



Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2021

Prepared by:

Finance Department
Financial and Reporting Division

Special Recognition:

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Our vision

**Kent – where people choose to live
and businesses change the world**

mission

The City of Kent is committed to building a safe, thriving, sustainable and inclusive community.

values

Integrity

Do the right thing

Teamwork

Work together

Caring

Care for those we serve

Innovation

Find a way

Communication

Connect to understand

Achievement

Be the difference

goals

Thriving City

Creating safe neighborhoods, healthy people, vibrant commercial districts and inviting parks and recreation

Innovative Government

Delivering outstanding customer service, developing leaders and fostering innovation

Evolving Infrastructure

Connecting people and places through strategic investments in physical and technological infrastructure

Sustainable Services

Providing quality services through responsible financial management, economic growth and partnerships

Inclusive Community

Embracing our diversity and advancing equity through genuine community engagement



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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

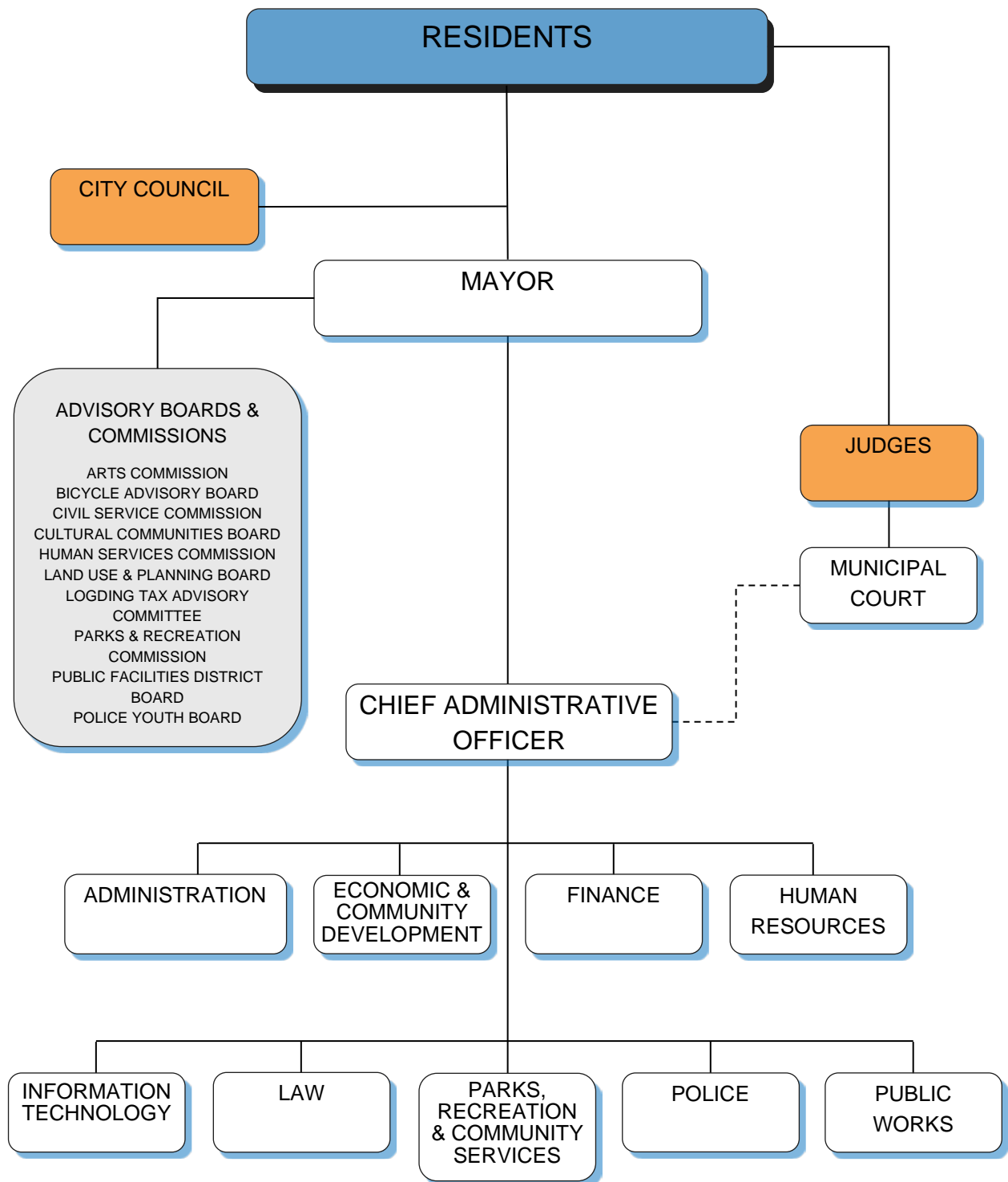
**City of Kent
Washington**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO



PRINCIPAL OFFICIALS

Kent operates under a Mayor-Council form of government. The City Council consists of seven citizens of Kent who are elected at large to staggered, four-year terms. Members of the City council then elect one council member to serve as president of the Council. The member elected serves a two-year term as president, and can be re-elected to as many two-year terms as desired by a majority of the City council. The City Council President serves as the mayor Pro Tem during any absence from the city by the Mayor.

	Term Expiration
MAYOR	
Dana Ralph	12-31-2021

COUNCIL MEMBERS

Bill Boyce, President	12-31-2023
Toni Troutner	12-31-2021
Brenda Fincher	12-31-2021
Satwinder Kaur	12-31-2021
Marli Larimer	12-31-2023
Zandria Michaud	12-31-2023
Les Thomas	12-31-2023

GENERAL GOVERNMENT

Pat Fitzpatrick, Interim Chief Administrative Officer
Tammy White, Acting City Attorney
Paula Painter, CPA, Finance Director
Teri Smith, Human Resources Director
Michael Carrington, Information Technology Director

ECONOMIC AND COMMUNITY DEVELOPMENT

Kurt Hanson, Economic and Community Development Director

PARKS AND RECREATION

Julie Parascondola, Parks, Recreation and Community Services Director

PUBLIC SAFETY

Rafael Padilla, Police Chief

PUBLIC WORKS

Chad Bieren, Public Works Director

As management of the City of Kent, Washington (the City), we offer this narrative overview and analysis of the financial activities of the City of Kent for the fiscal year ended December 31, 2021. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages A4 – A10 of this report and should be read in conjunction with the transmittal letter as well as the financial statements beginning on page 25 and the accompanying notes to the financial statements to gain a full understanding of the financial position of the City and the City's financial performance.

FINANCIAL HIGHLIGHTS:

- Net position (\$1.31 billion) increased by \$56.3 million or 4.5 percent from 2019 levels, comprised of a \$43.7 million or 5.2 percent increase resulting from governmental activities and a \$12.6 million or 3.0 percent increase from business-type activities. Approximately \$224.7 million or 17.1 percent of the total net position may be used to meet the City's ongoing obligations to citizens and creditors.
- City revenues decreased \$3.1 million in 2020 while expenses increased \$13.2 million.
- Non-current liabilities (\$158.0 million) decreased by \$22.8 million or 12.6 percent from 2019 levels with an increase of \$0.8 million in the net pension liability, offset by reductions of \$7.2 million in the OPEB liability, \$0.7 million in the contingent loan guarantee, and 2020 debt payments, including paying off the YMCA Note of \$8.8 million and bond payments of \$5.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This discussion and analysis is intended to 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, including the budgetary statements for the general fund and major special revenue funds, and (3) notes to the financial statements. This report also contains other non-required supplementary information in addition to the basic financial statements.

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 a private-sector business. All of the activities of the City, except those of a fiduciary nature, are included in these statements.

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows (excluding fiduciary funds), both current and long-term, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the City may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the City may have used previously accumulated funds (i.e., cash funding of capital projects). To assess the

overall health of the City, other indicators, including non-financial indicators such as the City's property tax base and condition of its infrastructure, should also be considered.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years (e.g., uncollected property tax revenues and earned but unused vacation leave). This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general taxes and revenues for support.

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 general government, judicial, public safety, community development, public works, leisure services, and health and human services. The business-type activities of City of Kent include water, sewerage, drainage and solid waste utilities and a municipal golf complex.

The government-wide financial statements include not only the City of Kent itself (known as the primary government), but also the Special Events Center Public Facilities District. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 25-27 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 fund 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 the City's near-term financing requirements and what financial resources are available in the near future to finance the City's programs.

The focus of governmental funds is narrow, and it is useful to compare the information provided by the government-wide financial statements for governmental activities with the governmental funds statements. This may give the reader a better understanding of how long-term impacts are affected by near-term financing decisions. To facilitate this comparison, reconciliations between the governmental funds and the governmental activities are provided immediately following the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances.

The City reports on 14 individual governmental funds. Information is provided separately for four funds that the City considers to be major funds and combines the other 10 funds into one column for a single aggregated report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The four major funds are the General Fund, Capital Resources Fund, Special Assessments Fund, and Street Capital Projects Fund.

The City adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided within the basic financial statements for the General Fund and Capital Resources Fund to demonstrate compliance with the budgets. Budgetary schedules are also provided for the non-major special revenue funds in the Combining & Individual Fund Statements and Schedules section of this document.

The governmental major funds financial statements are found on pages 28-33 of this report.

Proprietary funds. The City maintains two types of proprietary funds. Enterprise funds are used to report the activities that are business-like in nature and are included in the business-type activities in the government-wide financial statements. Enterprise funds primarily serve customers outside of the governmental unit. The City maintains five Enterprise funds: (1) Water Fund, (2) Sewerage Fund, (3) Drainage Fund, (4) Solid Waste Fund and (5) Golf Complex Fund. Internal service funds are used to report business-type functions that operate internally within the City and allocate their services to the City's various functions. The City maintains four Internal Service Funds: (1) Equipment Rental Fund, (2) Central Services Fund (postage, central stores, copiers, print shop, media services, telephone services, and data processing services), (3) Facilities Fund, and (4) Insurance Fund (unemployment, workers' compensation, medical and dental, liability and property insurance programs). Since these services mainly benefit governmental rather than business-type functions, their assets and liabilities have been included within governmental activities in the government-wide statement of net position, but their functions are prorated as to their usage between governmental and business-type activities in the government-wide statement of activities.

Proprietary funds provide detailed information of the same type of information found in the government-wide financial statements. The City reports the Water, Sewer, Drainage and Golf Complex funds as major funds, and includes the internal service funds in a single column in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 138-145.

The proprietary fund financial statements can be found on pages 34-43 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those 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 City maintains several custodial funds, as well as a pension fund instituted for firefighters who were employed by the City prior to March 1, 1970.

The basic fiduciary fund financial statements can be found on pages 44-45 of this report.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements and should be read in conjunction with the financial statements. The notes can be found on pages 48-112 of this report.

Other information. This report also includes required supplementary information concerning the City of Kent's employer contributions, money-weighted rate of return, and changes in net pension liability and related ratios for its Firemen's Relief and Pension Fund as well as certain required information for other pension plans. In addition, it provides information on the funding of the other post-employment benefits (including long-term care). This information can be found on pages 113-122 of this report.

Combining statements for non-major governmental funds are also presented on pages 124-131 immediately following the other information mentioned above. Included with the combining statements are budgetary comparison schedules for the various non-major special revenue funds, which are found on pages 132-136. The combining statements for the custodial funds are found on pages 148-149 of this report. Individual statements for the self-insurance plans can be found on pages 152-155.

Additionally, budgetary comparison schedules for three funds separately budgeted but combined into the General Fund for financial reporting are included on pages 158-160 as well as supplementary schedules for governmental capital assets, additional information changes in long-term liabilities and additional information on transfers between funds on pages 162-172.

GOVERNMENT-WIDE FINANCIAL ANALYSIS:

The following table reflects the condensed Statement of Net position of the City for December 31, 2020, compared to the prior year.

CITY OF KENT'S NET POSITION As of December 31* (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other Assets	\$ 208,796	\$ 195,497	\$ 97,606	\$ 97,527	\$ 306,401	\$ 293,024
Capital Assets	789,083	776,174	375,005	367,826	1,164,088	1,144,000
Total Assets	997,879	971,671	472,610	465,353	1,470,490	1,437,024
Deferred Outflows	48,618	51,724	1,180	1,023	49,798	52,747
Total Assets & Deferred Outflows	1,046,497	1,023,395	473,790	466,376	1,520,287	1,489,771
Liabilities						
Other liabilities	30,957	26,669	7,213	8,242	38,170	34,911
Long-term liabilities	118,974	138,481	39,038	42,369	158,013	180,850
Total Liabilities	149,932	165,150	46,251	50,611	196,183	215,761
Deferred Inflows	10,143	15,501	1,009	1,815	11,152	17,316
Total Liabilities & Deferred Inflows	160,075	180,651	47,260	52,426	207,335	233,077
Net Position						
Net Investment in Capital Assets	748,516	724,754	336,300	325,325	1,084,816	1,050,079
Restricted	3,488	4,333	-	-	3,488	4,333
Unrestricted	134,419	113,657	90,230	88,625	224,648	202,282
Total Net Position	\$ 886,422	\$ 842,744	\$ 426,530	\$ 413,950	\$1,312,952	\$1,256,694

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2020, assets and deferred inflows exceeded liabilities and deferred outflows by \$1,313.0 million.

City of Kent

Management's Discussion and Analysis For the Year Ended December 31, 2021

By far the largest portion of the City of Kent's net position (\$1,084.8 million or 82.6 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, site improvements, and equipment) less depreciation and any related outstanding debt used to acquire or construct those assets. The City of Kent uses these capital assets to provide services to its citizens; consequently, it is not the City's intention to sell these assets and they are therefore not available for future spending. Although the City of Kent's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be used to liquidate these liabilities.

Of the City of Kent's net position, \$3.5 million (0.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$224.7 million (17.1 percent), may be used to meet the city's ongoing obligations to citizens and creditors. The unrestricted net position of the City increased \$22.4 million in fiscal year 2020.

The following table and graphs show the changes in net position, a comparison of program costs and revenues, and composition of the City's revenues. Following the graphs is a discussion of the various revenue streams for the City.

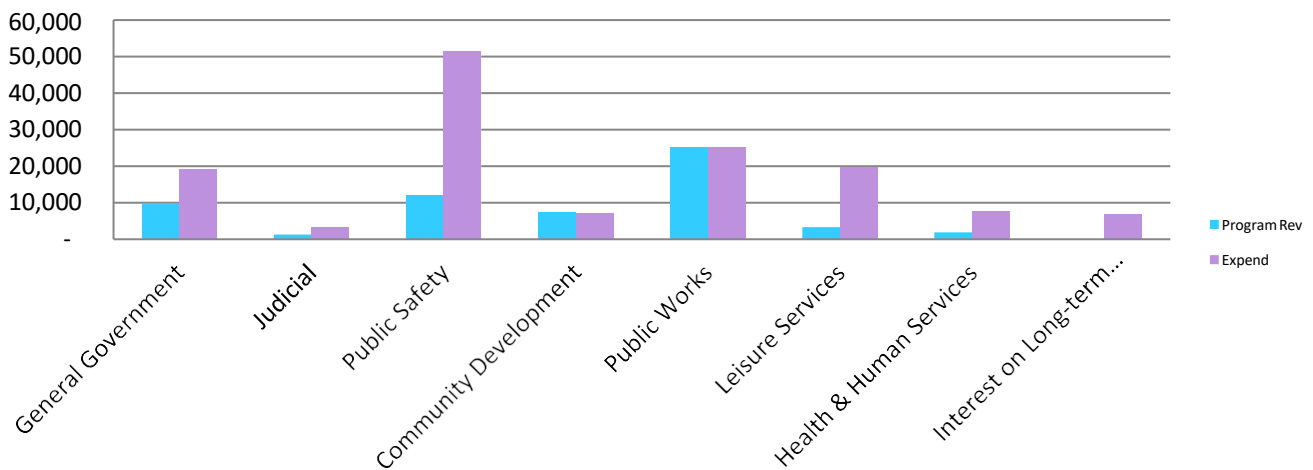
CITY OF KENT'S CHANGES IN NET POSITION For the Years Ended December 31*

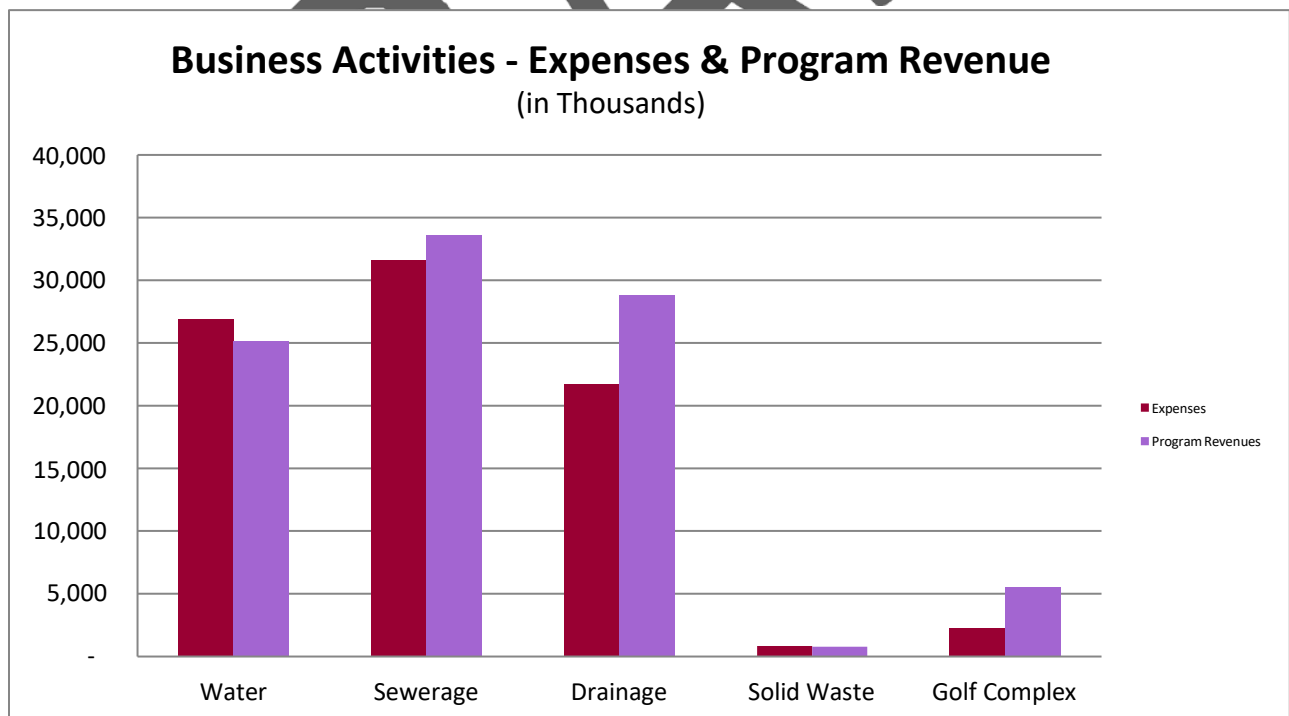
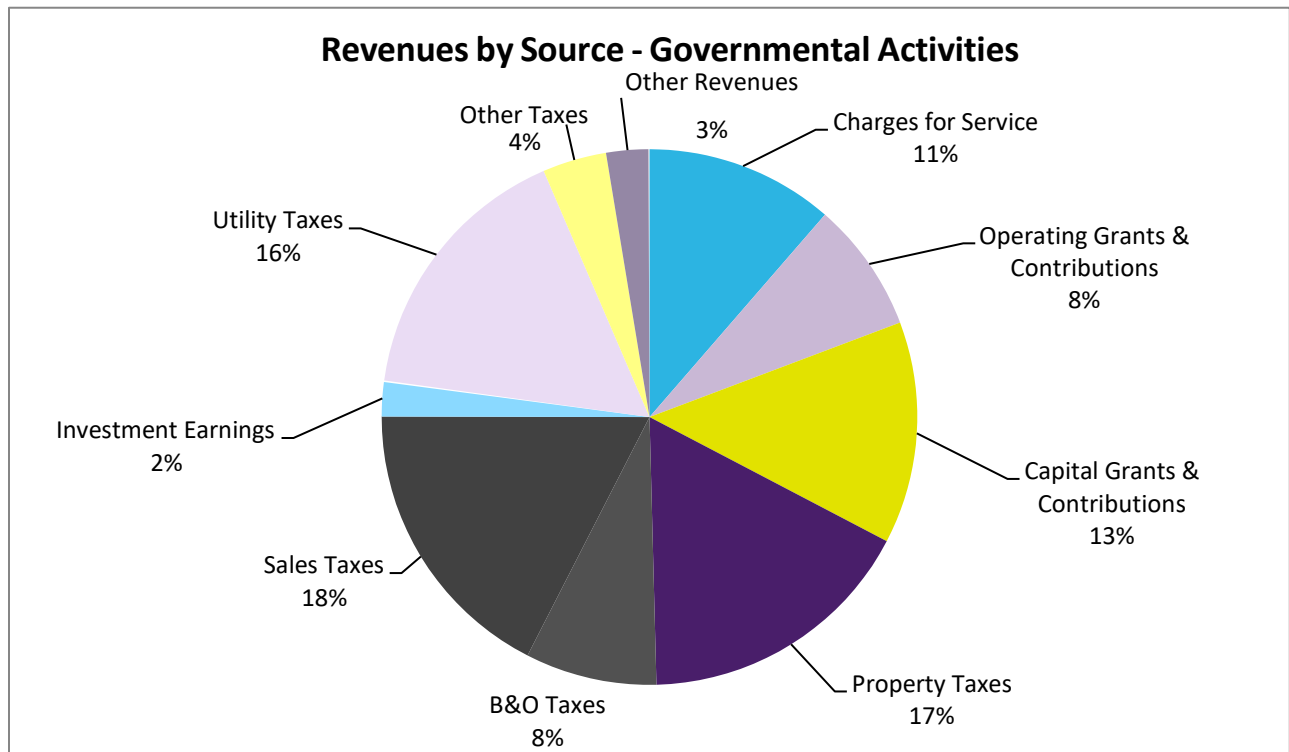
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Service	\$ 21,185	\$ 25,429	\$ 80,545	\$ 79,195	\$ 101,730	\$ 104,624
Operating Grants	14,701	9,265	3,853	499	18,553	9,764
Capital Grants	24,986	24,149	9,505	10,171	34,490	34,320
General Revenues:						
Taxes:						
Property Taxes	31,491	30,744	-	-	31,491	30,744
Sales Taxes	32,605	36,098	-	-	32,605	36,098
Utility Taxes	30,457	30,597	-	-	30,457	30,597
Business & Occupation Taxes	14,785	13,000	-	-	14,785	13,000
Other Taxes	7,195	10,861	-	-	7,195	10,861
Unrestricted Grants	3,703	5,778	-	-	3,703	5,778
Investment Earnings	4,020	5,198	2,113	3,363	6,133	8,561
Miscellaneous	1,137	1,016	-	-	1,137	1,016
Total Revenues	186,264	192,135	96,015	93,228	282,279	285,363

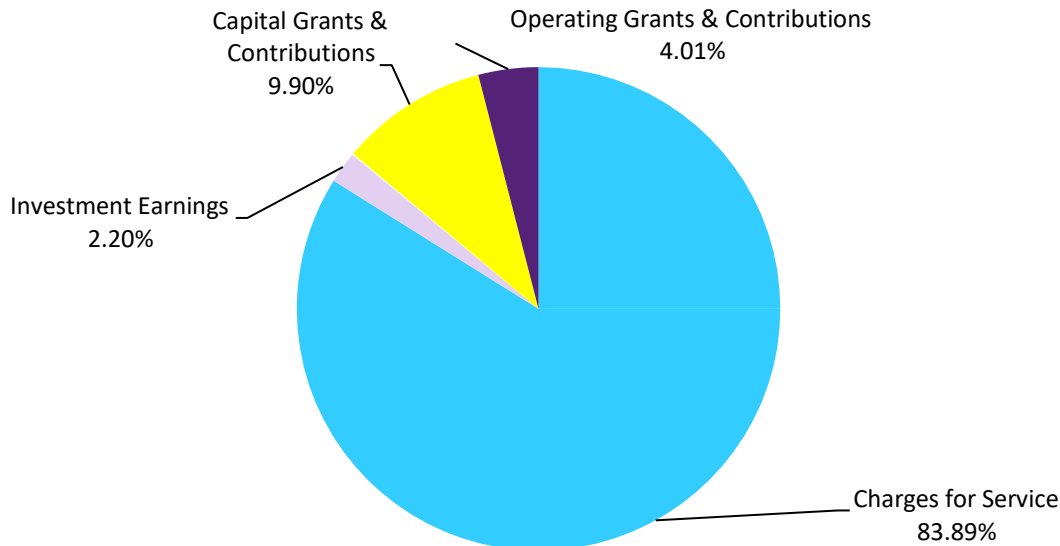
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Expenses:						
General Government	19,047	15,229	-	-	19,047	15,229
Judicial	3,420	3,689	-	-	3,420	3,689
Public Safety	51,508	54,948	-	-	51,508	54,948
Community Development	7,097	7,477	-	-	7,097	7,477
Public Works	25,170	24,404	-	-	25,170	24,404
Leisure Services	19,711	20,443	-	-	19,711	20,443
Health & Human Services	7,595	5,909	-	-	7,595	5,909
Interest on Long-Term Debt	6,899	7,085	-	-	6,899	7,085
Water Utility	-	-	26,928	18,820	26,928	18,820
Sewerage Utility	-	-	31,591	31,799	31,591	31,799
Drainage Utility	-	-	21,711	17,664	21,711	17,664
Solid Waste Utility	-	-	819	804	819	804
Golf Complex	-	-	2,280	2,272	2,280	2,272
Total Expenses	140,448	139,184	83,330	71,359	223,777	210,543
Increase in Net Position before						
Transfers	45,817	52,951	12,685	21,869	58,502	74,820
Transfers	105	207	(105)	(207)	-	-
Change in Net Position	45,922	53,158	12,580	21,662	58,502	74,820
Net Position – January 1	842,744	789,586	413,950	392,288	1,256,694	1,181,874
Prior Period Adjustment	-	-	-	-	(2,244)	-
Net Position – January 1 - Restated	840,500	789,586	413,950	392,288	1,254,450	1,181,874
Net Position – December 31	\$ 886,422	\$ 842,744	\$ 426,530	\$ 413,950	\$ 1,312,952	\$ 1,256,694

Governmental Activities (in thousands)





Revenues by Source - Business-type Activities



Governmental activities. Governmental activities net position increased \$43.7 million (5.2 percent) in fiscal year 2020. Some key revenue and expenditure highlights of governmental activities for fiscal year 2020 are as follows:

- *Taxes* – Property Taxes (\$31.5 million) and Business & Occupation Taxes (\$14.8 million) increased by \$0.7 million or 2 percent and \$1.8 million or 13.7 percent, respectively with continuing economic growth. Sales & Use Taxes (\$32.6 million), Utility Taxes (\$30.5 million) and Other Taxes (\$7.2 million) decreased by \$3.5 million or 9.7 percent, \$0.1 million or 0.5 percent, and \$3.7 million or 33.8 percent, respectively due to the economic impact of COVID-19.

Property tax revenues are dependent on both the assessed valuation of property (provided by the King County Assessor) and the tax rate. Assessed valuation of properties has continued to increase (up 11.5% in 2020). While state law limits the maximum growth in property taxes on existing property to the lesser of one percent or the percentage increase in the Implicit Price Deflator, the law also allows governments to “bank” property taxes not levied. The City had no banked property taxes in 2020. The increase in assessed value in 2020 is offset by a decrease in the City’s property tax rate from \$1.491 in 2019 to \$1.378 in 2020.

- *Investment earnings* – (\$4.0 million) decreased \$1.2 million due to slightly higher investment balances offset by a weakening investment environment.
- *Charges for Service program revenues* (\$21.2 million) decreased by \$4.2 million or 16.7 percent.
 - Public Works increased \$1.4 million (86.3 percent) due to \$1.6 million increase in transport and other fees, offset by decreases in licenses and permits (\$0.1 million) and miscellaneous revenues (\$0.1 million).

- Community Development decreased by \$2.5 million (30.8 percent) primarily due to decreased plan checking fees, non-residential construction fees, and street and curb permits.
- Leisure Services decreased by \$1.0 million (71.9 percent) due to decreased recreation fees with the onset of COVID-19.
- *Grants and Contributions* –operating grants and contributions increased \$5.4 million (58.7 percent) and capital grants increased by \$0.8 million (3.5 percent). The increase in operating grants is due primarily to the receipt of DHHS CARES Act grant funds (\$5.8 million) allocated to local municipalities in response to the economic impacts of COVID-19.
- Governmental Activities expenses increased \$1.3 million (0.9 percent) in 2020. General Government, Health & Human Services and Public Works had increases of \$3.8 million (25.1 percent), \$1.7 million (28.5 percent) and \$0.8 million (3.1 percent) respectively. Public Safety, Leisure Services, Community Development and Judicial decreased \$3.4 million (6.3 percent), \$0.7 million (3.6 percent), \$0.4 million (5.1 percent) and \$0.3 million (7.3 percent) respectively. Interest on long-term debt decreased \$0.2 million (2.6 percent) with decreasing debt.
 - *General Government expenses* (\$19.1 million) increased by \$3.8 million, or 25.1 percent as compared to 2019. Salaries decreased \$0.1 million primarily due to full-time position reductions (\$0.2 million) because of the impact of COVID-19, with a corresponding benefit decrease of \$0.1 million, offset an increase of \$0.4 due to a pension adjustment in 2019. Commodities increased \$0.8 million due to COVID-19 CARES Act spending and contractual services increased by \$3.6 million. The increase in contractual services is primarily due to CARES Act spending of \$2.5 million and increased internal cost allocations (\$1.2 million) due to the implementation of a new cost allocation methodology in 2020.
 - *Judicial expenses* (\$3.4 million) decreased \$0.3 million primarily in contractual services due to a decrease/shift non-CARES related professional service contracts (\$0.7 million) offset by increased internal cost allocations (\$0.4 million) due to the implementation of a new cost allocation methodology in 2020.
 - *Public Safety expenses* (\$55.1 million) decreased by \$3.4 million. Salaries decreased \$0.1 million due to a 4.5-6.0 percent COLA, offset by a decrease in overtime (\$0.7 million). Benefits increased \$0.4 million due primarily to increased workers compensation costs (\$0.2 million). Contractual services and commodities decreased by \$0.6 million and \$0.4 million, respectively. Internal allocations decreased \$4.0 million due to the implantation of a new cost allocation methodology in 2020.
 - *Community Development expenses* (\$7.1 million) decreased \$0.4 million, primarily in contractual services. The effect of the 2.1 percent COLA were largely offset by reductions in temporary part-time positions added in 2020. The decrease in contractual services is due to shifting service costs to be covered by CARES Act funding. Internal allocations decreased \$0.4 million due to the implantation of a new cost allocation methodology in 2020.
 - *Public Works expenses* (\$25.2 million) increased \$0.8 million primarily in service contracts (\$1.3 million), offset by decreases in commodities of \$0.6 million. Reductions in part-time

salaries partially offset the impact of the COLA and increased medical insurance and pension costs.

- *Leisure Services expenses* (\$19.7 million) decreased \$0.7 million. Decreases in salaries and benefits and commodities are both related to COVID-19. The COLA and increased medical insurance costs were offset by reductions in part-time staff and overtime (\$0.5 million).
- *Health and Human Services expenses* (\$7.6 million) increased \$1.7 million primarily due to a \$1.5 million school impact fee in 2020. Salaries decreased \$0.3 million with the reduction of one position and reductions in temporary staffing, partially offset by the 2020 COLA. Benefits decreased due to lower pension liabilities and medical insurance in 2020.

Business-type activities. Business-type activities net position increased \$12.6 million (3.0 percent) in fiscal year 2020. Key highlights of the change in net position are as follows:

- *Charges for Service (Operating Revenues)* (\$80.5 million) increased by \$1.3 million or 1.7 percent. The Water Utility rates were restructured for 2017, a new dedicated fire line charge was added, and an annual cost of living increase was added to the water, sewer and storm drainage utility rates based on the regional consumer price index (CPI). The increases are capped at the lower of the CPI or 2.4 percent until January 1, 2023, after which the cap expires, and the CPI applies. For 2020, the increase was 1.7 based on the regional CPI. Water Utility charges for service increased \$0.4 million, or 1.8 percent. Charges for service in the Sewer Utility increased by \$0.7 million due to the fee increases. The Drainage Utility charges for service increased \$0.6 million with the rate increase and continuing review of the drainage calculations for customers (based on impervious surface calculations). The charges for service in the Solid Waste Utility remained substantially unchanged. The Golf Complex charges for service decreased in 2020 due to the impacts of COVID-19.
- *Operating Grants/Contributions* (\$3.9 million) increased by \$3.4 million due primarily to the receipt of the second payment for sale of par 3 land at the golf complex (the first was in 2018).
- *Capital Grants/Contributions* (\$9.5 million) decreased \$0.7 million (6.5 percent). The Water Fund decreased \$1.6 million with decreased system development fees, connection fees and capital contributions. The Sewerage Fund increased \$0.5 million with higher developer contributed assets and charge in lieu assessments. The Drainage Utility increased \$1.4 million with higher developer contributed assets and higher grants from the State and King County for drainage infrastructure projects, offset by lower connection charges.
- *Expenses – Water Utility expenses* (operating and non-operating) (\$26.9 million) increased \$8.1 million (43.1 percent), *Sewerage Utility expenses* (\$31.6 million) decreased \$0.2 million (0.7 percent), and the *Drainage Utility expenses* (\$21.7 million) increased \$4.0 million (22.9 percent). The Solid Waste Utility and Golf Complex remained substantially unchanged. Refer to the analysis of the Proprietary Funds for further detail on the changes.

FINANCIAL ANALYSIS OF THE GOVERNMENT'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 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 assessing the government's near-term financing requirements.

At the end of the current fiscal year, the City of Kent's governmental funds reported combined ending fund balances of \$134.5 million, an increase of \$13.0 million in comparison with the prior fiscal year balances. Of this amount, the unassigned fund balance is \$44.1 million, up \$11.0 million from the previous year. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$0.08 million), 2) restricted for particular purposes (\$2.6 million), 3) committed for particular purposes (\$10.1 million), or assigned for particular purposes (\$77.6 million).

The *General Fund* is the chief operating fund of the City of Kent. At the end of the current fiscal year, fund balance of the General Fund was \$47.3 million, representing a \$7.6 million or 19.2 percent increase from 2019. During 2011, the City implemented GASB 54. As a result, for reporting purposes, the General Fund is now comprised of the General Fund along with three funds once considered Special Revenue Funds of the City (Public Safety Retiree Fund, Operating Grants and Projects Fund, and the Kent Events Center Fund). For budgetary purposes, these special revenue funds are still separate from the General Fund. Factors affecting the General Fund's ending fund balance include:

- Total General Fund revenues decreased \$12.5 million (0.6 percent) from the previous year, generally due to the impact of COVID-19. The major changes are discussed below.
- Property taxes of \$31.4 million were down \$0.6 million from the previous year due to increased assessed value and new construction offset. Increase in assessed value in 2020 of 11.5 percent is offset by a decrease in the City's property tax rate from \$1.491 in 2019 to \$1.378 in 2020.
- Sales and use taxes (\$23.6 million) decreased \$3.5 million (12.9 percent) due primarily to the loss of six months of annexation revenue and the impacts of COVID-19, offset by growing sales tax revenues from on-line sales since the adoption of the Marketplace Fairness Act.
- Utility taxes (\$19.0 million) decreased \$0.6 million (3.2 percent) from the previous year. Taxes on water, sewer and drainage services, including City utilities, as well as garbage, gas and electric all had small increases, while taxes on cable and telephone had decreases, including a \$0.5 million adjustment to telephone for a prior year correction. There were no tax rate changes in 2020.
- Business & occupation taxes (\$14.8 million) increased \$1.8 million (13.7 percent) primarily due to an increase in the square footage tax rate as of 1/1/20.
- Charges for service decreased \$4.5 million, primarily with decreased construction-related charges (plan checking, fire plan reviews, etc.) due to the impact of COVID-19. Licenses and permits and fines and forfeitures also had decreases of \$0.3 million and \$0.5 million, respectively.
- Intergovernmental revenues decreased \$3.5 million primarily due to state shared streamlined sales tax mitigation monies being moved to the Capital Resources Fund (\$3.1 million). Because

of the uncertainty of the continuation of these funds, the City determined that these funds would only be used for construction projects, not ongoing operational purposes, so beginning the fourth quarter 2020, these funds were received into the Capital Resources Fund, not the General Fund. Also, as taxes on on-lines sales increase under the Marketplace Fairness Act, the mitigation payments from the State decrease.

- Miscellaneous revenues decreased \$1.4 million due to the impact of COVID-19, principally with lower interest income due to lower investment balances (\$0.6 million), rents and royalties (\$0.3 million), Sr. Center contributions and other donations (\$0.1 million) and Public Safety and other reimbursements (\$0.4 million).

General Fund expenditures decreased \$7.0 million (7.8 percent) from the previous year with the largest decreases in general government (\$4.9 million), leisure services (\$1.3 million), human services (\$0.6 million), public safety (\$0.6 million), and public works (\$0.6 million) and community development (\$0.4 million) due to the impacts of COVID-19, with an offsetting increase in Judicial (\$1.2 million). To counter an anticipated \$15.7 million revenue loss in 2020 due to COVID-19, the City underwent an extensive citywide cost reduction exercise. The projected revenue shortfall was addressed through a combination of utilizing our reserves, one-time and ongoing personnel and operating reductions, and reductions in non-departmental capital transfers. The City has continued to closely monitor services and budgets to maintain adequate reserves and create sustainable programs.

- The decrease in general government services (\$4.9 million) is due primarily to the use of an updated internal allocation methodology implemented in 2020, which allocated out \$2.6 million of additional costs out of the General Fund to other funds. Salaries and benefits decreased by \$0.5 million due to position reductions attributed to the impacts of COVID-19, offset by COLA. Credit card merchant fees also decreased by \$0.7 million.
- The decrease in leisure services (\$1.3 million) is primarily due to a decrease in salaries and benefits (\$1.0 million) due to position reductions from the impact of COVID-19, offset by COLA.
- Community development expenditures decreased by \$0.4 million due to decreased internal allocations and professional services (\$0.6 million) offset by an increase in salaries and benefits (\$0.2 million) from a two percent COLA and higher medical insurance costs.
- The decrease in human services expenditures of \$0.6 million is primarily in salaries and benefits due to a reduction in full-time (\$0.2 million) and part-time (\$0.2 million) positions and associated benefits (\$0.1 million) due to the impact of COVID-19. Commodities decreased as well by \$0.1 million of office and miscellaneous supplies.
- Public works decreased by \$0.6 million due to the use of an updated internal allocation methodology implemented in 2020.
- Public safety decreased by \$0.6 million due primarily to decreased equipment (\$0.2 million), travel (\$0.1 million) and miscellaneous supply costs (\$0.2 million), as well as decreased overtime (\$0.8 million) offset by COLA increases (\$0.5 million) and increased workers compensation (\$0.2 million).

Other major funds are the *Capital Resources Fund*, the *Special Assessments Fund*, and the *Street Capital Projects Fund*. Analysis of changes in net position from 2019 levels:

- *Capital Resources Fund*. Fund balance decreased by \$4.7 million. Revenues decreased by \$2.8 million (15.1 percent). Sales taxes decreased \$0.5 million, while real estate excise taxes (REET)

decreased \$3.0. Because of its potential volatility, the City conservatively budgets REET, and makes budget overages available for capital projects in the following budget. Because the streamline sales tax revenues the City receives from the State were expected to end in mid-2019, but were restored during the State budget negotiations, the City made the decision to use those state shared revenues for capital purposes. Thus, \$1.8 million of these funds were placed into the Capital Resources fund in 2020 to be available for capital purposes in future budgets, an increase of \$0.8 million over 2019. This fund is responsible for transfers to the debt service fund for the General Fund debt service payments, which accounts for \$5.8 million of the \$26.1 million in 2020 transfers out. The balance of the transfers out were generally to fund various capital projects.

- *Special Assessments Fund.* Fund balance decreased by \$0.6 million. Revenue in the fund is primarily collected from property owners for special assessments related to their property and that money is used for payment of debt service related to those assessments as well as transfers to capital projects being funded by the LIDs. In 2020, revenues decreased \$0.6 million due to improvement districts being completed and closed. Transfers out to capital projects increased \$0.3 million.
- *Street Capital Projects Fund.* Fund balance increased \$10.5 million to \$20.7 million. Revenues increased \$2.2 million primarily due to several grants received for capital projects. Expenditures on capital projects decreased \$2.4 million. Other funding sources increased by \$4.5 million, while transfers out decreased \$0.2 million.

Proprietary Funds. The City of Kent's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City's Enterprise utility funds continued to provide sufficient working capital to service their debt and fund capital outlays. Of the enterprise funds \$439.0 million net position, \$349.1 million is net investment in capital assets and \$76.9 million is unrestricted. Analysis of changes in net position from prior fiscal year levels:

- *Water Fund.* Net position decreased by \$0.6 million or .5 percent over the 2019 net position. This decrease was due to net operating loss of \$2.3 million, less non-operating net expenses, including transfers in/out, of \$0.2 million, plus capital contributions of \$1.6 million. Operating revenues increased \$0.6 million or 2.7 percent with 1.7 percent rate increase and new customers. Operating expenses increased \$8.6 million. Salaries and benefits increased \$0.3 million with a 2.1 percent COLA, offset by lower medical insurance and pension liabilities and deferrals. Services and charges expenses increased \$8.3 million primarily due to in 2020 some capital project costs were expensed rather than capitalized. Capital contributions decreased \$1.5 million with lower developer contributed capital and system development fees.
- *Sewerage Fund.* Fiscal year 2020 net position increased by \$2.3 million or 3.2 percent over the 2019 net position. Operating revenues increased \$0.7 million, while operating expenses decreased \$0.2 million compared to 2019. The City's rate for sewer and drainage fees increased 1.7 percent in 2020 while the pass-through rate from King County METRO remained the same. Salary and benefits decreased \$0.5 million in 2020 due to a 2.1 percent COLA, offset by lower medical insurance costs. Services and charges expenses increased \$0.3 million with increased METRO charges and increased internal charges for certain services. Capital contributions in the Sewerage Fund decreased \$0.7 million with lower developer donated capital contributions and in-lieu charges.

- *Drainage Fund.* Fiscal year 2020 net position increased by \$7.6 million or 4.2 percent over the 2019 net position. While operating revenues remained substantially level with the prior year, operating expenses increased \$5.6 million compared to 2019. The drainage charges for service increased \$0.6 million with a 1.7 percent rate increase and continuing review of the drainage calculations for customers (based on impervious surface calculations). Salaries and benefits increased \$1.2 million with the 2.1 COLA and increased medical insurance costs, offset by lower pension liabilities and deferrals. Services and charges expenses increased \$4.3 million primarily because of some capital projects that were expensed in 2020. Capital contributions in the Drainage Fund increased \$0.8 million with higher developer donated capital contributions and in-lieu charges.
- *Solid Waste Fund.* The Solid Waste Fund is a non-major fund, but since it is the only non-major proprietary fund, it is presented in the basic financial statements. The Solid Waste Fund was created in 2016 pulling revenues and expenditures previously in the General Fund and the Environmental Mitigation Fund. In 2020, net position decreased \$0.04 million with small increases in operating and non-operating revenues and operating expenses.
- *Golf Complex.* Net position increased by \$3.2 million in 2020. In 2018, the Par 3 course at the complex was closed and the land was sold to a developer. The negotiated sale price of the land was \$10.5 million to close in two phases. The City received \$3.4 million in 2020 for Phase II of the sale. In 2020, the operating and non-operating revenues decreased slightly, while operating expenses increased slightly. The City is using the funds from the sale to upgrade the other facilities at the complex.

Additional information on the City of Kent's Enterprise funds can be found in Note 11 on pages 81-82 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The General Fund's expenditure budget, including transfers out, (see Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on page 32) was increased by \$0.8 million from original budget.

- Adjustments of \$176,269 were made to the Public Safety budget to cover the additional costs above the adopted budget estimates of wage increases for police personnel covered under the KPOA contract, including \$146,830 for a 1% salary increase for officers who participate in the body worn cameras program.
-
- The addition of two term-limited correction officers also increased the Public Safety budget by \$226,560.
- The Public Safety budget was further increased by \$294,180 for the addition of two detective positions. These positions were partially offset (\$202,120) from reduced PSRFA costs for investigations.
- The Public Safety budget was increased by \$250,000 for additional costs associated with police body-worm cameras.

- General Government budgets increased \$375,000 for the additional costs of public defense. \$250,000 was transferred in from the Criminal Justice Red Light Camera Fund for costs related to body worn cameras and the increased preparation requirements associated with those cases. Public defense was reduced as a part of the 2019-2020 adopted budget to account for an anticipated reduction in cases, but due to an increase in officers, the number of cases did not go down as expected and \$125,000 has been added to the mid-biennium adjustment.
- General Government budgets increased \$365,140 for CARES Act spending for laptops (\$225,000), legal services (\$80,140), salary and benefit allocations (\$40,000), and a Youth Conference (\$20,000).
- The Leisure Services and Community Development budgets were increased by \$221,500 and \$60,000 respectively to cover carryover items from the previous budget.
- General Fund benefit budgets were increased \$53,690 for a new State required Paid Family Medical Leave benefit that began in 2020.
- The Community Development budget was increased by \$203,610 to move an ECD Engineering Manager position from Utilities to the General Fund.
- An increase of \$320,990 was made to salary and benefits to reflect Teamsters and AFSCME contract changes.
- Internal Cost Allocations decreased a net \$151,110 for the impact of the Central Cost Allocation plan. The allocation plan assigns each fund its proportionate share of City-wide services provided by Administration, Human Resources, Law and Finance. A placeholder was included in the 2019-2020 adopted budget of \$2,335,000. The actual plan resulted in an allocation of \$2,486,110 to the General Fund.
- IT Allocations increased by \$253,780 for the General Fund portion of the increased cost allocated to Information Technology due to the loss of revenues from the RFA.
- Transfers out from the General Fund to Street Capital Projects were increased by \$1,705,610 due to increased B&O tax revenue.
- Transfers out from the General Fund to the ShoWare operating fund were increased by \$545,000 to fund various lifecycle projects.
- Transfers out from the General Fund to various funds were increased by \$553,480 to fund various capital projects.
- In mid-year 2020, the City underwent an extensive citywide budget reduction exercise to counteract the impacts of COVID-19. As a result, General Fund budgets were reduced a total of \$5,024,430, including \$3,308,760 of salary and benefits, \$1,265,280 of services and \$450,390 of commodities. The reductions were spread over city departments including Parks (\$1,698,470), Police (\$1,627,610), Community Development (\$546,340), Human Resources (\$356,780), Finance (\$303,040), Courts (\$236,330) and the Mayor's Office/City Council (\$255,860).

CITY OF KENT'S GENERAL FUND BUDGET ACTIVITY BY FUNCTION
For the Year Ended December 31, 2020

	Original Budget	Supplemental Appropriations	Final Budget
General Government	\$ 9,224,250	\$ (296,230)	\$ 8,928,020
Judicial	3,631,340	(153,150)	3,478,190
Public Safety	47,335,991	356,799	47,692,790
Community Development	7,915,700	(575,490)	7,340,210
Public Works	590,750	-	590,750
Leisure Services	12,907,160	(757,780)	12,149,380
Health & Human Services	5,989,540	(104,690)	5,884,850
	\$ 87,594,731	(1,530,541)	\$ 86,064,190

Significant budgetary variances between budget and actual for the General Fund are as follows:

- *Taxes.* Actual tax collections were \$2.8 million over budget. Sales and use tax comprised most of the overage at nearly \$2.8 million or 13.3 percent over budget. The increased collections are largely the result of a strong construction economy. Property taxes were also over budget by \$0.9 million and were offset by other taxes coming in under budget including B&O taxes (\$0.5 million), utility taxes (\$0.3 million) and excise taxes (\$0.1 million).
- *Licenses and Permits.* Licenses and permits were \$0.3 million or 3.6 percent under budget. Although building/structure permits ended the year above budget (\$0.2 million), street/curb and other permits came significantly under budget largely as a result of slowing development activity. The City slightly reduced the 2021 budget for these revenues to reflect this reduced level of activity.
- *Charges for Services.* Charges for services were \$2.6 million or 41.6 percent below budget largely in planning related fees (\$1.3 million) and culture and recreation fees (\$1.0 million). Public safety fees (\$0.2 million) and environmental fees (\$0.1 million) were also below budget.
- *Functional Expenditures.* Overall, salaries and benefits ended the year under budget by \$1,351,979 despite increases in police overtime. Although medical insurance and pension costs were up from the previous year, the increases were lower than budgeted. Departments continue to closely monitor supplies and services expenditures to maintain savings wherever possible, so the general fund functions, except Public Safety, had budget savings in fiscal year 2020.
 - *General Government Expenditures* - The general government expenditures were \$963,653 or 10.6 percent under budget due primarily to services and commodities savings in various divisions and accounts.
 - *Community Development Expenditures* - Saved \$754,580 (9.8 percent), primarily in professional services but also some savings in salaries, benefits, and supplies.
 - *Leisure Services Expenditures* - Were \$869,030 (7.1 percent) below budget with significant savings in salaries and benefits. Savings in services were offset by overages in commodities.

- *Health and Human Services Expenditures* - Had budget savings of \$655,695 (11.1 percent) including salary and benefit savings as well as various other savings throughout the programs.
- *Public Safety Expenditures* – Were \$576,073 (1.2 percent) below budget due primarily to savings in supplies. Typical overages in overtime were offset by savings in medical insurance and other benefits.
- *Judicial Expenditures* – Saved \$75,876 (2.2 percent) primarily in salaries and benefits, with small overages in supplies and services.
- *Public Works Expenditures* – Exceeded budget by \$38,337 (6.5 percent) due to higher internal allocations to annexation from the Streets Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION:

Capital Assets. The City of Kent's capital assets for its governmental and business type activities as of December 31, 2020, were \$1.2 billion (net of accumulated depreciation), comprising 79.2 percent of the primary government's total assets at year-end. This investment in capital assets includes land, buildings, site improvements, equipment, infrastructure, and construction in progress as of that date.

Capital asset events during the current fiscal year included the following:

Governmental Activities:

- *Infrastructure.* During 2020, infrastructure decreased \$0.7 million with \$13.7 million in additions offset by \$12.9 million in 2020 depreciation. \$13.4 million in streets projects were closed and capitalized in 2020. In addition, the City received developer contributed streets with a value of \$0.2 million in 2020.
- *Land.* Land assets were increased by \$0.1 million in 2020 with the purchase of land for parks projects.
- *Buildings.* Net buildings decreased \$3.3 million in 2020 with the capitalization of a minor building remodel less \$3.3 million in 2020 depreciation.
- *Site Improvements.* Net site improvements did not substantially change as compared to 2019 with \$2.9 million in additions for a fleet fuel island (\$2.4m) and park projects (\$0.5 million), offset by \$2.9 million in depreciation.
- *Equipment.* Net equipment increased by \$1.7 million in 2020. This was due to additions of \$3.9 million and depreciation of \$2.2 million. The additions include fleet vehicle additions of \$4.1 million, offset by disposals of \$0.9 million and \$0.7 million of park, technology and other miscellaneous equipment.
- *Construction in Progress.* Construction in progress (\$75.3 million) increased \$13.7 million from 2019. While 2020 spending on projects was \$40.8 million, \$25.0 million of completed projects were recorded as land, building, site improvements or infrastructure, while \$6.1 million were determined to be non-capital in nature and were expensed. Some of the larger projects closed

and moved to other capital asset categories were noted above under infrastructure, site improvements and equipment.

