

**CITY OF KENT
PORTAGE COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Kent, Portage County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 19, 2013

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**CITY OF KENT
PORTAGE COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

To the Members of City Council
City of Kent, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Kent, Ohio's basic financial statements, and have issued our report thereon dated June 14, 2013, wherein we noted that the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and restated its December 31, 2011 fund balance and net position of governmental activities due to inclusion of a blended component unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Kent, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Kent, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Kent, Ohio's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Kent, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kent, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

June 14, 2013

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

Certified Public Accountants

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

To the Members of City Council
City of Kent, Ohio

Report on Compliance for Each Major Federal Program

We have audited the City of Kent, Portage County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Kent, Ohio's major federal program for the year ended December 31, 2012. The City of Kent, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Kent, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Kent, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Kent, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the City of Kent, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Kent, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Kent, Ohio'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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, Ohio, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Kent, Ohio's basic financial statements. We issued our report thereon dated June 14, 2013, which contained unmodified opinions on those financial statements. Our opinion also explained that the City of Kent, Ohio, adopted Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and restated its December 31, 2011 fund balance and net position of governmental activities due to inclusion of a blended component unit. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



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

June 14, 2013

**CITY OF KENT
PORTAGE COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grant - Entitlement	14.218	MC-39-0026	\$ 120,408
<i>Passed through the Ohio Department of Development and Portage County</i>			
Neighborhood Stabilization Program Grant	14.218	B-Z-08-062-1	195,248
Total U.S. Department of Housing and Urban Development			<u>315,656</u>
<u>U.S. Environmental Protection Agency</u>			
<i>Passed through the Ohio Environmental Protection Agency</i>			
ARRA - Capitalization Grant for Clean Water RLF - Plum Creek Restoration	66.458	WPCLF CS-390486-0014	109,506
Total U.S. Environmental Protection Agency			<u>109,506</u>
<u>U.S. Department of Energy</u>			
<i>Passed through State of Ohio</i>			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	ARRA-EECBG-10-14	80,225
Total U.S. Department of Energy			<u>80,225</u>
<u>U.S. Department of Justice</u>			
<i>Direct Program</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Formula	16.804	2009-SB-B9-1237	5,745
Bullet Proof Vest Partnership	16.607	2011-BUBX11055643	14,116
Total U.S. Department of Justice			<u>19,861</u>
<u>U.S. Department of Transportation</u>			
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction -			
Crain Avenue Bridge	20.205	PID 88527	28,293
East Summit Street Improvements	20.205	PID 84546	37,354
Summit Street Resurfacing	20.205	PID 88259	15,927
Spaulding Drive Bridge/SR 59	20.205	PID 81651	733,343
H & B Tannery Park	20.205	PID 84984	644,119
KSU Gateway Bike Trail	20.205	PID 88517	458,191
Total U.S. Department of Transportation			<u>1,917,227</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,442,475</u>

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

**CITY OF KENT
PORTAGE COUNTY, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1: **GENERAL**

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

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

NOTE 2: **BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. Consequently, certain expenditures are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is accrued.

NOTE 3: **PROGRAM INCOME**

The City of Kent, Ohio, uses federal funds received in the current and prior years to issue revolving loans. These loans are issued to companies and are to be repaid to the City in monthly installments. Principal received on these loans may be used to issue new loans. The principal outstanding at December 31, 2012 was \$403,873. The program income represents interest revenue earned from the revolving loans and bank accounts and repayment of loans of \$11,161. These amounts were subject to single audit procedures.

**CITY OF KENT
PORTAGE COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

2012(i)	Type of Financial Statement Opinion	Unmodified
2012(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2012(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2012(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2012(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2012(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2012(v)	Type of Major Programs' Compliance Opinions	Unmodified
2012(vi)	Are there any reportable findings under .510?	No
2012(vii)	Major Programs (list): Highway Planning and Construction - CFDA #20.205	
2012(viii)	Dollar Threshold: A/B Programs	Type A: \$300,000 Type B: All Others
2012(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**CITY OF KENT
PORTAGE COUNTY, OHIO
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

The prior audit report, as of December 31, 2011, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



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City of Kent Ohio

**Comprehensive Annual Financial Report
For the year ended
December 31, 2012**

CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2012

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
For the Year Ended December 31, 2012
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CITY OF KENT, OHIO

OFFICE OF THE CITY MANAGER

June 14, 2013

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, 2012, is herein submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management of the City is responsible for establishing and maintaining an internal control structure that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Kent's financial statements in conformity with generally accepted accounting principles (GAAP). The concept of reasonable assurance recognizes that the cost of the internal control structure should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial records, books of accounts and transactions of the City of Kent, Ohio, for the year ended December 31, 2012, have been audited by the independent auditing firm of James G. Zupka, Certified Public Accountants, Incorporated. The independent auditor's unmodified opinion has been included in this report.

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

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

PROFILE OF THE GOVERNMENT

The City of Kent, Ohio, is located in Portage County, approximately fifteen miles northeast of the City of Akron and six miles west of the City of Ravenna, the county seat. The City is the largest of four cities in this industrial and agricultural county. It is principally noted as the home of Kent State University, which had a 2012 enrollment of approximately 28,806 students at the main campus in Kent and 42,513 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 as compared to the 2000 population of 27,906. Also of note in the 2010 census is the City of Kent's neighboring township to the south, Brimfield Township, which posted a 30 percent increase from the 2000 to 2010 census that has at least in part been related to the expansions and projects evidenced in the City of Kent and the continued growth of Kent State University.

The City of Kent 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 reservations of fund balance at year end.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The early indications of an economic recovery that emerged in 2011 continued in 2012, with business activity and new investment occurring at a near record pace. 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%.

New commercial construction should translate into new jobs, however, in light of the economy still undergoing transition to a predictable level of stability, the City of Kent continued to maintain a conservative fiscal strategy in order to protect reserve balances and sustain City services at existing levels without any new or increased taxes or fees in 2012.

The City's commitment to aggressive cost cutting measures over the last 8 years, along with revenue stabilization derived from Kent State University and the new economic initiatives in downtown Kent have enabled the City to hold the line on its budget in 2012, absorb the loss of \$900,000 in State funding, and emerge from the economic recession in a comparatively stable financial position heading into 2013.

For yearend 2012, overall City income tax collections were up 12.62% (\$1,351,532) from December 2011, and Kent State University's collections thru the end of December were up 4.48% (\$190,294). While Kent State University remains the City's largest employer, job growth occurring in the private sector resulted in Kent State University's income tax contributions dropping from 39.6% to 36.7% of total municipal income tax revenues from 2011 to 2012. The City's financial condition is still heavily influenced by the University's buffering effect on the City's tax base from the more volatile highs and lows of private business cycles -- but the continued private sector job growth is a welcomed and notable diversification.

In 2012 Kent State University set another new student enrollment record, adding 820 students to the previous hundred year enrollment record set in 2011. Kent State University international student enrollment is up 19%, from 1,862 in 2011 to 2,217 in 2012, and graduate school enrollment is up 10%, securing Kent State University's position as the second largest public university in Ohio.

Kent State University completed its Centennial Campaign with a record breaking commitment of \$265 million in contributions to invest in Kent State University. The University also reported record financial performance in 2012 which they are using in part to finance critical campus infrastructure projects.

2012 marked another year of income tax rebound, largely from construction activity and newly emerging business sectors rather than Kent State University or the other top ten income tax contributors in Kent, who as a group remained relatively flat. 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 have pushed the City's 2012 income tax receipts to the highest recorded level. Total income tax receipts for the City in 2012 (not including the Franklin and Brimfield JEDD agreements explained below), exceeded the prior year by 12.62%, or \$1,351,532.

Investments in Kent

In 2012 Kent State University continued the largest capital re-investment program in the history of the University, including commencing the construction of the Esplanade extension and continuing progress on the new Kent State University hotel and conference center. In addition to significant building improvements planned on-campus, Kent State made record levels of investment off campus in 2012 to improve the connection between the University and the Central Business District. These investments have transformed the campus and the campus community connection, generating significant construction related jobs (\$250,000 to \$500,000/year in income taxes during construction) and producing an expected 300-400 new permanent jobs in the City.

Elsewhere in the Kent community new construction values were on the rise in 2012. Single family residential construction recovered from 2011, jumping 85% in 2012. Three new large student housing projects opened their doors in 2012, adding approximately 4,000 new student beds to the Kent rental market. Even with the influx of new rental properties, vacancy rates were at near record lows.

The commercial construction market rebound that began in 2009 continued in 2012, energizing Kent's economy. Construction permits in 2012 were down 8% from the record number of permits pulled in 2011 but 2012 was the second highest level of permit activity in the last decade. New construction permit revenues were \$268,441 and 19 new businesses opened or expanded in 2012. Total commercial investment in 2012 hit \$53 million.

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 repaired more bridges, streets and sidewalks than it has in decades. Over the last 5 years the City was awarded (or was a partner in grant awards) amounting to over \$43 million in stimulus/grant funds, which has enabled the City to leverage grant funds to City funds at better than a 4:1 ratio.

The Fairchild Avenue Bridge project construction was nearly complete by the end of 2012, with the new bridge opened to traffic and the old bridge conversion to a pedestrian/biking trail connection well underway. The project remains on budget and on schedule for completion in 2013.

Investment was not limited to new construction in 2012; it also included the continued demolition of 8 blighted and non-productive properties that will be replaced with new residential and commercial properties as appropriate. For the residential properties, the City accessed Federal grant funds to take down two condemned structures and replace them with affordable housing to help stabilize distressed City neighborhoods.

Major Initiatives

Phase III of the Phoenix Project opened in 2012. Phases I, II, and III of this popular project offer an eclectic mix of small local retail, restaurants, and office space. It includes the first off-campus University business enterprise, the Tannery, a professional marketing, advertising and media services company (staffed by students), as well as a new fashion school retail outlet. Phase III included the extension of Acorn Alley and added another 50,000 square feet of office and retail space. Phase III welcomed the new Laziza's restaurant, Tree City Coffee House, Zoupwerks restaurant, and the Wild Earth Outfitters store among other small retail shops.

The success of the Phoenix Project reaffirmed the value of the City and Kent State's commitment to construct a mixed use redevelopment project that when complete will include 56,000 square feet of new retail and restaurants, a 95 room hotel, a 15,000 square foot conference center, 75,000 square feet of office space, and 18 residential units strategically located at the edge of central business district and the expanded edge of the University campus in downtown Kent. Two major corporate tenants, Davey Tree and Ametek Corporation, finalized their 15 year lease commitments in 2011 to occupy 60,000 square feet of office space and in 2012 they brought 150 professional jobs into downtown Kent. During 2012 the City, PARTA and the University continued construction of the respective mixed use, transit center and hotel projects with the construction scheduled to be complete in 2013.

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. The construction community also recognized the downtown Kent project by naming it the Mixed Use Project of the Year for northeast Ohio in 2012.

In 2012 the old Franklin Hotel property was undergoing a \$4 million historic restoration. This long term blighted property re-opened in 2013 bringing with it new jobs and complementing the transformation of the downtown business district.

In related news from 2012, Kent State University announced their plan to build a new \$40 million College of Architecture building along the esplanade and Portage County began construction on their new \$15 million courthouse building on Main Street in downtown Kent.

The City continued to work with Franklin and Brimfield townships in 2012 to recruit new businesses and expand business development opportunities within the JEDD boundaries. As a result of these partnerships, the City received \$437,312 as its combined share of JEDD income taxes in 2012.

As part of the City's neighborhood enrichment initiatives, Kent State University partnered with the City to fund a new Community-University Liaison position that served as a focal point for improving communication and neighbor relations in rental neighborhoods around the University. The City continued to expand the regulatory tools available for stabilizing rental neighborhoods including passage of a vacant property ordinance and updating the City's zoning code.

Long-term Financial Planning

During 2012, 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. City staff continued to pursue efficiency and productivity improvements resulting in budget cuts and savings amounting to \$100,000 in 2012.

In 2012 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 addition, in 2012 Council established a fund balance policy and fiscal health index to track key financial indicators and to prepare contingency plans for a range of 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 interest earned during 2012 was \$232,282.

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 2011. This was the twenty-fifth 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.

Additionally, the City was presented the Ohio Auditor of State Award with Distinction for excellence in financial reporting for its Comprehensive Annual Financial Report for the fiscal year ended 2011. This was the second consecutive year the City was presented with this award.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dave Ruller". The signature is stylized with a large, looped "D" and "R".

Dave Ruller
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kent
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

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



Christopher P. Morinell

President

Jeffrey R. Emer

Executive Director

CITY OF KENT, OHIO
ELECTED OFFICIALS - 2012

MAYOR/COUNCIL PRESIDENT	Jerry T. Fiala
COUNCIL MEMBER AT LARGE	Michael A. DeLeone
COUNCIL MEMBER AT LARGE	Scott J. Flynn
COUNCIL MEMBER AT LARGE	Roger B. Sidoti

CITY COUNCIL MEMBERS BY WARDS:

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

CITY OF KENT, OHIO

APPOINTED OFFICIALS - 2012

OFFICE OF CITY MANAGER

City Manager

David A. Ruller

OFFICE OF COUNCIL

Clerk of Council

Linda M. Jordan

DEPARTMENT OF LAW

Law Director

James R. Silver

DEPARTMENT OF PUBLIC SERVICES

Service Director

Eugene K. Roberts

City Engineer

James S. Bowling

Water Plant Supervisor

Steve D. Hardesty, Sr.

Sewer Plant Supervisor

Robert W. Brown

Utilities Manager

John Osborne

Facilities Manager

Gerald G. Shanley

DEPARTMENT OF BUDGET AND FINANCE

Director of Budget and Finance

David A. Coffee

Controller

Brian L. Huff

DEPARTMENT OF PUBLIC SAFETY

Safety Director

William C. Lillich

Fire Chief

Dave Manthey

Police Chief

Michelle A. Lee

DEPARTMENT OF COMMUNITY DEVELOPMENT

Community Development Director

Bridget Susel

Economic Development Director

Daniel D. Smith

DEPARTMENT OF HEALTH

Health Commissioner

Jeffrey S. Neistadt

DEPARTMENT OF PARKS AND RECREATION

Director of Parks and Recreation

John J. Idone

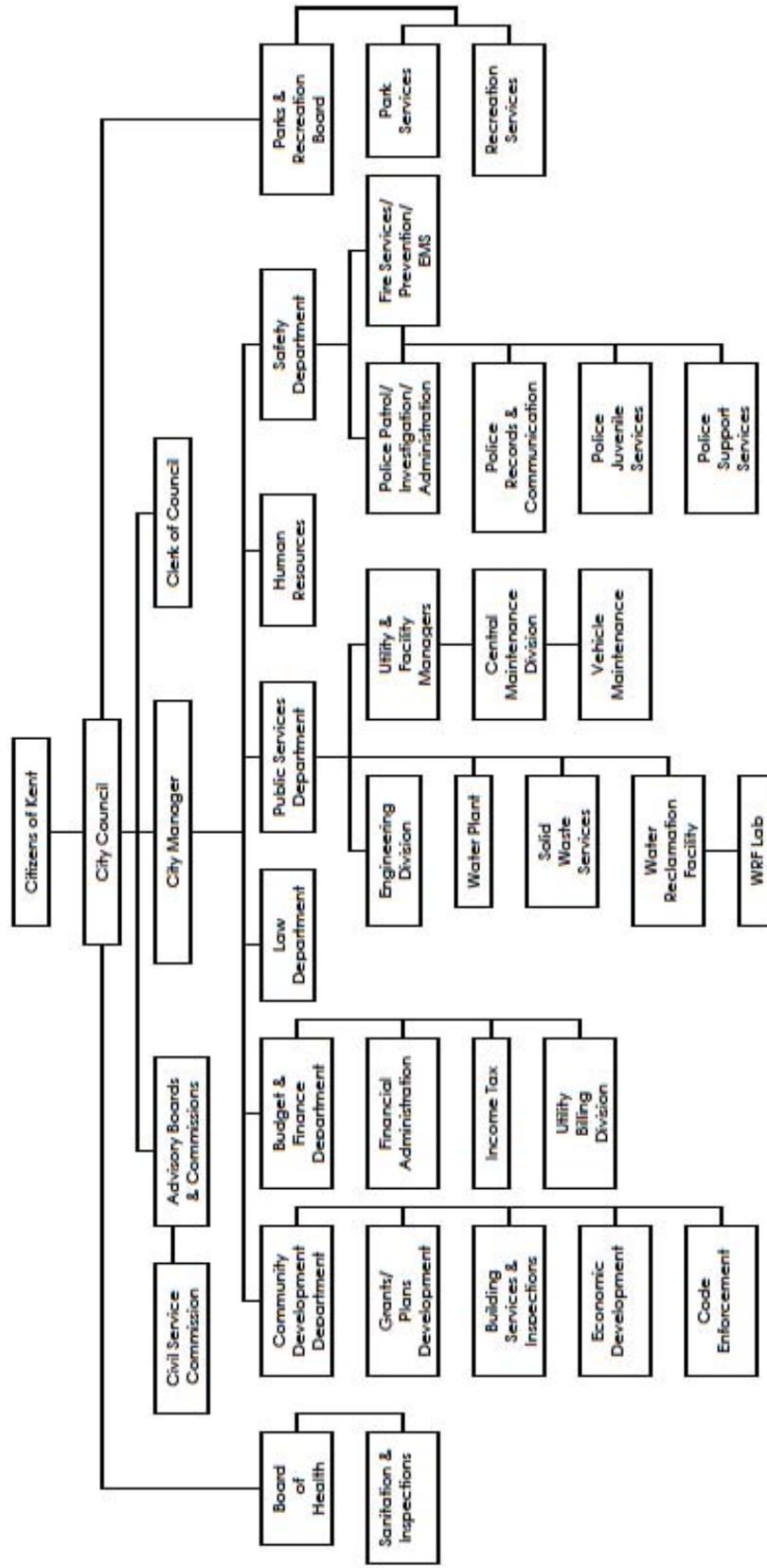
Parks Supervisor

Charles S. Tuttle

Recreation Supervisor

Nancy R. Rice

City of Kent, Ohio Organizational Chart



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FINANCIAL SECTION

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Kent, Ohio

The Honorable David Yost
Auditor of State
State of Ohio

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 the City of Kent, Portage County, Ohio (the City), as of and for the year ended December 31, 2012, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the Street Construction, Maintenance, and Repair Fund, the Parks and Recreation Fund, the Income Tax Fund, the Income Tax Safety Fund, and the Fire and Emergency Medical Services Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, during 2012 the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements Nos. 14 and No. 34*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and restated its December 31, 2011 governmental fund balance and net position of governmental activities due to inclusion of a blended component unit. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kent, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information 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, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013, on our consideration of the City of Kent, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kent, Ohio's internal control over financial reporting and compliance.



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

June 14, 2013

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City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
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, 2012. 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 2012 are:

- Total assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$121,894,698 (*net position*). Of this amount, \$19,229,029 (*unrestricted net position*) may be used to meet the government's ongoing obligations to its citizens and creditors.
- Total net position increased by \$2,929,965 or 2.50 percent over 2011. Of this amount, governmental activities increased by \$2,126,071 and business-type activities increased by \$803,894.
- Total capital assets increased by \$1,419,571 or 1.46 percent as compared to 2011. Governmental capital assets increased by \$1,441,606 and business-type capital assets decreased by \$22,035.
- Total current and other assets increased \$3,214,989 or 7.28 percent as compared to 2011. This increase reflects the increase of \$2,665,010 attributable to governmental activities and the increase of \$549,979 attributable to business-type activities.
- Total liabilities and deferred inflows of resources increased \$1,704,595 or 7.59 percent as compared to 2011. This increase is comprised of an increase in the governmental activities' liabilities and deferred inflows resources of \$1,980,545 and a decrease in the liabilities of the business-type activities of \$275,950.

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 between the two 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, 2012
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 21 of this report.

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

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

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

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

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

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The basic governmental fund financial statements can be found starting on page 24 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, the Sewer Fund, the Solid Waste Fund and the Storm Water Drainage Fund, all of which are considered to be major funds. The Internal Service Fund is also presented on the proprietary fund financial statements. The basic proprietary fund financial statements can be found starting on page 34 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 38 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 39 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented, as well as individual budgetary comparisons for all nonmajor funds. This information can be found starting on page 76 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 2012. 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, 2012
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 2012 compared to 2011.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011*	2012	2011	2012	2011*
Current and Other Assets	\$38,819,611	\$36,154,601	\$8,529,223	\$7,979,244	\$47,348,834	\$44,133,845
Capital Assets, Net	44,481,831	43,040,225	54,221,249	54,243,284	98,703,080	97,283,509
<i>Total Assets</i>	<u>83,301,442</u>	<u>79,194,826</u>	<u>62,750,472</u>	<u>62,222,528</u>	<u>146,051,914</u>	<u>141,417,354</u>
Current and Other Liabilities	13,373,626	11,040,666	1,051,321	1,160,197	14,424,947	12,200,863
Long-Term Liabilities:						
Due Within One Year	855,257	1,020,827	435,576	437,993	1,290,833	1,458,820
Due In More Than One Year	2,208,006	2,326,743	3,531,792	3,696,449	5,739,798	6,023,192
<i>Total Liabilities</i>	<u>16,436,889</u>	<u>14,388,236</u>	<u>5,018,689</u>	<u>5,294,639</u>	<u>21,455,578</u>	<u>19,682,875</u>
Property Taxes	2,701,638	2,769,746	0	0	2,701,638	2,769,746
<i>Deferred Inflows of Resources</i>	<u>2,701,638</u>	<u>2,769,746</u>	<u>0</u>	<u>0</u>	<u>2,701,638</u>	<u>2,769,746</u>
Net Investment in Capital Assets	38,898,560	37,887,705	49,793,993	49,593,173	88,692,553	87,480,878
Restricted	13,973,116	11,741,211	0	0	13,973,116	11,741,211
Unrestricted	11,291,239	12,407,928	7,937,790	7,334,716	19,229,029	19,742,644
<i>Total Net Position</i>	<u>\$64,162,915</u>	<u>\$62,036,844</u>	<u>\$57,731,783</u>	<u>\$56,927,889</u>	<u>\$121,894,698</u>	<u>\$118,964,733</u>

* - Restated as disclosed in Note 3

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, total assets exceed total liabilities and deferred inflows of resources by \$121,894,698 at the close of the most recent year.

The largest portion of the City's net position (72.76 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 (\$13,973,116 or 11.46 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$19,229,029 or 15.78 percent) may be used to meet the government's ongoing obligations to its citizens and creditors.

Total assets increased by \$4,634,560 from 2011 to 2012. The change in assets corresponds primarily to increases in equity in pooled cash and cash equivalents, municipal income taxes receivable, and capital assets net of accumulated depreciation. These increases were offset by a decrease in intergovernmental receivables. The City actively pursues grant funding for various projects throughout the City. As a result, the several capital projects have been partially funded through grants. Capital assets increased as a result of various development projects along with further construction on the State Route 59 Signalization Improvements project, the Alley 4 Reconstruction project, Erie/Depyester Street reconstructions and a number of smaller projects still in the construction phase.

Total liabilities and deferred inflows of resources increased \$1,704,595, which corresponds to an increase of \$1,980,545 in governmental activities and a decrease of \$275,950 in the business-type funds. The City issued additional Bond Anticipation Notes (BANs) in the governmental activities. The proceeds from these BANs were used towards the Alley 4 and Erie/Depeyster Street reconstruction projects. This increase in BANs was the main contributor to the increase in liabilities for 2012.

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

The total net position of the City increased \$2,929,965 from 2011 to 2012. 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 and business-type charges for services experienced an increase due to utility rate increases in effect for 2012.

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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

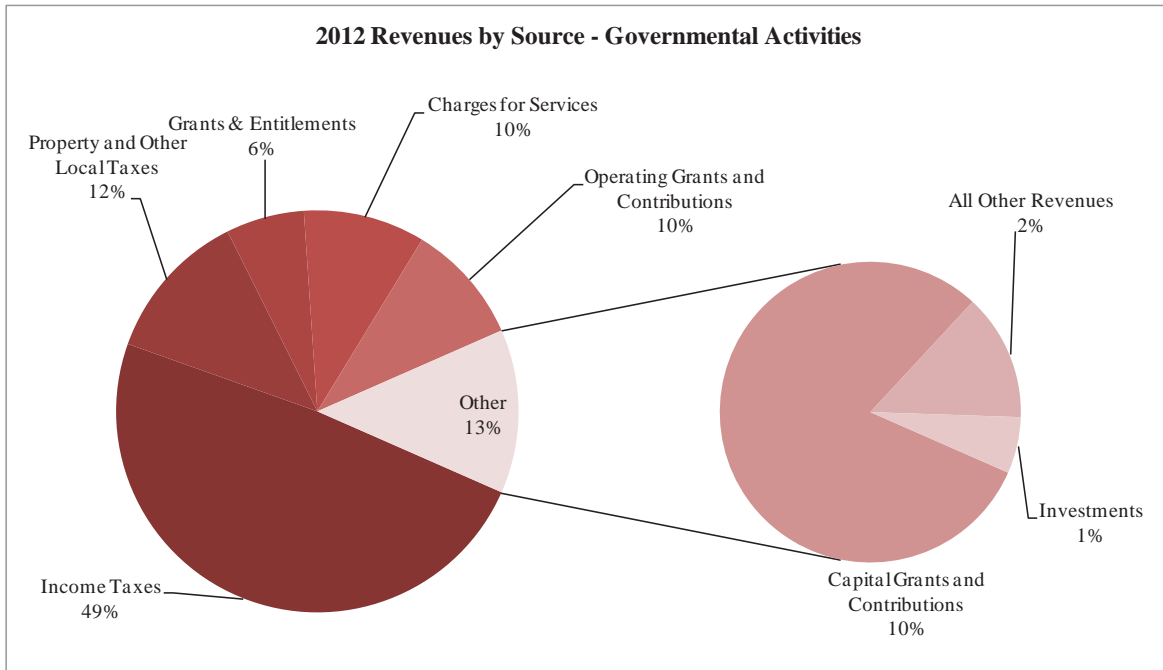
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services	\$2,579,903	\$2,739,285	\$8,358,703	\$7,288,302	\$10,938,606	\$10,027,587
Operating Grants and Contributions	2,571,392	1,602,580	12,500	193,046	2,583,892	1,795,626
Capital Grants and Contributions	2,802,632	3,088,711	572,401	415,020	3,375,033	3,503,731
General Revenues:						
Income Taxes	12,921,715	10,962,364	0	0	12,921,715	10,962,364
Property and Other Local Taxes	3,221,452	3,238,998	0	0	3,221,452	3,238,998
Grants and Entitlements	1,668,485	2,735,703	0	0	1,668,485	2,735,703
Investment Income	206,287	221,008	29,250	33,514	235,537	254,522
All Other Revenues	475,985	574,177	64,055	130,253	540,040	704,430
Total Revenues	<u>26,447,851</u>	<u>25,162,826</u>	<u>9,036,909</u>	<u>8,060,135</u>	<u>35,484,760</u>	<u>33,222,961</u>
Program Expenses						
Security of Persons and Property	11,293,807	11,155,689	0	0	11,293,807	11,155,689
Public Health and Welfare	678,085	666,053	0	0	678,085	666,053
Leisure Time Activities	1,682,142	1,611,324	0	0	1,682,142	1,611,324
Community Development	4,022,927	3,002,485	0	0	4,022,927	3,002,485
Transportation	3,408,722	3,732,080	0	0	3,408,722	3,732,080
General Government	2,988,674	3,090,517	0	0	2,988,674	3,090,517
Interest and Fiscal Charges	247,423	196,981	0	0	247,423	196,981
Water	0	0	3,224,228	3,239,611	3,224,228	3,239,611
Sewer	0	0	3,849,553	4,139,302	3,849,553	4,139,302
Solid Waste	0	0	428,292	434,718	428,292	434,718
Storm Water Drainage	0	0	730,942	813,922	730,942	813,922
Total Expenses	<u>24,321,780</u>	<u>23,455,129</u>	<u>8,233,015</u>	<u>8,627,553</u>	<u>32,554,795</u>	<u>32,082,682</u>
Increase in Net Position						
Before Transfers	2,126,071	1,707,697	803,894	(567,418)	2,929,965	1,140,279
Transfers	0	(140,000)	0	140,000	0	0
Increase in Net Position	<u>2,126,071</u>	<u>1,567,697</u>	<u>803,894</u>	<u>(427,418)</u>	<u>2,929,965</u>	<u>1,140,279</u>
Net Position Beginning of Year, Restated	62,036,844	60,469,147	56,927,889	57,355,307	118,964,733	117,824,454
Net Position End of Year	<u>\$64,162,915</u>	<u>\$62,036,844</u>	<u>\$57,731,783</u>	<u>\$56,927,889</u>	<u>\$121,894,698</u>	<u>\$118,964,733</u>

Governmental Activities

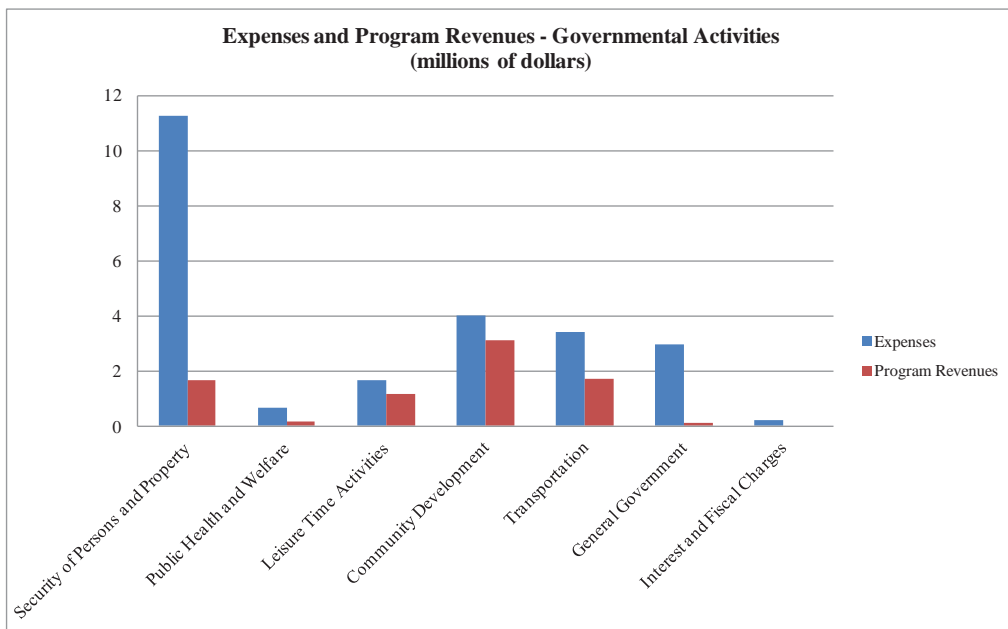
Governmental activities increased the City's net position by \$2,126,071 during 2012.

