



Dave Yost • Auditor of State

**CITY OF KENT
PORTAGE COUNTY
DECEMBER 31, 2016**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Kent
Portage County
930 Overholt Road
Kent, Ohio 44240

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Portage County, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 22, 2017



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City of Kent
Portage County
930 Overholt Road
Kent, Ohio 44240

To the Members of Council:

Report on Compliance for the Major Federal Program

We have audited the City of Kent's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Kent's major federal programs for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal programs.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Kent complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended December 31, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2016-001. Our opinion on *the* major federal program is not modified with respect to these matters.

The City's response to our noncompliance finding is described in the accompanying schedule of findings corrective action plan. We did not audit the City's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Kent (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 22, 2017. We conducted our audit to opine on the City's basic financial statements as a whole. We have not performed any procedures to the audited financial statements subsequent to June 22, 2017. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

February 5, 2018

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**CITY OF KENT
PORTAGE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Federal Grantor/ Pass-Through/ Program Title	Federal CFDA Number	Pass Through Entity Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Program:</i>			
Farmer's Market	10.168	N/A	\$ 2,179
U.S. DEPARTMENT OF COMMERCE			
<i>Direct Program:</i>			
Economic Development Cluster:			
U S Department of Commerce, Economic Development Administration Revolving Loan Fund Grant - Economic Adjustment Assistance	11.307	See Footnote D	374,201
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPEMENT			
<i>Direct Program:</i>			
Community Development Block Grant - Entitlement	14.218	MC-36-0026	407,278
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Pass Through the Ohio Department of Health:</i>			
National State Based Tobacco Control Programs	93.305	06720014TU0117	19,705
U.S. FOOD AND DRUG ADMINISTRATION (Direct) Voluntary National Retail Food Grant Program	93.103	G-SP-1510-03247	<u>2,500</u>
Total U.S. Department of Health and Human Services			<u>22,205</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Direct Program</i>			
Assistance to Firefighters Grant Program - Fire Protection and Safety	97.044	EMW-2013-FO-06103	35,455
U.S. DEPARTMENT OF TRANSPORTION			
<i>Pass Through the Ohio Department of Transportation:</i>			
N. Depeyster Resurfacing	20.205	PID 93806	5,793
Highway Planning and Construction - E. Summit Street Improvement	20.205	PID 84546	<u>3,531,300</u>
Total U.S. Department of Transportation			<u>3,537,093</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 4,378,411</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF KENT
PORTAGE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Kent (the City's) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE D – REVOLVING LOAN FUND (RLF)

Activity in the Economic Adjustment Assistance CFDA 11.307 revolving loan fund during 2016:

Beginning loans receivable balance as of January 1, 2016	\$197,313
Loans made during 2016	\$ 15,000
Loan principal repaid	<u>\$(36,206)</u>
Ending loans receivable balance December 31, 2016	\$176,107
Cash Balance in the RLF at December 31, 2016	\$358,466
Total Value of the RLF EDA 11.307	\$534,573
Federal Share of RLF (70%)	\$374,201

CITY OF KENT
PORTAGE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction – CFDA# 20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Schedule of Expenditures of Federal Awards

Finding Number	2016-001		
CFDA Title and Number	Economic Adjustment Assistance Program #11.307		
Federal Award Identification Number / Year	2016		
Federal Agency	U.S. Department of Commerce		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A – not repeated

Noncompliance

2 CFR 200.510(b) states the auditee must also prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the non-Federal entity elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

The City prepared the Schedule of Expenditures of Federal Awards (the Schedule) based on information provided by each department. However, the City failed to report the Economic Adjustment Assistance Program on the Schedule, which resulted in an understatement of federal expenditures for the Economic Adjustment Assistance program of \$374,201.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Schedule of Expenditures of Federal Awards (Continued)

Inaccurate completion of the Schedule could lead to inaccurate reporting of federal expenditures by the City. Adjustments were made to the City's Schedule as noted above.

We recommend the City ensure proper reporting of federal expenditures, which includes reporting the proper amount of expenditures; federal awarding agencies; pass-through entity names and numbers (where applicable); and the Catalog of Federal Domestic Assistance (CFDA) numbers. Source documentation should additionally be maintained to support the City's Schedule. Further, a final review of the Schedule should be completed to ensure the Schedule is accurately completed.

Officials' Response: Refer to the Corrective Action Plan

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**CITY OF KENT, OHIO
DEPARTMENT OF BUDGET AND FINANCE**

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2016**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	<p>City Management was unaware of the current interpretation of reporting requirements and that recognition of federal expenditures from a grant that was received in 1986 still applied, since no new funding has been received since that date of original receipt. City Management would like to note that classifying this corrective action as an Audit Finding is believed to be misleading in that previous regulatory interpretations did not require this recognition and disclosure. City Management is now aware of the requirements and will report the correct amount and disclosures in the 2017 and future audits.</p>	<p>Noted and corrected for 2016 and currently working on the 2017 reporting.</p>	<p>David Coffee- Director of Finance and Brian Huff- Controller</p>

930 OVERHOLT RD., KENT, OH 44240
 (330) 678-8102 – Director and General Accounting
 (330) 678-8103 Income Tax (330) 678-8104 Utility Billing FAX (330) 676-7584

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CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2016

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CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2016

Issued by The Department of Budget and Finance

DAVID A. COFFEE
Director of Budget and Finance

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INTRODUCTORY SECTION



City of Kent, Ohio
Comprehensive Annual Financial Report
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CITY OF KENT, OHIO

Office of the City Manager

May 8, 2017

Members of City Council,
City Manager, and
Citizens of Kent, Ohio

The Comprehensive Annual Financial Report (CAFR) of the City of Kent (the City) for the fiscal year ended December 31, 2016, is herein submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management of the City is responsible for establishing and maintaining an internal control structure that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Kent's financial statements in conformity with generally accepted accounting principles (GAAP). The concept of reasonable assurance recognizes that the cost of the internal control structure should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Auditor of State of Ohio requires periodic change from the use of independent auditing firms when they have been engaged for a number of consecutive years, to ensure integrity and fresh execution of an auditee's annual audit. Consequently, the financial records, books of accounts and transactions of the City of Kent, Ohio, for the year ended December 31, 2016, have been audited for a third consecutive year in the current decade by the Auditor of State of Ohio's Office. The Auditor of State's unmodified opinion has been included in this report.

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

PROFILE OF THE GOVERNMENT

The City of Kent, Ohio, is located in Portage County, approximately fifteen miles northeast of the City of Akron and six miles west of the City of Ravenna, the county seat. The City is the largest of four cities in this industrial and agricultural county. It is principally noted as the home of Kent State University, which had a 2016 undergraduate enrollment of 29,105 students at the main campus in Kent and 40,782 students region-wide. The City covers an area of approximately 9.29 square miles. The City's 2010 population of 28,904 reflects a 3.6 percent growth over the 2000 population of 27,906. Also of note in the 2010 census is the City of Kent's neighboring township to the south, Brimfield Township, posted a 30 percent increase from the 2000 to 2010 that is in part a result of the rising popularity of the City of Kent and Kent State University.

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

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

The City maintains its legal level of budgetary control at the department level, separated into the categories of Personnel and Benefits, Other than Personnel and Benefits, Capital, Reserve/Debt Service, and Contingency. The Director of Budget and Finance is authorized to allocate appropriations for function and object levels within the same department and category as explained above without prior Council approval, as long as the total appropriation for each department and category does not exceed that of the Council-approved appropriation. Budgetary control is maintained at the division level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of division balances are not processed until additional appropriations are made available through transfer from other accounts either by ordinance of City Council or administrative transfer. Open encumbrances are reported as assigned fund balances at year end.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The economic recovery that began in 2011 slowed in the last couple of years but new business activity and new investment continue to show modest gains following years of record highs. For the years 1999 thru 2010 commercial construction investment in Kent averaged \$6.5 million a year. From 2011 thru 2012 commercial investment jumped to an average of \$55 million a year; an increase of 745 percent. The mix of new public and private investment has kept construction investment levels above the 20 year average in 2016.

The recent commercial construction has translated into new jobs and economic growth which has enabled the City to re-build reserve balances to pre-recessionary levels and increase investments in areas of critical infrastructure needs that had been under-funded due to revenue limitations. Despite improving fiscal conditions, the City of Kent has continued to maintain a conservative fiscal strategy in order to maximize resource impact and support City services without adding new or increased taxes or fees. Economic growth did allow for small salary increases (2.75 and 3 percent) in 2015 and 2016 following a couple of years of negligible increases.

The City's commitment to aggressive cost cutting over the last 10 years, matched with growth in the tax base and revenue stabilization provided by Kent State University, has allowed the City to make impactful strategic investments and replenish some of its reserve fund balances. The combination of performance driven savings and income gains have enabled the City to hold the line on the City budget overall, honoring funding commitments to community priorities, absorbing the loss of \$900,000 in State funding, and adding selected operating increases (e.g., increased street repair funding, approval of 3 new firefighter positions) while emerging from the economic recession on a comparatively strong financial basis heading into 2017.

The City's finances have recovered well enough to be recognized by the State Auditor's Office in 2016 as being only one of 15 cities statewide to receive their highest recognition for financial health across all financial categories evaluated. Among those 15 "most financially healthy" cities, Kent also happens to have the lowest median income levels -- so while Kent may not have a lot of community wealth, what it has, it manages very well.

For year-end 2016, overall City income tax collections were down 3.15% percent (\$516,883) from 2015, while Kent State University's collections in 2016 were up 2.8 percent (\$139,559). The drop in private sector income taxes between 2015 and 2016 does not appear to be a trend but rather reflects a one-time business profit contribution that occurred in 2015, producing a bonus tax payment of \$739,957 in 2015 that was not repeated (and not expected to be repeated) in 2016.

Kent State University remains the City's largest employer, contributing 35.8 percent of total municipal income tax revenues in 2016, however it is noteworthy that job growth occurring in the private sector has lessened the KSU percentage share in recent years compared to long standing historical levels. So while the City's financial condition still benefits from the University's buffering effect on the City's tax base from the more volatile highs and lows of private business cycles -- the continued private sector job growth is a welcomed and notable diversification.

In 2016, Kent State University marked the 10th straight year of enrollment growth, adding 125 students to the previous hundred year enrollment record set in 2015. In 2016 Kent State University surpassed the highest retention rate in the history of the University at 82.2%. The Kent campus also welcomed the largest freshman class in its history – 4,335 new students.

With strong enrollment and retention numbers, Kent State University reported solid financial earnings in 2016 which they continue to use to leverage with the funds raised in the \$265 million Centennial Capital campaign to finance critical campus improvement projects.

With 5 successive years of income tax growth leading into 2016, the City appears to have recovered from the recession and settled into a sustainable pace of economic growth. Construction activity continues to supplement income tax growth but a good portion of that growth appears is attributable to an expanding economic base. All business sectors in Kent appear to be improving, with diversification of the economic base (new businesses) driving the majority of the economic growth as the top 10 income tax generators remain comparatively stable in their tax contributions.

This diversification of income tax revenues is a long term financial goal and the job creation resulting from the early phases of the downtown redevelopment pushed the City's 2015 income tax receipts to their highest recorded level. Total income tax receipts for the City in 2016 experienced a decline from that record high but that is largely attributed to a one time only income tax contribution spike in 2015 that produced a statistical decline in the year by year comparison for 2016.

Investments in Kent

In 2016, Kent State University continued an aggressive capital re-investment program with major renovations underway at Rockwell Hall, Lake and Olson Halls, MAC Center, Cunningham Hall, Smith Hall, Williams Hall and the Integrated Science Building. These investments have transformed the campus and the campus community connection, generating significant construction related jobs and tax revenues.

Elsewhere in Kent the construction values remained above the 10 year average. Single family residential construction continued to show signs of recovery with the new phases of single family homes selling well at the Lakes of Franklin Mills, the senior housing at Maplebrook II fully leased up, and new apartment occupancies overall averaging greater than 95% full. Kent's older shopping plazas continued to generate new investment and show signs of recovery as vacant spaces were quickly filled with new tenants keeping Kent's retail vacancy rate one of the lowest in the region at 5%.

The City and University continued to partner to implement the recommendations of the community housing study, including jointly negotiating with developers on private housing projects to "right size" the number of new units to avoid inciting a housing glut and to preserve the quality of life in City neighborhoods. The Franklin and Brimfield Townships were also close partners with the City and University in managing the growth of student housing adjacent to the City and campus borders.

The commercial construction market rebound that began in 2009 continued in 2016, keeping the local economy vital. Commercial and residential construction permits remained higher than the average for the previous 20 years and residential construction investments reached their second highest levels in the last 9 years.

On the public side, the City continued to aggressively pursue Federal, State and Regional grant funds for infrastructure improvement projects. As a result, the City continued to reinvest in City bridges, streets and sidewalks at near record levels. The City was able to allocate an extra \$1 million towards street repairs which was used for major street reconstruction on Woodward, Rockwell and Whittier Streets.

In 2016 the City of Kent broke ground on the new \$18 million new Police Station Project. The City and Kent State University completed phase 1 of the \$18 million Summit Street Transportation Project. City engineering and design work continued on the \$3 million SR 43 Signal Upgrade project and the prospective new City Administration building. Over the last 6 years the City was awarded (or was a partner in grant awards) amounting to over \$50 million in stimulus/grant funds, which has enabled the City to leverage grant funds to City funds at better than a 4:1 ratio.

Major Initiatives

The new Marc's Grocery store opened in Kent in 2014 and the popularity of that store has produced a strong anchor tenant that continues to attract other new businesses to formerly vacant storefronts in adjoining properties. The University Plaza has experienced some routine retail turnover but the popularity of the movie theater, Planet Fitness, and the Asian markets has kept plaza occupancy rates high. The continued expansion of the car dealerships, and the quarter-million dollar reinvestment in the Royal Cleaners on West Main Street, provides evidence of investment in a corridor that has been targeted for redevelopment. Construction build-out was completed for all of the retail spaces in the PARTA building and an art gallery and insurance agency are two of the featured new tenants.

The Acorn Corner old hotel restoration, Acorn alley and Phases I, II, and III of the Phoenix Project continues to offer an eclectic mix of small local retail, restaurants, office space and living space.

In 2016, construction was completed on the final parcel (Parcel D) in the City's College Town Kent's mixed use redevelopment project that includes 56,000 square feet of new retail and restaurant space, a 95 room hotel, a 15,000 square foot conference center, 75,000 square feet of office space, and 80 residential units strategically located in the central business district and the expanded edge of the University campus in downtown Kent.

Parcel D includes the Avant 220 apartment building, which adds 50 new micro-apartment units and 3 ground floor restaurant tenants. The financial performance of the Hotel Conference Center is on-schedule with stabilized room night figures and Conference Center bookings continue to out-perform projections.

In 2012, the downtown Kent redevelopment project won the State of Ohio Economic Development Project of the Year award and downtown Kent was featured in the New York Times and the Wall Street Journal. In 2013, the downtown project was recognized by the International Town Gown Association, the International City Manager's Association, the Ohio City Manager's Association, Sales and Marketing Executives International, and the International Economic Development Council for outstanding collaboration in economic development. In 2014, the City was awarded recognition from Heritage Ohio and the International City Manager's Association for the downtown projects. In 2015 the City was awarded the "Catalytic Partnership Award" in cooperation with Kent State University.

The City continued to work with Franklin and Brimfield townships in 2016 to recruit new businesses and expand business development opportunities within the JEDD boundaries. In 2016 new Japanese, Chinese and Mexican restaurants opened in the Kent-Franklin JEDD. As a result of these partnerships, the City received \$549,301 (on a cash basis) as its combined share of JEDD income taxes in 2016. Progress on a proposed new Kent-Rootstown JEDD stalled as Rootstown Township Trustees decided to defer the project pending future decisions on the location of the Rootstown school complex.

As part of the City's neighborhood enrichment initiatives, Kent State University continued to partner with the City to improve communication and neighbor relations in rental neighborhoods around the University. The City continued to expand the regulatory tools available for stabilizing rental neighborhoods including redefining guest occupancy definitions, updating sections of the City's zoning code, and adopting a new rental unit registration program. In 2015, the City and University completed a joint community wide housing assessment which will be used in 2016 to develop new strategies for neighborhood recovery and success.

Long-term Financial Planning

During 2016, the City continued to update and implement the five-year capital improvement program that ensures the City's ability to meet the infrastructure needs of the community in future years.

In 2016, City Council renewed their approval of the multi-year utility rate stabilization plan to ensure adequate long term funding for critical infrastructure investment needs while remaining sensitive to the ability of customers to pay for those needs. In 2016 Council modified the utility rate plans to include an interim stormwater rate increase and authorized staff to develop a new "user-based" stormwater generation fee model. In addition, City Council continued the use of a fund balance policy and fiscal health index to track key financial indicators and to prepare contingency plans for a range of future revenue scenarios.

Cash Management Policies and Practices

In 2011, the Kent City Council approved and adopted a formal Investment Policy that revised and expanded criteria for management of the City's pooled investment portfolio while preserving safeguards that ensure prudent risk management. The revised policy permits greater flexibility in investment alternatives to maximize portfolio performance without compromising the security of funds.

The City's investment policy is to manage and invest the public's funds with regard to the following criteria: Safety of principal is the foremost objective for the City. All investments are executed in a manner that seeks to ensure preservation of capital in the overall portfolio. Liquidity is the second objective, and the City's investment portfolio maturities are structured in such a manner so as to meet all of its cash operating requirements that can be reasonably anticipated. Finally, the City's investment portfolio is managed so as to achieve a competitive yield that is compatible with the risk and cash flow requirements of the portfolio.

The Director of Budget and Finance is authorized by this policy to invest interim and active monies not in excess of \$10 million with any one eligible financial institution designated as a public depository at any one time in select instruments as defined and authorized by the Ohio Revised Code, Chapter 135. The institutions are required by state statute to maintain a collateral pool of assets whose carrying value exceeds their total public deposits by at least five percent. All investment activity, including operational practices and compliance with the policies and procedures defined in the Investment Policy are overseen by 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 investment portfolio interest earned during 2016 was \$317,069.

Risk Management

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

AWARDS AND ACKNOWLEDGEMENTS

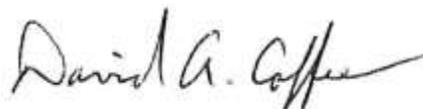
The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities whose CAFR is easily readable, efficiently organized, and conforms to GFOA reporting standards. Such a report must satisfy both generally accepted accounting principles (GAAP) as well as applicable legal requirements. The City of Kent received this honor for its Comprehensive Annual Financial Report for 2015. This was the twenty-ninth consecutive year that the government has received this prestigious award. A Certificate of Achievement is valid for a period of only one year. The City believes this report conforms to the Certificate of Achievement program requirements, and has submitted it to the GFOA to determine its eligibility for another Certificate of Achievement.

Special recognition for the contributions to this report is made to the Department of Budget and Finance staff for their many hours of dedicated effort. Finally, a special acknowledgment is given to the City Council and City Department Heads for their continuing support and commitment to responsible fiscal reporting.

Respectfully submitted,



Dave Ruller
City Manager



David Coffee
Director of Budget and Finance



Government Finance Officers Association

**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, 2015

Executive Director/CEO

CITY OF KENT, OHIO
ELECTED OFFICIALS - 2016

MAYOR/COUNCIL PRESIDENT	Jerry T. Fiala
COUNCIL MEMBER AT LARGE	Michael A. DeLeone
COUNCIL MEMBER AT LARGE	Melissa M. Long
COUNCIL MEMBER AT LARGE	Roger B. Sidoti

CITY COUNCIL MEMBERS BY WARDS:

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

CITY OF KENT, OHIO
APPOINTED OFFICIALS - 2016

OFFICE OF CITY MANAGER

City Manager

David A. Ruller

OFFICE OF COUNCIL

Clerk of Council

Tara Grimm

DEPARTMENT OF LAW

Law Director

James R. Silver

DEPARTMENT OF PUBLIC SERVICES

Service Director

City Engineer

Water Plant Supervisor

Sewer Plant Supervisor

Utilities Manager

Facilities Manager

Melanie Baker

James S. Bowling

Steve D. Hardesty, Sr.

Bill Schesventer

John Osborne

Brad McKay

DEPARTMENT OF BUDGET AND FINANCE

Director of Budget and Finance

Controller

David A. Coffee

Brian L. Huff

DEPARTMENT OF PUBLIC SAFETY

Safety Director

Fire Chief

Police Chief

Position is currently vacant

John Tosko

Michelle A. Lee

DEPARTMENT OF COMMUNITY DEVELOPMENT

Community Development Director

Economic Development Director

Bridget Susel

Tom Wilke

DEPARTMENT OF HEALTH

Health Commissioner

Jeffrey S. Neistadt

DEPARTMENT OF PARKS AND RECREATION

Director of Parks and Recreation

Parks Supervisor

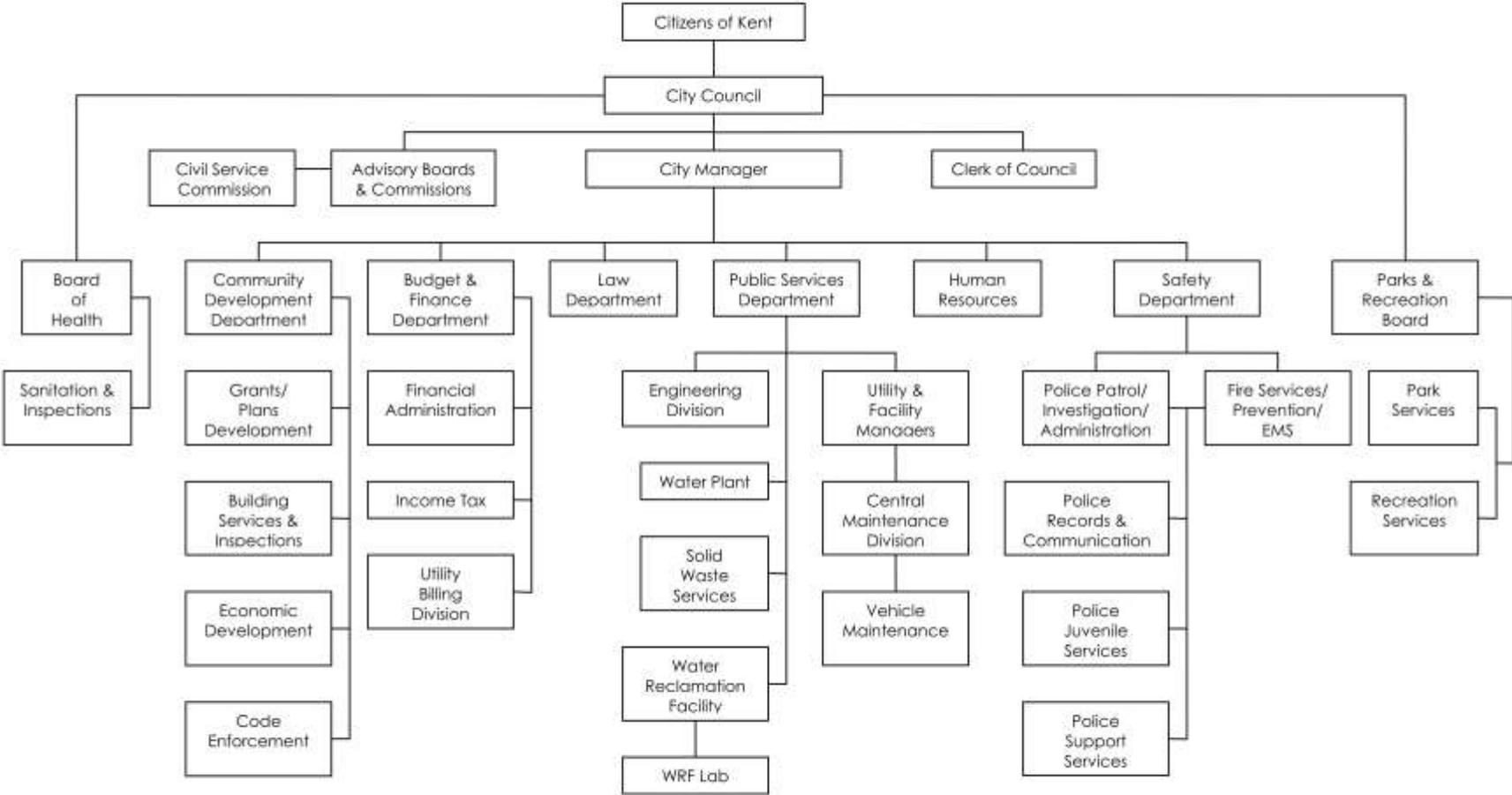
Recreation Supervisor

John J. Idone

Charles S. Tuttle

Nancy R. Rice

City of Kent, Ohio Organizational Chart





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FINANCIAL SECTION





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Kent
Portage County
930 Overholt Road
Kent, Ohio 44240

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kent, Portage County, Ohio (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Portage County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Income Tax Safety Fund and the Fire and Emergency Medical Services Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

June 22, 2017

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City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The discussion and analysis of the City of Kent's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2016 are:

- Total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$128,478,296 (*net position*).
- Total net position increased by \$4,656,652 over 2015. Of this amount, governmental activities increased by \$4,326,933 and business-type activities increased by \$329,719.
- Total capital assets increased by \$5,550,766 or 4.70 percent as compared to 2015. This increase reflects the increase of \$6,189,818 attributable to Governmental capital assets offset by the decrease of \$639,052 to business-type capital assets.
- Total current and other assets decreased \$504,154 or 0.91 percent as compared to 2015. This decrease reflects the decrease of \$817,003 attributable to governmental activities offset by an increase of \$312,849 attributable to business-type activities.
- Total liabilities and deferred inflows of resources increased \$6,111,396 or 11.50 percent as compared to 2015. This increase is comprised of an increase in the governmental activities' liabilities and deferred inflows resources of \$5,517,174 and an increase in the liabilities and deferred inflows of resources of the business-type activities of \$594,222.

Overview of the Financial Statements

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

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

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

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

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found starting on page 26 of this report.

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, the Sewer Fund, and the Storm Water Drainage Fund, all of which are considered to be major funds. The Solid Waste Fund is the City's only nonmajor proprietary fund and is presented separately in the proprietary fund financial statements. The Internal Service Fund is also presented on the proprietary fund financial statements. The basic proprietary fund financial statements can be found starting on page 33 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of these funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 37 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 38 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented, as well as individual budgetary comparisons for all nonmajor funds and enterprise funds. This information can be found starting on page 89 of this report.

Government-wide Financial Analysis

Statement of Net Position and the Statement of Activities. While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole considers all financial transactions and measures how the City did financially during fiscal year 2016. The *Statement of Net Position* and the *Statement of Activities* include assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into consideration all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

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

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets and Deferred Outflows of Resources minus Liabilities and Deferred Inflows of Resources)
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning of Year and at Year's End

The City of Kent as a Whole

Table 1 provides a summary of the City's net position for 2016 compared to 2015.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$46,452,587	\$47,269,590	\$8,636,133	\$8,323,284	\$55,088,720	\$55,592,874
Net Pension Asset	9,143	2,699	7,331	2,166	16,474	4,865
Capital Assets, Net	70,812,532	64,622,714	52,894,291	53,533,343	123,706,823	118,156,057
<i>Total Assets</i>	<u>117,274,262</u>	<u>111,895,003</u>	<u>61,537,755</u>	<u>61,858,793</u>	<u>178,812,017</u>	<u>173,753,796</u>
Deferred Outflows of Resources						
Pension	7,100,286	2,635,438	1,816,165	571,186	8,916,451	3,206,624
Liabilities						
Current and Other Liabilities	4,986,548	4,659,098	685,791	1,323,132	5,672,339	5,982,230
Long-Term Liabilities:						
Due Within One Year	1,526,240	1,495,513	544,918	528,339	2,071,158	2,023,852
Due In More Than One Year:						
Net Pension Liability	24,875,771	18,861,480	4,611,408	3,145,973	29,487,179	22,007,453
Other Amounts	15,915,535	16,804,912	2,584,820	2,874,243	18,500,355	19,679,155
<i>Total Liabilities</i>	<u>47,304,094</u>	<u>41,821,003</u>	<u>8,426,937</u>	<u>7,871,687</u>	<u>55,731,031</u>	<u>49,692,690</u>
Deferred Inflows of Resources						
Property Taxes and PILOTs	3,252,139	3,320,375	0	0	3,252,139	3,320,375
Pension	172,100	69,781	94,902	55,930	267,002	125,711
<i>Deferred Inflows of Resources</i>	<u>3,424,239</u>	<u>3,390,156</u>	<u>94,902</u>	<u>55,930</u>	<u>3,519,141</u>	<u>3,446,086</u>
Net Position						
Net Investment in Capital Assets	60,061,703	55,391,747	49,624,570	49,925,407	109,686,273	105,317,154
Restricted	20,795,807	18,029,115	0	0	20,795,807	18,029,115
Unrestricted	(7,211,295)	(4,101,580)	5,207,511	4,576,955	(2,003,784)	475,375
<i>Total Net Position</i>	<u>\$73,646,215</u>	<u>\$69,319,282</u>	<u>\$54,832,081</u>	<u>\$54,502,362</u>	<u>\$128,478,296</u>	<u>\$123,821,644</u>

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During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$128,478,296 at the close of the most recent year.

The largest portion of the City's net position (85.37 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, equipment and vehicles); less any related outstanding debt and deferred outflows/inflows of resources issued to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the City's net position (\$20,795,807 or 16.19 percent) represents resources that are subject to external restrictions on how they may be used.

Total assets and deferred outflows of resources increased by \$10,768,048 from 2015 to 2016. Capital assets increased as a result of various development projects. Deferred outflows of resources increased due to the amounts related to pension.

Total liabilities and deferred inflows of resources experienced an increase of \$6,111,396, which corresponds to an increase of \$5,517,174 in governmental activities and an increase of \$594,222 in the business-type funds. This increase is mainly attributed to the increase in net pension liability.

At the end of the current year, the City is able to report positive net position balances and both for the government as a whole, as well as for the governmental and business-type activities shown in Table 1, with the exception of the governmental activities unrestricted balance. This negative balance is due to the implementation of GASB 68.

The total net position of the City increased \$4,656,652 from 2015 to 2016. The primary reason for this overall change is that the City had another year where, on a full accrual accounting basis, current year total revenues exceeded total expenses due in part to capitalized expenses for capital assets.

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

Table 2
Changes in Net Position

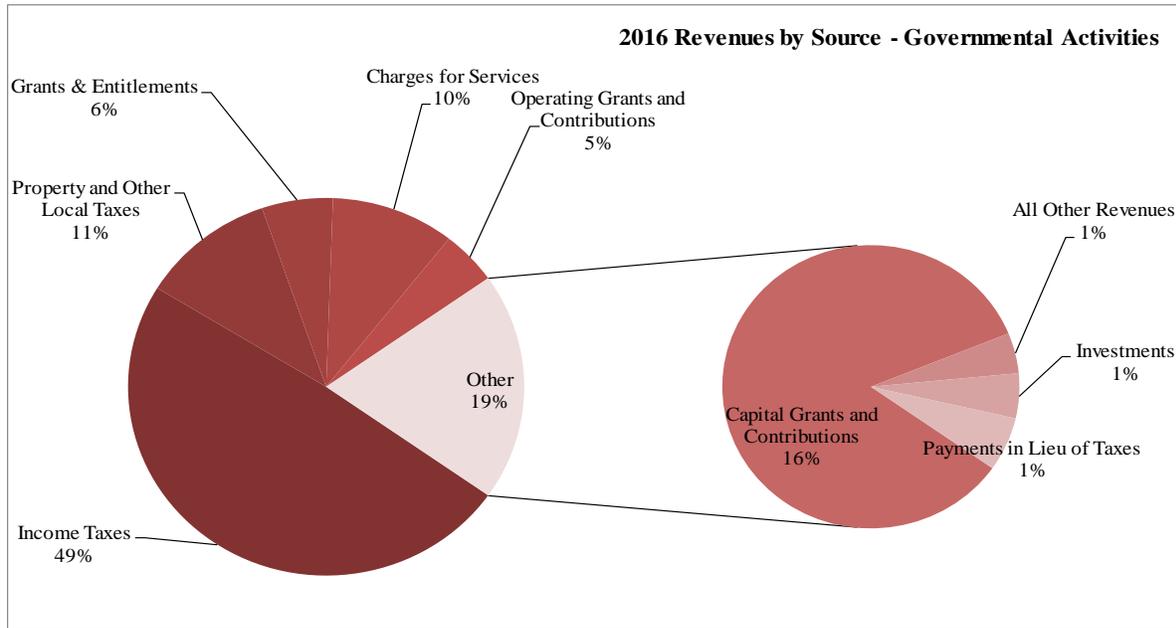
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charges for Services	\$3,210,475	\$3,188,993	\$8,778,228	\$8,775,497	\$11,988,703	\$11,964,490
Operating Grants and Contributions	1,442,504	970,290	0	0	1,442,504	970,290
Capital Grants and Contributions	5,184,058	12,599,280	630,742	653,909	5,814,800	13,253,189
General Revenues:						
Municipal Income Taxes	15,529,037	16,687,329	0	0	15,529,037	16,687,329
Property and Other Local Taxes	3,497,666	3,753,990	0	0	3,497,666	3,753,990
Payments in Lieu of Taxes	368,097	511,990	0	0	368,097	511,990
Grants and Entitlements	1,830,099	1,807,531	0	0	1,830,099	1,807,531
Investment Income	332,106	288,799	256	14,185	332,362	302,984
Gain on Sale of Capital Assets	0	2,409,100	11,860	2,192	11,860	2,411,292
All Other Revenues	299,309	300,254	74,243	118,447	373,552	418,701
Total Revenues	31,693,351	42,517,556	9,495,329	9,564,230	41,188,680	52,081,786
Program Expenses						
Security of Persons and Property	13,327,470	12,085,275	0	0	13,327,470	12,085,275
Public Health and Welfare	865,759	751,049	0	0	865,759	751,049
Leisure Time Activities	2,182,450	2,129,354	0	0	2,182,450	2,129,354
Community Development	2,180,658	2,013,840	0	0	2,180,658	2,013,840
Transportation	5,132,998	5,194,392	0	0	5,132,998	5,194,392
General Government	3,051,990	3,980,966	0	0	3,051,990	3,980,966
Interest and Fiscal Charges	625,093	599,464	0	0	625,093	599,464
Water	0	0	3,614,125	3,940,584	3,614,125	3,940,584
Sewer	0	0	4,304,016	4,170,412	4,304,016	4,170,412
Solid Waste	0	0	375,328	354,304	375,328	354,304
Storm Water Drainage	0	0	872,141	927,030	872,141	927,030
Total Expenses	27,366,418	26,754,340	9,165,610	9,392,330	36,532,028	36,146,670
Change in Net Position	4,326,933	15,763,216	329,719	171,900	4,656,652	15,935,116
Net Position Beginning of Year	69,319,282	53,556,066	54,502,362	54,330,462	123,821,644	107,886,528
Net Position End of Year	\$73,646,215	\$69,319,282	\$54,832,081	\$54,502,362	\$128,478,296	\$123,821,644

Governmental Activities

Governmental activities increased the City's net position by \$4,326,933 during 2016.

