

CITY OF KENT, OHIO

SINGLE AUDIT REPORT

DECEMBER 31, 2006



Mary Taylor, CPA

Auditor of State

Members of City Council
City of Kent
325 S. Depeyster Street
Kent, Ohio 44240

We have reviewed the *Independent Auditor's Report* of the City of Kent, Portage County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 20, 2007

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**CITY OF KENT, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006**

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

To the Members of City Council
City of Kent, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of and for the year ended December 31, 2006, which collectively comprise the City of Kent, Ohio's basic financial statements and have issued our report thereon dated June 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the City of Kent, Ohio, in a separate letter dated June 14, 2007.

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

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

June 14, 2007

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

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

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(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

To the Members of City Council
City of Kent, Ohio

Compliance

We have audited the compliance of the City of Kent, Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The City of Kent, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Kent, Ohio's management. Our responsibility is to express an opinion on the City of Kent, Ohio's compliance based on our audit.

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

In our opinion, the City of Kent, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic 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, 2005, and have issued our report thereon dated June 14, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Kent, Ohio's basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

June 14, 2007

CITY OF KENT, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass Through Grantor/ Program Title		Federal CFDA Number	Program or Award Amount	Receipts Recognized	Program Income	Direct Program Expenditures
<u>United States Department of Housing and Urban Development</u>						
<i>Passed through the Ohio Department of Development</i>						
Community Development Block Grant - Entitlement	B-02-MC-39-0026	14.218	\$ 438,000	\$ 0	\$ 0	\$ 30,512
Community Development Block Grant - Entitlement	B-03-MC-39-0026	14.218	379,000	0	0	14,333
Community Development Block Grant - Entitlement	B-04-MC-39-0026	14.218	366,000	68,995	0	8,391
Community Development Block Grant - Entitlement	B-05-MC-39-0026	14.218	347,271	216,750	0	151,297
Community Development Block Grant - Entitlement	B-06-MC-39-0026	14.218	310,537	0	0	81,127
Community Housing Improvement Prog. - Entitlement	A-C-05-136-2	14.239	555,000	<u>384,882</u>	<u>0</u>	<u>384,882</u>
Total U.S. Department of Housing and Urban Development				<u>670,627</u>	<u>0</u>	<u>670,542</u>
<u>United States Environmental Protection Agency</u>						
<i>Direct Program</i>						
Brownfields Assessment Program - Petroleum	BF-00E03501-0	66.818	200,000	<u>2,524</u>	<u>0</u>	<u>2,524</u>
Total United States Environmental Protection Agency				<u>2,524</u>	<u>0</u>	<u>2,524</u>
<u>United States Department of Justice</u>						
<i>Pass through Portage County</i>						
Byrne Justice Assistance Grant Program	2005-F1752-OH-DJ	16.579	6,500	<u>6,500</u>	<u>0</u>	<u>6,500</u>
Total United States Department of Justice				<u>6,500</u>	<u>0</u>	<u>6,500</u>
<u>Federal Highway Funds</u>						
<i>Passed through the Ohio Department of Transportation</i>						
Pedestrian Islands	G020(478) CRS POR-SR 0059-2.44 PID 22966	20.205	131,000	<u>0</u>	<u>0</u>	<u>5,239</u>
Total Federal Highway Funds				<u>0</u>	<u>0</u>	<u>5,239</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 679,651</u>	<u>\$ 0</u>	<u>\$ 684,805</u>

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

CITY OF KENT, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

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 accrual basis of accounting and has been reconciled to the program's federal financial reports. The following is a reconciliation by grant from the cash basis to the accrual basis at December 31, 2006.

	<u>Receipt Recognized</u>	<u>Direct Program Expenditures</u>
<u>Department of HUD</u>		
Cash Basis	\$ 599,409	\$ 688,940
Accrual Adjustment	71,218	(18,398)
Department of HUD - Accrual Basis	<u>\$ 670,627</u>	<u>\$ 670,542</u>
 <u>Federal Emergency Management Agency</u>		
Cash Basis	\$ 7,327	\$ 0
Accrual Adjustment	(7,327)	0
FEMA - Accrual Basis	<u>\$ 0</u>	<u>\$ 0</u>
 <u>Environmental Protection Agency</u>		
Cash Basis	\$ 86,225	\$ 2,524
Accrual Adjustment	(83,701)	0
Environmental Protection Agency - Accrual Basis	<u>\$ 2,524</u>	<u>\$ 2,524</u>
 <u>Federal Highway Administration</u>		
Cash Basis	\$ 0	\$ 0
Accrual Adjustment	0	5,239
Federal Highway Administration - Accrual Basis	<u>\$ 0</u>	<u>\$ 5,239</u>
 <u>Department of Justice</u>		
Cash Basis	\$ 6,500	\$ 6,500
Accrual Adjustment	0	0
Department of Justice	<u>\$ 6,500</u>	<u>\$ 6,500</u>

CITY OF KENT, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

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, 2006 was \$447,835. The program income represents interest revenue earned from the revolving loans and bank accounts and repayment of loans. These amounts, identified below, were subject to Single Audit procedures.

<u>Description</u>	<u>Program Income</u>
Revolving Loan Interest Earnings - EDA	\$ 16,641
Revolving Loan Interest Earnings - UDAG	9,579
Rehabilitation Loan Repayment - CDBG	24,610
Interest Income from Bank Accounts - UDAG	6,063
Community Development Block Grant - Program Income	13,533
Continuing Housing Impact Program - Program Income	<u>117,303</u>
Total Program Income	<u>\$ 187,729</u>

**CITY OF KENT, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 DECEMBER 31, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

2006(i)	Type of Financial Statement Opinion	Unqualified
2006(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2006(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
2006(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
2006(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2006(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2006(v)	Type of Major Programs' Compliance Opinions	Unqualified
2006(vi)	Are there any reportable findings under .510?	No
2006(vii)	Major Programs (list): CFDA #14.239 - Community Housing Improvement Program	
2006(viii)	Dollar Threshold: A/B Programs	Type A: \$300,000 Type B: All Others
2006(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CITY OF KENT, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2006

The prior audit report, as of December 31, 2005, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

CITY OF KENT, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2006

Issued by The Department of Budget and Finance

BARBARA A. RISSLAND
Director of Budget and Finance

City of Kent, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
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Comprehensive Annual Financial Report
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CITY OF KENT, OHIO

DEPARTMENT OF BUDGET AND FINANCE

June 14, 2007
Members of City Council
City Manager
Citizens of Kent, Ohio

The Comprehensive Annual Financial Report (CAFR) of the City of Kent (the City) for the fiscal year ended December 31, 2006, 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, 2006, have been audited by the independent auditing firm of James G. Zupka, Certified Public Accountants, Incorporated. The independent auditor's unqualified opinion has been included in this report.

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

The Comprehensive Annual Financial Report is divided into three sections: introductory, financial, and statistical. The introductory section contains this transmittal letter, the City of Kent organization chart, a list of principal officials and the Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the Independent Accountants' Report, the Management Discussion and Analysis, the basic financial statements, the combining and individual fund financial statements. The statistical section provides selected financial and demographic information about the City, generally presented on a multi-year basis.

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

PROFILE OF THE GOVERNMENT

The City of Kent, Ohio, is located in Portage County, approximately fifteen miles northeast of the City of Akron and six miles west of the City of Ravenna, the county seat. The City is the largest of four cities in this industrial and agricultural county. It is principally noted as the home of Kent State University, which has a current enrollment of approximately 22,317 students at the main campus in the City. The City covers an area of approximately 9.29 square miles. The City's 2000 population of 27,906 reflects a 3.2 percent decrease as compared to the 1990 population of 28,835.

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The City of Kent enjoys a very stable economic environment, primarily due to the fact that it is home to Kent State University, one of the largest of Ohio's thirteen state-assisted universities. Kent State University is the City's largest employer and accounts for 34.5% of total municipal income tax revenues. The University has an aggressive capital improvement plan. During 2006, work was completed on a five year, \$165 million project consisting of construction and renovation of the residence halls.

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

<u>Kent State University Enrollment</u>		
<u>Year</u>	<u>Average Enrollment</u>	<u>Percent Change from Previous Year</u>
2006	22,317	(5.5%)
2005	23,622	(3.0%)
2004	24,347	0.4%

During the year, permits issued for commercial/industrial new construction and alterations show an estimated value of \$1.6 million. Five residential subdivisions were also under construction. These subdivisions consist of upscale condominiums and single family houses with values ranging from \$108,000 to \$600,000. Building permits issued indicate a total value of \$10.5 million for residential new construction and renovations.

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

Major Initiatives

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

During 2006, there was a renewed focus on neighborhood enrichment initiatives including, but not limited to, expanded enforcement of the property maintenance code, increased enforcement of the noise ordinance and elimination of trash and blight. Multiple offenses at the same location are now aggregated under a nuisance ordinance that holds both the property owners and the tenants responsible. In 2007, the City will promote neighborhood cohesion through neighborhood groups and councils. These efforts help to preserve the quality of life in the areas surrounding the University.

Long-term Financial Planning

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

Cash Management Policies and Practices

The City's investment policy is to ensure safety of principal while maintaining a competitive yield on its monies. The Director of Budget and Finance is authorized by Council to invest interim and active monies not in excess of \$10 million. Investments may be in certificates of deposit or repurchase agreements for a period not to exceed six months with an eligible institution designated as a depository in the State of Ohio. While these are considered uncollateralized for financial reporting purposes, the institutions are required by state statute to maintain a collateral pool of assets whose carrying value exceeds their total public deposits by at least five percent. Investments in excess of \$10 million or beyond six months require the authorization of the City's Treasury Investment Board. The Treasury Investment Board is comprised of the City Manager, the Director of Budget and Finance and the Director of Law. The total interest earned during calendar year 2006 was \$1,405,317.

Risk Management

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities whose CAFR is easily readable, efficiently organized and conforms to GFOA reporting standards. Such a report must satisfy both generally accepted accounting principles (GAAP) as well as applicable legal requirements. The City of Kent received this honor for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005. This was the nineteenth consecutive year that the government has received this prestigious award.

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

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

Respectfully submitted,



Barbara A. Rissland

Director of Budget and Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kent
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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.



President

Executive Director

CITY OF KENT, OHIO
ELECTED OFFICIALS - 2006

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

CITY COUNCIL MEMBERS BY WARDS:

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

CITY OF KENT, OHIO

APPOINTED OFFICIALS - 2006

OFFICE OF CITY MANAGER

City Manager

David A. Ruller

OFFICE OF COUNCIL

Clerk of Council

Linda M. Copley

DEPARTMENT OF LAW

Law Director

James R. Silver

DEPARTMENT OF PUBLIC SERVICES

Service Director

Eugene K. Roberts

City Engineer

Christopher J. Tolnar

Water Plant Supervisor

Steve D. Hardesty, Sr.

Sewer Plant Supervisor

Robert W. Brown

Central Maintenance Manager

Jack E. Hogue

DEPARTMENT OF BUDGET AND FINANCE

Director of Budget and Finance

Barbara A. Rissland

Controller

John E. Mockler

DEPARTMENT OF PUBLIC SAFETY

Safety Director

William C. Lillich

Fire Chief

James A. Williams

Police Chief

James A. Peach

DEPARTMENT OF COMMUNITY DEVELOPMENT

Community Development Director

Charles V. Bowman

DEPARTMENT OF HEALTH

Health Commissioner

John B. Ferlito

Deputy Health Commissioner

John B. Bradshaw

DEPARTMENT OF PARKS AND RECREATION

Director of Parks and Recreation

John J. Idone

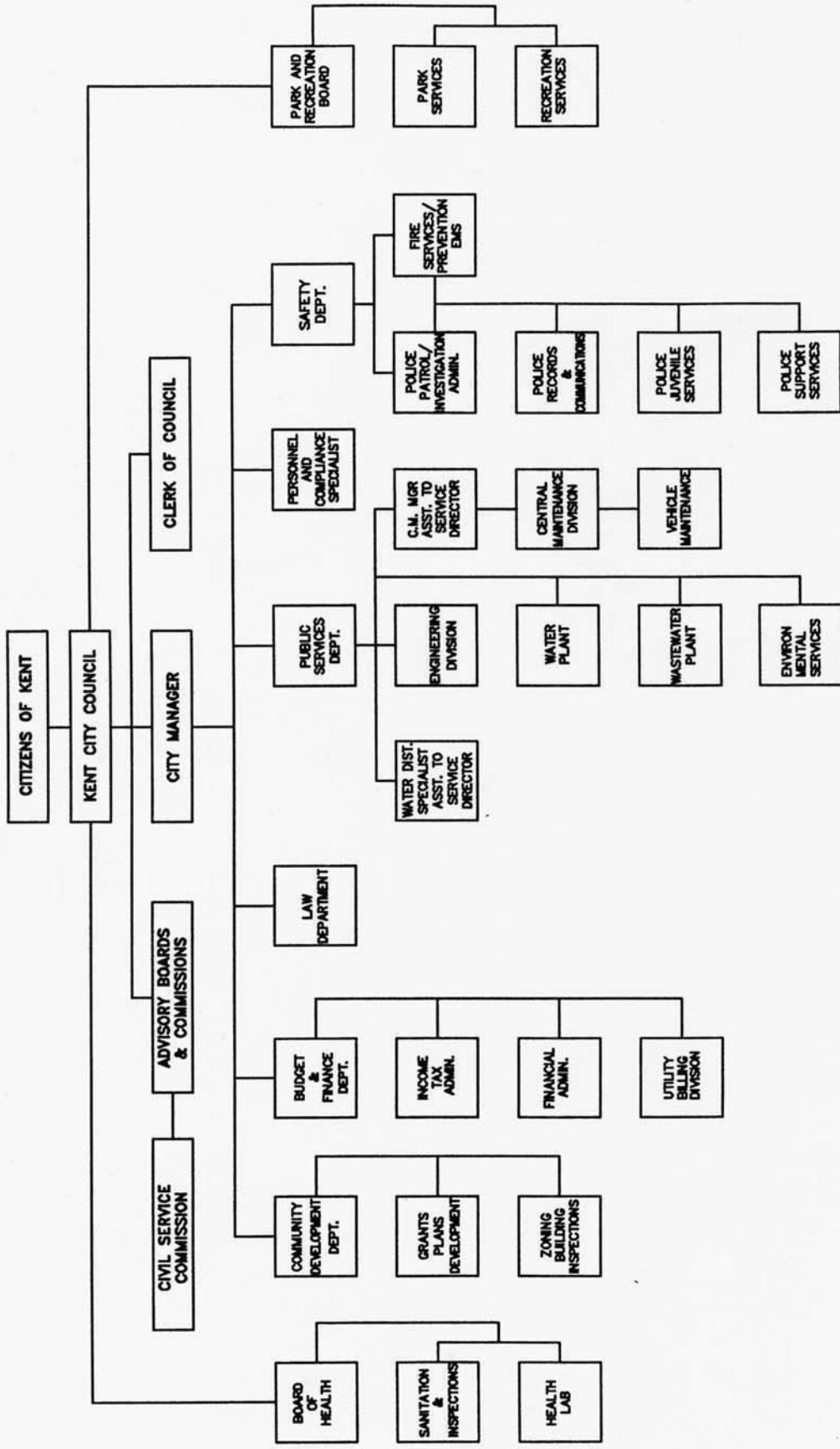
Parks Supervisor

Charles S. Tuttle

Recreation Supervisor

Nancy R. Rice

CITY OF KENT, OHIO ORGANIZATIONAL CHART



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 Mary Taylor
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Kent, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Kent, Ohio, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2007, on our consideration of the City of Kent, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



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

June 14, 2007

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The discussion and analysis of the City of Kent's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2006. 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 2006 are:

- Total assets of the City of Kent exceeded its liabilities at the close of the most recent year by \$98,349,820 (*net assets*). Of this amount, \$21,759,049 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to its citizens and creditors.
- Total net assets increased by \$5,429,365 or 5.84% over 2005. Of this amount, \$3,909,187 is attributable to governmental activities and \$1,520,178 is attributable to business-type activities.
- Total capital assets increased by \$2,917,648 or 3.85% over 2005. Governmental capital assets increased by \$2,420,414 and business-type capital assets increased by \$497,234.
- Total current assets increased \$1,309,848 or 3.45% as compared to 2005. Of this amount, \$657,578 is attributable to governmental activities and \$652,270 is attributable to business-type activities.
- Total liabilities decreased \$1,201,869 or 5.77% as compared to 2005. This decrease is comprised of a decrease in the governmental activities liabilities of \$831,195 and a decrease in the liabilities of the business-type activities of \$370,674.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows*. Thus, revenues and expenses are reported in this

City of Kent, Ohio
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statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented, as well as individual budgetary comparisons for all nonmajor funds. This information can be found on pages 66-98 of this report.

Government-wide Financial Analysis

Statement of Net Assets and the Statement of Activities. While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole considers all financial transactions and measures how the City did financially during fiscal year 2006. The *Statement of Net Assets* and the *Statement of Activities* include assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into consideration all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

City of Kent, Ohio
Management's Discussion and Analysis
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The *Statement of Net Assets* and the *Statement of Activities* are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Expenses and Revenues
- General Revenues
- Net Assets Beginning of Year and at Year's End

The City of Kent as a Whole

Table 1 provides a summary of the City's net assets for 2006 compared to 2005, as restated.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$31,203,145	\$30,545,567	\$8,024,387	\$7,372,117	\$39,227,532	\$37,917,684
Capital Assets, Net	23,031,329	20,610,915	55,703,442	55,206,208	78,734,771	75,817,123
<i>Total Assets</i>	<u>54,234,474</u>	<u>51,156,482</u>	<u>63,727,829</u>	<u>62,578,325</u>	<u>117,962,303</u>	<u>113,734,807</u>
Current and Other Liabilities	8,146,625	8,816,865	2,791,413	3,319,098	10,938,038	12,135,963
Long-Term Liabilities:						
Due Within One Year	897,116	867,199	368,434	427,340	1,265,550	1,294,539
Due In More Than One Year	2,968,188	3,159,060	4,440,707	4,224,790	7,408,895	7,383,850
<i>Total Liabilities</i>	<u>12,011,929</u>	<u>12,843,124</u>	<u>7,600,554</u>	<u>7,971,228</u>	<u>19,612,483</u>	<u>20,814,352</u>
Invested in Capital Assets, Net of Related Debt	17,826,725	15,071,440	48,635,444	47,751,844	66,462,169	62,823,284
Restricted:						
Capital Projects	1,907,765	2,497,612	0	0	1,907,765	2,497,612
Debt Service	773,209	850,671	0	0	773,209	850,671
Street Construction, Maintenance and Repair	2,097,675	2,016,533	0	0	2,097,675	2,016,533
Income Tax	1,965,565	1,866,936	0	0	1,965,565	1,866,936
Community Development						
Block Grant	1,108,878	1,047,119	0	0	1,108,878	1,047,119
Parks and Recreation	729,442	610,229	0	0	729,442	610,229
Other Purposes	1,546,068	933,272	0	0	1,546,068	933,272
Unrestricted	14,267,218	13,419,546	7,491,831	6,855,253	21,759,049	20,274,799
<i>Total Net Assets</i>	<u>\$42,222,545</u>	<u>\$38,313,358</u>	<u>\$56,127,275</u>	<u>\$54,607,097</u>	<u>\$98,349,820</u>	<u>\$92,920,455</u>

City of Kent, Ohio
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As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Kent, total assets exceed total liabilities by \$98,349,820 at the close of the most recent year.

The largest portion of the City's net assets (67.6%) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, equipment and vehicles), less any related outstanding debt issued to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$10,128,602 or 10.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$21,759,049 or 22.1%) may be used to meet the government's ongoing obligations to citizens and creditors.

Total assets increased by \$4,227,496 from 2005 to 2006. The majority (69.0%) of the change in assets relates to the increase in capital assets of \$2,917,648, which is combined with an increase in current and other assets of \$1,309,848. This majority of the increase in capital assets is due to the acceptance of \$1.1 million in infrastructure assets from subdivision developers, and the construction of \$1.9 million in street and sidewalk improvements (\$1.16 million funded with capital grants), \$.8 million for completion of the Middlebury Road Bridge Project and \$.7 million for various storm water drainage projects. These additions to capital assets are offset by the annual increase in accumulated depreciation.

Total liabilities decreased \$1,201,869, which corresponds to a decrease of \$831,195 in governmental funds and a decrease of \$370,674 in the business-type funds. A reduction of \$444,947 in outstanding debt combined with a reduction in capital contracts payable of \$441,772 account for the majority of the change in the governmental funds. A decrease in outstanding debt of \$386,366 is the primary reason for the decrease in the business-type funds.

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

The total net assets of the City increased \$5,429,365 from 2005 to 2006. The primary reason for this overall change is an increase of \$3,638,885 relating to investment in capital assets, net of outstanding debt. Capital grants and contributions financed \$3.0 million of the new capital.

