



# **2021** **Annual** **Comprehensive** **Financial** **REPORT**

For the Fiscal Year Ended December 31, 2021

City of Kent, Washington







# Annual Comprehensive Financial Report

For the Fiscal Year Ended  
December 31, 2021

Prepared by:

Finance Department  
Financial and Reporting Division

Special Recognition:

Cheryl Lopez, Interim Accounting Supervisor  
Daniel Jones, Accountant

Paula Painter, CPA, Finance Director



# 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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## **FINANCE ADMINISTRATION**

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December 15, 2022

Honorable Mayor,  
Members of the City Council,  
and Residents of the  
City of Kent, Washington

We are pleased to present to you the City of Kent's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2021. This transmittal letter provides an overview of the report and the financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it. The report is prepared in accordance with the Revised Code of Washington (RCW) 43.09.230. Management's Discussion and Analysis presented on pages 5-26 has a different focus than the transmittal letter and should be read in conjunction with this letter.

The City of Kent Finance Department prepared the report and accepts complete responsibility for the accuracy, completeness, and fair presentation of the information included. The data is believed to be accurate in all material respects, and it is believed that all significant information necessary for an understanding of the affairs and financial condition of the City has been disclosed. The report has been prepared in conformance with accounting principles generally accepted in the United States of America and in conformance with financial reporting standards issued by the Governmental Accounting Standards Board (GASB).

### ***THE REPORTING ENTITY***

The City of Kent is located in southern King County, Washington State's most populous county. The City is centrally located in the Green River Valley, 18 miles south of Seattle and 18 miles northeast of Tacoma. Kent now serves approximately 137,900 residents, making it the sixth largest city in the state.

The City of Kent operates under an elected Council – Mayor form of government. There are seven Council members. The Mayor is full-time and responsible for carrying out the policies and ordinances of the governing council and overseeing the operations of the government. The Council and Mayor are elected on a non-partisan and citywide basis. The elected terms of office for the Council members and Mayor are four years.

The City of Kent provides a full range of governmental services. At December 31, 2021, the City of Kent had 719.7 budgeted full-time equivalent employees providing services of general government, public safety, public works, and leisure services. In the public safety area, the Police Department had 225.28 budgeted police officers and non-uniformed personnel providing police and correction services to an expanding business and residential area. The Public Works Department provides engineering services for the City and maintains the City streets. In addition, Public Works operates the water, sewer, and drainage utilities that also serve many outside customers. The Parks, Recreation and Community Services Department maintains parks and recreation fields located throughout the City and provides numerous opportunities for organized recreational activities for the greater Kent area. It ensures human service resources are delivered effectively and efficiently to Kent residents by developing and implementing policies that guide the funding of human service programs, providing housing assistance, and participating in regional and local issues affecting Kent residents. The department also operates a senior center for social and recreational programs as well as an 18-hole golf course and driving range. In the cultural area, the City has established cultural arts and sports programs. The Kent Special Events Center Public Facilities District is included in this report as a discretely presented component unit.

The biennial budget serves as the foundation for the City of Kent's financial planning and control. The City Council establishes direction for the City through its adopted strategic goals and values. Those strategic goals are reviewed quarterly and are used in developing a biennial budget. The budget kick-off typically begins in May. Departments meet with the finance department and developed their budgets during June and July. Departments made their requests to Administration and the Executive Leadership Team in August. The first public hearing is held on the budget in September and the preliminary budget is prepared and submitted for Council review in late September. A second public hearing is held in October and the final budget is developed and submitted for Council approval no later than December.

### ***ECONOMIC CONDITION AND OUTLOOK***

The City of Kent is a unique community with a combination of residential, banking, warehousing, light manufacturing, retailing, wholesaling, and some farming. It is unique because it is in the geographical center of the region's economic development associated with the region's proximity to its Pacific Rim neighbors. Within 20 miles of City Hall, there are two interstate highways, a regional rail center, an international airport, and two international deep-water seaports. Because of this, the City is one of the leading warehouse distribution centers in the nation.

There are approximately 66,544 people who work within Kent's city limits. Large private sector employers within city limits include Amazon with 3,073 employees, the Boeing Company (aircraft manufacturer) with 2,522 employees, Blue Origin (engineering and manufacturing for space exploration) with 1,600 employees, Exotic Metals Forming (aircraft parts manufacturer) with 1,047 employees, Taylor Farms NW (fresh fruit and vegetable merchant wholesaler) with 850 employees, Columbia Distributing (beverage distributors) with 628 employees, Carlisle Interconnect Technologies (electronic component manufacturing) with 615 employees.

Educational opportunities available to Kent residents are provided by five separate public-school districts. Public transportation and sewage treatment services are provided by METRO, part of the King County government. These operations are not a part of the City of Kent's reporting entity, although the City does coordinate with these operations.

In 2007, the Legislature adopted SSB 5089 which brought Washington State into full compliance with the Streamlined Sales and Use Tax Agreement (SSUTA) switching the State's sales tax methodology from origin-based sourcing to a destination-based sourcing for purposes of sales tax

determination with respect to retail deliveries. The State also established mitigation for negatively impacted local governments based on the sourcing loss determination conducted in 2009. Since then and with some exceptions, the City of Kent has received funding from the State annually due to the sourcing loss. The amount of mitigation has continued to decrease over the years. Because of the uncertainty of these revenues moving forward, the City has dedicated these funds for capital or other one-time uses.

Engross House Bill (EHB) 1948 replaced the Streamlined Sales Tax (SST) Mitigation Program with the Warehouse and Manufacturing Jobs Center Assistance Program. However, during the legislative session the Governor vetoed EHB 1948 which resulted in the discontinuation of streamlined sales tax mitigation payments with the last payment occurring June 30, 2020.

With ESB 1521, the Warehouse and Manufacturing Jobs Center Assistance Program was retroactively reinstated. The City received \$3.6 million on June 30, 2021 for the period of July 1, 2020 through June 30, 2021. The City will continue to receive this funding on a quarterly basis. The funding amount will be reduced by 20% on an annual basis from the prior fiscal year. The last payment will be received in June 2026.

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly virus (COVID-19). That state of emergency ended on October 31, 2022 after nearly three years. Throughout the declared state of emergency, precautionary measures to slow the spread of the virus were ordered. These measures included temporarily 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. Although the restrictions have transitioned overtime and now fully lifted, the full extent of the future financial impact on the city remains unknown at this time. Throughout the pandemic, we saw sharp declines in our charges for services as participation in programs were limited yet sales and use tax came in strong and has continued to do so.

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. This provided additional funding to state and local governments through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program which could be used as revenue replacement for the provision of government services, address COVID-19 related expenditures or negative economic impacts of COVID-19, including assistance to small businesses, households, and hard-hit industries, as well as economic recovery. It could also be used for investments in water, sewer, and broadband infrastructure.

The City was awarded \$28.2 million in SLFRF funding. On June 30, 2021, the City received \$14.1 million. The City received its second distribution of \$14.1 million a year later. As of December 31, 2021, the City has not expended any of those funds. In addition to the SLFRF funding, the City received a Shuttered Venues Operators Grant (SVOG) totally \$4.6 million from the Small Business Administration. That grant provides funding to the access ShoWare Center to offset the loss in revenue suffered during the pandemic.

## **MAJOR INITIATIVES**

In early 2018, the City Council refined its direction for the City with adoption of a revised Vision, Mission and Strategic Goals. The City's vision statement reads: Kent – where people choose to live, and businesses change the world. Since adoption, the Council reviews the strategic goals and the status quarterly. The five strategic goals identified in the plan and the key targets for the goals are:

### Thriving City

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

### Evolving Infrastructure

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

### Inclusive Community

Embracing our diversity and advancing equity through genuine community engagement.

### Innovative Government

Delivering outstanding customer service, developing leaders and fostering innovation.

### Sustainable Services

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

In 2018, the City began an initiative to create meaningful performance measures for which to compare our performance year over year. The City hired a Government Performance Analyst and contracted with an outside professional group to help the City understand and help departments to create performance measures and to help the City move from workload measures as the sole measurement of performance. The first of these performance measures were published in the 2019-2020 Adopted Biennial Budget and included at least one measure tied to each of the Council goals. This initiative is continued during the 2021-2022 budget process. The City has published a web-based Performance Measures Dashboard which can be found at:

<https://advance-kent-dashboard-cityofkent.hub.arcgis.com/>

Other major initiatives of the City include:

**Federal Way Link Extension:** The Federal Way Link Extension project will extend light rail from Angle Lake Station in the city of SeaTac to the Federal Way Transit Center. The 7.8-mile extension includes three stations, two of which will be constructed in the City of Kent. The Kent/Des Moines Station will be located on the west side of 30<sup>th</sup> Avenue South, just south of Kent Des Moines Road; the Star Lake Station will be located adjacent to the Park and Ride west of I-5, north of South 272<sup>nd</sup> Street; and the Federal Way Station will be located adjacent to the Federal Way Transit Center. All stations will include a parking garage which will allow for parking for a total of 3,200 spaces.

This project will be completed using a design build process which commenced in June 2019 and with an anticipated completion date sometime in 2025. Once complete, service is expected every 6-8 minutes during peak hours taking 42 minutes to downtown Seattle. Sound Transit expects 29,000-34,000 daily riders by 2026.

**Meet Me on Meeker:** The City's design for the Meet Me on Meeker project, a Governor's Smart Communities Award recipient, is part of a larger project to introduce "complete streets" principles into its built infrastructure. The Meet Me on Meeker project seeks to reimagine a main street in the City experiencing neglect and disinvestment planned to become a parallel five-lane arterial into a safe and welcoming environment for visitors and residents. The project aims to set the table for reinvestment for complementary multi-modal real estate projects by raising the standard of urban design and creating a more walkable, desirable urban street. Improvements such as the Meet Me on Meeker project are central to the city's economic development strategy of placemaking.

Meet Me on Meeker implementation was kick-started in spring 2018 when FNW Inc./Landmark Development broke ground on a two-phase mixed-use development on the City's former par-3 golf course site. Phase I of the development includes a six-story mixed use building, 14 three-story residential buildings, a clubhouse and public access through the site to the Green River Trail. When complete, Marquee on Meeker will serve as a new western gateway to downtown Kent and along the riverfront. "Midtown at 64<sup>th</sup>" is another significant private real estate project of more than 360 market rate apartments with convertible commercial flex spaces built directly to the street frontage. These two projects represent hundreds of millions of dollars of new investment and will bring an estimated 2,000 new residents to the City's historic main street.

The City's design makes it easier to walk, use transit, or ride a bike, which makes this commercial shopping street even more attractive for visitors or individuals seeking to visit existing businesses. The City has received several grants to construct portions of the Meeker project, in addition to the segments built as frontage by private development. This strategic funding approach ensures momentum on this project that is critical to the City's future.

## ***FINANCIAL INFORMATION, MANAGEMENT, AND CONTROL***

### **Internal Control System**

The City's management is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. Reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and other governmental grants, the City is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is subject to periodic evaluation by management.

### **Accounting and Budgetary Control System**

The accounting and budgetary control system of the City is based on the fund structure. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts segregated for the purpose of carrying out specific functions in accordance with special regulations, restrictions, or limitations. In 2021, the City reported on 25 individual funds. These are summarized into seven standard fund types to comply with the standards of the Governmental Accounting Standards

Board. The individual funds, in addition to being the basis of the accounting system, provide the legal budgetary control level for City expenditures. Certain funds operate on an annual budget. Other funds are project oriented or controlled by bond indentures or state law. The City requires Council approval on all budgetary adjustments. The Notes to Financial Statements describe the fund types and their individual operating characteristics.

Although budgetary control is at the fund level, revenue and expenditure data is maintained by project, organization, program, and object code. The high-level program and object codes are prescribed for all local government units by the State Auditor's Office for consistency of reporting statewide. The remainder of the coding structure is established at the City's discretion based on its operational and management needs. In addition to prescribing certain coding for consistent reporting statewide, the State Auditor's Office prescribes certain accounting formats and specialized reports.

The State Auditor's Office is required by state law to make periodic independent audits of the books of accounts, financial records, and transactions of the City. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2021, are free of material misstatement and are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The audit is also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. Additional financial disclosure information required by the State Auditor's Office is included in the Statistical Section or where appropriate as a part of the Notes to the Financial Statements.

In addition to the independent audit of the financial statements of the City, the City also has a Federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. For the Single Audit, the State Auditor is required to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal grants. These reports are available in the State Auditor's Audit Report for the City.



## ***CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN THE FINANCIAL REPORTING PROGRAM***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kent for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2020. That was the 20th year the City had achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement requirements. As such, we are submitting this report to the GFOA to determine its eligibility for a certificate.

### ***ACKNOWLEDGMENTS***

The preparation of this report would not have been accomplished without the dedicated efforts of Finance department staff, in particular the General Ledger/Accounting team, and the significant work done by all City departments. We would also like to thank the Mayor, City Council members, and Chief Administrative Officer for their interest and support of our efforts to improve the City's Annual Comprehensive Financial Report.

Respectfully submitted,



Paula Painter, CPA  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

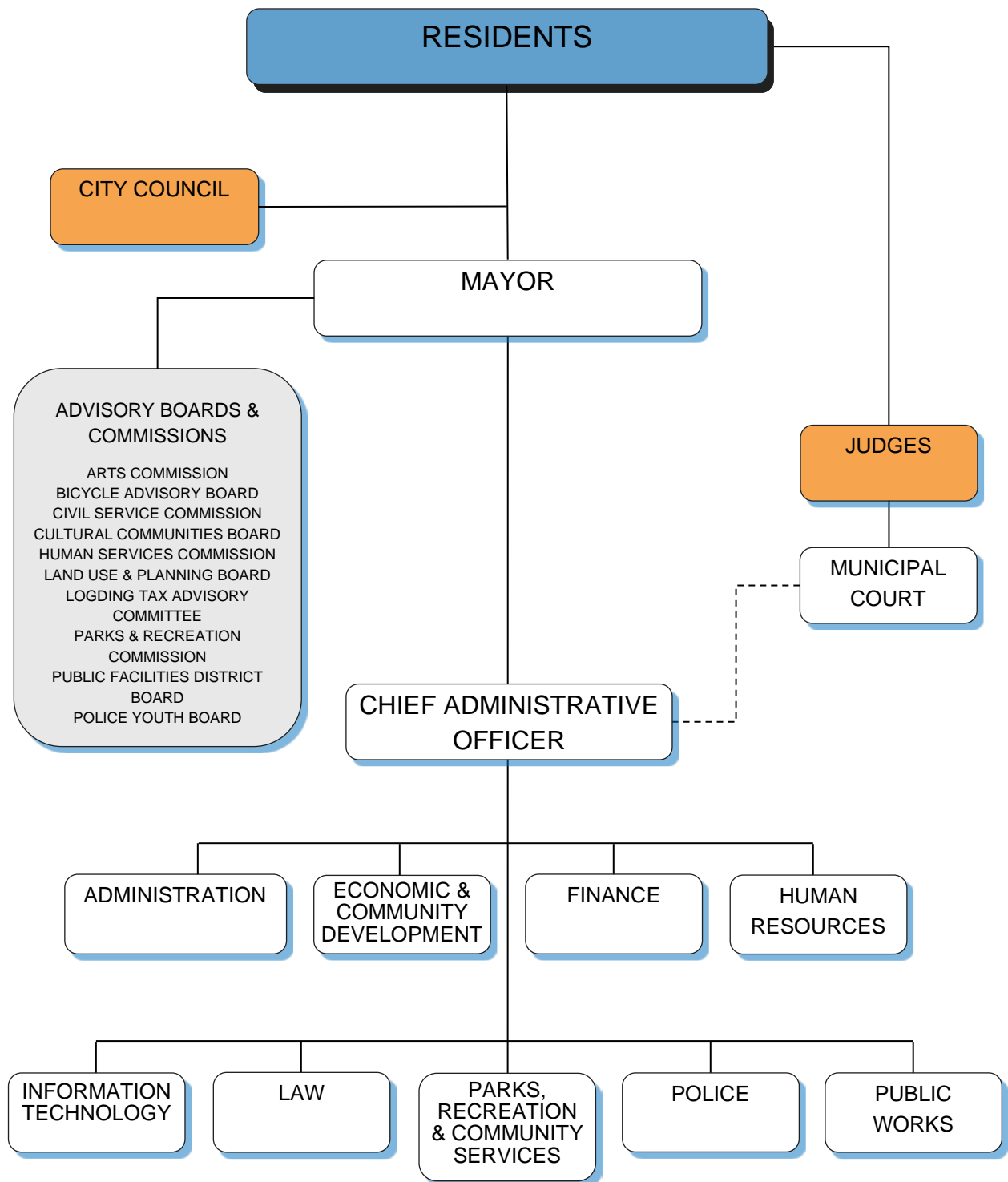
**City of Kent  
Washington**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morrell*

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 |
|--------------|-----------------|
| <b>MAYOR</b> |                 |
| Dana Ralph   | 12-31-2025      |

### COUNCIL MEMBERS

|                       |            |
|-----------------------|------------|
| Bill Boyce, President | 12-31-2023 |
| Brenda Fincher        | 12-31-2025 |
| Satwinder Kaur        | 12-31-2025 |
| Marli Larimer         | 12-31-2023 |
| Zandria Michaud       | 12-31-2023 |
| Les Thomas            | 12-31-2023 |
| Toni Troutner         | 12-31-2025 |

### GENERAL GOVERNMENT

Pat Fitzpatrick, Chief Administrative Officer  
Tammy White, 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





**Office of the Washington State Auditor  
Pat McCarthy**

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE  
FINANCIAL STATEMENTS**

Mayor and City Council  
City of Kent  
Kent, Washington

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kent as of and for the year then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kent, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Capital Resources funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Information**

The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on



the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated December 15, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

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

Pat McCarthy, State Auditor

Olympia, WA

December 15, 2022

As management of the City of Kent, Washington (the City), we offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. This discussion and analysis (MD&A) 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 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 27 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 (\$1.38 billion) increased by \$71.9 million or 5.5 percent from 2020 levels, comprised of a \$52.2 million or 5.9 percent increase resulting from governmental activities and a \$19.7 million or 4.6 percent increase from business-type activities. Approximately \$213.1 million or 15.4 percent of the total net position may be used to meet the City's ongoing obligations to citizens and creditors.
- City revenues increased \$6.0 million in 2021 while expenses decreased by \$7.3 million.
- Non-current liabilities (\$147.7 million) decreased by \$22.5 million or 13.2 percent from 2020 levels with a decrease of \$12.96 million in the net pension liability, an increase of \$0.16 million in compensated absences, offset by reductions of \$0.6 million in the OPEB liability, and 2021 debt payments, of \$8.8 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS:**

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, 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'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 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 government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, community development, public works, leisure services, and health and human services. The business-type activities of the City include water, sewer, drainage and solid waste utilities, and a municipal golf complex.

The government-wide financial statements include not only the City 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 27-29 of this report.

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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 and Individual Fund Statements and Schedules section of this document.

The governmental major funds financial statements are found on pages 30-35 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 Utility Fund, (2) Sewer Utility Fund, (3) Drainage Utility 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, while the Solid Waste Fund is reported as a non-major fund. The internal service funds are reported 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 142-149.

The proprietary fund financial statements can be found on pages 36-45 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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains one custodial fund, as well as a pension fund instituted for firefighters who were employed by the City prior to March 1, 1970 and trust fund for certain other post-employment benefits. The pension and trust funds are combined into one column on the fiduciary fund statements.

The basic fiduciary fund financial statements can be found on pages 46-47 of this report and the combining pension and trust fund statements on pages 152-153.

**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 50-114 of this report.

**Other information.** This report also includes required supplementary information concerning the City's employer contributions, money-weighted rate of return, and changes in net pension asset/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 115-1267 of this report.

Combining statements for non-major governmental funds are also presented on pages 129-135 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 136-140. The combining statements for the pension and OPEB trust funds are found on pages 152-153 of this report. Individual statements for the self-insurance plans can be found on pages 168-160.

Additionally, budgetary comparison schedules for four funds separately budgeted but combined into the General Fund for financial reporting are included on pages 162-165 as well as supplementary schedules for governmental capital assets, additional information on changes in long-term liabilities, and additional information on transfers between funds on pages 168-178.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS:

The following table reflects the condensed Statement of Net Position of the City for December 31, 2021, compared to the prior year.

#### CITY'S NET POSITION As of December 31

(in thousands)

|                                      | Governmental Activities |            | Business-Type Activities |            | Total Primary Government |             |
|--------------------------------------|-------------------------|------------|--------------------------|------------|--------------------------|-------------|
|                                      | 2021                    | 2020       | 2021                     | 2020       | 2021                     | 2020        |
| <b>Assets</b>                        |                         |            |                          |            |                          |             |
| Current and other Assets             | \$ 308,137              | \$ 208,796 | \$ 112,850               | \$ 97,605  | \$ 420,987               | \$ 306,401  |
| Capital Assets                       | 787,485                 | 789,083    | 381,455                  | 375,005    | 1,168,940                | 1,164,088   |
| Total Assets                         | 1,095,622               | 997,879    | 494,305                  | 472,610    | 1,589,927                | 1,470,489   |
| <b>Deferred Outflows</b>             | 44,464                  | 48,618     | 1,078                    | 1,180      | 45,542                   | 49,798      |
| Total Assets & Deferred Outflows     | 1,140,086               | 1,046,497  | 495,383                  | 473,790    | 1,635,469                | 1,520,287   |
| <b>Liabilities</b>                   |                         |            |                          |            |                          |             |
| Other liabilities                    | 37,201                  | 30,958     | 3,872                    | 7,213      | 41,074                   | 38,171      |
| Long-term liabilities                | 110,980                 | 118,974    | 36,764                   | 39,038     | 147,743                  | 158,012     |
| Total Liabilities                    | 148,181                 | 149,932    | 40,636                   | 46,251     | 188,817                  | 196,183     |
| <b>Deferred Inflows</b>              | 53,246                  | 10,143     | 8,565                    | 1,009      | 61,811                   | 11,152      |
| Total Liabilities & Deferred Inflows | 201,427                 | 160,075    | 49,201                   | 47,260     | 250,628                  | 207,335     |
| <b>Net Position</b>                  |                         |            |                          |            |                          |             |
| Net Investment in Capital Assets     | 748,352                 | 748,516    | 346,423                  | 336,300    | 1,094,775                | 1,084,816   |
| Restricted                           | 68,838                  | 3,488      | 8,170                    | -          | 77,008                   | 3,488       |
| Unrestricted                         | 121,469                 | 134,418    | 91,589                   | 90,230     | 213,058                  | 224,648     |
| Total Net Position                   | \$ 938,659              | \$ 886,422 | \$ 446,182               | \$ 426,530 | \$1,384,841              | \$1,312,952 |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2021, assets and deferred inflows exceeded liabilities and deferred outflows by \$1.38 billion.

By far the largest portion of the City's net position (\$1.095 billion or 79.1 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, site improvements, and equipment) less

## City of Kent

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

depreciation and any related outstanding debt used to acquire or construct those assets. The City 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'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's net position, \$77.0 million (5.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$213.1 million (15.4 percent), may be used to meet the city's ongoing obligations to citizens and creditors. The unrestricted net position of the City decreased \$11.6 million in fiscal year 2021.

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

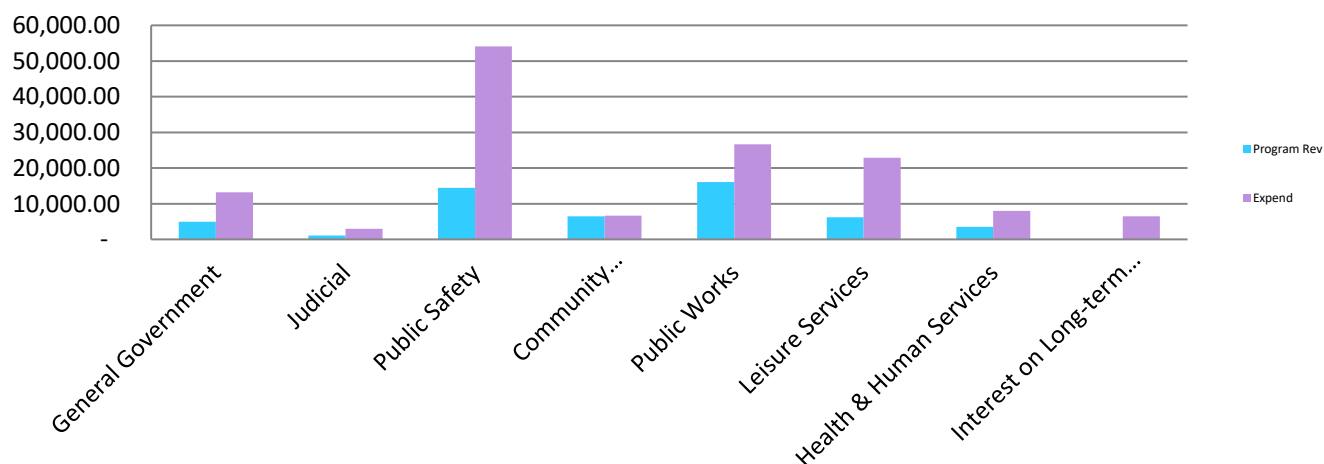
For the Years Ended December 31

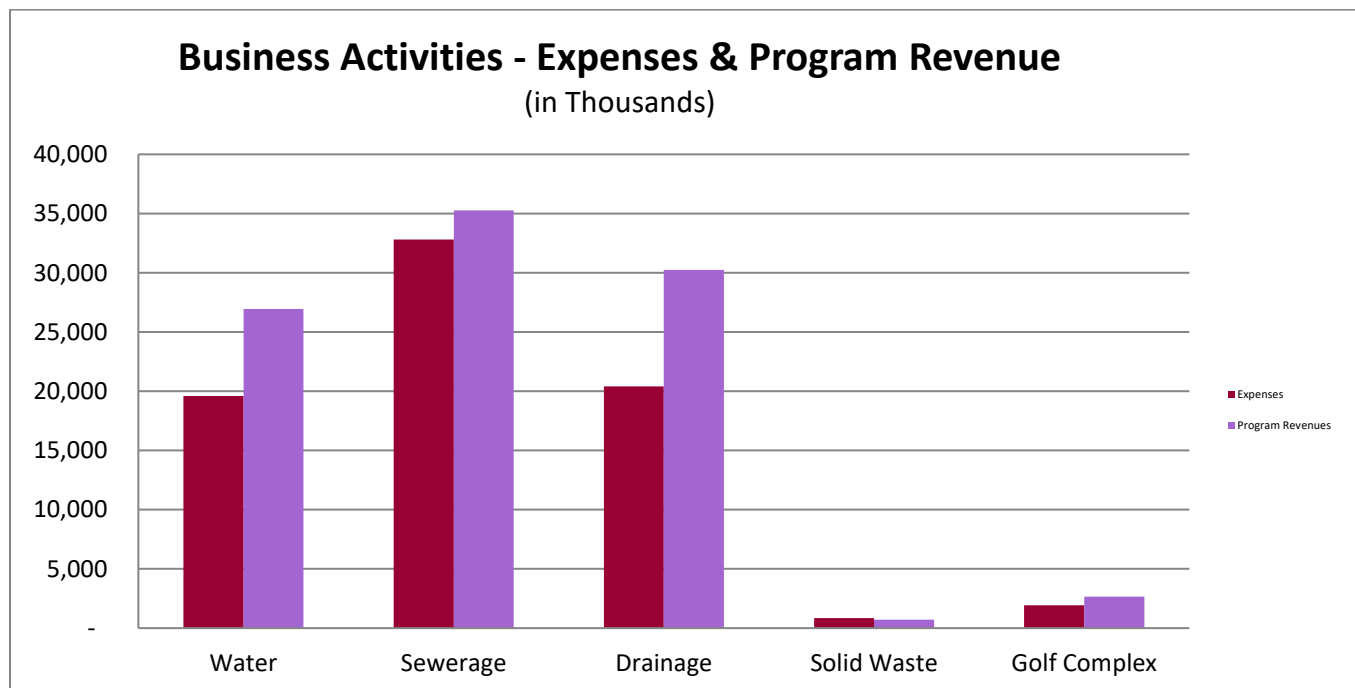
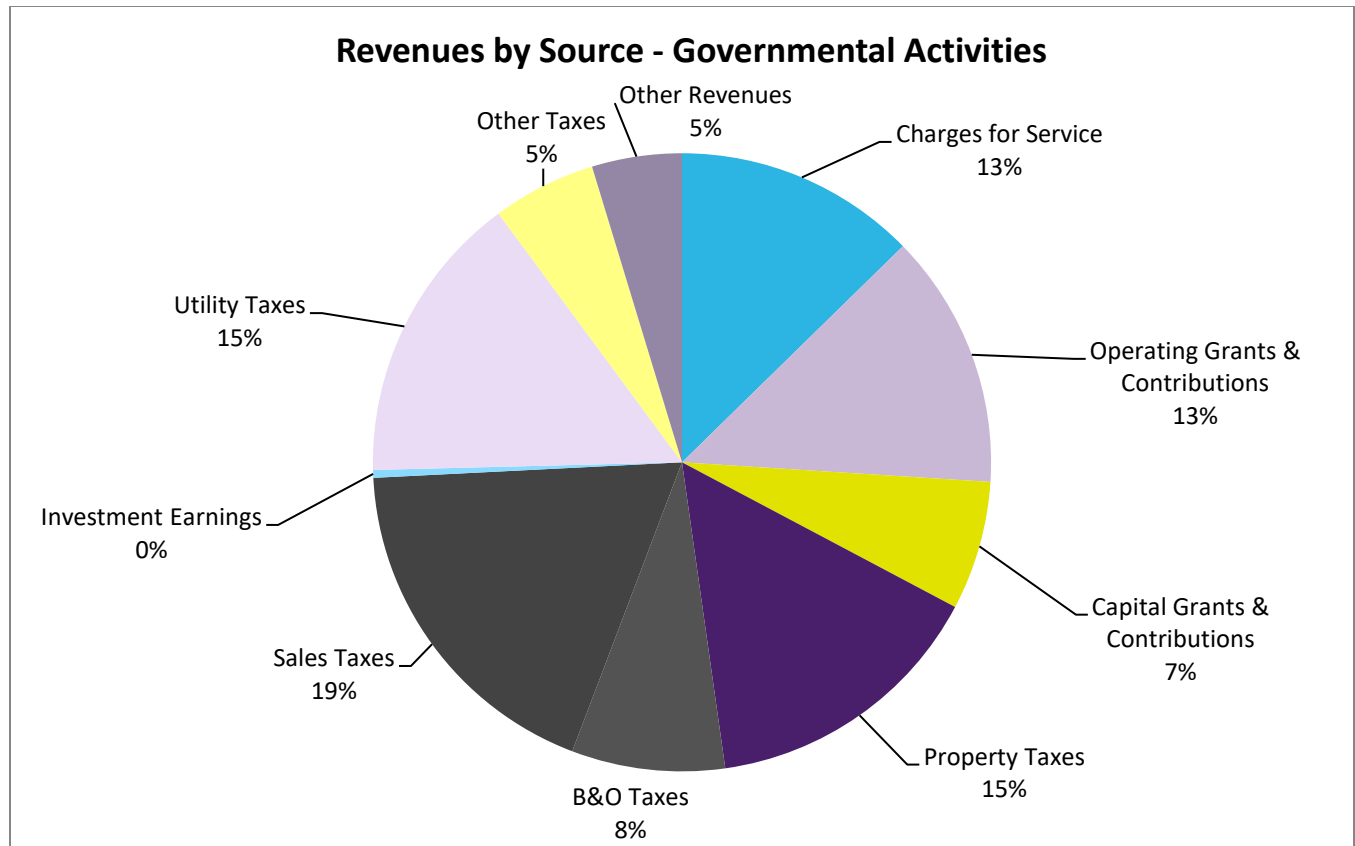
(in thousands)

|                             | Governmental<br>Activities |           | Business-Type<br>Activities |           | Total Primary<br>Government |            |
|-----------------------------|----------------------------|-----------|-----------------------------|-----------|-----------------------------|------------|
|                             | 2021                       | 2020      | 2021                        | 2020      | 2021                        | 2020       |
| <b>Revenues:</b>            |                            |           |                             |           |                             |            |
| Program Revenues:           |                            |           |                             |           |                             |            |
| Charges for Service         | \$ 25,104                  | \$ 21,185 | \$ 83,743                   | \$ 80,545 | \$ 108,848                  | \$ 101,730 |
| Operating Grants            | 13,228                     | 14,701    | 452                         | 3,853     | 13,680                      | 18,554     |
| Capital Grants              | 14,363                     | 24,986    | 11,604                      | 9,504     | 25,967                      | 34,490     |
| General Revenues:           |                            |           |                             |           |                             |            |
| Taxes:                      |                            |           |                             |           |                             |            |
| Property Taxes              | 31,935                     | 31,491    | -                           | -         | 31,935                      | 31,491     |
| Sales Taxes                 | 39,199                     | 32,605    | -                           | -         | 39,199                      | 32,605     |
| Utility Taxes               | 32,516                     | 30,457    | -                           | -         | 32,516                      | 30,457     |
| Business & Occupation Taxes | 17,061                     | 14,785    | -                           | -         | 17,061                      | 14,785     |
| Other Taxes                 | 11,530                     | 7,195     | -                           | -         | 11,530                      | 7,195      |
| Unrestricted Grants         | 7,412                      | 3,703     | -                           | -         | 7,412                       | 3,703      |
| Investment Earnings         | (858)                      | 4,020     | (512)                       | 2,113     | (1,370)                     | 6,133      |
| Miscellaneous               | 1,544                      | 1,136     | -                           | -         | 1,544                       | 1,136      |
| Total Revenues              | 193,034                    | 186,264   | 95,287                      | 96,015    | 288,321                     | 282,279    |

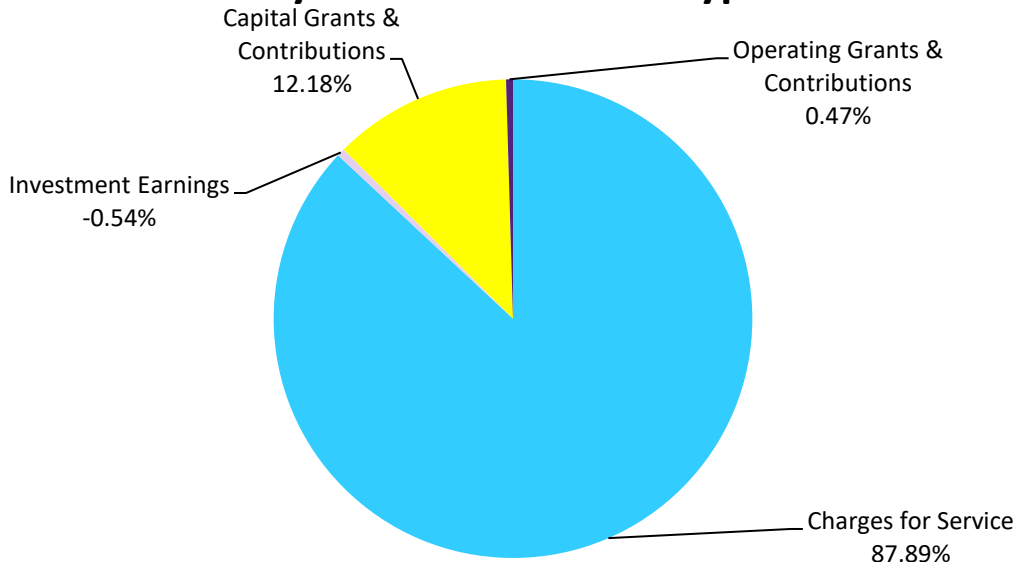
|  | Governmental Activities |                   | Business-Type Activities |                   | Total Primary Government |                    |
|--|-------------------------|-------------------|--------------------------|-------------------|--------------------------|--------------------|
|  | 2021                    | 2020              | 2021                     | 2020              | 2021                     | 2020               |
| <b>Expenses:</b>                           |                         |                   |                          |                   |                          |                    |
| General Government                         | 13,207                  | 19,047            | -                        | -                 | 13,207                   | 19,047             |
| Judicial                                   | 2,978                   | 3,420             | -                        | -                 | 2,978                    | 3,420              |
| Public Safety                              | 54,063                  | 51,508            | -                        | -                 | 54,063                   | 51,508             |
| Community Development                      | 6,689                   | 7,097             | -                        | -                 | 6,689                    | 7,097              |
| Public Works                               | 26,616                  | 25,170            | -                        | -                 | 26,616                   | 25,170             |
| Leisure Services                           | 22,863                  | 19,711            | -                        | -                 | 22,863                   | 19,711             |
| Health & Human Services                    | 7,966                   | 7,595             | -                        | -                 | 7,966                    | 7,595              |
| Interest on Long-Term Debt                 | 6,445                   | 6,899             | -                        | -                 | 6,445                    | 6,899              |
| Water Utility                              | -                       | -                 | 19,604                   | 26,928            | 19,604                   | 26,928             |
| Sewerage Utility                           | -                       | -                 | 32,814                   | 31,591            | 32,814                   | 31,591             |
| Drainage Utility                           | -                       | -                 | 20,409                   | 21,712            | 20,409                   | 21,712             |
| Solid Waste Utility                        | -                       | -                 | 854                      | 819               | 854                      | 819                |
| Golf Complex                               | -                       | -                 | 1,924                    | 2,280             | 1,924                    | 2,280              |
| <b>Total Expenses</b>                      | <b>140,827</b>          | <b>140,447</b>    | <b>75,605</b>            | <b>83,330</b>     | <b>216,432</b>           | <b>223,777</b>     |
| Increase in Net Position before Transfers  | 52,207                  | 45,817            | 19,682                   | 12,685            | 71,889                   | 58,502             |
| Transfers                                  | 30                      | 105               | (30)                     | (105)             | -                        | -                  |
| <b>Change in Net Position</b>              | <b>52,237</b>           | <b>45,922</b>     | <b>19,652</b>            | <b>12,580</b>     | <b>71,889</b>            | <b>58,502</b>      |
| <b>Net Position – January 1</b>            | <b>886,422</b>          | <b>842,744</b>    | <b>426,530</b>           | <b>413,950</b>    | <b>1,312,952</b>         | <b>1,256,694</b>   |
| Prior Period Adjustment                    | -                       | (2,244)           | -                        | -                 | -                        | (2,244)            |
| <b>Net Position – January 1 – Restated</b> | <b>886,422</b>          | <b>840,500</b>    | <b>426,530</b>           | <b>413,950</b>    | <b>1,312,952</b>         | <b>1,254,450</b>   |
| <b>Net Position – December 31</b>          | <b>\$ 938,659</b>       | <b>\$ 886,422</b> | <b>\$ 446,182</b>        | <b>\$ 426,530</b> | <b>\$1,384,841</b>       | <b>\$1,312,952</b> |

### Governmental Activities (in thousands)







**Revenues by Source - Business-type Activities**

**Governmental activities.** Governmental activities net position increased \$71.89 million (5.5 percent) in fiscal year 2021. Some key revenue and expenditure highlights of governmental activities for fiscal year 2021 are as follows:

- **Taxes** – Property Taxes (\$31.9 million) increased by \$0.4 million, or 1.4 percent compared to 2020. Sales & Use Taxes (\$39.2 million) increased by \$6.6 million or 20.2 percent. Utility Taxes (\$32.5 million) increased by \$2.1 million or 6.8 percent. Business & Occupation Taxes (\$17.1 million) increased by \$2.3 million or 15.4 percent. Other Taxes (\$11.5 million) increased by \$4.3 million or 60.3 percent. These increases are reflective of an infusion of cash due to the Recovery Act as well as increased consumer spending. Consumer spending, particularly in online shopping where goods are shipped to homes, has increased the City's sales taxes due to the revenues belonging to the destination City.