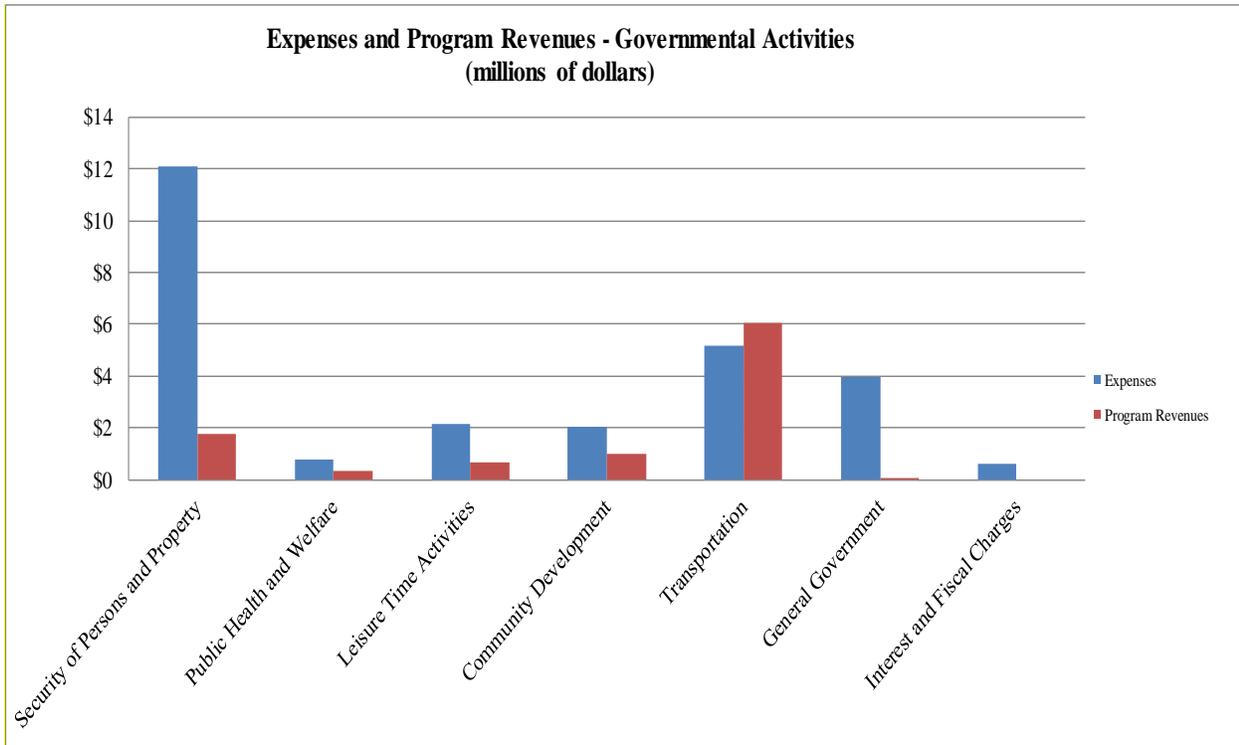
Several types of revenues fund the City's governmental activities, with municipal income tax being the largest contributor. As presented in table 2, municipal income tax revenues showed a decrease of \$1,158,292 or 6.94 percent. This decrease is largely because of a one-time large bonus given to employees at a local employer in 2015 which resulted in an additional \$739,957 in income taxes. The City's total revenue decreased by \$10,893,106 in 2016 as compared to 2015, the decrease is related to municipal income tax revenue, which has previously been explained and significant decreases in capital grants and contributions and gain on sale of assets. The decrease in capital contributions is from the Ohio Department of Transportation related to the Crain Avenue Bridge in 2015.

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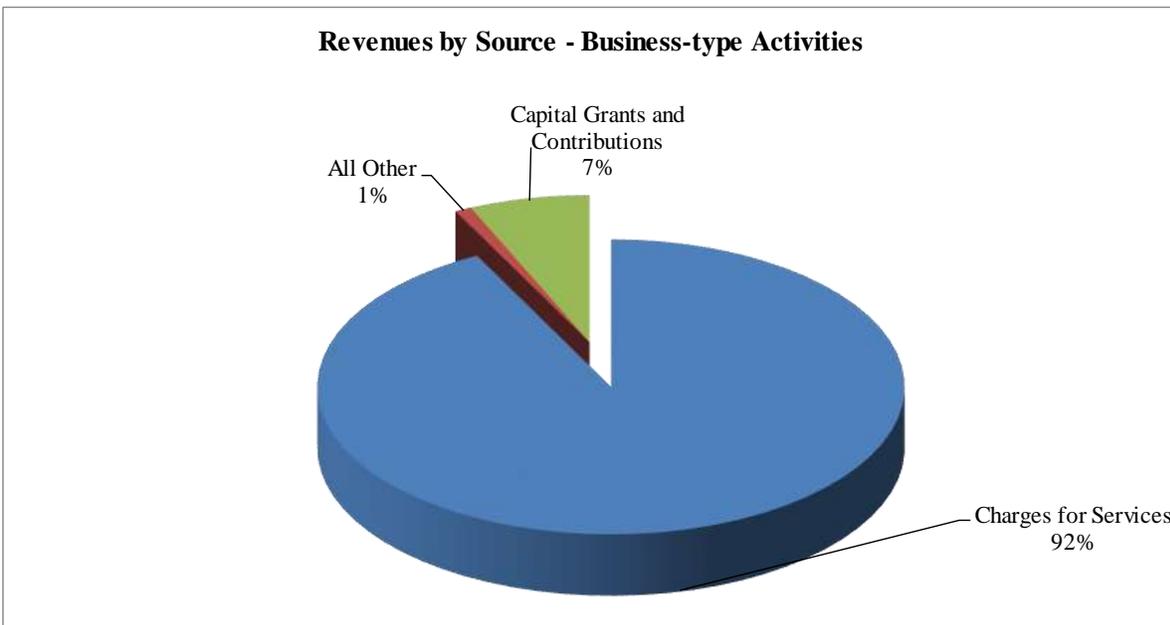
Expenses in the governmental activities experienced an increase of \$612,078 or 2.29 percent. During 2016, the largest program area for the City is security of persons and property at 48.70 percent which includes police, fire and emergency medical services. Transportation is the next largest program area at 18.76 percent, of which \$1.9 million or 37.16 percent of the total transportation expenses are attributable to the annual depreciation expenses from transportation-related activities. General Government is the third largest area at 11.15 percent and accounts for the basic operations of the City including council, mayor, city manager, human resources, finance, law, engineering, service administration and civil service. The fourth largest program area is leisure time activities at 7.97 percent for operations of parks and recreation activities.

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Business-Type Activities

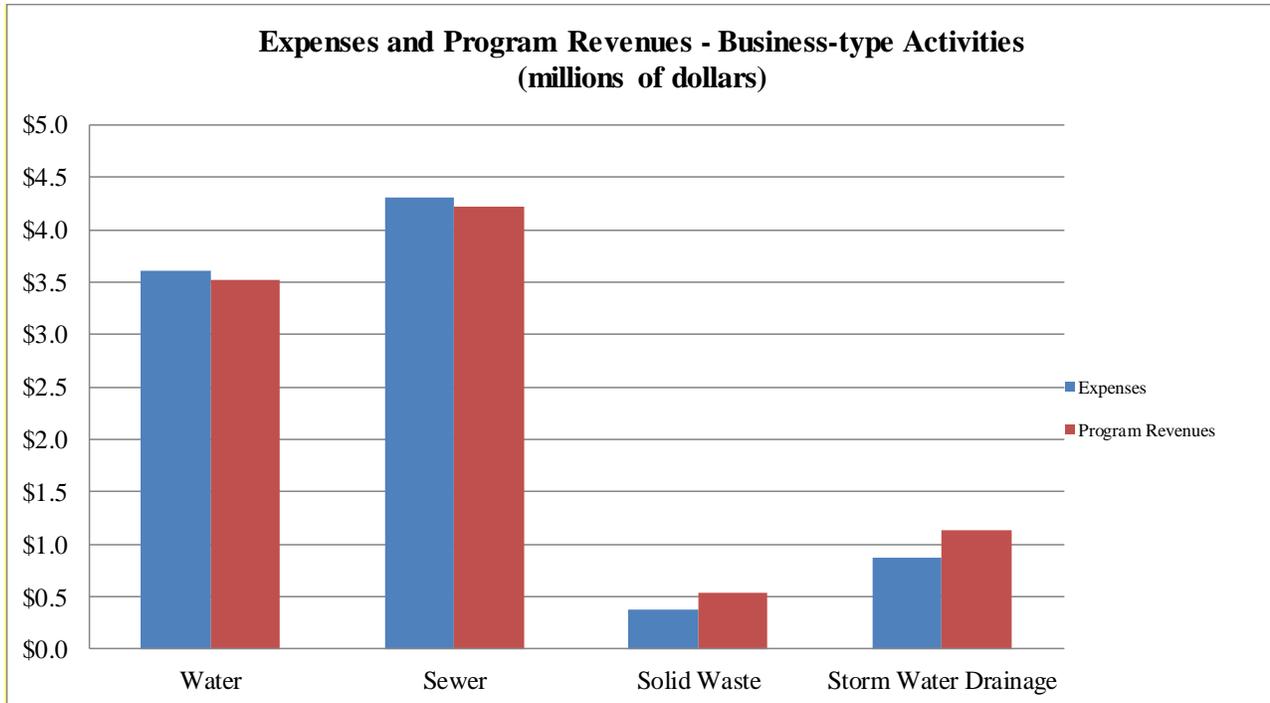
Business-type activities of the City, which include water, sewer, solid waste and storm water drainage operations, slightly increased the City's net position by \$329,719 or 0.60 percent.



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Charges for services account for 92.45 percent of total business-type revenues. Capital grants and contributions decreased by \$23,167. Overall, total revenues for the business-type activities decreased slightly by \$68,901.

Expenses in the business-type activities experienced a decrease of \$226,720 or 2.41 percent. This decrease was due to large amount of project expenses in the storm water fund related to the Area Q project in 2015.



Program revenues approximate program expenses for both the water and sewer business-type activities.

Financial Analysis of the City of Kent's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,733,589, which represents a decrease of 339,674 or 1.00 percent as compared to 2015. The General Fund's unassigned fund balance was sufficient to cover the deficits in the unassigned fund balance from other governmental funds. *Unassigned and assigned fund balances* are available at the government's discretion. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it is not in spendable form or it has already been restricted by external constraints or committed by internal constraints.

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Fund balance for the City's General Fund decreased by \$553,447 due to expenses generally exceeding revenues during 2016, including the fluctuation of amounts of funds transferred to various funds.

Fund balance for the City's Income Tax Safety Fund increased slightly by \$94,717.

Fund balance for the City's Fire and Emergency Medical Services Fund increased by \$447,455 due to the fluctuations in amounts of funds transferred.

Fund balance for the City's Capital Projects Fund increased by \$1,352,433 due to timing differences between the receipt of grant monies and the associated project expenditures.

Fund balance for the City's Muni PI Tax Increment Equivalent Fund experienced a decrease of \$393,857. This decrease can be attributed to debt paydowns and a low payment in lieu of taxes payment in 2016 due to a refund from a reevaluation in the TIF District.

Fund balance for the City's Police Facilities Fund decreased by \$1,511,739 due to construction progressing and payments made during 2016.

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

The following table lists unrestricted net position and changes in net position for the major enterprise funds.

	Water	Sewer	Storm Water Drainage
Unrestricted Net Position	\$1,780,559	\$2,768,126	\$937,300
Total Change in Net Position	(29,942)	(25,693)	259,810

In the Water and Sewer Funds, which are the two largest enterprise funds, the unrestricted net position represent 49.63 percent and 65.78 percent, respectively of the total current operating expenses. In response to projected operating losses in subsequent years, City Council approved a multi-year utility rate stabilization plan to ensure adequate long term funding for critical infrastructure investment needs while remaining sensitive to the ability of customers to pay for those needs. This multi-year rate plan represents a significant commitment to preserving the long term viability of the utility infrastructure that is needed to serve residents, business and the environment for decades to come. Council approved a three percent increase in rates for water, sewer and solid waste for 2016. These rate increases became effective February 2016. Further rate ordinance revisions for Sewer were left pending at year end subject to further review by Council. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights. The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2016, the City amended its General Fund budget on various occasions. All recommendations for budget changes are reviewed by the Finance Committee of City Council prior to presentation to Council for ordinance enactment of the changes.

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For the General Fund expenditures and other financing uses, the original budget amount was \$9,832,381 and the final amended budget was \$10,728,410, an increase of \$896,029. Actual expenditures and other financing sources were \$10,044,071 or \$684,339 less than were budgeted. Conservative budget practices coupled with vacancies in some positions were the principal reasons budgeted funds were not spent.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets (net of accumulated depreciation) for governmental and business-type activities as of December 31, 2016, was \$123,706,823. The City's investment in capital assets increased by \$6,189,818 or 9.58 percent for governmental activities and decreased by \$639,052 or 1.19 percent for business-type activities when comparing 2016 to 2015.

The City is committed to a long-term goal of meeting its infrastructure and facilities' needs. Management has a five-year capital plan in place that provides for building and infrastructure improvements to complement the City's current capital assets and this plan is updated annually. For additional information on capital assets, see Note 12 to the basic financial statements.

Table 3 compares capital assets as of December 31, 2016 to balances at December 31, 2015.

Table 3
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$10,911,040	\$10,878,780	\$1,825,536	\$1,825,536	\$12,736,576	\$12,704,316
Buildings, Structures and Improvements	7,760,708	8,020,873	4,386,315	4,681,257	12,147,023	12,702,130
Machinery and Equipment	3,566,131	3,397,023	2,493,407	2,578,008	6,059,538	5,975,031
Construction in Progress	12,701,514	7,062,069	1,167,251	1,052,304	13,868,765	8,114,373
Infrastructure						
Roads, Bridges, Walks	32,871,442	32,079,585	0	0	32,871,442	32,079,585
Traffic Signals	3,001,697	3,184,384	0	0	3,001,697	3,184,384
Water	0	0	10,047,813	9,877,708	10,047,813	9,877,708
Sewer	0	0	18,812,199	19,241,695	18,812,199	19,241,695
Storm Water	0	0	14,161,770	14,276,835	14,161,770	14,276,835
Total Capital Assets	\$70,812,532	\$64,622,714	\$52,894,291	\$53,533,343	\$123,706,823	\$118,156,057

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Debt. At December 31, 2016, the City's bonds, notes and loans outstanding were \$21.9 million.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<i>Long-Term Obligations:</i>						
General Obligation Bonds	\$14,869,111	\$15,281,179	\$0	\$0	\$14,869,111	\$15,281,179
OPWC Loans	259,148	308,871	217,218	234,384	476,366	543,255
OWDA Loans	0	0	2,615,496	2,876,541	2,615,496	2,876,541
Loans Payable	903,682	1,365,863	0	0	903,682	1,365,863
<i>Short-Term Obligations:</i>						
Notes Payable	2,580,000	3,045,000	435,000	495,000	3,015,000	3,540,000
Total	\$18,611,941	\$20,000,913	\$3,267,714	\$3,605,925	\$21,879,655	\$23,606,838

The City's total long-term debt decreased by \$1,202,183 or 5.99 percent. This decrease in long-term debt for 2016 is primarily due to the City's issuance of general obligation bonds for construction of a new Safety Center in 2015 and the payment of principal in 2016.

Total short-term debt decreased by \$525,000 or 14.83 percent. The decrease in the City's short-term debt is due the City's effort to pay down these notes over time.

The City's bond rating as of its last review by Moody's Investor Services is Aa2. Factors noted as contributing to the City's favorable rating were its history of prudent budget management and long-term financial planning.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10.5 percent of total assessed valuation. The City's overall legal debt margin was \$21,367,700 at December 31, 2016.

Additional information concerning the City's debt can be found in Notes 17 and 18 to the basic financial statements.

Current Financial Related Activities

Facing continued reductions in State and Federal funding, the City's economic recovery has provided timely replacement of lost inter-governmental revenues with new local income taxes dollars produced by job growth. The rate of job growth has slowed but business performance remains strong with unemployment and vacancy rates in Kent near record lows.

Following a 3-5 year period of transformative re-investment in the downtown business district (totaling in excess of \$140 million) the City's economic infrastructure has proven capable of sustaining those early gains and producing successive rounds of private investment that have offset the public sector losses and led to net economic growth for the City.

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Each new wave of re-investment in Kent has yielded immediate financial gain resulting from construction jobs and capital equity, and added to the economic base for the City's long term financial sustainability. Consumer, lender and investor confidence has grown with each announcement of new investment in Kent, adding to the City's reputation as being investment-worthy and poised for growth.

Kent State University remains the centerpiece of the City's economic strategy. The historical role of Kent State University as the City's largest employer and largest consumer of local goods and services remains central to the City's revenue stabilization efforts. The University represents approximately 36 percent of the City's income tax base and provides a reliable income stream that is less affected by the volatility of economic cycles that has left so many cities scrambling in the wake of private sector downturns.

The economic restructuring that is underway in Northeast Ohio favors entrepreneurship, collaboration, and close ties between the business community and academic research and development. The City has made these guiding principles of its economic strategy, investing in building the resource networks and physical infrastructure to leverage our assets and position Kent for success in the new economy.

Strategically, the University has shifted from serving predominately as a stabilizing factor in the community to taking a leadership role in partnership with the City to jointly pursue economic and community priorities. This change in focus has elevated City-University relations to a matter of strategic priority affirming the City-University partnership as Kent's greatest asset and source of competitive advantage.

The strategy shift first took shape as the City, the University and a list of community partners rallied around the shared goal of re-energizing downtown Kent through the downtown revitalization project. The remarkable level of collaboration that emerged in support of the downtown project, and the unprecedented results it produced, serve to highlight a newfound source of strategic strength.

The redevelopment of downtown Kent and the investments that have followed aim to tap into the generative capacity of the University and establish Kent as a socially, culturally and economically vibrant university city. This strategy leverages University research, innovation and intellectual capital to act as a catalyst for economic growth and diversification.

The City's economic transition is on-going but the sustainability of the initial results is encouraging as the City's key financial measures have continued to trend favorably. On a year-to-year basis, income tax receipts dropped in 2016 by 3.15% but that was due to a one-time corporate tax anomaly that occurred in 2015 that skewed the comparison. However, the overall tax receipts continue to track positively. Property values showed modest growth around the downtown business district and in select City neighborhoods. Even the City's older shopping plazas have benefitted from the surging downtown economy as new business investments can be found in each business corridor in Kent, demonstrating that the economic recovery has gained traction beyond the borders of the downtown business district.

At the low point of the recent recession, Kent was statistically "less worse" than nearly all of its neighboring cities and as the region's economy has begun to turn the corner, Kent remains at the leading edge of recovery and is recognized as a city where economic development is working – job count is up and holding steady, existing businesses are expanding and new businesses are opening up – all of which is reflected in rising income tax receipts.

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The commercial construction rebound that began in 2009 continued in 2016, adding depth to the City's economic recovery. From the years 1999 thru 2010 commercial construction investment in Kent averaged \$6.5 million a year. Then for 2011 and 2012 commercial investment skyrocketed to an average of \$55 million each year; an increase of 745 percent. In 2016, the commercial investment slowed but the value of investment (commercial and residential combined) matched or exceeded the 20 year average for the 3rd straight year in a row.

Construction value doesn't equate to a dollar for dollar increase in the property tax base so this new investment won't solve all of the City's budget challenges; but, this is new commercial construction, and commercial buildings bring new jobs, and those new jobs will help the City's income tax base grow over time and keep the City's budget afloat and services intact.

The Kent Area Chamber of Commerce business membership doubled in the last 6 years, hitting an all-time high of 378 members in 2016. By 2016, the Phoenix Project Phases I and II, Acorn Alley, and College Town Kent were all fully operational, bringing 200 new jobs in downtown Kent. For the second year in a row, the City's shared ownership in the PARTA garage was rewarded with a modest end-of-year surplus as PARTA parking deck revenues exceeded expenses in 2016. The build-out of the retail space in the PARTA building was also completed and occupied by new business by the end of the year.

In 2016 College Town Kent finished construction on the final building (Parcel D) featuring 50 new micro-apartments in the Avant 220 building and 3 new ground floor commercial tenants. The City continued to market the sale of the downtown courthouse building in 2016 and began negotiations with a new business prospect to acquire the property.

By 2016, the construction activity surrounding the new PARTA Transit Center, CollegeTown Kent, Acorn Corner, public infrastructure and the new KSU Hotel and Conference Center was complete but they were followed by a series of new smaller investment projects, keeping optimism and momentum running high.

The historic L.N. Gross building was purchased and restored for a combination of new light industrial and office space. On Main Street, the Kent natural food co-op property began an expansion project, the former optometrist building was sold for conversion to a new restaurant, and a new restaurant was also announced for the former tattoo parlor. The historic train depot announced plans to replace the former Pufferbelly restaurant with a new Italian restaurant. This resurgent business interest in Kent pushed property vacancy rates to under 5%, well below regional peer city averages.

On the public side, the City continued to aggressively pursue Federal, State and Regional grant funds for infrastructure improvement projects. As a result, the City continued to reinvest in City bridges, streets and sidewalks at near record levels. For the 5th consecutive year the City allocated extra funding towards street and sidewalk repairs, Council authorized new pilot projects in sewer lateral maintenance and sidewalk snow removal, and for the first time in decades the City had sufficient revenues to add 3 new firefighter positions to Fire and Emergency Services.

In 2016, the City and Kent State University completed phase 1 of the \$18 million Summit Street Transportation Project. City planning work continued on the \$3 million SR 43 Signal Upgrade project and construction began on the new \$18 million City Police Building. Preliminary space planning and early design work began on the new City Administrative building. Over the last 6 years the City was awarded (or was a partner in) funding amounting to over \$60 million in stimulus/grant funds, which has enabled the City to leverage grant funds to City funds at better than a 4:1 ratio of grant funds vs. local funds.

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The City continued to work with Franklin and Brimfield townships in 2016 to recruit new businesses and expand business development opportunities within the JEDD boundaries. As a result of these partnerships, a number of new international restaurants and markets opened, leading to new jobs which contributed to the City receiving \$549,301 (on a cash basis) as its combined share of JEDD income taxes in 2016 -- which amounts to a 7.2% increase over the 2015 combined income tax collections from the JEDDs.

The success of the Franklin and Brimfield JEDD led to an invitation in 2014 from Rootstown Township, home to NEOMED University, to explore the possibility of a new Kent-Rootstown JEDD. In 2015, the City and Rootstown Township agreed to the contract terms for that new JEDD and began recruiting properties and businesses to sign up to be in the new JEDD. However, in 2016 this project was tabled as the Rootstown Township faced uncertain decisions about the future of the school district property which was planned to be the centerpiece of the new JEDD.

The multi-year rate stabilization plans adopted for the City's Utility Funds in 2010-11 continued to improve the sustainability of those funds through incremental water and sewer rate increases. In 2016 Council amended the rate plans to reflect year-to-year water and sewer rate variations that had occurred due to fluctuations in capital spending schedules, and approved a one-time stormwater rate increase with an expectation to develop a new fee based model to incorporate stormwater capital and operating needs into the multi-year rate plan. These modifications to the rate plan re-affirmed Council's commitment to multi-year rate planning, ensured the long term viability of the rate plans, and ultimately saved utility customer dollars from the original 2011 rate plan.

As a result, the City has been able to provide full-cost accounting within the Utility Funds, eliminate General Fund supplements to the Utility Funds, and begin building a Utility Reserve Fund to accommodate unexpected operational needs and ensure adequate long term funding for critical infrastructure investment needs while remaining sensitive to the ability of customers to pay for those needs.

During 2016, the City approved an update to the five-year capital improvement program that ensures the City's ability to meet the infrastructure needs of the community in future years. In addition to the capital plan, City Council continued to support strategic investments in 2016 that advanced critical economic development priorities. City staff also continued to pursue efficiency and productivity improvements wherever possible in 2016.

City Operating Funds

The development activities that have been underway in Kent were designed to provide both short and long term financial stability for the City. The flurry of investment and new jobs that accompanies the construction of large scale redevelopment provided immediate temporary financial relief that helped bridge operating funding challenges in the short term and the City's economic indicators have demonstrated a level of resiliency that should translate into sustainable economic growth over the long term. Short and long term gains have been impacted by declining State and Federal funding but the City's annual fiscal operating position has continued to improve.

Construction activity in downtown Kent scaled-back from the records set in 2011-12 with the completion of the first round of projects in 2013 but there were a number of secondary expansions and additions that added to the economic mix in 2016. The successive years of income tax growth suggests a degree of financial sustainability that has not been evident in Kent for better than a decade.

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

As a result of the economic recession, the City developed a Fiscal Health Index to more closely track fund balance, debt load, income taxes, operating position and property taxes as markers of fiscal health using a composite health index that balances indicators of financial stability, risk and capacity for growth. At this point, the City's Fiscal Health heading into 2016 is stronger than it has been for many years.

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

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, customers, employees, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Budget and Finance Department, City of Kent, 930 Overholt Road, Kent, Ohio 44240, telephone (330) 678-8102.

Basic Financial Statements

City of Kent, Ohio
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 31,901,852	\$ 7,827,591	\$ 39,729,443
Cash and Cash Equivalents:			
In Segregated Accounts	63,648	-	63,648
Cash Surrender Value of Life Insurance Policies	341,987	-	341,987
Materials and Supplies Inventory	399,815	55,905	455,720
Accounts Receivable	534,954	1,349,928	1,884,882
Accrued Interest Receivable	81,533	-	81,533
Intergovernmental Receivable	2,619,549	403,372	3,022,921
Internal Balances	1,787,021	(1,787,021)	-
Prepaid Items	73,882	16,542	90,424
Municipal Income Taxes Receivable	2,997,776	-	2,997,776
Property and Other Taxes Receivable	3,147,269	-	3,147,269
Payments in Lieu of Taxes Receivable	319,508	-	319,508
Loans Receivable	441,219	-	441,219
Special Assessments Receivable	599,579	753,551	1,353,130
Utilization Fee Receivable	-	16,265	16,265
Restricted Assets:			
Cash and Cash Equivalents	185,311	-	185,311
Net Pension Asset	9,143	7,331	16,474
Assets Held for Resale	957,684	-	957,684
Nondepreciable Capital Assets	23,612,554	2,992,787	26,605,341
Depreciable Capital Assets	47,199,978	49,901,504	97,101,482
Total Assets	<u>117,274,262</u>	<u>61,537,755</u>	<u>178,812,017</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	7,100,286	1,816,165	8,916,451
Total Deferred Outflows of Resources	<u>7,100,286</u>	<u>1,816,165</u>	<u>8,916,451</u>
LIABILITIES			
Accounts Payable	487,256	84,142	571,398
Contracts and Retainage Payable	1,444,744	92,050	1,536,794
Accrued Wages and Benefits	219,686	70,417	290,103
Accrued Interest Payable	52,025	2,175	54,200
Claims Payable	190,936	-	190,936
Notes Payable	2,591,901	437,007	3,028,908
Long-term Liabilities:			
Due within one year	1,526,240	544,918	2,071,158
Due in more than one year:			
Net Pension Liability (See Note 13)	24,875,771	4,611,408	29,487,179
Other Amounts due in more than one year	15,915,535	2,584,820	18,500,355
Total Liabilities	<u>47,304,094</u>	<u>8,426,937</u>	<u>55,731,031</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	2,932,631	-	2,932,631
Payments in Lieu of Taxes (PILOTs)	319,508	-	319,508
Pension	172,100	94,902	267,002
Total Deferred Inflows of Resources	<u>3,424,239</u>	<u>94,902</u>	<u>3,519,141</u>
NET POSITION			
Net Investment in Capital Assets	60,061,703	49,624,570	109,686,273
Restricted for:			
Capital Projects	10,370,160	-	10,370,160
Debt Services	225,860	-	225,860
Streets and Highways	2,465,095	-	2,465,095
Public Facilities and Programs	2,327,888	-	2,327,888
Community Development Block Grant	632,650	-	632,650
Parks and Recreation	706,097	-	706,097
Police, Fire and EMS	2,801,283	-	2,801,283
Community Development	1,155,304	-	1,155,304
Other Purpose	111,470	-	111,470
Unrestricted	(7,211,295)	5,207,511	(2,003,784)
Total Net Position	<u>\$ 73,646,215</u>	<u>\$ 54,832,081</u>	<u>\$ 128,478,296</u>

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

City of Kent, Ohio
Statement of Activities
For the Year Ended December 31, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Security of Persons and Property	\$ 13,327,470	\$ 1,727,198	\$ 41,354	\$ -
Public Health and Welfare	865,759	311,770	-	-
Leisure Time Activities	2,182,450	667,353	7,100	-
Community Development	2,180,658	417,610	580,234	-
Transportation	5,132,998	57,985	813,816	5,184,058
General Government	3,051,990	28,559	-	-
Interest and Fiscal Charges	625,093	-	-	-
Total Governmental activities	<u>27,366,418</u>	<u>3,210,475</u>	<u>1,442,504</u>	<u>5,184,058</u>
Business-type activities:				
Water	3,614,125	3,319,116	-	196,294
Sewer	4,304,016	3,954,158	-	270,555
Solid Waste	375,328	541,363	-	-
Storm Water Drainage	872,141	963,591	-	163,893
Total Business-type activities	<u>9,165,610</u>	<u>8,778,228</u>	<u>-</u>	<u>630,742</u>
Total Primary Government	<u>\$ 36,532,028</u>	<u>\$ 11,988,703</u>	<u>\$ 1,442,504</u>	<u>\$ 5,814,800</u>

General Revenues:

Property and Other Taxes levied for:

General Purposes

Special Revenue

Municipal Income Taxes levied for:

General Purposes

Capital Outlay

Special Revenue

Payments in Lieu of Taxes

Grants & Entitlements not restricted to specific programs

Investment Income

Gain on Sale of Capital Assets

All Other Revenues

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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

Net (Expense) Revenue and Changes in Net Position		
Governmental	Business-type	
Activities	Activities	Total
\$ (11,558,918)	\$ -	\$ (11,558,918)
(553,989)	-	(553,989)
(1,507,997)	-	(1,507,997)
(1,182,814)	-	(1,182,814)
922,861	-	922,861
(3,023,431)	-	(3,023,431)
(625,093)	-	(625,093)
<u>(17,529,381)</u>	<u>-</u>	<u>(17,529,381)</u>
-	(98,715)	(98,715)
-	(79,303)	(79,303)
-	166,035	166,035
<u>-</u>	<u>255,343</u>	<u>255,343</u>
-	243,360	243,360
<u>(17,529,381)</u>	<u>243,360</u>	<u>(17,286,021)</u>
1,827,297	-	1,827,297
1,670,369	-	1,670,369
2,549,530	-	2,549,530
4,992,041	-	4,992,041
7,987,466	-	7,987,466
368,097	-	368,097
1,830,099	-	1,830,099
332,106	256	332,362
-	11,860	11,860
299,309	74,243	373,552
<u>21,856,314</u>	<u>86,359</u>	<u>21,942,673</u>
4,326,933	329,719	4,656,652
69,319,282	54,502,362	123,821,644
<u>\$ 73,646,215</u>	<u>\$ 54,832,081</u>	<u>\$ 128,478,296</u>

City of Kent, Ohio
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Income Tax Safety	Fire and Emergency Medical Services	Capital Projects	Muni PI Tax Increment Equivalent
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 12,074,536	\$ 671,518	\$ 1,565,199	\$ 5,357,913	\$ 553,237
Cash and Cash Equivalents:					
In Segregated Accounts	-	-	-	-	-
Materials and Supplies Inventory	-	50,492	-	-	-
Accrued Interest Receivable	79,680	-	-	-	-
Accounts Receivable	500,722	6,730	-	19,584	-
Interfund Receivable	1,986,546	-	-	-	-
Intergovernmental Receivable	723,809	32,291	-	1,335,937	-
Prepaid Items	28,645	19,710	2,744	16,697	-
Restricted Assets:					
Cash and Cash Equivalents	169,076	-	-	-	-
Payments in Lieu of Taxes Receivable	-	-	-	-	319,508
Municipal Income Taxes Receivable	584,813	638,872	638,872	534,245	-
Property and Other Taxes Receivable	1,599,447	-	-	-	-
Special Assessments Receivable	-	-	-	119,288	-
Loans Receivable	229,497	-	-	-	-
Assets Held for Resale	734,400	-	-	108,484	-
Total Assets	\$ 18,711,171	\$ 1,419,613	\$ 2,206,815	\$ 7,492,148	\$ 872,745
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 97,597	\$ 6,945	\$ 22,919	\$ 289,732	\$ -
Accrued Wages and Benefits	39,677	90,399	58,436	-	-
Contracts and Retainage Payable	-	-	-	871,304	-
Accrued Interest Payable	-	-	-	5,050	5,750
Interfund Payable	903,682	-	-	-	-
Workers' Compensation Claims Payable	3,511	7,662	4,905	-	-
Notes Payable	-	-	-	1,014,659	1,155,305
Total Liabilities	1,044,467	105,006	86,260	2,180,745	1,161,055
Deferred Inflows of Resources:					
Property Taxes and PILOTS	1,468,763	-	-	-	319,508
Unavailable Revenue - Delinquent Property Taxes	69,908	-	-	-	-
Unavailable Revenue - Municipal Income Taxes	327,322	357,580	357,580	299,020	-
Unavailable Revenue - Other	427,203	-	-	719,288	-
Total Deferred Inflows of Resources	2,293,196	357,580	357,580	1,018,308	319,508
Fund Balances:					
Nonspendable	3,148,164	70,202	2,744	16,697	-
Restricted	-	886,825	1,760,231	-	-
Committed	2,327,888	-	-	4,276,398	-
Assigned	309,949	-	-	-	-
Unassigned (Deficit)	9,587,507	-	-	-	(607,818)
Total Fund Balances	15,373,508	957,027	1,762,975	4,293,095	(607,818)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,711,171	\$ 1,419,613	\$ 2,206,815	\$ 7,492,148	\$ 872,745

