

2022

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2022





KENT

WASHINGTON



Annual Comprehensive Financial Report

For the Fiscal Year Ended
December 31, 2022

Prepared by:

Finance Department
Financial and Reporting Division

Special Recognition:

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Paula Painter, CPA, Finance Director



KENT

WASHINGTON

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





KENT

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FINANCE ADMINISTRATION

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November XX, 2023

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, 2022. 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. In 2022, Kent served 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, 2022, the City of Kent had 733.66 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 227.28 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 66,563 people who work within Kent's city limits. Large private sector employers within city limits include Blue Origin (engineering and manufacturing for space exploration) with 6,947 employees, Amazon with 5,119 employees, the Boeing Company (aircraft manufacturer) with 2,522 employees, Exotic Metals Forming (aircraft parts manufacturer) with 1,047 employees, Oberto Snacks (meat snack manufacturing) with 684 employees, Columbia Distributing (beverage distributors) with 625 employees, and 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 King County. These operations are not a part of the City of Kent's reporting entity, although the City does coordinate with these separate agencies.

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.

With ESB 1521, the Warehouse and Manufacturing Jobs Center Assistance Program was created and preplaced the SSUTA legislation. The City received \$3.6 million on June 30, 2021 for the period of July 1, 2020 through June 30, 2021. The City has been receiving this funding on a quarterly basis. September 2021 the City received \$0.9 million. Each year, the funding amount will be reduced by 20% on an annual basis from the State's prior fiscal year. The last payment will be received in June 2026.

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 in 2022. As of December 31, 2022, the City has expended nearly \$3.0 million of those funds.

Inflation continues to be a significant factor impacting the 2022 budget and beyond. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Seattle-Tacoma-Bellevue area as of June 2021 was 6.3%. In June 2022, CPI-W came in at 9.5%. Labor contracts are tied, at least in part, to CPI-W. The June figure is used to determine cost of living adjustments for employees beginning the following January.

Like most local governments, the City has faced a structural imbalance, as historically expenses grew by roughly 2.2% annually while revenues only grow by 1.1% annually. With cost-of-living adjustments so large in 2022 and 2023, it is likely the City will face a larger structural imbalance moving forward. The City has been proactive in building reserves to bridge the gap while working toward a longer-term resolution.

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 was continued during the 2023-2024 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 30th 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 272nd 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 a City which has historically experienced neglect and disinvestment. This project plans for a five-lane arterial into a safe and welcoming environment for visitors and residents. The project aims to set the table for reinvestment in 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. Over the years, the project has continued to move forward. 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. "Marquee on Meeker" serves as a new western gateway to downtown Kent and along the riverfront. "Midtown at 64th" 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 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.

Race and Equity Strategic Plan: The City is committed to eliminating racial inequities and improving outcomes for all racial groups, and to mirroring the diversity of its community. Continued steps are being taken to face and dismantle institutional and structural barriers to ensure governmental policies and practices do not infringe upon the equal treatment and opportunity of all persons who live, work, and visit Kent. During 2022, the City has continued its work on the creation of the Race and Equity Strategic Plan including a language action plan. Over 130 languages are spoken in the Kent School District, representative of the need to improve language accessibility, translation of vital city documents, and equitable access for non-English speaking residents.

Public Safety: The City continues to make public safety a top priority. The Safer Kent Initiative is aimed at improving public safety and the quality of life in the Kent community. With the passage of four new ordinances, the City is able to increase the ability to reduce, respond to, and prevent crime while holding offenders accountable. The City was able to double the average number of new hires, consolidate personnel assignments, and improve emergency response. The City completed a pilot Community Immersion Law Enforcement Program in which new police recruits partner with community organizations. The Kent Municipal Court was able to leverage grant funding to expand the community court program.

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 2022, 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, 2022, 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, 2022, 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, 2021. That was the 21st 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,

A handwritten signature in blue ink that reads "Paula Painter". The signature is written in a cursive, flowing style.

Paula Painter, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

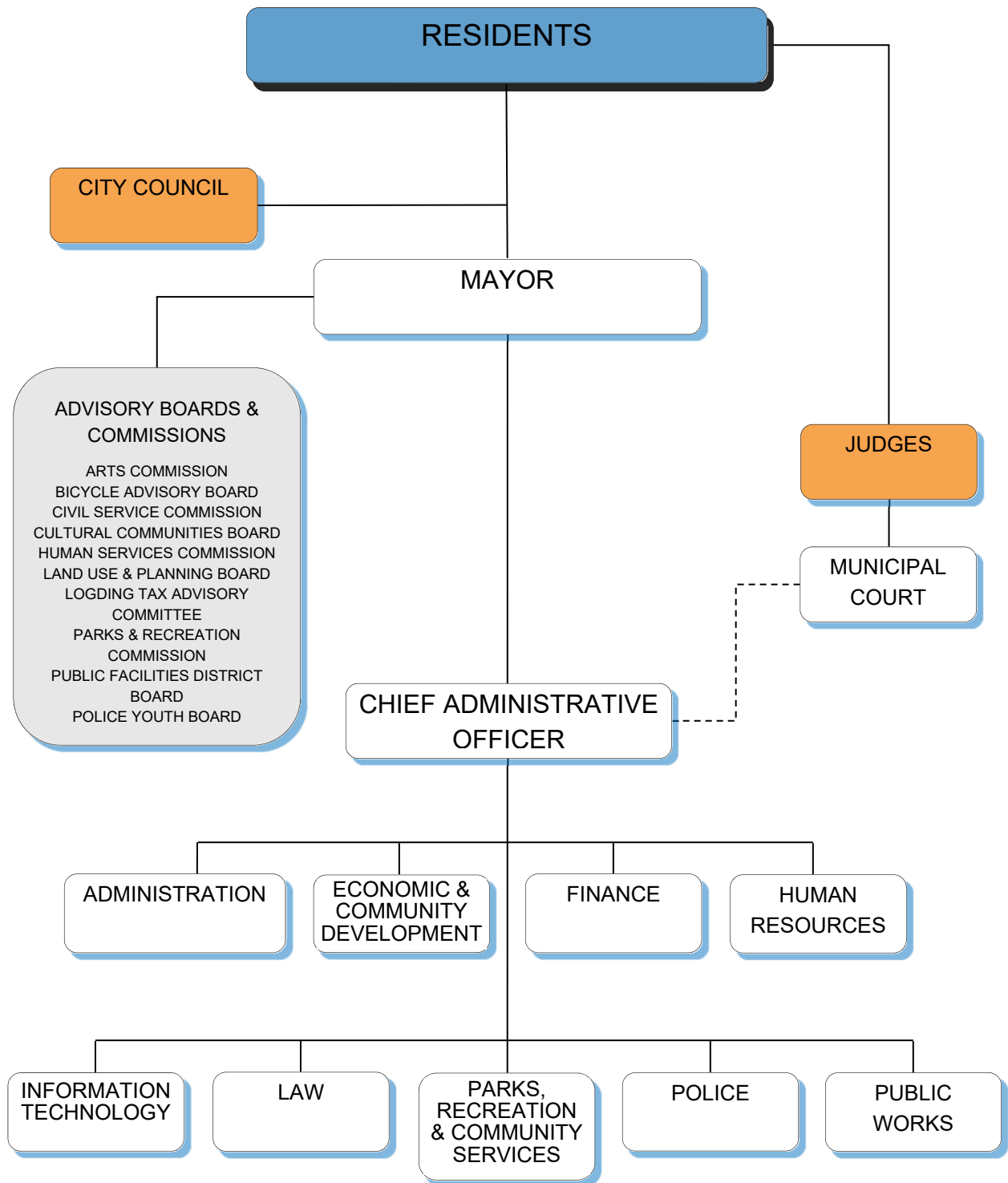
**City of Kent
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Merrill

Executive Director/CEO



PRINCIPAL OFFICIALS

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

	Term Expiration
MAYOR	
Dana Ralph	12-31-2025
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
Holly Harvey-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, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Kent as of and for the year then ended December 31, 2022, 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, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Kent, as of December 31, 2022, 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.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 as 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 and individual fund statements and schedules are presented for 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements 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 basic 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 28, 2023, 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 28, 2023

City of Kent

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, 2022. 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 A5 – A1 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 (\$1.43 billion) increased by \$48.6 million or 3.5 percent from 2021 levels, comprised of a \$38.9 million or 4.1 percent increase resulting from governmental activities and a \$9.6 million or 2.2 percent increase from business-type activities. Approximately \$249.2 million or 17.4 percent of the total net position may be used to meet the City's ongoing obligations to citizens and creditors.
- City revenues increased \$4.8 million in 2022 while expenses increased by \$28.1 million.
- Non-current liabilities (\$137.8 million) decreased by \$9.9 million or 6.7 percent from 2021 levels with an increase of \$4.5 million in the net pension liability, offset by reductions of \$7.1 million in the OPEB liability and 2022 debt payments of \$6.3 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.

City of Kent

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 27-28 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.

City of Kent

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 Consolidated General Fund and Capital Resources Fund to demonstrate compliance with the budgets. Budgetary schedules are also provided for the funds which make up the Consolidated General Fund, as well as 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 140-143.

The proprietary fund financial statements can be found on pages 36-41 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 42-43 of this report and the combining pension and trust fund statements on pages 146-147.

**Management's Discussion and Analysis
For the Year Ended December 31, 2022**

City of Kent

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 46-114 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 115-127 of this report.

Combining statements for non-major governmental funds are also presented on pages 130-133 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 134-138. The combining statements for the pension and OPEB trust funds are found on pages 146-147 of this report. Individual statements for the self-insurance plans can be found on pages 150-151.

Additionally, budgetary comparison schedules for four funds separately budgeted but combined into the General Fund for financial reporting are included on pages 154-158 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 160-170.

GOVERNMENT-WIDE FINANCIAL ANALYSIS:

The following table reflects the condensed Statement of Net Position of the City for December 31, 2022, compared to the prior year.

CITY'S NET POSITION

As of December 31

(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Assets						
Current & Other Assets	310,339	308,137	110,651	112,850	420,990	420,987
Capital Assets	791,508	787,485	388,277	381,455	1,179,785	1,168,940
Total Assets	1,101,847	1,095,622	498,928	494,305	1,600,775	1,589,927
Deferred Outflows						
Total Assets & Deferred Outflows	1,155,646	1,140,086	502,187	495,383	1,657,833	1,635,469
Liabilities:						
Current liabilities	53,486	37,201	4,787	3,872	58,273	41,073
Non-current liabilities	102,561	110,980	35,280	36,764	137,841	147,744
Total Liabilities	156,047	148,181	40,067	40,636	196,114	188,817
Deferred Inflows:						
Total Liabilities & Deferred Inflows	178,042	201,427	46,360	49,201	224,402	250,628
Net Position:						
Net Invest in Cap Assets	753,218	748,352	355,821	346,423	1,109,039	1,094,775
Restricted	72,016	68,838	3,181	8,170	75,197	77,008
Unrestricted	152,370	121,469	96,825	91,589	249,195	213,058
Total Net Position	977,604	938,659	455,827	446,182	1,433,431	1,384,841

**Management's Discussion and Analysis
For the Year Ended December 31, 2022**

City of Kent

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2022, assets and deferred inflows exceeded liabilities and deferred outflows by \$1.43 billion.

By far the largest portion of the City's net position (\$1.11 billion or 77.4 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, site improvements, and equipment) less depreciation and any related outstanding debt used to acquire or construct those assets. The City 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.

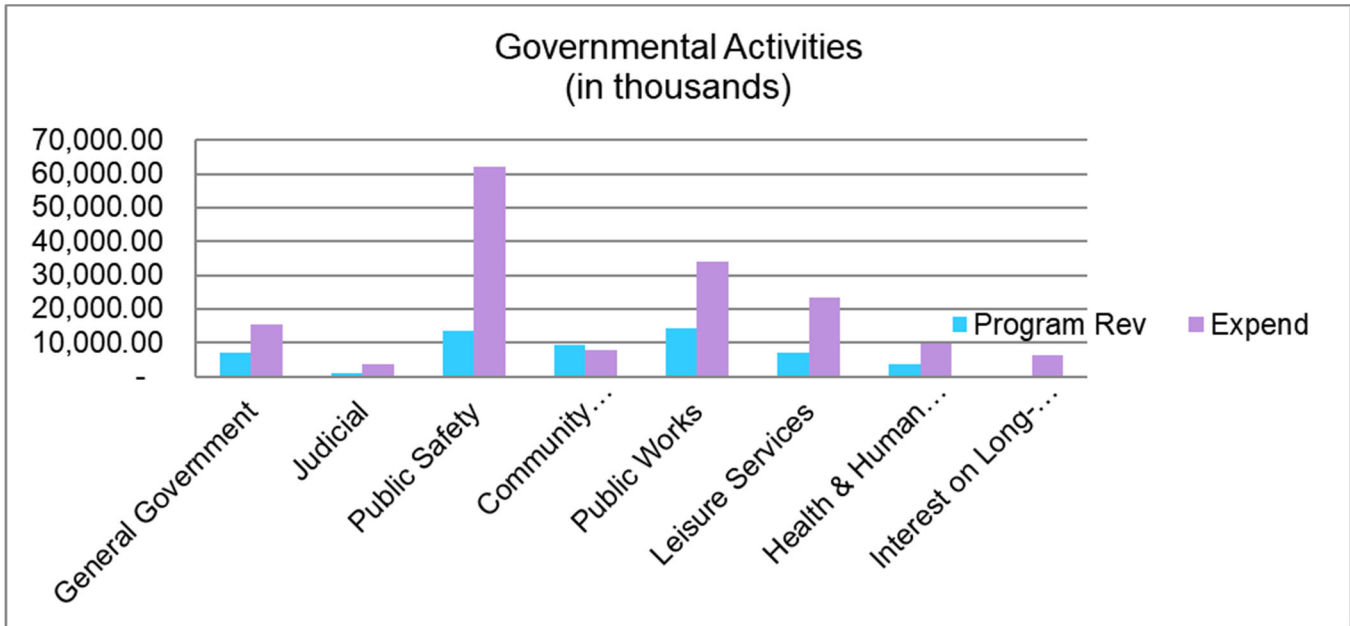
Of the City's net position, \$35.2 million (2.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$249.2 million (17.4 percent), may be used to meet the city's ongoing obligations to citizens and creditors. The unrestricted net position of the City increased \$76.1 million in fiscal year 2022.

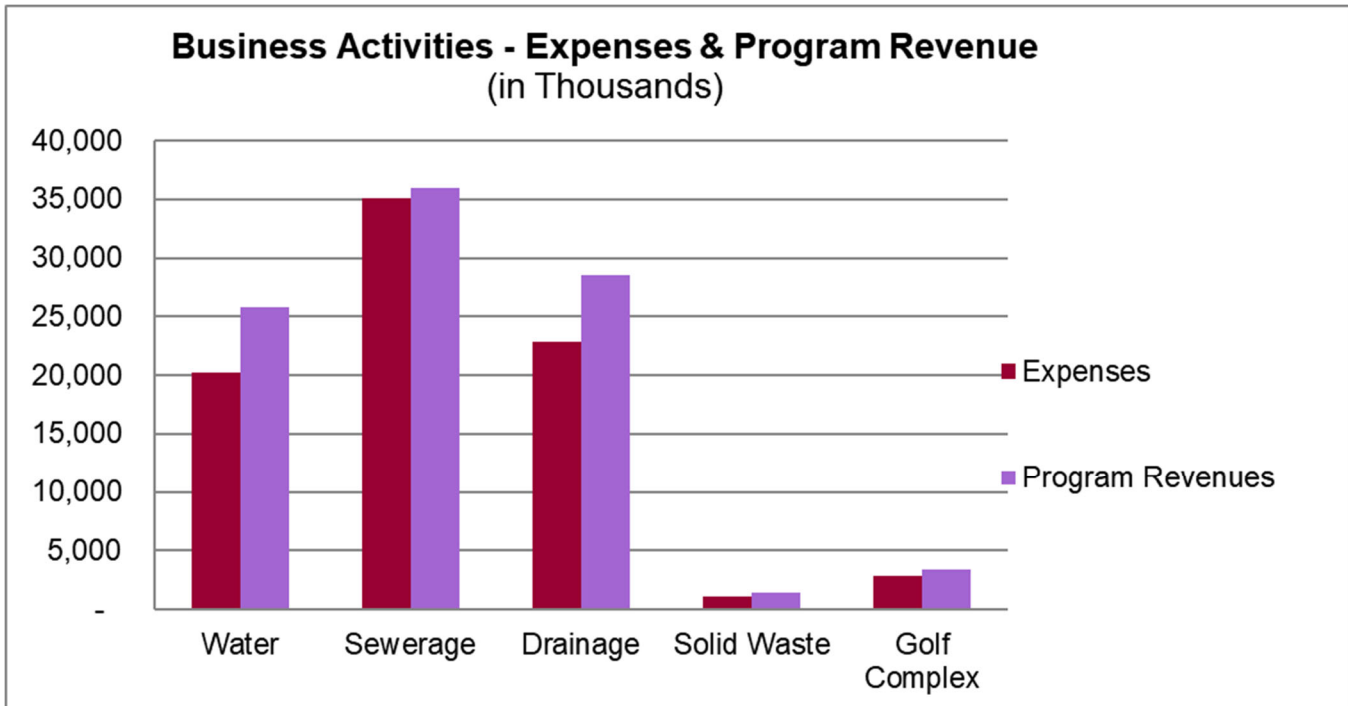
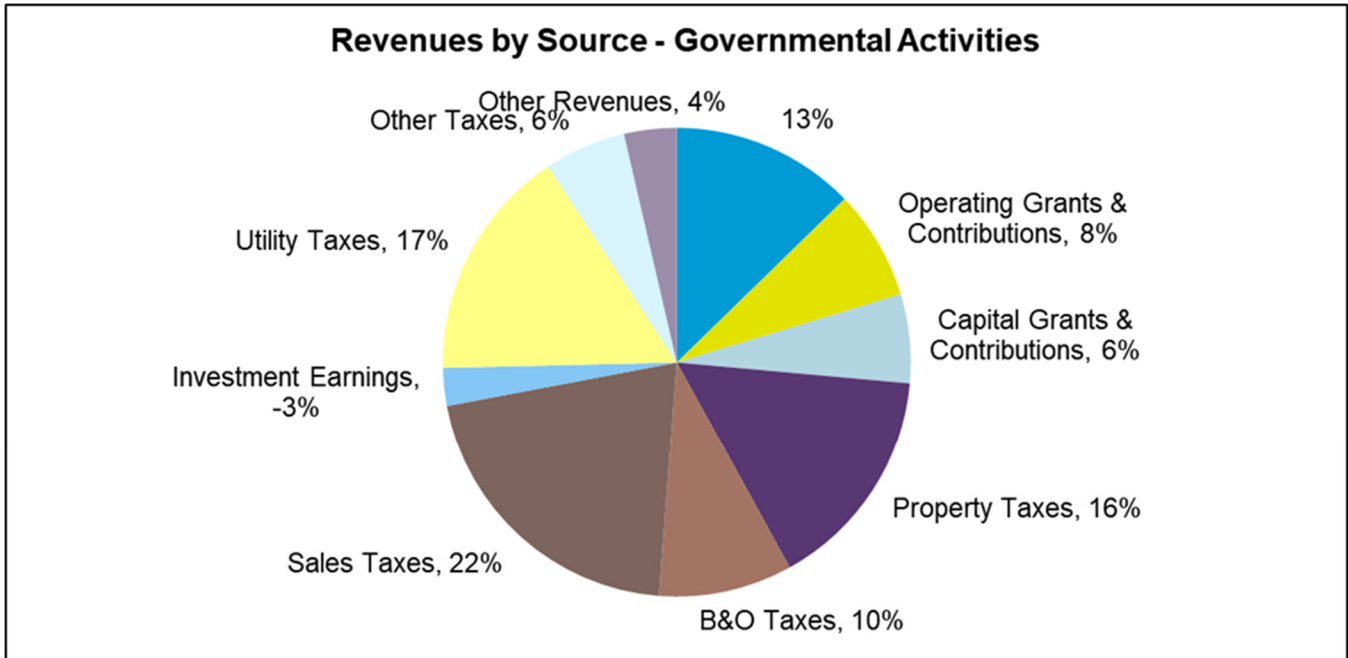
The following table and graphs show the changes in net position, a comparison of program costs and revenues, and composition of the City's revenues. Following the graphs is a discussion of the various revenue streams for the City.

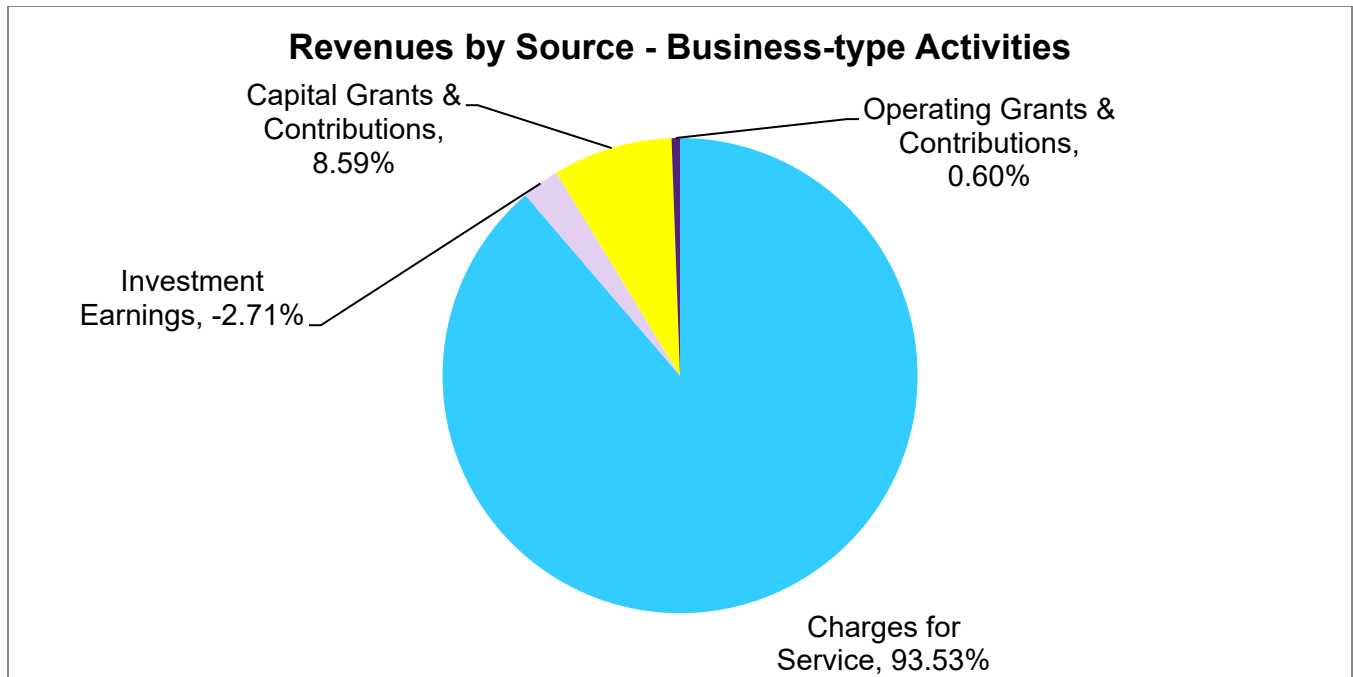
**CITY OF KENT'S CHANGES IN NET POSITION
For the Years Ended December 31
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for Service	26,896	25,104	86,324	83,743	113,220	108,847
Operating Grants	16,023	13,228	553	452	16,576	13,680
Capital Grants	12,937	14,363	7,928	11,604	20,865	25,967
General Revenues:						
Property Taxes	32,962	31,935	-	-	32,962	31,935
Sales Taxes	44,050	39,199	-	-	44,050	39,199
Utility Taxes	34,059	32,516	-	-	34,059	32,516
Business & occupation taxes	19,518	17,061	-	-	19,518	17,061
Other Taxes	11,935	11,530	-	-	11,935	11,530
Unrestricted Grants	5,303	7,412	-	-	5,303	7,412
Investment Earnings	(5,512)	(858)	(2,499)	(512)	(8,011)	(1,370)
Miscellaneous	2,377	1,544	327	-	2,704	1,544
Total Revenues	200,548	193,034	92,633	95,287	293,181	288,321

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Expenses						
General Government	15,576	13,207	-	-	15,576	13,207
Judicial	3,453	2,978	-	-	3,453	2,978
Public Safety	62,018	54,063	-	-	62,018	54,063
Community Development	7,979	6,689	-	-	7,979	6,689
Public Works	34,089	26,616	-	-	34,089	26,616
Leisure Services	23,438	22,863	-	-	23,438	22,863
Health & Human Svcs	9,534	7,966	-	-	9,534	7,966
Interest on LTD	6,269	6,445	-	-	6,269	6,445
Water	-	-	20,285	19,604	20,285	19,604
Sewerage	-	-	35,103	32,814	35,103	32,814
Drainage	-	-	22,806	20,409	22,806	20,409
Solid Waste	-	-	1,122	854	1,122	854
Golf Complex	-	-	2,839	1,924	2,839	1,924
Total Expenses	162,356	140,827	82,155	75,605	244,511	216,432







Governmental activities. Governmental activities net position increased \$38.9 million (4.1 percent) in fiscal year 2022. Some key revenue and expenditure highlights of governmental activities for fiscal year 2022 are as follows:

- *Taxes* – Property Taxes (\$33.0 million) increased by \$1.0 million, or 3.2 percent compared to 2021. Sales & Use Taxes (\$44.1 million) increased by \$4.9 million or 12.4 percent. Utility Taxes (\$34.1 million) increased by \$1.5 million or 4.7 percent. Business & Occupation Taxes (\$19.5 million) increased by \$2.5 million or 14.4 percent. Other Taxes (\$11.9 million) increased by \$0.4 million or 3.5 percent. Consumer spending, particularly in online shopping where goods are shipped to homes, has increased the City’s sales taxes.

Property tax revenues are dependent on both the assessed valuation of property (provided by the King County Assessor) and the tax rate. Assessed valuation of properties has continued to increase (up 11.3% in 2022). 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 2022. The increase in assessed value in 2022 is offset by a decrease in the City’s property tax rate from \$1.323 in 2021 to \$1.230 in 2022.

- *Investment earnings* – The net investment earnings of the City decreased by \$4.7 million as a result of 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, 2022, should the portfolio be dissolved.
- *Charges for Service program revenues* (\$26.9 million) increased by \$1.8 million or 7.1 percent.

- Community Development increased by \$2.9 million or 45.6 percent due primarily to increased plan checking fees (\$1.1 million) and civil construction permits (\$1.3 million) due to a healthy housing and construction market.
- Public Safety decreased by \$0.2 million or 2.5 percent. Fines and forfeitures decreased by \$0.2 million or 27.5 percent primarily reflecting changes in policing as adopted by the legislature resulting in fewer traffic infractions while school zone and red-light cameras continue to bring in stable revenue.
- Leisure Services decreased by \$0.4 million (18.3 percent) primarily due to a contribution of the Shuttered Venues Operators Grant to the accesso ShoWare Center operating fund.
- Health and Human Services increased by \$0.4 million or 333.7 percent primarily due to an increase in youth and teen day camps and senior trips fees. Greater participation in these activities occurred in 2022 as restrictions related to the pandemic were lifted.
- *Grants and Contributions* –operating grants and contributions increased \$2.8 million (21.1 percent) and capital grants decreased by \$1.4 million (9.9 percent). The increase in operating grants and contributions is due primarily to the recognition of ARPA grant revenue previously recognized as unearned. The decrease in capital grants and contributions is primarily due to Public Works receiving \$1.2 million less grants and capital contributions than the 2021.
- Governmental Activities expenses increased \$21.5 million (15.3 percent) in 2022. Increases were recognized in General Government of \$2.4 million or 17.9 percent, Judicial of \$0.5 million or 15.9 percent, Public Safety of \$8.0 million or 14.7 percent, Community Development of \$1.3 million or 19.3 percent. Public Works of \$7.5 million or 28.1 percent, Leisure Services of \$0.6 million or 2.5 percent, and Health and Human Services of \$1.6 million or 19.7 percent. Long-term debt interest decreased by \$0.2 million or 2.7 percent as outstanding debt continues to decline.
 - *General Government expenses* (\$15.6 million) increased by \$2.4 million, or 17.9 percent as compared to 2021. The main reason for this is a \$1.7 million increase in ARPA expenditures and \$0.5 million in general fund expenditures. In 2022, the City realized a significant reduction in net pension asset and an increase in net pension liability. This resulted in a general government expenses increase of \$1.1 million.
 - *Judicial expenses* (\$3.5 million) increased \$0.5 million due primarily to an increase in net pension liability and a decrease in net pension asset resulting in an increased Judicial expense of \$0.4 million.
 - *Public Safety expenses* (\$62.0 million) increased by \$8.0 million. A large portion of this increase relates to the police salaries increase of 16 percent effective October 2021. In addition, there was an increase to the liabilities related to other post-employment benefits and net pension liabilities while recognizing a decrease in net pension assets. As a result, the related expenses increased by \$6.4 million compared to 2021.
 - *Community Development expenses* (\$8.0 million) increased by \$1.3 million. An increase of \$0.4 million in expenses related to an increase in net pension liability and the recognition of a net pension asset.

- *Public Works* expenses (\$34.1 million) increased by \$7.5 million. The main reason for the increase include: a \$2.0 million increase in general fund expenses, a \$1.8 million increase in depreciation expenses in equipment rental, central services and facilities, and a \$1.8 increase in street maintenance and overlays. A net increase of \$1.8 million in expenses related to an increase in net pension liability and the recognition of a net pension asset.
- *Leisure Services* expenses (\$23.4 million) increased by \$0.6 million. The main reason for the increase is due to increased internal allocations. Overall expenditures in the general fund slightly decreased by \$0.3 million. In addition, depreciation expense decreased by \$0.8 million. The above decreases were offset by a net increase of \$1.1 million in expenses related to an increase in net pension liability and the recognition of a net pension asset
- *Health and Human Services* expenses (\$9.5 million) increased by \$1.6 million. General Fund expenditures slightly increased by \$0.5 million. A net reduction of over \$1.0 million in expenses related to a decrease in net pension liability and the recognition of a net pension asset.

Business-type activities. Business-type activities net position increased \$9.6 million (2.2 percent) in fiscal year 2022. Key highlights of the change in net position are as follows:

- *Charges for Service (Operating Revenues)* (\$86.3 million) increased by \$2.6 million or 3.1 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 2022, the increase was 2.4 percent (the regional CPI was 6.3%). Water Utility charges for service increased \$0.1 million, or 0.6 percent. Charges for service in the Sewer Utility increased by \$0.7 million due to the fee increases. The Drainage Utility charges for service increased \$0.6 million with the rate increase and continual review of the drainage calculations for customers (based on impervious surface calculations). The charges for service in the Solid Waste Utility increased \$0.5 million in 2022. The Golf Complex charges for service increased \$0.5 million in 2022 as, after the stiffest restrictions were lifted, golf became a popular activity during the pandemic.
- *Operating Grants/Contributions* (\$0.6 million) increased by \$0.1 million due primarily to the Golf Complex receiving \$0.1 million long-term lease revenue.
- *Capital Grants/Contributions* (\$7.9 million) decreased \$3.7 million (31.7 percent). The Water Fund decreased \$1.3 million with decreased system development fees, connection fees and capital contributions. The Drainage Utility decreased \$2.3 million. State capital grants increased by \$1.0 million, however, the increase was offset by the following decreases: Connection charges decreased by \$1.3 million; \$0.6 million decrease due to a one-time settlement received in 2021; \$0.8 million decrease of Storm-Developer contributions; and local capital grants were lower with no capital project grants received in 2022.
- *Expenses – Water Utility* expenses (operating and non-operating) (\$20.3 million) increased \$0.7 million (3.5 percent), Sewerage Utility expenses (\$35.1 million) increased \$2.3 million (7.0 percent), Drainage Utility expenses (\$22.8 million) increased \$2.4 million (11.7 percent), Golf

Complex expenses (\$2.8 million) increased \$0.9 million (47.6 percent) and Solid Waste Utility expenses (\$1.1 million) increased \$0.3 million (31.4 percent). 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 \$176.5 million, an increase of \$14.1 million in comparison with the prior fiscal year balances. Of this amount, the unassigned fund balance is \$34.2 million, down \$1.5 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 (\$0.06 million), 2) restricted for particular purposes (\$38.0 million), 3) committed for particular purposes (\$79.5 million), or 4) assigned for particular purposes (\$24.7 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 \$55.0 million, representing a \$1.4 million or 2.5 percent increase from 2021. 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 also 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 \$9.0 million (7.4 percent) from the previous year. Although we have seen growth in most revenues within the General Fund, the increase, in large part, was due to growth in tax revenue. The major changes are discussed below.
- Property taxes of \$32.8 million were up \$0.8 million (2.4 percent) from the previous year representing the statutory limited increase in property tax revenues of 1% plus new construction. Assessed value in 2022 increased by 11.3 percent while the City's property tax rate decreased from \$1.323 in 2021 to \$1.230 in 2022.
- Sales and use taxes (\$27.9 million) increased by \$3.1 million (12.5 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. The largest increases in sales and use tax resulted from manufacturing and wholesaling, which saw increases of 37%. Food services had increases of 12%, while construction had increases of 8%.

- Utility taxes (\$21.0 million) increased \$0.8 million (3.9 percent) from the previous year. Other than cable and telephone utility taxes, which recognized decreases by \$0.05 million and \$0.14 million as a result of a shift away from cable and landline usage, all other utility taxes increased during 2022. Electric utility tax increased by \$0.3 million. Garbage utility tax increased by \$0.3 million. Gas utility tax increased by \$0.2 million. The increases are representation of the rate increases for the various utilities.
- Business & occupation taxes (\$19.5 million) increased \$2.5 million (14.4 percent) primarily due to an increase in the tax rate on gross receipts which was effective January 1, 2022. Manufacturing, retailing, printing/publishing went from a rate of 0.00046 to 0.001 and service/other, retail service, and extracting went from a rate of 0.00152 to 0.002.
- Other taxes (\$0.9 million) have increased by \$0.3 million (51.6 percent). Tight restrictions that had been in place due to the pandemic started to soften in 2021 and were lifted in 2022 resulting in increased attendance at events which had direct correlation to increased admissions tax revenue.
- Licenses and permits increased by \$1.4 million (19.5 percent). The Permit Center did a significant collection endeavor to collect past due permit revenues in 2022 which represents most of the increase. In addition, Business Licenses revenue came in \$0.3 million greater than in 2021 as enforcement efforts were slowed due to the pandemic in 2021. Finally, the water franchise fee came in \$0.2 million greater than in 2021 as a new water utility entered into a franchise agreement with the City.
- Intergovernmental revenues increased \$1.1 million (22.3 percent). In 2022, \$2.9 million of the American Rescue Plan Act grant was recognized as revenue. This increase was offset by a decrease in the recognition of revenue for the Shuttered Venues Operators Grant as \$0.7 million was recognized in 2022 compared to \$1.6 million in 2021.
- Charges for services increased by \$2.4 million (26.2 percent). Most 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.
- Fines and forfeitures decreased by \$0.2 million (27.1 percent), which primarily reflects the decline in traffic infractions being issued.
- Miscellaneous revenues decreased by \$3.2 million (84.4 percent) in 2022 compared to 2021. Due to significant adjustments to the fair market value of investments, interest income (net of FMV adjustment) decreased by \$1.7 million or 541.1 percent. In addition, contributions (\$1.1 million) recognized a decrease of \$1.5 million primarily due to reduced contributions to the access ShoWare Center as compared to 2021.

General Fund expenditures \$105.0 million increased \$9.0 million (9.3 percent) from the previous year with increases in public safety (\$4.5 million), community development (\$0.3 million), health and human services (\$0.3 million), general government (\$2.2 million), and capital outlay (\$1.8 million). Leisure services decreased \$0.1 million. Roughly no change in public works and judicial. The details below will provide more information to the root cause of the variance.