Several types of revenues fund the City's governmental activities, with municipal income tax being the largest contributor. As presented in the above table, income tax revenues showed a robust increase of \$1,959,351 or 17.87 percent, reflecting an improving economic recovery trend that began in mid-2010 and continued through most of 2011 and 2012. This increase is also attributed to the significant construction projects within the City's downtown development area. The City's total governmental revenue increased by \$1,285,025 in 2012 as compared to 2011, the main increase is related to municipal income taxes and the largest decrease is related to grants and entitlements. This decrease can be attributed to the State's reductions in funding of shared taxes for 2012.

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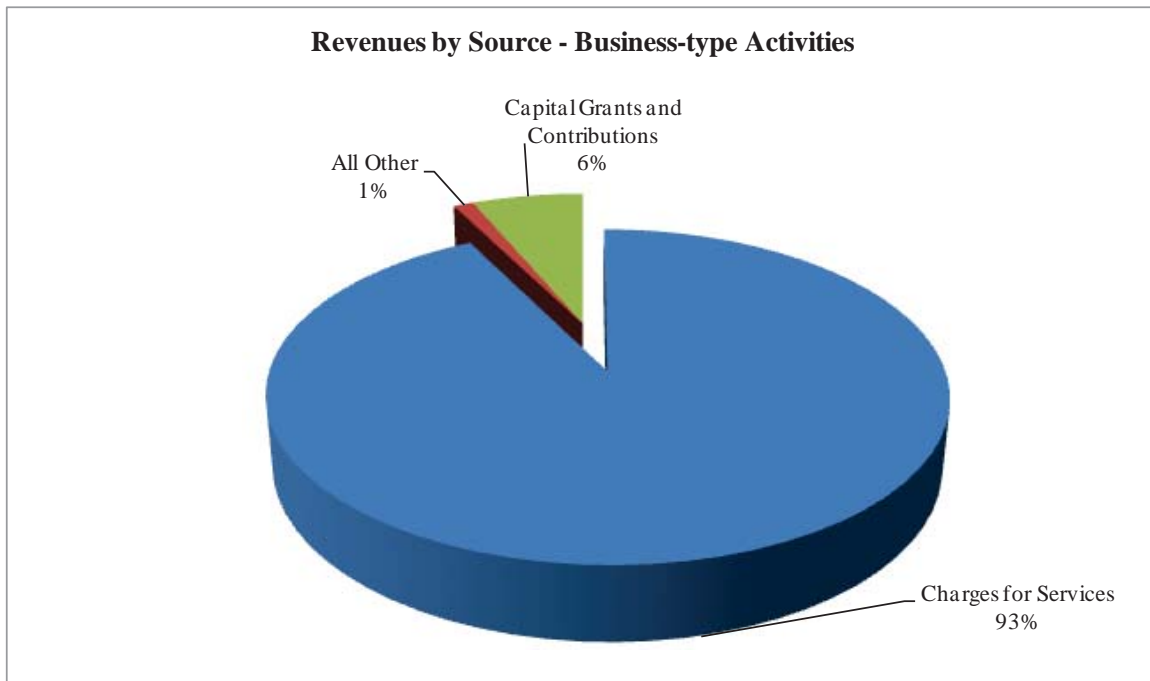
Expenses in the governmental activities experienced an increase of \$866,651 or 3.69 percent. During 2012, the largest program area for the City is security of persons and property at 46.43 percent which includes police, fire and emergency medical services. The next largest program area is community development at 16.54 percent and accounts for the major economic development occurring within the City. Transportation is the third largest program area at 14.02 percent, of which \$1.52 million or 44.82 percent of the total transportation expenses are attributable to depreciation on the City's roads and bridges. General Government is the fourth largest area at 12.29 percent and accounts for the basic operations of the City including council, mayor, city manager, human resources, finance, law, engineering, service administration and civil service.



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Business-Type Activities

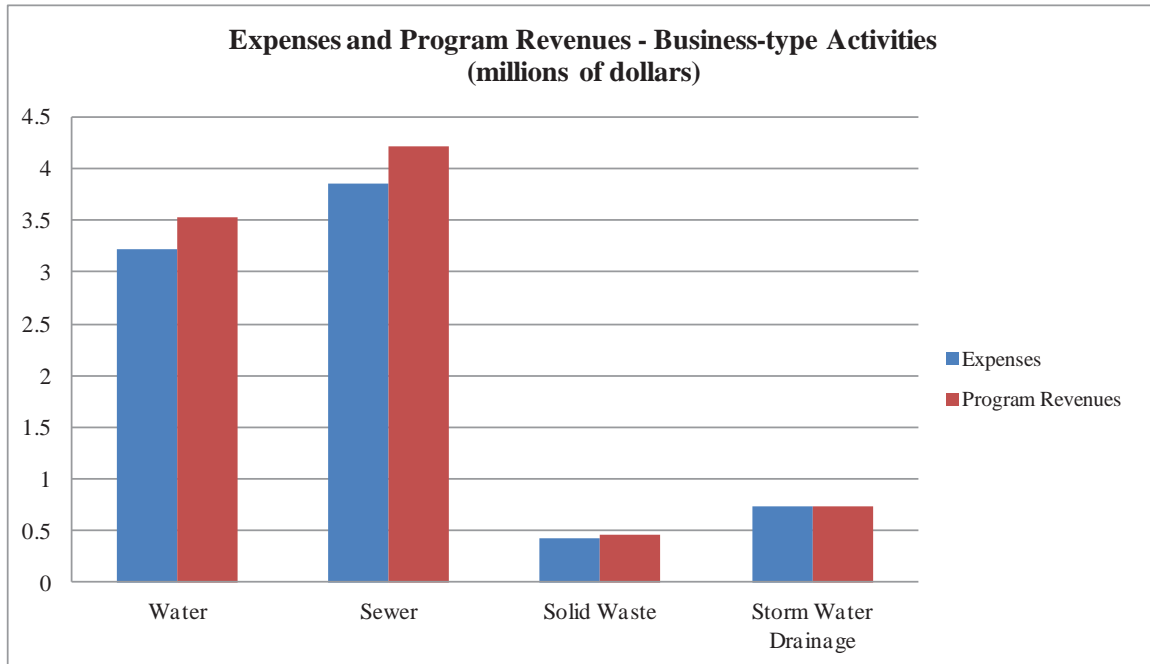
Business-type activities of the City, which include water, sewer, solid waste and storm water drainage operations, increased the City's net position by \$803,894.



Charges for services account for 92.50 percent of total business-type revenues. The increase in charges for services, \$1,070,401 or 14.69 percent, is largely explained by the timing effect of previous water and sewer rate revisions implemented in 2010 and 2011 and the resulting impact on annual comparisons. The City also continued its program to upgrade the water meter reading system, resulting in further reduction in the number of estimated reads. The reduction in estimated meter reads translates to more accurate readings that reflect actual usage, which has a positive impact on charges for services. Capital grants and contributions increased by \$157,381, mostly due to increases in capital grants related to the grant funding provided through the Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC). The OWDA grant funds were used to fund the Plum Creek Restoration project which is in the final construction phase. The OPWC Loan funds were used to fund the Erie/Depeyster Street reconstruction project.

Expenses in the business-type activities decreased by \$394,538 or 4.57 percent, which can be attributed to the City's ongoing efforts to control costs along with the continued implementation of automated water meter reading system.

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Program revenues approximate program expenses for both the solid waste and storm water drainage 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 \$18,194,440, which represents an increase of \$810,775 or 4.66 percent as compared to 2011. The General Fund's unassigned and assigned fund balances were not sufficient to cover the deficits in unassigned fund balance from other governmental funds. *Unassigned and assigned fund balance* is available at the government's discretion. The remainder of the fund balance is nonspendable, restricted, or committed 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.

Fund balance for the City's General Fund declined by \$1,192,960 due to operating expenditures exceeding revenues along with the interfund payable created as a result of the City blending a non-profit organization into their financial statements. This also reflects the City's decrease in intergovernmental revenues mainly attributed to the State's reductions in shared taxes.

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Fund balance for the City's Income Tax Fund increased by \$996,064 due to municipal income tax revenues increasing coupled with expenditures remaining relatively consistent with prior year's expenditures.

Fund balance for the City's Capital Projects Fund increased by \$1,453,816 due an increase in municipal income tax revenues and intergovernmental revenues related to grant funded capital projects. Expenditures also decreased as several capital projects in prior years have been completed during 2012.

Fund balance for the City's Muni PI Tax Increment Equivalent Fund decreased by \$601,866. The City has issued BANs for the purpose of additional downtown development in a designated Tax Increment Financing district. Continued expenditures from the proceeds of BANs issued increased during 2012 as further development continued in the City's downtown.

The net change in fund balances for the City's other major governmental funds are unremarkable. There were no significant changes in revenues and expenditures as compared to 2011.

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 all of the proprietary funds.

	Water	Sewer	Solid Waste	Storm Water Drainage
Unrestricted Net Position	\$2,902,044	\$3,335,574	(\$190,724)	\$2,546,508
Change in Net Position	519,308	560,595	33,796	34,680

In the Water and Sewer Funds, which are the two largest enterprise funds, the unrestricted net position represent 94.80 percent and 93.68 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. Consequently, a Water rate increase of 9% was approved in 2011 to become effective with the first billing after January 15, 2012. Further rate ordinance revisions for Sewer and Solid Waste 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 2012, the City amended its General Fund budget on various occasions. All recommendations for budget changes are reviewed by the Finance Committee of City Council prior to presentation to Council for ordinance enactment of the changes.

For the General Fund expenditures and other financing uses, the original budget amount was \$10,300,895 and the final amended budget was \$10,383,244, an increase of \$82,349. Actual expenditures were \$8,791,590 or \$1,591,654 less than were budgeted. Conservative budget practices and vacancies in some positions were the principal reason budget funds were not spent.

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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, 2012, was \$98,703,080. The City's investment in capital assets increased by \$1,441,606 or 3.35 percent for governmental activities and decreased by \$22,035 or less than 1.00 percent for business-type activities when comparing 2012 to 2011.

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, 2012 to balances at December 31, 2011.

Table 3
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$7,752,401	\$7,711,276	\$1,875,036	\$1,787,536	\$9,627,437	\$9,498,812
Buildings, Structures and Improvements	6,029,443	5,936,384	5,499,021	5,756,630	11,528,464	11,693,014
Machinery and Equipment	2,671,718	2,549,186	1,823,166	1,686,643	4,494,884	4,235,829
Construction in Progress	12,135,940	10,433,343	4,383,858	3,320,918	16,519,798	13,754,261
Infrastructure						
Roads, Bridges, Walks	14,785,338	15,234,082	0	0	14,785,338	15,234,082
Traffic Signals	1,106,991	1,175,954	0	0	1,106,991	1,175,954
Water	0	0	9,922,097	10,189,366	9,922,097	10,189,366
Sewer	0	0	20,076,177	20,623,147	20,076,177	20,623,147
Storm Water	0	0	10,641,894	10,879,044	10,641,894	10,879,044
<i>Total Capital Assets</i>	<u>\$44,481,831</u>	<u>\$43,040,225</u>	<u>\$54,221,249</u>	<u>\$54,243,284</u>	<u>\$98,703,080</u>	<u>\$97,283,509</u>

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Debt. At December 31, 2012, the City's bonds, notes and loans outstanding were \$16.71 million.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<i>Long-Term Obligations:</i>						
General Obligation Bonds	\$0	\$1,370,000	\$0	\$0	\$0	\$1,370,000
Special Assessment Bonds	305,000	334,000	0	0	305,000	334,000
OPWC Loans	241,446	231,053	145,827	82,108	387,273	313,161
OWDA Loans	0	0	3,606,429	3,833,003	3,606,429	3,833,003
Loans Payable	1,445,907	375,123	0	0	1,445,907	375,123
<i>Short-Term Obligations:</i>						
Notes Payable	10,295,000	7,715,000	675,000	735,000	10,970,000	8,450,000
Total	\$12,287,353	\$10,025,176	\$4,427,256	\$4,650,111	\$16,714,609	\$14,675,287

The City's total long-term debt decreased by \$480,678 or 7.72 percent. This decrease in long-term debt for 2012 is primarily due to the City's 1998 various improvement bonds being refunded through short-term notes payable and scheduled debt service payments offset by additions to the City's loan payable.

Short-term debt significantly increased by \$2,520,000. The increase in the City's short-term debt is mainly attributed to the City refunding 1998 various improvement bonds with short-term notes payable and an additional short-term notes payable issued for Alley 4, Erie, Depeyster, and adjoin street projects.

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 \$26,070,246 at December 31, 2012.

Additional information concerning the City's debt can be found in Notes 16 and 17 to the basic financial statements.

Current Financial Related Activities

The City is in the midst of one of the most significant economic transitions in its history. Over the last 2 years downtown Kent has been the beneficiary of \$120 million in new investment, sparking an unprecedented transformation in downtown Kent's physical infrastructure and creating a much needed new source of economic growth at a time when State funding cuts and the declining influence of manufacturing has affected communities all over Northeast Ohio.

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 nearly 40% 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 over the last couple of years.

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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.

It is still early yet in the transition period but the results thus far are promising and the City's key financial measures are trending favorably. Income tax receipts were up by 12.6% in 2012, and while property values around the region dropped by double digits, the property values in Kent saw a comparatively minor decline of just 2%.

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, existing businesses are expanding and new businesses are opening up – all of which is reflected in rising income tax receipts.

The commercial construction rebound that began in 2009 continued in 2012, adding substantially 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%.

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.

Some two dozen new small businesses opened or expanded in the City in 2012. Phoenix Project Phases 1 and 2, Acorn Alley, and Fairmount Buildings A and B were all fully operational, bringing nearly 150 new permanent jobs to downtown Kent. Main Street Kent and the Kent Chamber of Commerce memberships reached all-time highs, 2 corporate headquarters relocated into downtown Kent, and the downtown revitalization project was recognized as the Best Economic Development Project in the State of Ohio for 2012.

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In 2012 construction was in high gear for the new PARTA Transit Center, Acorn Corner Restoration, and the new KSU Hotel and Conference Center. Hundreds of construction workers were on Kent job sites in 2012, contributing much needed income taxes and contributing their buying power to the Kent economy.

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 has repaired more bridges, streets and sidewalks than it has in decades. Over the last 5 years the City was awarded (or was a partner in grant awards) amounting to over \$45 million in stimulus/grant funds, which has enabled the City to leverage grant funds to City funds at better than a 4:1 ratio.

The City continued to work with Franklin and Brimfield townships in 2012 to recruit new businesses and expand business development opportunities within the JEDD boundaries. As a result of these partnerships the City received \$437,312 as its combined share of JEDD income taxes in 2012, which amounts to a 63.5% increase compared to the 2011 combined income tax collections from the JEDDs. While a portion of this increase reflects economic growth within each JEDD, it should be noted that both JEDDs did also implement income tax rate increases that became effective on January 1, 2012.

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 planned incremental water and sewer rate increases. As a result of the rate plans, the City has been able to provide full-cost accounting within the Utility Funds, eliminate General Fund supplements to the Utility Fund, 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 2012, 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 2012 that advanced critical economic development priorities. City staff also continued to pursue efficiency and productivity improvements and to hold vacant positions open wherever possible, resulting in budget cuts and savings in excess of \$100,000 in 2012.

City Operating Funds

Many development activities are underway in Kent that hold promise for Kent's future but the financial benefits projected from those gains are still a couple of years out and in the meantime the City's annual fiscal operating position remains tenuous.

The City's strategic investments are starting to pay off but State funding cuts in 2012 cost the City \$900,000 in lost revenues. City finances have been on an upward swing but the unexpected State cuts pushed off the break-even point for the City's investments by a couple more years, raising the question whether the job growth will occur fast enough to offset the loss in State funding before City operating reserves are depleted by interim operating deficits.

It's looking like it will be the end of 2013 before the downtown construction work will be winding down on the City's investments, so heading into 2014 the City should be able to get a handle on what the "new normal" income tax receipts will be moving forward. Recognizing the timing uncertainty, the City developed a Fiscal Health Index in 2012 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.

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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, 325 South Depeyster Street, Kent, Ohio 44240, telephone (330) 678-8102.

Basic Financial Statements

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City of Kent, Ohio
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 19,872,282	\$ 8,275,886	\$ 28,148,168
Cash and Cash Equivalents:			
In Segregated Accounts	57,141	-	57,141
Cash Surrender Value of Life Insurance Policies	554,095	-	554,095
Materials and Supplies Inventory	323,500	34,359	357,859
Accounts Receivable	358,795	2,402,511	2,761,306
Accrued Interest Receivable	21,385	4,138	25,523
Intergovernmental Receivable	2,151,508	21,988	2,173,496
Other Receivable	-	14,009	14,009
Internal Balances	2,894,158	(2,894,158)	-
Prepaid Items	4,043,260	16,413	4,059,673
Municipal Income Taxes Receivable	2,730,713	-	2,730,713
Property Taxes Receivable	2,941,785	-	2,941,785
Other Taxes Receivable	76,278	-	76,278
Loans Receivable	404,686	-	404,686
Notes Receivable	320,000	-	320,000
Special Assessments Receivable	924,619	1,038,770	1,963,389
Utilization Fee Receivable	-	16,004	16,004
Less: Allowance for Doubtful Accounts	-	(400,697)	(400,697)
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	136,222	-	136,222
Nondepreciable Capital Assets	19,888,341	6,258,894	26,147,235
Depreciable Capital Assets	24,593,490	47,962,355	72,555,845
Assets held for Resale	1,009,184	-	1,009,184
Total Assets	83,301,442	62,750,472	146,051,914
LIABILITIES			
Accounts Payable	394,513	124,975	519,488
Contracts Payable	746,376	37,494	783,870
Accrued Wages and Benefits	908,735	189,772	1,098,507
Intergovernmental Payable	28,364	-	28,364
Matured Compensated Absences Payable	16,379	-	16,379
Accrued Interest Payable	38,266	1,710	39,976
Retainage Payable	395,741	19,472	415,213
Claims Payable	503,814	-	503,814
Notes Payable	10,341,438	677,898	11,019,336
Long-term Liabilities:			
Due within one year	855,257	435,576	1,290,833
Due in more than one year	2,208,006	3,531,792	5,739,798
Total Liabilities	16,436,889	5,018,689	21,455,578
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	2,701,638	-	2,701,638
Total Deferred Inflows of Resources	2,701,638	-	2,701,638
NET POSITION			
Net Investment in Capital Assets	38,898,560	49,793,993	88,692,553
Restricted for:			
Capital Projects	3,705,813	-	3,705,813
Debt Services	443,454	-	443,454
Streets and Highways	2,029,386	-	2,029,386
Income Tax	2,251,268	-	2,251,268
Community Development Block Grant	1,146,872	-	1,146,872
Parks and Recreation	881,816	-	881,816
Fire and EMS	1,601,294	-	1,601,294
Community Development	1,156,664	-	1,156,664
Other Purpose	756,549	-	756,549
Unrestricted	11,291,239	7,937,790	19,229,029
Total Net Position	\$ 64,162,915	\$ 57,731,783	\$ 121,894,698

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, 2012

	<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	\$ 11,293,807	\$ 1,504,097	\$ 165,394	\$ -
Public Health and Welfare	678,085	184,556	6,892	-
Leisure Time Activities	1,682,142	515,414	6,300	644,119
Community Development	4,022,927	233,565	1,624,800	1,253,088
Transportation	3,408,722	37,412	768,006	905,425
General Government	2,988,674	104,859	-	-
Interest and Fiscal Charges	247,423	-	-	-
Total Governmental activities	<u>24,321,780</u>	<u>2,579,903</u>	<u>2,571,392</u>	<u>2,802,632</u>
Business-type activities:				
Water	3,224,228	3,197,503	-	334,491
Sewer	3,849,553	4,150,757	-	70,760
Solid Waste	428,292	445,105	12,500	-
Storm Water Drainage	730,942	565,338	-	167,150
Total Business-type activities	<u>8,233,015</u>	<u>8,358,703</u>	<u>12,500</u>	<u>572,401</u>
Total Primary Government	<u>\$ 32,554,795</u>	<u>\$ 10,938,606</u>	<u>\$ 2,583,892</u>	<u>\$ 3,375,033</u>

General Revenues:

Property Taxes levied for:

General Purposes

Other Purposes

Municipal Income Taxes levied for:

General Purposes

Capital Outlay

Other Purposes

Other Local Taxes

Grants & Entitlements not restricted to specific programs

Investment Income

All Other Revenues

Total General Revenues

Change in Net Position

Net Position - Beginning of Year, as Restated

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 Activities	Business-type Activities	Total
\$ (9,624,316)	\$ -	\$ (9,624,316)
(486,637)	-	(486,637)
(516,309)	-	(516,309)
(911,474)	-	(911,474)
(1,697,879)	-	(1,697,879)
(2,883,815)	-	(2,883,815)
(247,423)	-	(247,423)
<u>(16,367,853)</u>	<u>-</u>	<u>(16,367,853)</u>
-	307,766	307,766
-	371,964	371,964
-	29,313	29,313
-	1,546	1,546
<u>-</u>	<u>710,589</u>	<u>710,589</u>
<u>(16,367,853)</u>	<u>710,589</u>	<u>(15,657,264)</u>
1,346,498	-	1,346,498
1,424,728	-	1,424,728
2,452,641	-	2,452,641
2,339,449	-	2,339,449
8,129,625	-	8,129,625
450,226	-	450,226
1,668,485	-	1,668,485
206,287	29,250	235,537
475,985	64,055	540,040
<u>18,493,924</u>	<u>93,305</u>	<u>18,587,229</u>
2,126,071	803,894	2,929,965
<u>62,036,844</u>	<u>56,927,889</u>	<u>118,964,733</u>
<u>\$ 64,162,915</u>	<u>\$ 57,731,783</u>	<u>\$ 121,894,698</u>

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

City of Kent, Ohio
Balance Sheet
Governmental Funds
December 31, 2012

	<u>General Fund</u>	<u>Street Construction, Maintenance, and Repair</u>	<u>Parks and Recreation</u>	<u>Income Tax</u>	<u>Income Tax Safety</u>	<u>Fire and Emergency Medical Services</u>
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 4,883,087	\$ 768,457	\$ 1,069,050	\$ 4,172,833	\$ 342,987	\$ 1,039,118
Cash and Cash Equivalents:						
In Segregated Accounts	-	-	-	-	-	-
Materials and Supplies Inventory	28,816	294,684	-	-	-	-
Accrued Interest Receivable	16,671	-	-	4,672	-	-
Accounts Receivable	348,382	6,961	1,124	-	-	-
Interfund Receivable	1,236,039	-	-	2,707,080	-	-
Intergovernmental Receivable	748,446	360,416	58,391	-	-	-
Prepaid Items	34,068	5,349	849	8	-	2,737
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	-	16,222	-	-	-	-
Municipal Income Taxes Receivable	520,471	96,901	-	397,302	609,948	609,948
Property Taxes Receivable	1,438,250	-	1,073,864	-	-	-
Special Assessments Receivable	-	461,765	-	-	-	-
Other Receivable	62,785	13,493	-	-	-	-
Loans Receivable	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-
Assets Held for Resale	734,400	-	-	-	-	-
Total Assets	<u>\$ 10,051,415</u>	<u>\$ 2,024,248</u>	<u>\$ 2,203,278</u>	<u>\$ 7,281,895</u>	<u>\$ 952,935</u>	<u>\$ 1,651,803</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 196,781	\$ 10,578	\$ 16,932	\$ 23,864	\$ -	\$ 20,615
Accrued Wages and Benefits	322,286	38,978	37,883	8,493	260,343	220,124
Contracts Payable	-	-	5,227	-	-	-
Intergovernmental Payable	28,364	-	-	-	-	-
Matured Compensated Absences Payable	16,379	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	-
Retainage Payable	-	16,222	64,412	-	-	-
Interfund Payable	1,445,907	-	180,000	-	-	-
Notes Payable	-	-	-	-	-	-
Total Liabilities	<u>2,009,717</u>	<u>65,778</u>	<u>304,454</u>	<u>32,357</u>	<u>260,343</u>	<u>240,739</u>
Deferred Inflows of Resources:						
Property Taxes	1,320,799	-	986,278	-	-	-
Unavailable Revenue - Delinquent Property Taxes	117,451	-	87,586	-	-	-
Unavailable Revenue - Income Taxes	331,155	61,654	-	252,787	388,085	388,085
Unavailable Revenue - Other	612,288	720,089	58,391	-	-	-
Total Deferred Inflows of Resources	<u>2,381,693</u>	<u>781,743</u>	<u>1,132,255</u>	<u>252,787</u>	<u>388,085</u>	<u>388,085</u>
Fund Balances:						
Nonspendable	2,033,323	300,033	849	8	-	2,737
Restricted	-	876,694	765,720	-	304,507	1,020,242
Committed	-	-	-	6,996,743	-	-
Assigned	2,894,067	-	-	-	-	-
Unassigned (Deficit)	732,615	-	-	-	-	-
Total Fund Balances (Deficit)	<u>5,660,005</u>	<u>1,176,727</u>	<u>766,569</u>	<u>6,996,751</u>	<u>304,507</u>	<u>1,022,979</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,051,415</u>	<u>\$ 2,024,248</u>	<u>\$ 2,203,278</u>	<u>\$ 7,281,895</u>	<u>\$ 952,935</u>	<u>\$ 1,651,803</u>

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, 2012</i>		
Capital Projects	Muni PI Tax Increment Equivalent	Other Governmental Funds	Total Governmental Funds			
\$ 3,013,956	\$ 2,035,021	\$ 2,377,801	\$ 19,702,310	Total Governmental Funds Balance	\$18,194,440	
-	-	57,141	57,141	<i>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</i>		
-	-	-	323,500			
-	-	42	21,385			
2,328	-	-	358,795		Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.	44,481,831
-	-	1,445,907	5,389,026			
756,432	-	227,823	2,151,508		Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds:	
-	4,000,000	249	4,043,260			
-	-	120,000	136,222		Delinquent property taxes	\$ 240,147
496,143	-	-	2,730,713		Municipal income taxes	1,737,442
-	-	429,671	2,941,785		Special assessments	921,557
68,851	-	394,003	924,619	Intergovernmental	1,093,950	
-	-	-	76,278	Charges for services	169,997	
-	-	404,686	404,686	Miscellaneous revenues	320,000	
320,000	-	-	320,000	Total	4,483,093	
108,484	-	166,300	1,009,184			
<u>\$ 4,766,194</u>	<u>\$ 6,035,021</u>	<u>\$ 5,623,623</u>	<u>\$ 40,590,412</u>	In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental funds, an interest expenditure is reported when due.	(1,517)	
\$ 17,684	\$ -	\$ 60,525	\$ 346,979	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.	68,331	
-	-	20,628	908,735			
700,788	40,361	-	746,376	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
-	-	-	28,364	Special assessment bonds	(305,000)	
-	-	-	16,379	OPWC loans	(241,446)	
5,618	17,098	14,033	36,749	Loan guarantees	(1,445,907)	
216,923	98,184	-	395,741	Compensated absences	(1,070,910)	
325,000	-	439,573	2,390,480	Total	(3,063,263)	
2,224,522	6,908,980	1,207,936	10,341,438	Net Position of Governmental Activities	<u>\$64,162,915</u>	
<u>3,490,535</u>	<u>7,064,623</u>	<u>1,742,695</u>	<u>15,211,241</u>			
-	-	394,561	2,701,638			
-	-	35,110	240,147			
315,676	-	-	1,737,442			
540,264	-	574,472	2,505,504			
<u>855,940</u>	<u>-</u>	<u>1,004,143</u>	<u>7,184,731</u>			
-	4,000,000	249	6,337,199			
-	-	4,033,504	7,000,667			
419,719	-	-	7,416,462			
-	-	-	2,894,067			
-	(5,029,602)	(1,156,968)	(5,453,955)			
<u>419,719</u>	<u>(1,029,602)</u>	<u>2,876,785</u>	<u>18,194,440</u>			
<u>\$ 4,766,194</u>	<u>\$ 6,035,021</u>	<u>\$ 5,623,623</u>	<u>\$ 40,590,412</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, 2012