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

			<i>Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities December 31, 2016</i>	
Police Facilities	Other Governmental Funds	Total Governmental Funds		
\$ 7,024,798	\$ 4,185,600	\$ 31,432,801	Total Governmental Funds Balance	\$ 33,733,589
-	63,648	63,648	<i>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</i>	
-	349,323	399,815	Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. 70,812,532	
-	1,853	81,533	Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds:	
-	7,918	534,954	Delinquent property taxes \$ 138,604	
-	903,682	2,890,228	Municipal income taxes 1,677,871	
-	527,512	2,619,549	Special assessments 599,579	
-	6,086	73,882	Intergovernmental 1,317,198	
-	16,235	185,311	Charges for services 115,104	
-	-	319,508	Total 3,848,356	
393,687	207,287	2,997,776	In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental funds, an interest expenditure is reported when due. (34,091)	
-	1,547,822	3,147,269	Internal Service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the Internal Service funds are included in Governmental Activities in the Statement of Net Position. 646,577	
-	480,291	599,579	The net pension liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:	
-	211,722	441,219	Deferred Outflows-Pension 7,100,286	
-	114,800	957,684	Deferred Inflows-Pension (172,100)	
<u>\$ 7,418,485</u>	<u>\$ 8,623,779</u>	<u>\$ 46,744,756</u>	Net Pension Asset 9,143	
			Net Pension Liability (24,875,771)	
			(17,938,442)	
			Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
			General obligation bonds (14,869,111)	
			OPWC loans (259,148)	
			Workers Compensation (45,240)	
			Loan guarantees (903,682)	
			Compensated absences (1,345,125)	
			Total (17,422,306)	
			Net Position of Governmental Activities	<u>\$ 73,646,215</u>
<u>\$ 7,418,485</u>	<u>\$ 8,623,779</u>	<u>\$ 46,744,756</u>		

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

City of Kent, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Income Tax Safety	Fire and Emergency Medical Services	Capital Projects	Muni PI Tax Increment Equivalent
REVENUES					
Property and Other Taxes	\$ 1,960,114	\$ -	\$ -	\$ -	\$ -
Municipal Income Taxes	2,862,150	3,397,012	3,397,012	2,836,252	-
Payments in Lieu of Taxes	-	-	-	-	368,097
Intergovernmental	1,807,433	2,424	35,455	4,884,137	-
Interest	300,249	-	-	-	-
Fees, Licenses, and Permits	146,020	-	-	-	-
Fines and Forfeitures	278,843	-	-	-	-
Charges for Services	1,737,659	-	-	-	-
Special Assessments	-	-	-	31,733	-
All Other Revenues	138,674	5,319	1,066	90,225	60
Total Revenues	<u>9,231,142</u>	<u>3,404,755</u>	<u>3,433,533</u>	<u>7,842,347</u>	<u>368,157</u>
EXPENDITURES					
Current:					
Security of Persons and Property	-	6,416,608	4,366,791	34,554	-
Public Health and Welfare	617,960	-	-	-	-
Leisure Time Activities	-	-	-	-	-
Community Development	1,567,097	-	-	-	19,448
Transportation	-	-	-	1,339,198	-
General Government	2,781,190	-	-	10,235	-
Capital Outlay	-	-	319,779	5,073,116	21,279
Debt Service:					
Principal Retirement	-	-	-	19,776	120,000
Interest and Fiscal Charges	-	-	-	6,931	224,836
Debt Issuance Costs	-	-	-	6,104	6,951
Total Expenditures	<u>4,966,247</u>	<u>6,416,608</u>	<u>4,686,570</u>	<u>6,489,914</u>	<u>392,514</u>
Excess of Revenues Over/(Under) Expenditures	<u>4,264,895</u>	<u>(3,011,853)</u>	<u>(1,253,037)</u>	<u>1,352,433</u>	<u>(24,357)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Capital Assets	650	6,570	492	-	-
Transfers In	369,500	3,100,000	1,700,000	-	-
Transfers Out	(5,188,492)	-	-	-	(369,500)
Total Other Financing Sources (Uses)	<u>(4,818,342)</u>	<u>3,106,570</u>	<u>1,700,492</u>	<u>-</u>	<u>(369,500)</u>
Net Change in Fund Balances	(553,447)	94,717	447,455	1,352,433	(393,857)
Fund Balances - Beginning of Year	15,926,955	862,310	1,315,520	2,940,662	(213,961)
Fund Balances - End of Year	<u>\$ 15,373,508</u>	<u>\$ 957,027</u>	<u>\$ 1,762,975</u>	<u>\$ 4,293,095</u>	<u>\$ (607,818)</u>

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

			<i>Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2016</i>	
<u>Police Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
\$ -	\$ 1,794,822	\$ 3,754,936	Net Change in Fund Balances-Total Governmental Funds	\$ (339,674)
2,118,897	1,135,316	15,746,639	<i>Amounts reported for Governmental Activities in the Statement of Activities are different because:</i>	
-	-	368,097	Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
-	1,383,424	8,112,873	Capital outlay	\$ 8,966,215
-	16,820	317,069	Depreciation	<u>(2,556,774)</u>
-	237,582	383,602	Total	6,409,441
-	11,546	290,389	In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets.	(219,623)
-	786,994	2,524,653	Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
-	118,052	149,785	Delinquent property taxes	(257,270)
719	431,915	667,978	Municipal income taxes	(217,602)
<u>2,119,616</u>	<u>5,916,471</u>	<u>32,316,021</u>	Special assessments	(106,084)
83,445	511,085	11,412,483	Intergovernmental	11,419
-	209,459	827,419	Charges for services	11,830
-	1,844,700	1,844,700	Miscellaneous revenues	<u>(80,000)</u>
-	541,894	2,128,439	Total	(637,707)
-	1,816,172	3,155,370	Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	1,858,699
-	1,970	2,793,395	Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(3,504,017)
2,943,502	608,539	8,966,215	Repayment of debt principal are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	881,904
250,000	492,128	881,904	Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.	
352,483	70,404	654,654	Compensated absences	(66,689)
1,925	2,538	17,518	Workers' compensation claims	(10,925)
<u>3,631,355</u>	<u>6,098,889</u>	<u>32,682,097</u>	Amortization of premiums	42,068
<u>(1,511,739)</u>	<u>(182,418)</u>	<u>(366,076)</u>	Accrued interest on bonds	<u>5,011</u>
-	18,690	26,402	Total	(30,535)
-	388,492	5,557,992	Internal Service funds are used by management to charge costs to certain activities, such as insurance to individual funds. The net revenue (expense) of Internal Service funds are reported in the Governmental Activities.	(91,555)
-	-	(5,557,992)	Change in Net Position of Governmental Activities	<u>\$ 4,326,933</u>
-	407,182	26,402		
<u>(1,511,739)</u>	<u>224,764</u>	<u>(339,674)</u>		
8,151,634	5,090,143	34,073,263		
<u>\$ 6,639,895</u>	<u>\$ 5,314,907</u>	<u>\$ 33,733,589</u>		

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

City of Kent, Ohio
*Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 1,946,074	\$ 1,860,825	\$ 1,999,030	\$ 138,205
Intergovernmental	1,278,569	1,724,862	1,690,661	(34,201)
Interest	263,206	335,812	348,039	12,227
Fees, Licenses and Permits	110,428	236,505	146,020	(90,485)
Fines and Forfeits	211,521	281,131	279,696	(1,435)
Charges for Services	1,223,204	1,588,737	1,617,451	28,714
Miscellaneous	154,229	191,906	203,938	12,032
Total Revenues	<u>5,187,231</u>	<u>6,219,778</u>	<u>6,284,835</u>	<u>65,057</u>
Expenditures				
Current:				
Public Health and Welfare	462,891	503,891	481,261	22,630
Community Development	1,779,258	2,077,263	1,863,043	214,220
General Government	3,090,232	3,225,662	2,778,173	447,489
Total Expenditures	<u>5,332,381</u>	<u>5,806,816</u>	<u>5,122,477</u>	<u>684,339</u>
Excess of Revenues Over (Under) Expenditures	(145,150)	412,962	1,162,358	749,396
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	2,000	1,650	(350)
Advances In	-	106,000	106,000	-
Transfer In	2,700,000	2,700,000	2,700,000	-
Transfers Out	(4,500,000)	(4,921,594)	(4,921,594)	-
Total Other Financing Sources (Uses)	<u>(1,800,000)</u>	<u>(2,113,594)</u>	<u>(2,113,944)</u>	<u>(350)</u>
Net Change in Fund Balance	(1,945,150)	(1,700,632)	(951,586)	749,046
Fund Balance - Beginning of Year	5,460,351	5,460,351	5,460,351	-
Prior Year Encumbrances Appropriated	409,583	409,583	409,583	-
Fund Balance - End of Year	<u>\$ 3,924,784</u>	<u>\$ 4,169,302</u>	<u>\$ 4,918,348</u>	<u>\$ 749,046</u>

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

City of Kent, Ohio
*Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget (Non-GAAP Basis) and Actual
 Income Tax Safety Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 3,040	\$ 3,040	\$ 5,544	\$ 2,504
Miscellaneous	8,800	8,800	1,844	(6,956)
Total Revenues	<u>11,840</u>	<u>11,840</u>	<u>7,388</u>	<u>(4,452)</u>
Expenditures				
Current:				
Security of Persons & Property	6,994,485	6,994,485	6,493,061	501,424
Excess of Revenues Over (Under) Expenditures	(6,982,645)	(6,982,645)	(6,485,673)	496,972
Other Financing Sources				
Proceeds from Sale of Capital Assets	-	-	6,570	6,570
Transfers In	6,488,160	6,488,160	6,488,160	-
Total Other Financing Sources	<u>6,488,160</u>	<u>6,488,160</u>	<u>6,494,730</u>	<u>6,570</u>
Net Change in Fund Balance	(494,485)	(494,485)	9,057	503,542
Fund Balance - Beginning of Year	580,645	580,645	580,645	-
Prior Year Encumbrances Appropriated	34,874	34,874	34,874	-
Fund Balance - End of Year	<u>\$ 121,034</u>	<u>\$ 121,034</u>	<u>\$ 624,576</u>	<u>\$ 503,542</u>

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

City of Kent, Ohio
*Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget (Non-GAAP Basis) and Actual
 Fire and Emergency Medical Services Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 94,340	\$ 35,455	\$ (58,885)
Miscellaneous	-	-	1,066	1,066
Total Revenues	<u>-</u>	<u>94,340</u>	<u>36,521</u>	<u>(57,819)</u>
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	4,213,205	4,213,205	3,905,556	307,649
Other	463,041	463,041	418,067	44,974
Capital Outlay	1,498,759	1,498,759	1,276,570	222,189
Total Expenditures	<u>6,175,005</u>	<u>6,175,005</u>	<u>5,600,193</u>	<u>574,812</u>
Excess of Revenues Over (Under) Expenditures	(6,175,005)	(6,080,665)	(5,563,672)	516,993
Other Financing Sources				
Proceeds from Sale of Capital Assets	-	17,500	492	(17,008)
Transfers In	4,900,000	5,088,160	5,088,160	-
Total Other Financing Sources	<u>4,900,000</u>	<u>5,105,660</u>	<u>5,088,652</u>	<u>(17,008)</u>
Net Change in Fund Balance	(1,275,005)	(975,005)	(475,020)	499,985
Fund Balance - Beginning of Year	400,572	400,572	400,572	-
Prior Year Encumbrances Appropriated	744,415	744,415	744,415	-
Fund Balance - End of Year	<u>\$ (130,018)</u>	<u>\$ 169,982</u>	<u>\$ 669,967</u>	<u>\$ 499,985</u>

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

City of Kent, Ohio
Statement of Net Position
Proprietary Funds
December 31, 2016

	Enterprise Funds				Total	Governmental Activities
	Water	Sewer	Storm Water Drainage	Nonmajor - Solid Waste		Internal Service Fund
ASSETS						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 2,467,540	\$ 3,525,055	\$ 1,061,240	\$ 773,756	\$ 7,827,591	\$ 469,051
Materials and Supplies Inventory	43,318	12,587	-	-	55,905	-
Accounts Receivable	488,678	617,203	161,530	82,517	1,349,928	-
Intergovernmental Receivable	82,461	174,149	146,762	-	403,372	-
Prepaid Items	12,649	3,511	357	25	16,542	-
Special Assessments Receivable	327,945	180,536	245,070	-	753,551	-
Utilization Fee Receivable	10,103	6,162	-	-	16,265	-
Total Current Assets	<u>3,432,694</u>	<u>4,519,203</u>	<u>1,614,959</u>	<u>856,298</u>	<u>10,423,154</u>	<u>469,051</u>
Noncurrent Assets:						
Cash Surrender Value of Life Insurance Policies	-	-	-	-	-	341,987
Net Pension Asset	3,313	3,185	721	112	7,331	-
Capital Assets:						
Land	1,340,365	412,575	72,596	-	1,825,536	-
Construction in Progress	626,738	263,952	276,561	-	1,167,251	-
Depreciable Assets, Net of Depreciation	11,973,685	23,734,714	14,193,105	-	49,901,504	-
Total Noncurrent Assets	<u>13,944,101</u>	<u>24,414,426</u>	<u>14,542,983</u>	<u>112</u>	<u>52,901,622</u>	<u>341,987</u>
Total Assets	<u>17,376,795</u>	<u>28,933,629</u>	<u>16,157,942</u>	<u>856,410</u>	<u>63,324,776</u>	<u>811,038</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension	819,243	790,772	178,391	27,759	1,816,165	-
Total Deferred Outflows of Resources	<u>819,243</u>	<u>790,772</u>	<u>178,391</u>	<u>27,759</u>	<u>1,816,165</u>	<u>-</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	42,948	31,140	3,316	6,738	84,142	-
Accrued Wages and Benefits	29,062	33,501	6,835	1,019	70,417	-
Compensated Absences Payable	99,431	118,198	31,018	2,428	251,075	-
Contracts and Retainage Payable	43,471	47,821	758	-	92,050	-
Interfund Payable	192,100	168,980	346,000	428,466	1,135,546	625,000
Accrued Interest Payable	-	2,175	-	-	2,175	-
Health Insurance Claims Payable	-	-	-	-	-	190,936
Workers' Compensation Claims Payable	2,594	2,877	642	103	6,216	-
Notes Payable	-	437,007	-	-	437,007	-
OWDA and OPWC Loans Payable	45,251	232,409	9,967	-	287,627	-
Total Current Liabilities	<u>454,857</u>	<u>1,074,108</u>	<u>398,536</u>	<u>438,754</u>	<u>2,366,255</u>	<u>815,936</u>
Noncurrent Liabilities:						
Compensated Absences Payable	8,872	11,739	4,436	243	25,290	-
Workers' Compensation Claims Payable	6,027	6,685	1,492	239	14,443	-
OWDA and OPWC Loans Payable	359,281	2,034,778	151,028	-	2,545,087	-
Net Pension Liability	2,008,479	2,079,495	452,952	70,482	4,611,408	-
Total Noncurrent Liabilities	<u>2,382,659</u>	<u>4,132,697</u>	<u>609,908</u>	<u>70,964</u>	<u>7,196,228</u>	<u>-</u>
Total Liabilities	<u>2,837,516</u>	<u>5,206,805</u>	<u>1,008,444</u>	<u>509,718</u>	<u>9,562,483</u>	<u>815,936</u>
DEFERRED INFLOWS OF RESOURCES						
Pension	41,707	42,423	9,322	1,450	94,902	-
Total Deferred Inflows of Resources	<u>41,707</u>	<u>42,423</u>	<u>9,322</u>	<u>1,450</u>	<u>94,902</u>	<u>-</u>
NET POSITION						
Net Investment in Capital Assets	13,536,256	21,707,047	14,381,267	-	49,624,570	-
Unrestricted	1,780,559	2,768,126	937,300	373,001	5,858,986	(4,898)
Total Net Position	<u>\$ 15,316,815</u>	<u>\$ 24,475,173</u>	<u>\$ 15,318,567</u>	<u>\$ 373,001</u>	<u>\$ 55,583,556</u>	<u>\$ (4,898)</u>

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

(651,475)
\$ 54,832,081

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

City of Kent, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise Funds				Total	Governmental Activities
	Water	Sewer	Storm Water Drainage	Nonmajor - Solid Waste		Internal Service Fund
OPERATING REVENUES						
Charges for Services	\$ 3,319,116	\$ 3,954,158	\$ 963,591	\$ 541,363	\$ 8,778,228	\$ 2,852,490
Miscellaneous	47,234	26,067	942	-	74,243	-
Total Operating Revenues	<u>3,366,350</u>	<u>3,980,225</u>	<u>964,533</u>	<u>541,363</u>	<u>8,852,471</u>	<u>2,852,490</u>
OPERATING EXPENSES						
Salaries	1,481,463	1,649,982	358,563	59,467	3,549,475	-
Fringe Benefits	642,401	696,871	139,031	18,526	1,496,829	-
Materials and Supplies	185,646	373,678	-	3,180	562,504	-
Utilities	198,763	213,325	-	-	412,088	-
Contractual Services	484,901	396,930	17,329	293,577	1,192,737	666,716
Depreciation	590,228	874,142	352,799	-	1,817,169	-
Claims	180	236	164	28	608	2,333,285
Other	3,898	2,923	730	122	7,673	-
Total Operating Expense	<u>3,587,480</u>	<u>4,208,087</u>	<u>868,616</u>	<u>374,900</u>	<u>9,039,083</u>	<u>3,000,001</u>
Operating Income (Loss)	<u>(221,130)</u>	<u>(227,862)</u>	<u>95,917</u>	<u>166,463</u>	<u>(186,612)</u>	<u>(147,511)</u>
NONOPERATING REVENUES (EXPENSES)						
Gain on Sale of Capital Assets	4,088	7,772	-	-	11,860	-
(Loss) on Sale of Capital Assets	-	(6,727)	-	-	(6,727)	-
Interest	227	29	-	-	256	15,037
Interest and Fiscal Charges	(9,421)	(69,460)	-	-	(78,881)	-
Total Nonoperating Revenues (Expenses)	<u>(5,106)</u>	<u>(68,386)</u>	<u>-</u>	<u>-</u>	<u>(73,492)</u>	<u>15,037</u>
Capital Contributions	196,294	270,555	163,893	-	630,742	-
Change in Net Position	(29,942)	(25,693)	259,810	166,463	370,638	(132,474)
Net Position - Beginning of Year	15,346,757	24,500,866	15,058,757	206,538		127,576
Net Position - End of Year	<u>\$ 15,316,815</u>	<u>\$ 24,475,173</u>	<u>\$ 15,318,567</u>	<u>\$ 373,001</u>		<u>\$ (4,898)</u>

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

(40,919)
\$ 329,719

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

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise Funds				Total	Governmental Activities
	Water	Sewer	Storm Water Drainage	Nonmajor - Solid Waste		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Charges for Services	\$ 3,403,008	\$ 4,130,999	\$ 887,084	\$ 542,443	\$ 8,963,534	\$ 2,852,490
Other Cash Receipts	47,234	26,067	942	-	74,243	-
Cash Payments to Employees for Services	(1,471,528)	(1,636,810)	(355,626)	(62,142)	(3,526,106)	-
Cash Payments for Employee Benefits	(535,730)	(601,931)	(116,706)	(15,058)	(1,269,425)	-
Cash Payments for Goods and Services	(1,226,348)	(975,058)	(70,758)	(309,907)	(2,582,071)	(631,443)
Cash Payments for Claims	-	-	-	-	-	(2,458,304)
Other Cash Payments	(3,898)	(2,923)	(730)	(122)	(7,673)	-
Net Cash Provided by (Used in) Operating Activities	<u>212,738</u>	<u>940,344</u>	<u>344,206</u>	<u>155,214</u>	<u>1,652,502</u>	<u>(237,257)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advances Out	(80,000)	(65,000)	-	(109,000)	(254,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(80,000)</u>	<u>(65,000)</u>	<u>-</u>	<u>(109,000)</u>	<u>(254,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital Grants and Contributions	84,232	76,287	15,548	-	176,067	-
Tap-in Fees	27,282	15,329	850	-	43,461	-
Special Assessments	42,221	32,613	20,656	-	95,490	-
Proceeds from Notes	-	435,000	-	-	435,000	-
Premium on Notes	-	3,010	-	-	3,010	-
Principal Paid on OWDA/OPWC Loans	(44,028)	(224,216)	(9,967)	-	(278,211)	-
Principal Paid on Notes	-	(495,000)	-	-	(495,000)	-
Interest Paid on OWDA/OPWC Loans	(9,421)	(69,526)	-	-	(78,947)	-
Interest Paid on Notes	-	(2,629)	-	-	(2,629)	-
Payments for Capital Acquisitions	(717,434)	(334,728)	(249,679)	-	(1,301,841)	-
Proceeds from Sale of Capital Assets	4,088	7,772	-	-	11,860	-
Net Cash Used in Capital and Related Financing Activities	<u>(613,060)</u>	<u>(556,088)</u>	<u>(222,592)</u>	<u>-</u>	<u>(1,391,740)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on Investments	227	29	-	-	256	-
Net Cash Provided by Investing Activities	<u>227</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>256</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(480,095)	319,285	121,614	46,214	7,018	(237,257)
Cash and Cash Equivalents - Beginning of Year	2,947,635	3,205,770	939,626	727,542	7,820,573	706,308
Cash and Cash Equivalents - End of Year	<u>\$ 2,467,540</u>	<u>\$ 3,525,055</u>	<u>\$ 1,061,240</u>	<u>\$ 773,756</u>	<u>\$ 7,827,591</u>	<u>\$ 469,051</u>

(Continued)

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

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2016

	Enterprise Funds					Governmental
	Water	Sewer	Storm Water Drainage	Nonmajor - Solid Waste	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS)						
TO NET CASH PROVIDED BY (USED IN) OPERATING						
ACTIVITIES						
Operating Income (Loss)	\$ (221,130)	\$ (227,862)	\$ 95,917	\$ 166,463	\$ (186,612)	\$ (147,511)
Adjustments:						
Depreciation	590,228	874,142	352,799	-	1,817,169	-
Premium charged for Life Insurance Policies	-	-	-	-	-	35,273
(Increase) Decrease in Assets:						
Accounts Receivable	83,892	176,841	(76,507)	1,080	185,306	-
Materials and Supplies Inventory	14,491	22,950	-	-	37,441	-
Prepaid Items	154	55	13	5	227	-
Net Pension Asset	(2,399)	(2,180)	(507)	(79)	(5,165)	-
Deferred Outflows of Resources - Pension	(578,136)	(525,528)	(122,287)	(19,028)	(1,244,979)	-
Increase (Decrease) in Liabilities:						
Accounts Payable	(371,683)	(14,130)	(53,442)	(13,155)	(452,410)	-
Accrued Wages and Benefits	(4,088)	(2,980)	(1,044)	(137)	(8,249)	-
Compensated Absences Payable	2,621	3,763	1,331	(2,956)	4,759	-
Workers' Compensation Claims Payable	180	236	164	28	608	-
Net Pension Liability	680,510	618,586	143,941	22,398	1,465,435	-
Deferred Inflows of Resources - Pension	18,098	16,451	3,828	595	38,972	-
Health Insurance Claims Payable	-	-	-	-	-	(125,019)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 212,738</u>	<u>\$ 940,344</u>	<u>\$ 344,206</u>	<u>\$ 155,214</u>	<u>\$ 1,652,502</u>	<u>\$ (237,257)</u>
Schedule of Non-Cash Investing, Capital, and Financing Activities:						
Net impact of accruals related to capital assets.	\$ (9,413)	\$ (26,029)	\$ 152,439	\$ -	\$ 116,997	\$ -

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

City of Kent, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Escrow Fund
December 31, 2016

	<u>Balance</u> <u>12/31/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2016</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 460,990</u>	<u>\$ 356,558</u>	<u>\$ 432,840</u>	<u>\$ 384,708</u>
Liabilities				
Deposits Held and Due to Others	<u>\$ 460,990</u>	<u>\$ 356,558</u>	<u>\$ 432,840</u>	<u>\$ 384,708</u>

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

Notes to the Basic Financial Statements

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Description of the City and Reporting Entity

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

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. This definition of reporting entity is found in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*.

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and 1) the City is able to significantly influence the programs or services performed or provided by the organization; or 2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The reporting entity of the City does include a blended component unit. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended Component Unit The Kent Downtown Community Urban Redevelopment Corporation (Organization) was formed to hold titles to properties as a nominee for the City for use to initiate and conduct projects for clearance, replanning, development and redevelopment of blighted areas within the City and to provide for the welfare and improvement and maintenance of the central business district of the City. The City has provided a guarantee for the debt service on the Organization's line of credit. The City is billed quarterly for specific reimbursements of economic development expenses. The Organization is reported as part of the City's special revenue funds and does issue separate audited financial statements.

The City is associated with one jointly governed organization, the Northeast Ohio Public Energy Council, and two joint ventures, the Kent-Franklin Township Joint Economic Development District, and the Kent-Brimfield Township Joint Economic Development District. Information about these organizations is presented in Notes 21 and 22 to the basic financial statements, respectively.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. As a general rule, the activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. An exception to this general rule is that interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

B. Fund Accounting

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

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

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

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

Capital Projects Fund - This fund is used to account for expenditures related to the acquisition and construction of major capital facilities and infrastructure, except those financed by proprietary funds. Primary financing is provided by the distribution of municipal income tax monies as required by the City Charter and capital grants from various Federal and State agencies.

Muni PI Tax Increment Equivalent Fund - This fund accounts for the accumulation of resources (primarily debt proceeds and payments in lieu of taxes) that will be used for the development of the City's downtown.

Police Facilities Fund - This fund accounts for the resources derived from general obligation bonds and a voter approved income tax for the construction of a new police facility and for the payment of principal and interest and fiscal charges on the related general obligation debt.

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

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

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

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

The City's Solid Waste Fund is used to account for solid waste collection services provided to the residential and commercial customers of the City. This fund is the City's only nonmajor enterprise fund.

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

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

C. Measurement Focus

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

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 9). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows related to pension are explained in Note 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, and unavailable revenues. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance year 2017 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, intergovernmental grants, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 13)

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

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

E. Cash and Cash Equivalents

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

The City also has segregated bank accounts for monies held separate from the City's central bank account which relates to the City's blended component unit. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury.

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

During 2016, The City's investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), non-negotiable and negotiable certificates of deposits, United States Agency debt securities, and money market mutual funds. The City's investment in State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The city measures their investment in STAR Ohio as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2016, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2016 amounted to \$300,249, which includes \$282,530 assigned from other City funds.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City capitalization threshold is \$10,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings, Structures and Improvements	10 - 45 years
Infrastructure	10 - 80 years
Machinery and Equipment	3 - 25 years
Vehicles	3 - 20 years

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

I. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund Receivable/Payable.” Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

J. Compensated Absences

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

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

The current portion of unpaid compensated absences is the amount of matured compensated absences expected to be paid using expendable available financial resources. These amounts are presented as “Matured Compensated Absences Payable” in the funds from which the employees are paid. The noncurrent portion of the liability is not reported in the governmental funds. The City had no matured compensated absences payable for December 31, 2016.

K. Accrued Liabilities and Long-term Obligations

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

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

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City’s Council. Those committed amounts cannot be used for any other purpose unless the City’s Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the City Council. In the general fund, assigned amounts would represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State statute. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Fund Balance Policy. The City Council desires to maintain a prudent level of financial resources to guard its citizens against disruption of services in the event the City experiences unexpected short-term revenue shortfalls or unanticipated one-time expenditures. The City's cash fund balance has been accumulated to meet this purpose, provided stability and flexibility to respond to financial adversity or strategic opportunities. The long-term plan is to maintain a rolling undesignated operating cash fund balance (which includes the portions of the General Fund, Street Construction, Maintenance and Repair Fund, Income Tax Fund, Income Tax Safety Fund, and Fire and Emergency Medical Services Fund that are not constrained by encumbrances or the City's self-imposed limitations) that will be no less than a minimum 25 percent of current budgeted operating expenditures. Operating expenditures are deemed to be non-capital expenditures. In the event the undesignated operating cash fund balance exceeds 25 percent of annual operating expenditures and other financing uses (transfers out), the amount exceeding this percentage may be available for appropriation at the discretion of the Director of Budget and Finance and/or the City Manager with the approval of City Council. Any appropriations from the undesignated operating cash fund balance that will take the combined balances below the minimum 25 percent threshold requires special notification to that effect by City Administration at the time City Council consideration is requested (i.e. declaration of a Fund Balance Emergency), along with the usual approval of the City Council.

Additionally, in order to provide a cautionary warning of an approaching Fund Balance Emergency and to initiate any corrective actions, City Administration will apprise City Council upon reaching an undesignated operating cash fund balance (does not include the managed reserve account) that is 17 percent or less of annual operating expenditures. City Council notification will be provided this notification in writing as early as practical upon determination of such status.

N. Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted as "Other Purposes" are mainly attributed to the Wireless 911 program, the west side fire station operations, the food service program, the revolving housing program, and several other minor grant funds.

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

O. Operating Revenues and Expenses

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

P. Contributions of Capital

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

Q. Interfund Activity

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2016.

S. Estimates

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

T. Budgetary Process

All funds, except the agency funds and the blended component unit (included as a nonmajor special revenue fund), are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level, department, and object level (Personnel and Benefits, Other than Personnel and Benefits, Capital, Reserve/Debt Service, and Contingency) for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources in effect when final appropriations were passed by Council.

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

Note 3 – Changes in Accounting Principles

GASB Statement No. 72, *Fair Value Measurement of Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP).

GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools.

These GASB Statements did not have an effect on the City's financial statements.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 4 – Accountability and Compliance

Fund Deficits

As of December 31, 2016, the City's Muni PI Tax Increment Equivalent Fund and General Obligation Debt Service Fund reported deficit fund balances of \$607,818 and \$410,682, respectively. These fund deficits resulted from accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the inventory is used, the prepaid is consumed, and the liability is incurred (GAAP basis);
3. Investments reported at fair value (GAAP) rather than cost (budget basis);
4. The Income Tax Fund is included in the General Fund (GAAP basis), but has a separate legally adopted budget (budget basis); and
5. Encumbrances are treated as expenditures (budget basis) rather than as a part of restricted, committed, and assigned fund balances (GAAP basis).

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

	General	Income Tax Safety	Fire and Emergency Medical Services
Fund Balance - Budget Basis	\$4,918,348	\$624,576	\$669,967
Net Adjustment			
Revenue Accruals	3,900,892	677,893	638,872
Deferred Inflows	(2,250,827)	(357,580)	(357,580)
Expenditure Accruals	(1,041,119)	(105,006)	(86,260)
Assets Held for Resale	734,400	0	0
Inventories/Prepays	28,645	70,202	2,744
Investment Valuation	(149,409)	0	0
Funds Budgeted elsewhere	8,913,422	0	0
Encumbrances	319,156	46,942	895,232
Fund Balance - GAAP Basis	<u>\$15,373,508</u>	<u>\$957,027</u>	<u>\$1,762,975</u>

Note 6 - Deposits and Investments

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

Cash on Hand

At December 31, 2016, the City had \$1,105 in undeposited cash on hand, which is included on the balance sheet of the City as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

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

At December 31, 2016, the carrying value of the City’s deposits was \$5,385,814, of which \$169,076 was in non-negotiable certificate of deposits. The cash balances per the banks were \$5,291,918, of which \$799,632 was insured by Federal depository insurance. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$4,492,286 was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent but not in the City’s name.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Investments

STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The table below identifies the City's recurring fair value measurement as of December 31, 2016. As previously discussed, Star Ohio is reported at its net asset value. All other investments of the City are valued using quoted market prices (Level 1 inputs). At December 31, 2016, fair value was \$152,926 below the City's net cost for investments.

Interest Rate Risk. As a means of limiting its exposure to fair value of losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt obligations.

Credit Risk. The City's investment policy require that all investments are authorized by Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer. See the table below for the credit ratings of the City's investments provided by Standard and Poor's.

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

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

As of December 31, 2016, the City had the following investments and investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturity</u>
Star Ohio	\$11,541,841	N/A	Daily
U.S. Agencies Debt Securities	\$15,562,675	AA+	Various Maturities
Money Market Mutual Funds	36,529	N/A	Daily
Negotiable Certificate of Deposit	7,835,146	N/A	Various Maturities
Total Investments	<u>\$34,976,191</u>		

City of Kent, Ohio
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For the Year Ended December 31, 2016
(Continued)

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments to the Statement of Net Position as of December 31, 2016.