- The increase in general government services (\$2.2 million or 23.4 percent) is due primarily to \$1.7 million of the American Rescue Plan Act (ARPA) grant expended in 2022. Those funds were used to increase capital availability for Kent-based businesses and non-profits through contribution to National Development Council's managed "FlexFund". Other factors included increases in salaries and benefits as most employees supporting this function received a 4% cost of living adjustment. There was a decline in the supplies purchased in 2022 as \$0.2 million in one-time expenditures were spent in 2021 for laptop purchases. Services also saw increases in various areas including animal control services, voter registration and election services.
- Community development expenditures increased by \$0.3 million as a result of most employees supporting this function receiving a 4% cost of living adjustment.
- The increase in health and human services expenditures of \$0.3 million is primarily due to the increases to salaries and benefits as a result of most employees supporting this function receiving a 4% cost of living adjustment. In addition, increases in supplies and services were recognized as programs were reinstated after the restrictions during the pandemic were lifted. Those increases were offset by a decrease in school impact fees of \$0.35 million.
- Public safety increased by \$4.5 million due primarily to increases in salaries (\$2.4 million) because of wage adjustments and increases in services and supplies (\$2.3 million). In October 2021, members of the Kent Police Officers Association received wage adjustments of 16% representing a market adjustment of 5%, shift change adjustment of 4.7% and cost of living adjustment of 6.3%. These increases are offset by a reduction in fire impact fees of \$0.4 million.
- Capital outlay (\$2.0 million) increased by \$1.8 million or 919.9 percent. Of that increase, \$1.7 million relates to capital improvements at the accesso ShoWare Center including a new scoreboard (\$0.9 million), cooking equipment (\$0.5 million), ice deck cover (\$0.2 million), transformers (\$0.08 million), and A/V broadcast equipment (\$0.06 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 2021 levels are as follows:

- *Capital Resources Fund*. Fund balance increased by \$6.7 million. Revenues decreased by \$1.2 million (4.6 percent). This was due primarily to Streamlined Sales Tax (SST), which decreased by \$2.2 million. 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 2022, the City received \$3.3 million of streamlined sales tax for the period of 2022 compared to the \$5.4 million in 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.

Sales taxes increased by \$0.8 million as we have seen a steady increase in sales tax since the onset of the pandemic. The largest increases in sales and use tax resulted from manufacturing and wholesaling which saw increases of 37%. Food services had increases of 12% while construction had increases of 8%. Utility taxes increased slightly by \$0.1 million (1.9 percent) compared to 2021. Increases greater than 2% compared to last year was seen for Sewer and Drainage. Real estate excise taxes (REET) remained comparable to 2021.

This fund is responsible for transfers to the Debt Service Fund for general obligation debt service payment, which account for \$4.3 million of the \$19.6 million in 2022 transfers out. The balance of this fund is generally used to fund various capital projects.

- *Special Assessments Fund*. Fund balance increased by \$0.04 million compared to 2021. The 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 2022, revenues decreased by \$0.3 million as outstanding assessments continue to decline. Transfers out to capital projects decreased by \$0.2 million. With declines in revenues, there were fewer dollars available for transfers to capital projects.
- *Street Capital Projects Fund*. Fund balance decreased \$0.2 million to \$20.8 million. Revenues decreased by \$2.0 million primarily due to several large grants received in 2021 for capital projects. With \$1.5 million fewer grant dollars available to fund projects, expenditures also decreased. Overall, there was a reduction in expenditures of \$3.1 million. In 2021, the city spent \$13.0 million on residential street overlays, 228th Street grade separation, South 212th from East Valley Highway to 76th, and Meeker improvements at Russell Road. Interest income also saw a decrease of \$0.01 million due to the fair market value of investments adjustment and higher interest rates on investments. Transfers into the Street Capital Projects Fund were nearly \$1.5 million lower in 2022 than 2021.

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 \$455.8 million net position, \$355.8 million is net investment in capital assets, \$3.2 million is restricted and \$96.8 million is unrestricted. Analysis of changes in net position from prior fiscal year levels:

- *Water Fund.* Net position increased by \$4.0 million or 2.5 percent over the 2021 net position. This increase was due to net operating income of \$5.1 million, less non-operating expenses net of revenues of \$2.1 million, and capital contributions of \$1.2 million. Operating revenues increased \$0.1 million (0.6 percent) reflecting, in part, a 2.4 percent utility rate increase. Operating expenses increased by \$0.7 million compared to 2021. Salaries and benefits increased by \$0.3 million primarily the result of a cost of living adjustment of 3.5% to 4% for most employees supporting this fund. Capital contributions decreased by nearly \$1.3 million primarily due to reductions in collection of system development charges. Some larger projects occurred in 2021 compared to 2022.
- *Sewerage Fund.* Fiscal year 2022 net position increased by \$0.3 million or 0.3 percent over the 2021 net position. Operating revenues increased \$0.7 million (2.1 percent), while operating expenses increased by \$2.3 million compared to 2021 (7.0 percent). The City's rate for sewer fees increased 2.4 percent in 2022 while the pass-through rate for King County METRO increased by 4.0 percent. Salary and benefits increased \$0.2 million in 2022 primarily reflective of the cost of living adjustment of 3.5% to 4% for most employees supporting this fund. Services and charges expenses increased \$1.8 million with increased METRO charges being the primary factor in this increase.
- *Drainage Fund.* Fiscal year 2022 net position increased by \$4.4 million or 2.2 percent over the 2021 net position. While operating revenues increased \$0.6 million (2.9 percent) primarily related to the 2.4 percent increase in rates, operating expenses increased by \$2.4 million (11.8 percent). Salaries and benefits increased by \$0.7 million primarily reflecting the cost-of-living adjustment of 3.5% to 4% for most employees supporting this fund. Capital contributions in the Drainage Fund decreased \$2.3 million with lower developer donated capital contributions and in-lieu charges.
- *Solid Waste Fund.* The Solid Waste Fund is a non-major fund, but since it is the only non-major proprietary fund, it is presented in the basic financial statements. In 2022, net position increased by \$0.3 million. Charges for services increased by \$0.2 million or 24.8 percent reflecting liquated damages of \$0.5 million received in 2022. Salaries and Benefits were increased primarily related to the increase in net pension liabilities and the recognition of a net pension asset.
- *Golf Complex.* Net position increased by \$0.6 million in 2022. The operating revenue increased by \$0.5 million (21.8 percent) compared to 2021. Operating expenses increased by \$0.9 million (47.9 percent). A large part of the increase in operating expenses relates to the increase in salaries and benefits; partly the result of a cost of living adjustment for the employees supporting the Golf Complex as well as adjustments to the net pension liability.

Additional information on the City's Enterprise funds can be found in Note 11 starting on page 81 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 \$13.3 million from the original budget as follows:

- \$1,400,000 increase in new capital expenditures to purchase equipment for the accesso ShoWare Center using available fund balance.
- \$1,138,420 of carryforward budgets for capital purchases not completed in the prior year for the assessore ShoWare Center, including \$500,000 for the scoreboard.
- An additional \$154,000 was added to the budget to cover the cost of Diversity, Equity and Inclusion training, which was mandatory for all staff Citywide in 2022.
- An additional \$183,070 was added to cover the cost of Fire Service expenditures. Some expenditures for 2021 were not invoiced until late in 2022.
- The Parks Department received an additional \$364,440 in grants, including \$246,890 in SEEK grants for summer programs and an \$80,000 King County Conservation District grant.
- In addition, the Parks Department also had an additional \$446,720 in carryforward budgets from 2021 for a variety of purposes including the lifeguard program, law office renovations, Golf Fund contributions, and Human Services programs, to name a few.
- The City determines the budgets of the City Arts and Human Services programs based on population. An adjustment of \$55,360 was needed to align with the revised population figures. The Office of Financial Management revised the original population estimate based on the census.
- A budget increase of \$1,520,000 was added to cover the cost of a personnel matter.
- An increase of \$84,900 was made for temporary employee salaries for the Parks Department to align with similar temporary employee salaries in other departments.
- A transfer out of an additional \$400,000 to the Property Insurance Fund was budgeted to ensure appropriate fund balance and capacity to cover anticipated expenditures.
- A transfer out of an additional \$5,500,000 to the Liability Insurance Fund was budgeted to ensure appropriate fund balance and capacity to cover anticipated expenditures.
- A transfer out of an additional \$1,750,000 to the Workers Insurance Fund was budgeted to ensure appropriate fund balance and capacity to cover anticipated expenditures. A transfer of \$285,000 was budgeted from the General Fund to the Lodging Tax Fund. During the pandemic, the Lodging Tax Fund saw significant declines in its revenue. Council approved providing the Lodging Tax Fund with additional funding to allow them to cover the costs of grants.
- The budget decreased by \$271,240 due to the removal of two ARPA-funded positions; a Grant Analyst (\$124,280) and Human Services Planner (\$146,960).
- The budget decreased by \$190,350 due to an adjusted central services allocation for liability insurance.

CITY OF KENT'S GENERAL FUND BUDGET ACTIVITY BY FUNCTION
For the Year Ended December 31, 2022

	Original Budget	Supplemental Appropriations	Final Budget	Actual	Variance
Taxes	92,965,590	-	92,965,590	102,274,564	9,308,974
Licenses and Permits	7,400,610	-	7,400,610	8,567,857	1,167,247
Intergovernmental Revenue	2,865,880	382,620	3,248,500	6,030,922	2,782,422
Charges for Services	10,627,300	7,070	10,634,370	11,707,395	1,073,025
Fines and Forfeitures	1,172,910	-	1,172,910	590,339	(582,571)
Miscellaneous Revenue	2,981,040	600,000	3,581,040	586,663	(2,994,377)
Total Revenues	118,013,330	989,690	119,003,020	129,757,740	10,754,720
General Government	12,279,130	2,830	12,281,960	11,468,307	(813,653)
Judicial	3,868,530	690	3,869,220	3,433,032	(436,188)
Public Safety	56,984,340	1,550,860	58,535,200	57,443,239	(1,091,961)
Community Development	9,003,640	397,920	9,401,560	7,791,962	(1,609,598)
Leisure Services	14,231,420	3,224,660	17,456,080	15,875,899	(1,580,181)
Health & Human Services	10,541,730	(190,130)	10,351,600	6,980,626	(3,370,974)
Capital outlay	1,150,000	150,000	1,300,000	2,037,275	737,275
Total Expenditures	108,058,790	5,136,830	113,195,620	105,030,340	(8,165,280)

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

- **Taxes.** Actual tax collections were \$9.3 million over budget. Sales and use taxes exceeded budget by \$6.9 million or 32.9 percent. 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. We have also seen larger increases in sales and use tax resulting from manufacturing and wholesaling, which saw increase of 37%. Food services had increases of 12%, while construction had increases of 8%.

Property taxes and B&O taxes each exceeded budget by \$0.4 million, while utility taxes exceeded budget by \$1.5 million. In creating the 2022 budget, it was uncertain what the potential impacts on tax revenue would look like. We took a conservative approach to budgeting.

- **Licenses and permits.** Licenses and permits were \$1.2 million or 15.8 percent over budget. The majority of this increase is due to the City entering into a new franchise agreement, which helped increase franchise fees by \$.5 million or 24.1 percent over budget. Fire permits exceeded budget by \$.3 million or 33.5 percent and street permits exceed budget by \$.2 million or 16.3 percent. Business licenses exceeded budget by \$.2 million or 28.4 percent.
- **Charges for services.** Charges for services were \$1.1 million or 10.1 percent above budget due to an increase in planning development services (\$2.6 million) and general government services (\$.4 million), offset by decreases in culture and recreation fees (\$.7 million), public safety fees (\$.3 million), school impact fees (\$.6 million) and fire impact fees (\$.2 million).

- *Fines and forfeitures.* Fines and forfeitures were \$0.6 million below budget due to declines in traffic tickets issued as a result of Police reform as well as changes in protocols implemented due to the pandemic. Civil penalties were under budget by \$.5 million and criminal penalties were under by \$.2 million. These were offset by B&O penalties over budget by \$.1 million.
- *Miscellaneous Revenues.* Miscellaneous revenues were \$3.0 million below budget due to an investment fair market value adjustment of \$3.0 million at year end that decreased revenues.
- *Functional Expenditures.* Overall, salaries and benefits ended the year under budget by \$1.8 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 budget savings are 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 Health & Human Services and Leisure Services, had budget savings in fiscal year 2022. General fund functions also had savings in services expenditures, except for General Government.
 - *General Government Expenditures* - The general government expenditures were \$0.8 million (6.6 percent) under budget primarily in salary and benefits savings (\$0.7m or 7.1 percent) in various departments, as departments have had unfilled positions through the year. Supply savings of \$.2 million were offset by overspend in services (\$.1 million).
 - *Community Development Expenditures* - Saved \$1.6 million (17.1 percent), primarily in professional services (\$1.3 million or 47.2 percent) and salary and benefits (\$.2 million or 8.0 percent), but also some savings in supplies (\$.1 million or 58.9 percent).
 - *Leisure Services Expenditures* - Were \$1.6 million (9.1 percent) below budget with significant savings in professional services (\$1.4 million or 16.5%) and salaries and benefits (\$.3 million or 3.9 percent) with many programs still on hold with Covid-19 restrictions. These savings were offset by overages in capital outlays (\$.6 million or 46.1 percent) and supplies (\$.2 million or 35.7 percent).
 - *Health and Human Services Expenditures* - Had budget savings of \$3.4 million (32.6 percent) including professional services (\$3.2 million or 39.9%) and salaries and benefits (\$.3 million or 12.1 percent) with many programs still on hold with Covid-19 restrictions. These savings were offset by supply overages (\$.1 million or 37.5 percent).
 - *Public Safety Expenditures* – Were \$1.1 million (1.9 percent) below budget due primarily to savings in supplies (\$.5 million or 26.3 percent) and services (\$.7 million or 3.0 percent). Overages in overtime were mostly offset by savings in medical insurance and other benefits netting to only \$.1 million in extra salary and benefit spend, with another \$.1 million overbudget in capital outlays.
 - *Judicial Expenditures* – Saved \$0.4 million (11.3 percent) primarily in salaries (\$.3 million) and benefits (\$.1 million).

City of Kent

CAPITAL ASSET AND DEBT ADMINISTRATION:

**CITY OF KENT'S CAPITAL ASSETS
(Net of Accumulated Depreciation)
As of December 31
(in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 239,091	\$ 231,843	\$ 23,737	\$ 22,461	\$ 262,828	\$ 254,304
Buildings	79,495	81,361	9,663	9,985	89,158	91,346
Site Improvements	42,382	43,061	324,231	321,474	366,613	364,535
Equipment	21,328	19,852	4,650	4,345	25,978	24,197
Infrastructure	399,415	404,439	-	-	399,415	404,439
Right of Use Asset	1,422	198	245	-	1,667	198
Construction in Progress	8,375	6,929	25,751	23,190	34,126	30,119
Total Capital Assets	\$ 791,508	\$ 787,683	\$ 388,277	\$ 381,455	\$ 1,179,785	\$ 1,169,138

Additional information on the City's capital assets can be found in Note 6 starting on page 66 of this report.

Capital Assets. The City's capital assets for its governmental and business type activities as of December 31, 2022, were \$1.18 billion (net of accumulated depreciation), comprising 73.7 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 2022, infrastructure decreased \$5.0 million with \$10.1 million in additions offset by \$15.2 million in 2022 depreciation. \$8.1 million in streets projects were closed and capitalized in 2022. In addition, the City received developer contributed streets with a value of \$1.9 million in 2022.
- *Land.* Land assets were increased by \$7.2 million in 2022 with the purchase of land for parks projects.
- *Buildings.* Net buildings decreased \$1.9 million in 2022 with the capitalization of a Corrections Building project less \$3.3 million in 2022 depreciation.
- *Site Improvements.* Net site improvements decreased \$0.7 million with \$2.5 million in additions of Parks projects offset by \$3.2 million in depreciation.
- *Equipment.* Net equipment increased \$1.5 million in 2022. This was due to additions, net of deletions, of \$3.2 million offset by 2022 net depreciation of \$1.7 million. The additions include fleet vehicle additions of \$2.2 million, offset by disposals of \$1.3 million.

- *Construction in Progress.* Construction in progress (\$8.4 million) increased \$1.4 million from 2021. While 2022 spending on projects was \$39.5 million, \$19.8 million of completed projects were recorded as land, building, site improvements or infrastructure, while \$11.4 million were determined to be non-capital in nature and were expensed.

Business Type Activities:

- *Construction in Progress.* Compared to 2021, construction in progress increased \$2.6 million in 2022 as the City constructed and capitalized or expensed projects. While 2022 spending on projects was \$45.0 million, \$15.3 million in projects were completed and capitalized from CIP into other capital asset categories, and \$3.9 million were determined to be non-capital in nature and were expensed.
 - Some projects that were completed and capitalized in 2022 are:
 - \$8.5 million – Downey Farmstead (site improvements)
 - \$2.8 million – Rock Creek Culvert (site improvements)
 - \$0.9 million – Skyline Sewer Interceptor (site improvements)
 - \$0.4 million – E. Tacoma/Kensington Drainage Improvements (site improvements)
 - \$0.1 million – Russell Rd Parking Security Fence (site improvements)
 - \$0.1 million – Water Imp-WM 268th Ave (site improvements)
- *Land.* Land assets slightly increased with the purchase of approximately \$1.3 million by the Water fund.
- *Buildings.* Buildings decreased \$0.3 million in 2022 due only to depreciation.
- *Site Improvements.* Additions to site improvements for 2022 were \$14.7 million, less depreciation of \$11.9 million resulting in a net increase of \$2.8 million. The primary additions to site improvements were the result of completed projects in Drainage, Golf, and Water improvements.
- *Equipment.* Net equipment increased by \$0.3 million in 2022. This was due to additions of \$0.7 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).

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$67.8 million. Of this amount, \$57.9 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 (\$9.8 million) represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**Management’s Discussion and Analysis
For the Year Ended December 31, 2022**

City of Kent

CITY OF KENT’S OUTSTANDING BONDED DEBT*
As of December 31
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
G.O. Bonds	\$ 57,930	\$ 62,815	\$ -	\$ -	\$ 57,930	\$ 62,815
Revenue Bonds	-	-	9,845	11,010	9,845	11,010
Total Bonded Debt	\$ 57,930	\$ 62,815	\$ 9,845	\$ 11,010	\$ 67,775	\$ 73,825

* Gross debt - does not include discounts or premiums.

The City’s total bonded debt decreased by \$6.05 million or 8.2 percent during the current fiscal year. No new bonded debt was issued in 2022. All required debt service payments were made during 2022.

At December 31, 2022, 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 \$1.967 million.

Additional information on the City’s long-term debt can be found in Note 8 starting on page 73 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.

The 2022 mid-biennium budget adjustment increased the 2022 budget by \$72.8 million to \$421.3 million for the second half of the biennium. The mid-biennium budget adjustment provides an opportunity to modify the budget to account for changes in fiscal events. This increased revenue projections in all categories based upon a noted up-trend as the community continues to re-open, post pandemic. Additionally, this budget adjustment obligated another \$15.5 million in ARPA funding.

As an organization, we have faced many budget challenges, from the fiscal cliff in the 2019-2020 budget to the uncertainties surrounding impacts of the COVID-19 crisis with the 2021-2022 budget. Through collaborative efforts, we were able to successfully navigate those challenges. However, those challenges delayed our ability to address the ongoing structural imbalance faced each year as, historically on average, expenses increase annually by roughly 2.2% while City revenues increase by roughly 1.1%. This imbalance isn’t unique to the City of Kent and is something most local government jurisdictions grapple with during their budget process.

To exacerbate the ongoing structural imbalance, we are now facing record inflation. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Seattle-Tacoma-Bellevue area as of June 2023 is 4.5%. This will have an impact on the expenditure side of the budget as labor contracts

are tied, at least in part, to CPI-W. Outside of salaries and benefits, we are also seeing the cost of doing business and projects rise greatly as well.

Early in 2022, knowing inflation was going to have a significant impact on the 2023-2024 biennial budget, City Council and staff agreed to maintain a status quo budget for the 2023-2024 biennium. Any budget requests had to come with a revenue stream or expenditure reduction to support it. In addition, with inflation so high, the City explored ways to mitigate the structural imbalance. The 2023-2024 budget shifts our reliance on property tax which is currently supporting ongoing operating expenditures to instead support our capital program. With property tax limited to growth of 1% plus new construction, it has been a major contributor to the structural imbalance in the General Fund. This is especially true considering property tax tends to make up 25% of the General Fund's total revenue. As we shift property tax to support our capital program, we will begin utilizing all sales and B&O taxes to support the General Fund. These revenue streams most often reflect what is going on within our economy and should align more closely to inflation. Although it will not solve the entire structural imbalance, it will lessen its impact.

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 2022 with 39.8% or \$41.4 million in reserves.

During 2022, due to the strong construction economy and increased overall spending, sales tax collections continued 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 are slowing and will be monitored for their effect on the 2023-2024 biennial budget process.

As we begin looking to the future, inflation and its impacts have been in the forefront of our minds. CPI-W for June 2023 was at 4.6%, which will have a direct impact on the 2023 and 2024 budget, respectively. 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

CITY OF KENT
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Special Events Center PFD
ASSETS				
Cash and cash equivalents (Note 4)	\$ 89,208,011	\$ 39,511,780	\$ 128,719,791	\$ 66,296
Investments, at fair value (Note 4)	124,221,669	51,247,589	175,469,258	51,658
Receivables (net of allowances) (Note 5)	28,330,614	13,789,531	42,120,145	260,776
Internal balances (Note 6)	(1,872,431)	1,872,431	-	-
Due from other governments	778,421	-	778,421	-
Inventory, at cost	453,332	841,955	1,295,287	-
Prepaid items	729,481	18,540	748,021	-
Investment in Joint Venture (Note 15)	11,574,131	-	11,574,131	-
Restricted assets:				
Cash with fiscal agent/trustee	1,643,113	80,757	1,723,870	-
Cash and cash equivalents (Note 4)	14,194,113	44,816	14,238,929	-
Investments (Note 4)	11,075,243	62,404	11,137,647	-
Note receivable from component unit (Note 5)	87,215,940	-	87,215,940	-
Less: Allowance for uncollectible	(87,215,940)	-	(87,215,940)	-
Property, plant, and equipment: (Note 7)				
Not being depreciated	247,465,795	49,487,589	296,953,384	-
Being depreciated/amortized, (net)	544,042,608	338,789,804	882,832,412	-
Net pension asset	30,002,856	3,181,025	33,183,881	-
TOTAL ASSETS	1,101,846,956	498,928,221	1,600,775,177	378,730
DEFERRED OUTFLOWS				
Deferred loss on refundings	33,281,858	-	33,281,858	-
Deferred outflows related to pension	20,516,715	3,258,648	23,775,363	-
TOTAL DEFERRED OUTFLOWS	53,798,573	3,258,648	57,057,221	-
TOTAL ASSETS & DEFERRED OUTFLOWS	1,155,645,529	502,186,869	1,657,832,398	378,730
LIABILITIES				
Vouchers payable	6,989,959	2,331,025	9,320,984	-
Accounts/payroll payable	7,295,004	1,849,814	9,144,818	-
Incurred but not reported claims payable	8,893,000	-	8,893,000	-
Due to other governments	28,259	-	28,259	-
Accrued interest payable	225,359	93,274	318,633	-
Unearned revenue	30,054,649	512,984	30,567,633	-
Non-current liabilities:				
Due within one year (Note 9)				
Compensated absences-current	3,093,587	554,324	3,647,911	-
Contracts, leases, notes-current	1,264,971	919,658	2,184,629	-
General obligation bonds payable-current	4,805,000	-	4,805,000	-
Revenue bonds payable-current	-	1,220,000	1,220,000	330,000
Due in more than one year (Note 9)				
Compensated absences-long term	3,132,669	336,907	3,469,576	-
Contracts, leases, notes-long term	3,746,037	20,294,041	24,040,078	87,038,432
General obligation bonds payable-long term (net of unamortized discounts & premiums)	61,756,658	-	61,756,658	-
Revenue bonds payable-long term (net of of unamortized discounts & premiums)	-	10,023,116	10,023,116	-
Net pension liability	7,328,390	1,932,042	9,260,432	-
Total OPEB liability	17,433,483	-	17,433,483	-
TOTAL LIABILITIES	156,047,025	40,067,185	196,114,210	87,368,432
DEFERRED INFLOWS				
Deferred inflows related to leases	1,779,820	2,968,653	4,748,473	-
Deferred inflows related to pensions	19,944,651	3,324,574	23,269,225	-
Deferred inflows related to OPEB	270,154	-	270,154	-
TOTAL DEFERRED INFLOWS	21,994,625	6,293,227	28,287,852	-
TOTAL LIABILITIES & DEFERRED INFLOWS	178,041,650	46,360,412	224,402,062	87,368,432
NET POSITION				
Net investment in capital assets	753,217,595	355,820,578	1,109,038,173	-
Restricted net position for:				
Pensions	30,002,856	3,181,025	33,183,881	-
Programs	39,970,929	-	39,970,929	-
Debt service	2,042,351	-	2,042,351	-
Unrestricted net position	152,370,149	96,824,854	249,195,003	(86,989,702)
TOTAL NET POSITION	\$ 977,603,880	\$ 455,826,457	\$ 1,433,430,337	\$ (86,989,702)

The accompanying notes are an integral part of the financial statements

CITY OF KENT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

Net (Expenses) Revenue and Changes in Net Position

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Special Events Center PFD
Primary Government:								
Governmental Activities:								
General Government	\$ 15,575,974	\$ 4,135,107	\$ 2,864,566	\$ -	\$ (8,576,301)		\$ (8,576,301)	
Judicial	3,452,623	560,951	242,192	-	(2,649,480)		(2,649,480)	
Public Safety	62,018,302	8,844,618	2,480,220	2,009,008	(48,684,456)		(48,684,456)	
Community Development	7,979,154	9,240,108	115,442	-	1,376,396		1,376,396	
Public Works	34,089,708	1,748,864	3,892,642	8,763,654	(19,684,548)		(19,684,548)	
Leisure services	23,437,451	1,836,828	4,325,447	1,023,806	(16,251,370)		(16,251,370)	
Health and human services	9,533,833	529,207	2,102,612	1,140,098	(5,761,916)		(5,761,916)	
Interest on long-term debt	6,268,889	-	-	-	(6,268,889)		(6,268,889)	
Total governmental activities	162,355,934	26,895,683	16,023,121	12,936,566	(106,500,564)		(106,500,564)	
Business-type Activities:								
Water	20,285,379	24,297,038	47,749	1,243,519	-	\$ 5,302,927	5,302,927	
Sewerage	35,102,941	35,652,308	450	288,438	-	838,255	838,255	
Drainage	22,806,228	22,165,636	22,031	6,396,438	-	5,777,877	5,777,877	
Golf Complex	2,839,584	3,000,457	258,570	-	-	419,443	419,443	
Solid Waste	1,121,652	1,208,095	223,773	-	-	310,216	310,216	
Total business type activities	82,155,784	86,323,534	552,573	7,928,395	-	12,648,718	12,648,718	
Total Primary Government	\$ 244,511,718	\$ 113,219,217	\$ 16,575,694	\$ 20,864,961	\$ (106,500,564)	\$ 12,648,718	\$ (93,851,846)	
Component Unit:								
Special Events Center PFD	\$ 2,762,344	\$ -	\$ -	\$ -				\$ (2,762,344)
Total Component Units	\$ 2,762,344	\$ -	\$ -	\$ -				\$ (2,762,344)
General revenues and Transfers:								
Taxes:								
Property taxes levied for general purpose				\$ 32,962,247	\$ -	\$ 32,962,247		\$ -
Sales taxes				44,050,552	-	44,050,552		1,517,359
Utility taxes				34,058,671	-	34,058,671		-
Business & occupation tax				19,517,633	-	19,517,633		-
Real Estate Excise Tax				10,723,724	-	10,723,724		-
Lodging Tax				280,772	-	280,772		-
Other taxes				930,043	-	930,043		-
Grants and contributions not restricted to specific programs				5,303,510	-	5,303,510		-
Interest income				(5,511,868)	(2,499,092)	(8,010,960)		(30,001)
Miscellaneous				2,266,394	327,221	2,593,615		-
Gain on disposal of capital asset				110,880	-	110,880		-
Transfers				923,819	(923,819)	-		-
Total general revenues and transfers				145,616,377	(3,095,690)	142,520,687		1,487,358
Change in net position				39,115,813	9,553,028	48,668,841		(1,274,986)
Net position - beginning				938,658,855	446,182,482	1,384,841,337		(85,714,717)
Prior period adjustment				(170,788)	90,947	(79,841)		-
Beginning net position - adjusted				938,488,067	446,273,429	1,384,761,496		(85,714,717)
Net position-ending				\$ 977,603,880	\$ 455,826,457	\$ 1,433,430,337		\$ (86,989,702)

The accompanying notes are an integral part of the financial statements



**CITY OF KENT
GOVERNMENTAL FUNDS
BALANCE SHEET
For the Year Ended December 31, 2022**

	General Fund	Capital Resources Fund	Special Assessments Fund	Street Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 24,102,833	\$ 12,152,091	\$ 125,611	\$ 7,923,977	\$ 27,368,599	\$ 71,673,111
Investments, at fair value	26,435,116	16,034,477	174,906	15,159,604	40,576,530	98,380,633
Receivables (net)						
Taxes	13,315,537	2,846,453	-	-	3,091,880	19,253,870
Accounts	585,301	-	-	888,618	1,853,571	3,327,490
Special assessments:						
Current	-	-	501,714	-	-	501,714
Delinquent	-	-	80,592	-	-	80,592
Unavailable	-	-	1,847,802	-	-	1,847,802
Penalty and Interest	-	-	215,514	-	-	215,514
Accrued interest	963,158	-	-	-	-	963,158
Due from other governments	85,008	-	-	330,909	362,504	778,421
Prepaid items	55,468	-	-	-	-	55,468
Restricted assets:						
Cash with fiscal agent	1,608,113	-	-	-	-	1,608,113
Cash and cash equivalents	5,284,053	-	-	3,604,504	3,392,861	12,281,418
Investments	11,075,243	-	-	-	-	11,075,243
TOTAL ASSETS	83,509,830	31,033,021	2,946,139	27,907,612	76,645,945	222,042,547
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE						
LIABILITIES						
Vouchers payable	\$ 3,209,972	\$ 72,945	\$ -	\$ 869,922	\$ 1,245,493	\$ 5,398,332
Accounts/payroll payable	4,640,013	21,423	-	59,857	2,254,443	6,975,736
Due to other governments	10,694	396	-	18	17,151	28,259
Interfund loans payable - current	-	-	-	386,983	-	386,983
Incurred but not reported claims payable	36,500	-	-	-	-	36,500
Deposits and advances	1,449,651	-	-	-	-	1,449,651
Unearned Revenue - other	18,655,481	-	-	4,354,504	3,632,317	26,642,302
Interfund loan payable - non-current	-	-	-	1,485,448	-	1,485,448
TOTAL LIABILITIES	28,002,311	94,764	-	7,156,732	7,149,404	42,403,211
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	532,458	-	2,633,023	-	-	3,165,481
TOTAL DEFERRED INFLOWS OF RESOURCES	532,458	-	2,633,023	-	-	3,165,481
TOTAL LIABILITIES & DEFERRED INFLOWS	28,534,769	94,764	2,633,023	7,156,732	7,149,404	45,568,692
FUND BALANCE						
Nonspendable	55,468	-	-	-	-	55,468
Restricted	153,688	8,374,821	-	2,570,821	26,903,436	38,002,766
Committed	19,549,660	-	313,116	17,035,577	42,577,707	62,688,940
Assigned	1,015,706	22,563,436	-	1,144,482	15,398	41,526,142
Unassigned	34,200,539	-	-	-	-	34,200,539
Total Fund Balance	54,975,061	30,938,257	313,116	20,750,880	69,496,541	176,473,855
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 83,509,830	\$ 31,033,021	\$ 2,946,139	\$ 27,907,612	\$ 76,645,945	\$ 222,042,547

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
For the Year Ended December 31, 2022

Fund balance - total governmental funds		\$	176,473,855
Prior Period Correction and Adjustment			(27,157)
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	\$	1,267,279,391	
Accumulated depreciation		<u>(494,368,985)</u>	772,910,406
Investment in Joint Venture (Note 15)			11,574,131
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.			51,166,121
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			(224,311)
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			2,598,880
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			566,601
Unamortized bond costs are not reported on the governmental fund statements, but are reported on the statement of net position			
Deferred loss on refunding		33,281,858	
Unamortized bond (premium)/discount		<u>(8,631,658)</u>	24,650,200
Long-term assets do not provide current financial resources and are therefore not reported in the governmental funds, but are reported in the government-wide statements			
Deferred outflows related to pensions		18,601,326	
Net pension asset		<u>28,133,094</u>	46,734,420
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		(57,930,000)	
Contracts, leases and notes		(3,525,195)	
Compensated absences		(5,477,159)	
Deferred inflows related to pensions		(17,990,514)	
Deferred inflows related to OPEB		(270,154)	
Net pension liability		(6,192,761)	
Total OPEB liability		<u>(17,433,483)</u>	(108,819,266)
Net Position of governmental activities			<u><u>977,603,880</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, 2022**

	General Fund	Capital Resources Fund	Special Assessments Fund	Street Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 32,835,026	\$ -	\$ -	\$ -	\$ -	\$ 32,835,026
Sales and use	27,943,579	6,903,787	-	-	9,203,186	44,050,552
Utility	21,048,283	3,339,854	-	-	9,670,534	34,058,671
Business & occupation	19,517,633	-	-	-	-	19,517,633
Real estate excise tax	-	10,723,724	-	-	-	10,723,724
Lodging	-	-	-	-	280,772	280,772
Other	930,043	-	-	-	-	930,043
Licenses and permits:						
Building permits	4,146,977	-	-	-	-	4,146,977
Other licenses and permits	4,420,880	-	-	-	529,871	4,950,751
Intergovernmental revenue						
Federal grants	2,701,317	-	-	1,872,286	2,048,100	6,621,703
State grants	2,386,328	-	-	141,825	1,243,167	3,771,320
State shared revenues	46,261	3,250,857	-	1,245,000	3,432,516	7,974,634
Other governments	897,016	-	-	656,610	2,623,754	4,177,380
Charges for services:						
Park and recreation fees	805,116	-	-	-	4,725	809,841
Other fees and charges	10,902,279	624,075	-	-	3,081,769	14,608,123
Fines and forfeitures	590,339	-	8,959	-	4,492,464	5,091,762
Miscellaneous revenue:						
Special assessments	-	-	550,619	254,435	-	805,054
Interest income	1,230,801	416,309	160,674	(893,176)	729,546	1,644,154
Unrealized net gain/(loss) in fair value of investments	(3,288,682)	(886,645)	-	59,953	(2,229,275)	(6,344,649)
Rent/Leases income	829,860	-	-	-	80,852	910,712
Contributions and donations	1,054,531	-	-	30,000	162,887	1,247,418
Other miscellaneous revenue	760,153	-	-	-	132,079	892,232
TOTAL REVENUES	129,757,740	24,371,961	720,252	3,366,933	35,486,947	193,703,833
EXPENDITURES						
Current:						
General government	11,468,307	298,816	6,530	-	3,093,428	14,867,081
Judicial	3,433,032	-	-	-	-	3,433,032
Public safety	57,443,239	-	-	-	8,420,151	65,863,390
Community development	7,791,962	-	-	-	269,624	8,061,586
Public works	-	-	-	5,311,787	12,420,980	17,732,767
Leisure services	15,875,899	487,542	-	-	1,215,085	17,578,526
Health and human services	6,980,626	-	-	-	2,441,103	9,421,729
Debt service:						
Principal	-	-	-	-	5,697,237	5,697,237
Interest	-	-	-	40,274	2,866,618	2,906,892
Capital outlay	2,037,275	-	-	8,467,317	14,705,224	25,209,816
TOTAL EXPENDITURES	105,030,340	786,358	6,530	13,819,378	51,129,450	170,772,056
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,727,400	23,585,603	713,722	(10,452,445)	(15,642,503)	22,931,777
OTHER FINANCING SOURCES (USES)						
Transfers in	11,474,632	2,707,855	-	10,283,409	31,710,311	56,176,207
Transfers out	(34,796,500)	(19,616,526)	(675,490)	(33,540)	(9,752,539)	(64,874,595)
TOTAL OTHER FINANCING SOURCES (USES)	(23,321,868)	(16,908,671)	(675,490)	10,249,869	21,957,772	(8,698,388)
NET CHANGE IN FUND BALANCE	1,405,532	6,676,932	38,232	(202,576)	6,315,269	14,233,389
FUND BALANCE, January 1	53,619,529	24,261,325	274,884	20,953,456	63,256,272	162,365,466
Prior period correction	(50,000)	-	-	-	(75,000)	(125,000)
ADJUSTED FUND BALANCE, January 1	53,569,529	24,261,325	274,884	20,953,456	63,181,272	162,240,466
FUND BALANCE, December 31	\$ 54,975,061	\$ 30,938,257	\$ 313,116	\$ 20,750,880	\$ 69,496,541	\$ 176,473,855