	General Fund	Street Construction, Maintenance, and Repair	Parks and Recreation	Income Tax	Income Tax Safety	Fire and Emergency Medical Services	Capital Projects
REVENUES							
Property Taxes	\$ 1,362,085	\$ -	\$ 1,019,205	\$ -	\$ -	\$ -	\$ -
Municipal Income Taxes	2,266,114	410,315	-	1,779,706	2,652,387	2,652,387	2,161,069
Other Local Taxes	259,713	190,513	-	-	-	-	-
Intergovernmental	1,882,349	648,421	1,009,852	-	22,855	-	2,696,225
Interest	107,317	-	-	56,967	-	-	-
Fees, Licenses, and Permits	228,663	-	15,681	-	-	-	-
Fines and Forfeitures	204,924	-	-	-	-	-	-
Charges for Services	1,292,896	37,412	507,082	-	-	-	-
Special Assessments	-	67,627	-	-	-	-	83,214
All Other Revenues	34,101	10,968	41,674	-	-	4,000	45,517
Total Revenues	<u>7,638,162</u>	<u>1,365,256</u>	<u>2,593,494</u>	<u>1,836,673</u>	<u>2,675,242</u>	<u>2,656,387</u>	<u>4,986,025</u>
EXPENDITURES							
Security of Persons and Property	4,679,601	-	-	-	2,568,570	2,448,562	17,749
Public Health and Welfare	408,964	-	-	-	-	-	83,305
Leisure Time Activities	-	-	1,444,809	-	-	-	-
Community Development	1,526,876	-	-	-	-	-	1,255,560
Transportation	-	1,404,302	-	-	-	-	339,854
General Government	2,221,908	-	-	409,847	-	-	46,531
Capital Outlay	-	-	1,085,220	-	-	232,075	1,804,951
Debt Service:							
Principal Retirement	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	14,023
Debt Issuance Costs	-	-	-	-	-	-	10,576
Total Expenditures	<u>8,837,349</u>	<u>1,404,302</u>	<u>2,530,029</u>	<u>409,847</u>	<u>2,568,570</u>	<u>2,680,637</u>	<u>3,572,549</u>
Excess of Revenues (Under) Expenditures	<u>(1,199,187)</u>	<u>(39,046)</u>	<u>63,465</u>	<u>1,426,826</u>	<u>106,672</u>	<u>(24,250)</u>	<u>1,413,476</u>
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	6,227	9,119	-	-	-	-	-
Guarantee of Loans Issued	-	-	-	-	-	-	-
OPWC Loans Issued	-	-	-	-	-	-	40,340
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	(430,762)	-	-	-
Total Other Financing Sources (Uses)	<u>6,227</u>	<u>9,119</u>	<u>-</u>	<u>(430,762)</u>	<u>-</u>	<u>-</u>	<u>40,340</u>
Net Change in Fund Balances	<u>(1,192,960)</u>	<u>(29,927)</u>	<u>63,465</u>	<u>996,064</u>	<u>106,672</u>	<u>(24,250)</u>	<u>1,453,816</u>
Fund Balances - Beginning of Year, as Restated	6,852,965	1,206,654	703,104	6,000,687	197,835	1,047,229	(1,034,097)
Fund Balances - End of Year	<u>\$ 5,660,005</u>	<u>\$ 1,176,727</u>	<u>\$ 766,569</u>	<u>\$ 6,996,751</u>	<u>\$ 304,507</u>	<u>\$ 1,022,979</u>	<u>\$ 419,719</u>

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

Muni PI Tax Increment Equivalent	Other Governmental Funds	Total Governmental Funds	<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, 2012</i>	
\$ -	\$ 421,653	\$ 2,802,943	Net Change in Fund Balances-Total Governmental Funds	\$ 810,775
-	-	11,921,978	<i>Amounts reported for Governmental Activities in the Statement of Activities are different because:</i>	
-	-	450,226	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 outlays exceeded depreciation in the current period.	
94,501	470,332	6,824,535	Capital outlay	\$ 3,695,672
1,776	12,936	178,996	Depreciation	<u>(2,224,552)</u>
-	152,045	396,389	Total	1,471,120
-	18,224	223,148	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.	(29,514)
-	68,110	1,905,500	Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
-	49,250	200,091	Delinquent property taxes	(31,717)
-	221,291	357,551	Municipal income taxes	999,737
<u>96,277</u>	<u>1,413,841</u>	<u>25,261,357</u>	Special assessments	(136,848)
-	548,581	10,263,063	Intergovernmental	(587,019)
-	129,258	621,527	Charges for services	65,470
-	-	1,444,809	Miscellaneous revenues	<u>(40,000)</u>
59,290	383,971	3,225,697	Total	269,623
-	59,531	1,803,687	Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the City's guarantee of loans issued by the blended component unit of the City combined with the issuance of OPWC loans.	(1,117,114)
-	1,970	2,680,256	Repayment of bond principal and the refunding of debt are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,434,937
564,200	9,226	3,695,672	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.	
-	1,434,937	1,434,937	Compensated absences	(33,516)
34,779	142,238	191,040	Accrued interest on bonds	<u>5,971</u>
39,874	11,904	62,354	Total	(27,545)
<u>698,143</u>	<u>2,721,616</u>	<u>25,423,042</u>	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.	<u>(686,211)</u>
<u>(601,866)</u>	<u>(1,307,775)</u>	<u>(161,685)</u>	Change in Net Position of Governmental Activities	<u>\$ 2,126,071</u>
-	-	15,346		
-	1,076,774	1,076,774		
-	-	40,340		
-	270,762	270,762		
-	-	(430,762)		
-	1,347,536	972,460		
<u>(601,866)</u>	<u>39,761</u>	<u>810,775</u>		
<u>(427,736)</u>	<u>2,837,024</u>	<u>17,383,665</u>		
<u>\$ (1,029,602)</u>	<u>\$ 2,876,785</u>	<u>\$ 18,194,440</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,520,842	\$ 1,511,760	\$ 1,626,495	\$ 114,735
Intergovernmental	1,910,273	2,311,888	2,323,080	11,192
Interest	82,086	99,344	99,825	481
Fees, Licenses and Permits	188,030	227,561	228,663	1,102
Fines and Forfeits	162,993	197,260	198,215	955
Charges for Services	1,156,547	1,399,700	1,406,476	6,776
Miscellaneous	15,213	18,412	18,501	89
Total Revenues	<u>5,035,984</u>	<u>5,765,925</u>	<u>5,901,255</u>	<u>135,330</u>
Expenditures				
Current:				
Security of Persons and Property	5,525,268	5,544,868	4,729,167	815,701
Public Health and Welfare	546,501	535,255	456,997	78,258
Community Development	1,434,958	1,484,007	1,219,550	264,457
General Government	2,654,168	2,679,114	2,245,876	433,238
Total Expenditures	<u>10,160,895</u>	<u>10,243,244</u>	<u>8,651,590</u>	<u>1,591,654</u>
Excess of Revenues Over (Under) Expenditures	(5,124,911)	(4,477,319)	(2,750,335)	1,726,984
Other Financing Sources (Uses)				
Sale of Assets	3,500	3,500	6,227	2,727
Advances In	20,000	130,059	20,000	(110,059)
Advances Out	(140,000)	(140,000)	(140,000)	-
Transfer In	2,300,000	2,300,000	2,300,000	-
Total Other Financing Sources (Uses)	<u>2,183,500</u>	<u>2,293,559</u>	<u>2,186,227</u>	<u>(107,332)</u>
Net Change in Fund Balance	(2,941,411)	(2,183,760)	(564,108)	1,619,652
Fund Balance - Beginning of Year	4,879,578	4,879,578	4,879,578	-
Recovery of Prior Year Encumbrances	-	-	102,584	102,584
Fund Balance - End of Year	<u>\$ 1,938,167</u>	<u>\$ 2,695,818</u>	<u>\$ 4,418,054</u>	<u>\$ 1,722,236</u>

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

City of Kent, Ohio
*Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget (Non-GAAP Basis) and Actual
 Street Construction, Maintenance and Repair Fund
 For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 218,686	\$ 192,128	\$ 190,913	\$ (1,215)
Intergovernmental	825,693	725,420	720,830	(4,590)
Charges for Services	42,855	37,650	37,412	(238)
Special Assessments	81,055	71,212	70,761	(451)
Miscellaneous	1,000	879	873	(6)
Total Revenues	<u>1,169,289</u>	<u>1,027,289</u>	<u>1,020,789</u>	<u>(6,500)</u>
Expenditures				
Current:				
Transportation	<u>1,612,307</u>	<u>1,624,307</u>	<u>1,469,708</u>	<u>154,599</u>
Excess of Revenues Over (Under) Expenditures	(443,018)	(597,018)	(448,919)	148,099
Other Financing Sources				
Sale of Capital Assets	2,500	2,500	9,119	6,619
Transfers In	428,211	428,211	428,211	-
Total Other Financing Sources	<u>430,711</u>	<u>430,711</u>	<u>437,330</u>	<u>6,619</u>
Net Change in Fund Balance	(12,307)	(166,307)	(11,589)	154,718
Fund Balance - Beginning of Year	727,222	727,222	727,222	-
Recovery of Prior Year Encumbrances	-	-	13,380	13,380
Fund Balance - End of Year	<u>\$ 714,915</u>	<u>\$ 560,915</u>	<u>\$ 729,013</u>	<u>\$ 168,098</u>

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

City of Kent, Ohio
*Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget (Non-GAAP Basis) and Actual
 Parks and Recreation Fund
 For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,131,762	\$ 1,127,257	\$ 1,019,205	\$ (108,052)
Intergovernmental	1,021,321	933,475	1,017,201	83,726
Fees, Licenses and Permits	15,745	14,390	15,681	1,291
Charges for Services	509,136	465,344	507,082	41,738
Miscellaneous	40,714	37,212	40,550	3,338
Total Revenues	<u>2,718,678</u>	<u>2,577,678</u>	<u>2,599,719</u>	<u>22,041</u>
Expenditures				
Current:				
Leisure Time Activities	<u>2,710,597</u>	<u>2,858,763</u>	<u>2,629,250</u>	<u>229,513</u>
Excess of Revenues Over (Under) Expenditures	8,081	(281,085)	(29,531)	251,554
Other Financing (Uses)				
Advances Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net Change in Fund Balance	(11,919)	(301,085)	(49,531)	251,554
Fund Balance - Beginning of Year	716,867	716,867	716,867	-
Recovery of Prior Year Encumbrances	-	-	30,454	30,454
Fund Balance - End of Year	<u>\$ 704,948</u>	<u>\$ 415,782</u>	<u>\$ 697,790</u>	<u>\$ 282,008</u>

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

City of Kent, Ohio
*Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget (Non-GAAP Basis) and Actual
 Income Tax Fund
 For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Income Taxes	\$10,483,456	\$11,367,722	\$12,067,197	\$ 699,475
Interest	49,771	53,969	57,290	3,321
Miscellaneous	71,773	83,309	-	(83,309)
Total Revenues	<u>10,605,000</u>	<u>11,505,000</u>	<u>12,124,487</u>	<u>619,487</u>
Expenditures				
Current:				
General Government	<u>530,529</u>	<u>530,529</u>	<u>386,715</u>	<u>143,814</u>
Excess of Revenues Over Expenditures	10,074,471	10,974,471	11,737,772	763,301
Other Financing Sources (Uses)				
Advances In	30,000	30,000	30,000	-
Advances Out	-	(760,000)	(760,000)	-
Transfer Out	<u>(10,481,689)</u>	<u>(10,742,256)</u>	<u>(10,742,256)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(10,451,689)</u>	<u>(11,472,256)</u>	<u>(11,472,256)</u>	<u>-</u>
Net Change in Fund Balance	(377,218)	(497,785)	265,516	763,301
Fund Balance - Beginning of Year	3,901,870	3,901,870	3,901,870	-
Recovery of Prior Year Encumbrances	-	-	181	181
Fund Balance - End of Year	<u>\$ 3,524,652</u>	<u>\$ 3,404,085</u>	<u>\$ 4,167,567</u>	<u>\$ 763,482</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 24,000	\$ 22,855	\$ (1,145)
Expenditures				
Current:				
Security of Persons & Property	2,437,715	2,587,715	2,587,542	173
Excess of Revenues Over (Under) Expenditures	(2,437,715)	(2,563,715)	(2,564,687)	(972)
Other Financing Sources				
Transfers In	2,525,000	2,694,397	2,695,397	1,000
Net Change in Fund Balance	87,285	130,682	130,710	28
Fund Balance - Beginning of Year	79,615	79,615	79,615	-
Fund Balance - End of Year	<u>\$ 166,900</u>	<u>\$ 210,297</u>	<u>\$ 210,325</u>	<u>\$ 28</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current:				
Security of Persons & Property	2,815,678	2,823,928	2,712,903	111,025
Excess of Revenues Over (Under) Expenditures	(2,815,678)	(2,823,928)	(2,712,903)	111,025
Other Financing Sources				
Transfers In	2,525,000	2,695,397	2,695,397	-
Net Change in Fund Balance	(290,678)	(128,531)	(17,506)	111,025
Fund Balance - Beginning of Year	325,053	325,053	325,053	-
Recovery of Prior Year Encumbrances	-	-	13,486	13,486
Fund Balance - End of Year	\$ 34,375	\$ 196,522	\$ 321,033	\$ 124,511

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, 2012

	Enterprise Funds					Governmental Activities
	Water	Sewer	Solid Waste	Storm Water Drainage	Total	Internal Service Fund
ASSETS						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 2,417,798	\$ 2,623,309	\$ 432,708	\$ 2,802,071	\$ 8,275,886	\$ 169,972
Materials and Supplies Inventory	26,602	7,757	-	-	34,359	-
Accrued Interest Receivable	2,069	2,069	-	-	4,138	-
Accounts Receivable	913,200	1,279,988	63,634	145,689	2,402,511	-
Other Receivable	-	-	4,185	9,824	14,009	-
Intergovernmental Receivable	7,330	7,329	-	7,329	21,988	-
Prepaid Items	12,471	3,559	16	367	16,413	-
Special Assessments Receivable	450,607	274,300	-	313,863	1,038,770	-
Utilization Fee Receivable	4,729	11,275	-	-	16,004	-
Less: Allowance for Doubtful Accounts	(167,799)	(210,008)	(10,789)	(12,101)	(400,697)	-
Total Current Assets	<u>3,667,007</u>	<u>3,999,578</u>	<u>489,754</u>	<u>3,267,042</u>	<u>11,423,381</u>	<u>169,972</u>
Noncurrent Assets:						
Cash Surrender Value of Life Insurance Policies	-	-	-	-	-	554,095
Capital Assets:						
Land	1,360,175	441,944	-	72,917	1,875,036	-
Construction in Progress	1,155,401	808,442	-	2,420,015	4,383,858	-
Depreciable Assets, Net of Depreciation	12,581,137	24,700,144	554	10,680,520	47,962,355	-
Total Noncurrent Assets	<u>15,096,713</u>	<u>25,950,530</u>	<u>554</u>	<u>13,173,452</u>	<u>54,221,249</u>	<u>554,095</u>
Total Assets	<u>18,763,720</u>	<u>29,950,108</u>	<u>490,308</u>	<u>16,440,494</u>	<u>65,644,630</u>	<u>724,067</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	37,112	33,352	52,634	1,877	124,975	47,534
Accrued Wages and Benefits	79,965	89,212	2,548	18,047	189,772	-
Compensated Absences Payable	71,530	98,521	3,330	22,493	195,874	-
Contracts Payable	37,494	-	-	-	37,494	-
Retainage Payable	19,472	-	-	-	19,472	-
Interfund Payable	512,100	428,980	621,466	676,000	2,238,546	760,000
Accrued Interest Payable	-	1,710	-	-	1,710	-
Claims Payable	-	-	-	-	-	503,814
Notes Payable	-	677,898	-	-	677,898	-
OWDA Loans Payable	35,786	198,949	-	-	234,735	-
OPWC Loans Payable	-	-	-	4,967	4,967	-
Total Current Liabilities	<u>793,459</u>	<u>1,528,622</u>	<u>679,978</u>	<u>723,384</u>	<u>3,725,443</u>	<u>1,311,348</u>
Noncurrent Liabilities:						
Compensated Absences Payable	7,290	9,331	500	2,117	19,238	-
OWDA Loans Payable	480,980	2,890,714	-	-	3,371,694	-
OPWC Loans Payable	42,520	17,444	-	80,896	140,860	-
Total Noncurrent Liabilities	<u>530,790</u>	<u>2,917,489</u>	<u>500</u>	<u>83,013</u>	<u>3,531,792</u>	<u>-</u>
Total Liabilities	<u>1,324,249</u>	<u>4,446,111</u>	<u>680,478</u>	<u>806,397</u>	<u>7,257,235</u>	<u>1,311,348</u>
NET POSITION						
Net Investment in Capital Assets	14,537,427	22,168,423	554	13,087,589	49,793,993	-
Unrestricted	2,902,044	3,335,574	(190,724)	2,546,508	8,593,402	(587,281)
Total Net Position	<u>\$ 17,439,471</u>	<u>\$ 25,503,997</u>	<u>\$ (190,170)</u>	<u>\$ 15,634,097</u>	<u>\$ 58,387,395</u>	<u>\$ (587,281)</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.

(655,612)
\$ 57,731,783

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, 2012

	Enterprise Funds				Total	Governmental Activities
	Water	Sewer	Solid Waste	Storm Water Drainage		Internal Service Fund
OPERATING REVENUES						
Charges for Services	\$ 3,197,503	\$ 4,150,757	\$ 445,105	\$ 565,338	\$8,358,703	\$ 1,921,015
Miscellaneous	52,591	10,293	-	1,171	64,055	-
Total Operating Revenues	<u>3,250,094</u>	<u>4,161,050</u>	<u>445,105</u>	<u>566,509</u>	<u>8,422,758</u>	<u>1,921,015</u>
OPERATING EXPENSES						
Salaries	1,337,313	1,506,733	45,909	312,003	3,201,958	-
Fringe Benefits	423,080	473,632	15,148	95,789	1,007,649	-
Materials and Supplies	371,661	273,186	2,056	1,648	648,551	-
Utilities	202,037	173,920	706	-	376,663	-
Contractual Services	193,634	314,698	359,600	49,195	917,127	588,980
Depreciation	524,675	807,106	221	241,075	1,573,077	-
Claims	-	-	-	-	-	2,546,767
Other	8,667	11,311	169	225	20,372	-
Total Operating Expense	<u>3,061,067</u>	<u>3,560,586</u>	<u>423,809</u>	<u>699,935</u>	<u>7,745,397</u>	<u>3,135,747</u>
Operating Income (Loss)	<u>189,027</u>	<u>600,464</u>	<u>21,296</u>	<u>(133,426)</u>	<u>677,361</u>	<u>(1,214,732)</u>
NONOPERATING REVENUES (EXPENSES)						
(Loss) on Sale of Capital Assets	(2,424)	-	-	-	(2,424)	-
Interest	14,461	13,833	-	956	29,250	24,036
Interest and Fiscal Charges	(16,247)	(124,462)	-	-	(140,709)	-
Intergovernmental	-	-	12,500	-	12,500	-
Total Nonoperating Revenues (Expenses)	<u>(4,210)</u>	<u>(110,629)</u>	<u>12,500</u>	<u>956</u>	<u>(101,383)</u>	<u>24,036</u>
Capital Contributions from Grants	308,869	39,218	-	166,450	514,537	-
Transfers In	-	-	-	-	-	160,000
Capital Contributions from Tap In Fees	25,622	31,542	-	700	57,864	-
Change in Net Position	519,308	560,595	33,796	34,680	1,148,379	(1,030,696)
Net Position - Beginning of Year	16,920,163	24,943,402	(223,966)	15,599,417		443,415
Net Position - End of Year	<u>\$17,439,471</u>	<u>\$25,503,997</u>	<u>\$(190,170)</u>	<u>\$15,634,097</u>		<u>\$ (587,281)</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.

(344,485)
\$ 803,894

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, 2012

	Enterprise Funds					Governmental Activities
	Water	Sewer	Solid Waste	Storm Water Drainage	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Charges for Services	\$2,964,174	\$3,718,014	\$445,819	\$ 569,903	\$7,697,910	\$ 1,921,015
Other Cash Receipts	52,591	10,293	-	8,769	71,653	-
Cash Payments to Employees for Services	(1,327,112)	(1,503,483)	(45,972)	(310,009)	(3,186,576)	-
Cash Payments for Employee Benefits	(432,579)	(487,485)	(14,350)	(98,752)	(1,033,166)	-
Cash Payments for Goods and Services	(790,765)	(751,116)	(339,905)	(50,080)	(1,931,866)	(578,776)
Cash Payments for Claims	-	-	-	-	-	(2,416,571)
Other Cash Payments	(3,233)	(4,270)	-	-	(7,503)	-
Net Cash Provided by Operating Activities	463,076	981,953	45,592	119,831	1,610,452	(1,074,332)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental	-	-	12,500	-	12,500	-
Advances In	-	-	140,000	-	140,000	760,000
Advances Out	-	-	-	(30,000)	(30,000)	-
Transfers In	-	-	-	-	-	160,000
Net Cash Provided by (Used in) Noncapital Financing Activities	-	-	152,500	(30,000)	122,500	920,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital Grants and Contributions	374,150	229,879	-	167,843	771,872	-
Tap-in Fees	24,888	30,478	-	700	56,066	-
Special Assessments	38,393	30,790	-	18,650	87,833	-
Proceeds from Notes	-	675,000	-	-	675,000	-
Premium on Notes	-	3,864	-	-	3,864	-
Principal Paid on OWDA/OPWC Loans	(34,712)	(191,862)	-	(4,967)	(231,541)	-
Principal Paid on Notes	-	(735,000)	-	-	(735,000)	-
Interest Paid on OWDA/OPWC Loans	(16,247)	(120,285)	-	-	(136,532)	-
Interest Paid on Notes	-	(7,330)	-	-	(7,330)	-
Payments for Capital Acquisitions	(826,893)	(311,791)	-	(471,137)	(1,609,821)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(440,421)	(396,257)	-	(288,911)	(1,125,589)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceed from sales and maturities of investments	-	-	-	-	-	212,496
Interest on Investments	14,713	14,349	-	956	30,018	-
Net Cash Provided by Investing Activities	14,713	14,349	-	956	30,018	212,496
Net Increase (Decrease) in Cash and Cash Equivalents	37,368	600,045	198,092	(198,124)	637,381	58,164
Cash and Cash Equivalents - Beginning of Year	2,380,430	2,023,264	234,616	3,000,195	7,638,505	111,808
Cash and Cash Equivalents - End of Year	\$2,417,798	\$2,623,309	\$432,708	\$ 2,802,071	\$8,275,886	\$ 169,972

(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, 2012

	<u>Enterprise Funds</u>					<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Storm Water Drainage</u>	<u>Total</u>	<u>Internal Service Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 189,027	\$ 600,464	\$ 21,296	\$ (133,426)	\$ 677,361	\$ (1,214,732)
Adjustments:						
Depreciation	524,675	807,106	221	241,075	1,573,077	-
Premium charged for Life Insurance Policies	-	-	-	-	-	10,204
(Increase) Decrease in Assets:						
Accounts Receivable	(227,895)	(425,702)	(529)	4,790	(649,336)	-
Other Receivable	-	-	(2,773)	7,598	4,825	-
Materials and Supplies Inventory	(2,371)	4,250	-	-	1,879	-
Prepaid Items	381	(245)	-	(39)	97	-
Increase (Decrease) in Liabilities:						
Accounts Payable	(21,443)	6,683	27,832	802	13,874	24,340
Accrued Wages and Benefits	805	(5,954)	(348)	(1,609)	(7,106)	-
Compensated Absences Payable	(103)	(4,649)	(107)	640	(4,219)	-
Claims Payable	-	-	-	-	-	105,856
Net Cash Provided by Operating Activities	<u>\$ 463,076</u>	<u>\$ 981,953</u>	<u>\$ 45,592</u>	<u>\$ 119,831</u>	<u>\$1,610,452</u>	<u>\$ (1,074,332)</u>
<u>Schedule of Non-Cash Investing, Capital, and Financing Activities:</u>						
Proceeds and related capital acquisitions from OPWC Loan	\$ 42,520	\$ 17,444	\$ -	\$ 8,722	\$ 68,686	\$ -

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, 2012

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 702,144
Total Assets	<u>\$ 702,144</u>
Liabilities	
Deposits Held and Due to Others	\$ 702,144
Total Liabilities	<u>\$ 702,144</u>

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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 Organizations 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 20 and 21 to the basic financial statements, respectively.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(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, 2012
(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. It also accounts for the Organization, a blended component unit of the City.

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.

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

Income Tax Fund - This fund accounts for the revenue received from the municipal income tax 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.

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 (mostly bond anticipation note proceeds) that will be used for the development of the City's downtown.

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

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.

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net 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 in trust those funds held by the City and received from a contractor, developer, or individual to ensure compliance with the ordinances of the City.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are presented using the economic resources measurement focus. All assets 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.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

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.

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.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

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, there were no deferred outflows of resources as of December 31, 2012.

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 and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. 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, 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.

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 the year, the City's investments were limited to non-negotiable and negotiable certificates of deposits, municipal bond, and United States Agency debt securities.

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 2012 amounted to \$107,317, which includes \$72,279 assigned from other City funds.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(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 expended/expensed when used. Inventory consists of expendable supplies.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012 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 \$2,500 for 2012. 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 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, 2012
(Continued)

I. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Due to/from other funds.” Interfund 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.

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.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

L. 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 spendable in 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. In the General Fund, assigned amounts would represent intended uses established by City Council.

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, 2012
(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.

M. 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 food service program, the revolving housing program, and several other minor grant funds.

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

N. Operating Revenues and Expenses

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

O. Contributions of Capital

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

P. Interfund Activity

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2012.

R. Estimates

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

S. Budgetary Process

All funds, except agency and internal service funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the 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.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

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

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

Note 3 – Changes in Accounting Principles and Prior Period Adjustments

Changes in Accounting Principles

GASB Statement Number 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2011 and have been implemented by the City.

GASB Statement Number 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the City.

GASB Statement Number 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been early implemented by the City which required a prior period adjustment to the City’s net position and fund balances of the governmental activities and governmental funds, respectively.

GASB Statement Number 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the City.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the City.

GASB Statement Number 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2011 and have been implemented by the City.

GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been early implemented by the City.

Prior Period Adjustments

Prior period adjustments are necessary for the City's governmental activities' net position and the fund balance of the General Fund and nonmajor special revenue fund. The City has determined that a non-profit organization should be included in the City's basic financial statements as a blended component unit. The inclusion of the blended component unit on the City's financial statements is as follows:

	Governmental Activities	
Net Position, December 31, 2011	\$ 61,819,073	
Adjustments:		
Inclusion of Blended Component Unit	217,771	
Restated Net Position, December 31, 2011	\$ 62,036,844	
	General Fund	Other Governmental Funds
Fund Balance, December 31, 2011	\$ 7,228,088	\$ 2,244,130
Adjustments:		
Inclusion of Blended Component Unit	(375,123)	592,894
Restated Fund Balance, December 31, 2011	\$ 6,852,965	\$ 2,837,024

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

Note 4 – Accountability and Compliance

Fund Deficits

Start-up costs associated with the City's recycling program (initiated in 1990) resulted in deficit net position in the Solid Waste fund. Disposition of Solid Waste fund capital assets in 1995 resulted in a loss of \$90,575 that contributed to increasing the deficit to \$446,384 at December 31, 2001. In 2001, City Council approved a substantial rate increase that was effective in January 2002. The combination of increased revenues and revised service levels resulted in a reduction of the deficit net position over the last several years. However, recent increases in the curbside collection contract caused an increase in net position of \$145,819 for 2011 and in 2012 the City continued efforts to increase the fund net assets which lead to an overall fund deficit of \$190,170 at December 31, 2012.