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 6.2% in 2021). 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 2021. The increase in assessed value in 2021 is offset by a decrease in the City's property tax rate from \$1.378 in 2020 to \$1.323 in 2021.

- **Investment earnings** – The net investment earnings of the City decreased by \$4.9 million as a result of declining interest rates coupled with the fair market value (FMV) adjustment of the investment portfolio. The fair market value adjustment of investments is not a realized loss but instead reflects the value of the portfolio as of December 31, 2021, should the portfolio be dissolved.

- *Charges for Service program revenues* (\$25.1 million) increased by \$3.9 million or 18.5 percent.
  - Public Safety increased by \$2.3 million or 33.5 percent. Fines and forfeitures increased by \$1.1 million or 33.7 percent as schools went back to in person learning resulting in increases in school zone and red-light camera fines of nearly \$1.0 million and \$0.4 million, respectively. Increases of \$0.76 million or 58.2 percent in fire plan review fees as the economy is seeing continued growth.
  - Public Works decreased \$1.5 million (48.0 percent) primarily related transportation impact fees. In 2020, \$1.7 million in transportation impact fees were reported as charges for services and should have been classified as capital contributions. This was offset by an increase of \$0.13 million in plan check fees.
  - Leisure Services increased by \$1.8 million (427.2 percent) reflecting a \$1.6 million adjustment for the contribution of the Shuttered Venues Operators Grant to the operating fund. In addition, in 2021, restrictions due to COVID-19 began to lift resulting in overall increases in rental income particularly for use of Parks fields.
  - Health and Human Services decreased by \$0.09 million or 43.2 percent.
- *Grants and Contributions* –operating grants and contributions decreased \$1.4 million (10.0 percent) and capital grants decreased by \$10.6 million (42.5 percent). The decrease in operating grants is due primarily to the City receiving nearly \$15.5 million in State Grants compared to the 2020 receipt of CARES grant funds (\$5.8 million) allocated to local municipalities in response to the economic impacts of COVID-19.
- Governmental Activities expenses increased \$0.4 million (0.3 percent) in 2021. Increases were recognized in Public Safety of \$2.6 million or 5 percent, Public Works of \$1.5 million or 5.7 percent, Leisure Services of \$3.2 million or 16 percent, and Health and Human Services of \$0.4 million or 4.9 percent. Decreases compared to 2020 were recognized in General Government of \$5.8 million or 30.7 percent, Judicial of \$0.4 million or 12.9 percent, and Community Development of \$0.4 million or 5.7 percent. Interest on long-term debt also decreased by \$0.5 million or 6.6 percent as outstanding debt continues to decline.
  - *General Government expenses* (\$13.2 million) decreased by \$5.8 million, or 30.7 percent as compared to 2020. A decrease in general government services of \$2.3 million is due primarily to the CARES grant the City received and expended in 2020. In total, the City expended \$3.5 million of the \$5.8 million CARES grant for general government services. In addition, the Technology Capital Projects Fund expended \$1.4 million more in 2020 compared to 2021 primarily due to a significant project implementation of a new Human Resources Capital Management and Payroll System. In 2021, the City realized a significant reduction in net pension liability and an increase in net pension asset. This resulted in a General Government expenses decrease of \$1.3 million.
  - *Judicial expenses* (\$3 million) decreased \$0.4 million due primarily to a decrease in net pension liability and an increase in net pension asset resulting in a reduced Judicial expense of \$0.4 million.
  - *Public Safety expenses* (\$54.1 million) increased by \$2.6 million. The majority of this increase relates to a change in cost allocation which was effective mid-2020. While expenses of \$4.0 million were charged out to the Panther Lake annexation account in

2020 it was no longer needed in 2021. In addition, we saw an increase of \$0.8 million in salaries and benefits due to wage adjustments which was offset by reduced expenses related to many internal services cost allocations and a reduction in fire impact fee expenses of \$0.4 million and an increase cost related to depreciation and maintenance as the Police Department is moving to a car per officer program. Overall, there was a reduction to the liabilities related to other post-employment benefits and net pension liabilities while recognizing an increase in net pension assets. As a result, the related expenses declined by \$0.3 million compared to 2020.

- *Community Development* expenses (\$6.7 million) decreased by \$0.4 million. A reduction of \$0.9 million in expenses related to a decrease in net pension liability and the recognition of a net pension asset offset by an increase in expenses as the allocation of expenses to the Panther Lake annexation was discontinued in 2020 resulting in increased expenses of nearly \$0.5 million.
- *Public Works* expenses (\$26.6 million) increased \$1.4 million. An increase of \$1.3 million relates to the King County Regional Mobility Grant expenses and \$1.7 increase in street maintenance and overlays. A net reduction of 2.3 million in expenses related to a decrease in net pension liability and the recognition of a net pension asset.
- *Leisure Services* expenses (\$22.9 million) increased \$3.2 million. In 2020, due to the pandemic, several employees supporting recreation programs were furloughed as part of a budget reduction. Those furloughs were discontinued in 2021 resulting in increases to salaries and benefits. In addition, the Events Center recognized increased expenditures due to the same easing of restrictions. Expenditures increased by \$1.6 million as the result of funding available for the Shuttered Venues Operators Grant. An increase of \$1.0 million was the result an allocation of expenses to the Panther Lake annexation was discontinued in 2020. In addition, the Parks Department began work on their Open Space Plan Update resulting in an increase in expenditures of \$0.5 million.
- *Health and Human Services* expenses (\$8.0 million) increased \$0.4 million. During the 4<sup>th</sup> quarter of 2019, the City began receiving funding from the King County Senior Services Levy. During 2021, the City expended about \$0.29 million more than 2020 primarily in salaries and benefits. In 2020, the City also began receiving housing sales tax (related to house bills 1406 and 1590). In 2021, the City expended \$0.2 million of those sales tax dollars for the first time.

**Business-type activities.** Business-type activities net position increased \$19.7 million (4.6 percent) in fiscal year 2021. Key highlights of the change in net position are as follows:

- *Charges for Service (Operating Revenues)* (\$83.7 million) increased by \$3.2 million or 4 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 2021, the increase was 1 percent based on the regional CPI. Water Utility charges for service increased \$0.9 million, or 3.7 percent. Charges for service in the Sewer Utility increased by \$1.6 million due to the fee increases. The Drainage Utility charges for service increased \$0.2 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 increased \$0.4 million in 2021 as, after the stiffest restrictions were lifted, golf became a popular activity during the pandemic.

- *Operating Grants/Contributions* (\$5.5 million) decreased by \$3.4 million due primarily to the receipt of the second payment for the sale of par 3 land at the golf complex was received in 2020 (the first was in 2018). 2021 was more in line with typical activity.
- *Capital Grants/Contributions* (\$11.6 million) increased \$2.1 million (22.1 percent). The Water Fund increased \$1.0 million with increased system development fees, connection fees and capital contributions. The Drainage Utility increased \$1.2 million with higher developer contributed assets and higher connection charges, offset by lower grants from the State and King County for drainage infrastructure projects.
- *Expenses* – Water Utility expenses (operating and non-operating) (\$19.6 million) decreased \$7.3 million (27.2 percent), Sewerage Utility expenses (\$32.8 million) increased \$1.2 million (3.9 percent), the Drainage Utility expenses (\$20.4 million) decreased \$1.3 million (6.0 percent) and the Golf Complex expenses (\$1.9 million) decreased \$0.4 million (15.6 percent). The Solid Waste Utility 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows 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's governmental funds reported combined ending fund balances of \$162.4 million, an increase of \$27.8 million in comparison with the prior fiscal year balances. Of this amount, the unassigned fund balance is \$35.7 million, down \$2.7 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 (\$0.38 million), 2) restricted for particular purposes (\$32.0 million), 3) committed for particular purposes (\$62.1 million), or 4) assigned for particular purposes (\$32.1 million).

The *General Fund* is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$53.6 million, representing a \$6.4 million or 13.4 percent increase from 2020. 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). In 2019, the City implemented GASB 84. As a result, the school and fire impact fees previously reported as fiduciary funds are now included in the General Fund. For budgetary purposes, these funds are still separate from the General Fund. Factors affecting the General Fund's ending fund balance include:

- Total General Fund revenues increased by \$3.3 million (2.8 percent) from the previous year, in large part due to the receipt of growth in tax revenue. The major changes are discussed below.
- Property taxes of \$32.1 million were up \$0.7 million from the previous year due to increased assessed value and new construction offset. An increase in assessed value in 2021 of 6.1 percent is offset by a decrease in the City's property tax rate from \$1.378 in 2020 to \$1.323 in 2021.
- Sales and use taxes (\$24.8 million) increased by \$1.2 million (5.1 percent) due primarily to the increase in taxable activity. During the pandemic, additional funding has been available including increased unemployment wages, child tax credits and other stimulus dollars providing additional dollars to be used for taxable events resulting in growing sales tax revenues including those from online sales since the adoption of the Marketplace Fairness Act.
- Utility taxes (\$20.3 million) increased \$1.3 million (6.8 percent) from the previous year. This is primarily the result of an increase in cable utility taxes of \$1.55 million. The vast majority of the cable utility taxes had been received directly into an Internal Service Fund through 2020 and are now being receipted into the General Fund in 2021.

Within the General Fund, the increase in cable utility taxes is offset by a reduction in other utility taxes as a result of a change in how the tax is receipted. Historically, a portion of the utility taxes were receipted into the General Fund and then transferred out to the Capital Resources Fund. Beginning in 2021, that portion of the tax will be receipted directly into the Capital Resources Fund reducing both the utility tax revenue and transfers out reported in the General Fund. Citywide, utility taxes have increased by nearly \$2.1 million in 2021 compared to 2020. There were no tax rate changes in 2021.

- Business & occupation taxes (\$17.1 million) increased \$2.3 million (15.4 percent) primarily due to an increase in taxable activity and an increase in gross receipts rates as of January 1, 2021.
- Other taxes (\$0.6 million) have increased by \$0.2 million (46.7 percent). Tight restrictions that had been in place due to the pandemic and started to soften in 2021 resulting in increases in admissions and gambling tax.
- Charges for services increased by \$1.1 million (13.6 percent). Offset by a moderate decrease in parks and recreation fees due to the impact of COVID-19, the majority of the increase is a reflection of revenue increases in planning and development fees particularly in the area of plan check fees, environmental review and other planning services.
- Intergovernmental revenues decreased \$4.4 million. In 2020, the City received \$5.8 million in CARES one-time funding, not received in 2021
- Miscellaneous revenues increased by \$0.9 million (33.4 percent) in 2021 compared to 2020. Due to declines in interest rates and the significant adjustment to fair market value of investments interest income (net of FMV adjustment) decreased by \$1.3 million or 131.8 percent. Contributions (\$2.6 million) recognized an increase of \$1.7 million (171.3 percent) primarily due to SVOG contributions to the Kent Events Center Operating Fund.

General Fund expenditures \$96.1 million increased \$2.4 million (2.6 percent) from the previous year with increases in public safety (\$1.6 million), community development (\$0.5 million) and leisure services (\$3.5 million). General government, judicial, public works and health and human services had decreases of \$2.3 million, \$0.02 million, \$0.6 million, and \$.01 million, respectively. The details below will provide more information to the root cause of the variance.

- The decrease in general government services (\$2.3 million or 20.1 percent) is due primarily to the Coronavirus Aid, Relief and Economic Security Act (CARES) grant the City received and expended in 2020. The City expended \$3.5 million of that \$5.8 million grant for general government services.
- The increase in leisure services (\$3.5 million or 27.6 percent) is primarily due to a expending \$1.6 million in the Shuttered Venues Operators Grant (SVOG). It also reflects a decrease in internal allocations for parks and recreation resulting in an increase in expenditures of \$0.9 million. An increase in salaries and benefits was recognized due a cost-of-living adjustment (COLA) and additional staff hours. In 2020, furloughs were temporary put in place for recreation due to the COVID shutdowns, resulting in lower than usual payroll expenditures in 2020.
- Community development expenditures increased by \$0.5 million due to decreased internal allocations and professional services (\$0.6 million) offset by an increase in salaries and benefits (\$0.1 million) because of the COLA.
- The decrease in human services expenditures of \$0.1 million is primarily due to reductions in school impact fees collections and services expenditures (\$0.04 million and \$0.1 million, respectively) offset by an increase in supplies expense of \$0.05 million.
- Public works decreased by \$0.6 million due an internal allocation that was discontinued in 2021.
- Public safety increased by \$1.6 million due primarily to increases in salaries (\$0.9 million) because of wage adjustments and increases in some internal allocations including a new allocation for digital subscription costs (\$0.2 million), a change in accounting for workers compensation (\$0.6 million) as it moved from a benefit to a service cost, increase to liability insurance (\$0.3 million) as a result of industry and organization experience, and increase in allocations to the Equipment Rental Fund (\$0.3 million) as the department moves to a car per officer program. These increases are offset by a reduction in fire impact fees of \$0.4 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 2020 levels:

- *Capital Resources Fund*. Fund balance increased by \$10.3 million. Revenues increased by \$9.8 million (62.0 percent). Sales taxes increased by \$0.8 million as we have seen a steady increase in sales tax since the onset of the pandemic. Utility taxes increased by \$1.7 million compared to 2020 as a portion of the utilities taxes that were once received into the General Fund and transferred out to the Capital Resources Fund are now being received directly into the Capital Resources Fund. Real estate excise taxes (REET) also increased by \$4.1 million. Because of

its potential volatility, the City conservatively budgets REET, and makes budget overages available for capital projects in the following budget.

Effective July 2020, the legislature discontinued the distribution of streamlined sales tax. However, in 2021 the legislature restored this funding and backdated its effective date to July 2020. In June 2021, the City received \$3.6 million of streamlined sales tax for the period of July 2020 through June 2021. Beginning in September 2021, the City received quarterly distributions of \$0.9 million. This quarterly distribution will decline by 20% each year with each September distribution and will sunset in 2026.

This fund is responsible for transfers to the Debt Service Fund for general obligation debt service payment, which account for \$4.5 million of the \$17.6 million in 2021 transfers out. The balance of this fund is generally used to fund various capital projects.

- *Special Assessments Fund.* Fund balance increased by \$0.18 million compared to 2020. 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 2021, revenues increased by \$0.3 million collection efforts for past-due properties prompted payments. Transfers out to capital projects decreased by \$0.5 million because in 2020 a larger amount was transferred reflecting previously collected revenues were transferred to capital projects.
- *Street Capital Projects Fund.* Fund balance increased \$0.3 million to \$20.95 million. Revenues decreased by \$13.4 million primarily due to several large grants received in 2020 for capital projects. With fewer grant dollars available to fund projects, expenditures also decreased by \$9.6 million primarily related to capital outlay. Interest income also saw a decrease of \$0.6 million due to the fair market value of investments adjustment and the lower interest rates on investments. Transfers into the Street Capital Projects Fund were nearly \$7.1 million lower in 2021 than 2020. Transfers of B&O Tax revenues into the fund were lower by \$1 million as compared to 2020. In 2020, transportation impact fees of \$4.1 million were transferred into the Street Capital Projects Fund for the 228<sup>th</sup> Street Grade Separation project and the 224<sup>th</sup>/228<sup>th</sup> project from 94<sup>th</sup> to 104<sup>th</sup>. In 2020, the Street Capital Projects Fund also received \$0.7 million primarily to fund the Meet Me on Meeker project and the 4<sup>th</sup> and Willis Roundabout.

**Proprietary Funds.** The City'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 \$446.2 million net position, \$346.4 million is net investment in capital assets and \$91.6 million is unrestricted. Analysis of changes in net position from prior fiscal year levels:

- *Water Fund.* Net position increased by \$7.0 million or 4.6 percent over the 2020 net position. This increase was due to net operating income of \$5.7 million, less non-operating expenses net of revenues of \$1.3 million, and capital contributions of \$2.6 million. Operating revenues increased \$0.9 million (3.7 percent) due to a 1.0 percent rate increase, new customers, and as businesses opened back up as restrictions began to lift. Operating expenses decreased by \$7.2 million compared to 2020. Salaries and benefits decreased by \$1.3 million primarily as a result of the recognition of a net pension asset (\$1.9 million) and net pension liability (\$0.2 million) in 2021 compared to a net pension liability (\$0.9 million) and was offset by a 1.0 percent COLA. Services and charges expenses decreased by \$6.1 million primarily due to the number of non-

capital projects in 2020 that were expensed instead of capitalized. Capital contributions decreased by nearly \$1.0 million.

- *Sewerage Fund.* Fiscal year 2021 net position increased by \$2.1 million or 2.9 percent over the 2020 net position. Operating revenues increased \$1.6 million, while operating expenses increased by \$1.2 million compared to 2020. The City's rate for sewer fees increased 1.0 percent in 2021 while the pass-through rate for King County METRO increased by 4.5 percent. Salary and benefits decreased \$0.2 million in 2021 primarily reflective of the reduction in net pension liability of \$0.26 million and recognition of a net pension asset of \$0.9 million. Services and charges expenses increased \$1.4 million with increased METRO charges being the primary factor in this increase.
- *Drainage Fund.* Fiscal year 2021 net position increased by \$9.5 million or 5.0 percent over the 2020 net position. While operating revenues increased \$0.2 million (1.1 percent) primarily related to the 1.0 percent increase in rates, operating expenses decreased by \$1.2 million (5.8 percent). Salaries and benefits decreased by \$1.1 million primarily reflecting the reduced net pension liabilities and the recognition of a net pension asset. This was offset by a 1.0 percent COLA. Capital contributions in the Drainage Fund increased \$1.2 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 and is presented in the basic financial statements. In 2022, net position increased by \$2,079. Charges for services had a modest increase of 1.5 percent. Salaries and Benefits were reduced primarily related to the reduction in net pension liabilities and the recognition of a net pension asset. Services in charges increased by \$0.5 million primarily related to a new one-time program related to a garbage clean up program.
- *Golf Complex.* Net position increased by \$1.0 million in 2021. 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 the final payment of \$3.4 million in 2020 for Phase II of the sale. The Golf Complex did not receive any funds related to the sale of property in 2021. In 2021, the operating revenue increased by \$0.4 million (20.9 percent) compared to 2020. In 2020, due to COVID and the driving range renovation closures, the Golf Complex revenue was lower than usual. Operating expenses decreased by \$0.3 million (15.1 percent). A large part of the decrease in operating expenses relates to the reduction of net pension liabilities and the recognition of a net pension asset. The Golf Complex also received transfers in of nearly \$0.5 million in 2021 compared to \$0.08 million in 2020. Of the increase, \$0.27 million relates to transfers for the driving range renovation project and \$0.1 million related to a subsidy from the General Fund.

Additional information on the City's Enterprise funds can be found in Note 11 on page 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 34) was increased by \$8.4 million from the original budget.



- At the end of 2021, the City increased the Police salaries and benefits budgets due to the establishment of new 12-hour and 10.5-hour overtime exempt shifts and a compensation increase that accounts for the additional hours of work, a market adjustment and a cost-of-living adjustment.
- Budget increase in the Management Operating Projects fund of \$13,291,160 for the first payment of ARPA Grant funding received in 2021. The second and final payment will occur in 2022.
- City Art Program Fund was increased \$50,000 for additional funding in the Public Arts Program.
- General Government budget was increased by \$22,820 in ARPA funds for the Grant Analyst position.
- The General Government budget was increased by \$18,000 for the Filelocal Interlocal agreement.
- General Government budget increased \$49,670 for the AWC Grant for SEEK (Summer Experience and Enrichment for Kids).
- An increase of \$103,820 in the General Government budget was made to true up various Parks programs to reflect YTD receipts and spending.
- The Health and Human Services budgets were increased by \$12,000 to cover the costs of Public Defender services.
- Remove transfer out of Affordable Housing Sales Tax revenues to move the recognition of sales tax revenues for affordable housing related to House Bill 1590 and associated expenditures from the General Fund to the Human Services Fund.
- Establish transfer to the Streets Unallocated B&O project of \$881,260 to true up Public Works unallocated B&O revenues.
- Establish a budget of \$3,050,440 for the Shuttered Venue Operators Grant for COVID-19 emergency assistance at the accesso ShoWare Center and a supplemental award in the amount of \$1,525,220 was received at the of the year.
- A budget increase of \$500,000 for the accesso ShoWare scoreboard.
- Budgets in the amount of \$3,685,960 were established for Fire Impact Fees (\$2.0m) and School Impact Fees (\$1.6m). Historically, the City has not budgeted these types of funds, but due to changes in accounting rules, established budgets are now required.
- Decrease of \$144,930 to adjust City-wide estimated workers compensation and increase of \$16,650 to adjust liability insurance.
- Transfers out from the General Fund to the Parks Capital and Street Capital Projects were increased by \$87,300 due to residual B&O tax revenue.

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- \$4,400,000 transfer of General Fund reserves to the Liability Insurance Fund to cover a shortfall due to rising costs of liability insurance, claims experience and required fund reserves.
- A transfer of \$1,783,180 was set up to move Cable Utility Tax revenues, now being receipted in the General Fund, to the IT Internal Services Fund.
- Transfer from the General Fund to the teleconferencing hardware project in the Technology Fund in the amount of \$75,000.
- Transfer in the amount of \$50,000 were moved to the Other Capital Projects Fund for the ANEW Pre-Apprenticeship project.

**CITY OF KENT'S GENERAL FUND BUDGET ACTIVITY BY FUNCTION  
For the Year Ended December 31, 2021**

|                         | <b>Original<br/>Budget</b> | <b>Supplemental<br/>Appropriations</b> | <b>Final<br/>Budget</b> |
|-------------------------|----------------------------|--|-------------------------|
| General Government      | \$ 9,512,200               | \$ 165,700                             | \$ 9,677,900            |
| Judicial                | 3,777,650                  | 15,770                                 | 3,793,420               |
| Public Safety           | 49,289,880                 | 649,810                                | 49,939,690              |
| Community Development   | 8,241,230                  | 68,320                                 | 8,309,550               |
| Leisure Services        | 13,149,610                 | 137,880                                | 13,287,490              |
| Health & Human Services | 6,106,520                  | 237,740                                | 6,344,260               |
|                         | \$ 90,077,090              | \$ 1,275,220                           | \$ 91,352,310           |

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

- *Taxes.* Actual tax collections were \$6.7 million over budget. Sales and use taxes exceeded budget by \$5.7 million or 29.8 percent. The increased collections are largely the result of an infusion of cash due to the Recovery Act as well as increased consumer spending. Consumer spending, particularly in online shopping where goods are shipped to homes, has increased the City's sales taxes due to the revenues belonging to the destination City. Property taxes also exceeded budget by \$0.4 million as well as B&O taxes \$0.06 million and utility taxes \$0.9 million and were offset by other taxes (\$0.3 million).
- *Licenses and permits.* Licenses and permits were \$0.4 million or 5.7 percent over budget. The City's licenses came in over budget in the areas of franchise fees and protection type permits. Most of the building permits types were under budget while street use permits exceeded budget by 13 percent. The majority of this increase is due to the City entering into a new franchise agreement.
- *Charges for services.* Charges for services were \$.8 million or 12.7 percent below budget largely in culture and recreation fees (\$1.2 million) and public safety fees (\$0.2 million). Planning related fees \$0.3 million and environmental fees \$0.3 million were above budget.
- *Fines and forfeitures.* Fines and forfeitures were \$0.3 million below budget due to the impact of Covid-19, Parks programs were not back to full capacity as a result of the pandemic's restraints.

Declines in tickets issued are a result of Police reform as well as changes in protocols implemented due to the pandemic.

- *Functional Expenditures.* Overall, salaries and benefits ended the year under budget by \$1.6 million despite increases in police overtime. Although medical insurance and pension costs were up from the previous year, the increases were lower than budgeted. This decrease is also due to cost savings realized through the number of vacant positions as well as programs which are not fully up and running. Departments continue to closely monitor supplies expenditures to maintain savings wherever possible, so the general fund functions, except Judicial and Leisure Services, had budget savings in fiscal year 2021. General fund functions also had savings in services expenditures, except for General Government.
  - *General Government Expenditures* - The general government expenditures were \$382,201 or 4.0 percent under budget primarily in salary and benefits savings in various departments, as departments have had unfilled positions through the year.
  - *Community Development Expenditures* - Saved \$839,829 (10.1 percent), primarily in supplies and professional services but also some savings in benefits.
  - *Leisure Services Expenditures* - Were \$980,450 (7.4 percent) below budget with significant savings in salaries and benefits with many programs on hold with Covid-19 restrictions. Savings in services were offset by overages in commodities.
  - *Health and Human Services Expenditures* - Had budget savings of \$1,172,908 (18.5 percent) including salary and benefit savings as well as various other savings throughout the programs with some programs on hold due to Covid-19 restrictions.
  - *Public Safety Expenditures* – Were \$923,716 (1.85 percent) below budget due primarily to savings in supplies and services. Overages in overtime were mostly offset by savings in medical insurance and other benefits.
  - *Judicial Expenditures* – Saved \$407,413 (10.74 percent) primarily in salaries, benefits, and services, with a small overage in supplies.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION:**

**Capital Assets.** The City's capital assets for its governmental and business type activities as of December 31, 2021, were \$1.17 billion (net of accumulated depreciation), comprising 73.5 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 2021, infrastructure increased \$67.5 million with \$80.8 million in additions offset by \$13.3 million in 2021 depreciation. \$79 million in streets projects were closed and

capitalized in 2021. In addition, the City received developer contributed streets with a value of \$1.8 million in 2021.

- *Land.* Land assets were increased by \$.9 million in 2021 with the purchase of land for parks projects.
- *Buildings.* Net buildings decreased \$2.2 million in 2021 with the capitalization of a Corrections Building project less \$3.3 million in 2021 depreciation.
- *Site Improvements.* Net site improvements increased \$0.9 million with \$3.9 million in additions of Parks projects offset by \$3 million in depreciation.
- *Equipment.* Net equipment decreased \$0.3 million in 2021. This was due to additions, net of deletions, of \$2.4 million offset by 2021 depreciation of \$2.7 million. The additions include fleet vehicle additions of \$2.6 million, offset by disposals of \$0.9 million.
- *Construction in Progress.* Construction in progress (\$6.9 million) decreased \$68.4 million from 2020. While 2021 spending on projects was \$103.7 million, \$85.2 million of completed projects were recorded as land, building, site improvements or infrastructure, while \$10.1 million were determined to be non-capital in nature and were expensed.

#### Business Type Activities:

- *Construction in Progress.* Compared to 2020, construction in progress decreased \$16.4 million in 2021 as the City constructed and capitalized or expensed projects. While 2021 spending on projects was \$48.3 million, \$32.4 million in projects were completed and capitalized from CIP into other capital asset categories, and \$3.7 million were determined to be non-capital in nature and were expensed.
  - Some projects that were completed and capitalized in 2021 are:
    - \$8.1 million – South Pump Station (buildings)
    - \$5.4 million – 228<sup>th</sup> Street Grade Separations (site improvements)
    - \$4.4 million – 224<sup>th</sup> – 228<sup>th</sup> (site improvements)
    - \$1.5 million – Rock Creek Mitigation (site improvements)
    - \$1.3 million – Clark Springs Generator (site improvements)
    - \$1.0 million – 2021 Watermain replacements (site improvements)
- *Land.* Land assets slightly increased with the purchase of approximately \$20,000 by the Water fund.
- *Buildings.* Buildings increased \$5.9 million in 2021 with the capitalization of Drainage and Golf projects, less 2021 depreciation.
- *Site Improvements.* Additions to site improvements for 2021 were \$27 million, less depreciation of \$11 million resulting in a net increase of \$16 million. The primary additions to site improvements were the result of completed projects in Drainage, Golf, and Water improvements.

- **Equipment.** Net equipment increased by \$1.1 million in 2021. This was due to additions of \$1.5 million less depreciation of \$0.4 million. The additions to equipment include the capitalization of a water project Generator at Clark Springs (\$1.3 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 |              |
|--------------------------|-------------------------|------------|--------------------------|------------|--------------------------|--------------|
|                          | 2021                    | 2020       | 2021                     | 2020       | 2021                     | 2020         |
| Land                     | \$ 231,843              | \$ 230,916 | \$ 22,461                | \$ 22,440  | \$ 254,304               | \$ 253,356   |
| Buildings                | 81,361                  | 83,548     | 9,985                    | 4,170      | 91,346                   | 87,718       |
| Site Improvements        | 43,061                  | 42,216     | 321,474                  | 305,496    | 364,535                  | 347,712      |
| Equipment                | 19,852                  | 20,124     | 4,345                    | 3,260      | 24,197                   | 23,384       |
| Infrastructure           | 404,439                 | 336,938    | -                        | -          | 404,439                  | 336,938      |
| Construction in Progress | 6,929                   | 75,341     | 23,190                   | 39,639     | 30,119                   | 114,980      |
| Total Capital Assets     | \$ 787,485              | \$ 789,084 | \$ 381,455               | \$ 375,005 | \$ 1,168,940             | \$ 1,164,088 |

Additional information on the City's capital assets can be found in Note 7 on pages 74-75 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$73.8 million. Of this amount, \$62.8 million or 85 percent comprises general obligation debt backed by the full faith and credit of the government. The remainder of the City's bonded debt (\$11 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 |           |
|-------------------|-------------------------|-----------|--------------------------|-----------|--------------------------|-----------|
|                   | 2021                    | 2020      | 2021                     | 2020      | 2021                     | 2020      |
| G.O. Bonds        | \$ 62,815               | \$ 67,292 | \$ -                     | \$ 343    | \$ 62,815                | \$ 67,635 |
| Revenue Bonds     | -                       | -         | 11,010                   | 12,120    | 11,010                   | 12,120    |
| Total Bonded Debt | \$ 62,815               | \$ 67,292 | \$ 11,010                | \$ 12,463 | \$ 73,825                | \$ 79,755 |

\* Gross debt - does not include discounts or premiums

The City's total bonded debt decreased by \$5.9 million or 7.4 percent during the current fiscal year. No new bonded debt was issued in 2021. All required debt service payments were made during 2021.

At December 31, 2021, the City 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 \$1.769 million.

Additional information on the City's long-term debt can be found in Note 9 on pages 76-81 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 31). 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.

Within the adopted \$688.5 million 2021-2022 biennial budget, \$217.9 million is allocated to the General Fund. As the budget was compiled, due to the COVID-19 pandemic, there were many unknowns regarding the timing of when things would be "getting back to normal". Couple that with the fact that the COVID-19 crisis came on the heels of a City-faced fiscal cliff. The City initially managed the fiscal cliff in the 2019-2020 budget. Although the City was able to mitigate those impacts, 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%.

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 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 18% of General Fund expenditures requirement to provide capacity to address our ongoing structural imbalance. The City ended 2021 with 43.99% or \$47.7 million in reserves.

The City did not budget for receipt of any SST mitigation within the original adopted 2021-22 budget as that funding was vetoed through the 2020 legislative process. However, in 2021 the revenue stream was once again approved and in June 2021, the City received \$3.6 million in SST revenue retroactively back to July 2020. And beginning in September 2021, the City will receive quarterly payments of \$0.9 million. Each year that amount will be reduced by 20%. This revenue had not initially been included in the 2021-2022 budgeted. In addition, the City was awarded nearly \$28.2 million in the American Rescue Plan Act (ARPA) funding. In June 2021, the City received half of that distribution of \$14.1 million with the other have distributed in June 2022. Real Estate Excise Tax (REET) has continued to come in higher than

seen in history. Because of this, the City has ample one-time dollars to focus on the capital and one-time needs of the organization.

During 2021, due to the strong construction economy and increased overall spending, sales tax collections continue to be received in excess of budget. However, it remains an area that is closely monitored as each month's collections are received and any excess revenues are allocated to one-time purposes. Development and construction activities within the City remain robust and are expected to continue into 2022, generating strong building permit and plan check fees revenues.

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. The 2021 adopted budget included wage increases of 1.0 percent for AFSCME, Teamsters, KPOA, and non-represented employees were effective in January 2021. Cost of living increases for the various unions are tied, in part, to the Seattle-Tacoma-Bellevue Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Under the AFSCME contract, 2022 increases are based on 100 percent of CPI-W with a one percent minimum and four percent maximum rate. Under the Teamsters contract, increases 2022 increases are based on 100 percent of CPI-W with 2.5 percent minimum and 3.5 percent maximum. Negotiations for the AFSCME and Teamsters contracts begin in 2022 with a January 1, 2023 effective date. The KPOA Sergeants and Officers contract, as well as the contract for the Commanders and Assistant Chiefs, were being negotiated during 2021 with an effective date of January 1, 2022. Early negotiations and changes in Police shifts, resulted in a rate increase of 16 percent effective October 1, 2021. That increase was reflective of the 2021 CPI-W of 6.3%, a 5% market adjustment and 4.7% increase for the addition hours each officer will work per year.

As we begin looking to the future, inflation and its impacts have been in the forefront of our minds. We have seen CPI-W for June 2021 at 6.3% and June 2022 at 9.5% which will have a direct impact on the 2022 and 2023 budget, respectively. We haven't seen numbers this high in 40 years. This will have a significant impact on the expenditure side of the budget as labor contracts are tied, at least in part, to CPI-W. Since AFSCME and Teamsters contracts are still under negotiation, we will not know the true impact to 2023 and beyond. In addition, we are also seeing the cost of doing business and the cost of projects rise greatly. Knowing inflation is going to have a significant impact on the budget, the City's intent is to maintain a status quo budget for the upcoming 2023-2024 biennium.

