72
Smithers-Oasis Company	Manufacturer	122,185	1.28
Klaben Family Ford, Inc.	Automobile Dealership	113,523	1.19
Land-O-Lakes	Dairy Products	106,989	1.12
Kent Adhesive Products Co., Inc.	Manufacturer	88,291	0.92
Gougler Industries, Inc.	Manufacturer	<u>86,825</u>	<u>0.91</u>
		<u>\$ 4,626,641</u>	<u>48.33 %</u>
Total municipal income tax revenue		<u>\$ 9,573,424</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 2001

Employment: 80,300
Unemployment rate: 4.1%

EDUCATION

	<u>Schools</u>	<u>Teachers</u>	<u>Grades</u>	<u>Enrollment</u>
Elementary	5	-	K - 6	1,647
Middle school	1	-	7 - 8	837
High school	1	-	9 - 12	1,311
Private and parochial	1	-	K - 8	348
Vocational/technical	Co-operative with other communities			
Colleges	1 - graduate and undergraduate - 22,828			
Libraries	2			
Total volumes and other media	3,466,000			

TRANSPORTATION

Railroads

Name: CSX Transportation, Wheeling & Lake Erie Railroad

Motor Freight Lines

Name: 45 serve the area

Air

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

CITY OF KENT, OHIO

Miscellaneous Statistics and Community Profile

Water

Nearest port: Cleveland World Port
Distance in miles: 45

UTILITIES AND SERVICES

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

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OFFICE OF THE AUDITOR

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800-282-0370

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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 15, 2002**