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

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	Restated 2005	2006	Restated 2005	2006	Restated 2005
Revenues						
Program Revenues:						
Charges for Services	\$2,115,368	\$2,176,318	\$7,201,781	\$7,266,585	\$9,317,149	\$9,442,903
Operating Grants and Contributions	1,460,565	1,601,253	12,500	25,857	1,473,065	1,627,110
Capital Grants and Contributions	1,850,088	797,717	1,120,278	2,367,991	2,970,366	3,165,708
General Revenues:						
Income Taxes	10,147,407	10,149,597	0	0	10,147,407	10,149,597
Property and Other Local Taxes	3,205,536	3,022,427	0	0	3,205,536	3,022,427
Intergovernmental	2,203,538	2,308,746	0	0	2,203,538	2,308,746
Investments	1,083,312	615,028	320,134	225,528	1,403,446	840,556
Gain on Sale of Capital Assets	0	0	203,669	0	203,669	0
Miscellaneous	171,322	99,965	50,602	46,722	221,924	146,687
Total Revenues	22,237,136	20,771,051	8,908,964	9,932,683	31,146,100	30,703,734
Program Expenses						
Security of Persons and Property	9,323,964	9,088,539	0	0	9,323,964	9,088,539
Public Health and Welfare	565,274	547,160	0	0	565,274	547,160
Leisure Time Activities	1,316,911	1,202,921	0	0	1,316,911	1,202,921
Community Development	1,909,670	1,850,436	0	0	1,909,670	1,850,436
Transportation	2,181,729	2,056,046	0	0	2,181,729	2,056,046
General Government	2,751,222	2,747,645	0	0	2,751,222	2,747,645
Interest and Fiscal Charges	279,179	245,952	0	0	279,179	245,952
Water	0	0	2,898,864	2,936,749	2,898,864	2,936,749
Sewer	0	0	3,819,961	3,511,561	3,819,961	3,511,561
Solid Waste	0	0	429,551	362,930	429,551	362,930
Storm Water Drainage	0	0	240,410	215,725	240,410	215,725
Total Expenses	18,327,949	17,738,699	7,388,786	7,026,965	25,716,735	24,765,664
Increase in Net Assets	3,909,187	3,032,352	1,520,178	2,905,718	5,429,365	5,938,070
Net Assets Beginning of Year						
- Restated	38,313,358	35,281,006	54,607,097	51,701,379	92,920,455	86,982,385
Net Assets End of Year	\$42,222,545	\$38,313,358	\$56,127,275	\$54,607,097	\$98,349,820	\$92,920,455

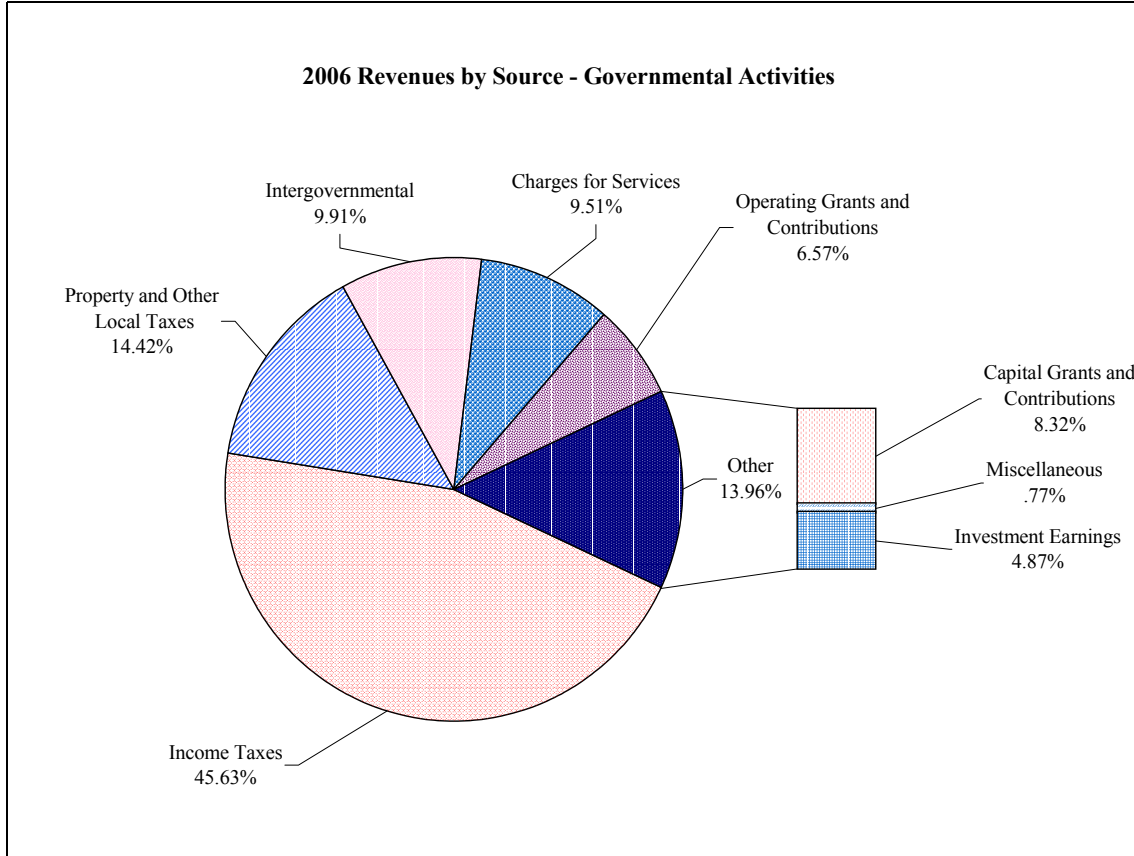
Governmental Activities

Governmental activities increased the City's net assets by \$3,909,187 during 2006.

Several types of revenues fund the City's governmental activities, with municipal income tax being the largest contributor. Income tax collections decreased very slightly, \$2,190 or .02%, which is primarily due to the fact that there were income tax rate increases in surrounding communities (the City gives 100% credit for taxes paid to other cities up to 2.00%) which reduced collections, coupled with standard wage increases in employee withholding which increased collections. Overall, the City's governmental revenues increased \$1,466,085 or 7.06% as compared to 2005. The major item contributing to the increase was the receipt of an additional \$1,052,371 in capital grants related to street infrastructure. Another positive factor was the rise in

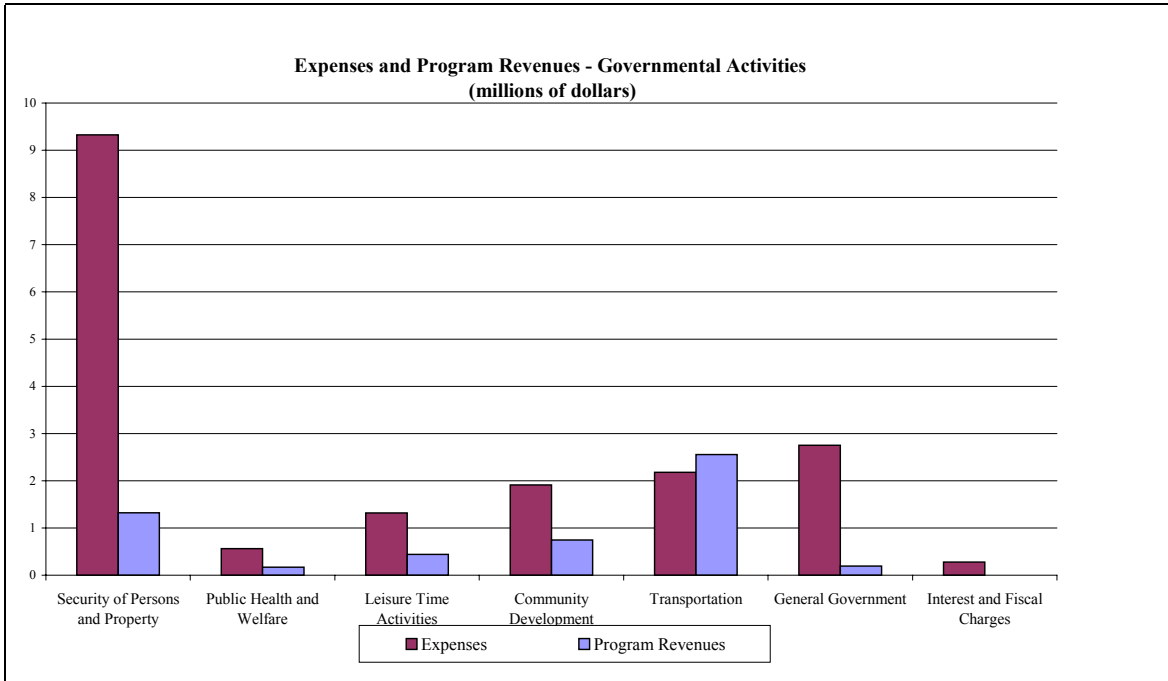
City of Kent, Ohio
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investment income \$468,284 or 76.14% due to higher market rates. The remaining revenue items decreased \$54,570 or .28%.



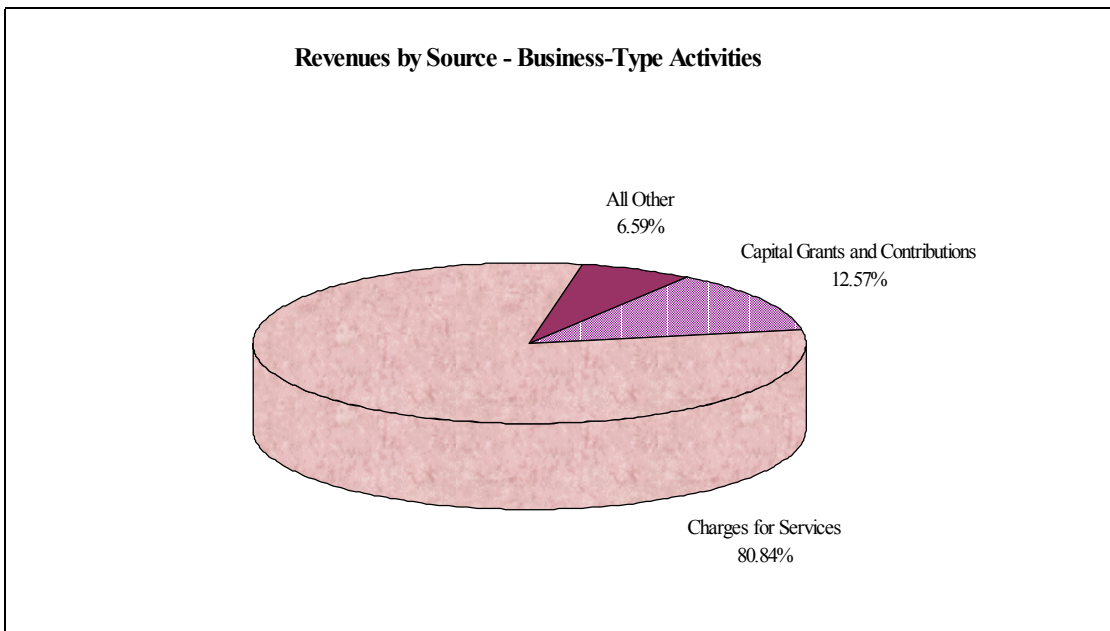
Expenses in the governmental activities increased by \$589,250 or 3.32%. Overall, this increase corresponds to the negotiated wage and benefit increases, which are the largest component of general government expenditures. Actual leisure time expenses increased \$113,990 or 9.48% due to expanded child care programs. These expanded programs will be funded through user charges. Transportation expenses also increased at a slightly higher level than average, 6.11%, due to additional depreciation expenses in excess of \$100,000. General government activity increased only .13% because there were several staffing vacancies during 2006. While it is the City's intent to fill some of these positions, other vacancies have been held pending the determination of the City's future financial strategy. During 2006, the largest program area for the City is security of persons and property (50.87%), which includes police, fire and emergency medical services. The next largest program is general government (15.01%), which accounts for the basic operations of the City including council, mayor, city manager, human resources, finance, law, engineering, service administration and civil service.

City of Kent, Ohio
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Business-Type Activities

Business-type activities of the City, which include water, sewer, solid waste and storm water drainage operations, increased the City's net assets by \$1,520,178.

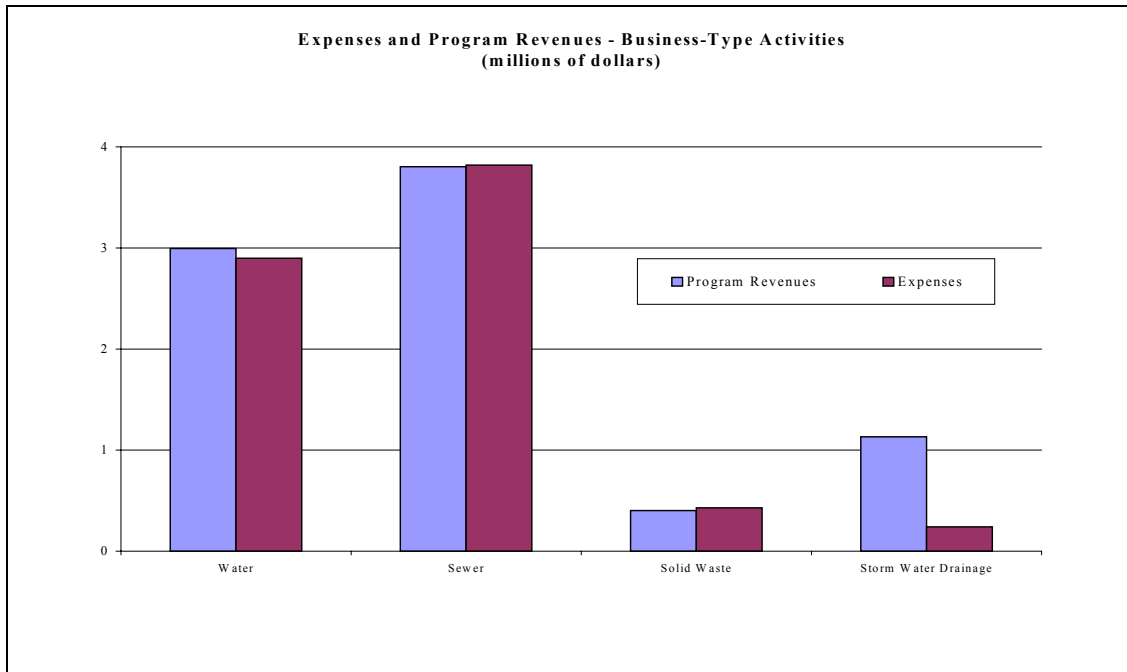


Charges for services account for 80.84% of total business-type revenues. The slight decrease in charges for services, \$64,804 or .89%, corresponds to a slight decrease in water pumped from the plant. The capital

City of Kent, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

grants and contributions consist mainly of \$.65 million in infrastructure assets that were accepted from developers, combined with \$.29 million in capital grants related to a storm water drainage project. The remaining \$.18 million of capital grants and contributions is comprised of tap-in fees and special assessments.

Expenses in the business-type activities grew by \$361,821 or 5.15%. Increases in interest expense and depreciation, both of which relate to the increased level of capital activity in the past few years, account for the majority of the overall increase. These increases are partially offset by a decrease in benefits due to staffing vacancies. The remaining expense categories were basically unchanged.



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

Financial Analysis of the City of Kent's Funds

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

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

As of the end of the current fiscal year, the City of Kent's governmental funds reported combined ending fund balances of \$18,573,843, which represents an increase of \$1,232,232 or 7.11% as compared to 2005. Of the total amount, \$16,252,542 constitutes *unreserved fund balance*, which is available at the

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government's discretion. The current unreserved fund balance represents 82.81% of the total governmental funds expenditures. A portion of the unreserved fund balance (\$1,965,565) is designated as an emergency reserve for public facilities and programs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for the following reasons: 1) to liquidate purchase orders of the prior period (\$1,531,569); 2) to fund the revolving loan program (\$447,835); and 3) for other restricted purposes (\$341,897).

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

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

	Water	Sewer	Solid Waste	Storm Water Drainage
Unrestricted Net Assets	\$2,859,293	\$3,484,194	(\$204,772)	\$1,367,359
Change in Net Assets	431,472	109,487	(27,599)	963,309

In the water and sewer funds, which are the two largest enterprise funds, the unrestricted net assets represent 98.47% and 99.39% of the total current operating expenses, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights. The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2006, the City amended its general fund budget on various occasions. All recommendations for budget changes are reviewed by the Finance Committee of City Council prior to presentation to Council for ordinance enactment of the changes.

For the general fund expenditures, the original budget amount was \$8,621,354 and the final amended budget was \$8,685,854, an increase of \$64,500. Actual expenditures were \$7,893,259, or \$792,325 less than was budgeted. The major items contributing to the increase in the budget were a rate increase in the street light contract, an unusually high level of civil service testing and election expenses related to the ten-year review of the City's Charter.

Capital Assets and Debt Administration

Capital Assets. The City of Kent's investment in capital assets (net of accumulated depreciation) for governmental and business-type activities as of December 31, 2006, was \$78,734,771. The City's investment in capital assets increased by \$2,420,414 or 11.74% for governmental activities and \$497,234 or .90% for business-type activities when comparing 2005 to 2006.

Although all governments are encouraged to report all infrastructure assets at the effective dates of GASB Statement No. 34, governments are permitted to defer retroactive reporting of infrastructure for four years. The City has elected this option and will report major general infrastructure assets in 2007.

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

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Table 3 compares capital assets as of December 31, 2006 to balances at December 31, 2005, as restated.

Table 3
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	Restated	2006	Restated
				2005		2005
Land	\$3,691,089	\$3,822,998	\$1,769,343	\$1,800,857	\$5,460,432	\$5,623,855
Buildings, Structures and Improvements	7,058,016	7,324,995	7,234,341	6,359,298	14,292,357	13,684,293
Machinery and Equipment	2,828,951	2,990,173	2,220,812	2,542,859	5,049,763	5,533,032
Construction in Progress	3,298,577	2,834,768	835,202	2,246,930	4,133,779	5,081,698
Infrastructure						
Roads	5,636,754	3,402,613	0	0	5,636,754	3,402,613
Traffic Signals	517,942	235,368	0	0	517,942	235,368
Water	0	0	10,405,103	9,904,276	10,405,103	9,904,276
Sewer	0	0	23,082,425	22,402,099	23,082,425	22,402,099
Storm Water	0	0	10,156,216	9,949,889	10,156,216	9,949,889
<i>Total Capital Assets</i>	<u>\$23,031,329</u>	<u>\$20,610,915</u>	<u>\$55,703,442</u>	<u>\$55,206,208</u>	<u>\$78,734,771</u>	<u>\$75,817,123</u>

Long-term Debt. At December 31, 2006, the City's bonds, notes and loans outstanding were \$13.7 million.

Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	Restated	2006	Restated
				2005		2005
General Obligation Bonds	\$2,105,000	\$2,235,000	\$0	\$0	\$2,105,000	\$2,235,000
Special Assessment Bonds	505,000	550,000	0	0	505,000	550,000
OPWC Loans	365,814	395,761	33,733	33,733	399,547	429,494
OWDA Loans	0	0	4,574,265	4,410,631	4,574,265	4,410,631
Notes Payable	3,680,000	3,920,000	2,460,000	3,010,000	6,140,000	6,930,000
Total	<u>\$6,655,814</u>	<u>\$7,100,761</u>	<u>\$7,067,998</u>	<u>\$7,454,364</u>	<u>\$13,723,812</u>	<u>\$14,555,125</u>

The City of Kent's total long-term debt decreased by \$41,313 or .54%. This decrease is primarily due to scheduled debt service payments of \$454,697, combined with an increase in the OWDA loan for the Sanitary Sewer Improvements in the amount of \$413,384. It is intended that the OWDA loan will be repaid through charges for services.

Short-term debt decreased \$790,000. The notes payable of \$3,680,000 in the governmental activities are for the construction and renovation of the main fire station and renovation of administration offices. Of the notes payable in the business-type activities, \$1,425,000 was originally issued to current refund outstanding

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sewer bonds with an average interest rate of 6.48%. It is the City's intention to retire these notes through the reissuance of notes, scheduling debt service payments at approximately the same level required by the refunded debt. The remaining \$1,035,000 million was used to finance a capital sewer project and will be repaid through user charges.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10.5 percent of total assessed valuation. The City's overall legal debt margin was \$39,090,815 at December 31, 2006.

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

Current Financial Related Activities

The City of Kent is subject to a similar economic slowdown as the rest of Ohio and the Country as a whole. Revenues are projected to remain stable, but no growth is anticipated. The City's Charter requires that 25% of the net income tax proceeds be used to fund capital items. Given these restraints, the city administration has been forced to examine operating expenditures. Nine years ago, the City adopted a five-year capital improvement program, which has been updated on an annual basis. Complete financial projections for the next five years are included in this plan. At this time, a trend was identified that the City's expenditures (operating and capital) were going to regularly exceed revenues unless some action was taken to correct the situation. The City adopted an attrition strategy and eliminated nine positions over the last several years. Council implemented water and sewer rate increases and established a storm water utility. Funds continued to be allocated to a managed reserve. The end result of these actions is a financially stronger municipality.

During 2005, the City Council appointed a committee of citizens who have financial experience to aid in an in-depth analysis of the City's finances. Use of the committee is also intended to aid the City in implementing any changes identified to remedy the financial structural deficit. In 2006, City Council held several work sessions with the committee whose ultimate goal was to identify actions that would ensure financial sustainability in a proactive, equitable and constructive manner. The citizen committee will present their findings to the community through a series of neighborhood and service organization meetings beginning in 2007.

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

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, customers, employees, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Budget and Finance, City of Kent, 325 South Depeyster Street, Kent, Ohio 44240, telephone (330) 678-8102.

City Of Kent, Ohio
Statement of Net Assets
December 31, 2006

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$18,116,464	\$6,699,768	\$24,816,232
Cash Surrender Value of Life Insurance Policies	925,627	0	925,627
Receivables:			
Interest Receivable	241,785	67,084	308,869
Accounts Receivable	0	1,438,446	1,438,446
Other Receivable	347,572	167,200	514,772
Income Taxes Receivable	1,525,147	0	1,525,147
Property Taxes Receivable	3,200,386	0	3,200,386
Other Local Taxes Receivable	50,509	0	50,509
Loans Receivable	447,835	0	447,835
Utilization Fee Receivable	0	142,016	142,016
Special Assessments Receivable	1,751,035	855,076	2,606,111
Less Allowance for Doubtful Accounts	0	(276,912)	(276,912)
Receivables, Net	<u>7,564,269</u>	<u>2,392,910</u>	<u>9,957,179</u>
Internal Balances	2,292,789	(2,292,789)	0
Due From Other Governments	1,865,160	1,166,500	3,031,660
Inventories	239,507	35,826	275,333
Prepaid Items	64,282	21,747	86,029
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	135,047	425	135,472
Capital Assets, Non-Depreciable	6,989,666	2,604,545	9,594,211
Capital Assets, Depreciable, Net	<u>16,041,663</u>	<u>53,098,897</u>	<u>69,140,560</u>
<i>Total Assets</i>	<u>54,234,474</u>	<u>63,727,829</u>	<u>117,962,303</u>
Liabilities			
Accounts Payable	333,743	127,136	460,879
Capital Contracts Payable	216,830	26,660	243,490
Accrued Wages and Benefits	710,335	147,161	857,496
Unearned Revenue	2,974,249	8,540	2,982,789
Accrued Interest Payable	43,470	21,491	64,961
Claims Payable	172,951	0	172,951
Notes Payable	3,680,000	2,460,000	6,140,000
Payable from Restricted Assets	15,047	425	15,472
Long-Term Liabilities:			
Due Within One Year	897,116	368,434	1,265,550
Due In More Than One Year	<u>2,968,188</u>	<u>4,440,707</u>	<u>7,408,895</u>
<i>Total Liabilities</i>	<u>12,011,929</u>	<u>7,600,554</u>	<u>19,612,483</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	17,826,725	48,635,444	66,462,169
Restricted for:			
Capital Projects	1,907,765	0	1,907,765
Debt Service	773,209	0	773,209
Street Construction, Maintenance and Repair	2,097,675	0	2,097,675
Income Tax	1,965,565	0	1,965,565
Community Development Block Grant	1,108,878	0	1,108,878
Parks and Recreation	729,442	0	729,442
Other Purposes	1,546,068	0	1,546,068
Unrestricted	<u>14,267,218</u>	<u>7,491,831</u>	<u>21,759,049</u>
<i>Total Net Assets</i>	<u>\$42,222,545</u>	<u>\$56,127,275</u>	<u>\$98,349,820</u>

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Activities
For the Year Ended December 31, 2006

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
Security of Persons and Property	\$9,323,964	\$1,242,357	\$40,670
Public Health and Welfare	565,274	160,183	8,404
Leisure Time Activities	1,316,911	440,288	0
Community Development	1,909,670	76,504	670,627
Transportation	2,181,729	2,350	740,864
General Government	2,751,222	193,686	0
Interest and Fiscal Charges	279,179	0	0
<i>Total Governmental Activities</i>	<u>18,327,949</u>	<u>2,115,368</u>	<u>1,460,565</u>
Business-Type Activities			
Water	2,898,864	2,718,143	0
Sewer	3,819,961	3,534,247	0
Solid Waste	429,551	390,015	12,500
Storm Water Drainage	240,410	559,376	0
<i>Total Business-Type Activities</i>	<u>7,388,786</u>	<u>7,201,781</u>	<u>12,500</u>
<i>Total</i>	<u>\$25,716,735</u>	<u>\$9,317,149</u>	<u>\$1,473,065</u>

General Revenues

Property and Other Local Taxes Levied for:
 General Purposes
 Other Purposes
Income Taxes
Grants and Entitlements not Restricted
to Specific Programs
Investments
Gain on Sale of Capital Assets
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restated