**REQUESTS FOR INFORMATION:**

This financial report is designed to provide a general overview of the City'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](http://www.kentwa.gov)

**CITY OF KENT**  
**STATEMENT OF NET POSITION**  
**December 31, 2021**

|  | Primary Government    |                       |                         | Component Unit         |
|--|-----------------------|-----------------------|-------------------------|------------------------|
|  | Governmental          | Business-Type         | Total                   | Special                |
|  | Activities            | Activities            |                         | Events                 |
|  |                       |                       |                         | Center                 |
|  |                       |                       |                         | PFD                    |
| <b>ASSETS</b>  |                       |                       |                         |                        |
| Cash and cash equivalents (Note 4)   | \$ 60,061,194         | \$ 29,229,270         | \$ 89,290,464           | \$ 11,270              |
| Investments, at fair value (Note 4)  | 126,845,822           | 61,872,430            | 188,718,252             | 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)   | 5,500,170             | 74,126                | 5,574,296               | -                      |
| Investments (Note 4)   | 11,528,220            | 157,568               | 11,685,788              | -                      |
| 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              | -                      |
| <b>TOTAL ASSETS</b>  | <b>1,095,621,861</b>  | <b>494,305,220</b>    | <b>1,589,927,081</b>    | <b>268,703</b>         |
| <b>DEFERRED OUTFLOWS</b>   |                       |                       |                         |                        |
| Deferred loss on refundings  | 37,303,337            | -                     | 37,303,337              | -                      |
| Deferred outflows related to OPEB  | 119,980               | -                     | 119,980                 | -                      |
| Deferred outflows related to pension   | 7,041,046             | 1,077,748             | 8,118,794               | -                      |
| <b>TOTAL DEFERRED OUTFLOWS</b>   | <b>44,464,363</b>     | <b>1,077,748</b>      | <b>45,542,111</b>       | <b>-</b>               |
| <b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>  | <b>1,140,086,224</b>  | <b>495,382,968</b>    | <b>1,635,469,192</b>    | <b>268,703</b>         |
| <b>LIABILITIES</b>   |                       |                       |                         |                        |
| Vouchers payable   | 5,753,365             | 1,766,074             | 7,519,439               | -                      |
| Accounts/payroll payable   | 6,016,839             | 1,516,580             | 7,533,419               | -                      |
| 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   | 18,569,220            | 489,677               | 19,058,897              | -                      |
| 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                |
| Total OPEB liability - current   | -                     | -                     | -                       | -                      |
| 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              | -                      |
| <b>TOTAL LIABILITIES</b>   | <b>148,181,228</b>    | <b>40,635,821</b>     | <b>188,817,049</b>      | <b>85,983,420</b>      |
| <b>DEFERRED INFLOWS</b>  |                       |                       |                         |                        |
| Deferred revenue   | 2,511,144             | -                     | 2,511,144               | -                      |
| Deferred inflows related to pensions   | 50,734,997            | 8,564,665             | 59,299,662              | -                      |
| <b>TOTAL DEFERRED INFLOWS</b>  | <b>53,246,141</b>     | <b>8,564,665</b>      | <b>61,810,806</b>       | <b>-</b>               |
| <b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>                                      | <b>201,427,369</b>    | <b>49,200,486</b>     | <b>250,627,855</b>      | <b>85,983,420</b>      |
| <b>NET POSITION</b>  |                       |                       |                         |                        |
| Net investment in capital assets   | 748,351,673           | 346,423,345           | 1,094,775,018           | -                      |
| Restricted net position for:   |                       |                       |                         |                        |
| Debt service   | 2,968,687             | -                     | 2,968,687               | -                      |
| Pensions   | 65,869,615            | 8,170,142             | 74,039,757              | -                      |
| Unrestricted net position  | 121,468,880           | 91,588,995            | 213,057,875             | (85,714,717)           |
| <b>TOTAL NET POSITION</b>  | <b>\$ 938,658,855</b> | <b>\$ 446,182,482</b> | <b>\$ 1,384,841,337</b> | <b>\$ (85,714,717)</b> |

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         | \$ 127,352                         | \$ -                             |
| Judicial                       | 2,978,289      | 862,878              | 232,352                            | -                                |
| Public Safety                  | 54,063,349     | 9,070,762            | 2,888,652                          | 2,460,374                        |
| Community Development          | 6,689,323      | 6,346,806            | 120,000                            | -                                |
| Public Works                   | 26,616,210     | 1,612,199            | 4,559,502                          | 9,887,983                        |
| Leisure services               | 22,863,438     | 2,246,013            | 3,400,323                          | 522,823                          |
| Health and human services      | 7,965,661      | 122,022              | 1,900,208                          | 1,491,996                        |
| Interest on long-term debt     | 6,444,510      | -                    | -                                  | -                                |
| Total governmental activities  | 140,827,288    | 25,104,031           | 13,228,389                         | 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       | \$ 216,431,950 | \$ 108,847,678       | \$ 13,680,359                      | \$ 25,966,741                    |
| Component Unit:                |                |                      |                                    |                                  |
| Special Events Center PFD      | \$ 2,186,160   | \$ -                 | \$ -                               | \$ -                             |
| Total Component Units          | \$ 2,186,160   | \$ -                 | \$ -                               | \$ -                             |

**General revenues and Transfers:**

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 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 |                       |                         |                        |
|--|-----------------------|-------------------------|------------------------|
|  |                       |                         | Component Unit         |
| Primary Government                                 |                       |                         | Special Events         |
| Governmental                                       | Business-Type         | Total                   | Center                 |
| Activities   | Activities            |                         | PFD                    |
| \$ (8,235,805)                                     |                       | \$ (8,235,805)          |                        |
| (1,883,059)  |                       | (1,883,059)             |                        |
| (39,643,561)                                       |                       | (39,643,561)            |                        |
| (222,517)  |                       | (222,517)               |                        |
| (10,556,526)                                       |                       | (10,556,526)            |                        |
| (16,694,279)                                       |                       | (16,694,279)            |                        |
| (4,451,435)  |                       | (4,451,435)             |                        |
| (6,444,510)  |                       | (6,444,510)             |                        |
| <u>(88,131,692)</u>                                |                       | <u>(88,131,692)</u>     |                        |
|  | \$ 7,341,579          | 7,341,579               |                        |
|  | 2,449,916             | 2,449,916               |                        |
|  | 9,824,642             | 9,824,642               |                        |
|  | 571,711               | 571,711                 |                        |
|  | <u>6,672</u>          | <u>6,672</u>            |                        |
| <u>-</u>   | <u>20,194,520</u>     | <u>20,194,520</u>       |                        |
| \$ <u>(88,131,692)</u>                             | \$ <u>20,194,520</u>  | \$ <u>(67,937,172)</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               | -                      |
| 33,392   | -                     | 33,392                  | -                      |
| 29,831   | (29,831)              | -                       | -                      |
| <u>140,368,230</u>                                 | <u>(542,004)</u>      | <u>139,826,226</u>      | <u>1,360,108</u>       |
| <u>52,236,538</u>                                  | <u>19,652,516</u>     | <u>71,889,054</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>938,658,855</u>                              | \$ <u>446,182,482</u> | \$ <u>1,384,841,337</u> | \$ <u>(85,714,717)</u> |

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

|   | General<br>Fund      | Capital<br>Resources<br>Fund | Special<br>Assessments<br>Fund | Street<br>Capital<br>Projects Fund | Non-major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|------------------------------|--------------------------------|------------------------------------|------------------------------------|--------------------------------|
| <b>ASSETS</b>   |                      |                              |                                |                                    |                                    |                                |
| Cash and cash equivalents                                     | \$ 14,713,547        | \$ 7,152,601                 | \$ 86,867                      | \$ 7,217,920                       | \$ 19,696,243                      | \$ 48,867,178                  |
| Investments, at fair value                                    | 30,846,727           | 15,144,503                   | 184,650                        | 15,282,910                         | 41,675,426                         | 103,134,216                    |
| 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                                    | 87,682               | -                            | -                              | 432,319                            | 404,098                            | 924,099                        |
| Prepaid items   | 47,047               | -                            | -                              | -                                  | -                                  | 47,047                         |
| Restricted assets:  |                      |                              |                                |                                    |                                    |                                |
| Cash with fiscal agent  | 1,813,356            | -                            | -                              | -                                  | -                                  | 1,813,356                      |
| Cash and cash equivalents                                     | 5,500,170            | -                            | -                              | -                                  | -                                  | 5,500,170                      |
| Investments   | 11,528,220           | -                            | -                              | -                                  | -                                  | 11,528,220                     |
| <b>TOTAL ASSETS</b>   | <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>             |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>        |                      |                              |                                |                                    |                                    |                                |
| <b>LIABILITIES</b>  |                      |                              |                                |                                    |                                    |                                |
| Vouchers payable  | \$ 2,525,381         | \$ 23,595                    | \$ 194                         | \$ 528,570                         | \$ 1,630,141                       | \$ 4,707,881                   |
| Accounts/payroll payable                                      | 3,237,704            | 15,314                       | -                              | 270,808                            | 2,219,524                          | 5,743,350                      |
| 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                      |
| Unearned Revenue - other                                      | 17,058,497           | -                            | -                              | -                                  | -                                  | 17,058,497                     |
| Interfund loan payable - non-current                          | -                    | -                            | -                              | 1,871,002                          | -                                  | 1,871,002                      |
| <b>TOTAL LIABILITIES</b>                                      | <u>24,303,086</u>    | <u>39,304</u>                | <u>194</u>                     | <u>3,222,509</u>                   | <u>3,950,090</u>                   | <u>31,515,183</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |                      |                              |                                |                                    |                                    |                                |
| Unavailable revenue   | 405,237              | -                            | 3,219,329                      | -                                  | -                                  | 3,624,566                      |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                    | <u>405,237</u>       | <u>-</u>                     | <u>3,219,329</u>               | <u>-</u>                           | <u>-</u>                           | <u>3,624,566</u>               |
| <b>FUND BALANCE</b>   |                      |                              |                                |                                    |                                    |                                |
| <b>Nonspendable:</b>  |                      |                              |                                |                                    |                                    |                                |
| Prepaid items   | 47,047               | -                            | -                              | -                                  | -                                  | 47,047                         |
| Long-term loan receivable                                     | -                    | -                            | -                              | 330,909                            | -                                  | 330,909                        |
| <b>Restricted:</b>  |                      |                              |                                |                                    |                                    |                                |
| 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                            | (12,360)             | -                            | -                              | -                                  | -                                  | (12,360)                       |
| Human Services  | 5,744                | -                            | -                              | -                                  | -                                  | 5,744                          |
| <b>Committed:</b>   |                      |                              |                                |                                    |                                    |                                |
| 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                        |
| <b>Assigned:</b>  |                      |                              |                                |                                    |                                    |                                |
| Operating reserve   | -                    | -                            | -                              | -                                  | -                                  | -                              |
| Public safety retiree OPEB                                    | 1,271,046            | -                            | -                              | -                                  | -                                  | 1,271,046                      |
| Emergency flood preparedness                                  | -                    | -                            | -                              | -                                  | -                                  | -                              |
| Human services  | -                    | -                            | -                              | -                                  | -                                  | -                              |
| Criminal justice programs                                     | -                    | -                            | -                              | -                                  | 11,555                             | 11,555                         |
| Economic & community development                              | -                    | -                            | -                              | -                                  | 1,195                              | 1,195                          |
| Environmental mitigation operating                            | -                    | -                            | -                              | -                                  | -                                  | -                              |
| Waste reduction recycling                                     | -                    | -                            | -                              | -                                  | -                                  | -                              |
| Capital projects  | -                    | 16,050,024                   | -                              | -                                  | -                                  | 16,050,024                     |
| Street capital projects                                       | -                    | -                            | -                              | -                                  | -                                  | -                              |
| Parks capital projects  | -                    | -                            | -                              | -                                  | -                                  | -                              |
| Technology systems  | -                    | -                            | -                              | -                                  | 8,350,370                          | 8,350,370                      |
| Facility capital projects                                     | -                    | -                            | -                              | -                                  | 3,924,598                          | 3,924,598                      |
| Kent Events Center operations                                 | 2,537,813            | -                            | -                              | -                                  | -                                  | 2,537,813                      |
| <b>Unassigned:</b>  | <u>35,665,388</u>    | <u>-</u>                     | <u>-</u>                       | <u>-</u>                           | <u>-</u>                           | <u>35,665,388</u>              |
| Total Fund Balance  | <u>53,619,529</u>    | <u>24,261,325</u>            | <u>274,884</u>                 | <u>20,953,456</u>                  | <u>63,256,272</u>                  | <u>162,365,466</u>             |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>  | <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   | \$                  | 162,365,466               |
| 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  |                     |                           |
| Net OPEB Asset  | -                   |                           |
| Deferred outflows related to OPEB   | 119,980             |                           |
| Deferred outflows related to pensions   | 6,413,832           |                           |
| Net pension asset   | <u>61,114,861</u>   | 67,648,673                |
| 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>938,658,855</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<br>Fund      | Capital<br>Resources<br>Fund | Special<br>Assessments<br>Fund | Street<br>Capital<br>Projects Fund | Non-major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|------------------------------|--------------------------------|------------------------------------|------------------------------------|--------------------------------|
| <b>REVENUES</b>   |                      |                              |                                |                                    |                                    |                                |
| 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  | 1,734,598            | 7,600                        | -                              | 2,605,008                          | 1,998,794                          | 6,346,000                      |
| 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                      |
| <b>TOTAL REVENUES</b>   | <b>120,782,429</b>   | <b>25,550,463</b>            | <b>1,035,745</b>               | <b>5,410,806</b>                   | <b>34,825,615</b>                  | <b>187,605,058</b>             |
| <b>EXPENDITURES</b>   |                      |                              |                                |                                    |                                    |                                |
| 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                     |
| <b>TOTAL EXPENDITURES</b>                                       | <b>96,076,570</b>    | <b>537,652</b>               | <b>6,110</b>                   | <b>16,939,344</b>                  | <b>40,570,169</b>                  | <b>154,129,845</b>             |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURE</b> | <b>24,705,859</b>    | <b>25,012,811</b>            | <b>1,029,635</b>               | <b>(11,528,538)</b>                | <b>(5,744,554)</b>                 | <b>33,475,213</b>              |
| <b>OTHER FINANCING SOURCES (USES)</b>                           |                      |                              |                                |                                    |                                    |                                |
| 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)                   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                     | <b>(18,352,070)</b>  | <b>(14,734,926)</b>          | <b>(852,363)</b>               | <b>11,802,519</b>                  | <b>16,491,797</b>                  | <b>(5,645,043)</b>             |
| <b>NET CHANGE IN FUND BALANCE</b>                               | <b>6,353,789</b>     | <b>10,277,885</b>            | <b>177,272</b>                 | <b>273,981</b>                     | <b>10,747,243</b>                  | <b>27,830,170</b>              |
| <b>FUND BALANCE, January 1</b>                                  | <b>47,265,740</b>    | <b>13,983,440</b>            | <b>97,612</b>                  | <b>20,679,475</b>                  | <b>52,509,029</b>                  | <b>134,535,296</b>             |
| <b>FUND BALANCE (DEFICIT), December 31</b>                      | <b>\$ 53,619,529</b> | <b>\$ 24,261,325</b>         | <b>\$ 274,884</b>              | <b>\$ 20,953,456</b>               | <b>\$ 63,256,272</b>               | <b>\$ 162,365,466</b>          |

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 \$ 27,830,170

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>695,555</u> | 642,255 |

Change in net position of governmental activities 52,236,538

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   | 5,326,718     |
| 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    | 9,951,498     |
| 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     | 12,446,445    |
| 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 | \$ 15,770,915 |

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 | 707,640           |
| Kent Events Center Fund          | 3,979,895         |
| Combined General Fund - Ending   | <b>53,619,529</b> |

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**

|   | <b>Budget</b>        |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | <b>Original</b>      | <b>Final</b>         | <b>Actual</b>        | <b>Variance</b>      |
| <b>REVENUES</b>   |                      |                      |                      |                      |
| 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                |
| <b>TOTAL REVENUES</b>   | <b>11,819,390</b>    | <b>11,836,430</b>    | <b>25,550,463</b>    | <b>13,714,033</b>    |
| <b>EXPENDITURES</b>   |                      |                      |                      |                      |
| 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               |
| <b>TOTAL EXPENDITURES</b>   | <b>701,640</b>       | <b>1,112,250</b>     | <b>537,652</b>       | <b>(574,598)</b>     |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                                  | <b>11,117,750</b>    | <b>10,724,180</b>    | <b>25,012,811</b>    | <b>14,288,631</b>    |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                      |                      |                      |                      |
| 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              |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>(11,894,820)</b>  | <b>(13,305,520)</b>  | <b>(14,734,926)</b>  | <b>(1,429,406)</b>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b> | <b>(777,070)</b>     | <b>(2,581,340)</b>   | <b>10,277,885</b>    | <b>12,859,225</b>    |
| <b>FUND BALANCES, January 1</b>   | <b>13,998,074</b>    | <b>13,998,074</b>    | <b>13,983,440</b>    | <b>(14,634)</b>      |
| <b>FUND BALANCES, December 31</b>   | <b>\$ 13,221,004</b> | <b>\$ 11,416,734</b> | <b>\$ 24,261,325</b> | <b>\$ 12,844,591</b> |

The accompanying notes are an integral part of the financial statements



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

|   | <b>Business-type Activities - Enterprise Funds</b> |                                   |                                      |
|---|--|-----------------------------------|--------------------------------------|
|   | <b>Water<br/>Utility<br/>Fund</b>                  | <b>Sewer<br/>Utility<br/>Fund</b> | <b>Drainage<br/>Utility<br/>Fund</b> |
| <b>ASSETS</b>   |  |                                   |                                      |
| <b>Current Assets:</b>  |  |                                   |                                      |
| 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                           |
| <b>Noncurrent Assets:</b>                                     |  |                                   |                                      |
| 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                          |
| <b>TOTAL ASSETS</b>   | <b>\$ 192,212,469</b>                              | <b>\$ 76,591,861</b>              | <b>\$ 210,309,267</b>                |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                         |  |                                   |                                      |
| Deferred outflows related to pensions                         | 256,186  | 123,676                           | 282,688                              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                   | <b>\$ 256,186</b>                                  | <b>\$ 123,676</b>                 | <b>\$ 282,688</b>                    |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>                     | <b>\$ 192,468,655</b>                              | <b>\$ 76,715,537</b>              | <b>\$ 210,591,955</b>                |

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>        |                       |                                |
| \$ 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>              |
| \$ <u>15,063,423</u>                               | \$ <u>543,398</u>  | \$ <u>495,382,968</u> | \$ <u>58,964,095</u>           |

Continued

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

|  | Business-type Activities - Enterprise Funds |                          |                             |
|--|---|--------------------------|-----------------------------|
|  | Water<br>Utility<br>Fund                    | Sewer<br>Utility<br>Fund | Drainage<br>Utility<br>Fund |
| <b>LIABILITIES AND FUND EQUITY</b>   |   |                          |                             |
| <b>Current Liabilities:</b>  |   |                          |                             |
| 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>            |
| <b>Noncurrent Liabilities:</b>   |   |                          |                             |
| 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<br>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>            |
| <b>TOTAL LIABILITIES</b>   | <u>\$ 30,401,770</u>                        | <u>\$ 474,181</u>        | <u>\$ 8,733,168</u>         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |   |                          |                             |
| Deferred inflows related to pensions   | 2,035,864                                   | 982,831                  | 2,246,469                   |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>   | <u>\$ 2,035,864</u>                         | <u>\$ 982,831</u>        | <u>\$ 2,246,469</u>         |
| <b>NET POSITION</b>  |   |                          |                             |
| Net investment in capital assets   | 115,018,324                                 | 58,560,466               | 163,133,208                 |
| Restricted for debt service  | -   | -                        | -                           |
| Restricted for pensions  | 1,942,084                                   | 937,558                  | 2,142,987                   |
| Unrestricted   | 43,070,613                                  | 15,760,501               | 34,336,123                  |
| <b>TOTAL NET POSITION</b>  | <u>160,031,021</u>                          | <u>75,258,525</u>        | <u>199,612,318</u>          |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>                             | <u>\$ 192,468,655</u>                       | <u>\$ 76,715,537</u>     | <u>\$ 210,591,955</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>        |                       |                                |  |
| \$ 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>            |  |
| <u>3,159,098</u>                                   | <u>140,403</u>     | <u>8,564,665</u>      | <u>4,984,353</u>               |  |
| \$ <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           | 17,299,037                     |  |
| -  | -                  | -                     | -                              |  |
| 3,013,577  | 133,936            | 8,170,142             | 4,754,754                      |  |
| (1,756,624)  | 178,382            | 91,588,995            | 22,842,463                     |  |
| <u>10,968,300</u>                                  | <u>312,318</u>     | <u>446,182,482</u>    | <u>44,896,254</u>              |  |
| \$ <u>15,063,423</u>                               | <u>543,398</u>     | \$ <u>495,382,968</u> | \$ <u>58,964,095</u>           |  |

Concluded

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

|   | <b>Business-type Activities - Enterprise Funds</b> |                                   |                                      |
|---|--|-----------------------------------|--------------------------------------|
|   | <b>Water<br/>Utility<br/>Fund</b>                  | <b>Sewer<br/>Utility<br/>Fund</b> | <b>Drainage<br/>Utility<br/>Fund</b> |
| <b>OPERATING REVENUES</b>                                 |  |                                   |                                      |
| 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                            | -                                    |
| <b>TOTAL OPERATING REVENUES</b>                           | <b>24,159,864</b>                                  | <b>34,918,925</b>                 | <b>21,532,206</b>                    |
| <b>OPERATING EXPENSES</b>                                 |  |                                   |                                      |
| 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                            |
| <b>TOTAL OPERATING EXPENSES</b>                           | <b>18,463,313</b>                                  | <b>32,813,582</b>                 | <b>20,217,182</b>                    |
| <b>OPERATING INCOME (LOSS)</b>                            | <b>5,696,551</b>                                   | <b>2,105,343</b>                  | <b>1,315,024</b>                     |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                  |  |                                   |                                      |
| 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                 | -  | -                                 | -                                    |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>            | <b>(1,250,899)</b>                                 | <b>(72,402)</b>                   | <b>(260,826)</b>                     |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b> | <b>4,445,652</b>                                   | <b>2,032,941</b>                  | <b>1,054,198</b>                     |
| Capital contributions                                     | 2,581,394  | 344,073                           | 8,679,444                            |
| Transfers in  | 220,966  | -                                 | 77,813                               |
| Transfers out   | (218,832)  | (254,707)                         | (312,954)                            |
| <b>INCREASE (DECREASE) IN NET POSITION</b>                | <b>7,029,180</b>                                   | <b>2,122,307</b>                  | <b>9,498,501</b>                     |
| <b>NET POSITION, January 1</b>                            | <b>153,001,841</b>                                 | <b>73,136,218</b>                 | <b>190,113,817</b>                   |
| <b>NET POSITION, December 31</b>                          | <b>\$ 160,031,021</b>                              | <b>\$ 75,258,525</b>              | <b>\$ 199,612,318</b>                |

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>        |                       |                                |
| \$ 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>\$ 10,968,300</u>                               | <u>\$ 312,318</u>  | <u>\$ 446,182,482</u> | <u>\$ 44,896,254</u>           |

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

|   | <b>Business-type Activities - Enterprise Funds</b> |                                      |                                      |
|---|--|--------------------------------------|--------------------------------------|
|   | <b>Water<br/>Utility<br/>Fund</b>                  | <b>Sewerage<br/>Utility<br/>Fund</b> | <b>Drainage<br/>Utility<br/>Fund</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                               |  |                                      |                                      |
| 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                            |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                    |  |                                      |                                      |
| 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                               |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>           |  |                                      |                                      |
| Proceeds from sale of capital assets                                      | 124,876  | -                                    | 208,661                              |
| Principal repayment on interfund capital loan                             | -  | -                                    | -                                    |
| Transfer of plant to Governmental Capital Assets                          | -  | -                                    | -                                    |
| 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                            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                               |  |                                      |                                      |
| 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)                         |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>               | <b>(7,250,223)</b>                                 | <b>(666,407)</b>                     | <b>(452,167)</b>                     |
| <b>CASH AND CASH EQUIVALENTS, January 1</b>                               | <b>21,421,371</b>                                  | <b>4,806,789</b>                     | <b>10,898,217</b>                    |
| <b>CASH AND CASH EQUIVALENTS, December 31</b>                             | <b>\$ 14,171,148</b>                               | <b>\$ 4,140,382</b>                  | <b>\$ 10,446,050</b>                 |
| <b>CASH AND EQUITY IN POOLED INVESTMENTS AT DECEMBER 31 CONSISTS OF:</b>  |  |                                      |                                      |
| 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                                |
|   | <b>\$ 14,171,148</b>                               | <b>\$ 4,140,382</b>                  | <b>\$ 10,446,050</b>                 |

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               |  |
| (209,056)                                   | (426,886)                  | 22,743,840    | 74,022                  |  |
| 33,501                                      | 190,045                    | 451,970       | 100,280                 |  |
| (6,336)                                     | -                          | (6,336)       | -                       |  |
| 186,337                                     | -                          | 200,060       | 4,400,000               |  |
| -   | -                          | (162,790)     | (351,271)               |  |
| 213,502                                     | 190,045                    | 482,904       | 4,149,009               |  |
| 120,232                                     | -                          | 453,769       | 219,883                 |  |
| -   | -                          | -             | 100,404                 |  |
| -   | -                          | -             | 816,998                 |  |
| (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)                 |  |
| (1,717,635)                                 | -                          | (10,942,656)  | 388,556                 |  |
| (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)               |  |
| 583,940                                     | 66,435                     | (21,952,540)  | (8,363,748)             |  |
| (1,129,249)                                 | (170,406)                  | (9,668,452)   | (3,752,161)             |  |
| 1,657,334                                   | 269,719                    | 39,053,430    | 14,990,739              |  |
| \$ 528,085                                  | \$ 99,313                  | \$ 29,384,978 | \$ 11,238,578           |  |
| \$ 485,822                                  | \$ 99,313                  | \$ 29,229,270 | \$ 11,194,016           |  |
| 42,263                                      | -                          | 155,708       | 44,562                  |  |
| \$ 528,085                                  | \$ 99,313                  | \$ 29,384,978 | \$ 11,238,578           |  |

Continued



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

|  | <b>Business-type Activities - Enterprise Funds</b> |                                      |                                      |
|--|--|--------------------------------------|--------------------------------------|
|  | <b>Water<br/>Utility<br/>Fund</b>                  | <b>Sewerage<br/>Utility<br/>Fund</b> | <b>Drainage<br/>Utility<br/>Fund</b> |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>     |  |                                      |                                      |
| Operating income (loss)  | \$ 5,696,551                                       | \$ 2,105,343                         | \$ 1,315,024                         |
| Adjustments to reconcile operating income to<br>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                            |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>   | <b>\$ 9,915,245</b>                                | <b>\$ 4,345,992</b>                  | <b>\$ 9,118,545</b>                  |
| <b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES</b>             |  |                                      |                                      |
| 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>\$ 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**

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

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**

|   | <b>Pension &amp; Other<br/>OPEB<br/>Trust Funds</b> | <b>VNET<br/>Custodial<br/>Fund</b> |
|---|---|------------------------------------|
| <b>ADDITIONS</b>  |   |                                    |
| 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                             |
| <b>TOTAL ADDITIONS</b>                                  | <b>327,398</b>                                      | <b>698,239</b>                     |
| <b>DEDUCTIONS</b>                                       |   |                                    |
| Benefits  | 200,000   | -                                  |
| Administrative Expense                                  | 194,824   | 355,843                            |
| Payments to other governments                           | -   | 110,930                            |
| <b>TOTAL DEDUCTIONS</b>                                 | <b>394,824</b>                                      | <b>466,773</b>                     |
| <b>CHANGE IN NET POSITION</b>                           | <b>(67,426)</b>                                     | <b>231,466</b>                     |
| <b>NET POSITION RESTRICTED, January 1</b>               | <b>2,228,257</b>                                    | <b>1,191,625</b>                   |
| <b>NET POSITION RESTRICTED, December 31</b>             | <b>\$ 2,160,831</b>                                 | <b>\$ 1,423,091</b>                |

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.

| <b>Fund</b>                     | <b>Original<br/>Budget</b> | <b>Supplemental<br/>Appropriations</b> | <b>Final<br/>Budget</b> |
|---------------------------------|----------------------------|--|-------------------------|
| 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               |
| <b>Total</b>                    | <b>\$ 116,827,550</b>      | <b>\$ 33,362,525</b>                   | <b>\$ 150,190,075</b>   |

#### 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 162-165. 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 |
|--|---------------------|-----------------------|-----------------------------|-------------------------|------------------|--------------|----------------------|
| <b>Revenues:</b>   |                     |                       |                             |                         |                  |              |                      |
| Taxes  | \$ 94,818,816       | -                     | -                           | -                       | -                | -            | \$ 94,818,816        |
| Licenses & permits   | 7,171,129           | -                     | -                           | -                       | -                | -            | 7,171,129            |
| Grants/shared revenues   | 3,297,871           | -                     | -                           | 1,633,435               | -                | -            | 4,931,306            |
| Charges for service  | 5,328,184           | -                     | -                           | -                       | 3,951,519        | -            | 9,279,703            |
| Fines & forfeitures  | 809,293             | -                     | -                           | -                       | -                | -            | 809,293              |
| Interest income  | (314,780)           | (13,573)              | -                           | 1,153                   | 6,198            | -            | (321,002)            |
| Unrealized net gain/(loss) in fair value of investments          | -                   | -                     | -                           | -                       | -                | -            | -                    |
| 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              |
| <b>Total Revenues</b>  | <b>112,588,668</b>  | <b>949,964</b>        | <b>13,600</b>               | <b>3,272,480</b>        | <b>3,957,717</b> | <b>-</b>     | <b>120,782,429</b>   |
| <b>Expenditures:</b>   |                     |                       |                             |                         |                  |              |                      |
| <b>Current:</b>  |                     |                       |                             |                         |                  |              |                      |
| 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              |
| <b>Total expenditures</b>  | <b>86,727,530</b>   | <b>1,510,760</b>      | <b>151,865</b>              | <b>3,728,698</b>        | <b>3,957,717</b> | <b>-</b>     | <b>96,076,570</b>    |
| <b>Excess (Deficiency) of Revenues over (under) Expenditures</b> | <b>25,861,138</b>   | <b>(560,796)</b>      | <b>(138,265)</b>            | <b>(456,218)</b>        | <b>-</b>         | <b>-</b>     | <b>24,705,859</b>    |
| <b>Other Financing Sources (Uses)</b>                            |                     |                       |                             |                         |                  |              |                      |
| Issuance of installment note                                     | -                   | -                     | -                           | 500,000                 | -                | -            | 500,000              |
| Transfers in* (see below)  | 1,442,364           | 250,000               | 248,175                     | 945,268                 | -                | -            | 2,885,807            |
| Transfers out* (see below)                                       | (21,612,877)        | -                     | (125,000)                   | -                       | -                | -            | (21,737,877)         |
| <b>Total other financing Sources (Uses)</b>                      | <b>(20,170,513)</b> | <b>250,000</b>        | <b>123,175</b>              | <b>1,445,268</b>        | <b>-</b>         | <b>-</b>     | <b>(18,352,070)</b>  |
| <b>Net Change in Fund Balance</b>                                | <b>5,690,625</b>    | <b>(310,796)</b>      | <b>(15,090)</b>             | <b>989,050</b>          | <b>-</b>         | <b>-</b>     | <b>6,353,789</b>     |
| <b>Fund Balance, January 1</b>                                   | <b>41,969,901</b>   | <b>1,582,264</b>      | <b>722,730</b>              | <b>2,990,845</b>        | <b>-</b>         | <b>-</b>     | <b>47,265,740</b>    |
| <b>Fund Balance, December 31</b>                                 | <b>47,660,526</b>   | <b>1,271,468</b>      | <b>707,640</b>              | <b>3,979,085</b>        | <b>-</b>         | <b>-</b>     | <b>53,619,529</b>    |

\* 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)          |
|                              | <b>Total eliminations</b>   | <b>(1,268,443)</b> |

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. Unavailable revenue reported 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 176-178 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:

| <b>Depreciation Schedule</b> |             |
|------------------------------|-------------|
| 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.

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:

|   | <b>Total<br/>Governmental<br/>Funds</b> | <b>Long-term<br/>Assets /<br/>Liabilities (1)</b> | <b>Internal<br/>Service<br/>Funds (2)</b> | <b>Eliminations/<br/>Reclass (3)</b> | <b>Statement of<br/>Net Position</b> |
|---|---|---|---|--------------------------------------|--------------------------------------|
| <b>Assets:</b>                              |   |   |   |                                      |                                      |
| Cash & cash equivalents                     | \$ 48,867,178                           | -   | 11,194,016                                | -                                    | 60,061,194                           |
| Investments at fair value                   | 103,134,216                             | -   | 23,711,606                                | -                                    | 126,845,822                          |
| 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                            |
| Cash and cash equivalents                   | 5,500,170                               | -   | -   | -                                    | 5,500,170                            |
| Investments                                 | 11,528,220                              | -   | -   | -                                    | 11,528,220                           |
| 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                          |
| <b>Total Assets</b>                         | <b>\$ 197,505,215</b>                   | <b>842,202,883</b>                                | <b>58,336,881</b>                         | <b>(2,423,118)</b>                   | <b>1,095,621,861</b>                 |
| <b>Deferred outflows of resources:</b>      |   |   |   |                                      |                                      |
| Deferred loss on bond refunding             | -                                       | 37,303,337  | -   | -                                    | 37,303,337                           |
| Deferred outflows related to OPEB           | -                                       | 119,980   | -   | -                                    | 119,980                              |
| Deferred outflows related to pensions       | -                                       | 6,413,832   | 627,214                                   | -                                    | 7,041,046                            |
| <b>Total deferred outflows</b>              | <b>-</b>                                | <b>43,837,149</b>                                 | <b>627,214</b>                            | <b>-</b>                             | <b>44,464,363</b>                    |
| <b>Total assets &amp; deferred outflows</b> | <b>\$ 197,505,215</b>                   | <b>886,040,032</b>                                | <b>58,964,095</b>                         | <b>(2,423,118)</b>                   | <b>1,140,086,224</b>                 |
| <b>Liabilities:</b>                         |   |   |   |                                      |                                      |
| Vouchers payable                            | \$ 4,707,881                            | -   | 1,045,484                                 | -                                    | 5,753,365                            |
| Accounts/payroll payable                    | 5,743,350                               | (140,258)   | 413,747                                   | -                                    | 6,016,839                            |
| <b>Total</b>                                |   | <b>Long-term</b>                                  | <b>Internal</b>                           |                                      |                                      |
|   | <b>Governmental</b>                     | <b>Assets /</b>                                   | <b>Service</b>                            | <b>Eliminations/</b>                 | <b>Statement of</b>                  |

|   | Funds          | Liabilities (1) | Funds (2)  | Reclass (3) | Net Position  |
|---|----------------|-----------------|------------|-------------|---------------|
| Incurring 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  | 18,569,220     | -               | -          | -           | 18,569,220    |
| 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   | \$ 31,515,183  | 110,005,675     | 9,083,488  | (2,423,118) | 148,181,228   |
| <b>Deferred Inflows:</b>  |                |                 |            |             |               |
| Unavailable revenue   | 3,624,566      | (1,113,422)     | -          | -           | 2,511,144     |
| Deferred inflows related to pensions                            | -              | 45,750,644      | 4,984,353  | -           | 50,734,997    |
| Total deferred inflows  | 3,624,566      | 44,637,222      | 4,984,353  | -           | 53,246,141    |
| Total Liabilities & Deferred Inflows                            | \$ 35,139,749  | 154,642,897     | 14,067,841 | (2,423,118) | 201,427,369   |
| <b>Fund Balance/Net Position:</b>                               |                |                 |            |             |               |
| Total fund balance/net position                                 | \$ 162,365,466 | 731,397,135     | 44,896,254 | -           | 938,658,855   |
| Total liabilities, deferred inflows & fund balance/net position | \$ 197,505,215 | 886,040,032     | 58,964,095 | (2,423,118) | 1,140,086,224 |

- (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 OPEB     | \$ 119,980    |
| Deferred outflows related to pensions | 6,413,832     |
| Net pension asset                     | 61,114,861    |
|                                       | \$ 67,648,673 |

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 |
|-------------------------------------|---------------|

- (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<br>Governmental<br>Funds | Revenues/<br>Expenses (1) | Capital Asset<br>Transactions (2) | Debt<br>Transactions (3) | Internal<br>Service<br>Funds (4) | Eliminations/<br>Reclass (5) | Statement<br>of<br>Activities |
|---|--------------------------------|---------------------------|-----------------------------------|--------------------------|----------------------------------|------------------------------|-------------------------------|
| <b>Revenues:</b>                                    |                                |                           |                                   |                          |                                  |                              |                               |
| 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                          | 25,219,734                     | -                         | -                                 | 650,588                  | -                                | -                            | 25,870,322                    |
| 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<br>FMV of investments | (2,300,225)                    | -                         | -                                 | -                        | (531,341)                        | -                            | (2,831,566)                   |
| Gain(loss) on disposal of capital<br>assets         | -                              | -                         | 1,057,305                         | -                        | (1,023,913)                      | -                            | 33,392                        |
| 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                                       | \$ 187,605,058                 | (392,787)                 | 1,057,305                         | 650,588                  | 994,557                          | -                            | 189,914,721                   |
| <b>Expenditures/Expenses:</b>                       |                                |                           |                                   |                          |                                  |                              |                               |
| Current:  |                                |                           |                                   |                          |                                  |                              |                               |
| General government                                  | 13,853,461                     | -                         | 1,020,774                         | (1,730,830)              | 63,103                           | -                            | 13,206,508                    |
| Judicial  | 3,386,007                      | -                         | 49,576                            | (499,698)                | 42,404                           | -                            | 2,978,289                     |
| Public safety                                       | 59,540,990                     | -                         | 235,301                           | (6,867,539)              | 1,154,597                        | -                            | 54,063,349                    |
| Community development                               | 7,641,488                      | -                         | -                                 | (1,088,788)              | 136,623                          | -                            | 6,689,323                     |
| Public works  | 15,881,550                     | -                         | 13,956,512                        | (3,168,607)              | (53,245)                         | -                            | 26,616,210                    |
| Leisure services                                    | 17,893,462                     | -                         | 6,679,205                         | (1,935,023)              | 225,794                          | -                            | 22,863,438                    |
| Health & human services                             | 8,944,190                      | -                         | 6,181                             | (1,114,148)              | 129,438                          | -                            | 7,965,661                     |
| Debt service:                                       |                                |                           |                                   |                          |                                  |                              |                               |
| Principal   | 5,287,190                      | -                         | -                                 | (5,287,190)              | -                                | -                            | -                             |
| 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       | (17,841)         | 3,355,688      | (18,339,118)      | 1,698,714        | -            | 140,827,288       |
| <b>Other sources/(uses):</b>                        |                      |                  |                |                   |                  |              |                   |
| 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         |
| <b>Net change in fund balance/<br/>net position</b> | <b>\$ 27,830,170</b> | <b>(374,946)</b> | <b>819,545</b> | <b>18,489,706</b> | <b>5,472,063</b> | <b>-</b>     | <b>52,236,538</b> |

- (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           | 695,555           |
|                                 | <u>\$ 642,255</u> |

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  | (4,458)             |
|                | <u>\$ (122,702)</u> |

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 | (21,947,549)          |
|                      | <u>\$ (3,355,688)</u> |

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

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

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)

- (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 |
|--------------------|--------------|

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) |
|-------------------|--------------|

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 | (4,075,306)           |
|                                   | <u>\$ (3,352,705)</u> |

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 | 15,780,219           |
|                           | <u>\$ 16,430,807</u> |

- (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 |
|--------------|

- (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 | 48,928,420      |
|               | <u>\$ -</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                     | \$ 89,290,464         |
| Investments, at fair value                  | 188,718,252           |
| Restricted cash with fiscal agent/trustee   | 1,939,500             |
| Restricted cash & cash equivalents          | 5,574,296             |
| Restricted investments                      | 11,685,788            |
| <b>Total from Statement of Net Position</b> | <b>\$ 297,208,300</b> |

**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           |
| <b>Total by Type</b>               | <b>\$ 297,208,300</b> |

**COMPONENT UNIT****Special Events Center PFD:**

|                                     |                  |
|-------------------------------------|------------------|
| Cash on hand and in bank            | \$ 11,270        |
| Investments                         | 21,228           |
| <b>Total Cash &amp; Investments</b> | <b>\$ 32,498</b> |

**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 |                  |               |
| <b>U.S. Treasury</b>                    |         |     | <b>Total</b>     | <b>60.32%</b> |
| United States Treasury                  | Aaa     | AA+ |                  | 60.32%        |
| <b>Federal Agency</b>                   |         |     | <b>Total</b>     | <b>13.79%</b> |
| Fannie Mae                              | Aaa     | AA+ |                  | 7.89%         |
| Federal Home Loan Banks                 | Aaa     | AA+ |                  | 1.28%         |
| Freddie Mac                             | Aaa     | AA+ |                  | 4.62%         |
| <b>Corporate Note</b>                   |         |     | <b>Total</b>     | <b>17.74%</b> |
| 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%         |
| 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%         |
| <b>Supranational</b>                    |         |     | <b>Total</b>     | <b>5.95%</b>  |
| 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%         |
| <b>Municipal</b>                        |         |     | <b>Total</b>     | <b>2.20%</b>  |
| 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%         |

<sup>1</sup> 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<br>In Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Investments by fair value level</b>        |               |  |   |  |
| 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  | \$ -   |
| <b>Investments measured at amortized cost</b> |               |  |   |  |
| 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:

|                                  | <b>Taxes</b>        | <b>Accounts</b>      | <b>Allowances for<br/>Uncollectable</b> | <b>Assessments<br/>&amp; Notes</b> | <b>Accrued<br/>Interest</b> | <b>Total</b>         |
|----------------------------------|---------------------|----------------------|---|------------------------------------|-----------------------------|----------------------|
| <b>Governmental Activities:</b>  |                     |                      |   |                                    |                             |                      |
| 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              | (1,080)                                 | -                                  | -                           | 370,960              |
| Subtotal                         | \$17,988,188        | \$ 4,288,081         | \$ (19,043)                             | \$ 3,222,890                       | \$581,773                   | \$ 26,061,889        |
| <b>Business-Type Activities:</b> |                     |                      |   |                                    |                             |                      |
| 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        |
| <b>Total Primary Government</b>  | <b>\$17,988,188</b> | <b>\$ 14,538,397</b> | <b>\$ (44,068)</b>                      | <b>\$ 3,222,890</b>                | <b>\$581,773</b>            | <b>\$ 36,287,180</b> |
| <b>Component Unit:</b>           |                     |                      |   |                                    |                             |                      |
| Special Events Center PFD        | \$ 236,205          | \$ -                 | \$ -                                    | \$ -                               | \$ -                        | \$ 236,205           |
| <b>Total Component Unit</b>      | <b>\$ 236,205</b>   | <b>\$ -</b>          | <b>\$ -</b>                             | <b>\$ -</b>                        | <b>\$ -</b>                 | <b>\$ 236,205</b>    |

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

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 |
|---------------------------------------|---------------|---------------|
| <b><u>Governmental Funds:</u></b>     |               |               |
| <b><u>Major Funds:</u></b>            |               |               |
| 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 |
| <b><u>Non-major Funds:</u></b>        |               |               |
| Street                                | \$ 6,957,542  | \$ 8,015,779  |
| Youth/Teen Programs                   | -             | 814,254       |
| Criminal Justice                      | 705,000       | 403,110       |
| 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 |
| <b><u>Proprietary Funds:</u></b>      |               |               |
| <b><u>Major Funds:</u></b>            |               |               |
| 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    |
| <b><u>Internal Service Funds:</u></b> |               |               |
| 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 176-178.