Business Type Activities:

- *Construction in Progress.* Compared to 2019, construction in progress decreased \$5.5 million in 2020 as the City constructed and capitalized or expensed projects.
- While 2020 spending on projects was \$27.1 million, \$1.4 million in projects were completed and capitalized from CIP into other capital asset categories, and \$1.3 million were determined to be non-capital in nature and were expensed.
 - Some projects that were completed and capitalized in 2020 are:
 - \$8.1 million – Upper Mill Creek Dam (site improvements)
 - \$3.2 million – 640 Pump Station (SE 236th Pl) (buildings)
 - \$1.7 million – Kent Springs Source Improvements (site improvements)
 - \$1.5 million – 112th Avenue Watermain – (site improvements)
 - \$1.3 million – Lake Meridian Outfall Repository (site improvements)
 - \$0.8 million – Reith Road Watermain replace (site improvements)
 - \$0.6 million – Pump Station # 3 (buildings)
- *Land.* Land assets were increased by \$3.9 million in 2020 with the purchase of \$4.2 million in various parcels for water (\$0.5 million) and drainage (\$3.6 million) projects, offset by a \$0.3 million reduction to Golf's Par 3 land (partial sale 19%).
- *Site Improvements.* Additions to site improvements for 2020 were \$15.2 million, less depreciation of \$10.7 million resulting in a net decrease of \$4.5 million. The primary additions to site improvements were the result of completed projects that were part of construction in progress mentioned above plus \$0.2 million in developer contributed water assets, \$0.1 million in developer contributed sewer assets and \$0.9 million in developer contributed drainage assets, offset by an \$0.8 million negative project adjustment for GRNRA S. Pump Station.
- *Equipment.* Net equipment increased by \$0.5 million in 2020. This was due to additions of \$0.9 million less depreciation of \$0.4 million. The additions to equipment include the capitalization of various water project equipment (\$0.5 million), an UP-Vertical Turbine Pump (\$0.2 million) and a T880 dump truck (\$0.2 million).

CITY OF KENT'S CAPITAL ASSETS (Net of Accumulated Depreciation)

As of December 31

(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 230,915	\$ 230,848	\$ 22,440	\$ 18,567	\$ 253,355	\$ 249,415
Buildings	83,548	86,867	4,170	432	87,718	87,299
Site Improvements	42,216	42,237	305,496	300,970	347,712	343,207
Equipment	20,124	18,412	3,260	2,726	23,384	21,138
Infrastructure	336,938	336,199	-	-	336,938	336,199
Construction in Progress	75,342	61,611	39,639	45,132	114,981	106,743
Total Capital Assets	\$ 789,083	\$ 776,174	\$ 375,005	\$ 367,827	\$ 1,164,088	\$ 1,144,001

Additional information on the City of Kent's capital assets can be found in Note 7 on pages 72-73 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Kent had total bonded debt outstanding of \$86.0 million. Of this amount, \$72.8 million or 84.7 percent comprises general obligation debt backed by the full faith and credit of the government. The City intends \$0.1 million or 1.2% of the outstanding general obligation bonded debt to be repaid through utility fund user fees. The remainder of the City of Kent's bonded debt (\$13.2 million) represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

CITY OF KENT'S OUTSTANDING BONDED DEBT*

As of December 31

(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 67,292	\$ 71,913	\$ 343	\$ 893	\$ 67,635	\$ 72,806
Revenue Bonds	-	-	12,120	13,180	12,120	13,180
Total Bonded Debt	\$ 67,292	\$ 71,913	\$ 12,463	\$ 14,073	\$ 79,755	\$ 85,986

* Gross debt - does not include discounts or premiums

The City of Kent's total bonded debt decreased by \$6.2 million or 7.2 percent during the current fiscal year. No new bonded debt was issued in 2020. All required debt service payments were made during 2020.

At December 31, 2020, the City of Kent carried an "AA+" rating from Standard and Poor's and an "Aa3" rating from Moody's on the general obligation debt and a rating of AA by Standard & Poor's Ratings Services on the revenue bonds.

The State of Washington limits the amount of general obligation debt a governmental entity may issue with and without a vote. The City's remaining unused debt capacity at year-end was \$1.658 million.

Additional information on the City of Kent's long-term debt can be found in Note 9 on pages 74-80 of this report.

ECONOMIC FACTORS AND BUDGETARY IMPACTS:

The City uses a biennial budget process, adopting two one-year budgets where the expenditure authority lapses at the end of each fiscal year (December 31st). The City includes a mid-biennium adjustment process for the between years of the biennium. The mid-biennium adjustment allows an opportunity for the City to adjust revenue projections and planned operating and capital expenditures.

The 2020 mid-biennium budget adjustment increased the 2020 budget by \$23.1 million to \$345.9 million for the second half of the biennium. The mid-biennium budget adjustment provides an opportunity to modify the budget to account for changes in fiscal events.

The adopted 2021-2022 budget of \$688.5 million is an increase of 1.7 percent from the previous biennium. The budget process presented some significant challenges due to the COVID-19 crisis and required difficult decisions to create a balanced budget.

The COVID-19 crisis came on the heels of a City-faced fiscal cliff, which was initially managed in the 2019-2020 budget. Although the City was able to mitigate the impacts of the fiscal cliff, it delayed the ability to address the ongoing structural imbalance that the City faces each year as expenses increase annually by roughly 2.2% and City revenues increase by roughly 1.1%.

With COVID-19, there were many unknowns regarding the timing of when things would be “getting back to normal”. Recognizing that there were going to be financial implications because of the stay home order, revenue forecasts were updated.

To counter an anticipated \$15.7 million revenue loss in 2020, the City underwent an extensive citywide budget reduction exercise. The projected revenue shortfall was addressed through a combination of utilizing our reserves, one-time and ongoing personnel and operating reductions, and reductions in non-departmental capital transfers.

The revenue shortfalls from COVID-19 only exacerbated the structural deficit the City would face with the 2021-2022 budget. Therefore, the City looked for long-term solutions that would address the immediate budget crisis but also fill in the future deficit. By doing so, we were able to eliminate our need to make additional reductions during this budget process and made it possible to adopt a balanced 2021-2022 budget. The City made strategic decisions early to prevent drastic decisions later.

Despite the deep cuts the City had to make, no reductions were made in Human Services or community investment. In fact, with the assistance federal and state funding we have been able to increase support to those most impacted by COVID-19 and to our vulnerable populations. With federal funding, the City awarded over \$7 million in COVID-19 recovery assistance in 2020.

The City had strategically established a policy surrounding fund balance for the General Fund, setting aside funds for the purpose of a rainy-day account or an emergency. Not only had the policy been established but the fund balance was purposefully grown beyond the minimum requirement to provide capacity to address our ongoing structural imbalance. The City ended 2020 with 38.94% or \$40.0 million in reserves.

On September 15, 2020, the City Council approved an ordinance extending the square footage component of the City's B&O Ordinance to include outdoor warehousing activities, closing the revenue loophole and creating equity between businesses that conduct certain warehousing activities whether inside the confines of four walls or outside of a facility. This has allowed the City to invest more in our capital program within this budget than we would have been able to otherwise. We are estimating that this would generate approximately \$2.1 million in revenue to the City.

All positions, whether filled or vacant, are budgeted for the full year. Vacant positions are conservatively budgeted, assuming the family plan selection for medical insurance benefits. Labor contracts with AFSCME and Teamsters were settled in 2020, effective 1/1/20 – 12/31/22. Wage increases of 3.0 percent for AFSCME, Teamsters and non-represented employees were effective in January 2020. Raises under the AFSCME contract effective 1/1/21 and 1/1/22 are based on 100 percent of the Seattle-Bellevue-Everett CPI-W with 1 percent minimum and 4 percent maximum. Teamsters raises 1/1/21 and 1/1/22 are based on 100 percent of the Seattle-Bellevue-Tacoma CPI-W with 2.5 percent minimum and 3.5 percent maximum. The KPOA Sergeants and Officers contract, as well as the contract for the Commanders and Assistant Chiefs call for 1/1/20 and 1/1/21 raises based on the Seattle-Bellevue-Everett CPI-W with 1 percent minimum and 4.25 percent maximum.

REQUESTS FOR INFORMATION:

This financial report is designed to provide a general overview of the City of Kent's finances. Questions concerning the information provided in this report may be addressed to:

City of Kent, Finance Department
220 Fourth Avenue South Kent, WA 98032-5895
www.kentwa.gov

DRAFT

CITY OF KENT
STATEMENT OF NET POSITION
December 31, 2021

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Special Events Center PFD
	Activities	Activities		
ASSETS				
Cash and cash equivalents (Note 4)	\$ 65,561,364	\$ 29,229,270	\$ 94,790,634	\$ 11,270
Investments, at fair value (Note 4)	138,374,042	61,872,430	200,246,472	21,228
Receivables (net of allowances) (Note 5)	26,061,889	10,225,291	36,287,180	236,205
Internal balances (Note 6)	(2,372,019)	2,372,019	-	-
Due from other governments	924,099	-	924,099	-
Inventory, at cost	442,808	643,535	1,086,343	-
Prepaid items	515,086	24,370	539,456	-
Investment in Joint Venture (Note 15)	10,901,977	-	10,901,977	-
Restricted assets:				
Cash with fiscal agent/trustee	1,857,918	81,582	1,939,500	-
Cash and cash equivalents (Note 4)	-	74,126	74,126	-
Investments (Note 4)	-	157,568	157,568	-
Note receivable from component unit (Note 5)	85,983,420	-	85,983,420	-
Less: Allowance for uncollectible	(85,983,420)	-	(85,983,420)	-
Property, plant, and equipment: (Note 7)				
Not being depreciated	238,772,413	45,650,604	284,423,017	-
Being depreciated, net of depreciation	548,712,669	335,804,283	884,516,952	-
Net pension asset	65,869,615	8,170,142	74,039,757	-
TOTAL ASSETS	1,095,621,861	494,305,220	1,589,927,081	268,703
DEFERRED OUTFLOWS				
Deferred loss on refundings	37,303,337	-	37,303,337	-
Deferred outflows related to pension	7,041,046	1,077,748	8,118,794	-
TOTAL DEFERRED OUTFLOWS	44,344,383	1,077,748	45,422,131	-
TOTAL ASSETS & DEFERRED OUTFLOWS	1,139,966,244	495,382,968	1,635,349,212	268,703
LIABILITIES				
Vouchers payable	5,753,365	1,766,074	7,519,439	-
Accounts/payroll payable	6,020,646	1,516,580	7,537,226	-
Incurred but not reported claims payable	6,583,700	-	6,583,700	-
Due to other governments	35,114	-	35,114	-
Accrued interest payable	243,208	99,984	343,192	-
Unearned revenue	1,510,723	489,677	2,000,400	-
Non-current liabilities:				
Due within one year (Note 9)				
Compensated absences-current	3,006,263	556,939	3,563,202	-
Contracts, leases, notes-current	873,570	1,451,482	2,325,052	-
General obligation bonds payable-current	4,885,000	-	4,885,000	-
Revenue bonds payable-current	-	1,165,000	1,165,000	235,000
Due in more than one year (Note 9)				
Compensated absences-long term	3,091,311	352,795	3,444,106	-
Contracts, leases, notes-long term	3,463,862	20,970,000	24,433,862	85,748,420
General obligation bonds payable-long term (net of unamortized discounts & premiums)	67,214,314	-	67,214,314	-
Revenue bonds payable-long term (net of unamortized discounts & premiums)	-	11,445,060	11,445,060	-
Net pension liability	3,912,483	822,230	4,734,713	-
Total OPEB liability	24,532,979	-	24,532,979	-
TOTAL LIABILITIES	131,126,538	40,635,821	171,762,359	85,983,420
DEFERRED INFLOWS				
Deferred revenue	2,541,251	-	2,541,251	-
Deferred inflows related to pensions	50,734,997	8,564,665	59,299,662	-
TOTAL DEFERRED INFLOWS	53,276,248	8,564,665	61,840,913	-
TOTAL LIABILITIES & DEFERRED INFLOWS	184,402,786	49,200,486	233,603,272	85,983,420
NET POSITION				
Net investment in capital assets	748,351,673	346,423,345	1,094,775,018	-
Restricted net position for:				
Debt service	948,164	-	948,164	-
Pensions	65,869,615	8,170,142	74,039,757	-
Unrestricted net position	140,394,006	91,588,995	231,983,001	(85,714,717)
TOTAL NET POSITION	\$ 955,563,458	\$ 446,182,482	\$ 1,401,745,940	\$ (85,714,717)

The accompanying notes are an integral part of the financial statements

CITY OF KENT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 13,206,508	\$ 4,843,351	\$ 14,212,946	\$ -
Judicial	2,978,289	862,878	232,352	-
Public Safety	55,225,018	9,070,762	2,888,652	2,460,374
Community Development	6,689,323	6,346,806	116,763	-
Public Works	26,616,210	1,612,199	4,559,502	9,887,983
Leisure services	22,879,054	2,246,013	6,342,549	522,823
Health and human services	7,965,661	2,008,630	13,600	1,491,996
Interest on long-term debt	6,444,510	-	-	-
Total governmental activities	142,004,573	26,990,639	28,366,364	14,363,176
Business-type Activities:				
Water	19,604,339	24,159,864	204,660	2,581,394
Sewerage	32,813,582	34,918,925	500	344,073
Drainage	20,408,926	21,532,206	23,264	8,678,098
Golf Complex	1,924,403	2,462,613	33,501	-
Solid Waste	853,412	670,039	190,045	-
Total business type activities	75,604,662	83,743,647	451,970	11,603,565
Total Primary Government	\$ 217,609,235	\$ 110,734,286	\$ 28,818,334	\$ 25,966,741
Component Unit:				
Special Events Center PFD	\$ 2,186,160	\$ -	\$ -	\$ -
Total Component Units	\$ 2,186,160	\$ -	\$ -	\$ -

General revenues:

Taxes:

Property taxes levied for general purpose

Sales taxes

Utility taxes

Business & occupation tax

Real Estate Excise Tax

Lodging Tax

Other taxes

Grants and contributions not restricted to specific programs

Interest income

Miscellaneous

Gain on disposal of capital asset

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position - beginning

Net position-ending

The accompanying notes are an integral part of the financial statements

Net (Expenses) Revenue and Changes in Net Position

			<u>Component Unit</u>
<u>Primary Government</u>			<u>Special Events Center PFD</u>
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
\$ 5,849,789		\$ 5,849,789	
(1,883,059)		(1,883,059)	
(40,805,230)		(40,805,230)	
(225,754)		(225,754)	
(10,556,526)		(10,556,526)	
(13,767,669)		(13,767,669)	
(4,451,435)		(4,451,435)	
(6,444,510)		(6,444,510)	
<u>(72,284,394)</u>		<u>(72,284,394)</u>	
	\$ 7,341,579	7,341,579	
	2,449,916	2,449,916	
	9,824,642	9,824,642	
	571,711	571,711	
	6,672	6,672	
<u>-</u>	<u>20,194,520</u>	<u>20,194,520</u>	
\$ <u>(72,284,394)</u>	\$ <u>20,194,520</u>	\$ <u>(52,089,874)</u>	
			\$ <u>(2,186,160)</u>
			\$ <u>(2,186,160)</u>
31,934,723	-	31,934,723	-
39,198,901	-	39,198,901	1,359,473
32,515,784	-	32,515,784	-
17,060,649	-	17,060,649	-
10,694,081	-	10,694,081	-
222,759	-	222,759	-
613,502	-	613,502	-
7,411,838	-	7,411,838	-
(858,266)	(512,173)	(1,370,439)	635
1,511,036	-	1,511,036	-
1,090,697	-	1,090,697	-
29,831	(29,831)	-	-
<u>141,425,535</u>	<u>(542,004)</u>	<u>140,883,531</u>	<u>1,360,108</u>
<u>69,141,141</u>	<u>19,652,516</u>	<u>88,793,657</u>	<u>(826,052)</u>
<u>886,422,317</u>	<u>426,529,966</u>	<u>1,312,952,283</u>	<u>(84,888,665)</u>
\$ <u>955,563,458</u>	\$ <u>446,182,482</u>	\$ <u>1,401,745,940</u>	\$ <u>(85,714,717)</u>

**CITY OF KENT
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2021**

	General Fund	Capital Resources Fund	Special Assessments Fund	Street Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 20,213,717	\$ 7,152,601	\$ 86,867	\$ 7,217,920	\$ 19,696,243	\$ 54,367,348
Investments, at fair value	42,374,947	15,144,503	184,650	15,282,910	41,675,426	114,662,436
Receivables (net of allowances for estimated uncollectibles):						
Taxes	12,583,965	2,003,096	-	-	3,401,127	17,988,188
Accounts	625,365	429	-	1,242,816	2,029,468	3,898,078
Special assessments:						
Current	-	-	508,578	-	-	508,578
Delinquent	-	-	85,641	-	-	85,641
Unavailable	-	-	2,380,158	-	-	2,380,158
Penalty and Interest	-	-	248,513	-	-	248,513
Accrued interest	581,773	-	-	-	-	581,773
Due from other governments - current	87,682	-	-	101,410	404,098	593,190
Prepaid items	47,047	-	-	-	-	47,047
Restricted assets:						
Cash with fiscal agent	1,813,356	-	-	-	-	1,813,356
Due from other governments - long-term	-	-	-	330,909	-	330,909
TOTAL ASSETS	<u>78,327,852</u>	<u>24,300,629</u>	<u>3,494,407</u>	<u>24,175,965</u>	<u>67,206,362</u>	<u>197,505,215</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE						
LIABILITIES						
Vouchers payable	\$ 2,525,381	\$ 23,595	\$ 194	\$ 528,570	\$ 1,630,141	\$ 4,707,881
Accounts/payroll payable	3,241,511	15,314	-	270,808	2,219,524	5,747,157
Due to other governments	6,889	395	-	13	27,817	35,114
Interfund loans payable - current	-	-	-	552,116	-	552,116
Incurred but not reported claims payable	36,500	-	-	-	-	36,500
Deposits and advances	1,438,115	-	-	-	72,608	1,510,723
Interfund loan payable - non-current	-	-	-	1,871,002	-	1,871,002
TOTAL LIABILITIES	<u>7,248,396</u>	<u>39,304</u>	<u>194</u>	<u>3,222,509</u>	<u>3,950,090</u>	<u>14,460,493</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	435,344	-	3,219,329	-	-	3,654,673
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>435,344</u>	<u>-</u>	<u>3,219,329</u>	<u>-</u>	<u>-</u>	<u>3,654,673</u>
FUND BALANCE						
Nonspendable:						
Prepaid items	47,047	-	-	-	-	47,047
Long-term loan receivable	-	-	-	330,909	-	330,909
Restricted:						
Street capital projects	-	-	-	1,762,339	-	1,762,339
Lodging tax purposes	-	-	-	-	129,210	129,210
Criminal justice programs	-	-	-	-	6,638,213	6,638,213
Low income housing purposes	-	-	-	-	3,681,804	3,681,804
Impact fees	-	-	-	-	2,660,280	2,660,280
Kent Events Center	2,943,380	-	-	-	-	2,943,380
Parks capital projects	-	8,211,301	-	-	3,991,075	12,202,376
Bond retirement	-	-	-	-	2,020,523	2,020,523
Economic and community development	14,069,997	-	-	-	-	14,069,997
Human Services	5,744	-	-	-	-	5,744
Committed:						
Street operations	-	-	-	-	9,692,010	9,692,010
Youth/Teen program	-	-	-	-	394,811	394,811
Criminal justice programs	-	-	-	-	5,079,612	5,079,612
City arts program	590,738	-	-	-	-	590,738
Human services	123,518	-	-	-	-	123,518
Kent events center replacement	1,440,929	-	-	-	-	1,440,929
Economic & community development	-	-	-	-	1,189,413	1,189,413
B&O tax purposes	9,006,286	-	-	-	-	9,006,286
Street capital projects	-	-	-	18,860,208	-	18,860,208
Parks capital projects	-	-	-	-	15,491,603	15,491,603
Special assessment debt	-	-	274,884	-	-	274,884
Assigned:						
Public safety retiree OPEB	1,271,046	-	-	-	-	1,271,046
Criminal justice programs	-	-	-	-	11,555	11,555
Capital projects	-	16,050,024	-	-	-	16,050,024
Technology systems	-	-	-	-	8,350,370	8,350,370
Facility capital projects	-	-	-	-	3,924,598	3,924,598
Kent Events Center operations	2,537,812	-	-	-	-	2,537,812
Unassigned:	<u>38,607,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,195</u>	<u>38,608,810</u>
Total Fund Balance	<u>70,644,112</u>	<u>24,261,325</u>	<u>274,884</u>	<u>20,953,456</u>	<u>63,256,272</u>	<u>179,390,049</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	<u>\$ 78,327,852</u>	<u>\$ 24,300,629</u>	<u>\$ 3,494,407</u>	<u>\$ 24,175,965</u>	<u>\$ 67,206,362</u>	<u>\$ 197,505,215</u>

The accompanying notes are an integral part of the financial statements

CITY OF KENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
December 31, 2021

Fund balance - total governmental funds	\$	179,390,049
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds (Does not include Internal Service Fund capital assets)		
Cost of capital assets	\$	1,242,212,264
Accumulated depreciation		<u>(472,026,219)</u>
		770,186,045
Investment in Joint Venture (Note 15)		10,901,977
Internal Service Funds are used by management to charge the costs of fleet management, central services, management information systems, facility rental and maintenance, and self-insurance costs to individual funds. The assets, including capital assets, and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.		44,896,254
Interest accrued on governmental long-term debt, but not due and payable in the current period, is not reported on the governmental fund statements, but is accrued and reported on the statement of net position		(243,208)
Revenues earned but not received within 60 days (property tax) or 90 days (other revenue) of year-end, and therefore not available to pay current year liabilities are deferred inflows on the governmental statements, but is recognized as revenue for the government-wide statements		
General Fund		435,343
Deferred inflows for long-term special assessments is shown on the government funds balance sheet, but is not a deferred inflow on the statement of net position		678,079
Unamortized bond costs are not reported on the governmental fund statements, but are reported on the statement of net position		
Deferred loss on refunding		37,303,337
Unamortized bond (premium)/discount		<u>(9,284,314)</u>
		28,019,023
Long-term assets do not provide current financial resources and are therefore not reported in the governmental funds, but are reported in the government-wide statements		
Deferred outflows related to pensions		6,413,832
Net pension asset		<u>61,114,861</u>
		67,528,693
Long-term liabilities, including bonds and contracts, are not due and payable in the current period and therefore are not reported in the governmental funds		
General obligation bonds		(62,815,000)
Contracts, leases and notes		(4,337,432)
Compensated absences		(5,358,771)
Deferred inflows related to pensions		(45,750,644)
Net pension liability		(3,433,971)
Total OPEB liability		<u>(24,532,979)</u>
		(146,228,797)
Net Position of governmental activities		<u><u>955,563,458</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF KENT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2021

	General Fund	Capital Resources Fund	Special Assessments Fund	Street Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 32,052,967	\$ -	\$ -	\$ -	\$ -	\$ 32,052,967
Sales and use	24,828,972	6,151,625	-	-	8,218,304	39,198,901
Utility	20,262,726	3,275,988	-	-	8,977,070	32,515,784
Business & occupation	17,060,649	-	-	-	-	17,060,649
Real estate excise tax	-	10,694,081	-	-	-	10,694,081
Lodging	-	-	-	-	222,759	222,759
Other	613,502	-	-	-	-	613,502
Licenses and permits:						
Building permits	3,612,485	-	-	-	-	3,612,485
Other licenses and permits	3,558,644	-	-	-	565,945	4,124,589
Intergovernmental revenue						
Federal grants	18,759,181	7,600	-	2,605,008	1,998,794	23,370,583
State grants	2,305,388	-	-	607,474	1,824,073	4,736,935
State shared revenues	68,050	5,418,095	-	2,032,217	3,929,024	11,447,386
Other governments	823,270	-	-	-	1,866,143	2,689,413
Charges for services:						
Park and recreation fees	303,940	-	-	-	-	303,940
Other fees and charges	8,975,763	3,282	-	-	2,616,358	11,595,403
Fines and forfeitures	809,293	-	24,815	-	4,545,761	5,379,869
Miscellaneous revenue:						
Special assessments	-	-	779,313	-	-	779,313
Interest income	649,446	189,732	231,617	211,966	480,427	1,763,188
Unrealized net gain/(loss) in fair value of investments	(970,448)	(199,382)	-	(345,430)	(784,965)	(2,300,225)
Rent/Leases income	735,918	-	-	-	47,604	783,522
Contributions and donations	2,626,123	-	-	2,446	58,373	2,686,942
Other miscellaneous revenue	731,143	9,442	-	297,125	259,945	1,297,655
TOTAL REVENUES	137,807,012	25,550,463	1,035,745	5,410,806	34,825,615	204,629,641
EXPENDITURES						
Current:						
General government	9,295,605	190,557	6,110	-	4,361,189	13,853,461
Judicial	3,386,007	-	-	-	-	3,386,007
Public safety	52,990,587	-	-	-	6,550,403	59,540,990
Community development	7,469,721	-	-	-	171,767	7,641,488
Public works	-	-	-	3,843,945	12,037,605	15,881,550
Leisure services	16,022,666	309,748	-	-	1,561,048	17,893,462
Health and human services	6,712,230	-	-	-	2,231,960	8,944,190
Debt service:						
Principal	-	-	-	-	5,287,190	5,287,190
Interest	-	-	-	48,114	3,061,532	3,109,646
Capital outlay	199,754	37,347	-	13,047,285	5,307,475	18,591,861
TOTAL EXPENDITURES	96,076,570	537,652	6,110	16,939,344	40,570,169	154,129,845
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	41,730,442	25,012,811	1,029,635	(11,528,538)	(5,744,554)	50,499,796
OTHER FINANCING SOURCES (USES)						
Issuance of installment note	500,000	-	-	-	-	500,000
Transfers in	1,617,364	2,828,163	-	11,802,519	25,876,613	42,124,659
Transfers out	(20,469,434)	(17,563,089)	(852,363)	-	(9,384,816)	(48,269,702)
TOTAL OTHER FINANCING SOURCES (USES)	(18,352,070)	(14,734,926)	(852,363)	11,802,519	16,491,797	(5,645,043)
NET CHANGE IN FUND BALANCE	23,378,372	10,277,885	177,272	273,981	10,747,243	44,854,753
FUND BALANCE, January 1	47,265,740	13,983,440	97,612	20,679,475	52,509,029	134,535,296
FUND BALANCE (DEFICIT), December 31	\$ 70,644,112	\$ 24,261,325	\$ 274,884	\$ 20,953,456	\$ 63,256,272	\$ 179,390,049

The accompanying notes are an integral part of the financial statements

CITY OF KENT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2021

Net change in fund balance - total governmental funds \$ 44,854,753

Governmental funds report capital outlays as expenditures. On the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 18,591,861	
Depreciation expense	<u>(21,947,549)</u>	(3,355,688)

The net effect of various miscellaneous transactions involving capital assets is to increase net position. 4,175,233

Certain revenues are unavailable in the governmental funds because they do not provide current financial resources, but are considered revenues on the statement of activities.

Property taxes	(118,244)	
Other revenues	<u>(4,458)</u>	(122,702)

Special assessment principal payments received are revenues on the governmental operating statement, but are reductions to the outstanding special assessment debt on the Statement of Activities. (270,085)

The issuance of long-term debt provides current financial resources in the governmental funds, but creates a long-term liability on the government-wide statements. (500,000)

Repayment of bonds/contracts principal is an expenditure in the governmental funds, but reduces long-term liabilities on the government-wide statements.
Principal repayments 5,287,190

Certain bond transactions, like premiums, discounts, insurance and loss of refunding, are reported as revenues or expenditures in the governmental funds because they provide, or use, current financial resources. However, for the government-wide statements, these costs are recognized or amortized (expensed) over the life of the bonds.

Amortization of premium/discount	722,601	
Amortization of loss on refunding	<u>(4,075,306)</u>	(3,352,705)

Certain pension transactions are not reported in the governmental funds but are reported in the government-wide statements 16,430,807

Internal Service Funds are used by management to charge the costs of fleet management, central services, management information systems, facility rental and maintenance, and self-insurance costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 5,472,063

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(71,141)	
Interest expense accrual	17,841	
Total OPEB obligation	<u>575,575</u>	522,275

Change in net position of governmental activities 69,141,141

The accompanying notes are an integral part of the financial statements

GENERAL FUND**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2021

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Taxes:				
Property	\$ 31,684,600	\$ 31,684,600	\$ 32,052,967	\$ 368,367
Sales and use	19,627,550	19,132,660	24,828,972	5,696,312
Utility	17,624,990	19,408,170	20,262,726	854,556
Business & occupation	17,000,000	17,000,000	17,060,649	60,649
Other	866,260	866,260	613,502	(252,758)
Licenses and permits	6,786,980	6,786,980	7,171,129	(384,149)
Intergovernmental revenue	2,733,560	2,899,050	3,297,871	398,821
Charges for services	6,099,960	6,099,960	5,328,184	(771,776)
Fines and forfeitures	1,158,500	1,158,500	809,293	(349,207)
Miscellaneous revenue	2,225,770	2,225,770	1,163,375	(1,062,395)
TOTAL REVENUES	105,808,170	107,261,950	112,588,668	4,558,420
EXPENDITURES				
Current:				
General government	9,512,200	9,677,900	9,295,699	382,201
Judicial	3,777,650	3,793,420	3,386,007	407,413
Public safety	49,289,880	49,939,690	49,015,974	923,716
Community development	8,241,230	8,309,550	7,469,721	839,829
Leisure services	13,149,610	13,287,490	12,307,040	980,450
Health and human services	6,106,520	6,344,260	5,171,352	1,172,908
Capital outlay	-	-	81,737	(81,737)
TOTAL EXPENDITURES	90,077,090	91,352,310	86,727,530	4,624,780
DEFICIENCY OF REVENUES OVER EXPENDITURES	15,731,080	15,909,640	25,861,138	9,183,200
OTHER FINANCING SOURCES (USES)				
Transfers in	1,277,700	1,525,520	1,442,364	(83,156)
Transfers out	(17,108,780)	(24,190,980)	(21,612,877)	2,578,103
TOTAL OTHER FINANCING SOURCES (USES)	(15,831,080)	(22,665,460)	(20,170,513)	2,494,947
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	(100,000)	(6,755,820)	5,690,625	11,678,147
FUND BALANCE, January 1	38,645,431	38,645,431	41,969,901	3,324,470
FUND BALANCE, December 31	\$ 38,545,431	\$ 31,889,611	\$ 47,660,526	\$ 15,002,617

Note: This budgetary statement represents the true General Fund. Certain other funds are combined with the General Fund for financial reporting purposes (see Note 1.d). Separate budgetary schedules are provided for those other funds,

RECONCILIATION OF TRUE GENERAL FUND TO THE COMBINED GENERAL FUND

True General Fund	47,660,526
Public Safety Retiree Fund	1,271,468
Operating Grants & Projects Fund	14,789,997
Kent Events Center Fund	6,922,121
Combined General Fund - Ending	<u>70,644,112</u>

The accompanying notes are an integral part of the financial statements

CITY OF KENT
CAPITAL RESOURCES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended December 31, 2021

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Taxes:				
Sales and use	\$ 4,734,420	\$ 4,734,420	\$ 6,151,625	\$ 1,417,205
Utility	3,171,610	3,171,610	3,275,988	104,378
Real estate excise tax	3,500,000	3,500,000	10,694,081	7,194,081
Intergovernmental:				
Federal grants	-	7,600	7,600	-
State Shared	-	-	5,418,095	5,418,095
Charges for services	-	-	3,282	3,282
Miscellaneous revenue:				
Interest income	413,360	422,800	189,732	(233,068)
Unrealized net gain/(loss) in fair value of investments	-	-	(199,382)	(199,382)
Other miscellaneous revenue	-	-	9,442	9,442
TOTAL REVENUES	11,819,390	11,836,430	25,550,463	13,714,033
EXPENDITURES				
Current:				
General government	201,640	201,640	190,557	(11,083)
Leisure services	500,000	910,610	309,748	(600,862)
Capital outlay	-	-	37,347	37,347
TOTAL EXPENDITURES	701,640	1,112,250	537,652	(574,598)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,117,750	10,724,180	25,012,811	14,288,631
OTHER FINANCING SOURCES (USES)				
Transfers in	4,654,680	4,739,460	2,828,163	(1,911,297)
Transfer Out	(16,549,500)	(18,044,980)	(17,563,089)	481,891
TOTAL OTHER FINANCING SOURCES (USES)	(11,894,820)	(13,305,520)	(14,734,926)	(1,429,406)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(777,070)	(2,581,340)	10,277,885	12,859,225
FUND BALANCES, January 1	13,998,074	13,998,074	13,983,440	(14,634)
FUND BALANCES, December 31	\$ 13,221,004	\$ 11,416,734	\$ 24,261,325	\$ 12,844,591

The accompanying notes are an integral part of the financial statements

CITY OF KENT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2021

	Business-type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Drainage Utility Fund
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 14,065,101	\$ 4,140,382	\$ 10,438,652
Investments, at fair value	29,774,039	8,767,116	22,098,613
Restricted cash, cash equivalents, & investments:			
Cash with fiscal agent	81,582	-	-
Cash and cash equivalents	24,465	-	7,398
Investments, at fair value	52,004	-	15,726
Receivables (net of allowances for estimated uncollectibles):			
Accounts	2,438,436	4,166,523	3,533,345
Interfund loan receivable	-	-	501,017
Inventory, at cost	430,154	19,816	28,294
Prepaid expenses	-	-	8,995
Total Current Assets	46,865,781	17,093,837	36,632,040
Noncurrent Assets:			
Interfund loan receivable - non-current portion	-	-	1,871,002
Net Pension Asset	1,942,084	937,558	2,142,987
Property, plant and equipment			
Land	3,925,817	452,694	14,021,860
Buildings	4,556,120	-	4,473,189
Site Improvements	188,353,611	106,267,638	191,351,318
Equipment	4,923,296	1,205,919	1,880,744
Less: Accumulated Depreciation	(64,904,253)	(49,885,060)	(58,184,249)
Construction In Progress	6,550,013	519,275	16,120,376
Total noncurrent assets	145,346,688	59,498,024	173,677,227
TOTAL ASSETS	\$ 192,212,469	\$ 76,591,861	\$ 210,309,267
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	256,186	123,676	282,688
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 256,186	\$ 123,676	\$ 282,688

The accompanying notes are an integral part of the financial statements

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
<u>Golf</u>	<u>Non-major</u>		
<u>Complex Fund</u>	<u>Solid Waste</u>	<u>Totals</u>	<u>Internal Service Funds</u>
<u>Fund</u>	<u>Fund</u>		
\$ 485,822	99,313	\$ 29,229,270	\$ 11,194,016
1,022,527	210,135	61,872,430	23,711,606
-	-	81,582	44,562
42,263	-	74,126	-
89,838	-	157,568	-
4,641	82,346	10,225,291	370,960
-	-	501,017	51,099
165,271	-	643,535	442,808
15,375	-	24,370	468,039
<u>1,825,737</u>	<u>391,794</u>	<u>102,809,189</u>	<u>36,283,090</u>
-	-	1,871,002	-
3,013,577	133,936	8,170,142	4,754,754
4,060,569	-	22,460,940	-
2,287,141	-	11,316,450	108,702
7,084,907	-	493,057,474	2,704,169
1,254,074	-	9,264,033	34,724,191
(4,860,112)	-	(177,833,674)	(20,239,773)
-	-	23,189,664	1,748
<u>12,840,156</u>	<u>133,936</u>	<u>391,496,031</u>	<u>22,053,791</u>
\$ <u>14,665,893</u>	<u>525,730</u>	\$ <u>494,305,220</u>	\$ <u>58,336,881</u>
397,530	17,668	1,077,748	627,214
\$ <u>397,530</u>	<u>17,668</u>	\$ <u>1,077,748</u>	\$ <u>627,214</u>

Continued

CITY OF KENT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2021

	Business-type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Drainage Utility Fund
LIABILITIES AND FUND EQUITY			
Current Liabilities:			
Vouchers payable	\$ 678,169	\$ 132,180	\$ 840,194
Accounts/payroll payable	577,942	104,128	666,650
Incurred but not reported claims payable	-	-	-
Accrued interest payable	76,469	-	23,124
Compensated absences payable - current portion	206,134	68,495	218,240
Leases payable - current portion	-	-	-
Notes payable - current portion	1,261,250	-	75,000
Revenue bonds payable - current portion	582,500	-	582,500
Deposits and unearned revenue	143,410	58,264	101,187
Total Current Liabilities	<u>3,525,874</u>	<u>363,067</u>	<u>2,506,895</u>
Noncurrent Liabilities:			
Compensated absences payable- non-current portion	137,918	16,760	138,076
Notes payable - non-current portion	20,820,000	-	150,000
Revenue bonds payable - non-current portion net of unamortized discounts and premiums	5,722,530	-	5,722,530
Net pension liability	195,448	94,354	215,667
Total noncurrent liabilities	<u>26,875,896</u>	<u>111,114</u>	<u>6,226,273</u>
TOTAL LIABILITIES	<u>\$ 30,401,770</u>	<u>\$ 474,181</u>	<u>\$ 8,733,168</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,035,864	982,831	2,246,469
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 2,035,864</u>	<u>\$ 982,831</u>	<u>\$ 2,246,469</u>
NET POSITION			
Net investment in capital assets	115,018,324	58,560,466	163,133,208
Restricted for pensions	1,942,084	937,558	2,142,987
Unrestricted	43,070,613	15,760,501	34,336,123
TOTAL NET POSITION	<u>\$ 160,031,021</u>	<u>\$ 75,258,525</u>	<u>\$ 199,612,318</u>

The accompanying notes are an integral part of the financial statements

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>	
<u>Golf</u>	<u>Non-major</u>			
<u>Complex Fund</u>	<u>Solid Waste</u>	<u>Totals</u>	<u>Internal Service Funds</u>	
<u>Fund</u>	<u>Fund</u>			
\$ 93,480	22,051	\$ 1,766,074	\$ 1,045,484	
152,495	15,365	1,516,580	413,747	
-	-	-	6,547,200	
391	-	99,984	-	
41,988	22,082	556,939	336,137	
115,232	-	115,232	-	
-	-	1,336,250	-	
-	-	1,165,000	-	
186,816	-	489,677	-	
<u>590,402</u>	<u>59,498</u>	<u>7,045,736</u>	<u>8,342,568</u>	
42,341	17,700	352,795	262,408	
-	-	20,970,000	-	
-	-	11,445,060	-	
303,282	13,479	822,230	478,512	
<u>345,623</u>	<u>31,179</u>	<u>33,590,085</u>	<u>740,920</u>	
\$ <u>936,025</u>	<u>90,677</u>	\$ <u>40,635,821</u>	\$ <u>9,083,488</u>	
3,159,098	140,403	8,564,665	4,984,353	
\$ <u>3,159,098</u>	<u>140,403</u>	\$ <u>8,564,665</u>	\$ <u>4,984,353</u>	
9,711,347	-	346,423,345	21,919,855	
3,013,577	133,936	8,170,142	4,754,754	
(1,756,624)	178,382	91,588,995	18,221,645	
<u>10,968,300</u>	<u>312,318</u>	<u>446,182,482</u>	<u>44,896,254</u>	
\$ <u><u>10,968,300</u></u>	<u><u>312,318</u></u>	\$ <u><u>446,182,482</u></u>	\$ <u><u>44,896,254</u></u>	

Concluded

CITY OF KENT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Drainage Utility Fund
OPERATING REVENUES			
Sales	\$ 22,166,727	\$ -	\$ -
Charges for services	1,992,178	34,900,096	21,532,206
Contributions	-	-	-
Rental and lease income	-	-	-
Other operating revenue	959	18,829	-
TOTAL OPERATING REVENUES	24,159,864	34,918,925	21,532,206
OPERATING EXPENSES			
Salaries and benefits	2,770,544	1,167,050	3,526,852
Supplies	644,041	211,135	264,392
Services and charges	10,646,801	28,979,952	11,825,015
Depreciation	4,401,927	2,455,445	4,600,923
TOTAL OPERATING EXPENSES	18,463,313	32,813,582	20,217,182
OPERATING INCOME (LOSS)	5,696,551	2,105,343	1,315,024
NON-OPERATING REVENUES (EXPENSES)			
Interest income	448,885	105,724	325,316
Unrealized net gain/(loss) in fair value of investments	(763,418)	(178,626)	(417,662)
Miscellaneous non-operating revenues	204,660	500	23,264
Interest expense	(1,141,026)	-	(191,744)
Gain (loss) on disposal of capital assets	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,250,899)	(72,402)	(260,826)
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	4,445,652	2,032,941	1,054,198
Capital contributions	2,581,394	344,073	8,679,444
Transfers in	220,966	-	77,813
Transfers out	(218,832)	(254,707)	(312,954)
INCREASE (DECREASE) IN NET POSITION	7,029,180	2,122,307	9,498,501
NET POSITION, January 1	153,001,841	73,136,218	190,113,817
NET POSITION, December 31	\$ 160,031,021	\$ 75,258,525	\$ 199,612,318

The accompanying notes are an integral part of the financial statements

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
<u>Golf</u>	<u>Non-major</u>		
<u>Complex Fund</u>	<u>Solid Waste</u>	<u>Totals</u>	<u>Internal Service Funds</u>
<u>Fund</u>	<u>Fund</u>		
\$ 274,034	\$ -	\$ 22,440,761	\$ 1,267,979
2,188,579	670,039	61,283,098	18,624,721
-	-	-	19,702,099
-	-	-	70,446
-	-	19,788	1,931,526
<u>2,462,613</u>	<u>670,039</u>	<u>83,743,647</u>	<u>41,596,771</u>
382,920	108,075	7,955,441	7,360,693
508,622	7,951	1,636,141	1,951,681
869,995	737,386	53,059,149	29,937,949
153,748	-	11,612,043	1,897,783
<u>1,915,285</u>	<u>853,412</u>	<u>74,262,774</u>	<u>41,148,106</u>
<u>547,328</u>	<u>(183,373)</u>	<u>9,480,873</u>	<u>448,665</u>
24,797	4,377	909,099	302,152
(52,596)	(8,970)	(1,421,272)	(531,341)
33,501	190,045	451,970	100,280
(9,118)	-	(1,341,888)	-
	-	-	(1,023,913)
<u>(3,416)</u>	<u>185,452</u>	<u>(1,402,091)</u>	<u>(1,152,822)</u>
<u>543,912</u>	<u>2,079</u>	<u>8,078,782</u>	<u>(704,157)</u>
-	-	11,604,911	815,653
456,537	-	755,316	6,833,592
-	-	(786,493)	(657,372)
<u>1,000,449</u>	<u>2,079</u>	<u>19,652,516</u>	<u>6,287,716</u>
9,967,851	310,239	426,529,966	38,608,538
\$ <u><u>10,968,300</u></u>	\$ <u><u>312,318</u></u>	\$ <u><u>446,182,482</u></u>	\$ <u><u>44,896,254</u></u>

CITY OF KENT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds		
	Water Utility Fund	Sewerage Utility Fund	Drainage Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 24,328,606	\$ 34,967,542	\$ 25,538,754
Cash received from other funds for services	-	-	-
Cash payments to employees	(3,583,509)	(1,467,923)	(4,348,250)
Cash payments to suppliers	(10,830,811)	(29,172,456)	(12,071,959)
Other cash received	959	18,829	-
Net cash provided by operating activities	9,915,245	4,345,992	9,118,545
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants/non-operating revenue received	204,660	500	23,264
Interest paid on interfund loan	-	-	-
Transfers in	8,492	-	5,231
Transfers out	(81,450)	(81,340)	-
Net cash provided by (used for) noncapital financing	131,702	(80,840)	28,495
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	124,876	-	208,661
Principal repayment on interfund capital loan	-	-	-
Acquisition and construction of capital assets	(8,336,856)	(931,049)	(4,855,376)
Interfund loan for capital outlays	-	-	555,910
Interest income on interfund capital loans	-	-	46,296
Principal paid on bonds and equipment contracts	(1,508,998)	-	(173,350)
Interest paid on bonds and equipment contracts	(2,048,674)	-	(1,118,932)
Transfers in	212,474	-	72,582
Transfers out	(137,382)	(173,367)	(312,954)
Capital contributed by subdividers, capital grants, local impr. districts	2,284,826	-	6,866,292
Net cash provided by (used for) capital & related financing	(9,409,734)	(1,104,416)	1,289,129
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(19,004,505)	(5,585,377)	(14,090,148)
Proceeds from sale and maturities of investments	11,431,602	1,831,136	3,340,454
Interest and dividends on investments	(314,533)	(72,902)	(138,642)
Net cash provided by (used for) investing activities	(7,887,436)	(3,827,143)	(10,888,336)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,250,223)	(666,407)	(452,167)
CASH AND CASH EQUIVALENTS, January 1	21,421,371	4,806,789	10,898,217
CASH AND CASH EQUIVALENTS, December 31	\$ 14,171,148	\$ 4,140,382	\$ 10,446,050
CASH AND EQUITY IN POOLED INVESTMENTS AT DECEMBER 31 CONSISTS OF:			
Cash and cash equivalents	\$ 14,065,101	\$ 4,140,382	\$ 10,438,652
Restricted cash and cash equivalents, cash with fiscal agent	106,047	-	7,398
	\$ 14,171,148	\$ 4,140,382	\$ 10,446,050

The accompanying notes are an integral part of the financial statements

Business-type Activities - Enterprise Funds			Governmental Activities	
Golf Complex	Non-major Solid Waste Fund	Totals	Internal Service Funds	
\$ 2,514,095	\$ 587,693	\$ 87,936,690	\$ 20,022,143	
-	-	-	19,696,501	
(1,339,104)	(275,161)	(11,013,947)	(9,582,630)	
(1,384,047)	(739,418)	(54,198,691)	(31,993,518)	
-	-	19,788	1,931,526	
<u>(209,056)</u>	<u>(426,886)</u>	<u>22,743,840</u>	<u>74,022</u>	
33,501	190,045	451,970	100,280	
(6,336)	-	(6,336)	-	
186,337	-	200,060	4,400,000	
-	-	(162,790)	(351,271)	
<u>213,502</u>	<u>190,045</u>	<u>482,904</u>	<u>4,149,009</u>	
120,232	-	453,769	219,883	
-	-	-	100,404	
(1,938,965)	-	(16,062,246)	(2,876,693)	
-	-	555,910	-	
-	-	46,296	1,818	
(165,753)	-	(1,848,101)	-	
(3,349)	-	(3,170,955)	-	
270,200	-	555,256	2,433,592	
-	-	(623,703)	(306,101)	
-	-	9,151,118	(1,345)	
<u>(1,717,635)</u>	<u>-</u>	<u>(10,942,656)</u>	<u>388,556</u>	
(1,008,515)	(134,463)	(39,823,008)	(15,099,912)	
1,620,254	205,491	18,428,937	6,967,171	
(27,799)	(4,593)	(558,469)	(231,007)	
<u>583,940</u>	<u>66,435</u>	<u>(21,952,540)</u>	<u>(8,363,748)</u>	
(1,129,249)	(170,406)	(9,668,452)	(3,752,161)	
1,657,334	269,719	39,053,430	14,990,739	
<u>\$ 528,085</u>	<u>\$ 99,313</u>	<u>\$ 29,384,978</u>	<u>\$ 11,238,578</u>	
\$ 485,822	\$ 99,313	\$ 29,229,270	\$ 11,194,016	
42,263	-	155,708	44,562	
<u>\$ 528,085</u>	<u>\$ 99,313</u>	<u>\$ 29,384,978</u>	<u>\$ 11,238,578</u>	

Continued

CITY OF KENT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds		
	Water Utility Fund	Sewerage Utility Fund	Drainage Utility Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 5,696,551	\$ 2,105,343	\$ 1,315,024
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	4,401,927	2,455,445	4,600,923
Change in assets and liabilities:			
(Increase) Decrease in accounts receivable	151,507	20,691	4,001,266
(Increase) Decrease in inventory	(39,399)	(2,310)	5,129
(Increase) Decrease in prepaid expenses	-	-	(8,995)
(Increase) Decrease in net pension asset	(1,942,084)	(937,558)	(2,142,987)
(Increase) Decrease in pension deferred outflows	57,926	(2,084)	41,557
Increase (Decrease) in vouchers payable	213,133	16,222	(135,158)
Increase (Decrease) in accounts/payroll payable	287,985	7,147	174,402
Increase (Decrease) in incurred but not reported claims payable	-	-	-
Increase (Decrease) in deposits and deferred revenues	18,194	46,755	5,282
Increase (Decrease) in compensated absences	30,041	20,516	30,260
Increase (Decrease) in pension liabilities	(726,721)	(262,615)	(736,250)
Increase (Decrease) in pension deferred inflows	1,766,185	878,440	1,968,092
Total Adjustments	4,218,694	2,240,649	7,803,521
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 9,915,245	\$ 4,345,992	\$ 9,118,545
SCHEDULE OF NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets contributed	\$ 296,568	\$ 344,073	\$ 1,813,152
Amortization of debt related costs, net	901,001	-	923,600
Increase(Decrease) in fair value of investments	(763,418)	(178,626)	(417,662)

The accompanying notes are an integral part of the financial statements

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>	
<u>Golf Complex</u>	<u>Non-major Solid Waste Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>	
\$ 547,328	\$ (183,373)	\$ 9,480,873	\$	448,665
153,748	-	11,612,043		1,897,783
14,765	(27,037)	4,161,192		53,399
(19,643)	-	(56,223)		(56,165)
(697)	-	(9,692)		90,903
(3,013,577)	(133,936)	(8,170,142)		(4,754,754)
(42,887)	43,128	97,640		153,000
4,411	5,836	104,444		(1,043,948)
9,788	2,585	481,907		(21,127)
-	-	-		848,800
36,717	(55,309)	51,639		-
(15,754)	(1,982)	63,081		(45,009)
(737,878)	(165,005)	(2,628,469)		(1,812,034)
2,854,623	88,207	7,555,547		4,314,509
(756,384)	(243,513)	13,262,967		(374,643)
<u>\$ (209,056)</u>	<u>\$ (426,886)</u>	<u>\$ 22,743,840</u>	<u>\$</u>	<u>74,022</u>
\$ -	\$ -	\$ 2,453,793	\$	815,653
-	-	1,824,601		-
(52,596)	(8,970)	(1,421,272)		(531,341)

Concluded

CITY OF KENT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2021

	Pension & Other OPEB Trust Funds	VNET Custodial Fund
ASSETS		
Cash and cash equivalents	\$ 684,883	\$ 563,969
Cash with fiscal agent	33,400	-
Investments, at fair value	1,449,789	1,034,746
TOTAL ASSETS	2,168,072	1,598,715
LIABILITIES		
Vouchers payable	-	24,204
Accounts/payroll payable	7,241	2,097
Deposits and unearned revenue	-	149,323
TOTAL LIABILITIES	7,241	175,624
NET POSITION RESTRICTED FOR:		
Pensions	2,127,431	-
Post employment benefits other than pensions	33,400	-
Organizations & other governments		1,423,091
Total net position	\$ 2,160,831	\$ 1,423,091

The accompanying notes are an integral part of the financial statements

CITY OF KENT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended December 31, 2021

	Pension & Other OPEB Trust Funds	VNET Custodial Fund
ADDITIONS		
Contributions:		
Employer	\$ 36,000	\$ -
State insurance fees	306,965	-
Federal grant	-	104,740
Seizure funds	-	527,849
Other governments	-	72,621
Investment earnings:		
Interest	22,605	12,581
Unrealized net gain/(loss) in fair value of investments	(38,172)	(30,552)
Net investment income	(15,567)	(17,971)
Miscellaneous		
Rental Income	-	11,000
TOTAL ADDITIONS	327,398	698,239
DEDUCTIONS		
Benefits	200,000	-
Administrative Expense	194,824	355,843
Payments to other governments	-	110,930
TOTAL DEDUCTIONS	394,824	466,773
CHANGE IN NET POSITION	(67,426)	231,466
NET POSITION RESTRICTED, January 1	2,228,257	1,191,625
NET POSITION RESTRICTED, December 31	\$ 2,160,831	\$ 1,423,091

The accompanying notes are an integral part of the financial statements

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Kent, King County, Washington, was incorporated on May 28, 1890 and operates under a Mayor/Council form of government under the laws of the State of Washington applicable to an optional code city (RCW 35A). The City of Kent is served by a full-time Mayor and seven part-time council members, all elected at large to four-year terms. The City of Kent provides the full range of municipal services including a water utility, sewer and drainage utility, a municipal golf complex, and municipal court.

The financial statements of the City of Kent have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (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.

Effective for fiscal year 2021, the City implemented the following new accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*—The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

GASB Statement No. 98 – *The Annual Comprehensive Financial Report*. This statement replaces the title of the annual report with the Annual Comprehensive Financial Report (ACFR).

The following provides a summary of the City's more significant accounting policies. They are presented to assist the reader in interpreting the financial statements and other data in this report.

a. REPORTING ENTITY

Based on the criteria of Statement No. 14, as amended by Statement No. 61, of the Government Accounting Standards Board, "The Financial Reporting Entity", the City's Annual Comprehensive Financial Report includes the financial position and results of operations of all funds, agencies and boards for which the City is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either the ability to impose the Primary Government's will, or the component unit provides a financial benefit to or imposes a financial burden on the primary government. The Special Events Center Public Facilities District (PFD) meets these criteria. In this case, the City appoints a voting majority of the board, and the organization presents a potential financial benefit or burden to the City. The PFD is discretely presented in the financial statements in a separate column on the government-wide financial statements. For further details on the Component Unit and how to obtain copies of the completed financial statements of the component unit, please see Note 16 – COMPONENT UNIT.