Investments	\$34,976,191
Carrying amount of the City's Deposits	5,385,814
Cash on Hand	1,105
Total	<u>\$40,363,110</u>
 <i>Governmental Activities</i>	
Governmental Funds	
Equity in Pooled Cash and Cash Equivalents	\$31,432,801
Cash and Cash Equivalents in Segregated Accounts	\$63,648
Restricted Cash	185,311
Internal Service Funds	
Equity in Pooled Cash and Cash Equivalents	469,051
Total Governmental Activities	<u>32,150,811</u>
 <i>Business-Type Activities</i>	
Enterprise Funds	
Equity in Pooled Cash and Cash Equivalents	<u>7,827,591</u>
 <i>Agency Funds</i>	
384,708	
Total	<u>\$40,363,110</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 7 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Income Tax Safety	Fire and Emergency Medical Services	Capital Projects	Muni PI Tax Increment Equivalent	Police Facilities	Other Governmental Funds	Total
<i>Nonspendable</i>								
Prepaid Items	\$ 28,645	\$ 19,710	\$ 2,744	\$ 16,697	\$ -	\$ -	\$ 6,086	\$ 73,882
Inventories	-	50,492	-	-	-	-	349,323	399,815
Interfund Balances	1,986,546	-	-	-	-	-	-	1,986,546
Loans Receivable	229,497	-	-	-	-	-	-	229,497
Community Development	169,076	-	-	-	-	-	-	169,076
Assets Held for Resale	734,400	-	-	-	-	-	-	734,400
<i>Total Nonspendable</i>	<u>3,148,164</u>	<u>70,202</u>	<u>2,744</u>	<u>16,697</u>	<u>-</u>	<u>-</u>	<u>355,409</u>	<u>3,593,216</u>
<i>Restricted for</i>								
Police Pension	-	-	-	-	-	-	27,908	27,908
Fire Pension	-	-	-	-	-	-	27,912	27,912
Public Safety	-	886,825	1,760,231	-	-	-	343,326	2,990,382
Other Law Enforcement	-	-	-	-	-	-	42,213	42,213
Streets and Highways	-	-	-	-	-	-	1,484,969	1,484,969
Parks and Recreation	-	-	-	-	-	-	649,307	649,307
Food Services	-	-	-	-	-	-	58,344	58,344
Revolving Housing	-	-	-	-	-	-	37,810	37,810
Swimming Pool Inspections	-	-	-	-	-	-	7,011	7,011
Community Development	-	-	-	-	-	-	2,691,380	2,691,380
Police Facilities	-	-	-	-	-	6,639,895	-	6,639,895
<i>Total Restricted</i>	<u>-</u>	<u>886,825</u>	<u>1,760,231</u>	<u>-</u>	<u>-</u>	<u>6,639,895</u>	<u>5,370,180</u>	<u>14,657,131</u>
<i>Committed to</i>								
Public Facilities and Programs	2,327,888	-	-	-	-	-	-	2,327,888
Capital Improvement	-	-	-	4,276,398	-	-	-	4,276,398
<i>Total Committed</i>	<u>2,327,888</u>	<u>-</u>	<u>-</u>	<u>4,276,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,604,286</u>
<i>Assigned to</i>								
Purchases on Order	309,949	-	-	-	-	-	-	309,949
<i>Total Assigned</i>	<u>309,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,949</u>
<i>Unassigned (Deficit)</i>								
	9,587,507	-	-	-	(607,818)	-	(410,682)	8,569,007
Total Fund Balances	<u>\$ 15,373,508</u>	<u>\$ 957,027</u>	<u>\$ 1,762,975</u>	<u>\$ 4,293,095</u>	<u>\$ (607,818)</u>	<u>\$ 6,639,895</u>	<u>\$ 5,314,907</u>	<u>\$ 33,733,589</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 8 - Income Taxes

The City levied income tax of 2.25 percent on substantially all income earned within the City. In addition, residents are required to pay City income tax on income earned outside the City; however, credit is allowed for income taxes paid to other municipalities, up to a maximum of 2.25 percent.

Note 9 - Property Taxes and Payments in Lieu of Taxes

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 2015 tax levy was based was \$369,797,260.

Real property taxes received by the City in a calendar year are levied on January 1 of the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. The assessed value of real property (including public utility real property) is established by the County Auditor at 35 percent of estimated true value. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. The last revaluation was completed in 2015. Public utility personal property is assessed at 88 percent of actual value (1997-2004) and 67 percent of actual value (2005-2008). General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax has been completely phased out. Amounts for prior year's unpaid tangible personal property taxes may still be collected.

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.

Payments in Lieu of Taxes

According to State law, the City has established a tax incremental financing district within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if the property had not been declared exempt. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever comes first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 10 – Interfund Activities

As of December 31, 2016, individual funds due to/from other funds that resulted from various interfund transactions were as follows:

	PAYABLE FUND							Total
	<i>Governmental Activities</i>			<i>Business-Type Activities</i>				
	General	Nonmajor	Internal Service	Water	Sewer	Storm Water Drainage	Nonmajor - Solid Waste	
RECEIVABLE FUND								
<i>Governmental Funds</i>								
General	\$0	\$226,000	\$625,000	192,100	168,980	346,000	\$428,466	\$1,986,546
Nonmajor	903,682	0	0	0	0	0	0	903,682
Total	<u>\$903,682</u>	<u>\$226,000</u>	<u>\$625,000</u>	<u>\$192,100</u>	<u>\$168,980</u>	<u>\$346,000</u>	<u>\$428,466</u>	<u>\$2,890,228</u>

Interfund balances were used primarily to provide capital to expand the utility infrastructure which facilitates new development. The balances were also used to provide the initial cash for expenditure driven grant funds and provide funds to the parks and recreation fund for the purchase of land. The interfund receivable/payable between the General Fund and the nonmajor governmental fund is related to the City's guarantee of the blended component unit's line of credit. The interfund receivable/payable between the General Fund and the Internal Service Fund was for the purpose of providing additional resources to the Internal Service Fund due to significant claims paid in prior periods. The City has put in place efforts to repay these outstanding interfund balances in future periods.

The City also recognizes an interfund transaction between the City's Income Tax Fund (which is combined with the General Fund on the governmental fund financial statements) and the City's Debt Service Fund. This interfund transaction is a manuscript debt issued by the City in fiscal year 2000 for the purpose of Street Improvements in the amount of \$561,000 with interest rates ranging from 5.50 percent to 6.00 percent over the life of the debt. The manuscript debt will mature on December 1, 2020. The City assesses annual assessments to property owners and the receipt of those assessments is used to make the annual debt service to the Income Tax Fund. As of December 31, 2016, the balance of the manuscript debt was \$171,000, with \$39,000 due within one year.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Transfers made during the year ended December 31, 2016 were as follows:

	TRANSFERS OUT	
	<i>Governmental Activities</i>	
		Muni PI Tax Increment Equivalent
TRANSFERS IN	General	
<i>Governmental Activities</i>		
General	\$0	\$369,500
Income Tax Safety	\$3,100,000	0
Fire and Emergency Medical Services	1,700,000	0
Nonmajor Fund	388,492	0
Total Governmental Activities	\$5,188,492	\$369,500

Transfers are from the General Fund to various funds within the City to help finance the various programs accounted for in other funds. During 2016, a GAAP transfer from the Muni PI Tax Increment Equivalent fund to the general fund was required to reflect the pay down of a loan. This transfer was necessary to record the retirement in the proper governmental fund. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16. Transfers between governmental funds are eliminated on the governmental activities' statement of activities.

On the governmental fund financial statements, transfers from the Income Tax Fund (this fund is combined with the General Fund on the governmental fund financial statements) that were made in accordance with the City's codified ordinances have been reclassified as income tax revenues in the respective governmental funds. The reclassifications were a result of the City's implementation of GASB Statement No. 54 in 2011.

Note 11 – Risk Management

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

The claims liability of \$190,936 reported in the fund at December 31, 2016, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claim, be reported. Changes in the fund's claims liability amount in 2015 and 2016 were:

	Beginning of Year	Claims	Payments	End of Year
2015	\$ 135,719	\$ 2,235,761	\$ 2,055,525	\$ 315,955
2016	315,955	2,333,285	2,458,304	190,936

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

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 2016, the City contracted with several companies for various types of insurance as follows:

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

In 2014, the City began its participation in the State Workers' Compensation retrospective rating and payment system. Once the City receives notice of the claims paid by the Bureau of Workers' Compensation, the City will reimburse the State for claims paid on the City's behalf. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claim costs for employees injured in 2014 for up to ten years after the claim year. The maintenance of these benefits will be funded through General Fund transfers to the various funds that experienced the loss. Total claims of \$85,368 have been accrued as a liability at December 31, 2016, based on an estimate provided by Comp Management, Inc., the City's third party administrator. The claims liability reported at December 31, 2016, for Workers' Compensation is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in the balance of claims liabilities during the past two years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2015	\$45,745	\$50,240	(\$9,858)	\$86,127
2016	\$86,127	\$40,641	(\$41,400)	\$85,368

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 12 - Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$10,878,780	\$153,537	(\$121,277)	\$10,911,040
Construction in Progress	7,062,069	8,031,139	(2,391,694)	12,701,514
<i>Total Capital Assets, Not Being Depreciated</i>	<u>17,940,849</u>	<u>8,184,676</u>	<u>(2,512,971)</u>	<u>23,612,554</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings, Structures and Improvements	13,498,842	45,374	(52,542)	13,491,674
Vehicles, Machinery and Equipment	10,029,629	725,346	(574,081)	10,180,894
Infrastructure:				
Roads	53,850,681	2,383,894	0	56,234,575
Bridges	4,540,122	0	0	4,540,122
Sidewalks	54,014	0	0	54,014
Traffic Signals	3,974,190	18,619	(58,200)	3,934,609
<i>Total Capital Assets, Being Depreciated</i>	<u>85,947,478</u>	<u>3,173,233</u>	<u>(684,823)</u>	<u>88,435,888</u>
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(5,477,969)	(305,539)	52,542	(5,730,966)
Vehicles, Machinery and Equipment	(6,632,606)	(467,592)	485,435	(6,614,763)
Infrastructure:				
Roads	(25,342,285)	(1,499,782)	0	(26,842,067)
Bridges	(972,229)	(91,858)	0	(1,064,087)
Sidewalks	(50,718)	(397)	0	(51,115)
Traffic Signals	(789,806)	(191,606)	48,500	(932,912)
<i>Total Accumulated Depreciation</i>	<u>(39,265,613)</u>	<u>(2,556,774) *</u>	<u>586,477</u>	<u>(41,235,910)</u>
Total Capital Assets, Being Depreciated, Net	<u>46,681,865</u>	<u>616,459</u>	<u>(98,346)</u>	<u>47,199,978</u>
Governmental Activities Capital Assets, Net	<u>\$64,622,714</u>	<u>\$8,801,135</u>	<u>(\$2,611,317)</u>	<u>\$70,812,532</u>

* Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property	\$328,164
Public Health and Welfare	4,632
Leisure Time Activities	267,783
Community Development	1,475
Transportation	1,907,193
General Government	47,527
Total Depreciation Expense	<u>\$2,556,774</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Business-Type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$1,825,536	\$0	\$0	\$1,825,536
Construction in Progress	1,052,304	931,893	(816,946)	1,167,251
<i>Total Capital Assets, Not Being Depreciated</i>	<u>2,877,840</u>	<u>931,893</u>	<u>(816,946)</u>	<u>2,992,787</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings, Structures and Improvements	14,704,100	17,154	0	14,721,254
Vehicles, Machinery and Equipment	10,840,194	239,705	(140,454)	10,939,445
Infrastructure:				
Water Mains	16,325,183	455,816	0	16,780,999
Sanitary Sewers	28,157,613	126,132	0	28,283,745
Storm Water Drainage Lines	19,333,973	231,090	0	19,565,063
<i>Total Capital Assets, Being Depreciated</i>	<u>89,361,063</u>	<u>1,069,897</u>	<u>(140,454)</u>	<u>90,290,506</u>
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(10,022,843)	(312,096)	0	(10,334,939)
Vehicles, Machinery and Equipment	(8,262,186)	(317,579)	133,727	(8,446,038)
Infrastructure:				
Water Mains	(6,447,475)	(285,711)	0	(6,733,186)
Sanitary Sewers	(8,915,918)	(555,628)	0	(9,471,546)
Storm Water Drainage Lines	(5,057,138)	(346,155)	0	(5,403,293)
<i>Total Accumulated Depreciation</i>	<u>(38,705,560)</u>	<u>(1,817,169) *</u>	<u>133,727</u>	<u>(40,389,002)</u>
Total Capital Assets, Being Depreciated, Net	<u>50,655,503</u>	<u>(747,272)</u>	<u>(6,727)</u>	<u>49,901,504</u>
Business-Type Activities Capital Assets, Net	<u><u>\$53,533,343</u></u>	<u><u>\$184,621</u></u>	<u><u>(\$823,673)</u></u>	<u><u>\$52,894,291</u></u>

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

Business-Type Activities	
Water Fund	\$590,228
Sewer Fund	874,142
Storm Water Drainage Fund	352,799
	<u><u>\$1,817,169</u></u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 13 – Defined Benefit Pension Plans

The net pension liability/(asset) reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contributions was \$931,953 for 2016.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,341,371 for 2016. Of this amount, \$23,007 is reported as accrued wages and benefits.

Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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For the Year Ended December 31, 2016
(Continued)

Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.058628%	0.012633%	0.140172%	0.148149%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.059840%	0.033850%	0.146222%	0.151026%	
Change in Proportionate Share	<u>0.001212%</u>	<u>0.021217%</u>	<u>0.006050%</u>	<u>0.002876%</u>	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 10,365,044	\$ (16,474)	\$ 9,406,552	\$ 9,715,583	\$ 29,470,705
Pension Expense	\$ 1,495,545	\$ 7,912	\$ 1,326,184	\$ 1,343,263	\$ 4,172,904

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F Police	OP&F Fire	Total
Deferred Outflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$3,053,786	\$1,531,026	\$1,581,325	\$6,166,137
Changes in proportion and differences between City contributions and proportionate share of contributions	96,448	257,914	122,628	476,990
City contributions subsequent to the measurement date	<u>931,953</u>	<u>657,575</u>	<u>683,796</u>	<u>2,273,324</u>
Total Deferred Outflows of Resources	<u>\$4,082,187</u>	<u>\$2,446,515</u>	<u>\$2,387,749</u>	<u>\$8,916,451</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$207,789	\$26,413	\$27,281	\$261,483
Changes in proportion and differences between City contributions and proportionate share of contributions	0			
	<u>5,519</u>	<u>0</u>	<u>0</u>	<u>5,519</u>
Total Deferred Inflows of Resources	<u>\$213,308</u>	<u>\$26,413</u>	<u>\$27,281</u>	<u>\$267,002</u>

\$2,273,324 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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For the Year Ended December 31, 2016
(Continued)

Year Ending December 31:	OPERS	OP&F Police	OP&F Fire	Total
2017	\$711,059	\$447,766	\$434,778	\$1,593,603
2018	759,776	447,766	434,778	\$1,642,320
2019	783,218	447,765	434,779	\$1,665,762
2020	689,485	366,149	350,478	\$1,406,112
2021	(1,606)	44,605	18,372	61,371
Thereafter	(5,006)	8,476	3,487	6,957
Total	\$2,936,926	\$1,762,527	\$1,676,672	\$6,376,125

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 8.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

City's proportionate share of the net pension liability/(asset)	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Traditional Pension Plan	\$16,514,045	\$10,365,044	\$5,178,554
Combined Plan	(\$339)	(\$16,474)	(\$29,450)

Changes Between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Government's net pension liability is expected to be significant.

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA. The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	

* levered 2x

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 25,219,535	\$ 19,122,135	\$ 13,957,037

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 14 – Post-Employment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans; the Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan is a defined contribution plan; and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.00 percent of earnable salary and Public Safety and Law Enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.00 percent during calendar year 2016.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.00 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0 percent. The City's actual employer contributions for December 31, 2016, 2015 and 2014 which were used to fund post-employment benefits were \$161,743, \$155,959, and \$150,887, respectively; 92.12 percent has been contributed for 2016, and 100 percent has been contributed for 2015 and 2014.

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, OH 43215-5164. That report is also available on OP&F's website at www.op-f.org.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 Trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.50 percent of covered payroll from January 1, 2016 thru December 31, 2016.

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For the Year Ended December 31, 2016
(Continued)

The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of the Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$17,203 and \$14,457 for the year ended December 31, 2016, \$16,507 and \$13,785 for the year ended December 31, 2015, and \$15,397 and \$13,222 for the year ended December 31, 2014, respectively. 90.64 percent and 90.86, respectively has been contributed for 2016, and 100 percent has been contributed for 2015 and 2014.

Note 15 – Other Employee Benefits

A. Compensated Absences

Accumulated Unpaid Vacation and Compensatory Time City employees earn vacation leave ranging from 10 to 30 days per year based on length of service, except for firemen who accumulate vacation at rates from 6 to 14 tours of duty per year based on length of service. Accumulated vacation leave cannot exceed 15 days for some City employees, 5 tours of duty for firemen at the end of any year, and other City employees are not permitted to carry any accumulated vacation leave. All accumulated unused vacation time is paid upon termination.

The total obligation for vacation and compensatory time accrual for the City, including salary-related payments, amounted to \$1,203,743 as of December 31, 2016.

Accumulated Unpaid Sick Leave Sick leave for City employees is accrued at rates from 119.6 to 195 hours per year. Employees may convert 50 percent of their current year accumulated sick leave into a lump-sum payment within certain limitations. Employees who retire after 10 years of service may convert 50 percent of their accumulated sick leave days into a lump-sum payment within certain limitations. The obligation for sick leave accrual was calculated using the termination payments method and amounted to \$169,048 as of December 31, 2016.

Note 16 - Construction and Other Commitments

As of December 31, 2016, the City had capital contracts and retainage payables of \$1,444,744 and \$92,050 in governmental funds and business-type funds, respectively.

City of Kent, Ohio
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(Continued)

	<u>Contract Amount</u>
Governmental Activities	
Pine Street Reconstruction	\$8,711
2016 Street Program	39,935
Ametek Property Demolition	17,820
Summit Street Improvement	795,311
New Police Facility	548,494
Hike and Bike SR 59 Segment	16,236
Water Plant Pavement Rehabilitation Street Repairs	14,389
Franklin Resurfacing	3,848
	<u>\$1,444,744</u>
 Business-Type	
Pine Street Reconstruction	\$5,292
Garth/Spaulding & Suzanne Waterline replacement	6,937
Valleyview/Morris Water & Storm Improvements	2,903
W. Main Waterline @ W&LE RR	11,444
SW Sanitary Pump Station	42,917
River St. Sanitary Sewer Replacement	4,663
Water Plant Pavement Rehabilitation Street Repairs	17,894
	<u>\$92,050</u>

Operating Lease where City is Lessor

On September 6, 2011, the City entered into a 75-year lease agreement with a private developer. In prior years, the City had purchased land with the intent of resale to private developers. In 2011, the City determined not to sell the land but rather lease the land to a developer for the development of the land. The development of the land will be consistent with the City's Urban Renewal Plan dated December 2005.

Based on accounting for leases, this lease is accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations.

The minimum future rentals on the lease are as follows:

Years	
2017	\$30,001
2018	30,000
2019	30,000
2020	30,000
2021	30,000
Thereafter	210,068
Total	<u>\$360,069</u>

City of Kent, Ohio
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For the Year Ended December 31, 2016
(Continued)

Other Commitments

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are components of fund balance for subsequent year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. As of December 31, 2016, the City's commitments for encumbrances in the governmental funds were as follows:

	<u>Encumbrances Outstanding</u>
Major Funds:	
General	\$ 309,949
Income Tax Safety	46,942
Fire and Emergency Medical Services	895,232
Capital Projects	2,688,686
Muni PI Tax Increment Equivalent	22,714
Police Facilities	5,357,429
Nonmajor Governmental Funds	<u>2,687,667</u>
Total	<u><u>\$ 12,008,619</u></u>

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For the Year Ended December 31, 2016
(Continued)

Note 17 – Long-term Obligations

Changes in bonds and other long-term obligations of the City during 2016 were as follows:

	Principal Outstanding 12/31/15	Additions	Deletions	Principal Outstanding 12/31/16	Due Within One Year
Governmental Activities					
General Obligation Bonds:					
\$4,465,000 Safety Center Construction					
2015 2.00% - 5.00%	\$4,465,000	\$0	\$125,000	\$ 4,340,000	\$ 125,000
Unamortized Premium	532,047	0	21,353	510,694	0
\$4,535,000 Safety Center Construction					
2014 2.00% - 5.00%	4,410,000	0	125,000	4,285,000	125,000
Unamortized Premium	395,536	0	16,538	378,998	0
\$1,295,000 Alley 4 Improvements					
2013 2.00% - 4.00%	1,240,000	0	55,000	1,185,000	55,000
\$4,195,000 Downtown Parking Improvements					
2013 2.00% - 5.00%	4,130,000	0	65,000	4,065,000	70,000
Unamortized Premium	108,596	0	4,177	104,419	0
<i>Total General Obligation Bonds</i>	<u>15,281,179</u>	<u>0</u>	<u>412,068</u>	<u>14,869,111</u>	<u>375,000</u>
Ohio Public Works Commission Loans					
\$512,940 Fairchild Avenue Improvements					
1999 0.00%	89,765	0	25,647	64,118	25,647
\$86,000 Elm-Mae-Morris Improvements					
2001 0.00%	21,500	0	4,300	17,200	4,300
\$136,900 Erie & Depeyster Street Reconstruction					
2012 0.00%	197,606	0	19,776	177,830	19,776
<i>Total Ohio Public Works Commission Loans</i>	<u>308,871</u>	<u>0</u>	<u>49,723</u>	<u>259,148</u>	<u>49,723</u>
Net Pension Liability					
OPERS	3,925,218	1,828,418	0	5,753,636	0
OP&F	14,936,262	4,185,873	0	19,122,135	0
<i>Total Net Pension Liability</i>	<u>18,861,480</u>	<u>6,014,291</u>	<u>0</u>	<u>24,875,771</u>	<u>0</u>
Loans Payable	1,365,863	0	462,181	903,682	88,948
Workers' Compensation Claims Payable	66,076	30,394	31,761	64,709	19,469
Compensated Absences	1,278,436	1,034,080	967,391	1,345,125	993,100
<i>Total Governmental Activities</i>	<u>\$37,161,905</u>	<u>\$7,078,765</u>	<u>\$1,923,124</u>	<u>\$42,317,546</u>	<u>\$1,526,240</u>
Business-Type Activities					
Ohio Water Development Authority Loans					
\$485,851 Kent-Ravenna Interconnect					
2003 3.65%	\$237,083	\$0	\$26,022	\$211,061	\$26,980
\$4,372,503 Sanitary Sewer Improvements					
2003 3.66%	2,470,501	0	221,817	2,248,684	230,010
\$271,200 Franklin Hills Waterline					
2007 2.00%	168,957	0	13,206	155,751	13,471
<i>Total Ohio Water Development Authority Loans</i>	<u>2,876,541</u>	<u>0</u>	<u>261,045</u>	<u>2,615,496</u>	<u>270,461</u>

(continued)

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(Continued)

	Principal Outstanding 12/31/15	Additions	Deletions	Principal Outstanding 12/31/16	Due Within One Year
Business-Type Activities					
Ohio Public Works Commission Loans					
\$46,694 Elm-Mae-Morris Improvements					
2005 0.00%	28,015	0	2,335	25,680	2,335
\$52,650 Drainage Area Q - Phase 3					
2007 0.00%	34,225	0	2,632	31,593	2,632
\$233,100 Erie & Depeyster Street Reconstruction					
2012 0.00%	72,144	0	7,199	64,945	7,199
\$100,00 Drainage Area Q - Phase 5					
2015 0.00%	100,000	0	5,000	95,000	5,000
<i>Total Ohio Public Works Commission Loans</i>	<u>234,384</u>	<u>0</u>	<u>17,166</u>	<u>217,218</u>	<u>17,166</u>
<i>Net Pension Liability - OPERS</i>	3,145,973	1,465,435	0	4,611,408	0
Workers' Compensation Claims Payable	20,051	10,247	9,639	20,659	6,216
Compensated Absences	271,606	252,447	247,688	276,365	251,075
<i>Total Business-Type Activities</i>	<u>\$6,548,555</u>	<u>\$1,728,129</u>	<u>\$535,538</u>	<u>\$7,741,146</u>	<u>\$544,918</u>

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2016 are as follows:

Governmental Activities							
Years	General		OPWC	Loans Payable		Total	
	Obligation	Bonds		Principal	Principal	Interest	Principal
2017	\$375,000	\$567,025	\$49,723	\$88,948	\$43,737	\$513,671	\$610,762
2018	380,000	558,274	49,723	88,948	39,228	518,671	597,502
2019	390,000	548,175	36,900	88,948	34,719	515,848	582,894
2020	400,000	540,375	24,076	88,948	30,294	513,024	570,669
2021	415,000	531,050	19,776	88,948	25,701	523,724	556,751
2022-2026	2,260,000	2,439,800	78,950	444,740	60,901	2,783,690	2,500,701
2027-2031	2,730,000	1,970,500	0	14,202	88	2,744,202	1,970,588
2032-2036	3,340,000	1,365,950	0	0	0	3,340,000	1,365,950
2037-2041	2,960,000	528,000	0	0	0	2,960,000	528,000
2042-2043	625,000	47,250	0	0	0	625,000	47,250
Total	<u>\$13,875,000</u>	<u>\$9,096,399</u>	<u>\$259,148</u>	<u>\$903,682</u>	<u>\$234,668</u>	<u>\$15,037,830</u>	<u>\$9,331,067</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Years	Business-Type Activities				
	OWDA Loans		OPWC	Total	
	Principal	Interest	Principal	Principal	Interest
2016	\$270,461	\$90,724	\$17,166	\$287,627	\$90,724
2017	280,221	80,964	17,166	297,387	80,964
2018	290,338	70,849	17,166	307,504	70,849
2019	300,822	60,363	17,166	317,988	60,363
2020	311,689	49,497	17,166	328,855	49,497
2021-2025	1,153,788	83,480	78,785	1,232,573	83,480
2026-2030	8,177	82	32,603	40,780	82
2031-2035	0	0	20,000	20,000	0
Total	\$2,615,496	\$435,959	\$217,218	\$2,832,714	\$435,959

Bonds issued are backed by the full faith, credit and general revenues of the City.

Loans payable relate to a guarantee the City has with the Kent Downtown Community Urban Redevelopment Corporation (the City's blended component unit) for properties that were purchased in the downtown redevelopment district. These loans are the amount outstanding by the blended component unit on a line of credit. Interest accrues at the Wall Street Journal prime rate (3.50 percent at December 31, 2015) plus 0.5 percent with a minimum interest rate of 5.0 percent. The line of credit allows for borrowing up to \$2,250,000 and has a maturity date of January 27, 2030. This guarantee will be repaid from the City's General Fund.

In 2003, the City entered into a loan agreement with OWDA for the Kent-Ravenna interconnect project. The OWDA loan was issued for \$485,851 at an interest rate of 3.65 percent and will mature in 2024. This loan will be paid from the Water Fund.

In 2003, the City entered into a loan agreement with OWDA for the sanitary sewer improvement project. The OWDA loan was issued for \$4,372,503 at an interest rate of 3.66 percent and will mature in 2025. This loan will be paid from the Sewer Fund.

In 2007, the City entered into a loan agreement with OWDA for the Franklin Hills waterline project. The OWDA loan was issued for \$271,200 at an interest rate of 2.00 percent and will mature in 2027. This loan will be paid from the Water Fund.

In 2013, the City entered into a grant/loan agreement with OPWC for the reconstruction of Erie and Depeyster Streets. The OPWC loan was issued for \$269,750 at an interest rate of 0.00 percent and will mature in 2025. This loan is split between governmental and proprietary funds.

In 2015 the City entered into a loan agreement with OPWC for the drainage area Q Phase five project. The OPWC loan was issued for \$100,000 at an interest rate of 0.00 percent and will mature in 2035. This loan will be paid from the Storm Water Drainage Fund.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

On October 7, 2013, the City issued general obligation bonds in the total amount of \$5,490,000. These bonds will fully mature on December 1, 2043 and they carried various interest rates ranging from 2.00 percent to 5.00 percent. The proceeds from these bonds were used to retire bond anticipation notes that had matured on October 8, 2013. \$1,295,000 of the bond proceeds were utilized to retire \$1,230,000 in bond anticipation notes related to the improvements made to Alley 4. \$4,195,000 of the bond proceeds were utilized to retire \$4,000,000 in bond anticipation notes related to the improvements to the downtown parking areas.

On December 11, 2014, the City issued general obligation bonds in the total amount of \$4,535,000. These bonds will fully mature on December 1, 2039 and they carried various interest rates ranging from 2.00 percent to 5.00 percent. The proceeds from these bonds will be used for the construction of a new Safety Center for the City's police department.

On December 9, 2015, the City issued general obligation bonds in the total amount of \$4,465,000. These bonds will fully mature on December 1, 2039 and they carried various interest rates ranging from 2.00 percent to 5.00 percent. The proceeds from these bonds will be used for the construction of a new Safety Center for the City's police department. As of December 31, 2016, the City has unspent proceeds of \$1,910,220.

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

The City has the ability to issue \$2,877,837 of additional debt without obtaining voter approval.

Note 18 – Note Obligations

A summary of note transactions for the year ended December 31, 2016 follows:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Governmental Activities				
2015, 1.00% - Refunding of Various Purpose Bonds, Series 1998	630,000	\$0	630,000	\$0
2015, 1.00% - Building Improvements	1,265,000	0	1,265,000	0
2015, 1.00% - Downtown Development	1,150,000	0	1,150,000	0
2016, 1.50% - Refunding of Various Purpose Bonds, Series 1998	0	420,000	0	420,000
2016, 1.50% - Building Improvements	0	1,010,000	0	1,010,000
2016, 1.50% - Downtown Development	0	1,150,000	0	1,150,000
Unamortized Premium	12,726	17,853	18,678	11,901
<i>Total Governmental Activities</i>	<u>3,057,726</u>	<u>2,597,853</u>	<u>3,063,678</u>	<u>2,591,901</u>
Business-Type Activities				
Sewer Fund				
2015, 1.00% - Sanitary Sewer Trunk Lines	495,000	0	495,000	0
2016, 1.50% - Sanitary Sewer Trunk Lines	0	435,000	0	435,000
Unamortized Premium	2,011	3,010	3,014	2,007
<i>Total Sewer Fund</i>	<u>497,011</u>	<u>438,010</u>	<u>498,014</u>	<u>437,007</u>
Total	<u><u>\$3,554,737</u></u>	<u><u>\$3,035,863</u></u>	<u><u>\$3,561,692</u></u>	<u><u>\$3,028,908</u></u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

On August 30, 2016, the City issued \$3.015 million in various purpose notes at an interest rate of 1.50 percent with a maturity date of August 29, 2017. Brief descriptions of the original purposes of the notes are provided in the schedule above. The notes are backed by the full faith and credit of the City of Kent. However, it is the intention of the City that all enterprise obligations be paid from operating income. Note proceeds of \$2.580 million and the corresponding liabilities were reflected in governmental funds which received the proceeds. Note proceeds of \$0.435 million and the corresponding liability were reflected in the proprietary fund which received the proceeds. All of the proceeds were used solely for the retirement of the 2015 various purpose notes.

The notes were issued at a premium of \$20,863. A portion of the premium was offset against the corresponding interest expense, and the unamortized balance is reported as part of the carrying value of the notes in the respective funds.

Note 19 – Conduit Debt

The City is party to certain conduit debt obligations:

<u>Type</u>	<u>On Behalf of</u>	<u>Principal Outstanding December 31, 2016</u>	<u>Year Issued</u>
Multi-Family Housing Revenue Bonds	Silver Meadows Apartments	<u>\$8,075,000</u>	1999

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

Note 20 - Contingent Liabilities

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

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

Note 21 - Jointly Governed Organization

Northeast Ohio Public Energy Council The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of over 130 communities who have been authorized by ballot to purchase electricity and natural gas on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the nine-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting the Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Note 22 – Joint Ventures

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

In 2016, the City received \$476,968 in income tax distributions from the JEDD. The joint venture is considered a separate reporting entity by the City's management. Accordingly, the joint venture's financial statements have not been included in the City's financial statements. The JEDD's financial statements can be obtained by contacting the City's Finance Department.

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

In 2016, the City received \$72,332 in income tax distributions from the JEDD. The joint venture is considered a separate reporting entity by the City's management. Accordingly, the joint venture's financial statements have not been included in the City's financial statements. The JEDD's financial statements can be obtained by contacting the City's Finance Department.

Note 23 – Tax Abatement Disclosure

As of December 31, 2016, the City of Kent provides tax incentive programs under two programs: The Community Reinvestment Area and the Job Creation Tax Credit Program.

Real Estate Tax Abatement

Pursuant to Ohio Revised Code Chapter 5709, the City established an initial Community Reinvestment area in 2005 and a second one in 2014, each targeting a specific corridor in the City for development and redevelopment. The City of Kent authorizes incentives through passage of public ordinances, based upon each business' investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Areas gave the City the ability to maintain and expand businesses located in the

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate. The City of Kent also contracts with the Kent City School District for payments in lieu of taxes when required by Section 5709.82 of the Ohio Revised Code.

Income Tax Abatement

The Kent Job Creation Tax Credit Program, created in 2011, is an economic development incentive offered to qualifying businesses who agree to create a specified number of new jobs. If qualified, companies may receive a refundable tax credit up to a maximum of 24% of municipal income tax withheld for qualifying new jobs against their City of Kent income tax, or an individual's income tax assessment. The Kent City Council may grant a tax credit that exceeds 24%, if extenuating circumstances exist, and the spirit of the program is satisfied. "Extenuating circumstances" may include, but are not limited to: a plausible threat that an existing company will relocate out of the City of Kent in the absence of this incentive; prolonged, adverse national economic conditions; the creation of more than 50 new positions. The term of the tax credit may be up to a maximum of ten years, but in no case will the term of the Kent JCTC exceed that offered through the State of Ohio JCTC. The City Manager or his/her designee is hereby authorized to administer the program and to take all necessary and appropriate actions to achieve its objectives.

City Council's Incentive Criteria for Decision Making

The City of Kent has offered tax incentives and CRA abatements to various businesses based upon substantial project investment into the City. The City considers the size of the investment of the projects, along with the quantity of jobs retained and created when determining the amount of incentive to award.

The following are the tax abatements or other economic incentives provided in 2016, by the City, identified by dollar amount and type:

\$45,803	Job Creation Tax Credit – City income tax reimbursement to a company after confirmation from the State of Ohio the company met its commitment requirements for employment and annual payroll.
\$45,411	Total CRA II real property taxes exempted for three (3) active commercial CRA agreements.
\$16,743	Amount paid to Kent City Schools (KCS) for income tax share, pursuant to Section 5709.82 of the Ohio Revised Code, which requires municipal income tax sharing when a municipality imposes a tax on income and the annual payroll generated by the new employees exceeds \$1 million. The amount paid represents what KCS would have received if not for the real property exemption.

City of Kent, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Three Years (1)

Traditional Plan	2015	2014	2013
City's Proportion of the Net Pension Liability	0.059840%	0.058628%	0.058628%
City's Proportionate Share of the Net Pension Liability	\$10,365,044	\$7,071,191	\$6,911,477
City's Covered-Employee Payroll	\$7,443,358	\$7,211,608	\$7,057,815
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	139.25%	98.05%	97.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%
Combined Plan	2015	2014	2013
City's Proportion of the Net Pension (Asset)	0.033850%	0.012633%	0.012633%
City's Proportionate Share of the Net Pension (Asset)	(\$16,474)	(\$4,864)	(\$1,326)
City's Covered-Employee Payroll	\$108,792	\$46,525	\$43,892
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	15.14%	10.45%	3.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.90%	114.83%	104.33%

(1) Information prior to 2013 is not available. Schedule intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date which is the prior year end.