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
\$38,303	(\$8,002,634)	\$0	(\$8,002,634)
0	(396,687)	0	(396,687)
0	(876,623)	0	(876,623)
0	(1,162,539)	0	(1,162,539)
1,811,785	373,270	0	373,270
0	(2,557,536)	0	(2,557,536)
0	(279,179)	0	(279,179)
<u>1,850,088</u>	<u>(12,901,928)</u>	<u>0</u>	<u>(12,901,928)</u>
277,139	0	96,418	96,418
270,058	0	(15,656)	(15,656)
0	0	(27,036)	(27,036)
<u>573,081</u>	<u>0</u>	<u>892,047</u>	<u>892,047</u>
<u>1,120,278</u>	<u>0</u>	<u>945,773</u>	<u>945,773</u>
<u>\$2,970,366</u>	<u>(12,901,928)</u>	<u>945,773</u>	<u>(11,956,155)</u>
	1,688,373	0	1,688,373
	1,517,163	0	1,517,163
	10,147,407	0	10,147,407
	2,203,538	0	2,203,538
	1,083,312	320,134	1,403,446
	0	203,669	203,669
	<u>171,322</u>	<u>50,602</u>	<u>221,924</u>
	<u>16,811,115</u>	<u>574,405</u>	<u>17,385,520</u>
	3,909,187	1,520,178	5,429,365
	<u>38,313,358</u>	<u>54,607,097</u>	<u>92,920,455</u>
	<u>\$42,222,545</u>	<u>\$56,127,275</u>	<u>\$98,349,820</u>

City of Kent, Ohio

Balance Sheet

Governmental Funds

December 31, 2006

	General	Street Construction, Maintenance and Repair	Parks and Recreation	Income Tax	Income Tax Safety
Assets					
Equity in Pooled Cash and Cash Equivalents	\$7,799,001	\$644,740	\$977,905	\$3,645,675	\$329,079
Receivables:					
Property Taxes Receivable	1,609,231	0	1,115,876	0	0
Income Taxes Receivable	0	0	0	1,525,147	0
Other Taxes Receivable	50,509	0	0	0	0
Interest Receivable	238,996	0	0	2,263	0
Loans Receivable	0	0	0	0	0
Other Receivable	240,942	0	5,841	0	0
Special Assessments Receivable	0	911,834	0	0	0
Receivables, Net	<u>2,139,678</u>	<u>911,834</u>	<u>1,121,717</u>	<u>1,527,410</u>	<u>0</u>
Due from Other Funds	651,466	0	0	2,127,080	0
Due from Other Governments	1,110,480	410,444	53,814	0	0
Inventories	13,021	226,486	0	0	0
Prepaid Items	48,723	6,715	1,951	151	0
Restricted Cash:					
Equity in Pooled Cash and Cash Equivalents	<u>0</u>	<u>14,997</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$11,762,369</u>	<u>\$2,215,216</u>	<u>\$2,155,387</u>	<u>\$7,300,316</u>	<u>\$329,079</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$140,872	\$33,762	\$19,065	\$9,658	\$0
Capital Contracts Payable	5,415	0	21,144	0	0
Accrued Wages and Benefits	213,357	26,913	28,632	8,596	74,609
Due to Other Funds	0	0	300,000	0	0
Due to Other Governments	0	0	0	0	0
Unearned Revenue	0	0	0	0	0
Deferred Revenue	2,385,846	1,199,329	1,169,690	449,457	0
Accrued Interest Payable	0	0	0	0	0
Notes Payable	0	0	0	0	0
Payable from Restricted Assets	<u>0</u>	<u>14,997</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>2,745,490</u>	<u>1,275,001</u>	<u>1,538,531</u>	<u>467,711</u>	<u>74,609</u>
Fund Balances					
Reserved for Encumbrances	264,632	77,832	144,752	5,219	0
Reserved for Loans Receivable	0	0	0	0	0
Reserved for Inventories	13,021	226,486	0	0	0
Reserved for Prepays	48,723	6,715	1,951	151	0
Reserved for Debt Service	0	0	0	0	0
Unreserved:					
Designated:					
For Public Facilities and Programs	0	0	0	1,965,565	0
Undesignated (Deficit), Reported in:					
General Fund	8,690,503	0	0	0	0
Special Revenue Funds	0	629,182	470,153	4,861,670	254,470
Capital Projects Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Fund Balances (Deficit)</i>	<u>9,016,879</u>	<u>940,215</u>	<u>616,856</u>	<u>6,832,605</u>	<u>254,470</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$11,762,369</u>	<u>\$2,215,216</u>	<u>\$2,155,387</u>	<u>\$7,300,316</u>	<u>\$329,079</u>

See accompanying notes to the basic financial statements

City of Kent, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2006*

Fire and Emergency Medical Services	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$961,895	\$1,956,973	\$1,660,927	\$17,976,195
0	0	475,279	3,200,386
0	0	0	1,525,147
0	0	0	50,509
0	0	526	241,785
0	0	447,835	447,835
0	100,000	0	346,783
0	92,779	746,422	1,751,035
0	192,779	1,670,062	7,563,480
0	0	0	2,778,546
0	0	291,211	1,865,949
0	0	0	239,507
6,742	0	0	64,282
0	0	120,050	135,047
<u>\$968,637</u>	<u>\$2,149,752</u>	<u>\$3,742,250</u>	<u>\$30,623,006</u>
\$26,392	\$6,791	\$80,391	\$316,931
0	190,271	0	216,830
60,890	0	297,338	710,335
0	0	200,000	500,000
0	0	0	0
0	12,776	0	12,776
0	92,779	1,267,994	6,565,095
0	32,149	0	32,149
0	3,680,000	0	3,680,000
0	0	50	15,047
87,282	4,014,766	1,845,773	12,049,163
487,299	247,622	304,213	1,531,569
0	0	447,835	447,835
0	0	0	239,507
6,742	0	0	64,282
0	0	38,108	38,108
0	0	0	1,965,565
0	0	0	8,690,503
387,314	0	1,106,321	7,709,110
0	(2,112,636)	0	(2,112,636)
881,355	(1,865,014)	1,896,477	18,573,843
<u>\$968,637</u>	<u>\$2,149,752</u>	<u>\$3,742,250</u>	<u>\$30,623,006</u>

Total Governmental Fund Balances \$18,573,843

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 23,031,329

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

Special Assessments	1,751,035
Delinquent Property Taxes	238,913
Intergovernmental	1,004,268
Charges for Services	159,949
Municipal Income Taxes	449,457
Total	3,603,622

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 890,376

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due (11,321)

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

General Obligation Bonds	(2,105,000)
Special Assessment Bonds	(505,000)
OPWC Loans	(365,814)
Compensated Absences	(889,490)
Total	(3,865,304)

Net Assets of Governmental Activities \$42,222,545

City of Kent, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Street Construction, Maintenance and Repair	Parks and Recreation	Income Tax	Income Tax Safety	Fire and Emergency Medical Services
Revenues						
Property and Other Local Taxes	\$1,646,238	\$0	\$929,138	\$0	\$0	\$0
Income Taxes	0	0	0	10,179,387	0	0
Charges for Services	939,531	2,350	431,728	0	0	0
Fees, Licenses and Permits	198,650	0	8,560	0	0	0
Fines and Forfeitures	229,622	0	0	0	0	0
Intergovernmental	2,187,845	767,559	111,964	0	0	0
Special Assessments	0	77,101	0	0	0	0
Interest	840,062	0	0	134,729	0	0
Miscellaneous	29,708	3,298	46,146	0	0	49
<i>Total Revenues</i>	<u>6,071,656</u>	<u>850,308</u>	<u>1,527,536</u>	<u>10,314,116</u>	<u>0</u>	<u>49</u>
Expenditures						
Current:						
Security of Persons and Property	4,112,033	0	0	0	2,348,780	1,972,352
Public Health and Welfare	450,811	0	0	0	0	0
Leisure Time Activities	0	0	1,237,456	0	0	0
Community Development	1,155,334	0	0	0	0	0
Transportation	0	1,254,905	0	0	0	0
General Government	2,097,883	0	0	526,629	0	0
Capital Outlay	81,230	289,006	217,501	0	0	38,917
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<i>Total Expenditures</i>	<u>7,897,291</u>	<u>1,543,911</u>	<u>1,454,957</u>	<u>526,629</u>	<u>2,348,780</u>	<u>2,011,269</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,825,635)</u>	<u>(693,603)</u>	<u>72,579</u>	<u>9,787,487</u>	<u>(2,348,780)</u>	<u>(2,011,220)</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	105,943	4,500	1,375	0	0	1,025
Transfers In	2,000,000	920,000	0	0	2,449,245	2,449,245
Transfers Out	0	0	0	(9,479,347)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,105,943</u>	<u>924,500</u>	<u>1,375</u>	<u>(9,479,347)</u>	<u>2,449,245</u>	<u>2,450,270</u>
<i>Net Change in Fund Balances</i>	280,308	230,897	73,954	308,140	100,465	439,050
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>8,736,571</u>	<u>709,318</u>	<u>542,902</u>	<u>6,524,465</u>	<u>154,005</u>	<u>442,305</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$9,016,879</u></u>	<u><u>\$940,215</u></u>	<u><u>\$616,856</u></u>	<u><u>\$6,832,605</u></u>	<u><u>\$254,470</u></u>	<u><u>\$881,355</u></u>

See accompanying notes to the basic financial statements

City of Kent, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2006*

Capital Projects	Other Governmental Funds	Total Governmental Funds		
			Net Change in Fund Balances - Total Governmental Funds	\$1,232,232
			<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$0	\$539,872	\$3,115,248	Governmental funds report capital outlays as expenditures.	
0	0	10,179,387	However, in the statement of activities, the cost of those assets	
0	0	1,373,609	are allocated over their estimated useful lives as depreciation	
0	127,288	334,498	expense. This is the amount by which capital outlays exceeded	
0	15,820	245,442	depreciation in the current period.	
0	781,621	3,848,989	Capital Outlay	3,917,991
6,433	80,817	164,351	Depreciation	<u>(1,356,568)</u>
0	69,552	1,044,343	Total	2,561,423
241,919	120,048	441,168		
			Governmental funds only report the disposal of capital assets to the	
248,352	1,735,018	20,747,035	extent proceeds are received from the sale. In the statement of	
			activities, a gain or loss is reported for each disposal.	(141,009)
0	438,557	8,871,722	Revenues in the statement of activities that do not provide current	
0	113,932	564,743	financial resources are not reported as revenues in the funds.	
0	0	1,237,456	Delinquent Property Taxes	90,288
0	739,734	1,895,068	Intergovernmental	(146,584)
0	44,507	1,299,412	Special Assessments	(156,405)
0	3,108	2,627,620	Income Tax	(31,980)
1,956,206	63,321	2,646,181	Charges for Services	<u>159,949</u>
			Total	(84,732)
0	204,947	204,947		
135,807	144,690	280,497	Repayment of bond and loan principal is an expenditure in the	
			governmental funds, but the repayment reduces long-term	
2,092,013	1,752,796	19,627,646	liabilities in the statement of net assets.	204,947
			In the statement of activities, interest is accrued on outstanding	
(1,843,661)	(17,778)	1,119,389	bonds, whereas in governmental funds, an interest expenditure	
			bonds, whereas in governmental funds, an interest expenditure	
0	0	112,843	is reported when due.	1,318
1,500,000	280,857	9,599,347	Compensated absences reported in the statement of activities	
0	(120,000)	(9,599,347)	do not require the use of current financial resources and	
			therefore are not reported as expenditures in governmental	
1,500,000	160,857	112,843	funds.	(43,992)
(343,661)	143,079	1,232,232	The internal service fund used by management to charge the costs	
			of insurance to individual funds is not reported in entity-wide	
(1,521,353)	1,753,398	17,341,611	statement of activities. Governmental expenditures and related	
			internal service fund revenues are eliminated. The net revenue	
(\$1,865,014)	\$1,896,477	\$18,573,843	(expense) of the internal service fund is allocated among the	
			governmental activities.	<u>179,000</u>
			<i>Change in Net Assets of Governmental Activities</i>	<u>\$3,909,187</u>

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$1,574,407	\$1,617,436	\$1,659,785	\$42,349
Fees, Licenses and Permits	95,000	95,000	199,317	104,317
Intergovernmental	2,101,304	2,168,092	2,276,138	108,046
Charges for Services	1,020,500	965,500	1,030,100	64,600
Fines and Forfeits	300,000	230,000	231,953	1,953
Interest	400,000	700,000	745,412	45,412
Miscellaneous	10,000	10,000	30,958	20,958
Total Revenues	5,501,211	5,786,028	6,173,663	387,635
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	4,404,752	4,406,392	4,077,777	328,615
Public Health and Welfare				
Department of Health	475,340	475,340	452,613	22,727
Community Development				
Department of Community Development	1,241,337	1,260,087	1,168,852	91,235
General Government				
Office of City Manager	329,709	329,709	301,190	28,519
Office of Council	237,374	251,780	240,572	11,208
Office of Civil Service	84,883	104,883	101,818	3,065
Department of Law	381,614	411,764	368,475	43,289
Department of Public Services	790,137	824,137	754,589	69,548
Department of Budget and Finance	502,208	443,808	334,129	109,679
Total General Government	2,325,925	2,366,081	2,100,773	265,308
Capital Outlays	174,000	177,954	93,514	84,440
Total Expenditures	8,621,354	8,685,854	7,893,529	792,325
Excess of Revenues Under Expenditures	(3,120,143)	(2,899,826)	(1,719,866)	1,179,960
Other Financing Sources (Uses)				
Sale of Capital Asset	5,000	75,000	108,443	33,443
Transfers In	2,000,000	2,000,000	2,000,000	0
Net Other Financing Sources (Uses)	2,005,000	2,075,000	2,108,443	33,443
Net Change in Fund Balance	(1,115,143)	(824,826)	388,577	1,213,403
Recovery of Prior Year Encumbrances	0	0	15,033	15,033
Fund Balance Beginning of Year	7,022,650	7,022,650	7,022,650	0
Fund Balance End of Year	\$5,907,507	\$6,197,824	\$7,426,260	\$1,228,436

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$656,750	\$763,550	\$773,200	\$9,650
Charges for Services	3,000	2,000	2,100	100
Special Assessments	78,000	77,200	77,351	151
Miscellaneous	5,000	5,000	10,800	5,800
Total Revenues	<u>742,750</u>	<u>847,750</u>	<u>863,451</u>	<u>15,701</u>
Expenditures				
Current:				
Transportation				
Department of Public Services	1,530,877	1,530,877	1,360,518	170,359
Capital Outlays	290,000	290,000	288,576	1,424
Total Expenditures	<u>1,820,877</u>	<u>1,820,877</u>	<u>1,649,094</u>	<u>171,783</u>
Excess of Revenues Under Expenditures	(1,078,127)	(973,127)	(785,643)	187,484
Other Financing Sources				
Transfers In	935,000	920,000	920,000	0
Net Change in Fund Balance	(143,127)	(53,127)	134,357	187,484
Recovery of Prior Year Encumbrances	0	0	1,931	1,931
Fund Balance Beginning of Year	<u>392,532</u>	<u>392,532</u>	<u>392,532</u>	<u>0</u>
Fund Balance End of Year	<u>\$249,405</u>	<u>\$339,405</u>	<u>\$528,820</u>	<u>\$189,415</u>

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Parks and Recreation Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$912,887	\$919,205	\$929,138	\$9,933
Fees, Licenses and Permits	5,000	5,000	8,560	3,560
Intergovernmental	101,880	111,830	111,963	133
Charges for Services	402,500	400,500	437,820	37,320
Miscellaneous	20,500	20,500	47,350	26,850
Total Revenues	1,442,767	1,457,035	1,534,831	77,796
Expenditures				
Current:				
Leisure Time Activities				
Department of Parks and Recreation	1,223,558	1,332,323	1,242,405	89,918
Capital Outlays	292,500	338,735	338,696	39
Total Expenditures	1,516,058	1,671,058	1,581,101	89,957
Net Change in Fund Balance	(73,291)	(214,023)	(46,270)	167,753
Recovery of Prior Year Encumbrances	0	0	8,157	8,157
Fund Balance Beginning of Year	830,236	830,236	830,236	0
Fund Balance End of Year	<u>\$756,945</u>	<u>\$616,213</u>	<u>\$792,123</u>	<u>\$175,910</u>

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Income Tax Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$10,200,000	\$10,200,000	\$10,315,429	\$115,429
Interest	70,000	70,000	98,359	28,359
Total Revenues	10,270,000	10,270,000	10,413,788	143,788
Expenditures				
Current:				
General Government				
Department of Budget and Finance	791,698	791,698	709,079	82,619
Excess of Revenues Over Expenditures	9,478,302	9,478,302	9,704,709	226,407
Other Financing Sources (Uses)				
Transfers Out	(9,385,009)	(9,479,347)	(9,479,347)	0
Advances In	30,000	30,000	30,000	0
Net Other Financing Sources (Uses)	(9,355,009)	(9,449,347)	(9,449,347)	0
Net Change in Fund Balance	123,293	28,955	255,362	226,407
Recovery of Prior Year Encumbrances	0	0	12	12
Fund Balance Beginning of Year	3,301,664	3,301,664	3,301,664	0
Fund Balance End of Year	\$3,424,957	\$3,330,619	\$3,557,038	\$226,419

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Income Tax Safety Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Miscellaneous	\$0	\$0	\$7	\$7
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	2,414,905	2,414,905	2,333,937	80,968
Excess of Revenues Under Expenditures	(2,414,905)	(2,414,905)	(2,333,930)	80,975
Other Financing Sources				
Transfers In	2,402,076	2,449,245	2,449,245	0
Net Change in Fund Balance	(12,829)	34,340	115,315	80,975
Fund Balance Beginning of Year	213,764	213,764	213,764	0
Fund Balance End of Year	\$200,935	\$248,104	\$329,079	\$80,975

See accompanying notes to the basic financial statements

CITY OF KENT, OHIO

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Fire and Emergency Medical Services Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$0	\$0	\$368	\$368
Miscellaneous	0	0	1,075	1,075
Total Revenues	0	0	1,443	1,443
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	2,132,144	2,057,562	1,965,818	91,744
Capital Outlays	201,000	275,582	275,576	6
Total Expenditures	2,333,144	2,333,144	2,241,394	91,750
Excess of Revenues Under Expenditures	(2,333,144)	(2,333,144)	(2,239,951)	93,193
Other Financing Sources				
Transfers In	2,402,076	2,449,245	2,449,245	0
Net Change in Fund Balance	68,932	116,101	209,294	93,193
Recovery of Prior Year Encumbrances	0	0	670	670
Fund Balance Beginning of Year	241,210	241,210	241,210	0
Fund Balance End of Year	\$310,142	\$357,311	\$451,174	\$93,863

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2006

	Business-Type Activities				Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Storm Water Drainage		
Assets						
<i>Current Assets</i>						
Equity in Pooled Cash and Cash Equivalents	\$2,669,610	\$2,224,620	\$271,020	\$1,534,518	\$6,699,768	\$140,269
Restricted Assets:						
Cash and Cash Equivalents	0	425	0	0	425	0
Receivables:						
Interest Receivable	36,120	30,964	0	0	67,084	0
Accounts Receivable	559,268	691,260	56,614	131,304	1,438,446	0
Other Receivable	0	123,229	0	43,971	167,200	0
Utilization Fee Receivable	41,987	100,029	0	0	142,016	0
Special Assessments Receivable	343,330	469,941	0	41,805	855,076	0
Less Allowance for Doubtful Accounts	(117,656)	(145,330)	(7,077)	(6,849)	(276,912)	0
Receivables, Net	863,049	1,270,093	49,537	210,231	2,392,910	0
Due from Other Governments	0	650,708	12,500	503,292	1,166,500	0
Inventories	13,929	21,897	0	0	35,826	0
Prepaid Items	15,703	5,660	37	347	21,747	0
<i>Total Current Assets</i>	<u>3,562,291</u>	<u>4,173,403</u>	<u>333,094</u>	<u>2,248,388</u>	<u>10,317,176</u>	<u>140,269</u>
<i>Noncurrent Assets</i>						
Cash Surrender Value of Life Insurance Policies	0	0	0	0	0	925,627
Capital Assets, Non-Depreciable	1,373,135	441,386	0	790,024	2,604,545	0
Capital Assets, Depreciable, Net	14,111,830	28,800,027	2,418	10,184,622	53,098,897	0
<i>Total Noncurrent Assets</i>	<u>15,484,965</u>	<u>29,241,413</u>	<u>2,418</u>	<u>10,974,646</u>	<u>55,703,442</u>	<u>925,627</u>
<i>Total Assets</i>	<u>19,047,256</u>	<u>33,414,816</u>	<u>335,512</u>	<u>13,223,034</u>	<u>66,020,618</u>	<u>1,065,896</u>
Liabilities						
<i>Current Liabilities</i>						
Accounts Payable	32,998	42,095	49,843	2,200	127,136	16,812
Capital Contracts Payable	3,831	0	0	22,829	26,660	0
Claims Payable	0	0	0	0	0	172,951
Accrued Wages and Benefits	58,351	86,934	1,876	0	147,161	0
Due to Other Funds	512,100	428,980	481,466	856,000	2,278,546	0
Unearned Revenue	0	8,540	0	0	8,540	0
Accrued Interest Payable	0	21,491	0	0	21,491	0
Notes Payable	0	2,460,000	0	0	2,460,000	0
Payable from Restricted Assets	0	425	0	0	425	0
Compensated Absences Payable	90,027	96,734	3,863	0	190,624	0
OWDA/OPWC Loans	18,791	157,852	0	1,167	177,810	0
<i>Total Current Liabilities</i>	<u>716,098</u>	<u>3,303,051</u>	<u>537,048</u>	<u>882,196</u>	<u>5,438,393</u>	<u>189,763</u>
<i>Long-Term Liabilities</i>						
Compensated Absences Payable	5,691	4,010	818	0	10,519	0
OWDA/OPWC Loans	414,597	3,983,025	0	32,566	4,430,188	0
<i>Total Long-Term Liabilities</i>	<u>420,288</u>	<u>3,987,035</u>	<u>818</u>	<u>32,566</u>	<u>4,440,707</u>	<u>0</u>
<i>Total Liabilities</i>	<u>1,136,386</u>	<u>7,290,086</u>	<u>537,866</u>	<u>914,762</u>	<u>9,879,100</u>	<u>189,763</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	15,051,577	22,640,536	2,418	10,940,913	48,635,444	0
Unrestricted	2,859,293	3,484,194	(204,772)	1,367,359	7,506,074	876,133
<i>Total Net Assets</i>	<u>\$17,910,870</u>	<u>\$26,124,730</u>	<u>(\$202,354)</u>	<u>\$12,308,272</u>	<u>\$876,133</u>	<u>\$876,133</u>

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities. (14,243)
\$56,127,275

See accompanying notes to the basic financial statements

City of Kent, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006*

	Business-Type Activities				Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Storm Water Drainage		
Operating Revenues						
Charges for Services	\$2,718,143	\$3,534,247	\$390,015	\$559,376	\$7,201,781	\$2,225,427
Miscellaneous	37,839	12,763	0	0	50,602	0
<i>Total Operating Revenues</i>	<u>2,755,982</u>	<u>3,547,010</u>	<u>390,015</u>	<u>559,376</u>	<u>7,252,383</u>	<u>2,225,427</u>
Operating Expenses						
Personal Services	1,197,448	1,402,640	45,493	0	2,645,581	0
Benefits	423,153	485,431	10,557	0	919,141	0
Utilities	189,259	264,537	0	0	453,796	0
Contractual Services	130,339	199,536	372,588	32,668	735,131	0
Materials and Supplies	327,404	214,188	511	191	542,294	0
Claims	0	0	0	0	0	1,727,338
Premiums	0	0	0	0	0	316,420
Other Operating Expenses	14,052	30,655	529	1,141	46,377	0
Depreciation	621,996	908,641	436	206,410	1,737,483	0
<i>Total Operating Expenses</i>	<u>2,903,651</u>	<u>3,505,628</u>	<u>430,114</u>	<u>240,410</u>	<u>7,079,803</u>	<u>2,043,758</u>
<i>Operating Income (Loss)</i>	<u>(147,669)</u>	<u>41,382</u>	<u>(40,099)</u>	<u>318,966</u>	<u>172,580</u>	<u>181,669</u>
Non Operating Revenues (Expenses)						
Intergovernmental	0	0	12,500	0	12,500	0
Gain on Sale of Capital Asset	203,669	0	0	0	203,669	0
Interest	113,493	135,379	0	71,262	320,134	40,840
Interest and Fiscal Charges	(15,160)	(337,332)	0	0	(352,492)	0
<i>Total Non Operating Revenues (Expenses)</i>	<u>302,002</u>	<u>(201,953)</u>	<u>12,500</u>	<u>71,262</u>	<u>183,811</u>	<u>40,840</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>154,333</u>	<u>(160,571)</u>	<u>(27,599)</u>	<u>390,228</u>	<u>356,391</u>	<u>222,509</u>
Capital Contributions from Tap-in Fees	89,023	69,654	0	2,000	160,677	0
Capital Contributions from Special Assessments	969	1,944	0	21,425	24,338	0
Capital Contributions from Developers	187,147	198,460	0	264,229	649,836	0
Capital Grants	0	0	0	285,427	285,427	0
<i>Change in Net Assets</i>	<u>431,472</u>	<u>109,487</u>	<u>(27,599)</u>	<u>963,309</u>	<u>1,476,669</u>	<u>222,509</u>
<i>Net Assets Beginning of Year - Restated - (See Note 3)</i>	<u>17,479,398</u>	<u>26,015,243</u>	<u>(174,755)</u>	<u>11,344,963</u>		<u>653,624</u>
<i>Net Assets End of Year</i>	<u>\$17,910,870</u>	<u>\$26,124,730</u>	<u>(\$202,354)</u>	<u>\$12,308,272</u>		<u>\$876,133</u>

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.