In addition, the City's General Obligation Debt Service, Muni PI Tax Increment Equivalent Fund, and Internal Service Fund reported deficit fund balances for 2012. 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.

There is a deficit in the Capital Projects budgetary fund balance of \$1,472,006, attributed to the inclusion of the outstanding encumbrances for multi-year projects. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when encumbrances 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, Street Construction, Maintenance and Repair, Parks and Recreation, Income Tax, Income Tax Safety, and the Fire and Emergency Medical Services funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(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 five major special revenue funds.

	General	Street Construction, Maintenance and Repair	Parks and Recreation	Income Tax	Income Tax Safety	Fire and Emergency Medical Services
Fund Balance - Budget Basis	\$4,418,054	\$729,013	\$697,790	\$4,167,567	\$210,325	\$321,033
Net Adjustment						
Revenue Accruals	4,371,044	939,536	1,133,379	3,109,054	609,948	609,948
Deferred Revenue	(2,381,693)	(781,743)	(1,132,255)	(252,787)	(388,085)	(388,085)
Expenditure Accruals	(2,009,717)	(49,556)	(304,454)	(32,357)	(260,343)	(240,739)
Assets Held for Resale	734,400	0	0	0	0	0
Inventories/Prepays	62,884	300,033	849	8	0	2,737
Investment Valuation	20,602	0	0	0	0	0
Encumbrances	444,431	39,444	371,260	5,266	132,662	718,085
Fund Balance - GAAP Basis	<u>\$5,660,005</u>	<u>\$1,176,727</u>	<u>\$766,569</u>	<u>\$6,996,751</u>	<u>\$304,507</u>	<u>\$1,022,979</u>

Note 6 - Deposits and Investments

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

- 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, 2012, the City had \$1,055 in undeposited cash on hand, which is included on the balance sheet of the City as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposit may not be returned. The City’s policy is to place deposits with major local banks approved by the City Council. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts 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, 2012, the carrying value of the City’s deposits was \$21,413,948, of which \$7,350,597 was non-negotiable certificates of deposit (cash and cash equivalents in segregated accounts of \$57,141 related to the City’s blended component unit are not included in the City’s deposits). The cash balances per the banks were \$20,377,697, of which \$12,718,427 was insured by Federal depository insurance. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$7,659,270 was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent but not in the City’s name.

Investments

The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all of its investments at fair value. At December 31, 2012, fair value was \$25,528 above the City’s net cost for investments. Fair value is determined by quoted market prices and other acceptable pricing methodologies.

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

The City holds one investment which matures on December 1, 2020. The \$361,000 investment in municipal bonds was specifically approved by the Treasury Investment Board of the City.

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 Moody's Investor Services.

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

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

As of December 31, 2012, the City had the following investment and investment maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturity</u>
Municipal Bonds	\$361,000	Aa2	December 1, 2020
U.S. Debt Securities	3,639,663	AA+	Various Maturities
U.S. Treasury Note	124,923	AA+	December 1, 2013
Money Market Mutual Funds	1,455	N/A	Daily
Negotiable Certificate of Deposit	3,444,490	N/A	Various Maturities
Total Investments	<u>\$7,571,531</u>		

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(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, 2012.

Investments	\$7,571,531
Carrying amount of the City's Deposits	21,413,948
Cash on Hand	1,055
Total	<u>\$28,986,534</u>
 <i>Governmental Activities</i>	
Governmental Funds	
Equity in Pooled Cash and Cash Equivalents	\$19,702,310
Restricted Cash	136,222
Internal Service Funds	
Equity in Pooled Cash and Cash Equivalents	169,972
Total Governmental Activities	<u>20,008,504</u>
 <i>Business-Type Activities</i>	
Enterprise Funds	
Equity in Pooled Cash and Cash Equivalents	<u>8,275,886</u>
 <i>Agency Funds</i>	
	<u>702,144</u>
Total	<u>\$28,986,534</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(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	Street Construction, Maintenance & Repair	Parks and Recreation	Income Tax	Income Tax Safety	Fire and Emergency Medical Services	Capital Projects	Muni PI Tax Increment Equivalent	Other Governmental Funds	Total
<i>Nonspendable</i>										
Prepaid Items	\$ 34,068	\$ 5,349	\$ 849	\$ 8	\$ -	\$ 2,737	\$ -	\$ 4,000,000	\$ 249	\$ 4,043,260
Inventories	28,816	294,684	-	-	-	-	-	-	-	323,500
Interfund Balances	1,236,039	-	-	-	-	-	-	-	-	1,236,039
Assets Held for Resale	734,400	-	-	-	-	-	-	-	-	734,400
<i>Total Nonspendable</i>	<u>2,033,323</u>	<u>300,033</u>	<u>849</u>	<u>8</u>	<u>-</u>	<u>2,737</u>	<u>-</u>	<u>4,000,000</u>	<u>249</u>	<u>6,337,199</u>
<i>Restricted for</i>										
Police Pension	-	-	-	-	-	-	-	-	4,762	4,762
Fire Pension	-	-	-	-	-	-	-	-	4,764	4,764
Public Safety	-	-	-	-	304,507	1,020,242	-	-	440,323	1,765,072
Other Law Enforcement	-	-	-	-	-	-	-	-	86,963	86,963
JAG Grant	-	-	-	-	-	-	-	-	13,548	13,548
Streets and Highways	-	876,694	-	-	-	-	-	-	91,528	968,222
Parks and Recreation	-	-	765,720	-	-	-	-	-	-	765,720
Food Services	-	-	-	-	-	-	-	-	53,099	53,099
Revolving Housing	-	-	-	-	-	-	-	-	88,782	88,782
Swimming Pool Inspections	-	-	-	-	-	-	-	-	4,312	4,312
Community Development	-	-	-	-	-	-	-	-	3,245,423	3,245,423
<i>Total Restricted</i>	<u>-</u>	<u>876,694</u>	<u>765,720</u>	<u>-</u>	<u>304,507</u>	<u>1,020,242</u>	<u>-</u>	<u>-</u>	<u>4,033,504</u>	<u>7,000,667</u>
<i>Committed to</i>										
Public Facilities and Programs	-	-	-	2,251,268	-	-	-	-	-	2,251,268
Income Tax	-	-	-	4,745,475	-	-	-	-	-	4,745,475
Capital Improvement	-	-	-	-	-	-	419,719	-	-	419,719
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,996,743</u>	<u>-</u>	<u>-</u>	<u>419,719</u>	<u>-</u>	<u>-</u>	<u>7,416,462</u>
<i>Assigned to</i>										
Fiscal Year 2013 Appropriations	2,565,835	-	-	-	-	-	-	-	-	2,565,835
Purchases on Order	328,232	-	-	-	-	-	-	-	-	328,232
<i>Total Assigned</i>	<u>2,894,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,894,067</u>
<i>Unassigned (Deficit)</i>										
	732,615	-	-	-	-	-	-	(5,029,602)	(1,156,968)	(5,453,955)
Total Fund Balances	<u>\$ 5,660,005</u>	<u>\$ 1,176,727</u>	<u>\$ 766,569</u>	<u>\$ 6,996,751</u>	<u>\$ 304,507</u>	<u>\$ 1,022,979</u>	<u>\$ 419,719</u>	<u>\$ (1,029,602)</u>	<u>\$ 2,876,785</u>	<u>\$ 18,194,440</u>

Note 8 - Income Taxes

During 2012, the City levied income tax of 2 percent on substantially all income earned within the City. In addition, residents are required to pay City income tax on income earned outside the City; however, credit is allowed for income taxes paid to other municipalities, up to a maximum of 2 percent.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

Note 9 - Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the City. The assessed value upon which the 2011 levy was based was \$346,335,680.

Real property taxes received by the City in a calendar year are levied on January 1 of the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. The assessed value of real property (including public utility real property) is established by the County Auditor at 35 percent of estimated true value. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. A revaluation was completed in 2012. 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.

Note 10 – Interfund Balances and Transfers

As of December 31, 2012, individual funds due to/from other funds that resulted from various interfund transactions were as follows:

	PAYABLE FUND									Total
	Governmental Activities					Business-Type Activities				
	General	Parks and Recreation	Capital Projects	Nonmajor	Internal Service	Water	Sewer	Solid Waste	Storm Water Drainage	
RECEIVABLE FUND										
<i>Governmental Funds</i>										
General	\$0	\$180,000	\$325,000	\$439,573	\$0	\$140,000	\$0	\$151,466	\$0	\$1,236,039
Income Tax	0	0	0	0	760,000	512,100	428,980	330,000	676,000	2,707,080
Nonmajor	1,445,907	0	0	0	0	0	0	0	0	1,445,907
Total	\$1,445,907	\$180,000	\$325,000	\$439,573	\$760,000	\$652,100	\$428,980	\$481,466	\$676,000	\$5,389,026

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

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.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

Transfers made during the year ended December 31, 2012 were as follows:

	TRANSFERS OUT
	<i>Governmental activities</i>
TRANSFERS IN	Income Tax
<i>Governmental Activities</i>	
Nonmajor	\$270,762
Internal Service Fund	160,000
Total Governmental Activities	\$430,762

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

The claims liability of \$503,814 reported in the fund at December 31, 2012, 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 2011 and 2012 were:

		Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2011	\$	150,777	\$ 2,435,209	\$ 2,188,028	\$ 397,958
2012		397,958	2,546,767	2,440,911	503,814

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(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 2012, 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
Travelers Insurance Company	Commercial Property	2,500
Travelers Insurance Company	Commercial Crime	1,000
Travelers Insurance Company	Inland Marine	1,000
Travelers Insurance Company	Boiler and Machinery	2,500
US Specialty Insurance Company	Automobile Comprehensive	500
US Specialty Insurance Company	Automobile Collision	500
Travelers Insurance Company	General Liability	0
Travelers Insurance Company	Employee Benefit Plans Administration	
	Administration Liability	1,000
Travelers Insurance Company	General Liability - Sewer Backup	5,000
Travelers 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. Finally, the City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

Note 12 - Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$7,711,276	\$41,125	\$0	\$7,752,401
Construction in Progress	10,433,343	2,863,723	(1,161,126)	12,135,940
<i>Total Capital Assets, Not Being Depreciated</i>	<u>18,144,619</u>	<u>2,904,848</u>	<u>(1,161,126)</u>	<u>19,888,341</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings, Structures and Improvements	11,497,580	452,418	0	11,949,998
Machinery and Equipment	11,364,713	663,109	(1,932,351)	10,095,471
Infrastructure:				
Roads	33,344,181	836,423	0	34,180,604
Bridges	2,949,089	0	0	2,949,089
Sidewalks	54,014	0	0	54,014
Traffic Signals	1,388,220	0	0	1,388,220
<i>Total Capital Assets, Being Depreciated</i>	<u>60,597,797</u>	<u>1,951,950</u>	<u>(1,932,351)</u>	<u>60,617,396</u>
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(5,561,196)	(359,359)	0	(5,920,555)
Machinery and Equipment	(8,815,527)	(511,063)	1,902,837	(7,423,753)
Infrastructure:				
Roads	(20,355,606)	(1,221,486)	0	(21,577,092)
Bridges	(708,738)	(63,010)	0	(771,748)
Sidewalks	(48,858)	(671)	0	(49,529)
Traffic Signals	(212,266)	(68,963)	0	(281,229)
<i>Total Accumulated Depreciation</i>	<u>(35,702,191)</u>	<u>(2,224,552) *</u>	<u>1,902,837</u>	<u>(36,023,906)</u>
Total Capital Assets, Being Depreciated, Net	<u>24,895,606</u>	<u>(272,602)</u>	<u>(29,514)</u>	<u>24,593,490</u>
Governmental Activities Capital Assets, Net	<u>\$43,040,225</u>	<u>\$2,632,246</u>	<u>(\$1,190,640)</u>	<u>\$44,481,831</u>

* Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property	\$427,187
Public Health and Welfare	2,048
Leisure Time Activities	180,465
Community Development	10,781
Transportation	1,527,885
General Government	76,186
Total Depreciation Expense	<u>\$2,224,552</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Business-Type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$1,787,536	\$87,500	\$0	\$1,875,036
Construction in Progress	3,320,918	1,141,837	(78,897)	4,383,858
<i>Total Capital Assets, Not Being Depreciated</i>	<u>5,108,454</u>	<u>1,229,337</u>	<u>(78,897)</u>	<u>6,258,894</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings, Structures and Improvements	14,601,776	77,653	0	14,679,429
Machinery and Equipment	10,529,146	325,373	(228,079)	10,626,440
Infrastructure:				
Water Mains	15,586,580	0	0	15,586,580
Sanitary Sewers	27,356,907	0	0	27,356,907
Storm Water Drainage Lines	14,882,723	0	0	14,882,723
<i>Total Capital Assets, Being Depreciated</i>	<u>82,957,132</u>	<u>403,026</u>	<u>(228,079)</u>	<u>83,132,079</u>
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(8,845,146)	(335,262)	0	(9,180,408)
Machinery and Equipment	(8,842,503)	(186,426)	225,655	(8,803,274)
Infrastructure:				
Water Mains	(5,397,214)	(267,269)	0	(5,664,483)
Sanitary Sewers	(6,733,760)	(546,970)	0	(7,280,730)
Storm Water Drainage Lines	(4,003,679)	(237,150)	0	(4,240,829)
<i>Total Accumulated Depreciation</i>	<u>(33,822,302)</u>	<u>(1,573,077) *</u>	<u>225,655</u>	<u>(35,169,724)</u>
Total Capital Assets, Being Depreciated, Net	<u>49,134,830</u>	<u>(1,170,051)</u>	<u>(2,424)</u>	<u>47,962,355</u>
Business-Type Activities Capital Assets, Net	<u><u>\$54,243,284</u></u>	<u><u>\$59,286</u></u>	<u><u>(\$81,321)</u></u>	<u><u>\$54,221,249</u></u>

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

Business-Type Activities	
Water Fund	\$524,675
Sewer Fund	807,106
Solid Waste Fund	221
Storm Water Drainage Fund	241,075
	<u>\$1,573,077</u>

Note 13 - Pension and Other Post-employment Benefits

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

Ohio Public Employees Retirement System

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

- 1) The Traditional Pension Plan (TP) – a cost-sharing, multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
- 3) The Combined Plan (CO) – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

The Ohio Revised Code provides statutory authority for member and employer contributions. The 2012 member contribution rates were 10.00 percent for members in state and local classifications other than law enforcement and public safety. The 2012 total employer contribution rate for local government employers was 14.00 percent of covered payroll. The City's required contribution rate was allocated to fund pension benefits for members of: the Traditional Plan was 10.00 percent during calendar year 2012; the Combined Plan was 7.95 percent during calendar year 2012. The City's required contributions to OPERS for the years ended December 31, 2012, 2011, and 2010 were \$1,010,421, \$1,017,236, and \$1,008,819, respectively. As of December 31, 2012, 100 percent of the City's required contributions have been made for 2011, 2010, and 99.73 percent has been made for 2012.

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

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

Funding Policy - The Ohio Revised Code provides the statutory authority to require public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. The 2012 local government employer contribution rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for local government employers. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. The portion of the 2012 employer contribution rate (identified above) that was used to fund health care for: the Traditional Plan was 4.00 percent during calendar year 2012; and the Combined Plan was 6.05 percent during calendar year 2012. The OPERS Board of Trustees 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 City's 2012, 2011, and 2010 contributions that were used to fund post-employment benefits amounted to \$288,692, \$301,214, and \$424,863, respectively. As of December 31, 2012, the City has contributed 100 percent of its required post-employment contributions for 2011 and 2010, and 99.73 percent has been made for 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.00 percent of their annual covered salary, while the City is required to contribute 19.50 percent and 24.00 percent for police officers and firefighters, respectively. The City's contributions to OP&F for the years ending December 31, 2012, 2011, and 2010 were \$614,662, \$612,086, and \$591,145 for police and \$630,178, \$614,992, and \$570,884 for firefighters, respectively. As of December 31, 2012, the City has contributed 71.68 percent and 73.37 percent respectively for the police officers and firefighters required contributions with the unpaid portion being recorded as a liability in the City's financial statements. 100.00 percent of the required contributions have been made for 2011 and 2010.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401 (h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401 (h).

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

The portion of the City's contributions that was used to pay post-employment benefits for December 31, 2012, 2011, and 2010 was \$212,768, \$211,876, and \$204,627 for police and \$177,238, \$172,967, and \$160,561 for firefighters, respectively. As of December 31, 2012, the City has contributed 71.68 percent and 73.37 percent, respectively, for the police officers and firefighters required contributions. 100.00 percent of the required contributions have been made for 2011 and 2010.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

Other Postemployment Benefits

Plan Description – The City administers a single-employer defined benefit life insurance plan. The plan provides other post-employment benefits (OPEB) in the form of life insurance benefits to 68 retirees employed by the City prior to June 2005. The benefits, benefit levels and employer contributions are governed by the City. The activity of the plan is reported in the City’s Internal Service Fund. Life insurance benefits are only provided to the aforementioned retirees. All members of the plan have retired and the benefits provided have been set at a flat amount.

Funding Policy – The City’s annual contributions to the plan for fiscal year ended December 31, 2012, were \$10,204. The plan requires no matching contributions from the employees during or after their period of employment. The City is funding the plan on a pay as you go basis.

Annual OPEB Cost and Net OPEB Obligation - The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (of funding excess) over the lesser of the average remaining life expectancy of the group or a period not to exceed thirty years. As of December 31, 2012 (the latest information available), the alternative measurement method was performed to determine the funded status of the plan as well as the City’s ARC. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligations to the plan:

Annual required contribution	\$ 10,204
Contributions made	10,204
Change in Net OPEB obligation	-
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ -

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011, and 2010 were as follows:

Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 21,236	100%	\$ -
2011	11,665	100	-
2012	10,204	100	-

Funded Status and Funding Progress – As of December 31, 2012 (the latest information available), the actuarial accrued liability for life insurance benefits was \$359,898, of which \$33,002 was funded through actual plan assets. There is no covered payroll since the plan is closed and all of the members are retired.

The funded status of the plan as of December 31, 2012 (the latest information available), was as follows:

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

Actuarial Accrued Liability	\$359,898
Actual Value of Plan Assets	<u>33,002</u>
Unfunded Actuarial Accrued Liability	<u><u>\$326,896</u></u>
 Fund Ratio (Actual Value of Plan Assets/AAL)	 9.17%

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

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

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

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

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

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

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

Note 14 – 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 \$1,156,091 as of December 31, 2012.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

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 \$103,948 as of December 31, 2012.

B. Other Benefits

City employees are contractually entitled to severance pay equal to one month of their salary if they retire with at least 10 years of service. The severance pay obligation was calculated using the termination payments method and amounted to \$25,983 as of December 31, 2012.

Note 15 - Construction and Other Commitments

As of December 31, 2012, the City had capital contracts and retainage payables of \$1,142,117 and \$56,966 in governmental funds and business-type funds, respectively.

	<u>Contract Amount</u>
Governmental	
SR 59 Signalization Improvement	\$ 199,726
Portage Hike & Bike Trail - Tannery Section	64,412
2012 Concrete Repair Program	61,214
Alley 5 Parking Lot	34,263
Alley 4 Reconstruction	30,101
Erie/Depyester Reconstruction	108,444
KSU Esplanade Project	598,441
Various Capital Purchases	45,516
	\$1,142,117
Business-Type	
Middlebury Road Watermain	\$19,472
Other Projects	37,494
	\$56,966
Total	\$1,199,083

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

Operating Lease where City is Lessee

On August 3, 2011, the City entered into a 50-year lease agreement with the Portage Area Regional Transit Authority (PARTA). The lease agreement required the City to prepay all rentals and costs payable for the lease of two upper levels of the parking facility in the amount of \$4,000,000. The prepayment of the lease term is necessary to provide additional funding to PARTA for the construction of the parking facility. The first lease year shall commence when the parking facility is complete and operable. As of December 31, 2012, the parking facility is still under construction.

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.

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:

<u>Years</u>	
2013	\$30,001
2014	30,001
2015	30,001
2016	30,001
2017	30,000
Thereafter	<u>270,070</u>
Total	<u><u>\$420,074</u></u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(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, 2012, the City's commitments for encumbrances in the governmental funds were as follows:

	<u>Encumbrances</u> <u>Outstanding</u>
Major Funds:	
General	\$ 328,232
Street Construction, Maintenance and Repair	39,444
Parks and Recreation	371,260
Income Tax	5,266
Income Tax Safety	132,662
Fire and Emergency Medical Services	718,085
Capital Projects	4,485,962
Muni PI Tax Increment Equivalent	220,789
Nonmajor Funds:	
Special Revenue Funds	<u>501,699</u>
Total	<u><u>\$ 6,803,399</u></u>

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City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

Note 16 – Long-term Obligations

Changes in bonds and other long-term obligations of the City during 2012 were as follows:

	Principal Outstanding 12/31/11	Additions	Deletions	Principal Outstanding 12/31/12	Due Within One Year
Governmental Activities					
General Obligation Bonds:					
\$3,000,000 Various Purpose 1998 4.35% - 5.20%	\$1,370,000	\$0	\$1,370,000	\$0	\$0
Special Assessment Bonds:					
\$561,000 Street Improvements 2000 5.50% - 6.00%	334,000	0	29,000	\$305,000	31,000
Ohio Public Works Commission Loans					
\$512,940 Fairchild Avenue Improvements 1999 0.00%	192,353	0	25,647	166,706	25,647
\$86,000 Elm-Mae-Morris Improvements 2001 0.00%	38,700	0	4,300	34,400	4,300
\$136,900 Erie & Depeyster Street Reconstruction 2012 0.00%	0	40,340	0	40,340	0
<i>Total Ohio Public Works Commission Loans</i>	<u>231,053</u>	<u>40,340</u>	<u>29,947</u>	<u>241,446</u>	<u>29,947</u>
Loans Payable	375,123	1,076,774	5,990	1,445,907	0
Compensated Absences	<u>1,037,394</u>	<u>774,679</u>	<u>741,163</u>	<u>1,070,910</u>	<u>794,310</u>
Total Governmental Activities	<u>\$3,347,570</u>	<u>\$1,891,793</u>	<u>\$2,176,100</u>	<u>\$3,063,263</u>	<u>\$855,257</u>
Business-Type Activities					
Ohio Water Development Authority Loans					
\$485,851 Kent-Ravenna Interconnect 2003 3.65%	\$332,250	\$0	\$22,517	\$309,733	\$23,346
\$4,372,503 Sanitary Sewer Improvements 2003 3.66%	3,281,525	0	191,862	3,089,663	198,949
\$271,200 Franklin Hills Waterline 2007 2.00%	219,228	0	12,195	207,033	12,440
<i>Total Ohio Water Development Authority Loans</i>	<u>3,833,003</u>	<u>0</u>	<u>226,574</u>	<u>3,606,429</u>	<u>234,735</u>
Ohio Public Works Commission Loans					
\$46,694 Elm-Mae-Morris Improvements 2005 0.00%	37,355	0	2,335	35,020	2,335
\$52,650 Drainage Area Q - Phase 3 2007 0.00%	44,753	0	2,632	42,121	2,632
\$233,100 Erie & Depeyster Street Reconstruction 2012 0.00%	0	68,686	0	68,686	0
<i>Total Ohio Public Works Commission Loans</i>	<u>82,108</u>	<u>68,686</u>	<u>4,967</u>	<u>145,827</u>	<u>4,967</u>
Compensated Absences	219,331	206,452	210,671	215,112	195,874
Total Business-Type Activities	<u>\$4,134,442</u>	<u>\$275,138</u>	<u>\$442,212</u>	<u>\$3,967,368</u>	<u>\$435,576</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2012 are as follows:

Governmental Activities					
Years	Special Assessment Bonds		OPWC	Total	
	Principal	Interest	Principal	Principal	Interest
2013	\$31,000	\$18,300	\$29,947	\$60,947	\$18,300
2014	32,000	16,440	29,947	61,947	16,440
2015	34,000	14,520	29,947	63,947	14,520
2016	37,000	12,480	29,947	66,947	12,480
2017	39,000	10,260	29,947	68,947	10,260
2018-2022	132,000	16,200	51,371	183,371	16,200
Total	\$305,000	\$88,200	\$201,106	\$506,106	\$88,200

Business-Type Activities					
Years	OWDA Loans		OPWC	Total	
	Principal	Interest	Principal	Principal	Interest
2013	\$234,735	\$126,451	\$4,967	\$239,702	\$126,451
2014	243,193	117,993	4,967	248,160	117,993
2015	251,960	109,227	4,967	256,927	109,227
2016	261,045	100,140	4,967	266,012	100,140
2017	270,461	90,724	4,967	275,428	90,724
2018-2022	1,506,023	299,906	24,835	1,530,858	299,906
2023-2027	839,012	45,329	24,830	863,842	45,329
2028	0	0	2,641	2,641	0
Total	\$3,606,429	\$889,770	\$77,141	\$3,683,570	\$889,770

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

Loans payable relate to a guarantee the City has with the Kent Downtown Community Urban Redevelopment Corporation (the City's blended component unit) for property that was purchased in the downtown redevelopment district. These loans are the amount outstanding by the blended component unit on a line of credit. This line of credit provides for interest only payments on the outstanding balance until its conversion day on January 27, 2015. Interest accrues at the Wall Street Journal prime rate (3.25 percent at December 31, 2012) 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. An amortization schedule has not been provided for this debt as of December 31, 2012. This guarantee will be repaid from the City's General Fund.

During 2012, the City entered into a grant/loan agreement with OPWC for the reconstruction of Erie and Depeyster Streets. The OPWC loan will be for \$370,000 with a 0.00 percent interest rate. Loan proceeds were received in 2012 and split between governmental and proprietary funds. As of December 31, 2012, this project has not been completed and OPWC has not provided an amortization schedule for the repayment of this loan.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

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

The City has the ability to issue \$8.8 million of additional debt without obtaining voter approval.

Note 17 – Note Obligations

A summary of note transactions for the year ended December 31, 2012 follows:

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Governmental Activities				
2011, 1.00%	\$3,715,000	\$0	\$3,715,000	\$0
2011, 1.50%	4,000,000	0	4,000,000	0
2012, 1.375%	0	5,650,000	5,650,000	0
2012, 1.00%	0	9,095,000	0	9,095,000
2012, 1.50%	0	1,200,000	0	1,200,000
Unamortized Premium	22,764	84,089	60,415	46,438
<i>Total Governmental Activities</i>	<u>7,737,764</u>	<u>16,029,089</u>	<u>13,425,415</u>	<u>10,341,438</u>
Business-Type Activities				
Sewer Fund				
2011, 1.00%	735,000	0	735,000	0
2012, 1.00%	0	675,000	0	675,000
Unamortized Premium	2,264	3,864	3,230	2,898
<i>Total Sewer Fund</i>	<u>737,264</u>	<u>678,864</u>	<u>738,230</u>	<u>677,898</u>
Total	<u>\$8,475,028</u>	<u>\$16,707,953</u>	<u>\$14,163,645</u>	<u>\$11,019,336</u>

On May 16, 2012, the City issued \$5.65 million in various purpose notes at an interest rate of 1.375 percent with a maturity date of October 10, 2012. The notes are backed by the full faith and credit of the City of Kent. These notes were issued to retire \$4.00 million of the 2011 various purpose notes that were set to mature on May 17, 2012 and also to provide additional capital funding of \$1.650 million. The note liabilities are reflected in the funds which received the proceeds. The notes were issued at a premium of \$20,849. Since these notes had fully matured during 2012, the premium was fully amortized.

On September 11, 2012, the City issued \$1.200 million in various purpose refunding notes at an interest rate of 1.50 percent with a maturity date of September 10, 2013. The notes are backed by the full faith and credit of the City of Kent. These notes were issued for the current refunding of \$1.370 million in 1998 various purpose general obligation bonds. The note liability was reflected in the General Obligation Debt Service fund which received the proceeds. The notes were issued at a premium of \$11,904. 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 fund.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

On October 9, 2012, the City issued \$9.770 million in various purpose notes at an interest rate of 1.00 percent with a maturity date of October 8, 2013. 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 \$9.095 million and the corresponding liabilities were reflected in governmental funds which received the proceeds. Note proceeds of \$0.675 million and the corresponding liability were reflected in the proprietary fund which received the proceeds. The notes were issued at a premium of \$55,200. 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. At December 31, 2012, a portion of the proceeds from the note issuances has not been fully disbursed for capital outlays. Only the portion that has been spent as of December 31, 2012, is included in the City's net investment in capital assets.

Note 18 – Conduit Debt

The City is party to certain conduit debt obligations:

<u>Type</u>	<u>On Behalf of</u>	<u>Principal Outstanding December 31, 2012</u>	<u>Year Issued</u>
Multi-Family Housing Revenue Bonds	Silver Meadows Apartments	<u>\$8,775,000</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 19 - 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 20 - Jointly Governed Organization

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(Continued)

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

Note 21 – Joint Ventures

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

In 2012, the City received \$391,564 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 2012, the City received \$45,748 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.

Combining Statements and Individual Fund Schedules

Combining Statements – 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.