See Note 15 - JOINT VENTURE for discussion of the Valley Communications Center which is a joint public safety dispatching authority for five member cities. The City reports its equity interest in the joint venture.

JOINTLY GOVERNED ORGANIZATIONS – On April 27, 2010, the passage of Proposition No. 1 authorized the merger of the Kent Fire Department and King County Fire District 37 into one organization, the Puget Sound Regional Fire Authority (RFA), that provides full service fire and rescue services to the citizens of Kent, Covington, SeaTac, Maple Valley and portions of unincorporated King County. The RFA is not financially accountable to the City of Kent. The City of Kent does not have an ongoing financial interest in the RFA and the RFA is not financially dependent upon the City of Kent. The RFA imposes its own property tax levy and fire benefit charge. The City imposes a fire impact fee (City Code 12.15) under RCW 36.70A on development activities. The fees are passed

through to the RFA. The RFA's board is comprised of six voting members and three non-voting members. Three of the voting members are from the current Kent City Council: Bill Boyce, Les Thomas and Toni Troutner. In addition, the board has three members from Fire District 37 and one non-voting member from the City of Covington, one non-voting Advisory Board member from the City of SeaTac and one non-voting member from the King County Fire District #43 Board of Commissioners. Through an interlocal agreement, the RFA provides emergency management, fire prevention and fire inspection services for the City and the City provides some staff services for the RFA. Provided services are billed to the other agency.

b. **BASIC FINANCIAL STATEMENTS**

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report on all non-fiduciary activities of the City and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The primary government is reported separately from its component unit. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables, as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the changes in the aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity between the governmental activities and the business-type activities are shown in the government-wide financial statements. The "doubling up" effect of internal service fund activity has been removed from the government-wide financial statements with the expenses shown in the various functions and segments on the Statement of Activities. Interfund services provided and used, like the sale of utility services from the Enterprise Funds to the other functions of the City are not eliminated for the financial statements. Elimination of those charges would distort the direct costs and program revenues reported for the various functions.

The government-wide Statement of Net Position reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets and deferred outflows less liabilities and deferred inflows equals net position, with the assets, deferred outflows, liabilities and deferred inflows shown in order of relative liquidity. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Net investment in capital assets is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position is reflective of constraints placed on its use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted, is shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of the various functions, programs and segments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, program or segment. Interest on governmental activities long-term debt is not allocated to the various functions or programs. Program revenues include: 1) charges to customers or users (user charges) who purchase, use or directly benefit from goods, services or privileges provided by a particular function, program or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, program or segment. Taxes, investment income and other

revenues that are not directly identifiable with a function, program or segment are included as general revenues. Certain state shared revenues or grants that are not restricted for use in any function are included as general revenues. The general revenues support the net costs of the functions, programs or segments not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Although GASB Statement No. 34 sets forth minimum criteria for the determination of major funds, it also gives governments the option of displaying other funds as major funds. The City has opted to display some funds as major funds because of community focus. Major governmental and enterprise funds are reported in separate columns in the fund financial statements, while non-major governmental funds are combined into a single column on the fund financial statements and are detailed in combining statements included as supplementary information after the basic financial statements. Since there is only one non-major proprietary fund, it is labeled as non-major but displayed on the proprietary fund statements.

The internal service funds, which provide services to the other funds of the government, are presented in a single column in the proprietary fund financial statements and are detailed in combining statements included as supplementary information after the basic financial statements. Because the principal users of the internal service funds are the City's governmental activities, the assets, deferred outflows, liabilities and deferred inflows of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Position. The costs of the internal service funds are spread to the appropriate function or segment on the government-wide Statement of Activities and the revenues and expenses of the internal service funds are eliminated from the government-wide financial statements to avoid any doubling up effect of these revenues and expenses.

c. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements use the economic resources measurement focus, and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar revenue are recognized when the eligibility requirements imposed by the provider are met.

Governmental fund types are presented, in the fund financial statements, using the flow of current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets, and unassigned fund balance is a measure of available spendable resources. The *modified accrual basis* of accounting is used by governmental funds. Under modified accrual, revenues and other financial resources are recognized when they become susceptible to accrual, i.e., when the related funds become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon thereafter to pay liabilities of the current period. The City considers revenues available under modified accrual if they are earned by December 31 (all eligibility requirements have been met) and the revenue, except for property taxes, is expected to be collected within 90 days after year-end. For property taxes, the City uses a 60-day collection period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded when payment is due. Inventories of materials are reported as expenditures when purchased. Since governmental funds do not include capital assets and the

recognition of depreciation does not reduce net financial resources, depreciation is not considered an expenditure in governmental funds.

When applying the susceptible to accrual concept to intergovernmental revenues pursuant to GASB Statement No. 33 – *Accounting and Financial Reporting for Non-Exchange Transactions*, receivables and revenues are recognized when applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred inflows.

Property, sales, use, real estate excise, utility, business and occupation, admissions, and gambling taxes, as well as special assessments are susceptible to accrual. Intergovernmental revenues that reimburse expenditures are accrued. Investment earnings are accrued when earned. Changes in fair value of investments are recognized in investment income at year end. Charges for services, fines and forfeitures, licenses and permits, and other miscellaneous revenues are recorded upon receipt and are not susceptible to accrual.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures or expenses, as appropriate. The City's resources are allocated to and accounted for in individual funds according to the purpose for which they are spent and how they are controlled.

GOVERNMENTAL FUNDS: Governmental funds are used to account for the City's general government activities. The City reports the following major governmental funds:

General Fund - The General Fund is the principal operating fund of the City and accounts for the financial resources of the City which are not accounted for in any other fund. Principal sources of revenue are comprised of property taxes, sales and use taxes, utility taxes, licenses and permits, state shared revenues, charges for services, fines and forfeitures, and interest income. Primary expenditures are for general city government, police protection, fire inspections, prevention and emergency management, park and street maintenance, cultural and recreational services, and health and human services.

Capital Resource Fund – This special revenue fund accounts for a portion of the City's sales tax as well as real estate excise tax, internal utility tax, and business & occupation tax (collected in the General Fund and transferred to the Capital Resources Fund) that is restricted or committed to be utilized to provide funding for governmental non-street related capital and operating projects, and debt service on those projects. Funding for debt service is transferred from this fund to the General Obligation Debt Service Fund.

Special Assessments Fund – This debt service fund records payments from property owners for special assessments related to those properties, and the payment of debt service of local improvement districts' bond issues. A portion of the City's infrastructure capital improvements have been paid through the issuance of local improvement district bonds.

Street Capital Projects Fund – This capital projects fund accounts for the resources and payments for transportation and related improvements to the City's infrastructure. The fund's resources include grants and contracts, street related excise taxes, and utility taxes.

PROPRIETARY FUNDS: Proprietary funds account for the activities of the City similar to those found in the private sector, where cost recovery and the determination of net income is useful for sound fiscal management. The focus of proprietary fund measurement is upon the determination of operating income, changes in net position, financial position and cash flows. Enterprise Funds are used to account for those operations that provide services to the general public for a fee. Enterprise funds are

required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses derive from providing goods and services in connection with the fund's principle ongoing operation, i.e. charges to customers or users who purchase or use the goods or services of that activity. Non-operating revenues and expenses are items like interest income and interest expenses that are not a result of the direct operations of the activity.

The City reports the following proprietary funds:

Water Utility Fund – This enterprise fund accounts for the water distribution system of the City. The utility recovers its costs through user charges.

Sewerage Utility Fund – This enterprise fund accounts for the sewer system of the City. The utility recovers its costs through user charges.

Drainage Utility Fund - This enterprise fund accounts for the storm drainage system of the City. The utility recovers its costs through user charges.

Golf Complex Fund – This enterprise fund accounts for the golf complex of the City that includes an 18-hole par 72 golf course, a driving range, a mini putt facility and a merchandise center. The fund recovers its costs through user fees.

Solid Waste Utility Fund - This non-major enterprise fund accounts for the solid waste programs of the City. The solid waste residential and commercial pickup services are contracted out by the City to a private hauler. The City runs recycling and cleanup programs. The utility recovers its costs through charges to the solid waste contractor and grants.

Additionally, the City reports the following fund types:

Internal Service Funds - Internal Service Funds are used to account for the financing of specific services performed by designated organizations within the City for other organizations within the City. The internal service funds are presented as one column on the proprietary fund financial statements. Combining financial statements are also presented as supplemental information for the internal service funds but are not part of the basic financial statements. The City's internal service funds are comprised of the Equipment Rental, Central Service, Facilities, and Insurance funds. Financial statements are also provided in the other supplementary information section of this document for the five programs within the Insurance Fund.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the City as trustee or agent for individuals, private organizations or other governmental units. The reporting focus is on net position and changes in net position and employs accounting principles similar to proprietary funds. The Fiduciary Funds are not included in the government-wide financial statements since they are not assets of the City available to support City programs.

Pension and Other Employee Benefit Trust Funds are used to account for resources that are required to be held in trust for members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans. The trust funds are presented in one column on the fiduciary financial statements, but combining statements are provided as supplemental information, but are not part of the basic financial statements. The Firemen's Relief

& Pension Fund, accounts for pension benefits for eligible former City firefighters. The VEBA Trust accounts for post-employment benefits for certain police retirees.

The City's custodial funds function primarily as a clearing mechanism for cash resources which are collected by the City of Kent, held for a period of time and then disbursed to authorized recipients or funds. Custodial funds are presented in one column on the fiduciary fund financial statements. The City currently operates one custodial fund, the Valley Narcotics Enforcement Team (VNET).

d. **BUDGETARY INFORMATION**

Budget Process

Budgets serve as control mechanisms in the operations of governmental units. Legal budgetary (expenditure) control in the City of Kent is at the fund level, but budget and actual information is maintained by project, organization, program and object. Supplemental appropriations that amend total expenditures, or in the case of Proprietary and Fiduciary Funds amend working capital, require a City Council ordinance.

Appropriated budgets are adopted for the general and special revenue funds on the modified accrual basis of accounting on a biennial basis. Budgets for project/grant related capital project funds are adopted at the level of the individual project and for fiscal periods that correspond to the lives of projects. Since these funds are not budgeted on an annual basis, budgetary comparisons are not presented.

Legal budgetary control is established at the fund level, i.e., expenditures for a fund may not exceed the total appropriation amount. Any unexpended appropriation balances for annually budgeted funds lapse at the end of the year. Appropriations for other special purpose funds that are non-operating in nature are adopted on a "project-length" basis and, therefore, are carried forward from year to year without re-appropriation until authorized amounts are fully expended or the designated purpose of the fund has been accomplished.

The individual funds within each fund type which are included in the City's annual operating budget and for which budgetary comparison statements or schedules are prepared are listed below.

General Fund, Special Revenue Funds: Street Fund, Lodging Tax Fund, Youth/Teen Programs Fund, Criminal Justice Fund, and Housing & Community Development Fund. Budgetary information is also provided, as supplementary information, for the Public Safety Retiree Fund, Operating Grants and Project Fund, Events Center Operating Fund, and Impact Fee Fund although these funds are combined into the General Fund for financial statement reporting.

The City adopts a biennial budget by December of the fiscal year proceeding the biennium, after almost a full year of analysis by staff and Council. The first step in analysis involves the development of service issues and goals and their prioritization by Council as well as establishing revenue forecasts to be approved by Council. The second step involves the establishment of the baseline budget required to carry existing programs into the next year. The emphasis is placed on the General and Special Revenue Funds since the operation of other funds are tied to ordinances, contractual agreements or separately established rate structures. Once the baseline operations have been reviewed and adjusted based on administrative policy, additional services are included to the level of projected available resources after the establishment of sufficient fund balances.

The steps in the budget process are as follows:

- (1) The Chief Administrative Officer and Mayor submit a proposed biennial budget to the City Council.

This budget is based on priorities established by the Council, cost estimates provided by the City departments and balanced with revenue estimates.

- (2) The City Council conducts public hearings on the proposed budget in September and October.
- (3) The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced biennial budget no later than December 31.
- (4) The final operating budget as adopted is published and distributed within the first three months of the following year. The adopted budget is made available to the public on the city's website.

The biennial budget statute requires a mid-biennium review and modification of the second year of the adopted budget. The review steps are largely the same as the original budget process, although on a smaller scale. The Council adopts by ordinance the adjustments to the second year of the final balanced biennial budget no later than December 31.

Annual appropriated budgets are adopted at the fund level, on a biennial cycle. Transfers or revisions within budgets are allowed if approved by the Chief Administrative Officer. Only City Council has the authority to increase a given fund's annual budget. A budget ordinance summarizing Council approved increases or adjustments is adopted by Council on a quarterly basis. The budget amounts in the financial statements are the final amounts as revised during the year. Budget to Actual comparisons are only prepared for annually budgeted governmental funds.

GASB Statement No. 34 requires that budgetary comparison schedules for the General Fund and major special revenue funds be presented in the annual financial statements, either within the basic financial statements or as required supplementary information. These statements must display original budgets, amended final budgets and actual results. The City presents the required budgetary statements within the basic financial statements, immediately following the governmental fund statements. Budgetary comparison schedules for the non-major special revenue funds are presented as supplemental information but are not part of the basic financial statements.

The table below shows the appropriation budgets as adopted, amendments and final budgets, not including transfers. The General Fund in the table below is the reporting General Fund and, as noted above, includes funds that have separate adopted budgets and budgetary schedules.

Fund	Original Budget	Supplemental Appropriations	Final Budget
General Fund	\$ 92,829,440	\$ 25,329,110	\$ 118,158,550
Special Revenue Funds:			
Capital Resources	701,640	410,610	1,112,250
Street	12,853,770	7,099,180	19,952,950
Lodging Tax	229,190	(50,000)	179,190
Youth/Teen Programs	49,800	-	49,800
Criminal Justice	8,628,960	525,401	9,154,361
Housing & Community Development	1,534,750	3,734,184	5,268,934
Total	\$ 116,827,550	\$ 37,048,485	\$ 153,876,035

Reconciliation of Budgetary Information to GAAP

For budgetary and managerial purposes, the City of Kent treats the General Fund, Public Safety Retiree, Other Operating Grants and Projects, and Kent Events Center funds separately. However, the latter three funds do not meet the criteria of a special revenue fund as set forth in GASB Statement No. 54 and for reporting purposes are presented in combination with the General Fund in order to comply with GAAP. Also, the School and Fire Impact Fee funds do not meet the criteria for custodial

funds under GASB Statement No. 84 and have also been combined with the General Fund for financial reporting purposes. However, the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual on [page 34](#) compares only the General Fund as adopted in the budget along with the related revenues and expenditures. It does not include the budget or actual data for the Public Safety Retiree, Other Operating Grants and Projects, Kent Events Center, or the Impact Fee Funds. Separate budgetary schedules are also presented for the Public Safety Retiree, Other Operating Grants and Projects, Kent Events Center, and Impact Fee funds on [pages 164-167](#). The table below shows the combining of these funds with the General Fund for reporting purposes on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance.

	General Fund	Public Safety Retiree	Operating Grants & Projects	Kent Events Center Fund	Impact Fees Fund	Eliminations	Revised General Fund
Revenues:							
Taxes	\$ 94,818,816	-	-	-	-	-	\$ 94,818,816
Licenses & permits	7,171,129	-	-	-	-	-	7,171,129
Grants/shared revenues	3,297,871	-	14,082,357	4,575,661	-	-	21,955,889
Charges for service	5,328,184	-	-	-	3,951,519	-	9,279,703
Fines & forfeitures	809,293	-	-	-	-	-	809,293
Interest income	627,202	14,893	-	1,153	6,198	-	649,446
Unrealized net gain/(loss) in fair value of investments	(941,982)	(28,466)	-	-	-	-	(970,448)
Rent/lease income	735,918	-	-	-	-	-	735,918
Contributions & donations	15,552	963,537	13,600	1,633,434	-	-	2,626,123
Other miscellaneous revenue	726,685	-	-	4,458	-	-	731,143
Total Revenues	112,588,668	949,964	14,095,957	6,214,706	3,957,717	-	137,807,012
Expenditures:							
Current:							
General government	9,295,699	-	(94)	-	-	-	9,295,605
Judicial	3,386,007	-	-	-	-	-	3,386,007
Public safety	49,015,974	1,510,760	-	-	2,463,853	-	52,990,587
Community development	7,469,721	-	-	-	-	-	7,469,721
Leisure services	12,307,040	-	52,925	3,662,701	-	-	16,022,666
Health & human services	5,171,352	-	47,014	-	1,493,864	-	6,712,230
Capital outlay	81,737	-	52,020	65,997	-	-	199,754
Total expenditures	86,727,530	1,510,760	151,865	3,728,698	3,957,717	-	96,076,570
Excess (Deficiency) of Revenues over (under) Expenditures	25,861,138	(560,796)	13,944,092	2,486,008	-	-	41,730,442
Other Financing Sources (Uses)							
Issuance of installment note	-	-	-	500,000	-	-	500,000
Transfers in* (see below)	1,442,364	250,000	248,175	945,268	-	(1,268,443)	1,617,364
Transfers out* (see below)	(21,612,877)	-	(125,000)	-	-	1,268,443	(20,469,434)
Total other financing Sources (Uses)	(20,170,513)	250,000	123,175	1,445,268	-	-	(18,352,070)
Net Change in Fund Balance	5,690,625	(310,796)	14,067,267	3,931,276	-	-	23,378,372
Fund Balance, January 1	41,969,901	1,582,264	722,730	2,990,845	-	-	47,265,740
Fund Balance, December 31	47,660,526	1,271,468	14,789,997	6,922,121	-	-	70,644,112

* The following internal transfers between funds combined into the reporting General Fund are eliminated:

Less interfund transfers to:	Public Safety Retiree	\$ (250,000)
	Operating Grants & Projects	(248,175)
	Events Center	(645,268)
	General Fund	(125,000)
	Total eliminations	(1,268,443)

e. **ASSETS & DEFERRED OUTFLOWS, LIABILITIES & DEFERRED INFLOWS, AND NET POSITION**(1) **Deposits and Investments****Cash and Cash Equivalents**

The City of Kent has defined cash and cash equivalents as cash on hand, demand deposits, and all short-term investments, including restricted assets, with original maturities of three months or less from the date of purchase. Included in this category are all funds invested in the Local Government Investment Pool (LGIP).

Investments (refer to Note 4)

The City generally reports investments at fair value and recognizes the corresponding change in fair value of investments in the year in which the change occurred. The primary objectives, in priority order, of the city's investment activities are safety, liquidity, and return on investment. It is generally the City's policy to hold investments to maturity.

Investment Income

Except for certain specific investments, generally those held in trust for a specific purpose, the City maintains pooled cash and investments. Income from pooled cash and investments is allocated to the individual funds based on the fund's month end cash balance in relation to the total pooled investments. Interest earned on a specific fund's investments, if any, is credited to the fund holding the investment.

(2) **Receivables** (refer to Note 5)

Taxes receivable consists of property taxes (refer to Note 12), sales taxes, and City assessed business and occupation, utility, lodging, real-estate excise taxes and gambling taxes and related interest and penalties. Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Customer accounts consist of amounts owed from private individuals or organizations for goods or services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered.

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties. Unearned assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefited.

All receivables are shown on the financial statements net of an allowance for uncollectible accounts, if applicable.

(3) **Restricted Assets**

Certain resources set aside for repayment of bonds, required reserves for outstanding bonds, or unspent bond proceeds, if any, are classified as restricted on the balance sheet or statement of net position because their use is restricted by applicable bond covenants.

(4) **Inventory and prepaid items**

Inventories carried in Proprietary Funds are valued at cost under the first-in first-out method. A physical count is taken at year-end. Governmental Funds use the purchase method whereby inventory items are considered expenditures when purchased. The inventory recorded in governmental activities arises from the inclusion of the Internal Service Funds into governmental activities.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the consumption method to account for prepaid items.

(5) **Deferred outflows**

Deferred outflows of resources represent a consumption of net position (expenditure/expense) that applies to a future period and thus is shown on the Balance Sheet/Statement of Net Position until the period that it becomes an expenditure/expense.

(6) **Deferred inflows**

Deferred inflows of resources represent an acquisition of net position (revenue) that applies to a future period and thus is shown on the Balance Sheet/Statement of Net Position until the period that it becomes revenue.

(7) **Compensated Absences** (also refer to Note 9 *Long-term Obligations* and Note 13 *Personnel Benefits*)

Annual leave, based on a graduated scale of years of employment, is credited to each employee as it accrues. The maximum annual leave accrual for permanent employees is 240 hours. At the end of 2021, the city allowed employees to carry an additional 40 hours for a total of 280 maximum into 2022. Upon employment termination, payment is made to the employee for the unused leave.

Employees are granted one sick leave day per month. The maximum an employee may accumulate and whether there is any payment of unused sick leave at termination varies according to union contract.

For the governmental fund financial statements, compensated absences are accrued only when due. For the government-wide financial statements, as well as the proprietary fund financial statements, all the outstanding vacation, compensatory time and benefits are recorded as a liability at year end. Compensated absences are liquidated when mature by the various operating funds accruing the liability.

(8) **Refunded (Defeased) Bonds**

The government may, from time to time, choose to refinance (defease) outstanding debt to take advantage of lower interest rates. In a *current refunding*, the proceeds of the refunding debt are applied immediately to pay off (redeem) the refunded debt. In other cases, the government may be prevented from redeeming debt prior to maturity or a contractually agreed upon call date. In an *advance refunding*, the proceeds of the refunding debt are placed in an irrevocable trust to make the future debt payments on the refunded debt. With a current or advanced refunding, the refunded debt is removed from the government's books and the refunding debt is added.

Refer to Note 9 for further disclosures related to any current year debt refunding transactions, or any advance refunding where funds are still being held in a trust account for future payment of defeased bonds.

f. **ENCUMBRANCES**

The City of Kent does not formally use the encumbrance mode of accounting. The City's purchasing system records encumbrances for the budget status reports, but since they do not constitute expenditures or liabilities, encumbrances are not reported in either the fund financial statements or the government-wide financial statements. For operating funds, amounts not expended within the budget year lapse. For project funds, budgets remain available until completion of the project.

g. **INTERFUND TRANSACTIONS AND TRANSFERS** (also refer to Note 6)

Because governmental units operate with a number of funds, each performing its specific functions, there are instances where funds are required to do business with each other. This business can be categorized as either an interfund transaction or an interfund transfer.

(1) **Interfund Transactions**

Interfund transactions are divided into two categories: interfund services provided and used and reimbursements.

Interfund services provided and used transactions are those transactions that would be treated as revenues, expenditures or expenses if they involved parties external to the City. These types of transactions are accounted for as ordinary revenues, expenditures or expenses of the funds involved. An example of this type of transaction is when the Parks Department buys water from the Water Department. This transaction is treated as an expenditure to the Parks Department and as a revenue to the Water Department.

Reimbursement transactions occur when expenditures are initially made from one fund but are more appropriately applicable to another fund. These items are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the fund initially charged. An example of this type of transaction occurs when the Public Works and Finance Departments allocate a certain amount of their time to provide services for the Utility Divisions administratively overseen by those departments (i.e. the Water and Sewer Utilities are administratively under the Public Works Department and Customer Service and Meter Reading are administratively under the Finance Department). The expense is charged to the Utility Divisions with a corresponding reduction of expenses in the Public Works and Finance Departments. These reductions are accounted for in separate organizational units so both gross and net expenditures may be tracked.

(2) **Interfund Transfers**

Transfers are required where revenue is generated in one fund and expenditures are paid for in other funds. The majority of transfers occur with respect to capital projects where certain General and Special Revenue Fund revenues are transferred to finance various capital projects. Other operating transfers of a recurring nature are required to fund debt service. A summary of transfers by fund type is shown in Note 6. More detail on transfers may also be found on the Schedule of Interfund Transfers on **pages 178-180** in the Other Supplementary Section of this document.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either *interfund loans receivable/payable* (loans with an original length of greater than one year) or *due to/from other funds* (loans less than one year). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*. A separate schedule of interfund loans receivable and payable is furnished in Note 6, *Interfund Balances and Transfers*.

h. **CAPITAL ASSETS**

All capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. The City has chosen not to apply the modified approach to any networks or subsystems of infrastructure assets. No long-term assets or depreciation are shown in the governmental fund financial statements. Capital assets and depreciation are recorded in the proprietary fund financial statements.

Capital assets, including public domain infrastructure (e.g. roads, bridges, sidewalks and other assets that are immovable and of value only to the City), and property, plant, and equipment are defined by

the City as assets to be used in operations with an initial individual cost of more than \$5,000 and an estimated useful life of three or more years.

Depreciation is computed on the straight-line method over the estimated useful life of the asset group as shown in the table below:

Depreciation Schedule	
Buildings	10-50 Years
Site Improvements	10-50 Years
Infrastructure	15-50 Years
Equipment	3-25 Years

Property, Plant and Equipment for governmental activities is stated at cost or acquisition value at the date of donation in the case of donated assets. Purchase and construction of such assets are recorded as expenditures in the appropriate Governmental Fund and capitalized for government-wide reporting. Property, Plant and Equipment in the Proprietary Funds is stated at cost, or in the case of donated assets, at acquisition value at the date of donation. Depreciation is recorded in the proprietary fund statements.

Incomplete capital projects, including infrastructure, are capitalized as construction in progress at year end. Assets are transferred from construction in progress to the appropriate property, plant and equipment asset category when the asset is substantially complete and available for its intended use. Street related right of way purchases are recorded as land purchases.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized. Major improvements that materially add to the capacity or serviceability or extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation) or net realizable value, if lower, as of the date of the transfer.

i. **PENSIONS** (refer to Note 13)

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Pension liabilities are liquidated when mature by the various operating funds accruing the liability.

The net pension assets, deferred outflows, net pension liabilities and deferred inflows of the various pension plans are allocated on the proprietary fund statements and government-wide statements based on the number of City employees by fund participating in the plans. Since PERS 1 and LEOFF 1 are closed plans, PERS 1 is allocated using the PERS 2/3 allocation percentages. LEOFF 1 is 100 percent police.

Related restricted net position of the net pension asset is calculated using the GASB preferred method which is equal to the net pension asset balance, excluding deferred inflows and deferred outflows.

j. **OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS** (refer to Note 13)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the City Retiree Benefits Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Since the Plan is not a qualifying trust under GASB Statement No. 75, there are no deferred inflows or outflows, or plan assets.

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the City KPOA VEBA Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

2. **RECONCILIATION OF GOVERNMENTAL FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE STATEMENTS**

The governmental fund financial statements are presented on a current financial resources measurement focus and modified accrual basis of accounting while the government-wide financial statements are prepared on a long-term economic resources measurement focus and accrual basis of accounting. Reconciliations briefly explaining the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements immediately follow each fund financial statement. Additional reconciliations are provided below.

Reconciliation of the Governmental Funds Balance Sheet and the Statement of Net Position – Governmental Activities:

	Total Governmental Funds	Long-term Assets / Liabilities (1)	Internal Service Funds (2)	Eliminations/ Reclass (3)	Statement of Net Position
Assets:					
Cash & cash equivalents	\$ 54,367,348	-	11,194,016	-	65,561,364
Investments at fair value	114,662,436	-	23,711,606	-	138,374,042
Receivables, net	25,690,929	-	370,960	-	26,061,889
Internal balances	-	-	-	(2,372,019)	(2,372,019)
Due from other governments	924,099	-	-	-	924,099
Inventory, at cost	-	-	442,808	-	442,808
Prepaid items	47,047	-	468,039	-	515,086
Interfund loan receivable	-	-	51,099	(51,099)	-
Investment in joint venture	-	10,901,977	-	-	10,901,977
Restricted cash & cash equivalents					
Cash with fiscal agent	1,813,356	-	44,562	-	1,857,918
Note receivable from component unit	-	85,983,420	-	-	85,983,420
Less: Allowance for uncollectible	-	(85,983,420)	-	-	(85,983,420)
Net pension asset	-	61,114,861	4,754,754	-	65,869,615
Capital assets, net	-	770,186,045	17,299,037	-	787,485,082
Total Assets	\$ 197,505,215	842,202,883	58,336,881	(2,423,118)	1,095,621,861
Deferred outflows of resources:					
Deferred loss on bond refunding	-	37,303,337	-	-	37,303,337
Deferred outflows related to pensions	-	6,413,832	627,214	-	7,041,046
Total deferred outflows	-	43,717,169	627,214	-	44,344,383
Total assets & deferred outflows	\$ 197,505,215	885,920,052	58,964,095	(2,423,118)	1,139,966,244
Liabilities:					
Vouchers payable	\$ 4,707,881	-	1,045,484	-	5,753,365
Accounts/payroll payable	5,747,157	(140,258)	413,747	-	6,020,646
Incurred but not reported claims payable	36,500	-	6,547,200	-	6,583,700
Due to other governments	35,114	-	-	-	35,114

Accrued interest payable	-	243,208	-	-	243,208
Unearned revenue	1,510,723	-	-	-	1,510,723
Interfund loan payable – current	552,116	-	-	(552,116)	-
Compensated absences – current	-	2,670,126	336,137	-	3,006,263
Contracts, leases, notes – current	-	873,570	-	-	873,570
General obligation bonds – current	-	4,885,000	-	-	4,885,000
Interfund loan payable – long-term	1,871,002	-	-	(1,871,002)	-
Compensated absences – long-term	-	2,828,903	262,408	-	3,091,311
Contracts, leases, notes – long-term	-	3,463,862	-	-	3,463,862
General obligation bonds – long-term	-	67,214,314	-	-	67,214,314
Net pension liability	-	3,433,971	478,512	-	3,912,483
Total OPEB liability – long-term	-	24,532,979	-	-	24,532,979
Total Liabilities	\$ 14,460,493	110,005,675	9,083,488	(2,423,118)	131,126,538
Deferred Inflows:					
Unavailable revenue	3,654,673	(1,113,422)	-	-	2,541,251
Deferred inflows related to pensions	-	45,750,644	4,984,353	-	50,734,997
Total deferred inflows	3,654,673	44,637,222	4,984,353	-	53,276,248
Total Liabilities & Deferred Inflows	\$ 18,115,166	154,642,897	14,067,841	(2,423,118)	184,402,786

	Total Governmental Funds	Long-term Assets / Liabilities (1)	Internal Service Funds (2)	Eliminations/ Reclass (3)	Statement of Net Position
Fund Balance/Net Position:					
Total fund balance/net position	\$ 179,390,049	731,277,155	44,896,254	-	955,563,458
Total liabilities, deferred inflows & fund Balance/net position	\$ 197,505,215	885,920,052	58,964,095	(2,423,118)	1,139,966,244

- (1) When capital assets (infrastructure, land, buildings, equipment, etc.) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds, and thus a reduction in fund balance. However, the statement of net position includes those capital assets among the assets of the City.

Cost of capital assets	\$1,242,212,264
Accumulated Depreciation	(472,026,219)
	770,186,045

The investment in joint venture is not a financial resource and therefore is not reported in the governmental funds but is included in the statement of net position.

\$ 10,901,977

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when paid, but is accrued and reported on the statement of net position.

\$ (243,208)

Long-term liabilities applicable to governmental activities are not due and payable in the current period, and therefore are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the statement of net position.

Compensated absences – current	\$ (2,529,868)
Contracts, leases, notes – current	(873,570)
General obligation bonds – current	(4,885,000)
Compensated absences – long-term	(2,828,903)
Contracts, leases, notes – long-term	(3,463,862)
General obligation bonds (net) – long-term	(67,214,314)
Deferred inflows related to pensions	(45,750,644)
Net pension liability	(3,433,971)
Total OPEB liability – long-term	(24,532,979)
	\$ (155,513,111)

Long-term assets applicable to governmental activities are not current financial resources available to pay current liabilities and are therefore not reported in the governmental funds but are included in the government-wide statements.

Deferred outflows related to pensions	\$ 6,413,832
Net pension asset	61,114,861
	\$ 67,528,693

Loss on refunding bonds does not create or use current financial resources and therefore is not reported in the governmental funds, but is a deferred outflow amortized over the life of the bonds on the statement of net position.

\$ 37,303,337

Unavailable revenue for the long-term special assessment receivables shown on the governmental funds statements is not included on the statement of net position. Also, property tax revenues deferred under modified accrual for the governmental fund statements is recognized as revenue in the year earned under accrual accounting for the government-wide statements.

Unavailable special assessment revenue	\$ 678,079
Deferred property tax revenue	405,237
Deferred other revenue	<u>30,106</u>
	\$ 1,113,422

- (2) Internal service funds are used by management to charge the costs of certain activities, such as fleet management, central services, facilities management, and self-insurance, to the individual operating funds. The assets and liabilities of the internal services funds are included in the governmental activities in the statement of net position but are not included on the governmental funds balance sheet.

Internal Service Funds net position	\$ 44,896,254
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- (3) Certain interfund transactions between governmental activities are eliminated in the consolidation of those activities for the statement of net position.

Interfund receivables	\$ 2,423,118
Interfund payables	<u>(2,423,118)</u>
	\$ -

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the government-wide Statement of Activities – Governmental Activities:

	Total Governmental Funds	Revenues/ Expenses (1)	Capital Asset Transactions (2)	Debt Transactions (3)	Internal Service Funds (4)	Eliminations/ Reclass (5)	Statement of Activities
Revenues:							
Taxes:							
Property taxes	\$ 32,052,967	(118,244)	-	-	-	-	31,934,723
Sales & use taxes	39,198,901	-	-	-	-	-	39,198,901
Utility taxes	32,515,784	-	-	-	-	-	32,515,784
Business & occupancy taxes	17,060,649	-	-	-	-	-	17,060,649
Real estate excise taxes	10,694,081	-	-	-	-	-	10,694,081
Lodging taxes	222,759	-	-	-	-	-	222,759
Other taxes	613,502	-	-	-	-	-	613,502
Licenses & permits:							
Building permits	3,612,485	-	-	-	-	-	3,612,485
Other licenses & permits	4,124,589	-	-	-	-	-	4,124,589
Intergovernmental revenues	42,244,317	-	-	650,588	-	-	42,894,905
Charges for service:							
Park & recreation fees	303,940	-	-	-	-	-	303,940
Other fees & charges	11,595,403	-	-	-	49,474	-	11,644,877
Fines & forfeitures	5,379,869	-	-	-	-	-	5,379,869
Miscellaneous revenue:							
Special assessments	779,313	(178,045)	-	-	-	-	601,268
Interest income	1,763,188	(92,040)	-	-	302,152	-	1,973,300
Unrealized net gain/(loss) in FMV of investments	(2,300,225)	-	-	-	(531,341)	-	(2,831,566)
Gain(loss) on disposal of capital assets	-	-	1,057,305	-	(1,023,913)	1,057,305	1,090,697
Rent/lease income	783,522	-	-	-	70,446	-	853,968
Contributions & donations	2,686,942	-	-	-	97,751	-	2,784,693
Other miscellaneous revenue	1,297,655	(4,458)	-	-	2,029,988	-	3,323,185
Total Revenue	\$204,629,641	(392,787)	1,057,305	650,588	994,557	1,057,305	207,996,609
Expenditures/Expenses:							
Current:							
General government	13,853,461	56,992	1,020,774	(1,787,822)	63,103	-	13,206,508
Judicial	3,386,007	(12,448)	49,576	(487,250)	42,404	-	2,978,289
Public safety	59,540,990	(470,866)	235,301	(6,276,693)	1,154,597	1,041,689	55,225,018
Community development	7,641,488	23,093	-	(1,111,881)	136,623	-	6,689,323
Public works	15,881,550	(108,125)	13,956,512	(3,060,482)	(53,245)	-	26,616,210
Leisure services	17,893,462	14,712	6,679,205	(1,949,735)	225,794	15,616	22,879,054
Health & human services	8,944,190	(7,792)	6,181	(1,106,356)	129,438	-	7,965,661
Debt service:							
Principal	5,287,190	-	-	(5,287,190)	-	-	-

City of Kent

Notes to the Financial Statements December 31, 2021

Interest	3,109,646	(17,841)	-	3,352,705	-	-	6,444,510
Capital outlay	18,591,861	-	(18,591,861)	-	-	-	-
Total expenditures/expenses	\$ 154,129,845	(522,275)	3,355,688	(17,714,704)	1,698,714	1,057,305	142,004,573
Other sources/(uses):							
Issuance of installment note	500,000	-	-	(500,000)	-	-	-
Change in investment in joint venture	-	-	1,337,422	-	-	-	1,337,422
Contributed capital	-	-	1,781,852	-	-	-	1,781,852
Transfers in	42,124,659	-	-	-	6,833,592	(48,928,420)	29,831
Transfers out	(48,269,702)	-	(1,346)	-	(657,372)	48,928,420	-
Total other sources/(uses)	\$ (5,645,043)	-	3,117,928	(500,000)	6,176,220	-	3,149,105
Net change in fund balance/ net position	\$ 44,854,753	129,488	819,545	17,865,292	5,472,063	-	69,141,141

- (1) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Accrual of compensated absences	\$ (71,141)
Interest expense accrual	17,841
Total OPEB obligation	<u>575,575</u>
	\$ 522,275

Certain revenues are unavailable in the governmental funds because they do not provide current financial resources but are considered revenues in the statement of activities.

Property taxes	\$ (118,244)
Other revenue	<u>(4,458)</u>
	\$ (122,702)

Special assessment principal payments received are reported as revenue on the governmental fund statements because they provide current financial resources but are not revenue on the statement of activities.

\$ (270,085)

- (2) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of the financial resources expended, whereas net position decreases by the amount of the depreciation expense charged for the year.

Capital outlay	\$ 18,591,861
Depreciation expense	<u>(21,947,549)</u>
	\$ (3,355,688)

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the capital asset is removed from the capital asset account in the statement of net position and offset against the sales proceeds resulting in a gain or loss on disposal of capital assets in the statement of activities.

Net cost of capital assets disposed of	\$ 1,057,305
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Donations of capital assets are not shown on the governmental fund financial statements but are reported as revenue on the statement of activities.

Developer donated assets	\$ 1,781,852
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The change in the value of the investment in joint venture does not create or use current financial resources and therefore is not reported on the governmental fund financial statements but is reported on the statement of activities.

\$ 1,337,422

The transfer of capital assets between governmental and proprietary funds is not shown in the governmental fund statements but is a transfer in/out on the statement of activities.

Transfers in	(1,346)
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- (3) Payment of long-term debt is reported as expenditures in the governmental funds and thus has the effect of reducing fund balance because current financial resources have been used. For the government-wide statements, principal payments on debt reduce the long-term liabilities in the statement of net position and do not result in an expense in the statement of activities.

Principal payments	\$ 5,287,190
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The issuance of long-term debt provides financial resources in the governmental funds but creates a long-term liability on the government-wide statements.

Issuance of notes	\$ (500,000)
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Certain bond transactions, like issuance premiums or discounts and bond insurance are reported as revenues or expenditures in the governmental fund statements because they provide or use current financial resources. However, for the government-wide statements, these costs are recognized (amortized) over the life of the bonds.

Amortization of premium/discount	\$ 722,601
Amortization of loss on refunding	<u>(4,075,306)</u>
	\$ (3,352,705)

Certain transactions related to pensions do not create current financial resources or uses and are not reported in the governmental funds but are reported in the government-wide financial statements.

State on-behalf payments	\$ 650,588
Change in pension expense	<u>15,780,219</u>
	\$ 16,430,807

- (4) Internal service funds are used by management to charge the costs of certain activities, such as fleet management, central services, facilities management, and self-insurance, to the individual operating funds. The net revenue or expense of the internal service funds is reported with governmental activities on the statement of activities.

	\$ 5,472,063
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- (5) Interfund transfers between governmental activities are eliminated in the consolidation of these activities for the statement of activities. The elimination is reflected as a reduction of transfers in and transfers out to eliminate the doubling up effect of these transactions within the governmental activities.

Transfers in	\$ (48,928,420)
Transfers out	<u>48,928,420</u>
	\$ -

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City has complied with all material finance-related legal or contractual provisions. For fiscal year 2021, expenditures are within legal budget appropriations for all City funds.

4. DEPOSITS AND INVESTMENTS

The deposits and investment practices of the City of Kent are accounted for with a modified pooled cash arrangement. All investment activity of the City must be in compliance with Chapters 35.39 and 39.59 of the Revised Code of Washington (RCW) and any other statutes or regulatory requirements which may apply. The City's investment policy presented in the Kent City Code Chapter 3.02, allows investments consisting of the State Treasurer's Investment Pool, U.S. Treasury Obligations, Government Sponsored Enterprises Agency Securities (including, but not limited to, Federal Home Loan Bank notes and bonds, Federal National Mortgage Association notes, Federal Home Loan Mortgage Corporation and Federal Farm credit Bank bonds), Repurchase Agreements, Bankers' Acceptances, Commercial Paper, Certificates of Deposit, Bonds of the State of Washington and local governments within the State of Washington, General Obligation Bonds of other state and local governments outside Washington, Corporate Notes, and Supranational Bonds.

Reconciliation of cash, cash equivalents, deposits and investments to Statement of Net Position:

PRIMARY GOVERNMENT

From Statement of Net Position:

Cash & cash equivalents	\$ 94,790,634
Investments, at fair value	200,246,472
Restricted cash with fiscal agent/trustee	1,939,500
Restricted cash & cash equivalents	74,126
Restricted investments	157,568
Total from Statement of Net Position	\$ 297,208,300

Summary by Type:

Cash on hand and in bank	\$ 15,847,386
State Pool (cash equivalents)	79,017,374
Deposits with fiscal agent/trustee	1,939,500
Investments	200,404,040
Total by Type	\$ 297,208,300

COMPONENT UNIT

Special Events Center PFD:

Cash on hand and in bank	\$ 11,270
Investments	21,228
Total Cash & Investments	\$ 32,498

a. **DEPOSITS**

Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the City would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

The City's deposits are entirely covered by the Federal Depository Insurance Corporation (FDIC), or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC is a statutory authority established under Chapter 39.58 of the Revised Code of Washington.

b. **INVESTMENTS**

(1) **Investments Measured at Amortized Costs:**

Investments in the State Treasurer's Local Government Investment Pool (LGIP), a qualified external investment pool, are valued at amortized cost, which approximates fair value. The LGIP is an unrated external investment pool. The LGIP portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the Governmental Accounting Standards Board in Statement No. 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized costs. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. Participants in the LGIP are offered 100 percent liquidity on a daily basis, provided notification is made within specified times. Each month, earnings from the LGIP are deposited to the City's bank account.

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The State Investment Pool was authorized by State statute Chapter 294, Laws of 1986, and is managed and operated by the State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

(2) It is the City's practice to invest temporary cash surpluses. The interest on these investments is prorated to the various funds.

(3) Investments Measured at Fair Value:

The City measures and reports investments other than the LGIP at fair value.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy: (1) sets maximum maturities for the various allowable investment types (generally none exceed five years); (2) directs structuring the investment portfolio so that securities mature to meet cash requirements, when known, for ongoing operations, thereby avoiding need to sell securities on the open market prior to maturity; and (3) requires investing liquidity funds primarily in short-term instruments (i.e. investments maturing in less than one year). As of December 31, 2021, the weighted average maturity for the portfolio was 931 days. Participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days. As of December 31, 2021, the LGIP had a weighted average maturity of 34 days.

As of December 31, 2021, the City held the following investments:

Investment Type	Book Value	Fair Market Value	Fair Value Investment Maturities			
			<1 Year	1-2 Years	3-5 Years	% of Portfolio
U.S. Treasury	\$122,987,427	\$122,396,045	\$17,059,794	\$42,275,940	\$63,060,311	60.32%
Federal Agency	28,238,860	27,990,419	-	10,523,715	17,466,704	13.79%
Corporate Notes	35,909,456	35,996,958	790,876	6,743,465	28,462,617	17.74%
Supranationals	12,212,722	12,068,884	-	4,792,225	7,276,659	5.95%
Municipal Obligations	4,399,819	4,457,497	-	-	4,457,497	2.20%
Total Investments	203,748,284	202,909,803	17,850,670	64,335,345	120,723,788	100.0%
Less restricted investments		157,568				
Less: investments held by						
Fiduciary Funds		2,484,535				
Component unit		21,228				
Statement of net position		\$ 200,246,472				

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. State statute, as well as City policy, set requirements for the minimum credit ratings from a nationally recognized rating agency for the various types of investments. City policy further set guidelines for the maximum portfolio allocation by investment type and issuer. The credit risk of the LGIP is limited as most

investments are either obligations of the US government, government sponsored enterprises, or insured demand accounts and certificates of deposit. The credit ratings of the City's investments are as follows:

Investment Type	Ratings		% of Investments
	Moody's	S&P	
U.S. Treasury			Total 60.32%
United States Treasury	Aaa	AA+	60.32%
Federal Agency			Total 13.79%
Fannie Mae	Aaa	AA+	7.89%
Federal Home Loan Banks	Aaa	AA+	1.28%
Freddie Mac	Aaa	AA+	4.62%
Corporate Note			Total 17.74%
Abbott Laboratories	A1	AA-	0.54%
Adobe Inc	A2	A+	0.06%
American Honda Finance	A3	A-	0.92%
Apple Inc	Aaa	AA+	0.53%
Bank of America CO	A2	A-	0.85%
Bank of Montreal	A2	A-	0.56%
Bank of Nova Scotia	A2	A-	0.86%
BMW Financial Services NA LLC	A2	A	0.55%
Caterpillar Inc	A2	A	0.64%
Charles Schwab	A2	A	0.20%
Commonwealth Bank of Australia	Aa3	AA-	0.72%
Deere & Company	A2	A	0.64%
IBM Corp	A3	A-	1.05%
Intel Corporation	A1	A+	0.39%
JP Morgan Chase & CO	A2	A-	1.01%
Mitsubishi UFJ Financial Group Inc	A1	A	0.48%
Nestle SA	Aa3	AA-	0.46%
Novartis AG	A1	AA-	0.62%
PNC Financial Services Group	A3	A-	0.48%
Royal Bank of Canada	A1	A	0.62%
Royal Dutch Shell PLC	Aa2	A+	0.70%
Sumitomo Mitsu Trust Holdings Inc	A1	A	0.85%
Investment Type	Ratings		% of Investments
	Moody's	S&P	
The Bank of New York Mellon Corporation	A1	A	0.76%
Toronto-Dominion Bank	A1	A	0.64%
Toyota Motor Corp	A1	A+	0.60%
Unilever Plc	A1	A+	0.34%
US Bancorp	A1	A+	0.95%
Westpac Banking Corp	Aa3	AA-	0.72%
Supranational			Total 5.95%
Asian Development Bank	Aaa	AAA	2.19%
Inter-American Development Bank	Aaa	AAA	2.86%
Intl Bank of Reconstruction and Dev	Aaa	AAA	0.90%
Municipal			Total 2.20%
City of New York	Aa2	AA	0.97%
Honolulu HI	Aa1	NR	0.55%
State of Maryland	Aaa	AAA	0.49%
State of Wisconsin	Aa1	AA+	0.19%

¹ U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk

Concentration of Credit Risk: According to the City's investment policy, with the exception of U.S. Treasuries, U.S. Agencies, and the LGIP, no more than 25% of the City's total investment portfolio will be invested in securities offered by a single issuer. In accordance with GASB Statement No. 40, the City will report any investment in any one issuer that is 5% or more of the total City portfolio. As of December 31, 2021, the City did not have any investments meeting that criterion.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counter party to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy requires that all security transactions entered into by the City are conducted on delivery-versus-payment (DVP) and that securities are to be held in safekeeping at the trust department of the City's primary bank. The custodian provides the City with monthly market values along with safekeeping receipts. Per GASB Statement No. 40 guidelines, the LGIP balances are not subject to custodial credit risk.

(4) Fair value hierarchy:

The City measures and records its investments within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

The guidelines in GASB Statement 72 recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.
- Level 2: These are inputs other than quoted prices included in Level 1 that are observable for the asset or liability (such as interest rates, yield curves, volatilities, credit spreads). Inputs are derived from or corroborated by observable market data through correlation including quoted prices for similar assets or liabilities in active markets or inactive markets.
- Level 3: Unobservable inputs for an asset or liability. Only should be used when relevant Level 1 and Level 2 inputs are unavailable.

Fair Value Measurements Using				
	Amount	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities:				
U.S. Treasury	\$122,396,045	\$ 122,396,045	\$ -	\$ -
Federal Agency	27,990,419	-	27,990,419	-
Corporate Notes	35,996,958	-	35,996,958	-
Supranationals	12,068,884	-	12,068,884	-
Municipal Obligations	4,457,497	-	4,457,497	-
Sub-totals	\$202,909,803	\$ 122,396,045	\$80,513,758	\$ -
Investments measured at amortized cost				
State LGIP (cash equivalents)	\$ 80,006,165	\$ 80,006,165	-	-
Total investments (incl LGIP)	\$282,915,968	\$ 202,402,210	\$80,513,758	\$ -

5. RECEIVABLES

The following table lists the receivables and accrued revenue by fund type and by source:

	Taxes	Accounts	Allowances for Uncollectibles	Assessments & Notes	Accrued Interest	Total
Governmental Activities:						
General Fund	\$12,583,965	\$ 639,172	\$ (13,807)	\$ -	\$581,773	\$ 13,791,103
Capital Resources Fund	2,003,096	429	-	-	-	2,003,525
Special Assessments Fund	-	-	-	3,222,890	-	3,222,890
Street Capital Projects Fund	-	1,242,854	(38)	-	-	1,242,816
Other Governmental Funds	3,401,127	2,033,586	(4,118)	-	-	5,430,595
Internal Service Funds	-	372,040	(1080)	-	-	370,960
Subtotal	\$17,988,188	\$ 4,288,081	\$ (19,043)	\$ 3,222,890	\$581,773	\$ 26,061,889
Business-Type Activities:						
Water Fund	\$ -	\$ 2,443,184	\$ (4,748)	\$ -	\$ -	\$ 2,438,436
Sewerage Fund	-	4,167,986	(1,463)	-	-	4,166,523
Drainage Fund	-	3,552,090	(18,745)	-	-	3,533,345
Solid Waste Fund	-	82,415	(69)	-	-	82,346
Golf Complex Fund	-	4,641	-	-	-	4,641
Subtotal	\$ -	\$ 10,250,316	\$ (25,025)	\$ -	\$ -	\$ 10,225,291
Total Primary Government	\$17,988,188	\$ 14,538,397	\$ (44,068)	\$ 3,222,890	\$581,773	\$ 36,287,180
Component Unit:						
Special Events Center PFD	\$ 236,205	\$ -	\$ -	\$ -	\$ -	\$ 236,205
Total Component Unit	\$ 236,205	\$ -	\$ -	\$ -	\$ -	\$ 236,205

The City of Kent uses the modified accrual basis of accounting for its Governmental Funds and the full accrual basis of accounting for its Proprietary and Pension Trust Funds as described in Note 1.c. In adopting this basis of accounting, the City recognizes revenue by recording various receivables and accrued revenue in its financial statements. The revenue recognition criterion by source is as follows:

a. TAXES RECEIVABLE

Taxes receivable consists of property taxes, sales taxes, and City assessed business and occupation, utility, lodging, real-estate excise taxes, and gambling taxes.

Property taxes are levied as of January 1 of each year. The taxes receivable at year end reflect only delinquent taxes. Revenue is recognized to the extent of collections within sixty days of year end. Taxes to be received beyond this period are recorded as deferred inflows. See Note 12 for additional details on property taxes.

Sales tax and lodging tax are collected by the state and remitted to the City on the last day of each month. Sales tax revenue is accrued at year end per GASB Statement No. 33, "Accounting and financial Reporting for Non-Exchange Transactions."

City assessed utility taxes are primarily due monthly and business and occupation taxes, gambling taxes and admissions taxes are generally due quarterly. The payment is generally due on the last day of the following month. Revenue is recognized to the extent of collections within sixty days of year end.

b. **ACCOUNTS RECEIVABLE**

In the General Fund, accounts receivable represent billing for miscellaneous licenses, permits, fines, and damages. In the Special Revenue and Capital Project Funds, accounts receivable generally represent billings for reimbursement for grants for which the services have been provided. Enterprise Funds accounts receivable are primarily for utility amounts billed but uncollected at year end plus accruals for revenues earned but unbilled at year end. Accounts receivable are shown at net. See table above for allowance for estimated uncollectible amounts by fund type.

c. **ASSESSMENTS AND NOTES RECEIVABLE**

The Special Assessments Fund accounts for assessments receivable used for redeeming special assessment bonds. The City has assessments and miscellaneous notes receivable in its Proprietary Funds for development charges and notes in lieu of assessments.