43,509
\$1,520,178

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006

	Business-Type Activities					Governmental Activities -
	Water	Sewer	Solid Waste	Storm Water Drainage	Total	Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents						
Cash Flows from Operating Activities						
Cash Received from Customers	\$2,745,723	\$3,555,984	\$383,859	\$549,021	\$7,234,587	\$2,225,427
Cash Payments for Employee Services and Benefits	(1,618,240)	(1,884,062)	(56,048)	0	(3,558,350)	0
Cash Payments to Suppliers for Goods and Services	(679,100)	(695,799)	(342,246)	(30,603)	(1,747,748)	(2,098,417)
Other Operating Revenues	37,839	12,763	0	0	50,602	0
Other Operating Expenses	(14,052)	(30,655)	(529)	(1,141)	(46,377)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	472,170	958,231	(14,964)	517,277	1,932,714	127,010
Cash Flows from Noncapital Financing Activities						
Intergovernmental	574	19,022	12,500	0	32,096	0
Advance Out	0	0	0	(30,000)	(30,000)	0
<i>Net Cash Provided by Noncapital Financing Activities</i>	574	19,022	12,500	(30,000)	2,096	0
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets	(248,772)	(673,763)	0	(723,558)	(1,646,093)	0
Capital Grants	0	391,347	0	0	391,347	0
Proceeds of Notes	0	2,460,000	0	0	2,460,000	0
Premium on Notes	0	10,750	0	0	10,750	0
Principal Paid on OWDA Loans	(18,124)	(231,626)	0	0	(249,750)	0
Interest Paid on OWDA Loans	(16,316)	(238,153)	0	0	(254,469)	0
Special Assessments	24,392	57,403	0	1,520	83,315	0
Proceeds from Sales of Capital Assets	203,669	0	0	0	203,669	0
Tap-In Fees	99,170	93,530	0	2,000	194,700	0
Principal Paid on Notes	0	(3,010,000)	0	0	(3,010,000)	0
Interest Paid on Notes	0	(120,400)	0	0	(120,400)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	44,019	(1,260,912)	0	(720,038)	(1,936,931)	0
Cash Flows from Investing Activities						
Payments for Investments	0	0	0	0	0	(29,672)
Interest on Investments	95,883	120,864	0	71,262	288,009	40,840
<i>Net Cash Provided by Investing Activities</i>	95,883	120,864	0	71,262	288,009	11,168
Net Increase (Decrease) in Cash and Cash Equivalents	612,646	(162,795)	(2,464)	(161,499)	285,888	138,178
<i>Cash and Cash Equivalents Beginning of Year</i>	2,056,964	2,387,415	273,484	1,696,017	6,413,880	2,091
<i>Cash and Cash Equivalents End of Year</i>	<u>\$2,669,610</u>	<u>\$2,224,620</u>	<u>\$271,020</u>	<u>\$1,534,518</u>	<u>\$6,699,768</u>	<u>\$140,269</u>

(continued)

City of Kent, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2006

	Business-Type Activities					Governmental Activities - Internal Service Fund
	Water	Sewer	Solid Waste	Storm Water Drainage	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities						
Operating Income (Loss)	(\$147,669)	\$41,382	(\$40,099)	\$318,966	\$172,580	\$181,669
<i>Adjustments:</i>						
Depreciation	621,996	908,641	436	206,410	1,737,483	0
(Increase) Decrease in Assets:						
Accounts Receivable	27,580	21,737	(6,156)	(10,355)	32,806	0
Materials and Supplies Inventory	1,382	(10,125)	0	0	(8,743)	0
Prepaid Items	(1,344)	1,299	46	56	57	0
Increase (Decrease) in Liabilities:						
Accounts Payable	(32,136)	(7,237)	30,807	2,200	(6,366)	(19,530)
Claims Payable	0	0	0	0	0	(35,129)
Accrued Wages	(2,339)	15,309	25	0	12,995	0
Compensated Absences Payable	4,700	(11,300)	(23)	0	(6,623)	0
Due to Other Governments	0	(1,475)	0	0	(1,475)	0
<i>Total Adjustments</i>	<u>619,839</u>	<u>916,849</u>	<u>25,135</u>	<u>198,311</u>	<u>1,760,134</u>	<u>(54,659)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$472,170</u>	<u>\$958,231</u>	<u>(\$14,964)</u>	<u>\$517,277</u>	<u>\$1,932,714</u>	<u>\$127,010</u>
Noncash Capital Financing Activities						
Infrastructure Contributions from Developers	\$187,147	\$198,460	\$0	\$264,229		

See accompanying notes to the basic financial statements

City of Kent, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Escrow Fund
December 31, 2006

Assets

Cash and Cash Equivalents	<u>\$486,364</u>
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Liabilities

Accounts Payable	<u>\$486,364</u>
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See accompanying notes to the basic financial statements

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 – Description of the City and Reporting Entity

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

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

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

B. Fund Accounting

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

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

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

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

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

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

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

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

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

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users 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 users of the City.

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

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

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

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

liabilities) and do not involve measurement of results of operations. The City's only agency fund holds in trust those funds held by the City and received from a contractor, developer, or individual to ensure compliance with the ordinances of the City of Kent.

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue, although none were reported in 2006.

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

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

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

E. Cash and Cash Equivalents

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

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

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

Following Ohio statutes, the City has, by ordinance, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during 2006 amounted to \$840,062, which includes \$477,356 assigned from other City funds.

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

F. Inventory

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2006 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City capitalization threshold is \$2,500 for 2006. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

Description	Estimated Lives
Buildings and Improvements	10 - 45 years
Infrastructure	10 - 80 years
Machinery and Equipment	3 - 25 years
Vehicles	3 - 20 years

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

Although all governments are encouraged to report all infrastructure assets at the effective dates of the statement, governments are permitted to defer retroactive reporting of infrastructure for four years. The City has elected this option and will report major general infrastructure assets in 2007.

I. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Due to/from other funds." Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

The current portion of unpaid compensated absences is the amount of matured compensated absences expected to be paid using expendable available financial resources. These amounts are included in accrued wages and benefits in the funds from which the employees are paid. The noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-term Obligations

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

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

L. Fund Equity

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Operating Revenues and Expenses

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

O. Contributions of Capital

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

P. Interfund Activity

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2006.

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 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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the department level for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

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

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

Note 3 – Changes in Accounting Principles and Restatement of Prior Year Fund Balances and Net Assets

Changes in Accounting Principles. For 2006, the City has implemented GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section”, GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” and GASB Statement No. 47 “Accounting for Termination Benefits”. GASB Statement No. 44 provides guidance on the tables and narrative explanations in the statistical section. GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. This statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation. GASB Statement no. 47 provides guidance on how employers should account for benefits associated with either voluntary or involuntary terminations

The implementation of GASB Statements No. 44, No. 46 and No. 47 did not have an effect on the financial statements of the City.

Restatement of Prior Year Fund Balances and Net Assets. It was determined that advances and the repayment of advances were recorded as operating transfers in error. Corrections of these items had the following effects on fund balances of the major funds of the City that were previously reported.

	General	Parks and Recreation	Income Tax
Fund Balance, December 31, 2005	\$8,436,571	\$842,902	\$6,614,465
Due from Other Funds	300,000		(90,000)
Due to Other Funds	0	(300,000)	0
Restated Fund Balance, December 31, 2005	<u>\$8,736,571</u>	<u>\$542,902</u>	<u>\$6,524,465</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

The corrections of the advances and repayments of advances had the following effect on net assets at December 31, 2005. A calculation error in accounts receivable and improperly recording multiple transactions related to a storm drainage capital project resulted in the following additional adjustments to net assets. The transition from governmental fund balances to net assets of governmental activities is also presented.

	Governmental Activities
Net Assets, December 31, 2005, as previously reported:	\$38,403,358
Internal Balances	<u>(90,000)</u>
Restated Net Assets, December 31, 2005	<u><u>\$38,313,358</u></u>

	Business-Type Activities	
	Solid Waste	Storm Water Drainage
Net Assets, December 31, 2005, as previously reported:	(\$104,493)	\$11,003,928
Accounts Receivable	(70,262)	70,262
Other Receivable	0	43,971
Due from Other Governments	0	211,941
Capital Assets, Depreciable, net	0	(41,406)
Due to Other Funds	0	90,000
OPWC/OWDA Loans Payable	<u>0</u>	<u>(33,733)</u>
Restated Net Assets, December 31, 2005	<u><u>(\$174,755)</u></u>	<u><u>\$11,344,963</u></u>

Note 4 – Accountability and Compliance

Fund Deficits

Notes payable of \$3,680,000 caused a deficit fund balance of \$1,865,014 in the Capital Projects fund. The notes were issued to provide funding primarily for the main fire station renovation and expansion. It is anticipated that the notes will eventually be retired through the issuance of general obligation bonds, which will eliminate the notes payable liability and resulting deficit fund balance.

Start-up costs associated with the City’s recycling program (initiated in 1990) resulted in deficit net assets in the Solid Waste fund. Disposition of Solid Waste fund capital assets in 1995 resulted in a loss of \$90,575 that contributed to increasing the deficit to \$446,384 at December 31, 2001. In 2001, City Council approved a substantial rate increase that was effective in January 2002. The combination of increased revenues and revised service levels resulted in a reduction of the deficit net assets over the last several years. However, an increase in the curbside collection contract caused the current year decrease in net assets of \$27,599 which increased the overall deficit to \$202,354 at December 31, 2006.

Note 5 - Budgetary Basis of Accounting

While the City is reporting financial position, results of operations, and changes in fund balances/net assets on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and

City of Kent, Ohio
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For the Year Ended December 31, 2006

encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General, Street Construction, Maintenance and Repair, Parks and Recreation, Income Tax, Income Tax Safety, and the Fire and Emergency Medical Services funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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

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

	General	Street Construction, Maintenance and Repair	Parks and Recreation	Income Tax	Income Tax Safety	Fire and Emergency Medical Services
Fund Balance - Budget Basis	\$7,426,260	\$528,820	\$792,123	\$3,557,038	\$329,079	\$451,174
Net Adjustment						
Revenue Accruals	3,901,624	1,322,278	1,175,531	3,654,490	0	0
Deferred Revenue	(2,385,846)	(1,199,329)	(1,169,690)	(449,457)	0	0
Expenditure Accruals	(359,644)	(60,675)	(368,841)	(18,254)	(74,609)	(87,282)
Inventories/Prepays	61,744	233,201	1,951	151	0	6,742
Investment Valuation	0	0	0	72,200	0	0
Encumbrances	372,741	115,920	185,782	16,437	0	510,721
Fund Balance - GAAP Basis	<u>\$9,016,879</u>	<u>\$940,215</u>	<u>\$616,856</u>	<u>\$6,832,605</u>	<u>\$254,470</u>	<u>\$881,355</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 combined balance sheet as "cash and cash equivalents." State statutes require the classification of funds held by the City into three categories:

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

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

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

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

Cash on Hand

At December 31, 2006, 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% 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, 2006, the carrying value of the City’s deposits was \$24,828,102, of which \$23,912,592 was non-negotiable certificates of deposit. The cash balances per the banks were \$26,916,552, of which \$700,000 was insured by Federal depository insurance. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$1,936,648 was uninsured and collateralized with securities held at a Federal Reserve Bank in the name of the City, and \$24,279,904

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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, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all of its investments at fair value. At December 31, 2006, fair value was \$72,200 above the City's net cost for investments. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

Interest Rate Risk. As a means of limiting its exposure to fair value of losses caused by rising interest rates, the City generally requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt obligations. The City holds one investment which matures on December 1, 2020. The \$433,200 investment in City of Kent Special Assessment Bonds was specifically approved by the Treasury Investment Board.

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

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

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

As of December 31, 2006, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating *</u>	<u>Investment Maturity</u>
City of Kent Assessment Bonds	\$433,200	Aa3	December 1, 2020
Repurchase Agreement - Federal National Mortgage Assoc.	<u>175,711</u>	Aaa	January 2, 2007
Total	<u><u>\$608,911</u></u>		

* Credit rating obtained from Moody's Investors Services.

City of Kent, Ohio
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For the Year Ended December 31, 2006

Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments to the Statement of Net Assets as of December 31, 2006.

Investments	\$608,911
Carrying amount of the City's Deposits	24,828,102
Cash on Hand	1,055
Total	<u><u>\$25,438,068</u></u>
 <i>Governmental Activities</i>	
Governmental Funds	
Equity in Pooled Cash and Cash Equivalents	\$17,367,284
Restricted Cash	135,047
Investments	608,911
Internal Service Funds	
Equity in Pooled Cash and Cash Equivalents	140,269
Total Governmental Activities	<u><u>18,251,511</u></u>
 <i>Business-Type Activities</i>	
Enterprise Funds	
Equity in Pooled Cash and Cash Equivalents	6,699,768
Restricted Cash	425
Total Business-Type Activities	<u><u>6,700,193</u></u>
<i>Agency Funds</i>	<u><u>486,364</u></u>
Total	<u><u>\$25,438,068</u></u>

Note 7 - Income Taxes

During 2006, the City levied income tax of 2% on substantially all income earned within the City. In addition, residents are required to pay City income tax on income earned outside the City; however, credit is allowed for income taxes paid to other municipalities, up to a maximum of 2%.

Note 8 - Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the City. The assessed value upon which the 2006 levy was based was \$372,293,480.

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

City of Kent, Ohio
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For the Year Ended December 31, 2006

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

Note 9 – Interfund Balances and Transfers

As of December 31, 2006, individual funds due to/from other funds that resulted from various interfund transactions were as follows:

	PAYABLE FUND						
	<i>Governmental Activities</i>		<i>Business-Type Activities</i>				
	Parks and Recreation	Nonmajor	Water	Sewer	Solid Waste	Storm Water Drainage	Total
RECEIVABLE FUND							
<i>Governmental Activities</i>							
General	\$300,000	\$200,000	\$0	\$0	\$151,466	\$0	\$651,466
Income Tax	0	0	512,100	428,980	330,000	856,000	\$2,127,080
Total	<u>\$300,000</u>	<u>\$200,000</u>	<u>\$512,100</u>	<u>\$428,980</u>	<u>\$481,466</u>	<u>\$856,000</u>	<u>\$2,778,546</u>

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

Transfers made during the year ended December 31, 2006 were as follows:

	TRANSFERS OUT		
	<i>Governmental activities</i>		
	Income Tax	License Tax	Total
TRANSFERS IN			
<i>Governmental Activities</i>			
General	\$2,000,000	\$0	\$2,000,000
Street Construction, Maintenance and Repair	800,000	120,000	\$920,000
Income Tax Safety	2,449,245	0	\$2,449,245
Fire and Emergency Medical Services	2,449,245	0	\$2,449,245
Capital Projects	1,500,000	0	\$1,500,000
Nonmajor	280,857	0	\$280,857
Total Governmental Activities	<u>\$9,479,347</u>	<u>\$120,000</u>	<u>\$9,599,347</u>

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 10 – Risk Management

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

The claims liability of \$172,951 reported in the fund at December 31, 2006, 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 2005 and 2006 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2005	221,983	2,143,816	2,157,719	208,080
2006	208,080	1,727,338	1,762,467	172,951

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 2006, the City contracted with several companies for various types of insurance as follows:

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

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

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$3,822,998	\$5,500	(\$137,409)	\$3,691,089
Construction in Progress	2,834,768	2,023,533	(1,559,724)	3,298,577
<i>Total Capital Assets, Not Being Depreciated</i>	<u>6,657,766</u>	<u>2,029,033</u>	<u>(1,697,133)</u>	<u>6,989,666</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings, Structures and Improvements	10,723,785	98,949	0	10,822,734
Machinery and Equipment	9,335,624	427,080	(159,836)	9,602,868
Infrastructure:				
Roads	3,887,486	2,617,978	0	6,505,464
Traffic Signals	257,323	304,675	0	561,998
<i>Total Capital Assets, Being Depreciated</i>	<u>24,204,218</u>	<u>3,448,682</u>	<u>(159,836)</u>	<u>27,493,064</u>
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(3,398,790)	(365,928)	0	(3,764,718)
Machinery and Equipment	(6,345,451)	(584,702)	156,236	(6,773,917)
Infrastructure:				
Roads	(484,873)	(383,837)	0	(868,710)
Traffic Signals	(21,955)	(22,101)	0	(44,056)
<i>Total Accumulated Depreciation</i>	<u>(10,251,069)</u>	<u>(1,356,568) *</u>	<u>156,236</u>	<u>(11,451,401)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,953,149</u>	<u>2,092,114</u>	<u>(3,600)</u>	<u>16,041,663</u>
Governmental Activities Capital Assets, Net	<u>\$20,610,915</u>	<u>\$4,121,147</u>	<u>(\$1,700,733)</u>	<u>\$23,031,329</u>

* Depreciation expense was charged to governmental functions as follows:

<u>Governmental Activities</u>	
Security of Persons and Property	\$438,481
Public Health and Welfare	2,150
Leisure Time Activities	69,907
Community Development	14,579
Transportation	682,037
General Government	149,414
Total Depreciation Expense	<u>\$1,356,568</u>

City of Kent, Ohio
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For the Year Ended December 31, 2006

	Restated Balance 12/31/05	Additions	Deletions	Balance 12/31/06
Business-Type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$1,800,857	\$1	(\$31,515)	\$1,769,343
Construction in Progress	2,246,930	1,238,594	(2,650,322)	835,202
<i>Total Capital Assets, Not Being Depreciated</i>	4,047,787	1,238,595	(2,681,837)	2,604,545
<i>Capital Assets, Being Depreciated:</i>				
Buildings, Structures and Improvements	13,159,913	1,204,738	0	14,364,651
Machinery and Equipment	9,363,848	92,770	(10,120)	9,446,498
Infrastructure:				
Water Mains	13,684,437	760,687	0	14,445,124
Sanitary Sewers	25,866,443	1,213,340	0	27,079,783
Storm Water Drainage Lines	12,634,974	406,424	0	13,041,398
<i>Total Capital Assets, Being Depreciated</i>	74,709,615	3,677,959	(10,120)	78,377,454
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(6,800,615)	(329,695)	0	(7,130,310)
Machinery and Equipment	(6,820,989)	(414,817)	10,120	(7,225,686)
Infrastructure:				
Water Mains	(3,780,161)	(259,860)	0	(4,040,021)
Sanitary Sewers	(3,464,344)	(533,014)	0	(3,997,358)
Storm Water Drainage Lines	(2,685,085)	(200,097)	0	(2,885,182)
<i>Total Accumulated Depreciation</i>	(23,551,194)	(1,737,483) *	10,120	(25,278,557)
Total Capital Assets, Being Depreciated, Net	51,158,421	1,940,476	0	53,098,897
Business-Type Activities Capital Assets, Net	\$55,206,208	\$3,179,071	(\$2,681,837)	\$55,703,442

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

Business-Type Activities	
Water Fund	\$621,996
Sewer Fund	908,641
Solid Waste Fund	436
Storm Water Drainage Fund	206,410
	\$1,737,483

Note 12 - Pension and Other Post-employment Benefits

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

City of Kent, Ohio
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Ohio Public Employees Retirement System

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

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans (TP, MD and CO). The 2006 member contribution rates were 9.0% for members in state and local classifications other than law enforcement and public safety. The 2006 employer contribution rate for local government employers was 13.70% of covered payroll. The City's required contributions to the Traditional and Combined Plans for the years ended December 31, 2006, 2005 and 2004 were \$827,919, \$823,276, and \$821,097, respectively; which were equal to the required contributions for each year. Contributions to the Member-Directed Plan for 2006 were \$32,450 made by the City and \$21,317 made by plan members.

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

The Ohio Revised Code provides the statutory authority to require public employers to fund post retirement health care through their contributions to OPERS. The portion of the 2006 employer contribution rate (identified above) that was used to fund health care for the year 2006 was 4.5% of covered payroll, which amounted to \$271,971. In 2005 and 2004, the employer contribution rate for post-employment health care was 4.0%.

City of Kent, Ohio
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The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS latest actuarial review performed as of December 31, 2005. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets, not to exceed a 12% corridor. The investment assumption rate for 2005 was 6.5%. An annual increase of 4.0%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase at the projected wage inflation rate of 4.0% annually plus an additional factor ranging from 0.5% to 6% for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEBs are advanced-funded on an actuarially determined basis. The number of active contributing participants in the Traditional Pension and Combined Plans totaled 369,214 as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2005 was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

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

In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10% of their annual covered salary, while the City is required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2006, 2005 and 2004 were \$519,212, \$502,435 and \$498,681 for police and \$499,520, \$473,897 and \$484,320 for firefighters, respectively, which were equal to the required contributions for each year.