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

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

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

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

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

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

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

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

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

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Non-Major Special Revenue Funds (continued)

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

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

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

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

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

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

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, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 2,320,833	\$ 56,968	\$ 2,377,801
Cash and Cash Equivalents:			
In Segregated Accounts	57,141	-	57,141
Accrued Interest Receivable	42	-	42
Interfund Receivable	1,445,907	-	1,445,907
Intergovernmental Receivable	227,823	-	227,823
Prepaid Items	249	-	249
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	120,000	-	120,000
Property Taxes Receivable	429,671	-	429,671
Special Assessments Receivable	-	394,003	394,003
Loans Receivable	404,686	-	404,686
Assets Held for Resale	166,300	-	166,300
Total Assets	\$ 5,172,652	\$ 450,971	\$ 5,623,623
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 60,525	\$ -	\$ 60,525
Accrued Wages and Benefits	20,628	-	20,628
Accrued Interest Payable	8,033	6,000	14,033
Interfund Payable	439,573	-	439,573
Notes Payable	-	1,207,936	1,207,936
Total Liabilities	528,759	1,213,936	1,742,695
Deferred Inflows of Resources:			
Property Taxes	394,561	-	394,561
Unavailable Revenue - Delinquent Property Taxes	35,110	-	35,110
Unavailable Revenue - Other	180,469	394,003	574,472
Total Deferred Inflows of Resources	610,140	394,003	1,004,143
Fund Balances:			
Nonspendable	249	-	249
Restricted	4,033,504	-	4,033,504
Unassigned (Deficit)	-	(1,156,968)	(1,156,968)
Total Fund Balances (Deficit)	4,033,753	(1,156,968)	2,876,785
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,172,652	\$ 450,971	\$ 5,623,623

City of Kent, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Property Taxes	\$ 421,653	\$ -	\$ 421,653
Intergovernmental	470,332	-	470,332
Interest	12,936	-	12,936
Fees, Licenses, and Permits	152,045	-	152,045
Fines and Forfeitures	18,224	-	18,224
Charges for Services	68,110	-	68,110
Special Assessments	-	49,250	49,250
All Other Revenues	219,321	1,970	221,291
Total Revenues	1,362,621	51,220	1,413,841
EXPENDITURES			
Security of Persons and Property	548,581	-	548,581
Public Health and Welfare	129,258	-	129,258
Community Development	383,971	-	383,971
Transportation	59,531	-	59,531
General Government	-	1,970	1,970
Capital Outlay	9,226	-	9,226
Debt Service:			
Principal Retirement	5,990	1,428,947	1,434,937
Interest and Fiscal Charges	58,400	83,838	142,238
Debt Issuance Costs	-	11,904	11,904
Total Expenditures	1,194,957	1,526,659	2,721,616
Excess of Revenues Over (Under) Expenditures	167,664	(1,475,439)	(1,307,775)
OTHER FINANCING SOURCES			
Guarantee of Loans Issued	1,076,774	-	1,076,774
Transfer In	-	270,762	270,762
Total Other Financing Sources	1,076,774	270,762	1,347,536
Net Change in Fund Balances	1,244,438	(1,204,677)	39,761
Fund Balances - Beginning of Year, as Restated	2,789,315	47,709	2,837,024
Fund Balances - End of Year	\$ 4,033,753	\$(1,156,968)	\$ 2,876,785

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	West Side Fire	State Highway	Food Service	Revolving Housing	State and Local Forfeits
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 96,177	\$ 88,397	\$ 53,690	\$ 89,676	\$ 16,363
Cash and Cash Equivalents:					
In Segregated Accounts	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Interfund Receivable	-	-	-	-	-
Intergovernmental Receivable	13,047	29,223	-	-	-
Prepaid Items	48	-	-	-	-
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	-	-	-	-	-
Property Taxes Receivable	232,846	-	-	-	-
Loans Receivable	-	-	-	-	-
Assets Held for Resale	-	-	-	-	-
Total Assets	\$ 342,118	\$ 117,620	\$ 53,690	\$ 89,676	\$ 16,363
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 821	\$ 5,147	\$ -	\$ -	\$ -
Accrued Wages and Benefits	19,079	-	591	894	-
Accrued Interest Payable	-	-	-	-	-
Interfund Payable	-	-	-	-	-
Total Liabilities	19,900	5,147	591	894	-
Deferred Inflows of Resources:					
Property Taxes	213,807	-	-	-	-
Unavailable Revenue - Delinq.Property Taxes	19,039	-	-	-	-
Unavailable Revenue - Other	13,047	20,945	-	-	-
Total Deferred Inflows of Resources	245,893	20,945	-	-	-
Fund Balances:					
Nonspendable	48	-	-	-	-
Restricted	76,277	91,528	53,099	88,782	16,363
Total Fund Balances	76,325	91,528	53,099	88,782	16,363
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 342,118	\$ 117,620	\$ 53,690	\$ 89,676	\$ 16,363

Drug Law Enforcement	Enforcement and Education	Law Enforcement Trust	Community Development Block Grant	Neighborhood Stabilization	Wireless 911	Swimming Pool Inspections
\$ 28,290	\$ 22,904	\$ 18,334	\$ 969,853	\$ 333,307	\$ 360,726	\$ 4,376
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
250	822	-	152,235	12,050	8,405	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	274,256	-	-	-
-	-	-	-	-	-	-
<u>\$ 28,540</u>	<u>\$ 23,726</u>	<u>\$ 18,334</u>	<u>\$ 1,396,344</u>	<u>\$ 345,357</u>	<u>\$ 369,131</u>	<u>\$ 4,376</u>
\$ -	\$ -	\$ -	\$ 49,472	\$ -	\$ 5,085	\$ -
-	-	-	-	-	-	64
-	-	-	-	-	-	-
-	-	-	200,000	239,573	-	-
-	-	-	249,472	239,573	5,085	64
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	122,636	12,050	-	-
-	-	-	122,636	12,050	-	-
-	-	-	-	-	-	-
28,540	23,726	18,334	1,024,236	93,734	364,046	4,312
28,540	23,726	18,334	1,024,236	93,734	364,046	4,312
<u>\$ 28,540</u>	<u>\$ 23,726</u>	<u>\$ 18,334</u>	<u>\$ 1,396,344</u>	<u>\$ 345,357</u>	<u>\$ 369,131</u>	<u>\$ 4,376</u>

(Continued)

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds (continued)
December 31, 2012

	JAG Grant	Police Pension	Fire Pension	Urban Development Action Grant	Kent Downtown Community Urban Redevelopment Corporation	Total Nonmajor Special Revenue Funds
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 13,548	\$ 4,762	\$ 4,764	\$ 215,666	\$ -	\$ 2,320,833
Cash and Cash Equivalents:						
In Segregated Accounts	-	-	-	-	57,141	57,141
Accrued Interest Receivable	-	-	-	42	-	42
Interfund Receivable	-	-	-	-	1,445,907	1,445,907
Intergovernmental Receivable	-	5,896	5,895	-	-	227,823
Prepaid Items	-	-	-	-	201	249
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	-	-	-	120,000	-	120,000
Property Taxes Receivable	-	98,413	98,412	-	-	429,671
Loans Receivable	-	-	-	130,430	-	404,686
Assets Held for Resale	-	-	-	-	166,300	166,300
Total Assets	<u>\$ 13,548</u>	<u>\$ 109,071</u>	<u>\$ 109,071</u>	<u>\$ 466,138</u>	<u>\$ 1,669,549</u>	<u>\$ 5,172,652</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,525
Accrued Wages and Benefits	-	-	-	-	-	20,628
Accrued Interest Payable	-	-	-	-	8,033	8,033
Interfund Payable	-	-	-	-	-	439,573
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,033</u>	<u>528,759</u>
Deferred Inflows of Resources:						
Property Taxes	-	90,377	90,377	-	-	394,561
Unavailable Revenue - Delinq.Property Taxes	-	8,036	8,035	-	-	35,110
Unavailable Revenue - Other	-	5,896	5,895	-	-	180,469
Total Deferred Inflows of Resources	<u>-</u>	<u>104,309</u>	<u>104,307</u>	<u>-</u>	<u>-</u>	<u>610,140</u>
Fund Balances:						
Nonspendable	-	-	-	-	201	249
Restricted	13,548	4,762	4,764	466,138	1,661,315	4,033,504
Total Fund Balances	<u>13,548</u>	<u>4,762</u>	<u>4,764</u>	<u>466,138</u>	<u>1,661,516</u>	<u>4,033,753</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,548</u>	<u>\$ 109,071</u>	<u>\$ 109,071</u>	<u>\$ 466,138</u>	<u>\$ 1,669,549</u>	<u>\$ 5,172,652</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, 2012

	West Side Fire	State Highway Fire	Food Service	Revolving Housing	State and Local Forfeits
REVENUES					
Property Taxes	\$ 223,816	\$ -	\$ -	\$ -	\$ -
Intergovernmental	26,093	52,576	-	-	-
Interest	-	-	-	-	-
Fees, Licenses, and Permits	-	-	60,210	89,210	-
Fines and Forfeitures	-	-	-	-	8,114
Charges for Services	-	-	-	-	-
All Other Revenues	-	-	-	-	-
Total Revenues	249,909	52,576	60,210	89,210	8,114
EXPENDITURES					
Security of Persons and Property	231,201	-	-	-	-
Public Health and Welfare	-	-	49,895	73,986	-
Community Development	-	-	-	-	-
Transportation	-	59,531	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	231,201	59,531	49,895	73,986	-
Excess of Revenues Over (Under) Expenditures	18,708	(6,955)	10,315	15,224	8,114
OTHER FINANCING SOURCES					
Guarantee of Loans Issued	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-
Net Change in Fund Balances	18,708	(6,955)	10,315	15,224	8,114
Fund Balances - Beginning of Year, Restated	57,617	98,483	42,784	73,558	8,249
Fund Balances - End of Year	\$ 76,325	\$ 91,528	\$ 53,099	\$ 88,782	\$ 16,363

Drug Law Enforcement	Enforcement and Education	Law Enforcement Trust	Community Development Block Grant	Neighborhood Stabilization	Wireless 911	Swimming Pool Inspections	JAG Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	79,383	185,058	104,904	-	-
-	-	33	9,294	40	-	-	-
-	-	-	-	-	-	2,625	-
2,245	7,119	746	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	78,448	133,920	-	-	-
<u>2,245</u>	<u>7,119</u>	<u>779</u>	<u>167,125</u>	<u>319,018</u>	<u>104,904</u>	<u>2,625</u>	<u>-</u>
8,000	4,808	-	-	-	56,113	-	34,459
-	-	-	-	-	-	5,377	-
-	-	-	137,972	226,732	-	-	-
-	-	-	-	-	-	-	-
-	-	-	9,226	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>8,000</u>	<u>4,808</u>	<u>-</u>	<u>147,198</u>	<u>226,732</u>	<u>56,113</u>	<u>5,377</u>	<u>34,459</u>
<u>(5,755)</u>	<u>2,311</u>	<u>779</u>	<u>19,927</u>	<u>92,286</u>	<u>48,791</u>	<u>(2,752)</u>	<u>(34,459)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(5,755)</u>	<u>2,311</u>	<u>779</u>	<u>19,927</u>	<u>92,286</u>	<u>48,791</u>	<u>(2,752)</u>	<u>(34,459)</u>
34,295	21,415	17,555	1,004,309	1,448	315,255	7,064	48,007
<u>\$ 28,540</u>	<u>\$ 23,726</u>	<u>\$ 18,334</u>	<u>\$ 1,024,236</u>	<u>\$ 93,734</u>	<u>\$364,046</u>	<u>\$ 4,312</u>	<u>\$ 13,548</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, 2012

	<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>
REVENUES					
Property Taxes	\$ 98,918	\$ 98,919	\$ -	\$ -	\$ 421,653
Intergovernmental	11,159	11,159	-	-	470,332
Interest	-	-	3,127	442	12,936
Fees, Licenses, and Permits	-	-	-	-	152,045
Fines and Forfeitures	-	-	-	-	18,224
Charges for Services	-	-	-	68,110	68,110
All Other Revenues	-	-	-	6,953	219,321
Total Revenues	<u>110,077</u>	<u>110,078</u>	<u>3,127</u>	<u>75,505</u>	<u>1,362,621</u>
EXPENDITURES					
Security of Persons and Property	107,000	107,000	-	-	548,581
Public Health and Welfare	-	-	-	-	129,258
Community Development	-	-	-	19,267	383,971
Transportation	-	-	-	-	59,531
Capital Outlay	-	-	-	-	9,226
Debt Service:					
Principal Retirement	-	-	-	5,990	5,990
Interest and Fiscal Charges	-	-	-	58,400	58,400
Total Expenditures	<u>107,000</u>	<u>107,000</u>	<u>-</u>	<u>83,657</u>	<u>1,194,957</u>
Excess of Revenues Over (Under) Expenditures	<u>3,077</u>	<u>3,078</u>	<u>3,127</u>	<u>(8,152)</u>	<u>167,664</u>
OTHER FINANCING SOURCES					
Guarantee of Loans Issued	-	-	-	1,076,774	1,076,774
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,076,774</u>	<u>1,076,774</u>
Net Change in Fund Balances	3,077	3,078	3,127	1,068,622	1,244,438
Fund Balances - Beginning of Year, Restated	1,685	1,686	463,011	592,894	2,789,315
Fund Balances - End of Year	<u>\$ 4,762</u>	<u>\$ 4,764</u>	<u>\$ 466,138</u>	<u>\$ 1,661,516</u>	<u>\$ 4,033,753</u>

Combining Statements

Fiduciary Funds

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

Agency Fund

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

City of Kent, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Escrow Fund
For the Year Ended December 31, 2012

	<u>Balance</u> <u>12/31/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2012</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 626,398</u>	<u>\$ 241,624</u>	<u>\$ 165,878</u>	<u>\$ 702,144</u>
Liabilities				
Deposits Held and Due to Others	<u>\$ 626,398</u>	<u>\$ 241,624</u>	<u>\$ 165,878</u>	<u>\$ 702,144</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues				
Taxes	\$ 1,520,842	\$ 1,511,760	\$ 1,626,495	\$ 114,735
Intergovernmental	1,910,273	2,311,888	2,323,080	11,192
Interest	82,086	99,344	99,825	481
Fees, Licenses and Permits	188,030	227,561	228,663	1,102
Fines and Forfeits	162,993	197,260	198,215	955
Charges for Services	1,156,547	1,399,700	1,406,476	6,776
Miscellaneous	15,213	18,412	18,501	89
Total Revenues	5,035,984	5,765,925	5,901,255	135,330
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,486,269	1,486,269	1,283,968	202,301
Police				
Personal Services	3,297,752	3,297,752	2,766,566	531,186
Other Expenses	577,050	577,050	503,217	73,833
Total Police	3,874,802	3,874,802	3,269,783	605,019
Safety Director				
Personal Services	135,797	135,797	128,266	7,531
Other Expenses	28,400	48,000	47,150	850
Total Safety Director	164,197	183,797	175,416	8,381
Total Security of Persons and Property	5,525,268	5,544,868	4,729,167	815,701
Public Health & Welfare				
Personal Services	279,821	279,821	215,975	63,846
Other Expenses	266,680	255,434	241,022	14,412
Total Public Health and Welfare	546,501	535,255	456,997	78,258

(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, 2012
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Development				
Community Development				
Personal Services	434,223	432,927	364,784	68,143
Other Expenses	195,650	225,650	134,101	91,549
Total Community Development	629,873	658,577	498,885	159,692
Economic Development				
Personal Services	106,910	106,017	96,861	9,156
Other Expenses	18,500	48,500	31,530	16,970
Total Economic Development	125,410	154,517	128,391	26,126
Building				
Personal Services	197,325	221,514	221,510	4
Other Expenses	37,500	67,500	65,534	1,966
Total Building	234,825	289,014	287,044	1,970
Public Planting				
Other Expenses	36,200	36,200	33,875	2,325
Main Street Program				
Other Expenses	75,000	42,049	42,049	-
Land Banking				
Other Expenses	120,000	120,000	85,589	34,411
Permit Parking				
Other Expenses	17,100	17,100	14,704	2,396
Shade Tree				
Other Expenses	81,000	81,000	74,653	6,347
Capital Outlay	15,000	15,000	13,233	1,767
Total Shade Tree	96,000	96,000	87,886	8,114

(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, 2012
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Urban Renewal				
Other Expenses	100,550	70,550	41,127	29,423
Total Urban Renewal	100,550	70,550	41,127	29,423
Total Community Development	1,434,958	1,484,007	1,219,550	264,457
General Government				
Service Administration				
Personal Services	53,600	53,600	51,680	1,920
Other Expenses	513,600	513,600	440,196	73,404
Capital Outlay	6,000	6,000	-	6,000
Total Service Administration	573,200	573,200	491,876	81,324
Rental Units				
Other Expenses	42,000	42,000	24,285	17,715
Engineering				
Personal Services	166,577	171,177	169,304	1,873
Other Expenses	114,650	114,650	102,360	12,290
Total Engineering	281,227	285,827	271,664	14,163
Law				
Personal Services	321,653	321,653	268,479	53,174
Other Expenses	114,800	129,800	124,957	4,843
Total Law	436,453	451,453	393,436	58,017
Budget and Finance				
Personal Services	179,676	179,676	129,107	50,569
Other Expenses	119,600	121,600	119,726	1,874
Total Budget and Finance	299,276	301,276	248,833	52,443

(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, 2012
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Miscellaneous, Sundry and Contingency				
Other Expenses	255,300	256,646	156,546	100,100
Mayor's Office				
Personal Services	7,752	7,760	7,759	1
Other Expenses	2,250	2,250	2,042	208
Total Mayor's Office	10,002	10,010	9,801	209
City Council				
Personal Services	164,819	164,811	144,911	19,900
Other Expenses	18,200	18,200	16,828	1,372
Total City Council	183,019	183,011	161,739	21,272
Community Support				
Other Expenses	74,000	74,000	69,498	4,502
City Manager				
Personal Services	241,961	241,961	223,407	18,554
Other Expenses	54,000	54,000	44,828	9,172
Total City Manager	295,961	295,961	268,235	27,726
Human Resources				
Personal Services	55,478	55,478	45,656	9,822
Other Expenses	17,018	19,018	15,542	3,476
Total Human Resources	72,496	74,496	61,198	13,298
Civil Service				
Personal Services	100,534	100,534	62,760	37,774
Other Expenses	30,700	30,700	26,005	4,695
Total Civil Service	131,234	131,234	88,765	42,469
Total General Government	2,654,168	2,679,114	2,245,876	433,238
Total Expenditures	10,160,895	10,243,244	8,651,590	1,591,654

(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, 2012
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Excess of Revenues Over (Under) Expenditures	(5,124,911)	(4,477,319)	(2,750,335)	1,726,984
Other Financing Sources (Uses)				
Sale of Assets	3,500	3,500	6,227	2,727
Advances In	20,000	130,059	20,000	(110,059)
Advances Out	(140,000)	(140,000)	(140,000)	-
Transfers In	2,300,000	2,300,000	2,300,000	-
Total Other Financing Sources (Uses)	<u>2,183,500</u>	<u>2,293,559</u>	<u>2,186,227</u>	<u>(107,332)</u>
Net Change in Fund Balance	(2,941,411)	(2,183,760)	(564,108)	1,619,652
Fund Balance - Beginning of Year	4,879,578	4,879,578	4,879,578	-
Recovery of Prior Year Encumbrances	-	-	102,584	102,584
Fund Balance - End of Year	<u>\$ 1,938,167</u>	<u>\$ 2,695,818</u>	<u>\$ 4,418,054</u>	<u>\$ 1,722,236</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 218,686	\$ 192,128	\$ 190,913	\$ (1,215)
Intergovernmental	825,693	725,420	720,830	(4,590)
Charges for Services	42,855	37,650	37,412	(238)
Special Assessments	81,055	71,212	70,761	(451)
Miscellaneous	1,000	879	873	(6)
Total Revenues	<u>1,169,289</u>	<u>1,027,289</u>	<u>1,020,789</u>	<u>(6,500)</u>
Expenditures				
Current:				
Transportation				
Public Service				
Personal Services	880,032	892,032	857,025	35,007
Other	732,275	732,275	612,683	119,592
Total Expenditures	<u>1,612,307</u>	<u>1,624,307</u>	<u>1,469,708</u>	<u>154,599</u>
Excess of Revenues Over (Under) Expenditures	(443,018)	(597,018)	(448,919)	148,099
Other Financing Sources				
Sale of Capital Assets	2,500	2,500	9,119	6,619
Transfers In	428,211	428,211	428,211	-
Total Other Financing Sources	<u>430,711</u>	<u>430,711</u>	<u>437,330</u>	<u>6,619</u>
Net Change in Fund Balance	(12,307)	(166,307)	(11,589)	154,718
Fund Balance - Beginning of Year	727,222	727,222	727,222	-
Recovery of Prior Year Encumbrances	-	-	13,380	13,380
Fund Balance - End of Year	<u>\$ 714,915</u>	<u>\$ 560,915</u>	<u>\$ 729,013</u>	<u>\$ 168,098</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Park and Recreation Fund
 For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 1,131,762	\$ 1,127,257	\$ 1,019,205	\$ (108,052)
Intergovernmental	1,021,321	933,475	1,017,201	83,726
Fees, Licenses and Permits	15,745	14,390	15,681	1,291
Charges for Services	509,136	465,344	507,082	41,738
Miscellaneous	40,714	37,212	40,550	3,338
Total Revenues	<u>2,718,678</u>	<u>2,577,678</u>	<u>2,599,719</u>	<u>22,041</u>
Expenditures				
Current:				
Leisure Time Activities				
Parks & Recreation				
Personal Services	1,011,446	1,034,446	935,942	98,504
Other	530,600	563,600	495,122	68,478
Capital Outlay	1,168,551	1,260,717	1,198,186	62,531
Total Expenditures	<u>2,710,597</u>	<u>2,858,763</u>	<u>2,629,250</u>	<u>229,513</u>
Excess of Revenues Over (Under) Expenditures	8,081	(281,085)	(29,531)	251,554
Other Financing (Uses)				
Advances Out	(20,000)	(20,000)	(20,000)	-
Net Change in Fund Balance	(11,919)	(301,085)	(49,531)	251,554
Fund Balance - Beginning of Year	716,867	716,867	716,867	-
Recovery of Prior Year Encumbrances	-	-	30,454	30,454
Fund Balance - End of Year	<u>\$ 704,948</u>	<u>\$ 415,782</u>	<u>\$ 697,790</u>	<u>\$ 282,008</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Income Taxes	\$10,483,456	\$11,367,722	\$12,067,197	\$ 699,475
Interest	49,771	53,969	57,290	3,321
Miscellaneous	71,773	83,309	-	(83,309)
Total Revenues	<u>10,605,000</u>	<u>11,505,000</u>	<u>12,124,487</u>	<u>619,487</u>
Expenditures				
Current:				
General Government				
Budget & Finance				
Personal Services	248,879	248,879	197,501	51,378
Other	281,650	281,650	189,214	92,436
Total Expenditures	<u>530,529</u>	<u>530,529</u>	<u>386,715</u>	<u>143,814</u>
Excess of Revenues Over Expenditures	10,074,471	10,974,471	11,737,772	763,301
Other Financing Sources (Uses)				
Advances In	30,000	30,000	30,000	-
Advances Out	-	(760,000)	(760,000)	-
Transfer Out	<u>(10,481,689)</u>	<u>(10,742,256)</u>	<u>(10,742,256)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(10,451,689)</u>	<u>(11,472,256)</u>	<u>(11,472,256)</u>	<u>-</u>
Net Change in Fund Balance	(377,218)	(497,785)	265,516	763,301
Fund Balance - Beginning of Year	3,901,870	3,901,870	3,901,870	-
Recovery of Prior Year Encumbrances	-	-	181	181
Fund Balance - End of Year	<u>\$ 3,524,652</u>	<u>\$ 3,404,085</u>	<u>\$ 4,167,567</u>	<u>\$ 763,482</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 24,000	\$ 22,855	\$ (1,145)
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	<u>2,437,715</u>	<u>2,587,715</u>	<u>2,587,542</u>	<u>173</u>
Excess of Revenues Over (Under) Expenditures	(2,437,715)	(2,563,715)	(2,564,687)	(972)
Other Financing Sources				
Transfers In	<u>2,525,000</u>	<u>2,694,397</u>	<u>2,695,397</u>	<u>1,000</u>
Net Change in Fund Balance	87,285	130,682	130,710	28
Fund Balance - Beginning of Year	<u>79,615</u>	<u>79,615</u>	<u>79,615</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 166,900</u></u>	<u><u>\$ 210,297</u></u>	<u><u>\$ 210,325</u></u>	<u><u>\$ 28</u></u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Fire and Emergency Medical Services Fund
 For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	2,171,723	2,171,723	2,117,505	54,218
Other	413,955	422,205	366,486	55,719
Capital Outlay	230,000	230,000	228,912	1,088
Total Expenditures	<u>2,815,678</u>	<u>2,823,928</u>	<u>2,712,903</u>	<u>111,025</u>
Excess of Revenues Over (Under) Expenditures	(2,815,678)	(2,823,928)	(2,712,903)	111,025
Other Financing Sources				
Transfers In	<u>2,525,000</u>	<u>2,695,397</u>	<u>2,695,397</u>	<u>-</u>
Net Change in Fund Balance	(290,678)	(128,531)	(17,506)	111,025
Fund Balance - Beginning of Year	325,053	325,053	325,053	-
Recovery of Prior Year Encumbrances	-	-	13,486	13,486
Fund Balance - End of Year	<u>\$ 34,375</u>	<u>\$ 196,522</u>	<u>\$ 321,033</u>	<u>\$ 124,511</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues				
Intergovernmental	\$ 3,267,935	\$ 6,505,805	\$ 2,839,756	\$ (3,666,049)
Special Assessments	93,830	186,797	81,536	(105,261)
Miscellaneous	48,108	95,774	41,805	(53,969)
Total Revenues	<u>3,409,873</u>	<u>6,788,376</u>	<u>2,963,097</u>	<u>(3,825,279)</u>
Expenditures				
Capital Outlay:				
Safety	138,000	198,000	147,691	50,309
Service	29,551	174,937	47,616	127,321
Community Development	-	1,000	651	349
Council	5,908,000	9,107,026	7,266,921	1,840,105
Finance Department	14,688	221,688	221,688	-
Total Capital Outlay	<u>6,090,239</u>	<u>9,702,651</u>	<u>7,684,567</u>	<u>2,018,084</u>
Debt Service:				
Principal	2,485,000	2,485,000	2,485,000	-
Interest & Fiscal Charges	31,063	31,063	24,781	6,282
Bond Issuance Costs	8,245	8,245	4,265	3,980
Total Debt Service	<u>2,524,308</u>	<u>2,524,308</u>	<u>2,514,046</u>	<u>10,262</u>
Total Expenditures	<u>8,614,547</u>	<u>12,226,959</u>	<u>10,198,613</u>	<u>2,028,346</u>
Excess of Revenues Over (Under) Expenditures	(5,204,674)	(5,438,583)	(7,235,516)	(1,796,933)
Other Financing Sources				
Proceeds from Sale of Notes	2,516,063	2,516,063	2,215,000	(301,063)
Premium on Notes	-	-	6,385	6,385
Transfers In	2,107,064	2,107,064	2,192,489	85,425
Total Other Financing Sources	<u>4,623,127</u>	<u>4,623,127</u>	<u>4,413,874</u>	<u>(209,253)</u>
Net Change in Fund Balance	(581,547)	(815,456)	(2,821,642)	(2,006,186)
Fund Balance - Beginning of Year	1,075,360	1,075,360	1,075,360	-
Recovery of Prior Year Encumbrances	-	-	274,276	274,276
Fund Balance - End of Year	<u>\$ 493,813</u>	<u>\$ 259,904</u>	<u>\$ (1,472,006)</u>	<u>\$ (1,731,910)</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 94,501	\$ 94,501
Interest	-	-	1,776	1,776
Total Revenues	<u>-</u>	<u>-</u>	<u>96,277</u>	<u>96,277</u>
Expenditures				
Capital Outlay:				
Community Development	-	2,418,895	682,399	1,736,496
Debt Service:				
Principal	5,230,000	10,930,000	10,880,000	50,000
Interest & Fiscal Charges	75,375	75,375	103,174	(27,799)
Bond Issuance Costs	4,125	4,125	20,667	(16,542)
Total Debt Service	<u>5,309,500</u>	<u>11,009,500</u>	<u>11,003,841</u>	<u>5,659</u>
Total Expenditures	<u>5,309,500</u>	<u>13,428,395</u>	<u>11,686,240</u>	<u>1,742,155</u>
Excess of Revenues Over (Under) Expenditures	(5,309,500)	(13,428,395)	(11,589,963)	1,838,432
Other Financing Sources				
Proceeds from Sale of Notes	6,310,000	12,665,000	12,530,000	(135,000)
Premium on Notes	-	-	40,282	40,282
Total Other Financing Sources	<u>6,310,000</u>	<u>12,665,000</u>	<u>12,570,282</u>	<u>(94,718)</u>
Net Change in Fund Balance	1,000,500	(763,395)	980,319	1,743,714
Fund Balance - Beginning of Year	829,611	829,611	829,611	-
Recovery of Prior Year Encumbrances	-	-	4,302	4,302
Fund Balance - End of Year	<u>\$ 1,830,111</u>	<u>\$ 66,216</u>	<u>\$ 1,814,232</u>	<u>\$ 1,748,016</u>