Under the Contingent Loan Agreement (see Note 17 - Contingencies) between the City and the Kent Public Facilities District, a discretely presented component unit of the City, the City has to date made \$36,682,236 in debt payments on behalf of the District. On December 31, 2021 the City recorded a note receivable of \$38,983,420 (including interest) from the District on the governmental activities of the government-wide Statement of Net Position. Additionally, in 2016, the City refunded the 2008 PFD Sales Tax Bonds with City General Obligation Bonds while creating an interlocal note receivable from the PFD for the debt service on the new bonds (see Note 16 for additional information). At December 31, 2021, this note is \$47,000,000. Since the City believes the likelihood of the District being able to repay these notes is remote, the City has also recorded an allowance for doubtful accounts for the entire balance of these notes.

6. **INTERFUND BALANCES AND TRANSFERS****INTERFUND BALANCES**

The following interfund balances are shown in the fund statements as of December 31, 2021:

	Interfund Loan Receivable	Interfund Loan Payable
Governmental Activities:		
Governmental Funds:		
Street Capital Projects Fund	\$ -	\$ 2,423,118
Internal Service Funds:		
Insurance Fund	51,099	-
Business-type Activities:		
Proprietary Funds:		
Enterprise Funds:		
Drainage Utility Fund	2,372,019	-
Totals	\$ 2,423,118	\$ 2,423,118

The net internal balances shown on the Statement of Net Position is due from governmental activities to business-type activities.

During fiscal year 2015, the City established interfund loans to the Street Capital Project Fund totaling \$1,800,000 (\$1,000,000 from the Drainage Utility Fund and \$800,000 from the Insurance Fund) to fund a street lighting conversion project. These loans are to be paid back over a period not to exceed nine years beginning in fiscal year 2016 and currently accrue 1.2% interest. At December 31, 2021,

the outstanding loans balances are \$63,872 to Drainage and \$51,099 to Insurance for a total of \$114,971.

During fiscal year 2016, the City established an interfund loan to the Street Capital Projects Fund for \$1,000,000 from the Drainage Utility Fund to fund a street improvement project. This loan is to be repaid over a period not to exceed nine years, beginning in 2016 and currently accrues 1.25% interest. At December 31, 2021, \$347,198 remains outstanding on this loan.

During fiscal year 2018, the City established an interfund loan to the Street Capital Projects Fund for \$3,200,000 from the Drainage Utility Fund to fund a LID 363 street improvement project. This loan is to be repaid over a period not to exceed ten years, beginning in 2018 and currently accrues 1.68% interest. At December 31, 2021, \$1,960,949 remains outstanding on this loan.

TRANSFERS

A summary of transfers by fund type is as follows:

	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
<u>Major Funds:</u>		
General Fund	\$ 1,617,364	\$ 20,469,434
Capital Resources Fund	2,828,163	17,563,089
Special Assessment Fund	-	852,363
Street Capital Projects Fund	11,802,519	-
Subtotal	\$ 16,248,046	\$ 38,884,886
<u>Non-major Funds:</u>		
Street	\$ 6,957,542	\$ 8,015,779
Youth/Teen Programs	-	814,254
Criminal Justice	705,000	403,110
	Transfers In	Transfers Out
Housing & Community Development	-	100,000
Non-voted Debt	6,515,271	-
Parks Capital Projects	6,245,090	50,000
Other Capital Projects	-	1,673
Technology Capital Projects	4,756,750	-
Facilities Capital Projects	696,960	-
Subtotal	\$ 25,876,613	\$ 9,384,816
Total Governmental	\$ 42,124,659	\$ 48,269,702
<u>Proprietary Funds:</u>		
<u>Major Funds:</u>		
Water Utility	\$ 220,966	\$ 218,832
Sewerage Utility	-	254,707
Drainage Utility	77,813	312,954
Golf Complex	456,537	-
Subtotal	\$ 755,316	\$ 786,493
<u>Internal Service Funds:</u>		
Equipment Rental	\$ 216,185	\$ 84,941
Central Services	1,692,409	351,271
Facilities Fund	524,998	221,160
Insurance	4,400,000	-
Subtotal	\$ 6,833,592	\$ 657,372
Total Proprietary	\$ 7,588,908	\$ 1,443,865
Total Transfers	\$ 49,713,567	\$ 49,713,567

The interfund transfers generally fall into one of the following categories: 1) debt service payments from a debt service fund but funded from an operating fund; 2) budgeted subsidy transfers; 3) capital projects constructed in a capital projects fund but receiving funding from an operating fund; 4) payment of interfund loans; or 5) capital assets purchased or constructed in one fund but capitalized in another. During fiscal year 2021 a transfer from the General Fund of \$4,400,000 was made to subsidize the Insurance Fund as we have seen the cost of insurance rise along with increases in our liability due to industry and organizational experience. For further detail on interfund transfers, refer to the Schedule of Interfund Transfers on [pages 178-180](#).

7. CAPITAL ASSETS AND DEPRECIATION

a. GOVERNMENTAL ACTIVITIES CAPITAL ASSETS

Below is a summary of 2021 changes in governmental capital assets:

	Balance January 1	Additions	Transfers & Retirements	Balance December 31
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 230,915,656	\$ 927,488	\$ -	\$ 231,843,144
Construction in Progress	75,341,653	17,676,382	(86,088,766)	6,929,269
Total non-depreciable assets	306,257,309	18,603,870	(86,088,766)	238,772,413
Capital Assets being depreciated:				
Buildings	132,166,577	1,075,918	-	133,242,495
Site Improvements	77,783,034	3,895,351	-	81,678,385
Equipment	76,263,912	3,306,064	(907,888)	78,662,088
Infrastructure	666,561,909	80,833,784	-	747,395,693
Total depreciable assets, gross	952,775,432	89,111,117	(907,888)	1,040,978,661
Less Accumulated Depreciation for:				
Buildings	(48,618,964)	(3,262,950)	-	(51,881,914)
Site Improvements	(35,567,132)	(3,049,874)	-	(38,617,006)
Equipment	(56,139,539)	(3,392,380)	721,396	(58,810,523)
Infrastructure	(329,623,608)	(13,332,941)	-	(342,956,549)
Total Accumulated Depreciation	(469,949,243)	(23,038,145)	721,396	(492,265,992)
Total depreciable assets, net	482,826,189	66,072,972	(186,492)	548,712,669
Governmental Activities Capital Assets, net	\$ 789,083,498	\$ 84,676,842	\$(86,275,258)	\$ 787,485,082

b. BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS

A summary of Business-type Property, Plant, and Equipment at December 31, 2021 follows:

	Balance January 1	Additions	Transfers & Retirements	Balance December 31
Business-type Activities:				
Capital Assets not being depreciated:				
Land	\$ 22,440,485	\$ 20,455	\$ -	\$ 22,460,940
Construction in Progress	39,638,691	15,915,891	(32,364,918)	23,189,664
Total non-depreciable assets	62,079,176	15,936,346	(32,364,918)	45,650,604

	Balance January 1	Additions	Transfers & Retirements	Balance December 31
Capital Assets being depreciated:				
Buildings	5,373,491	5,942,959	-	11,316,450
Site Improvements	466,045,691	27,011,783	-	493,057,474
Equipment	8,171,710	1,536,100	(443,777)	9,264,033
Total depreciable assets, gross	479,590,892	34,490,842	(443,777)	513,637,957
Less Accumulated Depreciation for:				
Buildings	(1,203,826)	(127,244)	-	(1,331,070)
Site Improvements	(160,549,483)	(11,034,390)	-	(171,583,873)
Equipment	(4,912,099)	(450,409)	443,777	(4,918,731)
Total Accumulated Depreciation	(166,665,408)	(11,612,043)	443,777	(177,833,674)
Total depreciable assets, net	312,925,484	22,878,799	-	335,804,283
Business-type Activities Capital Assets, net	\$ 375,004,660	\$ 38,815,145	\$ (32,364,918)	\$ 381,454,887

c. **DEPRECIATION EXPENSE BY FUNCTION/PROGRAM**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 1,235,563
Judicial	49,576
Public Safety	1,180,204
Community Development	16,436
Public Works	13,651,619
Leisure Services	6,872,330
Health and Human Services	32,417
Total Depreciation Expense – Governmental Activities	\$ 23,038,145
Business-type Activities:	
Water	\$ 4,401,927
Sewerage	2,455,445
Drainage	4,600,923
Golf Complex	153,748
Total Depreciation Expense – Business-type Activities	\$ 11,612,043

8. LEASES

The City leases storage space and equipment under non-cancelable operating leases. Operating leases do not give rise to property rights or lease obligations (long-term debt), and therefore the results of the lease agreements are not reflected in the City's Statement of Net Position.

Operating Leases

The City leases space from Shirley Perkins for storage space on Smith Street. The current lease commenced on September 1, 2019 and continues for a period of five years and may be extended an additional five years. The City pays \$5,250 per month for the first two years and \$5,408 per month for the remaining three years of the lease. Additionally, the City reimburses Shirley Perkins for all property taxes applicable to the property during the lease term. The City paid \$75,438 in 2021 for this lease.

The City negotiated a new four-year lease with Pacific Golf and Turf in April 2021. Under the new agreement,

the City will be leasing 76 golf carts with payments of \$8,000 per month beginning in April 2021. The City paid \$72,000 under this lease in 2021.

In January 2018, the City signed a lease with MailFinance, Inc to provide a postage meter machine. The lease will continue for a period of five years. Lease payments are made quarterly in the amount of \$2,320 (includes tax). The City paid \$9,280 under this lease in 2021.

The following is a schedule of future minimum lease payments under the operating leases:

<u>Fiscal Year</u>	<u>Amount</u>
2022	170,162
2023	160,890
2024	139,260
2025	24,000

Capital Finance Agreements

In September 2018, the City entered into a lease agreement with TCF Equipment Financing for financing the acquisition of multiple pieces of grounds keeping equipment valued at \$639,447 for the golf course. In 2021, TCF was acquired by Huntington National Bank. The equipment has a 10 year estimated useful live and began depreciation in 2019. The lease provides for 48 monthly payments with an interest rate of 5.05%.

In December 2018, the City entered into a lease agreement with Caterpillar Financial Services Corporation for financing the acquisition of a Caterpillar Hydraulic Excavator valued at \$172,808 for the Public Works Department. The equipment has a 10 year estimated useful live and began depreciation in 2019. The lease provides for 60 monthly payments with an interest rate of 4.70%

These lease agreements qualify as capital leases and have been recorded at the present value of their future minimum lease payments as of the inception date.

Capital lease payments for the year ended December 31, 2021 were \$217,040. The capital lease debt outstanding at December 31, 2021 is \$186,060 (Note 9). The future minimum lease obligations under the capital leases as of December 31, 2021 are as follows:

Year-Ending December 31	Governmental Activities	Business-Type Activities
2022	\$ 42,133	\$ 117,423
2023	38,208	-
Total Minimum Lease Payments	\$ 80,341	\$ 117,423
Less: Interest	\$ 3,359	\$ 2,191
Less: Insurance	\$ 6,154	-
Present Value of Minimum Lease payments	\$ 70,827	\$ 115,232

9. LONG-TERM OBLIGATIONS

The City of Kent has the following types of long-term obligations: (a) bonded debt (net of unamortized premiums/discounts), (b) non-bonded debt consisting of installment loans and contracts and capital leases,

and (c) other non-current liabilities including compensated absences, OPEB liability and net pension liability. Long-term liabilities other than debt are expected to be liquidated by the operating funds that incur the liability as they come due.

a. **BONDED DEBT**

Bonded debt has three types: General Obligation Bonds, Special Assessment Bonds with Governmental Commitment, and Revenue Bonds. Each type is discussed below.

(1) **General Obligation Bonds**

The City issues General Obligation Bonds to provide funds for the acquisition or construction of major capital facilities, or for refunding of bonds previously issued for those purposes. General Obligation Bonds are direct obligations of the City for which its full faith and credit is pledged. Although they are primarily issued for governmental activities, they have also been issued for business-type activities. Debt service for governmental activities bonds is paid from the General Obligation Debt Service voted or non-voted funds while debt service for business-type activities bonds is paid from the appropriate proprietary fund.

Debt service for governmental activities Limited Tax General Obligation (LTGO) Councilmanic (non-voted) bond issues is funded by transfers from operating funds into the Non-Voted General Obligation Debt Service Fund. Debt service for Unlimited Tax General Obligation Bonds (UTGO) (voted) bond issues is funded with special property tax levies. Currently, the City does not have any outstanding voted UTGO debt.

Total additional general obligation capacity for all purposes at December 31, 2021 is \$1,769,258,417. For further detail on debt margin, refer to Schedule 17 in the Statistical Section of this report. The general obligation bonds have various interest rates between 2.0 percent and 5.5 percent with maturity dates to 2037. The City's general obligation bonds carry a Moody's "Aa3" rating as of November 22, 2019 and Standard and Poor's "AA+" rating as of April 21, 2016.

(2) **Special Assessment Bonds with Governmental Commitment**

Special Assessment Bonds are issued to finance construction of local improvement district (LID) projects. The bonds are paid through the collection of assessments levied against the benefited properties located within the boundaries of the LID. Special Assessment Bonds are not a general obligation of the City and neither the full faith and credit nor the taxing authority of the City is pledged to the payment of the bonds. Although the bonds are secured by liens against assessed properties, the City is required under state law to establish a guaranty fund to provide a means of paying LID bond debt services in the event there are insufficient resources in the LID debt service fund. In accordance with GASB Statement No. 6, special assessment debt is reported in the government's financial statements because the government is contingently liable for the debt. The City is responsible for collection of the assessments levied and for disbursement of these amounts for the retirement of the respective bonds. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other foreclosure proceeds are received. The reserve account is funded as a cost of establishing a LID, as well as interest income earned on assessment prepayments.

(3) **Revenue Bonds**

Revenue Bonds, payable from pledged revenues generated by the respective Proprietary Funds, are issued for the construction, acquisition, and equipping of water and sewer facilities and related systems and infrastructure. Refer to Schedule 18 in the Statistical Section of this document for further information about pledged revenue coverage. The Water and Sewerage Funds'

outstanding Combined Utility System Revenue Bonds, Series 2017 Refunding Bonds at December 31, 2021, totaled \$12,610,060 including unamortized premium, split equally between each fund. The interest rates of the revenue bonds range from 5.0 percent to 6.12 percent with maturity dates to 2029. The bonds have been assigned a rating of AA by Standard & Poor's Ratings Services as of December 6, 2017.

b. **NON-BONDED DEBT**

Other long-term debt includes contracts, capital leases (see Note 8) and notes payable.

(1) **Installment Loans and Contracts**

The City has various installment loans issued by the State of Washington Department of Commerce Public Works Trust Fund to finance designated capital construction projects. These loans are direct obligations of the City for which the full faith and credit of the City is pledged. They are being repaid by the streets fund or proprietary funds depending on the projects funded with the proceeds. The loans are for twenty years and have an interest rate of 0.5 percent.

Through interlocal agreement, the City is responsible for a percentage of certain revenue bonds issued by the City of Tacoma to fund the construction of certain regional water supply projects of which the City is a participant and user of the system. The City is responsible for approximately 24 percent of the 2010 bonds and approximately 23 percent of the 2013 bonds (refunding of 2002 bonds). Interest rates on the bonds range from 2.0 to 5.62 percent.

c. **OTHER NON-CURRENT LIABILITIES**

Includes items like compensated absences (Note 13a), claims and judgments (Note 14), contingent loan guarantee obligation (Note 17), and other post-employment benefits (OPEB) obligation and net pension liability (Note 13), if applicable. These liabilities are typically liquidated by the general fund or other operating funds giving rise to the liability.

d. **ARBITRAGE**

Under U.S. Treasury Department regulations, all tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. In general, the requirements stipulate that the earnings from investments of tax-exempt bond proceeds that exceed interest expenditures on the related debt, must be remitted to the Federal government on every fifth anniversary of each bond issue. At the fund level, the City recognizes this liability only when it is due and payable. The City has evaluated each general obligation bond and revenue bond issue subject to the arbitrage rebate requirement and, as of December 31, 2021, has no outstanding arbitrage liability.

e. **ADVANCE AND CURRENT REFUNDINGS**

As of December 31, 2021, all bonds previously defeased in advanced refundings by placing funds with an escrow agent in an irrevocable trust, have been called.

f. **DEBT SCHEDULES**

The following tables are a summary of long-term debt transactions of the City for the year ended December 31, 2021:

City of Kent

Notes to the Financial Statements December 31, 2021

LONG-TERM DEBT - GOVERNMENTAL ACTIVITIES

	Issuance Date	Maturity Date	Interest Rate	Original Amount	Redemption to Date	Outstanding 12/31/21	Due Within One Year
BONDED DEBT:							
GENERAL OBLIGATION BONDS							
<u>LTGO Councilmanic Bonds:</u>							
Refund various purposes	2012	2022	2.0-4.5%	\$ 9,330,000	\$ 8,510,000	\$ 820,000	\$ 820,000
Plus: Unamortized premium				540,320	491,196	49,124	-
Refund 2004 various purposes	2014	2021	2.0-4.0%	8,671,070	8,671,070	-	-
Plus: Unamortized premium				547,704	547,704	-	-
Refund 2006 land-taxable	2015	2021	0.6-2.85%	4,380,000	4,380,000	-	-
Refund 2006 park improve	2015	2024	3.0%	4,240,000	825,000	3,415,000	1,160,000
Plus: Unamortized premium				261,619	178,375	83,244	-
Refund 2008 various purposes	2016	2025	2.0/5.5%	15,470,000	3,890,000	11,580,000	2,670,000
Plus: Unamortized premium				2,950,117	757,619	2,192,498	-
Refund 2008 PFD sales tax	2016	2037	2.0/5.5%	49,105,000	2,105,000	47,000,000	235,000
Plus: Unamortized premium				9,364,284	2,404,836	6,959,448	-
<u>LTGO Councilmanic Bonds – direct borrowing:</u>							
Refund various purposes	2005	2020	4.05%	2,252,000	2,252,000	-	-
Total General Obligation – LTGO (Net)				107,112,114	35,012,800	72,099,314	4,885,000
OTHER LONG-TERM DEBT:							
Direct borrowings:							
Public Works Trust Fund Loans:							
Street improvements	2003	2023	0.5%	1,000,000	893,275	106,725	53,363
Street improvements	2004	2024	0.5%	8,500,000	7,136,765	1,363,235	454,412
Street improvements	2008	2028	0.5%	5,000,000	3,123,355	1,876,645	268,092
Capital lease	2018	2023	4.7%	172,808	101,981	70,827	36,370
SMG capital loan	2021	2024	0.0%	920,000	-	920,000	61,333
Total other governmental debt				15,592,808	11,255,376	4,337,432	873,570
TOTAL GOVERNMENTAL ACTIVITIES (Net)				\$ 122,704,922	\$ 46,268,176	\$ 76,436,746	\$ 5,758,570

LONG-TERM DEBT – BUSINESS TYPE ACTIVITIES

	Issuance Date	Maturity Date	Interest Rate	Original Amount	Redemption to Date	Outstanding 12/31/21	Due Within One Year
BONDED DEBT:							
GENERAL OBLIGATION BONDS:							
<u>LTGO Councilmanic Bonds:</u>							
Sewerage Fund:							
Drainage – 04 Refunding	2014	2021	2.0-4.0%	\$ 3,558,930	\$ 3,558,930	\$ -	\$ -
Plus: Unamortized Premium				224,798	224,798	-	-
Total General Obligation LTGO (Net)				3,783,728	3,783,728	-	-
REVENUE BONDS:							
Water Fund:							
Revenue Refunding Bonds	2017	2029	5.0%	6,590,000	1,085,000	5,505,000	582,500
Plus: Unamortized Premium				1,205,019	404,989	800,030	-
Subtotal (Net)				7,795,019	1,489,989	6,305,030	582,500
Drainage Fund:							
Revenue Refunding Bonds	2017	2029	5.0%	6,590,000	1,085,000	5,505,000	582,500
Plus: Unamortized Premium				1,205,019	404,989	800,030	-
Subtotal (Net)				7,795,019	1,489,989	6,305,030	582,500
Total Revenue Bonds (Net)				15,590,038	2,979,978	12,610,060	1,165,000
Total Bonded Debt				19,373,766	6,763,706	12,610,060	1,165,000
OTHER LONG-TERM DEBT:							
Water Fund:							
Contract-Tacoma Pipeline	2010	2040	2.0-5.62%	11,400,000	2,565,000	8,835,000	330,000
Contract-Regional Water	2013	2032	4.0-5.0%	14,790,000	2,075,000	12,715,000	400,000
Public Works Trust Fund Loans—direct borrowings:							
Water system improvements	2001	2021	0.5%	10,000,000	10,000,000	-	-
Water system improvements	2002	2022	0.5%	10,000,000	9,468,750	531,250	531,250
Subtotal – Water Fund				46,190,000	24,108,750	22,081,250	1,261,250
Drainage Fund:							
Public Works Trust Fund Loans-direct borrowings:75,000							
Drainage improvements	2004	2024	0.5%	1,500,000	1,275,000	225,000	75,000
Subtotal – Sewerage Fund				1,500,000	1,275,000	225,000	75,000

City of Kent

Notes to the Financial Statements December 31, 2021

	Issuance Date	Maturity Date	Interest Rate	Original Amount	Redemption to Date	Outstanding 12/31/21	Due Within One Year
Golf Complex Fund:							
Capital lease-direct borrowings	2018	2022	5.05%	639,447	524,215	115,232	115,232
Subtotal – Golf Complex Fund				639,447	524,215	115,232	115,232
Total other business type debt				48,329,447	25,907,965	22,421,482	1,451,482
TOTAL BUSINESS TYPE ACTIVITIES (Net)				\$ 67,703,213	\$ 32,671,671	\$ 35,031,542	\$ 2,616,482

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Governmental Activities				Business-type Activities				Totals	
	Direct borrowings				Direct borrowings					
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 4,885,000	\$ 2,847,000	\$ -	\$ -	\$ -	\$ -	\$ 4,885,000	\$ 2,847,000	\$ 4,885,000	\$ 2,847,000
2023	4,805,000	2,630,050	-	-	-	-	4,805,000	2,630,050	4,805,000	2,630,050
2024	4,665,000	2,416,600	-	-	-	-	4,665,000	2,416,600	4,665,000	2,416,600
2025	5,225,000	2,201,650	-	-	-	-	5,225,000	2,201,650	5,225,000	2,201,650
2026	2,985,000	1,940,400	-	-	-	-	2,985,000	1,940,400	2,985,000	1,940,400
2027-2031	19,425,000	7,289,750	-	-	-	-	19,425,000	7,289,750	19,425,000	7,289,750
2032-2036	17,220,000	2,654,000	-	-	-	-	17,220,000	2,654,000	17,220,000	2,654,000
2037-2041	3,605,000	108,150	-	-	-	-	3,605,000	108,150	3,605,000	108,150
Totals	\$62,815,000	\$22,087,600	\$ -	\$ -	\$ -	\$ -	\$62,815,000	\$22,087,600	\$62,815,000	\$22,087,600

Revenue bond debt service requirements to maturity are as follows:

Year	Water Revenue Bonds		Drainage Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2022	\$ 582,500	275,250	582,500	275,250	1,715,500
2023	610,000	246,125	610,000	246,125	1,712,250
2024	640,000	215,625	640,000	215,625	1,711,250
2025	665,000	183,625	665,000	183,625	1,697,250
2026	697,500	150,375	697,500	150,375	1,695,750
2027-2030	2,310,000	234,750	2,310,000	234,750	5,089,500
Total	\$ 5,505,000	\$ 1,305,750	\$ 5,505,000	\$ 1,305,750	\$ 13,621,500

The annual debt service requirements to maturity for non-bonded debt are as follows:

Year	Governmental Activities				Business-type Activities				Totals	
	Direct borrowings				Direct borrowings					
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 873,570	\$ 19,752	\$ 730,000	\$ 913,469	\$ 721,482	\$ 6,039	\$ 2,325,052	\$ 939,260	\$ 2,325,052	\$ 939,260
2023	871,657	13,883	765,000	880,269	75,000	794	1,711,657	894,946	1,711,657	894,946
2024	783,837	8,952	1,445,000	845,469	75,000	397	2,303,837	854,818	2,303,837	854,818
2025	329,425	5,362	1,520,000	776,769	-	-	1,849,425	782,131	1,849,425	782,131
2026	329,425	4,021	1,585,000	706,351	-	-	1,914,425	710,372	1,914,425	710,372
2027-2031	842,850	4,021	9,110,000	2,371,367	-	-	9,952,850	2,375,388	9,952,850	2,375,388
2032-2036	306,665	-	4,010,000	779,318	-	-	4,316,665	779,318	4,316,665	779,318
2037-2041	-	-	2,385,000	221,777	-	-	2,385,000	221,777	2,385,000	221,777
Totals	\$ 4,337,432	\$ 55,991	\$21,550,000	\$ 7,494,789	\$ 871,482	\$ 7,230	\$ 26,758,911	\$ 7,558,010	\$ 26,758,911	\$ 7,558,010

DISCRETELY PRESENTED COMPONENT UNIT – SPECIAL EVENTS CENTER PFD:

The following is a summary of non-bonded debt issuance and redemption information as of December 31, 2021:

	Issuance Date	Maturity Date	Interest Rate	Original Amount	Redemption to Date	Outstanding 12/31/21	Due Within One Year
OTHER NON-BONDED DEBT:							
Note payable	2008	2020	0.19-1.2%	38,983,420	-	38,983,420	-
Note payable	2016	2037		49,105,000	2,105,000	47,000,000	235,000
Total non-bonded debt				88,088,420	2,105,000	85,983,420	235,000

The following is a summary of changes in non-current liabilities reported in the government-wide financial statements for the year ended December 31, 2021

	Beginning Balances	Additions	Reductions	Ending Balances	Amount Due Within One Year	Amount Due In More Than One Year
GOVERNMENTAL ACTIVITIES:						
Bonds payable:						
General obligation bonds	\$ 67,291,620	\$ -	\$ 4,476,620	\$ 62,815,000	\$ 4,885,000	\$ 57,930,000
Premiums	10,006,915	-	722,601	9,284,314	-	9,284,314
Total bonds payable (net)	77,298,535	-	5,199,221	72,099,314	4,885,000	67,214,314
Non-bonded long-term liabilities:						
Installment loans & contracts-direct borrowings	4,648,003	-	310,571	4,337,432	873,570	3,463,862
Net Pension Liability	14,248,326	3,912,483	14,248,326	3,912,483	-	3,912,483
Post-Employment Health Care Liability	25,108,554	24,532,979	25,108,554	24,532,979	-	24,532,979
Compensated Absences:						
General government	5,326,139	7,874,753	7,701,864	5,499,028	2,670,126	2,828,902
Internal service funds	643,554	1,125,231	1,170,239	598,546	336,137	262,409
Total compensated absences	5,969,693	8,999,984	8,872,103	6,097,574	3,006,263	3,091,311
Total non-bonded long-term liabilities	49,974,576	37,445,446	48,539,554	38,880,468	3,879,833	35,000,635
Total	\$ 127,273,111	\$ 37,445,446	\$ 53,738,775	\$ 110,979,782	\$ 8,764,833	\$ 102,214,949
BUSINESS TYPE ACTIVITIES:						
Bonds payable:						
General obligation bonds	\$ 343,380	\$ -	\$ 343,380	\$ -	\$ -	\$ -
Premiums	26,878	-	26,878	-	-	-
Net general obligation bonds	370,258	-	370,258	-	-	-
Revenue bonds	12,120,000	-	1,110,000	11,010,000	1,165,000	9,845,000
Premiums	1,802,002	-	201,942	1,600,060	-	1,600,060
Net revenue bonds	13,922,002	-	1,311,942	12,610,060	1,165,000	11,445,060
Total bonds payable (net)	14,292,260	-	1,682,200	12,610,060	1,165,000	11,445,060
Non-bonded long-term liabilities:						
Installment loans & contracts	22,245,000	-	695,000	21,550,000	730,000	20,820,000
Installment loans & contracts-direct borrowings	2,171,263	-	1,299,781	871,482	721,482	150,000
Net Pension Liability	3,450,699	822,230	3,450,699	822,230	-	822,230
Compensated absences	846,653	1,916,660	1,853,579	909,734	556,939	352,795
Total non-bonded long-term liabilities	28,713,615	2,738,890	7,299,059	24,153,446	2,008,421	22,145,025
Total	\$ 43,005,875	\$ 2,738,890	\$ 8,981,259	\$ 36,763,506	\$ 3,173,421	\$ 33,590,085
SPECIAL EVENTS CENTER PFD:						
Non-bonded long-term liabilities:						
Interlocal financing agreement	47,150,000	-	150,000	47,000,000	235,000	46,765,000
Instalment loans & contracts	38,132,021	851,399	-	38,983,420	-	38,983,420
Total	\$85,282,021	\$ 851,399	\$ 150,000	\$85,983,420	\$ 235,000	\$ 85,748,420

10. FUND BALANCE

Fund balances presented in the governmental fund financial statements represent the difference between assets plus deferred outflows and liabilities plus deferred inflows reported within the governmental fund. Fund balance is classified into the following categories:

Nonspendable – includes amounts that cannot be spent because they are either (a) not in a spendable form (e.g. inventories, prepaid amounts or long-term portion of loans and notes receivable) or (b) legally or contractually required to be maintained intact (e.g. corpus of a permanent fund).

Restricted – amounts constrained for specific purposes imposed by (a) external parties or (b) imposed by law through constitutional provisions or enabling legislation. The restriction must be able to be legally enforced by a party external to the government.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. These commitments are generally created, or modified or rescinded, through the budget process and are adopted by Council through ordinance.

Assigned – includes a) all remaining amounts, except negative balances, that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and b) amounts in the general fund that are intended to be used for a specific purpose as determined by City Council, generally through the budget process. Some managerial funds that do not meet the requirements to be classified as other governmental fund types and are therefore combined into the general fund for financial reporting purposes have been created to segregate, within the general fund, those balances assigned, by Council through the budget process, for those specific purposes. Council has not designated the authority to another party to assign funds but does not specifically commit these funds through formal ordinance.

Unassigned – any remaining fund balance in the general fund not classified as nonspendable, restricted, committed or assigned. Negative fund balances, if any, in other governmental funds would also be displayed as unassigned. The City's financial policies require a target amount of 10 percent fund balance to remain in the general fund for cash flow purposes.

The City considers restricted amounts to have been spent first when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available. When expenditures of unrestricted fund balance are incurred, the City considers committed amounts spent first, then assigned amounts and lastly, unassigned amounts.

11. INFORMATION ON ENTERPRISE FUNDS

The City has five Enterprise Funds. Certain information pertaining to the Enterprise Funds is presented below:

a. WATER UTILITY

The Water Utility Fund collects all revenues for the City's water utility, pays the expenses of the utility, pays amounts as required by bond covenants for debt service and expends certain monies to fund improvements to the system. The water service fees include a flat monthly meter access fee and a water usage fee based on a customer's water consumption. For more detail on current rates, see Schedule 13 in the Statistical Section of this document.

b. SEWER UTILITY

The Sewer Utility Fund collects all revenues for the utility, pays the expenses of the utility, and expends certain monies to fund sewer system improvements.

The sewer operation is a collection system which pumps waste to METRO, a regional treatment agency under King County. All collection districts in King County contract with METRO for sewage treatment. For more detail on current rates, see Schedule 13 in the Statistical Section of this document.

c. DRAINAGE UTILITY

The drainage operation started in May 1985 and collects revenue to fund operating charges. The drainage fee for single family residences is a flat monthly fee while the rate for multi-family and commercial establishments varies based on the property size, percentage of impervious surface, and

the basin or basins in which the property is located. For more detail on current rates, see Schedule 13 in the Statistical Section of this document.

d. **GOLF COMPLEX**

The golf complex includes an 18-hole par 72 golf course, a driving range, a mini putt facility and a merchandise center. The fund recovers its costs through user fees.

e. **SOLID WASTE UTILITY**

The solid waste residential and commercial pickup services are contracted out by the City to a private hauler. The City runs recycling and cleanup programs. The utility recovers its costs through charges to the solid waste contractor and grants.

12. **PROPERTY TAXES**

The County Treasurer acts as an agent in collecting property taxes for all taxing authorities in the County. Taxes are levied annually on January 1, on property value listed as of the prior July 31. They become a lien on the first day of the levy year. Assessed values are established by the County Assessor at 100 percent of fair market value. A reevaluation of all property is required every year and a physical inspection required at least once every six years.

Tax bills are mailed in February and are due on April 30. They may be paid in two equal installments on April 30 and October 31. If not remitted by April 30, the whole amount becomes delinquent with penalties and delinquent interest assessed on that amount. The County Treasurer remits collections to the individual taxing districts daily by electronic funds transfer as amounts are received and allocated to taxing districts. The General Fund and Capital Resources Fund receivables at December 31, 2021 include \$488,977 for delinquent property taxes. No estimate of uncollectible taxes is made since state law allows for sale of property for failure to pay taxes.

The City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general government services. This amount is reduced for the following reasons:

- a. The Washington State Constitution limits the total statutory property tax levy to \$10.00 per \$1,000 of assessed valuation. This 1 percent value limit is subject to additional reduction of 10 percent on all regular taxing rates except for Port and Utility Districts, Conservation Futures, Emergency Medical Services and State levies. The effective levy limit is \$5.55 per \$1,000 assessed valuation as follows: \$1.80 for the County, \$3.60 for the City and \$.15 is a floating limitation where applicable. In addition, the City has given \$.50 to the County to fund the library and \$1.00 to the Puget Sound Regional Fire Authority.
- b. Washington State law in RCW 84.55.010 limits the growth of regular property tax revenue. If total city assessed valuation increases by more than the allowable rate, the levy rate is proportionally decreased.
- c. Referendum 47 passed in November 1997 limited the growth of the property tax levy to the lesser of 6% or inflation.
- d. Initiative 747 passed in November 2001 further limits property tax levy growth by the lesser of 1% or inflation. As a result of Initiative 747, Washington State law in RCW 84.55.0101 limits the growth of regular property tax revenue to 1%.
- e. The City may voluntarily levy taxes below the legal limit.

Special property tax levies approved by the voters are not subject to the above limitations.

For 2021, the City's regular tax levy was \$1.32347 per \$1,000 of assessed valuation based on the 2020 assessed valuation of \$24,427,648,579 for a total regular levy of \$32,173,205.

13. PERSONNEL BENEFITS

a. SICK, VACATION AND COMPENSATORY LEAVE

Eligible employees earn twelve days of sick leave and twelve to twenty-two days of vacation leave per year depending on the employee's length of service and union agreement. Law enforcement officers and firefighters hired on or before September 30, 1977 receive unlimited sick leave. Maximum sick leave accruable for other employees is 130 days. Compensatory leave is time off in lieu of pay but is due and owing to employees upon termination. Employees leaving the City of Kent are entitled to be paid for all unused vacation and compensatory leave. Upon termination, police officers hired prior to January 1, 2008, who retire or separate in good standing, will be compensated for the hours, up to 1,040 hours, remaining in their sick leave bank based on their tenure as commissioned officers with the Kent Police Department. The compensation is calculated, based on their tenure, at a percentage (between 20 and 80 percent) of the employee's hourly rate.

There are some sick leave benefits which are not paid to the employees upon termination, but instead are due in January following the year earned. Police officers hired before January 1, 2008 are eligible to receive compensation for accrued sick leave exceeding 1,040 hours at December 31. Police officers hired after January 1, 2008 are entitled to a sick leave incentive of up to 50 hours based on certain levels of sick leave accruals being maintained throughout the year. The City also pays all other eligible employees a sick leave incentive amount based on them maintaining certain levels of sick leave accruals throughout the year. The amount paid equates from 8 to 32 hours at base pay.

For the Governmental Activities on the Statement of Net Position, the current portion of compensated absences plus estimated benefits, including internal services, is estimated to be \$3,006,263 and the estimated long-term portion, including internal services, is \$3,091,311. The liabilities are typically liquidated by the general fund or streets fund, with exception to those related to internal services. In the Proprietary Funds, the current portion is that amount which is anticipated to be paid within the next fiscal period. The Proprietary Funds fully accrue compensated absences plus estimated benefits thereon, and separate current and long-term portions for balance sheet purposes only. For the Business-type Activities on the Statement of Net Position, as well as the Enterprise Funds on the Proprietary Fund statements, the estimated current amount is \$556,939 and the estimated long-term portion is \$352,795.

b. LIFE and AD&D INSURANCE

Life insurance and AD&D insurance were provided for full time employees through Cigna Corporation until July of 2021. Since July, they have been provided by New York Life Insurance. Full-time employees are covered immediately. All employees have paid life and AD&D insurance equal to their annual salary up to a maximum of \$150,000. Spouses and children are also covered by \$5,000 and \$2,000 respectively of life insurance. The City paid \$411,421 during 2021 for this coverage.

c. DEFERRED COMPENSATION

In 1984 the City established a deferred compensation program for its employees in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer

a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all revenue attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) deposited to a trust. The City has no claim to these assets and does not record the fair value of the assets of the deferred compensation program on its books. The City makes no contributions to the plan but allows its employees to contribute to the International City Managers Association (ICMA) plan.

d. **RETIREMENT**

The City's contributions to retirement programs in 2021 were:

To Federal Social Security System	\$ 5,172,561
To State administered employee retirement systems	<u>7,162,865</u>
Total	<u>\$ 12,335,426</u>

Retirement payments to City employees from all City funds in 2021 were:

From Firemen's Relief and Pension Fund	<u>\$ 375,148</u>
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The following table represents the aggregate pension amounts for all plans administered by the Washington Department of Retirement Systems that the City participates in that are subject to the requirements of GASB Statement No. 68- Accounting and Financial Reporting for Pensions for the year 2021, as well as the City's Firemen's Pension Fund.

Aggregate Pension Amounts – All Plans	
Pension assets	\$ 74,039,757
Deferred outflows of resources	8,118,794
Pension liabilities	(4,734,713)
Deferred inflows of resources	(59,299,662)
Pension expense/expenditures	(13,847,687)

Substantially, all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost sharing multiple employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The City of Kent contributes semi-monthly to the Public Employees Retirement System (PERS), the Law Enforcement Officers and Fire Fighters Retirement System (LEOFF), and the Public Safety Employees' Retirement System (PSERS).

The Department of Retirement Systems DRS, a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for each plan. The DRS report may be obtained from their website www.drs.wa.gov or contact them at:

Department of Retirement Systems
Communications Unit
P. O. Box 48380
Olympia, WA 98504-8380

(1) Public Employees' Retirement System (PERS) Plans 1, 2 and 3

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of the Legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 & 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
January through June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative fee	0.18%	
Total	12.97%	6.00%
July through December 2021		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative fee	0.18%	
Total	10.25%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year

before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
January through June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%
July through December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative fee	0.18%	
PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
July Through December 2021		
Employee PERS Plan 3		Varies
Total	10.25%	6.36%

* For employees participating in JBM, the contribution rate was 15.90%

The city's actual PERS Plan contributions were \$2,163,697 to PERS Plan 1 and \$3,419,586 to PERS Plan 2/3 for the year ended December 31, 2021.

(2) Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full-time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30, 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling commission, Liquor Cannabis Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The PSERS Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2021 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
January through June 2021		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.87%	
Administrative fee	0.18%	
Total	12.25%	7.20%
July through December 2021		
PSERS Plan 2	6.50%	6.50%
PERS Plan 1 UAAL	3.71%	
Administrative fee	0.18%	
Total	10.39%	6.50%

The city's actual plan contributions were \$174,888 to PSERS Plan 2 and \$109,262 to PERS Plan 1 for the year ended December 31, 2021.

(3) Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee

contributions for fiscal year 2021. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and the state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2021.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
January through June 2021		
State and local governments	5.15%	8.59%
Administrative fee	0.18%	
Total	5.33%	8.59%
July through December 2021		
State and local governments	5.12%	8.53%
Administrative fee	0.18%	
Total	5.30%	8.53%

The city's actual contributions to the plan were \$1,038,765 for the year ended December 31, 2021.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2021, the state contributed \$78,170,320 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$650,588.

(4) Information for all DRS plans

Actuarial Assumptions

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Annual Comprehensive Financial Report located on the DRS website. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

There were changes in methods and assumptions since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. A high-level summary of those changes is outlined in the following paragraph. OSA will revert back to the methods outlined in their 2019 AVR when preparing the 2021 AVR, a contribution ratesetting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019, AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the Fiscal Year (FY)-end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to our projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation		% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%		2.20%
Tangible Assets	7%		5.10%
Real Estate	18%		5.80%
Global Equity	32%		6.30%
Private Equity	23%		9.30%

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

Pension Trust	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
PERS 1	\$ 6,682,106	\$ 3,922,445	\$ 1,515,736
PERS 2/3	(11,103,389)	(38,975,592)	(61,928,363)
PSERS 2	(130,202)	(830,465)	(1,384,689)
LEOFF 1	(4,365,060)	(4,848,643)	(5,267,025)
LEOFF 2	(18,530,238)	(29,385,057)	(38,272,988)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

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

At June 30, 2021, the city reported a total pension liability of \$3,922,445 (plus \$812,268 for the Firemen's Pension for a total pension liability of \$4,734,713) and a total pension asset of \$74,039,757 for its proportionate share of the DRS net pension liabilities (assets) as follows:

Plan	Liability (Asset)
PERS 1	\$ 3,922,445
PERS 2/3	(38,975,592)
PSERS 2	(830,465)
LEOFF 1	(4,848,643)
LEOFF 2	(29,385,057)

The amount of the liability (asset) reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the city. The amount recognized by the city as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability (asset) that was associated with the city were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	\$ (4,848,643)	\$ (29,385,057)
State's proportionate share of the net pension liability (asset) associated with the employer	(32,796,101)	(18,956,569)
TOTAL	\$ (37,644,744)	\$ (48,341,626)

At June 30, the city's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/21	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.321187%	0.337844%	-0.016657%
PERS 2/3	0.391258%	0.414094%	-0.022836%
PSERS 2	0.361482%	0.382659%	-0.021177%
LEOFF 1	0.141543%	0.138231%	0.003312%
LEOFF 2	0.505905%	0.543160%	-0.037255%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2020. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2021, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions, and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution

effort based on historical data.

In fiscal year 2021, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2021, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2021, the city recognized pension expense as follows for the DRS plans:

Plan	Pension Expense
PERS 1	\$ (1,322,484)
PERS 2/3	(8,824,924)
PSERS 2	(34,330)
LEOFF 1	(783,885)
LEOFF 2	(3,605,385)
	<u>\$ (14,571,008)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Schedules of Deferred Inflows and Outflows of Resources

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	4,352,601
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	941,037	-
TOTAL	\$ 941,037	\$ 4,352,601
PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,892,988	\$ 477,803
Net difference between projected and actual investment earnings on pension plan investments	-	32,574,453
Changes of assumptions	56,956	2,767,912

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between contributions and proportionate share of contributions	721,080	684,897
Contributions subsequent to the measurement date	1,529,324	-
TOTAL	\$ 4,200,348	\$ 36,505,065

PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 85,216	\$ 3,282
Net difference between projected and actual investment earnings on pension plan investments	-	594,864
Changes of assumptions	129	84,918
Changes in proportion and differences between contributions and proportionate share of contributions	1,247	18,147
Contributions subsequent to the measurement date	85,642	-
TOTAL	\$ 172,234	\$ 701,211

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	1,481,559
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	\$ -	\$ 1,481,559

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,332,794	\$ 155,298
Net difference between projected and actual investment earnings on pension plan investments	-	14,011,006
Changes of assumptions	12,702	1,397,555
Changes in proportion and differences between contributions and proportionate share of contributions	878,892	695,367
Contributions subsequent to the measurement date	536,118	-
TOTAL	\$ 2,760,506	\$ 16,259,226

Total – All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,310,998	\$ 636,383
Net difference between projected and actual investment earnings on pension plan 1481 investments	-	53,014,483
Changes of assumptions	69,787	4,250,385
Changes in proportion and differences between contributions and proportionate share of contributions	1,601,219	1,398,411
Contributions subsequent to the measurement date	3,092,121	-
TOTAL	\$ 8,074,125	\$ 59,299,662

Deferred outflows of resources related to pensions resulting from the city's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	PERS 1	PERS 2/3	PSERS 2	LEOFF 1	LEOFF 2
2022	\$(1,153,005)	\$(8,900,490)	\$(157,871)	\$(393,555)	\$(3,728,010)
2023	(1,056,572)	(8,315,234)	(149,260)	(359,978)	(3,473,168)
2024	(999,031)	(7,907,894)	(141,716)	(339,673)	(3,280,623)
2025	(1,143,993)	(8,601,650)	(157,054)	(388,353)	(3,695,265)
2026	-	(97,594)	(2,565)	-	(41,515)
Thereafter	-	(11,179)	(6,153)	-	183,743
Totals	\$(4,352,601)	\$(33,834,041)	\$(614,619)	\$(1,481,559)	\$(14,034,838)

(5) Firemen's Relief and Pension System

Plan Description

The Firemen's Relief and Pension system is a single employer defined benefit pension plan authorized under RCW 41.18. Membership is limited to firefighters employed prior to March 1, 1970. The plan is closed to new entrants. Annual funding for the plan comes from an allocation of the state fire insurance premium tax. The City would be responsible for any additional contributions needed to maintain the Plan.

When the State Legislature established the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) in 1970 (RCW 41.26), LEOFF replaced the City's retirement system for fire fighters, but plan members in the system at that time were guaranteed that their benefits would not decrease with the switch to LEOFF. The LEOFF Act had the following impact on the City's pension plan:

- Benefits for firefighters leaving service prior to March 1, 1970 continue to be paid entirely by the City's Firefighters' Relief and Pension System under RCW 41.18.
- Firefighters in service on March 1, 1970 are entitled to receive the greater of the benefits provided under the prior pension law, or the LEOFF 1 Act (RCW 41.26.040).
- Firefighters hired after March 1, 1970 are covered only under the LEOFF Act.

The system is a trust fund in the financial reports of the City and is administered by the Firemen's

Relief and Pension Board made up of two members of the system, the Mayor, and a Councilmember. The plan is governed by State statute and does not issue a stand-alone financial report.

The accrual basis of accounting is used to prepare the Firemen's Relief and Pension Fund statements. Plan member contributions, if any, are recognized in the period in which the contributions are due. The City's contributions, including insurance fees collected by the State, are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

As of December 31, 2021, the plan covers the following:

Retirees and beneficiaries receiving benefits	11
Retirees not receiving City-paid monthly benefits	2
Total	13

Although medical and long-term care benefits may be paid from the Fund, the Plan does not administer a postemployment healthcare plan.

Investments

The Plan operates under the City's investment policy and state statutes and participates in the pooled cash and investments of the City (see Note 4). Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. At December 31, 2021, the Plan held \$ 1,449,789 in pooled investments.

Net Pension Liability

Firefighters' Pension Fund			
GASB Statement No. 67 Net Pension Liability			
	<u>December 31, 2020</u>	<u>December 31, 2021</u>	
Total pension liability	\$ 2,692,205	\$ 2,978,414	
Fiduciary net position *	2,216,924	2,166,146	
Net pension liability	475,281	812,268	
Fiduciary net position as a % of total pension liability	82.35%	72.73%	
Covered payroll	0	0	
Net pension liability as a % of covered Payroll	N/A	N/A	

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB Statement No. 67.

Other key actuarial assumptions:

Valuation Date	January 1, 2020	January 1, 2022
Measurement Date	December 31, 2020	December 31, 2021
Inflation	2.25 %	2.50%
Salary increases		
Including inflation	3.25%	3.50%
Mortality	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members)	Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017
Actuarial cost method	Entry age normal	Entry age normal

Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2015	1.40%
2016	1.72%
2017	1.00%
2018	5.20%
2019	0.28%
2020	2.58%
2021	1.02%

Discount Rate

	<u>December 31, 2020</u>	<u>December 31, 2021</u>
Discount rate	2.00%	2.00%
Long-term expected rate of return, Net of investment expense	2.00%	2.00%
Municipal bond rate	2.00%	2.00%

GASB Statement No. 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability was calculated using the Individual Entry Age Normal Cost Method). The long-term expected rate of return may be used to discount liabilities to the extent that the Plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20 year high quality (AA/Aa or higher) municipal bond rate must be used for periods when Fiduciary Net Position is not projected to cover benefits and administrative expenses.

The Bond Buyer General Obligation 20-year municipal bond index for bonds that mature in 20 years is 2.06% as of December 31, 2021. Rounding this to the nearest ¼% results in a discount rate of 2.00% as of the December 31, 2021 measurement date. This will need to be re-evaluated as of later valuation dates.

Sensitivity Analysis

The following presents the net pension liability of the Plan, calculated using the discount rate of 2.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.00%) or one percentage point higher (3.00%) than the current rate.

	<u>1% Decrease 1.00%</u>	<u>Current Discount Rate 2.00%</u>	<u>1% Increase 3.00%</u>
Total pension liability	\$ 3,257,005	\$ 2,978,414	\$ 2,736,431
Fiduciary net position	<u>2,166,146</u>	<u>2,166,146</u>	<u>2,166,146</u>
Net pension liability	\$ 1,090,859	\$ 812,268	\$ 570,285

Long-term Expected Rate of Return

The long-term expected rate of return is determined by combining expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2021.

<u>Asset Class</u>	<u>Index</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	BAML 90 Day T-Bills	-0.71%
Short-term Bonds	Bloomberg Barclays 1-3 YR Gvt/Credit	-0.08%
US Mortgages	Bloomberg Barclays MBS	0.66%
Assumed Inflation – Mean		2.50%
Long-Term Expected Rate of Return		2.00%

Firefighters' Pension Fund
Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Changes in Net Pension Liability			
Balances as of December 31, 2020	\$ 2,692,205	\$ 2,216,924	\$ 475,281
Changes for the year:			
Service costs	-	-	-
Interest on total pension liability	52,101		52,101
Effect of plan changes	-		-
Effect of economic/demographic (gains) or losses	252,098		252,098
Effects of assumptions changes or inputs	157,158		157,158
Benefit payments	(175,148)	(175,148)	-
Medical payments from fund		(200,000)	200,000
Employer contributions		-	-
Contributions from state fire insurance premium tax		306,966	(306,966)
Net investment income		22,555	(22,555)
Administrative expenses		(5,151)	5,151
Balance as of December 31, 2021	\$ 2,978,414	\$ 2,166,146	\$ 812,268

For the year ended December 31, 2021, the City recognized pension expense of \$723,321. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Schedule of Deferred Inflows and Outflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	44,669	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	\$ 44,669	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Amount
2022	\$ 13,847
2023	21,799
2024	4,813
2025	4,210

e. **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS**

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement No. 75 for the year 2021:

Aggregate OPEB Amounts – All Plans	
OPEB Liabilities	\$ 24,532,979
OPEB Assets	-
Deferred outflows of resources	-
Deferred inflows of resources	-
OPEB expenses/expenditures	709,879

(1) Retirement Healthcare Benefits-LEOFF I Retirement System*Plan Description:*

The City of Kent's LEOFF Plan 1 (the Plan) is a single employer defined benefit healthcare plan administered by the City. The Plan provides medical, prescription drug, dental, Medicare Part B premiums, long-term care, and vision expenses for LEOFF 1 retirees. The Plan does not cover dependent spouses and children. The Plan does not issue a separate standalone financial report.

Benefits Provided:

As mandated by RCW 41.26, RCW 41.18, and RCW 41.20, the City reimburses 100% of allowable healthcare costs for LEOFF 1 retirees. All firefighters and law enforcement officers employed between 3/1/1970 and 10/31/1977 are members of a single employer defined benefit OPEB plan and are provided lifetime insurance coverage for medical, hospital and nursing care costs. These benefits are accounted for in Police and Fire Pension and Relief Funds and are considered, in substance, a postemployment healthcare plan administered by, but not part of, the Police and Fire Pension Plans. Extraordinary health and dental expenses, as determined by the Pension Board, require prior approval. Insurance policies for this benefit are underwritten as part of the City's overall insurance program. The LEOFF 1 OPEB plans are closed to new entrants.

The City pays a monthly insurance premium to the Employee Health Care Fund for each retiree. The premium is less for Medicare age retirees, and the City reimburses retirees for the Medicare premiums. Medicare is the primary payer for retirees age 65 and older, and Cigna Administrators pays claims for retirees under age 65. The members' necessary hospital, medical, and nursing care expenses not payable by worker's compensation, Medicare, or insurance provided by another employer, are covered.

The authority to establish and amend benefits is determined by the LOEFF board.