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, 2022**

Net change in fund balance - total governmental funds	\$	14,233,389	
Prior Period Correction and Adjustment			(25,347)
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	\$	25,209,816	
Depreciation expense		<u>(24,178,280)</u>	1,031,536
The net effect of various miscellaneous transactions involving capital assets is to increase net position.			2,779,780
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		127,221	
Other revenues		<u>2,036,316</u>	2,163,537
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.			(111,478)
Repayment of bonds/contracts principal is an expenditure in the governmental funds, but reduces long-term liabilities on the government-wide statements.			
Principal repayments		5,697,237	5,697,237
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		652,656	
Amortization of loss on refunding		<u>(4,021,479)</u>	(3,368,823)
Certain pension transactions are not reported in the governmental funds but are reported in the government-wide statements			4,207,066
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.			
			5,899,044
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		(118,387)	
Interest expense accrual		18,897	
Total OPEB obligation		<u>6,709,362</u>	6,609,872
Change in net position of governmental activities			<u><u>39,115,813</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF KENT
COMBINED GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2022**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 32,451,450	\$ 32,451,450	\$ 32,835,026	\$ 383,576
Sales and use	21,027,000	21,027,000	27,943,579	6,916,579
Utility	19,507,350	19,507,350	21,048,283	1,540,933
Business & occupation	19,100,000	19,100,000	19,517,633	417,633
Other	879,790	879,790	930,043	50,253
Licenses and permits				
Building permits	3,933,150	3,933,150	4,146,977	213,827
Other licenses and permits	3,467,460	3,467,460	4,420,880	953,420
Intergovernmental revenue				
Other grants and shared revenue	2,865,880	3,248,500	6,030,922	2,782,422
Charges for services				
Park and recreation fees	1,622,910	1,629,980	805,116	(824,864)
Other fees and charges	9,004,390	9,004,390	10,902,279	1,897,889
Fines and forfeitures	1,172,910	1,172,910	590,339	(582,571)
Miscellaneous revenue				
Interest income	710,660	710,660	(2,057,881)	(2,768,541)
Rent/lease income	780,120	780,120	829,860	49,740
Contributions and donations	1,031,470	1,631,470	1,054,531	(576,939)
Other miscellaneous revenue	458,790	458,790	760,153	301,363
TOTAL REVENUES	118,013,330	119,003,020	129,757,740	10,754,720
EXPENDITURES				
Current:				
General government	12,279,130	12,281,960	11,468,307	813,653
Judicial	3,868,530	3,869,220	3,433,032	436,188
Public safety	56,984,340	58,535,200	57,443,239	1,091,961
Community development	9,003,640	9,401,560	7,791,962	1,609,598
Leisure services	14,231,420	17,456,080	15,875,899	1,580,181
Health and human services	10,541,730	10,351,600	6,980,626	3,370,974
Capital outlay	1,150,000	1,300,000	2,037,275	(737,275)
TOTAL EXPENDITURES	108,058,790	113,195,620	105,030,340	8,165,280
EXCESS OF REVENUES OVER EXPENDITURES	9,954,540	5,807,400	24,727,400	18,920,000
OTHER FINANCING SOURCES (USES)				
Transfers in	15,674,380	14,046,110	11,474,632	(2,571,478)
Transfers out	(29,545,940)	(37,826,540)	(34,796,500)	3,030,040
TOTAL OTHER FINANCING SOURCES (USES)	(13,871,560)	(23,780,430)	(23,321,868)	458,562
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE	(3,917,020)	(17,973,030)	1,405,532	19,378,562
FUND BALANCE, January 1	47,573,860	47,573,860	53,619,529	6,045,669
Prior period correction	-	-	(50,000)	(50,000)
ADJUSTED FUND BALANCE, January 1	47,573,860	47,573,860	53,569,529	5,995,669
FUND BALANCE, December 31	\$ 43,656,840	\$ 29,600,830	\$ 54,975,061	\$ 25,374,231

Note: This budgetary statement represents the consolidated General Fund. Certain other funds are combined with the true General Fund for financial reporting purposes (see Note 1.d). Separate budgetary schedules are provided for these other funds as well as the true General Fund on p. 154

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, 2022**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Taxes:				
Sales and use	\$ 8,459,000	\$ 8,459,000	\$ 6,903,787	\$ (1,555,213)
Utility	3,224,000	3,224,000	3,339,854	115,854
Real estate excise tax	3,500,000	3,500,000	10,723,724	7,223,724
Intergovernmental:				
State Shared	-	-	3,250,857	3,250,857
Charges for services	-	-	624,075	624,075
Miscellaneous revenue:				
Interest income	171,260	171,260	416,309	245,049
Unrealized net gain/(loss) in fair value of investments	-	-	(886,645)	(886,645)
TOTAL REVENUES	<u>15,354,260</u>	<u>15,354,260</u>	<u>24,371,961</u>	<u>9,017,701</u>
EXPENDITURES				
Current:				
General government	496,260	496,260	298,816	197,444
Leisure services	664,270	1,467,220	487,542	979,678
TOTAL EXPENDITURES	<u>1,160,530</u>	<u>1,963,480</u>	<u>786,358</u>	<u>1,177,122</u>
EXCESS OF REVENUES OVER EXPENDITURES	14,193,730	13,390,780	23,585,603	10,194,823
OTHER FINANCING SOURCES (USES)				
Transfers in	4,746,450	4,857,750	2,707,855	(2,149,895)
Transfer Out	(17,388,080)	(20,215,000)	(19,616,526)	598,474
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,641,630)</u>	<u>(15,357,250)</u>	<u>(16,908,671)</u>	<u>(1,551,421)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,552,100	(1,966,470)	6,676,932	8,643,402
FUND BALANCES, January 1	20,326,550	20,326,550	24,261,325	3,934,775
FUND BALANCES, December 31	<u>\$ 21,878,650</u>	<u>\$ 18,360,080</u>	<u>\$ 30,938,257</u>	<u>\$ 12,578,177</u>

The accompanying notes are an integral part of the financial statements

CITY OF KENT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 For the Year Ended December 31, 2022

	Enterprise Funds						Internal Service Funds
	Water Utility	Sewer Utility	Drainage Utility	Golf Complex	Non-Major Solid Waste	Totals	
ASSETS							
Current Assets:							
Cash and cash equivalents	\$ 16,874,412	\$ 6,138,574	\$ 15,488,415	\$ 863,778	\$ 146,601	\$ 39,511,780	\$ 17,534,900
Investments, at fair value	21,654,966	8,042,010	20,219,397	1,141,551	189,665	51,247,589	25,841,036
Restricted cash, cash equivalents, & investments:							
Cash with fiscal agent	80,757	-	-	-	-	80,757	35,000
Cash and cash equivalents	30,045	-	8,636	6,135	-	44,816	1,912,695
Investments, at fair value	41,837	-	12,024	8,543	-	62,404	-
Receivables (net):							
Accounts	2,582,709	4,333,578	3,407,779	3,245	328,982	10,656,293	297,665
Leases	100,894	-	-	52,063	-	152,957	72,529
Accrued interest	4,770	-	-	1,399	-	6,169	1,019
Interfund loan receivable	-	-	386,983	-	-	386,983	-
Inventory, at cost	560,153	38,469	50,577	192,756	-	841,955	453,332
Prepaid expenses	-	-	18,540	-	-	18,540	674,013
Total Current Assets	<u>41,930,543</u>	<u>18,552,631</u>	<u>39,592,351</u>	<u>2,269,470</u>	<u>665,248</u>	<u>103,010,243</u>	<u>46,822,189</u>
Noncurrent Assets:							
Interfund loan receivable - non-current portion	-	-	1,485,448	-	-	1,485,448	-
Leases receivable	1,737,660	-	-	1,236,452	-	2,974,112	773,834
Net Pension Asset	777,044	315,675	777,044	1,238,414	72,848	3,181,025	1,869,762
Property, plant and equipment							
Land	5,061,178	452,694	14,162,421	4,060,569	-	23,736,862	-
Buildings	4,556,120	-	4,473,189	2,287,141	-	11,316,450	108,702
Site Improvements	191,698,667	107,442,324	201,575,196	7,084,907	-	507,801,094	2,704,169
Equipment	5,742,488	1,205,918	1,807,689	1,254,074	-	10,010,169	35,569,210
Right of Use Asset	-	-	-	323,429	-	323,429	1,731,992
Less: Accumulated Depreciation/Amortization	(69,524,593)	(52,599,697)	(63,183,519)	(5,353,529)	-	(190,661,338)	(21,743,405)
Construction In Progress	13,731,257	857,707	11,161,763	-	-	25,750,727	28,913
Total noncurrent assets	<u>153,779,821</u>	<u>57,674,621</u>	<u>172,259,231</u>	<u>12,131,457</u>	<u>72,848</u>	<u>395,917,978</u>	<u>21,043,177</u>
TOTAL ASSETS	<u>195,710,364</u>	<u>76,227,252</u>	<u>211,851,582</u>	<u>14,400,927</u>	<u>738,096</u>	<u>498,928,221</u>	<u>67,865,366</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	796,005	323,378	796,005	1,268,635	74,625	3,258,648	1,915,389
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>796,005</u>	<u>323,378</u>	<u>796,005</u>	<u>1,268,635</u>	<u>74,625</u>	<u>3,258,648</u>	<u>1,915,389</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 196,506,369</u>	<u>\$ 76,550,630</u>	<u>\$ 212,647,587</u>	<u>\$ 15,669,562</u>	<u>\$ 812,721</u>	<u>\$ 502,186,869</u>	<u>\$ 69,780,755</u>
LIABILITIES AND FUND EQUITY							
Current Liabilities:							
Vouchers payable	\$ 1,179,293	\$ 154,383	\$ 871,921	\$ 101,895	\$ 23,533	\$ 2,331,025	\$ 1,591,627
Accounts/payroll payable	1,281,007	119,706	276,657	155,479	16,965	1,849,814	464,001
Incurred but not reported claims payable	-	-	-	-	-	-	8,856,500
Accrued interest payable	71,882	-	20,660	732	-	93,274	928
Compensated absences payable	191,277	82,955	218,291	38,958	22,843	554,324	363,919
Leases payable	-	-	-	79,658	-	79,658	252,998
Notes payable	765,000	-	75,000	-	-	840,000	-
Revenue bonds payable	610,000	-	610,000	-	-	1,220,000	-
Deposits and unearned revenue	116,994	125,117	80,279	190,594	-	512,984	1,912,695
Total Current Liabilities	<u>4,215,453</u>	<u>482,161</u>	<u>2,152,808</u>	<u>567,316</u>	<u>63,341</u>	<u>7,481,079</u>	<u>13,442,668</u>
Noncurrent Liabilities:							
Compensated absences payable	105,254	26,268	143,102	44,678	17,605	336,907	240,445
Leases payable	-	-	-	164,041	-	164,041	1,029,827
Notes payable	20,055,000	-	75,000	-	-	20,130,000	-
Revenue bonds payable							
net of unamortized discounts and premiums	5,011,558	-	5,011,558	-	-	10,023,116	-
Net pension liability	471,949	191,730	471,949	752,169	44,245	1,932,042	1,135,629
Total noncurrent liabilities	<u>25,643,761</u>	<u>217,998</u>	<u>5,701,609</u>	<u>960,888</u>	<u>61,850</u>	<u>32,586,106</u>	<u>2,405,901</u>
TOTAL LIABILITIES	<u>29,859,214</u>	<u>700,159</u>	<u>7,854,417</u>	<u>1,528,204</u>	<u>125,191</u>	<u>40,067,185</u>	<u>15,848,569</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to leases	1,756,564	-	-	1,212,089	-	2,968,653	811,928
Deferred inflows related to pensions	812,109	329,920	812,109	1,294,300	76,136	3,324,574	1,954,137
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,568,673</u>	<u>329,920</u>	<u>812,109</u>	<u>2,506,389</u>	<u>76,136</u>	<u>6,293,227</u>	<u>2,766,065</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>\$ 32,427,887</u>	<u>\$ 1,030,079</u>	<u>\$ 8,666,526</u>	<u>\$ 4,034,593</u>	<u>\$ 201,327</u>	<u>\$ 46,360,412</u>	<u>\$ 18,614,634</u>
NET POSITION							
Net investment in capital assets	124,823,559	57,358,946	164,225,181	9,412,892	-	355,820,578	18,399,581
Restricted for Programs	-	-	-	-	-	-	1,912,695
Restricted for Pensions	777,044	315,675	777,044	1,238,414	72,848	3,181,025	1,869,762
Unrestricted	38,477,879	17,845,930	38,978,836	963,663	538,546	96,824,854	28,984,083
TOTAL NET POSITION	<u>164,078,482</u>	<u>75,520,551</u>	<u>203,981,061</u>	<u>11,634,969</u>	<u>611,394</u>	<u>455,826,457</u>	<u>51,166,121</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 196,506,369</u>	<u>\$ 76,550,630</u>	<u>\$ 212,647,587</u>	<u>\$ 15,669,562</u>	<u>\$ 812,721</u>	<u>\$ 502,186,869</u>	<u>\$ 69,780,755</u>

The accompanying notes are an integral part of the financial statements

CITY OF KENT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 For the Year Ended December 31, 2022

	Enterprise Funds						Internal Service Funds
	Water Utility	Sewer Utility	Drainage Utility	Golf Complex	Non-Major Solid Waste	Totals	
OPERATING REVENUES							
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 570,996
Sales	21,867,334	-	-	330,524	-	22,197,858	1,684,188
Charges for services	2,429,704	35,625,876	22,165,636	2,669,933	1,208,095	64,099,244	18,685,075
Contributions	-	-	-	-	-	-	20,877,642
Rental and lease income	-	-	-	-	-	-	201,178
Other operating revenue	-	26,432	-	-	-	26,432	988,964
TOTAL OPERATING REVENUES	24,297,038	35,652,308	22,165,636	3,000,457	1,208,095	86,323,534	43,008,043
OPERATING EXPENSES							
Salaries and benefits	3,058,290	1,406,263	4,240,992	1,043,621	180,877	9,930,043	8,804,059
Supplies	679,238	188,854	221,597	454,620	19,439	1,563,748	2,049,185
Services and charges	10,847,907	30,792,243	13,097,431	841,773	920,393	56,499,747	33,369,039
Depreciation	4,620,340	2,714,638	5,039,448	493,417	-	12,867,843	2,313,879
TOTAL OPERATING EXPENSES	19,205,775	35,101,998	22,599,468	2,833,431	1,120,709	80,861,381	46,536,162
OPERATING INCOME (LOSS)	5,091,263	550,310	(433,832)	167,026	87,386	5,462,153	(3,528,119)
NON-OPERATING REVENUES (EXPENSES)							
Interest income	447,978	146,366	402,842	18,692	2,357	1,018,235	380,723
Unrealized net gain/(loss) in fair value of investments	(1,718,107)	(471,680)	(1,256,938)	(57,105)	(13,497)	(3,517,327)	(1,156,408)
Miscellaneous non-operating revenues	47,749	450	22,031	258,570	223,773	552,573	485,090
Miscellaneous non-operating expense	-	-	-	-	-	-	(2,107)
Interest expense	(1,078,661)	-	(172,940)	(6,153)	-	(1,257,754)	-
Lease revenue	200,282	-	-	76,539	-	276,821	96,494
Lease interest revenue	29,994	-	-	20,406	-	50,400	15,446
Lease interest expense	-	-	-	-	-	-	(12,071)
Gain (loss) on disposal of capital assets	(943)	(943)	(33,820)	-	(943)	(36,649)	(52,214)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(2,071,708)	(325,807)	(1,038,825)	310,949	211,690	(2,913,701)	(245,047)
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	3,019,555	224,503	(1,472,657)	477,975	299,076	2,548,452	(3,773,166)
Capital contributions	1,243,519	288,438	6,396,438	-	-	7,928,395	414,801
Transfers in	20,167	-	-	137,807	-	157,974	9,925,209
Transfers out	(275,840)	(250,915)	(555,038)	-	-	(1,081,793)	(253,000)
INCREASE (DECREASE) IN NET POSITION	4,007,401	262,026	4,368,743	615,782	299,076	9,553,028	6,313,844
NET POSITION, January 1	160,031,021	75,258,525	199,612,318	10,968,300	312,318	446,182,482	44,896,254
Prior period adjustment (Note 10)	40,060	-	-	50,887	-	90,947	(43,977)
ADJUSTED NET POSITION, January 1	160,071,081	75,258,525	199,612,318	11,019,187	312,318	446,273,429	44,852,277
NET POSITION, December 31	\$ 164,078,482	\$ 75,520,551	\$ 203,981,061	\$ 11,634,969	\$ 611,394	\$ 455,826,457	\$ 51,166,121

The accompanying notes are an integral part of the financial statements

**CITY OF KENT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022**

	Business-type Activities			
	Water Utility	Sewerage Utility	Drainage Utility	Golf Complex
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 24,025,455	\$ 35,525,674	\$ 22,270,294	\$ 2,953,568
Cash received from other funds for services	-	-	-	-
Cash payments to employees	(3,519,156)	(1,551,356)	(4,695,087)	(1,591,119)
Cash payments to suppliers	(10,361,643)	(30,926,262)	(13,575,402)	(1,262,152)
Other cash received	-	26,432	-	-
Net cash provided by operating activities	<u>10,144,656</u>	<u>3,074,488</u>	<u>3,999,805</u>	<u>100,297</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund loan issued for noncapital purposes	-	-	(1,872,431)	-
Operating grants/non-operating revenue	278,025	450	22,031	355,515
Prior period adjustment	40,060	-	-	50,887
Interest paid on interfund loan	-	-	-	(6,336)
Transfers in	20,167	-	-	137,807
Transfers out	(275,840)	(250,915)	(555,038)	-
Net cash provided by (used for) noncapital financing	<u>62,412</u>	<u>(250,465)</u>	<u>(2,405,438)</u>	<u>537,873</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	-	-	-	-
Principal repayment on interfund capital loan	-	-	(1,872,431)	-
Proceeds from disposal of assets	(943)	(944)	(73,998)	-
Acquisition and construction of capital assets	(12,461,949)	(1,513,117)	(5,332,771)	(347,792)
Interfund loan for capital outlays	-	-	4,244,450	-
Principal paid on bonds and equipment contracts	(1,944,722)	-	(758,472)	128,467
Interest paid on bonds and equipment contracts	(1,083,248)	-	(175,404)	524
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital contributed by subdividers, capital grants, local impr. districts	1,243,519	288,438	6,396,438	-
Net cash provided by (used for) capital & related financing	<u>(14,247,343)</u>	<u>(1,225,623)</u>	<u>2,427,812</u>	<u>(218,801)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(7,461,240)	(2,709,414)	(6,633,825)	(684,147)
Proceeds from sale and maturities of investments	15,590,480	3,434,520	8,516,743	646,418
Interest and dividends on investments	(1,274,899)	(325,314)	(854,096)	(39,812)
Net cash provided by (used for) investing activities	<u>6,854,341</u>	<u>399,792</u>	<u>1,028,822</u>	<u>(77,541)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,814,066	1,998,192	5,051,001	341,828
CASH AND CASH EQUIVALENTS, January 1	14,171,148	4,140,382	10,446,050	528,085
CASH AND CASH EQUIVALENTS, December 31	\$ 16,985,214	\$ 6,138,574	\$ 15,497,051	\$ 869,913
CASH AND EQUITY IN POOLED INVESTMENTS AT DECEMBER 31 CONSISTS OF:				
Cash and cash equivalents	\$ 16,874,412	\$ 6,138,574	\$ 15,488,415	\$ 863,778
Restricted cash and cash equivalents, cash with fiscal agent	110,802	-	8,636	6,135
	<u>\$ 16,985,214</u>	<u>\$ 6,138,574</u>	<u>\$ 15,497,051</u>	<u>\$ 869,913</u>

The accompanying notes are an integral part of the financial statements

**CITY OF KENT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2022**

<u>Business-type Activities</u>		<u>Governmental Activities</u>		
<u>Non-Major Solid Waste</u>	<u>Totals</u>	<u>Internal Service Funds</u>		
				CASH FLOWS FROM OPERATING ACTIVITIES
\$ 961,459	\$ 85,736,450	\$ 23,060,134		Cash received from customers
-	-	20,871,387		Cash received from other funds for services
(223,473)	(11,580,191)	(9,521,436)		Cash payments to employees
(922,858)	(57,048,317)	(32,781,183)		Cash payments to suppliers
-	26,432	988,964		Other cash received
(184,872)	17,134,374	2,617,866		Net cash provided by operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
-	(1,872,431)	-		Interfund loan issued for noncapital purposes
223,773	879,794	636,143		Operating grants/non-operating revenue
-	90,947	-		Prior period adjustment
-	(6,336)	-		Interest paid on interfund loan
-	157,974	9,308,429		Transfers in
-	(1,081,793)	-		Transfers out
223,773	(1,831,845)	9,944,572		Net cash provided by (used for) noncapital financing
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
-	(1,872,431)	51,099		Proceeds from sale of capital assets
(943)	(76,828)	(1,012,794)		Principal repayment on interfund capital loan
-	(19,655,629)	(2,453,843)		Proceeds from disposal of assets
-	4,244,450	-		Acquisition and construction of capital assets
-	(2,574,727)	1,238,848		Interfund loan for capital outlays
-	(1,258,128)	(12,071)		Principal paid on bonds and equipment contracts
-	-	616,780		Interest paid on bonds and equipment contracts
-	-	(253,000)		Transfers in
-	-			Transfers out
-	7,928,395	412,694		Capital contributed by subdividers, capital grants, local impr. districts
(943)	(13,264,898)	(1,412,287)		Net cash provided by (used for) capital & related financing
				CASH FLOWS FROM INVESTING ACTIVITIES
(6,498,016)	(23,986,642)	(8,584,376)		Purchase of investment securities
6,518,486	34,706,647	6,454,946		Proceeds from sale and maturities of investments
(11,140)	(2,505,261)	(776,704)		Interest and dividends on investments
9,330	8,214,744	(2,906,134)		Net cash provided by (used for) investing activities
47,288	10,252,375	8,244,017		NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
99,313	29,384,978	11,238,578		CASH AND CASH EQUIVALENTS, January 1
\$ 146,601	\$ 39,637,353	\$ 19,482,595		CASH AND CASH EQUIVALENTS, December 31
				CASH AND EQUITY IN POOLED INVESTMENTS AT DECEMBER 31 CONSISTS OF:
\$ 146,601	\$ 39,511,780	\$ 17,534,900		Cash and cash equivalents
-	125,573	1,947,695		Restricted cash and cash equivalents, cash with fiscal agent
\$ 146,601	\$ 39,637,353	\$ 19,482,595		

Continued

CITY OF KENT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2022

	Business-type Activities			
	Water Utility	Sewerage Utility	Drainage Utility	Golf Complex
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 5,091,263	\$ 550,310	\$ (433,832)	\$ 167,026
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation/Amortization expense	4,620,340	2,714,638	5,039,448	493,417
Change in assets and liabilities:				
(Increase) Decrease in accounts receivable	(245,167)	(167,055)	125,566	(50,667)
(Increase) Decrease in inventory	(129,999)	(18,653)	(22,283)	(27,485)
(Increase) Decrease in prepaid expenses	-	-	(9,545)	15,375
(Increase) Decrease in net pension asset	1,165,040	621,883	1,365,943	1,775,163
(Increase) Decrease in pension deferred outflows	(539,819)	(199,702)	(513,317)	(871,105)
Increase (Decrease) in vouchers payable	501,124	22,203	31,727	8,415
Increase (Decrease) in accounts/payroll payable	703,065	15,578	(389,993)	2,984
Increase (Decrease) in incurred but not reported claims payable	-	-	-	-
Increase (Decrease) in deposits and deferred revenues	(26,416)	66,853	(20,908)	3,778
Increase (Decrease) in compensated absences	(47,521)	23,968	5,077	(693)
Increase (Decrease) in pension liabilities	276,501	97,376	256,282	448,887
Increase (Decrease) in pension deferred inflows	(1,223,755)	(652,911)	(1,434,360)	(1,864,798)
Total Adjustments	5,053,393	2,524,178	4,433,637	(66,729)
Net cash provided by operating activities	<u>\$ 10,144,656</u>	<u>\$ 3,074,488</u>	<u>\$ 3,999,805</u>	<u>\$ 100,297</u>

**SCHEDULE OF NONCASH INVESTING, CAPITAL
AND RELATED FINANCING ACTIVITIES**

Capital assets contributed	\$ -	\$ -	\$ -	\$ -
	18,904	-	-	(24,363)
Increase(Decrease) in fair value of investments	(1,718,107)	(471,680)	(1,256,938)	(57,105)

The accompanying notes are an integral part of the financial statements

CITY OF KENT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

Business-type Activities		Governmental Activities	
Non-Major Solid Waste	Totals	Internal Service Funds	
	RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
\$ 87,386	\$ 5,462,153	\$ (3,528,119)	Operating income (loss)
-	12,867,843	2,313,879	Adjustments to reconcile operating income to net cash provided by operating activities:
(246,636)	(583,959)	(255)	Depreciation/Amortization expense
-	(198,420)	(10,524)	Change in assets and liabilities:
-	5,830	(205,974)	(Increase) Decrease in accounts receivable
61,088	4,989,117	2,884,994	(Increase) Decrease in inventory
(56,957)	(2,180,900)	(1,288,175)	(Increase) Decrease in prepaid expenses
1,482	564,951	546,143	(Increase) Decrease in net pension asset
1,600	333,234	50,254	(Increase) Decrease in pension deferred outflows
-	-	2,310,228	Increase (Decrease) in vouchers payable
-	23,307	1,912,695	Increase (Decrease) in accounts/payroll payable
666	(18,503)	5,819	Increase (Decrease) in incurred but not reported claims payable
30,766	1,109,812	657,117	Increase (Decrease) in deposits and deferred revenues
(64,267)	(5,240,091)	(3,030,216)	Increase (Decrease) in compensated absences
(272,258)	11,672,221	6,145,985	Increase (Decrease) in pension liabilities
<u>(184,872)</u>	<u>17,134,374</u>	<u>2,617,866</u>	Increase (Decrease) in pension deferred inflows
\$ (184,872)	\$ 17,134,374	\$ 2,617,866	Total Adjustments
			Net cash provided by operating activities

SCHEDULE OF NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES			
	SCHEDULE OF NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES		
\$ -	\$ -	\$ 414,801	Capital assets contributed
-	(5,459)	-	Capital lease
(13,497)	(3,517,327)	(1,156,408)	Increase(Decrease) in fair value of investments

Concluded

**CITY OF KENT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 For the Year Ended December 31, 2022**

	Pension & Other OPEB Trust Funds	VNET Custodial Fund
ASSETS		
Cash and cash equivalents	\$ 884,270	\$ 605,804
Cash with fiscal agent	78,795	-
Investments, at fair value	1,141,303	685,159
Receivables (net)		
Accounts Receivables	-	18,563
TOTAL ASSETS	<u>2,104,368</u>	<u>1,309,526</u>
LIABILITIES		
Accounts/payroll payable	6,106	71,061
Deposits and unearned revenue	-	149,323
TOTAL LIABILITIES	<u>6,106</u>	<u>220,384</u>
DEFERRED INFLOWS		
Deferred inflows related to pensions		
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>6,106</u>	<u>220,384</u>
NET POSITION RESTRICTED FOR:		
Pensions	2,019,467	-
Post employment benefits other than pensions	78,795	-
Organizations & other governments	-	1,089,142
Total net position	<u>\$ 2,098,262</u>	<u>\$ 1,089,142</u>

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, 2022**

	Pension & Other OPEB Trust Funds	VNET Custodial Fund
ADDITIONS		
Contributions:		
Employer	\$ 91,200	\$ -
State insurance fees	337,941	-
Federal grant	-	115,864
Seizure funds	-	29,833
Other governments	-	72,457
Total contributions	<u>429,141</u>	<u>218,154</u>
Investment earnings:		
Interest	29,232	15,603
Unrealized net gain/(loss) in fair value of investments	<u>(88,765)</u>	<u>(53,260)</u>
Net investment income	(59,533)	(37,657)
Miscellaneous		
Rental Income	-	12,000
TOTAL ADDITIONS	<u>369,608</u>	<u>192,497</u>
DEDUCTIONS		
Benefits	201,000	-
Administrative Expense	231,177	299,186
Payments to other governments	-	227,261
TOTAL DEDUCTIONS	<u>432,177</u>	<u>526,447</u>
CHANGE IN NET POSITION	(62,569)	(333,950)
NET POSITION RESTRICTED, January 1	2,160,831	1,423,092
NET POSITION RESTRICTED, December 31	<u>\$ 2,098,262</u>	<u>\$ 1,089,142</u>

The accompanying notes are an integral part of the financial statements



City of Kent
Notes to the Financial Statements
December 31, 2022

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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 2022, the City implemented the following new accounting and reporting standard issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 87 – *Leases*. The objective of this statement is to improve the accounting and financial reporting for leases. The statement increases the usefulness of the City's financial statements by requiring recognition of certain lease assets and liabilities that may have been otherwise classified as operating leases. It also establishes a single model for lease accounting built on the foundation that leases are financing agreements allowing the City right to use an underlying asset. The statement requires that the lessees recognize a lease liability and an intangible right to use lease assets. The lessor is required to recognize a lease received and a deferred inflow of resources. Where applicable, the City has made the required adjustments as prescribed by GASB Statement No. 87. For further information, please see note 7.

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, net position, 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). This team was formed as a cooperative agreement between the cities of Auburn, Federal Way, Kent, Renton, Seattle, and Tukwila as well as the Port of Seattle (Parties). The VNET team is assigned to and works with the Drug Enforcement Administration (DEA) task force. The City of Kent collects a proportional share of funding from all parties for reimbursement against VNET expenditures reported.

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, Capital Resources 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 consolidated General Fund for financial statement reporting.

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

The steps in the budget process are as follows:

- (1) The Chief Administrative Officer and Mayor submit a proposed biennial budget to the City Council. This budget is based on priorities established by the Council, cost estimates provided by the City departments and balanced with revenue estimates.
- (2) The City Council conducts public hearings on the proposed budget in September and October.
- (3) The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced biennial budget no later than December 31.
- (4) The final operating budget as adopted is published and distributed within the first three months of the following year. The adopted budget is made available to the public on the city's website.

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

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

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

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

Fund	Original Budget	Supplemental Appropriations	Final Budget
General Fund	\$ 108,058,790	\$ 5,136,830	\$ 113,195,620
Special Revenue Funds:			
Capital Resources	1,160,530	802,950	1,963,480
Street	12,534,950	416,000	12,950,950
Lodging Tax	224,050	285,000	509,050
Youth/Teen Programs	48,280	-	48,280
Criminal Justice	9,305,310	1,790,430	11,095,740
Housing & Community Development	7,120,660	1,422,739	8,543,399
Total	\$ 138,452,570	\$ 9,853,949	\$ 148,306,519

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 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. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual on page 34 compares the consolidated General Fund. Separate budgetary schedules are presented for the True General Fund, as adopted in the budget, along with the Public Safety Retiree, Other Operating Grants and Projects, Kent Events Center, and the Impact Fee Funds on pages 154-158.

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 3)

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 4)

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.

Leases receivables consist of lease agreements entered by external parties to the City. The City will recognize interest revenue on the lease receivable and an inflow of resources as payments are received over the lease of the term. See note 7 for additional information on leases and lease receivables.

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 assets that applies to future periods 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 assets that applies to future periods 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 8 *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 2022, the city allowed employees to carry an additional 40 hours for a total of 280 maximum into 2023. 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 8 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.

(9) **Leases and Lease Liability**

As a lessee, the City recognizes lease liabilities with an initial individual value of \$5,000 or more per year. The City uses its estimated incremental borrowing rate to measure the lease liability unless it can readily determine the interest rate implicit in the lease agreement.

As a lessor, the City recognizes lease receivables with an initial, individual value of \$5,000 or more per year. If there is no stated rate in the lease contract and an implicit rate cannot be determined, the City will use its own estimated incremental borrowing rate.

The City's estimated incremental borrowing rate is based on the risk-free rate provided by the United States Department of Treasury plus the local government investment pool true 30-day yield rate on the date of commencement of the lease and adjusted for the lease term.

The City has recorded lease liabilities as a result of implementing GASB Statement No. 87. Lease liabilities are measured at the present value of payments expected to be made during the lease term. Lease liabilities are reduced as payments are made and the City recognizes an outflow of resources for interest on the liability. See note 7 for additional information on leases and lease liabilities.

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 5)

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 transfers of a recurring nature are required to fund debt service. A summary of transfers by fund type is shown in Note 5. More detail on transfers may also be found on the Schedule of Interfund Transfers on pages 168-170 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 5, *Interfund Balances and Transfers*.

h. CAPITAL ASSETS

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

Capital assets, including public domain infrastructure (e.g. roads, bridges, sidewalks and other assets that are immovable and of value only to the City), and property, plant, and equipment are defined by the City as assets to be used in operations with an initial individual cost of more than \$5,000 and an estimated useful life of three or more years.

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

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

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

The City has recorded right to use lease assets as a result of implementing GASB Statement No. 87. Right to use assets are recorded based on the amount of the initial lease liability, plus any payments made to the lessor at or before the commencement of the lease term, including certain direct costs. Right to use assets are amortized on a straight-line basis over the life of the lease. See note 7 for additional information on leases and right to use assets.

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. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The City has complied with all material finance-related legal or contractual provisions. For fiscal year 2022, expenditures are within legal budget appropriations for all City funds.

3. **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 on hand and in bank	\$ 7,494,029	
Cash equivalents	<u>121,225,762</u>	
Total cash & equivalents		\$ 128,719,791
Investments, at fair value		175,469,258
Restricted cash with fiscal agent/trustee		1,723,870
Restricted cash & cash equivalents		14,238,929
Restricted investments		<u>11,137,647</u>
Total from Statement of Net Position		<u>\$331,289,495</u>

Summary by Type:

Cash on hand and in bank	\$ 7,494,029
State Pool (cash equivalents)	135,464,691
Deposits with fiscal agent/trustee	1,723,870
Investments, at fair value	<u>186,606,905</u>
Total by Type	<u>\$331,289,495</u>

COMPONENT UNIT

Special Events Center PFD:

Cash on hand	\$ 4,074	
Cash equivalents	<u>62,222</u>	
Total cash & cash equivalents		\$ 66,296
Investments		<u>51,658</u>
Total Cash & Investments		<u>\$117,954</u>

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, 2022, 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, 2022, the LGIP had a weighted average maturity of 34 days.

As of December 31, 2022, the City held the following investments:

Investment Type	Book Value	Fair Market Value	Fair Value Investment Maturities			% of Portfolio
			<1 Year	1-2 Years	3-5 Years	
U.S. Treasury	\$110,508,527	\$103,844,485	\$20,418,066	\$31,737,768	\$51,688,651	55.09%
Federal Agency	23,218,572	21,658,445	9,145,920	1,453,119	11,059,406	11.49%
Corporate Notes	50,234,449	46,956,828	6,247,342	17,859,970	22,849,516	24.91%
Supranationals	12,615,297	11,847,758	3,698,956	4,778,728	3,370,074	6.29%
Municipal Obligations	4,399,889	4,177,509	-	4,177,509	-	2.22%
Total Investments	200,976,734	188,485,025	39,510,285	60,007,094	88,967,647	100.00%
Less: investments held by						
Fiduciary Funds		1,826,462				
Component unit		51,658				
Statement of net position		\$ 186,606,905				

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. State statute, as well as City policy, set requirements for the minimum credit ratings from a

nationally recognized rating agency for the various types of investments. City policy further set guidelines for the maximum portfolio allocation by investment type and issuer. The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand accounts and certificates of deposit.