City of Kent, Ohio
*Schedule of Revenues, Expenses and Changes in Fund Equity -
 Budget (Non-GAAP Basis) and Actual
 Water Fund
 For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 308,150	\$ 367,630	\$ 374,150	\$ 6,520
Interest	10,293	12,279	12,497	218
Charges for Services	2,441,298	2,912,520	2,964,174	51,654
Special Assessments	33,055	39,436	40,135	699
Miscellaneous	37,204	44,385	45,172	787
Total Revenues	2,830,000	3,376,250	3,436,128	59,878
Expenses				
Current:				
Administrative Support				
Personal Services	366,940	366,940	321,176	45,764
Benefits	123,423	123,423	102,698	20,725
Contractual Services	56,087	59,947	51,660	8,287
Supplies and Materials	2,450	2,115	2,114	1
Other	1,150	1,000	55	945
Total Administrative Support	550,050	553,425	477,703	75,722
Service				
Personal Services	1,033,015	1,036,997	1,005,936	31,061
Benefits	366,143	362,161	329,881	32,280
Utilities	242,200	234,848	171,764	63,084
Contractual Services	151,700	152,674	147,616	5,058
Supplies and Materials	489,525	502,834	424,633	78,201
Other	56,500	34,569	2,521	32,048
Capital Outlay	750,000	1,277,405	1,049,056	228,349
Total Service	3,089,083	3,601,488	3,131,407	470,081
Debt Service:				
Principal	34,712	33,928	33,928	-
Interest & Fiscal Charges	16,248	17,032	17,032	-
Total Debt Service	50,960	50,960	50,960	-
Total Expenses	3,690,093	4,205,873	3,660,070	545,803

(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, 2012
 (Continued)*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Excess of Revenues Over (Under) Expenses	(860,093)	(829,623)	(223,942)	605,681
Other Financing Sources				
Sale of Capital Assets	-	-	5,677	5,677
Capital Contributions - Tap-in Fees	20,000	20,000	24,888	4,888
Total Other Financing Sources	<u>20,000</u>	<u>20,000</u>	<u>30,565</u>	<u>10,565</u>
Net Change in Fund Equity	(840,093)	(809,623)	(193,377)	616,246
Fund Equity - Beginning of Year	2,228,855	2,228,855	2,228,855	-
Recovery of Prior Year Encumbrances	-	-	34,664	34,664
Fund Equity - End of Year	<u>\$ 1,388,762</u>	<u>\$ 1,419,232</u>	<u>\$ 2,070,142</u>	<u>\$ 650,910</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$ 159,205	\$ 226,337	\$ 229,879	\$ 3,542
Interest	8,383	11,919	12,105	186
Charges for Services	2,574,947	3,660,731	3,718,014	57,283
Special Assessments	22,336	31,754	32,251	497
Miscellaneous	5,941	8,446	8,578	132
Total Revenues	2,770,812	3,939,187	4,000,827	61,640
Expenses				
Current:				
Administrative Support				
Personal Services	366,940	366,940	321,176	45,764
Benefits	123,423	123,423	102,702	20,721
Contractual Services	52,988	56,848	49,282	7,566
Supplies and Materials	2,450	2,115	2,114	1
Other	150	-	-	-
Total Administrative Support	545,951	549,326	475,274	74,052
Service				
Personal Services	1,021,758	1,021,325	970,763	50,562
Benefits	359,767	360,200	327,819	32,381
Utilities	310,000	309,828	181,524	128,304
Contractual Services	245,170	260,420	246,770	13,650
Supplies and Materials	300,200	287,065	212,585	74,480
Other	58,500	118,557	3,929	114,628
Capital Outlay	-	633,047	428,323	204,724
Total Service	2,295,395	2,990,442	2,371,713	618,729
Health				
Personal Services	287,745	286,779	211,544	75,235
Benefits	87,088	88,054	56,964	31,090
Contractual Services	37,300	29,439	26,616	2,823
Supplies and Materials	18,000	30,324	28,840	1,484
Other	4,900	437	437	-
Total Health	435,033	435,033	324,401	110,632

(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, 2012
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Debt Service:				
Principal Retirement	926,862	921,706	921,706	-
Interest & Fiscal Charges	127,552	132,709	130,850	1,859
Bond Issuance Costs	2,355	2,354	-	2,354
Total Debt Service	<u>1,056,769</u>	<u>1,056,769</u>	<u>1,052,556</u>	<u>4,213</u>
Total Expenses	<u>4,333,148</u>	<u>5,031,570</u>	<u>4,223,944</u>	<u>807,626</u>
Excess of Revenues Over (Under) Expenses	(1,562,336)	(1,092,383)	(223,117)	869,266
Other Financing Sources				
Proceeds from Sale of Notes	744,188	744,188	675,000	(69,188)
Premium on Notes	-	-	254	254
Capital Contribution - Tap-in Fees	-	-	1,943	1,943
OWDA Loans Issued	20,000	20,000	30,478	10,478
Total Other Financing Sources	<u>764,188</u>	<u>764,188</u>	<u>707,675</u>	<u>(56,513)</u>
Net Change in Fund Equity	(798,148)	(328,195)	484,558	812,753
Fund Equity - Beginning of Year	1,877,604	1,877,604	1,877,604	-
Recovery of Prior Year Encumbrances	-	-	71,340	71,340
Fund Equity - End of Year	<u>\$ 1,079,456</u>	<u>\$ 1,549,409</u>	<u>\$ 2,433,502</u>	<u>\$ 884,093</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 11,455	\$ 16,091	\$ 12,500	\$ (3,591)
Charges for Services	408,545	573,909	445,819	(128,090)
Total Revenues	<u>420,000</u>	<u>590,000</u>	<u>458,319</u>	<u>(131,681)</u>
Expenses				
Current:				
Service				
Personal Services	54,976	54,976	45,972	9,004
Benefits	19,040	19,040	14,350	4,690
Contractual Services	405,350	458,350	367,551	90,799
Supplies and Materials	9,000	9,000	3,246	5,754
Other	1,000	1,000	-	1,000
Total Expenses	<u>489,366</u>	<u>542,366</u>	<u>431,119</u>	<u>111,247</u>
Excess of Revenues Over (Under) Expenses	(69,366)	47,634	27,200	(20,434)
Other Financing Sources				
Advances In	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Net Change in Fund Equity	70,634	187,634	167,200	(20,434)
Fund Equity - Beginning of Year	199,828	199,828	199,828	-
Recovery of Prior Year Encumbrances	-	-	9,986	9,986
Fund Equity - End of Year	<u>\$ 270,462</u>	<u>\$ 387,462</u>	<u>\$ 377,014</u>	<u>\$ (10,448)</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Interest	\$ 651	\$ 947	\$ 956	\$ 9
Charges for Services	388,173	564,398	569,903	5,505
Special Assessments	13,363	19,430	19,619	189
Miscellaneous	5,313	7,725	7,800	75
Total Revenues	<u>407,500</u>	<u>592,500</u>	<u>598,278</u>	<u>5,778</u>
Expenses				
Current:				
Service				
Personal Services	315,935	314,668	310,009	4,659
Benefits	105,913	107,180	98,752	8,428
Contractual Services	51,000	51,000	36,895	14,105
Supplies and Materials	6,000	6,000	840	5,160
Other	1,000	1,000	-	1,000
Capital Outlay	100,000	611,580	484,142	127,438
Total Service	<u>579,848</u>	<u>1,091,428</u>	<u>930,638</u>	<u>160,790</u>
Debt Service:				
Principal Retirement	4,967	4,967	4,967	-
Total Expenses	<u>584,815</u>	<u>1,096,395</u>	<u>935,605</u>	<u>160,790</u>
Excess of Revenues Over (Under) Expenses	(177,315)	(503,895)	(337,327)	166,568
Other Financing Sources (Uses)				
Capital Contributions - Tap-in Fees	-	-	700	700
Capital Grant	167,500	167,500	167,843	343
Advances Out	(30,000)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	<u>137,500</u>	<u>137,500</u>	<u>138,543</u>	<u>1,043</u>
Net Change in Fund Equity	(39,815)	(366,395)	(198,784)	167,611
Fund Equity - Beginning of Year	2,671,910	2,671,910	2,671,910	-
Recovery of Prior Year Encumbrances	-	-	48,051	48,051
Fund Equity - End of Year	<u>\$ 2,632,095</u>	<u>\$ 2,305,515</u>	<u>\$ 2,521,177</u>	<u>\$ 215,662</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 248,865	\$ 247,997	\$ 223,816	\$ (24,181)
Intergovernmental	22,170	2,038	26,093	24,055
Total Revenues	<u>271,035</u>	<u>250,035</u>	<u>249,909</u>	<u>(126)</u>
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	240,398	240,398	208,921	31,477
Other	24,000	26,000	23,302	2,698
Total Expenditures	<u>264,398</u>	<u>266,398</u>	<u>232,223</u>	<u>34,175</u>
Net Change in Fund Balance	6,637	(16,363)	17,686	34,049
Fund Balance - Beginning of Year	61,645	61,645	61,645	-
Recovery of Prior Year Encumbrances	-	-	2,147	2,147
Fund Balance - End of Year	<u>\$ 68,282</u>	<u>\$ 45,282</u>	<u>\$ 81,478</u>	<u>\$ 36,196</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 60,000	\$ 58,400	\$ 58,446	\$ 46
Expenditures				
Current:				
Transportation				
Service				
Other	60,000	60,000	60,000	-
Net Change in Fund Balance	-	(1,600)	(1,554)	46
Fund Balance - Beginning of Year	82,716	82,716	82,716	-
Recovery of Prior Year Encumbrances	-	-	1,619	1,619
Fund Balance - End of Year	\$ 82,716	\$ 81,116	\$ 82,781	\$ 1,665

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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Fees, Licenses and Permits	\$ 48,000	\$ 60,000	\$ 60,210	\$ 210
Expenditures				
Current:				
Public Health and Welfare				
Health				
Personal Services	51,056	51,056	49,578	1,478
Other	1,900	1,900	586	1,314
Total Expenditures	<u>52,956</u>	<u>52,956</u>	<u>50,164</u>	<u>2,792</u>
Net Change in Fund Balance	(4,956)	7,044	10,046	3,002
Fund Balance - Beginning of Year	43,451	43,451	43,451	-
Recovery of Prior Year Encumbrances	-	-	50	50
Fund Balance - End of Year	<u><u>\$ 38,495</u></u>	<u><u>\$ 50,495</u></u>	<u><u>\$ 53,547</u></u>	<u><u>\$ 3,052</u></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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$ 74,000	\$ 88,000	\$ 89,210	\$ 1,210
Expenditures				
Current:				
Public Health and Welfare				
Health				
Personal Services	82,474	82,474	73,072	9,402
Other	12,500	12,500	1,331	11,169
Total Expenditures	94,974	94,974	74,403	20,571
Net Change in Fund Balance	(20,974)	(6,974)	14,807	21,781
Fund Balance - Beginning of Year	74,542	74,542	74,542	-
Recovery of Prior Year Encumbrances	-	-	114	114
Fund Balance - End of Year	\$ 53,568	\$ 67,568	\$ 89,463	\$ 21,895

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeits	\$ -	\$ 8,100	\$ 8,114	\$ 14
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	\$ 45	\$ 7,045	\$ -	\$ 7,045
Net Change in Fund Balance	(45)	1,055	8,114	7,059
Fund Balance - Beginning of Year	8,204	8,204	8,204	-
Fund Balance - End of Year	<u>\$ 8,159</u>	<u>\$ 9,259</u>	<u>\$ 16,318</u>	<u>\$ 7,059</u>

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeits	\$ -	\$ 2,000	\$ 2,095	\$ 95
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	-	25,000	8,000	17,000
Net Change in Fund Balance	-	(23,000)	(5,905)	17,095
Fund Balance - Beginning of Year	34,195	34,195	34,195	-
Fund Balance - End of Year	<u>\$ 34,195</u>	<u>\$ 11,195</u>	<u>\$ 28,290</u>	<u>\$ 17,095</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Fines and Forfeits	\$ 5,000	\$ 6,500	\$ 6,592	\$ 92
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	-	15,000	7,819	7,181
Net Change in Fund Balance	5,000	(8,500)	(1,227)	7,273
Fund Balance - Beginning of Year	21,120	21,120	21,120	-
Fund Balance - End of Year	<u>\$ 26,120</u>	<u>\$ 12,620</u>	<u>\$ 19,893</u>	<u>\$ 7,273</u>

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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Interest	\$ 100	\$ 100	\$ 33	\$ (67)
Fines and Forfeits	-	-	746	746
Total Revenues	<u>100</u>	<u>100</u>	<u>779</u>	<u>679</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
Capital Outlay	-	15,000	-	15,000
Net Change in Fund Balance	100	(14,900)	779	15,679
Fund Balance - Beginning of Year	17,555	17,555	17,555	-
Fund Balance - End of Year	<u>\$ 17,655</u>	<u>\$ 2,655</u>	<u>\$ 18,334</u>	<u>\$ 15,679</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 61,156	\$ 45,364	\$ 49,784	\$ 4,420
Interest	11,466	8,505	9,334	829
Miscellaneous	198,460	147,213	161,558	14,345
Total Revenues	<u>271,082</u>	<u>201,082</u>	<u>220,676</u>	<u>19,594</u>
Expenditures				
Current:				
Community Development				
Community Development				
Personal Services	10,977	16,977	15,157	1,820
Other	320,105	378,105	323,698	54,407
Capital Outlay	90,000	90,000	110	89,890
Total Expenditures	<u>421,082</u>	<u>485,082</u>	<u>338,965</u>	<u>146,117</u>
Net Change in Fund Balance	(150,000)	(284,000)	(118,289)	165,711
Fund Balance - Beginning of Year	818,862	818,862	818,862	-
Recovery of Prior Year Encumbrances	-	-	1,253	1,253
Fund Balance - End of Year	<u>\$ 668,862</u>	<u>\$ 534,862</u>	<u>\$ 701,826</u>	<u>\$ 166,964</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 325,000	\$ 184,935	\$ 185,058	\$ 123
Expenditures				
Current:				
Community Development				
Community Development				
Capital Outlay	-	74,999	63,924	11,075
Excess of Revenues Over (Under) Expenditures	325,000	109,936	121,134	11,198
Other Financing (Uses)				
Advances Out	-	(110,059)	-	110,059
Net Change in Fund Balance	325,000	(123)	121,134	121,257
Fund Balance - Beginning of Year	74,124	74,124	74,124	-
Recovery of Prior Year Encumbrances	-	-	8,710	8,710
Fund Balance - End of Year	\$ 399,124	\$ 74,001	\$ 203,968	\$ 129,967

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 85,000	\$ 96,400	\$ 96,499	\$ 99
Expenditures				
Current:				
Security of Persons and Property				
Police				
Other	73,000	73,000	55,028	17,972
Net Change in Fund Balance	12,000	23,400	41,471	18,071
Fund Balance - Beginning of Year	127,255	127,255	127,255	-
Fund Balance - End of Year	\$ 139,255	\$ 150,655	\$ 168,726	\$ 18,071

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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Fees, Licenses and Permits	\$ 2,500	\$ 2,500	\$ 2,625	\$ 125
Expenditures				
Current:				
Public Health and Welfare				
Health				
Personal Services	3,938	5,438	5,321	117
Other	400	400	53	347
Total Expenditures	<u>4,338</u>	<u>5,838</u>	<u>5,374</u>	<u>464</u>
Net Change in Fund Balance	(1,838)	(3,338)	(2,749)	589
Fund Balance - Beginning of Year	7,125	7,125	7,125	-
Fund Balance - End of Year	<u>\$ 5,287</u>	<u>\$ 3,787</u>	<u>\$ 4,376</u>	<u>\$ 589</u>

City of Kent, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 JAG Grant Fund
 For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$ 10,003	\$ 10,003	\$ 10,003	\$ -
Total Revenues	<u>10,003</u>	<u>10,003</u>	<u>10,003</u>	<u>-</u>
Expenditures				
Current:				
Security of Persons and Property				
Police and Others				
Personal Services	\$ -	\$ 22,755	\$ 22,588	\$ 167
Other	3,500	18,745	9,071	9,674
Total Expenditures	<u>3,500</u>	<u>41,500</u>	<u>31,659</u>	<u>9,841</u>
Net Change in Fund Balance	6,503	(31,497)	(21,656)	9,841
Fund Balance - Beginning of Year	33,926	33,926	33,926	-
Recovery of Prior Year Encumbrances	-	-	578	578
Fund Balance - End of Year	<u>\$ 40,429</u>	<u>\$ 2,429</u>	<u>\$ 12,848</u>	<u>\$ 10,419</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 104,569	\$ 103,901	\$ 98,918	\$ (4,983)
Intergovernmental	7,817	6,485	11,159	4,674
Total Revenues	<u>112,386</u>	<u>110,386</u>	<u>110,077</u>	<u>(309)</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	<u>112,000</u>	<u>112,000</u>	<u>107,000</u>	<u>5,000</u>
Net Change in Fund Balance	386	(1,614)	3,077	4,691
Fund Balance - Beginning of Year	<u>1,685</u>	<u>1,685</u>	<u>1,685</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 2,071</u></u>	<u><u>\$ 71</u></u>	<u><u>\$ 4,762</u></u>	<u><u>\$ 4,691</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 104,569	\$ 103,901	\$ 98,919	\$ (4,982)
Intergovernmental	7,817	6,485	11,159	4,674
Total Revenues	<u>112,386</u>	<u>110,386</u>	<u>110,078</u>	<u>(308)</u>
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	<u>112,000</u>	<u>112,000</u>	<u>107,000</u>	<u>5,000</u>
Net Change in Fund Balance	386	(1,614)	3,078	4,692
Fund Balance - Beginning of Year	<u>1,686</u>	<u>1,686</u>	<u>1,686</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 2,072</u></u>	<u><u>\$ 72</u></u>	<u><u>\$ 4,764</u></u>	<u><u>\$ 4,692</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Interest	\$ 6,841	\$ 3,026	\$ 3,102	\$ 76
Miscellaneous	45,159	19,974	20,476	502
Total Revenues	<u>52,000</u>	<u>23,000</u>	<u>23,578</u>	<u>578</u>
Expenditures				
Current:				
Community Development				
City Manager				
Other	125,000	125,000	25,000	100,000
Net Change in Fund Balance	(73,000)	(102,000)	(1,422)	100,578
Fund Balance - Beginning of Year	217,088	217,088	217,088	-
Fund Balance - End of Year	<u>\$ 144,088</u>	<u>\$ 115,088</u>	<u>\$ 215,666</u>	<u>\$ 100,578</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, 2012*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Special Assessments	\$ 39,238	\$ 54,000	\$ 51,220	\$ (2,780)
Expenditures				
Current:				
General Government				
Budget and Finance				
Other	3,500	3,500	1,970	1,530
Debt Service:				
Principal	228,947	1,428,947	1,428,947	-
Interest & Fiscal Charges	90,855	81,806	81,806	-
Bond Issuance Costs	-	11,049	11,904	(855)
Total Debt Service	<u>319,802</u>	<u>1,521,802</u>	<u>1,522,657</u>	<u>(855)</u>
Total Expenditures	<u>323,302</u>	<u>1,525,302</u>	<u>1,524,627</u>	<u>675</u>
Excess of Revenues Over (Under) Expenditures	(284,064)	(1,471,302)	(1,473,407)	(2,105)
Other Financing Sources				
General Obligation Bonds Issued	-	1,205,238	1,200,000	(5,238)
Premium on Debt Issuance	-	-	11,904	11,904
Transfers In	270,762	270,762	270,762	-
Total Other Financing Sources	<u>270,762</u>	<u>1,476,000</u>	<u>1,482,666</u>	<u>6,666</u>
Net Change in Fund Balance	(13,302)	4,698	9,259	4,561
Fund Balance - Beginning of Year	47,709	47,709	47,709	-
Fund Balance - End of Year	<u>\$ 34,407</u>	<u>\$ 52,407</u>	<u>\$ 56,968</u>	<u>\$ 4,561</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 source, the property tax.	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 – S22
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.	S23 – S24
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.	S25 – S34

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities										
Net Investment in										
Capital Assets	\$38,898,560	\$37,887,705	\$34,486,661	\$32,644,284	\$30,315,249	\$26,951,296	\$17,826,725	\$15,071,440	\$10,945,438	\$7,742,185
Restricted	13,973,116	11,523,440	10,583,375	11,445,419	11,802,606	11,305,339	10,128,602	9,822,372	9,923,375	10,425,385
Unrestricted	11,291,239	12,407,928	15,181,317	15,581,099	16,110,251	16,802,244	14,267,218	13,419,546	14,674,034	14,770,661
Total Governmental Activities Net Position	64,162,915	61,819,073	60,251,353	59,670,802	58,228,106	55,058,879	42,222,545	38,313,358	35,542,847	32,938,231
Business Type - Activities										
Net Investment in										
Capital Assets	49,793,993	49,593,173	50,033,315	49,221,658	48,345,006	48,198,941	48,635,444	47,751,884	45,884,269	41,824,749
Unrestricted	7,937,790	7,334,716	7,321,992	7,913,744	8,708,998	9,447,211	7,491,831	6,855,253	5,798,379	5,632,183
Total Business-Type Activities Net Position	57,731,783	56,927,889	57,355,307	57,135,402	57,054,004	57,646,152	56,127,275	54,607,137	51,682,648	47,456,932
Primary Government										
Net Investment in										
Capital Assets	88,692,553	87,480,878	84,519,976	81,865,942	78,660,255	75,150,237	66,462,169	62,823,324	56,829,707	49,566,934
Restricted	13,973,116	11,523,440	10,583,375	11,445,419	11,802,606	11,305,339	10,128,602	9,822,372	9,923,375	10,425,385
Unrestricted	19,229,029	19,742,644	22,503,309	23,494,843	24,819,249	26,249,455	21,759,049	20,274,799	20,472,413	20,402,844
Total Primary Government Net Position	\$121,894,698	\$118,746,962	\$117,606,660	\$116,806,204	\$115,282,110	\$112,705,031	\$98,349,820	\$92,920,495	\$87,225,495	\$80,395,163

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues										
Governmental Activities:										
Charges for Services:										
Security of Persons and Property	\$1,504,097	\$1,419,667	\$1,472,354	\$1,345,473	\$1,473,544	\$1,296,839	\$1,242,357	\$895,878	\$787,397	\$572,818
Public Health and Welfare	184,556	160,213	151,774	163,857	162,688	154,456	160,183	208,339	202,513	168,914
Leisure Time Activities	515,414	709,428	483,292	519,474	485,958	483,382	440,288	392,615	335,721	245,281
Community Development	233,565	250,093	58,576	59,667	74,398	72,749	76,504	243,509	234,795	209,881
Transportation	37,412	28,985	38,632	40,256	420	420	2,350	2,033	3,971	7,789
General Government	104,859	170,899	63,132	71,777	98,375	90,659	193,686	433,944	397,637	340,826
Subtotal - Charges for Services	<u>2,579,903</u>	<u>2,739,285</u>	<u>2,267,760</u>	<u>2,200,504</u>	<u>2,295,383</u>	<u>2,098,505</u>	<u>2,115,368</u>	<u>2,176,318</u>	<u>1,962,034</u>	<u>1,545,509</u>
Operating Grants and Contributions:										
Security of Persons and Property	165,394	133,319	50,659	236,658	109,737	174,223	40,670	58,165	90,360	45,007
Public Health and Welfare	6,892	11,926	9,977	8,564	8,467	9,786	8,404	4,893	8,568	2,651
Leisure Time Activities	6,300	13,549	0	0	0	0	0	0	11,961	8,023
Community Development	1,624,800	657,956	704,125	337,839	487,756	289,541	670,627	743,594	705,128	711,927
Transportation	768,006	785,830	804,778	793,252	821,735	853,067	740,864	771,546	961,337	618,533
General Government	0	0	0	0	0	0	0	23,055	50,599	76,269
Subtotal - Operating Grants and Contributions	<u>2,571,392</u>	<u>1,602,580</u>	<u>1,569,539</u>	<u>1,376,313</u>	<u>1,427,695</u>	<u>1,326,617</u>	<u>1,460,565</u>	<u>1,601,253</u>	<u>1,827,953</u>	<u>1,462,410</u>
Capital Grants and Contributions:										
Security of Persons and Property	0	186,789	0	0	0	0	38,303	0	0	0
Leisure Time Activities	644,119	250,000	32,297	7,001	892,074	0	0	0	0	0
Community Development	1,253,088	380,851	0	0	0	0	0	0	0	119,116
Transportation	905,425	1,980,191	873,056	1,998,656	1,930,197	991,738	1,811,785	797,717	898,967	0
General Government	0	290,880	0	0	0	0	0	0	0	0
Subtotal - Capital Grants and Contributions	<u>2,802,632</u>	<u>3,088,711</u>	<u>905,353</u>	<u>2,005,657</u>	<u>2,822,271</u>	<u>991,738</u>	<u>1,850,088</u>	<u>797,717</u>	<u>898,967</u>	<u>119,116</u>
Total Governmental Activities Program Revenues	7,953,927	7,430,576	4,742,652	5,582,474	6,545,349	4,416,860	5,426,021	4,575,288	4,688,954	3,127,035
Business-Type Activities:										
Charges for Services:										
Water	3,197,503	2,741,795	2,706,968	2,635,679	2,491,836	2,764,094	2,718,143	2,817,816	2,800,642	2,742,512
Sewer	4,150,757	3,566,055	3,491,363	3,433,218	3,173,156	3,606,844	3,534,247	3,519,931	3,514,419	3,471,812
Solid Waste	445,105	424,599	419,696	400,690	377,726	397,071	390,015	390,057	409,650	403,039
Storm Water Drainage	565,338	555,853	548,930	560,039	558,382	574,530	559,376	538,781	492,517	531,238
Subtotal - Charges for Services	<u>8,358,703</u>	<u>7,288,302</u>	<u>7,166,957</u>	<u>7,029,626</u>	<u>6,601,100</u>	<u>7,342,539</u>	<u>7,201,781</u>	<u>7,266,585</u>	<u>7,217,228</u>	<u>7,148,601</u>
Operating Grants and Contributions:										
Water	0	0	0	0	0	0	0	627	4,549	6,588
Sewer	0	180,546	0	0	0	0	0	12,730	79,484	14,514
Solid Waste	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	2,789
Subtotal - Operating Grants and Contributions	<u>12,500</u>	<u>193,046</u>	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>25,857</u>	<u>96,533</u>	<u>23,891</u>
Capital Grants and Contributions										
Water	334,491	134,295	127,177	91,076	42,052	732,442	277,139	590,769	277,022	773,838
Sewer	70,760	194,121	57,438	111,524	39,693	156,177	270,058	1,172,094	3,122,967	1,654,812
Solid Waste	0	0	0	0	0	0	0	0	0	0
Storm Water Drainage	167,150	86,604	1,083,023	586,939	201,215	342,499	573,081	605,128	0	678,898
Subtotal - Capital Grants and Contributions	<u>572,401</u>	<u>415,020</u>	<u>1,267,638</u>	<u>789,539</u>	<u>282,960</u>	<u>1,231,118</u>	<u>1,120,278</u>	<u>2,367,991</u>	<u>3,399,989</u>	<u>3,107,548</u>
Total Business-Type Activities Program Revenues	8,943,604	7,896,368	8,447,095	7,831,665	6,896,560	8,586,157	8,334,559	9,660,433	10,713,750	10,280,040
Total Primary Government Program Revenues	\$16,897,531	\$15,326,944	\$13,189,747	\$13,414,139	\$13,441,909	\$13,003,017	\$13,760,580	\$14,235,721	\$15,402,704	\$13,407,075

(Continued)