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

The Ohio Revised Code provides statutory authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75% of covered payroll in 2005 and 2006. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2005, (the latest actuarial valuation available) was 13,922 for police and 10,537 for firefighters. The portion of the City's contributions that was used to pay post-employment benefits was \$206,127 for police and \$161,345 for firefighters. The OP&F had total health care expenses for the year ended December 31, 2005, the date of the last actuarial valuation available, of \$108,039,449, which was net of member contributions of \$55,271,881.

Note 13 – Other Employee Benefits

A. Compensated Absences

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

The total obligation for vacation and compensatory time accrual for the City, including salary-related payments, amounted to \$995,033 as of December 31, 2006.

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 \$75,244 as of December 31, 2006.

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 \$20,356 as of December 31, 2006.

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 14 - Construction and Other Commitments

As of December 31, 2006, the City had capital contracts payable of \$216,830 and \$26,660 in governmental funds and business-type funds, respectively.

	<u>Contract Amount</u>
Governmental	
Middlebury Road Bridge	\$121,885
Street and Sidewalk Program	63,127
Portage Hike and Bike Trail	15,310
Park Improvements	5,834
Facility Improvements	5,415
Crain Avenue Bridge	3,959
Stonewater Drive Extension	1,300
	216,830
Business-Type	
Area Q Storm Drainage	22,679
Water Treatment Plant Addition	2,802
Various Water Projects	1,029
Middlebury Road Bridge	150
	26,660
Total	\$243,490

The City had no material operating lease commitments at December 31, 2006.

Note 15 – Long-term Obligations

Changes in bonds and other long-term obligations of the City during 2006 were as follows:

	<u>Restated Principal Outstanding 12/31/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Principal Outstanding 12/31/06</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds:					
\$3,000,000 Various Purpose 1998 4.45% - 5.20%	\$2,235,000	\$0	\$130,000	\$2,105,000	\$135,000
Special Assessment Bonds:					
\$613,000 Street Improvements 1988 7.80% - 7.80%	75,000	0	25,000	50,000	25,000
\$561,000 Street Improvements 2000 5.50% - 6.00%	475,000	0	20,000	455,000	22,000
<i>Total Special Assessment Bonds</i>	550,000	0	45,000	505,000	47,000

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

	Restated Principal Outstanding 12/31/05	Additions	Deletions	Principal Outstanding 12/31/06	Due Within One Year
Governmental Activities - continued					
Ohio Public Works Commission Loans					
\$512,940 Fairchild Avenue Improvements 1999 0.00%	333,411	0	25,647	307,764	25,647
\$86,000 Elm-Mae-Morris Improvements 2001 0.00%	<u>62,350</u>	<u>0</u>	<u>4,300</u>	<u>58,050</u>	<u>4,300</u>
<i>Total Ohio Public Works Commission Loans</i>	<u>395,761</u>	<u>0</u>	<u>29,947</u>	<u>365,814</u>	<u>29,947</u>
Compensated Absences	<u>845,498</u>	<u>700,527</u>	<u>656,535</u>	<u>889,490</u>	<u>685,169</u>
<i>Total Governmental Activities</i>	<u>\$4,026,259</u>	<u>\$700,527</u>	<u>\$861,482</u>	<u>\$3,865,304</u>	<u>\$897,116</u>
Business-Type Activities					
Ohio Water Development Authority Loans					
\$485,841 Kent-Ravenna Interconnect 2003 3.65%	\$451,512	\$0	\$18,124	\$433,388	\$18,791
\$4,372,503 Sanitary Sewer Improvements 2003 3.66%	<u>3,959,119</u>	<u>413,384</u>	<u>231,626</u>	<u>4,140,877</u>	<u>157,852</u>
<i>Total Ohio Water Development Authority Loans</i>	<u>4,410,631</u>	<u>413,384</u>	<u>249,750</u>	<u>4,574,265</u>	<u>176,643</u>
Ohio Public Works Commission Loans					
\$33,733 Elm-Mae-Morris Improvements 2005 0.00%	<u>33,733</u>	<u>0</u>	<u>0</u>	<u>33,733</u>	<u>1,167</u>
Compensated Absences	<u>207,766</u>	<u>195,525</u>	<u>202,148</u>	<u>201,143</u>	<u>190,624</u>
<i>Total Business-Type Activities</i>	<u>\$4,652,130</u>	<u>\$608,909</u>	<u>\$451,898</u>	<u>\$4,809,141</u>	<u>\$368,434</u>

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2006 are as follows:

Years	Governmental Activities						
	General Obligation Bonds		Special Assessment Bonds		OPWC	Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2007	135,000	105,125	47,000	30,730	29,947	211,947	135,855
2008	140,000	99,050	48,000	27,570	29,947	217,947	126,620
2009	145,000	92,680	24,000	24,355	29,947	198,947	117,035
2010	155,000	85,937	25,000	23,035	29,947	209,947	108,972
2011	160,000	78,575	27,000	21,660	29,947	216,947	100,235
2012-2016	930,000	263,735	163,000	81,780	149,735	1,242,735	345,515
2017-2020	440,000	34,580	171,000	26,460	66,344	677,344	61,040
Total	<u>\$2,105,000</u>	<u>\$759,682</u>	<u>\$505,000</u>	<u>\$235,590</u>	<u>\$365,814</u>	<u>\$2,975,814</u>	<u>\$995,272</u>

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Business-Type Activities				
Years	OWDA Loans		Total	
	Principal	Interest	Principal	Interest
2007	176,643	163,583	176,643	163,583
2008	185,436	159,231	185,436	159,231
2009	192,283	152,384	192,283	152,384
2010	199,383	145,284	199,383	145,284
2011	206,745	137,921	206,745	137,921
2012-2016	1,154,030	569,304	1,154,030	569,304
2017-2021	1,383,413	339,920	1,383,413	339,920
2022-2025	1,076,332	78,340	1,076,332	78,340
Total	\$4,574,265	\$1,745,967	\$4,574,265	\$1,745,967

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

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

The Ohio Public Works Commission loan for Elm-Mae-Morris Improvements 2005 reflects the loan amount outstanding as of December 31, 2006. A repayment schedule will be provided when the loan is finalized.

The City has the ability to issue \$14.7 million of additional debt without obtaining voter approval.

Note 16 – Note Obligations

A summary of note transactions for the year ended December 31, 2006 follows:

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
Governmental Activities				
Capital Projects Fund				
2005, 4.00%	\$3,920,000	\$0	\$3,920,000	\$0
2006, 4.25%	0	3,680,000	0	3,680,000
<i>Total Capital Projects Fund</i>	3,920,000	3,680,000	3,920,000	3,680,000
Business-Type Activities				
Sewer Fund				
2005, 4.00%	3,010,000	0	3,010,000	0
2006, 4.25%	0	2,460,000	0	2,460,000
<i>Total Sewer Fund</i>	3,010,000	2,460,000	3,010,000	2,460,000
Total	\$6,930,000	\$6,140,000	\$6,930,000	\$6,140,000

City of Kent, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

On October 18, 2006, the City issued \$6.14 million in various purpose notes at an interest rate of 4.25% with a maturity date of October 18, 2007. The notes are backed by the full faith and credit of the City of Kent. However, it is the intention of the City that all enterprise obligations be paid from operating income. The note liability is reflected in the funds which received the proceeds. The notes were issued at a premium of \$26,832. A portion of the premium was offset against the corresponding interest expense, and the unamortized balance is reported as unearned revenue in the respective funds.

Note 17 – Conduit Debt

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

<u>Type</u>	<u>On Behalf of</u>	<u>Principal Outstanding December 31, 2006</u>	<u>Year Issued</u>
Multi-Family Housing Revenue Bonds	Silver Meadows Apartments	<u>\$9,535,000</u>	1999

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

Note 18 - Contingent Liabilities

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

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

Note 19 - Jointly Governed Organization

Northeast Ohio Public Energy Council The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 117 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

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

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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.

(continued)

Nonmajor Special Revenue Funds (continued)

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

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

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

Nonmajor Debt Service Fund

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

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,622,819	\$38,108	\$1,660,927
Receivables:			
Property Taxes Receivable	475,279	0	475,279
Interest Receivable	526	0	526
Loans Receivable	447,835	0	447,835
Special Assessment Receivable	0	746,422	746,422
Receivables, Net	<u>923,640</u>	<u>746,422</u>	<u>1,670,062</u>
Due from Other Governments	291,211	0	291,211
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>120,000</u>	<u>50</u>	<u>120,050</u>
<i>Total Assets</i>	<u><u>\$2,957,670</u></u>	<u><u>\$784,580</u></u>	<u><u>\$3,742,250</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$80,391	\$0	\$80,391
Capital Contracts Payable	0	0	0
Accrued Wages and Benefits	297,338	0	297,338
Due to Other Funds	200,000	0	200,000
Deferred Revenue	521,572	746,422	1,267,994
Payable from Restricted Asset	<u>0</u>	<u>50</u>	<u>50</u>
<i>Total Liabilities</i>	<u>1,099,301</u>	<u>746,472</u>	<u>1,845,773</u>
Fund Balances			
Reserved for Encumbrances	304,213	0	304,213
Reserved for Loans Receivable	447,835	0	447,835
Reserved for Debt Service	0	38,108	38,108
Unreserved, Undesignated			
Reported in:			
Special Revenue Funds	<u>1,106,321</u>	<u>0</u>	<u>1,106,321</u>
<i>Total Fund Balances</i>	<u>1,858,369</u>	<u>38,108</u>	<u>1,896,477</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$2,957,670</u></u>	<u><u>\$784,580</u></u>	<u><u>\$3,742,250</u></u>

City of Kent, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Property and Other Local Taxes	\$539,872	\$0	\$539,872
Fees, Licenses and Permits	127,288	0	127,288
Fines and Forfeitures	15,820	0	15,820
Intergovernmental	781,621	0	781,621
Special Assessments	0	80,817	80,817
Interest	69,552	0	69,552
Miscellaneous	120,048	0	120,048
<i>Total Revenues</i>	<u>1,654,201</u>	<u>80,817</u>	<u>1,735,018</u>
Expenditures			
Current:			
Security of Persons and Property	438,557	0	438,557
Public Health and Welfare	113,932	0	113,932
Community Development	739,734	0	739,734
Transportation	44,507	0	44,507
General Government	0	3,108	3,108
Capital Outlay	63,321	0	63,321
Debt Service:			
Principal Retirement	0	204,947	204,947
Interest and Fiscal Charges	0	144,690	144,690
<i>Total Expenditures</i>	<u>1,400,051</u>	<u>352,745</u>	<u>1,752,796</u>
<i>Excess of Revenues Under Expenditures</i>	<u>254,150</u>	<u>(271,928)</u>	<u>(17,778)</u>
Other Financing Sources (Uses)			
Transfers In	10,000	270,857	280,857
Transfers Out	(120,000)	0	(120,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(110,000)</u>	<u>270,857</u>	<u>160,857</u>
<i>Net Change in Fund Balances</i>	144,150	(1,071)	143,079
<i>Fund Balances Beginning of Year</i>	<u>1,714,219</u>	<u>39,179</u>	<u>1,753,398</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,858,369</u></u>	<u><u>\$38,108</u></u>	<u><u>\$1,896,477</u></u>

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	West Side Fire	State Highway	Food Service	License Tax
Assets				
Equity in Pooled Cash and Cash Equivalents	\$53,414	\$56,357	\$32,344	\$3,011
Receivables:				
Property Taxes Receivable	253,083	0	0	0
Interest Receivable	0	0	0	0
Loans Receivable	0	0	0	0
Other Receivable	0	0	0	0
Receivables, Net	<u>253,083</u>	<u>0</u>	<u>0</u>	<u>0</u>
Due from Other Governments	12,265	33,279	0	8,752
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$318,762</u></u>	<u><u>\$89,636</u></u>	<u><u>\$32,344</u></u>	<u><u>\$11,763</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$1,500	\$5,223	\$0	\$0
Capital Contracts Payable	0	0	0	0
Accrued Wages and Benefits	0	0	527	0
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	0	0
Unearned Revenue	0	0	0	0
Deferred Revenue	<u>265,348</u>	<u>23,310</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>266,848</u>	<u>28,533</u>	<u>527</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	3,388	1,286	119	0
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated	<u>48,526</u>	<u>59,817</u>	<u>31,698</u>	<u>11,763</u>
<i>Total Fund Balances</i>	<u>51,914</u>	<u>61,103</u>	<u>31,817</u>	<u>11,763</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$318,762</u></u>	<u><u>\$89,636</u></u>	<u><u>\$32,344</u></u>	<u><u>\$11,763</u></u>

Revolving Housing	State and Local Forfeits	Drug Law Enforcement	Enforcement and Education	Law Enforcement Trust	Community Development Block Grant	Swimming Pool Inspections
\$59,508	\$17,008	\$16,857	\$14,604	\$36,161	\$980,284	\$6,434
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	177,081	0
0	0	0	0	0	0	0
0	0	0	0	0	177,081	0
0	0	66	723	0	225,408	0
0	0	0	0	0	0	0
<u>\$59,508</u>	<u>\$17,008</u>	<u>\$16,923</u>	<u>\$15,327</u>	<u>\$36,161</u>	<u>\$1,382,773</u>	<u>\$6,434</u>
\$0	\$0	\$0	\$0	\$0	\$73,668	\$0
0	0	0	0	0	0	0
836	0	0	0	0	227	37
0	0	0	0	0	200,000	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
836	0	0	0	0	273,895	37
394	0	0	0	0	298,992	34
0	0	0	0	0	177,081	0
58,278	17,008	16,923	15,327	36,161	632,805	6,363
58,672	17,008	16,923	15,327	36,161	1,108,878	6,397
<u>\$59,508</u>	<u>\$17,008</u>	<u>\$16,923</u>	<u>\$15,327</u>	<u>\$36,161</u>	<u>\$1,382,773</u>	<u>\$6,434</u>

(continued)

City of Kent, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2006

	Police Pension	Fire Pension	Urban Development Action Grant	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$162,272	\$145,646	\$38,919	\$1,622,819
Receivables:				
Property Taxes Receivable	111,098	111,098	0	475,279
Interest Receivable	0	0	526	526
Loans Receivable	0	0	270,754	447,835
Other Receivable	0	0	0	0
Receivables, Net	<u>111,098</u>	<u>111,098</u>	<u>271,280</u>	<u>923,640</u>
Due from Other Governments	5,359	5,359	0	291,211
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>0</u>	<u>0</u>	<u>120,000</u>	<u>120,000</u>
<i>Total Assets</i>	<u><u>\$278,729</u></u>	<u><u>\$262,103</u></u>	<u><u>\$430,199</u></u>	<u><u>\$2,957,670</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$80,391
Retainage Payable	0	0	0	0
Accrued Wages and Benefits	156,169	139,542	0	297,338
Due to Other Funds	0	0	0	200,000
Due to Other Governments	0	0	0	0
Unearned Revenue	0	0	0	0
Deferred Revenue	<u>116,457</u>	<u>116,457</u>	<u>0</u>	<u>521,572</u>
<i>Total Liabilities</i>	<u>272,626</u>	<u>255,999</u>	<u>0</u>	<u>1,099,301</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	304,213
Reserved for Loans Receivable	0	0	270,754	447,835
Unreserved, Undesignated	<u>6,103</u>	<u>6,104</u>	<u>159,445</u>	<u>1,106,321</u>
<i>Total Fund Balances</i>	<u>6,103</u>	<u>6,104</u>	<u>430,199</u>	<u>1,858,369</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$278,729</u></u>	<u><u>\$262,103</u></u>	<u><u>\$430,199</u></u>	<u><u>\$2,957,670</u></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, 2006

	West Side Fire	State Highway	Food Service	License Tax
Revenues				
Property and Other Local Taxes	\$220,276	\$0	\$0	\$122,898
Fees, Licenses and Permits	0	0	49,607	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	25,672	62,234	0	0
Interest	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>245,948</u>	<u>62,234</u>	<u>49,607</u>	<u>122,898</u>
Expenditures				
Current:				
Security of Persons and Property	212,185	0	0	0
Public Health and Welfare	0	0	45,198	0
Community Development	0	0	0	0
Transportation	0	44,507	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>212,185</u>	<u>44,507</u>	<u>45,198</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>33,763</u>	<u>17,727</u>	<u>4,409</u>	<u>122,898</u>
Other Financing Sources (Uses)				
Transfers In	0	0	5,000	0
Transfers Out	0	0	0	(120,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>(120,000)</u>
<i>Net Change in Fund Balances</i>	33,763	17,727	9,409	2,898
<i>Fund Balances Beginning of Year</i>	<u>18,151</u>	<u>43,376</u>	<u>22,408</u>	<u>8,865</u>
<i>Fund Balances End of Year</i>	<u><u>\$51,914</u></u>	<u><u>\$61,103</u></u>	<u><u>\$31,817</u></u>	<u><u>\$11,763</u></u>

(continued)

City of Kent, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds (continued)

For the Year Ended December 31, 2006

	<u>Revolving Housing</u>	<u>State and Local Forfeits</u>	<u>Drug Law Enforcement</u>	<u>Enforcement and Education</u>
Revenues				
Property and Other Local Taxes	\$0	\$0	\$0	\$0
Fees, Licenses and Permits	75,806	0	0	0
Fines and Forfeitures	0	2,543	4,264	9,013
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>75,806</u>	<u>2,543</u>	<u>4,264</u>	<u>9,013</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	7,000	2,932
Public Health and Welfare	64,605	0	0	0
Community Development	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>64,605</u>	<u>0</u>	<u>7,000</u>	<u>2,932</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>11,201</u>	<u>2,543</u>	<u>(2,736)</u>	<u>6,081</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	11,201	2,543	(2,736)	6,081
<i>Fund Balances Beginning of Year</i>	<u>47,471</u>	<u>14,465</u>	<u>19,659</u>	<u>9,246</u>
<i>Fund Balances End of Year</i>	<u><u>\$58,672</u></u>	<u><u>\$17,008</u></u>	<u><u>\$16,923</u></u>	<u><u>\$15,327</u></u>

Law Enforcement Trust	Community Development Block Grant	Swimming Pool Inspections	Police Pension	Fire Pension	Urban Development Action Grant	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$98,349	\$98,349	\$0	\$539,872
0	0	1,875	0	0	0	127,288
0	0	0	0	0	0	15,820
0	670,627	0	11,544	11,544	0	781,621
1,871	52,039	0	0	0	15,642	69,552
0	120,048	0	0	0	0	120,048
<u>1,871</u>	<u>842,714</u>	<u>1,875</u>	<u>109,893</u>	<u>109,893</u>	<u>15,642</u>	<u>1,654,201</u>
0	0	0	108,285	108,155	0	438,557
0	0	4,129	0	0	0	113,932
0	736,134	0	0	0	3,600	739,734
0	0	0	0	0	0	44,507
<u>18,500</u>	<u>44,821</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>63,321</u>
<u>18,500</u>	<u>780,955</u>	<u>4,129</u>	<u>108,285</u>	<u>108,155</u>	<u>3,600</u>	<u>1,400,051</u>
<u>(16,629)</u>	<u>61,759</u>	<u>(2,254)</u>	<u>1,608</u>	<u>1,738</u>	<u>12,042</u>	<u>254,150</u>
0	0	5,000	0	0	0	10,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(120,000)</u>
<u>0</u>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(110,000)</u>
<u>(16,629)</u>	<u>61,759</u>	<u>2,746</u>	<u>1,608</u>	<u>1,738</u>	<u>12,042</u>	<u>144,150</u>
<u>52,790</u>	<u>1,047,119</u>	<u>3,651</u>	<u>4,495</u>	<u>4,366</u>	<u>418,157</u>	<u>1,714,219</u>
<u>\$36,161</u>	<u>\$1,108,878</u>	<u>\$6,397</u>	<u>\$6,103</u>	<u>\$6,104</u>	<u>\$430,199</u>	<u>\$1,858,369</u>

Combining Statements

Fiduciary Funds

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

Agency Funds

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

City of Kent, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Escrow Fund
For the Year Ended December 31, 2006

	Beginning Balance 12/31/05	Additions	Deductions	Ending Balance 12/31/06
Assets				
Cash and Cash Equivalents	\$549,609	\$207,370	\$270,615	\$486,364
Liabilities				
Accounts Payable	\$549,609	\$207,370	\$270,615	\$486,364

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

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Capital Projects Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$0	\$0	\$67,500	\$67,500
Special Assessments	6,400	6,400	6,433	33
Miscellaneous	10,000	10,000	141,919	131,919
Total Revenues	16,400	16,400	215,852	199,452
Expenditures				
Capital Outlays	1,726,666	1,795,766	1,235,037	560,729
Debt Service:				
Principal Retirement	3,920,000	3,920,000	3,920,000	0
Interest and Fiscal Charges	122,600	161,800	159,711	2,089
Total Expenditures	5,769,266	5,877,566	5,314,748	562,818
Excess of Revenues Under Expenditures	(5,752,866)	(5,861,166)	(5,098,896)	762,270
Other Financing Sources				
Proceeds from Sale of Notes	3,690,000	3,690,000	3,680,000	(10,000)
Premium on Notes	0	0	16,082	16,082
Transfers In	1,500,000	1,500,000	1,500,000	0
Net Other Financing Sources	5,190,000	5,190,000	5,196,082	6,082
Net Change in Fund Balance	(562,866)	(671,166)	97,186	768,352
Recovery of Prior Year Encumbrances	0	0	20,651	20,651
Fund Balance Beginning of Year	1,394,452	1,394,452	1,394,452	0
Fund Balance End of Year	\$831,586	\$723,286	\$1,512,289	\$789,003

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$2,850,000	\$2,700,000	\$2,744,326	\$44,326
Intergovernmental	0	0	573	573
Special Assessments	20,000	20,000	24,392	4,392
Interest	75,000	78,500	95,884	17,384
Miscellaneous	37,000	33,500	37,939	4,439
Total Revenues	2,982,000	2,832,000	2,903,114	71,114
Expenses				
Current:				
Department of Public Services				
Personal Services	1,282,369	1,279,594	1,192,123	87,471
Benefits	447,750	451,555	424,686	26,869
Utilities	190,000	194,305	194,082	223
Contractual Services	140,900	140,472	122,195	18,277
Materials and Supplies	315,800	337,893	334,392	3,501
Other	126,400	119,400	38,773	80,627
Capital Outlay	476,667	476,667	80,642	396,025
Debt Service:				
Principal Retirement	18,124	18,124	18,124	0
Interest and Fiscal Charges	16,316	16,316	16,316	0
Total Expenses	3,014,326	3,034,326	2,421,333	612,993
Excess of Revenues Over (Under) Expenses	(32,326)	(202,326)	481,781	684,107
Proceeds from Sale of Assets	0	150,000	235,184	85,184
Capital Contributions - Tap-in Fees	50,000	50,000	99,170	49,170
Net Change in Fund Equity	17,674	(2,326)	816,135	818,461
Recovery of Prior Year Encumbrances	0	0	102,855	102,855
Fund Equity Beginning of Year	1,458,369	1,458,369	1,458,369	0
Fund Equity End of Year	\$1,476,043	\$1,456,043	\$2,377,359	\$921,316