The credit ratings of the City's investments are as follows:

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

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

Concentration of Credit Risk: According to the City’s investment policy, with the exception of U.S. Treasuries, U.S. Agencies, and the LGIP, no more than 25% of the City’s total investment portfolio will be invested in securities offered by a single issuer. In accordance with GASB Statement No. 40, the City will report any investment in any one issuer that is 5% or more of the total City portfolio. As of December 31, 2022 the City did not have any investments meeting that criterion.

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

(4) Fair value hierarchy:

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

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

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

Fair Value Measurements Using

	Amount	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities:				
U.S. Treasury	\$103,844,485	\$ 103,844,485	\$ -	\$ -
Federal Agency	21,658,445	-	21,658,445	-
Corporate Notes	46,956,828	-	46,956,828	-
Supranationals	11,847,758	-	11,847,758	-
Municipal Obligations	4,177,509	-	4,177,509	-
Sub-totals	\$188,485,025	\$ 103,844,485	\$84,640,540	\$ -
Investments measured at amortized cost				
State LGIP (cash equivalents)	\$135,464,691	\$ 135,464,691	\$ -	\$ -
Total investments (incl LGIP)	\$323,949,716	\$ 239,309,176	\$84,640,540	\$ -

4. RECEIVABLES

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

	Taxes	Accounts	Allowance for Uncollectibles	Assessments Leases & Notes	Accrued Interest	Total
Governmental Activities						
General	\$13,315,537	\$593,501	(\$8,200)	\$835,860	\$964,022	\$15,700,720
Capital Resources	2,846,453	-	-	-	-	2,846,453
Special Assessments	-	-	-	2,645,622	-	2,645,622
Street Projects	-	888,655	(37)	-	-	888,618
Other Governmental funds	3,091,880	1,861,324	(7,753)	157,655	1,048	5,104,154
Internal Service funds	-	298,778	(1,113)	846,363	1,019	1,145,047
Sub-total	\$19,253,870	\$3,642,258	(\$17,103)	\$4,485,500	\$966,089	\$28,330,614
Business-type Activities						
Water fund	-	\$2,588,196	(\$5,487)	\$1,838,554	\$4,770	\$4,426,033
Sewerage fund	-	4,337,368	(3,790)	-	-	4,333,578
Drainage fund	-	3,426,537	(18,758)	-	-	3,407,779
Solid Waste Fund	-	329,049	(67)	-	-	328,982
Golf Complex Fund	-	3,245	-	1,288,515	1,399	1,293,159
Sub-total	-	\$10,684,395	(\$28,102)	\$3,127,069	\$6,169	\$13,789,531
Total Primary Government	\$19,253,870	\$14,326,653	(\$45,205)	\$7,612,569	\$972,258	\$42,120,145
Component Unit Activities						
Special Events Center PFD	\$260,776	-	-	-	-	\$260,776
Total Component Unit	\$260,776	-	-	-	-	\$260,776

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, LEASES 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.

The City has recognized a lease receivable and a deferred inflow of resources as a result of implementing GASB Statement No. 87. Lease Receivables are initially measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is initially measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term. The City will recognize interest revenue on the lease receivable and an inflow of resources as payments are received over the lease of the term. See note 7 for additional information on leases and lease receivables.

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 \$37,676,288 in debt payments on behalf of the District. On December 31, 2022 the City recorded a note receivable of \$40,603,432 (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, 2022, this note is \$46,765,000. 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.

5. **INTERFUND BALANCES AND TRANSFERS**

INTERFUND BALANCES

The following interfund balances are shown in the fund statements as of December 31, 2022:

	Interfund Loan Receivable	Interfund Loan Payable
Governmental Activities:		
Governmental Funds:		
Street Capital Projects Fund	\$ -	\$ 1,872,431
Business-type Activities:		
Proprietary Funds:		
Enterprise Funds:		
Drainage Utility Fund	1,872,431	-
Totals	\$ 1,872,431	\$ 1,872,431

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. This loan was paid in full during 2022.

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 interest at a rate of 1.66%. At December 31, 2022, \$232,966 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 interest at a rate of 1.68%. At December 31, 2022, \$1,639,465 remains outstanding on this loan.

TRANSFERS

A summary of transfers by fund type is as follows:

	Transfers In	Transfers Out
Governmental Funds:		
<u>Major Funds:</u>		
General Fund	\$ 11,474,632	\$ 34,796,500
Capital Resources Fund	2,707,855	19,616,526
Special Assessment Fund	-	675,490
Street Capital Projects Fund	10,283,409	33,540
Subtotal	\$ 24,465,896	\$ 55,122,056
<u>Non-major Funds:</u>		
Street	\$ 9,018,103	\$ 7,779,462
Lodging Tax	285,000	-
Youth/Teen Programs	-	877,370
Criminal Justice	105,000	587,030
Non-voted Debt	6,538,005	-
Parks Capital Projects	5,577,590	175,675
Other Capital Projects	-	158,350
Technology Capital Projects	5,132,193	174,652
Facilities Capital Projects	5,054,420	-
Subtotal	\$ 31,710,311	\$ 9,752,539
Total Governmental	\$ 56,176,207	\$ 64,874,595
Proprietary Funds:		
<u>Major Funds:</u>		
Water Utility	\$ 20,167	\$ 275,840
Sewerage Utility	-	250,915
Drainage Utility	-	555,038
Golf Complex	137,807	-
Subtotal	\$ 157,974	\$ 1,081,793
<u>Internal Service Funds:</u>		
Equipment Rental	\$ 626	\$ -
Central Services	1,657,803	253,000
Facilities Fund	616,780	-
Insurance	7,650,000	-
Subtotal	\$ 9,925,209	\$ 253,000
Total Proprietary	\$ 10,083,183	\$ 1,334,793
Total Transfers	\$ 66,259,390	\$ 66,209,388

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 2022 a transfer from the General Fund of \$7,650,000 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 168-170.

6. CAPITAL ASSETS AND DEPRECIATION

a. GOVERNMENTAL ACTIVITIES CAPITAL ASSETS

Below is a summary of 2022 changes in governmental capital assets:

	Balance January 1	Additions	Transfers & Retirements	Balance December 31
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 231,843,144	\$ 7,247,941	\$ -	\$ 239,091,085
Construction in Progress	6,929,269	21,185,622	(19,740,181)	8,374,710
Total Capital Assets, not depreciated	<u>238,772,413</u>	<u>28,433,563</u>	<u>(19,740,181)</u>	<u>247,465,795</u>
Capital Assets, being depreciated/amortized				
Building	133,242,495	1,386,472	-	134,628,967
Site Improvements	81,678,385	2,513,243	-	84,191,628
Equipment	78,662,088	4,546,142	(1,347,867)	81,860,363
Infrastructure	747,395,693	10,147,938	-	757,543,631
Right of Use Asset	1,731,992	323,252	-	2,055,244
Total Capital Assets being depreciated	<u>1,042,710,653</u>	<u>18,917,047</u>	<u>(1,347,867)</u>	<u>1,060,279,833</u>
Less Accumulated Depreciation/Amortization for:				
Building	(51,881,914)	(3,252,514)	-	(55,134,428)
Site Improvements	(38,617,006)	(3,193,002)	-	(41,810,008)
Equipment	(58,810,523)	(2,803,394)	1,081,786	(60,532,131)
Infrastructure	(342,956,549)	(15,170,993)	-	(358,127,542)
Right of Use Asset	(249,751)	(383,365)	-	(633,116)
Total Accumulated Depreciation/Amortization	<u>(492,515,743)</u>	<u>(24,803,268)</u>	<u>1,081,786</u>	<u>(516,237,225)</u>
Total Capital Assets, being depreciated/amortized, net	<u>550,194,910</u>	<u>(5,886,221)</u>	<u>(266,081)</u>	<u>544,042,608</u>
Governmental Activities Capital Assets, net	<u>\$ 788,967,323</u>	<u>\$ 22,547,342</u>	<u>\$ (20,006,262)</u>	<u>\$ 791,508,403</u>

b. **BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS**

A summary of Business-type Property, Plant, and Equipment at December 31, 2022 follows:

	<u>Balance January 1</u>	<u>Additions</u>	<u>Transfers & Retirements</u>	<u>Balance December 31</u>
Business-type Activities				
Capital Assets, not being depreciated:				
Land	\$ 22,460,940	\$ 1,275,922	\$ -	\$ 23,736,862
Construction in Progress	23,189,664	17,831,017	(15,269,954)	25,750,727
Total Capital Assets, not depreciated	<u>45,650,604</u>	<u>19,106,939</u>	<u>(15,269,954)</u>	<u>49,487,589</u>
Capital Assets, being depreciated				
Building	11,316,450	-	-	11,316,450
Site Improvements	493,057,474	14,743,620	-	507,801,094
Equipment	9,264,033	819,191	(73,055)	10,010,169
Right of Use Asset	-	323,429	-	323,429
Total Capital Assets being depreciated	<u>513,637,957</u>	<u>15,886,240</u>	<u>(73,055)</u>	<u>529,451,142</u>
Less Accumulated Depreciation for:				
Building	(1,331,070)	(321,748)	-	(1,652,818)
Site Improvements	(171,583,873)	(11,986,134)	-	(183,570,007)
Equipment	(4,918,731)	(481,306)	40,178	(5,359,859)
Right of Use Asset	-	(78,654)	-	(78,654)
Total Accumulated Depreciation	<u>(177,833,674)</u>	<u>(12,867,842)</u>	<u>40,178</u>	<u>(190,661,338)</u>
Total Capital Assets, being depreciated, net	<u>335,804,283</u>	<u>3,018,398</u>	<u>(32,877)</u>	<u>338,789,804</u>
Business-Type Activities Capital Assets, net	<u>\$ 381,454,887</u>	<u>\$ 22,125,337</u>	<u>\$ (15,302,831)</u>	<u>\$ 388,277,393</u>
Grand Total Capital Assets, net	<u>\$ 1,170,422,210</u>	<u>\$ 44,672,679</u>	<u>\$ (35,309,093)</u>	<u>\$ 1,179,785,796</u>

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

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

<u>Governmental Activities</u>	
General Government	\$ 1,413,402
Judicial	58,361
Public Safety	1,442,850
Community Development	42,680
Public Works	15,583,365
Leisure Services	6,221,484
Health and Human Services	41,126
Total Depreciation Expense - Governmental	\$ <u>24,803,268</u>
<u>Business-Type Activities</u>	
Water	\$ 4,620,340
Sewerage	2,714,638
Drainage	5,039,447
Golf	493,417
Total Depreciation Expense - Business	\$ <u>12,867,842</u>
Grand Total Depreciation Expense	\$ <u>37,671,110</u>

7. **LEASES**

Capital Finance Agreements

In September 2018, the City entered into a financing 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 financing provides for 48 monthly payments with an interest rate of 5.05%.

In December 2018, the City entered into a financing 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 financing provides for 60 monthly payments with an interest rate of 4.70%

These financing agreements qualify as financed purchases and have been recorded at the present value of their future minimum financing payments as of the inception date. Financed purchases payments for the year ended December 31, 2022 were \$151,602. The financed purchases debt outstanding at December 31, 2022 is \$34,457 (Note 9). The future minimum financing obligations under the financed purchases as of December 31, 2022 are as follows:

Year-Ending December 31	Governmental Activities
2023	\$ 38,208
Total Minimum Financing Payments	\$ 34,457
Less: Interest	\$ 807
Less: Insurance	\$ 2,944
Present Value of Minimum Financing Payments	\$ 34,457

City as a Lessee

The City has entered into eleven (11) agreements which qualify under GASB 87 as right to use assets. These right to use assets are for leased Buildings (office space and storage), Equipment, and Vehicles, details of those agreements are contained below:

In March 2021, the City renewed an agreement with Plemmons Industries, Inc to lease warehouse space. The new agreement is effective June 2021 through May 2024. The City will pay a monthly rent of \$2,225 per month plus monthly common area maintenance of \$510 per month for years one and two. The monthly rent will increase to \$2,325 per month plus monthly common area maintenance of \$660 for year three. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 0.3853%, which was determined by the City as the estimated incremental borrowing rate.

In April 2022, the City retroactively renewed an agreement with Kent Hill LLC to lease 1,274 square feet of anchored retail space. The agreement is for 60 months with a termination date of July 2026. The monthly rent is \$1,800 per month plus controllable expenses (utilities). Monthly rent will increase each subsequent year by 2% over the previous period. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 0.7691%, which was determined by the City as the estimated incremental borrowing rate.

In August 2019, the City entered into an agreement with Shirley Perkins to lease storage space for five (5) years with an option to extend it for one additional five (5) year term. Monthly rent is \$5,250 per month for the first two years, with rent increasing to \$5,407.50 for the remaining three years. A portion of this property has been subleased by the City to the Kent Lions Club. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 0.6964%, which was determined by the City as the estimated incremental borrowing rate.

In November 2020, the City entered into an agreement with Canon Solutions America, Inc. to lease 62 multi-functional printing devices city-wide effective February 2021. The monthly rent for all devices is \$8,566.35 per month for 36 months. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 0.3041%, which was determined by the City as the estimated incremental borrowing rate.

In May 2022, the City entered into an agreement with Huntington National Bank to lease three (3) grounds keeping equipment. The agreement is for 48 months and includes 34 standard payments of \$824.41 per month. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 3.6838%, which was determined by the City as the estimated incremental borrowing rate.

In February 2022, the City entered into an agreement with Huntington National Bank to lease thirty-six (36) lithium powered golf carts. The agreement is for 48 months and includes 32 standard payments of \$5,114.88 per month. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 1.2061%, which was determined by the City as the estimated incremental borrowing rate.

In February 2022, the City entered into an agreement with Huntington National Bank to lease thirty-six (36) gas powered golf carts. The agreement is for 48 months and includes 32 standard payments of \$4,392.36 per month. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 1.2061%, which was determined by the City as the estimated incremental borrowing rate.

In January 2018, the City entered into an agreement with MailFinance, Inc to lease a postage meter. The monthly rent is \$702.41 per month for 60 months. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 0.2797%, which was determined by the City as the estimated incremental borrowing rate.

In April 2021, the City entered into an agreement with Bowen Scarff Ford Sales to lease a 2021 Ford Explorer. The monthly rent is \$827.24 per month plus sales tax for 36 months. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 0.412%, which was determined by the City as the estimated incremental borrowing rate.

In April 2021, the City renewed its agreement with Woodmont Investments, LLC to lease retail space in Woodmont Plaza Shopping Center for 5 years. The City will pay approximately \$16.35 per square foot plus Common Area Maintenance Charges in year one. The monthly rent is \$1,600 per month in year one, \$1,675 in year two, and will continue to increase in years three, four and five. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 0.9363%, which was determined by the City as the estimated incremental borrowing rate.

In April 2019, the City entered into an agreement with Comcast Business Communications, LLC to lease fiber-optic cabling for ten years effective March 2020. The monthly rent in year one is \$1,727.08 in year two the rent increases to \$3,993, then for year three through ten the monthly rent will remain at \$7,986. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 1.0697%, which was determined by the City as the estimated incremental borrowing rate. The right to use lease asset activity for the period ending as of December 31, 2022, was as follows:

	Beginning Balance as of 12/31/2021	Additions For New Leases	Gross Asset Balance at 12/31/2022	Accumulated Amortization	Net Asset Balance at 12/31/2022
Building	\$ 838,300	\$ -	\$ 838,300	\$ 233,777	\$ 604,523
Equipment	323,842	323,429	647,271	291,376	355,895
Other	863,500	-	863,500	169,869	693,631
Vehicle	29,602	-	29,602	16,747	12,855
	<u>\$ 2,055,244</u>	<u>\$ 323,429</u>	<u>\$ 2,378,673</u>	<u>\$ 711,769</u>	<u>\$ 1,666,904</u>

The outflows of resources under GASB 87 for the fiscal year ending December 31, 2022, are as follows:

	Variable Outflows	Fixed Outflows	Termination Outflows	Guarantee Outflows	Total Outflows
Building	-	133,170	-	-	133,170
Equipment	-	193,878	-	-	193,878
Other	-	87,846	-	-	87,846
Vehicle	-	9,927	-	-	9,927
	<u>\$ -</u>	<u>\$ 424,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,821</u>

The future minimum lease obligations under GASB 87 as of December 31, 2022, are as follows:

Year ending December 31	Principal	Interest
2023	411,639	14,447
2024	298,547	11,330
2025	280,183	8,373
2026	177,395	6,068
2027	156,008	4,597
2028-2033	405,739	5,554
	<u>\$ 1,729,511</u>	<u>\$ 50,369</u>

City as a Lessor

The City is a lessor in thirteen (13) agreements as defined by GASB 87. Details of these agreements are as follows:

In February 2019, the City entered into an agreement with Half Lion Public House, LLC to lease space owned by the City. This agreement was later amended in September 2021. Under this agreement the lessee would pay the City \$3,000 per month plus utilities and leasehold excise tax, effective September 2021 for ten years. Monthly rent will increase each year by 3% per year. The lessee is provided with three, five-year options to extend the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.6497%, which was determined by the City as the estimated incremental borrowing rate.

In June 2021, the City entered into an agreement with the Kent Lions Club to sublease a portion of the storage space leased from Shirley Perkins. The agreement was effective as of July 2021 with an initial termination date of June 2026. The sublessee will pay the City \$1,050 per month plus utilities for the first two years. In years three, four and five, monthly rent will increase to \$1,081.50 per month plus utilities. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.0719%, which was determined by the City as the estimated incremental borrowing rate.

In April 2019, the City entered into an agreement with Sprint Spectrum LP to retroactively renew an agreement to lease a portion of land owned by the City for communications equipment. The initial term expires in June 2023 with the option for two, five-year renewals. The lessee will pay the City \$2,730 per month plus leasehold excise tax for years one and two, with a 4% increase in year 3 and each year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.1737%, which was determined by the City as the estimated incremental borrowing rate.

In October 2021, the City entered into an agreement with T-Mobile West Tower, LLC to retroactively renew an agreement to lease a portion of land owned by the City for communications equipment. The initial term expires in September 2025 with the option for two, five-year renewals. The lessee will pay the City \$2,800 per month plus leasehold excise tax for years one and two, with a 4% increase in year 3 and each year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.4597%, which was determined by the City as the estimated incremental borrowing rate.

In April 2019, the City entered into an agreement with Terreno Valley Corporate LLC to lease a portion of land for five (5) years, with an option to renew the agreement for an additional five (5) year term. Lessee will pay the City \$27,097.90 per year plus leasehold excise tax. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.883%, which was determined by the City as the estimated incremental borrowing rate.

In May 2017, the City entered into an agreement with Clear Wireless LLC to retroactively renew an agreement to lease space on a lattice tower owned by the City for communications equipment. The initial term expires in June 2026 with the option for two, five-year renewals. The lessee will pay the City \$2,600 per month plus leasehold excise tax for years one and two, with a 4% increase in year 3 and each year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.3297%, which was determined by the City as the estimated incremental borrowing rate.

In March 2021, the City entered into an agreement with T-Mobile West LLC to retroactively renew an agreement to lease space on a tower owned by the City for communications equipment. The initial term expires in February 2026 and will automatically extend for two (2) additional and successive five (5) year terms. The lessee will pay the City \$3,000 per month plus leasehold excise tax, with a 3% increase each year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.894%, which was determined by the City as the estimated incremental borrowing rate.

In April 2017, the City entered into an agreement with King County to lease space on a tower owned by the City for communications equipment. The term of the lease is for twenty-five (25) years. The lessee will pay the City \$4,320 per year. Rent will increase by 15% of the then-current rent on each successive five (5) year anniversary. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.6297%, which was determined by the City as the estimated incremental borrowing rate.

In October 2017, the City entered into an agreement with King County to lease space on a tower owned by the City for communications equipment. The term of the lease is for twenty-five (25) years. The lessee will pay the City \$4,320 per year. Rent will increase by 15% of the then-current rent on each successive five (5) year anniversary. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.404%, which was determined by the City as the estimated incremental borrowing rate.

In March 2022, the City renewed an agreement with T-Mobile West LLC to lease space on a tower owned by the City for communications equipment. The initial term expires in October 2025 with the option for three, five-year renewals. The lessee will pay the City \$3,000 per month plus leasehold excise tax for the first year. Monthly rent will increase at 3% each year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.8097%, which was determined by the City as the estimated incremental borrowing rate.

In February 2018, the City amended an existing agreement with New Cingular Wireless PCS, LLC to lease a portion of land owned by the City for communications equipment for an additional five years. The amendment has a termination date of February 2023. The lessee will pay the City \$31,200 per year plus leasehold excise tax. Annual rent will increase each anniversary by 4%. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.2441%, which was determined by the City as the estimated incremental borrowing rate.

In April 2015, the City signed an agreement with Verizon Wireless to lease land owned by the City for communications equipment. The initial term expires in April 2025 with the option for one additional, five-year renewal. The lessee will pay the City \$2,600 per month plus leasehold excise tax for the first year. Monthly rent will increase at 4% each year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.6964%, which was determined by the City as the estimated incremental borrowing rate.

In November 2018, the City entered into an agreement with T-Mobile West, LLC to retroactively renew an existing agreement to lease land owned by the City for communications equipment. The initial term expires in July 2023 with the option for two additional, five-year renewals. The lessee will pay the City \$2,600 per month plus leasehold excise tax for the first year. Monthly rent will increase at 4% each year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.3597%, which was determined by the City as the estimated incremental borrowing rate.

The lease receivable activity for the period ending as of December 31, 2022, was as follows:

	Beginning Balance as of 12/31/2021	Additions For New Leases	Additions due to Modifications/ Renewals	Reductions due to Modifications/ Renewals	Reductions due to Terminations	Reductions due to Lease Revenue	Ending Balance as of 12/31/2022
Building	947,518	-	-	-	-	(31,970)	915,548
Land	2,129,567	-	-	-	-	(188,770)	1,940,797
Other	2,195,395	-	-	-	-	(84,794)	2,110,601
	<u>\$ 5,272,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (305,534)</u>	<u>\$ 4,966,946</u>

The deferred inflow of resources activity for the period ending as of December 31, 2022, was as follows:

	Beginning Balance as of 12/31/2021	Additions For New Leases	Additions due to Modifications/ Renewals	Reductions due to Modifications/ Renewals	Reductions due to Terminations	Reductions due to Lease Revenue	Ending Balance as of 12/31/2022
Building	908,562	-	-	-	-	(51,235)	857,327
Land	2,099,930	-	-	-	-	(228,895)	1,871,035
Other	2,153,282	-	-	-	-	(133,171)	2,020,111
	<u>\$ 5,161,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (413,301)</u>	<u>\$ 4,748,473</u>

The total inflows of resources recognized for the period ending as of December 31, 2022, was as follows:

	Interest Revenue	Lease Revenue	Variable Inflow	Termination Inflows	GRV Inflow	Total Inflow
Building	15,070	51,235	-	-	-	66,305
Land	23,833	228,895	-	-	-	252,728
Other	36,643	133,171	-	-	-	169,814
	<u>\$ 75,546</u>	<u>\$ 413,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,847</u>

The future minimum payments under GASB 87 as of December 31, 2022, are as follows:

Year ending December 31	Principal Reduction	Interest Revenue
2023	285,926	71,849
2024	301,262	68,143
2025	317,176	63,833
2026	327,063	59,511
2027	337,520	55,061
2028-2033	1,708,223	203,437
2034-2038	1,103,190	87,629
2039-2043	521,018	24,805
	<u>\$ 4,901,378</u>	<u>\$ 634,268</u>

8. 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 financed purchases, and (c) other non-current liabilities including compensated absences, total 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, 2022 is \$1,966,871,655. 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, 2022, 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, financed purchases 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, 2022, has no outstanding arbitrage liability.

e. ADVANCE AND CURRENT REFUNDINGS

As of December 31, 2022, 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, 2022:

Long Term Debt - Governmental Activities

	Issuance Date	Maturity Date	Interest Rate	Original Amount	Redemption to Date	Outstanding 12/31/2022	Due Within One Year
BONDED DEBT:							
GENERAL OBLIGATION BONDS							
<u>LTGO Councilmanic Bonds:</u>							
Refunding various governmental purposes	2012	2022	2.0/4.5%	9,330,000	9,330,000	-	-
Plus unamortized premium				540,320	540,320	-	-
Refunding 2006 various park improvements	2015	2024	3.00%	4,240,000	1,985,000	2,255,000	1,340,000
Plus unamortized premium				261,619	206,915	54,704	-
Refunding various governmental purposes	2016	2025	2.0/5.5%	15,470,000	6,560,000	8,910,000	3,135,000
Plus unamortized premium				2,950,117	895,368	2,054,749	-
Refunding 2008 PFD sales tax bonds	2016	2037	2.0/5.5%	49,105,000	2,340,000	46,765,000	330,000
Plus unamortized premium				9,364,284	2,842,079	6,522,205	-
Total Limited General Obligation Debt (net)				91,261,340	24,699,682	66,561,658	4,805,000
TOTAL BONDED DEBT				\$ 91,261,340	\$ 24,699,682	\$ 66,561,658	\$ 4,805,000
OTHER LONG-TERM DEBT:							
Direct borrowings:							
<u>Public Works Trust Fund Loans:</u>							
Trust Fund Loans (Streets) - 2003	2003	2023	0.5%	\$ 1,000,000	\$ 946,637	\$ 53,363	\$ 53,363
Trust Fund Loans (Streets) - 2004	2004	2024	0.5%	8,500,000	7,591,176	908,824	454,412
Trust Fund Loans (Streets) - 2008	2008	2028	0.5%	5,000,000	3,391,447	1,608,553	268,092
Lease Right of Use Assets	2022	2043	0.24-2.40%	1,485,812	-	1,485,812	331,980
Financed Purchases - equipment	2018	2023	4.7%	172,808	138,351	34,457	34,457
SMG Capital Loan	2015	2024	0.0%	920,000	-	920,000	122,667
Total Other Governmental Debt				17,078,620	12,067,612	5,011,008	1,264,971
TOTAL GOVERNMENTAL ACTIVITIES (Net)				\$ 108,339,960	\$ 36,767,294	\$ 71,572,666	\$ 6,069,971

Long Term Debt - Business-Type Activities

	Issuance Date	Maturity Date	Interest Rate	Original Amount	Redemption to Date	Outstanding 12/31/2022	Due Within One Year
BONDED DEBT:							
REVENUE BONDS:							
<u>Water Fund</u>							
Revenue Refunding Bonds	2017	2029	5.0%	\$ 6,590,000	\$ 1,667,500	\$ 4,922,500	\$ 610,000
Plus unamortized premium				1,205,019	505,961	699,059	-
Subtotal Revenue Bonds (Net)				7,795,019	2,173,461	5,621,559	610,000
<u>Drainage Fund:</u>							
Revenue Refunding Bonds	2017	2029	5.0%	6,590,000	1,667,500	4,922,500	610,000
Plus unamortized premium				1,205,019	505,961	699,059	-
Subtotal (Net)				7,795,019	2,173,461	5,621,559	610,000
Subtotal Revenue Bonds (Net)				15,590,038	4,346,922	11,243,118	1,220,000
TOTAL BONDED DEBT				\$ 15,590,038	\$ 4,346,922	\$ 11,243,118	\$ 1,220,000
OTHER LONG-TERM DEBT							
<u>Water Fund:</u>							
Contract - Tacoma Pipeline	2010	2040	2.0-5.62%	\$ 11,400,000	\$ 2,895,000	\$ 8,505,000	\$ 345,000
Contract - Regional Water	2013	2032	4.0-5.0%	14,790,000	2,475,000	12,315,000	420,000
Public Works Trust Fund Loans							
-direct borrowings:							
Water system improvements	2002	2022	0.5%	10,000,000	10,000,000	-	-
Subtotal Water Fund				36,190,000	15,370,000	20,820,000	765,000
<u>Drainage Fund:</u>							
Public Works Trust Fund Loans							
-direct borrowings:							
Drainage system improvements	2004	2024	0.5%	1,500,000	1,350,000	150,000	75,000
Subtotal Drainage Fund				1,500,000	1,350,000	150,000	75,000
<u>Golf Complex Fund:</u>							
Lease Right of Use Assets	2022	2025	1.21%	243,699	-	243,699	79,658
Financed Purchases - equipment - direct borrowing	2018	2022	5.05%	639,447	639,447	-	-
Subtotal Golf Complex Fund				883,146	639,447	243,699	79,658
Total other business type debt				38,573,146	17,359,447	21,213,699	919,658
TOTAL BUSINESS TYPE ACTIVITIES (Net)				\$ 54,163,184	\$ 21,706,369	\$ 32,456,817	\$ 2,139,658

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
			Principal	Interest				
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
Totals	\$57,930,000	\$19,240,600	\$ -	\$ -	\$ -	\$ -	\$57,930,000	\$19,240,600

Revenue bond debt service requirements to maturity are as follows:

Year	Water Revenue Bonds		Drainage Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2023	610,000	246,125	610,000	246,125	1,712,250
2024	640,000	215,625	640,000	215,625	1,711,250
2025	665,000	183,625	665,000	183,625	1,697,250
2026	697,500	150,375	697,500	150,375	1,695,750
2027-2030	2,310,000	234,750	2,310,000	234,750	5,089,500
Total	\$ 4,922,500	\$ 1,030,500	\$ 4,922,500	\$ 1,030,500	\$ 11,906,000

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		
2023	898,533	13,077	765,000	880,269	75,000	794	1,738,533	894,140
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	842,851	4,021	9,110,000	2,371,366	-	-	9,952,851	2,375,387
2032-2036	306,668	-	4,010,000	779,317	-	-	4,316,668	779,317
2037-2041	-	-	2,385,000	221,777	-	-	2,385,000	221,777
Totals	\$ 3,490,739	\$ 35,433	\$20,820,000	\$ 6,581,318	\$ 150,000	\$ 1,191	\$ 24,460,739	\$ 6,617,942

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, 2022:

	Issuance Date	Maturity Date	Interest Rate	Original Amount	Redemption to Date	Outstanding 12/31/2022	Due Within One Year
Other Non-Bonded Debt:							
Note Payable	2008	2037	0.19-1.2%	\$ 38,983,420	\$ -	\$ 38,983,420	\$ -
Note Payable	2016	2037		49,105,000	2,340,000	46,765,000	330,000
				<u>88,088,420</u>	<u>2,340,000</u>	<u>85,748,420</u>	<u>330,000</u>
				\$ 88,088,420	\$ 2,340,000	\$ 85,748,420	\$ 330,000

The following is a summary of changes in non-current liabilities reported in the government-wide financial statements for the year ended December 31, 2022.

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Within One Year</u>	<u>In More Than One Year</u>
Governmental Activities:						
<u>Bonds payable:</u>						
General obligation bonds	\$ 62,815,000	\$ -	\$ 4,885,000	\$ 57,930,000	\$ 4,805,000	\$ 53,125,000
Premiums	9,284,314	-	652,656	8,631,658	-	8,631,658
Net general obligation bonds	<u>72,099,314</u>	<u>-</u>	<u>5,537,656</u>	<u>66,561,658</u>	<u>4,805,000</u>	<u>61,756,658</u>
<u>Non-bonded long-term liabilities:</u>						
Contracts, lease, notes - direct borrowings						
Installment loans & contracts	5,752,417	-	775,866	4,976,551	1,230,514	3,746,037
Financed Purchases	70,827	-	36,370	34,457	34,457	-
Total contracts, leases, notes	<u>5,823,244</u>	<u>-</u>	<u>812,236</u>	<u>5,011,008</u>	<u>1,264,971</u>	<u>3,746,037</u>
Compensated absences:						
General government	5,499,028	9,900,615	9,777,751	5,621,892	2,729,668	2,892,224
Internal service funds	598,546	1,547,834	1,542,016	604,364	363,919	240,445
Total compensated absences	<u>6,097,574</u>	<u>11,448,449</u>	<u>11,319,767</u>	<u>6,226,256</u>	<u>3,093,587</u>	<u>3,132,669</u>
Net Pension Liability	3,912,483	7,328,390	3,912,483	7,328,390	-	7,328,390
Total OPEB Liability	<u>24,532,979</u>	<u>17,433,483</u>	<u>24,532,979</u>	<u>17,433,483</u>	<u>-</u>	<u>17,433,483</u>
Total non-bonded liabilities	<u>28,445,462</u>	<u>24,761,873</u>	<u>28,445,462</u>	<u>24,761,873</u>	<u>-</u>	<u>24,761,873</u>
Total governmental non-current liabilities	\$ 112,465,594	\$ 36,210,322	\$ 46,115,121	\$ 102,560,795	\$ 9,163,558	\$ 93,397,237

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Within One Year</u>	<u>In More Than One Year</u>
Business-type Activities:						
<u>Bonds payable:</u>						
Revenue bonds	\$ 11,010,000	\$ -	\$ 1,165,000	\$ 9,845,000	\$ 1,220,000	\$ 8,625,000
Premiums	1,600,060	-	201,944	1,398,118	-	1,398,118
Net revenue bonds	<u>12,610,060</u>	<u>-</u>	<u>1,366,944</u>	<u>11,243,118</u>	<u>1,220,000</u>	<u>10,023,116</u>
<u>Non-bonded long-term liabilities:</u>						
Installment loans & contracts	21,550,000	-	730,000	20,820,000	765,000	20,055,000
Installment loans & contracts-direct borrowings	756,250	-	606,250	150,000	75,000	75,000
Lease payable	-	243,699	-	243,699	79,658	164,041
Financed Purchases	115,232	-	115,232	-	-	-
Total contracts, leases, notes	<u>22,421,482</u>	<u>243,699</u>	<u>1,451,482</u>	<u>21,213,699</u>	<u>919,658</u>	<u>20,294,041</u>
Compensated absences	909,734	3,337,712	3,356,215	891,231	554,324	336,907
Net Pension Liability	822,230	1,932,042	822,230	1,932,042	-	1,932,042
Total non-bonded liabilities	<u>24,153,446</u>	<u>5,513,453</u>	<u>5,629,927</u>	<u>24,036,972</u>	<u>1,473,982</u>	<u>22,562,990</u>
Total business-type non-current liabilities	\$ 36,763,506	\$ 5,513,453	\$ 6,996,871	\$ 35,280,090	\$ 2,693,982	\$ 32,586,106
Grand Total non-current liabilities	\$ 149,229,100	\$ 41,723,775	\$ 53,111,992	\$ 137,840,885	\$ 11,857,540	\$ 125,983,343

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Within One Year</u>	<u>In More Than One Year</u>
Special Events Center PFD						
<u>Non-bonded long-term liabilities:</u>						
Interlocal financing agreement	\$ 47,000,000	\$ -	\$ 235,000	\$ 46,765,000	\$ 330,000	\$ 46,435,000
Installment loans & contracts	38,983,420	1,620,012	-	40,603,432	-	40,603,432
Total non-current liabilities	<u>\$ 85,983,420</u>	<u>\$ 1,620,012</u>	<u>\$ 235,000</u>	<u>\$ 87,368,432</u>	<u>\$ 330,000</u>	<u>\$ 87,038,432</u>

9. 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.