City of Kent, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Three Years (1)

Police	2015	2014	2013
City's Proportion of the Net Pension Liability	0.146222%	0.1401723%	0.1401723%
City's Proportionate Share of the Net Pension Liability	\$9,406,552	\$7,261,510	\$6,826,831
City's Covered-Employee Payroll	\$3,312,074	\$3,088,474	\$3,078,837
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	284.01%	235.12%	221.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%
Fire	2015	2014	2013
City's Proportion of the Net Pension Liability	0.151026%	0.1481493%	0.1481493%
City's Proportionate Share of the Net Pension Liability	\$9,715,583	\$7,674,751	\$7,215,336
City's Covered-Employee Payroll	\$2,764,847	\$2,654,217	\$2,585,304
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	351.40%	289.15%	279.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

(1) Information prior to 2013 is not available. Schedule intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date which is the prior year end.

City of Kent, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System
Last Four Years (1)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>				
Traditional Plan	916,205	\$893,203	\$865,393	\$917,516
Combined Plan	<u>15,748</u>	<u>\$13,055</u>	<u>\$5,583</u>	<u>5,706</u>
Total Required Contributions	\$931,953	\$906,258	\$870,976	\$923,222
Contributions in Relation to the Contractually Required Contribution	<u>(\$931,953)</u>	<u>(\$906,258)</u>	<u>(\$870,976)</u>	<u>(\$923,222)</u>
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered-Employee Payroll				
Traditional Plan	\$7,635,042	\$7,443,358	\$7,211,608	\$7,057,815
Combined Plan	\$131,233	\$108,792	\$46,525	\$43,892
<u>Pension Contributions as a Percentage of Covered-Employee Payroll</u>				
Traditional Plan	12.00%	12.00%	12.00%	13.00%
Combined Plan	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available. Schedule intended to show ten years of information, and additional years' will be displayed as it becomes available.

City of Kent, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Contractually Required Contributions</u>										
Police	\$657,575	\$629,294	\$586,810	\$484,301	\$401,894	\$400,210	\$591,145	\$579,701	\$560,062	\$533,129
Fire	\$683,796	\$649,739	\$623,741	\$523,007	\$452,940	\$442,026	\$570,884	\$566,465	\$549,298	\$516,280
Total Required Contributions	\$1,341,371	\$1,279,033	\$1,210,551	\$1,007,308	\$854,834	\$842,236	\$1,162,029	\$1,146,166	\$1,109,360	\$1,049,409
Contributions in Relation to the Contractually Required Contribution	<u>(\$1,341,371)</u>	<u>(\$1,279,033)</u>	<u>(\$1,210,551)</u>	<u>(\$1,007,308)</u>	<u>(\$854,834)</u>	<u>(\$842,236)</u>	<u>(\$1,162,029)</u>	<u>(\$1,146,166)</u>	<u>(\$1,109,360)</u>	<u>(\$1,049,409)</u>
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>City's Covered-Employee Payroll</u>										
Police	\$3,460,921	\$3,312,074	\$3,088,474	\$3,078,837	\$3,152,110	\$3,138,902	\$4,636,431	\$4,546,675	\$4,392,643	\$4,181,404
Fire	\$2,909,770	\$2,764,847	\$2,654,217	\$2,585,304	\$2,625,739	\$2,562,470	\$3,309,472	\$3,283,855	\$3,184,336	\$2,992,928
<u>Pension Contributions as a Percentage of Covered- Employee Payroll</u>										
Police	19.00%	19.00%	19.00%	[2]	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%
Fire	23.50%	23.50%	23.50%	[2]	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%

[2] – The portion of the City's contributions to fund pension obligations from January 1, 2013 thru May 31, 2013, for both police officers and firefighters was 14.81 percent and 19.31 percent, respectively. The portion of the City's contributions to fund pension obligations from June 1, 2013 thru December 31, 2013 for both police officers and firefighters was 16.65 percent and 21.15 percent, respectively.

City of Kent, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2016

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014, 2015 and 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014, 2015 and 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014, 2015 and 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014, 2015 and 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**Combining Statements -
Nonmajor Governmental Funds
and Fiduciary Funds**

Combining Statements and Individual Fund Schedules

Fund Descriptions – Nonmajor Governmental Funds

Non-Major Special Revenue Funds

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

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

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

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

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

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

Income Tax Fund - This fund accounts for the revenue received from the municipal income tax that is not restricted by City Charter, the expenditures relative to the administration of income tax collections, and transfers to support the operations of other funds as defined by annual Council appropriations. Due to the implementation of GASB Statement No. 54, this fund was combined with the General Fund on the governmental fund financial statements but remained a separate fund in the budgetary schedules because it has a separate legally adopted budget.

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

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

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

Combining Statements and Individual Fund Schedules

Fund Descriptions – Nonmajor Governmental Funds

Non-Major Special Revenue Funds (continued)

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

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

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

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

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

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

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

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

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

Combining Statements and Individual Fund Schedules

Fund Descriptions – Nonmajor Governmental Funds

Non-Major Special Revenue Funds (continued)

Kent Downtown Community Urban Redevelopment Corporation Fund – This fund accounts for the activities of the Kent Downtown Community Urban Redevelopment Corporation (the City’s blended component unit). This Organization was formed to hold titles to properties as a nominee for the City for use to initiate and conduct projects for the clearance, replanning, development and redevelopment of blighted areas within the City and to provide for the welfare and improvement and maintenance of the central business district of the City. This Organization is a separate legal entity from the City and the City does not provide a budget for this Organization. Therefore, a budgetary schedule is not provided for this fund.

Nonmajor Debt Service Fund

The Debt Service Fund is established to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. A description of the City’s debt service fund follows:

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



City of Kent, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 4,001,245	\$ 184,355	\$ 4,185,600
Cash and Cash Equivalents:			
In Segregated Accounts	63,648	-	63,648
Materials and Supplies Inventory	349,323	-	349,323
Accrued Interest Receivable	1,853	-	1,853
Accounts Receivable	7,918	-	7,918
Interfund Receivable	903,682	-	903,682
Intergovernmental Receivable	527,512	-	527,512
Prepaid Items	6,086	-	6,086
Restricted Assets:			
Cash and Cash Equivalents	16,235	-	16,235
Municipal Income Taxes Receivable	207,287	-	207,287
Property and Other Taxes Receivable	1,547,822	-	1,547,822
Special Assessments Receivable	247,829	232,462	480,291
Loans Receivable	211,722	-	211,722
Assets Held for Resale	114,800	-	114,800
Total Assets	\$ 8,206,962	\$ 416,817	\$ 8,623,779
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 60,316	\$ -	\$ 60,316
Accrued Wages and Benefits	31,174	-	31,174
Contracts Payable	24,946	-	24,946
Accrued Interest Payable	5,034	2,100	7,134
Interfund Payable	55,000	171,000	226,000
Workers' Compensation Claims Payable	3,391	-	3,391
Notes Payable	-	421,937	421,937
Total Liabilities	179,861	595,037	774,898
 Deferred Inflows of Resources:			
Property Taxes	1,463,868	-	1,463,868
Unavailable Revenue - Delinquent Property Taxes	68,696	-	68,696
Unavailable Revenue - Municipal Income Taxes	116,020	-	116,020
Unavailable Revenue - Other	652,928	232,462	885,390
Total Deferred Inflows of Resources	2,301,512	232,462	2,533,974
 Fund Balances:			
Nonspendable	355,409	-	355,409
Restricted	5,370,180	-	5,370,180
Unassigned (Deficit)	-	(410,682)	(410,682)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,206,962	\$ 416,817	\$ 8,623,779

City of Kent, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Property Taxes	\$ 1,794,822	\$ -	\$ 1,794,822
Municipal Income Taxes	1,135,316	-	1,135,316
Intergovernmental	1,383,424	-	1,383,424
Interest	16,820	-	16,820
Fees, Licenses, and Permits	237,582	-	237,582
Fines and Forfeitures	11,546	-	11,546
Charges for Services	786,994	-	786,994
Special Assessments	66,832	51,220	118,052
All Other Revenues	431,915	-	431,915
Total Revenues	5,865,251	51,220	5,916,471
EXPENDITURES			
Current:			
Security of Persons and Property	511,085	-	511,085
Public Health and Welfare	209,459	-	209,459
Leisure Time Activities	1,844,700	-	1,844,700
Community Development	541,894	-	541,894
Transportation	1,816,172	-	1,816,172
General Government	-	1,970	1,970
Capital Outlay	608,539	-	608,539
Debt Service:			
Principal Retirement	462,181	29,947	492,128
Interest and Fiscal Charges	54,757	15,647	70,404
Debt Issuance Costs	-	2,538	2,538
Total Expenditures	6,048,787	50,102	6,098,889
Excess of Revenues Over (Under) Expenditures	(183,536)	1,118	(182,418)
OTHER FINANCING SOURCES			
Proceeds from Sale of Capital Assets	18,690	-	18,690
Transfers In	121,594	266,898	388,492
Total Other Financing Sources	140,284	266,898	407,182
Net Change in Fund Balances	(43,252)	268,016	224,764
Fund Balances - Beginning of Year	5,768,841	(678,698)	5,090,143
Fund Balances - End of Year	\$ 5,725,589	\$ (410,682)	\$ 5,314,907

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	West Side Fire	Street Construction, Maintenance, and Repair	State Highway	Parks and Recreation	Food Service	Revolving Housing
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 101,431	\$ 1,257,349	\$ 90,403	\$ 723,720	\$ 58,485	\$ 37,986
Cash and Cash Equivalents:						
In Segregated Accounts	-	-	-	-	-	-
Materials and Supplies Inventory	-	349,323	-	-	-	-
Accrued Interest Receivable	-	1,692	161	-	-	-
Accounts Receivable	-	3,752	-	4,166	-	-
Interfund Receivable	-	-	-	-	-	-
Intergovernmental Receivable	12,431	361,218	28,959	56,475	-	-
Prepaid Items	43	4,767	-	1,020	-	-
Restricted Assets:						
Cash and Cash Equivalents	-	16,235	-	-	-	-
Municipal Income Taxes Receivable	-	207,287	-	-	-	-
Property Taxes Receivable	235,283	15,258	-	1,083,971	-	-
Special Assessments Receivable	-	247,829	-	-	-	-
Loans Receivable	-	-	-	-	-	-
Assets Held for Resale	-	-	-	-	-	-
Total Assets	\$ 349,188	\$ 2,464,710	\$ 119,523	\$ 1,869,352	\$ 58,485	\$ 37,986
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 248	\$ 24,219	\$ -	\$ 8,330	\$ -	\$ -
Accrued Wages and Benefits	3,652	13,780	-	13,657	38	47
Contracts and Retainage Payable	-	16,235	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	-
Interfund Payable	-	-	-	55,000	-	-
Workers' Compensation Claims Payable	283	1,284	-	1,592	103	129
Total Liabilities	4,183	55,518	-	78,579	141	176
Deferred Inflows of Resources:						
Property Taxes	224,686	-	-	1,035,306	-	-
Unavailable Revenue - Delinq. Property Taxes	10,597	-	-	48,665	-	-
Unavailable Revenue - Municipal Income Taxes	-	116,020	-	-	-	-
Unavailable Revenue - Other	12,431	552,568	21,068	56,475	-	-
Total Deferred Inflows of Resources	247,714	668,588	21,068	1,140,446	-	-
Fund Balances:						
Nonspendable	43	354,090	-	1,020	-	-
Restricted	97,248	1,386,514	98,455	649,307	58,344	37,810
Total Fund Balances	97,291	1,740,604	98,455	650,327	58,344	37,810
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 349,188	\$ 2,464,710	\$ 119,523	\$ 1,869,352	\$ 58,485	\$ 37,986

State and Local Forfeits	Drug Law Enforcement	Enforcement and Education	Law Enforcement Trust	Community Development Block Grant	Neighborhood Stabilization	Wireless 911	Swimming Pool Inspections
\$ 6,767	\$ 15,692	\$ 17,677	\$ 2,077	\$ 434,730	\$ 146,941	\$ 246,078	\$ 7,011
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	58,043	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	176,107	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 6,767</u>	<u>\$ 15,692</u>	<u>\$ 17,677</u>	<u>\$ 2,077</u>	<u>\$ 668,880</u>	<u>\$ 146,941</u>	<u>\$ 246,078</u>	<u>\$ 7,011</u>
\$ -	\$ -	\$ -	\$ -	\$ 27,519	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	8,711	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	36,230	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,767	15,692	17,677	2,077	632,650	146,941	246,078	7,011
<u>6,767</u>	<u>15,692</u>	<u>17,677</u>	<u>2,077</u>	<u>632,650</u>	<u>146,941</u>	<u>246,078</u>	<u>7,011</u>
<u>\$ 6,767</u>	<u>\$ 15,692</u>	<u>\$ 17,677</u>	<u>\$ 2,077</u>	<u>\$ 668,880</u>	<u>\$ 146,941</u>	<u>\$ 246,078</u>	<u>\$ 7,011</u>

(Continued)

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2016

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Urban Development Action Grant</u>	<u>Kent Downtown Community Urban Redevelopment Corporation</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 27,908	\$ 27,912	\$ 799,078	\$ -	\$ 4,001,245
Cash and Cash Equivalents:					
In Segregated Accounts	-	-	-	63,648	63,648
Materials and Supplies Inventory	-	-	-	-	349,323
Accrued Interest Receivable	-	-	-	-	1,853
Accounts Receivable	-	-	-	-	7,918
Interfund Receivable	-	-	-	903,682	903,682
Intergovernmental Receivable	5,193	5,193	-	-	527,512
Prepaid Items	-	-	-	256	6,086
Restricted Assets:					
Cash and Cash Equivalents	-	-	-	-	16,235
Municipal Income Taxes Receivable	-	-	-	-	207,287
Property Taxes Receivable	106,655	106,655	-	-	1,547,822
Special Assessments Receivable	-	-	-	-	247,829
Loans Receivable	-	-	35,615	-	211,722
Assets Held for Resale	-	-	-	114,800	114,800
Total Assets	<u>\$ 139,756</u>	<u>\$ 139,760</u>	<u>\$ 834,693</u>	<u>\$ 1,082,386</u>	<u>\$ 8,206,962</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 60,316
Accrued Wages and Benefits	-	-	-	-	31,174
Contracts Payable	-	-	-	-	24,946
Accrued Interest Payable	-	-	-	5,034	5,034
Interfund Payable	-	-	-	-	55,000
Workers' Compensation Claims Payable	-	-	-	-	3,391
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,034</u>	<u>179,861</u>
Deferred Inflows of Resources:					
Property Taxes	101,938	101,938	-	-	1,463,868
Unavailable Revenue - Delinq. Property Taxes	4,717	4,717	-	-	68,696
Unavailable Revenue - Municipal Income Taxes	-	-	-	-	116,020
Unavailable Revenue - Other	5,193	5,193	-	-	652,928
Total Deferred Inflows of Resources	<u>111,848</u>	<u>111,848</u>	<u>-</u>	<u>-</u>	<u>2,301,512</u>
Fund Balances:					
Nonspendable	-	-	-	256	355,409
Restricted	27,908	27,912	834,693	1,077,096	5,370,180
Total Fund Balances	<u>27,908</u>	<u>27,912</u>	<u>834,693</u>	<u>1,077,352</u>	<u>5,725,589</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 139,756</u>	<u>\$ 139,760</u>	<u>\$ 834,693</u>	<u>\$ 1,082,386</u>	<u>\$ 8,206,962</u>



City of Kent, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016

	West Side Fire	Street Construction, Maintenance, and Repair	State Highway	Parks and Recreation	Food Service
REVENUES					
Property Taxes	\$ 244,843	\$ 199,178	\$ -	\$ 1,130,077	\$ -
Municipal Income Taxes	-	1,135,316	-	-	-
Intergovernmental	24,862	728,214	57,380	120,050	-
Interest	-	6,020	567	-	-
Fees, Licenses, and Permits	-	-	-	5,663	100,810
Fines and Forfeitures	-	-	-	-	-
Charges for Services	-	57,985	-	661,690	-
Special Assessments	-	66,832	-	-	-
All Other Revenues	1,398	1,801	-	56,135	-
Total Revenues	271,103	2,195,346	57,947	1,973,615	100,810
EXPENDITURES					
Current:					
Security of Persons and Property	265,124	-	-	-	-
Public Health and Welfare	-	-	-	-	85,466
Leisure Time Activities	-	-	-	1,844,700	-
Community Development	-	-	-	-	-
Transportation	-	1,760,523	55,649	-	-
Capital Outlay	-	-	-	368,649	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	265,124	1,760,523	55,649	2,213,349	85,466
Excess of Revenues Over (Under) Expenditures	5,979	434,823	2,298	(239,734)	15,344
OTHER FINANCING SOURCES					
Proceeds from Sale of Capital Assets	-	9,380	-	9,310	-
Transfer In	-	-	-	121,594	-
Total Other Financing Sources	-	9,380	-	130,904	-
Net Change in Fund Balances	5,979	444,203	2,298	(108,830)	15,344
Fund Balances - Beginning of Year	91,312	1,296,401	96,157	759,157	43,000
Fund Balances - End of Year	\$ 97,291	\$ 1,740,604	\$ 98,455	\$ 650,327	\$ 58,344

<u>Revolving Housing</u>	<u>State and Local Forfeits</u>	<u>Drug Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Law Enforcement Trust</u>	<u>Community Development Block Grant</u>	<u>Neighborhood Stabilization</u>	<u>Wireless 911</u>	<u>Swimming Pool Inspections</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	432,148	-	-	-
-	-	-	-	-	977	317	-	-
124,371	-	-	-	-	-	-	-	6,738
-	-	8,548	2,998	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	6,508	3	-	-
<u>124,371</u>	<u>-</u>	<u>8,548</u>	<u>2,998</u>	<u>-</u>	<u>439,633</u>	<u>320</u>	<u>-</u>	<u>6,738</u>
-	2,682	2,549	676	3,980	-	-	16,074	-
119,217	-	-	-	-	-	-	-	4,776
-	-	-	-	-	-	-	-	-
-	-	-	-	-	518,275	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	239,890	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>119,217</u>	<u>2,682</u>	<u>2,549</u>	<u>676</u>	<u>3,980</u>	<u>758,165</u>	<u>-</u>	<u>16,074</u>	<u>4,776</u>
<u>5,154</u>	<u>(2,682)</u>	<u>5,999</u>	<u>2,322</u>	<u>(3,980)</u>	<u>(318,532)</u>	<u>320</u>	<u>(16,074)</u>	<u>1,962</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>5,154</u>	<u>(2,682)</u>	<u>5,999</u>	<u>2,322</u>	<u>(3,980)</u>	<u>(318,532)</u>	<u>320</u>	<u>(16,074)</u>	<u>1,962</u>
32,656	9,449	9,693	15,355	6,057	951,182	146,621	262,152	5,049
<u>\$ 37,810</u>	<u>\$ 6,767</u>	<u>\$ 15,692</u>	<u>\$ 17,677</u>	<u>\$ 2,077</u>	<u>\$ 632,650</u>	<u>\$ 146,941</u>	<u>\$ 246,078</u>	<u>\$ 7,011</u>

(Continued)

City of Kent, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2016

	Police Pension	Fire Pension	Urban Development Action Grant	Kent Downtown Community Urban Redevelopment Corporation	Total Nonmajor Special Revenue Funds
REVENUES					
Property Taxes	\$ 110,362	\$ 110,362	\$ -	\$ -	\$ 1,794,822
Income Taxes	-	-	-	-	1,135,316
Intergovernmental	10,385	10,385	-	-	1,383,424
Interest	-	-	8,640	299	16,820
Fees, Licenses, and Permits	-	-	-	-	237,582
Fines and Forfeitures	-	-	-	-	11,546
Charges for Services	-	-	-	67,319	786,994
Special Assessments	-	-	-	-	66,832
All Other Revenues	-	-	366,070	-	431,915
Total Revenues	120,747	120,747	374,710	67,618	5,865,251
EXPENDITURES					
Current:					
Security of Persons and Property	110,000	110,000	-	-	511,085
Public Health and Welfare	-	-	-	-	209,459
Leisure Time Activities	-	-	-	-	1,844,700
Community Development	-	-	15,513	8,106	541,894
Transportation	-	-	-	-	1,816,172
Capital Outlay	-	-	-	-	608,539
Debt Service:					
Principal Retirement	-	-	-	462,181	462,181
Interest and Fiscal Charges	-	-	-	54,757	54,757
Total Expenditures	110,000	110,000	15,513	525,044	6,048,787
Excess of Revenues Over (Under) Expenditures	10,747	10,747	359,197	(457,426)	(183,536)
OTHER FINANCING SOURCES					
Proceeds from Sale of Capital Assets	-	-	-	-	18,690
Transfer In	-	-	-	-	121,594
Total Other Financing Sources	-	-	-	-	140,284
Net Change in Fund Balances	10,747	10,747	359,197	(457,426)	(43,252)
Fund Balances - Beginning of Year	17,161	17,165	475,496	1,534,778	5,768,841
Fund Balances - End of Year	\$ 27,908	\$ 27,912	\$ 834,693	\$ 1,077,352	\$ 5,725,589

Combining Statements

Fund Descriptions – Fiduciary Funds

Fiduciary Funds

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

Agency Fund

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

City of Kent, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Escrow Fund
For the Year Ended December 31, 2016

	<u>Balance</u> <u>12/31/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/30/2016</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 460,990</u>	<u>\$ 356,558</u>	<u>\$ 432,840</u>	<u>\$ 384,708</u>
Liabilities				
Deposits Held and Due to Others	<u>\$ 460,990</u>	<u>\$ 356,558</u>	<u>\$ 432,840</u>	<u>\$ 384,708</u>

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

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 1,946,074	\$ 1,860,825	\$ 1,999,030	\$ 138,205
Intergovernmental	1,278,569	1,724,862	1,690,661	(34,201)
Interest	263,206	335,812	348,039	12,227
Fees, Licenses and Permits	110,428	236,505	146,020	(90,485)
Fines and Forfeits	211,521	281,131	279,696	(1,435)
Charges for Services	1,223,204	1,588,737	1,617,451	28,714
Miscellaneous	154,229	191,906	203,938	12,032
Total Revenues	5,187,231	6,219,778	6,284,835	65,057
Expenditures				
Current:				
Public Health & Welfare				
Department of Health				
Personal Services	304,143	337,143	325,524	11,619
Other Expenses	158,748	166,748	155,737	11,011
Total Public Health and Welfare	462,891	503,891	481,261	22,630

(Continued)

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2016
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Development				
Community Development				
Personal Services	483,065	492,065	477,771	14,294
Other Expenses	250,068	265,068	246,316	18,752
Total Community Development	733,133	757,133	724,087	33,046
Economic Development				
Personal Services	102,868	107,868	100,402	7,466
Other Expenses	126,683	172,533	161,578	10,955
Total Economic Development	229,551	280,401	261,980	18,421
Building				
Personal Services	232,529	232,529	192,634	39,895
Other Expenses	75,118	75,118	46,915	28,203
Total Building	307,647	307,647	239,549	68,098
Main Street Program				
Other Expenses	79,420	79,420	79,420	-
Land Banking				
Other Expenses	165,000	165,000	160,000	5,000
Chip Grant				
Other Expenses	-	200,000	169,724	30,276
Permit Parking				
Other Expenses	62,031	62,031	45,797	16,234
Shade Tree				
Other Expenses	118,425	141,580	107,376	34,204
Capital Outlay	15,349	15,349	15,349	-
Total Shade Tree	133,774	156,929	122,725	34,204

(Continued)

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2016
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Urban Renewal				
Other Expenses	68,702	68,702	59,761	8,941
Total Community Development	1,779,258	2,077,263	1,863,043	214,220
General Government				
Service Administration				
Personal Services	63,943	73,943	67,566	6,377
Other Expenses	613,423	508,423	470,120	38,303
Capital Outlay	10,000	10,000	-	10,000
Total Service Administration	687,366	592,366	537,686	54,680
Rental Units				
Other Expenses	24,000	24,000	1,982	22,018
Engineering				
Personal Services	204,867	214,367	204,944	9,423
Other Expenses	104,664	107,714	79,115	28,599
Total Engineering	309,531	322,081	284,059	38,022
Law				
Personal Services	315,941	324,941	314,145	10,796
Other Expenses	141,309	166,309	127,331	38,978
Total Law	457,250	491,250	441,476	49,774
Budget and Finance				
Personal Services	160,036	160,036	149,536	10,500
Other Expenses	156,515	156,515	133,079	23,436
Total Budget and Finance	316,551	316,551	282,615	33,936

(Continued)

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2016
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Miscellaneous, Sundry and Contingency				
Other Expenses	541,707	546,107	416,795	129,312
Mayor's Office				
Personal Services	7,739	7,839	7,752	87
Other Expenses	5,078	5,078	2,921	2,157
Total Mayor's Office	12,817	12,917	10,673	2,244
City Council				
Personal Services	170,088	176,088	168,172	7,916
Other Expenses	26,431	28,931	22,332	6,599
Total City Council	196,519	205,019	190,504	14,515
Community Support				
Other Expenses	79,776	89,276	86,909	2,367
Office of City Manager				
City Manager				
Personal Services	277,133	315,133	310,139	4,994
Other Expenses	50,733	60,233	59,463	770
Total City Manager	327,866	375,366	369,602	5,764
Human Resources				
Personal Services	55,114	59,114	54,868	4,246
Other Expenses	17,351	17,351	15,143	2,208
Total Human Resources	72,465	76,465	70,011	6,454
City Hall Relocation				
Other Expenses	5,353	115,233	48,136	67,097
Civil Service				
Personal Services	27,945	27,945	18,169	9,776
Other Expenses	31,086	31,086	19,556	11,530
Total Civil Service	59,031	59,031	37,725	21,306
Total General Government	3,090,232	3,225,662	2,778,173	447,489
Total Expenditures	5,332,381	5,806,816	5,122,477	684,339

(Continued)

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2016
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues Over (Under) Expenditures	(145,150)	412,962	1,162,358	749,396
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	2,000	1,650	(350)
Advances In	-	106,000	106,000	-
Transfers In	2,700,000	2,700,000	2,700,000	-
Transfers Out	(4,500,000)	(4,921,594)	(4,921,594)	-
Total Other Financing Sources (Uses)	<u>(1,800,000)</u>	<u>(2,113,594)</u>	<u>(2,113,944)</u>	<u>(350)</u>
Net Change in Fund Balance	(1,945,150)	(1,700,632)	(951,586)	749,046
Fund Balance - Beginning of Year	5,460,351	5,460,351	5,460,351	-
Prior Year Encumbrances Appropriated	409,583	409,583	409,583	-
Fund Balance - End of Year	<u>\$ 3,924,784</u>	<u>\$ 4,169,302</u>	<u>\$ 4,918,348</u>	<u>\$ 749,046</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Income Tax Safety Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 3,040	\$ 3,040	\$ 5,544	\$ 2,504
Miscellaneous	8,800	8,800	1,844	(6,956)
Total Revenues	<u>11,840</u>	<u>11,840</u>	<u>7,388</u>	<u>(4,452)</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	6,373,631	6,373,631	5,971,422	402,209
Other	620,854	620,854	521,639	99,215
Total Expenditures	<u>6,994,485</u>	<u>6,994,485</u>	<u>6,493,061</u>	<u>501,424</u>
Excess of Revenues Over (Under) Expenditures	(6,982,645)	(6,982,645)	(6,485,673)	496,972
Other Financing Sources				
Proceeds from Sale of Capital Assets	-	-	6,570	6,570
Transfers In	6,488,160	6,488,160	6,488,160	-
Total Other Financing Sources	<u>6,488,160</u>	<u>6,488,160</u>	<u>6,494,730</u>	<u>6,570</u>
Net Change in Fund Balance	(494,485)	(494,485)	9,057	503,542
Fund Balance - Beginning of Year	580,645	580,645	580,645	-
Prior Year Encumbrances Appropriated	34,874	34,874	34,874	-
Fund Balance - End of Year	<u>\$ 121,034</u>	<u>\$ 121,034</u>	<u>\$ 624,576</u>	<u>\$ 503,542</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Fire and Emergency Medical Services Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 94,340	\$ 35,455	\$ (58,885)
Miscellaneous	-	-	1,066	1,066
Total Revenues	<u>-</u>	<u>94,340</u>	<u>36,521</u>	<u>(57,819)</u>
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	4,213,205	4,213,205	3,905,556	307,649
Other	463,041	463,041	418,067	44,974
Capital Outlay	1,498,759	1,498,759	1,276,570	222,189
Total Expenditures	<u>6,175,005</u>	<u>6,175,005</u>	<u>5,600,193</u>	<u>574,812</u>
Excess of Revenues Over (Under) Expenditures	(6,175,005)	(6,080,665)	(5,563,672)	516,993
Other Financing Sources				
Proceeds from Sale of Capital Assets	-	17,500	492	(17,008)
Transfers In	4,900,000	5,088,160	5,088,160	-
Total Other Financing Sources	<u>4,900,000</u>	<u>5,105,660</u>	<u>5,088,652</u>	<u>(17,008)</u>
Net Change in Fund Balance	(1,275,005)	(975,005)	(475,020)	499,985
Fund Balance - Beginning of Year	400,572	400,572	400,572	-
Prior Year Encumbrances Appropriated	744,415	744,415	744,415	-
Fund Balance - End of Year	<u>\$ (130,018)</u>	<u>\$ 169,982</u>	<u>\$ 669,967</u>	<u>\$ 499,985</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Capital Projects Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,446,954	\$ 3,854,489	\$ 4,150,216	\$ 295,727
Special Assessments	14,265	14,265	13,660	(605)
Miscellaneous	136,313	136,313	88,714	(47,599)
Total Revenues	<u>2,597,532</u>	<u>4,005,067</u>	<u>4,252,590</u>	<u>247,523</u>
Expenditures				
Capital Outlay:				
Safety	197,700	246,700	155,567	91,133
Service	5,868,815	10,873,738	8,732,870	2,140,868
Budget and Finance	25,000	25,000	-	25,000
Total Capital Outlay	<u>6,091,515</u>	<u>11,145,438</u>	<u>8,888,437</u>	<u>2,257,001</u>
Debt Service:				
Principal	1,294,801	1,294,801	1,284,776	10,025
Interest & Fiscal Charges	14,450	14,450	14,231	219
Debt Issuance Costs	7,505	7,505	6,104	1,401
Total Debt Service	<u>1,316,756</u>	<u>1,316,756</u>	<u>1,305,111</u>	<u>11,645</u>
Total Expenditures	<u>7,408,271</u>	<u>12,462,194</u>	<u>10,193,548</u>	<u>2,268,646</u>
Excess of Revenues Over (Under) Expenditures	(4,810,739)	(8,457,127)	(5,940,958)	2,516,169
Other Financing Sources				
Bond Anticipation Notes Issued	1,265,000	1,265,000	1,010,000	(255,000)
Premium on Debt Issuance	7,914	7,914	6,989	(925)
Transfers In	2,589,554	2,833,288	2,833,288	-
Total Other Financing Sources	<u>3,862,468</u>	<u>4,106,202</u>	<u>3,850,277</u>	<u>(255,925)</u>
Net Change in Fund Balance	(948,271)	(4,350,925)	(2,090,681)	2,260,244
Fund Balance - Beginning of Year	1,516,347	1,516,347	1,516,347	-
Prior Year Encumbrances Appropriated	2,844,615	2,844,615	2,844,615	-
Fund Balance - End of Year	<u>\$ 3,412,691</u>	<u>\$ 10,037</u>	<u>\$ 2,270,281</u>	<u>\$ 2,260,244</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Muni PI Tax Increment Equivalent Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Payments in Lieu of Taxes	\$ 522,451	\$ 370,685	\$ 368,097	\$ (2,588)
Miscellaneous	-	-	60	60
Total Revenues	<u>522,451</u>	<u>370,685</u>	<u>368,157</u>	<u>(2,528)</u>
Expenditures				
Capital Outlay:				
Community Development	240,710	538,710	79,888	458,822
Debt Service:				
Principal	1,270,000	1,639,500	1,639,500	-
Interest & Fiscal Charges	231,100	230,970	230,813	157
Debt Issuance Costs	6,822	6,952	6,951	1
Total Debt Service	<u>1,507,922</u>	<u>1,877,422</u>	<u>1,877,264</u>	<u>158</u>
Total Expenditures	<u>1,748,632</u>	<u>2,416,132</u>	<u>1,957,152</u>	<u>458,980</u>
Excess of Revenues Over (Under) Expenditures	(1,226,181)	(2,045,447)	(1,588,995)	456,452
Other Financing Sources				
Bond Anticipation Notes Issued	1,620,832	1,150,000	1,150,000	-
OPWC Loans Issued	1,650	1,171	-	(1,171)
Premium on Debt Issuance	10,067	7,143	7,958	815
Total Other Financing Sources	<u>1,632,549</u>	<u>1,158,314</u>	<u>1,157,958</u>	<u>(356)</u>
Net Change in Fund Balance	406,368	(887,133)	(431,037)	456,096
Fund Balance - Beginning of Year	720,850	720,850	720,850	-
Prior Year Encumbrances Appropriated	240,710	240,710	240,710	-
Fund Balance - End of Year	<u>\$ 1,367,928</u>	<u>\$ 74,427</u>	<u>\$ 530,523</u>	<u>\$ 456,096</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Police Facilities Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ 5,920	\$ 719	\$ (5,201)
Expenditures				
Capital Outlay:				
Safety	13,781,993	9,371,993	8,387,761	984,232
Debt Service:				
Principal	125,000	250,000	250,000	-
Interest & Fiscal Charges	173,775	352,733	352,483	250
Debt Issuance Costs	140,000	140,000	1,925	138,075
Total Debt Service	438,775	742,733	604,408	138,325
Total Expenditures	14,220,768	10,114,726	8,992,169	1,122,557
Excess of Revenues Over (Under) Expenditures	(14,220,768)	(10,108,806)	(8,991,450)	1,117,356
Other Financing Sources				
Transfers In	6,450,000	2,087,860	2,087,860	-
Net Change in Fund Balance	(7,770,768)	(8,020,946)	(6,903,590)	1,117,356
Fund Balance - Beginning of Year	7,533,414	7,533,414	7,533,414	-
Prior Year Encumbrances Appropriated	561,993	561,993	561,993	-
Fund Balance - End of Year	\$ 324,639	\$ 74,461	\$ 1,191,817	\$ 1,117,356