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$3,500,000	\$3,500,000	\$3,554,165	\$54,165
Interest	80,000	86,000	120,862	34,862
Intergovernmental	0	10,000	19,023	9,023
Special Assessments	27,000	27,000	57,404	30,404
Miscellaneous	17,500	11,500	12,763	1,263
Total Revenues	3,624,500	3,634,500	3,764,217	129,717
Expenses				
Current:				
Department of Public Services				
Personal Services	1,474,115	1,478,730	1,394,786	83,944
Benefits	515,995	519,160	487,997	31,163
Utilities	280,000	264,000	263,097	903
Contractual Services	227,000	205,317	175,037	30,280
Materials and Supplies	214,300	247,433	231,532	15,901
Other	162,650	154,185	53,597	100,588
Capital Outlay	77,000	82,235	77,837	4,398
Debt Service:				
Principal Retirement	3,168,841	3,247,454	3,241,626	5,828
Interest and Fiscal Charges	254,731	362,811	360,785	2,026
Total Expenses	6,374,632	6,561,325	6,286,294	275,031
Excess of Revenues Under Expenses	(2,750,132)	(2,926,825)	(2,522,077)	404,748
Proceeds from Sale of Notes	2,450,000	2,450,000	2,460,000	10,000
Premium on Note	0	0	10,750	10,750
Capital Contributions - Tap-in Fees	75,000	75,000	93,530	18,530
Capital Grants	0	390,000	391,347	1,347
Net Change in Fund Equity	(225,132)	(11,825)	433,550	445,375
Recovery of Prior Year Encumbrances	0	0	14,872	14,872
Fund Equity Beginning of Year	1,580,601	1,580,601	1,580,601	0
Fund Equity (Deficit) End of Year	\$1,355,469	\$1,568,776	\$2,029,023	\$460,247

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$366,000	\$366,000	\$383,360	\$17,360
Intergovernmental	12,500	12,500	12,500	0
Total Revenues	378,500	378,500	395,860	17,360
Expenses				
Current:				
Department of Public Services				
Personal Services	42,883	45,513	45,507	6
Benefits	14,715	12,085	10,535	1,550
Contractual Services	376,300	376,300	372,879	3,421
Materials and Supplies	2,000	2,000	507	1,493
Other	2,000	2,000	30	1,970
Total Expenses	437,898	437,898	429,458	8,440
Net Change in Fund Equity	(59,398)	(59,398)	(33,598)	25,800
Recovery of Prior Year Encumbrances	0	0	14	14
Fund Equity Beginning of Year	254,026	254,026	254,026	0
Fund Equity End of Year	\$194,628	\$194,628	\$220,442	\$25,814

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$525,000	\$525,000	\$548,263	\$23,263
Interest	8,000	8,000	71,263	63,263
Special Assessments	1,000	1,000	1,520	520
Total Revenues	<u>534,000</u>	<u>534,000</u>	<u>621,046</u>	<u>87,046</u>
Expenses				
Current:				
Department of Public Services				
Materials and Supplies	0	190	190	0
Contractual Services	20,000	42,087	27,380	14,707
Other	1,000	2,497	1,450	1,047
Capital Outlay	2,361,667	837,894	538,263	299,631
Debt Service:				
Interest and Fiscal Charges	5,500	5,500	0	5,500
Total Expenses	<u>2,388,167</u>	<u>888,168</u>	<u>567,283</u>	<u>320,885</u>
Excess of Revenues Over (Under) Expenses	(1,854,167)	(354,168)	53,763	407,931
Proceeds from Sale of Notes	2,500,000	0	0	0
Capital Contributions - Tap-in Fees	0	0	2,000	2,000
Advances Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>0</u>
Net Change in Fund Equity	615,833	(384,168)	25,763	409,931
Recovery of Prior Year Encumbrances	0	0	46,410	46,410
Fund Equity Beginning of Year	<u>1,257,448</u>	<u>1,257,448</u>	<u>1,257,448</u>	<u>0</u>
Fund Equity End of Year	<u>\$1,873,281</u>	<u>\$873,280</u>	<u>\$1,329,621</u>	<u>\$456,341</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$216,437	\$217,981	\$220,276	\$2,295
Intergovernmental	23,700	25,655	25,672	17
Total Revenues	240,137	243,636	245,948	2,312
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	244,400	224,395	215,578	8,817
Capital Outlays	25,000	25,000	0	25,000
Total Expenditures	269,400	249,395	215,578	33,817
Net Change in Fund Balance	(29,263)	(5,759)	30,370	36,129
Recovery of Prior Year Encumbrances	0	0	167	167
Fund Balance Beginning of Year	18,601	18,601	18,601	0
Fund Balance End of Year	(\$10,662)	\$12,842	\$49,138	\$36,296

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$53,250	\$53,250	\$62,605	\$9,355
Expenditures				
Current:				
Transportation				
Department of Public Services	60,000	60,000	45,793	14,207
Net Change in Fund Balance	(6,750)	(6,750)	16,812	23,562
Fund Balance Beginning of Year	33,036	33,036	33,036	0
Fund Balance End of Year	\$26,286	\$26,286	\$49,848	\$23,562

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fees, Licenses and Permits	\$47,000	\$47,000	\$49,608	\$2,608
Expenditures				
Current:				
Public Health and Welfare				
Department of Health	57,951	57,951	45,349	12,602
Excess of Revenues Under Expenditures	(10,951)	(10,951)	4,259	15,210
Other Financing Sources				
Transfers In	5,000	5,000	5,000	0
Net Change in Fund Balance	(5,951)	(5,951)	9,259	15,210
Recovery of Prior Year Encumbrances	0	0	0	0
Fund Balance Beginning of Year	22,966	22,966	22,966	0
Fund Balance End of Year	\$17,015	\$17,015	\$32,225	\$15,210

CITY OF KENT, OHIO

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
License Tax Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$135,000	\$123,000	\$123,011	\$11
Other Financing Uses				
Transfers Out	(135,000)	(120,000)	(120,000)	0
Net Change in Fund Balance	0	3,000	3,011	11
Fund Balance Beginning of Year	0	0	0	0
Fund Balance End of Year	\$0	\$3,000	\$3,011	\$11

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fees, Licenses and Permits	\$77,000	\$77,000	\$75,965	(\$1,035)
Expenditures				
Current:				
Public Health and Welfare				
Department of Health	82,045	82,045	64,954	17,091
Net Change in Fund Balance	(5,045)	(5,045)	11,011	16,056
Fund Balance Beginning of Year	48,103	48,103	48,103	0
Fund Balance End of Year	\$43,058	\$43,058	\$59,114	\$16,056

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeits	\$10,000	\$2,500	\$2,643	\$143
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	12,000	12,000	0	12,000
Net Change in Fund Balance	(2,000)	(9,500)	2,643	12,143
Fund Balance Beginning of Year	14,365	14,365	14,365	0
Fund Balance End of Year	\$12,365	\$4,865	\$17,008	\$12,143

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeits	\$7,000	\$4,700	\$4,751	\$51
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	14,000	14,000	7,000	7,000
Net Change in Fund Balance	(7,000)	(9,300)	(2,249)	7,051
Recovery of Prior Year Encumbrances	0	0	404	404
Fund Balance Beginning of Year	18,702	18,702	18,702	0
Fund Balance End of Year	\$11,702	\$9,402	\$16,857	\$7,455

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeits	\$6,000	\$6,000	\$8,721	\$2,721
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	11,000	11,000	2,932	8,068
Net Change in Fund Balance	(5,000)	(5,000)	5,789	10,789
Fund Balance Beginning of Year	8,815	8,815	8,815	0
Fund Balance End of Year	\$3,815	\$3,815	\$14,604	\$10,789

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Interest	20,000	0	1,871	1,871
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	54,000	33,500	0	33,500
Capital Outlays	0	18,500	18,500	0
Total Expenditures	54,000	52,000	18,500	33,500
Net Change in Fund Balance	(34,000)	(52,000)	(16,629)	35,371
Recovery of Prior Year Encumbrances	0	0	525	525
Fund Balance Beginning of Year	52,265	52,265	52,265	0
Fund Balance End of Year	\$18,265	\$265	\$36,161	\$35,896

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$347,271	\$712,271	\$599,409	(\$112,862)
Interest	30,000	50,000	52,039	2,039
Miscellaneous	70,000	165,000	167,639	2,639
Total Revenues	447,271	927,271	819,087	(108,184)
Expenditures				
Current:				
Community Development				
Department of Community Development	400,814	872,259	823,161	49,098
Capital Outlays	0	8,555	8,552	3
Total Expenditures	400,814	880,814	831,713	49,101
Net Change in Fund Balance	46,457	46,457	(12,626)	(59,083)
Recovery of Prior Year Encumbrances	0	0	569	569
Fund Balance Beginning of Year	697,298	697,298	697,298	0
Fund Balance End of Year	\$743,755	\$743,755	\$685,241	(\$58,514)

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fees, Licenses and Permits	\$2,000	\$1,800	\$1,875	\$75
Expenditures				
Current:				
Public Health and Welfare				
Department of Health	4,786	4,786	4,157	629
Excess of Revenues Under Expenditures	(2,786)	(2,986)	(2,282)	704
Other Financing Sources				
Transfers in	5,000	5,000	5,000	0
Net Change in Fund Balance	2,214	2,014	2,718	704
Fund Balance Beginning of Year	3,682	3,682	3,682	0
Fund Balance End of Year	\$5,896	\$5,696	\$6,400	\$704

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$96,861	\$97,509	\$98,349	\$840
Intergovernmental	10,550	11,511	11,544	33
Total Revenues	107,411	109,020	109,893	873
Expenditures				
Current:				
Security of Persons and Property				
Department of Pubic Safety	118,000	118,000	118,000	0
Net Change in Fund Balance	(10,589)	(8,980)	(8,107)	873
Fund Balance Beginning of Year	14,211	14,211	14,211	0
Fund Balance End of Year	\$3,622	\$5,231	\$6,104	\$873

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$96,861	\$97,509	\$98,349	\$840
Intergovernmental	10,550	11,511	11,544	33
Total Revenues	107,411	109,020	109,893	873
Expenditures				
Current:				
Security of Persons and Property				
Department of Public Safety	118,000	118,000	118,000	0
Net Change in Fund Balance	(10,589)	(8,980)	(8,107)	873
Fund Balance Beginning of Year	14,211	14,211	14,211	0
Fund Balance End of Year	\$3,622	\$5,231	\$6,104	\$873

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Interest	\$5,000	\$5,000	\$17,074	\$12,074
Miscellaneous	15,000	15,000	16,166	1,166
Total Revenues	20,000	20,000	33,240	13,240
Expenditures				
Current:				
Community Development				
Department of Community Development	3,600	3,600	3,600	0
Net Change in Fund Balance	16,400	16,400	29,640	13,240
Fund Balance Beginning of Year	9,279	9,279	9,279	0
Fund Balance End of Year	\$25,679	\$25,679	\$38,919	\$13,240

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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Special Assessments	\$80,000	\$80,000	\$80,817	\$817
Expenditures				
Current:				
General Government				
Department of Budget and Finance	4,000	4,000	3,108	892
Debt Service:				
Principal Retirement	204,947	204,947	204,947	0
Interest and Fiscal Charges	144,690	144,690	144,690	0
Total Expenditures	353,637	353,637	352,745	892
Excess of Revenues Under Expenditures	(273,637)	(273,637)	(271,928)	1,709
Other Financing Sources				
Transfers In	270,857	270,857	270,857	0
Net Change in Fund Balance	(2,780)	(2,780)	(1,071)	1,709
Fund Balance Beginning of Year	39,179	39,179	39,179	0
Fund Balance End of Year	\$36,399	\$36,399	\$38,108	\$1,709

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
<i>Financial Trends</i>	S3-S11
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	S12-S19
These schedules contain information to help the reader assess the City's most significant local revenue sources, the municipal income tax and the property tax.	
<i>Debt Capacity</i>	S20-S28
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<i>Demographic and Economic Information</i>	S29-S30
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	S31-S38
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	

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

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

	2006	2005	2004	2003
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$17,826,725	\$15,071,440	\$10,945,438	\$7,742,185
Restricted:				
Capital Projects	1,907,765	2,497,612	2,599,661	2,987,712
Debt Service	773,209	850,671	935,399	1,011,723
Other Purposes	7,447,628	6,474,089	6,388,315	6,425,950
Unrestricted	14,267,218	13,419,546	14,674,034	14,770,661
<i>Total Governmental Activities Net Assets</i>	<u>42,222,545</u>	<u>38,313,358</u>	<u>35,542,847</u>	<u>32,938,231</u>
Business Type - Activities				
Invested in Capital Assets, Net of Related Debt	48,635,444	47,751,884	45,884,269	41,824,749
Unrestricted	7,491,831	6,855,253	5,798,379	5,632,183
<i>Total Business-Type Activities Net Assets</i>	<u>56,127,275</u>	<u>54,607,137</u>	<u>51,682,648</u>	<u>47,456,932</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	66,462,169	62,823,324	56,829,707	49,566,934
Restricted	10,128,602	9,822,372	9,923,375	10,425,385
Unrestricted	21,759,049	20,274,799	20,472,413	20,402,844
<i>Total Primary Government Net Assets</i>	<u>\$98,349,820</u>	<u>\$92,920,495</u>	<u>\$87,225,495</u>	<u>\$80,395,163</u>

The periods 2004 and 2003 noted above do not reflect restated amounts.

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

	2006	2005	2004	2003
Program Revenues				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property	\$1,242,357	\$895,878	\$787,397	\$572,818
Public Health and Welfare	160,183	208,339	202,513	168,914
Leisure Time Activities	440,288	392,615	335,721	245,281
Community Development	76,504	243,509	234,795	209,881
Transportation	2,350	2,033	3,971	7,789
General Government	193,686	433,944	397,637	340,826
Subtotal - Charges for Services	<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	40,670	58,165	90,360	45,007
Public Health and Welfare	8,404	4,893	8,568	2,651
Leisure Time Activities	0	0	11,961	8,023
Community Development	670,627	743,594	705,128	711,927
Transportation	740,864	771,546	961,337	618,533
General Government	0	23,055	50,599	76,269
Subtotal - Operating Grants and Contributions	<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	38,303	0	0	0
Community Development	0	0	0	119,116
Transportation	1,811,785	797,717	898,967	0
Subtotal - Capital Grants and Contributions	<u>1,850,088</u>	<u>797,717</u>	<u>898,967</u>	<u>119,116</u>
<i>Total Governmental Activities Program Revenues</i>	<u>5,426,021</u>	<u>4,575,288</u>	<u>4,688,954</u>	<u>3,127,035</u>
Business-Type Activities:				
Charges for Services:				
Water	2,718,143	2,817,816	2,800,642	2,742,512
Sewer	3,534,247	3,519,931	3,514,419	3,471,812
Solid Waste	390,015	390,057	409,650	403,039
Storm Water Drainage	559,376	538,781	492,517	531,238
Subtotal - Charges for Services	<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	627	4,549	6,588
Sewer	0	12,730	79,484	14,514
Solid Waste	12,500	12,500	12,500	2,789
Subtotal - Operating Grants and Contributions	<u>12,500</u>	<u>25,857</u>	<u>96,533</u>	<u>23,891</u>
Capital Grants and Contributions				
Water	277,139	590,769	277,022	773,838
Sewer	270,058	1,172,094	3,122,967	1,654,812
Storm Water Drainage	573,081	605,128	0	678,898
Subtotal - Capital Grants and Contributions	<u>1,120,278</u>	<u>2,367,991</u>	<u>3,399,989</u>	<u>3,107,548</u>
<i>Total Business-Type Activities Program Revenues</i>	<u>8,334,559</u>	<u>9,660,433</u>	<u>10,713,750</u>	<u>10,280,040</u>
<i>Total Primary Government Program Revenues</i>	<u>\$13,760,580</u>	<u>\$14,235,721</u>	<u>\$15,402,704</u>	<u>\$13,407,075</u>

(Continued)

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

	2006	2005	2004	2003
Expenses				
<i>Governmental Activities:</i>				
Security of Persons and Property	\$9,323,964	\$9,088,539	\$9,075,391	\$7,925,699
Public Health and Welfare	565,274	547,160	561,554	492,345
Leisure Time Activities	1,316,911	1,202,921	1,242,072	793,778
Community Development	1,909,670	1,850,436	1,959,483	1,822,724
Transportation	2,181,729	2,056,046	1,958,035	1,540,000
General Government	2,751,222	2,747,645	2,825,076	2,394,007
Interest and Fiscal Charges	279,179	245,952	242,475	256,440
<i>Total Governmental Activities Expenses</i>	<u>18,327,949</u>	<u>17,738,699</u>	<u>17,864,086</u>	<u>15,224,993</u>
<i>Business-Type Activities</i>				
Water	2,898,864	2,936,749	2,899,516	2,660,267
Sewer	3,819,961	3,511,561	3,397,853	3,441,320
Solid Waste	429,551	362,930	371,803	396,039
Storm Water Drainage	240,410	215,725	237,800	232,269
<i>Total Business-Type Activities Expenses</i>	<u>7,388,786</u>	<u>7,026,965</u>	<u>6,906,972</u>	<u>6,729,895</u>
<i>Total Primary Government Program Expenses</i>	<u>25,716,735</u>	<u>24,765,664</u>	<u>24,771,058</u>	<u>21,954,888</u>
Net (Expense)/Revenue				
Governmental Activities	(\$12,901,928)	(\$13,163,411)	(\$13,175,132)	(\$12,097,958)
Business-Type Activities	<u>945,773</u>	<u>2,633,468</u>	<u>3,806,778</u>	<u>3,550,145</u>
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$11,956,155)</u>	<u>(\$10,529,943)</u>	<u>(\$9,368,354)</u>	<u>(\$8,547,813)</u>

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

	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes:				
Property and Other Local Taxes Levied For:				
General Purposes	\$1,688,373	\$1,579,658	\$1,588,087	\$1,482,922
Other Purposes	1,517,163	1,442,769	1,462,646	1,425,001
Income Taxes	10,147,407	10,149,597	9,705,339	9,743,877
Grants and Entitlements not Restricted to				
Specific Programs	2,203,538	2,308,746	2,173,408	2,642,496
Investment Earnings	1,083,312	615,028	354,751	369,743
Gain (Loss) on Sale of Capital Assets	0	0	26,173	0
Miscellaneous	171,322	99,965	261,338	407,711
Transfers	0	0	(170,000)	(225,000)
<i>Total Governmental Activities</i>	<u>16,811,115</u>	<u>16,195,763</u>	<u>15,401,742</u>	<u>15,846,750</u>
Business-Type Activities				
Investment Earnings	320,134	225,528	94,364	100,152
Gain (Loss) on Sale of Capital Assets	203,669	0	17,357	0
Miscellaneous	50,602	46,722	49,469	79,665
Transfers	0	0	170,000	225,000
<i>Total Business-Type Activities</i>	<u>574,405</u>	<u>272,250</u>	<u>331,190</u>	<u>404,817</u>
<i>Total Primary Government</i>	<u>17,385,520</u>	<u>16,468,013</u>	<u>15,732,932</u>	<u>16,251,567</u>
Change in Net Assets				
Governmental Activities	3,909,187	3,032,352	2,226,610	3,748,792
Business-Type Activities	1,520,178	2,905,718	4,137,968	3,954,962
<i>Total Primary Government Change in Net Assets</i>	<u>\$5,429,365</u>	<u>\$5,938,070</u>	<u>\$6,364,578</u>	<u>\$7,703,754</u>

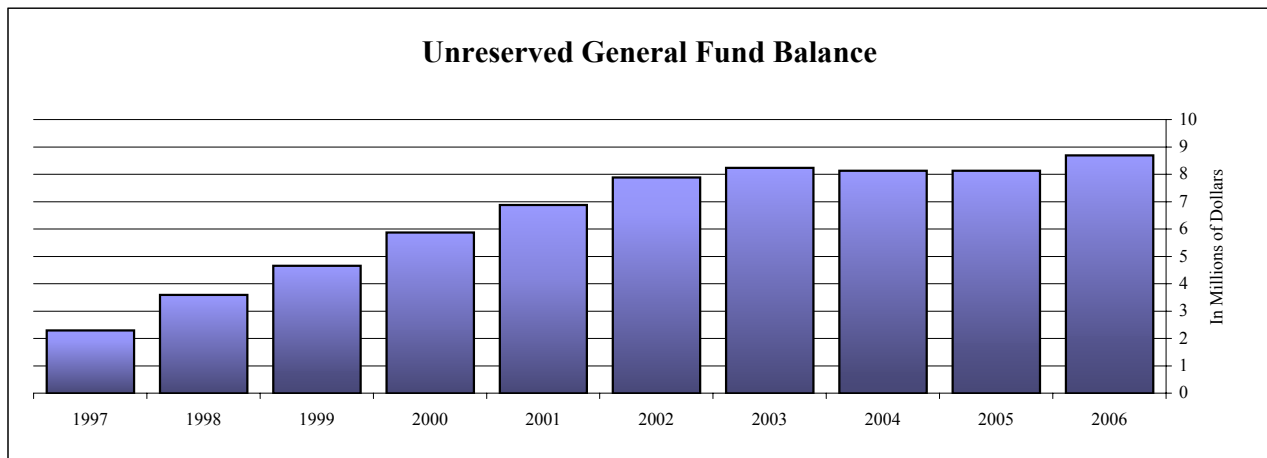
The periods 2004 and 2003 noted above do not reflect restated amounts.