The City's retirees' health plans are not open to active employees and are priced based on the retiree's experience. Thus, there is no subsidy of the retiree rates by active employees, and no implicit subsidy.

Employees covered by benefit terms:

At December 31, 2021 (the census date), the benefit terms covered the following employees:

Category	Count
Inactive employees or beneficiaries currently receiving benefit payments	59
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	0
Total	59

Contributions:

The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Total OPEB Liability

The City's total OPEB liability was valued as of December 31, 2021 and was used to calculate the total liability as of December 31, 2021.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	December 31, 2020	December 31, 2021
Discount rate	2.00%	1.84%
Inflation	2.50%	2.50%
Healthcare cost rate	5.40% trending down to 4.04% over 53 years	5.40% trending down to 4.04% over 53 years
Mortality rates	Based on tables from the Society of Actuaries	

- Projections of the sharing of benefit-related costs are based on established pattern of practice.
- Experience studies come from the State of Washington.
- Inactive employees (retirees) pay 0% of the cost of benefits.
- There are no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

Discount Rate:

The discount rate used to measure the total OPEB liability is 1.84%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high quality 20 municipal bonds, as of the valuation date.

Changes in the Total OPEB Liability

	(Increase/Decrease) Total OPEB Liability
Balance as of 12/31/20	\$ 22,953,560
Changes for the year:	
Service Costs	-
Interest	444,211
Changes in benefit terms	-
Difference between expected and actual experience	(48,531)
Changes in assumptions	314,199
Benefit payments	(1,486,012)
Net changes	(776,133)
Balance as of 12/31/21	\$ 22,177,427

Changes in assumptions and other inputs reflect changes in census, changes in the discount rate, changes in premiums and claims, changes in mortality rates, changes in trends and other changes in assumptions.

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower

(0.84%) or one percentage point higher (2.84%) than the current discount rate:

	1% Decrease 0.84%	Discount Rate 1.84%	1% Increase 2.84%
Total OPEB liability	\$ 24,320,583	\$ 22,177,427	\$ 20,328,211

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.40%) or one percentage point higher (6.40%) than the current healthcare cost trend rates:

	1% Decrease 4.40%	Trend Rate 5.40%	1% Increase 6.40%
Total OPEB liability	\$ 20,265,845	\$ 22,177,427	\$ 24,346,657

OPEB Expenses and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized an OPEB expense of \$709,879. Since there are no active employees in the plan, no plan assets, and the measurement date is the same as the reporting date, there are no deferred inflows or outflows of resources as of December 31, 2021. Differences between actual and expected experience and changes in assumptions for the year ended December 31, 2021 are included in the 2021 OPEB expense.

(2) Kent Police Officer's Association VEBA Plan

Plan Description:

The City administers a single-employer defined-benefit post-employment healthcare plan (the Plan). No spouses or dependents are eligible to enroll.

Benefits Provided:

Eligibility for retiree health benefits requires retirement from the City on or after age 53 with at least 15 years of service as a Kent Police Officer. Eligible employees are ranked by their total age plus years of service and only the top three will be permitted to retire and enroll in the plan each year. Additional retirements will be evaluated on a case-by-case basis. Approved retiree will receive a medical stipend of \$800 per month from the month of their retirement until the month they attain 65 years of age.

Employees covered by benefit terms:

At December 31, 2020 (the census date), the benefit terms covered the following employees:

Category	Count
Inactive employees or beneficiaries currently receiving benefit payments	8
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	143
Total	151

Contributions:

The City pays benefits as they come due.

Contribution rate:	Benefits due
Reporting period contributions:	\$36,000

Financial Report:

The City does not issue a stand-alone report that is available to the public.

Total OPEB Liability

The City's total OPEB liability was valued as of December 31, 2021 and was used to calculate the total liability as of December 31, 2021.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	December 31, 2020	December 31, 2021
Discount rate	2.00%	1.84%
Inflation	2.00%	2.75%
Healthcare cost trend rate	N/A	N/A
Salary increases	3.00%	3.25%
Mortality rates	Based on tables from the Society of Actuaries	

- Projections of the sharing of benefit-related costs are based on established pattern of practice.
- Experience studies come from the State of Washington.
- Inactive employees (retirees) pay 0% of the cost of benefits.
- There are no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

Discount Rate:

The discount rate used to measure the total OPEB liability is 1.84%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as of the valuation date.

Changes in the Total OPEB Liability

	Increase/(Decrease) Total OPEB Liability
Balance as of 12/31/20	\$ 2,154,994
Service costs	163,351
Interest	46,007
Changes in benefit terms	-
Difference between expected and actual experience	23,219
Changes in assumptions	3,981
Benefit payments	(36,000)
Net changes	200,558
Balance as of 12/31/21	\$ 2,355,552

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (0.84%) or one percentage point higher (2.84%) than the current discount rate:

	1% Decrease 0.84%	Discount Rate 1.84%	1% Increase 2.84%
Total OPEB liability	\$ 2,494,353	\$ 2,355,552	\$ 2,219,938

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

Healthcare cost trend rates do not apply to this plan because the benefit is a fixed-dollar amount.

OPEB Expenses and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized an OPEB expense of \$218,867. The City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

Schedule of Deferred Inflows and Outflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 22,369	\$ -
Changes of assumptions	97,611	-
Contributions subsequent to the measurement date	-	-
TOTAL	\$ 119,980	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ended December 31:	Amount
2022	\$ 9,509
2023	9,509
2024	9,509
2025	9,509
2026	9,509
Remaining	72,435

Expected Average Remaining Service Lives (EARS�)

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or other inputs and (2) differences between expected and actual experience are required to be included in OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives for the current period is 13.7 years.

14. RISK MANAGEMENT

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. The City maintains consolidated insurance operations in one Insurance Internal Service Fund to account for and finance uninsured risks of loss. The Unemployment, Worker's Compensation, a portion of the Liability and Property, and Medical and Dental Insurance Programs are self-insured. The insurance fund is made up of separate sub-funds for Unemployment Compensation, Worker's Compensation, Liability and Property, and Medical and Dental Insurance. Premiums are paid to the insurance fund by the other operating funds and are available to pay claims, claim reserves, administrative costs of the program. As with any risk retention program, the City is contingently liable with respect to claims beyond those actuarially projected. There were no significant reductions in insurance coverage and no claims exceeded insurance coverage for the past three years.

The claims liability includes an estimated amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Non-incremental claims adjustment

expenses are not included in the calculation. Following is a table of changes in estimated claims liabilities for 2021 and 2020 as carried in the City's Internal Service Funds and the General Fund:

	Worker's Compensation		Medical and Dental		Liability		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Claims liabilities, 1/1	\$ 1,652,000	\$ 869,702	\$ 879,400	\$ 890,600	\$ 3,167,000	\$ 256,770	\$ 5,698,400	\$ 2,017,072
Less: Claims paid	(1,218,726)	(795,157)	(13,498,585)	(11,924,568)	(9,668,962)	(1,190,999)	(24,386,273)	(13,910,724)
Plus: claims and								
Changes in estimates	1,303,726	1,577,455	13,497,385	11,913,368	10,433,962	4,101,229	25,235,073	17,592,052
Claims Liabilities 12/31	\$ 1,737,000	\$ 1,652,000	\$ 878,200	\$ 879,400	\$ 3,932,000	\$ 3,167,000	\$ 6,547,200	\$ 5,698,400

a. **UNEMPLOYMENT COMPENSATION**

The City self-insures its unemployment compensation program through the Washington State Employment Security Department. Reserves are set each year based on estimates of employment activity. The City paid \$131,370 in unemployment compensation claims in fiscal year 2021. At December 31, 2021, fund equity was \$1,337,956.

b. **WORKER'S COMPENSATION**

The City became self-insured for worker's compensation in 1981. Contributions are made from the operating funds based upon actuarially determined costs. The funding and allocations for the worker's compensation program are reviewed by an actuary on an annual basis. At December 31, 2021, incurred but not reported and claims payable were estimated at \$1,737,000. At December 31, 2021 fund equity was \$1,430,144. The City carries excess workers' compensation insurance coverage with a private carrier for losses exceeding \$600,000 per occurrence to a maximum indemnity in accordance with statutory limits.

c. **LIABILITY**

Liability coverage consists of a self-insurance layer of \$500,000 combined with two layers of reinsurance, a \$5 million primary layer and a \$20 million secondary layer for a total of \$25 million. The reinsurance layers are through the Washington Public Entity Group (WAPEG), a risk purchase group organized through the City's broker, Alliant Insurance Services, Inc. Coverage is occurrence based and includes general, automobile, police, public officials' errors and omissions, employment practices, stop gap, and employee benefits liability. Loss reserves are maintained by the City on the basis of annual actuarial studies.

The City purchases additional insurance coverage for smaller risks not covered by the programs listed above. Those coverages include crime/fidelity, Neighborhood Association liability, and international liability, as well public official bonds.

At December 31, 2021, the City booked a liability for open and incurred but not reported (IBNR) claims to equal estimated outstanding claims liability of \$3,932,000. In 2021, the City expensed \$4,746,500 for its liability claims, insurance coverage and costs of administering the risk management program.

At December 31, 2021, fund equity was \$2,480,646. Liability insurance continues to skyrocket due to continued market deterioration, verdict and settlement values continuing to rise, and negative loss developments. To provide the fund with sufficient equity the City transferred \$4.4 million from the General Fund to the Liability Fund in April 2021.

d. **PROPERTY**

Property coverage is provided by Lexington for all risks including earthquake and flood for buildings,

contents, business income, extra expense, mobile equipment, fine arts and vehicles. Deductibles are \$100,000 per occurrence.

At December 31, 2021 fund equity was \$647,386. In 2021, the City expensed \$677,950 for its property claims, insurance coverage and administration.

e. **MEDICAL AND DENTAL**

The City is self-insured for three medical plans administered by Premera Blue Cross, one dental plan administered by Washington Dental Service (WDS), and a vision plan administered by Vision Service Plan (VSP). Medical claims exceeding \$200,000 per occurrence are covered by a stop loss policy. Kaiser Permanente is offered as a Health Maintenance Organization (HMO) additional plan. The \$15 Copay Preferred Provider plan and the 80/20 Preferred Provider Plan provide comprehensive benefits with co-pays and coinsurance, and the Consumer's Choice Plan is a High Deductible Plan linked with a Health Savings Account (HSA). The dental plan is a Preferred Provider Plan. In 2021, Premera Blue Cross covered approximately 95 percent of the employees for a cost of \$12,424,504. The City's benefits broker, Alliant, prepares an actuarial study every year to determine the fund's actuarial soundness and the impact on future rates. The City's incurred but not reported claims liabilities decreased from \$924,600 as of December 31, 2020 to \$914,700 as of December 31, 2021. These amounts include the estimated IBNR for LEOFF1 Retirees, reported in the General Fund, of \$45,200 as of December 31, 2020 and \$36,500 as of December 31, 2021.

Kaiser Permanente provided health care to approximately five percent of the employees for 2021 premiums of \$530,265.

The fund's net position increased by \$1,121,012 to \$8,737,421 at December 31, 2021. In 2021, the City's contribution rate was sufficient to provide reserves as recommended by the actuary.

f. **FINANCIAL HIGHLIGHTS**

Combining financial statements for the insurance funds are provided as other supplementary information on **pages 158-161** of this report.

15. **JOINT VENTURE**

The "Valley Communications Center" (Valley Com) was established August 20, 1976, by an Interlocal Agreement between the cities of Kent, Renton, Auburn, and Tukwila. The agreement is sanctioned by the provisions and terms of the Interlocal Corporation Act pursuant to R.C.W. 39.34. The initial duration of the agreement was five years, and thereafter is automatically extended for consecutive two year periods, unless terminated by one or more of the participating cities. Any such termination must be in writing and served upon the other cities on or before July 1 in any one year, to become effective on the last day of that year.

On August 4, 1999, the Administration Board of Valley Communications Center voted to include the City of Federal Way as a full participating Member City as of January 1, 2000. A new Interlocal Agreement pursuant to State RCW 39.34, et seq., was entered into by the five participating municipal corporations that include the cities of Auburn, Federal Way, Kent, Renton, and Tukwila on April 17, 2000. The duration of the agreement is five years and will be automatically extended for additional five (5) year periods unless terminated as provided. However, the agreement shall not be terminated if there are any outstanding bonds issued by Valley Communications Center Development Authority. All bonded debt was paid off in 2015.

The purpose of the joint operation is to provide improved consolidated emergency communications (dispatch) services for police, fire, and medical aid, to the five participating cities and to the several subscribing agencies, which include King County Fire Districts #2, #20, #43, #44, #47; Puget Sound Regional Fire Authority, Valley

Regional Fire Authority, City of Pacific Police Department; City of Algona Police Department; City of Des Moines Police Department, City of Black Diamond Police Department, North Highline Fire Department, South King Fire and Rescue, Vashon Island Fire and Rescue, and King County EMS Units. Separate agreements between Valley Com and the subscribing agencies have been executed, which set forth conditions of services and rates charged.

Valley Com is governed by an Administration Board composed of the Mayors or designated representatives from the five participating cities. The Administration Board is responsible for appointment and discharge of the Director and for review and approval of budgets, contracts, and major policy issues including personnel policies.

Reporting to the Administrative Board is an Operating Board which consists of two members of each participating city's Public Safety Departments including the Directors of said departments or designees. The Operating Board oversees the operation of Valley Com and advises and makes recommendations to the Administration Board. In addition, they make recommendations on Director selection, present proposed policies and budgets to the Administrative Board and approve disbursement of funds by the Director.

The Director presents a proposed budget to the Operating Board on or before August 15 of each year. Said budget is then presented to the Administration Board by September 1 of each year. The Administration Board can make changes to the proposed budget, but final approval falls to the legislative body of each participating city in accordance with the provisions of the Interlocal Agreement.

The Interlocal Agreement calls for allocation of prorated financial participation among the five participating cities based on the percentage of estimated dispatched calls attributed to each jurisdiction compared to the total estimated dispatched calls for the current year ended December 31. Percentages are applied to the current approved budget, less revenue from all other sources.

In 2021 the cost distribution for the five participating cities was as follows:

City	Dispatchable Calls	Percent of Total
Kent	101,249	26.509%
Renton	80,798	21.155%
Auburn	83,626	21.895%
Tukwila	35,007	9.166%
Federal Way	81,257	21.275%
Totals	381,937	100.00%

In August 1993, Valley Com entered into an Interlocal Cooperation Agreement, Pursuant to Chapter 39.34 RCW, with the sub regions of King County, Seattle and Eastside Public Safety Communications Agencies (EPSA). This agreement governs the development, acquisition and installation of the 800 MHz emergency radio communications system (System) funded by the \$57 million King County levy approved in November 1992.

This agreement provides that upon voluntary termination of any sub region's participation in the System, it surrenders its radio frequencies, relinquishes its equipment and transfers any unexpended levy proceeds and associated equipment replacement reserves to another sub region or consortium of sub regions.

Thus, in accordance with this Agreement, the principals of Valley Com have no equity interest in Valley Com's 800 MHz communications system.

The share of equity belonging to the five participating cities is as follows:

	Kent	Renton	Auburn	Tukwila	Federal Way	Total
Percent of Equity	28.45%	21.15%	21.76%	10.12%	18.52%	100.00%
Equity 12/31/20	\$ 9,564,555	\$ 7,037,728	\$ 7,234,069	\$ 3,416,212	\$ 6,022,545	\$ 33,275,109
Current Year Increase	1,337,422	1,067,291	1,104,634	462,424	1,073,341	5,045,112
Equity 12/31/21	\$ 10,901,977	\$ 8,105,019	\$ 8,338,703	\$ 3,878,636	\$ 7,095,886	\$ 38,320,221

Liabilities are the responsibility of the five participating cities in direct proportion to their equity position.

A copy of Valley Communication Center's audited financial statements is available at their offices located at 27519-108th Avenue SE, Kent, WA 98030.

16. COMPONENT UNITS

City of Kent Special Events Center Public Facilities District

The City of Kent established the Kent Special Events Center Public Facilities District (PFD) in August 2007. The corporation was established pursuant to State legislation and codified under RCW 35.57, with the powers and authority set forth by law. The District is established for the sole purpose of pursuing the design, construction, ownership, operation and/or financing of a regional center comprised of a Special Events Center, individually or in cooperation with any other governmental and/or private entities as allowed by law.

On February 29, 2008, the PFD issued bonds in the amount of \$63,280,000. In 2016, the City refunded the 2008 Sales Tax Bonds of the PFD with City general obligation bonds. At the same time, a new interlocal agreement was signed between the PFD and the City making the PFD responsible, to the extent PFD revenues are available, to the City for the debt service on the general obligation debt issued by the City.

For the fiscal year ended December 31, 2021, the PFD generated \$1,360,108 in revenue and had net position of \$(85,714,717).

Per GASB Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 61, the City includes this entity in the City's financial statements utilizing the discrete presentation method. A copy of the City of Kent's Special Events Center Public Facilities District's financial statements is available at the City of Kent located at 220 – 4th Avenue South, Kent, WA 98032.

17. CONTINGENCIES AND LITIGATIONS

In the normal course of its various operations, the City is involved in lawsuits and is the recipient of claims for damages alleging that the City is responsible for damages incurred by third parties. The City believes the ultimate liability, if any, will not have a material adverse effect on the City's financial position, changes in financial position, or liquidity. Please refer to Note 14 – *Risk Management*.

The City participates in a number of federal and state assisted programs. These programs are subject to audit and adjustment by the grantor or their representatives. Such audits could result in requests for reimbursement to the grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

On February 20, 2008, The City entered into a Contingent Loan and Support Agreement with the Kent Public Facilities District, a discretely presented component unit of the City. The agreement was authorized by City Council under Ordinance No. 3863. Under the agreement, in the event that the District is unable to provide for the payment of principal or interest on any bonds issued by the District for the construction of the Kent

Special Events Center, the City shall loan to the District the amount necessary to make such timely payment. The District issued \$10,130,000 in Revenue Bonds and \$53,150,000 in Sales Tax Bonds in 2008 (see Note 9 – *Long-Term Indebtedness*). The Contingent Loan and Support Agreement remains in effect for the life of bonds. In 2016, the City refinanced the 2008 Sales Tax Bonds with General Obligation Bonds (LTGO Series 2016B). Concurrently, the City and the PFD entered into an interlocal agreement that all sales tax collected by the PFD is to be paid to the City to be used for the debt payments on the 2016B GO Bonds. The 2008 Revenue Bonds mature annually on December 1 until 2020 with semiannual interest payments. As of December 31, 2021, the City has loaned the District \$36,682,236 and accrued interest of \$2,301,184 for a total of \$38,983,420. As discussed in Note 5 – *Receivables*, although the City has booked a receivable from the District for the cumulative amounts loaned under the agreement, the City believes that the District will be unable to repay the City and therefore has offset 100 percent of the receivable with an allowance for uncollectibles. Although the District issued bonds have been paid, the City anticipates that District revenues will continue to fall short of the debt service requirements and the District will not be able to meet its obligations towards the City's 2016B GO bonds.

In compliance with GASB Statement No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, the City previously recorded a liability on the government-wide Statement of Net Position for the present value of estimated future payments under the guarantee agreement.

18. COMMITMENTS

As of December 31, 2021, the City had the following budgeted commitments for uncompleted projects:

Street Capital Projects	\$ 17,565,421
Parks Capital Projects	20,553,866
Miscellaneous Projects	1,173,750
Technology Capital Projects	8,167,259
Facilities Fund Capital Projects	3,888,152
Equipment Rental Fund	77,516
Facilities Fund	1,648,725
Water Capital Projects	26,246,246
Sewerage Capital Projects	12,643,371
Drainage Capital Projects	25,314,347
Golf Capital Projects	712,222
Total	\$ 117,990,875

19. TAX ABATEMENTS

GASB Statement No. 77 defines tax abatements and requires certain disclosures about any tax abatement agreements. For financial reporting purposes, a tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual entity in which (a) one or more governments promises to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City has the following tax abatement agreement(s) in place as of December 31, 2021:

Ad valorem property tax abatements:

Names: Dwell at Kent Station (Apartments)
Marquee on Meeker Phase I (Apartments)

a. **Taxes abated**

Ad valorem property taxes for eight years

b. **Authority**

Chapter 84.14 RCW and Kent City Code (KCC) 3.25

Chapter 84.14 RCW provides limited eight year exemptions from ad valorem property taxation for multifamily housing in designated urban centers to:

- (1) Encourage increased residential opportunities within urban centers designated by the city council as residential targeted areas, and
- (2) Stimulate new construction on vacant and underutilized sites for multifamily housing in residential targeted areas to increase and improve housing opportunities, and
- (3) Assist in directing future population growth in designated urban centers, thereby reducing development pressure on single-family residential neighborhoods, and
- (4) Achieve development densities which are more conducive to transit use in designated urban centers.

c. **Criteria**

A proposed project must meet the following requirements for consideration for a property tax exemption:

- (1) **Location** – The project must be located within a designated residential targeted area as defined in KCC 3.25.020. If a part of any legal lot is within the residential targeted area, then the entire lot shall be deemed to lie within the residential targeted area.
- (2) **Tenant displacement** – Prior to approval of an application under KCC 3.25.060, the applicant shall provide the city administrator with documentation satisfactory to the administrator of the following:
 - i. All tenants of residential rental structures on the project site have been notified per state statute of the termination of their tenancy
 - ii. The applicant's efforts to refer tenants to similar, alternative housing resources, and
 - iii. Any other actions the applicant has taken to minimize the hardship on tenants whose tenancies will be terminated.
- (3) **Size** – The project must include at least 30 units of new multifamily housing within a multi-story development. At least 50 percent of the space within the proposed project shall be intended for permanent residential occupancy.
- (4) **Proposed completion date** – New construction of multifamily housing must be completed within three years from the date of approval of the application.
- (5) **Compliance with guidelines and standards** – the project must be designed to comply with the

city's comprehensive plan, building, fire, housing, and zoning codes, downtown design review, multifamily design review, mixed use design review as applicable, and any other applicable regulations. The project must be LEED certifiable as confirmed by a LEED certified independent third-party reviewer or must be Built GREEN certified and must also comply with any other standards and guidelines adopted by the city council for the residential targeted area.

- (6) **Parking** – For projects located in the downtown residential targeted area, all required residential parking shall be located within structured parking garages, under buildings, or underground. Projects located in the Riverbend Gateway residential targeted area shall provide structured parking garages under buildings or underground, though parking may also be allowed in surface lots.
- (7) **Class A pedestrian street** – For buildings adjacent to a class A pedestrian street, the first floor of the building facing the street shall consist of residential units, commercial uses, and/or residential amenity uses.
- (8) **Mixed use development** – The project shall be a mixed-use project, unless the mixed-use component is waived by the city administrator.
 - i. The purpose of the mixed-use requirement is to implement the intent of the land use district, maximize the efficient use of land, support transit use, and encourage the development of well-balanced, attractive, convenient, and vibrant urban residential neighborhoods. The additional use excludes any accessory functions related to the residential use. Unless otherwise modified or waived in writing by the administrator, the nonresidential mixed use shall occupy at a minimum the ground floor along the street frontage with a depth of at least 30 feet for any building in the project. The administrator may not modify or waive the mixed-use requirement, as provided in subsection (H)(2) of this section, in the DC zoning district, which is governed by KCC 15.04.030(4) and (5).
 - ii. The administrator may waive the mixed-use requirement for the purposes of this chapter, if the applicant can demonstrate that mixed use development is impractical or infeasible due to the following factors:
 - a. Size or other physical characteristic of the project's lot(s);
 - b. Project site is not conducive to commercial use;
 - c. Classification of street(s) abutting the project; or
 - d. Other similar type of circumstance that makes mixed use impractical for the project.

d. **Mechanism**

The value of improvements qualifying under this chapter is exempt from ad valorem property taxation for eight successive years beginning January 1st of the year immediately following the calendar year after issuance of the final certificate of tax exemption. The exemption does not apply to the value of land or to the value of improvements not qualifying under this chapter, nor does the exemption apply to increases in assessed valuation of land and non-qualifying improvements. This chapter does not apply to increases in assessed valuation made by the assessor on non-qualifying portions of buildings and value of land nor to increases made by lawful order of a county board of equalization, the Department of Revenue, or a county, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law. At the conclusion of the exemption period, the new housing cost shall be considered as new construction for the purposes of Chapter 84.55 RCW.

At the conclusion of the exemption period, the new housing costs shall be considered as new construction for the purposes of Chapter 84.55 RCW.

Within 30 calendar days after the first anniversary of the date the city issued the final certificate of tax exemption and each year thereafter for the duration of the tax exemption period, the property owner shall file a notarized declaration and annual report with the administrator indicating the following:

- (1) A statement of occupancy and vacancy of the multifamily units during the previous 12 months;
- (2) A certification that the property has not changed use and continues to be in compliance with the contract with the city and this chapter;
- (3) A description of any subsequent improvements or changes to the property made after the city issued the final certificate of tax exemption;
The total monthly rent of each multifamily housing unit rented, or the total sale amount of each multifamily housing unit sold to an initial purchaser during the 12 months ending with the anniversary date;
- (4) A breakdown of the number, type, and specific multifamily housing units rented or sold during the 12 months ending with the anniversary date; and
- (5) Any additional information requested by the city pursuant to meeting any reporting requirements under Chapter 84.14 RCW.
- (6) City staff may also conduct onsite verification of the declaration and reporting. Failure to submit the annual declaration and report shall result in a review of the exemption per RCW 84.14.110.
- (7) The amount of taxes abated for 2021 under this program was \$36,690.

The City has not issued any new conditional certificates of tax exemption for multi-family housing projects for the year 2021. The Marquee on Meeker Phase II and Madison Plaza projects received conditional certificates in prior years, but the projects are still under construction at December 31, 2021. No certificates of occupancy or final tax exemption certificates have been issued for these projects as of December 31, 2021.

The State of Washington has the following tax abatements that impact tax revenues of the City:

- a. High-Technology Sales and Use Tax Deferral – Chapter 82.63 RCW provides a deferral and ultimate waiver of sales and use tax to encourage the creation of high-wage, high-skilled jobs in Washington. The deferral applies to sales and use tax arising from the construction or expansion of a qualified research and development facility or a pilot scale manufacturing facility used in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology.
- b. Aerospace Incentives - The purchase and use of computer hardware, software, or peripherals, including installation charges is exempt from sales and use tax per RCWs 82.08.975 and 82.12.975 if the buyer uses the purchased items primarily in developing, designing, and engineering aerospace products.
- c. Multi-unit urban housing exemption – Chapter 84.14.020 RCW provides for an ad valorem tax exemption for qualifying new housing construction, conversion, and rehabilitation improvements.

The following table shows the impact to the City of Kent for taxes abated by the State of Washington during the calendar year ended June 30, 2021 (the latest information available):

Tax Abatement Program	Amount of Taxes Abated
High-technology sales & use tax deferral	\$ *
Aerospace incentives – computer hardware, software, & peripherals	
Sales & use tax exemption	*
Multi-unit urban housing exemption – sales & use tax exemption	105,102

* State law (RCW 82.32.330) forbids the disclosure of sales & use tax information for less than three taxpayers

Source: Washington Department of Revenue

20. COVID-19 PANDEMIC

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly virus. In the weeks following the declaration, precautionary measures were ordered to help slow the spread of the virus. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

Most city facilities were closed to the public until July, 2021. The City has implemented safety measures and operations have continued with most staff working remotely. Management continues to monitor the situation for any operational or financial effects. While some activities have been limited, the City continues to operate all major functions. The City has remained economically stable and continues to adapt to the changing conditions.

On April 3, 2020, because of the fiscal threat posed by the coronavirus (COVID-19), the Governor vetoed Engrossed House Bill (EHB) 1948, including the funding appropriation. EHB 1948 replaced the Streamlined Sales Tax (SST) Mitigation Program with the Warehouse and Manufacturing Jobs Center Assistance Program. The SST Mitigation Program aided communities that lost revenue when the state switched to destination-based sales tax sourcing in 2007. For the City of Kent, this veto will reduce revenue to the City by approximately \$3.6 million annually. The last SST Mitigation payment was received by the City on June 30, 2020. However, as part of the 2021 legislative session, the SST Mitigation was restored and in July 2021, the City received a retro payment of \$3.6 million in SST Mitigation for the period of July 1, 2020 to June 30, 2021. The City will begin receiving quarterly distributions of just over \$900,000 for the State's fiscal year which runs from July 1, 2021 to June 30, 2022.

In 2021, the City was awarded \$28.2 million in funds from the American Rescue Plan Act to support immediate economic stabilization, replace lost revenue to strengthen support for vital public services and help retain jobs. The City received approximately \$14 million of these funds in June 2021 and the remaining amount in June 2022.

The City was also awarded a \$3 million Shuttered Venue Operators Grant administered by the US Small Business Administration. These funds will be used to offset revenue losses and expenses of access to ShoWare Center to provide relief in response to financial challenges from the COVID-19 pandemic.

Schedule of Changes in Total OPEB Liability and Related Ratios
Retirement Healthcare Benefits - LEOFF 1
For the Year Ended December 31
Last Four Fiscal Years *

	2018	2019	2020	2021
Total OPEB liability - beginning	\$ 23,285,620	\$ 29,794,456	\$ 28,812,676	\$ 22,953,560
Changes for the year:				
Service costs	-	-	-	-
Interest	1,100,973	1,092,910	771,656	444,211
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(1,156,067)	(261,502)	(5,982,147)	(48,531)
Changes in assumptions	7,895,527	(512,771)	856,338	314,199
Benefit payments	(1,331,597)	(1,300,417)	(1,504,963)	(1,486,012)
Implicit rate subsidy fulfilled	-	-	-	-
Other changes	-	-	-	-
Net changes	<u>6,508,836</u>	<u>(981,780)</u>	<u>(5,859,116)</u>	<u>(776,133)</u>
Total OPEB liability - ending	<u>\$ 29,794,456</u>	<u>\$ 28,812,676</u>	<u>\$ 22,953,560</u>	<u>\$ 22,177,427</u>
Covered payroll **	-	-	-	-
Total OPEB liability as a % of covered payroll	N/A	N/A	N/A	N/A

Notes:

* The City implemented GASB Statement No. 75 in fiscal year 2018. Information is not available for prior years. This schedule is to be built prospectively until it contains 10 years of data.

** There are no active employees covered by the plan and therefor no covered employee payroll.

No assets are accumulated in a trust that meets the requirements of paragraph 4 of GASB Statement No. 75.

Schedule of Changes in Total OPEB Liability and Related Ratios
Kent Police Officer's Association VEBA Plan
For the Year Ended December 31
Last Three Fiscal Years *

	2019	2020	2021
Total OPEB liability - beginning	\$ -	\$ 1,863,853	\$ 2,154,994
Changes for the year:			
Service costs	136,698	140,799	163,351
Interest	5,096	54,930	46,007
Changes in benefit terms	1,723,659	-	-
Differences between expected and actual experience	-	981	23,219
Changes in assumptions	-	-	3,981
Benefit payments	(1,600)	(14,400)	(36,000)
Implicit rate subsidy fulfilled	-	-	-
Other changes (Discount rate)	-	108,831	-
Net changes	<u>1,863,853</u>	<u>291,141</u>	<u>200,558</u>
Total OPEB liability - ending	<u>\$ 1,863,853</u>	<u>\$ 2,154,994</u>	<u>\$ 2,355,552</u>
Covered employee payroll	13,667,496	14,077,521	15,525,972
Total OPEB liability as a % of covered payroll	13.64%	15.31%	15.17%

Notes:

* The City began this plan in fiscal year 2019. This schedule is to be built prospectively until it contains 10 years of data.

No assets are accumulated in a trust that meets the requirements of paragraph 4 of GASB Statement No. 75.

Firefighters' Pension Fund
Schedule of Employer Contributions
Last 10 Fiscal Years

	Fiscal Year Ending December 31		
	2012	2013	2014
Actuarially determined contribution	\$ (59,033)	\$ (41,988)	\$ (47,101)
Actual employer contribution *	(59,033)	(41,988)	(47,101)
Contribution deficiency (excess)	-	-	-

the Fund for medical expenses under RCW 41.26.150. It includes revenue from fire insurance premium taxes. Prior to 2014, administrative expenses were also subtracted from employer contributions.

** The plan operates on a pay-as-you-go basis. Beginning in 2017, the actuaries are no longer calculating an actuarially determined contribution and therefore, no contribution deficiency (excess) is calculated. This table is shown for historical purposes.

Firefighters' retiree medical and long-term care benefits may be paid from the Firefighters' Pension Fund. As noted above, payments for retiree medical and long-term care benefits are subtracted from other contributions, leaving a negative total contribution for years prior to 2016. The City has been budgeting a portion of the excess plan assets to pay these benefits based on an actuarially determined amount. The City limits the amount of retiree medical and long-term care benefits paid from the Fund to the budgeted amounts, and thus the actual employer contributions are equal to the actuarially determined contributions prior to 2016 in the table above. Starting with the actuarial study of December 31, 2017, the actuaries no longer assume a continuation of the state fire insurance premium and therefore no longer provide an actuarial determined amount available for medical payments from the plan. The City has, however, continued to receive the insurance premium and make medical payments from the fund.

Note: Since this is a closed plan covering retirees, there is no covered payroll, therefore covered payroll and contributions as a percent of covered payroll are not applicable and are not shown in this table. [GASB Statement No. 67 Implementation Guide, question 57]

Firefighters' Pension Fund
Schedule of Money-Weighted Rate of Return
Last Eight Fiscal Years *

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2014	1.96%
2015	1.40%
2016	1.72%
2017	1.00%
2018	5.20%
2019	-0.72%
2020	2.58%
2021	1.02%

* The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information is not available for prior years. This schedule is to be built prospectively until it contains 10 years of data.

City of Kent**Required Supplementary Information**

				Fiscal Year Ended December 31				
				2017	2018 **	2019 **	2020 **	2021 **
\$	(6,968)	\$	33,825	\$ -	\$ -	\$ -	\$ -	\$ -
	(6,968)		1,666	22,782	30,881	105,467	98,650	106,965
	-		(32,159)	-	-	-	-	-

City of Kent**Required Supplementary Information****Firefighters' Pension Fund****Schedule of Changes in Pension Liability and Related Ratios****Last Eight Fiscal Years ***

	Fiscal Year Ending December 31		
	2014	2015	2016
Total Pension Liability			
Service cost	\$ -	\$ -	\$ -
Interest on total pension liability	77,086	75,005	94,952
Effect of plan changes	-	-	-
Effect of economic/demographic gains (losses)	-	357,176	-
Effect of assumption changes or inputs	67,119	295,781	(62,384)
Benefit payments	(143,326)	(157,121)	(158,944)
Net change in total pension liability	879	570,841	(126,376)
Total pension liability - beginning	2,220,000	2,220,879	2,791,720
Total pension liability - ending (a)	\$ 2,220,879	\$ 2,791,720	\$ 2,665,344
Fiduciary Net Position			
Prior Period Adjustment	\$ -	\$ -	\$ -
Contribution for state fire insurance premium tax	178,899	219,032	227,666
Investment income net of investment expenses	54,853	37,358	43,881
Benefit payments	(143,326)	(157,121)	(158,944)
Medical payments from fund	(226,000)	(226,000)	(226,000)
Administrative expenses	(8,325)	(3,000)	(11,825)
Net change in fiduciary net position	(143,899)	(129,731)	(125,222)
Fiduciary net position - beginning	2,880,593	2,736,694	2,606,963
Fiduciary net position - ending (b)	\$ 2,736,694	\$ 2,606,963	\$ 2,481,741
Net pension liability (asset) - ending = (a) - (b)	\$ (515,815)	\$ 184,757	\$ 183,603
Fiduciary net position as a percentage of total pension liability	123.23%	93.38%	93.11%

* The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information is not available for prior years. This schedule is to be built prospectively until it contains 10 years of data.

Note: Since this is a closed plan covering retirees, there is no covered payroll, therefore covered payroll and contributions as a percentage of covered payroll are not applicable and are not shown in this table. [GASB Statement No. 67 Implementation Guide, question 57]

City of Kent
Required Supplementary Information
Fiscal Year Ending December 31

2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -	\$ -
96,923	95,357	101,188	69,992	52,101
-	-	-	-	-
149,761	-	(69,406)	-	252,098
61,812	(112,645)	164,553	167,845	157,158
(162,942)	(174,299)	(180,967)	(180,311)	(175,148)
145,554	(191,587)	15,368	57,526	286,209
2,665,344	2,810,898	2,619,311	2,634,679	2,692,205
\$ 2,810,898	\$ 2,619,311	\$ 2,634,679	\$ 2,692,205	\$ 2,978,414

\$ -	\$ -	\$ -	\$ (599)	\$ -
222,783	230,881	305,467	298,650	306,966
24,202	119,751	6,615	57,688	22,555
(162,942)	(174,299)	(180,967)	(180,311)	(175,148)
(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
(3,000)	(11,825)	(3,300)	(13,611)	(5,151)
(118,957)	(35,492)	(72,185)	(38,183)	(50,778)
2,481,741	2,362,784	2,327,292	2,255,107	2,216,924
\$ 2,362,784	\$ 2,327,292	\$ 2,255,107	\$ 2,216,924	\$ 2,166,146
\$ 448,114	\$ 292,019	\$ 379,572	\$ 475,281	\$ 812,268

84.06% 88.85% 85.59% 82.35% 72.73%

City of Kent**Required Supplementary Information****SCHEDULE OF EMPLOYER CONTRIBUTIONS****As of December 31****Last Seven Years ***

	2015	2016	2017
PERS 1			
Statutorily or contractually required contributions	\$ 1,638,189	\$ 1,870,232	\$ 2,088,586
Contributions in relation to the statutorily or contractually required contributions	1,638,189	1,870,232	2,088,586
Contribution deficiency (excess)	-	-	-
Covered payroll	37,181,456	38,923,470	42,065,397
Contributions as a percentage of covered payroll	4.41%	4.80%	4.97%
PERS 2/3			
Statutorily or contractually required contributions	\$ 1,945,990	\$ 2,282,752	\$ 2,722,404
Contributions in relation to the statutorily or contractually required contributions	1,945,990	2,282,752	2,722,404
Contribution deficiency (excess)	-	-	-
Covered payroll	34,908,875	36,752,683	39,599,277
Contributions as a percentage of covered payroll	5.57%	6.21%	6.87%
PSERS 2			
Statutorily or contractually required contributions	\$ 121,367	\$ 122,102	\$ 139,395
Contributions in relation to the statutorily or contractually required contributions	121,367	122,102	139,395
Contribution deficiency (excess)	-	-	-
Covered payroll	1,882,765	1,860,488	2,091,657
Contributions as a percentage of covered payroll	6.45%	6.56%	6.66%
LEOFF 2			
Statutorily or contractually required contributions	\$ 749,213	\$ 804,269	\$ 860,463
Washington state contributions on behalf of City	505,299	504,126	533,503
Contributions in relation to the statutorily or contractually required contributions	1,254,512	1,308,395	1,393,966
Contribution deficiency (excess)	-	-	-
Covered payroll	14,854,927	15,966,559	16,608,310
Contributions as a percentage of covered payroll	8.45%	8.19%	8.39%

* This schedule is to be built prospectively until it contains 10 years of data.

City of Kent

Required Supplementary Information

2018	2019	2020	2021
\$ 2,351,328	\$ 2,378,910	\$ 2,368,339	\$ 2,163,697
2,351,328	2,378,910	2,368,339	2,163,697
-	-	-	-
46,207,660	47,859,344	49,203,103	50,476,376
5.09%	4.97%	4.81%	4.29%
\$ 3,283,933	\$ 3,502,030	\$ 3,704,122	\$ 3,419,586
3,283,933	3,502,030	3,704,122	3,419,586
-	-	-	-
43,777,402	45,359,059	46,769,176	47,907,111
7.50%	7.72%	7.92%	7.14%
\$ 155,310	\$ 166,854	\$ 167,530	\$ 174,888
155,310	166,854	167,530	174,888
-	-	-	-
2,266,941	2,338,909	2,326,805	2,556,809
6.85%	7.13%	7.20%	6.84%
\$ 911,355	\$ 1,017,230	\$ 1,003,511	\$ 1,038,765
581,650	601,365	679,407	650,588
1,493,005	1,618,595	1,682,918	1,689,353
-	-	-	-
17,172,460	19,434,574	19,420,281	20,126,338
8.69%	8.33%	8.67%	8.39%

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY**
As of June 30 (Measurement Date)
Last Seven Fiscal Years *

	2015	2016	2017	2018
PERS 1				
City's proportionate share of the net pension liability (asset)	0.322525%	0.331119%	0.320321%	0.335336%
City's proportionate share of the net pension liability (asset)	16,871,057	17,782,650	15,199,481	14,976,220
City's covered payroll	36,351,206	39,440,428	39,988,417	44,217,988
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.41%	45.09%	38.01%	33.87%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%	57.03%	63.22%
PERS 2/3				
City's proportionate share of the net pension liability (asset)	0.381911%	0.395840%	0.384543%	0.402499%
City's proportionate share of the net pension liability (asset)	13,645,898	19,930,231	13,161,031	6,872,312
City's covered payroll	33,923,217	37,251,975	37,700,604	41,742,402
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.23%	53.50%	34.91%	16.46%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	85.82%	95.77%
PSERS 2				
City's proportionate share of the net pension liability (asset)	0.651624%	0.573616%	0.558376%	0.553617%
City's proportionate share of the net pension liability (asset)	118,934	243,775	109,403	6,859
City's covered payroll	1,907,865	1,859,634	1,976,972	2,171,586
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	6.23%	13.11%	5.53%	0.32%
Plan fiduciary net position as a percentage of the total pension liability	95.08%	90.41%	90.41%	99.79%

City of Kent**Required Supplementary Information**

2019	2020	2021
0.323785%	0.337844%	0.321187%
12,450,683	11,927,718	3,922,445
45,216,917	50,866,502	49,288,083
27.54%	23.45%	7.96%
67.12%	68.64%	88.74%
0.393990%	0.414094%	0.391258%
3,826,982	5,296,026	(38,975,592)
42,827,869	48,357,046	46,796,042
8.94%	10.95%	-83.29%
97.77%	97.22%	120.29%
0.484319%	0.382659%	0.361482%
(62,981)	(52,654)	(830,465)
2,230,396	2,350,995	2,450,380
-2.82%	-2.24%	-33.89%
101.85%	101.68%	123.67%

Continued

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY**
As of June 30 (Measurement Date)
Last Seven Fiscal Years *

	2015	2016	2017	2018
LEOFF 1				
City's proportionate share of the net pension liability (asset)	0.132902%	0.133759%	0.135565%	0.135862%
City's proportionate share of the net pension liability (asset)	(1,601,763)	(1,378,100)	(2,056,819)	(2,466,577)
City's covered payroll **	-	-	-	-
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	127.36%	123.74%	123.74%	144.42%
LEOFF 2				
City's proportionate share of the net pension liability (asset)	0.521396%	0.505464%	0.520622%	0.518038%
City's proportionate share of the net pension liability (asset)	(5,358,908)	(2,939,930)	(7,224,547)	(10,517,301)
City's covered payroll	15,132,938	15,312,604	16,286,027	16,977,973
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.41%	19.20%	44.36%	61.95%
Plan fiduciary net position as a percentage of the total pension liability	111.67%	106.04%	106.04%	118.50%

Note: Covered payroll on this schedule is based on the plans' fiscal year - July 1-June 30 to match the measurement date for the pension liability (asset).

* The City implemented GASB Statement No. 68 in fiscal year 2015. Information is not available for prior years. This schedule is to be built prospectively until it contains 10 years of data.

** The LEOFF 1 plan is closed and has no further covered payroll.

2019	2020	2021
0.131670%	0.138231%	0.141543%
(2,691,492)	(2,610,505)	(4,848,643)
-	-	-
0.00%	0.00%	0.00%
148.78%	146.88%	187.45%
0.498071%	0.543160%	0.505905%
(11,538,776)	(11,079,671)	(29,385,057)
17,337,346	20,467,412	19,488,960
66.55%	54.13%	150.78%
119.43%	115.83%	142.00%

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS are used to account for proceeds of specific taxes or other earmarked revenues. This revenue is segregated into individual Special Revenue Funds to insure expenditures for a specific purpose. The Street Fund uses 1.0% of 6.0% local utility taxes to fund transfers for street debt service and construction projects. The Lodging Tax Fund uses a 1% tax on the rental of any hotel, motel, rooming house, tourist court or trailer camp to be utilized for the acquisition of, or operation of, tourism-related facilities. The Youth/Teen Programs Fund uses .3% of 6.0% local utility taxes to fund youth/teen programs. The Criminal Justice Fund uses state grants and a King County voter approved sales tax levy of .1% to fund criminal justice activity. The Housing and Community Development Fund uses federal grant monies to fund designated programs.

DEBT SERVICE FUNDS are used to account for and report financial resources, that are restricted, committed, or assigned to expenditure for principal and interest payments on debt. This includes financial resources that are being accumulated for principal and interest maturing in future years. Principal payments are due annually. Interest payments are due semiannually. The Non-voted Debt Service Fund records the principal and interest payments on non-voted Councilmanic General Obligation Bonds as well as other general governmental debt. Funding is transfers from other funds.

CAPITAL PROJECTS FUNDS are used to account for the financial resources segregated for the construction of capital facilities other than those financed by Proprietary Funds. Capital project activity is financed by the issuance of debt both general obligation and special assessment, by grants, and by transfers from such other funds as may be approved by ordinance. The City's non-major capital projects funds are for: parkland acquisition and improvements, miscellaneous general government projects and related improvements, information technology projects including computer software and hardware, and facilities related projects including major remodels, building renovations, and major maintenance.