## 7. CAPITAL ASSETS AND DEPRECIATION

### a. GOVERNMENTAL ACTIVITIES CAPITAL ASSETS

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

|  | Balance<br>January 1  | Additions            | Transfers &<br>Retirements | Balance<br>December 31 |
|--|-----------------------|----------------------|----------------------------|------------------------|
| <b>Governmental Activities:</b>                    |                       |                      |                            |                        |
| 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            |
| <b>Governmental Activities Capital Assets, net</b> | <b>\$ 789,083,498</b> | <b>\$ 84,676,842</b> | <b>\$(86,275,258)</b>      | <b>\$ 787,485,082</b>  |

### b. BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS

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

|                                       | Balance<br>January 1 | Additions  | Transfers &<br>Retirements | Balance<br>December 31 |
|---------------------------------------|----------------------|------------|----------------------------|------------------------|
| <b>Business-type Activities:</b>      |                      |            |                            |                        |
| 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<br>January 1 | Additions | Transfers &<br>Retirements | Balance<br>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           |
| <b>Business-type Activities Capital Assets, net</b> | <b>\$ 375,004,660</b> | <b>\$ 38,815,145</b> | <b>\$ (32,364,918)</b> | <b>\$ 381,454,887</b> |

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

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

|   |               |
|---|---------------|
| <b>Governmental Activities:</b>                       |               |
| 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 |
| <b>Business-type Activities:</b>                      |               |
| 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:

| <b>Year-Ending<br/>December 31</b>            | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> |
|---|------------------------------------|-------------------------------------|
| 2022  | \$ 42,133                          | \$ 117,423                          |
| 2023  | 38,208                             | -                                   |
| Total Minimum<br>Lease Payments               | \$ 80,341                          | \$ 117,423                          |
| Less: Interest                                | \$ 3,359                           | \$ 2,191                            |
| Less: Insurance                               | \$ 6,154                           | -                                   |
| Present Value of<br>Minimum Lease<br>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:

**LONG-TERM DEBT - GOVERNMENTAL ACTIVITIES**

|                                 | Issuance<br>Date | Maturity<br>Date | Interest<br>Rate | Original<br>Amount | Redemption<br>to Date | Outstanding<br>12/31/21 | Due Within<br>One Year |
|---------------------------------|------------------|------------------|------------------|--------------------|-----------------------|-------------------------|------------------------|
| <b>BONDED DEBT:</b>             |                  |                  |                  |                    |                       |                         |                        |
| <b>GENERAL OBLIGATION BONDS</b> |                  |                  |                  |                    |                       |                         |                        |

# City of Kent

## Notes to the Financial Statements December 31, 2021

### LTGO Councilmanic Bonds:

|  |      |      |           |              |              |            |            |
|--|------|------|-----------|--------------|--------------|------------|------------|
| 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  | -          |
| <b>LTGO Councilmanic Bonds – direct borrowing:</b> |      |      |           |              |              |            |            |
| 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 |
|---|---------------|---------------|---------------|-----------------|--------------------|----------------------|---------------------|
| <b>BONDED DEBT:</b>   |               |               |               |                 |                    |                      |                     |
| <b>GENERAL OBLIGATION BONDS:</b>                              |               |               |               |                 |                    |                      |                     |
| <b>LTGO Councilmanic Bonds:</b>                               |               |               |               |                 |                    |                      |                     |
| <b>Sewerage Fund:</b>   |               |               |               |                 |                    |                      |                     |
| 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          | -                    | -                   |
| <b>REVENUE BONDS:</b>   |               |               |               |                 |                    |                      |                     |
| <b>Water Fund:</b>  |               |               |               |                 |                    |                      |                     |
| 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             |
| <b>Drainage Fund:</b>   |               |               |               |                 |                    |                      |                     |
| 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           |
| <b>OTHER LONG-TERM DEBT:</b>                                  |               |               |               |                 |                    |                      |                     |
| <b>Water Fund:</b>  |               |               |               |                 |                    |                      |                     |
| 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             |
| <b>Public Works Trust Fund Loans—direct borrowings:</b>       |               |               |               |                 |                    |                      |                     |
| 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           |
| <b>Drainage Fund:</b>   |               |               |               |                 |                    |                      |                     |
| <b>Public Works Trust Fund Loans-direct borrowings:75,000</b> |               |               |               |                 |                    |                      |                     |
| 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              |

|                                 | Issuance Date | Maturity Date | Interest Rate | Original Amount | Redemption to Date | Outstanding 12/31/21 | Due Within One Year |
|---------------------------------|---------------|---------------|---------------|-----------------|--------------------|----------------------|---------------------|
| <b>Golf Complex Fund:</b>       |               |               |               |                 |                    |                      |                     |
| Capital lease-direct borrowings | 2018          | 2022          | 5.05%         | 639,447         | 524,215            | 115,232              | 115,232             |

# City of Kent

# Notes to the Financial Statements December 31, 2021

|   |                      |                      |                      |                     |
|---|----------------------|----------------------|----------------------|---------------------|
| 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           |
| <b>TOTAL BUSINESS TYPE ACTIVITIES (Net)</b> | <b>\$ 67,703,213</b> | <b>\$ 32,671,671</b> | <b>\$ 35,031,542</b> | <b>\$ 2,616,482</b> |

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

| Year          | Governmental Activities |                     |                   |             | Business-type Activities |             | Totals              |                     |
|---------------|-------------------------|---------------------|-------------------|-------------|--------------------------|-------------|---------------------|---------------------|
|               | Principal               | Interest            | Direct borrowings |             | Principal                | Interest    | Principal           | Interest            |
| 2022          | \$ 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           |
| 2024          | 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           |
| 2026          | 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           |
| 2032-2036     | 17,220,000              | 2,654,000           | -                 | -           | -                        | -           | 17,220,000          | 2,654,000           |
| 2037-2041     | 3,605,000               | 108,150             | -                 | -           | -                        | -           | 3,605,000           | 108,150             |
| <b>Totals</b> | <b>\$62,815,000</b>     | <b>\$22,087,600</b> | <b>\$ -</b>       | <b>\$ -</b> | <b>\$ -</b>              | <b>\$ -</b> | <b>\$62,815,000</b> | <b>\$22,087,600</b> |

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            |
| <b>Total</b> | <b>\$ 5,505,000</b> | <b>\$ 1,305,750</b> | <b>\$ 5,505,000</b>    | <b>\$ 1,305,750</b> | <b>\$ 13,621,500</b> |

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

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

## 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 |
|-------------------------------|---------------|---------------|---------------|-----------------|--------------------|----------------------|---------------------|
| <b>OTHER NON-BONDED DEBT:</b> |               |               |               |                 |                    |                      |                     |
| 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<br>Balances | Additions     | Reductions    | Ending<br>Balances | Amount Due<br>Within<br>One Year | Amount Due<br>In More Than<br>One Year |
|---|-----------------------|---------------|---------------|--------------------|----------------------------------|--|
| <b>GOVERNMENTAL ACTIVITIES:</b>                 |                       |               |               |                    |                                  |  |
| <b>Bonds payable:</b>                           |                       |               |               |                    |                                  |  |
| 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                             |
| <b>Non-bonded long-term liabilities:</b>        |                       |               |               |                    |                                  |  |
| 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                              |
| Total OPEB 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                          |
| <b>BUSINESS TYPE ACTIVITIES:</b>                |                       |               |               |                    |                                  |  |
| <b>Bonds payable:</b>                           |                       |               |               |                    |                                  |  |
| 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                             |
| <b>Non-bonded long-term liabilities:</b>        |                       |               |               |                    |                                  |  |
| 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                          |
| <b>SPECIAL EVENTS CENTER PFD:</b>               |                       |               |               |                    |                                  |  |
| <b>Non-bonded long-term liabilities:</b>        |                       |               |               |                    |                                  |  |
| Interlocal financing agreement                  | 47,150,000            | -             | 150,000       | 47,000,000         | 235,000                          | 46,765,000                             |
| Installment 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> |
|--|-------------------|

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.

| <b>Aggregate Pension Amounts – All Plans</b> |               |
|--|---------------|
| 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](http://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:

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

\* 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:

| <b>PERS Plan 2/3</b>              |                     |                    |
|-----------------------------------|---------------------|--------------------|
| <b>Actual Contribution Rates:</b> | <b>Employer 2/3</b> | <b>Employee 2*</b> |
| 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             |
| <b>Total</b>                      | <b>12.97%</b>       | <b>7.90%</b>       |
| July through December 2021        |                     |                    |
| PERS Plan 2/3                     | 6.36%               | 6.36%              |
| PERS Plan 1 UAAL                  | 3.71%               |                    |
| Administrative fee                | 0.18%               |                    |
| <b>PERS Plan 2/3</b>              |                     |                    |
| <b>Actual Contribution Rates:</b> | <b>Employer 2/3</b> | <b>Employee 2*</b> |
| July Through December 2021        |                     |                    |
| Employee PERS Plan 3              |                     | Varies             |
| <b>Total</b>                      | <b>10.25%</b>       | <b>6.36%</b>       |

\* 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:

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

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:

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

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<br>Expected Real Rate of<br>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<br>(6.40%) | Current Discount<br>Rate (7.40%) | 1% Increase<br>(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:

| <b>Plan</b> | <b>Liability (Asset)</b> |
|-------------|--------------------------|
| 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:

|   | <b>LEOFF 1 Asset</b>   | <b>LEOFF 2 Asset</b>   |
|---|------------------------|------------------------|
| 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)           |
| <b>TOTAL</b>  | <b>\$ (37,644,744)</b> | <b>\$ (48,341,626)</b> |

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

| <b>Plan</b> | <b>Proportionate Share 6/30/21</b> | <b>Proportionate Share 6/30/20</b> | <b>Change in Proportion</b> |
|-------------|------------------------------------|------------------------------------|-----------------------------|
| 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<br>of Resources | Deferred Inflows<br>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                           | -                                |
| <b>TOTAL</b>   | <b>\$ 941,037</b>                 | <b>\$ 4,352,601</b>              |

| PERS 2/3  | Deferred Outflows<br>of Resources | Deferred Inflows<br>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<br>of Resources | Deferred Inflows<br>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           | -                    |
| <b>TOTAL</b>   | <b>\$ 4,200,348</b> | <b>\$ 36,505,065</b> |

| <b>PSERS 2</b>   | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> |
|--|---------------------------------------|--------------------------------------|
| 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                                | -                                    |
| <b>TOTAL</b>   | <b>\$ 172,234</b>                     | <b>\$ 701,211</b>                    |

| <b>LEOFF 1</b>   | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> |
|--|---------------------------------------|--------------------------------------|
| 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   | -                                     | -                                    |
| <b>TOTAL</b>   | <b>\$ -</b>                           | <b>\$ 1,481,559</b>                  |

| <b>LEOFF 2</b>   | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> |
|--|---------------------------------------|--------------------------------------|
| 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                               | -                                    |
| <b>TOTAL</b>   | <b>\$ 2,760,506</b>                   | <b>\$ 16,259,226</b>                 |

| <b>Total – All Plans</b> | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> |
|--------------------------|---------------------------------------|--------------------------------------|
|--------------------------|---------------------------------------|--------------------------------------|

|  |                     |                      |
|--|---------------------|----------------------|
| Difference between expected and actual experience  | \$ 3,310,998        | \$ 636,383           |
| Net difference between projected and actual investment earnings on pension plan 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           | -                    |
| <b>TOTAL</b>   | <b>\$ 8,074,125</b> | <b>\$ 59,299,662</b> |

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:

| <b>Year Ended<br/>December 31:</b> | <b>PERS 1</b>        | <b>PERS 2/3</b>       | <b>PSERS 2</b>      | <b>LEOFF 1</b>       | <b>LEOFF 2</b>         |
|------------------------------------|----------------------|-----------------------|---------------------|----------------------|------------------------|
| 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                |
| <b>Totals</b>                      | <b>\$(4,352,601)</b> | <b>\$(33,834,041)</b> | <b>\$ (614,619)</b> | <b>\$(1,481,559)</b> | <b>\$ (14,034,838)</b> |

#### (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<br>GASB Statement No. 67 Net Pension Liability |                   |                   |  |
|---|-------------------|-------------------|--|
|   | December 31, 2020 | December 31, 2021 |  |
| 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<br>total pension liability               | 82.35%            | 72.73%            |  |
| Covered payroll   | 0                 | 0                 |  |
| Net pension liability as a % of covered<br>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<br>Ending<br>December 31 | Net<br>Money-Weighted<br>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.

|                         | 1%<br>Decrease<br>1.00% | Current<br>Discount Rate<br>2.00% | 1%<br>Increase<br>3.00% |
|-------------------------|-------------------------|-----------------------------------|-------------------------|
| Total pension liability | \$ 3,257,005            | \$ 2,978,414                      | \$ 2,736,431            |
| Fiduciary net position  | 2,166,146               | 2,166,146                         | 2,166,146               |
| 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.

| <b>Asset Class</b>                       | <b>Index</b>                         | <b>Long-term Expected<br/>Real Rate of Return</b> |
|--|--------------------------------------|---|
| 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%   |
| <b>Long-Term Expected Rate of Return</b> |                                      | <b>2.00%</b>                                      |

#### **Firefighters' Pension Fund Changes in Net Pension Liability**



|   | Increase (Decrease)     |                             |                       |
|---|-------------------------|-----------------------------|-----------------------|
|   | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|   | (a)                     | (b)                         | (a) – (b)             |
| <b>Changes in Net Pension Liability</b>             |                         |                             |                       |
| 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   | -                              | -                             |
| <b>TOTAL</b>   | <b>\$ 44,669</b>               | <b>\$ -</b>                   |

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:

| <b>Aggregate OPEB Amounts – All Plans</b> |               |
|---|---------------|
| OPEB Liabilities                          | \$ 24,532,979 |
| OPEB Assets                               | -             |
| Deferred outflows of resources            | 119,980       |
| 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:

| <b>Category</b>  | <b>Count</b> |
|--|--------------|
| 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)<br>Total OPEB<br>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 | Discount Rate | 1% Increase |
|-------------|---------------|-------------|

|                      | 0.84%         | 1.84%         | 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<br>4.40% | Trend Rate<br>5.40% | 1% Increase<br>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)<br>Total OPEB<br>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<br>0.84% | Discount Rate<br>1.84% | 1% Increase<br>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:

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

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

| <b>Year Ended<br/>December 31:</b> | <b>Amount</b> |
|------------------------------------|---------------|
| 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 156-159 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:

| <b>City</b>   | <b>Dispatchable<br/>Calls</b> | <b>Percent<br/>of Total</b> |
|---------------|-------------------------------|-----------------------------|
| 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%                     |
| <b>Totals</b> | <b>381,937</b>                | <b>100.00%</b>              |

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 (EPSCA). 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:

| <b>Kent</b> | <b>Renton</b> | <b>Auburn</b> | <b>Tukwila</b> | <b>Federal Way</b> | <b>Total</b> |
|-------------|---------------|---------------|----------------|--------------------|--------------|
|-------------|---------------|---------------|----------------|--------------------|--------------|

|                       |               |              |              |              |              |               |
|-----------------------|---------------|--------------|--------------|--------------|--------------|---------------|
| 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 27519-108<sup>th</sup> 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 – 4<sup>th</sup> 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               |
| <b>Total</b>                     | <b>\$ 117,990,875</b> |

## 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):

---

**Amount of Taxes**

| <b>Tax Abatement Program</b>  | <b>Abated</b>  |
|---|----------------|
| High-technology sales & use tax deferral                                  | \$ *           |
| Aerospace incentives – computer hardware, software, & peripherals         |                |
| Sales & use tax exemption   | *              |
| <b>Multi-unit urban housing exemption – sales &amp; use tax exemption</b> | <b>105,102</b> |

\* 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 \***

|   | <u>2018</u>          | <u>2019</u>          | <u>2020</u>          | <u>2021</u>          |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Total OPEB liability - beginning</b>               | \$ 23,285,620        | \$ 29,794,456        | \$ 28,812,676        | \$ 22,953,560        |
| <b>Changes for the year:</b>                          |                      |                      |                      |                      |
| 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   | -                    | -                    | -                    | -                    |
| <b>Net changes</b>                                    | <u>6,508,836</u>     | <u>(981,780)</u>     | <u>(5,859,116)</u>   | <u>(776,133)</u>     |
| <b>Total OPEB liability - ending</b>                  | <u>\$ 29,794,456</u> | <u>\$ 28,812,676</u> | <u>\$ 22,953,560</u> | <u>\$ 22,177,427</u> |
| <b>Covered payroll **</b>                             | -                    | -                    | -                    | -                    |
| <b>Total OPEB liability as a % of covered payroll</b> | 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 \***

|   | <b>2019</b>         | <b>2020</b>         | <b>2021</b>         |
|---|---------------------|---------------------|---------------------|
| <b>Total OPEB liability - beginning</b>               | \$ -                | \$ 1,863,853        | \$ 2,154,994        |
| <b>Changes for the year:</b>                          |                     |                     |                     |
| 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             | -                   |
| <b>Net changes</b>                                    | <u>1,863,853</u>    | <u>291,141</u>      | <u>200,558</u>      |
| <b>Total OPEB liability - ending</b>                  | <u>\$ 1,863,853</u> | <u>\$ 2,154,994</u> | <u>\$ 2,355,552</u> |
| <b>Covered employee payroll</b>                       | 13,667,496          | 14,077,521          | 15,525,972          |
| <b>Total OPEB liability as a % of covered payroll</b> | 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**

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

\* Employer contributions for pensions are total contributions to the Fund net of disbursements from 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

\*\* 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 \***

| <b>Fiscal Year Ending December 31</b> | <b>Net Money-Weighted Rate of Return</b> |
|---------------------------------------|--|
| 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.

|            |           | Fiscal Year Ended December 31 |         |         |         |         |  |  |
|------------|-----------|-------------------------------|---------|---------|---------|---------|--|--|
| 2015       | 2016      | 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)  | 22,782                        | 30,881  | 105,467 | 98,650  | 106,965 |  |  |

**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         |
| <b>Total Pension Liability</b>                                    |                                |              |              |
| 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 |
| <b>Fiduciary Net Position</b>                                     |                                |              |              |
| 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**

| <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  |
|--------------|--------------|--------------|--------------|--------------|
| \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| 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%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**As of December 31**  
**Last Seven Years \***

|  | 2015         | 2016         | 2017         |
|--|--------------|--------------|--------------|
| <b>PERS 1</b>  |              |              |              |
| 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%        |
| <b>PERS 2/3</b>  |              |              |              |
| 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%        |
| <b>PSERS 2</b>   |              |              |              |
| 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%        |
| <b>LEOFF 2</b>   |              |              |              |
| 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       |
|--|------------|------------|------------|------------|
| <b>PERS 1</b>  |            |            |            |            |
| 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%     |
| <b>PERS 2/3</b>  |            |            |            |            |
| 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%     |
| <b>PSERS 2</b>   |            |            |            |            |
| 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%     |

| 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         |
|--|-------------|-------------|-------------|--------------|
| <b>LEOFF 1</b>   |             |             |             |              |
| 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%      |
| <b>LEOFF 2</b>   |             |             |             |              |
| 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%      |

Concluded



## 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 |
| <b>ASSETS</b>  |                      |                   |                     |
| 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                                     | -                    | -                 | -                   |
| <b>TOTAL ASSETS</b>  | <u>14,627,329</u>    | <u>148,622</u>    | <u>394,811</u>      |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>         |                      |                   |                     |
| <b>LIABILITIES</b>   |                      |                   |                     |
| Vouchers payable   | \$ 562,640           | \$ 19,412         | \$ -                |
| Accounts/payroll payable                                       | 1,709,166            | -                 | -                   |
| Due to other governments                                       | 3,233                | -                 | -                   |
| Deposits and advances  | -                    | -                 | -                   |
| <b>TOTAL LIABILITIES</b>                                       | <u>2,275,039</u>     | <u>19,412</u>     | <u>-</u>            |
| <b>FUND BALANCE</b>  |                      |                   |                     |
| <b>Nonspendable:</b>   |                      |                   |                     |
| <b>Restricted:</b>   |                      |                   |                     |
| Impact Fees  | 2,660,280            | -                 | -                   |
| Lodging tax purposes   | -                    | 129,210           | -                   |
| Criminal justice programs                                      | -                    | -                 | -                   |
| Low income housing purposes                                    | -                    | -                 | -                   |
| Parks capital projects   | -                    | -                 | -                   |
| Bond retirement  | -                    | -                 | -                   |
| <b>Committed:</b>  |                      |                   |                     |
| Street operations  | 9,692,010            | -                 | -                   |
| Youth/Teen programs  | -                    | -                 | 394,811             |
| Criminal justice programs                                      | -                    | -                 | -                   |
| Economic & community development                               | -                    | -                 | -                   |
| Parks capital projects   | -                    | -                 | -                   |
| <b>Assigned:</b>   |                      |                   |                     |
| Criminal justice programs                                      | -                    | -                 | -                   |
| Economic & community development                               | -                    | -                 | -                   |
| Environmental Mitigation Operating                             | -                    | -                 | -                   |
| Waste Reduction Recycling                                      | -                    | -                 | -                   |
| Streets Capital Projects                                       | -                    | -                 | -                   |
| Parks capital projects   | -                    | -                 | -                   |
| Technology systems   | -                    | -                 | -                   |
| Facility capital projects                                      | -                    | -                 | -                   |
| <b>Unassigned</b>  |                      |                   |                     |
|  | -                    | -                 | -                   |
| Total Fund Balance   | <u>12,352,290</u>    | <u>129,210</u>    | <u>394,811</u>      |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE</b> | <u>\$ 14,627,329</u> | <u>\$ 148,622</u> | <u>\$ 394,811</u>   |

| Special Revenue      |                                 |                                       | Debt Service        |                                    |  |
|----------------------|---------------------------------|---------------------------------------|---------------------|------------------------------------|--|
| Criminal Justice     | 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<br>Projects | Other<br>Capital<br>Projects | Technology<br>Capital<br>Projects |
| <b>ASSETS</b>  |                           |                              |                                   |
| 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                                     | -                         | -                            | -                                 |
| <b>TOTAL ASSETS</b>  | <u>19,889,396</u>         | <u>1,190,608</u>             | <u>8,675,614</u>                  |
| <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>         |                           |                              |                                   |
| <b>LIABILITIES</b>   |                           |                              |                                   |
| Vouchers payable   | \$ 128,793                | \$ -                         | \$ 268,717                        |
| Accounts/payroll payable                                       | 277,336                   | -                            | 56,086                            |
| Due to other governments                                       | 589                       | -                            | 441                               |
| Deposits and advances  | -                         | -                            | -                                 |
| <b>TOTAL LIABILITIES</b>                                       | <u>406,718</u>            | <u>-</u>                     | <u>325,244</u>                    |
| <b>FUND BALANCE</b>  |                           |                              |                                   |
| <b>Nonspendable:</b>   |                           |                              |                                   |
| <b>Restricted:</b>   |                           |                              |                                   |
| Impact Fees  | -                         | -                            | -                                 |
| Lodging Tax Purposes   | -                         | -                            | -                                 |
| Criminal Justice Programs                                      | -                         | -                            | -                                 |
| Low income housing purposes                                    | -                         | -                            | -                                 |
| Parks Capital Projects   | 3,991,075                 | -                            | -                                 |
| Bond retirement  | -                         | -                            | -                                 |
| <b>Committed:</b>  |                           |                              |                                   |
| Street Operating Programs                                      | -                         | -                            | -                                 |
| Youth/Teen Programs  | -                         | -                            | -                                 |
| Criminal justice programs                                      | -                         | -                            | -                                 |
| Economic & community development                               | -                         | 1,189,413                    | -                                 |
| Parks capital projects   | 15,491,603                | -                            | -                                 |
| <b>Assigned:</b>   |                           |                              |                                   |
| Criminal Justice Programs                                      | -                         | -                            | -                                 |
| Economic & community development                               | -                         | 1,195                        | -                                 |
| Environmental Mitigation Operating                             | -                         | -                            | -                                 |
| Waste Reduction Recycling                                      | -                         | -                            | -                                 |
| Streets Capital Projects                                       | -                         | -                            | -                                 |
| Parks Capital Projects   | -                         | -                            | -                                 |
| Technology Capital Projects                                    | -                         | -                            | 8,350,370                         |
| Facility Capital Projects                                      | -                         | -                            | -                                 |
| <b>Unassigned:</b>   |                           |                              |                                   |
|  | -                         | -                            | -                                 |
| Total Fund Balance   | <u>19,482,678</u>         | <u>1,190,608</u>             | <u>8,350,370</u>                  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE</b> | <u>\$ 19,889,396</u>      | <u>\$ 1,190,608</u>          | <u>\$ 8,675,614</u>               |

|    |                                 | Capital Projects                             |  |
|----|---------------------------------|--|--|
|    | Facility<br>Capital<br>Projects | Total Non-Major<br>Capital Projects<br>Funds | Total Non-Major<br>Governmental<br>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**

|  | <b>Special Revenue</b> |                    |                            |
|--|------------------------|--------------------|----------------------------|
|  | <b>Street</b>          | <b>Lodging Tax</b> | <b>Youth/Teen Programs</b> |
| <b>REVENUES</b>  |                        |                    |                            |
| 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                 | -                  | -                          |
| <b>TOTAL REVENUES</b>                                    | <b>15,807,234</b>      | <b>221,251</b>     | <b>977,243</b>             |
| <b>EXPENDITURES</b>                                      |                        |                    |                            |
| 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                | -                  | -                          |
| <b>TOTAL EXPENDITURES</b>                                | <b>12,202,414</b>      | <b>165,719</b>     | <b>49,800</b>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>3,604,820</b>       | <b>55,532</b>      | <b>927,443</b>             |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                        |                    |                            |
| Transfers in   | 6,957,542              | -                  | -                          |
| Transfers out  | (8,015,779)            | -                  | (814,254)                  |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>(1,058,237)</b>     | <b>-</b>           | <b>(814,254)</b>           |
| <b>NET CHANGE IN FUND BALANCES</b>                       | <b>2,546,583</b>       | <b>55,532</b>      | <b>113,189</b>             |
| <b>FUND BALANCES (DEFICIT), January 1</b>                | <b>9,805,707</b>       | <b>73,678</b>      | <b>281,622</b>             |
| <b>FUND BALANCES, December 31</b>                        | <b>\$ 12,352,290</b>   | <b>\$ 129,210</b>  | <b>\$ 394,811</b>          |

| 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<br>Projects | Other<br>Capital<br>Projects | Technology<br>Capital<br>Projects |
| <b>REVENUES</b>  |                           |                              |                                   |
| 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                           |
| <b>TOTAL REVENUES</b>                                    | <b>367,095</b>            | <b>(9,322)</b>               | <b>51,110</b>                     |
| <b>EXPENDITURES</b>                                      |                           |                              |                                   |
| 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                           |
| <b>TOTAL EXPENDITURES</b>                                | <b>5,419,870</b>          | <b>6,048</b>                 | <b>4,603,575</b>                  |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>(5,052,775)</b>        | <b>(15,370)</b>              | <b>(4,552,465)</b>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                           |                              |                                   |
| Transfers in   | 6,245,090                 | -                            | 4,756,750                         |
| Transfers out  | (50,000)                  | (1,673)                      | -                                 |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>6,195,090</b>          | <b>(1,673)</b>               | <b>4,756,750</b>                  |
| <b>SOURCES OVER EXPENDITURES AND OTHER USES</b>          | <b>1,142,315</b>          | <b>(17,043)</b>              | <b>204,285</b>                    |
| <b>FUND BALANCES, January 1</b>                          | <b>18,340,363</b>         | <b>1,207,651</b>             | <b>8,146,085</b>                  |
| <b>FUND BALANCES, December 31</b>                        | <b>\$ 19,482,678</b>      | <b>\$ 1,190,608</b>          | <b>\$ 8,350,370</b>               |

|                                  |                         | <b>Capital Projects</b>                       |   |
|----------------------------------|-------------------------|---|---|
| <b>Facility Capital Projects</b> |                         | <b>Total Non-Major Capital Projects Funds</b> | <b>Total Non-Major Governmental Funds</b> |
| \$                               | -                       | \$ -  | \$ 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                                   |
|                                  | <u>(33,623)</u>         | <u>375,260</u>                                | <u>34,825,615</u>                         |
|                                  | 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                                 |
|                                  | <u>172,680</u>          | <u>10,202,173</u>                             | <u>40,570,169</u>                         |
|                                  | (206,303)               | (9,826,913)                                   | (5,744,554)                               |
|                                  | 696,960                 | 11,698,800                                    | 25,876,613                                |
|                                  | -                       | (51,673)                                      | (9,384,816)                               |
|                                  | <u>696,960</u>          | <u>11,647,127</u>                             | <u>16,491,797</u>                         |
|                                  | 490,657                 | 1,820,214                                     | 10,747,243                                |
|                                  | 3,433,941               | 31,128,040                                    | 52,509,029                                |
| \$                               | <u><u>3,924,598</u></u> | \$ <u><u>32,948,254</u></u>                   | \$ <u><u>63,256,272</u></u>               |

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**

|   | <b>Budget</b>       |                     |                      |                     |
|---|---------------------|---------------------|----------------------|---------------------|
|   | <b>Original</b>     | <b>Final</b>        | <b>Actual</b>        | <b>Variance</b>     |
| <b>REVENUES</b>   |                     |                     |                      |                     |
| Taxes:  |                     |                     |                      |                     |
| Utility   | \$ 7,244,020        | 7,244,020           | \$ 7,999,827         | \$ 755,807          |
| Licenses and permits  | 535,290             | 535,290             | 565,945              | 30,655              |
| Intergovernmental:  |                     |                     |                      |                     |
| State shared - fuel tax   | 2,653,500           | 2,653,500           | 2,558,704            | (94,796)            |
| State shared - other  | 178,500             | 178,500             | 176,724              | (1,776)             |
| State grants  | -                   | 8,000,000           | 1,824,073            | (6,175,927)         |
| Charges for services  | 725,480             | 725,480             | 2,579,958            | 1,854,478           |
| Miscellaneous revenue:  |                     |                     |                      |                     |
| Interest income   | 197,860             | 197,860             | 84,781               | (113,079)           |
| Net increase (decrease) in fair value of investments                                      | -                   | -                   | (71,383)             | (71,383)            |
| Rent/lease income   | -                   | -                   | 14,506               | 14,506              |
| Other miscellaneous revenue   | 18,730              | 18,730              | 74,099               | 55,369              |
| <b>TOTAL REVENUES</b>   | <b>11,553,380</b>   | <b>19,553,380</b>   | <b>15,807,234</b>    | <b>(3,746,146)</b>  |
| <b>EXPENDITURES</b>   |                     |                     |                      |                     |
| Current:  |                     |                     |                      |                     |
| Public works  | 12,775,690          | 19,874,870          | 12,037,605           | (7,837,265)         |
| Capital outlay  | 78,080              | 78,080              | 164,809              | 86,729              |
| <b>TOTAL EXPENDITURES</b>   | <b>12,853,770</b>   | <b>19,952,950</b>   | <b>12,202,414</b>    | <b>(7,750,536)</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                                  | <b>(1,300,390)</b>  | <b>(399,570)</b>    | <b>3,604,820</b>     | <b>4,004,390</b>    |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                     |                      |                     |
| Transfers in  | 6,733,860           | 7,468,000           | 6,957,542            | (510,458)           |
| Transfer Out  | (5,388,120)         | (7,211,780)         | (8,015,779)          | (803,999)           |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>1,345,740</b>    | <b>256,220</b>      | <b>(1,058,237)</b>   | <b>(1,314,457)</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b> | <b>45,350</b>       | <b>(143,350)</b>    | <b>2,546,583</b>     | <b>2,689,933</b>    |
| <b>FUND BALANCES, January 1</b>   | <b>7,768,086</b>    | <b>7,768,086</b>    | <b>9,805,707</b>     | <b>2,037,621</b>    |
| <b>FUND BALANCES, December 31</b>   | <b>\$ 7,813,436</b> | <b>\$ 7,624,736</b> | <b>\$ 12,352,290</b> | <b>\$ 4,727,554</b> |