City of Kent, Ohio
*Schedule of Revenues, Expenses and Changes in Fund Equity -
 Budget (Non-GAAP Basis) and Actual
 Water Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 11,065	\$ 11,065	\$ 227	\$ (10,838)
Charges for Services	3,332,872	3,332,872	3,403,008	70,136
Special Assessments	46,185	46,185	41,195	(4,990)
Miscellaneous	46,090	46,090	43,952	(2,138)
Total Revenues	<u>3,436,212</u>	<u>3,436,212</u>	<u>3,488,382</u>	<u>52,170</u>
Expenses				
Current:				
Administrative Support				
Personal Services	507,160	527,160	458,040	69,120
Other Expenses	134,320	138,820	88,324	50,496
Capital Outlay	32,500	32,500	12,623	19,877
Total Administrative Support	<u>673,980</u>	<u>698,480</u>	<u>558,987</u>	<u>139,493</u>
Service				
Personal Services	1,496,750	1,566,750	1,549,218	17,532
Other Expenses	911,237	911,237	809,721	101,516
Capital Outlay	2,176,093	2,690,161	1,365,082	1,325,079
Total Service	<u>4,584,080</u>	<u>5,168,148</u>	<u>3,724,021</u>	<u>1,444,127</u>
Debt Service:				
Principal	44,028	44,028	44,028	-
Interest & Fiscal Charges	11,731	11,731	9,421	2,310
Total Debt Service	<u>55,759</u>	<u>55,759</u>	<u>53,449</u>	<u>2,310</u>
Total Expenses	<u>5,313,819</u>	<u>5,922,387</u>	<u>4,336,457</u>	<u>1,585,930</u>

(Continued)

City of Kent, Ohio
*Schedule of Revenues, Expenses and Changes in Fund Equity -
 Budget (Non-GAAP Basis) and Actual
 Water Fund
 For the Year Ended December 31, 2016
 (Continued)*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
Excess of Revenues Over (Under) Expenses	(1,877,607)	(2,486,175)	(848,075)	1,638,100
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	4,088	4,088
Capital Contribution - Grants	43,625	43,625	84,232	40,607
Capital Contributions - Tap-in Fees	93,001	93,001	27,282	(65,719)
Advances Out	(80,000)	(80,000)	(80,000)	-
Total Other Financing Sources (Uses)	<u>56,626</u>	<u>56,626</u>	<u>35,602</u>	<u>(21,024)</u>
Net Change in Fund Equity	(1,820,981)	(2,429,549)	(812,473)	1,617,076
Fund Equity - Beginning of Year	2,137,736	2,137,736	2,051,441	(86,295)
Prior Year Encumbrances Appropriated	900,502	900,502	900,502	-
Fund Equity - End of Year	<u>\$ 1,217,257</u>	<u>\$ 608,689</u>	<u>\$ 2,139,470</u>	<u>\$ 1,530,781</u>

City of Kent, Ohio
*Schedule of Revenues, Expenses and Changes in Fund Equity -
 Budget (Non-GAAP Basis) and Actual
 Sewer Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 11,576	\$ 11,576	\$ 29	\$ (11,547)
Charges for Services	4,024,580	4,024,580	4,130,999	106,419
Special Assessments	39,803	39,803	31,385	(8,418)
Miscellaneous	-	-	22,110	22,110
Total Revenues	4,075,959	4,075,959	4,184,523	108,564
Expenses				
Current:				
Administrative Support				
Personal Services	507,160	527,160	458,030	69,130
Other Expenses	135,305	135,305	77,323	57,982
Capital Outlay	32,893	32,893	15,882	17,011
Total Administrative Support	675,358	695,358	551,235	144,123
Service				
Personal Services	1,752,505	1,812,505	1,780,711	31,794
Other Expenses	972,014	1,076,014	897,516	178,498
Capital Outlay	1,278,141	1,752,897	919,025	833,872
Total Service	4,002,660	4,641,416	3,597,252	1,044,164

(Continued)

City of Kent, Ohio
*Schedule of Revenues, Expenses and Changes in Fund Equity -
 Budget (Non-GAAP Basis) and Actual
 Sewer Fund
 For the Year Ended December 31, 2016
 (Continued)*

Debt Service:				
Principal Retirement	719,216	719,216	719,216	-
Interest & Fiscal Charges	94,409	94,409	69,526	24,883
Bond Issuance Costs	2,630	2,630	2,629	1
Total Debt Service	<u>816,255</u>	<u>816,255</u>	<u>791,371</u>	<u>24,884</u>
Total Expenses	<u>5,494,273</u>	<u>6,153,029</u>	<u>4,939,858</u>	<u>1,213,171</u>
Excess of Revenues Over (Under) Expenses	(1,418,314)	(2,077,070)	(755,335)	1,321,735
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	2,192	2,192	7,772	5,580
Bond Anticipation Notes Issued	495,000	495,000	435,000	(60,000)
Premium on Debt Issuance	3,016	3,016	3,010	(6)
Capital Contribution - Tap-in Fees	170,046	170,046	15,329	(154,717)
Capital Contribution - Grants	52,625	52,625	76,087	23,462
Advances Out	(65,000)	(65,000)	(65,000)	-
Total Other Financing Sources (Uses)	<u>657,879</u>	<u>657,879</u>	<u>472,198</u>	<u>(185,681)</u>
Net Change in Fund Equity	(760,435)	(1,419,191)	(283,137)	1,136,054
Fund Equity - Beginning of Year	2,506,134	2,506,134	2,506,134	-
Prior Year Encumbrances Appropriated	705,021	705,021	705,021	-
Fund Equity - End of Year	<u>\$ 2,450,720</u>	<u>\$ 1,791,964</u>	<u>\$ 2,928,018</u>	<u>\$ 1,136,054</u>

City of Kent, Ohio
*Schedule of Revenues, Expenses and Changes in Fund Equity -
 Budget (Non-GAAP Basis) and Actual
 Storm Water Drainage Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 8,545	\$ 13,625	\$ 15,548	\$ 1,923
Charges for Services	517,882	825,808	887,084	61,276
Special Assessments	7,144	11,392	31,291	19,899
Miscellaneous	38,254	61,000	-	(61,000)
Total Revenues	<u>571,825</u>	<u>911,825</u>	<u>933,923</u>	<u>22,098</u>
Expenses				
Current:				
Budget and Finance				
Other Expenses	3,250	3,250	-	3,250
Capital Outlay	393	32,893	7,762	25,131
Total Budget and Finance	<u>3,643</u>	<u>36,143</u>	<u>7,762</u>	<u>28,381</u>
Service				
Personal Services	480,119	505,119	472,332	32,787
Other Expenses	88,832	88,832	53,644	35,188
Capital Outlay	254,052	863,473	266,638	596,835
Total Service	<u>823,003</u>	<u>1,457,424</u>	<u>792,614</u>	<u>664,810</u>
Debt Service:				
Principal Retirement	9,968	9,968	9,967	1
Total Expenses	<u>836,614</u>	<u>1,503,535</u>	<u>810,343</u>	<u>693,192</u>
Excess of Revenues Over (Under) Expenses	(264,789)	(591,710)	123,580	715,290
Other Financing Sources				
Capital Contributions - Tap-in Fees	3,175	3,175	850	(2,325)
Total Other Financing Sources	<u>3,175</u>	<u>3,175</u>	<u>850</u>	<u>(2,325)</u>
Net Change in Fund Equity	(261,614)	(588,535)	124,430	712,965
Fund Equity - Beginning of Year	663,052	663,052	663,052	-
Prior Year Encumbrances Appropriated	266,881	266,881	266,881	-
Fund Equity - End of Year	<u>\$ 668,319</u>	<u>\$ 341,398</u>	<u>\$ 1,054,363</u>	<u>\$ 712,965</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 West Side Fire Fund
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 223,274	\$ 224,606	\$ 244,843	\$ 20,237
Intergovernmental	24,989	25,138	24,862	(276)
Miscellaneous	-	-	1,398	1,398
Total Revenues	<u>248,263</u>	<u>249,744</u>	<u>271,103</u>	<u>21,359</u>
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	244,849	251,849	240,231	11,618
Other	30,124	30,124	26,784	3,340
Total Expenditures	<u>274,973</u>	<u>281,973</u>	<u>267,015</u>	<u>14,958</u>
Net Change in Fund Balance	(26,710)	(32,229)	4,088	36,317
Fund Balance - Beginning of Year	92,128	92,128	92,128	-
Prior Year Encumbrances Appropriated	2,547	2,547	2,547	-
Fund Balance - End of Year	<u>\$ 67,965</u>	<u>\$ 62,446</u>	<u>\$ 98,763</u>	<u>\$ 36,317</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Street Construction, Maintenance and Repair Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 91,857	\$ 174,953	\$ 199,273	\$ 24,320
Intergovernmental	335,680	639,342	722,436	83,094
Interest	1,627	3,099	7,210	4,111
Charges for Services	23,215	44,216	54,233	10,017
Special Assessments	36,148	68,849	66,832	(2,017)
Miscellaneous	8,919	16,987	1,801	(15,186)
Total Revenues	<u>497,446</u>	<u>947,446</u>	<u>1,051,785</u>	<u>104,339</u>
Expenditures				
Current:				
Transportation				
Public Service				
Personal Services	899,750	1,095,750	998,781	96,969
Other	927,587	1,167,587	849,073	318,514
Total Expenditures	<u>1,827,337</u>	<u>2,263,337</u>	<u>1,847,854</u>	<u>415,483</u>
Excess of Revenues Over (Under) Expenditures	(1,329,891)	(1,315,891)	(796,069)	519,822
Other Financing Sources				
Proceeds from Sale of Capital Assets	3,240	3,240	9,380	6,140
Transfers In	1,099,314	1,099,314	1,099,314	-
Total Other Financing Sources	<u>1,102,554</u>	<u>1,102,554</u>	<u>1,108,694</u>	<u>6,140</u>
Net Change in Fund Balance	(227,337)	(213,337)	312,625	525,962
Fund Balance - Beginning of Year	783,089	783,089	783,089	-
Prior Year Encumbrances Appropriated	72,801	72,801	72,801	-
Fund Balance - End of Year	<u>\$ 628,553</u>	<u>\$ 642,553</u>	<u>\$ 1,168,515</u>	<u>\$ 525,962</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 State Highway Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 56,294	\$ 56,294	\$ 57,917	\$ 1,623
Interest	206	206	690	484
Total Revenues	<u>56,500</u>	<u>56,500</u>	<u>58,607</u>	<u>2,107</u>
Expenditures				
Current:				
Transportation				
Service				
Other	<u>70,000</u>	<u>70,000</u>	<u>55,649</u>	<u>14,351</u>
Net Change in Fund Balance	(13,500)	(13,500)	2,958	16,458
Fund Balance - Beginning of Year	<u>87,751</u>	<u>87,751</u>	<u>87,751</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 74,251</u></u>	<u><u>\$ 74,251</u></u>	<u><u>\$ 90,709</u></u>	<u><u>\$ 16,458</u></u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Parks and Recreation Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 979,874	\$ 1,035,621	\$ 1,130,077	\$ 94,456
Intergovernmental	140,721	148,727	120,050	(28,677)
Fees, Licenses and Permits	92,051	97,288	5,663	(91,625)
Charges for Services	584,179	617,414	664,287	46,873
Miscellaneous	48,768	51,542	56,135	4,593
Total Revenues	<u>1,845,593</u>	<u>1,950,592</u>	<u>1,976,212</u>	<u>25,620</u>
Expenditures				
Current:				
Leisure Time Activities				
Parks & Recreation				
Personal Services	1,225,413	1,243,413	1,161,799	81,614
Other	684,628	699,628	603,716	95,912
Capital Outlay	479,169	654,169	557,670	96,499
Total Expenditures	<u>2,389,210</u>	<u>2,597,210</u>	<u>2,323,185</u>	<u>274,025</u>
Excess of Revenues Over (Under) Expenditures	(543,617)	(646,618)	(346,973)	299,645
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	9,310	9,310
Advances Out	(50,000)	(50,000)	(50,000)	-
Transfers In	-	121,594	121,594	-
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>71,594</u>	<u>80,904</u>	<u>9,310</u>
Net Change in Fund Balance	(593,617)	(575,024)	(266,069)	308,955
Fund Balance - Beginning of Year	626,230	626,230	626,230	-
Prior Year Encumbrances Appropriated	260,690	260,690	260,690	-
Fund Balance - End of Year	<u>\$ 293,303</u>	<u>\$ 311,896</u>	<u>\$ 620,851</u>	<u>\$ 308,955</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Food Service Fund
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, Licenses and Permits	\$ 85,000	\$ 100,000	\$ 100,810	\$ 810
Expenditures				
Current:				
Public Health and Welfare				
Health				
Personal Services	93,732	93,732	83,651	10,081
Other	5,544	5,544	2,335	3,209
Total Expenditures	<u>99,276</u>	<u>99,276</u>	<u>85,986</u>	<u>13,290</u>
Net Change in Fund Balance	(14,276)	724	14,824	14,100
Fund Balance - Beginning of Year	43,617	43,617	43,617	-
Prior Year Encumbrances Appropriated	44	44	44	-
Fund Balance - End of Year	<u><u>\$ 29,385</u></u>	<u><u>\$ 44,385</u></u>	<u><u>\$ 58,485</u></u>	<u><u>\$ 14,100</u></u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Income Tax Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$ 15,464,226	\$ 15,464,226	\$ 15,898,251	\$ 434,025
Interest	7,260	7,260	12,480	5,220
Miscellaneous	-	-	15	15
Total Revenues	<u>15,471,486</u>	<u>15,471,486</u>	<u>15,910,746</u>	<u>439,260</u>
Expenditures				
Current:				
General Government				
Budget & Finance				
Personal Services	235,410	235,410	225,078	10,332
Other	2,715,067	2,715,067	2,509,348	205,719
Total Expenditures	<u>2,950,477</u>	<u>2,950,477</u>	<u>2,734,426</u>	<u>216,051</u>
Excess of Revenues Over Expenditures	12,521,009	12,521,009	13,176,320	655,311
Other Financing Sources (Uses)				
Advances In	198,000	198,000	198,000	-
Transfer Out	(15,127,874)	(15,763,680)	(15,763,680)	-
Total Other Financing Sources (Uses)	<u>(14,929,874)</u>	<u>(15,565,680)</u>	<u>(15,565,680)</u>	<u>-</u>
Net Change in Fund Balance	(2,408,865)	(3,044,671)	(2,389,360)	655,311
Fund Balance - Beginning of Year	5,237,602	5,237,602	5,237,602	-
Prior Year Encumbrances Appropriated	2,302,658	2,302,658	2,302,658	-
Fund Balance - End of Year	<u>\$ 5,131,395</u>	<u>\$ 4,495,589</u>	<u>\$ 5,150,900</u>	<u>\$ 655,311</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Revolving Housing Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$ 110,000	\$ 120,000	\$ 124,371	\$ 4,371
Expenditures				
Current:				
Public Health and Welfare				
Health				
Personal Services	118,866	118,866	112,733	6,133
Other	10,700	10,700	7,411	3,289
Total Expenditures	<u>129,566</u>	<u>129,566</u>	<u>120,144</u>	<u>9,422</u>
Net Change in Fund Balance	(19,566)	(9,566)	4,227	13,793
Fund Balance - Beginning of Year	33,759	33,759	33,759	-
Fund Balance - End of Year	<u>\$ 14,193</u>	<u>\$ 24,193</u>	<u>\$ 37,986</u>	<u>\$ 13,793</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 State and Local Forfeits Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeits	\$ 200	\$ 200	\$ -	\$ (200)
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	242	5,242	2,924	2,318
Net Change in Fund Balance	(42)	(5,042)	(2,924)	2,118
Fund Balance - Beginning of Year	9,207	9,207	9,207	-
Prior Year Encumbrances Appropriated	242	242	242	-
Fund Balance - End of Year	\$ 9,407	\$ 4,407	\$ 6,525	\$ 2,118

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Drug Law Enforcement Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeits	\$ 2,000	\$ 2,000	\$ 8,548	\$ 6,548
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	10,918	21,918	2,549	19,369
Net Change in Fund Balance	(8,918)	(19,918)	5,999	25,917
Fund Balance - Beginning of Year	9,693	9,693	9,693	-
Fund Balance - End of Year	<u>\$ 775</u>	<u>\$ (10,225)</u>	<u>\$ 15,692</u>	<u>\$ 25,917</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Enforcement and Education Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeits	\$ 4,000	\$ 4,000	\$ 3,197	\$ (803)
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	132	8,132	676	7,456
Net Change in Fund Balance	3,868	(4,132)	2,521	6,653
Fund Balance - Beginning of Year	15,024	15,024	15,024	-
Prior Year Encumbrances Appropriated	132	132	132	-
Fund Balance - End of Year	\$ 19,024	\$ 11,024	\$ 17,677	\$ 6,653

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Law Enforcement Trust Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeits	\$ 10	\$ 10	\$ -	\$ (10)
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	-	5,500	3,980	1,520
Net Change in Fund Balance	10	(5,490)	(3,980)	1,510
Fund Balance - Beginning of Year	6,057	6,057	6,057	-
Fund Balance - End of Year	<u>\$ 6,067</u>	<u>\$ 567</u>	<u>\$ 2,077</u>	<u>\$ 1,510</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Community Development Block Grant Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 217,363	\$ 330,267	\$ 374,105	\$ 43,838
Interest	3,186	4,841	977	(3,864)
Miscellaneous	52,831	80,272	42,714	(37,558)
Total Revenues	<u>273,380</u>	<u>415,380</u>	<u>417,796</u>	<u>2,416</u>
Expenditures				
Current:				
Community Development				
Community Development				
Personal Services	45,050	45,050	21,428	23,622
Other	392,672	723,756	652,749	71,007
Capital Outlay	111,990	250,313	245,687	4,626
Total Expenditures	<u>549,712</u>	<u>1,019,119</u>	<u>919,864</u>	<u>99,255</u>
Net Change in Fund Balance	(276,332)	(603,739)	(502,068)	101,671
Fund Balance - Beginning of Year	665,251	665,251	665,251	-
Prior Year Encumbrances Appropriated	106,462	106,462	106,462	-
Fund Balance - End of Year	<u>\$ 495,381</u>	<u>\$ 167,974</u>	<u>\$ 269,645</u>	<u>\$ 101,671</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Neighborhood Stabilization Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ -	\$ -	\$ 317	\$ 317
Miscellaneous	-	-	3	3
Total Revenues	-	-	320	320
Expenditures				
Current:				
Community Development				
Community Development				
Other	1,050	1,050	1,050	-
Net Change in Fund Balance	(1,050)	(1,050)	(730)	320
Fund Balance - Beginning of Year	145,571	145,571	145,571	-
Prior Year Encumbrances Appropriated	1,050	1,050	1,050	-
Fund Balance - End of Year	<u>\$ 145,571</u>	<u>\$ 145,571</u>	<u>\$ 145,891</u>	<u>\$ 320</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Wireless 911 Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 80,000	\$ -	\$ -	\$ -
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	68,917	68,917	16,074	52,843
Total Expenditures	<u>68,917</u>	<u>68,917</u>	<u>16,074</u>	<u>52,843</u>
Net Change in Fund Balance	11,083	(68,917)	(16,074)	52,843
Fund Balance - Beginning of Year	256,235	256,235	256,235	-
Prior Year Encumbrances Appropriated	5,917	5,917	5,917	-
Fund Balance - End of Year	<u>\$ 273,235</u>	<u>\$ 193,235</u>	<u>\$ 246,078</u>	<u>\$ 52,843</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Swimming Pool Inspections Fund
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, Licenses and Permits	\$ 6,300	\$ 6,300	\$ 6,738	\$ 438
Expenditures				
Current:				
Public Health and Welfare				
Health				
Personal Services	6,528	6,528	4,798	1,730
Other	500	500	44	456
Total Expenditures	<u>7,028</u>	<u>7,028</u>	<u>4,842</u>	<u>2,186</u>
Net Change in Fund Balance	(728)	(728)	1,896	2,624
Fund Balance - Beginning of Year	<u>5,115</u>	<u>5,115</u>	<u>5,115</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 4,387</u></u>	<u><u>\$ 4,387</u></u>	<u><u>\$ 7,011</u></u>	<u><u>\$ 2,624</u></u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Police Pension Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 95,769	\$ 100,999	\$ 110,362	\$ 9,363
Intergovernmental	9,425	9,940	10,385	445
Total Revenues	<u>105,194</u>	<u>110,939</u>	<u>120,747</u>	<u>9,808</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Net Change in Fund Balance	(4,806)	939	10,747	9,808
Fund Balance - Beginning of Year	<u>17,161</u>	<u>17,161</u>	<u>17,161</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 12,355</u></u>	<u><u>\$ 18,100</u></u>	<u><u>\$ 27,908</u></u>	<u><u>\$ 9,808</u></u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Fire Pension Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 95,769	\$ 100,999	\$ 110,362	\$ 9,363
Intergovernmental	9,425	9,940	10,385	445
Total Revenues	<u>105,194</u>	<u>110,939</u>	<u>120,747</u>	<u>9,808</u>
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Net Change in Fund Balance	(4,806)	939	10,747	9,808
Fund Balance - Beginning of Year	<u>17,165</u>	<u>17,165</u>	<u>17,165</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 12,359</u></u>	<u><u>\$ 18,104</u></u>	<u><u>\$ 27,912</u></u>	<u><u>\$ 9,808</u></u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Urban Development Action Grant Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 1,700	\$ 2,000	\$ 8,640	\$ 6,640
Miscellaneous	376,300	13,000	388,591	375,591
Total Revenues	<u>378,000</u>	<u>15,000</u>	<u>397,231</u>	<u>382,231</u>
Expenditures				
Current:				
Community Development				
City Manager				
Other	65,000	50,000	513	49,487
Net Change in Fund Balance	313,000	(35,000)	396,718	431,718
Fund Balance - Beginning of Year	402,360	402,360	402,360	-
Fund Balance - End of Year	<u>\$ 715,360</u>	<u>\$ 367,360</u>	<u>\$ 799,078</u>	<u>\$ 431,718</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Debt Service Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$ 51,220	\$ 51,220	\$ 51,220	\$ -
Expenditures				
Current:				
General Government				
Budget and Finance				
Other	3,500	3,500	1,970	1,530
Debt Service:				
Principal	696,947	696,947	696,947	-
Interest & Fiscal Charges	19,630	19,630	19,568	62
Bond Issuance Costs	3,737	3,737	2,538	1,199
Total Debt Service	<u>720,314</u>	<u>720,314</u>	<u>719,053</u>	<u>1,261</u>
Total Expenditures	<u>723,814</u>	<u>723,814</u>	<u>721,023</u>	<u>2,791</u>
Excess of Revenues Over (Under) Expenditures	(672,594)	(672,594)	(669,803)	2,791
Other Financing Sources				
Bond Anticipation Notes Issued	392,053	392,053	420,000	27,947
Premium on Debt Issuance	3,912	3,912	2,906	(1,006)
Transfers In	266,898	266,898	266,898	-
Total Other Financing Sources	<u>662,863</u>	<u>662,863</u>	<u>689,804</u>	<u>26,941</u>
Net Change in Fund Balance	(9,731)	(9,731)	20,001	29,732
Fund Balance - Beginning of Year	<u>164,354</u>	<u>164,354</u>	<u>164,354</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 154,623</u>	<u>\$ 154,623</u>	<u>\$ 184,355</u>	<u>\$ 29,732</u>

City of Kent, Ohio
*Schedule of Revenues, Expenses and Changes in Fund Equity -
 Budget (Non-GAAP Basis) and Actual
 Solid Waste Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 490,000	\$ 510,000	\$ 542,443	\$ 32,443
Expenses				
Current:				
Service				
Personal Services	70,761	79,761	77,200	2,561
Other Expenses	538,063	538,063	353,043	185,020
Total Expenses	<u>608,824</u>	<u>617,824</u>	<u>430,243</u>	<u>187,581</u>
Excess of Revenues Over (Under) Expenses	(118,824)	(107,824)	112,200	220,024
Other Financing Uses				
Advances Out	(109,000)	(109,000)	(109,000)	-
Total Other Financing Uses	<u>(109,000)</u>	<u>(109,000)</u>	<u>(109,000)</u>	<u>-</u>
Net Change in Fund Equity	(227,824)	(216,824)	3,200	220,024
Fund Equity - Beginning of Year	690,487	690,487	690,487	-
Prior Year Encumbrances Appropriated	37,055	37,055	37,055	-
Fund Equity - End of Year	<u>\$ 499,718</u>	<u>\$ 510,718</u>	<u>\$ 730,742</u>	<u>\$ 220,024</u>

STATISTICAL SECTION



City of Kent, Ohio

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2 - S8
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, income taxes and property taxes.	S9 – S17
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S18 – S21
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S22 – S23
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S24 – S33

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Kent, Ohio

Net Position by Component Accrual Basis of Accounting Last Ten Years

Table 1

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net Investment in										
Capital Assets	\$60,061,703	\$55,391,747	\$39,903,344	\$39,451,103	\$38,898,560	\$37,887,705	\$34,486,661	\$32,644,284	\$30,315,249	\$26,951,296
Restricted	20,795,807	18,029,115	17,879,819	15,340,542	13,973,116	11,523,440	10,583,375	11,445,419	11,802,606	11,305,339
Unrestricted	(7,211,295)	(4,101,580)	11,937,532	11,257,214	11,291,239	12,407,928	15,181,317	15,581,099	16,110,251	16,802,244
Total Governmental Activities Net Position	73,646,215	69,319,282	69,720,695	66,048,859	64,162,915	61,819,073	60,251,353	59,670,802	58,228,106	55,058,879
Business Type - Activities										
Net Investment in										
Capital Assets	49,624,570	49,925,407	49,833,675	48,867,706	49,793,993	49,593,173	50,033,315	49,221,658	48,345,006	48,198,941
Unrestricted	5,207,511	4,576,955	7,183,616	7,990,163	7,937,790	7,334,716	7,321,992	7,913,744	8,708,998	9,447,211
Total Business-Type Activities Net Position	54,832,081	54,502,362	57,017,291	56,857,869	57,731,783	56,927,889	57,355,307	57,135,402	57,054,004	57,646,152
Primary Government										
Net Investment in										
Capital Assets	109,686,273	105,317,154	89,737,019	88,318,809	88,692,553	87,480,878	84,519,976	81,865,942	78,660,255	75,150,237
Restricted	20,795,807	18,029,115	17,879,819	15,340,542	13,973,116	11,523,440	10,583,375	11,445,419	11,802,606	11,305,339
Unrestricted	(2,003,784)	475,375	19,121,148	19,247,377	19,229,029	19,742,644	22,503,309	23,494,843	24,819,249	26,249,455
Total Primary Government Net Position	\$128,478,296	\$123,821,644	\$126,737,986	\$122,906,728	\$121,894,698	\$118,746,962	\$117,606,660	\$116,806,204	\$115,282,110	\$112,705,031

The periods noted above do not reflect amounts restated.

City of Kent, Ohio

Changes in Net Position Accrual Basis of Accounting Last Ten Years

Table 2

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Program Revenues										
Governmental Activities:										
Charges for Services:										
Security of Persons and Property	\$1,727,198	\$1,509,255	\$1,462,625	\$1,746,787	\$1,504,097	\$1,419,667	\$1,472,354	\$1,345,473	\$1,473,544	\$1,296,839
Public Health and Welfare	311,770	293,058	264,534	213,738	184,556	160,213	151,774	163,857	162,688	154,456
Leisure Time Activities	667,353	767,323	694,019	593,189	515,414	709,428	483,292	519,474	485,958	483,382
Community Development	417,610	413,530	222,108	259,516	233,565	250,093	58,576	59,667	74,398	72,749
Transportation	57,985	111,934	52,848	40,798	37,412	28,985	38,632	40,256	420	420
General Government	28,559	93,893	51,191	62,500	104,859	170,899	63,132	71,777	98,375	90,659
Subtotal - Charges for Services	3,210,475	3,188,993	2,747,325	2,916,528	2,579,903	2,739,285	2,267,760	2,200,504	2,295,383	2,098,505
Operating Grants and Contributions:										
Security of Persons and Property	41,354	86,441	146,158	85,049	165,394	133,319	50,659	236,658	109,737	174,223
Public Health and Welfare	0	0	0	0	6,892	11,926	9,977	8,564	8,467	9,786
Leisure Time Activities	7,100	7,150	5,050	6,400	6,300	13,549	0	0	0	0
Community Development	580,234	137,763	731,476	502,927	1,624,800	657,956	704,125	337,839	487,756	289,541
Transportation	813,816	738,936	864,307	805,517	768,006	785,830	804,778	793,252	821,735	853,067
General Government	0	0	6,729	0	0	0	0	0	0	0
Subtotal - Operating Grants and Contributions	1,442,504	970,290	1,753,720	1,399,893	2,571,392	1,602,580	1,569,539	1,376,313	1,427,695	1,326,617
Capital Grants and Contributions:										
Security of Persons and Property	0	0	0	54,563	0	186,789	0	0	0	0
Leisure Time Activities	0	27,909	375,702	730,884	644,119	250,000	32,297	7,001	892,074	0
Community Development	0	0	184,257	1,301,307	1,253,088	380,851	0	0	0	0
Transportation	5,184,058	12,571,371	467,278	1,357,189	905,425	1,980,191	873,056	1,998,656	1,930,197	991,738
General Government	0	0	0	0	0	290,880	0	0	0	0
Subtotal - Capital Grants and Contributions	5,184,058	12,599,280	1,027,237	3,443,943	2,802,632	3,088,711	905,353	2,005,657	2,822,271	991,738
Total Governmental Activities Program Revenues	9,837,037	16,758,563	5,528,282	7,760,364	7,953,927	7,430,576	4,742,652	5,582,474	6,545,349	4,416,860
Business-Type Activities:										
Charges for Services:										
Water	3,319,116	3,429,946	3,006,999	3,281,466	3,197,503	2,741,795	2,706,968	2,635,679	2,491,836	2,764,094
Sewer	3,954,158	4,261,658	3,904,905	3,961,787	4,150,757	3,566,055	3,491,363	3,433,218	3,173,156	3,606,844
Solid Waste	541,363	521,150	484,830	508,985	445,105	424,599	419,696	400,690	377,726	397,071
Storm Water Drainage	963,591	562,743	565,152	496,051	565,338	555,853	548,930	560,039	558,382	574,530
Subtotal - Charges for Services	8,778,228	8,775,497	7,961,886	8,248,289	8,358,703	7,288,302	7,166,957	7,029,626	6,601,100	7,342,539
Operating Grants and Contributions:										
Water	0	0	0	0	0	0	0	0	0	0
Sewer	0	0	0	0	0	180,546	0	0	0	0
Solid Waste	0	0	0	0	12,500	12,500	12,500	12,500	12,500	12,500
Subtotal - Operating Grants and Contributions	0	0	0	0	12,500	193,046	12,500	12,500	12,500	12,500
Capital Grants and Contributions										
Water	196,294	129,054	19,051	75,817	334,491	134,295	127,177	91,076	42,052	732,442
Sewer	270,555	198,770	31,962	62,312	70,760	194,121	57,438	111,524	39,693	156,177
Storm Water Drainage	163,893	326,085	202,918	39,990	167,150	86,604	1,083,023	586,939	201,215	342,499
Subtotal - Capital Grants and Contributions	630,742	653,909	253,931	178,119	572,401	415,020	1,267,638	789,539	282,960	1,231,118
Total Business-Type Activities Program Revenues	9,408,970	9,429,406	8,215,817	8,426,408	8,943,604	7,896,368	8,447,095	7,831,665	6,896,560	8,586,157
Total Primary Government Program Revenues	\$19,246,007	\$26,187,969	\$13,744,099	\$16,186,772	\$16,897,531	\$15,326,944	\$13,189,747	\$13,414,139	\$13,441,909	\$13,003,017

City of Kent, Ohio

Changes in Net Position (continued) Accrual Basis of Accounting Last Ten Years

Table 2

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities:										
Security of Persons and Property	\$13,327,470	\$12,085,275	\$11,106,253	\$10,907,162	\$11,293,807	\$11,155,689	\$10,595,357	\$10,369,569	\$10,048,146	\$9,767,636
Public Health and Welfare	865,759	751,049	733,837	724,497	678,085	666,053	632,398	620,303	624,117	567,464
Leisure Time Activities	2,182,450	2,129,354	1,876,396	1,745,256	1,682,142	1,611,324	1,438,323	1,382,046	1,349,541	1,304,088
Community Development	2,180,658	2,013,840	2,154,400	3,529,274	4,022,927	3,002,485	1,787,031	1,771,093	1,809,918	1,806,399
Transportation	5,132,998	5,194,392	3,720,312	3,801,634	3,408,722	3,732,080	3,713,225	3,462,831	3,511,591	3,242,973
General Government	3,051,990	3,980,966	3,015,330	2,775,445	2,988,674	3,090,494	2,852,097	2,848,297	2,758,218	2,697,076
Interest and Fiscal Charges	625,093	599,464	441,711	321,067	247,423	196,981	143,384	215,996	258,757	276,968
Total Governmental Activities Expenses	27,366,418	26,754,340	23,048,239	23,804,335	24,321,780	23,455,106	21,161,815	20,670,135	20,360,288	19,662,604
Business-Type Activities										
Water	3,614,125	3,940,584	3,266,800	3,579,906	3,224,228	3,239,611	3,306,197	3,339,193	3,310,242	3,075,261
Sewer	4,304,016	4,170,412	3,888,272	3,693,322	3,849,553	4,139,302	3,985,170	4,062,437	3,881,883	3,758,029
Solid Waste	375,328	354,304	360,163	362,196	428,292	434,718	453,846	479,740	430,779	449,101
Storm Water Drainage	872,141	927,030	776,836	871,773	730,942	813,922	664,552	287,644	275,168	261,035
Total Business-Type Activities Expenses	9,165,610	9,392,330	8,292,071	8,507,197	8,233,015	8,627,553	8,409,765	8,169,014	7,898,072	7,543,426
Total Primary Government Program Expenses	36,532,028	36,146,670	31,340,310	32,311,532	32,554,795	32,082,659	29,571,580	28,839,149	28,258,360	27,206,030
Net (Expense)/Revenue										
Governmental Activities	(\$17,529,381)	(\$9,995,777)	(\$17,519,957)	(\$16,043,971)	(\$16,367,853)	(\$16,024,530)	(\$16,419,163)	(\$15,087,661)	(\$13,814,939)	(\$15,245,744)
Business-Type Activities	243,360	37,076	(76,254)	(80,789)	710,589	(731,185)	37,330	(337,349)	(1,001,512)	1,042,731
Total Primary Government Net (Expense)/Revenue	(\$17,286,021)	(\$9,958,701)	(\$17,596,211)	(\$16,124,760)	(\$15,657,264)	(\$16,755,715)	(\$16,381,833)	(\$15,425,010)	(\$14,816,451)	(\$14,203,013)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes:										
Property and Other Local Taxes Levied For:										
General Purposes	\$1,827,297	\$2,153,989	\$1,909,075	\$1,826,973	\$1,796,724	\$1,620,411	\$1,626,108	\$1,639,561	\$1,645,714	\$1,672,891
Other Purposes	1,670,369	1,600,001	1,396,312	1,396,589	1,424,728	1,618,587	1,593,553	1,578,221	1,539,836	1,580,977
Municipal Income Taxes	15,529,037	16,687,329	15,322,764	12,163,342	12,921,715	10,962,364	10,800,430	10,402,223	10,508,828	10,577,734
Payments in Lieu of Taxes	368,097	511,990	372,968	0	0	0	0	0	0	0
Grants and Entitlements not Restricted to Specific Programs	1,830,099	1,807,531	1,600,833	1,935,682	1,668,485	2,735,703	2,446,005	2,403,218	2,430,874	2,653,962
Investment Earnings	332,106	288,799	192,313	144,065	206,287	221,008	232,274	443,814	781,307	1,158,296
Gain on Sale of Capital Assets	0	2,409,100	23,761	0	0	0	0	0	0	0
Miscellaneous	299,309	300,254	460,767	463,264	475,985	574,177	301,344	165,543	77,607	284,815
Transfers	0	0	0	0	0	(140,000)	0	0	0	0
Total Governmental Activities	21,856,314	25,758,993	21,278,793	17,929,915	18,493,924	17,592,250	16,999,714	16,632,580	16,984,166	17,928,675
Business-Type Activities										
Investment Earnings	256	14,185	34,289	17,795	29,250	33,514	76,543	187,029	353,880	415,999
Gain on Sale of Capital Assets	11,860	2,192	6,842	0	0	0	23,796	0	0	0
Miscellaneous	74,243	118,447	194,545	55,730	64,055	130,253	82,236	129,495	55,484	60,147
Transfers	0	0	0	0	0	140,000	0	0	0	0
Total Business-Type Activities	86,359	134,824	235,676	73,525	93,305	303,767	182,575	316,524	409,364	476,146
Total Primary Government	21,942,673	25,893,817	21,514,469	18,003,440	18,587,229	17,896,017	17,182,289	16,949,104	17,393,530	18,404,821
Change in Net Position										
Governmental Activities	4,326,933	15,763,216	3,758,836	1,885,944	2,126,071	1,567,720	580,551	1,544,919	3,169,227	2,682,931
Business-Type Activities	329,719	171,900	159,422	(7,264)	803,894	(427,418)	219,905	(20,825)	(592,148)	1,518,877
Total Primary Government Change in Net Position	\$4,656,652	\$15,935,116	\$3,918,258	\$1,878,680	\$2,929,965	\$1,140,302	\$800,456	\$1,524,094	\$2,577,079	\$4,201,808

The periods noted above do not reflect amounts restated.