City of Kent, Ohio

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

Table 2

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental Activities:										
Security of Persons and Property	\$11,293,807	\$11,155,689	\$10,595,357	\$10,369,569	\$10,048,146	\$9,767,636	\$9,323,964	\$9,088,539	\$9,075,391	\$7,925,699
Public Health and Welfare	678,085	666,053	632,398	620,303	624,117	567,464	565,274	547,160	561,554	492,345
Leisure Time Activities	1,682,142	1,611,324	1,438,323	1,382,046	1,349,541	1,304,088	1,316,911	1,202,921	1,242,072	793,778
Community Development	4,022,927	3,002,485	1,787,031	1,771,093	1,809,918	1,806,399	1,909,670	1,850,436	1,959,483	1,822,724
Transportation	3,408,722	3,732,080	3,713,225	3,462,831	3,511,591	3,242,973	2,181,729	2,056,046	1,958,035	1,540,000
General Government	2,988,674	3,090,494	2,852,097	2,848,297	2,758,218	2,697,076	2,751,222	2,747,645	2,825,076	2,394,007
Interest and Fiscal Charges	247,423	196,981	143,384	215,996	258,757	276,968	279,179	245,952	242,475	256,440
Total Governmental Activities Expenses	24,321,780	23,455,106	21,161,815	20,670,135	20,360,288	19,662,604	18,327,949	17,738,699	17,864,086	15,224,993
Business-Type Activities										
Water	3,224,228	3,239,611	3,306,197	3,339,193	3,310,242	3,075,261	2,898,864	2,936,749	2,899,516	2,660,267
Sewer	3,849,553	4,139,302	3,985,170	4,062,437	3,881,883	3,758,029	3,819,961	3,511,561	3,397,853	3,441,320
Solid Waste	428,292	434,718	453,846	479,740	430,779	449,101	429,551	362,930	371,803	396,039
Storm Water Drainage	730,942	813,922	664,552	287,644	275,168	261,035	240,410	215,725	237,800	232,269
Total Business-Type Activities Expenses	8,233,015	8,627,553	8,409,765	8,169,014	7,898,072	7,543,426	7,388,786	7,026,965	6,906,972	6,729,895
Total Primary Government Program Expenses	32,554,795	32,082,659	29,571,580	28,839,149	28,258,360	27,206,030	25,716,735	24,765,664	24,771,058	21,954,888
Net (Expense)/Revenue										
Governmental Activities	(\$16,367,853)	(\$16,024,530)	(\$16,419,163)	(\$15,087,661)	(\$13,814,939)	(\$15,245,744)	(\$12,901,928)	(\$13,163,411)	(\$13,175,132)	(\$12,097,958)
Business-Type Activities	710,589	(731,185)	37,330	(337,349)	(1,001,512)	1,042,731	945,773	2,633,468	3,806,778	3,550,145
Total Primary Government Net (Expense)/Revenue	(\$15,657,264)	(\$16,755,715)	(\$16,381,833)	(\$15,425,010)	(\$14,816,451)	(\$14,203,013)	(\$11,956,155)	(\$10,529,943)	(\$9,368,354)	(\$8,547,813)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes:										
Property and Other Local Taxes Levied For:										
General Purposes	\$1,796,724	\$1,620,411	\$1,626,108	\$1,639,561	\$1,645,714	\$1,672,891	\$1,688,373	\$1,579,658	\$1,588,087	\$1,482,922
Other Purposes	1,424,728	1,618,587	1,593,553	1,578,221	1,539,836	1,580,977	1,517,163	1,442,769	1,462,646	1,425,001
Income Taxes	12,921,715	10,962,364	10,800,430	10,402,223	10,508,828	10,577,734	10,147,407	10,149,597	9,705,339	9,743,877
Grants and Entitlements not Restricted to										
Specific Programs	1,668,485	2,735,703	2,446,005	2,403,218	2,430,874	2,653,962	2,203,538	2,308,746	2,173,408	2,642,496
Investment Earnings	206,287	221,008	232,274	443,814	781,307	1,158,296	1,083,312	615,028	354,751	369,743
Gain (Loss) on Sale of Capital Assets	0	0	0	0	0	0	0	0	26,173	0
Miscellaneous	475,985	574,177	301,344	165,543	77,607	284,815	171,322	99,965	261,338	407,711
Transfers	0	(140,000)	0	0	0	0	0	0	(170,000)	(225,000)
Total Governmental Activities	18,493,924	17,592,250	16,999,714	16,632,580	16,984,166	17,928,675	16,811,115	16,195,763	15,401,742	15,846,750
Business-Type Activities										
Investment Earnings	29,250	33,514	76,543	187,029	353,880	415,999	320,134	225,528	94,364	100,152
Gain (Loss) on Sale of Capital Assets	0	0	23,796	0	0	0	203,669	0	17,357	0
Miscellaneous	64,055	130,253	82,236	129,495	55,484	60,147	50,602	46,722	49,469	79,665
Transfers	0	140,000	0	0	0	0	0	0	170,000	225,000
Total Business-Type Activities	93,305	303,767	182,575	316,524	409,364	476,146	574,405	272,250	331,190	404,817
Total Primary Government	18,587,229	17,896,017	17,182,289	16,949,104	17,393,530	18,404,821	17,385,520	16,468,013	15,732,932	16,251,567
Change in Net Position										
Governmental Activities	2,126,071	1,567,720	580,551	1,544,919	3,169,227	2,682,931	3,909,187	3,032,352	2,226,610	3,748,792
Business-Type Activities	803,894	(427,418)	219,905	(20,825)	(592,148)	1,518,877	1,520,178	2,905,718	4,137,968	3,954,962
Total Primary Government Change in Net Position	\$2,929,965	\$1,140,302	\$800,456	\$1,524,094	\$2,577,079	\$4,201,808	\$5,429,365	\$5,938,070	\$6,364,578	\$7,703,754

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>
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
2006	10,147,407	3,205,536	13,352,943
2005	10,149,597	3,022,427	13,172,024
2004	9,705,339	3,050,733	12,756,072
2003	9,743,877	2,907,923	12,651,800

City of Kent, Ohio

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

Table 4

General Fund	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Nonspendable	\$2,033,323	\$1,159,430	\$2,529,366	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Assigned	2,894,067	2,863,740	2,744,000	0	0	0	0	0	0	0
Unassigned	732,615	3,204,918	4,346,151	0	0	0	0	0	0	0
Reserved	0	0	0	1,639,853	1,831,388	623,091	326,376	307,588	732,394	638,866
Unreserved	0	0	0	7,792,430	7,993,656	9,467,823	8,690,503	8,128,983	8,131,289	8,228,294
Total General Fund	5,660,005	7,228,088	9,619,517	9,432,283	9,825,044	10,090,914	9,016,879	8,436,571	8,863,683	8,867,160
All Other Governmental Funds										
Nonspendable	4,303,876	4,269,688	187,302	0	0	0	0	0	0	0
Restricted	7,000,667	5,129,268	5,000,566	0	0	0	0	0	0	0
Committed	7,416,462	6,000,683	5,580,030	0	0	0	0	0	0	0
Unassigned (Deficit)	(6,186,570)	(5,461,833)	(115,035)	0	0	0	0	0	0	0
Reserved	0	0	0	2,212,363	2,237,630	2,348,967	1,994,925	2,542,837	2,375,454	2,841,313
Unreserved;										
Designated:										
Special Revenue funds										
For Public Facilities and Programs	0	0	0	2,162,966	2,120,760	2,030,076	1,965,565	1,866,936	1,798,054	1,752,668
Undesignated (Deficit), Reported in:										
Special Revenue funds	0	0	0	8,062,407	7,863,374	8,586,351	7,709,110	7,096,062	6,548,672	6,218,145
Capital Projects funds	0	0	0	(711,829)	(553,463)	(1,824,391)	(2,112,636)	(2,510,795)	(2,817,282)	(2,342,442)
Total All Other Governmental Funds	12,534,435	9,937,806	10,652,863	11,725,907	11,668,301	11,141,003	9,556,964	8,995,040	7,904,898	8,469,684
Total Governmental Funds	\$18,194,440	\$17,165,894	\$20,272,380	\$21,158,190	\$21,493,345	\$21,231,917	\$18,573,843	\$17,431,611	\$16,768,581	\$17,336,844

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes:										
Property and Other Local Taxes	\$3,253,169	\$3,252,122	\$3,188,957	\$3,191,649	\$3,181,717	\$3,268,463	\$3,115,248	\$2,998,573	\$3,053,539	\$2,876,964
Municipal Income Taxes	11,921,978	10,785,019	10,497,813	10,525,332	10,590,922	10,564,245	10,179,387	10,142,768	9,697,832	9,745,072
Charges for Services	1,905,500	1,815,145	1,710,682	1,782,466	1,782,566	1,727,130	1,373,609	1,458,020	1,239,502	988,417
Fees, Licenses and Permits	396,389	737,262	203,840	195,432	233,749	225,905	334,498	348,454	349,356	241,387
Fines and Forfeitures	223,148	182,599	215,091	232,475	273,217	234,768	245,442	369,844	373,176	315,705
Intergovernmental	6,824,535	6,694,046	4,933,568	5,776,055	6,794,713	4,406,113	3,848,989	3,988,310	4,759,878	4,145,984
Special Assessments	200,091	154,563	162,134	134,760	188,193	206,943	164,351	163,218	163,005	166,775
Interest	178,996	187,822	199,075	411,319	746,226	1,119,987	1,044,343	573,151	311,813	319,078
Miscellaneous	357,551	214,177	301,496	169,412	84,153	235,884	441,168	97,432	261,338	407,711
Total Revenues	25,261,357	24,022,755	21,412,656	22,418,900	23,875,456	21,989,438	20,747,035	20,139,770	20,209,439	19,207,093
Expenditures										
Current:										
Security of Persons and Property	10,263,063	10,283,338	10,132,948	9,769,228	9,604,565	9,177,854	8,871,722	8,574,921	8,566,950	7,977,881
Public Health and Welfare	621,527	665,015	624,153	614,382	622,121	561,623	564,743	545,881	557,405	520,443
Leisure Time Activities	1,444,809	1,401,566	1,316,516	1,311,301	1,282,314	1,233,477	1,237,456	1,141,268	1,175,458	979,959
Community Development	3,225,697	3,023,979	1,787,852	1,748,287	1,783,711	1,789,461	1,895,068	1,836,098	1,924,022	1,946,318
Transportation	1,803,687	2,185,911	1,859,655	1,871,613	1,650,958	1,471,685	1,299,412	1,400,731	1,455,517	1,424,857
General Government	2,680,256	2,972,845	2,772,347	2,740,057	2,623,065	2,533,830	2,627,620	2,568,272	2,659,253	2,424,777
Capital Outlay	3,695,672	5,912,555	3,764,921	4,171,122	5,569,791	2,160,125	2,646,181	2,714,605	3,732,130	2,264,048
Debt Service:										
Principal Retirement	1,434,937	201,973	209,947	198,947	217,947	211,947	204,947	188,947	187,947	181,947
Interest and Fiscal Charges	191,040	197,800	144,108	216,718	259,556	277,737	280,497	246,585	242,924	257,533
Bond Issuance Costs	62,354	0	0	0	0	0	0	0	0	0
Total Expenditures	25,423,042	26,844,982	22,612,447	22,641,655	23,614,028	19,417,739	19,627,646	19,217,308	20,501,606	17,977,763
Excess of Revenues Over (Under) Expenditures	(161,685)	(2,822,227)	(1,199,791)	(222,755)	261,428	2,571,699	1,119,389	922,462	(292,167)	1,229,330

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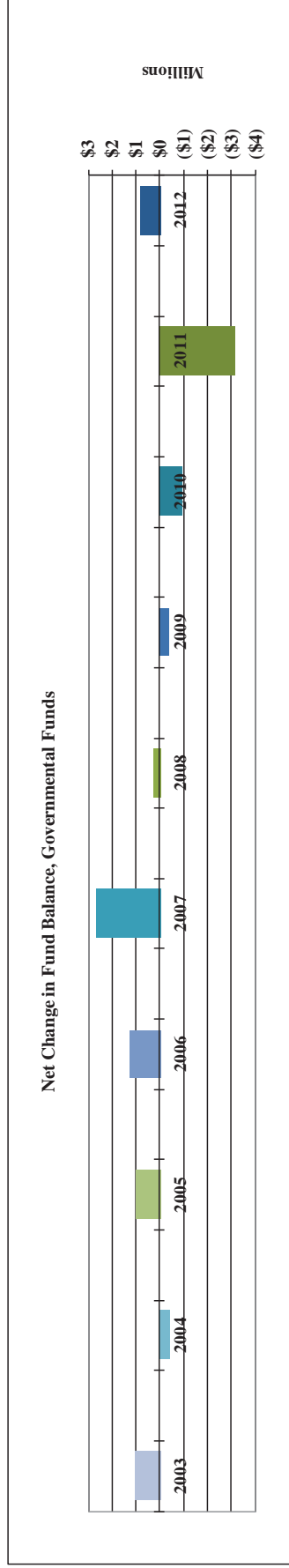
City of Kent, Ohio

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

Table 5

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Other Financing Sources (Uses)										
Sale of Capital Assets	15,346	5,741	0	0	0	86,375	112,843	0	26,913	0
Note Premium	0	0	0	0	0	0	0	0	26,730	0
Loan Proceeds	1,117,114	0	455,101	0	0	0	0	0	0	0
Transfers In	270,762	268,522	10,178,069	9,834,480	10,643,237	10,188,942	9,599,347	9,579,181	8,995,666	9,273,113
Transfers Out	(430,762)	(558,522)	(10,319,189)	(9,946,880)	(10,643,237)	(10,188,942)	(9,599,347)	(9,549,181)	(9,165,666)	(9,498,113)
Total Other Financing Sources (Uses)	972,460	(284,259)	313,981	(112,400)	0	86,375	112,843	30,000	(116,357)	(225,000)
Net Change in Fund Balances	\$810,775	(\$3,106,486)	(\$885,810)	(\$335,155)	\$261,428	\$2,658,074	\$1,232,232	\$952,462	(\$408,524)	\$1,004,330
Debt Service as a Percentage of Noncapital Expenditures	7.48%	1.91%	1.85%	2.25%	2.65%	2.84%	2.86%	2.64%	2.57%	2.80%

Debt Service as a Percentage of Noncapital Expenditures



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>
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
2006	10,179,387	3,115,248	13,294,635
2005	10,142,768	2,998,573	13,141,341
2004	9,697,832	3,053,539	12,751,371
2003	9,745,072	2,876,964	12,622,036
2002	9,630,343	2,705,651	12,335,994

City of Kent, Ohio

Income Tax Revenue Base and Collections (Cash Basis)

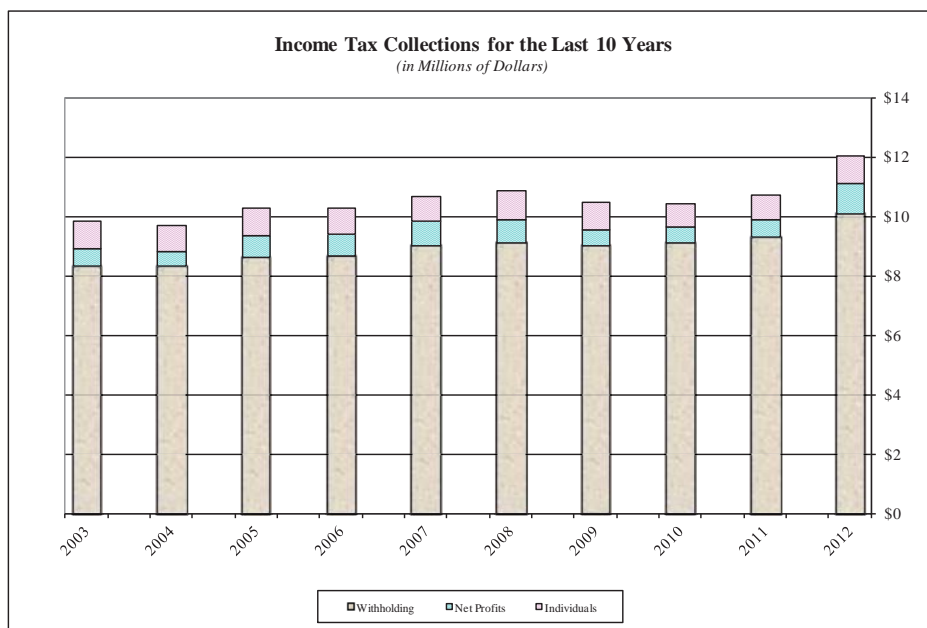
Last Ten Years

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
2012	2.00%	\$12,067,888	\$10,090,208	83.61%	\$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
2006	2.00	10,315,459	8,682,188	84.16	748,460	7.26	884,811	8.58
2005	2.00	10,305,383	8,613,458	83.58	772,397	7.50	919,528	8.92
2004	2.00	9,725,546	8,346,704	85.83	506,032	5.20	872,810	8.97
2003	2.00	9,858,757	8,358,858	84.79	558,370	5.66	941,529	9.55

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

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



City of Kent, Ohio

Top Ten Income Tax Withholders

Current and Nine Years Ago

Table 8

2012		
Rank	Employer Name	
1	Kent State University	
2	Kent City Schools	
3	Davey Tree Expert Co., Inc.	
4	City of Kent	
5	Land-O-Lakes	
6	Smithers-Oasis Company	
7	Klaben Family Ford, Inc.	
8	Ametek Inc	
9	Don Joseph Inc	
10	Ametek Technical & Industrial	
2003		
2012 Rank	Rank	Employer Name
1	1	Kent State University
2	2	Kent City Schools
4	3	City of Kent
3	4	Davey Tree Expert Co., Inc.
5	5	Land-O-Lakes
8	6	Ametek, Inc.
6	7	Smithers-Oasis Company
n/a	8	CCI Supply
7	9	Klaben Family Ford, Inc.
n/a	10	Integrated Logistics Holding Co.

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	
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
2005/2006	4.76	0.73	3.45	0.30	0.30	9.54	13.62	102.42	125.58
2004/2005	4.76	0.73	3.45	0.30	0.30	9.54	13.62	95.78	118.94
2003/2004	4.66	0.73	3.45	0.30	0.30	9.44	13.62	95.77	118.83
2002/2003	4.66	0.73	3.45	0.30	0.30	9.44	12.72	96.01	118.17

Source: Portage County, Ohio; County Auditor



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
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
2006	224,455,410	92,947,180	906,864,543	8,102,390	12,093,119
2005	218,255,087	93,118,010	889,637,420	9,530,700	10,830,341
2004	214,777,462	92,267,150	877,270,320	9,745,960	11,074,955
2003	185,232,675	87,820,073	780,150,709	10,064,210	11,436,602

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.

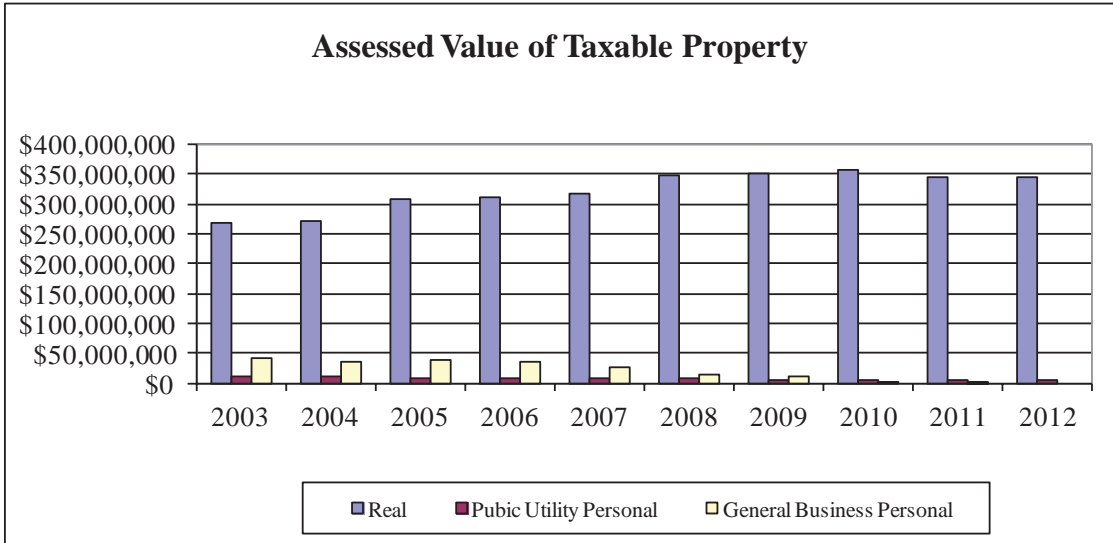
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by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

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

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

Table 10

<u>Tangible Personal Property</u>					
<u>General Business</u>		<u>Total</u>			
<u>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	\$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
28,023,818	149,460,363	353,528,798	1,068,418,025	33.09	9.54
37,133,989	148,535,956	358,037,786	1,049,003,717	34.13	9.44
38,007,178	152,028,712	354,797,750	1,040,373,987	34.10	9.44
36,373,796	145,495,184	319,490,754	937,082,495	34.09	9.44



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>
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
2006	3,001,119	2,943,312	98.07	87,851	3,031,163	101.00	238,914
2005	3,016,195	2,904,751	96.31	83,750	2,988,501	99.08	221,840
2004	2,990,557	2,908,664	97.26	130,128	3,038,792	101.61	193,334
2003	2,822,825	2,757,875	97.70	77,216	2,835,091	100.43	166,525

Source: Portage County, Ohio; County Auditor

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

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

City of Kent, Ohio

Principal Taxpayers – Real Estate Tax

2012 and 2003

Table 12

Taxpayer	2012	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Mikey Ryan	\$2,941,120	0.85 %
Silver Meadows Ltd.	2,500,100	0.72
DSMP - Kent LLC	2,365,790	0.68
Whitehall Terrace Investors LLC	2,190,900	0.63
Douglas Partners LLC	2,022,370	0.58
New Indian Valley Ltd.	1,845,940	0.53
Klaben, Richard G.	1,772,070	0.51
Davey Tree Expert Co	1,693,550	0.49
Inn at Golden Pond Ltd.	1,675,520	0.48
EQK Portage Inc.	1,612,170	0.47
Total	\$20,619,530	5.94 %
Total Assessed Valuation	\$346,335,680	
Taxpayer	2003	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Gougler Industries, Inc.	\$4,552,610	1.42 %
Ohio Bell	\$4,348,430	1.36
Silver Meadows Ltd.	3,452,050	1.08
Mickey Ryan LLC	2,882,600	0.90
Paul P. Tell Sr.	2,758,890	0.86
Ohio Edison	2,630,450	0.82
Associated Estates Realty *	2,271,150	0.71
Atlas Engineering, Inc.	2,217,450	0.69
Whitehall Terrace Investors LLC	2,176,020	0.68
Douglas Partners **	2,108,760	0.66
Total	\$29,398,410	9.18 %
Total Assessed Valuation	\$319,490,754	

Source: Portage County, Ohio; County Treasurer

(1) The amounts presented represent the assessed values upon which 2012 and 2003 collections were based.

* Formerly Kent State Apartments

** Formerly W9/GLM Real Estate

City of Kent, Ohio

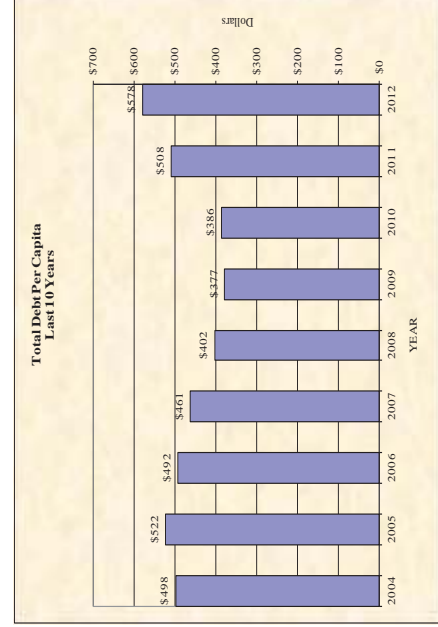
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita

Last Ten Years

Table 13

Year	Governmental Activities					Business-Type Activities					Total Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Loans Payable	Bond Anticipation Notes	OPWC Loans	Bond Anticipation Notes	OWDA Loans	Total Debt				
2012	\$0	\$305,000	\$241,446	\$1,445,907	\$10,295,000	\$145,827	\$675,000	\$3,606,429	\$16,714,609	3.03%	\$578		
2011	1,370,000	334,000	231,053	375,123	7,715,000	82,108	735,000	3,833,003	14,675,287	2.66	\$508		
2010	1,530,000	361,000	246,026	455,101	3,625,000	84,592	\$795,000	4,051,703	11,148,422	2.02	386		
2009	1,685,000	386,000	275,973	0	2,965,000	89,559	\$855,000	4,262,805	10,519,337	2.51	377		
2008	1,830,000	410,000	305,920	0	3,205,000	94,526	915,000	4,466,577	11,227,023	2.68	402		
2007	1,970,000	458,000	335,867	0	3,445,000	96,324	1,910,000	4,657,673	12,872,864	3.07	461		
2006	2,105,000	505,000	365,814	0	3,680,000	33,733	2,460,000	4,574,265	13,723,812	3.28	492		
2005	2,235,000	550,000	395,761	0	3,920,000	33,733	3,010,000	4,410,631	14,555,125	3.47	522		
2004	2,355,000	589,000	425,708	0	4,170,000	0	3,610,000	2,737,725	13,887,433	3.31	498		
2003	2,475,000	627,000	455,655	0	4,405,000	0	2,910,000	1,041,602	11,914,257	2.84	427		

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



City of Kent, Ohio

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

Table 14

<u>Year</u>	<u>Population (1)</u>		<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Net Bonded Debt Per Capita</u>
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
2006	27,906	a	1,068,418,025	2,105,000	0.20	75.43
2005	27,906	a	1,049,003,717	2,235,000	0.21	80.09
2004	27,906	a	1,040,373,987	2,355,000	0.23	84.39
2003	27,906	a	937,082,495	2,475,000	0.26	88.69

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 general obligation bonded debt with the exception of those general obligation issues that are supported by business-type activities.