Fund balances for all the major and nonmajor governmental funds as of December 31, 2022, were distributed as follows:

	General Fund	Capital Resources Fund	Special Assessments Fund	Street Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Prepaid items	\$ 55,468	\$ -	\$ -	\$ -	\$ -	\$ 55,468
	<u>55,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,468</u>
Restricted:						
Long-term loan receivable	-	-	-	225,138	-	225,138
Street capital projects	-	-	-	2,345,683	-	2,345,683
Lodging tax purposes	-	-	-	-	450,235	450,235
Criminal justice programs	-	-	-	-	7,401,010	7,401,010
Low income housing purposes	-	-	-	-	7,358,955	7,358,955
Impact fees	-	-	-	-	4,926,322	4,926,322
Kent Events Center	1,153	-	-	-	-	1,153
Parks capital projects	-	8,374,821	-	-	5,402,642	13,777,463
Bond retirement	-	-	-	-	1,364,272	1,364,272
Economic and community development	62,640	-	-	-	-	62,640
Human Services	89,895	-	-	-	-	89,895
	<u>153,688</u>	<u>8,374,821</u>	<u>-</u>	<u>2,570,821</u>	<u>26,903,436</u>	<u>38,002,766</u>
Committed:						
Street operations	-	-	-	-	12,334,000	12,334,000
Youth/Teen program	-	-	-	-	491,003	491,003
Criminal justice programs	-	-	-	-	4,869,439	4,869,439
City arts program	521,866	-	-	-	-	521,866
Human services	88,326	-	-	-	-	88,326
Kent events center replacement	1,691,390	-	-	-	-	1,691,390
Economic & community development	-	-	-	-	1,101,677	1,101,677
B&O tax purposes	17,248,078	-	-	-	-	17,248,078
Street capital projects	-	-	-	17,035,577	-	17,035,577
Parks capital projects	-	-	-	-	6,994,468	6,994,468
Special assessment debt	-	-	313,116	-	-	313,116
Technology systems	-	-	-	-	9,553,604	9,553,604
Facilities capital projects	-	-	-	-	7,233,516	7,233,516
	<u>19,549,660</u>	<u>-</u>	<u>313,116</u>	<u>17,035,577</u>	<u>42,577,707</u>	<u>79,476,060</u>
Assigned:						
Public safety retiree OPEB	1,015,706	-	-	-	-	1,015,706
Criminal justice programs	-	-	-	-	14,203	14,203
Economic & community development	-	-	-	-	1,195	1,195
Capital projects	-	22,563,436	-	-	-	22,563,436
Street capital projects	-	-	-	1,144,482	-	1,144,482
	<u>1,015,706</u>	<u>22,563,436</u>	<u>-</u>	<u>1,144,482</u>	<u>15,398</u>	<u>24,739,022</u>
Unassigned:						
	<u>34,200,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,200,539</u>
Total Fund Balance	\$ <u>54,975,061</u>	\$ <u>30,938,257</u>	\$ <u>313,116</u>	\$ <u>20,750,880</u>	\$ <u>69,496,541</u>	\$ <u>176,473,855</u>

10. PRIOR PERIOD ADJUSTMENTS

A prior period adjustment, decreasing net position by \$(170,788), was made in the governmental activities for the General Fund. This adjustment was due to adjusting beginning balances for the implementation of GASB 87 to recognize Right of Use leases.

The business-type activities had an additional prior period adjustment increasing net position by \$90,947. This adjustment was due to adjusting beginning balances for the implementation of GASB 87 to recognize Right of Use leases.

The following tables outlines the change in net position affected by prior period adjustments in the government-wide financial statements:

	Governmental Activities	Business-Type Activities	Totals
Net Position, stated at December 31, 2021	938,658,855	446,182,482	1,384,841,337
Major: General Fund - Correction	(50,000)	-	(50,000)
Non-Major: Technology Capital Projects - Correction	(75,000)	-	(75,000)
ISF Facilities - Change in Accounting Principle, GASB 87	6,655	-	6,655
ISF Central Services - Change in Accounting Principle, GASB 87	(52,443)	-	(52,443)
Water Utility - Change in Accounting Principle, GASB 87	-	40,060	40,060
Golf Complex - Change in Accounting Principle, GASB 87	-	50,887	50,887
Net position, restated at December 31, 2021	<u>938,488,067</u>	<u>446,273,429</u>	<u>1,384,761,496</u>
Change in net position	39,088,277	9,553,028	48,641,305
Net position at December 30, 2022	<u><u>977,576,344</u></u>	<u><u>455,826,457</u></u>	<u><u>1,433,402,801</u></u>

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, 2022 include \$593,923 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 2022, the City's regular tax levy was \$1.22979 per \$1,000 of assessed valuation based on the 2021 assessed valuation of \$26,997,848,281 for a total regular levy of \$33,049,056.

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 \$3,093,587 and the estimated long-term portion, including internal services, is \$3,132,6690. 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 \$554,324 and the estimated long-term portion is \$336,907.

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 that date, 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 \$418,363 during 2022 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 2022 were:

To Federal Social Security System	\$ 5,462,826
To State administered employee retirement systems	<u>6,894,091</u>
Total	<u>\$ 12,356,917</u>

Retirement payments to City employees from all City funds in 2022 were:

From Firemen's Relief and Pension Fund	<u>\$ 364,109</u>
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The following table represents the aggregate pension amounts for all plans administered by the Washington Department of Retirement Systems that the City participates in that are subject to the requirements of GASB Statement No. 68 - Accounting and Financial Reporting for Pensions for the year 2022, as well as the City's Firemen's Pension Fund.

Aggregate Pension Amounts – All Plans	
Pension assets	\$ 33,183,884
Deferred outflows of resources	23,775,363
Pension liabilities	(9,260,433)
Deferred inflows of resources	(23,269,225)
Pension expense/expenditures	1,349,571

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

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

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

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

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

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

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

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
January through August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative fee	0.18%	
Total	10.25%	6.00%
September through December 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative fee	0.18%	
Total	10.39%	6.00%

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

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

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

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

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

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

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
January through August 2022		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.25%	6.36%
September through December 2022		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative fee	0.18%	
PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
September through December 2022		
Employee PERS Plan 3		Varies
Total	10.39%	6.36%

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

The city's actual PERS Plan contributions were \$2,010,313 to PERS Plan 1 and \$3,228,131 to PERS Plan 2/3 for the year ended December 31, 2022.

(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 2022 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
January through August 2022		
PSERS Plan 2	6.50%	7.20%
PERS Plan 1 UAAL	3.71%	
Administrative fee	0.18%	
Total	10.39%	7.20%
September through December 2022		
PSERS Plan 2	6.50%	6.60%
PERS Plan 1 UAAL	3.85%	
Administrative fee	0.18%	
Total	10.53%	6.60%

The city's actual plan contributions were \$179,793 to PSERS Plan 2 and \$103,381 to PERS Plan 1 for the year ended December 31, 2022.

(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 2022. 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 2022.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
January through June 2022		
State and local governments	5.15%	8.59%
Administrative fee	0.18%	
Total	5.33%	8.59%
July through December 2022		
State and local governments	5.12%	8.53%
Administrative fee	0.18%	
Total	5.30%	8.53%

The city’s actual contributions to the plan were \$1,150,167 for the year ended December 31, 2022.

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, 2022, the state contributed \$81,388,085 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$701,502.

(1) 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 2022 with a valuation date of June 30, 2021. 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, 2021 valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan’s normal cost (using the entry age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0%

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.

- The Joint-and-Survivor Factors and Early Retirement Factors were updated in the model. These factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors recently provided to DRS for future implementation that reflect current demographic and economic assumptions.
- Based on the 2021 action of the PFC and LEOFF Plan 2 Retirement Board, economic assumptions were updated. The investment return assumption was reduced from 7.50 (7.40 for LEOFF 2) to 7.00 percent, and the salary growth assumption was lowered from 3.50 to 3.25 percent. This action is a result of recommendations from the biennial economic experience study.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 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 7.0 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 7.0 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, 2022, are summarized in the table below. The inflation component used to create the table is 2.20 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%

Sensitivity of the Net Pension Liability/(Asset)

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

Pension Trust	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1	\$ 11,822,212	\$ 8,849,052	\$ 6,254,181
PERS 2/3	17,157,582	(14,569,575)	(40,635,440)
PSERS 2	680,225	(285,589)	(1,047,828)
LEOFF 1	(3,604,310)	(4,112,931)	(4,553,985)
LEOFF 2	(654,621)	(14,215,789)	(25,314,444)

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, 2022, the city reported a total pension liability of \$8,849,052 (plus \$411,381 for the Firemen’s Pension for a total pension liability of \$9,260,433) and a total pension asset of \$74,039,757 for its proportionate share of the DRS net pension liabilities (assets) as follows:

Plan	Liability (Asset)
PERS 1	\$ 8,849,052
PERS 2/3	(14,569,575)
PSERS 2	(285,589)
LEOFF 1	(4,112,931)
LEOFF 2	(14,215,789)

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

	LEOFF 1 Asset	LEOFF 2 Asset
Employer’s proportionate share	\$ (4,112,931)	\$ (14,215,789)
State’s proportionate share of the net pension liability (asset) associated with the employer	(27,819,763)	(9,208,678)
TOTAL	\$ (31,932,694)	\$ (23,424,467)

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

Plan	Proportionate Share 6/30/22	Proportionate Share 6/30/21	Change in Proportion
PERS 1	0.317812%	0.321187%	-0.003375%
PERS 2/3	0.392840%	0.391258%	-0.001582%
PSERS 2	0.399425%	0.361482 %	-0.037943%
LEOFF 1	0.143377%	0.141543%	0.001834%
LEOFF 2	0.523082%	0.505905%	0.017177%

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 2022. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2022, 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 2022, 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, 2022, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2021, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2022, the city recognized pension expense as follows for the DRS plans:

Plan	Pension Expense
PERS 1	\$ 3,967,213
PERS 2/3	(4,810,485)
PSERS 2	72,083
LEOFF 1	(232,291)
LEOFF 2	2,370,796
	<u>\$ 1,367,316</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Schedules of Deferred Inflows and Outflows of Resources

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	1,466,548
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	1,024,691	-
TOTAL	\$ 1,024,591	\$ 1,466,548

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,610,000	\$ 329,818
Net difference between projected and actual investment earnings on pension plan investments	-	10,771,395
Changes of assumptions	8,120,527	2,126,245

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between contributions and proportionate share of contributions	542,835	533,048
Contributions subsequent to the measurement date	1,627,060	-
TOTAL	\$ 13,900,422	\$ 13,760,506

PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 148,362	\$ 3,143
Net difference between projected and actual investment earnings on pension plan investments	-	200,282
Changes of assumptions	209,659	83,766
Changes in proportion and differences between contributions and proportionate share of contributions	1,131	37,605
Contributions subsequent to the measurement date	89,253	-
TOTAL	\$ 448,405	\$ 324,796

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	513,556
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	\$ -	\$ 513,556

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,377,906	\$ 131,897
Net difference between projected and actual investment earnings on pension plan investments	-	4,759,991
Changes of assumptions	3,601,261	1,237,806
Changes in proportion and differences between contributions and proportionate share of contributions	777,910	1,074,127
Contributions subsequent to the measurement date	598,165	-
TOTAL	\$ 8,355,242	\$ 7,203,821

Total – All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,136,268	\$ 464,858
Net difference between projected and actual investment earnings on pension plan investments	-	17,711,772
Changes of assumptions	11,931,447	3,447,817
Changes in proportion and differences between contributions and proportionate share of contributions	1,321,876	1,644,780
Contributions subsequent to the measurement date	3,339,169	-
TOTAL	\$ 23,728,760	\$ (23,269,227)

Deferred outflows of resources related to pensions resulting from the city's contributions made after the measurement date, but before the end of the reporting period, will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	PERS 1	PERS 2/3	PSERS 2	LEOFF 1	LEOFF 2
2023	\$ (620,613)	\$ (3,313,172)	\$ (69,008)	\$ (217,507)	\$ (1,530,371)
2024	(563,677)	(2,904,372)	(60,673)	(196,938)	(1,331,288)
2025	(707,115)	(3,600,678)	(77,621)	(246,248)	(1,760,010)
2026	424,857	4,937,698	93,086	147,135	2,017,798
2027	-	1,691,152	21,516	-	555,489
Thereafter	-	1,702,231	127,060	-	2,601,639
Totals	\$(1,466,548)	\$ (1,487,141)	\$ 34,360	\$ (513,558)	\$ 553,257

(2) 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, 2022, the plan covers the following:

Retirees and beneficiaries receiving benefits	8
Retirees not receiving City-paid monthly benefits	2
Total	10

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, 2022, the Plan held \$ 1,141,303 in pooled investments.

Net Pension Liability

Firefighters' Pension Fund		
GASB Statement No. 67 Net Pension Liability		
	<u>December 31, 2021</u>	<u>December 31, 2022</u>
Total pension liability	\$ 2,978,414	\$ 2,469,562
Fiduciary net position *	2,166,146	2,058,181
Net pension liability	812,268	411,381
Fiduciary net position as a % of total pension liability	72.73%	83.34%
Covered payroll	-	-
Net pension liability as a % of covered Payroll	N/A	N/A

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

Other key actuarial assumptions:

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

Money-Weighted Rate of Return

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

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2015	1.40%
2016	1.72%
2017	1.00%
2018	5.20%
2019	0.28%
2020	2.58%
2021	1.02%
2022	-2.80%

Discount Rate

	<u>December 31, 2021</u>	<u>December 31, 2022</u>
Discount rate	2.00%	3.75%
Long-term expected rate of return, Net of investment expense	2.00%	3.75%
Municipal bond rate	2.00%	3.75%

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 3.72% as of December 31, 2022. Rounding this to the nearest ¼% results in a discount rate of 3.75% as of the December 31, 2022 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 3.75%, 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 (2.75%) or one percentage point higher (4.75%) than the current rate.

	1% Decrease 2.75%	Current Discount Rate 3.75%	1% Increase 4.75%
Total pension liability	\$ 2,669,264	\$ 2,469,562	\$ 2,293,778
Fiduciary net position	2,058,181	2,058,181	2,058,181
Net pension liability	\$ 611,083	\$ 411,381	\$ 235,597

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, 2022.

<u>Asset Class</u>	<u>Index</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	BAML 90 Day T-Bills	0.64%
Short-term Bonds	Bloomberg Barclays 1-3 YR Gvt/Credit	1.03%
US Mortgages	Bloomberg Barclays MBS	2.85%
Assumed Inflation – Mean		2.50%
Long-Term Expected Rate of Return		3.75%

**Firefighters’ Pension Fund
Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Changes in Net Pension Liability			
Balances as of December 31, 2021	\$ 2,978,414	\$ 2,166,146	\$ 812,268
Changes for the year:			
Service costs	-	-	-
Interest on total pension liability	57,935	-	57,935
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	-	-	-
Effects of assumptions changes or inputs	(402,678)	-	(402,678)
Benefit payments	(164,109)	(164,109)	-
Medical payments from fund	-	(200,000)	200,000
Employer contributions	-	-	-
Contributions from state fire insurance premium tax	-	337,941	(337,941)
Net investment income	-	23125	(23,125)
Administrative expenses	-	(20,968)	20,968
Balance as of December 31, 2022	\$ 2,469,562	\$ 2,058,181	\$ 411,381

For the year ended December 31, 2022, the City recognized pension expense of \$(402,823). At December 31, 2022, 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	46,605	-	
Changes of assumptions	-	-	
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	
Contributions subsequent to the measurement date	-	-	
TOTAL	\$ 46,605	\$ -	

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
2023	\$ 25,745
2024	8,759
2025	8,156
2026	3,945

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 2022:

Aggregate OPEB Amounts – All Plans	
OPEB Liabilities	\$ 17,433,483
OPEB Assets	-
Deferred outflows of resources	110,471
Deferred inflows of resources	(380,625)
OPEB expenses/expenditures	(5,488,238)

(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 LEOFF 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, 2022 (the census date), the benefit terms covered the following employees:

Category	Count
Inactive employees or beneficiaries currently receiving benefit payments	49
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	-
Total	49

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, 2022 and was used to calculate the total liability as of December 31, 2022.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	December 31, 2021	December 31, 2022
Discount rate	1.84%	4.05%
Inflation	2.50%	2.75%
Healthcare cost rate	5.40% trending down to 4.04% over 53 years	5.40% trending down to 4.14% over 52 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 4.05%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high quality 20 municipal bonds, as of the valuation date.

Changes in the Total OPEB Liability

	(Increase/Decrease) Total OPEB Liability
Balance as of 12/31/21	\$ 22,177,427
Changes for the year:	
Service Costs	-
Interest	395,717
Changes in benefit terms	-
Difference between expected and actual experience	(918,190)
Changes in assumptions	(4,965,765)
Benefit payments	(1,342,123)
Net changes	<u>(6,830,631)</u>
Balance as of 12/31/22	<u>\$ 15,347,066</u>

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 (3.05%) or one percentage point higher (5.05%) than the current discount rate:

	<u>1% Decrease 3.05%</u>	<u>Discount Rate 4.05%</u>	<u>1% Increase 5.05%</u>
Total OPEB liability	\$ 16,546,282	\$ 15,347,066	\$ 14,291,256

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 (3.20%) or one percentage point higher (5.20%) than the current healthcare cost trend rates:

	<u>1% Decrease 3.20%</u>	<u>Trend Rate 4.20%</u>	<u>1% Increase 5.20%</u>
Total OPEB liability	\$ 14,351,252	\$ 15,347,066	\$ 16,454,632

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

For the year ended December 31, 2022, the City recognized an OPEB expense of \$(5,488,238). 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, 2022. Differences between actual and expected experience and changes in assumptions for the year ended December 31, 2022 are included in the 2022 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, 2022 (the census date), the benefit terms covered the following employees:

Category	Count
Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>158</u>
Total	<u>168</u>

Contributions:

The City pays benefits as they come due.

Contribution rate:	Benefits due
Reporting period contributions:	\$91,200

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, 2022 and was used to calculate the total liability as of December 31, 2022.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	December 31, 2021	December 31, 2022
Discount rate	1.84%	4.05%
Inflation	2.75%	2.75%
Healthcare cost trend rate	N/A	N/A
Salary increases	3.25%	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 4.05%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as of the valuation date.

Changes in the Total OPEB Liability

	Increase/(Decrease) Total OPEB Liability
Balance as of 12/31/21	\$ 2,355,552
Service costs	185,061
Interest	45,908
Changes in benefit terms	-
Difference between expected and actual experience	(122,389)
Changes in assumptions	(286,515)
Benefit payments	(91,200)
Net changes	(269,135)
Balance as of 12/31/22	<u>\$ 2,086,417</u>

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 (3.05%) or one percentage point higher (5.05%) than the current discount rate:

	1% Decrease 3.05%	Discount Rate 4.05%	1% Increase 5.05%
Total OPEB liability	\$ 2,213,430	\$ 2,086,417	\$ 1,964,571

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, 2022, the City recognized an OPEB expense of \$212,199. The City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

Schedule of Deferred Inflows and Outflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20,606	\$ (113,925)
Changes of assumptions	89,865	(266,700)
Contributions subsequent to the measurement date	-	-
TOTAL	<u>\$ 110,471</u>	<u>\$ (380,625)</u>

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

Year Ended December 31:	Amount
2023	\$ (18,770)
2024	(18,770)
2025	(18,770)
2026	(18,770)
2027	(18,770)
Remaining	(176,304)

Expected Average Remaining Service Lives (EARSL)

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 14.5 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 2022 and 2021 as carried in the City's Internal Service Funds and the General Fund:

	Worker's Compensation		Medical and Dental		Liability		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Claims liabilities, 1/1	\$ 1,737,000	\$ 1,652,000	\$ 878,200	\$ 879,400	\$ 3,932,000	\$ 3,167,000	\$ 6,547,200	\$ 5,698,400
Less: Claims paid	(1,549,832)	(1,218,726)	(13,089,428)	(13,498,585)	(5,110,603)	(9,668,962)	(19,749,863)	(24,386,273)
Plus: claims and Changes in estimates	2,169,832	1,303,726	13,112,728	13,497,385	6,776,603	10,433,962	22,059,163	25,235,073
Claims Liabilities 12/31	\$ 2,357,000	1,737,000	\$ 901,500	\$ 878,200	5,598,000	\$ 3,932,000	\$ 8,856,500	\$ 6,547,200

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 \$79,550 in unemployment compensation claims in fiscal year 2022. At December 31, 2022, net position was \$1,391,852.

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, 2022, incurred but not reported and claims payable were estimated at \$2,357,000. At December 31, 2022 net position was \$4,315,170. 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, 2022, the City booked a liability for open and incurred but not reported (IBNR) claims to equal estimated outstanding claims liability of \$5,598,000. In 2022, the City expensed \$5,110,603 for its liability claims, insurance coverage and costs of administering the risk management program.

At December 31, 2022, net position was \$5,532,503. 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 \$5.5 million from the General Fund to the Liability Fund.

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, 2022 net position was \$1,005,528. In 2022, the City expensed \$740,490 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 2022, Premera Blue Cross covered approximately 96 percent of the employees for a cost of \$11,872,142. 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

increased from \$914,700 as of December 31, 2021 to \$939,200 as of December 31, 2022. These amounts include the estimated IBNR for LEOFF1 Retirees, reported in the General Fund, of \$36,500 as of December 31, 2021 and \$36,500 as of December 31, 2022.

Kaiser Permanente provided health care to approximately four percent of the employees for 2022 premiums of \$496,932.

The fund's net position increased by \$1,036,057 to \$9,773,478 at December 31, 2022. In 2022, 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 150-151 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 Mayor's 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 2022 the cost distribution for the five participating cities was as follows:

City	Dispatchable Calls	Percent of Total
Kent	108,844	27.15%
Renton	83,514	20.83%
Auburn	81,977	20.45%
Tukwila	38,968	9.72%
Federal Way	87,562	21.84%
Totals	400,865	100.00%

In August 1993, Valley Com entered into an Interlocal Cooperation Agreement, Pursuant to Chapter 39.34 RCW, with the sub regions of King County, Seattle and Eastside Public Safety Communications Agencies (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:

	Kent	Renton	Auburn	Tukwila	Federal Way	Total
Percent of Equity	28.37%	21.13%	21.68%	10.10%	18.72%	100.00%
Equity 12/31/21	\$ 10,901,977	\$ 8,105,019	\$ 8,338,703	\$ 3,878,636	\$ 7,095,886	\$ 38,320,221
Current Year Increase	672,154	515,731	506,240	240,643	540,727	2,475,495
Equity 12/31/22	\$ 11,574,131	\$ 8,620,750	\$ 8,884,943	\$ 4,119,279	\$ 7,636,612	\$ 40,795,717

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

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

16. COMPONENT UNITS

City of Kent Special Events Center Public Facilities District

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

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

For the fiscal year ended December 31, 2022, the PFD generated \$1,487,358 in revenue and had net position of \$(86,989,702).

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

17. CONTINGENCIES AND LITIGATIONS

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

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

On February 20, 2008, The City entered into a Contingent Loan and Support Agreement with the Kent Public Facilities District, a discretely presented component unit of the City. The agreement was authorized by City Council under Ordinance No. 3863. Under the agreement, in the event that the District is unable to provide for the payment of principal or interest on any bonds issued by the District for the construction of the Kent Special Events Center, the City shall loan to the District the amount necessary to make such timely payment. The District issued \$10,130,000 in Revenue Bonds and \$53,150,000 in Sales Tax Bonds in 2008 (see Note 8 – *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, 2022, the City has loaned the District \$37,676,288 and accrued interest of \$2,927,144 for a total of \$40,603,432. 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 uncollectible accounts. 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, 2022, the City had the following budgeted commitments for uncompleted projects:

Capital Resources	\$ 255,663
Criminal Justice	316,197
Street Capital Projects	33,563,583
Parks Capital Projects	17,198,975
Miscellaneous Projects	2,929,674
Technology Capital Projects	10,058,254
Facilities Fund Capital Projects	8,632,707
Equipment Rental Fund	4,687
Facilities Fund	3,253,414
Water Capital Projects	18,572,130
Sewerage Capital Projects	11,662,136
Drainage Capital Projects	31,716,994
Golf Capital Projects	712,696
Total	\$ 138,877,110

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, 2022:

Ad valorem property tax abatements:

Names: Marquee on Meeker / Ethos Apartments Phase II

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 in 2022 under this program was \$93,678.

The City did not issue any new conditional certificates of tax exemption for multi-family housing projects for the year 2022. The Marquee on Meeker (Ethos) Phase II received and filed its final certificate in August. Madison Plaza received an extension to the previously-approved conditional certification in early 2022, but did not finish construction as of December 31st.

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, 2022 (the latest information available):

Tax Abatement Program	Amount of Taxes Abated
High-technology sales & use tax deferral	\$ *
Aerospace incentives – computer hardware, software, & peripherals	*
Sales & use tax exemption	*
Multi-unit urban housing exemption – sales & use tax exemption	75,792

* 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 accesso ShoWare Center to provide relief in response to financial challenges from the COVID-19 pandemic.

On May 11, 2023, the Federal COVID-19 Public Health Emergency was declared to be ended.

21. SUBSEQUENT EVENTS

Several years ago, the City of Kent joined counties, cities, and other government agencies ("Group") across the country in several lawsuits to address the injustice committed by opioid companies and their distributors. As a result of two of the lawsuits settling in the Group's favor, the city will receive approximately \$2.1 million in combined settlement distributions over the course of the next 17 years. Of that amount, 10 percent must be allocated to support the Opioid Abatement Council which King County must establish as a condition of the settlements. Additionally, out of the first seven distributions 15 percent must be utilized to repay attorney fees and the costs of litigation fees for these lawsuits.

The first distribution from the first lawsuit was received in December 2022. The first distribution of the second lawsuit will be received in 2023. Discussions upon how to best utilize these funds are set to be included as a part of the mid-biennium budget adjustment. Further settlement distributions may be forthcoming related to other lawsuits the Group brought to individual opioid companies and distributors.

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability - beginning	\$ 23,285,620	\$ 29,794,456	\$ 28,812,676	\$ 22,953,560	\$ 22,177,427
Changes for the year:					
Service costs	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,100,973	1,092,910	771,656	444,211	395,717
Differences between expected and actual experience	(1,156,067)	(261,502)	(5,982,147)	(48,531)	(918,190)
Changes in assumptions	7,895,527	(512,771)	856,338	314,199	(4,965,765)
Benefit payments	(1,331,597)	(1,300,417)	(1,504,963)	(1,486,012)	(1,342,123)
Net changes	<u>6,508,836</u>	<u>(981,780)</u>	<u>(5,859,116)</u>	<u>(776,133)</u>	<u>(6,830,361)</u>
Total OPEB liability - ending	<u>\$ 29,794,456</u>	<u>\$ 28,812,676</u>	<u>\$ 22,953,560</u>	<u>\$ 22,177,427</u>	<u>\$ 15,347,066</u>
Covered payroll **	-	-	-	-	-
Total OPEB liability as a % of covered payroll	N/A	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 therefore 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 Four Fiscal Years *

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability - beginning	\$ -	\$ 1,863,853	\$ 2,154,994	\$ 2,355,552
Changes for the year:				
Service costs	136,698	140,799	163,351	185,061
Interest	5,096	54,930	46,007	45,908
Changes in benefit terms	1,723,659	-	-	-
Differences between expected and actual experience	-	981	23,219	(122,389)
Changes in assumptions	-	-	3,981	(286,515)
Benefit payments	(1,600)	(14,400)	(36,000)	(91,200)
Other changes (Discount rate)	-	108,831	-	-
Net changes	<u>1,863,853</u>	<u>291,141</u>	<u>200,558</u>	<u>(269,135)</u>
Total OPEB liability - ending	<u>\$ 1,863,853</u>	<u>\$ 2,154,994</u>	<u>\$ 2,355,552</u>	<u>\$ 2,086,417</u>
Covered employee payroll	13,667,496	14,077,521	15,525,972	18,702,751
Total OPEB liability as a % of covered payroll	13.64%	15.31%	15.17%	11.16%

Notes:

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

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



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

	Fiscal Year Ended December 31				
	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ (41,988)	\$ (47,101)	\$ (6,968)	\$ 33,825	\$ -
Actual employer contribution *	(41,988)	(47,101)	(6,968)	1,666	22,782
Contribution deficiency (excess)	-	-	-	(32,159)	22,782

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

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

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

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

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

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2014	1.96%
2015	1.40%
2016	1.72%
2017	1.00%
2018	5.20%
2019	-0.72%
2020	2.58%
2021	1.02%
2022	-2.80%

* 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.

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

Fiscal Year Ended December 31						
2018 **	2019 **	2020 **	2021 **	2022 **		
\$ -	\$ -	\$ -	\$ -	\$ -		Actuarially determined contribution
30,881	105,467	98,650	106,965	137,941		Actual employer contribution *
30,881	105,467	98,650	106,965	137,941		Contribution deficiency (excess)

City of Kent

Required Supplementary Information

**Firefighters' Pension Fund
and Related Ratios
Last Nine Fiscal Years ***

	Fiscal Year Ending December 31				
	2014	2015	2016	2017	2018
Total Pension Liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	77,086	75,005	94,952	96,923	95,357
Effect of plan changes	-	-	-	-	-
Effect of economic/demographic gains (losses)	-	357,176	-	149,761	-
Effect of assumption changes or inputs	67,119	295,781	(62,384)	61,812	(112,645)
Benefit payments	(143,326)	(157,121)	(158,944)	(162,942)	(174,299)
Net change in total pension liability	879	570,841	(126,376)	145,554	(191,587)
Total pension liability - beginning	2,220,000	2,220,879	2,791,720	2,665,344	2,810,898
Total pension liability - ending (a)	\$ 2,220,879	\$ 2,791,720	\$ 2,665,344	\$ 2,810,898	\$ 2,619,311
Fiduciary Net Position					
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution for state fire insurance premium tax	178,899	219,032	227,666	222,783	230,881
Investment income net of investment expenses	54,853	37,358	43,881	24,202	119,751
Benefit payments	(143,326)	(157,121)	(158,944)	(162,942)	(174,299)
Medical payments from fund	(226,000)	(226,000)	(226,000)	(200,000)	(200,000)
Administrative expenses	(8,325)	(3,000)	(11,825)	(3,000)	(11,825)
Net change in fiduciary net position	(143,899)	(129,731)	(125,222)	(118,957)	(35,492)
Fiduciary net position - beginning	2,880,593	2,736,694	2,606,963	2,481,741	2,362,784
Fiduciary net position - ending (b)	\$ 2,736,694	\$ 2,606,963	\$ 2,481,741	\$ 2,362,784	\$ 2,327,292
Net pension liability (asset) - ending = (a) - (b)	\$ (515,815)	\$ 184,757	\$ 183,603	\$ 448,114	\$ 292,019
Fiduciary net position as a percentage of total pension liability	123.23%	93.38%	93.11%	84.06%	88.85%

* 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]

Fiscal Year Ending December 31				
2019	2020	2021	2022	
				Total Pension Liability
\$ -	\$ -	\$ -	\$ -	Service cost
101,188	69,992	52,101	57,935	Interest on total pension liability
-	-	-	-	Effect of plan changes
(69,406)	-	252,098	-	Effect of economic/demographic gains (losses)
164,553	167,845	157,158	(402,678)	Effect of assumption changes or inputs
(180,967)	(180,311)	(175,148)	(164,109)	Benefit payments
15,368	57,526	286,209	(508,852)	Net change in total pension liability
<u>2,619,311</u>	<u>2,634,679</u>	<u>2,692,205</u>	<u>2,978,414</u>	Total pension liability - beginning
<u>\$ 2,634,679</u>	<u>\$ 2,692,205</u>	<u>\$ 2,978,414</u>	<u>\$ 2,469,562</u>	Total pension liability - ending (a)
				Fiduciary Net Position
\$ -	\$ (599)	\$ -	\$ -	Prior Period Adjustment
305,467	298,650	306,966	337,941	Contribution for state fire insurance premium tax
6,615	57,688	22,555	23,125	Investment income net of investment expenses
(180,967)	(180,311)	(175,148)	(164,109)	Benefit payments
(200,000)	(200,000)	(200,000)	(200,000)	Medical payments from fund
(3,300)	(13,611)	(5,151)	(104,922)	Administrative expenses
(72,185)	(38,183)	(50,778)	(107,965)	Net change in fiduciary net position
<u>2,327,292</u>	<u>2,255,107</u>	<u>2,216,924</u>	<u>2,166,146</u>	Fiduciary net position - beginning
<u>\$ 2,255,107</u>	<u>\$ 2,216,924</u>	<u>\$ 2,166,146</u>	<u>\$ 2,058,181</u>	Fiduciary net position - ending (b)
<u>\$ 379,572</u>	<u>\$ 475,281</u>	<u>\$ 812,268</u>	<u>\$ 411,381</u>	Net pension liability (asset) - ending = (a) - (b)

85.59% 82.35% 72.73% 83.34%

SCHEDULE OF EMPLOYER CONTRIBUTIONS**As of December 31****Last Eight Years ***

	2015	2016	2017	2018
PERS 1				
Statutorily or contractually required contributions	\$ 1,638,189	\$ 1,870,232	\$ 2,088,586	\$ 2,351,328
Contributions in relation to the statutorily or contractually required contributions	1,638,189	1,870,232	2,088,586	2,351,328
Contribution deficiency (excess)	-	-	-	-
Covered payroll	37,181,456	38,923,470	42,065,397	46,207,660
Contributions as a percentage of covered payroll	4.41%	4.80%	4.97%	5.09%
PERS 2/3				
Statutorily or contractually required contributions	\$ 1,945,990	\$ 2,282,752	\$ 2,722,404	\$ 3,283,933
Contributions in relation to the statutorily or contractually required contributions	1,945,990	2,282,752	2,722,404	3,283,933
Contribution deficiency (excess)	-	-	-	-
Covered payroll	34,908,875	36,752,683	39,599,277	43,777,402
Contributions as a percentage of covered payroll	5.57%	6.21%	6.87%	7.50%
PSERS 2				
Statutorily or contractually required contributions	\$ 121,367	\$ 122,102	\$ 139,395	\$ 155,310
Contributions in relation to the statutorily or contractually required contributions	121,367	122,102	139,395	155,310
Contribution deficiency (excess)	-	-	-	-
Covered payroll	1,882,765	1,860,488	2,091,657	2,266,941
Contributions as a percentage of covered payroll	6.45%	6.56%	6.66%	6.85%
LEOFF 2				
Statutorily or contractually required contributions	\$ 749,213	\$ 804,269	\$ 860,463	\$ 911,355
Washington state contributions on behalf of City	505,299	504,126	533,503	581,650
Contributions in relation to the statutorily or contractually required contributions	1,254,512	1,308,395	1,393,966	1,493,005
Contribution deficiency (excess)	-	-	-	-
Covered payroll	14,854,927	15,966,559	16,608,310	17,172,460
Contributions as a percentage of covered payroll	8.45%	8.19%	8.39%	8.69%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
As of December 31
Last Eight Years *

2019	2020	2021	2022	
PERS 1				
\$ 2,378,910	\$ 2,368,339	\$ 2,163,697	\$ 2,010,313	Statutorily or contractually required contributions
2,378,910	2,368,339	2,163,697	2,010,313	Contributions in relation to the statutorily or contractually required contributions
-	-	-	-	Contribution deficiency (excess)
47,859,344	49,203,103	50,476,376	53,506,095	Covered payroll
4.97%	4.81%	4.29%	3.76%	Contributions as a percentage of covered payroll
PERS 2/3				
\$ 3,502,030	\$ 3,704,122	\$ 3,419,586	\$ 3,228,131	Statutorily or contractually required contributions
3,502,030	3,704,122	3,419,586	3,228,131	Contributions in relation to the statutorily or contractually required contributions
-	-	-	-	Contribution deficiency (excess)
45,359,059	46,769,176	47,907,111	50,754,252	Covered payroll
7.72%	7.92%	7.14%	6.36%	Contributions as a percentage of covered payroll
PSERS 2				
\$ 166,854	\$ 167,530	\$ 174,888	\$ 179,793	Statutorily or contractually required contributions
166,854	167,530	174,888	179,793	Contributions in relation to the statutorily or contractually required contributions
-	-	-	-	Contribution deficiency (excess)
2,338,909	2,326,805	2,556,809	2,751,843	Covered payroll
7.13%	7.20%	6.84%	6.53%	Contributions as a percentage of covered payroll
LEOFF 2				
\$ 1,017,230	\$ 1,003,511	\$ 1,038,765	\$ 1,150,168	Statutorily or contractually required contributions
601,365	679,407	650,588	701,502	Washington state contributions on behalf of City
1,618,595	1,682,918	1,689,353	1,851,670	Contributions in relation to the statutorily or contractually required contributions
-	-	-	-	Contribution deficiency (excess)
19,434,574	19,420,281	20,126,338	22,385,729	Covered payroll
8.33%	8.67%	8.39%	8.27%	Contributions as a percentage of covered payroll