CITY OF KENT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2021

	Special Revenue		
	Street	Lodging Tax	Youth/Teen Programs
ASSETS			
Cash and cash equivalents	\$ 3,727,511	\$ 37,757	\$ 84,131
Investments, at fair value	7,900,354	79,968	178,834
Receivables (net of allowances for estimated uncollectibles):			
Taxes	1,580,149	30,897	131,846
Accounts	1,419,315	-	-
Due from other governments	-	-	-
TOTAL ASSETS	14,627,329	148,622	394,811
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Vouchers payable	\$ 562,640	\$ 19,412	\$ -
Accounts/payroll payable	1,709,166	-	-
Due to other governments	3,233	-	-
Deposits and advances	-	-	-
TOTAL LIABILITIES	2,275,039	19,412	-
FUND BALANCE			
Nonspendable:			
Restricted:			
Impact Fees	2,660,280	-	-
Lodging tax purposes	-	129,210	-
Criminal justice programs	-	-	-
Low income housing purposes	-	-	-
Parks capital projects	-	-	-
Bond retirement	-	-	-
Committed:			
Street operations	9,692,010	-	-
Youth/Teen programs	-	-	394,811
Criminal justice programs	-	-	-
Economic & community development	-	-	-
Parks capital projects	-	-	-
Assigned:			
Criminal justice programs	-	-	-
Economic & community development	-	-	-
Technology systems	-	-	-
Facility capital projects	-	-	-
Total Fund Balance	12,352,290	129,210	394,811
TOTAL LIABILITIES, DEFERRED INFLOWS, & FUND BALANCE	\$ 14,627,329	\$ 148,622	\$ 394,811

Criminal Justice	Special Revenue		Debt Service	
	Housing & Community Development	Total Non-Major Special Revenue Funds	Non-voted	Total Non-Major Debt Service Funds
\$ 3,480,639	\$ 913,552	\$ 8,243,590	\$ 646,430	\$ 646,430
7,326,508	1,941,904	17,427,568	1,374,093	1,374,093
977,010	679,625	3,399,527	-	-
48,763	561,154	2,029,232	-	-
404,098	-	404,098	-	-
<u>12,237,018</u>	<u>4,096,235</u>	<u>31,504,015</u>	<u>2,020,523</u>	<u>2,020,523</u>
\$ 287,881	\$ 362,450	\$ 1,232,383	\$ -	\$ -
123,595	51,981	1,884,742	-	-
23,554	-	26,787	-	-
72,608	-	72,608	-	-
<u>507,638</u>	<u>414,431</u>	<u>3,216,520</u>	<u>-</u>	<u>-</u>
-	-	2,660,280	-	-
-	-	129,210	-	-
6,638,213	-	6,638,213	-	-
-	3,681,804	3,681,804	-	-
-	-	-	-	-
-	-	-	2,020,523	2,020,523
-	-	9,692,010	-	-
-	-	394,811	-	-
5,079,612	-	5,079,612	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
11,555	-	11,555	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>11,729,380</u>	<u>3,681,804</u>	<u>28,287,495</u>	<u>2,020,523</u>	<u>2,020,523</u>
<u>\$ 12,237,018</u>	<u>\$ 4,096,235</u>	<u>\$ 31,504,015</u>	<u>\$ 2,020,523</u>	<u>\$ 2,020,523</u>

Continued

CITY OF KENT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2021

	Capital Projects		
	Parks Capital Projects	Other Capital Projects	Technology Capital Projects
ASSETS			
Cash and equity in pooled investments	\$ 6,380,776	\$ 381,976	\$ 2,783,841
Investments, at fair value	13,507,020	808,632	5,891,537
Receivables (net of allowances for estimated uncollectibles):			
Taxes	1,600	-	-
Accounts	-	-	236
Due from other governments	-	-	-
TOTAL ASSETS	<u>19,889,396</u>	<u>1,190,608</u>	<u>8,675,614</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Vouchers payable	\$ 128,793	\$ -	\$ 268,717
Accounts/payroll payable	277,336	-	56,086
Due to other governments	589	-	441
Deposits and advances	-	-	-
TOTAL LIABILITIES	<u>406,718</u>	<u>-</u>	<u>325,244</u>
FUND BALANCE			
Nonspendable:			
Restricted:			
Impact Fees	-	-	-
Lodging Tax Purposes	-	-	-
Criminal Justice Programs	-	-	-
Low income housing purposes	-	-	-
Parks Capital Projects	3,991,075	-	-
Bond retirement	-	-	-
Committed:			
Street Operating Programs	-	-	-
Youth/Teen Programs	-	-	-
Criminal justice programs	-	-	-
Economic & community development	-	1,189,413	-
Parks capital projects	15,491,603	-	-
Assigned:			
Criminal Justice Programs	-	-	-
Economic & community development	-	1,195	-
Technology Capital Projects	-	-	8,350,370
Facility Capital Projects	-	-	-
Total Fund Balance	<u>19,482,678</u>	<u>1,190,608</u>	<u>8,350,370</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, & FUND BALANCE	<u>\$ 19,889,396</u>	<u>\$ 1,190,608</u>	<u>\$ 8,675,614</u>

		Capital Projects	
	Facility	Total Non-Major	Total Non-Major
	Capital	Capital Projects	Governmental
	Projects	Funds	Funds
\$	1,259,630	\$ 10,806,223	\$ 19,696,243
	2,666,576	22,873,765	41,675,426
	-	1,600	3,401,127
	-	236	2,029,468
	-	-	404,098
	<u>3,926,206</u>	<u>33,681,824</u>	<u>67,206,362</u>

\$	248	\$ 397,758	\$ 1,630,141
	1,360	334,782	2,219,524
	-	1,030	27,817
	-	-	72,608
	<u>1,608</u>	<u>733,570</u>	<u>3,950,090</u>

	-	-	2,660,280
	-	-	129,210
	-	-	6,638,213
	-	-	3,681,804
	-	3,991,075	3,991,075
	-	-	2,020,523
	-	-	9,692,010
	-	-	394,811
	-	-	5,079,612
	-	1,189,413	1,189,413
	-	15,491,603	15,491,603
	-	-	11,555
	-	1,195	1,195
	-	8,350,370	8,350,370
	3,924,598	3,924,598	3,924,598
	<u>3,924,598</u>	<u>32,948,254</u>	<u>63,256,272</u>
\$	<u>3,926,206</u>	<u>33,681,824</u>	<u>67,206,362</u>

Concluded

CITY OF KENT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2021

	Special Revenue		
	Street	Lodging Tax	Youth/Teen Programs
REVENUES			
Taxes:			
Sales and use	\$ -	\$ -	\$ -
Utility	7,999,827	-	977,243
Lodging tax	-	222,759	-
Licenses and permits	565,945	-	-
Intergovernmental revenue:			
Federal grants	-	-	-
State shared fuel tax	2,558,704	-	-
State shared revenue-criminal justice	-	-	-
State shared revenue-other	176,724	-	-
State grants	1,824,073	-	-
Other governments	-	-	-
Charges for services:			
Other fees and charges	2,579,958	-	-
Fines and forfeitures	-	-	-
Miscellaneous revenue:			
Interest income	84,781	708	-
Net increase (decrease) in fair value of investments	(71,383)	(2,216)	-
Rent/lease income	14,506	-	-
Contributions and donations	-	-	-
Other miscellaneous revenue	74,099	-	-
TOTAL REVENUES	15,807,234	221,251	977,243
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	165,719	-
Public works	12,037,605	-	-
Leisure services	-	-	49,800
Health and human services	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	164,809	-	-
TOTAL EXPENDITURES	12,202,414	165,719	49,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,604,820	55,532	927,443
OTHER FINANCING SOURCES (USES)			
Transfers in	6,957,542	-	-
Transfers out	(8,015,779)	-	(814,254)
TOTAL OTHER FINANCING SOURCES (USES)	(1,058,237)	-	(814,254)
NET CHANGE IN FUND BALANCES	2,546,583	55,532	113,189
FUND BALANCES (DEFICIT), January 1	9,805,707	73,678	281,622
FUND BALANCES, December 31	\$ 12,352,290	\$ 129,210	\$ 394,811

Special Revenue			Debt Service	
Criminal Justice	Housing & Community Development	Total Non-Major Special Revenue Funds	Non-voted	Total Non-Major Debt Service Funds
\$ 4,421,647	\$ 3,796,657	\$ 8,218,304	\$ -	\$ -
-	-	8,977,070	-	-
-	-	222,759	-	-
-	-	565,945	-	-
196,327	1,802,467	1,998,794	-	-
-	-	2,558,704	-	-
1,134,781	-	1,134,781	-	-
48,797	-	225,521	-	-
-	-	1,824,073	-	-
13,781	-	13,781	1,473,276	1,473,276
36,400	-	2,616,358	-	-
4,545,761	-	4,545,761	-	-
86,988	-	172,477	-	-
(132,599)	-	(206,198)	-	-
-	-	14,506	-	-
850	-	850	-	-
19,494	-	93,593	-	-
<u>10,372,227</u>	<u>5,599,124</u>	<u>32,977,079</u>	<u>1,473,276</u>	<u>1,473,276</u>
-	-	-	-	-
6,550,403	-	6,550,403	-	-
-	-	165,719	-	-
-	-	12,037,605	-	-
-	-	49,800	-	-
-	2,231,960	2,231,960	-	-
-	-	-	5,287,190	5,287,190
-	-	-	3,061,532	3,061,532
818,978	-	983,787	-	-
<u>7,369,381</u>	<u>2,231,960</u>	<u>22,019,274</u>	<u>8,348,722</u>	<u>8,348,722</u>
3,002,846	3,367,164	10,957,805	(6,875,446)	(6,875,446)
705,000	-	7,662,542	6,515,271	6,515,271
(403,110)	(100,000)	(9,333,143)	-	-
<u>301,890</u>	<u>(100,000)</u>	<u>(1,670,601)</u>	<u>6,515,271</u>	<u>6,515,271</u>
3,304,736	3,267,164	9,287,204	(360,175)	(360,175)
8,424,644	414,640	19,000,291	2,380,698	2,380,698
<u>\$ 11,729,380</u>	<u>\$ 3,681,804</u>	<u>\$ 28,287,495</u>	<u>\$ 2,020,523</u>	<u>\$ 2,020,523</u>

Continued

CITY OF KENT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2021

	Capital Projects		
	Parks Capital Projects	Other Capital Projects	Technology Capital Projects
REVENUES			
Taxes:			
Sales and use	\$ -	\$ -	\$ -
Utility	-	-	-
Lodging tax	-	-	-
Licenses and permits	-	-	-
Intergovernmental revenue:			
Federal grants	-	-	-
State shared fuel tax	10,018	-	-
State shared revenue-criminal justice	-	-	-
State shared revenue-other	-	-	-
State grants	-	-	-
Other governments	379,086	-	-
Charges for services:			
Other fees and charges	-	-	-
Fines and forfeitures	-	-	-
Miscellaneous revenue:			
Interest income	182,634	12,278	77,223
Net increase (decrease) in fair value of investments	(340,264)	(21,600)	(147,465)
Rent/lease income	33,098	-	-
Contributions and Donations	57,523	-	-
Other miscellaneous revenue	45,000	-	121,352
TOTAL REVENUES	367,095	(9,322)	51,110
EXPENDITURES			
Current:			
General government	-	-	4,321,201
Public safety	-	-	-
Community development	-	6,048	-
Public works	-	-	-
Leisure services	1,511,248	-	-
Health and human services	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	3,908,622	-	282,374
TOTAL EXPENDITURES	5,419,870	6,048	4,603,575
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,052,775)	(15,370)	(4,552,465)
OTHER FINANCING SOURCES (USES)			
Transfers in	6,245,090	-	4,756,750
Transfers out	(50,000)	(1,673)	-
TOTAL OTHER FINANCING SOURCES (USES)	6,195,090	(1,673)	4,756,750
SOURCES OVER EXPENDITURES AND OTHER USES	1,142,315	(17,043)	204,285
FUND BALANCES, January 1	18,340,363	1,207,651	8,146,085
FUND BALANCES, December 31	\$ 19,482,678	\$ 1,190,608	\$ 8,350,370

		Capital Projects		
Facility	Capital	Total Non-Major	Total Non-Major	
Projects	Projects	Funds	Governmental	
			Funds	
\$	-	\$	-	\$ 8,218,304
	-		-	8,977,070
	-		-	222,759
	-		-	565,945
	-		-	1,998,794
	-		10,018	2,568,722
	-		-	1,134,781
	-		-	225,521
	-		-	1,824,073
	-		379,086	1,866,143
	-		-	2,616,358
	-		-	4,545,761
	35,815		307,950	480,427
	(69,438)		(578,767)	(784,965)
	-		33,098	47,604
	-		57,523	58,373
	-		166,352	259,945
	(33,623)		375,260	34,825,615
	39,988		4,361,189	4,361,189
	-		-	6,550,403
	-		6,048	171,767
	-		-	12,037,605
	-		1,511,248	1,561,048
	-		-	2,231,960
	-		-	5,287,190
	-		-	3,061,532
	132,692		4,323,688	5,307,475
	172,680		10,202,173	40,570,169
	(206,303)		(9,826,913)	(5,744,554)
	696,960		11,698,800	25,876,613
	-		(51,673)	(9,384,816)
	696,960		11,647,127	16,491,797
	490,657		1,820,214	10,747,243
	3,433,941		31,128,040	52,509,029
\$	3,924,598	\$	32,948,254	\$ 63,256,272

Concluded

CITY OF KENT

STREET SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Year Ended December 31, 2021

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Taxes:				
Utility	\$ 7,244,020	7,244,020	\$ -	\$ (7,244,020)
Licenses and permits	535,290	535,290	-	(535,290)
Intergovernmental:				
State shared - fuel tax	2,653,500	2,653,500	-	(2,653,500)
State shared - other	178,500	178,500	1,824,073	1,645,573
State grants	-	8,000,000	-	(8,000,000)
Charges for services	725,480	725,480	-	(725,480)
Miscellaneous revenue:				
Interest income	197,860	197,860	(71,383)	(269,243)
Net increase (decrease) in fair value of investments	-	-	14,506	14,506
Rent/lease income	-	-	-	-
Other miscellaneous revenue	18,730	18,730	74,099	55,369
TOTAL REVENUES	<u>11,553,380</u>	<u>19,553,380</u>	<u>4,474,098</u>	<u>(15,079,282)</u>
EXPENDITURES				
Current:				
Public works	12,775,690	19,874,870	-	(19,874,870)
Capital outlay	78,080	78,080	-	(78,080)
TOTAL EXPENDITURES	<u>12,853,770</u>	<u>19,952,950</u>	<u>-</u>	<u>(19,952,950)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,300,390)	(399,570)	4,474,098	4,873,668
OTHER FINANCING SOURCES (USES)				
Transfers in	6,733,860	7,468,000	(8,015,779)	(15,483,779)
Transfer Out	(5,388,120)	(7,211,780)	-	7,211,780
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,345,740</u>	<u>256,220</u>	<u>(8,015,779)</u>	<u>(8,271,999)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	45,350	(143,350)	(3,541,681)	(3,398,331)
FUND BALANCES, January 1	7,768,086	7,768,086	-	(7,768,086)
FUND BALANCES, December 31	<u>\$ 7,813,436</u>	<u>\$ 7,624,736</u>	<u>\$ (3,541,681)</u>	<u>\$ (11,166,417)</u>

Note: Budgeted transfers of \$533,245 between business units within the fund have been eliminated for financial reporting purposes.

CITY OF KENT

LODGING TAX SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

For the Year Ended December 31, 2021

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Taxes:				
Lodging Tax	\$ 236,800	\$ 236,800	\$ -	\$ (236,800)
Miscellaneous revenue:				
Interest income	2,310	2,310	(2,216)	(4,526)
Net increase (decrease) in fair value of investments	-	-	-	-
TOTAL REVENUES	<u>239,110</u>	<u>239,110</u>	<u>(2,216)</u>	<u>(241,326)</u>
EXPENDITURES				
Current:				
Community Development	229,190	179,190	-	(179,190)
TOTAL EXPENDITURES	<u>229,190</u>	<u>179,190</u>	<u>-</u>	<u>(179,190)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,920	59,920	(2,216)	(62,136)
FUND BALANCES, January 1	73,683	73,683	-	(73,683)
FUND BALANCES, December 31	<u>\$ 83,603</u>	<u>\$ 133,603</u>	<u>\$ (2,216)</u>	<u>\$ (135,819)</u>

CITY OF KENT
YOUTH/TEEN PROGRAMS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended December 31, 2021

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Taxes:				
Utility	\$ 924,390	\$ 924,390	\$ -	\$ (924,390)
TOTAL REVENUES	<u>924,390</u>	<u>924,390</u>	<u>-</u>	<u>(924,390)</u>
EXPENDITURES				
Current:				
Leisure services	49,800	49,800	-	(49,800)
TOTAL EXPENDITURES	<u>49,800</u>	<u>49,800</u>	<u>-</u>	<u>(49,800)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	874,590	874,590	-	(874,590)
OTHER FINANCING SOURCES (USES)				
Transfers out	(874,590)	(874,590)	-	874,590
TOTAL OTHER FINANCING SOURCES (USES)	<u>(874,590)</u>	<u>(874,590)</u>	<u>-</u>	<u>874,590</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-	-
FUND BALANCES, January 1	314,130	314,130	-	(314,130)
FUND BALANCES, December 31	<u>\$ 314,130</u>	<u>\$ 314,130</u>	<u>\$ -</u>	<u>\$ (314,130)</u>

CITY OF KENT
CRIMINAL JUSTICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended December 31, 2021

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Taxes:				
Sales and use	\$ 3,635,480	\$ 3,635,480	\$ -	\$ (3,635,480)
Intergovernmental revenue:				
Federal grants	-	176,181	-	(176,181)
State shared - criminal justice	526,010	526,010	48,797	(477,213)
State shared - other	-	58,930	-	(58,930)
State grants	52,860	119,360	13,781	(105,579)
Local government grants	-	-	-	-
Charges for services	98,000	98,000	4,545,761	4,447,761
Fines and forfeitures	3,585,330	3,600,820	-	(3,600,820)
Miscellaneous revenue:				
Interest income	144,470	144,470	(132,599)	(277,069)
Net increase (decrease) in fair value of investments	-	-	-	-
Contributions and donations	-	-	19,494	19,494
Other miscellaneous revenue	-	-	-	-
TOTAL REVENUES	8,042,150	8,359,251	4,495,234	(3,864,017)
EXPENDITURES				
Current:				
Public safety	7,764,960	8,200,361	-	(8,200,361)
Capital outlay	864,000	954,000	-	(954,000)
TOTAL EXPENDITURES	8,628,960	9,154,361	-	(9,154,361)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(586,810)	(795,110)	4,495,234	5,290,344
OTHER FINANCING SOURCES (USES)				
Transfers in	735,990	735,990	(403,110)	(1,139,100)
Transfers out	(434,100)	(434,100)	-	434,100
TOTAL OTHER FINANCING SOURCES (USES)	301,890	301,890	(403,110)	(705,000)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(284,920)	(493,220)	4,092,124	4,585,344
FUND BALANCES, January 1	8,036,824	8,036,824	-	(8,036,824)
FUND BALANCES, December 31	\$ 7,751,904	\$ 7,543,604	\$ 4,092,124	\$ (3,451,480)

Note: Budgeted transfers of \$16,500 between business units with the fund have been eliminated for financial reporting purposes.

CITY OF KENT
HOUSING & COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended December 31, 2021

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Taxes:				
Sales and use	\$ -	\$ 3,020,000	\$ 0	\$ (3,020,000)
Intergovernmental revenue:				
Federal grants	1,139,860	2,019,344	-	(2,019,344)
TOTAL REVENUES	<u>1,139,860</u>	<u>5,321,864</u>	<u>-</u>	<u>(5,321,864)</u>
EXPENDITURES				
Current:				
Health and human services	1,534,750	5,268,934	-	(5,268,934)
TOTAL EXPENDITURES	<u>1,534,750</u>	<u>5,268,934</u>	<u>-</u>	<u>(5,268,934)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(394,890)	52,930	-	(52,930)
OTHER FINANCING SOURCES (USES)				
Transfers in	394,890	1,945,470	(100,000)	(2,045,470)
Transfers out	-	(2,045,470)	-	2,045,470
TOTAL OTHER FINANCING SOURCES (USES)	<u>394,890</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	(47,070)	(100,000)	(52,930)
FUND BALANCES, January 1	414,641	414,641	-	(414,641)
FUND BALANCES, December 31	<u>\$ 414,641</u>	<u>\$ 367,571</u>	<u>\$ (100,000)</u>	<u>\$ (467,571)</u>

INTERNAL SERVICE FUNDS

The INTERNAL SERVICE FUNDS are used to account for services performed by designated operations within the City of Kent for other operations/functions within the city. Internal Service Funds generate revenue by billing the organization/function to which the service was provided. In this manner, the efficiency of centralized city services can be obtained while being able to distribute the cost of those services to user organizations/functions. The Equipment Rental Fund rents vehicles and other maintenance equipment and provides fuel and maintenance services for the fleet. The Central Services Fund provides central stores, photocopying, printing, graphics, data processing, cable media, and telephone services. The Facilities Fund provides custodial and maintenance for most of the city owned buildings. The Insurance Fund accounts for the city's unemployment and workers' compensation programs, dental and health insurance program, and liability and property insurance program.

CITY OF KENT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2021

	Equipment Rental	Central Services
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,361,758	\$ 909,562
Investments, at fair value	2,882,643	1,926,418
Restricted cash, cash equivalents, and investments:		
Cash with fiscal agent	-	-
Receivables (net of allowances for estimated uncollectibles):		
Accounts	42,782	50,995
Interfund loan receivable	-	-
Inventory, at cost	133,796	309,012
Prepaid expenses	-	83,669
Total Current Assets	<u>4,420,979</u>	<u>3,279,656</u>
NONCURRENT ASSETS:		
Net Pension Asset	669,683	2,544,798
Property plant and equipment:		
Buildings	108,702	-
Site improvements	2,595,785	28,964
Equipment	29,002,824	5,628,632
Less: accumulated depreciation	(14,410,022)	(5,657,596)
Construction in progress	-	-
Total noncurrent assets	<u>17,966,972</u>	<u>2,544,798</u>
TOTAL ASSETS	<u>\$ 22,387,951</u>	<u>\$ 5,824,454</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>88,340</u>	<u>335,692</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 88,340</u>	<u>\$ 335,692</u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Vouchers payable	\$ 206,227	\$ 285,407
Accounts/payroll payable	47,593	242,690
Incurred but not reported claims payable	-	-
Compensated absences payable - current portion	<u>39,621</u>	<u>213,212</u>
Total Current Liabilities	<u>293,441</u>	<u>741,309</u>
LONG-TERM LIABILITIES		
Compensated absences payable - non-current	14,981	174,074
Net Pension Liability	<u>67,396</u>	<u>256,105</u>
Total Long-Term Liabilities	<u>82,377</u>	<u>430,179</u>
TOTAL LIABILITIES	<u>375,818</u>	<u>1,171,488</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>702,021</u>	<u>2,667,682</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 702,021</u>	<u>\$ 2,667,682</u>
NET POSITION		
Net investment in capital assets	17,966,972	2,544,798
Restricted for Pensions	669,683	2,544,798
Unrestricted	2,761,797	(2,768,620)
TOTAL NET POSITION	<u>\$ 21,398,452</u>	<u>\$ 2,320,976</u>

	Facilities	Insurance	Totals
\$	2,218,488	\$ 6,704,208	\$ 11,194,016
	4,696,315	14,206,230	23,711,606
	-	44,562	44,562
	94,802	182,381	370,960
	-	51,099	51,099
	-	-	442,808
	-	384,370	468,039
	<u>7,009,605</u>	<u>21,572,850</u>	<u>36,283,090</u>
	1,406,337	133,936	4,754,754
	-	-	108,702
	79,420	-	2,704,169
	92,735	-	34,724,191
	(172,155)	-	(20,239,773)
	1,748	-	1,748
	<u>1,408,085</u>	<u>133,936</u>	<u>22,053,791</u>
\$	<u>8,417,690</u>	<u>\$ 21,706,786</u>	<u>\$ 58,336,881</u>
	185,514	17,668	627,214
\$	<u>185,514</u>	<u>\$ 17,668</u>	<u>\$ 627,214</u>
\$	219,135	\$ 334,715	\$ 1,045,484
	107,820	15,644	413,747
	-	6,547,200	6,547,200
	68,498	14,806	336,137
	<u>395,453</u>	<u>6,912,365</u>	<u>8,342,568</u>
	48,699	24,654	262,408
	141,532	13,479	478,512
	190,231	38,133	740,920
	<u>585,684</u>	<u>6,950,498</u>	<u>9,083,488</u>
	1,474,247	140,403	4,984,353
\$	<u>1,474,247</u>	<u>\$ 140,403</u>	<u>\$ 4,984,353</u>
	1,408,085	-	21,919,855
	1,406,337	133,936	4,754,754
	3,728,851	14,499,617	18,221,645
	<u>6,543,273</u>	<u>14,633,553</u>	<u>44,896,254</u>
\$	<u>6,543,273</u>	<u>\$ 14,633,553</u>	<u>\$ 44,896,254</u>

CITY OF KENT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2021

	Equipment Rental	Central Services
OPERATING REVENUES		
Sales	\$ 912,029	\$ 355,950
Charges for services	4,472,288	8,831,083
Contributions	-	-
Rental and lease income	-	-
Other operating revenue	10,965	-
TOTAL OPERATING REVENUES	5,395,282	9,187,033
OPERATING EXPENSES		
Salaries and benefits	921,810	4,674,730
Supplies	1,257,496	276,467
Services and charges	904,203	4,368,470
Depreciation	1,897,783	-
TOTAL OPERATING EXPENSES	4,981,292	9,319,667
OPERATING INCOME (LOSS)	413,990	(132,634)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	43,522	22,446
Unrealized net gain/(loss) in fair value of investments	(80,619)	(40,104)
Gain/(loss) on disposal of capital assets	33,392	-
Miscellaneous non-operating revenues	100,030	250
TOTAL NON-OPERATING REVENUES (EXPENSES)	96,325	(17,408)
NET INCOME (LOSS)	510,315	(150,042)
Contributed capital	815,653	-
Transfers in	216,185	1,692,409
Transfers out	(84,941)	(351,271)
CHANGE IN NET POSITION	1,457,212	1,191,096
NET POSITION, January 1	19,941,240	1,129,880
NET POSITION, December 31	\$ 21,398,452	\$ 2,320,976

	Facilities	Insurance	Totals
\$	-	\$ -	\$ 1,267,979
	5,321,350	-	18,624,721
	-	19,702,099	19,702,099
	70,446	-	70,446
	161,613	1,758,948	1,931,526
	<u>5,553,409</u>	<u>21,461,047</u>	<u>41,596,771</u>
	1,482,543	281,610	7,360,693
	379,151	38,567	1,951,681
	2,811,319	21,853,957	29,937,949
	-	-	1,897,783
	<u>4,673,013</u>	<u>22,174,134</u>	<u>41,148,106</u>
	<u>880,396</u>	<u>(713,087)</u>	<u>448,665</u>
	69,319	166,865	302,152
	(120,880)	(289,738)	(531,341)
	(1,057,305)	-	(1,023,913)
	-	-	100,280
	<u>(1,108,866)</u>	<u>(122,873)</u>	<u>(1,152,822)</u>
	<u>(228,470)</u>	<u>(835,960)</u>	<u>(704,157)</u>
	-	-	815,653
	524,998	4,400,000	6,833,592
	(221,160)	-	(657,372)
	-	-	-
	<u>75,368</u>	<u>3,564,040</u>	<u>6,287,716</u>
	6,467,905	11,069,513	38,608,538
\$	<u><u>6,543,273</u></u>	<u><u>\$ 14,633,553</u></u>	<u><u>\$ 44,896,254</u></u>

CITY OF KENT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	Equipment Rental	Central Services
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 5,360,121	\$ 9,333,740
Cash received from other funds for services	-	-
Cash payments to employees	(1,181,696)	(5,755,788)
Cash payments to suppliers	(3,244,018)	(4,323,268)
Other cash received	10,965	-
Net cash provided by (used for) operating activities	945,372	(745,316)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants/non-operating revenue received	100,030	250
Transfers in	-	-
Net cash provided by noncapital financing	100,030	(351,021)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal repayment on interfund loan	-	-
Interest income on interfund capital loans	-	-
Proceeds on disposal of capital assets	219,883	-
Acquisition and construction of capital assets	(2,601,683)	-
Transfers in	216,185	1,692,409
Net cash used for capital and related financing	(1,434,903)	1,692,409
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(1,837,227)	(1,226,973)
Proceeds from sale and maturities of investment securities	1,338,998	452,947
Interest and dividends on investments	(37,097)	(17,658)
Net cash provided by (used for) investing activities	(535,326)	(791,684)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(924,827)	(195,612)
CASH AND CASH EQUIVALENTS, January 1	2,286,585	1,105,174
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 1,361,758</u>	<u>\$ 909,562</u>
CASH AND EQUITY IN POOLED CASH AND CASH EQUIVALENTS AT DECEMBER 31 CONSISTS OF:		
Current assets:		
Cash and cash equivalents	\$ 1,361,758	\$ 909,562
Restricted cash with fiscal agent	-	-
	<u>\$ 1,361,758</u>	<u>\$ 909,562</u>

Facilities	Insurance	Total
\$ 5,328,282	\$ -	\$ 20,022,143
-	19,696,501	19,696,501
(2,210,381)	(434,765)	(9,582,630)
(3,110,698)	(21,315,534)	(31,993,518)
161,613	1,758,948	1,931,526
<u>168,816</u>	<u>(294,850)</u>	<u>74,022</u>
-	-	100,280
-	4,400,000	4,400,000
<u>-</u>	<u>4,400,000</u>	<u>4,149,009</u>
-	100,404	100,404
-	1,818	1,818
-	-	219,883
(275,010)	-	(2,876,693)
524,998	-	2,433,592
<u>28,828</u>	<u>102,222</u>	<u>388,556</u>
(2,993,090)	(9,042,622)	(15,099,912)
1,753,009	3,422,217	6,967,171
(51,561)	(124,691)	(231,007)
<u>(1,291,642)</u>	<u>(5,745,096)</u>	<u>(8,363,748)</u>
(1,093,998)	(1,537,724)	(3,752,161)
3,312,486	8,286,494	14,990,739
<u>\$ 2,218,488</u>	<u>\$ 6,748,770</u>	<u>\$ 11,238,578</u>
\$ 2,218,488	\$ 6,704,208	\$ 11,194,016
-	44,562	44,562
<u>\$ 2,218,488</u>	<u>\$ 6,748,770</u>	<u>\$ 11,238,578</u>

Continued

CITY OF KENT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	Equipment Rental	Central Services
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 413,990	\$ (132,634)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,897,783	-
Change in assets and liabilities:		
(Increase) Decrease in accounts receivable	(24,196)	146,707
(Increase) Decrease in inventory	(54,004)	(2,161)
(Increase) Decrease in prepaid expenses	-	144,712
(Increase) Decrease in net pension asset	(669,683)	(2,544,798)
(Increase) Decrease in pension deferred outflows	2,854	59,481
Increase (Decrease) in vouchers payable	(956,943)	65,470
Increase (Decrease) in accounts/payroll payable	(68,229)	75,540
(Decrease) in incurred but not reported claims payable	-	-
Increase (Decrease) in compensated absences	(19,599)	18,000
Increase (Decrease) in pension deferred inflows	623,728	2,328,410
Increase (Decrease) in pension liabilities	(200,329)	(904,043)
Total Adjustments	<u>531,382</u>	<u>(612,682)</u>
Net cash provided by operating activities	\$ <u>945,372</u>	\$ <u>(745,316)</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets contributed	\$ 815,653	\$ -
Increase (Decrease) in fair value of investments	(80,619)	(40,104)

Facilities	Insurance	Total
\$ 880,396	\$ (713,087)	\$ 448,665
-	-	1,897,783
(63,514)	(5,598)	53,399
-	-	(56,165)
-	(53,809)	90,903
(1,406,337)	(133,936)	(4,754,754)
77,935	12,730	153,000
61,007	(213,482)	(1,043,948)
(13,163)	(15,275)	(21,127)
-	848,800	848,800
16,326	(59,736)	(45,009)
1,248,066	114,305	4,314,509
(631,900)	(75,762)	(1,812,034)
<u>(711,580)</u>	<u>418,237</u>	<u>(374,643)</u>
\$ <u><u>168,816</u></u>	\$ <u><u>(294,850)</u></u>	\$ <u><u>74,022</u></u>
\$ -	\$ -	\$ 815,653
(120,880)	(289,738)	(531,341)

Concluded

PENSION AND OTHER POST EMPLOYMENT BENEFIT FUNDS

The Pension and Other Post Employment Benefit Trust Funds are used to report fiduciary activities for the Firemen's Pension Trust Fund and the VEBA Other Postemployment Benefit Trust Fund.

CITY OF KENT
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2021

	Firemen's Relief & Pension Fund	VEBA OPEB Trust Fund	Total
ASSETS			
Cash and equity in pooled investments	\$ 684,883	\$ -	\$ 684,883
Investments, at fair value	1,449,789	-	1,449,789
Cash with fiscal agent	-	33,400	33,400
TOTAL ASSETS	\$ 2,134,672	\$ 33,400	\$ 2,168,072
LIABILITIES			
Accounts/payroll payable	\$ 7,241	\$ -	\$ 7,241
TOTAL LIABILITIES	\$ 7,241	\$ -	\$ 7,241
NET POSITION			
Restricted for:			
Pensions	2,127,431	-	2,127,431
Postemployment benefits other than pensions	-	33,400	33,400
Total net position	\$ 2,127,431	\$ 33,400	\$ 2,160,831

CITY OF KENT
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended December 31, 2021

	Firemen's Relief & Pension Fund	VEBA OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	-	36,000	36,000
State insurance fees	306,965	-	306,965
Investment earnings:			
Interest income	22,554	51	22,605
Unrealized net gain/(loss) in fair value of investments	(38,714)	542	(38,172)
Net investment income	(16,160)	593	(15,567)
TOTAL ADDITIONS	290,805	36,593	327,398
DEDUCTIONS			
Benefits	200,000	-	200,000
Administrative Expense	180,298	14,526	194,824
TOTAL DEDUCTIONS	380,298	14,526	394,824
CHANGE IN NET POSITION	(89,493)	22,067	(67,426)
NET POSITION January 1	2,216,924	11,333	2,228,257
NET POSITION December 31	2,127,431	33,400	2,160,831

INSURANCE FUND DETAILED SCHEDULES

These schedules show the financial information of the Insurance Fund Internal Service Fund by program. The programs are Unemployment Compensation Insurance, Workers' Compensation Insurance, Medical and Dental Insurance, Liability Insurance, and Property Insurance.

CITY OF KENT
INSURANCE FUND
COMBINING STATEMENT OF NET POSITION
December 31, 2021

	Unemployment Compensation Insurance	Workers' Compensation Insurance
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 429,949	\$ 1,010,136
Investments, at fair value	910,193	2,138,262
Restricted cash, cash equivalents, & investments:		
Cash with fiscal agent	-	35,000
Receivables (net of allowances for estimated uncollectibles):		
Accounts	5,598	-
Interfund loan receivable	-	25,550
Prepaid expenses	-	-
Total Current Assets	<u>1,345,740</u>	<u>3,208,948</u>
NONCURRENT ASSETS:		
Net Pension Asset	<u>13,394</u>	<u>53,574</u>
Total noncurrent assets	<u>13,394</u>	<u>53,574</u>
TOTAL ASSETS	<u>\$ 1,359,134</u>	<u>\$ 3,262,522</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>1,767</u>	<u>7,067</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,767</u>	<u>\$ 7,067</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,360,901</u>	<u>\$ 3,269,589</u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Vouchers payable	\$ 3,611	\$ 23,424
Accounts/payroll payable	-	1,684
Incurred but not reported claims payable	-	1,737,000
Compensated absences payable - current portion	<u>1,481</u>	<u>5,922</u>
Total Current Liabilities	<u>5,092</u>	<u>1,768,030</u>
LONG-TERM LIABILITIES		
Compensated absences payable - non-current	2,465	9,862
Net Pension Liability	<u>1,348</u>	<u>5,392</u>
Total Long-Term Liabilities	<u>3,813</u>	<u>15,254</u>
TOTAL LIABILITIES	<u>8,905</u>	<u>1,783,284</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>14,040</u>	<u>56,161</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 14,040</u>	<u>\$ 56,161</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>\$ 22,945</u>	<u>\$ 1,839,445</u>
NET POSITION		
Unrestricted	<u>1,337,956</u>	<u>1,430,144</u>
TOTAL NET POSITION	<u>\$ 1,337,956</u>	<u>\$ 1,430,144</u>

	Medical & Dental Insurance		Liability Insurance		Property Insurance		Totals
\$	3,111,447	\$	2,053,156	\$	99,520	\$	6,704,208
	6,586,433		4,360,542		210,800		14,206,230
	-		9,562		-		44,562
	176,783		-		-		182,381
	-		25,549		-		51,099
	5,066		35,281		344,023		384,370
	<u>9,879,729</u>		<u>6,484,090</u>		<u>654,343</u>		<u>21,572,850</u>
	-		53,574		13,394		133,936
	<u>-</u>		<u>53,574</u>		<u>13,394</u>		<u>133,936</u>
\$	<u>9,879,729</u>		<u>6,537,664</u>	\$	<u>667,737</u>	\$	<u>21,706,786</u>
	-		7,067		1,767		17,668
\$	<u>-</u>		<u>7,067</u>	\$	<u>1,767</u>	\$	<u>17,668</u>
\$	<u>9,879,729</u>		<u>6,544,731</u>	\$	<u>669,504</u>	\$	<u>21,724,454</u>
\$	264,108		43,572	\$	-	\$	334,715
	-		11,176		2,784		15,644
	878,200		3,932,000		-		6,547,200
	-		5,922		1,481		14,806
	<u>1,142,308</u>		<u>3,992,670</u>		<u>4,265</u>		<u>6,912,365</u>
	-		9,862		2,465		24,654
	-		5,391		1,348		13,479
	<u>-</u>		<u>15,253</u>		<u>3,813</u>		<u>38,133</u>
	<u>1,142,308</u>		<u>4,007,923</u>		<u>8,078</u>		<u>6,950,498</u>
	-		56,162		14,040		140,403
\$	<u>-</u>		<u>56,162</u>	\$	<u>14,040</u>	\$	<u>140,403</u>
\$	<u>1,142,308</u>		<u>4,064,085</u>	\$	<u>22,118</u>	\$	<u>7,090,901</u>
	8,737,421		2,480,646		647,386		14,633,553
\$	<u>8,737,421</u>		<u>2,480,646</u>	\$	<u>647,386</u>	\$	<u>14,633,553</u>

CITY OF KENT
INSURANCE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2021

	Unemployment Compensation Insurance	Workers' Compensation Insurance
OPERATING REVENUES		
Contributions	\$ 145,083	\$ 995,247
Other operating revenue	-	51,872
TOTAL OPERATING REVENUES	<u>145,083</u>	<u>1,047,119</u>
OPERATING EXPENSES		
Salaries and benefits	28,157	112,671
Supplies	-	20,810
Services and charges	139,071	1,727,283
TOTAL OPERATING EXPENSES	<u>167,228</u>	<u>1,860,764</u>
OPERATING INCOME (LOSS)	<u>(22,145)</u>	<u>(813,645)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	13,771	37,197
Unrealized net gain/(loss) in fair value of investments	(23,991)	(64,726)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(10,220)</u>	<u>(27,529)</u>
NET INCOME (LOSS)	<u>(32,365)</u>	<u>(841,174)</u>
Transfers in	-	-
CHANGE IN NET POSITION	<u>(32,365)</u>	<u>(841,174)</u>
NET POSITION, January 1	1,370,321	2,271,318
NET POSITION, December 31	<u>\$ 1,337,956</u>	<u>\$ 1,430,144</u>

	Medical & Dental Insurance		Liability Insurance		Property Insurance		Totals
\$	15,244,527	\$	2,708,942	\$	608,300	\$	19,702,099
	675,337		1,031,739		-		1,758,948
	<u>15,919,864</u>		<u>3,740,681</u>		<u>608,300</u>		<u>21,461,047</u>
	-		112,626		28,156		281,610
	-		17,757		-		38,567
	14,737,532		4,603,446		646,625		21,853,957
	<u>14,737,532</u>		<u>4,733,829</u>		<u>674,781</u>		<u>22,174,134</u>
	<u>1,182,332</u>		<u>(993,148)</u>		<u>(66,481)</u>		<u>(713,087)</u>
	95,708		15,575		4,614		166,865
	(157,028)		(36,898)		(7,095)		(289,738)
	<u>(61,320)</u>		<u>(21,323)</u>		<u>(2,481)</u>		<u>(122,873)</u>
	<u>1,121,012</u>		<u>(1,014,471)</u>		<u>(68,962)</u>		<u>(835,960)</u>
	-		4,400,000		-		4,400,000
	<u>1,121,012</u>		<u>3,385,529</u>		<u>(68,962)</u>		<u>3,564,040</u>
	7,616,409		(904,883)		716,348		11,069,513
\$	<u><u>8,737,421</u></u>		<u><u>2,480,646</u></u>	\$	<u><u>647,386</u></u>	\$	<u><u>14,633,553</u></u>

OTHER BUDGETARY SCHEDULES

With the implementation of GASB Statement No. 54, the Public Safety Retiree Special Revenue Fund, which uses contributions from the City to fund the OPEB obligation and pay healthcare costs of LEOFF 1 retirees, as well as the Operating Grants & Projects Fund and the Events Center Fund, are now combined with the General Fund for financial reporting. Additionally, with the implementation of GASB Statement No. 84, the Impact Fee Fund is also combined into the General Fund for financial reporting. For budgetary purposes, however, these funds are separately budgeted and are presented as a *Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual* just as the other Special Revenue Funds are.

CITY OF KENT
PUBLIC SAFETY RETIREE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended December 31, 2021

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Contributions and Donations	\$ 989,420	\$ 989,420	\$ 963,537	\$ (25,883)
Miscellaneous revenue:				
Interest income	33,010	33,010	(13,573)	(46,583)
TOTAL REVENUES	<u>1,022,430</u>	<u>1,022,430</u>	<u>949,964</u>	<u>(72,466)</u>
EXPENDITURES				
Current:				
Public safety	1,541,980	1,541,980	1,510,760	(31,220)
TOTAL EXPENDITURES	<u>1,541,980</u>	<u>1,541,980</u>	<u>1,510,760</u>	<u>(31,220)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(519,550)	(519,550)	(560,796)	(41,246)
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(269,550)	(269,550)	(310,796)	(41,246)
FUND BALANCES, January 1	1,582,264	1,582,264	1,582,264	-
FUND BALANCES, December 31	<u>\$ 1,312,714</u>	<u>\$ 1,312,714</u>	<u>\$ 1,271,468</u>	<u>\$ (41,246)</u>

Note: This fund is separately budgeted, but is combined with the General Fund for financial reporting purposes.
The transfer into this fund is eliminated when combined with the General Fund for financial reporting.

CITY OF KENT
OPERATING GRANTS & ARTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended December 31, 2021

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ -	\$ 14,086,160	\$ 14,082,357	\$ (3,803)
Miscellaneous revenue:				
Contributions and Donations	-	-	13,600	13,600
TOTAL REVENUES	<u>-</u>	<u>14,086,160</u>	<u>14,095,957</u>	<u>9,797</u>
EXPENDITURES				
Current:				
General government	-	13,988,340	(94)	(13,988,434)
Leisure services	109,320	126,300	52,925	(73,375)
Health and human services	-	70,000	47,014	(22,986)
Capital Outlay	-	33,020	52,020	19,000
TOTAL EXPENDITURES	<u>109,320</u>	<u>14,217,660</u>	<u>151,865</u>	<u>(14,065,795)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(109,320)	(131,500)	13,944,092	14,075,592
OTHER FINANCING SOURCES (USES)				
Transfers in	109,320	229,320	248,175	18,855
Transfers out	-	(147,820)	(125,000)	22,820
TOTAL OTHER FINANCING SOURCES (USES)	<u>109,320</u>	<u>81,500</u>	<u>123,175</u>	<u>41,675</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	(50,000)	14,067,267	14,117,267
FUND BALANCES, January 1	567,507	567,507	722,730	155,223
FUND BALANCES, December 31	<u>\$ 567,507</u>	<u>\$ 517,507</u>	<u>\$ 14,789,997</u>	<u>\$ 14,272,490</u>

Note: This fund is separately budgeted, but is combined with the General Fund for financial reporting purposes.
The transfer into this fund is eliminated when combined with the General Fund for financial reporting.

CITY OF KENT
EVENTS CENTER OPERATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended December 31, 2021

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ -	\$ 4,575,660	\$ 4,575,661	\$ 1
Miscellaneous revenue:				
Interest income	-	-	1,153	1,153
Contributions and Donations	-	-	1,633,434	1,633,434
Other miscellaneous revenue	-	500,000	4,458	(495,542)
TOTAL REVENUES	<u>-</u>	<u>5,075,660</u>	<u>6,214,706</u>	<u>1,139,046</u>
EXPENDITURES				
Current:				
Leisure services	1,101,050	6,860,640	3,662,701	(3,197,939)
Capital outlay	-	500,000	65,997	(434,003)
TOTAL EXPENDITURES	<u>1,101,050</u>	<u>7,360,640</u>	<u>3,728,698</u>	<u>(3,631,942)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,101,050)	(2,284,980)	2,486,008	4,770,988
OTHER FINANCING SOURCES (USES)				
Issuance of installment note	-	-	500,000	500,000
Transfers in	1,150,000	1,150,000	945,268	(204,732)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,445,268</u>	<u>295,268</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	48,950	(1,134,980)	3,931,276	5,066,256
FUND BALANCES, January 1	2,990,845	2,990,845	2,990,845	-
FUND BALANCES, December 31	<u>\$ 3,039,795</u>	<u>\$ 1,855,865</u>	<u>\$ 6,922,121</u>	<u>\$ 5,066,256</u>

Note: This fund is separately budgeted, but is combined with the General Fund for financial reporting purposes.
Transfers into this fund are eliminated when combined with the General Fund for financial reporting.

CITY OF KENT
IMPACT FEE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended December 31, 2021

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Charges for Service	\$ -	\$ 3,677,960	\$ 3,951,519	\$ 273,559
Miscellaneous revenue:				
Interest income	-	8,000	6,198	(1,802)
TOTAL REVENUES	<u>-</u>	<u>3,685,960</u>	<u>3,957,717</u>	<u>271,757</u>
EXPENDITURES				
Current:				
Public safety	-	2,047,330	2,463,853	416,523
Health and human services	-	1,638,630	1,493,864	(144,766)
TOTAL EXPENDITURES	<u>-</u>	<u>3,685,960</u>	<u>3,957,717</u>	<u>271,757</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCES, January 1	-	-	-	-
FUND BALANCES, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: This fund is separately budgeted, but is combined with the General Fund for financial reporting purposes.

GOVERNMENTAL CAPITAL ASSET SCHEDULES

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS includes those capital assets of the City of Kent which are not accounted for in the Enterprise or Internal Service Funds. For an item to be classified as a capital asset, it must cost at least \$5,000 and have a useful life of more than three years.

CITY OF KENT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
December 31, 2021

	Land	Buildings	Site Improvements	Equipment	Infrastructure	Total
GENERAL GOVERNMENT						
Administration	\$ 239,582	\$ 240,855	\$ -	\$ 52,101	\$ -	\$ 532,538
Attorney	-	-	-	51,966	-	51,966
Finance	-	-	-	316,779	-	316,779
Planning	-	-	33,553	140,991	-	174,544
Public office buildings	4,651,835	39,345,395	5,035,713	2,967,506	-	52,000,449
Other	247,797	-	-	26,330,861	-	26,578,658
Total	5,139,214	39,586,250	5,069,266	29,860,204	-	79,654,934
PUBLIC SAFETY						
Police	450,258	2,180,222	585,206	4,283,535	-	7,499,221
Fire	283,568	2,536,016	125,122	330,669	-	3,275,375
Total	733,826	4,716,238	710,328	4,614,204	-	10,774,596
PUBLIC WORKS						
Engineering	2,650,000	-	1,302,586	658,692	-	4,611,278
Streets	165,596,658	-	429,075	1,236,101	747,343,673	914,605,507
Total	168,246,658	-	1,731,661	1,894,793	747,343,673	919,216,785
PARKS, RECREATION AND CULTURE						
Parks and recreation	53,345,215	1,218,206	70,142,369	882,793	-	125,588,583
Senior center	1,955,066	3,521,545	32,875	63,447	-	5,572,933
Parks maintenance	-	101,218	167,599	542,866	-	811,683
Kent commons	200,704	3,599,418	246,830	137,668	-	4,184,620
ShoWare Center	-	76,456,164	-	5,186,489	-	81,642,653
Cultural arts	-	-	873,288	709,019	52,020	1,634,327
Total	55,500,985	84,896,551	71,462,961	7,522,282	52,020	219,434,799
LIBRARY						
	2,222,461	3,934,754	-	46,414	-	6,203,629
Total	2,222,461	3,934,754	-	46,414	-	6,203,629
TOTAL	231,843,144	133,133,793	78,974,216	43,937,897	747,395,693	1,235,284,743
Construction in progress	-	-	-	-	-	6,927,521
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 231,843,144</u>	<u>\$ 133,133,793</u>	<u>\$ 78,974,216</u>	<u>\$ 43,937,897</u>	<u>\$ 747,395,693</u>	<u>\$ 1,242,212,264</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF KENT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Year Ended December 31, 2021

	Governmental Fund Capital Assets 01/01/21	Additions	Retirements and Transfers	Governmental Fund Capital Assets 12/31/21
GENERAL GOVERNMENT				
Administration	\$ 532,538	\$ -	\$ -	\$ 532,538
Attorney	51,966	-	-	51,966
Finance	316,779	-	-	316,779
Planning	174,544	-	-	174,544
Public office buildings	50,953,475	1,046,974	-	52,000,449
Other	26,250,467	328,191	-	26,578,658
Total	78,279,769	1,375,165	-	79,654,934
PUBLIC SAFETY				
Police	7,308,033	191,188	-	7,499,221
Fire	3,275,375	-	-	3,275,375
Total	10,583,408	191,188	-	10,774,596
PUBLIC WORKS				
Engineering	4,611,278	-	-	4,611,278
Streets	833,810,549	80,794,958	-	914,605,507
Total	838,421,827	80,794,958	-	919,216,785
PARKS, RECREATIONS AND CULTURE				
Parks and recreation	120,711,414	4,877,169	-	125,588,583
Senior center	5,572,933	-	-	5,572,933
Parks maintenance	721,489	90,194	-	811,683
Kent commons	4,184,620	-	-	4,184,620
ShoWare Center	81,576,656	65,997	-	81,642,653
Cultural arts	1,582,307	52,020	-	1,634,327
Total	214,349,419	5,085,380	-	219,434,799
LIBRARY	6,203,629	-	-	6,203,629
Total	6,203,629	-	-	6,203,629
Construction in progress	74,567,380	17,406,657	(85,046,516)	6,927,521
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 1,222,405,432	\$ 104,853,348	\$ (85,046,516)	\$ 1,242,212,264

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

DEBT SERVICE SCHEDULES

The following debt service schedules are provided as additional supplemental information for both governmental and business-type activities. Also refer to note 9.

CITY OF KENT
SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES
GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2021

	Balances January 1	Issued	Retired	Balances December 31
Bonds Payable:				
Limited Tax General Obligation Bonds - Non-voted:				
Series 2012	1,605,000	-	785,000	820,000
Plus: unamortized premium	102,709	-	53,585	49,124
Series 2014	836,620	-	836,620	-
Plus: unamortized premium	65,484	-	65,484	-
Series 2015A Taxable	250,000	-	250,000	-
Series 2015B	4,240,000	-	825,000	3,415,000
Plus: unamortized premium	111,784	-	28,540	83,244
Series 2016A	13,210,000	-	1,630,000	11,580,000
Plus: unamortized premium	2,330,247	-	137,749	2,192,498
Series 2016B	47,150,000	-	150,000	47,000,000
Plus: unamortized premium	7,396,691	-	437,243	6,959,448
Total	<u>77,298,535</u>	<u>-</u>	<u>5,199,221</u>	<u>72,099,314</u>
Contracts, Lease, Notes Payable:				
General Obligation Contracts, Notes:				
Public Works Trust Fund Loan 2003	160,088	-	53,363	106,725
Public Works Trust Fund Loan 2004	1,817,647	-	454,412	1,363,235
Public Works Trust Fund Loan 2008	2,144,737	-	268,092	1,876,645
SMG Capital Loan	420,000	500,000	-	920,000
Capital Lease	105,531	-	34,704	70,827
Total	<u>4,648,003</u>	<u>500,000</u>	<u>810,571</u>	<u>4,337,432</u>
Other Non-Current Liabilities				
Compensated Absences				
General Government	5,326,139	7,874,753	7,701,864	5,499,028
Internal Service Funds	643,554	1,125,230	1,170,238	598,546
Net Pension Liability	14,248,326	3,912,483	14,248,326	3,912,483
Net OPEB Obligation	25,108,554	24,532,979	25,108,554	24,532,979
Total	<u>45,326,573</u>	<u>37,445,445</u>	<u>48,228,982</u>	<u>34,543,036</u>
Total Governmental Debt	<u>\$ 127,273,111</u>	<u>\$ 37,945,445</u>	<u>\$ 54,238,774</u>	<u>\$ 110,979,782</u>

CITY OF KENT
SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES
BUSINESS-TYPE ACTIVITIES
For the Year Ended December 31, 2021

	Balances January 1	Issued	Retired	Balances December 31
Bonds Payable:				
Limited Tax General Obligation Bonds - Non-voted:				
Series 2014 ¹	\$ 343,380	-	343,380	\$ -
Plus: unamortized premium	26,878	-	26,878	-
Total	370,258	-	370,258	-
Revenue Bonds: ²				
Series 2017 Refunding	12,120,000	-	1,110,000	11,010,000
Plus: unamortized premium	1,802,002	-	201,942	1,600,060
Total	13,922,002	-	1,311,942	12,610,060
 Total Bonds Payable	 14,292,260	 -	 1,682,200	 12,610,060
Contracts, Lease, Notes Payable:				
Public Works Trust Fund Loan 2001 - Water	527,778	-	527,778	-
Public Works Trust Fund Loan 2002 - Water	1,062,500	-	531,250	531,250
Public Works Trust Fund Loan 2004 - Sewer	300,000	-	75,000	225,000
Contract - Tacoma Pipeline 2010 - Water	9,150,000	-	315,000	8,835,000
Contract - Tacoma Pipeline 2013 Ref - Water	13,095,000	-	380,000	12,715,000
Capital Lease	280,985	-	165,753	115,232
Total	24,416,263	-	1,994,781	22,421,482
Other Non-Current Liabilities				
Compensated Absences				
Water Utility	314,011	721,854	691,813	344,052
Sewer Utility	64,739	323,564	303,048	85,255
Drainage Utility	326,056	688,671	658,411	356,316
Solid Waste Utility	41,764	58,527	60,509	39,782
Golf Complex	100,083	124,044	139,798	84,329
Total compensated absences	846,653	1,916,660	1,853,579	909,734
Pension Liability	3,450,699	822,230	3,450,699	822,230
 Total Business-Type Debt	 \$ 43,005,875	 \$ 2,738,890	 \$ 8,981,259	 \$ 36,763,506

CITY OF KENT
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY
BY BOND TYPE
As of December 31, 2021

Fiscal Year	General Obligation Bonds		Water & Sewer Revenue Bonds		Total Debt Service Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	4,885,000	2,847,000	1,165,000	550,500	6,050,000	3,397,500
2023	4,805,000	2,630,050	1,220,000	492,250	6,025,000	3,122,300
2024	4,665,000	2,416,600	1,280,000	431,250	5,945,000	2,847,850
2025	5,225,000	2,201,650	1,330,000	367,250	6,555,000	2,568,900
2026	2,985,000	1,940,400	1,395,000	300,750	4,380,000	2,241,150
2027	3,270,000	1,791,150	1,465,000	231,000	4,735,000	2,022,150
2028	3,560,000	1,627,650	1,540,000	157,750	5,100,000	1,785,400
2029	3,875,000	1,449,650	1,615,000	80,750	5,490,000	1,530,400
2030	4,200,000	1,294,650	-	-	4,200,000	1,294,650
2031	4,520,000	1,126,650	-	-	4,520,000	1,126,650
2032	4,910,000	900,650	-	-	4,910,000	900,650
2033	2,750,000	655,150	-	-	2,750,000	655,150
2034	2,960,000	517,650	-	-	2,960,000	517,650
2035	3,175,000	369,650	-	-	3,175,000	369,650
2036	3,425,000	210,900	-	-	3,425,000	210,900
2037	3,605,000	108,150	-	-	3,605,000	108,150
Totals	<u>\$ 62,815,000</u>	<u>\$ 22,087,600</u>	<u>\$ 11,010,000</u>	<u>\$ 2,611,500</u>	<u>\$ 73,825,000</u>	<u>\$ 24,699,100</u>

TRANSFERS

The following schedule of transfers is provided as supplemental information to provide additional information on the purposes of transfers between the City's funds.