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           |                   |                   |                   |
|--|------------------|-------------------|-------------------|-------------------|
|  | Original         | Final             | Actual            | Variance          |
| <b>REVENUES</b>  |                  |                   |                   |                   |
| Taxes:   |                  |                   |                   |                   |
| Lodging Tax  | \$ 236,800       | \$ 236,800        | \$ 222,759        | \$ (14,041)       |
| Miscellaneous revenue:                                   |                  |                   |                   |                   |
| Interest income  | 2,310            | 2,310             | 708               | (1,602)           |
| Net increase (decrease) in fair value of investments     | -                | -                 | (2,216)           | (2,216)           |
| <b>TOTAL REVENUES</b>                                    | <u>239,110</u>   | <u>239,110</u>    | <u>221,251</u>    | <u>(17,859)</u>   |
| <b>EXPENDITURES</b>                                      |                  |                   |                   |                   |
| Current:   |                  |                   |                   |                   |
| Community Development                                    | 229,190          | 179,190           | 165,719           | (13,471)          |
| <b>TOTAL EXPENDITURES</b>                                | <u>229,190</u>   | <u>179,190</u>    | <u>165,719</u>    | <u>(13,471)</u>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | 9,920            | 59,920            | 55,532            | (4,388)           |
| <b>FUND BALANCES, January 1</b>                          | 73,683           | 73,683            | 73,678            | (5)               |
| <b>FUND BALANCES, December 31</b>                        | <u>\$ 83,603</u> | <u>\$ 133,603</u> | <u>\$ 129,210</u> | <u>\$ (4,393)</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         |
| <b>REVENUES</b>   |                   |                   |                   |                  |
| Taxes:  |                   |                   |                   |                  |
| Utility   | \$ 924,390        | \$ 924,390        | \$ 977,243        | \$ 52,853        |
| <b>TOTAL REVENUES</b>   | <u>924,390</u>    | <u>924,390</u>    | <u>977,243</u>    | <u>52,853</u>    |
| <b>EXPENDITURES</b>   |                   |                   |                   |                  |
| Current:  |                   |                   |                   |                  |
| Leisure services  | 49,800            | 49,800            | 49,800            | -                |
| <b>TOTAL EXPENDITURES</b>   | <u>49,800</u>     | <u>49,800</u>     | <u>49,800</u>     | <u>-</u>         |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                                  | 874,590           | 874,590           | 927,443           | 52,853           |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                   |                   |                   |                  |
| Transfers out   | (874,590)         | (874,590)         | (814,254)         | 60,336           |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <u>(874,590)</u>  | <u>(874,590)</u>  | <u>(814,254)</u>  | <u>60,336</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b> | -                 | -                 | 113,189           | 113,189          |
| <b>FUND BALANCES, January 1</b>   | 314,130           | 314,130           | 281,622           | (32,508)         |
| <b>FUND BALANCES, December 31</b>   | <u>\$ 314,130</u> | <u>\$ 314,130</u> | <u>\$ 394,811</u> | <u>\$ 80,681</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**

|   | <b>Budget</b>       |                     |                      |                     |
|---|---------------------|---------------------|----------------------|---------------------|
|   | <b>Original</b>     | <b>Final</b>        | <b>Actual</b>        | <b>Variance</b>     |
| <b>REVENUES</b>   |                     |                     |                      |                     |
| Taxes:  |                     |                     |                      |                     |
| Sales and use   | \$ 3,635,480        | \$ 3,635,480        | \$ 4,421,647         | \$ 786,167          |
| Intergovernmental revenue:  |                     |                     |                      |                     |
| Federal grants  | -                   | 176,181             | 196,327              | 20,146              |
| State shared - criminal justice   | 526,010             | 526,010             | 1,134,781            | 608,771             |
| State shared - other  | -                   | 58,930              | 48,797               | (10,133)            |
| State grants  | 52,860              | 119,360             | -                    | (119,360)           |
| Local government grants   | -                   | -                   | 13,781               | 13,781              |
| Charges for services  | 98,000              | 98,000              | 36,400               | (61,600)            |
| Fines and forfeitures   | 3,585,330           | 3,600,820           | 4,545,761            | 944,941             |
| Miscellaneous revenue:  |                     |                     |                      |                     |
| Interest income   | 144,470             | 144,470             | 86,988               | (57,482)            |
| Net increase (decrease) in fair value of investments                                      | -                   | -                   | (132,599)            | (132,599)           |
| Contributions and donations   | -                   | -                   | 850                  | 850                 |
| Other miscellaneous revenue   | -                   | -                   | 19,494               | 19,494              |
| <b>TOTAL REVENUES</b>   | <b>8,042,150</b>    | <b>8,359,251</b>    | <b>10,372,227</b>    | <b>2,012,976</b>    |
| <b>EXPENDITURES</b>   |                     |                     |                      |                     |
| Current:  |                     |                     |                      |                     |
| Public safety   | 7,764,960           | 8,200,361           | 6,550,403            | (1,649,958)         |
| Capital outlay  | 864,000             | 954,000             | 818,978              | (135,022)           |
| <b>TOTAL EXPENDITURES</b>   | <b>8,628,960</b>    | <b>9,154,361</b>    | <b>7,369,381</b>     | <b>(1,784,980)</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                                  | <b>(586,810)</b>    | <b>(795,110)</b>    | <b>3,002,846</b>     | <b>3,797,956</b>    |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                     |                      |                     |
| Transfers in  | 735,990             | 735,990             | 705,000              | (30,990)            |
| Transfers out   | (434,100)           | (434,100)           | (403,110)            | 30,990              |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>301,890</b>      | <b>301,890</b>      | <b>301,890</b>       | <b>-</b>            |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b> | <b>(284,920)</b>    | <b>(493,220)</b>    | <b>3,304,736</b>     | <b>3,797,956</b>    |
| <b>FUND BALANCES, January 1</b>   | <b>8,036,824</b>    | <b>8,036,824</b>    | <b>8,424,644</b>     | <b>387,820</b>      |
| <b>FUND BALANCES, December 31</b>   | <b>\$ 7,751,904</b> | <b>\$ 7,543,604</b> | <b>\$ 11,729,380</b> | <b>\$ 4,185,776</b> |

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            |
| <b>REVENUES</b>   |                   |                   |                     |                     |
| Taxes:  |                   |                   |                     |                     |
| Sales and use   | \$ -              | \$ 3,020,000      | \$ 3,796,657        | \$ 776,657          |
| Intergovernmental revenue:  |                   |                   |                     |                     |
| Federal grants  | 1,139,860         | 2,019,344         | 1,802,467           | (216,877)           |
| Miscellaneous revenue:  |                   |                   |                     |                     |
| Other   | -                 | 282,520           | -                   | (282,520)           |
| <b>TOTAL REVENUES</b>   | <u>1,139,860</u>  | <u>5,321,864</u>  | <u>5,599,124</u>    | <u>277,260</u>      |
| <b>EXPENDITURES</b>   |                   |                   |                     |                     |
| Current:  |                   |                   |                     |                     |
| Health and human services   | 1,534,750         | 5,268,934         | 2,231,960           | (3,036,974)         |
| <b>TOTAL EXPENDITURES</b>   | <u>1,534,750</u>  | <u>5,268,934</u>  | <u>2,231,960</u>    | <u>(3,036,974)</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                                  | (394,890)         | 52,930            | 3,367,164           | 3,314,234           |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                   |                   |                     |                     |
| Transfers in  | 394,890           | 1,945,470         | -                   | (1,945,470)         |
| Transfers out   | -                 | (2,045,470)       | (100,000)           | 1,945,470           |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <u>394,890</u>    | <u>(100,000)</u>  | <u>(100,000)</u>    | <u>-</u>            |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b> | -                 | (47,070)          | 3,267,164           | 3,314,234           |
| <b>FUND BALANCES, January 1</b>   | 414,641           | 414,641           | 414,640             | (1)                 |
| <b>FUND BALANCES, December 31</b>   | <u>\$ 414,641</u> | <u>\$ 367,571</u> | <u>\$ 3,681,804</u> | <u>\$ 3,314,233</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**

|   | <b>Equipment<br/>Rental</b> | <b>Central<br/>Services</b> |
|---|-----------------------------|-----------------------------|
| <b>ASSETS</b>   |                             |                             |
| <b>CURRENT ASSETS</b>   |                             |                             |
| 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>            |
| <b>NONCURRENT ASSETS:</b>                                     |                             |                             |
| 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>            |
| <b>TOTAL ASSETS</b>   | <u>\$ 22,387,951</u>        | <u>\$ 5,824,454</u>         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                         |                             |                             |
| Deferred outflows related to pensions                         | 88,340                      | 335,692                     |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                   | <u>\$ 88,340</u>            | <u>\$ 335,692</u>           |
| <b>LIABILITIES AND FUND EQUITY</b>                            |                             |                             |
| <b>CURRENT LIABILITIES</b>                                    |                             |                             |
| Vouchers payable  | \$ 206,227                  | \$ 285,407                  |
| Accounts/payroll payable                                      | 47,593                      | 242,690                     |
| Incurred but not reported claims payable                      | -                           | -                           |
| Compensated absences payable - current portion                | 39,621                      | 213,212                     |
| Total Current Liabilities                                     | <u>293,441</u>              | <u>741,309</u>              |
| <b>LONG-TERM LIABILITIES</b>                                  |                             |                             |
| Compensated absences payable - non-current                    | 14,981                      | 174,074                     |
| Net Pension Liability   | 67,396                      | 256,105                     |
| Total Long-Term Liabilities                                   | <u>82,377</u>               | <u>430,179</u>              |
| <b>TOTAL LIABILITIES</b>                                      | <u>375,818</u>              | <u>1,171,488</u>            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |                             |                             |
| Deferred inflows related to pensions                          | 702,021                     | 2,667,682                   |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                    | <u>\$ 702,021</u>           | <u>\$ 2,667,682</u>         |
| <b>NET POSITION</b>   |                             |                             |
| Net investment in capital assets                              | 17,297,289                  | -                           |
| Restricted for debt service                                   | -                           | -                           |
| Restricted for Pensions                                       | 669,683                     | 2,544,798                   |
| Unrestricted  | 3,431,480                   | (223,822)                   |
| <b>TOTAL NET POSITION</b>                                     | <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              |
|    | <u>190,231</u>   | <u>38,133</u>        | <u>740,920</u>       |
|    | 585,684          | 6,950,498            | 9,083,488            |
|    | 1,474,247        | 140,403              | 4,984,353            |
| \$ | <u>1,474,247</u> | <u>\$ 140,403</u>    | <u>\$ 4,984,353</u>  |
|    | 1,748            | -                    | 17,299,037           |
|    | -                | -                    | -                    |
|    | 1,406,337        | 133,936              | 4,754,754            |
|    | 5,135,188        | 14,499,617           | 22,842,463           |
|    | <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**

|   | <b>Equipment<br/>Rental</b> | <b>Central<br/>Services</b> |
|---|-----------------------------|-----------------------------|
| <b>OPERATING REVENUES</b>                               |                             |                             |
| Sales   | \$ 912,029                  | \$ 355,950                  |
| Charges for services                                    | 4,472,288                   | 8,831,083                   |
| Contributions   | -                           | -                           |
| Rental and lease income                                 | -                           | -                           |
| Other operating revenue                                 | 10,965                      | -                           |
| <b>TOTAL OPERATING REVENUES</b>                         | <b>5,395,282</b>            | <b>9,187,033</b>            |
| <b>OPERATING EXPENSES</b>                               |                             |                             |
| 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                   | -                           |
| <b>TOTAL OPERATING EXPENSES</b>                         | <b>4,981,292</b>            | <b>9,319,667</b>            |
| <b>OPERATING INCOME (LOSS)</b>                          | <b>413,990</b>              | <b>(132,634)</b>            |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                |                             |                             |
| 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                         |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>          | <b>96,325</b>               | <b>(17,408)</b>             |
| <b>NET INCOME (LOSS)</b>                                | <b>510,315</b>              | <b>(150,042)</b>            |
| Contributed capital                                     | 815,653                     | -                           |
| Transfers in  | 216,185                     | 1,692,409                   |
| Transfers out   | (84,941)                    | (351,271)                   |
| <b>CHANGE IN NET POSITION</b>                           | <b>1,457,212</b>            | <b>1,191,096</b>            |
| <b>NET POSITION, January 1</b>                          | <b>19,941,240</b>           | <b>1,129,880</b>            |
| <b>NET POSITION, December 31</b>                        | <b>\$ 21,398,452</b>        | <b>\$ 2,320,976</b>         |

| 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**

|  | <b>Equipment<br/>Rental</b> | <b>Central<br/>Services</b> |
|--|-----------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                             |                             |
| 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                                   | <u>945,372</u>              | <u>(745,316)</u>            |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                 |                             |                             |
| Operating grants/non-operating revenue received  | 100,030                     | 250                         |
| Transfers in   | -                           | -                           |
| Transfers out  | -                           | (351,271)                   |
| Net cash provided by noncapital financing  | <u>100,030</u>              | <u>(351,021)</u>            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                        |                             |                             |
| Principal repayment on interfund loan  | -                           | -                           |
| Interest income on interfund capital loans   | -                           | -                           |
| Proceeds on disposal of capital assets   | 219,883                     | -                           |
| Transfer of plant from Governmental Capital Assets                                     | 816,998                     | -                           |
| Acquisition and construction of capital assets   | (2,601,683)                 | -                           |
| Transfers in   | 216,185                     | 1,692,409                   |
| Transfers out  | (84,941)                    | -                           |
| Capital contributed by subdividers, capital grants, local improvement districts        | (1,345)                     | -                           |
| Net cash used for capital and related financing  | <u>(1,434,903)</u>          | <u>1,692,409</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                             |                             |
| 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                                   | <u>(535,326)</u>            | <u>(791,684)</u>            |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                            | <u>(924,827)</u>            | <u>(195,612)</u>            |
| <b>CASH AND CASH EQUIVALENTS, January 1</b>  | <u>2,286,585</u>            | <u>1,105,174</u>            |
| <b>CASH AND CASH EQUIVALENTS, December 31</b>  | <u>\$ 1,361,758</u>         | <u>\$ 909,562</u>           |
| <b>CASH AND EQUITY IN POOLED CASH AND CASH EQUIVALENTS AT DECEMBER 31 CONSISTS OF:</b> |                             |                             |
| 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>           |

| <b>Facilities</b>   | <b>Insurance</b>    | <b>Total</b>         |
|---------------------|---------------------|----------------------|
| \$ 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            |
| -                   | -                   | (351,271)            |
| <u>-</u>            | <u>4,400,000</u>    | <u>4,149,009</u>     |
| -                   | 100,404             | 100,404              |
| -                   | 1,818               | 1,818                |
| -                   | -                   | 219,883              |
| -                   | -                   | 816,998              |
| (275,010)           | -                   | (2,876,693)          |
| 524,998             | -                   | 2,433,592            |
| (221,160)           | -                   | (306,101)            |
| -                   | -                   | (1,345)              |
| <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**

|  | <b>Equipment<br/>Rental</b> | <b>Central<br/>Services</b> |
|--|-----------------------------|-----------------------------|
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>     |                             |                             |
| Operating income (loss)  | \$ 413,990                  | \$ (132,634)                |
| Adjustments to reconcile operating income to<br>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>         |
| <b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES</b>             |                             |                             |
| 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>168,816</u>   | \$        | <u>(294,850)</u> | \$    | <u>74,022</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**

|   | <b>Firemen's<br/>Relief &amp;<br/>Pension Fund</b> | <b>VEBA<br/>OPEB<br/>Trust Fund</b> | <b>Total</b>        |
|---|--|-------------------------------------|---------------------|
| <b>ASSETS</b>                               |  |                                     |                     |
| 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              |
| <b>TOTAL ASSETS</b>                         | <b>\$ 2,134,672</b>                                | <b>\$ 33,400</b>                    | <b>\$ 2,168,072</b> |
| <b>LIABILITIES</b>                          |  |                                     |                     |
| Accounts/payroll payable                    | \$ 7,241   | \$ -                                | \$ 7,241            |
| <b>TOTAL LIABILITIES</b>                    | <b>\$ 7,241</b>                                    | <b>\$ -</b>                         | <b>\$ 7,241</b>     |
| <b>NET POSITION</b>                         |  |                                     |                     |
| Restricted for:                             |  |                                     |                     |
| Pensions                                    | 2,127,431  | -                                   | 2,127,431           |
| Postemployment benefits other than pensions | -  | 33,400                              | 33,400              |
| <b>Total net position</b>                   | <b>\$ 2,127,431</b>                                | <b>\$ 33,400</b>                    | <b>\$ 2,160,831</b> |

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

|   | <b>Firemen's<br/>Relief &amp;<br/>Pension Fund</b> | <b>VEBA<br/>OPEB<br/>Trust Fund</b> | <b>Total</b>     |
|---|--|-------------------------------------|------------------|
| <b>ADDITIONS</b>  |  |                                     |                  |
| 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)         |
| <b>TOTAL ADDITIONS</b>                                  | <b>290,805</b>                                     | <b>36,593</b>                       | <b>327,398</b>   |
| <b>DEDUCTIONS</b>                                       |  |                                     |                  |
| Benefits  | 200,000  | -                                   | 200,000          |
| Administrative Expense                                  | 180,298  | 14,526                              | 194,824          |
| <b>TOTAL DEDUCTIONS</b>                                 | <b>380,298</b>                                     | <b>14,526</b>                       | <b>394,824</b>   |
| <b>CHANGE IN NET POSITION</b>                           | <b>(89,493)</b>                                    | <b>22,067</b>                       | <b>(67,426)</b>  |
| <b>NET POSITION January 1</b>                           | <b>2,216,924</b>                                   | <b>11,333</b>                       | <b>2,228,257</b> |
| <b>NET POSITION December 31</b>                         | <b>2,127,431</b>                                   | <b>33,400</b>                       | <b>2,160,831</b> |





## 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**

|   | <b>Unemployment<br/>Compensation<br/>Insurance</b> | <b>Workers'<br/>Compensation<br/>Insurance</b> |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>CURRENT ASSETS</b>   |  |  |
| 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>                               |
| <b>NONCURRENT ASSETS:</b>                                     |  |  |
| Net Pension Asset   | <u>13,394</u>                                      | <u>53,574</u>                                  |
| Total noncurrent assets                                       | <u>13,394</u>                                      | <u>53,574</u>                                  |
| <b>TOTAL ASSETS</b>   | <u>\$ 1,359,134</u>                                | <u>\$ 3,262,522</u>                            |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                         |  |  |
| Deferred outflows related to pensions                         | <u>1,767</u>                                       | <u>7,067</u>                                   |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                   | <u>\$ 1,767</u>                                    | <u>\$ 7,067</u>                                |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>                     | <u>\$ 1,360,901</u>                                | <u>\$ 3,269,589</u>                            |
| <b>LIABILITIES AND FUND EQUITY</b>                            |  |  |
| <b>CURRENT LIABILITIES</b>                                    |  |  |
| 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>                               |
| <b>LONG-TERM LIABILITIES</b>                                  |  |  |
| 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>                                  |
| <b>TOTAL LIABILITIES</b>                                      | <u>8,905</u>                                       | <u>1,783,284</u>                               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |  |  |
| Deferred inflows related to pensions                          | <u>14,040</u>                                      | <u>56,161</u>                                  |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                    | <u>\$ 14,040</u>                                   | <u>\$ 56,161</u>                               |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>                 | <u>\$ 22,945</u>                                   | <u>\$ 1,839,445</u>                            |
| <b>NET POSITION</b>   |  |  |
| Unrestricted  | <u>1,337,956</u>                                   | <u>1,430,144</u>                               |
| <b>TOTAL NET POSITION</b>                                     | <u>\$ 1,337,956</u>                                | <u>\$ 1,430,144</u>                            |

|    | Medical<br>& Dental<br>Insurance |    | Liability<br>Insurance |    | Property<br>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**

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

|    | <b>Medical<br/>&amp; Dental<br/>Insurance</b> |    | <b>Liability<br/>Insurance</b> |    | <b>Property<br/>Insurance</b> |    | <b>Totals</b>            |
|----|---|----|--------------------------------|----|-------------------------------|----|--------------------------|
| \$ | 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           |
| <b>REVENUES</b>   |                     |                     |                     |                    |
| Contributions and Donations   | \$ 989,420          | \$ 989,420          | \$ 963,537          | \$ (25,883)        |
| Miscellaneous revenue:  |                     |                     |                     |                    |
| Interest income   | 33,010              | 33,010              | (13,573)            | (46,583)           |
| <b>TOTAL REVENUES</b>   | <u>1,022,430</u>    | <u>1,022,430</u>    | <u>949,964</u>      | <u>(72,466)</u>    |
| <b>EXPENDITURES</b>   |                     |                     |                     |                    |
| Current:  |                     |                     |                     |                    |
| Public safety   | 1,541,980           | 1,541,980           | 1,510,760           | (31,220)           |
| <b>TOTAL EXPENDITURES</b>   | <u>1,541,980</u>    | <u>1,541,980</u>    | <u>1,510,760</u>    | <u>(31,220)</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                                  | (519,550)           | (519,550)           | (560,796)           | (41,246)           |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                     |                     |                    |
| Transfers in  | 250,000             | 250,000             | 250,000             | -                  |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <u>250,000</u>      | <u>250,000</u>      | <u>250,000</u>      | <u>-</u>           |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b> | (269,550)           | (269,550)           | (310,796)           | (41,246)           |
| <b>FUND BALANCES, January 1</b>   | 1,582,264           | 1,582,264           | 1,582,264           | -                  |
| <b>FUND BALANCES, December 31</b>   | <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**

|   | <b>Budget</b>     |                   |                   |                     |
|---|-------------------|-------------------|-------------------|---------------------|
|   | <b>Original</b>   | <b>Final</b>      | <b>Actual</b>     | <b>Variance</b>     |
| <b>REVENUES</b>   |                   |                   |                   |                     |
| Intergovernmental revenue:  |                   |                   |                   |                     |
| Federal grants  | \$ -              | \$ 14,086,160     | \$ 0              | \$ (14,086,160)     |
| Miscellaneous revenue:  |                   |                   |                   |                     |
| Contributions and Donations   | -                 | -                 | 13,600            | 13,600              |
| <b>TOTAL REVENUES</b>   | <b>-</b>          | <b>14,086,160</b> | <b>13,600</b>     | <b>(14,072,560)</b> |
| <b>EXPENDITURES</b>   |                   |                   |                   |                     |
| 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              |
| <b>TOTAL EXPENDITURES</b>   | <b>109,320</b>    | <b>14,217,660</b> | <b>151,865</b>    | <b>(14,065,795)</b> |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                                  | <b>(109,320)</b>  | <b>(131,500)</b>  | <b>(138,265)</b>  | <b>(6,765)</b>      |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                   |                   |                   |                     |
| Transfers in  | 109,320           | 229,320           | 248,175           | 18,855              |
| Transfers out   | -                 | (147,820)         | (125,000)         | 22,820              |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>109,320</b>    | <b>81,500</b>     | <b>123,175</b>    | <b>41,675</b>       |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b> | <b>-</b>          | <b>(50,000)</b>   | <b>(15,090)</b>   | <b>34,910</b>       |
| <b>FUND BALANCES, January 1</b>   | <b>567,507</b>    | <b>567,507</b>    | <b>722,730</b>    | <b>155,223</b>      |
| <b>FUND BALANCES, December 31</b>   | <b>\$ 567,507</b> | <b>\$ 517,507</b> | <b>\$ 707,640</b> | <b>\$ 190,133</b>   |

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            |
| <b>REVENUES</b>   |                     |                     |                     |                     |
| Intergovernmental revenue:  |                     |                     |                     |                     |
| Federal grants  | \$ -                | \$ 4,575,660        | \$ 1,633,435        | \$ (2,942,225)      |
| 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)           |
| <b>TOTAL REVENUES</b>   | <u>-</u>            | <u>5,075,660</u>    | <u>3,272,480</u>    | <u>(1,803,180)</u>  |
| <b>EXPENDITURES</b>   |                     |                     |                     |                     |
| Current:  |                     |                     |                     |                     |
| Leisure services  | 1,101,050           | 6,860,640           | 3,662,701           | (3,197,939)         |
| Capital outlay  | -                   | 500,000             | 65,997              | (434,003)           |
| <b>TOTAL EXPENDITURES</b>   | <u>1,101,050</u>    | <u>7,360,640</u>    | <u>3,728,698</u>    | <u>(3,631,942)</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                                  | (1,101,050)         | (2,284,980)         | (456,218)           | 1,828,762           |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                     |                     |                     |
| Issuance of installment note  | -                   | -                   | 500,000             | 500,000             |
| Transfers in  | 1,150,000           | 1,150,000           | 945,268             | (204,732)           |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <u>1,150,000</u>    | <u>1,150,000</u>    | <u>1,445,268</u>    | <u>295,268</u>      |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b> | 48,950              | (1,134,980)         | 989,050             | 2,124,030           |
| <b>FUND BALANCES, January 1</b>   | 2,990,845           | 2,990,845           | 2,990,845           | -                   |
| <b>FUND BALANCES, December 31</b>   | <u>\$ 3,039,795</u> | <u>\$ 1,855,865</u> | <u>\$ 3,979,895</u> | <u>\$ 2,124,030</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**

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

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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<br>Improvements | Equipment            | Infrastructure        | Total                   |
|--|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-------------------------|
| <b>GENERAL GOVERNMENT</b>                      |                       |                       |                      |                      |                       |                         |
| 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              |
| <b>PUBLIC SAFETY</b>                           |                       |                       |                      |                      |                       |                         |
| 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              |
| <b>PUBLIC WORKS</b>                            |                       |                       |                      |                      |                       |                         |
| 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             |
| <b>PARKS, RECREATION AND CULTURE</b>           |                       |                       |                      |                      |                       |                         |
| 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             |
| <b>LIBRARY</b>                                 |                       |                       |                      |                      |                       |                         |
|  | 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               |
| <b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b> | <b>\$ 231,843,144</b> | <b>\$ 133,133,793</b> | <b>\$ 78,974,216</b> | <b>\$ 43,937,897</b> | <b>\$ 747,395,693</b> | <b>\$ 1,242,212,264</b> |

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<br>Fund Capital<br>Assets<br>01/01/21 | Additions             | Retirements<br>and<br>Transfers | Governmental<br>Fund Capital<br>Assets<br>12/31/21 |
|--|--|-----------------------|---------------------------------|--|
| <b>GENERAL GOVERNMENT</b>                      |  |                       |                                 |  |
| 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   |
| <b>PUBLIC SAFETY</b>                           |  |                       |                                 |  |
| 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   |
| <b>PUBLIC WORKS</b>                            |  |                       |                                 |  |
| 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  |
| <b>PARKS, RECREATIONS AND CULTURE</b>          |  |                       |                                 |  |
| 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  |
| <b>LIBRARY</b>                                 |  |                       |                                 |  |
|  | 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  |
| <b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b> | <b>\$ 1,222,405,432</b>                            | <b>\$ 104,853,348</b> | <b>\$ (85,046,516)</b>          | <b>\$ 1,242,212,264</b>                            |

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

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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<br>January 1 | Issued               | Retired              | Balances<br>December 31 |
|---|-----------------------|----------------------|----------------------|-------------------------|
| <b>Bonds Payable:</b>                             |                       |                      |                      |                         |
| 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>       |
| <b>Contracts, Lease, Notes Payable:</b>           |                       |                      |                      |                         |
| 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>        |
| <b>Other Non-Current Liabilities</b>              |                       |                      |                      |                         |
| 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<br>January 1    | Issued                  | Retired                 | Balances<br>December 31  |
|---|--------------------------|-------------------------|-------------------------|--------------------------|
| <b>Bonds Payable:</b>                             |                          |                         |                         |                          |
| Limited Tax General Obligation Bonds - Non-voted: |                          |                         |                         |                          |
| Series 2014 <sup>1</sup>                          | \$ 343,380               | -                       | 343,380                 | \$ -                     |
| Plus: unamortized premium                         | 26,878                   | -                       | 26,878                  | -                        |
| Total   | <u>370,258</u>           | <u>-</u>                | <u>370,258</u>          | <u>-</u>                 |
| Revenue Bonds: <sup>2</sup>                       |                          |                         |                         |                          |
| Series 2017 Refunding                             | 12,120,000               | -                       | 1,110,000               | 11,010,000               |
| Plus: unamortized premium                         | 1,802,002                | -                       | 201,942                 | 1,600,060                |
| Total   | <u>13,922,002</u>        | <u>-</u>                | <u>1,311,942</u>        | <u>12,610,060</u>        |
| <br>Total Bonds Payable                           | <br><u>14,292,260</u>    | <br><u>-</u>            | <br><u>1,682,200</u>    | <br><u>12,610,060</u>    |
| <b>Contracts, Lease, Notes Payable:</b>           |                          |                         |                         |                          |
| 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   | <u>24,416,263</u>        | <u>-</u>                | <u>1,994,781</u>        | <u>22,421,482</u>        |
| <b>Other Non-Current Liabilities</b>              |                          |                         |                         |                          |
| 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                        | <u>846,653</u>           | <u>1,916,660</u>        | <u>1,853,579</u>        | <u>909,734</u>           |
| Pension Liability                                 | 3,450,699                | 822,230                 | 3,450,699               | 822,230                  |
| <br>Total Business-Type Debt                      | <br><u>\$ 43,005,875</u> | <br><u>\$ 2,738,890</u> | <br><u>\$ 8,981,259</u> | <br><u>\$ 36,763,506</u> |

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

| Fiscal<br>Year | General Obligation Bonds |                      | Water & Sewer Revenue<br>Bonds |                     | Total Debt Service<br>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

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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**

| <b>Fund Out/Fund In</b>                       | <b>Purpose</b>                             | <b>Transfers In</b> | <b>Transfers Out</b> |
|---|--|---------------------|----------------------|
| <b>Governmental Funds:</b>                    |  |                     |                      |
| 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**

| <b>Fund Out/Fund In</b>                     | <b>Purpose</b>                          | <b>Transfers In</b>      | <b>Transfers Out</b>     |
|---|---|--------------------------|--------------------------|
| 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/Teen 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>                 |
| <b>subtotals - Governmental Funds</b>       |   | <u><b>42,124,659</b></u> | <u><b>48,269,702</b></u> |



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

| <b>Fund Out/Fund In</b>                       | <b>Purpose</b>                          | <b>Transfers In</b>      | <b>Transfers Out</b>     |
|---|---|--------------------------|--------------------------|
| <b>Enterprise Funds:</b>                      |   |                          |                          |
| 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>                 |
| <b>subtotals - Enterprise Funds</b>           |   | <u><b>755,316</b></u>    | <u><b>786,493</b></u>    |
| <b>Internal Service Funds:</b>                |   |                          |                          |
| 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>                 |
| <b>subtotals - Internal Service Funds</b>     |   | <u><b>6,833,592</b></u>  | <u><b>657,372</b></u>    |
| <b>Grand totals</b>                           |   | <u><b>49,713,567</b></u> | <u><b>49,713,567</b></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.

| <b><u>Contents</u></b>  | <b><u>Page</u></b> |
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| <b>Financial Trends</b>   | <b>184</b>         |
| <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>  |                    |
| <b>Revenue Capacity</b>   | <b>194</b>         |
| <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>   |                    |
| <b>Debt Capacity</b>  | <b>212</b>         |
| <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>                        |                    |
| <b>Demographic and Economic Information</b>   | <b>220</b>         |
| <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> |                    |
| <b>Operating Information</b>  | <b>223</b>         |
| <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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## STATISTICAL SECTION

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

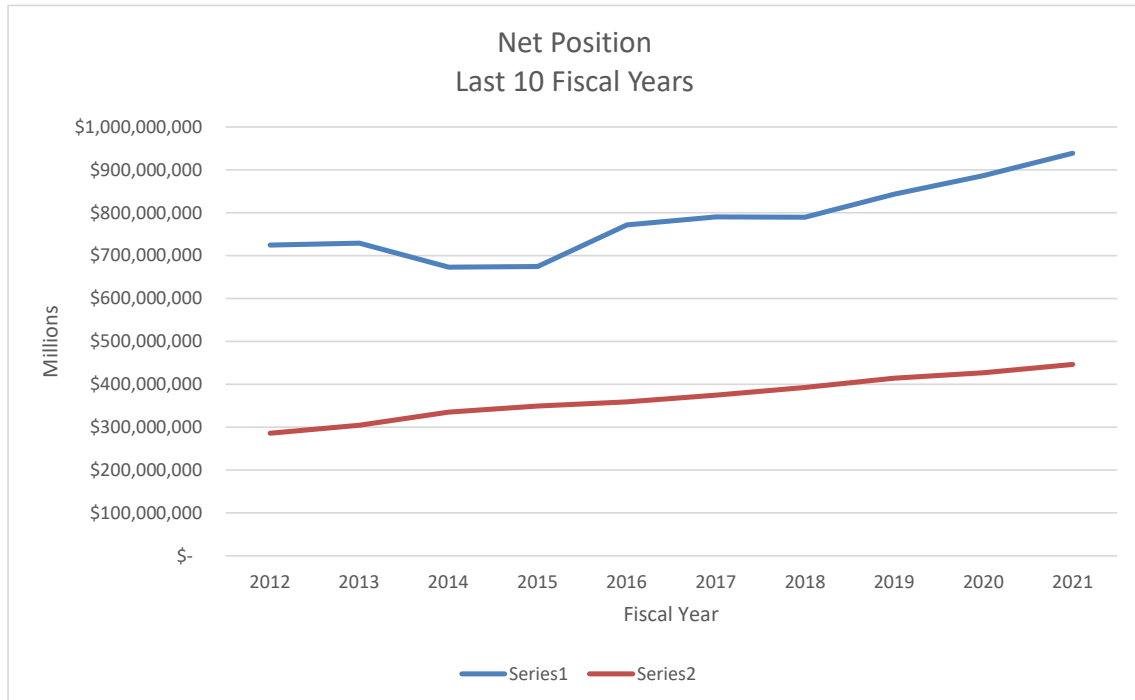
|   | <b>Fiscal Year</b>      |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | <b><u>2012</u></b>      | <b><u>2013</u></b>      | <b><u>2014</u></b>      | <b><u>2015</u></b>      |
| Governmental activities                     |                         |                         |                         |                         |
| Net investment in capital assets            | \$ 697,830,001          | \$ 682,946,045          | \$ 687,527,061          | \$ 694,789,326          |
| Restricted                                  | 10,288,377              | 10,721,573              | 9,499,778               | 6,131,943               |
| Unrestricted                                | 16,025,424              | 35,230,567              | (24,252,748)            | (26,349,230)            |
| Total governmental activities net position  | <u>\$ 724,143,802</u>   | <u>\$ 728,898,185</u>   | <u>\$ 672,774,091</u>   | <u>\$ 674,572,039</u>   |
| Business-type activities                    |                         |                         |                         |                         |
| Net investment in capital assets            | \$ 253,742,128          | \$ 264,927,149          | \$ 287,867,561          | \$ 298,202,694          |
| Restricted                                  | 2,463,535               | 3,631,223               | 1,111,144               | 1,071,144               |
| Unrestricted                                | 29,259,929              | 36,074,921              | 45,768,853              | 49,652,876              |
| Total business-type activities net position | <u>\$ 285,465,592</u>   | <u>\$ 304,633,293</u>   | <u>\$ 334,747,558</u>   | <u>\$ 348,926,714</u>   |
| Primary government                          |                         |                         |                         |                         |
| Net investment in capital assets            | \$ 951,572,129          | \$ 947,873,194          | \$ 975,394,622          | \$ 992,992,020          |
| Restricted                                  | 12,751,912              | 14,352,796              | 10,610,922              | 7,203,087               |
| Unrestricted                                | 45,285,353              | 71,305,488              | 21,516,105              | 23,303,646              |
| Total primary government net position       | <u>\$ 1,009,609,394</u> | <u>\$ 1,033,531,478</u> | <u>\$ 1,007,521,649</u> | <u>\$ 1,023,498,753</u> |

**Notes:**

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             |                         |                         |                         |                         |                         |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>2016</u>             | <u>2017</u>             | <u>2018</u>             | <u>2019</u>             | <u>2020</u>             | <u>2021</u>             |
| \$ 704,250,257          | \$ 700,427,393          | \$ 706,613,344          | \$ 724,753,696          | \$ 748,515,603          | \$ 748,351,673          |
| 4,870,358               | 4,728,939               | 4,353,472               | 4,333,199               | 3,487,830               | 68,838,302              |
| 62,608,062              | 85,019,692              | 78,619,493              | 113,657,173             | 134,418,884             | 121,468,880             |
| <b>\$ 771,728,677</b>   | <b>\$ 790,176,024</b>   | <b>\$ 789,586,309</b>   | <b>\$ 842,744,068</b>   | <b>\$ 886,422,317</b>   | <b>\$ 938,658,855</b>   |
|                         |                         |                         |                         |                         |                         |
| \$ 305,687,715          | \$ 290,214,493          | \$ 289,305,370          | \$ 325,324,941          | \$ 336,300,416          | \$ 346,423,345          |
| 1,026,144               | 985,146                 | 928,307                 | -                       | -                       | 8,170,142               |
| 52,246,156              | 82,984,505              | 102,054,275             | 88,625,282              | 90,229,550              | 91,588,995              |
| <b>\$ 358,960,015</b>   | <b>\$ 374,184,144</b>   | <b>\$ 392,287,952</b>   | <b>\$ 413,950,223</b>   | <b>\$ 426,529,966</b>   | <b>\$ 446,182,482</b>   |
|                         |                         |                         |                         |                         |                         |
| \$ 1,009,937,972        | \$ 990,641,886          | \$ 995,918,714          | \$ 1,050,078,637        | \$ 1,084,816,019        | \$ 1,094,775,018        |
| 5,896,502               | 5,714,085               | 5,281,779               | 4,333,199               | 3,487,830               | 77,008,444              |
| 114,854,218             | 168,004,197             | 180,673,768             | 202,282,455             | 224,648,434             | 213,057,875             |
| <b>\$ 1,130,688,692</b> | <b>\$ 1,164,360,168</b> | <b>\$ 1,181,874,261</b> | <b>\$ 1,256,694,291</b> | <b>\$ 1,312,952,283</b> | <b>\$ 1,384,841,337</b> |