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

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

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

2019	2020	2021	2022	
				PERS 1
0.323785%	0.337844%	0.321187%	0.317812%	City's proportionate share of the net pension liability (asset)
12,450,683	11,927,718	3,922,445	8,849,052	City's proportionate share of the net pension liability (asset)
45,216,917	50,866,502	49,288,083	51,924,329	City's covered payroll
27.54%	23.45%	7.96%	17.04%	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll
67.12%	68.64%	88.74%	76.56%	Plan fiduciary net position as a percentage of the total pension liability
				PERS 2/3
0.393990%	0.414094%	0.391258%	0.392840%	City's proportionate share of the net pension liability (asset)
3,826,982	5,296,026	(38,975,592)	(14,569,575)	City's proportionate share of the net pension liability (asset)
42,827,869	48,357,046	46,796,042	49,214,118	City's covered payroll
8.94%	10.95%	-83.29%	-29.60%	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll
97.77%	97.22%	120.29%	106.73%	Plan fiduciary net position as a percentage of the total pension liability
				PSERS 2
0.484319%	0.382659%	0.361482%	0.399425%	City's proportionate share of the net pension liability (asset)
(62,981)	(52,654)	(830,465)	(285,589)	City's proportionate share of the net pension liability (asset)
2,230,396	2,350,995	2,450,380	2,710,211	City's covered payroll
-2.82%	-2.24%	-33.89%	-10.54%	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll
101.85%	101.68%	123.67%	105.96%	Plan fiduciary net position as a percentage of the total pension liability

Continued

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

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

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

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

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

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

2019	2020	2021	2022	
				LEOFF 1
0.131670%	0.138231%	0.141543%	0.143377%	City's proportionate share of the net pension liability (asset)
(2,691,492)	(2,610,505)	(4,848,643)	(4,112,931)	City's proportionate share of the net pension liability (asset)
-	-	-	-	City's covered payroll **
0.00%	0.00%	0.00%	0.00%	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll
148.78%	146.88%	187.45%	169.62%	Plan fiduciary net position as a percentage of the total pension liability
				LEOFF 2
0.498071%	0.543160%	0.505905%	0.523082%	City's proportionate share of the net pension liability (asset)
(11,538,776)	(11,079,671)	(29,385,057)	(14,215,789)	City's proportionate share of the net pension liability (asset)
17,337,346	20,467,412	19,488,960	21,175,994	City's covered payroll
66.55%	54.13%	150.78%	67.13%	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll
119.43%	115.83%	142.00%	116.09%	Plan fiduciary net position as a percentage of the total pension liability

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, 2022

	Special Revenue					Total Non-Major Special Revenue Funds
	Street	Lodging Tax	Youth/Teen Programs	Criminal Justice	Housing & Community Development	
ASSETS						
Cash and cash equivalents	\$ 6,781,434	\$ 176,217	\$ 168,806	\$ 5,110,632	\$ 2,631,800	\$ 14,868,889
Investments, at fair value	9,795,176	241,022	235,054	6,646,805	3,664,638	20,582,695
Receivables (net):						
Taxes	1,194,316	34,275	87,143	1,042,687	732,023	3,090,444
Accounts	1,118,644	-	-	39,356	679,086	1,837,086
Due from other governments	-	-	-	346,726	2,431	349,157
Restricted assets:						
Restricted cash and cash equivalents	500,000	-	-	-	-	500,000
TOTAL ASSETS	19,389,570	451,514	491,003	13,186,206	7,709,978	41,228,271
LIABILITIES, AND FUND BALANCE						
LIABILITIES						
Vouchers payable	\$ 466,433	\$ 1,279	\$ -	\$ -	\$ 302,369	\$ 770,081
Accounts/payroll payable	1,159,666	-	-	648,959	48,654	1,857,279
Due to other governments	3,149	-	-	13,139	-	16,288
Deposits and unearned revenue	500,000	-	-	239,456	-	739,456
TOTAL LIABILITIES	2,129,248	1,279	-	901,554	351,023	3,383,104
FUND BALANCE						
Restricted	4,926,322	450,235	-	7,401,010	7,358,955	20,136,522
Committed	12,334,000	-	491,003	4,869,439	-	17,694,442
Assigned	-	-	-	14,203	-	14,203
Total Fund Balance	17,260,322	450,235	491,003	12,284,652	7,358,955	37,845,167
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,389,570	\$ 451,514	\$ 491,003	\$ 13,186,206	\$ 7,709,978	\$ 41,228,271

CITY OF KENT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2022

Debt Service		Capital Projects					Total Non-Major	Total Non-Major						
Non-voted	Parks Capital Projects	Other Capital Projects	Technology Capital Projects	Facility Capital Projects	Total Non-Major Capital Projects Funds	Governmental Funds								
ASSETS														
\$	569,009	\$	5,097,602	\$	92,805	\$	4,146,394	\$	2,593,900	\$	11,930,701	\$	27,368,599	Cash and cash equivalents
	792,314		7,650,957		1,023,372		5,630,417		4,896,775		19,201,521		40,576,530	Investments, at fair value
	-		1,436		-		-		-		1,436		3,091,880	Receivables (net):
	2,949		-		13,536		-		-		13,536		1,853,571	Taxes
	-		-		-		13,347		-		13,347		362,504	Accounts
	-		1,000,000		677,682		175,000		1,040,179		2,892,861		3,392,861	Due from other governments
	1,364,272		13,749,995		1,807,395		9,965,158		8,530,854		34,053,402		76,645,945	Restricted assets:
\$														Restricted cash and cash equivalents
														TOTAL ASSETS
LIABILITIES, AND FUND BALANCE														
LIABILITIES														
\$	-	\$	274,033	\$	26,841	\$	162,202	\$	12,336	\$	475,412	\$	1,245,493	Vouchers payable
	-		78,380		-		74,037		244,747		397,164		2,254,443	Accounts/payroll payable
	-		472		-		315		76		863		17,151	Due to other governments
	-		1,000,000		677,682		175,000		1,040,179		2,892,861		3,632,317	Deposits and unearned revenue
	-		1,352,885		704,523		411,554		1,297,338		3,766,300		7,149,404	TOTAL LIABILITIES
FUND BALANCE														
	1,364,272		5,402,642		-		-		-		5,402,642		26,903,436	Restricted
	-		6,994,468		1,101,677		9,553,604		7,233,516		24,833,265		42,577,707	Committed
	-		-		1,195		-		-		1,195		15,398	Assigned
	1,364,272		12,397,110		1,102,872		9,553,604		7,233,516		30,287,102		69,496,541	Total Fund Balance
\$	1,364,272	\$	13,749,995	\$	1,807,395	\$	9,965,158	\$	8,530,854	\$	34,053,402	\$	76,645,945	TOTAL LIABILITIES AND FUND BALANCE

Concluded

**CITY OF KENT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCE
For the Year Ended December 31, 2022**

	Special Revenue					Total Non-Major Special Revenue Funds
	Street	Lodging Tax	Youth/Teen Programs	Criminal Justice	Housing & Community Development	
REVENUES						
Taxes:						
Sales and use	\$ -	\$ -	\$ -	\$ 4,982,653	\$ 4,220,533	\$ 9,203,186
Utility	8,648,692	-	1,021,842	-	-	9,670,534
Lodging tax	-	280,772	-	-	-	280,772
Licenses and permits	529,871	-	-	-	-	529,871
Intergovernmental revenue:						
Federal grants	-	-	-	226,865	1,542,057	1,768,922
State shared fuel tax	2,533,192	-	-	-	-	2,533,192
State shared revenue-criminal justice	-	-	-	657,505	-	657,505
State shared revenue-other	181,366	-	-	50,535	-	231,901
State grants	1,178,084	-	-	51,547	-	1,229,631
Other governments	-	-	-	4,830	354,912	359,742
Charges for services:						
Park and recreation fees	-	-	-	-	-	-
Other fees and charges	3,065,182	-	-	8,100	-	3,073,282
Fines and forfeitures	-	-	-	4,482,243	-	4,482,243
Miscellaneous revenue:						
Interest income	145,737	4,313	-	155,920	-	305,970
Net increase (decrease) in fair value of investments	(343,823)	(4,350)	-	(441,622)	-	(789,795)
Rent/lease income	47,944	-	-	-	-	47,944
Contributions and donations	7,545	-	-	-	-	7,545
Other miscellaneous revenue	128,231	-	-	3,096	752	132,079
TOTAL REVENUES	16,122,021	280,735	1,021,842	10,181,672	6,118,254	33,724,524
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	8,420,151	-	8,420,151
Community development	-	244,710	-	-	-	244,710
Public works	12,420,980	-	-	-	-	12,420,980
Leisure services	-	-	48,280	-	-	48,280
Health and human services	-	-	-	-	2,441,103	2,441,103
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	31,650	-	-	724,219	-	755,869
TOTAL EXPENDITURES	12,452,630	244,710	48,280	9,144,370	2,441,103	24,331,093
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,669,391	36,025	973,562	1,037,302	3,677,151	9,393,431
OTHER FINANCING SOURCES (USES)						
Transfers in	9,018,103	285,000	-	105,000	-	9,408,103
Transfers out	(7,779,462)	-	(877,370)	(587,030)	-	(9,243,862)
TOTAL OTHER FINANCING SOURCES (USES)	1,238,641	285,000	(877,370)	(482,030)	-	164,241
NET CHANGE IN FUND BALANCES	4,908,032	321,025	96,192	555,272	3,677,151	9,557,672
FUND BALANCES, January 1	12,352,290	129,210	394,811	11,729,380	3,681,804	28,287,495
Prior Period Correction	-	-	-	-	-	-
ADJUSTED FUND BALANCE, January 1	12,352,290	129,210	394,811	11,729,380	3,681,804	28,287,495
FUND BALANCES, December 31	\$ 17,260,322	\$ 450,235	\$ 491,003	\$ 12,284,652	\$ 7,358,955	\$ 37,845,167

**CITY OF KENT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCE
For the Year Ended December 31, 2022**

<u>Debt Service</u>		<u>Capital Projects</u>						
Non-voted	Parks Capital Projects	Other Capital Projects	Technology Capital Projects	Facility Capital Projects	Total Non-Major Capital Projects Funds	Total Non-Major Governmental Funds		
							REVENUES	
\$	\$	\$	\$	\$	\$	\$		Taxes:
-	-	-	-	-	-	-	9,203,186	Sales and use
-	-	-	-	-	-	-	9,670,534	Utility
-	-	-	-	-	-	-	280,772	Lodging tax
-	-	-	-	-	-	-	529,871	Licenses and permits
-	-	274,357	-	4,821	279,178	2,048,100		Intergovernmental revenue:
-	9,918	-	-	-	9,918	2,543,110		Federal grants
-	-	-	-	-	-	657,505		State shared fuel tax
-	-	-	-	-	-	231,901		State shared revenue-criminal justice
-	-	13,536	-	-	13,536	1,243,167		State shared revenue-other
1,369,599	894,413	-	-	-	894,413	2,623,754		State grants
-	4,725	-	-	-	4,725			Other governments
-	8,487	-	-	-	8,487	4,725		Charges for services:
-	10,221	-	-	-	10,221	3,081,769		Park and recreation fees
-	234,061	16,041	108,859	64,615	423,576	4,492,464		Other fees and charges
-	(839,620)	(49,490)	(386,888)	(163,482)	(1,439,480)			Fines and forfeitures
-	32,908	-	-	-	32,908			Miscellaneous revenue:
-	39,900	115,442	-	-	155,342	729,546		Interest income
-	-	-	-	-	-	(2,229,275)		Net increase (decrease)
1,369,599	395,013	369,886	(278,029)	(94,046)	392,824	35,486,947		in fair value of investments
								Rent/lease income
								Contributions and donations
								Other miscellaneous revenue
								TOTAL REVENUES
								EXPENDITURES
								Current:
-	-	-	2,986,945	106,483	3,093,428	3,093,428		General government
-	-	-	-	-	-	8,420,151		Public safety
-	-	24,914	-	-	24,914	269,624		Community development
-	-	-	-	-	-	12,420,980		Public works
-	1,166,805	-	-	-	1,166,805	1,215,085		Leisure services
-	-	-	-	-	-	2,441,103		Health and human services
5,697,237	-	-	-	-	-	5,697,237		Debt service:
2,866,618	-	-	-	-	-	2,866,618		Principal
-	11,715,691	274,358	414,333	1,544,973	13,949,355	14,705,224		Interest and fiscal charges
8,563,855	12,882,496	299,272	3,401,278	1,651,456	18,234,502	51,129,450		Capital outlay
								TOTAL EXPENDITURES
(7,194,256)	(12,487,483)	70,614	(3,679,307)	(1,745,502)	(17,841,678)	(15,642,503)		EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
								OTHER FINANCING SOURCES (USES)
6,538,005	5,577,590	-	5,132,193	5,054,420	15,764,203	31,710,311		Transfers in
-	(175,675)	(158,350)	(174,652)	-	(508,677)	(9,752,539)		Transfers out
6,538,005	5,401,915	(158,350)	4,957,541	5,054,420	15,255,526	21,957,772		TOTAL OTHER FINANCING SOURCES (USES)
(656,251)	(7,085,568)	(87,736)	1,278,234	3,308,918	(2,586,152)	6,315,269		NET CHANGE IN FUND BALANCES
2,020,523	19,482,678	1,190,608	8,350,370	3,924,598	32,948,254	63,256,272		FUND BALANCES, January 1
-	-	-	(75,000)	-	(75,000)	(75,000)		Prior Period Correction
2,020,523	19,482,678	1,190,608	8,275,370	3,924,598	32,873,254	63,181,272		ADJUSTED FUND BALANCE, January 1
\$ 1,364,272	\$ 12,397,110	\$ 1,102,872	\$ 9,553,604	\$ 7,233,516	\$ 30,287,102	\$ 69,496,541		FUND BALANCES, December 31

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, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Utility	\$ 7,597,030	\$ 7,597,030	\$ 8,648,692	\$ 1,051,662
Licenses and permits	536,720	536,720	529,871	(6,849)
Intergovernmental:				
State shared - fuel tax	2,842,200	2,842,200	2,533,192	(309,008)
State shared - other			181,366	181,366
State grants	-	-	1,178,084	1,178,084
Charges for services	737,890	737,890	3,065,182	2,327,292
Miscellaneous revenue:				
Interest income	87,100	87,100	145,737	58,637
Net increase (decrease) in fair value of investments	-	-	(343,823)	(343,823)
Rent/lease income	-	-	47,944	47,944
Contributions and donations	-	-	7,545	7,545
Other miscellaneous revenue	19,100	19,100	128,231	109,131
TOTAL REVENUES	<u>11,820,040</u>	<u>11,820,040</u>	<u>16,122,021</u>	<u>4,301,981</u>
EXPENDITURES				
Current:				
Public works	12,534,950	12,950,950	12,420,980	529,970
Capital outlay	-	-	31,650	(31,650)
TOTAL EXPENDITURES	<u>12,534,950</u>	<u>12,950,950</u>	<u>12,452,630</u>	<u>498,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(714,910)	(1,130,910)	3,669,391	4,800,301
OTHER FINANCING SOURCES (USES)				
Transfers in	6,810,860	6,955,280	9,018,103	2,062,823
Transfer Out	(5,593,480)	(7,803,820)	(7,779,462)	24,358
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,217,380</u>	<u>(848,540)</u>	<u>1,238,641</u>	<u>2,087,181</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	502,470	(1,979,450)	4,908,032	6,887,482
FUND BALANCES, January 1	10,134,390	10,134,390	12,352,290	2,217,900
FUND BALANCES, December 31	<u>\$ 10,636,860</u>	<u>\$ 8,154,940</u>	<u>\$ 17,260,322</u>	<u>\$ 9,105,382</u>

**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, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Lodging Tax	\$ 296,930	\$ 296,930	\$ 280,772	\$ (16,158)
Miscellaneous revenue:				
Interest income	810	810	(37)	(847)
TOTAL REVENUES	<u>297,740</u>	<u>297,740</u>	<u>280,735</u>	<u>(17,005)</u>
EXPENDITURES				
Current:				
Community Development	224,050	509,050	244,710	264,340
TOTAL EXPENDITURES	<u>224,050</u>	<u>509,050</u>	<u>244,710</u>	<u>264,340</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	73,690	(211,310)	36,025	247,335
OTHER FINANCING SOURCES (USES)				
Transfers in	-	285,000	285,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>285,000</u>	<u>285,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	73,690	73,690	321,025	247,335
FUND BALANCES, January 1	84,960	84,960	129,210	44,250
FUND BALANCES, December 31	<u>\$ 158,650</u>	<u>\$ 158,650</u>	<u>\$ 450,235</u>	<u>\$ 291,585</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, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Taxes:				
Utility	\$ 931,380	\$ 931,380	\$ 1,021,842	\$ 90,462
TOTAL REVENUES	<u>931,380</u>	<u>931,380</u>	<u>1,021,842</u>	<u>90,462</u>
EXPENDITURES				
Current:				
Leisure services	48,280	48,280	48,280	-
TOTAL EXPENDITURES	<u>48,280</u>	<u>48,280</u>	<u>48,280</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	883,100	883,100	973,562	90,462
OTHER FINANCING SOURCES (USES)				
Transfers out	(877,370)	(877,370)	(877,370)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(877,370)</u>	<u>(877,370)</u>	<u>(877,370)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	5,730	5,730	96,192	90,462
FUND BALANCES, January 1	329,140	329,140	394,811	65,671
FUND BALANCES, December 31	<u>\$ 334,870</u>	<u>\$ 334,870</u>	<u>\$ 491,003</u>	<u>\$ 156,133</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, 2022**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Taxes:				
Sales and use	\$ 3,958,190	\$ 3,958,190	\$ 4,982,653	\$ 1,024,463
Intergovernmental revenue:				
Federal grants	-	14,420	226,865	212,445
State shared - criminal justice	181,450	181,450	657,505	476,055
State shared - other	-	-	50,535	50,535
State grants	53,920	625,770	51,547	(574,223)
Local government grants	-	-	4,830	4,830
Charges for services	99,960	99,960	8,100	(91,860)
Fines and forfeitures	4,163,990	4,163,990	4,482,243	318,253
Miscellaneous revenue:				
Interest income	91,520	91,520	155,920	64,400
Net increase (decrease) in fair value of investments	-	-	(441,622)	(441,622)
Other miscellaneous revenue	-	-	3,096	3,096
TOTAL REVENUES	<u>8,549,030</u>	<u>9,135,300</u>	<u>10,181,672</u>	<u>1,046,372</u>
EXPENDITURES				
Current:				
Public safety	9,305,310	11,095,740	8,420,151	2,675,589
Capital outlay	-	-	724,219	(724,219)
TOTAL EXPENDITURES	<u>9,305,310</u>	<u>11,095,740</u>	<u>9,144,370</u>	<u>1,951,370</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(756,280)	(1,960,440)	1,037,302	2,997,742
OTHER FINANCING SOURCES (USES)				
Transfers in	137,780	137,780	105,000	(32,780)
Transfers out	(568,810)	(619,810)	(587,030)	32,780
TOTAL OTHER FINANCING SOURCES (USES)	<u>(431,030)</u>	<u>(482,030)</u>	<u>(482,030)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,187,310)	(2,442,470)	555,272	2,997,742
FUND BALANCES, January 1	9,526,880	9,526,880	11,729,380	2,202,500
FUND BALANCES, December 31	<u>\$ 8,339,570</u>	<u>\$ 7,084,410</u>	<u>\$ 12,284,652</u>	<u>\$ 5,200,242</u>

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, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Taxes:				
Sales and use	\$ 3,684,000	\$ 4,196,600	\$ 4,220,533	\$ 23,933
Intergovernmental revenue:				
Federal grants	1,139,860	1,131,489	1,542,057	410,568
Miscellaneous revenue:				
Other miscellaneous revenue	-	610,950	752	(610,198)
TOTAL REVENUES	<u>4,823,860</u>	<u>5,939,039</u>	<u>5,763,342</u>	<u>(175,697)</u>
EXPENDITURES				
Current:				
Health and human services	7,120,660	8,543,399	2,441,103	6,102,296
TOTAL EXPENDITURES	<u>7,120,660</u>	<u>8,543,399</u>	<u>2,441,103</u>	<u>6,102,296</u>
EXCESS OF REVENUES OVER EXPENDITURES	(2,296,800)	(2,604,360)	3,322,239	5,926,599
OTHER FINANCING SOURCES (USES)				
Transfers in	2,296,800	2,604,360	-	(2,604,360)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,296,800</u>	<u>2,604,360</u>	<u>-</u>	<u>(2,604,360)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	3,322,239	3,322,239
FUND BALANCES, January 1	-	-	3,681,804	3,681,804
FUND BALANCES, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,004,043</u>	<u>\$ 7,004,043</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
For the Year Ended December 31, 2022

	Equipment Rental	Central Services	Facilities	Insurance	Totals
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,067,898	\$ 1,242,250	\$ 3,134,559	\$ 12,090,193	\$ 17,534,900
Investments, at fair value	3,971,588	1,625,432	4,075,045	16,168,971	25,841,036
Restricted cash, cash equivalents, and investments:					
Cash with fiscal agent	-	-	-	35,000	35,000
Cash and cash equivalents	1,912,695	-	-	-	1,912,695
Receivables (net):					
Accounts	18,505	53,612	36,912	188,636	297,665
Leases	-	-	72,529	-	72,529
Accrued interest	-	-	1,019	-	1,019
Inventory, at cost	148,939	304,393	-	-	453,332
Prepaid expenses	-	235,500	-	438,513	674,013
Total Current Assets	<u>7,119,625</u>	<u>3,461,187</u>	<u>7,320,064</u>	<u>28,921,313</u>	<u>46,822,189</u>
NONCURRENT ASSETS:					
Leases receivable	-	-	773,834	-	773,834
Net Pension Asset	218,544	1,019,870	582,783	48,565	1,869,762
Property plant and equipment:					
Buildings	108,702	-	-	-	108,702
Site improvements	2,595,785	28,964	79,420	-	2,704,169
Equipment	29,847,843	5,628,632	92,735	-	35,569,210
Right of Use Asset	-	1,187,341	544,651	-	1,731,992
Less: accumulated depreciation/amortization	(15,405,375)	(6,040,186)	(297,844)	-	(21,743,405)
Construction in progress	-	-	28,913	-	28,913
Total noncurrent assets	<u>17,365,499</u>	<u>1,824,621</u>	<u>1,804,492</u>	<u>48,565</u>	<u>21,043,177</u>
TOTAL ASSETS	<u><u>24,485,124</u></u>	<u><u>5,285,808</u></u>	<u><u>9,124,556</u></u>	<u><u>28,969,878</u></u>	<u><u>67,865,366</u></u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	223,876	1,044,758	597,005	49,750	1,915,389
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>223,876</u>	<u>1,044,758</u>	<u>597,005</u>	<u>49,750</u>	<u>1,915,389</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 24,709,000</u>	<u>\$ 6,330,566</u>	<u>\$ 9,721,561</u>	<u>\$ 29,019,628</u>	<u>\$ 69,780,755</u>
LIABILITIES AND FUND EQUITY					
CURRENT LIABILITIES					
Vouchers payable	\$ 87,998	\$ 626,094	\$ 375,076	\$ 502,459	\$ 1,591,627
Accounts/payroll payable	75,479	151,766	113,553	123,203	464,001
Incurred but not reported claims payable	-	-	-	8,856,500	8,856,500
Accrued interest payable	-	686	242	-	928
Compensated absences payable	41,480	234,668	59,596	28,175	363,919
Contracts, leases and notes payable	-	190,853	62,145	-	252,998
Deposits and unearned revenue	1,912,695	-	-	-	1,912,695
Total Current Liabilities	<u>2,117,652</u>	<u>1,204,067</u>	<u>610,612</u>	<u>9,510,337</u>	<u>13,442,668</u>
LONG-TERM LIABILITIES					
Compensated absences payable	16,516	171,360	39,790	12,779	240,445
Contracts, leases and notes payable	-	669,387	360,440	-	1,029,827
Net Pension Liability	132,736	619,434	353,962	29,497	1,135,629
Total Long-Term Liabilities	<u>149,252</u>	<u>1,460,181</u>	<u>754,192</u>	<u>42,276</u>	<u>2,405,901</u>
TOTAL LIABILITIES	<u><u>2,266,904</u></u>	<u><u>2,664,248</u></u>	<u><u>1,364,804</u></u>	<u><u>9,552,613</u></u>	<u><u>15,848,569</u></u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to leases	-	-	811,928	-	811,928
Deferred inflows related to pensions	228,406	1,065,893	609,082	50,756	1,954,137
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>228,406</u>	<u>1,065,893</u>	<u>1,421,010</u>	<u>50,756</u>	<u>2,766,065</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>\$ 2,495,310</u>	<u>\$ 3,730,141</u>	<u>\$ 2,785,814</u>	<u>\$ 9,603,369</u>	<u>\$ 18,614,634</u>
NET POSITION					
Net investment in capital assets	17,146,955	804,751	447,875	-	18,399,581
Restricted for Programs	1,912,695	-	-	-	1,912,695
Restricted for Pensions	218,544	1,019,870	582,783	48,565	1,869,762
Unrestricted	2,935,496	775,804	5,905,089	19,367,694	28,984,083
Total Net Position	<u>22,213,690</u>	<u>2,600,425</u>	<u>6,935,747</u>	<u>19,416,259</u>	<u>51,166,121</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 24,709,000</u>	<u>\$ 6,330,566</u>	<u>\$ 9,721,561</u>	<u>\$ 29,019,628</u>	<u>\$ 69,780,755</u>

CITY OF KENT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2022

	Equipment Rental	Central Services	Facilities	Insurance	Totals
OPERATING REVENUES					
Intergovernmental Revenues	\$ 337,305	\$ 233,691	\$ -	\$ -	\$ 570,996
Sales	933,692	750,496	-	-	1,684,188
Charges for services	4,575,035	8,720,440	5,389,600	-	18,685,075
Contributions	-	-	-	20,877,642	20,877,642
Rental and lease income	-	201,178	-	-	201,178
Other operating revenue	-	-	106,250	882,714	988,964
TOTAL OPERATING REVENUES	5,846,032	9,905,805	5,495,850	21,760,356	43,008,043
OPERATING EXPENSES					
Salaries and benefits	1,014,885	5,464,910	2,021,758	302,506	8,804,059
Supplies	1,370,846	257,647	372,425	48,267	2,049,185
Services and charges	1,011,638	5,467,590	3,009,950	23,879,861	33,369,039
Depreciation	2,055,351	195,684	62,844	-	2,313,879
TOTAL OPERATING EXPENSES	5,452,720	11,385,831	5,466,977	24,230,634	46,536,162
OPERATING INCOME (LOSS)	393,312	(1,480,026)	28,873	(2,470,278)	(3,528,119)
NON-OPERATING REVENUES (EXPENSES)					
Interest income	50,085	28,583	76,936	225,119	380,723
Unrealized net gain/(loss) in fair value of investments	(166,727)	(97,331)	(270,215)	(622,135)	(1,156,408)
Gain/(loss) on disposal of capital assets	123,141	-	(175,355)	-	(52,214)
Miscellaneous non-operating revenues	-	485,090	-	-	485,090
Miscellaneous non-operating (expense)	-	(2,107)	-	-	(2,107)
Lease revenue	-	-	96,494	-	96,494
Lease interest revenue	-	-	15,446	-	15,446
Lease interest expense	-	(8,931)	(3,140)	-	(12,071)
TOTAL NON-OPERATING REVENUES (EXPENSES)	6,499	405,304	(259,834)	(397,016)	(245,047)
NET INCOME (LOSS)	399,811	(1,074,722)	(230,961)	(2,867,294)	(3,773,166)
Contributed capital	414,801	-	-	-	414,801
Transfers in	626	1,657,803	616,780	7,650,000	9,925,209
Transfers out	-	(253,000)	-	-	(253,000)
CHANGE IN NET POSITION	815,238	330,081	385,819	4,782,706	6,313,844
NET POSITION, January 1	21,398,452	2,320,976	6,543,273	14,633,553	44,896,254
Prior period adjustment (Note 19)	-	(50,632)	6,655	-	(43,977)
ADJUSTED NET POSITION, January 1	21,398,452	2,270,344	6,549,928	14,633,553	44,852,277
NET POSITION, December 31	\$ 22,213,690	\$ 2,600,425	\$ 6,935,747	\$ 19,416,259	\$ 51,166,121

CITY OF KENT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

	Equipment Rental	Central Services	Facilities	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 7,783,004	\$ 9,903,188	\$ 5,373,942	\$ -	\$ 23,060,134
Cash received from other funds for services	-	-	-	20,871,387	20,871,387
Cash payments to employees	(1,099,339)	(5,839,453)	(2,267,851)	(314,793)	(9,521,436)
Cash payments to suppliers	(2,492,794)	(5,651,313)	(3,232,849)	(21,404,227)	(32,781,183)
Other cash received	-	-	106,250	882,714	988,964
Net cash provided by (used for) operating activities	<u>4,190,871</u>	<u>(1,587,578)</u>	<u>(20,508)</u>	<u>35,081</u>	<u>2,617,866</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants/non-operating revenue received	-	485,090	151,053	-	636,143
Transfers in	626	1,657,803	-	7,650,000	9,308,429
Net cash provided by noncapital financing	<u>626</u>	<u>2,142,893</u>	<u>151,053</u>	<u>7,650,000</u>	<u>9,944,572</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal repayment on interfund loan	-	-	-	51,099	51,099
Proceeds on disposal of capital assets	(1,087,190)	186,906	(112,510)	-	(1,012,794)
Acquisition and construction of capital assets	(694,686)	(1,187,341)	(571,816)	-	(2,453,843)
Principal paid on bonds, leases	-	809,608	429,240	-	1,238,848
Interest paid on bonds, leases	-	(8,931)	(3,140)	-	(12,071)
Transfers in	-	-	616,780	-	616,780
Transfers out	-	(253,000)	-	-	(253,000)
Capital contributed by subdividers, capital grants, local impr. districts	414,801	(2,107)	-	-	412,694
Net cash used for capital and related financing	<u>(1,367,075)</u>	<u>(454,865)</u>	<u>358,554</u>	<u>51,099</u>	<u>(1,412,287)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(1,315,528)	(548,508)	(1,383,693)	(5,336,647)	(8,584,376)
Proceeds from sale and maturities of investment securities	226,583	849,494	2,004,963	3,373,906	6,454,946
Interest and dividends on investments	(116,642)	(68,748)	(194,298)	(397,016)	(776,704)
Net cash provided by (used for) investing activities	<u>(1,205,587)</u>	<u>232,238</u>	<u>426,972</u>	<u>(2,359,757)</u>	<u>(2,906,134)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	1,618,835	332,688	916,071	5,376,423	8,244,017
CASH AND CASH EQUIVALENTS, January 1					
	1,361,758	909,562	2,218,488	6,748,770	11,238,578
CASH AND CASH EQUIVALENTS, December 31					
	<u>\$ 2,980,593</u>	<u>\$ 1,242,250</u>	<u>\$ 3,134,559</u>	<u>\$ 12,125,193</u>	<u>\$ 19,482,595</u>
CASH AND EQUITY IN POOLED INVESTMENTS AT DECEMBER 31 CONSISTS OF:					
Current assets:					
Cash and cash equivalents	\$ 1,067,898	\$ 1,242,250	\$ 3,134,559	\$ 12,090,193	\$ 17,534,900
Restricted cash and cash with fiscal agent	1,912,695	-	-	35,000	1,947,695
	<u>\$ 2,980,593</u>	<u>\$ 1,242,250</u>	<u>\$ 3,134,559</u>	<u>\$ 12,125,193</u>	<u>\$ 19,482,595</u>

Continued

CITY OF KENT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

	Equipment Rental	Central Services	Facilities	Insurance	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 393,312	\$ (1,480,026)	\$ 28,873	\$ (2,470,278)	\$ (3,528,119)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation/Amortization expense	2,055,351	195,684	62,844	-	2,313,879
Change in assets and liabilities:					
(Increase) Decrease in accounts receivable	24,277	(2,617)	(15,658)	(6,257)	(255)
(Increase) Decrease in inventory	(15,143)	4,619	-	-	(10,524)
(Increase) Decrease in prepaid expenses	-	(151,831)	-	(54,143)	(205,974)
(Increase) Decrease in net pension asset	451,139	1,524,928	823,554	85,373	2,884,994
(Increase) Decrease in pension deferred outflows	(135,536)	(709,066)	(411,491)	(32,082)	(1,288,175)
Increase (Decrease) in vouchers payable	(118,229)	340,687	155,941	167,744	546,143
Increase (Decrease) in accounts/payroll payable	27,886	(90,924)	5,733	107,559	50,254
Increase (Decrease) in incurred but not reported claims payable	-	686	242	2,309,300	2,310,228
Increase (Decrease) in deposits & unearned revenue	1,912,695	-	-	-	1,912,695
Increase (Decrease) in compensated absences	3,394	18,742	(17,811)	1,494	5,819
Increase (Decrease) in pension deferred inflows	(473,615)	(1,601,789)	(865,165)	(89,647)	(3,030,216)
Increase (Decrease) in pension liabilities	65,340	363,329	212,430	16,018	657,117
Total Adjustments	3,797,559	(107,552)	(49,381)	2,505,359	6,145,985
Net cash provided by operating activities	<u>\$ 4,190,871</u>	<u>\$ (1,587,578)</u>	<u>\$ (20,508)</u>	<u>\$ 35,081</u>	<u>\$ 2,617,866</u>

**SCHEDULE OF NONCASH INVESTING, CAPITAL
AND RELATED FINANCING ACTIVITIES**

Capital assets contributed	\$ 414,801	\$ -	\$ -	\$ -	\$ 414,801
Increase (Decrease) in fair value of investments	(166,727)	(97,331)	(270,215)	(622,135)	(1,156,408)

Concluded



PENSION AND OTHER POST EMPLOYEMENT 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
For the Year Ended December 31, 2022**

	Fireman's Relief & Pension Fund	VEBA OPEB Fund	Total
ASSETS			
Cash and equity in pooled investments	\$ 884,270	\$ -	\$ 884,270
Investments, at fair value	1,141,303	-	1,141,303
Cash with fiscal agent	-	78,795	78,795
TOTAL ASSETS	<u>2,025,573</u>	<u>78,795</u>	<u>2,104,368</u>
LIABILITIES			
Accounts/payroll payable	<u>6,106</u>	-	<u>6,106</u>
TOTAL LIABILITIES	<u>6,106</u>	<u>-</u>	<u>6,106</u>
NET POSITION			
Restricted for:			
Pensions	2,019,467	-	2,019,467
Postemployment benefits other than pensions	-	78,795	78,795
Total net position	<u>\$ 2,019,467</u>	<u>\$ 78,795</u>	<u>\$ 2,098,262</u>

**CITY OF KENT
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended December 31, 2022**

	Fireman's Relief & Pension Fund	VEBA OPEB Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ -	\$ 91,200	\$ 91,200
State insurance fees	337,941	-	337,941
Net contributions	<u>337,941</u>	<u>91,200</u>	<u>429,141</u>
Investment earnings:			
Interest income	29,166	66	29,232
Unrealized net gain/(loss) in fair value of investments	(89,994)	1,229	(88,765)
Investment expense	-	-	-
Net investment income	<u>(60,828)</u>	<u>1,295</u>	<u>(59,533)</u>
TOTAL ADDITIONS	277,113	92,495	369,608
DEDUCTIONS			
Benefits	201,000	-	201,000
Administrative Expense	184,077	47,100	231,177
TOTAL DEDUCTIONS	385,077	47,100	432,177
CHANGE IN NET POSITION	(107,964)	45,395	(62,569)
NET POSITION January 1	2,127,431	33,400	2,160,831
NET POSITION December 31	\$ <u>2,019,467</u>	\$ <u>78,795</u>	\$ <u>2,098,262</u>



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 SCHEDULE OF NET POSITION
For the Year Ended December 31, 2022