CITY OF KENT
SCHEDULE OF INTERFUND TRANSFERS
For the Year Ended December 31, 2021

Fund Out/Fund In	Purpose	Transfers In	Transfers Out
Governmental Funds:			
General Fund			
Capital Resources Fund	Neighborhood matching grants	-	25,000
Capital Resources Fund	B&O tax capital projects	-	2,718,380
Capital Resources Fund	ShoWare lifecycle funding	300,000	-
Streets Capital Projects Fund	B&O tax capital projects	-	4,034,006
Other Govtl Funds-Streets Fund	Gen'l Fd subsidy of streets services	-	2,855,853
Other Govtl Funds-Streets Fund	B&O streets funding	-	4,101,689
Other Govtl Funds-Youth/Teen Fund	Youth/Teen funding	814,254	-
Other Govtl Funds-Criminal Justice Fund	Various police operations	403,110	-
Other Govtl Funds-Criminal Justice Fund	Drug Task Force	-	105,000
Other Govtl Funds-Housing & Community Dev	Co-responder program	100,000	-
Other Govtl Funds-Parks Capital Projects	Capital projects	-	65,410
Other Govtl Funds-Technology Capital Projects	B&O tax related projects	-	190,000
Other Govtl Funds-Technology Capital Projects	Funding for various technology projects	-	95,350
Golf Complex	Subsidy of golf complex	-	186,337
Internal Service Funds-IT Fund	Cable utility tax	-	1,692,409
Internal Service Funds-Insurance Fund	Subsidy of insurance fund	-	4,400,000
subtotals		<u>1,617,364</u>	<u>20,469,434</u>
Capital Resources Fund			
General Fund	Neighborhood matching grants	25,000	-
General Fund	B&O tax capital projects	2,718,380	-
General Fund	ShoWare lifecycle funding	-	300,000
Streets Capital Projects Fund	Meet Me on Meeker project	-	820,140
Other Govtl Funds-Criminal Justice Fund	Criminal Justice project	-	600,000
Other Govtl Funds-Non-Voted GO Debt Service	Funding for debt payments	-	4,522,831
Other Govtl Funds-Parks Capital Projects	Funding for various parks capital projects	-	6,179,680
Other Govtl Funds-Technology Capital Projects	Funding for various technology projects	-	3,935,360
Other Govtl Funds-Facility Capital Projects	Funding for various facilities projects	-	656,100
Water Utility	Funding for capital project	-	23,980
Internal Service Funds-Equipment Rental Fund	Funding for various capital projects	84,783	-
Internal Service Funds-Facilities Fund	Funding for various facilities projects	-	524,998
subtotals		<u>2,828,163</u>	<u>17,563,089</u>
Special Assessments Fund			
Streets Capital Projects	LID funding - streets capital projects	-	852,363
subtotals		<u>-</u>	<u>852,363</u>
Streets Capital Projects Fund			
General Fund	B&O tax projects	4,034,006	-
Special Assessments Fund	LID funding - streets capital projects	852,363	-
Capital Resources Fund	Meet Me on Meeker project	820,140	-
Other Govtl Funds-Streets Fund	Various street capital projects	6,014,847	-
Other Govtl Funds-Other Capital Projects	Meet Me on Meeker project	1,673	-
Water Utility Fund	Funding for capital project	56,110	-
Sewerage Utility Fund	Funding for capital project	9,350	-
Drainage Utility Fund	Funding for capital project	14,030	-
subtotals		<u>11,802,519</u>	<u>-</u>

CITY OF KENT
SCHEDULE OF INTERFUND TRANSFERS
For the Year Ended December 31, 2021

Fund Out/Fund In	Purpose	Transfers In	Transfers Out
Non-major Governmental:			
Street Fund			
General Fund	Gen'l Fd subsidy of Streets services	2,855,853	-
General Fund	B&O streets funding	4,101,689	-
Street Capital Project Fund	Various street capital projects	-	6,014,847
Other Govtl Funds-Non-Voted GO Debt Service	Funding for debt payments	-	1,992,440
Water Utility Fund		-	8,492
subtotals		<u>6,957,542</u>	<u>8,015,779</u>
Youth/Teem Program Fund			
General Fund	Youth/Teen funding	-	814,254
subtotals		<u>-</u>	<u>814,254</u>
Criminal Justice Fund			
General Fund	Various police operations	-	403,110
General Fund	Drug Task Force	105,000	-
Capital Resources Fund	Criminal Justice project	600,000	-
subtotals		<u>705,000</u>	<u>403,110</u>
Housing & Community Development			
Capital Resources Fund	Clear debt service fund	-	100,000
subtotals		<u>-</u>	<u>100,000</u>
Non-voted Debt Service			
Capital Resources Fund	Funding for debt payments	4,522,831	-
Other Govtl Funds-Street Fund	Funding for debt payments	1,992,440	-
subtotals		<u>6,515,271</u>	<u>-</u>
Parks Capital Projects			
General Fund	Parks maintenance funding	65,410	-
Capital Resources Fund	Capital projects	6,179,680	-
Golf Complex Fund	Capital projects	-	50,000
subtotals		<u>6,245,090</u>	<u>50,000</u>
Other Capital Projects			
Other Govtl Funds-Streets Fund	Meet Me on Meeker project	-	1,673
subtotals		<u>-</u>	<u>1,673</u>
Technology Capital Projects			
General Fund	Funding for various technology projects	95,350	-
General Fund	B&O tax related projects	190,000	-
Capital Resources Fund	Funding for various technology projects	3,935,360	-
Water Utility	Funding for technology projects	63,340	-
Sewerage Utility	Public works asset management system	63,330	-
Drainage Utility	Public works asset management system	63,330	-
Internal Service-Central Services Fund	Funding for technology projects	346,040	-
subtotals		<u>4,756,750</u>	<u>-</u>
Facilities Capital Projects			
Capital Resources Fund	Various building capital projects	656,100	-
Water Utility Fund	East hill operations improvement	18,110	-
Sewerage Utility Fund	East hill operations improvement	8,660	-
Drainage Utility Fund	East hill operations improvement	13,130	-
Internal Service Fund-Facilities Fund	Facilities capital projects	960	-
subtotals		<u>696,960</u>	<u>-</u>
subtotals - Governmental Funds		<u>42,124,659</u>	<u>48,269,702</u>

CITY OF KENT
SCHEDULE OF INTERFUND TRANSFERS
For the Year Ended December 31, 2021

Fund Out/Fund In	Purpose	Transfers In	Transfers Out
Enterprise Funds:			
Water Utility			
Capital Resources Fund	Capital projects	23,980	-
Streets Capital Projects Fund	Capital project	-	56,110
Other Govtl Funds-Streets Fund	Street lifecycle program	8,492	-
Other Govtl Funds-Technology Projects	Funding for technology projects	-	63,340
Other Govtl Funds-Facilities Fund	East Hill operations imprvmts	-	18,110
Sewerage Utility	Capital projects	112,002	-
Drainage Utility	Capital projects	76,492	55,022
Internal Service-Equipment Rental Fund	Capital asset transfer	-	26,250
subtotals		<u>220,966</u>	<u>218,832</u>
Sewerage Utility			
Other Govtl Funds-Streets Fund	Equip/Materials site prep	-	9,350
Other Govtl Funds-Technology Projects	Funding for technology projects	-	63,330
Other Govtl Funds-Facilities Fund	East Hill operations imprvmts	-	8,660
Water Utility	Capital asset transfer	-	112,002
Drainage Utility	Split Sewer/Drainage capital projects	-	17,402
Internal Service-Equipment Rental	Capital asset transfer	-	43,963
subtotals		<u>-</u>	<u>254,707</u>
Drainage Utility			
Streets Capital Projects	Capital projects	-	14,030
Other Govtl Funds-Technology Projects	Technology capital projects	-	63,330
Other Govtl Funds-Facilities Projects	Facilities capital projects	-	13,130
Water Utility	Capital asset transfer	55,022	-
Water Utility	Capital projects	-	76,492
Sewerage Utility	Capital asset transfer	17,402	-
Internal Service-Equipment Rental	Capital asset transfer	158	145,972
Internal Service-Central Services	Enterprise GIS project	5,231	-
subtotals		<u>77,813</u>	<u>312,954</u>
Golf Complex			
General Fund	Subsidy of golf complex	186,337	-
Golf Complex	Golf capital projects	220,200	-
Parks Capital Projects Fund	Capital projects	50,000	-
subtotals		<u>456,537</u>	<u>-</u>
subtotals - Enterprise Funds		<u>755,316</u>	<u>786,493</u>
Internal Service Funds:			
Equipment Rental			
Capital Resources Fund	Fleet fuel island	-	84,783
Water Utility	Capital asset transfer	26,250	-
Sewerage Utility	Capital asset transfer	43,963	-
Drainage Utility	Capital asset transfer	145,972	158
subtotals		<u>216,185</u>	<u>84,941</u>
Central Services			
Other Govtl Funds-Technology Capital Proj	Funding for technology projects	-	346,040
Other Govtl Funds-Technology Capital Proj	Capital utility tax	1,692,409	-
Drainage Fund	Aerial Flight project	-	5,231
subtotals		<u>1,692,409</u>	<u>351,271</u>
Facilities			
Capital Resources Fund	Funding for various facilities projects	524,998	-
Other Govtl Funds-Facilities Capital Projects	Facilities capital projects	-	960
Golf Complex	Driving Range expansion/remodel	-	220,200
subtotals		<u>524,998</u>	<u>221,160</u>
Insurance			
General Fund	Funds moved to general fund	4,400,000	-
subtotals		<u>4,400,000</u>	<u>-</u>
subtotals - Internal Service Funds		<u>6,833,592</u>	<u>657,372</u>
Grand totals		<u>49,713,567</u>	<u>49,713,567</u>

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</u>
Financial Trends	176
<i>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	186
<i>These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.</i>	
Debt Capacity	204
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	212
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	215
<i>These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	

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

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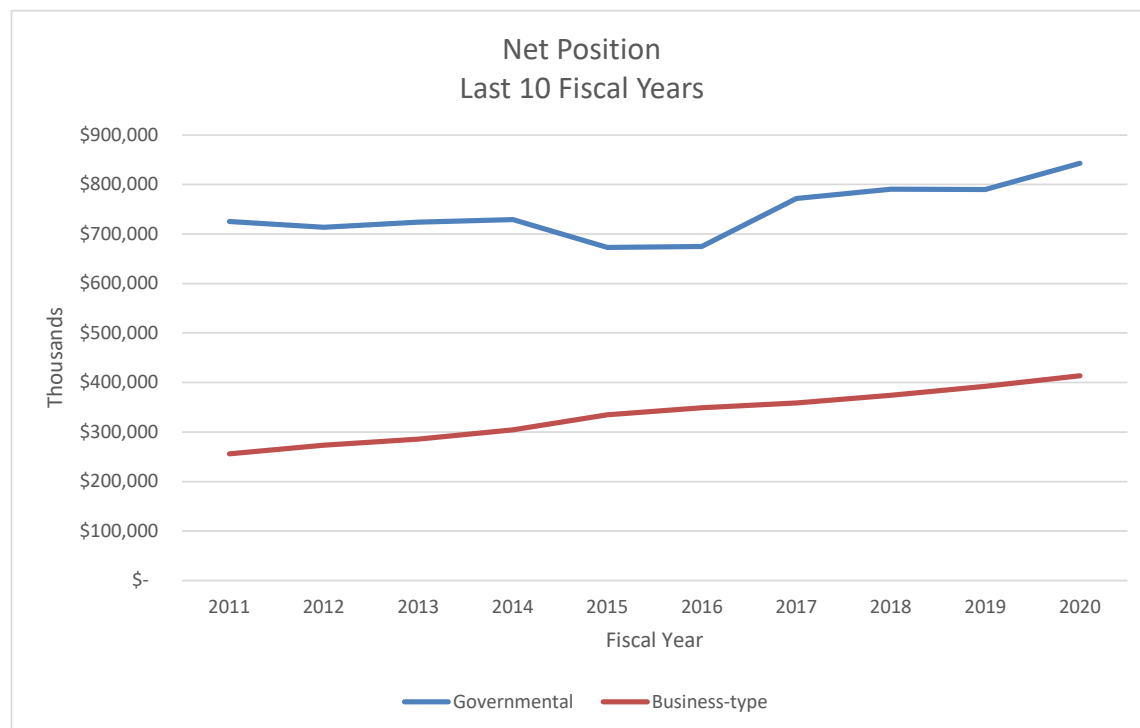
Schedule 1
City of Kent
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 708,913,377	\$ 697,830,001	\$ 682,946,045	\$ 687,527,061
Restricted	10,034,770	10,288,377	10,721,573	9,499,778
Unrestricted	(5,370,367)	16,025,424	35,230,567	(24,252,748)
Total governmental activities net position	<u>\$ 713,577,780</u>	<u>\$ 724,143,802</u>	<u>\$ 728,898,185</u>	<u>\$ 672,774,091</u>
Business-type activities				
Net investment in capital assets	\$ 241,629,839	\$ 253,742,128	\$ 264,927,149	\$ 287,867,561
Restricted	4,497,103	2,463,535	3,631,223	1,111,144
Unrestricted	27,073,691	29,259,929	36,074,921	45,768,853
Total business-type activities net position	<u>\$ 273,200,633</u>	<u>\$ 285,465,592</u>	<u>\$ 304,633,293</u>	<u>\$ 334,747,558</u>
Primary government				
Net investment in capital assets	\$ 950,543,216	\$ 951,572,129	\$ 947,873,194	\$ 975,394,622
Restricted	14,531,873	12,751,912	14,352,796	10,610,922
Unrestricted	21,703,324	45,285,353	71,305,488	21,516,105
Total primary government net position	<u>\$ 986,778,413</u>	<u>\$ 1,009,609,394</u>	<u>\$ 1,033,531,478</u>	<u>\$ 1,007,521,649</u>

Note: Unreserved net position of governmental activities dropped in FY14 with the implementation of GASB Statement No. 70 Accounting and Financial Reporting for Nonexchange Financial Guarantees. In 2016, most of the debt that the City had guaranteed was refinanced, reducing the contingent loan guarantee obligation.

Source: Statement of Net Position

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 694,789,326	\$ 704,250,257	\$ 700,427,393	\$ 706,613,344	\$ 724,753,696	\$ 748,515,603
6,131,943	4,870,358	4,728,939	4,353,472	4,333,199	3,487,830
(26,349,230)	62,608,062	85,019,692	78,619,493	113,657,173	134,418,884
<u>\$ 674,572,039</u>	<u>\$ 771,728,677</u>	<u>\$ 790,176,024</u>	<u>\$ 789,586,309</u>	<u>\$ 842,744,068</u>	<u>\$ 886,422,317</u>
\$ 298,202,694	\$ 305,687,715	\$ 290,214,493	\$ 289,305,370	\$ 325,324,941	\$ 336,300,416
1,071,144	1,026,144	985,146	928,307	-	-
49,652,876	52,246,156	82,984,505	102,054,275	88,625,282	90,229,550
<u>\$ 348,926,714</u>	<u>\$ 358,960,015</u>	<u>\$ 374,184,144</u>	<u>\$ 392,287,952</u>	<u>\$ 413,950,223</u>	<u>\$ 426,529,966</u>
\$ 992,992,020	\$ 1,009,937,972	\$ 990,641,886	\$ 995,918,714	\$ 1,050,078,637	\$ 1,084,816,019
7,203,087	5,896,502	5,714,085	5,281,779	4,333,199	3,487,830
23,303,646	114,854,218	168,004,197	180,673,768	202,282,455	224,648,434
<u>\$ 1,023,498,753</u>	<u>\$ 1,130,688,692</u>	<u>\$ 1,164,360,168</u>	<u>\$ 1,181,874,261</u>	<u>\$ 1,256,694,291</u>	<u>\$ 1,312,952,283</u>



Schedule 2
City of Kent
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses				
Governmental activities:				
General Government	\$ 6,400,374	\$ 6,351,823	\$ 8,959,390	\$ 7,342,670
Judicial	2,745,430	2,793,914	2,743,574	2,789,535
Public Safety	48,030,603	37,340,409	37,378,185	38,744,658
Community Development	5,441,202	5,332,561	5,096,639	5,175,651
Public Works	21,195,696	17,427,549	16,993,893	17,371,560
Leisure services	16,513,775	16,844,202	15,908,830	13,861,675
Health and human services	5,915,128	5,553,369	5,275,046	5,478,974
Interest on long-term debt	4,000,555	3,779,473	3,250,089	2,804,432
Total governmental activities expenses	<u>110,242,763</u>	<u>95,423,300</u>	<u>95,605,646</u>	<u>93,569,155</u>
Business-type activities:				
Water	11,991,035	12,949,247	13,972,634	13,070,155
Sewerage	29,194,159	36,391,713	37,680,430	37,951,697
Drainage ¹	-	-	-	-
Golf	3,226,066	3,062,851	2,917,964	2,872,165
Solid Waste	-	-	-	-
Total business-type activities expenses	<u>44,411,260</u>	<u>52,403,811</u>	<u>54,571,028</u>	<u>53,894,017</u>
Total primary government expenses	<u>\$ 154,654,023</u>	<u>\$ 147,827,111</u>	<u>\$ 150,176,674</u>	<u>\$ 147,463,172</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	\$ 433,840	\$ 1,958,626	\$ 2,044,753	\$ 3,483,161
Judicial	2,140,781	1,963,025	2,108,024	1,846,731
Public Safety	996,471	1,081,323	1,811,747	3,388,295
Community Development	2,171,303	3,262,546	3,841,993	5,006,297
Public Works	834,042	1,420,839	1,810,854	2,185,990
Leisure services	1,549,202	1,357,619	1,380,839	1,418,600
Health and human services	674,983	814,518	709,948	841,690
Operating grants and contributions	4,402,255	4,124,615	4,177,095	6,166,500
Capital grants and contributions	5,311,483	11,076,621	6,655,575	2,936,731
Total governmental activities program revenues	<u>18,514,360</u>	<u>27,059,732</u>	<u>24,540,828</u>	<u>27,273,995</u>
Business-type activities				
Charges for services:				
Water	\$ 15,986,832	\$ 16,253,067	\$ 17,021,951	\$ 18,416,162
Sewerage	39,108,510	39,562,059	42,752,458	44,969,699
Drainage ¹	-	-	-	-
Golf Complex	2,519,852	2,570,012	2,431,782	2,485,348
Solid Waste	-	-	-	-
Operating grants and contributions	348,478	770,997	81,404	176,984
Capital grants and contributions	6,900,419	5,544,456	9,195,002	15,792,479
Total business-type activities program revenues	<u>64,864,091</u>	<u>64,700,591</u>	<u>71,482,597</u>	<u>81,840,672</u>
Total primary government program revenues	<u>\$ 83,378,451</u>	<u>\$ 91,760,323</u>	<u>\$ 96,023,425</u>	<u>\$ 109,114,667</u>

¹ The Sewer and Drainage activities were combined into the Sewerage Fund until 2019
Source: Statement Activities

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 9,211,576	\$ 13,429,528	\$ 12,346,159	\$ 16,281,070	\$ 15,229,074	\$ 19,047,384
2,972,304	3,771,365	3,157,775	3,354,798	3,689,235	3,420,260
41,189,109	38,593,097	46,517,116	54,366,839	54,947,750	51,508,360
5,535,094	7,178,348	6,523,730	7,844,737	7,476,751	7,097,028
18,803,785	22,002,693	22,020,709	23,754,967	24,404,558	25,169,716
16,859,288	17,602,824	18,370,559	20,227,074	20,442,888	19,710,884
5,893,257	4,002,920	6,448,946	6,663,229	5,908,829	7,594,503
2,500,908	5,194,899	7,491,114	7,247,068	7,084,948	6,899,391
102,965,321	111,775,674	122,876,108	139,739,782	139,184,033	140,447,526
17,157,143	18,828,316	18,100,296	19,179,778	18,819,898	26,928,308
41,404,954	45,412,945	46,014,434	50,699,083	31,798,523	31,590,879
-	-	-	-	17,663,742	21,711,379
3,055,395	4,559,588	2,453,882	2,348,551	2,272,468	2,279,742
-	686,887	638,345	647,972	804,474	819,309
61,617,492	69,487,736	67,206,957	72,875,384	71,359,105	83,329,617
\$ 164,582,813	\$ 181,263,410	\$ 190,083,065	\$ 212,615,166	\$ 210,543,138	\$ 223,777,143

\$ 4,273,658	\$ 3,645,563	\$ 4,472,438	\$ 4,795,654	\$ 5,025,834	\$ 3,993,931
2,032,772	1,724,181	1,570,537	1,342,073	1,341,160	1,059,709
3,560,350	4,097,976	5,409,848	5,202,797	6,966,767	6,794,413
4,863,697	5,478,504	7,608,117	7,297,706	8,087,187	5,596,260
2,725,356	3,165,390	3,401,558	1,663,717	1,664,229	3,099,865
1,479,369	1,465,975	1,385,824	1,514,916	1,516,333	425,981
769,669	763,593	707,449	754,155	827,488	214,778
7,021,280	7,982,415	8,254,026	8,222,741	9,265,004	14,700,800
5,256,320	9,350,716	13,656,431	10,068,294	24,149,363	24,985,567
31,982,471	37,674,313	46,466,228	40,862,053	58,843,365	60,871,304

\$ 18,904,851	\$ 18,780,129	\$ 21,850,641	\$ 22,541,631	\$ 22,869,950	\$ 23,286,875
46,459,410	47,640,854	50,109,473	52,678,839	32,608,980	33,273,206
-	-	-	-	20,723,689	21,288,181
2,659,643	2,475,135	2,501,596	2,306,679	2,350,513	2,036,199
-	608,685	600,608	632,795	642,056	660,153
234,397	1,023,669	315,853	380,118	498,735	3,852,590
10,057,056	9,629,000	6,595,122	11,454,368	10,170,735	9,504,590
78,315,357	80,157,472	81,973,293	89,994,430	89,864,658	93,901,794
\$ 110,297,828	\$ 117,831,785	\$ 128,439,521	\$ 130,856,483	\$ 148,708,023	\$ 154,773,098

(continued)

Schedule 2 - continued
City of Kent
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net (Expense)/Revenue				
Governmental activities	\$ (91,728,403)	\$ (68,363,568)	\$ (71,064,818)	\$ (66,295,160)
Business-type activities	20,452,831	12,296,780	16,911,569	27,946,655
Total primary government net expense	<u>\$ (71,275,572)</u>	<u>\$ (56,066,788)</u>	<u>\$ (54,153,249)</u>	<u>\$ (38,348,505)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes				
Property taxes levied for general purpose	\$ 19,287,114	\$ 19,726,551	\$ 20,085,117	\$ 20,599,891
Property taxes levied for debt service	9,750	8,421	-	-
Sales taxes	21,458,253	21,908,275	22,707,244	25,332,356
Utility taxes	19,365,153	19,868,738	22,760,019	22,962,565
Business & Occupation taxes	-	-	5,149,172	6,208,946
Real Estate taxes	2,235,174	3,547,963	3,837,948	3,184,596
Lodging taxes	182,840	187,971	217,618	249,377
Other taxes	1,130,391	1,116,790	1,101,844	1,106,821
Unrestricted grants and contributions	7,102,872	6,845,773	6,760,236	6,851,351
Investment earnings	495,029	701,443	895,815	1,052,762
Miscellaneous	4,931,321	4,907,310	1,740,638	162,971
Gain on disposal of capital assets	-	-	1,945,741	2,433,112
Special item	-	-	-	-
Transfers	312,344	110,355	762,322	(16,729)
Total governmental activities	<u>76,510,241</u>	<u>78,929,590</u>	<u>87,963,714</u>	<u>90,128,019</u>
Business-type activities				
Investment earnings	119,565	78,534	153,554	124,777
Transfers	(312,344)	(110,355)	(762,322)	16,729
Total business-type activities	<u>(192,779)</u>	<u>(31,821)</u>	<u>2,218,914</u>	<u>141,506</u>
Total primary government	<u>\$ 76,317,462</u>	<u>\$ 78,897,769</u>	<u>\$ 90,182,628</u>	<u>\$ 90,269,525</u>

Change in Net Position

Governmental activities	\$ (15,218,162)	\$ 10,566,022	\$ 16,898,896	\$ 23,832,859
Business-type activities	20,260,052	12,264,959	19,130,483	28,088,161
Total primary government	<u>\$ 5,041,890</u>	<u>\$ 22,830,981</u>	<u>\$ 36,029,379</u>	<u>\$ 51,921,020</u>

Source: Statement of Activities

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ (70,982,850)	\$ (74,101,361)	\$ (76,409,880)	\$ (98,877,729)	\$ (80,340,668)	\$ (79,576,222)
16,697,865	10,669,736	14,766,336	17,119,046	18,505,553	10,572,177
<u>\$ (54,284,985)</u>	<u>\$ (63,431,625)</u>	<u>\$ (61,643,544)</u>	<u>\$ (81,758,683)</u>	<u>\$ (61,835,115)</u>	<u>\$ (69,004,045)</u>

\$ 21,998,657	\$ 22,556,458	\$ 22,857,559	\$ 30,101,176	\$ 30,744,334	\$ 31,491,288
-	-	-	-	-	-
26,654,493	28,551,033	29,517,990	32,842,687	36,097,807	32,605,059
26,376,844	26,923,348	28,637,522	29,823,141	30,597,119	30,456,616
7,656,220	9,311,445	9,141,800	9,422,048	12,999,563	14,784,795
6,434,689	6,427,334	7,211,140	7,689,638	9,590,643	6,621,152
279,466	293,347	312,980	312,813	306,055	155,591
1,023,499	961,833	902,557	1,074,356	963,837	418,235
6,417,339	6,600,212	6,619,515	6,345,911	5,777,671	3,702,988
1,242,815	1,073,989	1,386,281	2,177,476	5,198,451	4,020,413
(1,643,662)	908,862	487,428	1,028,553	997,507	948,904
115,242	-	-	22,523	18,796	187,754
-	66,656,930	-	-	-	-
126,875	993,208	174,044	803,826	206,644	105,435
<u>96,682,477</u>	<u>171,257,999</u>	<u>107,248,816</u>	<u>121,644,148</u>	<u>133,498,427</u>	<u>125,498,230</u>
97,795	356,773	631,837	1,788,588	3,363,362	2,113,001
(126,875)	(993,208)	(174,044)	(803,826)	(206,644)	(105,435)
<u>(29,080)</u>	<u>(636,435)</u>	<u>457,793</u>	<u>984,762</u>	<u>3,156,718</u>	<u>2,007,566</u>
<u>\$ 96,653,397</u>	<u>\$ 170,621,564</u>	<u>\$ 107,706,609</u>	<u>\$ 122,628,910</u>	<u>\$ 136,655,145</u>	<u>\$ 127,505,796</u>

\$ 25,699,627	\$ 97,156,638	\$ 30,838,936	\$ 22,766,419	\$ 53,157,759	\$ 45,922,008
16,668,785	10,033,301	15,224,129	18,103,808	21,662,271	12,579,743
<u>\$ 42,368,412</u>	<u>\$ 107,189,939</u>	<u>\$ 46,063,065</u>	<u>\$ 40,870,227</u>	<u>\$ 74,820,030</u>	<u>\$ 58,501,751</u>

(concluded)

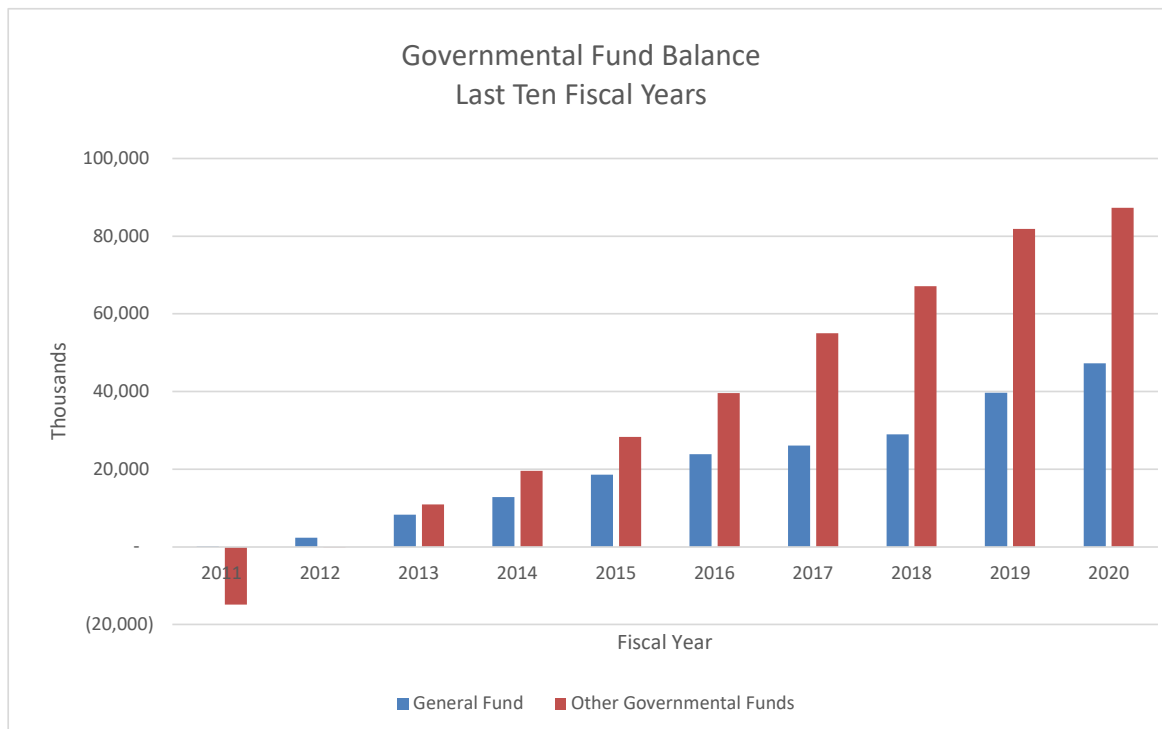
Schedule 3
City of Kent
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable	\$ 59,539	\$ 103,364	\$ 80,055	\$ 96,544
Restricted	5,028	67,447	1,846,132	2,116,798
Committed	283,678	129,557	184,691	281,177
Assigned	-	772,591	968,866	1,128,842
Unassigned	(205,783)	1,290,804	5,200,183	9,179,216
Total general fund	<u>\$ 142,462</u>	<u>\$ 2,363,763</u>	<u>\$ 8,279,927</u>	<u>\$ 12,802,577</u>
All Other Governmental Funds				
Nonspendable	\$ 4,318	\$ 950	\$ 3,120	\$ 4,295
Restricted	5,602,450	7,834,952	10,910,338	12,564,488
Committed	1,849,238	1,929,285	5,718,063	8,672,323
Assigned	519,918	1,291,659	1,726,736	1,405,923
Unassigned	(22,811,500)	(11,178,234)	(7,448,023)	(3,023,914)
Total all other governmental funds	<u>\$ (14,835,576)</u>	<u>\$ (121,388)</u>	<u>\$ 10,910,234</u>	<u>\$ 19,623,115</u>

* Fund balances restated for GASB Statement No. 54 implementation.

Source: Governmental Funds Balance Sheet

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 133,533	\$ 55,588	\$ 54,153	\$ 52,241	\$ 53,862	\$ 47,115
3,497,366	2,865,799	974,945	1,780,871	1,541,726	93,011
364,242	912,834	1,185,647	1,261,453	2,836,297	5,409,077
2,806,873	2,973,064	3,271,355	3,875,396	4,428,649	3,333,563
11,778,578	17,103,379	20,599,974	22,016,709	30,789,228	38,382,974
\$ 18,580,592	\$ 23,910,664	\$ 26,086,074	\$ 28,986,670	\$ 39,649,762	\$ 47,265,740
\$ 29,495	\$ -	\$ -	\$ -	\$ 145,160	\$ 463,360
15,477,624	22,471,953	21,794,760	22,317,814	23,975,743	22,398,299
15,016,218	13,735,355	25,080,826	34,024,440	45,935,443	45,230,602
4,230,472	8,559,514	11,889,360	13,120,956	12,564,232	19,159,057
(6,411,915)	(5,145,517)	(3,759,661)	(2,307,332)	(768,503)	18,238
\$ 28,341,894	\$ 39,621,305	\$ 55,005,285	\$ 67,155,878	\$ 81,852,075	\$ 87,269,556



Schedule 4
City of Kent
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
Taxes (see Schedule 5)	\$ 63,739,861	\$ 66,441,273	\$ 75,899,606	\$ 79,740,933
Licenses and permits	2,249,021	4,361,182	5,099,915	5,818,615
Intergovernmental	14,716,457	14,139,092	13,944,351	14,032,112
Charges for services	3,622,562	4,703,711	5,911,954	7,607,140
Fines and forfeitures	1,626,615	1,511,762	1,535,820	2,473,890
Special assessments	2,285,686	3,808,216	3,319,569	2,387,329
Investment earnings	711,753	689,240	1,074,118	902,762
Other revenues	2,680,263	3,445,064	2,850,433	2,438,942
Total Revenues	<u>91,632,218</u>	<u>99,099,540</u>	<u>109,635,766</u>	<u>115,401,723</u>
Expenditures				
General government	6,051,000	6,148,530	6,895,137	7,143,865
Judicial	2,639,800	2,726,273	2,781,005	2,849,954
Public safety	36,927,061	36,785,762	38,162,011	39,902,990
Community development	5,252,066	5,325,071	5,256,059	5,323,103
Public works	6,677,579	7,334,764	7,218,144	7,648,901
Leisure services	13,112,883	13,801,117	13,190,232	14,064,016
Health and human services	5,537,197	5,501,456	5,368,080	5,594,899
Debt Service				
Principal	7,669,145	7,667,099	7,862,632	8,097,151
Interest	3,846,564	3,646,216	3,179,638	2,984,274
Capital Outlay	11,074,228	4,058,121	6,062,203	10,525,215
Total expenditures	<u>98,787,523</u>	<u>92,994,409</u>	<u>95,975,141</u>	<u>104,134,368</u>
Excess of revenues over (under) expenditures	(7,155,305)	6,105,131	13,660,625	11,267,355
Other Financing Sources (Uses)				
Refunding bonds issued	-	10,840,000	-	8,671,070
Loans/contracts issued	-	500,000	-	-
Issuance of installment notes	-	9,702,213	-	-
Payments to escrow agent	-	(10,990,000)	-	(8,929,574)
Premium/(discount) on bonds	-	-	-	547,704
Sale of capital assets	-	198,526	1,966,453	2,433,102
Transfers in	24,573,238	15,997,350	20,939,382	24,436,941
Transfers out	(24,390,014)	(15,417,731)	(19,618,674)	(23,164,963)
Total other financing sources (uses)	<u>183,224</u>	<u>10,830,358</u>	<u>3,287,161</u>	<u>3,994,280</u>
Net change in fund balances	<u>\$ (6,972,081)</u>	<u>\$ 16,935,489</u>	<u>\$ 16,947,786</u>	<u>\$ 15,261,635</u>
Debt service as a percentage of noncapital expenditures	13.1%	12.7%	12.3%	11.8%

Source: Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 90,440,736	\$ 95,002,781	\$ 98,723,853	\$ 109,704,136	\$ 119,886,909	\$ 114,848,259
5,827,475	6,652,555	7,499,521	8,119,744	8,032,458	7,654,832
15,166,476	18,717,615	23,751,790	19,633,245	30,890,756	36,749,457
7,610,535	7,459,034	10,359,617	9,543,599	12,094,306	10,631,664
3,432,228	2,975,420	3,086,649	2,704,218	3,876,198	4,297,533
1,861,231	1,677,275	1,456,781	1,123,334	1,069,714	544,398
891,136	969,625	1,247,357	1,696,085	4,251,315	3,248,757
3,202,583	3,464,427	3,850,409	3,470,791	3,965,186	2,826,984
128,432,400	136,918,732	149,975,977	155,995,152	184,066,842	180,801,884
7,795,541	10,223,289	10,748,768	12,517,199	13,764,035	18,275,473
2,988,951	3,079,215	3,128,653	3,442,107	3,646,275	3,402,314
41,552,238	42,746,821	46,087,104	48,585,879	54,269,599	57,629,264
5,623,048	5,883,755	6,471,366	7,660,083	7,628,083	7,210,924
7,682,213	7,228,829	10,267,623	10,371,450	11,694,862	12,087,520
14,147,709	14,063,309	13,540,991	15,111,812	15,555,826	14,064,002
5,980,950	6,140,962	6,390,291	6,804,579	6,935,778	8,189,345
15,365,251	6,929,689	7,075,992	6,624,979	6,426,192	14,248,319
2,707,594	3,441,172	3,994,036	3,786,574	3,673,650	3,520,663
12,979,918	22,414,017	25,267,653	25,740,137	41,029,250	29,850,238
116,823,413	122,151,058	132,972,477	140,644,799	164,623,550	168,478,062
11,608,987	14,767,674	17,003,500	15,350,353	19,443,292	12,323,822
8,620,000	64,575,000	-	-	-	-
-	-	-	-	-	-
18,524	181,900	194,990	172,808	8,891,708	-
-	(76,539,984)	-	-	-	-
261,619	12,314,401	-	-	-	-
77,342	-	-	104,587	-	-
44,596,124	43,061,037	46,077,102	56,403,715	48,833,562	62,228,663
(43,125,559)	(41,750,545)	(45,716,202)	(56,980,274)	(51,809,272)	(61,519,026)
10,448,050	1,841,809	555,890	(299,164)	5,915,998	709,637
\$ 22,057,037	\$ 16,609,483	\$ 17,559,390	\$ 15,051,189	\$ 25,359,290	\$ 13,033,459
17.4%	10.4%	10.3%	9.1%	8.2%	12.8%

Schedule 5
City of Kent
Tax Revenue by Source - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	Sales & Use ²	Utility	Real Estate Excise	Business & Occupation ⁴	Lodging	Other	Total
2011	19,368,050	21,458,253	19,365,153	2,235,174	-	182,840	1,130,391	63,739,861
2012	19,811,536	21,908,275	19,868,738	3,547,963	-	187,971	1,116,790	66,441,273
2013	20,125,761	22,707,244	22,760,019	3,837,948	5,149,172	217,618	1,101,844	75,899,606
2014	20,696,272	25,332,356	22,962,565	3,184,596	6,208,946	249,377	1,106,821	79,740,933
2015	22,015,525	26,654,493	26,376,844	6,434,689	7,656,220	279,466	1,023,499	90,440,736
2016	22,534,441	28,551,033	26,923,348	6,427,334	9,311,445	293,347	961,833	95,002,781
2017	22,999,864	29,517,989	28,637,523	7,211,140	9,141,800	312,980	902,557	98,723,853
2018	29,971,155	32,842,687	28,391,439	7,689,638	9,422,048	312,813	1,074,356	109,704,136
2019	30,731,786	36,097,807	29,197,218	9,590,643	12,999,563	306,055	963,837	119,886,909
2020 ¹	31,374,827	32,605,059 ³	28,888,600	6,621,152	14,784,795	155,591	418,235	114,848,262
Change 2011-2020	62.0%	51.9%	49.2%	196.2%	187.1%	-14.9%	-63.0%	80.2%

¹ Tax Revenue decreased in 2020 mainly due to the COVID-19 pandemic.

² Sales & Use Tax figures include Streamline Sales Tax (SST) mitigation. SST payments received from the state are recorded as Other Grants and Shared Revenue category:

2011	4,961,619
2012	4,744,454
2013	4,899,642
2014	4,822,400
2015	4,953,243
2016	4,958,568
2017	4,955,082
2018	4,621,256
2019	3,992,056
2020	1,790,267

³ The 10 year increases due to Panther Lake Annexation started July 1, 2010 and ended effective June 30, 2020 which accounts for a portion of the decrease in 2020. The City received an additional 0.2% of state sales tax revenues during the 10 year period as follows:

2010	1,768,931
2011	3,511,391
2012	3,666,466
2013	3,481,065
2014	4,229,130
2015	4,352,248
2016	5,354,125
2017	5,887,092
2018	6,578,062
2019	6,591,195
2020	2,124,117

⁴ Business & Occupation tax started in 2013

Source: City financial records
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

Schedule 6
City of Kent
Assessed/Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total Assessed/ Estimated Actual Value	Total Direct Tax Rate
2012	\$ 11,450,528,835	\$ 1,296,326,234	\$ 12,746,855,069	\$ 1.568
2013	10,844,075,182	1,165,682,338	12,009,757,520	1.694
2014	11,421,918,163	1,229,290,637	12,651,208,800	1.645
2015	12,813,126,300	1,255,087,106	14,068,213,406	1.576
2016	13,778,718,580	1,267,588,304	15,046,306,884	1.511
2017	15,147,052,037	1,255,925,663	16,402,977,700	1.411
2018	17,203,053,348	1,394,286,381	18,597,339,729	1.627
2019	19,173,020,155	1,556,090,209	20,729,110,364	1.491
2020	21,471,909,318	1,530,132,714	23,002,042,032	1.378
2021	22,809,293,014	1,618,352,565	24,427,645,579	1.323

Source: King County Assessor's Office

Notes: Tax rates applied to assessed valuation to determine levy. Assessed values are established by the County Assessor at 100 percent of fair market value. A reevaluation of all property is required every year and a physical inspection is required at least once every six years.

Schedule 7
City of Kent
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates										
	Voted Debt	Total Direct		Voter			Kent				Emergency	Green	Kent	
	Basic Rate	Service	Rate	State	County	Approved County	Sound Transit	Port of Seattle	School District	Hospital District	Rural Library	Medical Service	River Flood Zone	Regional Fire
2012	\$ 1.568	\$ -	\$ 1.568	\$ 2.422	\$ 1.416	\$ 0.071	\$ -	\$0.230	\$5.600	\$ 0.500	\$ 0.500	\$ 0.300	\$ 0.116	\$ 1.000
2013	1.694	-	1.694	2.567	1.473	0.068	-	0.233	6.028	0.500	0.567	0.300	0.132	1.000
2014	1.645	-	1.645	2.470	1.458	0.058	-	0.215	5.735	0.500	0.562	0.335	0.154	1.000
2015	1.576	-	1.576	2.285	1.315	0.030	-	0.189	5.414	0.500	0.503	0.302	0.139	0.949
2016	1.511	-	1.511	2.169	1.440	0.040	-	0.170	5.344	0.500	0.477	0.282	0.130	0.909
2017	1.411	-	1.411	2.032	1.347	0.036	0.250	0.153	4.816	0.501	0.451	0.263	0.117	0.847
2018	1.627	-	1.627	2.918	1.295	0.033	0.227	0.135	4.187	0.457	0.412	0.239	0.107	0.771
2019	1.491	-	1.491	2.629	1.189	0.030	0.207	0.123	3.641	0.417	0.374	0.218	0.097	0.706
2020	1.378	-	1.378	3.028	1.218	0.021	0.199	0.119	3.838	0.401	0.360	0.265	0.092	1.000
2021	1.323	-	1.323	3.088	1.226	0.021	0.197	0.120	3.828	0.385	0.357	0.265	0.089	0.961

Source: King County Assessor's Office

Notes: The City is permitted by law to levy up to \$3.60 per \$1,000 assessed valuation for general government services. Due to formation of the Regional Fire Authority (RFA) on July 1, 2010, \$1 per \$1,000 assessed valuation now goes to the RFA and levy rate cannot exceed \$10 per \$1,000 of assessed valuation. This 1% value limit does not include tax levies for Port and Utility Districts. This limit is subject to further reduction per State statute limiting overlapping levy rates excluding the State (school) levy to \$5.90 per \$1,000 of assessed valuation. Other levies not subject to the limitation are excess levies approved by the voters to pay off bonds for capital construction or for providing supplemental funds for operating purposes particularly for schools.

Schedule 8
City of Kent
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Prologis (formerly KTR Kent Valley LLC)	\$ 457,161,200	1	1.99%	\$ 107,974,900	4	0.82%
Segale Properties (formerly La Terra Ltd)	266,858,400	2	1.16%	83,342,100	5	0.64%
PSE/Electric & Gas	263,519,065	3	1.15%	189,745,071	2	1.45%
Eproperty Tax Inc	169,424,100	4	0.74%			
KV Industrial 2 LLC	167,613,600	5	0.73%			
Hill Investment Co.	158,133,900	6	0.69%			
CSHV Kent North LLC (formerly Ellis CB Richard)	121,448,600	7	0.53%	42,891,600	8	0.33%
Blue Properties	120,167,600	8	0.52%			
GPAI Rock Creek Landing LLC	119,284,000	9	0.52%			
Nuveen	116,420,600	10	0.51%			
Boeing	-			402,451,587	1	3.07%
AMB Property	-			112,726,200	3	0.86%
Qwest Corporation (formerly U.S. West)	-			42,936,438	7	0.33%
Red Mortgage Capital Inc.	-			29,896,000	10	0.23%
Fred Meyer	-			32,668,700	9	0.25%
Starbucks	-			47,309,142	6	0.36%
	<u>\$ 1,960,031,065</u>		<u>8.52%</u>	<u>\$ 1,091,941,738</u>		<u>8.32%</u>

Source: King County Assessor's Office

Schedule 9
City of Kent
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended Dec 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011*	19,298,192	18,981,959	98.36%	316,233	19,298,192	100.00%
2012	19,896,581	19,593,500	98.48%	303,081	19,896,581	100.00%
2013	20,258,863	19,948,297	98.47%	310,566	20,258,863	100.00%
2014	20,726,325	20,394,209	98.40%	323,024	20,717,233	99.96%
2015	22,091,369	21,827,665	98.81%	262,210	22,089,875	99.99%
2016	22,657,939	22,385,874	98.80%	261,858	22,647,732	99.95%
2017	23,056,215	22,816,339	98.96%	227,614	23,043,953	99.95%
2018	30,137,002	29,821,478	98.95%	289,872	30,111,350	99.91%
2019	30,786,766	30,455,702	98.92%	210,777	30,666,479	99.61%
2020	31,551,662	31,144,239	98.71%	-	31,144,239	98.71%

Source: King County Assessor's Office

* The levy was reduced by \$1 per \$1,000 of assessed valuation due to the formation of the Regional Fire Authority (RFA) in July 2010.

Schedule 10
City of Kent
Taxable Sales by Category
Last Ten Fiscal Years

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Unknown	\$ 477,054	\$ 339,351	\$ 196,495	\$ 65,704
Agriculture, Forestry, Fishing	692,359	877,496	1,202,184	1,533,526
Mining	617,757	607,282	144,459	98,998
Utilities	5,078,454	7,112,634	10,873,877	6,071,984
Construction	186,982,818	224,155,491	224,529,870	321,680,722
Manufacturing	81,988,703	88,519,357	147,815,483	140,966,275
Wholesale Trade	252,503,957	232,141,988	241,905,173	258,868,775
Retail Trade	681,641,901	682,878,774	722,025,334	752,229,005
Transportation and Warehousing	6,620,144	6,843,425	7,058,638	7,704,255
Information	112,088,847	115,588,551	95,410,564	112,338,420
Finance and Insurance	16,381,423	21,585,061	25,203,335	25,454,579
Real Estate, Rental, Leasing	73,151,966	71,912,403	73,550,514	87,699,058
Prof, Sci, Technical Svcs	41,794,489	46,798,059	32,408,933	36,389,911
Company Management	13,351	20,847	25,943	-
Admin, Supp, Remed Svcs	42,594,079	41,021,656	42,476,396	39,458,138
Educational Services	3,968,920	3,243,933	3,711,272	3,712,154
Health Care Social Assistance	1,783,015	1,505,938	1,275,885	2,412,082
Arts, Entertain, Recreation	19,773,143	19,055,120	21,189,254	21,779,009
Accommodation and Food Svcs	159,382,256	171,055,204	182,181,720	195,809,112
Other Services	82,917,327	77,191,369	71,633,560	73,587,409
Public Administration	24,692,051	24,752,900	26,185,952	28,971,834
Total	<u>\$ 1,795,144,014</u>	<u>\$ 1,837,206,839</u>	<u>\$ 1,931,004,841</u>	<u>\$ 2,116,830,950</u>

City direct sales tax rate 0.85%.

Source: Taxtools 4.1.0 Database by Microflex, Inc.

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 543,832	\$ 149,753	\$ 641,040	\$ 111,673	\$ 1,367,225	\$ 1,404,788
1,723,713	1,774,495	661,383	458,376	342,866	882,111
46,085	67,492	139,085	192,809	95,049	96,216
6,292,076	7,846,892	10,457,305	11,391,629	12,377,296	7,750,699
297,410,988	302,548,150	340,304,924	434,236,277	548,590,035	557,056,169
130,367,834	146,226,236	134,882,163	153,848,600	220,872,536	180,257,465
297,663,617	338,433,480	329,625,729	364,718,721	383,861,943	385,843,018
778,287,789	816,949,999	843,953,703	905,815,060	999,565,733	1,140,046,374
10,505,291	9,726,380	8,159,690	11,359,833	12,643,113	22,627,158
121,791,265	126,016,431	123,102,696	124,377,336	118,698,722	118,032,858
30,244,002	39,245,687	42,164,136	44,372,642	43,297,915	47,570,315
95,997,409	103,454,935	113,932,233	120,119,139	134,138,368	120,650,967
38,935,453	49,628,961	52,130,863	47,245,465	58,106,362	69,684,509
78,443	17,671	9,470	4,469	4,682	274,772
71,319,015	104,922,922	64,042,202	109,819,746	137,075,315	166,136,707
4,420,229	5,094,076	4,232,992	3,942,868	4,719,372	3,830,005
3,308,852	3,626,711	5,473,322	5,266,771	3,253,657	2,860,038
19,808,385	22,625,489	23,053,740	23,995,011	26,166,127	14,003,489
213,315,217	231,934,336	238,157,944	247,306,793	270,545,886	207,566,415
81,802,712	88,021,162	94,115,793	96,543,843	98,404,947	89,996,520
30,088,734	33,119,462	44,304,995	42,949,890	41,987,921	52,066,016
<hr/>					
\$ 2,233,950,941	\$ 2,431,430,720	\$ 2,473,545,408	\$ 2,748,076,951	\$ 3,116,115,070	\$ 3,188,636,609

Schedule 11
City of Kent
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

<u>Fiscal</u> <u>Year</u>	<u>City</u> <u>Direct</u> <u>Rate</u>	<u>State</u>	<u>County</u> <u>Transit</u>	<u>RTA</u>	<u>County</u> ¹	<u>Criminal</u> <u>Justice</u>	<u>Stadium</u>	<u>Total</u> <u>Overlapping</u> <u>Rate</u>
2011	0.85%	6.50%	0.90%	0.90%	0.25%	0.10%	0.00% *	9.50%
2012	0.85%	6.50%	0.90%	0.90%	0.25%	0.10%	0.00%	9.50%
2013	0.85%	6.50%	0.90%	0.90%	0.25%	0.10%	0.00%	9.50%
2014	0.85%	6.50%	0.90%	0.90%	0.25%	0.10%	0.00%	9.50%
2015	0.85%	6.50%	0.90%	0.90%	0.25%	0.10%	0.00%	9.50%
2016	0.85%	6.50%	0.90%	0.90%	0.25%	0.10%	0.00%	9.50%
2017	0.85%	6.50%	0.90%	1.40%	0.25%	0.10%	0.00%	10.00%
2018	0.85%	6.50%	0.90%	1.40%	0.25%	0.10%	0.00%	10.00%
2019	0.85%	6.50%	0.90%	1.40%	0.25%	0.10%	0.00%	10.00%
2020	0.85%	6.50%	0.90%	1.40%	0.25%	0.10%	0.00%	10.00%

¹ Includes .15% for general purposes and .1% for chemical dependency, mental health treatment services and therapeutic court programs.

* Effective 10/1/11 the King County food and beverage tax for Stadium of 0.5% was discontinued.

Source: Washington State Department of Revenue

Schedule 12
City of Kent
Sales Tax Revenue Payers by Industry
Current Year and Nine Years Ago

	Fiscal Year 2020				Fiscal Year 2011			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Unknown	63	0.2%	46,562	0.2%	27	0.2%	102,990	0.7%
Agriculture, Forestry, Fishing	49	0.2%	9,020	0.0%	48	0.3%	5,916	0.0%
Mining	11	0.0%	774	0.0%	11	0.1%	6,128	0.0%
Utilities	18	0.1%	69,304	0.3%	15	0.1%	147,432	1.0%
Construction	4,420	17.4%	4,453,222	17.1%	3,765	21.9%	1,651,070	11.5%
Manufacturing	1,797	7.1%	1,477,578	5.7%	1,193	6.9%	609,191	4.3%
Wholesale Trade	3,527	13.9%	3,078,301	11.8%	2,573	15.0%	1,847,349	12.9%
Retail Trade	8,654	34.1%	9,259,546	35.6%	4,230	24.6%	5,345,010	37.3%
Transportation and Warehousing	157	0.6%	153,853	0.6%	131	0.8%	70,505	0.5%
Information	1,037	4.1%	999,345	3.8%	543	3.2%	961,259	6.7%
Finance and Insurance	158	0.6%	386,008	1.5%	160	0.9%	156,864	1.1%
Real Estate, Rental, Leasing	472	1.9%	1,043,213	4.0%	430	2.5%	567,902	4.0%
Prof, Sci, Technical Svcs	1,483	5.8%	554,649	2.1%	948	5.5%	390,291	2.7%
Company Management	6	0.0%	2,364	0.0%	5	0.0%	763	0.0%
Admin, Supp, Remed Svcs	1,522	6.0%	1,315,311	5.1%	1,260	7.3%	258,900	1.8%
Educational Services	187	0.7%	31,148	0.1%	128	0.7%	25,930	0.2%
Health Care Social Assistance	161	0.6%	26,666	0.1%	170	1.0%	18,206	0.1%
Arts, Entertain, Recreation	166	0.7%	149,123	0.6%	112	0.7%	158,043	1.1%
Accommodation and Food Svcs	444	1.7%	1,832,330	7.0%	426	2.5%	1,230,354	8.6%
Other Services	1,052	4.1%	748,887	2.9%	989	5.8%	610,264	4.3%
Public Administration	21	0.1%	408,153	1.6%	19	0.1%	166,934	1.2%
Total	25,405	100.00%	\$ 26,045,357	100.00%	17,183	100.00%	\$ 14,331,301	100.00%

Source: Taxtools 4.1.0 Database by Microflex, Inc.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not provided. The categories presented are intended to provide alternate information regarding the sources of the city's revenue.