City of Kent, Ohio

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

Table 3

<u>Year</u>	<u>Municipal Income Taxes</u>	<u>Property and Other Local Taxes</u>	<u>Total</u>
2016	\$15,529,037	\$3,497,666	\$19,026,703
2015	16,687,329	3,753,990	20,441,319
2014	15,322,764	3,305,387	18,628,151
2013	12,163,342	3,223,562	15,386,904
2012	12,921,715	3,221,452	16,143,167
2011	10,962,364	3,238,998	14,201,362
2010	10,800,430	3,219,661	14,020,091
2009	10,402,223	3,217,782	13,620,005
2008	10,508,828	3,185,550	13,694,378
2007	10,577,734	3,253,868	13,831,602

City of Kent, Ohio

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

Table 4

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Nonspendable	\$3,148,164	\$3,604,995	\$4,960,977	\$2,411,417	\$2,033,323	\$1,159,430	\$2,529,366	\$0	\$0	\$0
Committed	2,327,888	2,302,348	2,276,808	2,276,808	0	0	0	0	0	0
Assigned	309,949	221,857	294,510	305,274	2,894,067	2,863,740	2,744,000	0	0	0
Unassigned	9,587,507	9,797,755	5,438,123	7,688,581	732,615	3,204,918	4,346,151	0	0	0
Reserved	0	0	0	0	0	0	0	1,639,853	1,831,388	623,091
Unreserved	0	0	0	0	0	0	0	7,792,430	7,993,656	9,467,823
Total General Fund	15,373,508	15,926,955	12,970,418	12,682,080	5,660,005	7,228,088	9,619,517	9,432,283	9,825,044	10,090,914
All Other Governmental Funds										
Nonspendable	445,052	455,723	4,595,363	4,204,736	4,303,876	4,269,688	187,302	0	0	0
Restricted	14,657,131	15,661,713	11,491,915	6,371,314	7,000,667	5,129,268	5,000,566	0	0	0
Committed	4,276,398	2,921,531	2,578,713	6,661,690	7,416,462	6,000,683	5,580,030	0	0	0
Unassigned (Deficit)	(1,018,500)	(892,659)	(949,135)	(5,720,431)	(6,186,570)	(5,461,833)	(115,035)	0	0	0
Reserved	0	0	0	0	0	0	0	2,212,363	2,237,630	2,348,967
Unreserved:										
Designated:										
Special Revenue funds										
For Public Facilities and Programs	0	0	0	0	0	0	0	2,162,966	2,120,760	2,030,076
Undesignated (Deficit), Reported in:										
Special Revenue funds	0	0	0	0	0	0	0	8,062,407	7,863,374	8,586,351
Capital Projects funds	0	0	0	0	0	0	0	(711,829)	(553,463)	(1,824,391)
Total All Other Governmental Funds	18,360,081	18,146,308	17,716,856	11,517,309	12,534,435	9,937,806	10,652,863	11,725,907	11,668,301	11,141,003
Total Governmental Funds	\$33,733,589	\$34,073,263	\$30,687,274	\$24,199,389	\$18,194,440	\$17,165,894	\$20,272,380	\$21,158,190	\$21,493,345	\$21,231,917

Note: In 2011, the City implemented GASB Statement No. 54. As a result, the 2010 fund balances were reclassified to reflect the effects of GASB Statement No. 54.

City of Kent, Ohio

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

Table 5

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes:										
Property and Other Local Taxes	\$3,754,936	\$3,477,279	\$3,430,049	\$3,219,884	\$3,253,169	\$3,252,122	\$3,188,957	\$3,191,649	\$3,181,717	\$3,268,463
Municipal Income Taxes	15,746,639	16,522,458	14,947,349	12,545,597	11,921,978	10,785,019	10,497,813	10,525,332	10,590,922	10,564,245
Payments in Lieu of Taxes	368,097	511,990	372,968	0	0	0	0	0	0	0
Charges for Services	2,524,653	2,235,836	2,117,668	2,384,258	1,905,500	1,815,145	1,710,682	1,782,466	1,782,566	1,727,130
Fees, Licenses and Permits	383,602	598,196	423,085	414,466	396,389	737,262	203,840	195,432	233,749	225,905
Fines and Forfeitures	290,389	270,676	215,851	201,463	223,148	182,599	215,091	232,475	273,217	234,768
Intergovernmental	8,112,873	3,160,870	3,763,838	6,978,903	6,824,535	6,694,046	4,933,568	5,776,055	6,794,713	4,406,113
Contributions and Donations	0	12,246,493	0	0	0	0	0	0	0	0
Special Assessments	149,785	134,333	166,455	170,144	200,091	154,563	162,134	134,760	188,193	206,943
Interest	317,069	270,211	173,655	128,104	178,996	187,822	199,075	411,319	746,226	1,119,987
Miscellaneous	667,978	380,239	509,397	550,012	357,551	214,177	301,496	169,412	84,153	235,884
Total Revenues	32,316,021	39,808,581	26,120,315	26,592,831	25,261,357	24,022,755	21,412,656	22,418,900	23,875,456	21,989,438
Expenditures										
Current:										
Security of Persons and Property	11,412,483	11,349,702	10,723,832	10,553,514	10,263,063	10,283,338	10,132,948	9,769,228	9,604,565	9,177,854
Public Health and Welfare	827,419	741,845	719,149	723,475	621,527	665,015	624,153	614,382	622,121	561,623
Leisure Time Activities	1,844,700	1,683,258	1,617,012	1,529,772	1,444,809	1,401,566	1,316,516	1,311,301	1,282,314	1,233,477
Community Development	2,128,439	1,734,365	2,144,934	3,526,550	3,225,697	3,023,979	1,787,852	1,748,287	1,783,711	1,789,461
Transportation	3,155,370	3,160,843	2,112,695	2,219,883	1,803,687	2,185,911	1,859,655	1,871,613	1,650,958	1,471,685
General Government	2,793,395	3,061,925	2,831,873	2,668,437	2,680,256	2,972,845	2,772,347	2,740,057	2,623,065	2,533,830
Capital Outlay	8,966,215	17,107,260	3,835,844	4,250,559	3,695,672	5,912,555	3,764,921	4,171,122	5,569,791	2,160,125
Debt Service:										
Principal Retirement	881,904	354,991	29,947	60,947	1,434,937	201,973	209,947	198,947	217,947	211,947
Interest and Fiscal Charges	654,654	490,638	357,801	130,467	191,040	197,800	144,108	216,718	259,556	277,737
Bond Issuance Costs	17,518	120,195	114,419	140,230	62,354	0	0	0	0	0
Total Expenditures	32,682,097	39,805,022	24,487,506	25,803,834	25,423,042	26,844,982	22,612,447	22,641,655	23,614,028	19,417,739
Excess of Revenues Over (Under) Expenditures	(366,076)	3,559	1,632,809	788,997	(161,685)	(2,822,227)	(1,199,791)	(222,755)	261,428	2,571,699

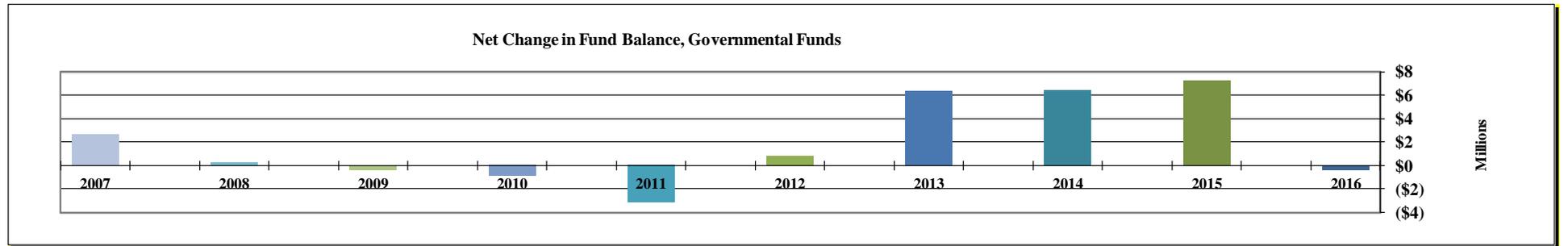
(Continued)

City of Kent, Ohio

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

Table 5

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	26,402	2,409,100	23,761	15,726	15,346	5,741	0	0	0	86,375
General Obligation Bonds Issued	0	4,465,000	4,535,000	5,490,000	0	0	0	0	0	0
Premium on Debt Issued	0	533,826	413,452	117,994	0	0	0	0	0	0
Loan Proceeds	0	1,171	42,863	113,232	1,117,114	0	455,101	0	0	0
Transfers In	5,557,992	5,831,822	3,259,948	266,947	270,762	268,522	10,178,069	9,834,480	10,643,237	10,188,942
Transfers Out	(5,557,992)	(5,991,822)	(3,419,948)	(426,947)	(430,762)	(558,522)	(10,319,189)	(9,946,880)	(10,643,237)	(10,188,942)
Total Other Financing Sources (Uses)	26,402	7,249,097	4,855,076	5,576,952	972,460	(284,259)	313,981	(112,400)	0	86,375
Net Change in Fund Balances	(\$339,674)	\$7,252,656	\$6,487,885	\$6,365,949	\$810,775	(\$3,106,486)	(\$885,810)	(\$335,155)	\$261,428	\$2,658,074
Debt Service as a Percentage of Noncapital Expenditures	5.52%	2.42%	1.88%	0.89%	7.48%	1.91%	1.85%	2.25%	2.65%	2.84%



City of Kent, Ohio

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

Table 6

<u>Year</u>	<u>Municipal Income Taxes</u>	<u>Property and Other Local Taxes</u>	<u>Total</u>
2016	\$15,746,639	\$3,754,936	\$19,501,575
2015	16,522,458	3,477,279	19,999,737
2014	14,947,349	3,430,049	18,377,398
2013	12,545,597	3,219,884	15,765,481
2012	11,921,978	3,253,169	15,175,147
2011	10,785,019	3,252,122	14,037,141
2010	10,497,813	3,188,957	13,686,770
2009	10,525,332	3,191,649	13,716,981
2008	10,590,922	3,181,717	13,772,639
2007	10,564,245	3,268,463	13,832,708

City of Kent, Ohio

Income Tax Revenue Base and Collections (Cash Basis)

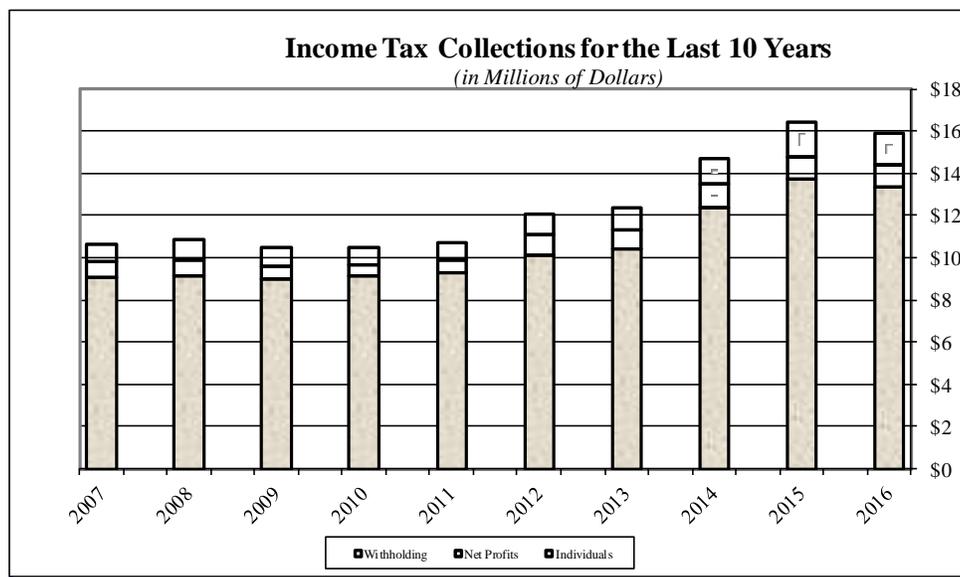
Last Ten Years

Table 7

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2016	2.25%	\$15,899,464	\$13,370,776	84.09%	\$1,022,789	6.43%	\$1,505,899	9.47%
2015	2.25	16,416,347	13,748,146	83.74	1,022,937	6.23	1,645,264	10.02
2014	2.25	14,732,950	12,333,821	83.71	1,131,339	7.68	1,267,790	8.61
2013	2.00	12,397,812	10,422,124	84.06	899,704	7.26	1,075,984	8.68
2012	2.00	12,067,888	10,090,208	84.06	1,030,657	8.54	947,023	7.85
2011	2.00	10,711,488	9,320,111	87.01	568,412	5.31	822,965	7.68
2010	2.00	10,453,032	9,127,346	87.32	514,532	4.92	811,154	7.76
2009	2.00	10,482,215	9,014,860	86.00	563,146	5.37	904,209	8.63
2008	2.00	10,871,742	9,132,780	84.01	754,913	6.94	984,049	9.05
2007	2.00	10,660,344	9,027,152	84.68	816,743	7.66	816,449	7.66

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

The City levies a 2.25% income tax on substantially all income earned within the City. This 2.25% income tax rate was increased from 2.00% income tax effective January 1, 2014. Additional increases in the income tax rate require voter approval. City residents pay City income tax on income earned outside the City, however a 100% credit, up to 2.25% is allowed for income taxes paid to other municipalities.



City of Kent, Ohio

Top Ten Income Tax Withholders

Current and Nine Years Ago

Table 8

2016		
Rank	Employer Name	
1	Kent State University	
2	Davey Tree Expert Co., Inc.	
3	Kent City Board of Education	
4	City of Kent	
5	Smithers-Oasis Company	
6	Land-O-Lakes	
7	Klaben Ford Lincoln Mercury	
8	MAC Trailer Enterprises	
9	Ametek Inc	
10	Ametek Technical & Industrial	

2007		
2016 Rank	Rank	Employer Name
1	1	Kent State University
3	2	Kent City Schools
2	3	Davey Tree Expert Co., Inc.
4	4	City of Kent
9	5	Ametek, Inc
6	6	Land O Lakes
5	7	Smithers-Oasis Company
7	8	Klaben Family Ford, Inc.
n/a	9	ACS Industries Inc
n/a	10	Seal Master

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

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

n/a - Information is not available.

City of Kent, Ohio

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

Last Ten Years

Table 9

Tax Year/ Collection Year	City of Kent Direct Rates						Overlapping Rates		Total Direct & Overlapping Rates
	General Fund	West Side Fire Station	Recreation Fund	Police Pension Fund	Fire Pension Fund	Total City	Portage County	Kent City School District	
2015/2016	\$ 4.76	\$ 0.73	\$ 3.45	\$ 0.30	\$ 0.30	\$ 9.54	\$ 13.62	\$ 110.97	\$ 134.13
2014/2015	4.76	0.73	3.45	0.30	0.30	9.54	13.62	111.22	134.38
2013/2014	4.76	0.73	3.45	0.30	0.30	9.54	13.62	111.24	134.40
2012/2013	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.73	125.89
2011/2012	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.73	125.89
2010/2011	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.57	125.73
2009/2010	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.91	126.07
2008/2009	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.42	125.58
2007/2008	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.18	125.34
2006/2007	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.42	125.58



City of Kent, Ohio

Assessed Valuations and Estimated Actual Values of Taxable Property

Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2016	\$227,733,470	\$135,546,600	\$1,037,943,057	\$6,517,190	\$9,727,149
2015	223,631,000	120,648,230	983,654,943	6,366,170	9,501,746
2014	223,150,150	121,763,920	985,468,771	6,160,110	9,194,194
2013	222,686,490	109,348,950	948,672,686	5,708,560	8,520,239
2012	244,935,210	96,240,890	974,788,857	5,159,580	7,700,866
2011	245,769,930	97,898,140	981,908,771	4,896,150	7,307,687
2010	245,425,880	99,440,840	985,333,486	4,703,740	7,020,507
2009	256,434,590	100,457,690	1,019,692,229	4,346,170	6,486,821
2008	252,810,490	99,540,990	1,006,718,514	4,320,510	6,448,522
2007	247,212,070	102,158,740	998,202,314	7,473,970	11,155,179

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

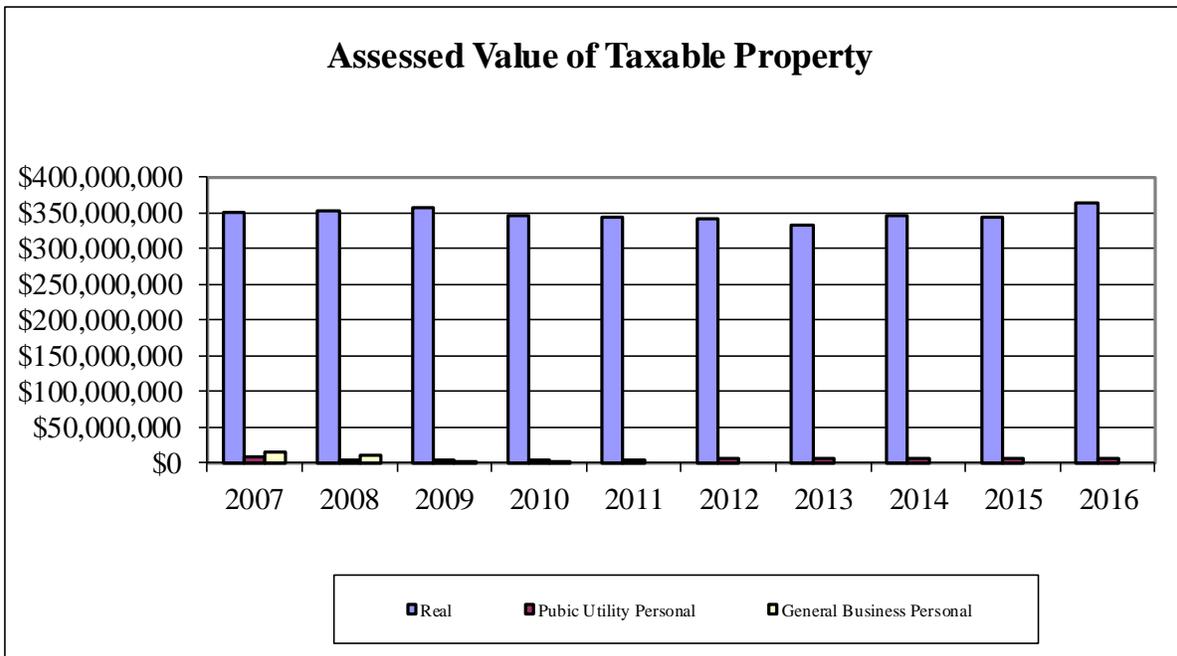
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Public utility personal property is assessed at 88% of actual value (1997-2004) and 67% of actual value (2005-2008). General business tangible personal property was assessed in previous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

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

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

Table 10

<u>Tangible Personal Property</u>					
<u>General Business</u>		<u>Total</u>			
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>	<u>Direct Tax Rate</u>
\$0	\$0	\$369,797,260	\$1,047,670,206	35.30%	9.54
0	0	350,645,400	993,156,689	35.31	9.54
0	0	351,074,180	994,662,965	35.30	9.54
0	0	337,744,000	957,192,925	35.28	9.54
0	0	346,335,680	982,489,723	35.25	9.54
0	0	348,564,220	989,216,458	35.24	9.54
549,540	8,792,640	350,120,000	1,001,146,633	34.97	9.54
1,043,340	16,693,440	362,281,790	1,042,872,489	34.97	9.54
10,845,518	173,528,288	367,517,508	1,186,695,325	34.74	9.54
15,448,700	123,589,600	372,293,480	1,132,947,093	30.97	9.54



City of Kent, Ohio

Property Tax Levies and Collections

Last Ten Years

Table 11

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections to Tax Levy (1)</u>	<u>Accumulated Outstanding Delinquent Taxes</u>
2016	\$ 3,235,916	\$ 3,149,608	97.33%	\$ 348,708	\$ 3,498,316	108.11%	\$ 130,422
2015	3,140,019	3,040,892	96.84	123,279	3,164,171	100.77	208,441
2014	3,390,720	3,055,380	90.11	107,240	3,162,620	93.27	216,271
2013	3,011,295	2,926,504	97.18	102,987	3,029,491	100.60	156,571
2012	3,094,935	3,003,867	97.06	107,602	3,111,469	100.53	226,103
2011	3,102,660	2,991,353	96.41	114,216	3,105,569	100.09	267,134
2010	3,110,607	2,971,714	95.53	98,660	3,070,374	98.71	284,989
2009	3,115,522	3,002,879	96.38	94,310	3,097,189	99.41	254,285
2008	3,165,432	3,072,009	97.05	88,462	3,160,471	99.84	228,150
2007	3,214,063	3,125,628	97.25	89,501	3,215,129	100.03	224,317

Source: Portage County, Ohio; County Auditor

(1) Total tax collections include penalties and interest collected on delinquent taxes, as well as amounts received for the State of Ohio for the homestead and rollback reduction. Please note that the County does not provide information that segregates penalties and interest collected from the actual property taxes collected from the tax levy.

Note: The County is aware of the requirement to report delinquent tax collections by levy year rather than by collection year. The County's current computer system tracks levy amounts by either current levy or delinquent levy. Once amounts become part of the delinquent levy, the ability to track information by levy year is lost. The County is looking at options to provide this information in the future.

City of Kent, Ohio

Principal Taxpayers – Real Estate Tax

2016 and 2007

Table 12

Taxpayer	2016	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Province Kent OH LLC	\$12,600,000	3.41 %
ACC OP (University Edge Kent) LLC	9,406,250	2.54
CDC-Kent LLC	6,488,000	1.75
Mikey Ryan LLC	4,665,500	1.26
Ohio Edison	4,443,050	1.20
DSMP-Kent LLC	4,296,250	1.16
Whitehall Terrace Investors LLC	3,478,830	0.94
Douglas Partners LLC	3,465,670	0.94
Silver Meadows Ltd.	2,452,980	0.66
Klaben Property Management LLC	1,980,790	0.54
Total	\$53,277,320	14.40 %
Total Assessed Valuation	\$369,797,260	
Taxpayer	2007	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
DSMP - Kent LLC*	\$3,552,080	0.96 %
Silver Meadows Ltd.	3,386,260	0.92
Ohio Edison	3,105,670	0.85
Mickey Ryan LLC	2,941,120	0.80
Draucker, Carl A.	2,623,460	0.71
Whitehall Terrace Investors LLC	2,423,050	0.66
Douglas Partners **	2,022,370	0.55
Klaben Ford, Inc.	1,969,840	0.54
Davey Tree	1,748,850	0.48
Fontaine Trailer Company	1,732,750	0.47
Total	\$25,505,450	6.94 %
Total Assessed Valuation	\$372,293,480	

Source: Portage County, Ohio; County Treasurer

(1) The amounts presented represent the assessed values upon which 2016 and 2007 collections were based.

* Formerly Associated Estates Realty and Dale Terrace

** Formerly W9/GLM Real Estate

City of Kent, Ohio

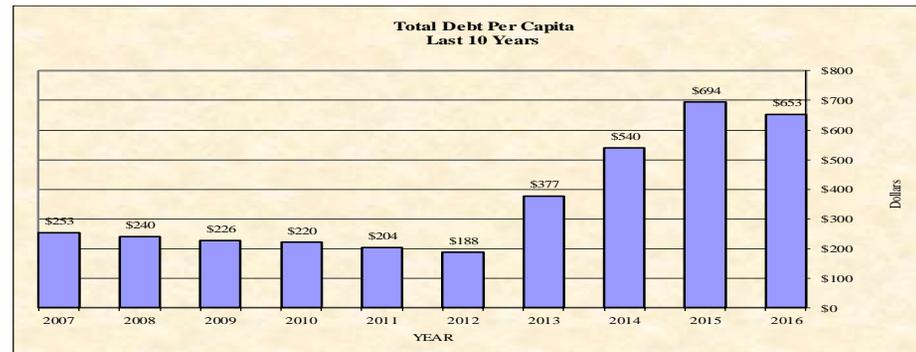
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita

Last Ten Years

Table 13

Year	Governmental Activities			Business-Type Activities		Total Debt	Per Capita
	General Obligation Bonds	OPWC Loans	Loans Payable	OPWC Loans	OWDA Loans		
2016	\$14,869,111	\$259,148	\$903,682	\$217,218	\$2,615,496	\$18,864,655	\$653
2015	15,281,179	308,871	1,365,863	234,384	2,876,541	20,066,838	694
2014	10,549,847	337,647	1,445,907	139,351	3,128,501	15,601,253	540
2013	5,606,950	324,731	1,445,907	144,318	3,371,694	10,893,600	377
2012	0	241,446	1,445,907	145,827	3,606,429	5,439,609	188
2011	1,370,000	231,053	375,123	82,108	3,833,003	5,891,287	204
2010	1,530,000	246,026	455,101	84,592	4,051,703	6,367,422	220
2009	1,685,000	275,973	0	89,559	4,262,805	6,313,337	226
2008	1,830,000	305,920	0	94,526	4,466,577	6,697,023	240
2007	1,970,000	335,867	0	96,324	4,657,673	7,059,864	253

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



City of Kent, Ohio

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

Table 14

<u>Year</u>	<u>Population (1)</u>		<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Ratio of Gross Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Gross Bonded Debt Per Capita</u>
2016	28,904	b	\$1,047,670,206	\$14,869,111	1.42 %	\$514.43
2015	28,904	b	993,156,689	15,281,179	1.54	528.69
2014	28,904	b	994,662,965	10,549,847	1.06	365.00
2013	28,904	b	957,192,925	5,606,950	0.59	193.99
2012	28,904	b	982,489,723	0	0.00	0.00
2011	28,904	b	989,216,458	1,370,000	0.14	47.40
2010	28,904	b	1,001,146,633	1,530,000	0.15	52.93
2009	27,906	a	1,042,872,489	1,685,000	0.16	60.38
2008	27,906	a	1,186,695,325	1,830,000	0.15	65.58
2007	27,906	a	1,132,947,093	1,970,000	0.17	70.59

Sources:

- (1) U. S. Bureau of Census, Census of Population.
 - (a) 2000 Federal Census
 - (b) 2010 Federal Census
- (2) Portage County, Ohio; County Auditor
- (3) Includes all long-term general obligation bonded debt

City of Kent, Ohio

Legal Debt Margin

Last Ten Years

Table 15

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Assessed Property Value	<u>\$369,797,260</u>	<u>\$350,645,400</u>	<u>\$351,074,180</u>	<u>\$337,744,000</u>	<u>\$346,335,680</u>	<u>\$348,564,220</u>	<u>\$350,120,000</u>	<u>\$362,281,790</u>	<u>\$367,517,508</u>	<u>\$372,293,480</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>38,828,712</u>	<u>36,817,767</u>	<u>36,862,789</u>	<u>35,463,120</u>	<u>36,365,246</u>	<u>36,599,243</u>	<u>36,762,600</u>	<u>38,039,588</u>	<u>38,589,338</u>	<u>39,090,815</u>
Debt Outstanding:										
General Obligation Bonds - Governmental Activities	14,869,111	15,281,179	10,549,847	5,606,950	0	1,370,000	1,530,000	1,685,000	1,830,000	1,970,000
Bond Anticipation Notes - Governmental Activities	2,591,901	3,057,726	4,174,422	4,635,015	10,295,000	7,715,000	3,625,000	2,965,000	3,205,000	3,445,000
Bond Anticipation Notes - Business Type Activities	437,007	497,011	557,401	617,474	675,000	735,000	795,000	855,000	915,000	1,910,000
Total Gross Indebtedness	17,898,019	18,835,916	15,281,670	10,859,439	10,970,000	9,820,000	5,950,000	5,505,000	5,950,000	7,325,000
Less:										
Bond Anticipation Notes - Business Type Activities	(437,007)	(497,011)	(557,401)	(617,474)	(675,000)	(735,000)	(795,000)	(855,000)	(915,000)	(1,910,000)
General Obligation Bond Retirement Fund Balance	0	0	0	0	0	(47,709)	(32,145)	(18,424)	(30,186)	(27,328)
Total Net Debt Applicable to Debt Limit	<u>17,461,012</u>	<u>18,338,905</u>	<u>14,724,269</u>	<u>10,241,965</u>	<u>10,295,000</u>	<u>9,037,291</u>	<u>5,122,855</u>	<u>4,631,576</u>	<u>5,004,814</u>	<u>5,387,672</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$21,367,700</u>	<u>\$18,478,862</u>	<u>\$22,138,520</u>	<u>\$25,221,155</u>	<u>\$26,070,246</u>	<u>\$27,561,952</u>	<u>\$31,639,745</u>	<u>\$33,408,012</u>	<u>\$33,584,524</u>	<u>\$33,703,143</u>
Legal Debt Margin as a Percentage of the Debt Limit	55.03%	50.19%	60.06%	71.12%	71.69%	75.31%	86.07%	87.82%	87.03%	86.22%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$20,338,849</u>	<u>\$19,285,497</u>	<u>\$19,309,080</u>	<u>\$18,575,920</u>	<u>\$19,048,462</u>	<u>\$19,171,032</u>	<u>\$19,256,600</u>	<u>\$19,925,498</u>	<u>\$20,213,463</u>	<u>\$20,476,141</u>
Total Gross Indebtedness	17,898,019	18,835,916	15,281,670	10,859,439	10,970,000	9,820,000	5,950,000	5,505,000	5,950,000	7,325,000
Less:										
Bond Anticipation Notes - Business Type Activities	(437,007)	(497,011)	(557,401)	(617,474)	(675,000)	(735,000)	(795,000)	(855,000)	(915,000)	(1,910,000)
General Obligation Bond Retirement Fund Balance	0	0	0	0	0	(47,709)	(32,145)	(18,424)	(30,186)	(27,328)
Net Debt Within 5 ½ % Limitations	<u>17,461,012</u>	<u>18,338,905</u>	<u>14,724,269</u>	<u>10,241,965</u>	<u>10,295,000</u>	<u>9,037,291</u>	<u>5,122,855</u>	<u>4,631,576</u>	<u>5,004,814</u>	<u>5,387,672</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$2,877,837</u>	<u>\$946,592</u>	<u>\$4,584,811</u>	<u>\$8,333,955</u>	<u>\$8,753,462</u>	<u>\$10,133,741</u>	<u>\$14,133,745</u>	<u>\$15,293,922</u>	<u>\$15,208,649</u>	<u>\$15,088,469</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	14.15%	4.91%	23.74%	44.86%	45.95%	52.86%	73.40%	76.76%	75.24%	73.69%