	Unemployment Compensation Insurance	Workers' Compensation Insurance	Medical & Dental Insurance	Liability Insurance	Property Insurance	Totals
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 587,159	\$ 1,819,302	\$ 4,738,213	\$ 4,687,641	\$ 257,878	\$ 12,090,193
Investments, at fair value	761,982	2,399,990	6,187,059	6,471,974	347,966	16,168,971
Restricted cash, cash equivalents, & investments:						
Cash with fiscal agent	-	35,000	-	-	-	35,000
Receivables (net):						
Accounts	5,274	-	176,783	5,263	1,316	188,636
Prepaid expenses	-	-	-	36,129	402,384	438,513
Total Current Assets	<u>1,354,415</u>	<u>4,254,292</u>	<u>11,102,055</u>	<u>11,201,007</u>	<u>1,009,544</u>	<u>28,921,313</u>
NONCURRENT ASSETS:						
Net Pension Asset	18,493	30,072	-	-	-	48,565
Total noncurrent assets	<u>18,493</u>	<u>30,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,565</u>
TOTAL ASSETS	<u>\$ 1,372,908</u>	<u>\$ 4,284,364</u>	<u>\$ 11,102,055</u>	<u>\$ 11,201,007</u>	<u>\$ 1,009,544</u>	<u>\$ 28,969,878</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	\$ 18,944	\$ 30,806	\$ -	\$ -	\$ -	\$ 49,750
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>18,944</u>	<u>30,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,750</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,391,852</u>	<u>\$ 4,315,170</u>	<u>\$ 11,102,055</u>	<u>\$ 11,201,007</u>	<u>\$ 1,009,544</u>	<u>\$ 29,019,628</u>
LIABILITIES AND FUND EQUITY						
CURRENT LIABILITIES						
Vouchers payable	\$ 2,987	\$ 72,395	\$ 427,077	\$ -	\$ -	\$ 502,459
Accounts/payroll payable	-	48,683	-	70,504	4,016	123,203
Incurred but not reported claims payable	-	2,357,000	901,500	5,598,000	-	8,856,500
Compensated absences payable - current portion	13,039	15,136	-	-	-	28,175
Total Current Liabilities	<u>16,026</u>	<u>2,493,214</u>	<u>1,328,577</u>	<u>5,668,504</u>	<u>4,016</u>	<u>9,510,337</u>
LONG-TERM LIABILITIES						
Compensated absences payable - non-current	2,556	10,223	-	-	-	12,779
Net Pension Liability	11,232	18,265	-	-	-	29,497
Total Long-Term Liabilities	<u>13,788</u>	<u>28,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,276</u>
TOTAL LIABILITIES	<u>\$ 29,814</u>	<u>\$ 2,521,702</u>	<u>\$ 1,328,577</u>	<u>\$ 5,668,504</u>	<u>\$ 4,016</u>	<u>\$ 9,552,613</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	\$ 19,328	\$ 31,428	\$ -	\$ -	\$ -	\$ 50,756
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>19,328</u>	<u>31,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,756</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>\$ 49,142</u>	<u>\$ 2,553,130</u>	<u>\$ 1,328,577</u>	<u>\$ 5,668,504</u>	<u>\$ 4,016</u>	<u>\$ 9,603,369</u>
NET POSITION						
Unrestricted	1,342,710	1,762,040	9,773,478	5,532,503	1,005,528	19,416,259
TOTAL LIABILITIES, DEFERRED INFLOW, AND NET POSITION	<u>\$ 1,391,852</u>	<u>\$ 4,315,170</u>	<u>\$ 11,102,055</u>	<u>\$ 11,201,007</u>	<u>\$ 1,009,544</u>	<u>\$ 29,019,628</u>

CITY OF KENT
INSURANCE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2022

	Unemployment Compensation Insurance	Workers' Compensation Insurance	Medical & Dental Insurance	Liability Insurance	Property Insurance	Totals
OPERATING REVENUES						
Contributions	\$ 154,360	\$ 1,509,446	\$ 15,371,266	\$ 3,063,130	\$ 779,440	\$ 20,877,642
Other operating revenue	-	4,345	774,852	103,517	-	882,714
TOTAL OPERATING REVENUES	154,360	1,513,791	16,146,118	3,166,647	779,440	21,760,356
OPERATING EXPENSES						
Salaries and benefits	37,090	125,975	-	111,552	27,889	302,506
Supplies	-	25,084	-	23,183	-	48,267
Services and charges	75,281	2,689,064	14,838,643	5,490,931	785,942	23,879,861
TOTAL OPERATING EXPENSES	112,371	2,840,123	14,838,643	5,625,666	813,831	24,230,634
OPERATING INCOME (LOSS)	41,989	(1,326,332)	1,307,475	(2,459,019)	(34,391)	(2,470,278)
NON-OPERATING REVENUES (EXPENSES)						
Interest income	14,638	32,570	111,661	63,348	2,902	225,119
Unrealized net gain/(loss) in fair value of investments	(51,873)	(124,342)	(383,079)	(52,472)	(10,369)	(622,135)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(37,235)	(91,772)	(271,418)	10,876	(7,467)	(397,016)
NET INCOME (LOSS)	4,754	(1,418,104)	1,036,057	(2,448,143)	(41,858)	(2,867,294)
Transfers in	-	1,750,000	-	5,500,000	400,000	7,650,000
CHANGE IN NET POSITION	4,754	331,896	1,036,057	3,051,857	358,142	4,782,706
NET POSITION, January 1	1,337,956	1,430,144	8,737,421	2,480,646	647,386	14,633,553
NET POSITION, December 31	\$ 1,342,710	\$ 1,762,040	\$ 9,773,478	\$ 5,532,503	\$ 1,005,528	\$ 19,416,259



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
TRUE GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 32,451,450	\$ 32,451,450	\$ 32,835,026	\$ 383,576
Sales and use	21,027,000	21,027,000	27,943,579	6,916,579
Utility	19,507,350	19,507,350	21,048,283	1,540,933
Business & occupation	19,100,000	19,100,000	19,517,633	417,633
Other	879,790	879,790	930,043	50,253
Licenses and permits				
Building permits	3,933,150	3,933,150	4,146,977	213,827
Other licenses and permits	3,467,460	3,467,460	4,420,880	953,420
Intergovernmental revenue				
Other grants and shared revenue	2,865,880	3,248,500	3,676,930	428,430
Charges for services				
Park and recreation fees	1,622,910	1,629,980	805,116	(824,864)
Other fees and charges	5,091,480	5,091,480	7,753,173	2,661,693
Fines and forfeitures	1,172,910	1,172,910	590,339	(582,571)
Miscellaneous revenue				
Interest income	682,500	682,500	(2,065,598)	(2,748,098)
Rent/lease income	780,120	780,120	829,860	49,740
Contributions and donations	22,270	622,270	40,980	(581,290)
Other miscellaneous revenue	458,790	458,790	753,832	295,042
TOTAL REVENUES	<u>113,063,060</u>	<u>114,052,750</u>	<u>123,227,053</u>	<u>9,174,303</u>
EXPENDITURES				
Current:				
General government	11,062,420	10,948,010	9,789,315	1,158,695
Judicial	3,868,530	3,869,220	3,433,032	436,188
Public safety	53,209,910	54,760,770	54,061,563	699,207
Community development	9,003,640	9,401,560	7,791,962	1,609,598
Leisure services	13,415,220	13,801,840	13,465,165	336,675
Health and human services	8,820,930	8,625,800	5,783,692	2,842,108
Capital outlay	-	-	177,139	(177,139)
TOTAL EXPENDITURES	<u>99,380,650</u>	<u>101,407,200</u>	<u>94,501,868</u>	<u>6,905,332</u>
EXCESS OF REVENUES OVER EXPENDITURES	13,682,410	12,645,550	28,725,185	16,079,635
OTHER FINANCING SOURCES (USES)				
Transfers in	14,163,350	14,046,110	11,174,632	(2,871,478)
Transfers out	(29,545,940)	(37,826,540)	(36,056,257)	1,770,283
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,382,590)</u>	<u>(23,780,430)</u>	<u>(24,881,625)</u>	<u>(1,101,195)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USE	(1,700,180)	(11,134,880)	3,843,560	14,978,440
FUND BALANCE, January 1	43,321,480	43,321,480	47,660,525	4,339,045
FUND BALANCE, December 31	<u>\$ 41,621,300</u>	<u>\$ 32,186,600</u>	<u>\$ 51,504,085</u>	<u>\$ 19,317,485</u>

Note: This fund is separately budgeted, but is combined with the Funds on pages 155-158 for reporting of the Consolidated General Fund
Transfers into this fund are eliminated when combined with the Funds on pages 155-158 for reporting of the Consolidated General Fund

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, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Contributions and Donations	\$ 1,009,200	\$ 1,009,200	\$ 914,150	\$ (95,050)
Miscellaneous revenue:				
Interest income	18,680	18,680	(44,400)	(63,080)
TOTAL REVENUES	<u>1,027,880</u>	<u>1,027,880</u>	<u>869,750</u>	<u>(158,130)</u>
EXPENDITURES				
Current:				
Public safety	1,572,840	1,572,840	1,375,512	197,328
TOTAL EXPENDITURES	<u>1,572,840</u>	<u>1,572,840</u>	<u>1,375,512</u>	<u>197,328</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(544,960)	(544,960)	(505,762)	39,198
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(294,960)	(294,960)	(255,762)	39,198
FUND BALANCES, January 1	1,440,070	1,440,070	1,271,468	(168,602)
FUND BALANCES, December 31	<u>\$ 1,145,110</u>	<u>\$ 1,145,110</u>	<u>\$ 1,015,706</u>	<u>\$ (129,404)</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, 2022**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ -	\$ -	\$ 1,661,931	\$ 1,661,931
State Grant	-	-	17,061	17,061
Miscellaneous revenue:				
Contributions and Donations	-	-	99,401	99,401
TOTAL REVENUES	-	-	1,778,393	1,778,393
EXPENDITURES				
Current:				
General government	1,216,710	1,333,950	1,678,992	(345,042)
Leisure services	111,030	560,640	58,952	501,688
Health and human services	-	5,000	55,311	(50,311)
Capital Outlay	-	-	71,733	(71,733)
TOTAL EXPENDITURES	1,327,740	1,899,590	1,864,988	34,602
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,327,740)	(1,899,590)	(86,595)	1,812,995
OTHER FINANCING SOURCES (USES)				
Transfers in	111,030	121,630	2,576,681	2,455,051
Transfers out	-	-	(2,385,000)	(2,385,000)
TOTAL OTHER FINANCING SOURCES (USES)	111,030	121,630	191,681	70,051
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,216,710)	(1,777,960)	105,086	1,883,046
FUND BALANCES, January 1	567,510	567,510	707,641	140,131
Prior period correction	-	-	(50,000)	(50,000)
ADJUSTED FUND BALANCE, January 1	567,510	567,510	657,641	90,131
FUND BALANCES, December 31	\$ (649,200)	\$ (1,210,450)	\$ 762,727	\$ 2,023,177

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. Budgeted dollars for multi-year projects are not included in the original or adjusted budget beyond the year initial budget is established. As a result, actual expenditures can occur in a different year than the budget. Amounts reflected as over budget are a result of this practice and comprise the full total of the overage, which are related to the SVOG funding received in the 2020 fiscal year.

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, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ -	\$ -	\$ 675,000	\$ 675,000
Miscellaneous revenue:				
Interest income	-	-	49,044	49,044
Contributions and Donations	-	600,000	-	(600,000)
Other miscellaneous revenue	-	-	1,148	1,148
TOTAL REVENUES	<u>-</u>	<u>600,000</u>	<u>725,192</u>	<u>125,192</u>
EXPENDITURES				
Current:				
Leisure services	1,855,170	4,393,600	2,351,782	2,041,818
Capital outlay	-	-	1,778,838	(1,778,838)
TOTAL EXPENDITURES	<u>1,855,170</u>	<u>4,393,600</u>	<u>4,130,620</u>	<u>262,980</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,855,170)	(3,793,600)	(3,405,428)	388,172
OTHER FINANCING SOURCES (USES)				
Transfers in	1,150,000	1,150,000	1,118,076	(31,924)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,118,076</u>	<u>(31,924)</u>
(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(705,170)	(2,643,600)	(2,287,352)	356,248
FUND BALANCES, January 1	2,244,800	2,244,800	3,979,895	1,735,095
FUND BALANCES, December 31	\$ <u>1,539,630</u>	\$ <u>(398,800)</u>	\$ <u>1,692,543</u>	\$ <u>2,091,343</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, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Charges for Service	\$ 3,912,910	\$ 3,912,910	\$ 3,149,106	\$ (763,804)
Miscellaneous revenue:				
Interest income	9,480	9,480	3,073	(6,407)
Other miscellaneous revenue	-	-	5,173	5,173
TOTAL REVENUES	<u>3,922,390</u>	<u>3,922,390</u>	<u>3,157,352</u>	<u>(765,038)</u>
EXPENDITURES				
Current:				
Public safety	2,201,590	2,201,590	2,006,164	195,426
Health and human services	1,720,800	1,720,800	1,141,623	579,177
Capital Outlay	-	-	9,565	(9,565)
TOTAL EXPENDITURES	<u>3,922,390</u>	<u>3,922,390</u>	<u>3,157,352</u>	<u>765,038</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCES, January 1	-	-	-	-
FUND BALANCES, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GOVERNMENTAL CAPITAL ASSET SCHEDULES

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

CITY OF KENT
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 December 31, 2022

	Land	Buildings	Site Improvements	Equipment	Infrastructure	Total
GENERAL GOVERNMENT						
Administration	\$ 239,582	\$ 240,855	\$ -	\$ 52,101	\$ -	\$ 532,538
Attorney	-	-	-	51,966	-	51,966
Finance	-	-	-	316,779	-	316,779
Planning	-	-	33,553	140,991	-	174,544
Public office buildings	4,651,835	39,345,395	5,091,222	3,277,124	-	52,365,576
Other	247,797	-	-	26,330,861	-	26,578,658
Total	5,139,214	39,586,250	5,124,775	30,169,822	-	80,020,061
PUBLIC SAFETY						
Police	450,258	3,460,933	585,206	4,524,735	-	9,021,132
Fire	283,568	2,536,016	125,122	330,669	-	3,275,375
Total	733,826	5,996,949	710,328	4,855,404	-	12,296,507
PUBLIC WORKS						
Engineering	2,650,000	-	1,302,586	658,692	-	4,611,278
Streets	165,596,658	-	429,075	1,251,493	757,419,878	924,697,104
Total	168,246,658	-	1,731,661	1,910,185	757,419,878	929,308,382
PARKS, RECREATION AND CULTURE						
Parks and recreation	60,593,156	1,307,211	72,544,584	883,835	-	135,328,786
Senior center	1,955,066	3,521,545	32,875	63,447	-	5,572,933
Parks maintenance	-	117,974	167,599	550,032	-	835,605
Kent commons	200,704	3,599,418	302,350	137,668	-	4,240,140
ShoWare Center	-	76,456,164	-	6,965,327	-	83,421,491
Cultural arts	-	-	873,288	709,019	123,753	1,706,060
Total	62,748,926	85,002,312	73,920,696	9,309,328	123,753	231,105,015
LIBRARY						
	2,222,461	3,934,754	-	46,414	-	6,203,629
Total	2,222,461	3,934,754	-	46,414	-	6,203,629
TOTAL	239,091,085	134,520,265	81,487,460	46,291,153	757,543,631	1,258,933,594
Construction in progress	-	-	-	-	-	8,345,797
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 239,091,085	\$ 134,520,265	\$ 81,487,460	\$ 46,291,153	\$ 757,543,631	\$ 1,267,279,391

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, 2022

	Governmental Fund Capital Assets 01/01/22	Additions	Retirements and Transfers	Governmental Fund Capital Assets 12/31/22
GENERAL GOVERNMENT				
Administration	\$ 532,538	\$ -	\$ -	\$ 532,538
Attorney	51,966	-	-	51,966
Finance	316,779	-	-	316,779
Planning	174,544	-	-	174,544
Public office buildings	52,000,449	365,127	-	52,365,576
Other	26,578,658	-	-	26,578,658
Total	79,654,934	365,127	-	80,020,061
PUBLIC SAFETY				
Police	7,499,221	1,521,911	-	9,021,132
Fire	3,275,375	-	-	3,275,375
Total	10,774,596	1,521,911	-	12,296,507
PUBLIC WORKS				
Engineering	4,611,278	-	-	4,611,278
Streets	914,605,507	10,091,597	-	924,697,104
Total	919,216,785	10,091,597	-	929,308,382
PARKS, RECREATIONS AND CULTURE				
Parks and recreation	125,588,583	9,740,203	-	135,328,786
Senior center	5,572,933	-	-	5,572,933
Parks maintenance	811,683	23,922	-	835,605
Kent commons	4,184,620	55,520	-	4,240,140
ShoWare Center	81,642,653	1,778,838	-	83,421,491
Cultural arts	1,634,327	71,733	-	1,706,060
Total	219,434,799	11,670,216	-	231,105,015
LIBRARY				
Total	6,203,629	-	-	6,203,629
Construction in progress	6,927,521	20,910,249	(19,491,973)	8,345,797
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 1,242,212,264	\$ 44,559,100	\$ (19,491,973)	\$ 1,267,279,391

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



DEBT SERVICE SCHEDULES

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

CITY OF KENT
SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES
GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2022

	Balances January 1	Issued	Retired	Balances December 31
Bonds Payable:				
Limited Tax General Obligation Bonds - Non-voted:				
Series 2012	820,000	-	820,000	-
Plus: unamortized premium	49,124	-	49,124	-
Series 2015B	3,415,000	-	1,160,000	2,255,000
Plus: unamortized premium	83,244	-	28,540	54,704
Series 2016A	11,580,000	-	2,670,000	8,910,000
Plus: unamortized premium	2,192,498	-	137,749	2,054,749
Series 2016B	47,000,000	-	235,000	46,765,000
Plus: unamortized premium	6,959,448	-	437,243	6,522,205
Total	<u>72,099,314</u>	<u>-</u>	<u>5,537,656</u>	<u>66,561,658</u>
Contracts, Lease, Notes Payable:				
General Obligation Contracts, Notes:				
Public Works Trust Fund Loan 2003	106,725	-	53,363	53,362
Public Works Trust Fund Loan 2004	1,363,235	-	454,411	908,824
Public Works Trust Fund Loan 2008	1,876,645	-	268,092	1,608,553
SMG Capital Loan	920,000	-	-	920,000
Right of Use Lease	-	1,485,812	-	1,485,812
Financed Purchases - equipment	70,827	-	36,370	34,457
Total	<u>4,337,432</u>	<u>1,485,812</u>	<u>812,236</u>	<u>5,011,008</u>
Other Non-Current Liabilities				
Compensated Absences				
General Government	5,499,028	9,900,615	9,777,751	5,621,892
Internal Service Funds	598,546	1,547,834	1,542,016	604,364
Net Pension Liability	3,912,483	7,328,390	3,912,483	7,328,390
Net OPEB Obligation	24,532,979	17,433,483	24,532,979	17,433,483
Total	<u>34,543,036</u>	<u>36,210,322</u>	<u>39,765,229</u>	<u>30,988,129</u>
Total Governmental Debt	<u>\$ 110,979,782</u>	<u>\$ 37,696,134</u>	<u>\$ 46,115,121</u>	<u>\$ 102,560,795</u>

CITY OF KENT
SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES
BUSINESS-TYPE ACTIVITIES
For the Year Ended December 31, 2022

	Balances January 1	Issued	Retired	Balances December 31
Bonds Payable:				
Revenue Bonds: ²				
Series 2017 Refunding	\$ 11,010,000	\$ -	\$ 1,165,000	\$ 9,845,000
Plus: unamortized premium	1,600,060	-	201,942	1,398,118
Total	<u>12,610,060</u>	<u>-</u>	<u>1,366,942</u>	<u>11,243,118</u>
Total Bonds Payable	<u>12,610,060</u>	<u>-</u>	<u>1,366,942</u>	<u>11,243,118</u>
Contracts, Lease, Notes Payable:				
Public Works Trust Fund Loan 2002 - Water	531,250	-	531,250	-
Public Works Trust Fund Loan 2004 - Sewer	225,000	-	75,000	150,000
Contract - Tacoma Pipeline 2010 - Water	8,835,000	-	330,000	8,505,000
Contract - Tacoma Pipeline 2013 Ref - Water	12,715,000	-	400,000	12,315,000
Right of Use Lease	-	243,699	-	243,699
Financed Purchases - equipment	115,232	-	115,232	-
Total	<u>22,421,482</u>	<u>243,699</u>	<u>1,451,482</u>	<u>21,213,699</u>
Other Non-Current Liabilities				
Compensated Absences				
Water Utility	344,052	1,093,466	1,140,986	296,532
Sewer Utility	85,255	688,151	664,183	109,223
Drainage Utility	356,316	1,161,029	1,155,952	361,393
Solid Waste Utility	39,782	100,406	99,740	40,448
Golf Complex	84,329	294,660	295,354	83,635
Total compensated absences	<u>909,734</u>	<u>3,337,712</u>	<u>3,356,215</u>	<u>891,231</u>
Pension Liability	<u>822,230</u>	<u>1,932,042</u>	<u>822,230</u>	<u>1,932,042</u>
Total Business-Type Debt	<u>\$ 36,763,506</u>	<u>\$ 5,513,453</u>	<u>\$ 6,996,869</u>	<u>\$ 35,280,090</u>

² Revenue bonds are 50% Water Utility and 50% Sewerage Utility

CITY OF KENT
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY
BY BOND TYPE
As of December 31, 2022

Fiscal Year	General Obligation Bonds		Water & Sewer Revenue Bonds		Total Debt Service Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 57,930,000</u>	<u>\$ 19,240,600</u>	<u>\$ 9,845,000</u>	<u>\$ 2,061,000</u>	<u>\$ 67,775,000</u>	<u>\$ 21,301,600</u>

TRANSFERS

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

CITY OF KENT
SCHEDULE OF INTERFUND TRANSFERS
For the Year Ended December 31, 2022

<u>Fund Out/Fund In</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:			
<i>Major Governmental:</i>			
General Fund			
Capital Resources Fund	Neighborhood matching grants	-	25,000
Capital Resources Fund	B&O tax capital projects	-	2,507,180
Capital Resources Fund	ShoWare lifecycle funding	300,000	-
Streets Capital Projects Fund	B&O tax capital projects	-	313,900
Streets Capital Projects Fund	Capital projects	-	6,995,829
Other Capital Projects Fund	Capital projects	-	959,037
Other Govtl Funds-Streets Fund	ARPA grant matching	9,880,732	450,000
Other Govtl Funds-Streets Fund	B&O streets funding	-	1,218,076
Other Govtl Funds-Streets Fund	Gen'l Fd subsidy of streets services	-	7,536,897
Other Govtl Funds-Lodging Tax	Tourism	-	285,000
Other Govtl Funds-Youth/Teen Fund	Youth/Teen funding	877,370	-
Other Govtl Funds-Criminal Justice Fund	Various police operations	416,530	-
Other Govtl Funds-Criminal Justice Fund	Drug Task Force	-	105,000
Other Govtl Funds-Parks Capital Projects	Capital Projects	-	1,000,000
Other Govtl Funds-Technology Capital Projects	Funding for various technology projects	-	124,760
Other Govtl Funds-Technology Capital Projects	B&O tax related projects	-	165,240
Other Govtl Funds-Facilities Capital Projects	City hall campus remodel project	-	1,045,000
Golf Complex	Subsidy of golf complex	-	194,087
Internal Service Funds-Equipment Fund	Fleet Replacements	-	2,250,000
Internal Service Funds-Central Services (IT) Fund	Subsidy of central services IT fund	-	1,891,494
Internal Service Funds-Facilities Fund	Subsidy of facilities fund	-	80,000
Internal Service Funds-Insurance Fund	Subsidy of insurance fund	-	7,650,000
subtotals		<u>11,474,632</u>	<u>34,796,500</u>
Capital Resources Fund			
General Fund	Neighborhood matching grants	25,000	-
General Fund	B&O tax capital projects	2,507,180	-
General Fund	ShoWare lifecycle funding	-	300,000
Streets Capital Projects Fund	Meet Me on Meeker project	-	340,000
Other Govtl Funds-Non-Voted GO Debt Service	Criminal Justice project	-	4,320,733
Other Govtl Funds-Parks Capital Projects	Funding for various parks capital projects	175,675	5,557,180
Other Govtl Funds-Other Capital Projects	Excess project funding returned	-	(340,000)
Other Govtl Funds-Technology Capital Projects	Funding for various technology projects	-	4,499,193
Other Govtl Funds-Facility Capital Projects	Funding for various facilities projects	-	4,609,420
Internal Service Funds-Facilities Fund	Funding for various capital projects	-	330,000
subtotals		<u>2,707,855</u>	<u>19,616,526</u>
Special Assessments Fund			
Streets Capital Projects	LID funding - streets capital projects	-	675,490
subtotals		<u>-</u>	<u>675,490</u>
Streets Capital Projects Fund			
General Fund	B&O tax projects	313,900	-
General Fund	Capital Projects	3,195,829	-
Special Assessments Fund	LID funding - streets capital projects	675,490	-
Capital Resources Fund	Meet Me on Meeker project	340,000	-
Other Govtl Funds-Streets Fund	LID guarantee fund adjustment	5,562,190	13,130
Other Govtl Funds-Parks Capital Projects	Various street capital projects	-	20,410
Drainage Utility Fund	Funding for capital project	196,000	-
subtotals		<u>10,283,409</u>	<u>33,540</u>
subtotals - Major Governmental Funds		<u>24,465,896</u>	<u>55,122,056</u>

CITY OF KENT
SCHEDULE OF INTERFUND TRANSFERS
For the Year Ended December 31, 2022

<u>Fund Out/Fund In</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<i>Non-major Governmental:</i>			
Street Fund			
General Fund	ARPA grant matching	-	-
General Fund	B&O streets funding	1,218,076	-
General Fund	Gen'l Fd subsidy of Streets services	7,536,897	-
Street Capital Project Fund	LID guarantee fund adjustment	13,130	5,562,190
Other Govtl Funds-Non-Voted GO Debt Service	Funding for debt payments	-	2,217,272
Drainage Utility Fund	Litter Strike Team	250,000	-
subtotals		<u>9,018,103</u>	<u>7,779,462</u>
Lodging Tax Fund			
General Fund	Tourism	285,000	-
subtotals		<u>285,000</u>	<u>-</u>
Youth/Teem Program Fund			
General Fund	Youth/Teen funding	-	877,370
subtotals		<u>-</u>	<u>877,370</u>
Criminal Justice Fund			
General Fund	Various police operations	-	416,530
General Fund	Drug Task Force	105,000	-
Internal Service Funds-Facilities Fund	Various facilities lifecycle projects	-	170,500
subtotals		<u>105,000</u>	<u>587,030</u>
Non-voted Debt Service			
Capital Resources Fund	Criminal Justice Project	4,320,733	-
Other Govtl Funds-Street Fund	Funding for debt payments	2,217,272	-
subtotals		<u>6,538,005</u>	<u>-</u>
Parks Capital Projects			
General Fund	Capital projects	-	-
Capital Resources Fund	Funding for various parks capital projects	5,557,180	175,675
Streets Capital Projects Fund	Various street capital projects	20,410	-
subtotals		<u>5,577,590</u>	<u>175,675</u>
Other Capital Projects			
General Fund	Capital projects	165,348	158,350
Capital Resources Fund	Excess project funding returned	(340,000)	-
Other Govtl Funds-Technology Capital Projects	PEG Fees	174,652	-
subtotals		<u>-</u>	<u>158,350</u>
Technology Capital Projects			
General Fund	Funding for various technology projects	24,760	-
General Fund	B&O tax related projects	165,240	-
Capital Resources Fund	Funding for various technology projects	4,499,193	-
Other Govtl Funds-Other Capital Projects Fund	PEG Fees	-	174,652
Water Utility	Funding for technology projects	63,340	-
Sewerage Utility	Funding for technology projects	63,330	-
Drainage Utility	Funding for technology projects	63,330	-
Internal Service-Central Services Fund	Subsidy of other govtl funds-Techonlogy Capital Proj	253,000	-
subtotals		<u>5,132,193</u>	<u>174,652</u>
Facilities Capital Projects			
General Fund	City hall campus remodel project	-	-
Capital Resources Fund	Funding for various facilities projects	4,609,420	-
Water Utility Fund	Funding for facilities improvements	212,500	-
Drainage Utility Fund	Facilities capital projects	212,500	-
Internal Service Fund-Facilities Fund	Excess project funding returned	20,000	-
subtotals		<u>5,054,420</u>	<u>-</u>
subtotals - Non-Major Governmental Funds		<u>31,710,311</u>	<u>9,752,539</u>
subtotals - Governmental Funds		<u>56,176,207</u>	<u>64,874,595</u>

CITY OF KENT
SCHEDULE OF INTERFUND TRANSFERS
For the Year Ended December 31, 2022

<u>Fund Out/Fund In</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Enterprise Funds:			
Water Utility			
Other Govtl Funds-Technology Projects	Funding for technology projects	-	63,340
Other Govtl Funds-Facilities Fund	Funding for facilities improvements	-	212,500
Sewerage Utility	Capital asset transfer	186,959	-
Drainage Utility	Excess project funding returned	(166,792)	-
subtotals		<u>20,167</u>	<u>275,840</u>
Sewerage Utility			
Other Govtl Funds-Technology Projects	Funding for technology projects	-	63,330
Water Utility	Capital asset transfer	-	186,959
Internal Service-Equipment Rental	Capital asset transfer	-	626
subtotals		<u>-</u>	<u>250,915</u>
Drainage Utility			
Streets Capital Projects	Funding for capital project	-	196,000
Other Govtl Funds-Streets Fund	Litter Strike Team	-	250,000
Other Govtl Funds-Technology Projects	Funding for technology projects	-	63,330
Other Govtl Funds-Facilities Projects	Facilities capital projects	-	212,500
Water Utility	Excess project funding returned	-	(166,792)
subtotals		<u>-</u>	<u>555,038</u>
Golf Complex			
General Fund	Capital projects	194,087	-
Golf Complex	Excess project funding returned	(56,280)	-
subtotals		<u>137,807</u>	<u>-</u>
subtotals - Enterprise Funds		<u>157,974</u>	<u>1,081,793</u>
Internal Service Funds:			
Equipment Rental			
General Fund	Fleet Replacements	-	-
Sewerage Utility	Capital asset transfer	626	-
subtotals		<u>626</u>	<u>-</u>
Central Services			
General Fund	Subsidy of central services IT Fund	1,657,803	-
Other Govtl Funds-Technology Capital Proj	Subsidy of other gov'tl funds-Techonlogy Capital Proj	-	253,000
subtotals		<u>1,657,803</u>	<u>253,000</u>
Facilities			
General Fund	Subsidy of facilities fund	80,000	-
Capital Resources Fund	Funding for various capital projects	330,000	-
Other Govtl Funds-Criminal Justice Fund	Various facilities lifecycle projects	170,500	-
Other Govtl Funds-Facilities Capital Projects	Excess project funding returned	(20,000)	-
Golf Complex	Excess project funding returned	56,280	-
subtotals		<u>616,780</u>	<u>-</u>
Insurance			
General Fund	Subsidy of Insurance Fund	7,650,000	-
subtotals		<u>7,650,000</u>	<u>-</u>
subtotals - Internal Service Funds		<u>9,925,209</u>	<u>253,000</u>
Grand totals		<u>66,259,390</u>	<u>66,209,388</u>

*This transfers table does not balance due to a prior period adjustment within the consolidated General Fund

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	174
<i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	
Revenue Capacity	184
<i>These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.</i>	
Debt Capacity	202
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	210
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	213
<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 annual comprehensive financial reports for the relevant year.