Schedule 13-A
City of Kent
Utility Statistical Data
Last Ten Fiscal Years

Water Utility	Fiscal Year			
	2011 ¹	2012	2013	2014
Number of customer accounts				
Residential				
Single-family		10,003	10,159	10,322
Multi-family		1,491	1,490	1,492
Commercial		1,706	1,716	1,733
Industrial		84	85	84
Governmental		185	179	179
Total	13,327	13,469	13,629	13,810
Annual water usage (cubic feet)	N/A	323,260,063	322,321,057	343,809,535
Sewer Utility	2011 ¹	2012	2013	2014
Number of customer accounts				
Residential		12,111	12,267	12,395
Commercial		3,441	3,445	3,459
	15,352	15,552	15,712	15,854
Drainage Utility	2011 ¹	2012	2013	2014
Number of customer accounts				
Residential		22,880	23,068	23,267
Commercial		2,220	2,217	2,219
	24,750	25,100	25,285	25,486

Source: City billing records

¹ Customer breakdown by type not available for years prior to 2012
N/A Data not available

Fiscal Year					
2015	2016	2017	2018	2019	2020
10,433	10,586	10,669	10,898	11,073	11,209
1,492	1,493	1,567	1,570	1,592	1,600
1,729	1,736	1,702	1,701	1,719	1,720
83	82	82	80	80	81
187	194	194	194	193	192
13,924	14,091	14,214	14,443	14,657	14,802
360,197,626	357,875,066	344,485,663	370,320,856	345,382,664	363,892,246
2015	2016	2017	2018	2019	2020
12,494	12,642	12,790	12,839	13,106	13,198
3,455	3,456	3,440	3,446	3,467	3,476
15,949	16,098	16,230	16,285	16,573	16,674
2015	2016	2017	2018	2019	2020
23,433	23,635	23,845	24,136	24,314	24,508
2,191	2,196	2,177	2,229	2,311	2,314
25,624	25,831	26,022	26,365	26,625	26,822

Schedule 13-B
City of Kent
Utility Statistical Data
Rates
As of December 31, 2020

Water Utility Meter Access Fees		
Meter Size (inches)		Monthly Fee
Residential		
3/4	\$	24.69
1		38.66
1.5		73.59
2		115.49
Commercial		
3/4	\$	31.03
1		45.00
1.5		79.93
2		121.83
3		191.68
4		289.47
6		429.17
8		568.87
10		708.57
Dedicated Fireline (pipe size)		
3/4	\$	2.94
1		3.43
1.25		5.13
1.5		6.84
2		10.96
3		27.38
4		54.74
6		109.48
8		184.76
10		273.71

Backflow Fee \$ 108.52

Drainage Utility Rates		
Residential		
Monthly fee	\$	13.03
Commercial		
Fees are calculated based on impervious surfaces		

**Water Usage Fees per 100 Cubic Feet (748
gallons)**

0-800 cf	\$2.56/100 cf
800+ cf	\$5.04/100 cf

Water Tap Fees (new connection fee)

Connection Size (inches)	Fee
<3/4	\$ 275.00
3/4	325.00
1	350.00
1.5	600.00
2	800.00
>2	Cost of meter & install + 25%

Water System Development Charges

Meter Size (inches)	Fee
less than 1	\$ 8,317.42
1	20,792.86
2	66,535.23
3	133,071.85
4	207,924.51
5	311,686.13
6	415,849.02
8	665,357.86
10	914,866.75

Sewer Utility Rates

Residential		
City fee	\$	25.44
King County Fee		45.33
Total	\$	70.77
Commercial ¹		
Consumption-per 100 cf/month	\$	9.44
Minimum charge	\$	70.77

Source: City records

¹ Commercial sewer customers are billed based on the consumption of water

Schedule 13-C
City of Kent
Utility Statistical Data
Ten Largest Users
Current Year and Four Years Ago

		2020		2016	
Customer	Product/Service	Percent		Percent	
		of	Ranking	of	Ranking
		Revenue		Revenue	
Danone Waters	Bottled water	1.36%	1	1.77%	1
King Command Foods	Processed meat	1.03%	2	1.02%	2
Air Liquide Industrial	Liquid nitrogen	0.86%	3	0.91%	3
King County Admin Building	Government	0.76%	4	0.79%	6
Rexam Beverage Can Co.	Can manufacturing	0.72%	5	0.73%	7
Aramark Uniform Services	Laundry service	0.62%	6	0.80%	5
Kent 228	Office space management	0.57%	7	0.57%	9
Mikron Industries	Building manufacturing	0.50%	8	0.72%	8
Oberto Sausage Company	Food processing	0.47%	9		
Smith Brothers Farms	Agriculture	0.46%	10		
Con Agra Food	Food processing			0.83%	4
Alsco	Laundry service			0.51%	10
		7.36%		8.65%	

		2020		2016	
Customer	Product/Service	Percent		Percent	
		of	Ranking	of	Ranking
		Revenue		Revenue	
Northwest Centers Ins	Laundry service	0.48%	1		
Danone Waters	Bottled water	0.48%	2	0.47%	10
Canyon View	Mobile home park	0.21%	3		
Air Liquide Industrial	Liquid nitrogen	0.19%	4		
Kentwood Apartments	Apartment building	0.16%	5		
Burlington Environmental	Waste disposal	0.15%	6		
Western Processing	Industrial waste processor	0.11%	7		
Fortress Management	Property management	0.10%	8		
Safeway Inc	Grocery store	0.09%	9		
Country Glen Apartments	Apartment building	0.08%	10		
King Command Foods	Processed meat			0.87%	3
Kent 228	Office space management			0.64%	7
Aramark Uniform Services	Laundry service			0.90%	2
Oberto Sausage Company	Food processing			0.47%	9
Rexam Beverage Can Co.	Can manufacturing			0.79%	5
Alsco	Laundry service			0.58%	8
Con Agra Food	Food processing			0.92%	1
Mikron Industries	Building manufacturing			0.80%	4
King County Admin Building	Government			0.69%	6
		2.05%		7.13%	

		2020		2016	
Customer	Product/Service	Percent		Percent	
		of	Ranking	of	Ranking
		Revenue		Revenue	
City of Kent	Government	1.42%	1	1.56%	2
The Boeing Company	Aerospace	1.10%	2	1.44%	3
Amazon	Distribution center	0.77%	3	0.47%	10
UPRR Downtown Station	Automotive distribution	0.74%	4	0.76%	4
Pacific Gateway	Industrial office space	0.67%	6	0.56%	6
Finlayson Logistics	Warehouse distribution	0.61%	7		
PS Business Park	Commercial office space	0.52%	8	0.55%	7
South Seattle Auto Auction	Auto auction	0.47%	9	0.49%	8
Kidder Mathews	Warehouse distribution	0.45%	10	0.47%	9
Prologis Mgmt LLC	Developer			1.66%	1
Kent East Corporate Park	Industrial office space			0.74%	5
		6.75%		8.70%	

Source: City billing records

* This schedule was added in 2017. Information prior to 2016 is not available.

Schedule 13-D
City of Kent
Utility Statistical Data
Billings by Customer Type
Last Nine Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Water Consumption				
Residential (single family)	\$ 2,788,953	\$ 2,878,919	\$ 3,108,519	\$ 3,219,722
Duplex	37,315	37,884	48,407	46,857
Multi-family	4,505,910	4,640,464	5,061,029	5,024,730
Commercial	4,264,591	4,482,184	4,880,396	5,117,899
Industrial	886,397	916,574	1,040,218	1,068,845
Governmental	546,999	592,828	657,203	745,027
Total Consumption Charges	\$ 13,030,165	\$ 13,548,853	\$ 14,795,772	\$ 15,223,080
Water Access				
Residential (single family)	\$ 1,520,346	\$ 1,587,891	\$ 1,661,686	\$ 1,681,135
Duplex	12,631	13,475	13,946	13,974
Multi-family	548,009	564,360	582,518	583,041
Commercial	547,229	567,496	580,972	582,333
Industrial	48,478	50,665	52,555	52,635
Governmental	86,735	89,075	91,716	92,075
Total Access Charges	\$ 2,763,428	\$ 2,872,962	\$ 2,983,393	\$ 3,005,193
Hydrant Water Fees				
Commercial	\$ 122,601	\$ 125,197	\$ 177,052	\$ 228,505
Other Water Fees				
Adjustments ¹	\$ (147,569)	\$ (42,561)	\$ (48,683)	\$ (23,460)
Total Water Sales	\$ 15,768,625	\$ 16,504,451	\$ 17,907,534	\$ 18,433,318
Water Backflow & Firelines				
Residential (single family)	\$ 80	\$ 80	\$ 240	\$ 480
Duplex	-	-	-	-
Multi-family	34,411	36,160	36,243	37,040
Commercial	173,756	177,936	180,367	182,730
Industrial	15,440	15,760	15,760	16,080
Governmental	25,760	26,560	24,800	24,720
Total Backflow Prevention	\$ 249,447	\$ 256,496	\$ 257,410	\$ 261,050
Other Water Charges				
Dedicated Fireline Fee	\$ -	\$ -	\$ -	\$ -
Miscellaneous Charges	231,065	246,133	244,077	205,853
Other Operating Revenue	3,930	14,871	7,141	4,630
Adjustments				
Total Other Operating Revenues	\$ 234,995	\$ 261,004	\$ 251,218	\$ 210,483
Total Water Operating Revenues	\$ 16,253,067	\$ 17,021,951	\$ 18,416,162	\$ 18,904,851

Fiscal Year				
2016	2017	2018	2019	2020
\$ 3,123,128	\$ 2,484,161	\$ 2,617,358	\$ 2,668,257	\$ 2,982,754
49,149	40,946	43,892	35,635	39,814
5,042,692	4,864,436	4,867,440	4,884,238	5,173,648
5,307,898	6,144,822	5,238,496	5,244,994	5,108,176
1,032,766	1,066,470	995,005	999,441	877,217
642,473	726,437	662,993	684,721	560,206
\$ 15,198,106	\$ 15,327,272	\$ 14,425,184	\$ 14,517,286	\$ 14,741,815
\$ 1,702,856	\$ 2,988,553	\$ 3,108,519	\$ 3,272,477	\$ 3,382,612
13,974	29,256	29,768	31,128	32,062
583,987	1,260,748	1,291,184	1,327,626	1,365,698
584,669	1,305,673	1,338,698	1,380,617	1,421,815
53,192	122,677	124,592	127,096	120,749
94,177	212,302	218,867	225,700	230,101
\$ 3,032,855	\$ 5,919,209	\$ 6,111,628	\$ 6,364,644	\$ 6,553,036
\$ 177,409	\$ 63,750	\$ 89,150	\$ 83,104	\$ 81,551
\$ (109,430)	(1,400,962)	(102,297)	(188,258)	(95,654)
\$ 18,298,940	19,909,269	20,523,665	20,776,776	21,280,748
				0
\$ 640	\$ 897	\$ 927	\$ 1,387	\$ 868
-	-	-	-	-
38,484	48,692	51,812	55,276	59,143
186,739	239,062	259,196	276,286	285,981
16,400	20,100	21,631	24,116	23,549
24,640	30,600	30,900	33,294	33,641
\$ 266,903	\$ 339,351	\$ 364,466	\$ 390,359	\$ 403,183
\$ -	\$ 1,395,693	\$ 1,459,048	\$ 1,509,861	\$ 1,555,138
181,898	171,504	177,763	185,658	46,555
32,388	39,674	16,689	7,296	1,251
	(4,850)	-	-	-
\$ 214,286	\$ 1,602,021	\$ 1,653,500	\$ 1,702,815	\$ 1,602,944
\$ 18,780,129	\$ 21,850,641	\$ 22,541,631	\$ 22,869,950	\$ 23,286,875
(continued)				

Schedule 13-D
City of Kent
Utility Statistical Data
Billings by Customer Type
Last Nine Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Sewer Charges				
Residential (single family)	\$ 7,466,469	\$ 8,202,454	\$ 8,373,244	\$ 8,889,410
Duplex	123,490	139,647	143,261	150,811
Multi-family	7,537,417	8,211,588	8,406,680	8,863,264
Commercial	5,159,636	5,649,362	6,115,191	6,531,807
Industrial	1,128,810	1,248,164	1,479,639	1,406,070
Governmental	578,251	674,431	671,239	729,349
Total Sewer Billings	\$ 21,994,073	\$ 24,125,646	\$ 25,189,254	\$ 26,570,711
Other Sewer Fees				
Sewer permits	\$ 61,422	\$ 50,754	\$ 52,193	\$ 44,281
Connection charges ²	705,795	666,795	1,152,849	-
Water quality surcharge	425,809	503,188	524,269	692,877
Miscellaneous charges	37,403	17,126	66,116	46,987
Other operating revenue	14,904	8,207	8,358	8,690
Adjustments ¹	(200,571)	27,955	(227,189)	63,739
Total Other Sewer Fees	\$ 1,044,762	\$ 1,274,025	\$ 1,576,596	\$ 856,574
Total Sewer Operating Revenues ³	\$ 23,038,835	\$ 25,399,671	\$ 26,765,850	\$ 27,427,285
	-	-	-	-
Storm Drain/Surface Water Charges				
Residential (single family)	\$ 2,803,196	\$ 2,975,555	\$ 3,145,346	\$ 3,324,793
Duplex	29,576	31,978	33,908	35,596
Multi-family	2,321,917	2,453,359	2,582,879	2,712,051
Commercial	9,053,394	9,491,417	9,937,563	10,409,583
Industrial	1,197,251	1,253,616	1,315,712	1,328,399
Governmental	1,117,890	1,146,862	1,188,441	1,221,703
Adjustments ¹	-	-	-	-
Total Drainage Operating Revenues ³	\$ 16,523,224	\$ 17,352,787	\$ 18,203,849	\$ 19,032,125
Total Sewer/Storm Drainage Operating Revenues ³	\$ 39,562,059	\$ 42,752,458	\$ 44,969,699	\$ 46,459,410

¹ For adjustments, including leak adjustments and misread corrections, the billing code does not distinguish between the type of customer

² Sewer connection charges are coded as capital contributions

³ Until 2019, the Sewer and Drainage utilities were together in the Sewer Utility Fund. In 2019, the operations were split into separate funds

Source: City records

Fiscal Year				
2016	2017	2018	2019	2020
\$ 9,085,413	\$ 9,930,521	\$ 10,309,790	\$ 10,786,527	\$ 10,959,754
152,672	163,920	168,467	174,997	179,048
9,125,661	9,926,448	10,037,913	10,282,395	10,994,867
7,048,720	7,450,347	7,641,769	7,888,196	7,970,041
1,401,538	1,462,166	1,413,031	1,486,577	1,308,732
637,963	743,381	724,164	823,501	669,527
\$ 27,451,967	\$ 29,676,784	\$ 30,295,134	\$ 31,442,193	\$ 32,081,969
\$ 71,219	\$ 95,770	\$ 89,578	\$ 55,492	\$ 55,071
-	-	-	-	-
785,016	808,555	1,040,609	1,232,178	1,226,777
59,264	49,255	84,150	2,075	665
24,510	54,312	1,184,666	14,664	12,584
133,349	(80,689)	(94,890)	(137,572)	(48,789)
\$ 1,073,358	\$ 927,203	\$ 2,304,113	\$ 1,166,837	\$ 1,191,237
\$ 28,525,325	\$ 30,603,987	\$ 32,599,247	\$ 32,609,030	\$ 33,273,206
-	0	-	(50)	0
\$ 3,350,939	\$ 3,388,860	\$ 3,505,390	\$ 3,654,527	\$ 3,747,155
35,598	35,597	36,433	37,872	16,869
2,719,264	2,742,031	2,835,931	2,931,555	2,891,709
10,456,233	10,614,253	10,937,699	11,296,651	11,748,906
1,320,227	1,490,308	1,525,051	1,567,883	1,450,798
1,233,268	1,234,437	1,256,502	1,286,223	1,306,602
-	-	-	(51,022)	126,142
\$ 19,115,529	\$ 19,505,486	\$ 20,097,006	\$ 20,723,689	\$ 21,288,181
\$ 47,640,854	\$ 50,109,473	\$ 52,696,253	\$ 53,332,719	\$ 54,561,387
		52,678,839		(concluded)
		17,414		

Schedule 14
City of Kent
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities							
Fiscal Year	General Obligation Bonds	Public Works Trust Fund Loans	Other Notes/ Contracts ^b	Capital Leases	Special Assessment Bonds	Contingent Loan Guarantee ^c	Total Governmental
2011	65,811,861	10,777,631	2,658,709	-	5,716,053		84,964,254
2012	61,541,230	10,389,724	2,457,709	-	3,822,681		78,211,344
2013	57,903,469	9,584,624	432,000	-	2,700,000		70,620,093
2014	52,810,358	8,777,671	220,000	-	1,980,000	76,809,813	140,597,842
2015	47,784,224	8,001,804	18,524	-	1,395,000	71,648,408	128,847,960
2016	101,793,996	7,225,937	198,365	-	750,000	4,991,478	114,959,776
2017	95,347,314	6,450,072	368,559	-	160,000	3,657,980	105,983,925
2018	88,952,067	5,674,205	420,495	170,241	-	2,230,042	97,447,050
2019	82,648,102	4,898,338	9,238,824	138,645	-	717,334	97,641,243
2020	77,298,535	4,122,472	420,000	105,531	-	-	81,946,538

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

Debt amounts include discounts and premiums.

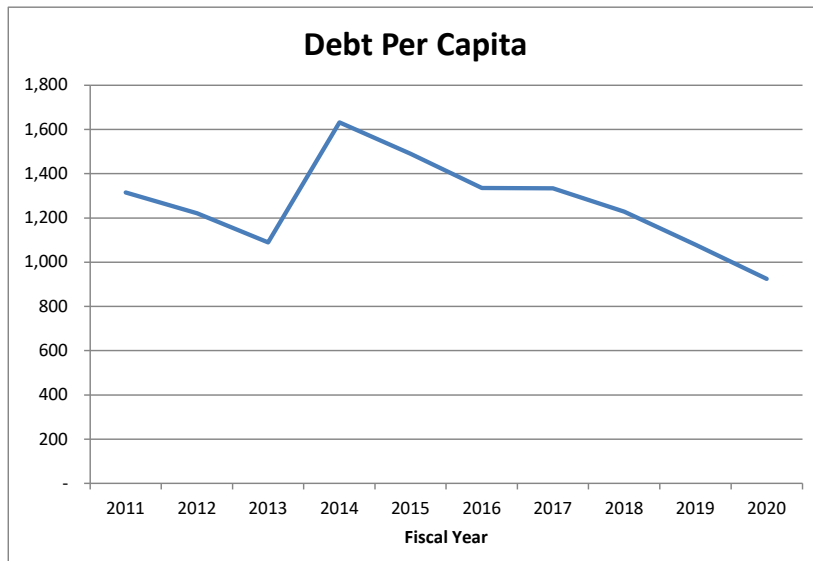
^a See Schedule 19 (Demographic and Economic Factors) for population and personal income data

^b Excludes compensated absences.

^c In FY2014, the City implemented GASB-S 70 on contingent loan guarantee obligations.

Business-Type Activities

Fiscal Year	General Obligation Bonds	Revenue Bonds	Public Works Trust Fund Loans	Other Notes/ Contracts ^b	Capital Leases	Total Business- Type	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
2011	5,734,707	23,299,522	12,171,528	29,206,578	-	70,412,335	155,376,589	2.27%	1,314.52
2012	4,788,505	22,332,423	11,037,500	29,057,632	-	67,216,060	145,427,404	2.03%	1,221.05
2013	3,665,426	21,470,198	9,828,473	25,755,000	-	60,719,097	131,339,190	1.74%	1,089.95
2014	3,140,452	20,433,172	8,694,444	25,285,000	-	57,553,068	198,150,910	2.37%	1,632.22
2015	2,597,516	19,356,148	7,560,417	24,780,000	-	54,294,081	183,142,041	2.05%	1,490.17
2016	2,106,959	18,239,122	6,426,389	24,395,000	-	51,167,470	166,127,246	1.73%	1,335.05
2017	1,678,968	32,664,929	5,292,361	23,980,000	-	63,616,258	169,600,183	1.60%	1,334.38
2018	1,313,541	31,265,888	4,158,334	23,565,000	588,466	60,891,229	158,338,279	1.36%	1,228.38
2019	949,570	15,183,946	3,024,306	22,920,000	438,596	42,516,418	140,157,661	1.14%	1,079.80
2020	370,258	13,922,002	1,890,278	22,245,000	280,985	38,708,523	120,655,061	0.97%	924.56

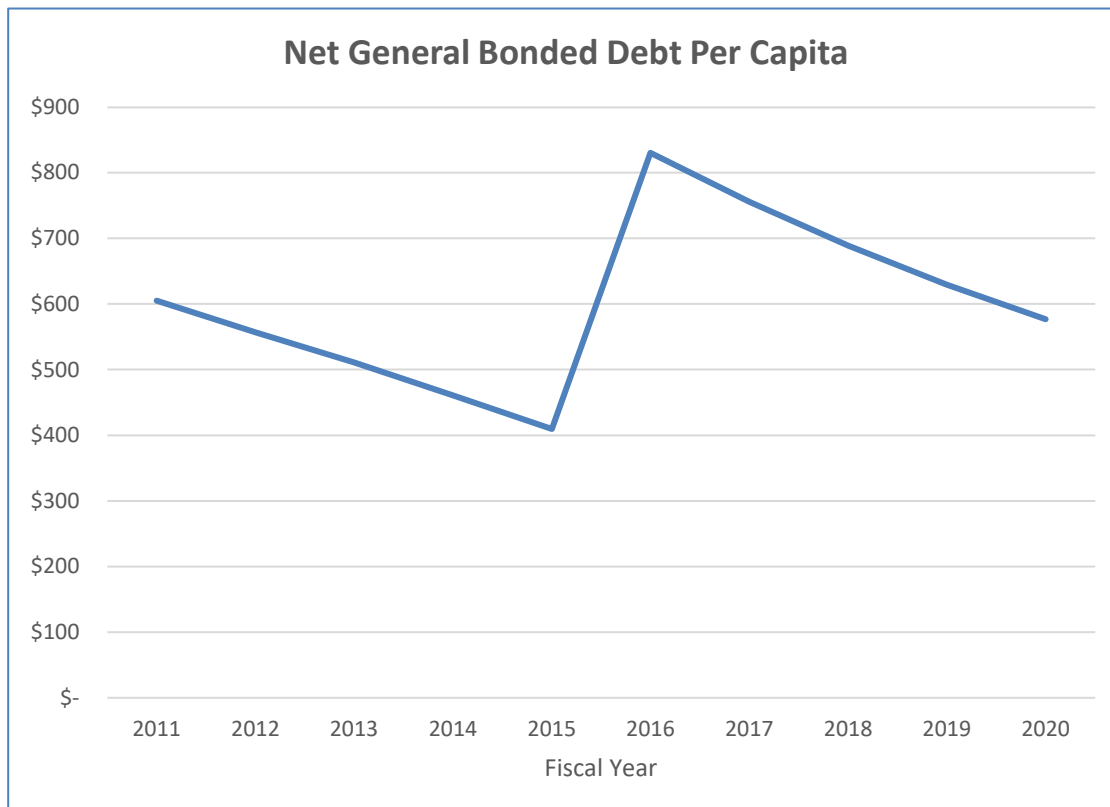


Schedule 15
City of Kent
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Estimated Actual Value of Taxable Property ^a	Per Capita ^b
2011	71,546,568	1,035	71,545,533	0.55%	605.29
2012	66,329,735	1,083	66,328,652	0.52%	556.92
2013	61,568,895	1,083	61,567,812	0.51%	510.94
2014	55,950,810	10	55,950,800	0.44%	460.88
2015	50,381,740	-	50,381,740	0.36%	409.94
2016	103,900,955	521,394	103,379,561	0.69%	830.79
2017	97,026,282	986,220	96,040,062	0.59%	755.63
2018	90,265,608	1,451,046	88,814,562	0.48%	689.02
2019	83,597,672	1,912,628	81,685,044	0.39%	629.31
2020	77,668,793	2,380,697	75,288,096	0.33%	576.92

^a See Schedule 6 (Assessed/Estimated Actual Value of Taxable Property) for property tax value

^b See Schedule 19 (Demographic and Economic Factors) for population data



Schedule 16
City of Kent
Direct and Overlapping Governmental Activities Debt
As of December 31, 2020

	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable^a</u>	<u>Estimated</u> <u>Share of</u> <u>Direct and</u> <u>Overlapping</u> <u>Debt</u>
<u>Governmental Unit</u>			
King County	635,096,335	3.7038%	23,522,698
Port of Seattle	311,175,000	3.7038%	11,525,300
Federal Way School District No. 210	425,036,354	7.0821%	30,101,500
Highline School District No. 401	395,098,572	1.7440%	6,890,519
Renton School District No. 403	305,515,127	4.4981%	13,742,376
Auburn School District No. 408	485,792,338	1.3036%	6,332,789
Tahoma School District No. 409	140,785,967	0.0192%	27,031
Kent School District No. 415	211,067,820	67.4702%	142,407,880
Hospital District No. 1		35.0516%	-
Kent Regional Fire Authority No. 62	354,831	85.2887%	302,631
Rural Library District	55,215,699	6.1903%	3,418,017
Subtotal Overlapping Debt			238,270,741
City of Kent direct debt			<u>81,946,538</u>
Total direct and overlapping debt			<u><u>\$ 320,217,279</u></u>

Source: King County: County Assessor and Department of Finance
City financial records

Note:

^a Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Kent based on tax parcel information. This Process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Schedule 17
City of Kent
Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Legal Debt Limit					
Assessed Value	\$ 13,124,485,153	\$ 12,746,855,069	\$ 12,009,757,520	\$ 12,651,208,800	\$ 14,068,213,406
Legal debt limit restrictions:					
2.5% of General purpose limit, voted & non-voted	\$ 328,112,129	\$ 318,671,377	\$ 300,243,938	\$ 316,280,220	\$ 351,705,335
2.5% Utility purpose limit, voted	328,112,129	318,671,377	300,243,938	316,280,220	351,705,335
2.5% Open Space, Park Facilities, voted	328,112,129	318,671,377	300,243,938	316,280,220	351,705,335
Total legal debt limit	<u>984,336,387</u>	<u>956,014,131</u>	<u>900,731,814</u>	<u>948,840,660</u>	<u>1,055,116,005</u>
Total net debt applicable to limit	<u>75,247,674</u>	<u>69,139,626</u>	<u>61,423,917</u>	<u>54,975,990</u>	<u>49,078,000</u>
Legal debt margin	<u>\$ 909,088,713</u>	<u>\$ 886,874,505</u>	<u>\$ 839,307,897</u>	<u>\$ 893,864,670</u>	<u>\$ 1,006,038,005</u>
Total net debt applicable to the limit as a percentage of debt limit	7.64%	7.23%	6.82%	5.79%	4.65%
Total net debt applicable to the limit as a percentage of assessed value	0.57%	0.54%	0.51%	0.43%	0.35%
Debt applicable to limit:					
Voted					
General obligation bonds	-	-	-	-	-
Non-voted					
General obligation bonds	72,590,000	66,683,000	60,993,000	54,756,000	49,078,000
Other general obligation debt	2,658,709	2,457,709	432,000	220,000	-
Less: Amount set aside for repayment of voted general obligation debt	(1,035)	(1,083)	(1,083)	(10)	-
Total net debt applicable to limit	<u>75,247,674</u>	<u>69,139,626</u>	<u>61,423,917</u>	<u>54,975,990</u>	<u>49,078,000</u>
Additional debt limit restriction:					
1.5% non-voted for all purposes	196,867,277	191,202,826	180,146,363	189,768,132	211,023,201
Non-voted debt outstanding	<u>75,248,709</u>	<u>69,140,709</u>	<u>61,425,000</u>	<u>54,976,000</u>	<u>49,078,000</u>
Non-voted legal debt margin	<u>121,618,568</u>	<u>122,062,117</u>	<u>118,721,363</u>	<u>134,792,132</u>	<u>161,945,201</u>
Constitutional Debt Limit					
10.0% non-voted for all purposes	1,312,448,515	1,274,685,507	1,200,975,752	1,265,120,880	1,406,821,341
Net debt applicable to legal debt limit	75,247,674	69,139,626	61,423,917	54,975,990	49,078,000
Add: State loan contracts	<u>10,777,631</u>	<u>10,389,724</u>	<u>9,584,624</u>	<u>8,777,671</u>	<u>8,001,804</u>
Constitutional debt margin	<u>1,226,423,210</u>	<u>1,195,156,157</u>	<u>1,129,967,211</u>	<u>1,201,367,219</u>	<u>1,349,741,537</u>
Internal Debt Limit					
Net debt applicable to legal debt limit	75,247,674	69,139,626	61,423,917	54,975,990	49,078,000
Add: State loan contracts	10,777,631	10,389,724	9,584,624	8,777,671	8,001,804
Interest on outstanding debt	24,443,065	20,409,417	17,426,925	14,358,462	11,168,487
Compensated absences	4,596,349	4,459,597	4,747,718	4,168,176	4,337,445
Total debt applicable to internal debt calculation	<u>115,064,719</u>	<u>104,398,364</u>	<u>93,183,184</u>	<u>82,280,299</u>	<u>72,585,736</u>
Total net debt applicable to the internal debt calculation as a percentage of assessed value	0.88%	0.82%	0.78%	0.65%	0.52%

Notes:

The debt limit applies to general obligation debt of the city (debt for which the "full faith and credit" of the city is pledged to pay off the debt).

The state constitution limits the debt cities are allowed to carry to 10% of the assessed valuation of the taxable properties within the city.

The state legislature has further limited the outstanding debt for cities to 75% of the constitutional limit, or 7.5% of assessed valuation of taxable properties within the city. The legislature has also limited the amount of non-voted debt (not approved by a 3/5 majority of voters) to 1.0% of the assessed valuation of the taxable properties within the city.

The city also calculates an internal debt margin to include other long-term obligations, like internal LID financing, internal notes and compensated absences expected to be repaid from general governmental revenues.

Source: City's financial records

Fiscal Year				
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 15,046,306,884	\$ 16,402,977,700	\$ 18,597,339,729	\$ 20,729,110,364	\$ 23,002,042,032
\$ 376,157,672	\$ 410,074,443	\$ 464,933,493	\$ 518,227,759	\$ 575,051,051
376,157,672	410,074,443	464,933,493	518,227,759	575,051,051
376,157,672	410,074,443	464,933,493	518,227,759	575,051,051
1,128,473,016	1,230,223,329	1,394,800,479	1,554,683,277	1,725,153,153
90,740,000	84,656,000	78,686,000	72,806,000	67,635,000
\$ 1,037,733,016	\$ 1,145,567,329	\$ 1,316,114,479	\$ 1,481,877,277	\$ 1,657,518,153
8.04%	6.88%	5.64%	4.68%	3.92%
0.60%	0.52%	0.42%	0.35%	0.29%
-	-	-	-	-
90,740,000	84,656,000	78,686,000	72,806,000	67,635,000
-	-	-	-	-
-	-	-	-	-
90,740,000	84,656,000	78,686,000	72,806,000	67,635,000
225,694,603	246,044,666	278,960,096	310,936,655	345,030,630
90,740,000	84,656,000	78,686,000	72,806,000	67,635,000
134,954,603	161,388,666	200,274,096	238,130,655	277,395,630
1,504,630,688	1,640,297,770	1,859,733,973	2,072,911,036	2,300,204,203
90,740,000	84,656,000	78,686,000	72,806,000	67,635,000
7,225,937	6,450,071	5,674,205	4,898,338	4,122,472
1,406,664,751	1,549,191,699	1,775,373,768	1,995,206,698	2,228,446,731
90,740,000	84,656,000	78,686,000	72,806,000	67,635,000
7,225,937	6,450,071	5,674,205	4,898,338	4,122,472
39,402,192	35,545,110	31,984,893	28,492,613	25,211,959
4,413,051	4,639,656	4,938,217	5,421,078	5,969,693
141,781,180	131,290,837	121,283,315	111,618,029	102,939,124
0.94%	0.80%	0.65%	0.54%	0.45%

Schedule 18
City of Kent
Pledged-Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds ¹						
Fiscal	Water	Less:	Net	Debt Service		Coverage
Year	Operating	Operating	Available	Principal	Interest	
	Revenue	Expenses²	Revenue			
2011	15,986,832	9,730,377	6,256,455	447,500	615,372	5.89
2012	16,253,067	10,697,089	5,555,978	460,000	601,947	5.23
2013	17,021,951	11,736,994	5,284,957	472,000	588,147	4.99
2014	18,416,162	10,677,318	7,738,844	487,500	573,972	7.29
2015	18,904,851	13,717,392	5,187,459	507,500	554,472	4.88
2016	18,780,129	12,538,349	6,241,780	527,500	534,172	5.88
2017	21,850,641	12,387,164	9,463,477	550,000	513,072	8.90
2018	22,541,631	13,236,320	9,305,311	570,000	795,860	6.81
2019	22,869,950	13,017,701	9,852,249	600,000	462,572	9.27
2020	23,286,875	21,566,133	1,720,742	620,000	432,212	1.64

Combined Utility Revenue Bonds						
Fiscal	Combined	Less:	Net	Debt Service		Coverage
Year	Operating	Operating	Available	Principal	Interest	
	Revenue	Expenses²	Revenue			
2011	55,095,342	34,332,968	20,762,374	895,000	1,230,744	9.77
2012	55,815,126	42,423,801	13,391,325	920,000	1,203,894	6.31
2013	59,774,409	44,658,164	15,116,245	944,000	1,176,294	7.13
2014	63,385,861	43,946,747	19,439,114	975,000	1,147,944	9.16
2015	65,364,261	50,063,649	15,300,612	1,015,000	1,108,944	7.20
2016	66,420,983	51,681,433	14,739,550	1,055,000	1,068,344	6.94
2017	71,960,114	51,556,996	20,403,118	1,100,000	1,026,144	9.60
2018	75,220,569	56,647,152	18,573,417	1,140,000	1,591,720	6.80
2019	43,593,639	24,680,768	18,912,871	1,200,000	925,144	8.90
2020	44,575,056	38,722,256	5,852,800	1,240,000	864,425	2.78

Special Assessment Bonds ³				
Fiscal	Debt Service			Coverage
Year	Revenues	Principal	Interest	
2011	2,397,011	2,021,715	382,060	1.00
2012	2,590,862	1,919,285	279,818	1.18
2013	4,058,344	1,203,319	180,786	2.93
2014	3,115,228	747,256	124,207	3.57
2015	2,586,437	585,000	111,840	3.71
2016	2,150,390	645,000	64,550	3.03
2017	1,979,573	590,000	34,875	3.17
2018	1,459,618	160,000	7,440	8.72
2019	1,339,332	-	-	N/A
2020	739,178	-	-	N/A

Source: City financial records

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

¹ Issued in 2009--Combined Utility System Revenue Bonds, Series 2009A, and Combined Utility System Revenue Bonds, Series 2009B Taxable (BABs) issued for a total of \$25,000,000--split between Water and Drainage Fund.

² Operating expenses do not include interest, depreciation or amortization expenses.

³ Most of the outstanding LID's are internally financed with no outstanding bonds. As funds are received, they are transferred to the capital projects to fund construction. No outstanding bonds after 2018.

Details regarding coverage can be found in the Official Statements.

Drainage Revenue Bonds¹

Fiscal Year	Drainage Operating Revenue	Less: Operating Expenses²	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	39,108,510	24,602,591	14,505,919	447,500	615,372	13.65
2012	39,562,059	31,726,712	7,835,347	460,000	601,947	7.38
2013	42,752,458	32,921,170	9,831,288	472,000	588,147	9.27
2014	44,969,699	33,269,429	11,700,270	487,500	573,972	11.02
2015	46,459,410	36,346,257	10,113,153	507,500	554,472	9.52
2016	47,640,854	39,143,084	8,497,770	527,500	534,172	8.00
2017	50,109,473	39,169,832	10,939,641	550,000	513,072	10.29
2018	52,678,938	43,410,832	9,268,106	570,000	795,860	6.79
2019	20,723,689	11,663,067	9,060,622	600,000	462,572	8.53
2020	21,288,181	17,156,123	4,132,058	620,000	432,212	3.93

Schedule 19
City of Kent
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population¹	County Personal Income² (thousands of dollars)	County Per Capita Income³	School Enrollment⁴	County Unemployment Rate⁵
2011	118,200	113,922,436	57,837	27,397	7.6%
2012	119,100	120,627,950	60,090	26,975	6.8%
2013	120,500	128,330,859	62,770	27,500	5.2%
2014	121,400	143,260,986	68,877	27,484	4.6%
2015	122,900	153,554,091	72,530	27,823	3.6%
2016	124,435	166,006,277	77,213	27,746	3.9%
2017	127,100	182,495,475	83,383	27,896	3.8%
2018	128,900	201,962,200	90,438	27,714	3.4%
2019	129,800	213,956,690	94,974	27,467	3.5%
2020	130,500	*	*	25,739	8.42% ⁶

¹ April 1 Population of Cities, Towns, and Counties: Washington State Office of Financial Management

² Personal Income for King County: US Bureau of Economic Analysis.

³ Per Capita Income for King County: US Bureau of Economic Analysis.

⁴ Kent School District - May 2019: Washington State Report Card

⁵ King County Profile: Employment Security Department Washington State

⁶ Unemployment rates affected by the Covid19 Pandemic

*2020 information is not available, will be included in 2021 ACFR.

Schedule 20
City of Kent
Principal Employers
Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Amazon.com LLC	3,083	1	4.76%			
Kent Public Schools	2,815	2	4.35%	2,605	2	3.34%
Boeing Company	2,606	3	4.02%	4,000	1	5.13%
Blue Origin, LLC	1,600	4	2.47%			
Exotic Metals Forming Co	1,047	5	1.62%	613	7	0.79%
Taylor Farms NW	850	6	1.31%			
City of Kent	717	7	1.11%	816	4	1.05%
King County Regional Justice Center	630	8	0.97%	630	5	0.81%
Coho Distributing LLC dba Columbia Dist.	628	9	0.97%	620	6	0.79%
Carlisle Interconnect Industries	615	10	0.95%			
REI Inc.				1,096	3	1.41%
Sysco				510	8	0.65%
HEXCEL Corporation				471	9	0.60%
Starbucks Coffee Company				453	10	0.58%
	<u>14,591</u>		<u>22.52%</u>	<u>11,814</u>		<u>15.15%</u>

Source: City of Kent Business License System

Schedule 21
City of Kent
Full-time-Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function/Program	Full-time-Equivalent Employees as of December 31									
	2011	2012	2013	2014	2015	2016 ^a	2017	2018	2019	2020
General government										
Mayor's Office	13.00	10.50	10.53	10.53	10.75	10.75	11.75	13.00	12.00	12.00
Human Resource	12.00	12.00	12.20	13.20	13.60	14.60	14.60	15.60	16.10	14.00
Finance	20.55	18.55	20.55	20.55	23.55	23.55	24.99	25.45	24.30	23.30
Information Technology	28.70	25.00	24.96	26.00	29.00	35.00	37.00	37.00	38.50	39.00
Other	45.90	41.25	37.80	39.00	42.00	42.00	42.00	41.00	41.00	37.00
Judicial	21.53	21.28	20.28	20.28	20.28	20.28	20.28	21.28	19.75	20.75
Public Safety										
Police	201.28	196.28	191.75	195.75	199.00	203.00	208.75	213.75	226.28	226.58
Law-Criminal	11.70	10.60	9.80	8.80	8.80	9.80	8.80	8.80	8.80	7.70
Community Development	43.60	36.60	36.60	38.33	40.75	40.75	42.75	47.00	46.00	44.00
Public Works										
Engineering	5.33	5.33	9.00	9.00	9.00	11.00	14.50	14.50	15.72	14.42
Operations	12.00	12.00	12.00	25.00	31.00	32.00	30.00	30.00	29.50	29.50
Streets	73.02	71.02	64.09	67.50	67.50	73.00	77.50	78.00	82.00	85.50
Leisure Services	61.63	59.13	60.16	63.91	64.38	66.63	65.63	65.63	68.13	61.13
Health and Human Services	21.34	17.53	15.73	16.06	16.53	16.53	17.53	17.53	16.53	15.00
Water	26.00	26.00	32.41	29.08	29.08	28.47	27.41	27.41	28.41	29.91
Sewerage ^b	10.33	10.33	9.08	9.08	11.08	14.48	12.83	12.83	12.83	12.83
Drainage ^b	34.34	34.34	26.42	20.09	23.09	22.30	19.76	19.76	18.84	21.84
Solid Waste	-	-	-	-	-	2.50	4.50	4.50	4.20	4.50
Water & Sewer Utility Billing	11.11	11.11	11.11	11.11	11.80	12.05	12.61	12.55	12.70	12.70
Golf	11.35	11.35	11.35	11.35	11.35	11.35	9.60	9.60	8.00	8.00
Total	664.71	630.20	615.81	634.61	662.54	690.04	702.79	715.19	729.59	719.66

Source: City of Kent Financial Planning Department

Notes: A full-time employee is scheduled to work 2,080 hours per year (including paid leave used). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

^a Solid Waste fund was created in 2016

^b The Sewerage and Drainage functions were combined into the Sewerage Fund until 2019 when the funds were split.

Schedule 22
City of Kent
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ^g
General government										
Business licenses issued	3,658	5,048	3,767	4,243	4,164	6,113	5,460	6,480	6,686	5,317
Judicial										
Number of court filings ^a	18,377	17,992	18,531	17,184	14,628	14,685	12,663	12,406	16,340	11,442
Public Safety										
Police										
Physical arrests	4,673	4,678	4,778	4,587	4,514	4,673	5,002	4,608	5,076	4,122
Parking violations	2,367	2,272	1,479	2,066	2,037	2,515	2,280	1,888	3,702	2,181
Traffic violations ^e	13,079	12,774	18,531	14,979	13,552	7,836	6,729	7,470	8,614	5,651
School Zone Tickets [*]	N/A	N/A	N/A	8,366	8,122	9,101	9,342	9,113	13,369	2,590
Red Light Camera ^f	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13,587	29,342
Community Development										
Building permits issued ^b	2,074	2,277	2,334	3,789	3,899	4,034	4,160	5,135	4,991	4,323
Building inspections conducted	13,375	14,050	14,067	12,443	12,974	12,333	16,076	16,414	14,867	10,929
Public Works										
Street resurfacing (sq yds)	26,190	22,488	31,100	48,350	60,944	132,112	100,159	34,444	185,659	56,011
Leisure Services										
Recreation programs offered	2,147	2,096	2,070	2,050	2,158	2,244	2,118	1,915	1,818	432
Number of recreation participants ^d	16,705	33,462	24,392	23,143	26,521	27,693	20,706	22,704	12,876	2,568
Health and Human Services										
Citizens served in specialized recreation setting ^d	1,575	1,632	1,512	1,704	1,688	1,639	1,507	1,585	1,675	383
Participants in Senior programs/workshops ^d	14,157	17,115	18,180	20,415	20,410	26,145	26,404	30,120	31,326	2,333
Water										
New connections	136	164	160	135	106	150	136	174	216	117
Average daily consumption (million gallons-estimated)	7.5	7.0	7.1	7.4	7.7	7.3	7.7	7.6	7.5	7
Golf										
Number of participants	151,950	153,800	154,100	155,260	155,870	156,220	154,695	153,450	161,200	110,900
Number of tournaments	76	72	63	57	51	53	46	40	41	12
Library										
Number of Items	159,246	159,300	159,173	107,933	112,988	108,686	112,509	105,635	105,668	97,940
Items circulated ^c	N/A	745,994	613,603	550,416	470,680	430,626	392,140	355,736	303,162	103,996

Source: Various City Departments

* January 2014 School Zone Camera Tickets implemented.

^a Includes parking violations

^b Reflects a shift in the way minor repairs are counted. Beginning in 2011, data includes all building permits issued, with no exclusions.

^c Information not available for years indicated.

^d Beginning in 2011, only registered participants are counted.

^e Beginning in 2016, traffic violations are processed differently with multiple infractions processed on one ticket.

^f Red Light Cameras were implemented in 2019.

^g Low numbers in 2020 are directly related to the pandemic closure.

Schedule 23
City of Kent
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units ^{ae}	50	51	58	49	47	49	52	96	106	120
Public Works										
Streets (lane miles)	726	726	726	726	726	726	719 ^b	719 ^b	727	727
Streetlights	6,573	6,600	6,600	6,600	6,600	6,354	6,354	6,354	6,354	6,600
Traffic signals	119	119	119	119	119	120	120	119	119	117
Traffic beacons/advisory devices	57	58	69	70	76	73	93	93	93	99
Leisure Services										
Acres of parks/open space	1,434	1,434	1,178	1,178	1,142	1,142	1,142	1,145	1,019	868
Parks	58	58	53	53	53	55	55	55	55	55
Miles of trails	23	28	28	28	28	28	28	28	28	28
Ball fields	21	21	21	21	21	21	21	21	17	17
Tennis courts	15	15	15	15	12	12	12	12	11	11
Water										
Water mains (miles)	280	280	280	284	284	287	287	287	287	287
Water customers	13,327	13,469	13,629	13,810	13,924	14,091	14,214	14,443	14,657	14,802
Reservoir/Tanks	9	9	9	9	9	9	9	9	9	9
Reservoir storage capacity (millions of gallons)	23	23	23	23	23	23	23	23	23	23
Sewerage										
Sanitary sewers (miles)	209	215	215	215	215	215	215	216	211	215
Sewer customers	15,352	15,552	15,712	15,854	15,949	16,098	16,230	16,285	16,573	16,665
Drainage										
Storm sewers (miles)	249	324	324	324	324	324	341	344	347	347
Drainage customers	24,750	25,100	25,285	25,486	25,624	25,831	26,022	26,365	26,625	26,822
Golf										
18-Hole course (yards)	6,701	6,701	6,701	6,701	6,701	6,701	6,701	6,701	6,701	6,701
Par 3 course (yards) ^c	1,174	1,174	1,174	1,174	1,174	1,174	1,174	-	-	-
Driving range (stalls)	32	32	32	32	32	32	32	32	32	32
Miniature golf course 18-hole ^d	1	1	1	1	1	1	1	1	1	-
Merchandise center	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments

Notes:

^a Includes 1 Patrol boat

^b According to the 2016 Pavement Rating Report

^c Par 3 course was closed in 2018

^d Miniature golf course was closed in 2020

^e In 2018 the City started acquiring "take home vehicles" for the patrol division

Schedule 24
City of Kent
Kent Special Events Center Public Facilities District
Various Operating Information
Last Ten Fiscal Years

	Fiscal Year		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Special Events Center Operations: ¹			
Operating revenues	2,075,487	1,824,496	2,199,412
Operating expenditures	2,563,334	2,532,035	2,577,642
Net operating income/(loss)	<u>(487,847)</u>	<u>(707,539)</u>	<u>(378,230)</u>
Public Facilities District Operations ²			
PFD Sales Taxes	649,277	677,937	714,360
Interest income	646	561	300
Expenditures	-	1,505	-
Net revenue available	<u>649,923</u>	<u>676,993</u>	<u>714,660</u>
PFD direct debt: ³			
2008 PFD Revenue Bonds	1,059,272	1,062,462	1,136,651
2008 PFD Sales Tax Bonds ⁴	2,675,778	2,675,777	2,675,777
2016 LTGO Bonds allocated to PFD ⁵	-	-	-
Total direct PFD debt	<u>3,735,050</u>	<u>3,738,239</u>	<u>3,812,428</u>
PFD Direct Debt funding:			
PFD Sales tax revenues ⁵	641,973	674,214	707,953
City advances	3,093,077	3,064,025	3,104,475
Other funding	-	-	-
Total Funding of Direct Debt	<u>3,735,050</u>	<u>3,738,239</u>	<u>3,812,428</u>

Notes: ¹ The Showare Special Events Center is operated by SMG under a contract with the City. This information is from the operating statements of SMG for the events center.

² The Public Facilities District is a discretely presented component unit of the City of Kent. As a separate taxing authority, the PFD is authorized to impose a 0.037% sales tax for the purpose of funding debt service on PFD bonds and other obligations issued to finance the Showare Events Center.

³ Any net operating revenues of the Showare Event Center as well as the PFD sales tax revenues are pledged for repayment of this debt.

⁴ In 2016, the City issued LTGO Bonds to refund the City's 2008 LTGO Bonds as well as the 2008 PFD Sales Tax Bonds. Through an interlocal agreement with the City, the PFD is responsible for payment of the share of the refunding bonds allocated to the refunding of the 2008 PFD Sales Tax Bonds.

⁵ Debt service payments are made June 1 and December 1 each year. The amount of PFD revenues applied to the debt service is based on actual cash available from net revenues plus an estimate of revenues not yet collected for the fiscal year. Any differences between final actual net revenues and the amount applied to the debt service payment are applied to the next debt payment.

Fiscal Year						
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 ⁸</u>
1,989,724	2,357,964	2,775,006	2,766,369	3,117,754	3,021,390	1,308,814
2,742,048	2,619,402	2,914,669	3,114,736	3,314,806	3,663,224	2,450,905
(752,324)	(261,438)	(139,663)	(348,367)	(197,052)	(641,834)	(1,142,091)
784,330	830,283	900,659	916,139	1,018,768	1,149,950	1,174,972
308	665	1,825	4,017	11,454	16,490	11,292
-	-	-	-	-	-	-
784,638	830,948	902,484	920,156	1,030,222	1,166,440	1,186,264
1,120,283	1,205,275	1,277,466	1,345,977	1,437,083	1,518,283	719,127
2,675,777	2,675,778	1,337,889	-	-	-	-
-	-	1,334,603	2,668,000	2,668,300	2,668,450	2,283,150
3,796,060	3,881,053	3,949,958	4,013,977	4,105,383	4,186,733	3,002,277
766,236	696,831	880,444	887,946	1,002,342	1,167,441	1,128,466
3,029,824	3,184,222	3,069,514	3,126,031	3,103,041	3,019,292	1,873,811
-	-	-	-	-	-	-
3,796,060	3,881,053	3,949,958	4,013,977	4,105,383	4,186,733	3,002,277

continued

Schedule 24
City of Kent
Kent Special Events Center Public Facilities District
Various Operating Information
Last Ten Fiscal Years

	Fiscal Year		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
City Event Center Operations:			
Admissions tax	193,900	281,458	251,405
Other revenues/sources	-	-	-
Expenditures	477,634	1,106,422	471,684
Net operating income (loss) ⁶	<u>(283,734)</u>	<u>(824,964)</u>	<u>(220,279)</u>
City debt related to Events Center			
2008 LTGO Bonds-Series A	318,130	344,424	330,180
2008 LTGO Bonds-Series B	183,050	-	-
2016 LTGO Refunding- Series A	-	-	-
2016 LTGO Refunding- Series B	-	-	-
Internal Loans ⁷	-	-	1,178,131
Total related debt	<u>501,180</u>	<u>344,424</u>	<u>1,508,311</u>
Total City Funding			
City Advances for PFD debt	641,973	674,214	707,953
Events Center net (income)loss	283,734	824,964	220,279
Related debt costs	501,180	344,424	1,508,311
Total City Funding	<u>1,426,887</u>	<u>1,843,602</u>	<u>2,436,543</u>

Notes ⁶ The City has transferred funds into the Showare operating fund to cover the accumulated deficits and pre-fund future maintenance needs: \$500,000 in 2013, \$3,200,000 in 2014, \$1,000,000 in 2015, \$500,000 each year 2016-2018, \$725,489 in 2019, and \$500,000 in 2020.

⁷ The City funded \$9.7 million of construction and equipping costs for the Showare Center through the City Capital Resources Fund. In 2012, Council approved internal loans from the Water, Sewer and Insurance Funds to cover these costs. The internal loans are being repaid over a period not to exceed ten years from a two percent tax on City utility sales.

⁸ The decline in some 2020 figures is due to the Covid19 related closures.

Fiscal Year						
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 ⁸</u>
256,124	375,049	385,546	347,109	488,638	412,601	138,501
-	46,524	462,443	208,118	129,691	18,221	5,893
980,046	104,330	1,097,457	983,406	1,373,763	1,089,763	1,451,752
(723,922)	317,243	(249,468)	(428,179)	(755,434)	(658,941)	(1,307,358)
333,788	391,766	254,864	123,819	118,902	-	-
-	-	-	-	-	-	-
-	-	150,850	311,380	311,838	581,296	502,139
-	-	1,334,603	2,668,000	2,668,300	2,668,450	2,283,150
1,243,121	1,301,516	1,325,005	1,464,068	1,509,476	1,553,742	800,649
1,576,909	1,693,282	3,065,322	4,567,267	4,608,516	4,803,488	3,585,938
766,236	696,831	880,444	887,946	1,002,342	1,167,441	1,128,466
723,922	(317,243)	249,468	428,179	755,434	658,941	1,307,358
1,576,909	1,693,282	3,065,322	4,567,267	4,608,516	4,803,488	3,585,938
3,067,067	2,072,870	4,195,234	5,883,392	6,366,292	6,629,870	6,021,762

Concluded