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

|   | Fiscal Year    |                |                |                |
|---|----------------|----------------|----------------|----------------|
|   | <u>2012</u>    | <u>2013</u>    | <u>2014</u>    | <u>2015</u>    |
| <b>Expenses</b>                         |                |                |                |                |
| Governmental activities:                |                |                |                |                |
| General Government                      | \$ 6,351,823   | \$ 8,959,390   | \$ 7,342,670   | \$ 9,211,576   |
| Judicial                                | 2,793,914      | 2,743,574      | 2,789,535      | 2,972,304      |
| Public Safety                           | 37,340,409     | 37,378,185     | 38,744,658     | 41,189,109     |
| Community Development                   | 5,332,561      | 5,096,639      | 5,175,651      | 5,535,094      |
| Public Works                            | 17,427,549     | 16,993,893     | 17,371,560     | 18,803,785     |
| Leisure services                        | 16,844,202     | 15,908,830     | 13,861,675     | 16,859,288     |
| Health and human services               | 5,553,369      | 5,275,046      | 5,478,974      | 5,893,257      |
| Interest on long-term debt              | 3,779,473      | 3,250,089      | 2,804,432      | 2,500,908      |
| Total governmental activities expenses  | 95,423,300     | 95,605,646     | 93,569,155     | 102,965,321    |
| Business-type activities:               |                |                |                |                |
| Water                                   | 12,949,247     | 13,972,634     | 13,070,155     | 17,157,143     |
| Sewerage                                | 36,391,713     | 37,680,430     | 37,951,697     | 41,404,954     |
| Drainage <sup>1</sup>                   | -              | -              | -              | -              |
| Golf                                    | 3,062,851      | 2,917,964      | 2,872,165      | 3,055,395      |
| Solid Waste                             | -              | -              | -              | -              |
| Total business-type activities expenses | 52,403,811     | 54,571,028     | 53,894,017     | 61,617,492     |
| Total primary government expenses       | \$ 147,827,111 | \$ 150,176,674 | \$ 147,463,172 | \$ 164,582,813 |

**Program Revenues**

|   |               |               |                |                |
|---|---------------|---------------|----------------|----------------|
| Governmental activities:                        |               |               |                |                |
| Charges for services:                           |               |               |                |                |
| General Government                              | \$ 1,958,626  | \$ 2,044,753  | \$ 3,483,161   | \$ 4,273,658   |
| Judicial  | 1,963,025     | 2,108,024     | 1,846,731      | 2,032,772      |
| Public Safety                                   | 1,081,323     | 1,811,747     | 3,388,295      | 3,560,350      |
| Community Development                           | 3,262,546     | 3,841,993     | 5,006,297      | 4,863,697      |
| Public Works                                    | 1,420,839     | 1,810,854     | 2,185,990      | 2,725,356      |
| Leisure services                                | 1,357,619     | 1,380,839     | 1,418,600      | 1,479,369      |
| Health and human services                       | 814,518       | 709,948       | 841,690        | 769,669        |
| Operating grants and contributions              | 4,124,615     | 4,177,095     | 6,166,500      | 7,021,280      |
| Capital grants and contributions                | 11,076,621    | 6,655,575     | 2,936,731      | 5,256,320      |
| Total governmental activities program revenues  | 27,059,732    | 24,540,828    | 27,273,995     | 31,982,471     |
| Business-type activities                        |               |               |                |                |
| Charges for services:                           |               |               |                |                |
| Water   | \$ 16,253,067 | \$ 17,021,951 | \$ 18,416,162  | \$ 18,904,851  |
| Sewerage  | 39,562,059    | 42,752,458    | 44,969,699     | 46,459,410     |
| Drainage <sup>1</sup>                           | -             | -             | -              | -              |
| Golf Complex                                    | 2,570,012     | 2,431,782     | 2,485,348      | 2,659,643      |
| Solid Waste                                     | -             | -             | -              | -              |
| Operating grants and contributions              | 770,997       | 81,404        | 176,984        | 234,397        |
| Capital grants and contributions                | 5,544,456     | 9,195,002     | 15,792,479     | 10,057,056     |
| Total business-type activities program revenues | 64,700,591    | 71,482,597    | 81,840,672     | 78,315,357     |
| Total primary government program revenues       | \$ 91,760,323 | \$ 96,023,425 | \$ 109,114,667 | \$ 110,297,828 |

Source: Statement Activities

Notes:

<sup>1</sup> The Sewer and Drainage activities were combined into the Sewerage Fund until 2019

| Fiscal Year    |                |                |                |                |                |
|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>2016</u>    | <u>2017</u>    | <u>2018</u>    | <u>2019</u>    | <u>2020</u>    | <u>2021</u>    |
| \$ 13,429,528  | \$ 12,346,159  | \$ 16,281,070  | \$ 15,229,074  | \$ 19,047,384  | \$ 13,206,508  |
| 3,771,365      | 3,157,775      | 3,354,798      | 3,689,235      | 3,420,260      | 2,978,289      |
| 38,593,097     | 46,517,116     | 54,366,839     | 54,947,750     | 51,508,360     | 54,063,349     |
| 7,178,348      | 6,523,730      | 7,844,737      | 7,476,751      | 7,097,028      | 6,689,323      |
| 22,002,693     | 22,020,709     | 23,754,967     | 24,404,558     | 25,169,716     | 26,616,210     |
| 17,602,824     | 18,370,559     | 20,227,074     | 20,442,888     | 19,710,884     | 22,863,438     |
| 4,002,920      | 6,448,946      | 6,663,229      | 5,908,829      | 7,594,503      | 7,965,661      |
| 5,194,899      | 7,491,114      | 7,247,068      | 7,084,948      | 6,899,391      | 6,444,510      |
| 111,775,674    | 122,876,108    | 139,739,782    | 139,184,033    | 140,447,526    | 140,827,288    |
| 18,828,316     | 18,100,296     | 19,179,778     | 18,819,898     | 26,928,308     | 19,604,339     |
| 45,412,945     | 46,014,434     | 50,699,083     | 31,798,523     | 31,590,879     | 32,813,582     |
| -              | -              | -              | 17,663,742     | 21,711,379     | 20,408,926     |
| 4,559,588      | 2,453,882      | 2,348,551      | 2,272,468      | 2,279,742      | 1,924,403      |
| 686,887        | 638,345        | 647,972        | 804,474        | 819,309        | 853,412        |
| 69,487,736     | 67,206,957     | 72,875,384     | 71,359,105     | 83,329,617     | 75,604,662     |
| \$ 181,263,410 | \$ 190,083,065 | \$ 212,615,166 | \$ 210,543,138 | \$ 223,777,143 | \$ 216,431,950 |

|              |              |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 3,645,563 | \$ 4,472,438 | \$ 4,795,654 | \$ 5,025,834 | \$ 3,993,931 | \$ 4,843,351 |
| 1,724,181    | 1,570,537    | 1,342,073    | 1,341,160    | 1,059,709    | 862,878      |
| 4,097,976    | 5,409,848    | 5,202,797    | 6,966,767    | 6,794,413    | 9,070,762    |
| 5,478,504    | 7,608,117    | 7,297,706    | 8,087,187    | 5,596,260    | 6,346,806    |
| 3,165,390    | 3,401,558    | 1,663,717    | 1,664,229    | 3,099,865    | 1,612,199    |
| 1,465,975    | 1,385,824    | 1,514,916    | 1,516,333    | 425,981      | 2,246,013    |
| 763,593      | 707,449      | 754,155      | 827,488      | 214,778      | 122,022      |
| 7,982,415    | 8,254,026    | 8,222,741    | 9,265,004    | 14,700,800   | 13,228,389   |
| 9,350,716    | 13,656,431   | 10,068,294   | 24,149,363   | 24,985,567   | 14,363,176   |
| 37,674,313   | 46,466,228   | 40,862,053   | 58,843,365   | 60,871,304   | 52,695,596   |

|                |                |                |                |                |                |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 18,780,129  | \$ 21,850,641  | \$ 22,541,631  | \$ 22,869,950  | \$ 23,286,875  | \$ 24,159,864  |
| 47,640,854     | 50,109,473     | 52,678,839     | 32,608,980     | 33,273,206     | 34,918,925     |
| -              | -              | -              | 20,723,689     | 21,288,181     | 21,532,206     |
| 2,475,135      | 2,501,596      | 2,306,679      | 2,350,513      | 2,036,199      | 2,462,613      |
| 608,685        | 600,608        | 632,795        | 642,056        | 660,153        | 670,039        |
| 1,023,669      | 315,853        | 380,118        | 498,735        | 3,852,590      | 451,970        |
| 9,629,000      | 6,595,122      | 11,454,368     | 10,170,735     | 9,504,590      | 11,603,565     |
| 80,157,472     | 81,973,293     | 89,994,430     | 89,864,658     | 93,901,794     | 95,799,182     |
| \$ 117,831,785 | \$ 128,439,521 | \$ 130,856,483 | \$ 148,708,023 | \$ 154,773,098 | \$ 148,494,778 |

continued



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

|   | <b>Fiscal Year</b>     |                        |                        |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | <b><u>2012</u></b>     | <b><u>2013</u></b>     | <b><u>2014</u></b>     | <b><u>2015</u></b>     |
| <b>Net (Expense)/Revenue</b>                              |                        |                        |                        |                        |
| Governmental activities                                   | \$ (68,363,568)        | \$ (71,064,818)        | \$ (66,295,160)        | \$ (70,982,850)        |
| Business-type activities                                  | 12,296,780             | 16,911,569             | 27,946,655             | 16,697,865             |
| Total primary government net expense                      | <u>\$ (56,066,788)</u> | <u>\$ (54,153,249)</u> | <u>\$ (38,348,505)</u> | <u>\$ (54,284,985)</u> |
| <b>General Revenues and Other Changes in Net Position</b> |                        |                        |                        |                        |
| Governmental activities:                                  |                        |                        |                        |                        |
| Taxes   |                        |                        |                        |                        |
| Property taxes levied for general purpos                  | \$ 19,726,551          | \$ 20,085,117          | \$ 20,599,891          | \$ 21,998,657          |
| Property taxes levied for debt service                    | 8,421                  | -                      | -                      | -                      |
| Sales taxes   | 21,908,275             | 22,707,244             | 25,332,356             | 26,654,493             |
| Utility taxes   | 19,868,738             | 22,760,019             | 22,962,565             | 26,376,844             |
| Business & Occupation taxes                               | -                      | 5,149,172              | 6,208,946              | 7,656,220              |
| Real Estate taxes   | 3,547,963              | 3,837,948              | 3,184,596              | 6,434,689              |
| Lodging taxes   | 187,971                | 217,618                | 249,377                | 279,466                |
| Other taxes   | 1,116,790              | 1,101,844              | 1,106,821              | 1,023,499              |
| Unrestricted grants and contributions                     | 6,845,773              | 6,760,236              | 6,851,351              | 6,417,339              |
| Investment earnings                                       | 701,443                | 895,815                | 1,052,762              | 1,242,815              |
| Miscellaneous   | 4,907,310              | 1,740,638              | 162,971                | (1,643,662)            |
| Gain on disposal of capital assets                        | -                      | 1,945,741              | 2,433,112              | 115,242                |
| Special item  | -                      | -                      | -                      | -                      |
| Transfers   | 110,355                | 762,322                | (16,729)               | 126,875                |
| Total governmental activities                             | <u>78,929,590</u>      | <u>87,963,714</u>      | <u>90,128,019</u>      | <u>96,682,477</u>      |
| Business-type activities                                  |                        |                        |                        |                        |
| Investment earnings                                       | 78,534                 | 153,554                | 124,777                | 97,795                 |
| Transfers   | (110,355)              | (762,322)              | 16,729                 | (126,875)              |
| Total business-type activities                            | <u>(31,821)</u>        | <u>2,218,914</u>       | <u>141,506</u>         | <u>(29,080)</u>        |
| Total primary government                                  | <u>\$ 78,897,769</u>   | <u>\$ 90,182,628</u>   | <u>\$ 90,269,525</u>   | <u>\$ 96,653,397</u>   |
| <b>Change in Net Position</b>                             |                        |                        |                        |                        |
| Governmental activities                                   | \$ 10,566,022          | \$ 16,898,896          | \$ 23,832,859          | \$ 25,699,627          |
| Business-type activities                                  | 12,264,959             | 19,130,483             | 28,088,161             | 16,668,785             |
| Total primary government                                  | <u>\$ 22,830,981</u>   | <u>\$ 36,029,379</u>   | <u>\$ 51,921,020</u>   | <u>\$ 42,368,412</u>   |

Source: Statement of Activities

| Fiscal Year            |                        |                        |                        |                        |                        |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <u>2016</u>            | <u>2017</u>            | <u>2018</u>            | <u>2019</u>            | <u>2020</u>            | <u>2021</u>            |
| \$ (74,101,361)        | \$ (76,409,880)        | \$ (98,877,729)        | \$ (80,340,668)        | \$ (79,576,222)        | \$ (88,131,692)        |
| 10,669,736             | 14,766,336             | 17,119,046             | 18,505,553             | 10,572,177             | 20,194,520             |
| <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> | <u>\$ (67,937,172)</u> |

|                       |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 22,556,458         | \$ 22,857,559         | \$ 30,101,176         | \$ 30,744,334         | \$ 31,491,288         | \$ 31,934,723         |
| -                     | -                     | -                     | -                     | -                     | -                     |
| 28,551,033            | 29,517,990            | 32,842,687            | 36,097,807            | 32,605,059            | 39,198,901            |
| 26,923,348            | 28,637,522            | 29,823,141            | 30,597,119            | 30,456,616            | 32,515,784            |
| 9,311,445             | 9,141,800             | 9,422,048             | 12,999,563            | 14,784,795            | 17,060,649            |
| 6,427,334             | 7,211,140             | 7,689,638             | 9,590,643             | 6,621,152             | 10,694,081            |
| 293,347               | 312,980               | 312,813               | 306,055               | 155,591               | 222,759               |
| 961,833               | 902,557               | 1,074,356             | 963,837               | 418,235               | 613,502               |
| 6,600,212             | 6,619,515             | 6,345,911             | 5,777,671             | 3,702,988             | 7,411,838             |
| 1,073,989             | 1,386,281             | 2,177,476             | 5,198,451             | 4,020,413             | (858,266)             |
| 908,862               | 487,428               | 1,028,553             | 997,507               | 948,904               | 1,511,036             |
| -                     | -                     | 22,523                | 18,796                | 187,754               | 33,392                |
| 66,656,930            | -                     | -                     | -                     | -                     | -                     |
| 993,208               | 174,044               | 803,826               | 206,644               | 105,435               | 29,831                |
| <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>    | <u>140,368,230</u>    |
| 356,773               | 631,837               | 1,788,588             | 3,363,362             | 2,113,001             | (512,173)             |
| (993,208)             | (174,044)             | (803,826)             | (206,644)             | (105,435)             | (29,831)              |
| <u>(636,435)</u>      | <u>457,793</u>        | <u>984,762</u>        | <u>3,156,718</u>      | <u>2,007,566</u>      | <u>(542,004)</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> | <u>\$ 139,826,226</u> |

|                       |                      |                      |                      |                      |                      |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 97,156,638         | \$ 30,838,936        | \$ 22,766,419        | \$ 53,157,759        | \$ 45,922,008        | \$ 52,236,538        |
| 10,033,301            | 15,224,129           | 18,103,808           | 21,662,271           | 12,579,743           | 19,652,516           |
| <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> | <u>\$ 71,889,054</u> |

concluded

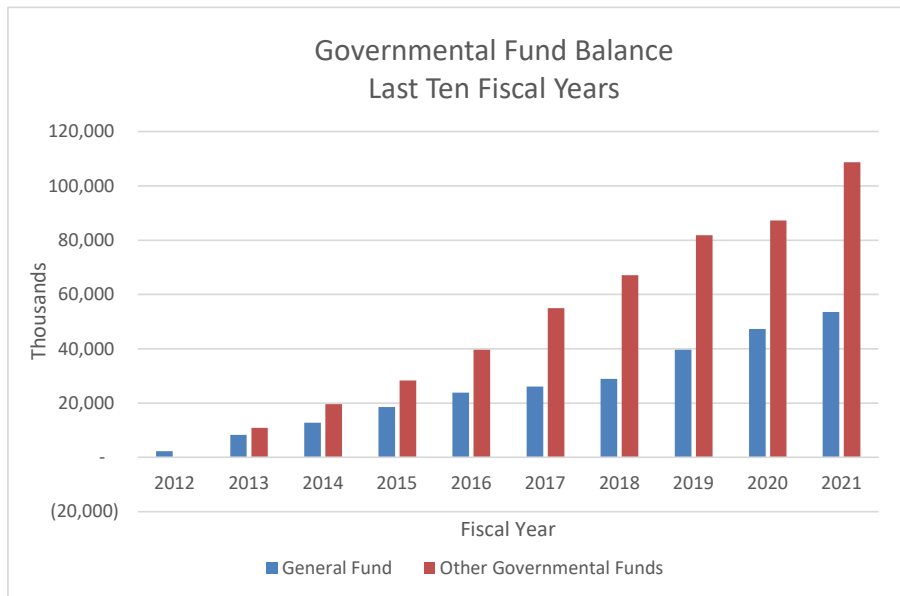
**Schedule 3**  
**City of Kent**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

|                                    | <b>Fiscal Year</b>  |                      |                      |                      |
|------------------------------------|---------------------|----------------------|----------------------|----------------------|
|                                    | <b><u>2012</u></b>  | <b><u>2013</u></b>   | <b><u>2014</u></b>   | <b><u>2015</u></b>   |
| General Fund                       |                     |                      |                      |                      |
| Nonspendable                       | \$ 103,364          | \$ 80,055            | \$ 96,544            | \$ 133,533           |
| Restricted                         | 67,447              | 1,846,132            | 2,116,798            | 3,497,366            |
| Committed                          | 129,557             | 184,691              | 281,177              | 364,242              |
| Assigned                           | 772,591             | 968,866              | 1,128,842            | 2,806,873            |
| Unassigned                         | 1,290,804           | 5,200,183            | 9,179,216            | 11,778,578           |
| Total general fund                 | <u>\$ 2,363,763</u> | <u>\$ 8,279,927</u>  | <u>\$ 12,802,577</u> | <u>\$ 18,580,592</u> |
| All Other Governmental Funds       |                     |                      |                      |                      |
| Nonspendable                       | \$ 950              | \$ 3,120             | \$ 4,295             | \$ 29,495            |
| Restricted                         | 7,834,952           | 10,910,338           | 12,564,488           | 15,477,624           |
| Committed                          | 1,929,285           | 5,718,063            | 8,672,323            | 15,016,218           |
| Assigned                           | 1,291,659           | 1,726,736            | 1,405,923            | 4,230,472            |
| Unassigned                         | (11,178,234)        | (7,448,023)          | (3,023,914)          | (6,411,915)          |
| Total all other governmental funds | <u>\$ (121,388)</u> | <u>\$ 10,910,234</u> | <u>\$ 19,623,115</u> | <u>\$ 28,341,894</u> |

\* FY 2011 Funds restated for GASB Statement No. 54 implementation.

Source: Governmental Funds Balance Sheet

| Fiscal Year          |                      |                      |                      |                      |                       |
|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| <u>2016</u>          | <u>2017</u>          | <u>2018</u>          | <u>2019</u>          | <u>2020</u>          | <u>2021</u>           |
| \$ 55,588            | \$ 54,153            | \$ 52,241            | \$ 53,862            | \$ 47,115            | \$ 47,047             |
| 2,865,799            | 974,945              | 1,780,871            | 1,541,726            | 93,011               | 2,936,764             |
| 912,834              | 1,185,647            | 1,261,453            | 2,836,297            | 5,409,077            | 11,161,471            |
| 2,973,064            | 3,271,355            | 3,875,396            | 4,428,649            | 3,333,563            | 3,808,859             |
| 17,103,379           | 20,599,974           | 22,016,709           | 30,789,228           | 38,382,974           | 35,665,388            |
| <b>\$ 23,910,664</b> | <b>\$ 26,086,074</b> | <b>\$ 28,986,670</b> | <b>\$ 39,649,762</b> | <b>\$ 47,265,740</b> | <b>\$ 53,619,529</b>  |
|                      |                      |                      |                      |                      |                       |
| \$ -                 | \$ -                 | \$ -                 | \$ 145,160           | \$ 463,360           | \$ 330,909            |
| 22,471,953           | 21,794,760           | 22,317,814           | 23,975,743           | 22,398,299           | 29,094,745            |
| 13,735,355           | 25,080,826           | 34,024,440           | 45,935,443           | 45,284,251           | 50,982,541            |
| 8,559,514            | 11,889,360           | 13,120,956           | 12,564,232           | 19,105,408           | 28,337,742            |
| (5,145,517)          | (3,759,661)          | (2,307,332)          | (768,503)            | 18,238               | -                     |
| <b>\$ 39,621,305</b> | <b>\$ 55,005,285</b> | <b>\$ 67,155,878</b> | <b>\$ 81,852,075</b> | <b>\$ 87,269,556</b> | <b>\$ 108,745,937</b> |



**Schedule 4**  
**City of Kent**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

|  | <b>Fiscal Year</b>   |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | <b><u>2012</u></b>   | <b><u>2013</u></b>   | <b><u>2014</u></b>   | <b><u>2015</u></b>   |
| <b>Revenues</b>  |                      |                      |                      |                      |
| Taxes (see Schedule 5)   | \$ 66,441,273        | \$ 75,899,606        | \$ 79,740,933        | \$ 90,440,736        |
| Licenses and permits   | 4,361,182            | 5,099,915            | 5,818,615            | 5,827,475            |
| Intergovernmental  | 14,139,092           | 13,944,351           | 14,032,112           | 15,166,476           |
| Charges for services   | 4,703,711            | 5,911,954            | 7,607,140            | 7,610,535            |
| Fines and forfeitures  | 1,511,762            | 1,535,820            | 2,473,890            | 3,432,228            |
| Special assessments  | 3,808,216            | 3,319,569            | 2,387,329            | 1,861,231            |
| Investment earnings  | 689,240              | 1,074,118            | 902,762              | 891,136              |
| Unrealized net gain/(loss) in FV of investments                | -                    | -                    | -                    | -                    |
| Other revenues   | 3,445,064            | 2,850,433            | 2,438,942            | 3,202,583            |
| <b>Total Revenues</b>  | <b>99,099,540</b>    | <b>109,635,766</b>   | <b>115,401,723</b>   | <b>128,432,400</b>   |
| <b>Expenditures</b>  |                      |                      |                      |                      |
| General government   | 6,148,530            | 6,895,137            | 7,143,865            | 7,795,541            |
| Judicial   | 2,726,273            | 2,781,005            | 2,849,954            | 2,988,951            |
| Public safety  | 36,785,762           | 38,162,011           | 39,902,990           | 41,552,238           |
| Community development  | 5,325,071            | 5,256,059            | 5,323,103            | 5,623,048            |
| Public works   | 7,334,764            | 7,218,144            | 7,648,901            | 7,682,213            |
| Leisure services   | 13,801,117           | 13,190,232           | 14,064,016           | 14,147,709           |
| Health and human services                                      | 5,501,456            | 5,368,080            | 5,594,899            | 5,980,950            |
| Debt Service   |                      |                      |                      |                      |
| Principal  | 7,667,099            | 7,862,632            | 8,097,151            | 15,365,251           |
| Interest   | 3,646,216            | 3,179,638            | 2,984,274            | 2,707,594            |
| Capital Outlay   | 4,058,121            | 6,062,203            | 10,525,215           | 12,979,918           |
| <b>Total expenditures</b>                                      | <b>92,994,409</b>    | <b>95,975,141</b>    | <b>104,134,368</b>   | <b>116,823,413</b>   |
| <b>Excess of revenues over (under) expenditures</b>            | <b>6,105,131</b>     | <b>13,660,625</b>    | <b>11,267,355</b>    | <b>11,608,987</b>    |
| <b>Other Financing Sources (Uses)</b>                          |                      |                      |                      |                      |
| Bonds issued   | -                    | -                    | -                    | -                    |
| Refunding bonds issued   | 10,840,000           | -                    | 8,671,070            | 8,620,000            |
| Loans/contracts issued   | 500,000              | -                    | -                    | -                    |
| Issuance of installment notes                                  | 9,702,213            | -                    | -                    | 18,524               |
| Payments to escrow agent                                       | (10,990,000)         | -                    | (8,929,574)          | -                    |
| Premium/(discount) on bonds                                    | -                    | -                    | 547,704              | 261,619              |
| Sale of capital assets   | 198,526              | 1,966,453            | 2,433,102            | 77,342               |
| Transfers in   | 15,997,350           | 20,939,382           | 24,436,941           | 44,596,124           |
| Transfers out  | (15,417,731)         | (19,618,674)         | (23,164,963)         | (43,125,559)         |
| <b>Total other financing sources (uses)</b>                    | <b>10,830,358</b>    | <b>3,287,161</b>     | <b>3,994,280</b>     | <b>10,448,050</b>    |
| <b>Net change in fund balances</b>                             | <b>\$ 16,935,489</b> | <b>\$ 16,947,786</b> | <b>\$ 15,261,635</b> | <b>\$ 22,057,037</b> |
| <b>Debt service as a percentage of noncapital expenditures</b> | <b>12.7%</b>         | <b>12.3%</b>         | <b>11.8%</b>         | <b>17.4%</b>         |

Source: Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

| Fiscal Year   |               |                |                |                |                |
|---------------|---------------|----------------|----------------|----------------|----------------|
| <u>2016</u>   | <u>2017</u>   | <u>2018</u>    | <u>2019</u>    | <u>2020</u>    | <u>2021</u>    |
| \$ 95,002,781 | \$ 98,723,853 | \$ 109,704,136 | \$ 119,886,909 | \$ 114,848,259 | \$ 132,358,643 |
| 6,652,555     | 7,499,521     | 8,119,744      | 8,032,458      | 7,654,832      | 7,737,074      |
| 18,717,615    | 23,751,790    | 19,633,245     | 30,890,756     | 36,749,457     | 25,219,734     |
| 7,459,034     | 10,359,617    | 9,543,599      | 12,094,306     | 10,631,664     | 11,899,343     |
| 2,975,420     | 3,086,649     | 2,704,218      | 3,876,198      | 4,297,533      | 5,379,869      |
| 1,677,275     | 1,456,781     | 1,123,334      | 1,069,714      | 544,398        | 779,313        |
| 969,625       | 1,247,357     | 1,696,085      | 4,251,315      | 3,248,757      | 1,763,188      |
| -             | -             | -              | -              | -              | (2,300,225)    |
| 3,464,427     | 3,850,409     | 3,470,791      | 3,965,186      | 2,826,984      | 4,768,119      |
| 136,918,732   | 149,975,977   | 155,995,152    | 184,066,842    | 180,801,884    | 187,605,058    |
| 10,223,289    | 10,748,768    | 12,517,199     | 13,764,035     | 18,275,473     | 13,853,461     |
| 3,079,215     | 3,128,653     | 3,442,107      | 3,646,275      | 3,402,314      | 3,386,007      |
| 42,746,821    | 46,087,104    | 48,585,879     | 54,269,599     | 57,629,264     | 59,540,990     |
| 5,883,755     | 6,471,366     | 7,660,083      | 7,628,083      | 7,210,924      | 7,641,488      |
| 7,228,829     | 10,267,623    | 10,371,450     | 11,694,862     | 12,087,520     | 15,881,550     |
| 14,063,309    | 13,540,991    | 15,111,812     | 15,555,826     | 14,064,002     | 17,893,462     |
| 6,140,962     | 6,390,291     | 6,804,579      | 6,935,778      | 8,189,345      | 8,944,190      |
| 6,929,689     | 7,075,992     | 6,624,979      | 6,426,192      | 14,248,319     | 5,287,190      |
| 3,441,172     | 3,994,036     | 3,786,574      | 3,673,650      | 3,520,663      | 3,109,646      |
| 22,414,017    | 25,267,653    | 25,740,137     | 41,029,250     | 29,850,238     | 18,591,861     |
| 122,151,058   | 132,972,477   | 140,644,799    | 164,623,550    | 168,478,062    | 154,129,845    |
| 14,767,674    | 17,003,500    | 15,350,353     | 19,443,292     | 12,323,822     | 33,475,213     |
| -             | -             | -              | -              | -              | -              |
| 64,575,000    | -             | -              | -              | -              | -              |
| -             | -             | -              | -              | -              | -              |
| 181,900       | 194,990       | 172,808        | 8,891,708      | -              | 500,000        |
| (76,539,984)  | -             | -              | -              | -              | -              |
| 12,314,401    | -             | -              | -              | -              | -              |
| -             | -             | 104,587        | -              | -              | -              |
| 43,061,037    | 46,077,102    | 56,403,715     | 48,833,562     | 62,228,663     | 42,124,659     |
| (41,750,545)  | (45,716,202)  | (56,980,274)   | (51,809,272)   | (61,519,026)   | (48,269,702)   |
| 1,841,809     | 555,890       | (299,164)      | 5,915,998      | 709,637        | (5,645,043)    |
| \$ 16,609,483 | \$ 17,559,390 | \$ 15,051,189  | \$ 25,359,290  | \$ 13,033,459  | \$ 27,830,170  |
| 10.4%         | 10.3%         | 9.1%           | 8.2%           | 12.8%          | 6.2%           |

**Schedule 5**  
**City of Kent**  
**Tax Revenue by Source - Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

| <b>Fiscal Year</b> | <b>Property</b> | <b>Sales &amp; Use<sup>1</sup></b> | <b>Utility</b> | <b>Business &amp; Occupation<sup>3</sup></b> | <b>Real Estate Excise</b> | <b>Lodging</b> | <b>Other</b> | <b>Total</b> |
|--------------------|-----------------|------------------------------------|----------------|--|---------------------------|----------------|--------------|--------------|
| 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     | 5,149,172                                    | 3,837,948                 | 217,618        | 1,101,844    | 75,899,606   |
| 2014               | 20,696,272      | 25,332,356                         | 22,962,565     | 6,208,946                                    | 3,184,596                 | 249,377        | 1,106,821    | 79,740,933   |
| 2015               | 22,015,525      | 26,654,493                         | 26,376,844     | 7,656,220                                    | 6,434,689                 | 279,466        | 1,023,499    | 90,440,736   |
| 2016               | 22,534,441      | 28,551,033                         | 26,923,348     | 9,311,445                                    | 6,427,334                 | 293,347        | 961,833      | 95,002,781   |
| 2017               | 22,999,864      | 29,517,989                         | 28,637,523     | 9,141,800                                    | 7,211,140                 | 312,980        | 902,557      | 98,723,853   |
| 2018               | 29,971,155      | 32,842,687                         | 28,391,439     | 9,422,048                                    | 7,689,638                 | 312,813        | 1,074,356    | 109,704,136  |
| 2019               | 30,731,786      | 36,097,807                         | 29,197,218     | 12,999,563                                   | 9,590,643                 | 306,055        | 963,837      | 119,886,909  |
| 2020 <sup>4</sup>  | 31,374,827      | 32,605,059 <sup>2</sup>            | 28,888,600     | 14,784,795                                   | 6,621,152                 | 155,591        | 418,235      | 114,848,261  |
| 2021               | 32,052,967      | 39,198,901                         | 32,515,784     | 17,060,649                                   | 10,694,081                | 222,759        | 613,502      | 132,358,643  |
| Change             |                 |                                    |                |  |                           |                |              |              |
| 2012-2021          | 61.8%           | 78.9%                              | 63.7%          | 231.3%                                       | 201.4%                    | 18.5%          | -45.1%       | 99.2%        |

Source: City financial records  
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

**Notes:**

<sup>1</sup> 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:

|      |              |
|------|--------------|
| 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    |
| 2021 | 5,418,095    |

<sup>2</sup> 10 year increases are due to Panther Lake Annexation starting July 1, 2010 and ending 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:

|      |           |
|------|-----------|
| 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 |

<sup>3</sup> Business & Occupation tax started in 2013

<sup>4</sup> Tax Revenue decreased in 2020 mainly due to the COVID-19 pandemic

**Schedule 6**  
**City of Kent**  
**Assessed/Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>Real Property</b> | <b>Personal Property</b> | <b>Total Assessed/<br/>Estimated Actual Value</b> | <b>Total Direct Tax Rate</b> |
|--------------------|----------------------|--------------------------|---|------------------------------|
| 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                        |

Notes: Tax rates applied to assessed valuation to determine levy. Assessed values are established by the County Assessor at 100% 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.

<sup>a</sup> Breakdown between real and personal property are not available.

\* 2010-Increased assessed value due to Panther Lake Annexation

Source: King County Assessor's Office



**Schedule 7**  
**City of Kent**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

| Fiscal<br>Year | City Direct Rates |                          |                         | Overlapping Rates |         |                             |                  |                    |                            |                      |                  |                                 |                              |                          |
|----------------|-------------------|--------------------------|-------------------------|-------------------|---------|-----------------------------|------------------|--------------------|----------------------------|----------------------|------------------|---------------------------------|------------------------------|--------------------------|
|                | Basic<br>Rate     | Voted<br>Debt<br>Service | Total<br>Direct<br>Rate | State             | County  | Voter<br>Approved<br>County | Sound<br>Transit | Port of<br>Seattle | Kent<br>School<br>District | Hospital<br>District | Rural<br>Library | Emergency<br>Medical<br>Service | Green<br>River<br>Flood Zone | Kent<br>Regional<br>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                                       | 2021                    |      |   | 2012                   |      |   |
|--|-------------------------|------|---|------------------------|------|---|
|  | 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)        | \$ 481,390,400          | 1    | 1.97%   | 106,645,500            | 4    | 0.84%   |
| PSE/Gas & Electric                             | 280,511,207             | 2    | 1.15%   | 177,537,603            | 2    | 1.39%   |
| Segale Properties (formerly La Terra Ltd)      | 245,011,100             | 3    | 1.00%   | 83,337,900             | 5    | 0.65%   |
| Blue Properties                                | 186,708,500             | 4    | 0.76%   |                        |      |   |
| Eproperty Tax Inc                              | 167,178,100             | 5    | 0.68%   |                        |      |   |
| KV Industrial 2 LLC                            | 166,641,200             | 6    | 0.68%   |                        |      |   |
| Hill Investment Co.                            | 163,358,600             | 7    | 0.67%   |                        |      |   |
| Signature Point Apt.                           | 134,451,600             | 8    | 0.55%   |                        |      |   |
| CSHV Kent North LLC (formerly CB Richard Ellis | 128,659,200             | 9    | 0.53%   | 42,346,400             | 7    | 0.33%   |
| PS Business Parks (formerly Nuveen)            | 126,144,200             | 10   | 0.52%   |                        |      |   |
| Boeing   |                         |      |   | \$ 321,073,963         | 1    | 2.52%   |
| AMB Property                                   |                         |      |   | 114,369,200            | 3    | 0.90%   |
| Qwest Corporation (formerly U.S. West)         |                         |      |   | 42,926,636             | 6    | 0.34%   |
| Red Mortgage Capital Inc.                      |                         |      |   | 36,161,000             | 9    | 0.28%   |
| Fred Meyer                                     |                         |      |   | 37,588,200             | 8    | 0.29%   |
| Pacific NW Group A                             |                         |      |   | 28,827,000             | 10   | 0.23%   |
|  | <u>\$ 2,080,054,107</u> |      | <u>8.52%</u>                                    | <u>\$ 990,813,402</u>  |      | <u>7.77%</u>                                    |

**Source:** King County Assessor's Office

**Schedule 9**  
**City of Kent**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

| Fiscal<br>Year<br>Ended<br>Dec 31, | Taxes Levied<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                       | Collections<br>in Subsequent<br>Years | Total Collections to Date |                       |
|------------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                                    |  | Amount  | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 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%                | 323,148                               | 20,717,357                | 99.96%                |
| 2015                               | 22,091,369                             | 21,827,665                                      | 98.81%                | 263,704                               | 22,091,369                | 100.00%               |
| 2016                               | 22,657,939                             | 22,385,874                                      | 98.80%                | 263,961                               | 22,649,835                | 99.96%                |
| 2017                               | 23,056,215                             | 22,816,339                                      | 98.96%                | 235,943                               | 23,052,282                | 99.98%                |
| 2018                               | 30,137,002                             | 29,821,478                                      | 98.95%                | 315,524                               | 30,137,002                | 100.00%               |
| 2019                               | 30,786,766                             | 30,455,702                                      | 98.92%                | 278,736                               | 30,734,438                | 99.83%                |
| 2020                               | 31,551,662                             | 31,144,239                                      | 98.71%                | 273,462                               | 31,417,701                | 99.58%                |
| 2021                               | 32,173,205                             | 31,899,373                                      | 99.15%                | -                                     | 31,899,373                | 99.15%                |

**Source:** King County Assessor's Office



**Schedule 10**  
**City of Kent**  
**Taxable Sales by Category**  
**Last Ten Fiscal Years**

|                                | <b>Fiscal Year</b>      |                         |                         |                         |
|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                | <b><u>2012</u></b>      | <b><u>2013</u></b>      | <b><u>2014</u></b>      | <b><u>2015</u></b>      |
| Unknown                        | \$ 339,351              | \$ 196,495              | \$ 65,704               | \$ 543,832              |
| Agriculture, Forestry, Fishing | 877,496                 | 1,202,184               | 1,533,526               | 1,723,713               |
| Mining                         | 607,282                 | 144,459                 | 98,998                  | 46,085                  |
| Utilities                      | 7,112,634               | 10,873,877              | 6,071,984               | 6,292,076               |
| Construction                   | 224,155,491             | 224,529,870             | 321,680,722             | 297,410,988             |
| Manufacturing                  | 88,519,357              | 147,815,483             | 140,966,275             | 130,367,834             |
| Wholesale Trade                | 232,141,988             | 241,905,173             | 258,868,775             | 297,663,617             |
| Retail Trade                   | 682,878,774             | 722,025,334             | 752,229,005             | 778,287,789             |
| Transportation and Warehousing | 6,843,425               | 7,058,638               | 7,704,255               | 10,505,291              |
| Information                    | 115,588,551             | 95,410,564              | 112,338,420             | 121,791,265             |
| Finance and Insurance          | 21,585,061              | 25,203,335              | 25,454,579              | 30,244,002              |
| Real Estate, Rental, Leasing   | 71,912,403              | 73,550,514              | 87,699,058              | 95,997,409              |
| Prof, Sci, Technical Svcs      | 46,798,059              | 32,408,933              | 36,389,911              | 38,935,453              |
| Company Management             | 20,847                  | 25,943                  | -                       | 78,443                  |
| Admin, Supp, Remed Svcs        | 41,021,656              | 42,476,396              | 39,458,138              | 71,319,015              |
| Educational Services           | 3,243,933               | 3,711,272               | 3,712,154               | 4,420,229               |
| Health Care Social Assistance  | 1,505,938               | 1,275,885               | 2,412,082               | 3,308,852               |
| Arts, Entertain, Recreation    | 19,055,120              | 21,189,254              | 21,779,009              | 19,808,385              |
| Accommodation and Food Svcs    | 171,055,204             | 182,181,720             | 195,809,112             | 213,315,217             |
| Other Services                 | 77,191,369              | 71,633,560              | 73,587,409              | 81,802,712              |
| Public Administration          | 24,752,900              | 26,185,952              | 28,971,834              | 30,088,734              |
| <b>Total</b>                   | <b>\$ 1,837,206,839</b> | <b>\$ 1,931,004,841</b> | <b>\$ 2,116,830,950</b> | <b>\$ 2,233,950,941</b> |

City direct sales tax rate 0.85%.