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

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

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

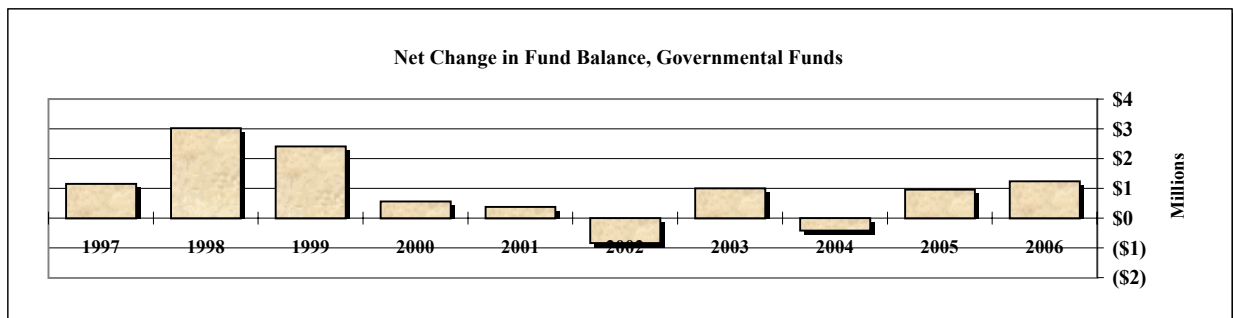
	2006	2005	2004	2003
General Fund				
Reserved	\$326,376	\$307,588	\$732,394	\$638,866
Unreserved	8,690,503	8,128,983	8,131,289	8,228,294
Total General Fund	9,016,879	8,436,571	8,863,683	8,867,160
All Other Governmental Funds				
Reserved	1,994,925	2,542,837	2,375,454	2,841,313
Unreserved:				
Designated:				
For Public Facilities and Programs	1,965,565	1,866,936	1,798,054	1,752,668
For Future Loans	0	0	0	0
Undesignated (Deficit), Reported in:				
Special Revenue funds	7,709,110	7,096,062	6,548,672	6,218,145
Debt Service funds	0	0	0	0
Capital Projects funds	(2,112,636)	(2,510,795)	(2,817,282)	(2,342,442)
Total All Other Governmental Funds	9,556,964	8,995,040	7,904,898	8,469,684
Total Governmental Funds	\$18,573,843	\$17,431,611	\$16,768,581	\$17,336,844



2002	2001	2000	1999	1998	1997
\$1,054,925	\$853,395	\$771,349	\$790,690	\$825,732	\$728,552
7,885,318	6,875,449	5,874,288	4,659,841	3,593,735	2,292,084
8,940,243	7,728,844	6,645,637	5,450,531	4,419,467	3,020,636
5,026,575	4,755,880	2,084,599	1,533,745	1,562,282	2,210,795
1,698,184	1,647,123	1,558,664	1,377,877	1,303,371	1,233,258
	0	257,260	278,656	159,176	262,657
5,745,245	5,740,222	5,024,089	6,184,103	4,703,289	4,369,952
0	0	0	0	0	38,337
(5,382,802)	(3,012,660)	407,507	598,883	866,911	(1,147,339)
7,087,202	9,130,565	9,332,119	9,973,264	8,595,029	6,967,660
\$16,027,445	\$16,859,409	\$15,977,756	\$15,423,795	\$13,014,496	\$9,988,296

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

	2006	2005	2004	2003	2002
Revenues					
Taxes:					
Property and Other Local Taxes	\$3,115,248	\$2,998,573	\$3,053,539	\$2,876,964	\$2,705,651
Municipal Income Taxes	10,179,387	10,142,768	9,697,832	9,745,072	9,630,343
Charges for Services	1,373,609	1,458,020	1,239,502	988,417	849,472
Fees, Licenses and Permits	334,498	348,454	349,356	241,387	293,606
Fines and Forfeitures	245,442	369,844	373,176	315,705	339,937
Intergovernmental	3,848,989	3,988,310	4,759,878	4,145,984	4,457,224
Special Assessments	164,351	163,218	163,005	166,775	166,417
Interest	1,044,343	573,151	311,813	319,078	432,931
Miscellaneous	441,168	97,432	261,338	407,711	485,468
<i>Total Revenues</i>	<u>20,747,035</u>	<u>20,139,770</u>	<u>20,209,439</u>	<u>19,207,093</u>	<u>19,361,049</u>
Expenditures					
Current:					
Security of Persons and Property	8,871,722	8,574,921	8,566,950	7,977,881	7,801,668
Public Health and Welfare	564,743	545,881	557,405	520,443	517,827
Leisure Time Activities	1,237,456	1,141,268	1,175,458	979,959	955,279
Community Development	1,895,068	1,836,098	1,924,022	1,946,318	2,102,383
Transportation	1,299,412	1,400,731	1,455,517	1,424,857	1,365,439
General Government	2,627,620	2,568,272	2,659,253	2,424,777	2,616,445
Capital Outlay	2,646,181	2,714,605	3,732,130	2,264,048	4,382,589
Debt Service:					
Principal Retirement	204,947	188,947	187,947	181,947	170,947
Interest and Fiscal Charges	280,497	246,585	242,924	257,533	289,869
<i>Total Expenditures</i>	<u>19,627,646</u>	<u>19,217,308</u>	<u>20,501,606</u>	<u>17,977,763</u>	<u>20,202,446</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,119,389</u>	<u>922,462</u>	<u>(292,167)</u>	<u>1,229,330</u>	<u>(841,397)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	112,843	0	26,913	0	0
General Obligation Bonds Issued	0	0	0	0	0
Special Assessment Bonds Issued	0	0	0	0	0
Notes Issued	0	0	0	0	0
Note Premium	0	0	26,730	0	9,433
Loan Proceeds	0	0	0	0	0
Transfers In	9,599,347	9,579,181	8,995,666	9,273,113	8,640,696
Transfers Out	(9,599,347)	(9,549,181)	(9,165,666)	(9,498,113)	(8,640,696)
<i>Total Other Financing Sources (Uses)</i>	<u>112,843</u>	<u>30,000</u>	<u>(116,357)</u>	<u>(225,000)</u>	<u>9,433</u>
<i>Net Change in Fund Balances</i>	<u>\$1,232,232</u>	<u>\$952,462</u>	<u>(\$408,524)</u>	<u>\$1,004,330</u>	<u>(\$831,964)</u>
Debt Service as a Percentage of Noncapital Expenditures	2.86%	2.64%	2.57%	2.80%	2.91%



2001	2000	1999	1998	1997
\$2,645,656	\$2,171,068	\$2,124,322	\$2,123,628	\$1,981,864
9,390,575	9,283,257	9,099,886	8,973,217	8,283,745
755,909	840,692	636,896	591,432	566,867
300,552	152,496	314,955	248,234	228,748
352,319	363,619	373,008	472,835	299,169
3,671,672	3,707,016	3,430,043	3,540,752	3,752,674
209,485	159,746	298,228	131,322	168,743
931,920	941,332	698,951	679,171	553,740
345,495	407,801	175,517	374,474	208,339
18,603,583	18,027,027	17,151,806	17,135,065	16,043,889
7,328,137	7,197,719	6,927,110	6,522,907	6,181,814
466,178	421,649	421,313	415,147	384,446
863,226	827,170	829,725	869,507	843,018
2,098,614	1,832,505	1,331,444	1,633,099	1,596,340
1,251,158	1,432,219	1,147,096	1,161,164	1,257,393
2,880,775	2,675,061	2,524,234	2,562,947	2,358,076
2,835,200	2,837,314	2,065,938	4,032,289	2,073,682
176,947	696,797	159,647	93,000	83,000
331,500	199,632	179,564	275,799	118,704
18,231,735	18,120,066	15,586,071	17,565,859	14,896,473
371,848	(93,039)	1,565,735	(430,794)	1,147,416
0	0	318,564	0	0
0	0	0	3,000,000	0
0	561,000	0	0	0
0	0	525,000	0	0
0	0	0	0	0
0	86,000	0	456,994	0
7,985,703	8,883,318	9,079,794	8,727,949	8,466,670
(7,985,703)	(8,883,318)	(9,079,794)	(8,727,949)	(8,466,670)
0	647,000	843,564	3,456,994	0
\$371,848	\$553,961	\$2,409,299	\$3,026,200	\$1,147,416
3.30%	5.87%	2.51%	2.73%	1.57%

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

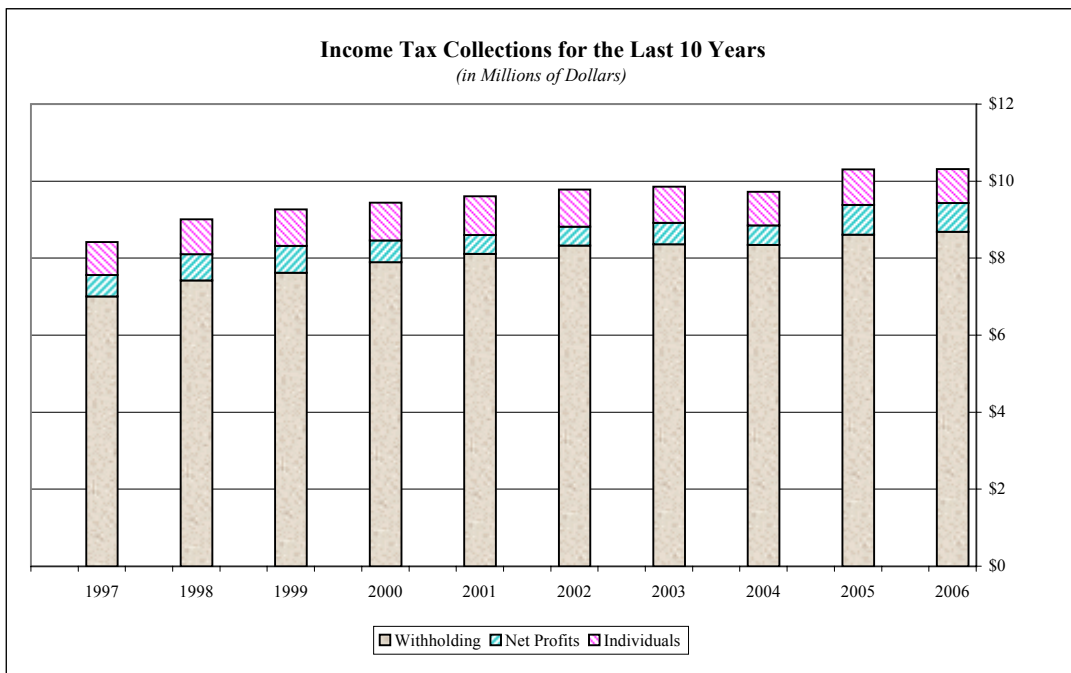
Year	Municipal Income Taxes	Property and Other Local Taxes	Total
2006	\$10,179,387	\$3,115,248	\$13,294,635
2005	\$10,142,768	\$2,998,573	\$13,141,341
2004	\$9,697,832	\$3,053,539	\$12,751,371
2003	\$9,745,072	\$2,876,964	\$12,622,036
2002	\$9,630,343	\$2,705,651	\$12,335,994
2001	\$9,390,575	\$2,645,656	\$12,036,231
2000	\$9,283,257	\$2,171,068	\$11,454,325
1999	\$9,099,886	\$2,124,322	\$11,224,208
1998	\$8,973,217	\$2,123,628	\$11,096,845
1997	\$8,283,745	\$1,981,864	\$10,265,609

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

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2006	2.00%	\$10,315,459	\$8,682,188	84.16%	\$748,460	7.26%	\$884,811	8.58%
2005	2.00	10,305,383	8,613,458	83.58	772,397	7.50	919,528	8.92
2004	2.00	9,725,546	8,346,704	85.83	506,032	5.20	872,810	8.97
2003	2.00	9,858,757	8,358,858	84.79	558,370	5.66	941,529	9.55
2002	2.00	9,782,615	8,324,405	85.09	496,000	5.07	962,210	9.84
2001	2.00	9,603,984	8,106,727	84.41	498,065	5.19	999,192	10.40
2000	2.00	9,443,505	7,897,167	83.62	562,719	5.96	983,619	10.42
1999	2.00	9,268,081	7,621,351	82.23	698,647	7.54	948,083	10.23
1998	2.00	9,007,057	7,418,461	82.36	685,408	7.61	903,188	10.03
1997	2.00	8,419,381	7,009,289	83.26	556,921	6.61	853,171	10.13

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

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



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

2006

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	Ametek, Inc.
8	Integrated Logistics Holding Co.
9	ACS Industries, Inc.
10	Klaben Family Ford, Inc.

1997

2006 Rank	Rank	Employer Name
1	1	Kent State University
2	2	Kent City Schools
7	3	Ametek, Inc.
4	4	City of Kent
3	5	Davey Tree Expert Co., Inc.
22	6	Gouglar Acquisition
	7	KWA, Inc.
10	8	Klaben Family Ford, Inc.
5	9	Land-O-Lakes
6	10	Smithers-Oasis Company

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

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

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

Tax Year/ Collection Year	City of Kent Direct Rates						Overlapping Rates		Total Direct & Overlapping Rates
	General Fund	West Side Fire Station	Recreation Fund	Police Pension Fund	Police Pension Fund	Total City	Portage County	Kent City School District	
2006/2007	\$ 4.76	\$ 0.73	\$ 3.45	\$ 0.30	\$ 0.30	\$ 9.54	\$ 13.62	\$ 102.42	\$ 125.58
2005/2006	4.76	0.73	3.45	0.30	0.30	9.54	13.62	95.78	118.94
2004/2005	4.66	0.73	3.45	0.30	0.30	9.44	13.62	95.77	118.83
2003/2004	4.66	0.73	3.45	0.30	0.30	9.44	12.72	96.01	118.17
2002/2003	4.66	0.73	3.45	0.30	0.30	9.44	12.72	94.48	116.64
2001/2002	4.66	0.73	3.45	0.30	0.30	9.44	12.72	86.35	108.51
2000/2001	4.66	0.73	3.45	0.30	0.30	9.44	12.72	86.60	108.76
1999/2000	4.66	0.73	3.45	0.30	0.30	9.44	12.72	86.50	108.66
1998/1999	4.66	0.73	3.45	0.30	0.30	9.44	12.72	86.70	108.86
1997/1998	4.66	0.73	3.45	0.30	0.30	9.44	12.72	87.42	109.58

Source: Portage County, Ohio; County Auditor

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

Tax Year/ Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2006/2007	\$247,212,070	\$102,158,740	\$998,202,314	\$7,473,970	\$11,155,179
2005/2006	224,455,410	92,947,180	906,864,543	8,102,390	12,093,119
2004/2005	218,255,087	93,118,010	889,637,420	9,530,700	10,830,341
2003/2004	214,777,462	92,267,150	877,270,320	9,745,960	11,074,955
2002/2003	185,232,675	87,820,073	780,150,709	10,064,210	11,436,602
2001/2002	182,139,853	86,295,100	766,957,009	9,883,000	11,230,682
2000/2001	178,091,013	86,032,900	754,639,751	10,532,130	11,968,330
1999/2000	151,799,862	70,665,540	635,615,434	12,652,230	14,377,534
1998/1999	148,034,036	70,219,980	623,582,903	12,699,390	14,431,125
1997/1998	145,315,430	69,987,000	615,149,800	13,168,470	14,964,170

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Public utility personal property is assessed at 88% of actual value (1997-2004) and 67% of actual value (2005-2007). General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

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

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

(1) Other than public utility property

(2) Real and tangible personal public utility property

(3) This amount is calculated based on the following percentages:

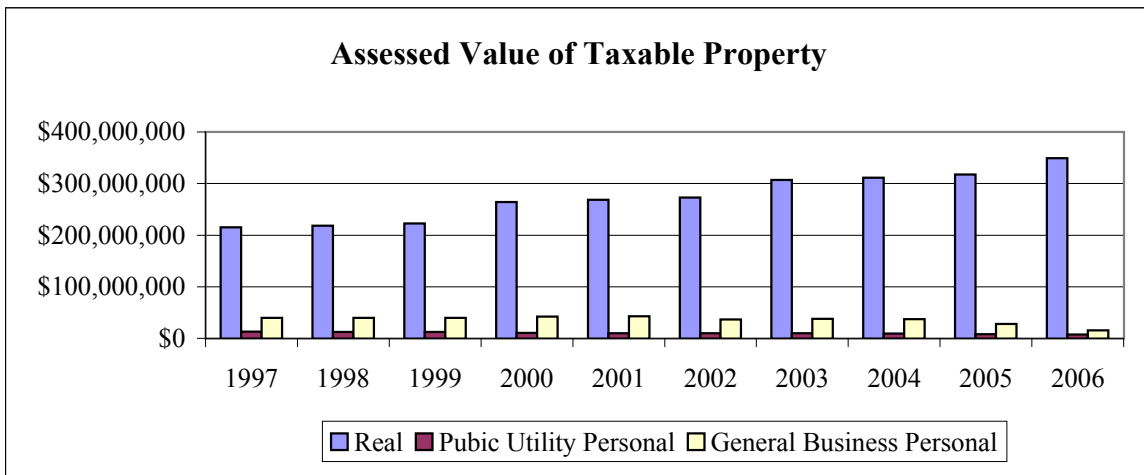
Real property is assessed at 35% of actual value.

Public utility is assessed at 88% of actual value - 1996 through 2004.

Public utility is assessed at 67% of actual value - 2005 through 2007.

Tangible personal is assessed at 25% of true value for capital assets and 23% of true value for inventory.

Tangible Personal Property					
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	Direct Tax Rate
\$15,448,700	\$123,589,600	\$372,293,480	\$1,132,947,093	32.86%	\$9.54
28,023,818	149,460,363	353,528,798	1,068,418,025	33.09	9.54
37,133,989	148,535,956	358,037,786	1,049,003,717	34.13	9.44
38,007,178	152,028,712	354,797,750	1,040,373,987	34.10	9.44
36,373,796	145,495,184	319,490,754	937,082,495	34.09	9.44
42,935,640	171,742,560	321,253,593	949,930,250	33.82	9.44
42,056,737	168,226,948	316,712,780	934,835,029	33.88	9.44
39,539,156	158,156,624	274,656,788	808,149,592	33.99	9.44
39,435,714	157,742,856	270,389,120	795,756,884	33.98	9.44
39,816,452	159,265,808	268,287,352	789,379,778	33.99	9.44



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

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (2)</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>
2006	\$ 3,001,119	\$ 2,943,312	98.07	\$ 87,851	\$ 3,031,163	101.00%	\$ 238,914
2005	3,016,195	2,904,751	96.31	83,750	2,988,501	99.08	221,840
2004	2,990,557	2,908,664	97.26	130,128	3,038,792	101.61	193,334
2003	2,822,825	2,757,875	97.70	77,216	2,835,091	100.43	166,525
2002	2,633,533	2,534,329	96.23	68,297	2,602,626	98.83	159,168
2001	2,458,410	2,401,347	97.68	62,949	2,464,296	100.24	148,243
2000	2,149,762	2,000,343	93.05	60,103	2,060,446	95.85	110,384
1999	2,013,482	1,944,504	96.57	59,863	2,004,367	99.55	125,743
1998	1,993,259	N/A (1)	N/A (1)	N/A (1)	2,026,685	101.68	92,780
1997	1,864,376	N/A (1)	N/A (1)	N/A (1)	1,856,717	99.59	109,149

Source: Portage County, Ohio; County Auditor

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

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

City of Kent, Ohio
Principal Taxpayers - Real Estate Tax
 2006 and 1997

<i>2006</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
DSMP - Kent LLC	\$3,553,080	0.95 %
Silver Meadows Ltd.	3,386,260	0.91
Ohio Edison	3,021,000	0.81
Gougler Industries, Inc.	2,996,870	0.80
Mikey Ryan LLC	2,941,120	0.79
Ohio Bell	2,786,090	0.75
Draucker, Carl A.	2,582,860	0.69
Whitehall Terrace Investors LLC	2,423,050	0.65
Douglas Partners	2,126,710	0.57
Davey Tree	1,961,550	0.53
Total	\$27,778,590	7.46 %
Total Assessed Valuation	\$372,293,480	
<i>1997</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Ohio Bell	\$6,412,030	2.39 %
Gougler Industries, Inc.	4,603,460	1.72 %
Ohio Edison	4,166,170	1.55 %
Klaben Ford, Inc.	4,009,300	1.49 %
Associated Estates Realty Corp.	2,821,560	1.05 %
Ametek, Inc.	2,814,520	1.05 %
Silver Meadows Ltd.	2,186,910	0.82 %
W9/GLM Real Estate	2,008,210	0.75 %
Park Ohio Industries, Inc.	1,950,150	0.73 %
Paul P. Tell Sr.	1,899,030	0.71 %
Total	\$32,871,340	12.25 %
Total Assessed Valuation	\$268,287,352	

Source: Portage County, County Treasurer

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

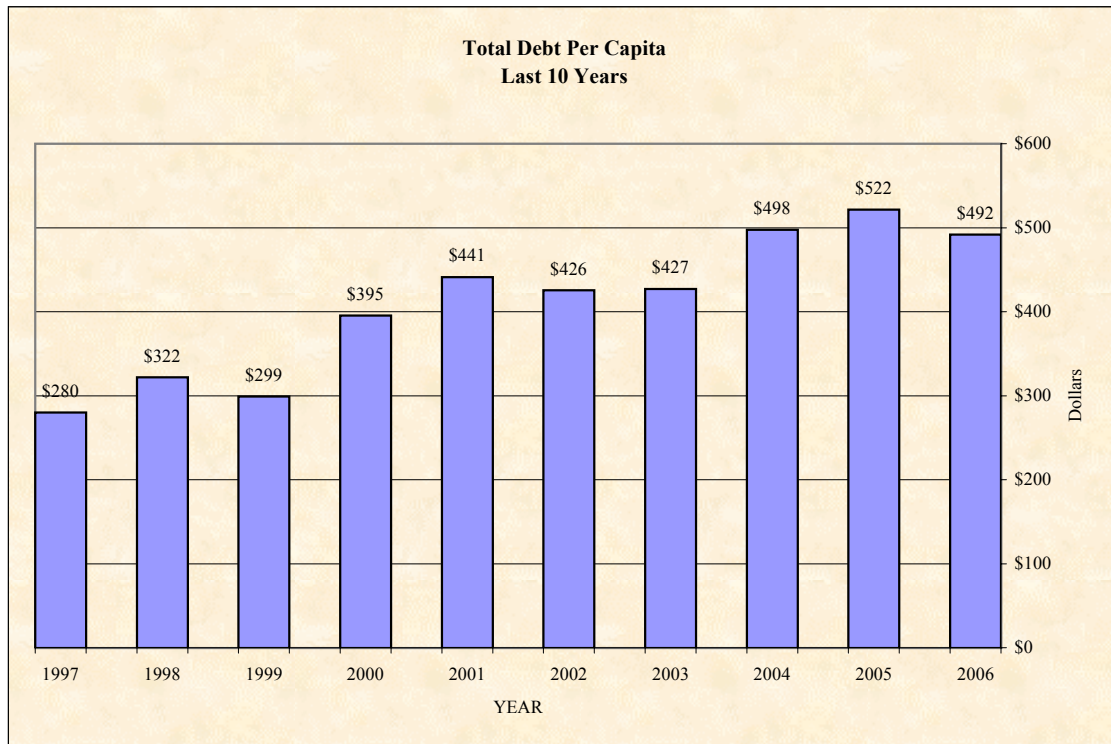
City of Kent, Ohio
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	Governmental Activities					General Obligation Bonds
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Bond Anticipation Notes	Capital Installment Contract	
2006	\$2,105,000	\$505,000	\$365,814	\$3,680,000	\$0	\$0
2005	2,235,000	550,000	395,761	3,920,000	0	0
2004	2,355,000	589,000	425,708	4,170,000	0	0
2003	2,475,000	627,000	455,655	4,405,000	0	0
2002	2,590,000	664,000	485,602	4,740,000	0	0
2001	2,700,000	695,000	515,549	4,750,000	0	3,645,000
2000	2,805,000	737,000	545,496	3,000,000	0	3,945,000
1999	2,905,000	220,000	487,293	525,000	0	4,225,000
1998	3,000,000	259,000	512,940	500,000	0	4,495,000
1997	0	352,000	55,946	2,090,000	75,000	4,750,000

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

Business-Type Activities

<u>OPWC Loans</u>	<u>Mortgage Revenue Bonds</u>	<u>Bond Anticipation Notes</u>	<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$33,733	\$0	\$2,460,000	\$4,574,265	\$13,723,812	3.28%	\$492
33,733	0	3,010,000	4,410,631	14,555,125	3.47	522
0	0	3,610,000	2,737,725	13,887,433	3.31	498
0	0	2,910,000	1,041,602	11,914,257	2.84	427
0	0	3,395,000	0	11,874,602	2.83	426
0	0	0	0	12,305,549	2.94	441
0	0	0	0	11,032,496	2.63	395
0	265,000	0	0	8,627,293	3.26	299
0	515,000	0	0	9,281,940	3.50	322
0	750,000	0	0	8,072,946	3.05	280