City of Kent, Ohio

*Pledged Revenue Coverage
Special Assessments Bonds
Last Ten Years*

Table 15

<u>Year</u>	<u>Debt Service Assessments</u>	<u>Debt Service</u>		<u>Percent Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
2012	\$49,250	\$29,000	\$20,040	1.00
2011	49,250	27,000	21,660	1.01
2010	61,756	25,000	23,035	1.29
2009	36,593	24,000	24,355	0.76
2008	78,428	48,000	27,570	1.04
2007	76,950	47,000	30,730	0.99
2006	77,709	45,000	33,780	0.99
2005	80,410	39,000	36,375	1.07
2004	76,056	38,000	38,915	0.99
2003	82,795	37,000	41,390	1.06

Source: City Financial Records

City of Kent, Ohio

Legal Debt Margin

Last Ten Years

Table 16

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total Assessed Property Value	\$346,335,680	\$348,564,220	\$350,120,000	\$362,281,790	\$367,517,508	\$372,293,480	\$353,528,798	\$358,037,786	\$354,797,750	\$319,490,754
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	36,365,246	36,599,243	36,762,600	38,039,588	38,589,338	39,090,815	37,120,524	37,593,968	37,253,764	33,546,529
Debt Outstanding:										
General Obligation Bonds - Governmental Activities	0	1,370,000	1,530,000	1,685,000	1,830,000	1,970,000	2,105,000	2,235,000	2,355,000	2,475,000
Special Assessment Bonds	305,000	334,000	361,000	386,000	410,000	458,000	505,000	550,000	589,000	627,000
Bond Anticipation Notes - Governmental Activities	10,295,000	7,715,000	3,625,000	2,965,000	3,205,000	3,445,000	3,680,000	3,920,000	4,170,000	4,405,000
Bond Anticipation Notes - Business Type Activities	675,000	735,000	795,000	855,000	915,000	1,910,000	2,460,000	3,010,000	3,610,000	2,910,000
Total Gross Indebtedness	11,275,000	10,154,000	6,311,000	5,891,000	6,360,000	7,783,000	8,750,000	9,715,000	10,724,000	10,417,000
Less:										
Special Assessment Bonds	(305,000)	(334,000)	(361,000)	(386,000)	(410,000)	(458,000)	(505,000)	(550,000)	(589,000)	(627,000)
Bond Anticipation Notes - Business Type Activities	(675,000)	(735,000)	(795,000)	(855,000)	(915,000)	(1,910,000)	(2,460,000)	(3,010,000)	(3,610,000)	(2,910,000)
General Obligation Bond Retirement Fund Balance	0	(47,709)	(32,145)	(18,424)	(30,186)	(27,328)	(38,108)	(39,179)	(44,130)	(44,847)
Total Net Debt Applicable to Debt Limit	10,295,000	9,037,291	5,122,855	4,631,576	5,004,814	5,387,672	5,746,892	6,115,821	6,480,870	6,835,153
Legal Debt Margin Within 10 ½ % Limitations	\$26,070,246	\$27,561,952	\$31,639,745	\$33,408,012	\$33,584,524	\$33,703,143	\$31,373,632	\$31,478,147	\$30,772,894	\$26,711,376
Legal Debt Margin as a Percentage of the Debt Limit	71.69%	75.31%	86.07%	87.82%	87.03%	86.22%	84.52%	83.73%	82.60%	79.62%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	\$19,048,462	\$19,171,032	\$19,256,600	\$19,925,498	\$20,213,463	\$20,476,141	\$19,444,084	\$19,692,078	\$19,513,876	\$17,571,991
Total Gross Indebtedness	11,275,000	10,154,000	6,311,000	5,891,000	6,360,000	7,783,000	8,750,000	9,715,000	10,724,000	10,417,000
Less:										
General Obligation Bonds - Business Type Activities	0	0	0	0	0	0	0	0	0	0
Special Assessment Bonds	(305,000)	(334,000)	(361,000)	(386,000)	(410,000)	(458,000)	(505,000)	(550,000)	(589,000)	(627,000)
Bond Anticipation Notes - Business Type Activities	(675,000)	(735,000)	(795,000)	(855,000)	(915,000)	(1,910,000)	(2,460,000)	(3,010,000)	(3,610,000)	(2,910,000)
General Obligation Bond Retirement Fund Balance	0	(47,709)	(32,145)	(18,424)	(30,186)	(27,328)	(38,108)	(39,179)	(44,130)	(44,847)
Net Debt Within 5 ½ % Limitations	10,295,000	9,037,291	5,122,855	4,631,576	5,004,814	5,387,672	5,746,892	6,115,821	6,480,870	6,835,153
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$8,753,462	\$10,133,741	\$14,133,745	\$15,293,922	\$15,208,649	\$15,088,469	\$13,697,192	\$13,576,257	\$13,033,006	\$10,736,838
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	45.95%	52.86%	73.40%	76.76%	75.24%	73.69%	70.44%	68.94%	66.79%	61.10%

Source: City Financial Records

City of Kent, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2012

Table 17

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Kent			
General Obligation Bond			
Anticipation Notes	\$10,295,000	100.00 %	\$10,295,000
Special Assessment Bonds	305,000	100.00	305,000
OPWC Loans	241,446	100.00	241,446
Other Loans Payable	1,445,907	100.00	1,445,907
	<u>12,287,353</u>		<u>12,287,353</u>
<i>Total Direct Debt</i>	<u>\$12,287,353</u>		<u>\$12,287,353</u>
Overlapping			
Kent City School District (2)			
General Obligation Bonds	20,349,991	67.53	13,742,349
Portage County (3)			
General Obligation Bonds	14,510,842	10.36	1,503,323
Special Assessment Bonds	661,495	10.36	68,531
OWDA Loans	356,586	10.36	36,942
	<u>35,878,914</u>		<u>15,351,145</u>
<i>Total Overlapping Debt</i>	<u>35,878,914</u>		<u>15,351,145</u>
Total	<u><u>\$46,173,914</u></u>		<u><u>\$25,646,145</u></u>

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

City of Kent, Ohio

Demographic and Economic Statistics

Last Ten Years

Table 18

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)
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%
2006	27,906	a	419,008,590	15,015	29,582	3,415	5.1%	4.2%
2005	27,906	a	419,008,590	15,015	29,582	3,371	5.6%	4.6%
2004	27,906	a	419,008,590	15,015	29,582	3,427	5.8%	4.6%
2003	27,906	a	419,008,590	15,015	29,582	3,471	5.8%	4.3%
2002	27,906	a	419,008,590	15,015	29,582	3,547	5.4%	6.1%

(1) Source: U. S. Census

(a) 2000 Federal Census

(b) 2010 Federal Census

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

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

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

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

City of Kent, Ohio

Principal Employers

Current and Nine Years Ago

Table 19

2012*		
Employer	Number of W-2's processed	Percentage of Total City W-2's processed
Kent State University	11,180	57.61%
Kent City Schools	856	4.41
Davey Tree Expert Co., Inc.	335	1.73
City of Kent	280	1.44
OHNH Emp LLC	184	0.95
Klaben Family Ford	130	0.67
Smithers-Oasis Company	124	0.64
ACS Industries Inc	97	0.50
Kent Adhesive Product	89	0.46
Don Joseph Inc	75	0.38
Total	13,350	68.79%
Total W-2's Processed	19,407	

2003		
Employer	Number of W-2's processed	Percentage of Total City W-2's processed
Kent State University	10,701	41.83%
Kent City Schools	899	3.51
City of Kent	278	1.09
Davey Tree	228	0.89
Lank O Lakes	175	0.68
Ametek	141	0.55
Smithers Oasis	130	0.51
CCI Supply	374	1.46
Klaben Family Ford Inc	111	0.43
Integrated Logistics	100	0.39
Total	13,137	51.35%
Total W-2's Processed	25,584	

N/A - not available

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

City of Kent, Ohio

City Government Employees by Function/Program

Last Ten Years

Table 20

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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	3	3	3	3	3	3	3	3	3	3
Civil Service Coordinator	1	1	1	0	0	0	0	0	0	0
Administrative Assistant to Civil Service Commission	0	0	0	1	1	1	1	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	4	4	4	4	4	4
Administrative Assistant to Director of Budget & Finance	0	0	0	0	1	1	1	1	1	1
Tax Administration										
Income Tax Commissioner	0	0	0	0	1	1	1	1	1	1
Income Tax Auditor	1	1	1	1	1	1	1	1	1	1
Account Clerk	0	0	0	0	1	1	1	1	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	0	0	0	0	0	0	0

(Continued)

City of Kent, Ohio

City Government Employees by Function/Program (continued)

Last Ten Years

Table 20

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Engineering										
Deputy Service Director/ Superintendent of Engineering	1	1	1	1	1	1	1	1	1	1
Senior Engineer	2	2	2	2	2	2	2	2	2	2
Senior Engineer (Part-time)	1	1	1	0	0	0	0	0	0	0
Design Engineer	0	0	0	1	1	1	1	1	1	1
Asst. Design Engineer (Part-time)	0	0	0	0	0	0	0	0	0	1
Engineering Technician	2	2	2	2	2	2	2	2	2	2
Engineering Aide I	0	0	0	1	1	1	1	1	1	0
Engineering Aide II	1	1	1	1	1	1	1	1	1	1
Co-op Student (Part-time)	0	0	0	0	0	0	0	0	0	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	3	3	3	3	3	3	3	3	3	3
Clerk-Dispatcher	7	7	7	7	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	1	1	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	27	27	27	27	27	27	27	27	24	24
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	1	1
Firefighter	0	0	0	0	0	0	0	0	1	1

(Continued)

City of Kent, Ohio

City Government Employees by Function/Program (continued)

Last Ten Years

Table 20

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Central Maintenance										
Utilities Manager	1	0	0	0	0	0	0	0	0	0
Facilities Manager	1	0	0	0	0	0	0	0	0	0
Cent. Maint. Mgr./Water Dist. Spec.	0	1	1	1	1	1	1	1	1	1
Assignment Supervisor	0	0	0	0	0	0	1	1	1	1
Chief Operator	3	3	3	3	3	3	0	0	0	0
Repair Operator	3	3	3	3	3	3	6	6	6	6
Service Technician/Gardener	1	1	1	1	1	1	1	1	1	0
Service Worker	11	11	11	11	11	11	11	11	11	12
Carpenter	1	1	1	1	1	1	1	1	1	1
Arborist Supervisor	0	1	1	1	1	1	1	1	0	0
Arborist	0	0	0	0	0	0	0	0	1	1
Account Clerk	1	1	1	1	1	1	0	0	0	0
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	0	0	0	0	0	0	0	0	0
Lab Tech	1	0	0	0	0	0	0	0	0	0
Environmental Tech	1	0	0	0	0	0	0	0	0	0
Wastewater Plant Operator	7	7	7	7	7	7	7	8	8	8
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	1	1	1	1	1	1	1	1	1
Public Health Sanitarian	3	2	2	2	2	2	2	2	2	2
Administrative Assistant to										
Health Commissioner	1	1	1	1	1	1	1	1	1	1
Laboratory Technician	0	2	2	2	2	2	2	2	2	2
Chemist	0	1	1	1	1	1	1	1	1	1
Secretary (Part-time)	1	1	1	1	1	1	1	1	1	1

(Continued)

City of Kent, Ohio

City Government Employees by Function/Program (continued)

Last Ten Years

Table 20

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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
Clerk-Typist I	0	0	0	0	0	0	0	0	0	1
Account Clerk	1	1	1	1	1	1	1	1	1	0
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	37	35	34	34	34	34	51	40	35	35
KABC Coordinator	1	1	1	1	1	1	1	0	0	0
K-6 Child Care (Full-Time)	1	1	1	1	0	0	0	0	0	0
K-6 Child Care (Part-Time)	16	16	16	16	17	17	0	0	0	0
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	1	1	1	1	0	0	0	0	0	0
Plans Administrator	0	0	0	0	1	1	1	1	1	1
Development Planner	1	1	1	1	1	1	1	1	1	1
Economic Development Coordinator	0	0	0	0	1	1	1	1	1	1
Development Engineer	1	1	1	1	1	1	1	1	1	1
Code Enforcement Officer (Part-time)	0	0	0	0	0	0	0	1	0	0
Sustainability Planner (Part-time)	0	0	0	0	0	0	1	1	1	1
Building										
Building Services Supervisor	1	1	1	1	1	1	1	1	1	1
Specialized Inspectors (Part-time)	5	5	5	5	5	5	5	5	5	5
Code Enforcement Officer (Part-time)	0	0	0	0	1	1	1	0	0	0
Code Enforcement Officer (Full-time)	1	1	1	1	0	0	0	0	0	0
Account Clerk	1	1	1	1	1	1	1	1	1	1
Main Street Program										
Coordinator	0	1	1	1	1	1	0	0	0	0
Economic Development										
Economic Development Director	1	1	1	1	0	0	0	0	0	0
Totals All Departments	280	279	278	278	280	280	280	269	260	261
Full-Time	192	193	193	193	194	194	193	194	192	191
Part-Time	88	86	85	85	86	86	87	75	68	70

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 21

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Number of Buildings	1.5	1.5	1.5	1.5	2	2	2	2	2	2
Administrative Vehicles	4	4	4	4	6	6	3	3	3	3
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	26	25	25	26	28	25	29	29	30	29
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Vehicles	13	13	13	15	14	14	13	13	13	10
Recreation										
Number of Buildings	9	9	8	7	6	6	6	6	6	6
Number of Parks	23	23	23	23	21	21	21	21	21	21
Park Acreage	354	354	354	354	354	354	344	344	344	344
Number of Baseball Diamonds	6	6	6	6	6	6	6	6	6	6
Number of Soccer Fields	15	15	15	10	8	8	8	8	8	8
Vehicles	11	11	11	10	10	10	13	11	11	11
Transportation										
Number of Buildings	3.75	3.75	3.75	3.75	2.5	2.5	2.5	2.5	2.5	2.5
Salt Dome	1	1	1	1	1	1	1	1	1	1
Streets (Center Lane Miles)	90.00	90.00	90.00	89.90	89.90	89.90	89.90	88.50	87.10	85.90
Service Vehicles	53	55	55	55	29	27	30	27	26	26
Public Health and Welfare										
Number of Buildings	0.50	0.50	0.50	0.50	1.25	1.25	1.25	1.25	1.25	1.25
Service Vehicles	4	5	5	6	4	3	3	3	3	3
Community Development										
Number of Buildings	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Service Vehicles	1	2	2	2	2	2	1	1	1	1
Water										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Water Lines (Linear Feet)	374,437	374,437	374,437	368,220	368,110	364,280	362,700	353,500	341,100	330,600
Vehicles	6	6	6	6	6	9	17	16	15	14
Sewer										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Sanitary Sewers (Linear Feet)	334,132	334,132	334,132	332,090	332,090	332,090	330,600	330,600	322,500	320,000
Vehicles	7	5	5	5	5	9	12	12	12	12
Storm Water Drainage										
Storm Sewers (Linear Feet)	383,918	383,918	383,918	382,330	376,460	376,460	370,000	370,000	363,100	362,900

Source: City of Kent capital asset records

City of Kent, Ohio

Operating Indicators by Function/Program

Last Ten Years

Table 22

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
City Council and Clerk of Council										
Number of Ordinances/Resolutions Passed	143	127	119	139	222	121	145	154	161	191
Number of Passports Accepted (Began November 2002)	355	373	443	420	554	872	737	677	687	324
Civil Service										
City of Kent:										
Entry Level Examinations	7	3	7	9	4	4	5	5	6	8
Promotional Examinations	5	2	1	3	1	0	2	2	0	4
Kent City School District:										
Entry Level Examinations	2	2	1	1	3	2	3	5	1	5
Promotional Examinations	0	0	1	0	2	1	0	0	0	0
Budget and Finance Department										
Number of checks/vouchers issued	5,471	5,651	5,595	5,756	6,162	5,958	6,207	6,529	7,185	6,970
Number of W-2's issued	267	267	269	275	271	284	285	281	273	276
Budget and Finance Department - Income Tax										
Transaction Totals:										
Individual Returns	11,138	6,697	7,446	15,517	15,693	14,221	15,461	16,010	15,708	16,262
Business (Net Profit) Returns	2,517	1,471	1,523	2,794	4,354	4,210	4,326	4,436	4,293	4,149
Withholding Accounts	13,024	9,735	9,461	11,061	11,211	11,068	11,257	11,079	10,613	10,428
Total Transactions	26,679 *	17,903	18,430	29,372	31,258	29,499	31,044	31,525	30,614	30,839
* as of May 23, 2013 extensions not due until Oct.										
Building and Finance Department - Utility Billing										
Number of Bills Mailed	92,400	92,400	94,302	77,251	77,226	77,865	71,968	71,119	70,294	69,159
Number of Delinquent Notices Sent	0	0 *	10,716	10,136	8,424	8,270	7,774	7,667	7,270	7,258
* as of 2011 no longer sent out										
Building Department Indicators										
Construction Permits Issued	285	229	155	196	234	228	220	205	200	209
Estimated Value of Construction	\$54,781,339	\$57,678,055	\$5,207,307	\$3,151,776	\$13,533,428	\$13,638,361	\$12,175,029	\$30,845,822	\$19,578,587	\$12,592,526
Number of permits issued	970	848	614	770	883	876	884	919	983	896
Amount of Revenue generated from permits	\$8,070,390	\$1,016,442	\$160,411	\$183,823	\$336,066	\$302,931	\$363,161	\$563,819	\$490,748	\$349,026
Number of contract registrations issued	145	190	208	254	193	238	244	264	290	383
Revenue generated from above 1,2,3	\$5,625	\$6,263	\$6,712	\$6,812	\$5,538	\$7,425	\$7,750	\$8,550	\$9,375	\$8,988
Number of Planning Commission Docket Items	29	25	27	13	15	23	29	27	23	23
Zoning Board of Appeals Docket Items	25	29	21	20	20	26	29	31	36	29

(Continued)

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

Table 22

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Public Services Department - Engineering											
Total Number of Projects	Unit EA	25	27	30	24	N/A	18	31	18	32	41
Total Dollars All Projects	\$	\$18,714,486	\$922,406	\$9,295,845	\$4,654,978	\$2,828,069	\$1,266,956	\$2,858,642	\$5,125,125	\$7,785,585	\$2,846,202
Total Professional Services Support	\$	\$2,504,285	\$1,737,999	\$2,165,201	\$1,291,834	\$1,266,667	\$374,225	\$794,863	\$826,852	\$735,051	\$2,025,029
Total Division Operating	\$	\$31,827	\$30,798	\$26,538	\$40,040	\$37,972	\$16,461	\$33,044	\$23,308	\$28,881	\$81,795
Private Inspection/Request		243	171	149	153	160	198	176	193	200	N/A
Public Services Department - Central Maintenance											
Street Repair (Curbs, aprons, berms, asphalt)	Unit Hr.s	4,322	3,338	3,983	4,028	2,351	2,983	2,198	2,216	2,240	1,746
Paint Stripping	Hr.s	1,224	808	1,121	871	853	858	860	1,199	813	1,108
Street Sweeper	Hr.s	888	993	1,148	1,132	1,148	1,059	1,145	955	817	1,120
Cold Patch	Hr.s	1,313	1,339	1,179	1,380	1,070	333	804	1,775	1,263	1,393
Snow & Ice Removal regular	Hr.s	1,013	1,588	5,758	2,375	1,426	1,617	667	1,014	1,062	1,455
Snow & Ice Removal overtime	Hr.s	1,221	1,501	2,665	2,028	3,052	2,276	611	2,103	2,380	3,084
Sewer and Sanitary calls for service	Unit Ea	57	55	57	44	43	35	36	38	52	49
After hours Sewer Calls	Hr.s	54	74	62	65	67	13	9	4	2	13
Sewer Crew	Hr.s	1,939	1,809	2,012	2,089	2,737	1,452	829	843	964	1,260
Sewer jet, Vac-all, other services	Hr.s	1,538	1,808	2,012	2,089	2,737	1,432	829	843	964	1,260
Water Distribution Maintenance	Hr.s	6,943	5,624	8,124	7,981	7,234	4,955	3,989	4,661	4,868	5,013
Number of Water Breaks	Unit Ea	25	12	44	32	37	33	29	19	19	25
Water Meter Reading	Hr.s	486	953	1,309	1,573	1,443	1,262	1,187	1,032	814	761
Landscaping, Tree Maint. (Stump-Chipper service)	Hr.s	3,158	3,972	4,193	5,753	5,246	2,586	3,894	4,448	5,854	4,432
Leaf collection	Hr.s	1,551	2,864	2,800	1,590	4,089	4,616	4,474	4,210	4,135	5,206
Holiday lights setup	Hr.s	189	48	56	48	96	77	110	224	397	320
Downtown Square events	Hr.s	614	585	576	532	430	246	257	253	287	269
Equipment repair	Hr.s	7,536	7,661	8,448	8,436	7,291	7,539	6,921	7,736	8,180	7,465
Sign department	Hr.s	1,595	1,110	1,054	1,077	1,108	1,217	1,787	1,685	1,465	1,608
Number of Trees Planted per year	Unit Ea	111	244	N/A	191	123	99	186	71	95	193
Gallons of Calcium Chloride used (Year Jan-Dec)	Unit Gal.s	4,426	5,525	8,512	7,140	9,440	5,300	900	600	15,538	13,836
Cost of Calcium Chloride Purchased	Unit \$/Gal.	\$0.550	\$0.550	\$0.970	\$0.960	\$0.959	\$0.479	\$0.595	\$0.545	\$0.470	\$0.545
Tons of snow melting salt used (Year Jan-Dec)	Unit Tons	1,621	3,196	3,687	4,188	8,723	5,048	1,860	4,416	4,678	6,216
Cost of salt purchased	Unit \$/Ton	\$43.20	\$43.20	\$43.00	\$43.20	\$43.20	\$37.04	\$35.52	\$34.88	\$34.88	\$32.83
Public Services Department - Water Reclamation											
Wastewater rates (per 1st 300 cu. ft.)	Unit \$	\$12.61	\$11.57	\$11.57	\$11.22	\$11.22	\$11.22	\$11.01	\$10.68	\$10.68	\$10.68
Total yearly flow	Unit MG	737	832	756	989	923	854	920	990	1,029	1,014
Average daily flow	Unit MGD	2.02	2.28	2.00	2.70	2.53	2.34	2.51	2.70	2.82	2.78
Sludge removed (dry tons)	Unit \$/Ton	363	351	359	329	342	340	336	431	572	559
Treatment chemical cost	Unit \$	\$55,645	\$56,750	\$64,699	\$66,548	\$53,000	\$52,000	\$62,500	\$54,200	\$44,000	\$52,100
Treatment electrical cost	Unit \$	\$108,259	\$167,112	\$161,314	\$190,931	\$183,859	\$170,420	\$163,000	\$164,000	\$164,000	\$164,000

(Continued)

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

Table 22

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public Services Department - Water Treatment Plant										
Raw Water from wells	1,032.45	988.01	1,000.70	932.00	932.00	1,001.53	1,015.49	1,058.77	1,053.20	1,100.84
Annual pumpage - finished water	909.68	885.43	918.34	929.00	929.00	993.85	1,005.44	1,042.66	1,014.52	1,009.43
Lime	\$138	\$138	\$124	\$124	\$124	\$124	\$113	\$101	\$84	\$70
Soda ash	\$376	\$359	\$359	\$281	\$281	\$270	\$258	\$193	\$160	\$154
Chlorine	\$540	\$510	\$510	\$510	\$510	\$450	\$540	\$540	\$426	\$420
Hydrofluosilicic acid	\$702	\$702	\$720	\$484	\$484	\$340	\$309	\$236	\$246	\$252
Carbon dioxide	\$154	\$150	\$150	\$176	\$176	\$176	\$86	\$86	\$86	\$86
Electric (wells, plant, booster stations, tanks)	\$154,186	\$158,764	\$178,180	\$178,266	\$178,266	\$163,208	\$135,023	\$161,554	\$144,777	\$129,536
Lime sludge production plant	2,029.30	2,065.70	1,982.50	1,986.40	1,986.40	1,977.30	1,606.80	1,566.50	1,937.00	1,972.10
Lime sludge removed from plant and lagoons	2,044.90	3,825.00	3,760.30	1,986.70	1,986.70	3,346.50	5,473.80	4,763.90	4,567.40	3,684.00
Lime	744.89	716.17	733.08	639.90	639.90	700.70	751.10	772.53	808.77	812.10
Soda Ash	289.04	295.49	291.45	288.80	288.80	284.70	268.96	321.14	290.55	189.02
Chlorine	11.89	11.46	11.88	12.31	12.31	12.34	11.35	12.50	12.36	11.47
Carbon Dioxide	41.69	41.69	38.34	38.34	38.34	38.71	36.72	43.89	50.09	49.63
Hydrofluosilicic acid	16.27	16.27	17.14	16.06	16.06	17.15	18.00	19.96	18.72	18.44
Rainfall	33.14	44.14	30.79	36.38	36.38	49.51	47.88	42.52	47.81	51.53
Police										
Total Calls for Services	19,680	19,470	20,669	21,765	21,674	19,937	19,491	21,284	25,041	25,010
Number of traffic citations issued	3,393	2,841	3,247	3,554	3,669	3,380	3,071	3,817	4,878	4,470
Number of parking citations issued	2,546	2,468	2,915	3,834	3,389	2,662	3,042	3,158	4,281	4,425
Number of criminal arrests	2,391	2,066	2,110	2,440	2,615	2,376	2,354	1,977	2,285	2,366
Number of accident reports completed	843	856	839	818	797	840	885	949	1,071	1,002
Part I Offenses (major offenses)	951	926	885	911	975	1,035	1,142	1,180	1,115	1,208
Animal Warden service calls	558	389	492	470	551	511	319	495	552	679
DUI arrests	277	237	214	302	306	253	364	341	436	293
Motor Vehicle Accidents	843	856	839	818	797	840	885	949	1,071	1,002
Property Damage Accidents	531	540	526	512	441	500	506	539	604	585
Fatalities from Motor Vehicle Accidents	1	0	0	0	0	0	3	1	3	0
Community Diversion Program Youths	70	48	55	70	70	75	80	85	87	52
Fire										
Fire Losses:										
City of Kent	\$335,906	\$111,800	\$183,850	\$1,048,500	\$467,350	\$292,500	\$444,600	\$991,885	\$186,500	\$420,000
Kent State University	\$10,452	\$150,000	\$0	\$150,000	\$200,500	\$0	\$6,000	\$871,000	\$0	\$0
Franklin Township	\$3,037	\$8,900	\$119,000	\$8,900	\$645,720	\$167,500	\$451,600	\$42,075	\$541,670	\$1,000,500
Other	\$0	\$0	\$0	\$0	\$27,500	\$0	\$0	\$0	\$0	\$0
Total Fire Losses	\$349,395	\$270,700	\$302,850	\$1,207,400	\$1,341,070	\$460,000	\$902,200	\$1,904,960	\$728,170	\$1,420,500

(Continued)

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

Table 22

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Fire - continued										
Fire Calls:										
City of Kent	629	521	571	602	764	541	555	624	635	628
Kent State University	210	240	196	212	246	219	213	209	267	211
Franklin Township	173	138	140	118	154	142	135	143	164	142
Other	50	49	46	3	2	70	44	48	68	49
Total Fire Calls	1,062	948	953	935	1,166	972	947	1,024	1,134	1,030
Emergency Medical Services Calls:										
City of Kent	2,215	2,373	2,395	2,421	2,374	2,110	2,059	1,960	1,940	1,938
Kent State University	438	378	335	347	292	308	264	284	315	244
Franklin Township	445	368	351	341	411	400	339	372	356	334
Other	43	40	48	8	5	38	14	50	72	86
Total Emergency Medical Services Calls	3,141	3,159	3,129	3,117	3,082	2,856	2,676	2,666	2,683	2,602
Total Calls for Service (Fire & EMS)	4,203	4,095	4,082	4,052	4,248	3,828	3,623	3,690	3,817	3,632
Community Development										
Grants received due to Community Development Dept.	\$264,116	\$515,952	\$478,841	\$383,118	\$298,370	\$310,449	\$510,537	\$902,271	\$366,000	\$934,000
Grants received for other Departments	\$38,855	\$224,289	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Health Department										
Health Inspections:										
Food Service Operations	1,342	1,068	1,041	1,072	1,018	939	851	913	1,534	1,436
Housing	1,695	1,633	1,622	1,824	1,668	1,385	1,419	1,500	1,554	1,570
Swimming Pools	157	129	144	134	111	84	94	114	147	138
Nuisances	523	510	545	514	671	390	466	357	610	548
All Other	193	182	171	129	138	110	148	186	254	208
Total Inspections	3,910	3,522	3,523	3,673	3,606	2,908	2,978	3,070	4,099	3,900
Permits & Licenses Issued:										
Food Establishment Licenses	253	220	183	199	215	209	216	207	236	217
Housing Licenses	569	523	538	548	550	552	552	605	552	534
All Other Licenses	39	65	63	56	61	65	114	13	80	58
Total Permits & Licenses	861	808	784	803	826	826	882	825	868	809
Child Immunizations	218	114	80	123	195	112	89	75	106	172
Birth and Death Certificates Issued (Original & Copies)	3,315	3,593	3,034	2,982	3,047	3,080	3,048	3,219	3,220	3,060

(Continued)

City of Kent, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

Table 22

Recreation	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenue:										
Adult Leagues and Programs	\$62,216	\$36,846	\$35,475	\$28,723	\$28,025	\$32,151	\$39,747	\$38,192	\$36,989	\$37,252
Youth Leagues and Programs	76,248	77,707	93,878	84,106	70,853	77,612	77,267	76,989	57,069	40,051
Camps and Lessons	58,262	59,413	56,792	58,725	50,526	48,537	74,042	51,863	62,886	50,733
Preschool Programs	30,248	23,331	28,069	24,369	26,916	23,916	19,825	17,061	18,239	13,998
KABC Leagues	21,225	22,594	26,381	22,289	20,898	31,101	31,894	34,447	36,721	35,114
Special Events/Other	18,355	18,460	58,652	57,436	55,812	49,709	13,733	17,274	15,512	13,315
Non-Resident Fees	13,733	13,329	12,401	13,371	13,295	13,464	10,144	10,140	9,715	9,573
After School and Summer Programs	208,380	192,698	201,467	209,426	227,023	210,688	147,148	129,559	82,202	26,518
Total Program Revenue	\$488,667	\$444,378	\$513,115	\$498,445	\$493,348	\$487,178	\$413,800	\$375,525	\$319,333	\$226,554
Number of Participants:										
KABC (5-18 years old)	395	430	446	480	490	503	517	520	new program	new program
Fall Soccer (4-12 years old)	404	360	410	368	364	353	388	320	325	350
Spring Soccer (4-12 years old)	379	453	424	431	399	484	426	455	545	422
School Age Child Care (6-12 years old)	151	93	110	110	120	120	110	70	50	40
Flag Football (6-12 years old)	104	118	94	85	96	91	81	85	85	80
Basketball	319	358	412	397	399	330	332	334	350	360
Lacrosse	86	80	85	70	60	62	52	59	50	new program
Volleyball	N/A	37	37	45	51	42	46	N/A	N/A	N/A
Wrestling	32	16	15	34	31	30	30	N/A	N/A	N/A
Karate	173	133	120	24	25	30	30	N/A	N/A	N/A
Sports Camps	447	403	480	453	248	384	353	N/A	N/A	N/A
Preschool Kinderbound	28	21	22	21	21	21	18	N/A	N/A	N/A
Preschool Tiny Tots	22	20	18	18	13	15	15	N/A	N/A	N/A
Summer Day Camps - All	229	254	243	228	232	1,230	1,140	N/A	N/A	N/A
Ice Hockey	0	0	0	23	29	N/A	N/A	N/A	N/A	N/A
USTA	22	20	23	51	N/A	N/A	N/A	N/A	N/A	N/A
Theater	57	54	63	58	46	N/A	N/A	N/A	N/A	N/A
Cheer	24	44	56	27	35	N/A	N/A	N/A	N/A	N/A
Adult Tennis	28	23	18	22	32	N/A	N/A	N/A	N/A	N/A
Adult Softball Teams	44	69	51	52	46	N/A	N/A	N/A	N/A	N/A
Adult Men's Basketball	95	95	111	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Black Squirrel Triathlon	113	273	197	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Art in the Park Artists	101	108	96	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kids Nite Out	147	167	148	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Turkey Trot	388	385	242	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Adult Fitness Class	1,262	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: City Departments
N/A - Information is not available

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Dave Yost • Auditor of State

CITY OF KENT

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 29, 2013