**Source:** Taxtools 4.1.0 Database by Microflex, Inc.

| <b>Fiscal Year</b>      |                         |                         |                         |                         |                         |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b><u>2016</u></b>      | <b><u>2017</u></b>      | <b><u>2018</u></b>      | <b><u>2019</u></b>      | <b><u>2020</u></b>      | <b><u>2021</u></b>      |
| \$ 149,753              | \$ 641,040              | \$ 111,673              | \$ 1,367,225            | \$ 1,404,788            | \$ 4,565,569            |
| 1,774,495               | 661,383                 | 458,376                 | 342,866                 | 882,111                 | 1,277,049               |
| 67,492                  | 139,085                 | 192,809                 | 95,049                  | 96,216                  | 81,659                  |
| 7,846,892               | 10,457,305              | 11,391,629              | 12,377,296              | 7,750,699               | 8,677,840               |
| 302,548,150             | 340,304,924             | 434,236,277             | 548,590,035             | 557,056,169             | 603,625,244             |
| 146,226,236             | 134,882,163             | 153,848,600             | 220,872,536             | 180,257,465             | 212,375,842             |
| 338,433,480             | 329,625,729             | 364,718,721             | 383,861,943             | 385,843,018             | 406,190,334             |
| 816,949,999             | 843,953,703             | 905,815,060             | 999,565,733             | 1,140,046,374           | 1,325,134,219           |
| 9,726,380               | 8,159,690               | 11,359,833              | 12,643,113              | 22,627,158              | 41,959,495              |
| 126,016,431             | 123,102,696             | 124,377,336             | 118,698,722             | 118,032,858             | 120,352,571             |
| 39,245,687              | 42,164,136              | 44,372,642              | 43,297,915              | 47,570,315              | 38,774,920              |
| 103,454,935             | 113,932,233             | 120,119,139             | 134,138,368             | 120,650,967             | 128,984,304             |
| 49,628,961              | 52,130,863              | 47,245,465              | 58,106,362              | 69,684,509              | 96,817,168              |
| 17,671                  | 9,470                   | 4,469                   | 4,682                   | 274,772                 | 80,889                  |
| 104,922,922             | 64,042,202              | 109,819,746             | 137,075,315             | 166,136,707             | 199,722,437             |
| 5,094,076               | 4,232,992               | 3,942,868               | 4,719,372               | 3,830,005               | 5,369,807               |
| 3,626,711               | 5,473,322               | 5,266,771               | 3,253,657               | 2,860,038               | 2,883,709               |
| 22,625,489              | 23,053,740              | 23,995,011              | 26,166,127              | 14,003,489              | 22,331,212              |
| 231,934,336             | 238,157,944             | 247,306,793             | 270,545,886             | 207,566,415             | 258,032,589             |
| 88,021,162              | 94,115,793              | 96,543,843              | 98,404,947              | 89,996,520              | 116,919,575             |
| 33,119,462              | 44,304,995              | 42,949,890              | 41,987,921              | 52,066,016              | 59,029,617              |
| <b>\$ 2,431,430,720</b> | <b>\$ 2,473,545,408</b> | <b>\$ 2,748,076,951</b> | <b>\$ 3,116,115,070</b> | <b>\$ 3,188,636,609</b> | <b>\$ 3,653,186,049</b> |

**Schedule 11**  
**City of Kent**  
**Direct and Overlapping Sales Tax Rates**  
**Last Ten Fiscal Years**

| <u>Fiscal<br/>Year</u> | <u>City<br/>Direct<br/>Rate</u> | <u>State</u> | <u>County<br/>Transit</u> | <u>RTA</u> | <u>County</u> <sup>1</sup> | <u>Criminal<br/>Justice</u> | <u>Total<br/>Overlapping<br/>Rate</u> |
|------------------------|---------------------------------|--------------|---------------------------|------------|----------------------------|-----------------------------|---------------------------------------|
| 2012                   | 0.85%                           | 6.50%        | 0.90%                     | 0.90%      | 0.25%                      | 0.10%                       | 9.50%                                 |
| 2013                   | 0.85%                           | 6.50%        | 0.90%                     | 0.90%      | 0.25%                      | 0.10%                       | 9.50%                                 |
| 2014                   | 0.85%                           | 6.50%        | 0.90%                     | 0.90%      | 0.25%                      | 0.10%                       | 9.50%                                 |
| 2015                   | 0.85%                           | 6.50%        | 0.90%                     | 0.90%      | 0.25%                      | 0.10%                       | 9.50%                                 |
| 2016                   | 0.85%                           | 6.50%        | 0.90%                     | 0.90%      | 0.25%                      | 0.10%                       | 9.50%                                 |
| 2017                   | 0.85%                           | 6.50%        | 0.90%                     | 1.40%      | 0.25%                      | 0.10% **                    | 10.00%                                |
| 2018                   | 0.85%                           | 6.50%        | 0.90%                     | 1.40%      | 0.25%                      | 0.10%                       | 10.00%                                |
| 2019                   | 0.85%                           | 6.50%        | 0.90%                     | 1.40%      | 0.25%                      | 0.10%                       | 10.00%                                |
| 2020                   | 0.85%                           | 6.50%        | 0.90%                     | 1.40%      | 0.25%                      | 0.10%                       | 10.00%                                |
| 2021                   | 0.85%                           | 6.50%        | 0.90%                     | 1.40%      | 0.26%                      | 0.10%                       | 10.10%                                |

<sup>1</sup> Includes 0.15% for general purposes, 0.10% for chemical dependency, mental health treatment services and therapeutic court programs, and as of 1/1/2021 0.01% for housing and related services.

\*\*Includes 0.05% increase for the King County RTA, which to effect 4/1/2017.

**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 2021            |                                |                          |                                | Fiscal Year 2012            |                                |                          |                                |
|--------------------------------|-----------------------------|--------------------------------|--------------------------|--------------------------------|-----------------------------|--------------------------------|--------------------------|--------------------------------|
|                                | <u>Number<br/>of Filers</u> | <u>Percentage<br/>of Total</u> | <u>Tax<br/>Liability</u> | <u>Percentage<br/>of Total</u> | <u>Number<br/>of Filers</u> | <u>Percentage<br/>of Total</u> | <u>Tax<br/>Liability</u> | <u>Percentage<br/>of Total</u> |
| Unknown                        | 61                          | 0.2%                           | 50,908                   | 0.2%                           | 25                          | 0.1%                           | 30,900                   | 0.2%                           |
| Agriculture, Forestry, Fishing | 58                          | 0.2%                           | 10,427                   | 0.0%                           | 52                          | 0.3%                           | 6,960                    | 0.0%                           |
| Mining                         | 10                          | 0.0%                           | 685                      | 0.0%                           | 13                          | 0.1%                           | 5,068                    | 0.0%                           |
| Utilities                      | 17                          | 0.1%                           | 69,373                   | 0.2%                           | 15                          | 0.1%                           | 76,168                   | 0.5%                           |
| Construction                   | 4,642                       | 16.9%                          | 5,004,975                | 16.5%                          | 3,850                       | 21.8%                          | 1,805,308                | 11.7%                          |
| Manufacturing                  | 1,914                       | 7.0%                           | 1,689,516                | 5.6%                           | 1,217                       | 6.9%                           | 710,271                  | 4.6%                           |
| Wholesale Trade                | 3,678                       | 13.4%                          | 3,382,113                | 11.2%                          | 2,662                       | 15.1%                          | 1,938,671                | 12.6%                          |
| Retail Trade                   | 9,814                       | 35.8%                          | 11,090,829               | 36.6%                          | 4,336                       | 24.6%                          | 5,774,249                | 37.4%                          |
| Transportation and Warehousing | 148                         | 0.5%                           | 347,201                  | 1.1%                           | 137                         | 0.8%                           | 60,539                   | 0.4%                           |
| Information                    | 1,173                       | 4.3%                           | 1,005,747                | 3.3%                           | 564                         | 3.2%                           | 1,001,933                | 6.5%                           |
| Finance and Insurance          | 171                         | 0.6%                           | 349,169                  | 1.2%                           | 161                         | 0.9%                           | 171,027                  | 1.1%                           |
| Real Estate, Rental, Leasing   | 483                         | 1.8%                           | 1,093,648                | 3.6%                           | 426                         | 2.4%                           | 628,059                  | 4.1%                           |
| Prof, Sci, Technical Svcs      | 1,597                       | 5.8%                           | 772,658                  | 2.6%                           | 1,002                       | 5.7%                           | 391,584                  | 2.5%                           |
| Company Management             | 6                           | 0.0%                           | 542                      | 0.0%                           | 5                           | 0.0%                           | 148                      | 0.0%                           |
| Admin, Supp, Remed Svcs        | 1,579                       | 5.8%                           | 1,605,977                | 5.3%                           | 1,307                       | 7.4%                           | 345,437                  | 2.2%                           |
| Educational Services           | 205                         | 0.7%                           | 45,856                   | 0.2%                           | 135                         | 0.8%                           | 29,225                   | 0.2%                           |
| Health Care Social Assistance  | 168                         | 0.6%                           | 24,925                   | 0.1%                           | 169                         | 1.0%                           | 12,474                   | 0.1%                           |
| Arts, Entertain, Recreation    | 166                         | 0.6%                           | 164,951                  | 0.5%                           | 115                         | 0.7%                           | 162,377                  | 1.1%                           |
| Accommodation and Food Svcs    | 459                         | 1.7%                           | 2,092,858                | 6.9%                           | 415                         | 2.4%                           | 1,422,671                | 9.2%                           |
| Other Services                 | 1,025                       | 3.7%                           | 970,409                  | 3.2%                           | 998                         | 5.7%                           | 662,589                  | 4.3%                           |
| Public Administration          | 18                          | 0.1%                           | 511,911                  | 1.7%                           | 24                          | 0.1%                           | 199,660                  | 1.3%                           |
| Total                          | 27,392                      | 100.00%                        | #####                    | 100.00%                        | 17,628                      | 100.00%                        | \$15,435,318             | 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**

|                                       | <b>Fiscal Year</b> |                    |                    |                    |                    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Water Utility</b>                  | <b><u>2012</u></b> | <b><u>2013</u></b> | <b><u>2014</u></b> | <b><u>2015</u></b> | <b><u>2016</u></b> |
| Customer Accounts                     |                    |                    |                    |                    |                    |
| Residential                           |                    |                    |                    |                    |                    |
| Single-family                         | 10,003             | 10,159             | 10,322             | 10,433             | 10,586             |
| Multi-family                          | 1,491              | 1,490              | 1,492              | 1,492              | 1,493              |
| Commercial                            | 1,706              | 1,716              | 1,733              | 1,729              | 1,736              |
| Industrial                            | 84                 | 85                 | 84                 | 83                 | 82                 |
| Governmental                          | 185                | 179                | 179                | 187                | 194                |
| Total                                 | 13,469             | 13,629             | 13,810             | 13,924             | 14,091             |
| Annual water usage (ft <sup>3</sup> ) | 323,260,063        | 322,321,057        | 343,809,535        | 360,197,626        | 357,875,066        |
| <b>Sewer Utility</b>                  |                    |                    |                    |                    |                    |
| Customer Accounts                     |                    |                    |                    |                    |                    |
| Residential                           | 12,111             | 12,267             | 12,395             | 12,494             | 12,642             |
| Commercial                            | 3,441              | 3,445              | 3,459              | 3,455              | 3,456              |
| Total                                 | 15,552             | 15,712             | 15,854             | 15,949             | 16,098             |
| <b>Drainage Utility</b>               |                    |                    |                    |                    |                    |
| Customer accounts                     |                    |                    |                    |                    |                    |
| Residential                           | 22,880             | 23,068             | 23,267             | 23,433             | 23,635             |
| Commercial                            | 2,220              | 2,217              | 2,219              | 2,191              | 2,196              |
| Total                                 | 25,100             | 25,285             | 25,486             | 25,624             | 25,831             |

Source: City financial records

| Fiscal Year |             |             |             |             |
|-------------|-------------|-------------|-------------|-------------|
| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
| 10,669      | 10,898      | 11,073      | 11,209      | 11,313      |
| 1,567       | 1,570       | 1,592       | 1,600       | 1,606       |
| 1,702       | 1,701       | 1,719       | 1,720       | 1,724       |
| 82          | 80          | 80          | 81          | 81          |
| 194         | 194         | 193         | 192         | 195         |
| 14,214      | 14,443      | 14,657      | 14,802      | 14,919      |
| 344,485,663 | 370,320,856 | 345,382,664 | 363,892,246 | 375,849,198 |
| 12,790      | 12,839      | 13,106      | 13,198      | 13,341      |
| 3,440       | 3,446       | 3,467       | 3,476       | 3,476       |
| 16,230      | 16,285      | 16,573      | 16,674      | 16,817      |
| 23,845      | 24,136      | 24,314      | 24,508      | 24,592      |
| 2,177       | 2,229       | 2,311       | 2,314       | 2,321       |
| 26,022      | 26,365      | 26,625      | 26,822      | 26,913      |

**Schedule 13-B**  
**City of Kent**  
**Utility Statistical Data**  
**Rates**  
**As of December 31, 2021**

| <b>Water Utility Meter Access Fees</b>           |                    | <b>Water Usage Fees per 100 Cubic Feet (748 gallons)</b> |                               |
|--|--------------------|--|-------------------------------|
| <b>Meter Size (inches)</b>                       | <b>Monthly Fee</b> |  |                               |
| Residential                                      |                    | 0-800 cf   | \$2.59/100 cf                 |
| 3/4  | \$ 24.94           | 800+ cf  | \$5.09/100 cf                 |
| 1  | 39.05              |  |                               |
| 1.5  | 75.36              |  |                               |
| 2  | 118.26             |  |                               |
|  |                    |  |                               |
| Commercial                                       |                    |  |                               |
| 3/4  | \$ 31.34           |  |                               |
| 1  | 45.45              |  |                               |
| 1.5  | 80.73              |  |                               |
| 2  | 123.05             |  |                               |
| 3  | 193.60             |  |                               |
| 4  | 292.36             |  |                               |
| 6  | 433.46             |  |                               |
| 8  | 574.56             |  |                               |
| 10   | 715.66             |  |                               |
|  |                    |  |                               |
| Dedicated Fireline (pipe size)                   |                    |  |                               |
| 3/4  | \$ 2.97            |  |                               |
| 1  | 3.46               |  |                               |
| 1.25   | 5.18               |  |                               |
| 1.5  | 6.91               |  |                               |
| 2  | 11.07              |  |                               |
| 3  | 27.65              |  |                               |
| 4  | 55.29              |  |                               |
| 6  | 110.57             |  |                               |
| 8  | 186.61             |  |                               |
| 10   | 276.45             |  |                               |
|  |                    |  |                               |
| Backflow Fee                                     | \$ 195.10          |  |                               |
|  |                    |  |                               |
| <b>Drainage Utility Rates</b>                    |                    | <b>Water Tap Fees (new connection fee)</b>               |                               |
| <b>Residential</b>                               |                    | <b>Connection Size (inches)</b>                          | <b>Fee</b>                    |
| Monthly fee                                      | \$ 13.16           | <3/4   | \$ 275.00                     |
| <b>Commercial</b>                                |                    | 3/4  | 325.00                        |
| Fees are calculated based on impervious surfaces |                    | 1  | 350.00                        |
|  |                    | 1.5  | 600.00                        |
|  |                    | 2  | 800.00                        |
|  |                    | >2   | Cost of meter & install + 25% |
|  |                    |  |                               |
|  |                    | <b>Water System Development Charges</b>                  |                               |
|  |                    | <b>Meter Size (inches)</b>                               | <b>Fee</b>                    |
|  |                    | less than 1  | \$ 8,783.20                   |
|  |                    | 1  | 21,957.26                     |
|  |                    | 2  | 70,261.20                     |
|  |                    | 3  | 140,523.87                    |
|  |                    | 4  | 219,568.28                    |
|  |                    | 5  | 329,140.55                    |
|  |                    | 6  | 439,136.57                    |
|  |                    | 8  | 702,617.90                    |
|  |                    | 10   | 966,099.29                    |
|  |                    |  |                               |
|  |                    | <b>Sewer Utility Rates</b>                               |                               |
|  |                    | <b>Residential</b>                                       |                               |
|  |                    | City fee   | \$ 25.69                      |
|  |                    | King County Fee  | 47.37                         |
|  |                    | Total  | \$ 73.06                      |
|  |                    | <b>Commercial</b> <sup>1</sup>                           |                               |
|  |                    | Consumption-per 100 cf/month                             | \$ 9.74                       |
|  |                    | Minimum charge   | \$ 73.06                      |

Source: City records

<sup>1</sup> 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\***

**Water Utility**

| Customer                   | Product/Service         | 2021               |         | 2017               |         |
|----------------------------|-------------------------|--------------------|---------|--------------------|---------|
|                            |                         | Percent of Revenue | Ranking | Percent of Revenue | Ranking |
| Danone Waters              | Bottled water           | 1.21%              | 1       | 1.49%              | 1       |
| King Command Foods         | Processed meat          | 0.94%              | 2       | 0.68%              | 4       |
| Air Gas                    | Liquid nitrogen         | 0.88%              | 3       | 0.80%              | 2       |
| King County Admin Building | Government              | 0.64%              | 4       | 0.76%              | 3       |
| Kent 228                   | Office space management | 0.63%              | 5       | 0.50%              | 8       |
| Rexam Beverage Can Co.     | Can manufacturing       | 0.62%              | 6       | 0.67%              | 5       |
| Aramark Uniform Services   | Laundry service         | 0.59%              | 7       | 0.63%              | 7       |
| City of Kent Parks         | Government              | 0.52%              | 8       |                    |         |
| Oberto Sausage Company     | Food processing         | 0.49%              | 9       |                    |         |
| Smith Brothers Farms       | Agriculture             | 0.48%              | 10      |                    |         |
| Mikron Industries          | Building manufacturing  |                    |         | 0.44%              | 9       |
| Con Agra Food              | Food processing         |                    |         | 0.66%              | 6       |
| Alsco                      | Laundry service         |                    |         | 0.42%              | 10      |
|                            |                         | 7.00%              |         | 7.06%              |         |

**Sewer Utility**

| Customer                   | Product/Service         | 2021               |         | 2017               |         |
|----------------------------|-------------------------|--------------------|---------|--------------------|---------|
|                            |                         | Percent of Revenue | Ranking | Percent of Revenue | Ranking |
| King Command Foods         | Processed meat          | 1.01%              | 1       | 1.07%              | 5       |
| Kent 228                   | Office space management | 0.84%              | 2       | 1.05%              | 6       |
| King County Admin Building | Government              | 0.79%              | 3       | 1.34%              | 3       |
| Rexam Beverage Can Co.     | Can manufacturing       | 0.78%              | 4       | 1.36%              | 2       |
| Aramark Uniform Services   | Laundry service         | 0.76%              | 5       | 1.31%              | 4       |
| Oberto Sausage Company     | Food processing         | 0.65%              | 6       | 0.79%              | 9       |
| Oberto Sausage Company     | Food processing         | 0.63%              | 7       |                    |         |
| Smith Brothers Farms       | Agriculture             | 0.59%              | 8       |                    |         |
| Mikron Industries          | Building manufacturing  | 0.55%              | 9       | 0.91%              | 7       |
| Con Agra Food              | Food processing         | 0.52%              | 10      | 1.38%              | 1       |
| Danone Waters              | Bottled water           |                    |         | 0.73%              | 10      |
| Alsco                      | Laundry service         |                    |         | 0.89%              | 8       |
|                            |                         | 7.12%              |         | 10.84%             |         |

**Drainage Utility**

| Customer                   | Product/Service         | 2021               |         | 2017               |         |
|----------------------------|-------------------------|--------------------|---------|--------------------|---------|
|                            |                         | Percent of Revenue | Ranking | Percent of Revenue | Ranking |
| City of Kent               | Government              | 1.40%              | 1       | 1.55%              | 3       |
| The Boeing Company         | Aerospace               | 0.93%              | 2       | 1.85%              | 1       |
| Pacific Gateway            | Industrial office space | 0.85%              | 3       | 0.55%              | 7       |
| Amazon DEDC LLC            | Distribution center     | 0.77%              | 4       | 0.79%              | 4       |
| UPRR Downtown Station      | Automotive distribution | 0.74%              | 5       | 0.74%              | 5       |
| Kent East Corporate Park   | Industrial office space | 0.71%              | 6       |                    |         |
| Finlayson Logistics        | Warehouse distribution  | 0.61%              | 7       |                    |         |
| Amazon                     | Distribution center     | 0.54%              | 8       |                    |         |
| PS Business Park           | Commercial office space | 0.52%              | 9       | 0.54%              | 8       |
| South Seattle Auto Auction | Auto auction            | 0.47%              | 10      | 0.48%              | 9       |
| Kidder Mathews             | Warehouse distribution  |                    |         | 0.46%              | 10      |
| Prologis Mgmt LLC          | Developer               |                    |         | 1.62%              | 2       |
|                            |                         | 7.53%              |         | 8.59%              |         |

\* This schedule was added in 2017. Information prior to 2016 is not available.

Source: City billing records

**Schedule 13-D**  
**City of Kent**  
**Utility Statistical Data**  
**Billings by Customer Type**  
**Last Ten Fiscal Years**

|                                       | Fiscal Year   |               |               |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | 2012          | 2013          | 2014          | 2015          |
| <b>Water Consumption</b>              |               |               |               |               |
| 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     |
| Multi-family                          | 4,264,591     | 4,482,184     | 4,880,396     | 5,117,899     |
| Multi-family                          | 886,397       | 916,574       | 1,040,218     | 1,068,845     |
| Multi-family                          | 546,999       | 592,828       | 657,203       | 745,027       |
| Total Consumption Charges             | \$ 13,030,165 | \$ 13,548,853 | \$ 14,795,772 | \$ 15,223,080 |
| <b>Water Access</b>                   |               |               |               |               |
| 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  |
| <b>Hydrant Water Fees</b>             |               |               |               |               |
| Commercial                            | \$ 122,601    | \$ 125,197    | \$ 177,052    | \$ 228,505    |
| <b>Other Water Fees</b>               |               |               |               |               |
| Adjustments <sup>1</sup>              | \$ (147,569)  | \$ (42,561)   | \$ (48,683)   | \$ (23,460)   |
| <b>Total Water Sales</b>              | \$ 15,768,625 | \$ 16,504,451 | \$ 17,907,534 | \$ 18,433,318 |
| <b>Water Backflow &amp; Firelines</b> |               |               |               |               |
| 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    |
| <b>Other Water Charges</b>            |               |               |               |               |
| 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    |
| <b>Total Water Operating Revenues</b> | \$ 16,253,067 | \$ 17,021,951 | \$ 18,416,162 | \$ 18,904,851 |

| Fiscal Year   |               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2016          | 2017          | 2018          | 2019          | 2020          | 2021          |
| \$ 3,123,128  | \$ 2,484,161  | \$ 2,617,358  | \$ 2,668,257  | \$ 2,982,754  | \$ 3,153,310  |
| 49,149        | 40,946        | 43,892        | 35,635        | 39,814        | 42,604        |
| 5,042,692     | 4,864,436     | 4,867,440     | 4,884,238     | 5,173,648     | 5,488,945     |
| 5,307,898     | 6,144,822     | 5,238,496     | 5,244,994     | 5,108,176     | 5,338,023     |
| 1,032,766     | 1,066,470     | 995,005       | 999,441       | 877,217       | 953,522       |
| 642,473       | 726,437       | 662,993       | 684,721       | 560,206       | 707,618       |
| \$ 15,198,106 | \$ 15,327,272 | \$ 14,425,184 | \$ 14,517,286 | \$ 14,741,815 | \$ 15,684,023 |
|               |               |               |               |               |               |
| \$ 1,702,856  | \$ 2,988,553  | \$ 3,108,519  | \$ 3,272,477  | \$ 3,382,612  | \$ 3,428,749  |
| 13,974        | 29,256        | 29,768        | 31,128        | 32,062        | 32,231        |
| 583,987       | 1,260,748     | 1,291,184     | 1,327,626     | 1,365,698     | 1,387,908     |
| 584,669       | 1,305,673     | 1,338,698     | 1,380,617     | 1,421,815     | 1,428,589     |
| 53,192        | 122,677       | 124,592       | 127,096       | 120,749       | 131,554       |
| 94,177        | 212,302       | 218,867       | 225,700       | 230,101       | 233,803       |
| \$ 3,032,855  | \$ 5,919,209  | \$ 6,111,628  | \$ 6,364,644  | \$ 6,553,036  | \$ 6,642,835  |
|               |               |               |               |               |               |
| \$ 177,409    | \$ 63,750     | \$ 89,150     | \$ 83,104     | \$ 81,551     | \$ 121,153    |
|               |               |               |               |               |               |
| \$ (109,430)  | (1,400,962)   | (102,297)     | (188,258)     | (95,654)      | (281,285)     |
| \$ 18,298,940 | 19,909,269    | 20,523,665    | 20,776,776    | 21,280,748    | 22,166,726    |
|               |               |               |               |               |               |
| \$ 640        | \$ 897        | \$ 927        | \$ 1,387      | \$ 868        | \$ 877        |
| -             | -             | -             | -             | -             | 110           |
| 38,484        | 48,692        | 51,812        | 55,276        | 59,143        | 62,697        |
| 186,739       | 239,062       | 259,196       | 276,286       | 285,981       | 294,084       |
| 16,400        | 20,100        | 21,631        | 24,116        | 23,549        | 23,566        |
| 24,640        | 30,600        | 30,900        | 33,294        | 33,641        | 35,185        |
| \$ 266,903    | \$ 339,351    | \$ 364,466    | \$ 390,359    | \$ 403,183    | \$ 416,518    |
|               |               |               |               |               |               |
| \$ -          | \$ 1,395,693  | \$ 1,459,048  | \$ 1,509,861  | \$ 1,555,138  | \$ 1,576,624  |
| 181,898       | 171,504       | 177,763       | 185,658       | 46,555        | 7,385         |
| 32,388        | 39,674        | 16,689        | 7,296         | 1,251         | 959           |
|               | (4,850)       | -             | -             | -             | (8,348)       |
| \$ 214,286    | \$ 1,602,021  | \$ 1,653,500  | \$ 1,702,815  | \$ 1,602,944  | \$ 1,576,620  |
| \$ 18,780,129 | \$ 21,850,641 | \$ 22,541,631 | \$ 22,869,950 | \$ 23,286,875 | \$ 24,159,864 |

(continued)

**Schedule 13-D**  
**City of Kent**  
**Utility Statistical Data**  
**Billings by Customer Type**  
**Last Ten Fiscal Years**

|  | Fiscal Year   |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | 2012          | 2013          | 2014          | 2015          |
| <b>Sewer Charges</b>                                       |               |               |               |               |
| 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 |
| <b>Other Sewer Fees</b>                                    |               |               |               |               |
| Sewer permits  | \$ 61,422     | \$ 50,754     | \$ 52,193     | \$ 44,281     |
| Connection charges <sup>2</sup>                            | 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 <sup>1</sup>                                   | (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 <sup>3</sup>                | \$ 23,038,835 | \$ 25,399,671 | \$ 26,765,850 | \$ 27,427,285 |
|  | -             | -             | -             | -             |
| <b>Storm Drain/Surface Water Charges</b>                   |               |               |               |               |
| 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 <sup>1</sup>                                   | -             | -             | -             | -             |
| Total Drainage Operating Revenues <sup>3</sup>             | \$ 16,523,224 | \$ 17,352,787 | \$ 18,203,849 | \$ 19,032,125 |
| Total Sewer/Storm Drainage Operating Revenues <sup>3</sup> | \$ 39,562,059 | \$ 42,752,458 | \$ 44,969,699 | \$ 46,459,410 |

<sup>1</sup> For adjustments, including leak adjustments and misread corrections, the billing code does not distinguish between the type of customer

<sup>2</sup> Sewer connection charges are coded as capital contributions

<sup>3</sup> 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          | 2021          |
| \$ 9,085,413  | \$ 9,930,521  | \$ 10,309,790 | \$ 10,786,527 | \$ 10,959,754 | \$ 11,396,218 |
| 152,672       | 163,920       | 168,467       | 174,997       | 179,048       | 184,320       |
| 9,125,661     | 9,926,448     | 10,037,913    | 10,282,395    | 10,994,867    | 11,666,329    |
| 7,048,720     | 7,450,347     | 7,641,769     | 7,888,196     | 7,970,041     | 8,145,210     |
| 1,401,538     | 1,462,166     | 1,413,031     | 1,486,577     | 1,308,732     | 1,417,377     |
| 637,963       | 743,381       | 724,164       | 823,501       | 669,527       | 646,484       |
| \$ 27,451,967 | \$ 29,676,784 | \$ 30,295,134 | \$ 31,442,193 | \$ 32,081,969 | \$ 33,455,938 |
|               |               |               |               |               |               |
| \$ 71,219     | \$ 95,770     | \$ 89,578     | \$ 55,492     | \$ 55,071     | \$ 60,694     |
| -             | -             | -             | -             | -             | -             |
| 785,016       | 808,555       | 1,040,609     | 1,232,178     | 1,226,777     | 1,512,114     |
| 59,264        | 49,255        | 84,150        | 2,075         | 665           | 560           |
| 24,510        | 54,312        | 1,184,666     | 14,664        | 12,584        | 18,830        |
| 133,349       | (80,689)      | (94,890)      | (137,572)     | (48,789)      | (129,211)     |
| \$ 1,073,358  | \$ 927,203    | \$ 2,304,113  | \$ 1,166,837  | \$ 1,191,237  | \$ 1,462,987  |
| \$ 28,525,325 | \$ 30,603,987 | \$ 32,599,247 | \$ 32,609,030 | \$ 33,273,206 | \$ 34,918,925 |
| -             | 0             | -             | (50)          |               |               |
|               |               |               |               |               |               |
| \$ 3,350,939  | \$ 3,388,860  | \$ 3,505,390  | \$ 3,654,527  | \$ 3,747,155  | \$ 3,794,789  |
| 35,598        | 35,597        | 36,433        | 37,872        | 16,869        | 39,301        |
| 2,719,264     | 2,742,031     | 2,835,931     | 2,931,555     | 2,891,709     | 3,068,230     |
| 10,456,233    | 10,614,253    | 10,937,699    | 11,296,651    | 11,748,906    | 11,892,198    |
| 1,320,227     | 1,490,308     | 1,525,051     | 1,567,883     | 1,450,798     | 1,428,559     |
| 1,233,268     | 1,234,437     | 1,256,502     | 1,286,223     | 1,306,602     | 1,317,751     |
| -             | -             | -             | (51,022)      | 126,142       | (8,623)       |
| \$ 19,115,529 | \$ 19,505,486 | \$ 20,097,006 | \$ 20,723,689 | \$ 21,288,181 | \$ 21,532,206 |
|               |               |               |               |               |               |
| \$ 47,640,854 | \$ 50,109,473 | \$ 52,696,253 | \$ 53,332,719 | \$ 54,561,387 | \$ 56,451,131 |
|               |               |               |               |               | (concluded)   |



**Schedule 14**  
**City of Kent**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

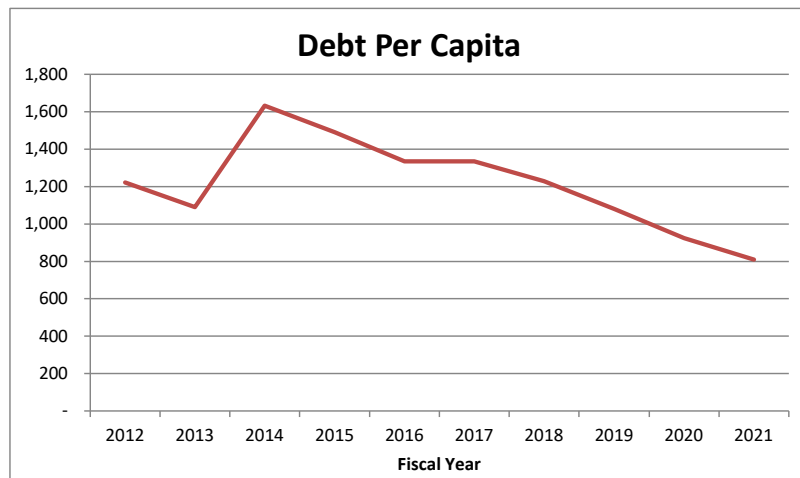
| Governmental Activities |                                |                                     |  |                |                                |   |                       |
|-------------------------|--------------------------------|-------------------------------------|--|----------------|--------------------------------|---|-----------------------|
| Fiscal Year             | General<br>Obligation<br>Bonds | Public Works<br>Trust Fund<br>Loans | Other Notes/<br>Contracts <sup>b</sup> | Capital Leases | Special<br>Assessment<br>Bonds | Contingent Loan<br>Guarantee <sup>c</sup> | Total<br>Governmental |
| 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            |
| 2021                    | 72,099,314                     | 3,346,605                           | 920,000                                | 70,827         | -                              | -   | 76,436,746            |

**Sources:** Schedule of Changes in Long-Term Liabilities

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements  
Debt amounts include discounts and premiums  
<sup>a</sup> Based on WA State estimated population data; see Schedule 19 (Demographic and Economic Factors) for population and personal income data.  
<sup>b</sup> Excludes compensated absences.  
<sup>c</sup> In FY2014, the City implemented GASB-S 70 on contingent loan guarantee obligations

**Business-Type Activities**

| Fiscal Year | General<br>Obligation<br>Bonds | Revenue<br>Bonds | Public Works<br>Trust Fund<br>Loans | Other Notes/<br>Contracts <sup>b</sup> | Capital Leases | Total Business-<br>Type | Total Primary<br>Government | Percentage of<br>Personal<br>Income <sup>a</sup> | Per Capita <sup>a</sup> |
|-------------|--------------------------------|------------------|-------------------------------------|--|----------------|-------------------------|-----------------------------|--|-------------------------|
| 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                 | 0.96%  | 924.56                  |
| 2021        | -                              | 12,610,060       | 756,250                             | 21,550,000                             | 115,232        | 35,031,542              | 111,468,288                 | 0.84%  | 809.50                  |



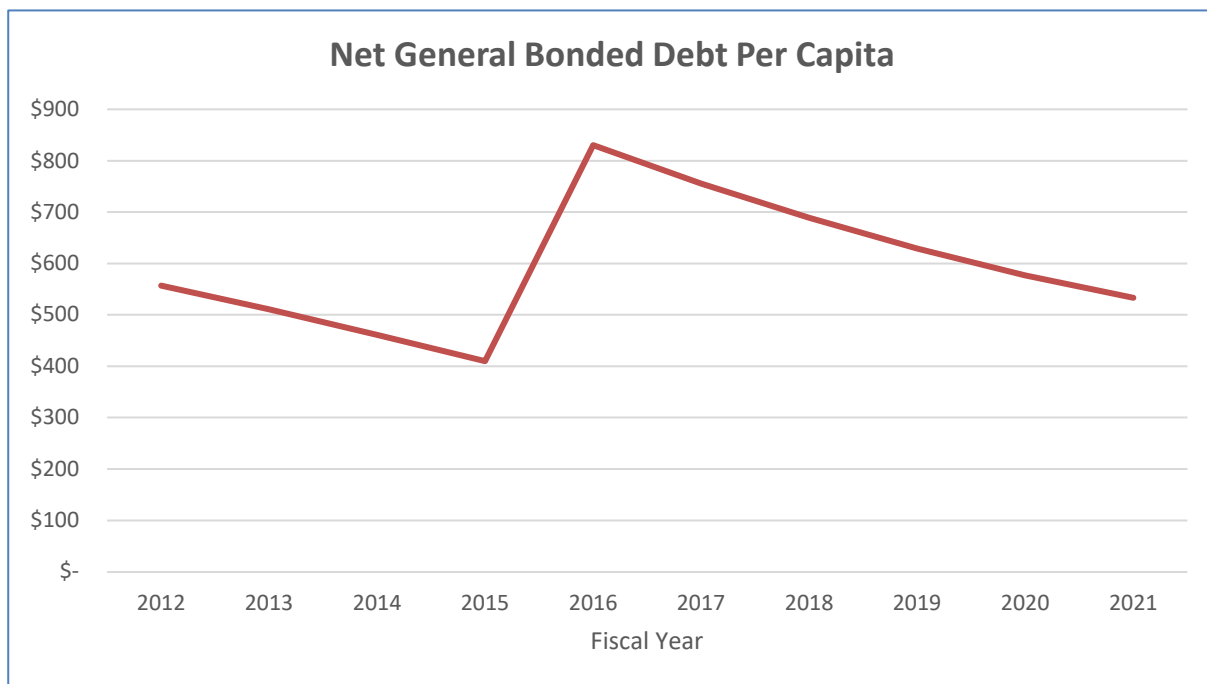
**Schedule 15**  
**City of Kent**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>General Obligation Bonds</b> | <b>Less: Amounts Available in Debt Service Fund</b> | <b>Net General Bonded Debt</b> | <b>Percentage of Estimated Actual Value of Taxable Property <sup>a</sup></b> | <b>Per Capita <sup>b</sup></b> |
|--------------------|---------------------------------|---|--------------------------------|--|--------------------------------|
| 2012               | \$ 66,329,735                   | \$ 1,083.00   | \$ 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                         |
| 2021               | 72,099,314                      | 2,020,523   | 70,078,791                     | 0.29%  | 532.92                         |

Source: City financial records

<sup>a</sup> See Schedule 6 (Assessed/Estimated Actual Value of Taxable Property) for property tax value

<sup>b</sup> 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, 2021**

| <b>Governmental Unit</b>                 | <b>Debt Outstanding</b> | <b>Estimated Percentage Applicable<sup>a</sup></b> | <b>Estimated Share of Direct and Overlapping Debt</b> |
|--|-------------------------|--|---|
| King County                              | \$ 910,028,875          | 3.7366%  | \$ 34,004,139   |
| Port of Seattle                          | 281,355,000             | 3.7366%  | 10,513,111  |
| Federal Way School District No. 210      | 44,335,000              | 7.0924%  | 3,144,416   |
| Highline School District No. 401         | 395,098,572             | 1.1676%  | 4,613,171   |
| Renton School District No. 403           | 305,515,127             | 4.2562%  | 13,003,335  |
| Auburn School District No. 408           | 485,792,338             | 1.3818%  | 6,712,679   |
| Tahoma School District No. 409           | 140,785,967             | 0.0190%  | 26,749  |
| Kent School District No. 415             | 211,067,820             | 66.3456%   | 140,034,212   |
| Hospital District No. 1                  | -                       | 34.7536%   | -   |
| Kent Regional Fire Authority No. 62      | 354,831                 | 84.4742%   | 299,741   |
| Rural Library District                   | 55,215,699              | 6.0950%  | 3,365,397   |
| Subtotal Overlapping Debt                |                         |  | \$ 215,716,948  |
| <b>City of Kent direct debt</b>          |                         |  | <b>\$ 76,436,746</b>                                  |
| <b>Total direct and overlapping debt</b> |                         |  | <b>\$ 292,153,694</b>                                 |

**Note:**

<sup>a</sup> 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.