Source: City Financial Records

City of Kent, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2016

Table 16

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Kent			
General Obligation Bonds	\$14,869,111	100.00 %	\$14,869,111
OPWC Loans	259,148	100.00	259,148
Other Loans Payable	903,682	100.00	903,682
<i>Total Direct Debt</i>	<u>\$16,031,941</u>		<u>\$16,031,941</u>
Overlapping			
Kent City School District (2)			
General Obligation Bonds	16,480,000	68.04	11,212,992
Portage County (3)			
General Obligation Bonds	22,674,541	10.65	2,414,839
Special Assessment Bonds	332,602	10.65	35,422
OWDA Loans	231,904	10.65	24,698
<i>Total Overlapping Debt</i>	<u>39,719,047</u>		<u>13,687,951</u>
Total	<u><u>\$55,750,988</u></u>		<u><u>\$29,719,892</u></u>

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

(2) Source: Kent City Schools Treasurer

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

City of Kent, Ohio

Demographic and Economic Statistics

Last Ten Years

Table 17

Year	Population (1)		Total Personal Income (4)	Personal Income Per Capita (1)	Median Household Income (1)	School Enrollment (2)	Portage County Unemployment Rate (3)	City of Kent Unemployment Rate (3)
2016	28,904	b	\$552,066,400	\$19,100	\$26,696	3,244	5.0%	4.3%
2015	28,904	b	552,066,400	19,100	26,696	3,713	4.9%	4.2%
2014	28,904	b	552,066,400	19,100	26,696	3,314	4.8%	4.2%
2013	28,904	b	552,066,400	19,100	26,696	3,297	6.6%	5.2%
2012	28,904	b	552,066,400	19,100	26,696	3,374	6.8%	7.7%
2011	28,904	b	552,066,400	19,100	26,696	3,496	8.3%	7.7%
2010	28,904	b	552,066,400	19,100	26,696	3,314	9.8%	7.9%
2009	27,906	a	419,008,590	15,015	29,582	3,389	9.9%	7.5%
2008	27,906	a	419,008,590	15,015	29,582	3,638	7.8%	5.8%
2007	27,906	a	419,008,590	15,015	29,582	3,382	5.4%	4.5%

(1) Source: U. S. Census

(a) 2000 Federal Census

(b) 2010 Federal Census

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>" for Kent City School District and the Comprehensive Annual Financial Report for Kent City School District

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

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

City of Kent, Ohio

Principal Employers

Current and Nine Years Ago

Table 18

2016		
Employer	Percentage of City's Withholding	Percentage of Total City W-2's processed
Kent State University	42.38%	
AWP Inc	4.53%	
Kent City Schools	4.47%	
Davey Tree Expert Co., Inc.	2.43%	
City of Kent	1.68%	
Smithers-Oasis Company	1.59%	
Land-O-Lakes	1.22%	
MAC Trailer Enterprises	0.94%	
Ametek Inc	0.89%	
Klaben ford Lincoln Mercury	0.82%	
Total	<u>\$ 8,149,488</u>	<u>60.95%</u>
Total City's Withholdings	<u>\$ 13,370,776</u>	
2007		
Employer	Percentage of City's Withholding	Percentage of Total City W-2's processed
Kent State University	n/a	
Kent City Schools	n/a	
Davey Tree	n/a	
City of Kent	n/a	
Ametek	n/a	
Land O Lakes	n/a	
Smithers Oasis	n/a	
Integrated Logistics	n/a	
Klaben Family Ford Inc	n/a	
Seal Master	n/a	
Total	<u>\$ -</u>	<u>0.00%</u>
Total City's Withholdings	<u>\$ 9,027,152</u>	

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

n/a - not available

City of Kent, Ohio

City Government Employees by Function/Program

Last Ten Years

Table 19

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
City Council										
Councilman	9	9	9	9	9	9	9	9	9	9
Clerk of Council	1	1	1	1	1	1	1	1	1	1
Mayor										
Mayor/President of Council	1	1	1	1	1	1	1	1	1	1
City Manager										
City Manager	1	1	1	1	1	1	1	1	1	1
Executive Secretary to City Manager	1	1	1	1	1	1	1	1	1	1
Human Resources										
Human Resources Manager	1	1	1	1	1	1	1	1	1	1
Civil Service										
Civil Service Commissioner	0	0	0	3	3	3	3	3	3	3
Civil Service Coordinator (P/T starting in 2014)	1	1	1	1	1	1	1	0	0	0
Administrative Assistant to Civil Service Commission	0	0	0	0	0	0	0	1	1	1
Law										
Director of Law	1	1	1	1	1	1	1	1	1	1
Assistant Law Director/Prosecutor	1	1	1	1	1	1	1	1	1	1
Assistant Law Director	1	1	1	1	1	1	1	1	1	1
Executive Secretary to Dir. Of Law	1	1	1	1	1	1	1	1	1	1
Finance Administration										
Director of Budget & Finance	1	1	1	1	1	1	1	1	1	1
Controller	1	1	1	1	1	1	1	1	1	1
Operations Analyst	1	1	1	1	1	1	1	1	1	1
Senior Account Clerk	1	1	1	1	1	1	1	1	1	1
Account Clerk	5	5	5	5	5	5	5	5	4	4
Administrative Assistant to Director of Budget & Finance	0	0	0	0	0	0	0	0	1	1
Tax Administration										
Income Tax Commissioner	0	0	0	0	0	0	0	0	1	1
Income Tax Auditor	1	1	1	1	1	1	1	1	1	1
Account Clerk	0	0	0	0	0	0	0	0	1	1
Service Administration										
Director of Public Service	1	1	1	1	1	1	1	1	1	1
Administrative Assistant to Director of Public Service	1	1	1	1	1	1	1	1	1	1
Account Clerk	1	1	1	1	1	1	1	1	1	1
Engineering Aide I	1	1	1	1	1	1	1	0	0	0

City of Kent, Ohio

City Government Employees by Function/Program (continued)

Last Ten Years

Table 19

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Engineering										
Deputy Service Director/ Superintendent of Engineering	1	1	1	1	1	1	1	1	1	1
Senior Engineer	3	3	3	3	2	2	2	2	2	2
Senior Engineer (Part-time)	0	0	0	0	1	1	1	0	0	0
Design Engineer	0	0	0	0	0	0	0	1	1	1
Engineering Technician	2	2	2	2	2	2	2	2	2	2
Engineering Aide I	0	0	0	0	0	0	0	1	1	1
Engineering Aide II	1	1	1	1	1	1	1	1	1	1
Security of Persons and Property										
Safety Director										
Safety Director	1	1	1	1	1	1	1	1	1	1
Police										
Police Chief	1	1	1	1	1	1	1	1	1	1
Police Captain	2	2	2	2	2	2	2	2	2	2
Lieutenant	5	5	5	5	5	5	5	5	5	5
Technical Sergeant	4	4	4	4	4	4	4	4	4	4
Police Officer	27	27	27	27	27	27	27	27	27	27
Administrative Assistant to Chief	1	1	1	1	1	1	1	1	1	1
Secretary to Police Department	1	1	1	1	1	1	1	1	1	1
Records and Communications										
Coordinator - Dispatchers	1	1	1	1	3	3	3	3	3	3
Clerk-Dispatcher	9	9	9	9	7	7	7	7	7	7
Clerk-Dispatcher (Part-time)	3	3	3	3	3	3	3	3	3	3
Juvenile Services										
Juvenile Counselor	1	1	1	1	1	1	1	1	1	1
Police Officer	3	3	3	3	3	3	3	3	3	3
Support Services										
Compliance Officer	2	2	1	1	1	1	1	1	1	1
Detention Officer	6	6	6	6	6	6	6	6	6	6
Fire										
Fire Chief	1	1	1	1	1	1	1	1	1	1
Fire Captain	3	3	3	3	3	3	3	3	3	3
Fire Lieutenant	3	3	3	3	3	3	3	3	3	3
Firefighter	28	28	28	27	27	27	27	27	27	27
Fireman - Paid on Call	3	3	3	3	3	3	3	3	3	3
Fire Services Specialist	1	1	1	1	1	1	1	1	1	1
Community Services - Fire										
Fire Lieutenant	2	2	2	2	2	2	2	2	2	2

City of Kent, Ohio

City Government Employees by Function/Program (continued)

Last Ten Years

Table 19

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Central Maintenance										
Utilities Manager	1	1	1	1	1	0	0	0	0	0
Facilities Manager	1	1	1	1	1	0	0	0	0	0
Cent. Maint. Mgr./Water Dist. Spec.	0	0	0	0	0	1	1	1	1	1
Assignment Supervisor	1	0	0	0	0	0	0	0	0	0
Chief Operator	3	3	3	3	3	3	3	3	3	3
Repair Operator	3	3	3	3	3	3	3	3	3	3
Service Technician/Gardener	1	1	1	1	1	1	1	1	1	1
Service Worker	8	8	9	11	11	11	11	11	11	11
Carpenter	1	1	1	1	1	1	1	1	1	1
Arborist Supervisor	0	0	0	0	0	1	1	1	1	1
Laborers	4	5	4	0	0	0	0	0	0	0
Account Clerk	1	0	0	1	1	1	1	1	1	1
Vehicle Maintenance										
Master Mechanic	1	1	1	1	1	1	1	1	1	1
Mechanic	3	3	3	3	3	3	3	3	3	3
Basic Utility Services										
Water Treatment Plant										
Supervisor - Water Plant	1	1	1	1	1	1	1	1	1	1
Water Laboratory Technician	1	1	1	1	1	1	1	1	1	1
Plant Mechanic	1	1	1	1	1	1	1	1	1	1
Water Plant Chief Operator	1	1	1	1	1	1	1	1	1	1
Water Plant Operator	5	5	5	5	5	5	5	5	5	5
Laborer (General Maintenance)	1	1	1	1	1	1	1	1	1	1
Wastewater Treatment Plant										
Supervisor - Wastewater Plant	1	1	1	1	1	1	1	1	1	1
Plant Mechanic	1	1	1	1	1	1	1	1	1	1
Chemist	1	1	1	1	1	0	0	0	0	0
Lab Tech	1	1	1	1	1	0	0	0	0	0
Enviromental Tech	1	1	1	1	1	0	0	0	0	0
Wastewater Plant Operator	7	7	7	7	7	7	7	7	7	7
Chief Operator	1	1	1	1	1	1	1	1	1	1
Public Health Services										
Health										
Health Commissioner	1	1	1	1	1	1	1	1	1	1
Deputy Health Commissioner	0	0	0	0	0	1	1	1	1	1
Chief Sanitarian	1	1	1	1	0	0	0	0	0	0
Accreditation Coordinator (Part-Time)	1	1	0	0	0	0	0	0	0	0
Public Health Sanitarian	2	2	2	2	3	2	2	2	2	2
Administrative Assistant to										
Health Commissioner	1	1	1	1	1	1	1	1	1	1
Laboratory Technician	0	0	0	0	0	2	2	2	2	2
Chemist	0	0	0	0	0	1	1	1	1	1
Secretary (Full-time)	1	1	0	0	0	0	0	0	0	0
Secretary (Part-time)	0	1	1	1	1	1	1	1	1	1

City of Kent, Ohio

City Government Employees by Function/Program (continued)

Last Ten Years

Table 19

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Leisure Time Activities										
Parks and Recreation										
Director - Parks and Recreation	1	1	1	1	1	1	1	1	1	1
Supervisor - Recreation	1	1	1	1	1	1	1	1	1	1
Supervisor - Parks	1	1	1	1	1	1	1	1	1	1
Account Clerk	1	1	1	1	1	1	1	1	1	1
Parks Maintenance Laborer	2	2	2	2	2	2	2	2	2	2
Senior Parks Crew Leader	1	1	1	1	1	1	1	1	1	1
Part-time and Seasonal	45	45	45	45	37	35	34	34	34	34
KABC Coordinator	5	5	5	5	1	1	1	1	1	1
K-6 Child Care (Full-Time)	1	1	1	1	1	1	1	1	0	0
K-6 Child Care (Part-Time)	16	16	16	16	16	16	16	16	17	17
Community Development										
Community Development										
Director of Community Development	1	1	1	1	1	1	1	1	1	1
Administrative Assistant to Director of Community Development	1	1	1	1	1	1	1	1	1	1
Grants & Neighborhood Programs Cord Plans Administrator	1	1	1	1	1	1	1	1	0	0
Development Planner	0	0	0	0	0	0	0	0	1	1
Economic Development Coordinator	1	1	1	1	1	1	1	1	1	1
Development Engineer	0	0	0	0	0	0	0	0	1	1
Code Enforcement Officer (Part-time)	1	1	1	1	1	1	1	1	1	1
Code Enforcement Officer (Full-time)	0	0	0	0	0	0	0	0	0	0
Substainability Planner (Part-time)	0	0	0	0	0	0	0	0	0	0
Building										
Building Services Supervisor	1	1	1	1	1	1	1	1	1	1
Specialized Inspectors (Part-time)	8	8	5	5	5	5	5	5	5	5
Code Enforcement Officer (Part-time)	0	0	0	0	0	0	0	0	1	1
Code Enforcement Officer (Full-time)	1	1	1	1	1	1	1	1	0	0
Account Clerk	1	1	1	1	1	1	1	1	1	1
Main Street Program										
Coordinator	0	0	0	0	0	1	1	1	1	1
Economic Development										
Economic Development Director	1	1	1	1	1	1	1	1	0	0
Totals All Departments	<u>297</u>	<u>297</u>	<u>291</u>	<u>292</u>	<u>280</u>	<u>279</u>	<u>278</u>	<u>278</u>	<u>280</u>	<u>280</u>
Full-Time	198	199	196	193	192	193	193	193	194	194
Part-Time	99	98	95	99	88	86	85	85	86	86

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

City of Kent, Ohio

Capital Assets Statistics by Function/Program

Last Ten Years

Table 20

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Number of Buildings	0.25	0.25	1.5	1.5	1.5	1.5	1.5	1.5	2	2
Administrative Vehicles	4	4	4	4	4	4	4	4	6	6
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	28	27	25	25	26	25	25	26	28	25
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Vehicles	15	13	14	13	13	13	13	15	14	14
Recreation										
Number of Buildings	10	10	10	9	9	9	8	7	6	6
Number of Parks	24	24	24	23	23	23	23	23	21	21
Park Acreage	380	373	367	364	354	354	354	354	354	354
Number of Baseball Diamonds	6	6	6	6	6	6	6	6	6	6
Number of Soccer Fields	15	15	15	15	15	15	15	10	8	8
Vehicles	11	11	11	10	11	11	11	10	10	10
Transportation										
Number of Buildings	3.5	3.5	3.75	3.75	3.75	3.75	3.75	3.75	2.5	2.5
Salt Dome	1	1	1	1	1	1	1	1	1	1
Streets (Center Lane Miles)	90	90	90.00	90.00	90.00	90.00	90.00	89.90	89.90	89.90
Service Vehicles	54	53	52	48	53	55	55	55	29	27
Public Health and Welfare										
Number of Buildings	0	0	0.50	0.50	0.50	0.50	0.50	0.50	1.25	1.25
Service Vehicles	6	5	5	5	4	5	5	6	4	3
Community Development										
Number of Buildings	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Service Vehicles	2	2	2	2	1	2	2	2	2	2
Water										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Water Lines (Linear Feet)	374437	374437	374,437	374,437	374,437	374,437	374,437	368,220	368,110	364,280
Vehicles	6	7	7	6	6	6	6	6	6	9
Sewer										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Sanitary Sewers (Linear Feet)	334,132	334,132	334,132	334,132	334,132	334,132	334,132	332,090	332,090	332,090
Vehicles	7	9	7	7	7	5	5	5	5	9
Storm Water Drainage										
Storm Sewers (Linear Feet)	383,918	383,918	383,918	383,918	383,918	383,918	383,918	382,330	376,460	376,460

Source: City of Kent capital asset records

City of Kent, Ohio

Operating Indicators by Function/Program

Last Ten Years

Table 21

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City Council and Clerk of Council										
Number of Ordinances/Resolutions Passed	113	174	178	145	143	127	119	139	222	121
Number of Passports Accepted	216	226	329	325	355	373	443	420	554	872
Civil Service										
City of Kent:										
Entry Level Examinations	2	10	6	4	7	3	7	9	4	4
Promotional Examinations	1	5	0	0	5	2	1	3	1	0
Kent City School District:										
Entry Level Examinations	2	3	1	0	2	2	1	1	3	2
Promotional Examinations	0	0	0	0	0	0	1	0	2	1
Budget and Finance Department										
Number of checks/vouchers issued	5,445	5,293	5,392	5,402	5,471	5,651	5,595	5,756	6,162	5,958
Number of W-2's issued	292	279	289	268	267	267	269	275	271	284
Budget and Finance Department - Income Tax										
Transaction Totals:										
Individual Returns	13,485	13,485	12,962	13,116	11,138	6,697	7,446	15,517	15,693	14,221
Business (Net Profit) Returns	3,188	3,188	3,285	2,771	2,517	1,471	1,523	2,794	4,354	4,210
Withholding Accounts	16,064	16,064	15,299	14,191	13,024	9,735	9,461	11,061	11,211	11,068
Total Transactions	32,737 *	32,737 *	31,546 *	30,078 *	26,679	17,903	18,430	29,372	31,258	29,499
* as of May 23, 2013 extensions not due until Oct.										
Budget and Finance Department - Utility Billing										
Number of Bills Mailed	95,595	95,273	95,273	92,400	92,400	92,400	94,302	77,251	77,226	77,865
Number of Delinquent Notices Sent	0	0	0	0	0	0 *	10,716	10,136	8,424	8,270
* as of 2011 no longer sent out										
Building Department Indicators										
Construction Permits Issued	157	163	150	153	285	229	155	196	234	228
Estimated Value of Construction	\$22,334,047	\$28,759,761	\$11,701,280	\$16,094,881	\$54,781,339	\$57,678,055	\$5,207,307	\$3,151,776	\$13,533,428	\$13,638,361
Number of permits issued	919	971	862	752	970	848	614	770	883	876
Amount of Revenue generated from permits	\$175,598	\$673,928	\$285,587	\$410,158	\$8,070,390	\$1,016,442	\$160,411	\$183,823	\$336,066	\$302,931
Number of contract registrations issued	465	399	299	266	145	190	208	254	193	238
Revenue generated from above	\$30,200	\$27,050	\$15,000	\$15,675	\$5,625	\$6,263	\$6,712	\$6,812	\$5,538	\$7,425
Number of Planning Commission Docket Items	22	23	13	19	29	25	27	13	15	23
Zoning Board of Appeals Docket Items	27	14	21	19	25	29	21	20	20	26

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

Table 21

		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Services Department - Engineering											
	Unit										
Total Number of Projects	EA	40	33	30	30	25	27	30	24	N/A	18
Total Dollars All Projects	\$	\$9,241,958	\$4,788,282	\$5,459,997	\$13,569,897	\$18,714,486	\$922,406	\$9,295,845	\$4,654,978	\$2,828,069	\$1,266,956
Total Professional Services Support	\$	\$1,277,004	\$1,142,122	\$1,232,942	\$1,801,415	\$2,504,285	\$1,737,999	\$2,165,201	\$1,291,834	\$1,266,667	\$374,225
Total Division Operating	\$	\$30,804	\$47,045	\$45,409	\$34,133	\$31,827	\$30,798	\$26,538	\$40,040	\$37,972	\$16,461
Private Inspection Request		399	425	210	187	243	171	149	153	160	198
Public Services Department - Central Maintenance											
	Unit										
Street Repair (Curbs, aprons, berms, asphalt)	Hr.s	4,611	5,927	3,513	4,131	4,322	3,338	3,983	4,028	2,351	2,983
Paint Striping	Hr.s	1,031	772	120	757	1,224	808	1,121	871	853	858
Street Sweeper	Hr.s	1,170	1,002	352	910	888	993	1,148	1,132	1,128	1,059
Cold Patch	Hr.s	513	692	1,492	706	1,313	1,339	1,179	1,380	1,070	333
Snow & Ice Removal regular	Hr.s	1,581	1,971	1,585	1,740	1,013	1,588	5,758	2,375	1,426	1,617
Snow & Ice Removal overtime	Hr.s	1,040	1,100	1,838	1,764	1,221	1,501	2,665	2,028	3,052	2,276
Sewer and Sanitary calls for service	Ea	9	27	26	60	57	55	57	44	43	35
After hours Sewer Calls	Hr.s	49	66	42	72	54	74	62	65	67	13
Sewer Crew	Hr.s	3,046	3,071	2,186	2,445	1,939	1,809	2,012	2,089	2,737	1,432
Sewer jet, Vac-all, other services	Hr.s	1,249	1,350	1,344	2,451	1,538	1,808	2,012	2,089	2,737	1,432
Water Distribution Maintenance	Hr.s	8,820	8,092	8,045	6,286	6,943	5,624	8,124	7,981	7,234	4,955
Number of Water Breaks	Ea	14	13	29	19	25	12	44	32	37	33
Water Meter Reading	Hr.s	192	510	456	412	486	953	1,309	1,573	1,443	1,262
Landscaping, Tree Maint.(Stump-Chipper service)	Hr.s	2,322	2,394	1,788	2,837	3,158	3,972	4,193	5,753	5,246	2,586
Leaf collection	Hr.s	1,365	1,957	2,046	1,747	1,551	2,864	2,800	1,590	4,089	4,616
Holiday lights setup	Hr.s	292	265	289	160	189	48	56	48	96	77
Downtown Square events	Hr.s	517	409	517	580	614	585	576	532	430	246
Equipment repair	Hr.s	7,962	8,562	7,754	7,565	7,536	7,661	8,448	8,436	7,291	7,539
Sign department	Hr.s	2,208	1,671	1,041	1,324	1,595	1,110	1,054	1,077	1,108	1,217
Number of Trees Planted per year	Ea	58	65	90	84	111	244	N/A	191	123	99
Gallons of Calcium Chloride used (Year Jan-Dec)	Gal.s	0	0	0	0	4,426	5,525	8,512	7,140	9,440	5,300
Cost of Calcium Chloride Purchased	\$/Gal.	0	0	\$0.000	\$0.000	\$0.550	\$0.550	\$0.970	\$0.960	\$0.959	\$0.479
Gallons of Aqua Salina used(Year Jan-Dec)	Gal.s	25,801	36,496	17,030	10,000	N/A	N/A	N/A	N/A	N/A	N/A
Cost of Aqua Salina	\$/Gal.	\$0.63	\$0.34	\$0.34	\$0.23	N/A	N/A	N/A	N/A	N/A	N/A
Tons of snow melting salt used (Year Jan-Dec)	Tons	2,458	2,832	2,473	4,783	1,621	3,196	3,687	4,188	8,723	5,048
Cost of salt purchased	\$/Ton	54.47	59.99	27.50	37.13	\$43.20	\$43.20	\$43.00	\$43.20	\$43.20	\$37.04
Public Services Department - Water Reclamation											
Wastewater rates (per 1st 300 cu. ft.)	\$	15.16	14.72	\$14.29	\$14.29	\$12.61	\$11.57	\$11.57	\$11.22	\$11.22	\$11.22
Total yearly flow	MG	713	764	890	840	737	832	756	989	923	854
Average daily flow	MGD	1.95	2.09	2.44	2.30	2.02	2.28	2.00	2.00	2.53	2.34
Sludge removed (dry tons)	\$/Ton	334	340	386	343	363	351	359	329	342	340
Treatment chemical cost	\$	\$137,463	\$123,036	\$119,728	\$123,533	\$55,645	\$56,750	\$64,699	\$66,548	\$53,000	\$52,000
Treatment electrical cost	\$	\$108,790	\$113,798	\$101,263	\$98,000	\$108,259	\$167,112	\$161,314	\$190,931	\$183,859	\$170,420

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

Table 21

		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Services Department - Water Treatment Plant											
	Unit										
Raw Water from wells	MG	968	883.04	944.20	1,036.37	1,032.45	988.01	1,000.70	932.00	932.00	1,001.53
Annual pumpage - finished water	MG	876	873.48	901.98	900.22	909.68	885.43	918.34	929.00	929.00	993.85
Lime	\$/Ton	\$147	\$147	\$147	\$147	\$138	\$138	\$124	\$124	\$124	\$124
Soda ash	\$/Ton	\$377	\$376	\$376	\$376	\$376	\$359	\$359	\$281	\$281	\$270
Chlorine	\$/Ton	\$540	\$540	\$540	\$540	\$540	\$510	\$510	\$510	\$510	\$450
Hydrofluosilicic acid	\$/Ton	\$702	\$702	\$702	\$702	\$702	\$702	\$720	\$484	\$484	\$340
Carbon dioxide	\$/Ton	\$116	\$116	\$116	\$116	\$154	\$150	\$150	\$176	\$176	\$176
Electric (wells, plant, booster stations, tanks)	Ttl. \$	\$189,911	\$173,762	\$158,885	\$148,404	\$154,186	\$158,764	\$178,180	\$178,266	\$178,266	\$163,208
Lime sludge production plant	CY	\$1,535.00	\$1,532.70	1,840.80	2,009.80	2,029.30	2,065.70	1,982.50	1,986.40	1,986.40	1,977.30
Lime sludge removed from plant and lagoons	CY	2576.00	2711.00	771.50	1,817.20	2,044.90	3,825.00	3,760.30	1,986.70	1,986.70	3,346.50
Lime	tons	723.09	738.90	753.13	742.04	744.89	716.17	733.08	639.90	639.90	700.70
Soda Ash	tons	240.88	243.04	281.61	276.91	289.04	295.49	291.45	288.80	288.80	284.70
Chlorine	tons	11.81	11.61	11.79	11.61	11.89	11.46	11.88	12.31	12.31	12.34
Carbon Dioxide	tons	52.77	45.53	45.15	46.56	41.69	41.69	41.40	38.34	38.34	38.71
Hydrofluosilicic acid	tons	16.16	15.88	16.46	16.53	16.27	16.27	17.14	16.06	16.06	17.15
Rainfall	inches	30.92	29.73	39.79	37.98	33.14	44.14	30.79	36.38	36.38	49.51
Police											
Total Calls for Services		28,545	22,949	20,534	18,062	19,680	19,470	20,669	21,765	21,674	19,937
Number of traffic citations issued		3,541	3,366	3,023	2,576	3,393	2,841	3,247	3,554	3,669	3,380
Number of parking citations issued		9,056	8,179	3,814	3,492	2,546	2,468	2,915	3,834	3,389	2,662
Number of criminal arrests		2,222	2,208	2,261	2,102	2,391	2,066	2,110	2,440	2,615	2,376
Number of accident reports completed		1,015	1,067	815	861	843	856	839	818	797	840
Part I Offenses (major offenses)		745	772	837	955	951	926	885	911	975	1,035
Animal Warden service calls		374	399	365	431	558	389	492	470	551	511
DUI arrests		182	186	187	205	277	237	214	302	306	253
Motor Vehicle Accidents		1,015	1,067	815	861	843	856	839	818	797	840
Property Damage Accidents		673	739	458	565	531	540	526	512	441	500
Fatalities from Motor Vehicle Accidents		0	0	2	0	1	0	0	0	0	0
Community Diversion Program Youths		37	34	46	70	70	48	55	70	70	75
Fire											
Fire Losses:											
City of Kent		\$155,000	\$242,530.00	\$398,180	\$347,225	\$335,906	\$111,800	\$183,850	\$1,048,500	\$467,350	\$292,500
Kent State University		\$0	\$26,000.00	\$0	\$1,010,500	\$10,452	\$150,000	\$0	\$150,000	\$200,500	\$0
Franklin Township		\$243,905	\$20,000.00	\$9,000	\$58,700	\$3,037	\$8,900	\$119,000	\$8,900	\$645,720	\$167,500
Other		\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$27,500	\$0
Total Fire Losses		\$398,905	\$288,530	\$407,180	\$1,416,425	\$349,395	\$270,700	\$302,850	\$1,207,400	\$1,341,070	\$460,000

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

Table 21

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Fire - continued										
Fire Calls:										
City of Kent	650	627	540	561	629	521	571	602	764	541
Kent State University	74	53	65	87	210	240	196	212	246	219
Franklin Township	140	132	116	118	173	138	140	118	154	142
Other	52	45	49	59	50	49	46	3	2	70
Total Fire Calls	916	857	770	825	1,062	948	953	935	1,166	972
Emergency Medical Services Calls:										
City of Kent	2,336	2,326	2,311	2,296	2,215	2,373	2,395	2,421	2,374	2,110
Kent State University	360	357	391	346	438	378	335	347	292	308
Franklin Township	461	378	410	412	445	368	351	341	411	400
Other	71	71	52	55	43	40	48	8	5	38
Total Emergency Medical Services Calls	3,228	3,132	3,164	3,109	3,141	3,159	3,129	3,117	3,082	2,856
Total Calls for Service (Fire & EMS)	4,144	3,989	3,934	3,934	4,203	4,095	4,082	4,052	4,248	3,828
Community Development										
Grants received due to Community Development Dept.	\$271,075	\$253,380	\$268,778	\$275,277	\$264,116	\$515,952	\$478,841	\$383,118	\$298,370	\$310,449
Grants received for other Departments	N/A	N/A	N/A	N/A	\$38,855	\$224,289	N/A	N/A	N/A	N/A
Health Department										
Health Inspections:										
Food Service Operations	664	676	795	722	1,342	1,068	1,041	1,072	1,018	939
Housing	542	677	893	805	1,695	1,633	1,622	1,824	1,668	1,385
Swimming Pools	69	62	31	37	157	129	144	134	111	84
Nuisances	209	398	634	344	523	510	545	514	671	390
All Other	43	49	111	124	193	182	171	129	138	110
Total Inspections	1527	1862	2,464	1,915	3,910	3,522	3,523	3,673	3,606	2,908
Permits & Licenses Issued:										
Food Establishment Licenses	259	280	315	281	253	220	183	199	215	209
Housing Licenses	310	307	308	322	569	523	538	548	550	552
All Other Licenses	51	48	60	62	39	65	63	56	61	65
Total Permits & Licenses	620	635	683	665	861	808	784	803	826	826
Child Immunizations	278	218	212	246	218	114	80	123	195	112
Birth and Death Certificates Issued (Original & Copies)	9,072	7,968	6,783	3,844	3,315	3,593	3,034	2,982	3,047	3,080

- Starting in Spring 2014, Kent Health Dept. assumed the records for the entire County which used to be serviced by the City of Ravenna

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

Table 21

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Recreation										
Program Revenue:										
Adult Leagues and Programs	\$33,111	\$38,992	\$49,186	\$69,662	\$62,216	\$36,846	\$35,475	\$28,723	\$28,025	\$32,151
Youth Leagues and Programs	97,106	88,244	86,263	79,188	76,248	77,707	93,878	84,106	70,853	77,612
Camps and Lessons	67,406	60,065	61,529	69,490	58,262	59,413	56,792	58,725	50,526	48,537
Preschool Programs	29,617	35,946	25,484	33,321	30,248	23,331	28,069	24,369	26,916	23,916
KABC Leagues	31,457	28,781	28,681	24,410	21,225	22,594	26,381	22,289	20,898	31,101
Special Events/Other	65,111	87,911	38,569	25,180	18,355	18,460	58,652	57,436	55,812	49,709
Non-Resident Fees	14,837	14,654	15,050	17,750	13,733	13,329	12,401	13,371	13,295	13,464
After School and Summer Programs	289,340	283,276	257,977	227,006	208,380	192,698	201,467	209,426	227,023	210,688
Fitness Center	40,297	47,476	32,758	0	0	0	0	0	0	0
Total Program Revenue	\$668,282	\$685,345	\$595,497	\$546,007	\$488,667	\$444,378	\$513,115	\$498,445	\$493,348	\$487,178
Number of Participants:										
KABC (5-18 years old)	333	292	353	375	395	430	446	480	490	503
Fall Soccer (4-12 years old)	324	403	383	328	404	360	410	368	364	353
Spring Soccer (4-12 years old)	391	439	448	407	379	453	424	431	399	484
School Age Child Care (6-12 years old)	150	130	156	175	151	93	110	110	120	120
Flag Football (6-12 years old)	114	113	130	125	104	118	94	85	96	91
Basketball	475	586	629	458	319	358	412	397	399	330
Lacrosse	17	43	35	40	86	80	85	70	60	62
Volleyball	N/A	N/A	N/A	N/A	N/A	37	37	45	51	42
Wrestling	N/A	11	19	24	32	16	15	34	31	30
Karate	69	91	N/A	147	173	133	120	24	25	30
Sports Camps	188	332	353	375	447	403	480	453	248	384
Preschool Kinderbound	17	17	26	28	28	21	22	21	21	21
Preschool Tiny Tots	N/A	N/A	N/A	11	22	20	18	18	13	15
Summer Day Camps - All	1,560	1292	1,281	230	229	254	243	228	232	1,230
Note: 2014, 2007, and 2006 are on a per week basis										
Ice Hockey	N/A	N/A	N/A	0	0	0	0	23	29	N/A
USTA	N/A	N/A	N/A	17	22	20	23	51	N/A	N/A
Theater	34	61	43	43	57	54	63	58	46	N/A
Cheer	N/A	N/A	45	25	24	44	56	27	35	N/A
Adult Tennis	8	32	23	20	28	23	18	22	32	N/A
Adult Softball Teams	65	83	86	47	44	69	51	52	46	N/A
Adult Men's Basketball	92	130	112	102	95	95	111	N/A	N/A	N/A
Black Squirrel Triathlon	N/A	N/A	75	56	113	273	197	N/A	N/A	N/A
Art in the Park Artists	91	92	100	98	101	108	96	N/A	N/A	N/A
Kids Nite Out	176	155	115	147	147	167	148	N/A	N/A	N/A
Turkey Trot	538	755	549	614	388	385	242	N/A	N/A	N/A
Adult Fitness Class	1,796	1577	1,452	1,352	1,262	N/A	N/A	N/A	N/A	N/A
Adult Egg Hunt	744	809	720	577	N/A	N/A	N/A	N/A	N/A	N/A
PC Tennis Open	13	17	35	N/A						
Hip Hop Hoops	96	100	58	N/A						
Creative Arts	23	27	46	N/A						
Youth Artist	14	21	N/A							
Graveyard Scramble	0	230	N/A							
FootSkills-Soccer	68	60	N/A							
Adult Education Classes	46	87	N/A							
Basketball (outdoor)	16	N/A								
BabySitter	15	N/A								
Cross Country	25	N/A								
Tumbling for Tots	30	N/A								
Schools Out Ice Skating	85	N/A								





Dave Yost • Auditor of State

CITY OF KENT

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 20, 2018