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

<u>Year</u>	<u>Population (1)</u>		<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Net Bonded Debt Per Capita</u>
2006	27,906	b	\$1,132,947,093	\$2,105,000	0.19 %	\$75.43
2005	27,906	b	1,068,418,025	2,235,000	0.21	\$80.09
2004	27,906	b	1,049,003,717	2,355,000	0.22	\$84.39
2003	27,906	b	1,040,373,987	2,475,000	0.24	\$88.69
2002	27,906	b	937,082,495	2,590,000	0.28	\$92.81
2001	27,906	b	949,930,250	2,700,000	0.28	\$96.75
2000	27,906	b	934,835,029	2,805,000	0.30	\$100.52
1999	28,835	a	808,149,592	2,905,000	0.36	\$100.75
1998	28,835	a	795,756,884	3,000,000	0.38	\$104.04
1997	28,835	a	789,379,778	0	0.00	\$0.00

Sources:

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

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) County Auditor

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

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

Year	Sewer Operating Revenue and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Percent Coverage
				Principal	Interest	
2006	\$3,682,389	\$2,596,987	\$1,085,402	\$0	\$0	N/A
2005	3,626,854	2,669,943	956,911	0	0	N/A
2004	3,577,423	2,708,742	868,681	0	0	N/A
2003	3,535,737	2,654,034	881,703	0	0	N/A
2002	3,773,337	2,529,934	1,243,403	315,000	233,405	2.27
2001	3,811,595	2,452,707	1,358,888	300,000	250,805	2.47
2000	3,505,972	2,420,124	1,085,848	280,000	266,765	1.99
1999	3,476,351	2,253,505	1,222,846	270,000	281,750	2.22
1998	3,257,363	2,233,873	1,023,490	255,000	295,520	1.86
1997	3,271,850	2,155,379	1,116,471	235,000	307,740	2.06

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

Source: City Financial Records

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

Year	Water Operating Revenue and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Percent Coverage
				Principal	Interest	
2006	\$2,869,475	\$2,281,655	\$587,820	\$0	\$0	N/A
2005	2,921,177	2,328,973	592,204	0	0	N/A
2004	2,861,427	2,340,647	520,780	0	0	N/A
2003	2,828,579	2,167,861	660,718	0	0	N/A
2002	3,098,769	2,170,544	928,225	0	0	N/A
2001	2,987,952	2,055,737	932,215	0	0	N/A
2000	2,964,205	2,109,231	854,974	265,000	15,328	3.05
1999	2,860,695	2,016,738	843,957	250,000	29,613	3.02
1998	2,727,096	2,006,673	720,423	235,000	43,125	2.59
1997	2,743,794	2,021,631	722,163	220,000	55,775	2.62

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

Source: City Financial Records

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

<u>Year</u>	<u>Debt Service Assessments</u>	<u>Debt Service</u>		<u>Percent Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
2006	\$77,709	\$45,000	\$33,780	0.99
2005	80,410	39,000	36,375	1.07
2004	76,056	38,000	38,915	0.99
2003	82,795	37,000	41,390	1.06
2002	79,822	31,000	43,410	1.07
2001	107,140	42,000	58,501	1.07
2000	77,116	44,000	16,576	1.27
1999	75,168	39,000	19,269	1.29
1998	113,798	93,000	25,845	0.96
1997	139,640	83,000	31,655	1.22

Source: City Financial Records

City of Kent, Ohio
Legal Debt Margin
Last Ten Years

	2006	2005	2004	2003
Total Assessed Property Value	<u>\$372,293,480</u>	<u>\$353,528,798</u>	<u>\$358,037,786</u>	<u>\$354,797,750</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>39,090,815</u>	<u>37,120,524</u>	<u>37,593,968</u>	<u>37,253,764</u>
Debt Outstanding:				
General Obligation Bonds - Governmental Activities	2,105,000	2,235,000	2,355,000	2,475,000
General Obligation Bonds - Business Type Activities	0	0	0	0
Special Assessment Bonds	505,000	550,000	589,000	627,000
Mortgage Revenue Bonds	0	0	0	0
Bond Anticipation Notes - Governmental Activities	3,680,000	3,920,000	4,170,000	4,405,000
Bond Anticipation Notes - Business Type Activities	<u>2,460,000</u>	<u>3,010,000</u>	<u>3,610,000</u>	<u>2,910,000</u>
Total Gross Indebtedness	8,750,000	9,715,000	10,724,000	10,417,000
Less:				
General Obligation Bonds - Business Type Activities	0	0	0	0
Special Assessment Bonds	(505,000)	(550,000)	(589,000)	(627,000)
Mortgage Revenue Bonds	0	0	0	0
Bond Anticipation Notes - Business Type Activities	(2,460,000)	(3,010,000)	(3,610,000)	(2,910,000)
General Obligation Bond Retirement Fund Balance	<u>(38,108)</u>	<u>(39,179)</u>	<u>(44,130)</u>	<u>(44,847)</u>
Total Net Debt Applicable to Debt Limit	<u>5,746,892</u>	<u>6,115,821</u>	<u>6,480,870</u>	<u>6,835,153</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$33,343,923</u>	<u>\$31,004,703</u>	<u>\$31,113,098</u>	<u>\$30,418,611</u>
Legal Debt Margin as a Percentage of the Debt Limit	85.30%	83.52%	82.76%	81.65%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$20,476,141</u>	<u>\$19,444,084</u>	<u>\$19,692,078</u>	<u>\$19,513,876</u>
Total Gross Indebtedness	8,750,000	9,715,000	10,724,000	10,417,000
Less:				
General Obligation Bonds - Business Type Activities	0	0	0	0
Special Assessment Bonds	(505,000)	(550,000)	(589,000)	(627,000)
Mortgage Revenue Bonds	0	0	0	0
Bond Anticipation Notes - Business Type Activities	(2,460,000)	(3,010,000)	(3,610,000)	(2,910,000)
General Obligation Bond Retirement Fund Balance	<u>(38,108)</u>	<u>(39,179)</u>	<u>(44,130)</u>	<u>(44,847)</u>
Net Debt Within 5 ½ % Limitations	<u>5,746,892</u>	<u>6,115,821</u>	<u>6,480,870</u>	<u>6,835,153</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$14,729,249</u>	<u>\$13,328,263</u>	<u>\$13,211,208</u>	<u>\$12,678,723</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	71.93%	68.55%	67.09%	64.97%

Source: City Financial Records

2002	2001	2000	1999	1998	1997
<u>\$319,490,754</u>	<u>\$321,253,593</u>	<u>\$316,712,780</u>	<u>\$274,656,788</u>	<u>\$270,389,120</u>	<u>\$268,287,352</u>
<u>33,546,529</u>	<u>33,731,627</u>	<u>33,254,842</u>	<u>28,838,963</u>	<u>28,390,858</u>	<u>28,170,172</u>
2,590,000	2,700,000	2,805,000	2,905,000	3,000,000	0
0	3,645,000	3,945,000	4,225,000	4,495,000	4,750,000
664,000	695,000	737,000	220,000	259,000	352,000
0	0	0	265,000	515,000	750,000
4,740,000	4,750,000	3,000,000	525,000	500,000	2,090,000
3,395,000	0	0	0	0	0
<u>11,389,000</u>	<u>11,790,000</u>	<u>10,487,000</u>	<u>8,140,000</u>	<u>8,769,000</u>	<u>7,942,000</u>
0	(3,645,000)	(3,945,000)	(4,225,000)	(4,495,000)	(4,750,000)
(664,000)	(695,000)	(737,000)	(220,000)	(259,000)	(352,000)
0	0	0	(265,000)	(515,000)	(750,000)
(3,395,000)	0	0	0	0	0
<u>(40,116)</u>	<u>(44,704)</u>	<u>(39,166)</u>	<u>(50,190)</u>	<u>(33,291)</u>	<u>(38,337)</u>
<u>7,289,884</u>	<u>7,405,296</u>	<u>5,765,834</u>	<u>3,379,810</u>	<u>3,466,709 #</u>	<u>2,051,663</u>
<u>\$26,256,645</u>	<u>\$26,326,331</u>	<u>\$27,489,008</u>	<u>\$25,459,153</u>	<u>\$24,924,149</u>	<u>\$26,118,509</u>
78.27%	78.05%	82.66%	88.28%	87.79%	92.72%
<u>\$17,571,991</u>	<u>\$17,668,948</u>	<u>\$17,419,203</u>	<u>\$15,106,123</u>	<u>\$14,871,402</u>	<u>\$14,755,804</u>
11,389,000	11,790,000	10,487,000	8,140,000	8,769,000	7,942,000
0	(3,645,000)	(3,945,000)	(4,225,000)	(4,495,000)	(4,750,000)
(664,000)	(695,000)	(737,000)	(220,000)	(259,000)	(352,000)
0	0	0	(265,000)	(515,000)	(750,000)
(3,395,000)	0	0	0	0	0
<u>(40,116)</u>	<u>(44,704)</u>	<u>(39,166)</u>	<u>(50,190)</u>	<u>(33,291)</u>	<u>(38,337)</u>
<u>7,289,884</u>	<u>7,405,296</u>	<u>5,765,834</u>	<u>3,379,810</u>	<u>3,466,709</u>	<u>2,051,663</u>
<u>\$10,282,107</u>	<u>\$10,263,652</u>	<u>\$11,653,369</u>	<u>\$11,726,313</u>	<u>\$11,404,693</u>	<u>\$12,704,141</u>
58.51%	58.09%	66.90%	77.63%	76.69%	86.10%

City of Kent, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2006

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Kent			
General Obligation Bonds	\$2,105,000	100.00 %	\$2,105,000
Overlapping			
Knet City School District (2)			
General Obligation Bonds	28,770,054	69.91	20,113,145
Portage County (3)			
General Obligation Bonds	15,673,928	11.67	1,829,147
<i>Total Overlapping Debt</i>	44,443,982		21,942,292
Total	\$46,548,982		\$24,047,292

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

(2) Source: Kent City Schools Treasurer

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (4)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>School Enrollment (2)</u>	<u>Portage County Unemployment Rate (3)</u>	<u>City of Kent Unemployment Rate (3)</u>
2006	27,906	\$419,008,590	\$15,015	\$29,582	3,415	5.1%	4.3%
2005	27,906	419,008,590	15,015	29,582	3,371	5.6%	4.6%
2004	27,906	419,008,590	15,015	29,582	3,427	5.8%	4.6%
2003	27,906	419,008,590	15,015	29,582	3,471	5.8%	4.3%
2002	27,906	419,008,590	15,015	29,582	3,547	5.4%	6.1%
2001	27,906	419,008,590	15,015	29,582	3,618	4.3%	4.7%
2000	27,906	419,008,590	15,015	29,582	3,800	3.9%	4.3%
1999	28,835	265,022,485	9,191	21,463	3,767	4.0%	4.6%
1998	28,835	265,022,485	9,191	21,463	4,055	3.9%	4.5%
1997	28,835	265,022,485	9,191	21,463	4,115	4.1%	4.8%

(1) Source: U. S. Census

(a) Years 2000 through 2006 - 2000 Federal Census

(b) Years 1997 through 1999 - 1990 Federal Census

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

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

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

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

2006		
Employer	Number of W-2's processed	Percentage of Total City W-2's processed
Kent State University	12,816	42.73%
Kent City Schools	927	3.09
Davey Tree Expert Co., Inc.	321	1.07
City of Kent	278	0.93
THI of Ohio at Kent LLC	236	0.79
Land-O-Lakes	203	0.68
Smithers-Oasis Company	157	0.52
SBC Ohio Bell Telephone Company	134	0.45
ACS Industries, Inc.	123	0.41
S A Comunale Company, Inc.	117	0.39
Total	15,312	51.05%
Total W-2's Processed	29,993	

1997		
Employer	Number of W-2's processed	Percentage of Total City W-2's processed
Kent State University	10,236	33.06%
Kent City Schools	868	2.80
KWA Inc.	703	2.27
Ametek Inc.	647	2.09
Kent Quality Care	288	0.93
Xtrasource	268	0.87
Hills Department Store Company	267	0.86
City of Kent	240	0.78
SBC Ohio Bell Telephone Company	230	0.74
Klaben Family Ford Inc.	221	0.71
Total	13,968	45.11%
Total W-2's Processed	30,965	

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

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

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

(Continued)

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

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

(Continued)

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

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

(Continued)

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

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

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

(1) Information prior to 2002 is not available

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

	2006	2005	2004	2003	2002
City Council and Clerk of Council					
Number of Ordinances/Resolutions Passed	145	154	161	191	133
Number of Passports Accepted (Began November 2002)	737	677	687	324	15
Civil Service					
City of Kent:					
Entry Level Examinations	5	5	6	8	6
Promotional Examinations	2	2	0	4	1
Kent City School District:					
Entry Level Examinations	3	5	1	5	4
Promotional Examinations	0	0	0	0	5
Budget and Finance Department					
Number of checks/vouchers issued	6,207	6,529	7,185	6,970	6,889
Number of W-2's issued	285	281	273	276	267
Budget and Finance Department - Income Tax					
Transaction Totals:					
Individual Returns	15,461	16,010	15,708	16,262	17,559
Business (Net Profit) Returns	4,326	4,436	4,293	4,149	3,756
Withholding Accounts	11,257	11,079	10,613	10,428	10,496
Total Transactions	31,044	31,525	30,614	30,839	31,811
Budget and Finance Department - Utility Billing					
Number of Bills Mailed	71,968	71,119	70,294	69,159	69,595
Numer of Delinquent Notices Sent	7,774	7,667	7,270	7,258	7,488
Building Department Indicators					
Construction Permits Issued	220	205	200	209	156
Estimated Value of Construction	\$12,175,029	\$30,845,822	\$19,578,587	\$12,592,526	\$18,976,664
Number of permits issued	884	919	983	896	660
Amount of Revenue generated from permits	\$363,161	\$563,819	\$490,748	\$349,026	\$311,141
Number of contract registrations issued	1	244	264	290	383
Number of rental inspections performed	2				
Number of point of sale inspections	3				
Revenue generated from above 1,2,3	\$7,750	\$8,550	\$9,375	\$8,988	\$10,413
Number of Planning Commission Docket Items	29	27	23	23	35
Zoning Board of Appeals Docket Items	29	31	36	29	46
Public Services Department - Engineering					
	Unit				
Total Number of Projects	EA	31	18	32	41
Total Dollars All Projects	\$	\$2,858,642	\$5,125,125	\$7,785,585	\$2,846,202
Total Professional Services Support	\$	\$794,863	\$826,852	\$735,051	\$2,025,029
Total Division Operating	\$	\$33,044	\$23,308	\$28,881	\$81,795
Public Services Department - Water Treatment Plant					
	Unit				
Raw Water from wells	MG	1,015.49	1,058.77	1,053.20	1,100.84
Annual pumpage - finished water	MG	1,005.44	1,042.66	1,014.52	1,009.43
Lime	\$/Ton	\$113	\$101	\$84	\$70
Soda ash	\$/Ton	\$258	\$193	\$160	\$154
Chlorine	\$/Ton	\$540	\$540	\$426	\$420
Hydrofluosilicic acid	\$/Ton	\$309	\$236	\$246	\$252
Carbon dioxide	\$/Ton	\$86	\$86	\$86	\$86
Electric (wells, plant, booster stations, tanks)	Ttl. \$	\$135,023	\$161,554	\$144,777	\$129,536
Lime sludge production plant	CY	1,606.80	1,566.50	1,937.00	1,972.10
Lime sludge removed from plant and lagoons	CY	5,473.80	4,763.90	4,567.40	3,684.00
Lime	tons	751.10	772.53	808.77	812.10
Soda Ash	tons	268.96	321.14	290.55	189.02
Chlorine	tons	11.35	12.50	12.36	11.47
Carbon Dioxide	tons	36.72	43.89	50.09	49.63
Hydrofluosilicic acid	tons	18.00	19.96	18.72	18.44
Rainfall	inches	47.88	42.52	47.81	51.53

(Continued)

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

		2006	2005	2004	2003	2002
Public Services Department - Water Reclamation						
	Unit					
Total yearly flow	MG	920	990	103	101	920
Average daily flow	MGD	3	3	3	3	3
Sludge removed (dry tons)	\$/Ton	336	431	572	559	392
Treatment chemical cost	\$	\$62,500	\$54,200	\$44,000	\$52,100	\$46,000
Public Services Department - Central Maintenance						
	Unit					
Street Repair (Curbs, aprons, berms, asphalt)	Hr.s	2,198	2,216	2,240	1,746	2,336
Paint Striping	Hr.s	860	1,199	813	1,108	1,187
Street Sweeper	Hr.s	1,145	955	817	1,120	1,342
Cold Patch	Hr.s	804	1,775	1,263	1,393	977
Snow & Ice Removal regular	Hr.s	667	1,014	1,062	1,455	992
Snow & Ice Removal overtime	Hr.s	611	2,103	2,380	3,084	1,829
Sewer and Sanitary calls for service	Ea	36	38	52	49	18
After hours Sewer Calls	Hr.s	9	4	2	13	3
Sewer Crew	Hr.s	829	843	964	1,260	1,106
Sewer jet, Vac-all, other services	Hr.s	829	843	964	1,260	1,106
Water Distribution Maintenance	Hr.s	3,989	4,661	4,868	5,013	5,663
Number of Water Breaks	Ea	29	29	19	25	18
Water Meter Reading	Hr.s	1,187	1,032	814	761	459
Landscaping, Tree Maint.(Stump-Chipper service)	Hr.s	3,894	4,448	5,854	4,432	5,761
Leaf collection	Hr.s	4,474	4,210	4,135	5,206	5,022
Holiday lights setup	Hr.s	110	224	397	320	312
Downtown Square events	Hr.s	257	253	287	269	343
Equipment repair	Hr.s	6,921	7,736	8,180	7,465	8,082
Sign department	Hr.s	1,787	1,685	1,465	1,608	2,105
Number of Trees Planted per year	Ea	186	71	95	193	90
Gallons of Caclium Chloride used (Year Jan-Dec)	Gal.s	900	600	15,538	13,836	1,350
Cost of Calcium Chloride Purchased	\$/Gal.	\$0.595	\$0.545	\$0.545	\$0.470	\$0.359
Tons of snow melting salt used (Year Jan-Dec)	Tons	1,860	4,416	4,678	6,216	4,131
Cost of salt purchased	\$/Ton	\$35.52	\$34.88	\$34.88	\$32.83	\$35.62
Police						
Total Calls for Services		19,491	21,284	25,041	25,010	22,661
Number of traffic citations issued		3,071	3,817	4,878	4,470	4,687
Number of parking citations issued		3,042	3,158	4,281	4,425	4,023
Total Arrests		2,354	1,977	2,285	2,366	2,446
Fire						
Fire Calls:						
City of Kent		555	624	635	628	600
Kent State University		213	209	267	211	171
Franklin Township		135	143	164	142	137
Other		44	48	68	49	46
Total Fire Calls		947	1,024	1,134	1,030	954
Emergency Medical Services Calls:						
City of Kent		2,059	1,960	1,940	1,938	1,834
Kent State University		264	284	315	244	152
Franklin Township		339	372	356	334	291
Other		14	50	72	86	131
Total Emergency Medical Services Calls		2,676	2,666	2,683	2,602	2,408
Total Calls for Service (Fire & EMS)		3,623	3,690	3,817	3,632	3,362
Fire Losses:						
City of Kent		\$444,600	\$991,885	\$186,500	\$420,000	\$217,075
Kent State University		\$6,000	\$871,000	\$0	\$0	\$50
Franklin Township		\$451,600	\$42,075	\$541,670	\$1,000,500	\$344,000
Other		\$0	\$0	\$0	\$0	\$0
Total Fire Losses		\$902,200	\$1,904,960	\$728,170	\$1,420,500	\$561,125

(Continued)

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

	2006	2005	2004	2003	2002
<i>Community Development</i>					
Grants received due to Community Development Dept.	\$510,537	\$902,271	\$366,000	\$934,000	\$438,000
<i>Health Department</i>					
Health Inspections:					
Food Service Operations	851	913	1,534	1,436	1,373
Housing	1,419	1,500	1,554	1,570	1,712
Swimming Pools	94	114	147	138	166
Nuisances	466	357	610	548	493
All Other	148	186	254	208	187
Total Inspections	2,978	3,070	4,099	3,900	3,931
Permits & Licenses Issued:					
Food Establishment Licenses	216	207	236	217	220
Housing Licenses	552	605	552	534	548
All Other Licenses	114	13	80	58	55
Total Permits & Licenses	882	825	868	809	823
Child Immunizations	89	75	106	172	81
Birth and Death Certificates Issued (Original & Copies)	3,048	3,219	3,220	3,060	N/A
<i>Recreation</i>					
Program Revenue:					
Adult Leagues and Programs	\$39,747	\$38,192	\$36,989	\$37,252	\$35,569
Youth Leagues and Programs	77,267	76,989	57,069	40,051	23,486
Camps and Lessons	74,042	51,863	62,886	50,733	46,586
Preschool Programs	19,825	17,061	18,239	13,998	15,340
KABC Leagues	31,894	34,447	36,721	35,114	33,795
Special Events/Other	13,733	17,274	15,512	13,315	20,840
Non-Resident Fees	10,144	10,140	9,715	9,573	11,124
After School and Summer Programs	147,148	129,559	82,202	26,518	0
Total Program Revenue	<u>\$413,800</u>	<u>\$375,525</u>	<u>\$319,333</u>	<u>\$226,554</u>	<u>\$186,740</u>
Number of Participants:					
KABC (5-18 years old)	517	520	new program	new program	new program
Fall Soccer (4-12 years old)	388	320	325	350	300
Spring Soccer (4-12 years old)	426	455	545	422	350
School Age Child Care (6-12 years old)	110	70	50	40	N/A
Flag Football (6-12 years old)	81	85	85	80	40
Basketball	332	334	350	360	300
Lacrosse	52	59	50	new program	new program

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

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

Function/Program	2006	2005	2004	2003	2002
General Government					
Number of Buildings	2	2	2	2	2
Administrative Vehicles	3	3	3	3	3
Police					
Stations	1	1	1	1	1
Vehicles	29	29	30	29	29
Fire					
Stations	2	2	2	2	2
Vehicles	13	13	13	10	9
Recreation					
Number of Buildings	6	6	6	6	6
Number of Parks	24	24	24	24	24
Park Acreage	365	365	365	365	365
Number of Baseball Diamonds	6	6	6	6	6
Number of Soccer Fields	8	8	8	8	8
Vehicles	13	11	11	11	13
Transportation					
Number of Buildings	2.5	2.5	2.5	2.5	2.5
Salt Dome	1	1	1	1	1
Streets (Center Lane Miles)	88.50	88.50	87.10	85.90	85.20
Service Vehicles	30	27	26	26	26
Public Health and Welfare					
Number of Buildings	1.25	1.25	1.25	1.25	1.25
Service Vehicles	3	3	3	3	3
Community Development					
Number of Buildings	0.25	0.25	0.25	0.25	0.25
Service Vehicles	1	1	1	1	1
Water					
Treatment Plant	1	1	1	1	1
Water Lines (Linear Feet)	353,500	353,500	341,100	330,600	326,800
Vehicles	17	16	15	14	15
Sewer					
Treatment Plant	1	1	1	1	1
Sanitary Sewers (Linear Feet)	330,600	330,600	322,500	320,000	314,600
Vehicles	12	12	12	12	11
Storm Water Drainage					
Storm Sewers (Linear Feet)	370,000	370,000	363,100	362,900	357,200



Mary Taylor, CPA
Auditor of State

CITY OF KENT

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 30, 2007**