**Source:** King County: Assessor and Department of Finance  
City financial records

**Schedule 17**  
**City of Kent**  
**Debt Margin Information**  
**Last Ten Fiscal Years**

|  | <b>Fiscal Year</b>    |                       |                       |                         |
|--|-----------------------|-----------------------|-----------------------|-------------------------|
|  | <b><u>2012</u></b>    | <b><u>2013</u></b>    | <b><u>2014</u></b>    | <b><u>2015</u></b>      |
| <b>Legal Debt Limit</b>  |                       |                       |                       |                         |
| Assessed Value   | \$ 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   | \$ 318,671,377        | \$ 300,243,938        | \$ 316,280,220        | \$ 351,705,335          |
| 2.5% Utility purpose limit, voted  | 318,671,377           | 300,243,938           | 316,280,220           | 351,705,335             |
| 2.5% Open Space, Park Facilities, voted  | 318,671,377           | 300,243,938           | 316,280,220           | 351,705,335             |
| Total legal debt limit   | <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>69,139,626</u>     | <u>61,423,917</u>     | <u>54,975,990</u>     | <u>49,078,000</u>       |
| Legal debt margin  | <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                         | 7.23%                 | 6.82%                 | 5.79%                 | 4.65%                   |
| Total net debt applicable to the limit as a percentage of assessed value                     | 0.54%                 | 0.51%                 | 0.43%                 | 0.35%                   |
| Debt applicable to limit:  |                       |                       |                       |                         |
| Voted  |                       |                       |                       |                         |
| General obligation bonds   | -                     | -                     | -                     | -                       |
| Non-voted  |                       |                       |                       |                         |
| General obligation bonds   | 66,683,000            | 60,993,000            | 54,756,000            | 49,078,000              |
| Other general obligation debt  | 2,457,709             | 432,000               | 220,000               | -                       |
| Less: Amount set aside for repayment of voted general obligation debt                        | (1,083)               | (1,083)               | (10)                  | -                       |
| Total net debt applicable to limit   | <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  | 191,202,826           | 180,146,363           | 189,768,132           | 211,023,201             |
| Non-voted debt outstanding   | 69,140,709            | 61,425,000            | 54,976,000            | 49,078,000              |
| Non-voted legal debt margin  | <u>122,062,117</u>    | <u>118,721,363</u>    | <u>134,792,132</u>    | <u>161,945,201</u>      |
| <b>Constitutional Debt Limit</b>   |                       |                       |                       |                         |
| 10.0% non-voted for all purposes   | 1,274,685,507         | 1,200,975,752         | 1,265,120,880         | 1,406,821,341           |
| Net debt applicable to legal debt limit  | 69,139,626            | 61,423,917            | 54,975,990            | 49,078,000              |
| Add: State loan contracts  | 10,389,724            | 9,584,624             | 8,777,671             | 8,001,804               |
| Constitutional debt margin   | <u>1,195,156,157</u>  | <u>1,129,967,211</u>  | <u>1,201,367,219</u>  | <u>1,349,741,537</u>    |
| <b>Internal Debt Limit</b>   |                       |                       |                       |                         |
| Net debt applicable to legal debt limit  | 69,139,626            | 61,423,917            | 54,975,990            | 49,078,000              |
| Add: State loan contracts  | 10,389,724            | 9,584,624             | 8,777,671             | 8,001,804               |
| Interest on outstanding debt   | 20,409,417            | 17,426,925            | 14,358,462            | 11,168,487              |
| Compensated absences   | 4,459,597             | 4,747,718             | 4,168,176             | 4,337,445               |
| Total debt applicable to internal debt calculation   | <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 | 0.82%                 | 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 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>       | <u>2021</u>       |
| \$ 15,046,306,884 | \$ 16,402,977,700 | \$ 18,597,339,729 | \$ 20,729,110,364 | \$ 23,002,042,032 | \$ 24,427,645,579 |
| \$ 376,157,672    | \$ 410,074,443    | \$ 464,933,493    | \$ 518,227,759    | \$ 575,051,051    | \$ 610,691,139    |
| 376,157,672       | 410,074,443       | 464,933,493       | 518,227,759       | 575,051,051       | 610,691,139       |
| 376,157,672       | 410,074,443       | 464,933,493       | 518,227,759       | 575,051,051       | 610,691,139       |
| 1,128,473,016     | 1,230,223,329     | 1,394,800,479     | 1,554,683,277     | 1,725,153,153     | 1,832,073,417     |
| 90,740,000        | 84,656,000        | 78,686,000        | 72,806,000        | 67,635,000        | 62,815,000        |
| \$ 1,037,733,016  | \$ 1,145,567,329  | \$ 1,316,114,479  | \$ 1,481,877,277  | \$ 1,657,518,153  | \$ 1,769,258,417  |
| 8.04%             | 6.88%             | 5.64%             | 4.68%             | 3.92%             | 3.43%             |
| 0.60%             | 0.52%             | 0.42%             | 0.35%             | 0.29%             | 0.26%             |
| -                 | -                 | -                 | -                 | -                 | -                 |
| 90,740,000        | 84,656,000        | 78,686,000        | 72,806,000        | 67,635,000        | 62,815,000        |
| -                 | -                 | -                 | -                 | -                 | -                 |
| -                 | -                 | -                 | -                 | -                 | -                 |
| 90,740,000        | 84,656,000        | 78,686,000        | 72,806,000        | 67,635,000        | 62,815,000        |
| 225,694,603       | 246,044,666       | 278,960,096       | 310,936,655       | 345,030,630       | 366,414,684       |
| 90,740,000        | 84,656,000        | 78,686,000        | 72,806,000        | 67,635,000        | 62,815,000        |
| 134,954,603       | 161,388,666       | 200,274,096       | 238,130,655       | 277,395,630       | 303,599,684       |
| 1,504,630,688     | 1,640,297,770     | 1,859,733,973     | 2,072,911,036     | 2,300,204,203     | 2,442,764,558     |
| 90,740,000        | 84,656,000        | 78,686,000        | 72,806,000        | 67,635,000        | 62,815,000        |
| 7,225,937         | 6,450,071         | 5,674,205         | 4,898,338         | 4,122,472         | 3,346,605         |
| 1,406,664,751     | 1,549,191,699     | 1,775,373,768     | 1,995,206,698     | 2,228,446,731     | 2,376,602,953     |
| 90,740,000        | 84,656,000        | 78,686,000        | 72,806,000        | 67,635,000        | 62,815,000        |
| 7,225,937         | 6,450,071         | 5,674,205         | 4,898,338         | 4,122,472         | 3,346,605         |
| 39,402,192        | 35,545,110        | 31,984,893        | 28,492,613        | 25,211,959        | 22,140,233        |
| 4,413,051         | 4,639,656         | 4,938,217         | 5,421,078         | 5,969,693         | 6,097,574         |
| 141,781,180       | 131,290,837       | 121,283,315       | 111,618,029       | 102,939,124       | 94,399,412        |
| 0.94%             | 0.80%             | 0.65%             | 0.54%             | 0.45%             | 0.39%             |

**Schedule 18**  
**City of Kent**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

| <b>Water Revenue Bonds <sup>1</sup></b> |                                |   |                              |                     |                 |                 |
|---|--------------------------------|---|------------------------------|---------------------|-----------------|-----------------|
| <b>Fiscal Year</b>                      | <b>Water Operating Revenue</b> | <b>Less: Operating Expenses<sup>2</sup></b> | <b>Net Available Revenue</b> | <b>Debt Service</b> |                 | <b>Coverage</b> |
|   |                                |   |                              | <b>Principal</b>    | <b>Interest</b> |                 |
| 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            |
| 2021                                    | 24,159,864                     | 14,061,386                                  | 10,098,478                   | 642,500             | 397,430         | 9.71            |

| <b>Combined Utility Revenue Bonds</b> |                                   |   |                              |                     |                 |                 |
|---------------------------------------|-----------------------------------|---|------------------------------|---------------------|-----------------|-----------------|
| <b>Fiscal Year</b>                    | <b>Combined Operating Revenue</b> | <b>Less: Operating Expenses<sup>2</sup></b> | <b>Net Available Revenue</b> | <b>Debt Service</b> |                 | <b>Coverage</b> |
|                                       |                                   |   |                              | <b>Principal</b>    | <b>Interest</b> |                 |
| 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            |
| 2021                                  | 45,692,070                        | 29,677,645                                  | 16,014,425                   | 1,285,000           | 794,861         | 7.70            |

| <b>Special Assessment Bonds <sup>3</sup></b> |                 |                     |                 |                 |
|--|-----------------|---------------------|-----------------|-----------------|
| <b>Fiscal Year</b>                           | <b>Revenues</b> | <b>Debt Service</b> |                 | <b>Coverage</b> |
|  |                 | <b>Principal</b>    | <b>Interest</b> |                 |
| 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             |
| 2021   | 1,035,745       | -                   | -               | N/A             |

**Source:** City financial records

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Golf revenue bonds were refunded in 1995 through the issuance of Councilmanic General Obligation bonds which are recorded in the Golf Complex Enterprise Fund.

<sup>1</sup> 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.

<sup>2</sup> Operating expenses do not include interest, depreciation or amortization expenses.

<sup>3</sup> 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.

<sup>4</sup> Sewerage revenue bonds matured in 2006.

Details regarding coverage can be found in the Official Statements.

|                | Drainage Revenue Bonds <sup>1</sup> |            |                       |            |                  |              |          |          |    |         |       |
|----------------|-------------------------------------|------------|-----------------------|------------|------------------|--------------|----------|----------|----|---------|-------|
| Fiscal<br>Year | Drainage<br>Operating               |            | Less:<br>Operating    |            | Net<br>Available | Debt Service |          | Coverage |    |         |       |
|                | Revenue                             |            | Expenses <sup>2</sup> |            | Revenue          | Principal    | Interest |          |    |         |       |
| 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  |
| 2021           |                                     | 21,532,206 |                       | 15,616,259 |                  | 5,915,947    |          | 642,500  |    | 397,430 | 5.69  |



**Schedule 19**  
**City of Kent**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

| <b>Calendar<br/>Year</b> | <b>Population<sup>1</sup></b> | <b>County<br/>Personal<br/>Income<sup>2</sup></b><br>(thousands<br>of dollars) | <b>County<br/>Per<br/>Capita<br/>Income<sup>3</sup></b> | <b>School<br/>Enrollment<sup>4</sup></b> | <b>County<br/>Unemployment<br/>Rate<sup>5</sup></b> |
|--------------------------|-------------------------------|--|---|--|---|
| 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                       | 219,805,809  | 96,647  | 25,739                                   | 8.42% <sup>6</sup>                                  |
| 2021                     | 131,500                       | *  | *   | 25,085                                   | 3.0%  |

<sup>1</sup> April 1 Population of Cities, Towns, and Counties: Washington State Office of Financial Management

<sup>2</sup> Personal Income for King County: US Bureau of Economic Analysis.

<sup>3</sup> Per Capita Income for King County: US Bureau of Economic Analysis.

<sup>4</sup> Median Age for King County: Washington State Office of Financial Management.

<sup>5</sup> King County Profile: Employment Security Department Washington State

<sup>6</sup> Unemployment rates affected by the Covid19 Pandemic

\* Data not available for FY, will be included in next year's ACFR

**Schedule 20**  
**City of Kent**  
**Principal Employers**  
**Current Year and Nine Years Ago**

| Employer                                | 2021          |      |                                     | 2012          |      |                                     |
|---|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
|   | Employees     | Rank | Percentage of Total City Employment | Employees     | Rank | Percentage of Total City Employment |
| Amazon.com LLC                          | 3,073         | 1    | 41.00%                              |               |      |                                     |
| Kent Public Schools                     | 2,970         | 2    | 4.46%                               | 2,597         | 1    | 3.33%                               |
| The Boeing Company                      | 2,522         | 3    | 3.79%                               | 2,480         | 2    | 3.18%                               |
| Blue Origin, LLC                        | 1,600         | 4    | 2.40%                               |               |      |                                     |
| Exotic Metals Forming Co                | 1,047         | 5    | 1.57%                               | 613           | 7    | 0.79%                               |
| Taylor Farms NW                         | 850           | 6    | 1.28%                               |               |      |                                     |
| City of Kent                            | 719           | 7    | 1.08%                               | 630           | 5    | 0.81%                               |
| King County Regional Justice Center     | 630           | 8    | 0.95%                               |               |      |                                     |
| Coho Distributing LLC dba Columbia Dist | 628           | 9    | 0.94%                               | 620           | 6    | 0.79%                               |
| Carlisle Interconnect Industries        | 615           | 10   | 0.92%                               | 650           | 4    | 0.83%                               |
| REI Inc.                                |               |      |                                     | 1,026         | 3    | 1.32%                               |
| Alaska Airlines                         |               |      |                                     |               |      |                                     |
| Sysco Seattle Inc                       |               |      |                                     | 510           | 8    | 0.65%                               |
| Oberto Snacks Inc.                      |               |      |                                     | 507           | 9    | 0.65%                               |
| HEXCEL Corporation                      |               |      |                                     | 471           | 10   | 0.60%                               |
|   | <u>14,654</u> |      | <u>58.40%</u>                       | <u>10,104</u> |      | <u>12.95%</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 |        |        |        |                   |        |        |        |        |        |
|-------------------------------|--|--------|--------|--------|-------------------|--------|--------|--------|--------|--------|
|                               | 2012   | 2013   | 2014   | 2015   | 2016 <sup>a</sup> | 2017   | 2018   | 2019   | 2020   | 2021   |
| General government            |  |        |        |        |                   |        |        |        |        |        |
| Mayor's Office                | 10.50  | 10.53  | 10.53  | 10.75  | 10.75             | 11.75  | 13.00  | 12.00  | 12.00  | 9.00   |
| Human Resource                | 12.00  | 12.20  | 13.20  | 13.60  | 14.60             | 14.60  | 15.60  | 16.10  | 14.00  | 14.00  |
| Finance                       | 18.55  | 20.55  | 20.55  | 23.55  | 23.55             | 24.99  | 25.45  | 24.30  | 23.30  | 24.30  |
| Information Technology        | 25.00  | 24.96  | 26.00  | 29.00  | 35.00             | 37.00  | 37.00  | 38.50  | 32.56  | 33.80  |
| Other                         | 41.25  | 37.80  | 39.00  | 42.00  | 42.00             | 42.00  | 41.00  | 41.00  | 39.44  | 41.20  |
| Judicial                      | 21.28  | 20.28  | 20.28  | 20.28  | 20.28             | 20.28  | 21.28  | 19.75  | 20.75  | 20.75  |
| Public Safety                 |  |        |        |        |                   |        |        |        |        |        |
| Police                        | 196.28   | 191.75 | 195.75 | 199.00 | 203.00            | 208.75 | 213.75 | 226.28 | 225.28 | 225.28 |
| Law-Criminal                  | 10.60  | 9.80   | 8.80   | 8.80   | 9.80              | 8.80   | 8.80   | 8.80   | 9.00   | 9.00   |
| Community Development         | 36.60  | 36.60  | 38.33  | 40.75  | 40.75             | 42.75  | 47.00  | 46.00  | 44.00  | 44.00  |
| Public Works                  |  |        |        |        |                   |        |        |        |        |        |
| Engineering                   | 5.33   | 9.00   | 9.00   | 9.00   | 11.00             | 14.50  | 14.50  | 15.72  | 16.92  | 16.92  |
| Operations                    | 12.00  | 12.00  | 25.00  | 31.00  | 32.00             | 30.00  | 30.00  | 29.50  | 28.00  | 30.00  |
| Streets                       | 71.02  | 64.09  | 67.50  | 67.50  | 73.00             | 77.50  | 78.00  | 82.00  | 84.00  | 88.50  |
| Leisure Services              | 59.13  | 60.16  | 63.91  | 64.38  | 66.63             | 65.63  | 65.63  | 68.13  | 65.13  | 65.13  |
| Health and Human Services     | 17.53  | 15.73  | 16.06  | 16.53  | 16.53             | 17.53  | 17.53  | 16.53  | 15.00  | 15.00  |
| Water                         | 26.00  | 32.41  | 29.08  | 29.08  | 28.47             | 27.41  | 27.41  | 28.41  | 27.41  | 26.41  |
| Sewerage <sup>o</sup>         | 10.33  | 9.08   | 9.08   | 11.08  | 14.48             | 12.83  | 12.83  | 12.83  | 12.83  | 12.83  |
| Drainage <sup>o</sup>         | 34.34  | 26.42  | 20.09  | 23.09  | 22.30             | 19.76  | 19.76  | 18.84  | 21.84  | 21.84  |
| Solid Waste                   | -  | -      | -      | -      | 2.50              | 4.50   | 4.50   | 4.20   | 4.50   | 1.00   |
| Water & Sewer Utility Billing | 11.11  | 11.11  | 11.11  | 11.80  | 12.05             | 12.61  | 12.55  | 12.70  | 12.70  | 12.70  |
| Golf                          | 11.35  | 11.35  | 11.35  | 11.35  | 11.35             | 9.60   | 9.60   | 8.00   | 8.00   | 8.00   |
| Total                         | 630.20   | 615.81 | 634.61 | 662.54 | 690.04            | 702.79 | 715.19 | 729.59 | 716.66 | 719.66 |

**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.

<sup>a</sup> Solid Waste fund was created in 2016

<sup>b</sup> The Sewerage and Drainage functions were combined in the Sewerage Fund until 2019 when the funds were split.

**Source:** City of Kent Finance Department, Financial Planning Division

**Schedule 22**  
**City of Kent**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

| Function   | Fiscal Year      |                  |                  |                  |                  |                  |                  |         |                   |         |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------|-------------------|---------|
|  | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             | 2018             | 2019    | 2020 <sup>g</sup> | 2021    |
| General government   |                  |                  |                  |                  |                  |                  |                  |         |                   |         |
| Business licenses issued                                       | 5,048            | 3,767            | 4,243            | 4,164            | 6,113            | 5,460            | 6,480            | 6,686   | 5,317             | 6,390   |
| Judicial   |                  |                  |                  |                  |                  |                  |                  |         |                   |         |
| Number of court filings <sup>a</sup>                           | 17,992           | 18,531           | 17,184           | 14,628           | 14,685           | 12,663           | 12,406           | 16,340  | 11,442            | 5,783   |
| Public Safety  |                  |                  |                  |                  |                  |                  |                  |         |                   |         |
| Police   |                  |                  |                  |                  |                  |                  |                  |         |                   |         |
| Physical arrests   | 4,678            | 4,778            | 4,587            | 4,514            | 4,673            | 5,002            | 4,608            | 5,076   | 4,122             | 2,125   |
| Parking violations   | 2,272            | 1,479            | 2,066            | 2,037            | 2,515            | 2,280            | 1,888            | 3,702   | 2,181             | 609     |
| Traffic violations <sup>e</sup>                                | 12,774           | 18,531           | 14,979           | 13,552           | 7,836            | 6,729            | 7,470            | 8,614   | 5,651             | 2,763   |
| School Zone Tickets <sup>*</sup>                               | N/A <sup>c</sup> | N/A <sup>c</sup> | 8,366            | 8,122            | 9,101            | 9,342            | 9,113            | 13,369  | 2,590             | 14,191  |
| Red Light Camera <sup>f</sup>                                  | N/A <sup>c</sup> | N/A <sup>c</sup> | N/A <sup>c</sup> | N/A <sup>c</sup> | N/A <sup>c</sup> | N/A <sup>c</sup> | N/A <sup>c</sup> | 13,587  | 29,342            | 32,622  |
| Community Development  |                  |                  |                  |                  |                  |                  |                  |         |                   |         |
| Building permits issued <sup>b</sup>                           | 2,277            | 2,334            | 3,789            | 3,899            | 4,034            | 4,160            | 5,135            | 4,991   | 4,323             | 4,829   |
| Building inspections conducted                                 | 14,050           | 14,067           | 12,443           | 12,974           | 12,333           | 16,076           | 16,414           | 14,867  | 10,929            | 11,242  |
| Public Works   |                  |                  |                  |                  |                  |                  |                  |         |                   |         |
| Street resurfacing (sq yards)                                  | 22,488           | 31,100           | 48,350           | 60,944           | 132,112          | 100,159          | 34,444           | 185,659 | 56,011            | 181,850 |
| Leisure Services   |                  |                  |                  |                  |                  |                  |                  |         |                   |         |
| Recreation programs offered                                    | 2,096            | 2,070            | 2,050            | 2,158            | 2,244            | 2,118            | 1,915            | 1,818   | 432               | 352     |
| Number of recreation participants <sup>d</sup>                 | 33,462           | 24,392           | 23,143           | 26,521           | 27,693           | 20,706           | 22,704           | 12,876  | 2,568             | 3,820   |
| Citizens served in specialized recreation setting <sup>d</sup> | 1,632            | 1,512            | 1,704            | 1,688            | 1,639            | 1,507            | 1,585            | 1,675   | 383               | 359     |
| Participants in Senior programs/workshops <sup>d</sup>         | 17,115           | 18,180           | 20,415           | 20,410           | 26,145           | 26,404           | 30,120           | 31,326  | 2,333             | 28,978  |
| Water  |                  |                  |                  |                  |                  |                  |                  |         |                   |         |
| New connections  | 164              | 160              | 135              | 106              | 150              | 136              | 174              | 216     | 117               | 151     |
| Average daily consumption (million gallons-estimated)          | 7.0              | 7.1              | 7.4              | 7.7              | 7.3              | 7.7              | 7.6              | 7.5     | 7.4               | 7.7     |
| Golf   |                  |                  |                  |                  |                  |                  |                  |         |                   |         |
| Number of participants   | 153,800          | 154,100          | 155,260          | 155,870          | 156,220          | 154,695          | 153,450          | 161,200 | 110,900           | 132,100 |
| Number of tournaments  | 72               | 63               | 57               | 51               | 53               | 46               | 40               | 41      | 12                | 34      |
| Library  |                  |                  |                  |                  |                  |                  |                  |         |                   |         |
| Number of Items  | 159,300          | 159,173          | 107,933          | 112,988          | 108,686          | 112,509          | 105,635          | 105,668 | 97,940            | 105,312 |
| Items circulated   | 745,994          | 613,603          | 550,416          | 470,680          | 430,626          | 392,140          | 355,736          | 303,162 | 103,996           | 91,110  |

**Source:** Various City Departments

\* January 2014 School Zone Camera Tickets implemented.

<sup>a</sup> Includes parking violations

<sup>b</sup> Reflects a shift in the way minor repairs are counted. Beginning in 2011, data includes all building permits issued, with no exclusions.

<sup>c</sup> Information not available for years indicated.

<sup>d</sup> Beginning in 2011, only registered participants are counted.

<sup>e</sup> Beginning in 2016, traffic violations are processed differently with multiple infractions processed on one ticket.

<sup>f</sup> Red Light Cameras were implemented in 2019.

<sup>g</sup> 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 |        |        |        |        |                  |                  |        |        |        |
|---|-------------|--------|--------|--------|--------|------------------|------------------|--------|--------|--------|
|   | 2012        | 2013   | 2014   | 2015   | 2016   | 2017             | 2018             | 2019   | 2020   | 2021   |
| Public Safety                                       |             |        |        |        |        |                  |                  |        |        |        |
| Police:   |             |        |        |        |        |                  |                  |        |        |        |
| Stations  | 1           | 1      | 1      | 1      | 1      | 1                | 1                | 1      | 1      | 1      |
| Patrol units <sup>ae</sup>                          | 51          | 58     | 49     | 47     | 49     | 52               | 96               | 106    | 120    | 142    |
| Public Works  |             |        |        |        |        |                  |                  |        |        |        |
| Streets (lane miles)                                | 726         | 726    | 726    | 726    | 726    | 719 <sup>b</sup> | 719 <sup>b</sup> | 727    | 727    | 727    |
| Streetlights  | 6,600       | 6,600  | 6,600  | 6,600  | 6,354  | 6,354            | 6,354            | 6,354  | 6,600  | 6,675  |
| Traffic signals                                     | 119         | 119    | 119    | 119    | 120    | 120              | 119              | 119    | 117    | 117    |
| Traffic beacons/advisory devices                    | 58          | 69     | 70     | 76     | 73     | 93               | 93               | 93     | 99     | 101    |
| Leisure Services                                    |             |        |        |        |        |                  |                  |        |        |        |
| Acres of parks/open space                           | 1,434       | 1,178  | 1,178  | 1,142  | 1,142  | 1,142            | 1,145            | 1,019  | 868    | 1,073  |
| Parks   | 58          | 53     | 53     | 53     | 55     | 55               | 55               | 55     | 55     | 64     |
| Miles of trails                                     | 28          | 28     | 28     | 28     | 28     | 28               | 28               | 28     | 28     | 38     |
| Ball fields   | 21          | 21     | 21     | 21     | 21     | 21               | 21               | 17     | 17     | 19     |
| Tennis courts                                       | 15          | 15     | 15     | 12     | 12     | 12               | 12               | 11     | 11     | 14     |
| Water   |             |        |        |        |        |                  |                  |        |        |        |
| Water mains (miles)                                 | 280         | 280    | 284    | 284    | 287    | 287              | 287              | 287    | 287    | 287    |
| Water customers                                     | 13,469      | 13,629 | 13,810 | 13,924 | 14,091 | 14,214           | 14,443           | 14,657 | 14,802 | 14,919 |
| Reservoir/Tanks                                     | 9           | 9      | 9      | 9      | 9      | 9                | 9                | 9      | 9      | 9      |
| Reservoir storage capacity<br>(millions of gallons) | 23.2        | 23.2   | 23.2   | 23.2   | 23.2   | 23.2             | 23.2             | 23.2   | 23.2   | 23     |
| Sewerage  |             |        |        |        |        |                  |                  |        |        |        |
| Sanitary sewers (miles)                             | 215         | 215    | 215    | 215    | 215    | 215              | 216              | 211    | 215    | 211    |
| Sewer customers                                     | 15,552      | 15,712 | 15,854 | 15,949 | 16,098 | 16,230           | 16,285           | 16,573 | 16,665 | 16,817 |
| Drainage  |             |        |        |        |        |                  |                  |        |        |        |
| Storm sewers (miles)                                | 324         | 324    | 324    | 324    | 324    | 341              | 344              | 347    | 347    | 347    |
| Drainage customers                                  | 25,100      | 25,285 | 25,486 | 25,624 | 25,831 | 26,022           | 26,365           | 26,625 | 26,822 | 26,913 |
| 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) <sup>c</sup>                   | 1,174       | 1,174  | 1,174  | 1,174  | 1,174  | 1,174            | -                | -      | -      | -      |
| Driving range (stalls)                              | 32          | 32     | 32     | 32     | 32     | 32               | 32               | 32     | 32     | 45     |
| Miniature golf course 18-hole <sup>d</sup>          | 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      |

**Notes:**

- <sup>a</sup> Includes 1 Patrol boat
- <sup>b</sup> According to the 2016 Pavement Rating Report
- <sup>c</sup> Par 3 course was closed in 2018
- <sup>d</sup> Miniature golf course was closed in 2020
- <sup>e</sup> 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 |           |           |           |           |           |           |           |                   |           |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|-----------|
|  | 2012        | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020 <sup>8</sup> | 2021      |
| Special Events Center Operations: <sup>1</sup>     |             |           |           |           |           |           |           |           |                   |           |
| Operating revenues                                 | 1,824,496   | 2,199,412 | 1,989,724 | 2,357,964 | 2,775,006 | 2,766,369 | 3,117,754 | 3,021,390 | 1,308,814         | 3,139,060 |
| Operating expenditures                             | 2,532,035   | 2,577,642 | 2,742,048 | 2,619,402 | 2,914,669 | 3,114,736 | 3,314,806 | 3,663,224 | 2,450,905         | 2,504,074 |
| Net operating income/(loss)                        | (707,539)   | (378,230) | (752,324) | (261,438) | (139,663) | (348,367) | (197,052) | (641,834) | (1,142,091)       | 634,986   |
| Public Facilities District Operations <sup>2</sup> |             |           |           |           |           |           |           |           |                   |           |
| PFD Sales taxes                                    | 677,937     | 714,360   | 784,330   | 830,283   | 900,659   | 916,139   | 1,018,768 | 1,149,950 | 1,174,972         | 1,359,473 |
| Interest income                                    | 561         | 300       | 308       | 665       | 1,825     | 4,017     | 11,454    | 16,490    | 11,292            | 43,522    |
| Expenditures                                       | 1,505       | -         | -         | -         | -         | -         | -         | -         | -                 | -         |
| Net revenue available                              | 676,993     | 714,660   | 784,638   | 830,948   | 902,484   | 920,156   | 1,030,222 | 1,166,440 | 1,186,264         | 1,402,995 |
| PFD Direct Debt: <sup>3</sup>                      |             |           |           |           |           |           |           |           |                   |           |
| 2008 PFD Revenue bonds                             | 1,062,462   | 1,136,651 | 1,120,283 | 1,205,275 | 1,277,466 | 1,345,977 | 1,437,083 | 1,518,283 | 719,127           | -         |
| 2008 PFD Sales tax bonds <sup>4</sup>              | 2,675,777   | 2,675,777 | 2,675,777 | 2,675,778 | 1,337,889 | -         | -         | -         | -                 | -         |
| 2016 LTGO Bonds allocated to PFD                   | -           | -         | -         | -         | 1,334,603 | 2,668,000 | 2,668,300 | 2,668,450 | 2,283,150         | 2,286,150 |
| Total direct PFD debt                              | 3,738,239   | 3,812,428 | 3,796,060 | 3,881,053 | 3,949,958 | 4,013,977 | 4,105,383 | 4,186,733 | 3,002,277         | 2,286,150 |
| PFD Direct Debt Funding:                           |             |           |           |           |           |           |           |           |                   |           |
| PFD Sales tax revenues <sup>5</sup>                | 674,214     | 707,953   | 766,236   | 696,831   | 880,444   | 887,946   | 1,002,342 | 1,167,441 | 1,128,466         | 1,473,277 |
| City advances                                      | 3,064,025   | 3,104,475 | 3,029,824 | 3,184,222 | 3,069,514 | 3,126,031 | 3,103,041 | 3,019,292 | 1,873,811         | 812,873   |
| Other funding                                      | -           | -         | -         | -         | -         | -         | -         | -         | -                 | -         |
| Total Funding of Direct Debt                       | 3,738,239   | 3,812,428 | 3,796,060 | 3,881,053 | 3,949,958 | 4,013,977 | 4,105,383 | 4,186,733 | 3,002,277         | 2,286,150 |

Continued

Notes <sup>1</sup> 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.

<sup>2</sup> 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

<sup>3</sup> Any net operating revenues of the Showare Event Center as well as the PFD sales tax revenues are pledged for repayment of this debt.

<sup>4</sup> 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

<sup>5</sup> 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.

**Schedule 24**  
**City of Kent**  
**Kent Special Events Center Public Facilities District**  
**Various Operating Information**  
**Last Ten Fiscal Years**

|  | Fiscal Year |           |           |           |           |           |           |           |                   |             |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|-------------|
|  | 2012        | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020 <sup>8</sup> | 2021        |
| City Event Center Operations:            |             |           |           |           |           |           |           |           |                   |             |
| Admissions tax                           | 281,458     | 251,405   | 256,124   | 375,049   | 385,546   | 347,109   | 488,638   | 412,601   | 138,501           | 145,268     |
| Other revenues/sources                   | -           | -         | -         | 46,524    | 462,443   | 208,118   | 129,691   | 18,221    | 5,893             | 504,458     |
| Expenditures                             | 1,106,422   | 471,684   | 980,046   | 104,330   | 1,097,457 | 983,406   | 1,373,763 | 1,089,763 | 1,451,752         | 3,728,698   |
| Net Operating Income (Loss) <sup>o</sup> | (824,964)   | (220,279) | (723,922) | 317,243   | (249,468) | (428,179) | (755,434) | (658,941) | (1,307,358)       | (3,078,973) |
| City Debt Related to Events Center       |             |           |           |           |           |           |           |           |                   |             |
| 2008 LTGO Bonds-Series A                 | 344,424     | 330,180   | 333,788   | 391,766   | 254,864   | 123,819   | 118,902   | -         | -                 | -           |
| 2008 LTGO Bonds-Series B                 | -           | -         | -         | -         | -         | -         | -         | -         | -                 | -           |
| 2016 LTGO Refunding-Series A             | -           | -         | -         | -         | 150,850   | 311,380   | 311,838   | 581,296   | 502,139           | 729,699     |
| 2016 LTGO Refunding-Series B             | -           | -         | -         | -         | 1,334,603 | 2,668,000 | 2,668,300 | 2,668,450 | 2,283,150         | 2,286,150   |
| Internal Loans <sup>7</sup>              | -           | 1,178,131 | 1,243,121 | 1,301,516 | 1,325,005 | 1,464,068 | 1,509,476 | 1,553,742 | 800,649           | -           |
| Total Related Debt                       | 344,424     | 1,508,311 | 1,576,909 | 1,693,282 | 3,065,322 | 4,567,267 | 4,608,516 | 4,803,488 | 3,585,938         | 3,015,849   |
| Total City Funding                       |             |           |           |           |           |           |           |           |                   |             |
| City Advances for PFD debt               | 674,214     | 707,953   | 766,236   | 696,831   | 880,444   | 887,946   | 1,002,342 | 1,167,441 | 1,128,466         | 1,473,277   |
| Events Center net (income)loss           | 824,964     | 220,279   | 723,922   | (317,243) | 249,468   | 428,179   | 755,434   | 658,941   | 1,307,358         | 3,078,973   |
| Related debt costs                       | 344,424     | 1,508,311 | 1,576,909 | 1,693,282 | 3,065,322 | 4,567,267 | 4,608,516 | 4,803,488 | 3,585,938         | 3,015,849   |
| Total City Funding                       | 1,843,602   | 2,436,543 | 3,067,067 | 2,072,870 | 4,195,234 | 5,883,392 | 6,366,292 | 6,629,870 | 6,021,762         | 7,568,099   |

Concluded

Notes <sup>6</sup> 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.

<sup>7</sup> 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. The loans were paid off in 2020.

<sup>8</sup> The decline in some 2020 figures is due to the Covid19 related closures.