**City of Kent
Statistical Section
December 31, 2022**

Financial Trends

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

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities					
Net investment in capital assets	\$ 682,946,045	\$ 687,527,061	\$ 694,789,326	\$ 704,250,257	\$ 700,427,393
Restricted	10,721,573	9,499,778	6,131,943	4,870,358	4,728,939
Unrestricted	35,230,567	(24,252,748)	(26,349,230)	62,608,062	85,019,692
Total governmental activities net position	<u>\$ 728,898,185</u>	<u>\$ 672,774,091</u>	<u>\$ 674,572,039</u>	<u>\$ 771,728,677</u>	<u>\$ 790,176,024</u>
Business-type activities					
Net investment in capital assets	\$ 264,927,149	\$ 287,867,561	\$ 298,202,694	\$ 305,687,715	\$ 290,214,493
Restricted	3,631,223	1,111,144	1,071,144	1,026,144	985,146
Unrestricted	36,074,921	45,768,853	49,652,876	52,246,156	82,984,505
Total business-type activities net position	<u>\$ 304,633,293</u>	<u>\$ 334,747,558</u>	<u>\$ 348,926,714</u>	<u>\$ 358,960,015</u>	<u>\$ 374,184,144</u>
Primary government					
Net investment in capital assets	\$ 947,873,194	\$ 975,394,622	\$ 992,992,020	\$ 1,009,937,972	\$ 990,641,886
Restricted	14,352,796	10,610,922	7,203,087	5,896,502	5,714,085
Unrestricted	71,305,488	21,516,105	23,303,646	114,854,218	168,004,197
Total primary government net position	<u>\$ 1,033,531,478</u>	<u>\$ 1,007,521,649</u>	<u>\$ 1,023,498,753</u>	<u>\$ 1,130,688,692</u>	<u>\$ 1,164,360,168</u>

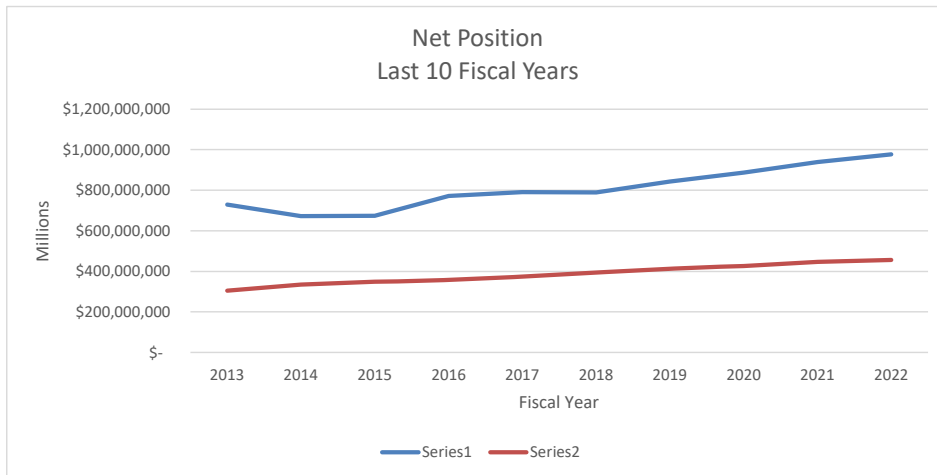
Notes:

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

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

Fiscal Year					
2018	2019	2020	2021	2022	
					Governmental activities
\$ 706,613,344	\$ 724,753,696	\$ 748,515,603	\$ 748,351,673	\$ 753,217,595	Net investment in capital assets
4,353,472	4,333,199	3,487,830	68,838,302	72,016,136	Restricted
78,619,493	113,657,173	134,418,884	121,468,880	152,370,149	Unrestricted
\$ 789,586,309	\$ 842,744,068	\$ 886,422,317	\$ 938,658,855	\$ 977,603,880	Total governmental activities net position
					Business-type activities
\$ 289,305,370	\$ 325,324,941	\$ 336,300,416	\$ 346,423,345	\$ 355,820,578	Net investment in capital assets
928,307	-	-	8,170,142	3,181,025	Restricted
102,054,275	88,625,282	90,229,550	91,588,995	96,824,854	Unrestricted
\$ 392,287,952	\$ 413,950,223	\$ 426,529,966	\$ 446,182,482	\$ 455,826,457	Total business-type activities net position
					Primary government
\$ 995,918,714	\$ 1,050,078,637	\$ 1,084,816,019	\$ 1,094,775,018	\$ 1,109,038,173	Net investment in capital assets
5,281,779	4,333,199	3,487,830	77,008,444	75,197,161	Restricted
180,673,768	202,282,455	224,648,434	213,057,875	249,195,003	Unrestricted
\$ 1,181,874,261	\$ 1,256,694,291	\$ 1,312,952,283	\$ 1,384,841,337	\$ 1,433,430,337	Total primary government net position



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

	Fiscal Year				
	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General Government	\$ 8,959,390	\$ 7,342,670	\$ 9,211,576	\$ 13,429,528	\$ 12,346,159
Judicial	2,743,574	2,789,535	2,972,304	3,771,365	3,157,775
Public Safety	37,378,185	38,744,658	41,189,109	38,593,097	46,517,116
Community Development	5,096,639	5,175,651	5,535,094	7,178,348	6,523,730
Public Works	16,993,893	17,371,560	18,803,785	22,002,693	22,020,709
Leisure services	15,908,830	13,861,675	16,859,288	17,602,824	18,370,559
Health and human services	5,275,046	5,478,974	5,893,257	4,002,920	6,448,946
Interest on long-term debt	3,250,089	2,804,432	2,500,908	5,194,899	7,491,114
Total governmental activities expenses	<u>95,605,646</u>	<u>93,569,155</u>	<u>102,965,321</u>	<u>111,775,674</u>	<u>122,876,108</u>
Business-type activities:					
Water	13,972,634	13,070,155	17,157,143	18,828,316	18,100,296
Sewerage	37,680,430	37,951,697	41,404,954	45,412,945	46,014,434
Drainage ¹	-	-	-	-	-
Golf	2,917,964	2,872,165	3,055,395	4,559,588	2,453,882
Solid Waste	-	-	-	686,887	638,345
Total business-type activities expenses	<u>54,571,028</u>	<u>53,894,017</u>	<u>61,617,492</u>	<u>69,487,736</u>	<u>67,206,957</u>
Total primary government expenses	<u>\$ 150,176,674</u>	<u>\$ 147,463,172</u>	<u>\$ 164,582,813</u>	<u>\$ 181,263,410</u>	<u>\$ 190,083,065</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 2,044,753	\$ 3,483,161	\$ 4,273,658	\$ 3,645,563	\$ 4,472,438
Judicial	2,108,024	1,846,731	2,032,772	1,724,181	1,570,537
Public Safety	1,811,747	3,388,295	3,560,350	4,097,976	5,409,848
Community Development	3,841,993	5,006,297	4,863,697	5,478,504	7,608,117
Public Works	1,810,854	2,185,990	2,725,356	3,165,390	3,401,558
Leisure services	1,380,839	1,418,600	1,479,369	1,465,975	1,385,824
Health and human services	709,948	841,690	769,669	763,593	707,449
Operating grants and contributions	4,177,095	6,166,500	7,021,280	7,982,415	8,254,026
Capital grants and contributions	6,655,575	2,936,731	5,256,320	9,350,716	13,656,431
Total governmental activities program revenues	<u>24,540,828</u>	<u>27,273,995</u>	<u>31,982,471</u>	<u>37,674,313</u>	<u>46,466,228</u>
Business-type activities					
Charges for services:					
Water	\$ 17,021,951	\$ 18,416,162	\$ 18,904,851	\$ 18,780,129	\$ 21,850,641
Sewerage	42,752,458	44,969,699	46,459,410	47,640,854	50,109,473
Drainage ¹	-	-	-	-	-
Golf Complex	2,431,782	2,485,348	2,659,643	2,475,135	2,501,596
Solid Waste	-	-	-	608,685	600,608
Operating grants and contributions	81,404	176,984	234,397	1,023,669	315,853
Capital grants and contributions	9,195,002	15,792,479	10,057,056	9,629,000	6,595,122
Total business-type activities program revenues	<u>71,482,597</u>	<u>81,840,672</u>	<u>78,315,357</u>	<u>80,157,472</u>	<u>81,973,293</u>
Total primary government program revenues	<u>\$ 96,023,425</u>	<u>\$ 109,114,667</u>	<u>\$ 110,297,828</u>	<u>\$ 117,831,785</u>	<u>\$ 128,439,521</u>

Source: Statement Activities

Notes:

¹ The Sewer and Drainage activities were combined into the Sewerage Fund until 2019

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

Fiscal Year					
2018	2019	2020	2021	2022	
					Expenses
					Governmental activities:
\$ 16,281,070	\$ 15,229,074	\$ 19,047,384	\$ 13,206,508	\$ 15,575,974	General Government
3,354,798	3,689,235	3,420,260	2,978,289	3,452,623	Judicial
54,366,839	54,947,750	51,508,360	54,063,349	62,018,302	Public Safety
7,844,737	7,476,751	7,097,028	6,689,323	7,979,154	Community Development
23,754,967	24,404,558	25,169,716	26,616,210	34,089,708	Public Works
20,227,074	20,442,888	19,710,884	22,863,438	23,437,451	Leisure services
6,663,229	5,908,829	7,594,503	7,965,661	9,533,833	Health and human services
7,247,068	7,084,948	6,899,391	6,444,510	6,268,889	Interest on long-term debt
139,739,782	139,184,033	140,447,526	140,827,288	162,355,934	Total governmental activities expenses
					Business-type activities:
19,179,778	18,819,898	26,928,308	19,604,339	20,285,379	Water
50,699,083	31,798,523	31,590,879	32,813,582	35,102,941	Sewerage
-	17,663,742	21,711,379	20,408,926	22,806,228	Drainage ¹
2,348,551	2,272,468	2,279,742	1,924,403	2,839,584	Golf
647,972	804,474	819,309	853,412	1,121,652	Solid Waste
72,875,384	71,359,105	83,329,617	75,604,662	82,155,784	Total business-type activities expenses
\$ 212,615,166	\$ 210,543,138	\$ 223,777,143	\$ 216,431,950	\$ 244,511,718	Total primary government expenses
					Program Revenues
					Governmental activities:
					Charges for services:
\$ 4,795,654	\$ 5,025,834	\$ 3,993,931	\$ 4,843,351	\$ 4,135,107	General Government
1,342,073	1,341,160	1,059,709	862,878	560,951	Judicial
5,202,797	6,966,767	6,794,413	9,070,762	8,844,618	Public Safety
7,297,706	8,087,187	5,596,260	6,346,806	9,240,108	Community Development
1,663,717	1,664,229	3,099,865	1,612,199	1,748,864	Public Works
1,514,916	1,516,333	425,981	2,246,013	1,836,828	Leisure services
754,155	827,488	214,778	122,022	529,207	Health and human services
8,222,741	9,265,004	14,700,800	13,228,389	16,023,121	Operating grants and contributions
10,068,294	24,149,363	24,985,567	14,363,176	12,936,566	Capital grants and contributions
40,862,053	58,843,365	60,871,304	52,695,596	55,855,370	Total governmental activities program revenues
					Business-type activities
					Charges for services:
\$ 22,541,631	\$ 22,869,950	\$ 23,286,875	\$ 24,159,864	\$ 24,297,038	Water
52,678,839	32,608,980	33,273,206	34,918,925	35,652,308	Sewerage
-	20,723,689	21,288,181	21,532,206	22,165,636	Drainage ¹
2,306,679	2,350,513	2,036,199	2,462,613	3,000,457	Golf Complex
632,795	642,056	660,153	670,039	1,208,095	Solid Waste
380,118	498,735	3,852,590	451,970	552,573	Operating grants and contributions
11,454,368	10,170,735	9,504,590	11,603,565	7,928,395	Capital grants and contributions
89,994,430	89,864,658	93,901,794	95,799,182	94,804,502	Total business-type activities program revenues
\$ 130,856,483	\$ 148,708,023	\$ 154,773,098	\$ 148,494,778	\$ 150,659,872	Total primary government program revenues

continued

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Net (Expense)/Revenue					
Governmental activities	\$ (71,064,818)	\$ (66,295,160)	\$ (70,982,850)	\$ (74,101,361)	\$ (76,409,880)
Business-type activities	16,911,569	27,946,655	16,697,865	10,669,736	14,766,336
Total primary government net expense	<u>\$ (54,153,249)</u>	<u>\$ (38,348,505)</u>	<u>\$ (54,284,985)</u>	<u>\$ (63,431,625)</u>	<u>\$ (61,643,544)</u>
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes levied for general purpose	\$ 20,085,117	\$ 20,599,891	\$ 21,998,657	\$ 22,556,458	\$ 22,857,559
Sales taxes	22,707,244	25,332,356	26,654,493	28,551,033	29,517,990
Utility taxes	22,760,019	22,962,565	26,376,844	26,923,348	28,637,522
Business & Occupation taxes	5,149,172	6,208,946	7,656,220	9,311,445	9,141,800
Real Estate taxes	3,837,948	3,184,596	6,434,689	6,427,334	7,211,140
Lodging taxes	217,618	249,377	279,466	293,347	312,980
Other taxes	1,101,844	1,106,821	1,023,499	961,833	902,557
Unrestricted grants and contributions	6,760,236	6,851,351	6,417,339	6,600,212	6,619,515
Investment earnings	895,815	1,052,762	1,242,815	1,073,989	1,386,281
Miscellaneous	1,740,638	162,971	(1,643,662)	908,862	487,428
Gain on disposal of capital assets	1,945,741	2,433,112	115,242	-	-
Special item	-	-	-	66,656,930	-
Transfers	762,322	(16,729)	126,875	993,208	174,044
Total governmental activities	<u>87,963,714</u>	<u>90,128,019</u>	<u>96,682,477</u>	<u>171,257,999</u>	<u>107,248,816</u>
Business-type activities					
Investment earnings	153,554	124,777	97,795	356,773	631,837
Miscellaneous					
Transfers	(762,322)	16,729	(126,875)	(993,208)	(174,044)
Total business-type activities	<u>2,218,914</u>	<u>141,506</u>	<u>(29,080)</u>	<u>(636,435)</u>	<u>457,793</u>
Total primary government	<u>\$ 90,182,628</u>	<u>\$ 90,269,525</u>	<u>\$ 96,653,397</u>	<u>\$ 170,621,564</u>	<u>\$ 107,706,609</u>
Change in Net Position					
Governmental activities	\$ 16,898,896	\$ 23,832,859	\$ 25,699,627	\$ 97,156,638	\$ 30,838,936
Business-type activities	19,130,483	28,088,161	16,668,785	10,033,301	15,224,129
Total primary government	<u>\$ 36,029,379</u>	<u>\$ 51,921,020</u>	<u>\$ 42,368,412</u>	<u>\$ 107,189,939</u>	<u>\$ 46,063,065</u>

Source: Statement of Activities

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

Fiscal Year					
2018	2019	2020	2021	2022	
					Net (Expense)/Revenue
\$ (98,877,729)	\$ (80,340,668)	\$ (79,576,222)	\$ (88,131,692)	\$ (106,500,564)	Governmental activities
17,119,046	18,505,553	10,572,177	20,194,520	12,648,718	Business-type activities
<u>\$ (81,758,683)</u>	<u>\$ (61,835,115)</u>	<u>\$ (69,004,045)</u>	<u>\$ (67,937,172)</u>	<u>\$ (93,851,846)</u>	Total primary government net expense
					General Revenues and Other
					Changes in Net Position
					Governmental activities:
					Taxes
\$ 30,101,176	\$ 30,744,334	\$ 31,491,288	\$ 31,934,723	\$ 32,962,247	Property taxes levied for general purpose
32,842,687	36,097,807	32,605,059	39,198,901	44,050,552	Sales taxes
29,823,141	30,597,119	30,456,616	32,515,784	34,058,671	Utility taxes
9,422,048	12,999,563	14,784,795	17,060,649	19,517,633	Business & Occupation taxes
7,689,638	9,590,643	6,621,152	10,694,081	10,723,724	Real Estate taxes
312,813	306,055	155,591	222,759	280,772	Lodging taxes
1,074,356	963,837	418,235	613,502	930,043	Other taxes
6,345,911	5,777,671	3,702,988	7,411,838	5,303,510	Unrestricted grants and contributions
2,177,476	5,198,451	4,020,413	(858,266)	(5,511,868)	Investment earnings
1,028,553	997,507	948,904	1,511,036	2,266,394	Miscellaneous
22,523	18,796	187,754	33,392	110,880	Gain on disposal of capital assets
-	-	-	-	-	Special item
803,826	206,644	105,435	29,831	923,819	Transfers
<u>121,644,148</u>	<u>133,498,427</u>	<u>125,498,230</u>	<u>140,368,230</u>	<u>145,616,377</u>	Total governmental activities
					Business-type activities
1,788,588	3,363,362	2,113,001	(512,173)	(2,499,092)	Investment earnings
				327,221	Transfers
<u>(803,826)</u>	<u>(206,644)</u>	<u>(105,435)</u>	<u>(29,831)</u>	<u>(923,819)</u>	Total business-type activities
<u>984,762</u>	<u>3,156,718</u>	<u>2,007,566</u>	<u>(542,004)</u>	<u>(3,095,690)</u>	Total primary government
<u>\$ 122,628,910</u>	<u>\$ 136,655,145</u>	<u>\$ 127,505,796</u>	<u>\$ 139,826,226</u>	<u>\$ 142,520,687</u>	Total primary government
					Change in Net Position
\$ 22,766,419	\$ 53,157,759	\$ 45,922,008	\$ 52,236,538	\$ 39,115,813	Governmental activities
18,103,808	21,662,271	12,579,743	19,652,516	9,553,028	Business-type activities
<u>\$ 40,870,227</u>	<u>\$ 74,820,030</u>	<u>\$ 58,501,751</u>	<u>\$ 71,889,054</u>	<u>\$ 48,668,841</u>	Total primary government

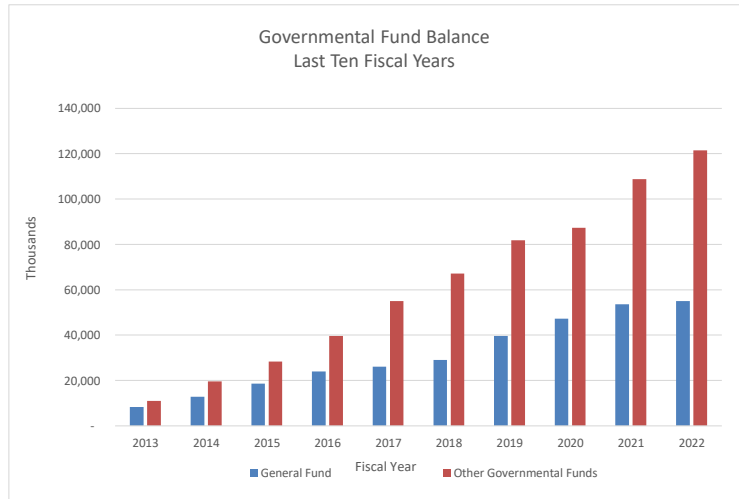
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Schedule 3
City of Kent
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2013*	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 80,055	\$ 96,544	\$ 133,533	\$ 55,588	\$ 54,153	\$ 52,241	\$ 53,862	\$ 47,115	\$ 47,047	\$ 55,468
Restricted	1,846,132	2,116,798	3,497,366	2,865,799	974,945	1,780,871	1,541,726	93,011	2,936,764	153,688
Committed	184,691	281,177	364,242	912,834	1,185,647	1,261,453	2,836,297	5,409,077	11,161,471	19,549,660
Assigned	968,866	1,128,842	2,806,873	2,973,064	3,271,355	3,875,396	4,428,649	3,333,563	3,808,859	1,015,706
Unassigned	5,200,183	9,179,216	11,778,578	17,103,379	20,599,974	22,016,709	30,789,228	38,382,974	35,665,388	34,200,539
Total general fund	\$ 8,279,927	\$ 12,802,577	\$ 18,580,592	\$ 23,910,664	\$ 26,086,074	\$ 28,986,670	\$ 39,649,762	\$ 47,265,740	\$ 53,619,529	\$ 54,975,061
All Other Governmental Funds										
Nonspendable	\$ 3,120	\$ 4,295	\$ 29,495	\$ -	\$ -	\$ -	\$ 145,160	\$ 463,360	\$ 330,909	\$ -
Restricted	10,910,338	12,564,488	15,477,624	22,471,953	21,794,760	22,317,814	23,975,743	22,398,299	29,094,745	37,849,078
Committed	5,718,063	8,672,323	15,016,218	13,735,355	25,080,826	34,024,440	45,935,443	45,284,251	50,982,541	59,926,400
Assigned	1,726,736	1,405,923	4,230,472	8,559,514	11,889,360	13,120,956	12,564,232	19,105,408	28,337,742	23,723,316
Unassigned	(7,448,023)	(3,023,914)	(6,411,915)	(5,145,517)	(3,759,661)	(2,307,332)	(768,503)	18,238	-	-
Total all other governmental funds	\$ 10,910,234	\$ 19,623,115	\$ 28,341,894	\$ 39,621,305	\$ 55,005,285	\$ 67,155,878	\$ 81,852,075	\$ 87,269,556	\$ 108,745,937	\$ 121,498,794
Grand Total Governmental Funds	\$ 19,190,161	\$ 32,425,692	\$ 46,922,486	\$ 63,531,969	\$ 81,091,359	\$ 96,142,548	\$ 121,501,837	\$ 134,535,296	\$ 162,365,466	\$ 176,473,855

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

Source: Governmental Funds Balance Sheet





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

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues					
Taxes (see Schedule 5)	\$ 75,899,606	\$ 79,740,933	\$ 90,440,736	\$ 95,002,781	\$ 98,723,853
Licenses and permits	5,099,915	5,818,615	5,827,475	6,652,555	7,499,521
Intergovernmental	13,944,351	14,032,112	15,166,476	18,717,615	23,751,790
Charges for services	5,911,954	7,607,140	7,610,535	7,459,034	10,359,617
Fines and forfeitures	1,535,820	2,473,890	3,432,228	2,975,420	3,086,649
Special assessments	3,319,569	2,387,329	1,861,231	1,677,275	1,456,781
Investment earnings	1,074,118	902,762	891,136	969,625	1,247,357
Unrealized net gain/(loss) in FV of investments	-	-	-	-	-
Other revenues	2,850,433	2,438,942	3,202,583	3,464,427	3,850,409
Total Revenues	109,635,766	115,401,723	128,432,400	136,918,732	149,975,977
Expenditures					
General government	6,895,137	7,143,865	7,795,541	10,223,289	10,748,768
Judicial	2,781,005	2,849,954	2,988,951	3,079,215	3,128,653
Public safety	38,162,011	39,902,990	41,552,238	42,746,821	46,087,104
Community development	5,256,059	5,323,103	5,623,048	5,883,755	6,471,366
Public works	7,218,144	7,648,901	7,682,213	7,228,829	10,267,623
Leisure services	13,190,232	14,064,016	14,147,709	14,063,309	13,540,991
Health and human services	5,368,080	5,594,899	5,980,950	6,140,962	6,390,291
Debt Service					
Principal	7,862,632	8,097,151	15,365,251	6,929,689	7,075,992
Interest	3,179,638	2,984,274	2,707,594	3,441,172	3,994,036
Capital Outlay	6,062,203	10,525,215	12,979,918	22,414,017	25,267,653
Total expenditures	95,975,141	104,134,368	116,823,413	122,151,058	132,972,477
Excess of revenues over (under) expenditures	13,660,625	11,267,355	11,608,987	14,767,674	17,003,500
Other Financing Sources (Uses)					
Refunding bonds issued	-	8,671,070	8,620,000	64,575,000	-
Issuance of installment notes	-	-	18,524	181,900	194,990
Payments to escrow agent	-	(8,929,574)	-	(76,539,984)	-
Premium/(discount) on bonds	-	547,704	261,619	12,314,401	-
Sale of capital assets	1,966,453	2,433,102	77,342	-	-
Transfers in	20,939,382	24,436,941	44,596,124	43,061,037	46,077,102
Transfers out	(19,618,674)	(23,164,963)	(43,125,559)	(41,750,545)	(45,716,202)
Total other financing sources (uses)	3,287,161	3,994,280	10,448,050	1,841,809	555,890
Net change in fund balances	\$ 16,947,786	\$ 15,261,635	\$ 22,057,037	\$ 16,609,483	\$ 17,559,390
Debt service as a percentage of noncapital expenditures	12.3%	11.8%	17.4%	10.4%	10.3%

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

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

		Fiscal Year								
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>				
							Revenues			
\$	109,704,136	\$	119,886,909	\$	114,848,259	\$	132,358,643	\$	142,396,421	Taxes (see Schedule 5)
	8,119,744		8,032,458		7,654,832		7,737,074		9,097,728	Licenses and permits
	19,633,245		30,890,756		36,749,457		25,219,734		22,545,037	Intergovernmental
	9,543,599		12,094,306		10,631,664		11,899,343		15,417,964	Charges for services
	2,704,218		3,876,198		4,297,533		5,379,869		5,091,762	Fines and forfeitures
	1,123,334		1,069,714		544,398		779,313		805,054	Special assessments
	1,696,085		4,251,315		3,248,757		1,763,188		1,644,154	Investment earnings
	-		-		-		(2,300,225)		(6,344,649)	Unrealized net gain/(loss) in FV of investments
	3,470,791		3,965,186		2,826,984		4,768,119		3,050,362	Other revenues
	<u>155,995,152</u>		<u>184,066,842</u>		<u>180,801,884</u>		<u>187,605,058</u>		<u>193,703,833</u>	Total Revenues
							Expenditures			
	12,517,199		13,764,035		18,275,473		13,853,461		14,867,081	General government
	3,442,107		3,646,275		3,402,314		3,386,007		3,433,032	Judicial
	48,585,879		54,269,599		57,629,264		59,540,990		65,863,390	Public safety
	7,660,083		7,628,083		7,210,924		7,641,488		8,061,586	Community development
	10,371,450		11,694,862		12,087,520		15,881,550		17,732,767	Public works
	15,111,812		15,555,826		14,064,002		17,893,462		17,578,526	Leisure services
	6,804,579		6,935,778		8,189,345		8,944,190		9,421,729	Health and human services
										Debt Service
	6,624,979		6,426,192		14,248,319		5,287,190		5,697,237	Principal
	3,786,574		3,673,650		3,520,663		3,109,646		2,906,892	Interest
	25,740,137		41,029,250		29,850,238		18,591,861		25,209,816	Capital Outlay
	<u>140,644,799</u>		<u>164,623,550</u>		<u>168,478,062</u>		<u>154,129,845</u>		<u>170,772,056</u>	Total expenditures
	15,350,353		19,443,292		12,323,822		33,475,213		22,931,777	Excess of revenues over (under) expenditures
							Other Financing Sources (Uses)			
	-		-		-		-		-	Refunding bonds issued
	172,808		8,891,708		-		500,000		-	Issuance of installment notes
	-		-		-		-		-	Payments to escrow agent
	-		-		-		-		-	Premium/(discount) on bonds
	104,587		-		-		-		-	Sale of capital assets
	56,403,715		48,833,562		62,228,663		42,124,659		56,176,207	Transfers in
	(56,980,274)		(51,809,272)		(61,519,026)		(48,269,702)		(64,874,595)	Transfers out
	<u>(299,164)</u>		<u>5,915,998</u>		<u>709,637</u>		<u>(5,645,043)</u>		<u>(8,698,388)</u>	Total other financing sources (uses)
\$	<u>15,051,189</u>	\$	<u>25,359,290</u>	\$	<u>13,033,459</u>	\$	<u>27,830,170</u>	\$	<u>14,233,389</u>	Net change in fund balances
	9.1%		8.2%		12.8%		6.2%		5.9%	Debt service as a percentage of noncapital expenditures

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

Fiscal Year	Property	Sales & Use¹	Utility	Business & Occupation	Real Estate Excise	Lodging	Other	Total
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 ³	31,374,827	32,605,059 ²	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
2022	32,835,026	44,050,552	34,058,671	19,517,633	10,723,724	280,772	930,043	142,396,421
Change 2013-2022	63.1%	94.0%	49.6%	279.0%	179.4%	29.0%	-15.6%	87.6%

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

Notes:

¹ 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
2022	3,250,857

² 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

³ 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**

Fiscal Year	Real Property	Personal Property	Total Assessed/ Estimated Actual Value	Total Direct Tax Rate
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
2022	25,401,916,185	1,595,439,198	26,997,355,383	1.230

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 revaluation of all property is required every year and a physical inspection is required at least once every six years.

Source: King County Assessor's Office

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

Fiscal Year	City Direct Rates			Overlapping Rates										
	Basic Rate	Voted Debt Service	Total Direct Rate	State	County	Voter Approved County	Sound Transit	Port of Seattle	Kent School District	Kent Hospital District	Rural Library	Emergency Medical Service	Green River Flood Zone	Kent Regional Fire
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
2022	1.230	-	1.230	2.817	1.206	0.022	0.184	0.113	3.817	0.354	0.328	0.248	0.081	0.932

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	2022			2013		
	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)	\$ 545,403,600	1	2.02%	110,810,400	3	0.92%
Smith Kendra	346,030,100	2	1.28%			
PSE/Gas & Electric	278,727,391	3	1.03%	195,977,733	2	1.63%
Segale Properties (formerly La Terra Ltd)	277,035,400	4	1.03%	84,663,700	4	0.70%
Boeing	212,099,551	5	0.79%	\$234,563,722	1	1.95%
Blue Properties	205,533,500	6	0.76%			
Hill Investment Co.	176,316,400	7	0.65%			
KV Industrial 2 LLC	166,275,900	8	0.62%			
Eproperty Tax Inc	163,354,500	9	0.61%			
Phoenix Commercial Investment	154,655,300	10	0.57%			
Signature Point Apt.						
CSHV Kent North LLC (formerly CB Richard Ellis)				44,243,900	6	0.37%
PS Business Parks (formerly Nuveen)						
AMB Property				84,227,100	5	0.70%
Qwest Corporation (formerly U.S. West)				37,877,910	8	0.32%
Red Mortgage Capital Inc.				36,475,000	9	0.30%
Fred Meyer				38,726,121	7	0.32%
Pacific NW Group A						
	<u>\$ 2,525,431,642</u>		<u>9.35%</u>	<u>\$897,565,586</u>		<u>7.47%</u>

Source: King County Assessor's Office

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

Fiscal Year Ended Dec 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	323,348	20,717,557	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%	247,293	22,633,167	99.89%
2017	23,056,215	22,816,339	98.96%	236,375	23,052,714	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%	308,287	30,763,989	99.93%
2020	31,551,662	31,144,239	98.71%	324,213	31,468,452	99.74%
2021	32,173,205	31,899,373	99.15%	214,980	32,114,353	99.82%
2022	33,049,056	32,459,523	98.22%	-	32,459,523	98.22%

Source: King County Assessor's Office



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

	Fiscal Year				
	2013	2014	2015	2016	2017
Unknown	\$ 196,495	\$ 65,704	\$ 543,832	\$ 149,753	\$ 641,040
Agriculture, Forestry, Fishing	1,202,184	1,533,526	1,723,713	1,774,495	661,383
Mining	144,459	98,998	46,085	67,492	139,085
Utilities	10,873,877	6,071,984	6,292,076	7,846,892	10,457,305
Construction	224,529,870	321,680,722	297,410,988	302,548,150	340,304,924
Manufacturing	147,815,483	140,966,275	130,367,834	146,226,236	134,882,163
Wholesale Trade	241,905,173	258,868,775	297,663,617	338,433,480	329,625,729
Retail Trade	722,025,334	752,229,005	778,287,789	816,949,999	843,953,703
Transportation and Warehousing	7,058,638	7,704,255	10,505,291	9,726,380	8,159,690
Information	95,410,564	112,338,420	121,791,265	126,016,431	123,102,696
Finance and Insurance	25,203,335	25,454,579	30,244,002	39,245,687	42,164,136
Real Estate, Rental, Leasing	73,550,514	87,699,058	95,997,409	103,454,935	113,932,233
Prof, Sci, Technical Svcs	32,408,933	36,389,911	38,935,453	49,628,961	52,130,863
Company Management	25,943	-	78,443	17,671	9,470
Admin, Supp, Remed Svcs	42,476,396	39,458,138	71,319,015	104,922,922	64,042,202
Educational Services	3,711,272	3,712,154	4,420,229	5,094,076	4,232,992
Health Care Social Assistance	1,275,885	2,412,082	3,308,852	3,626,711	5,473,322
Arts, Entertain, Recreation	21,189,254	21,779,009	19,808,385	22,625,489	23,053,740
Accommodation and Food Svcs	182,181,720	195,809,112	213,315,217	231,934,336	238,157,944
Other Services	71,633,560	73,587,409	81,802,712	88,021,162	94,115,793
Public Administration	26,185,952	28,971,834	30,088,734	33,119,462	44,304,995
Total	\$ 1,931,004,841	\$ 2,116,830,950	\$ 2,233,950,941	\$ 2,431,430,720	\$ 2,473,545,408

City direct sales tax rate 0.85%.

Source: Taxtools 4.1.0 Database by Microflex, Inc.

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

Fiscal Year						
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>		
\$ 111,673	\$ 1,367,225	\$ 1,404,788	\$ 4,565,569	\$ 1,757,981		Unknown
458,376	342,866	882,111	1,277,049	696,191		Agriculture, Forestry, Fishing
192,809	95,049	96,216	81,659	83,800		Mining
11,391,629	12,377,296	7,750,699	8,677,840	16,466,574		Utilities
434,236,277	548,590,035	557,056,169	603,625,244	639,758,206		Construction
153,848,600	220,872,536	180,257,465	212,375,842	385,722,739		Manufacturing
364,718,721	383,861,943	385,843,018	406,190,334	474,250,577		Wholesale Trade
905,815,060	999,565,733	1,140,046,374	1,325,134,219	1,329,317,073		Retail Trade
11,359,833	12,643,113	22,627,158	41,959,495	43,703,869		Transportation and Warehousing
124,377,336	118,698,722	118,032,858	120,352,571	168,466,171		Information
44,372,642	43,297,915	47,570,315	38,774,920	52,357,116		Finance and Insurance
120,119,139	134,138,368	120,650,967	128,984,304	141,099,713		Real Estate, Rental, Leasing
47,245,465	58,106,362	69,684,509	96,817,168	110,625,107		Prof, Sci, Technical Svcs
4,469	4,682	274,772	80,889	232,449		Company Management
109,819,746	137,075,315	166,136,707	199,722,437	201,228,360		Admin, Supp, Remed Svcs
3,942,868	4,719,372	3,830,005	5,369,807	6,428,414		Educational Services
5,266,771	3,253,657	2,860,038	2,883,709	2,748,706		Health Care Social Assistance
23,995,011	26,166,127	14,003,489	22,331,212	27,101,459		Arts, Entertain, Recreation
247,306,793	270,545,886	207,566,415	258,032,589	288,987,582		Accommodation and Food Svcs
96,543,843	98,404,947	89,996,520	116,919,575	120,461,815		Other Services
42,949,890	41,987,921	52,066,016	59,029,617	62,260,532		Public Administration
\$ 2,748,076,951	\$ 3,116,115,070	\$ 3,188,636,609	\$ 3,653,186,049	\$ 4,073,754,434		Total

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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>State</u>	<u>County Transit</u>	<u>RTA</u>	<u>County</u> ¹	<u>Criminal Justice</u>	<u>Total Overlapping Rate</u>
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%
2022	0.85%	6.50%	0.90%	1.40%	0.26%	0.10%	10.10%

¹ 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 2022				Fiscal Year 2013			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Unknown	56	0.2%	64,825	0.2%	31	0.1%	38,314	0.2%
Agriculture, Forestry, Fishing	70	0.2%	6,436	0.0%	64	0.3%	10,041	0.1%
Mining	7	0.0%	645	0.0%	12	0.1%	1,252	0.0%
Utilities	21	0.1%	105,248	0.3%	17	0.1%	89,712	0.6%
Construction	4,695	16.1%	5,281,711	15.6%	5,173	23.0%	1,958,796	12.1%
Manufacturing	2,034	7.0%	3,071,891	9.1%	1,626	7.2%	1,011,121	6.2%
Wholesale Trade	3,833	13.1%	3,873,419	11.5%	3,302	14.7%	2,045,286	12.6%
Retail Trade	10,755	36.9%	11,167,511	33.1%	5,600	24.9%	6,029,041	37.2%
Transportation and Warehousing	156	0.5%	370,961	1.1%	178	0.8%	55,954	0.3%
Information	1,314	4.5%	1,372,523	4.1%	672	3.0%	910,053	5.6%
Finance and Insurance	171	0.6%	393,248	1.2%	177	0.8%	212,416	1.3%
Real Estate, Rental, Leasing	494	1.7%	1,171,472	3.5%	500	2.2%	627,881	3.9%
Prof, Sci, Technical Svcs	1,779	6.1%	939,049	2.8%	1,283	5.7%	263,474	1.6%
Company Management	8	0.0%	2,107	0.0%	7	0.0%	307	0.0%
Admin, Supp, Remed Svcs	1,638	5.6%	1,716,744	5.1%	1,608	7.2%	379,709	2.3%
Educational Services	227	0.8%	55,297	0.2%	163	0.7%	27,548	0.2%
Health Care Social Assistance	168	0.6%	23,752	0.1%	202	0.9%	10,459	0.1%
Arts, Entertain, Recreation	176	0.6%	225,784	0.7%	158	0.7%	171,984	1.1%
Accommodation and Food Svcs	495	1.7%	2,388,451	7.1%	499	2.2%	1,519,775	9.4%
Other Services	1,057	3.6%	1,000,550	3.0%	1,169	5.2%	603,891	3.7%
Public Administration	20	0.1%	554,427	1.6%	27	0.1%	219,311	1.4%
Total	29,174	100.00%	\$ 33,786,051	100.00%	22,468	100.00%	\$ 16,186,325	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**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water Utility										
Customer Accounts										
Residential										
Single-family	10,159	10,322	10,433	10,586	10,669	10,898	11,073	11,209	11,313	11,327
Multi-family	1,490	1,492	1,492	1,493	1,567	1,570	1,592	1,600	1,606	1,607
Commercial	1,716	1,733	1,729	1,736	1,702	1,701	1,719	1,720	1,724	1,724
Industrial	85	84	83	82	82	80	80	81	81	79
Governmental	179	179	187	194	194	194	193	192	195	192
Total	13,629	13,810	13,924	14,091	14,214	14,443	14,657	14,802	14,919	14,929
Annual water usage (ft ³)	322,321,057	343,809,535	360,197,626	357,875,066	344,485,663	370,320,856	345,382,664	363,892,246	375,849,198	364,162,433
Sewer Utility										
Customer Accounts										
Residential	12,267	12,395	12,494	12,642	12,790	12,839	13,106	13,198	13,341	13,377
Commercial	3,445	3,459	3,455	3,456	3,440	3,446	3,467	3,476	3,476	3,475
Total	15,712	15,854	15,949	16,098	16,230	16,285	16,573	16,674	16,817	16,852
Drainage Utility										
Customer accounts										
Residential	23,068	23,267	23,433	23,635	23,845	24,136	24,314	24,508	24,592	24,723
Commercial	2,217	2,219	2,191	2,196	2,177	2,229	2,311	2,314	2,321	2,332
Total	25,285	25,486	25,624	25,831	26,022	26,365	26,625	26,822	26,913	27,055

Source: City financial records

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

Water Utility Meter Access Fees	
Meter Size (inches)	Monthly Fee
Residential	
3/4	\$ 25.54
1	39.99
1.5	82.19
2	129.49
Commercial	
3/4	\$ 32.09
1	46.54
1.5	82.67
2	126.00
3	198.25
4	299.38
6	443.86
8	588.35
10	732.84
Dedicated Fireline (pipe size)	
3/4	\$ 3.04
1	3.54
1.25	5.30
1.5	7.08
2	11.34
3	28.31
4	56.62
6	113.22
8	191.09
10	283.08

Backflow Fee \$ 207.39

Drainage Utility Rates	
Residential	
Monthly fee	\$ 13.48
Commercial	

Fees are calculated based on impervious surfaces

Water Usage Fees per 100 Cubic Feet (748 gallons)	
0-800 cf	\$2.65/100 cf
800+ cf	\$5.21/100 cf

Water Tap Fees (new connection fee)	
Connection Size (inches)	Fee
<3/4	\$ 275.00
3/4	325.00
1	350.00
1.5	600.00
2	800.00
>2	Cost of meter & install + 25%

Water System Development Charges	
Meter Size (inches)	Fee
less than 1	\$ 9,327.76
1	23,318.61
2	74,617.39
3	149,236.34
4	233,181.51
5	349,547.26
6	466,363.03
8	746,180.20
10	1,025,997.40

Sewer Utility Rates	
Residential	
City fee	\$ 26.31
King County Fee	49.27
Total	\$ 75.58
Commercial ¹	
Consumption-per 100 cf/month	\$ 10.08
Minimum charge	\$ 75.58

Source: City records

¹ Commercial sewer customers are billed based on the consumption of water

**Schedule 13-C
City of Kent
Utility Statistical Data
Ten Largest Users
Current Year and Four Years Ago***

Water Utility

Customer	Product/Service	2022		2017	
		Percent of Revenue	Ranking	Percent of Revenue	Ranking
Danone Waters	Bottled water	0.92%	1	1.49%	1
Air Gas	Liquid nitrogen	0.81%	2	0.80%	2
Rexam Beverage Can Co.	Can manufacturing	0.64%	3	0.67%	5
Kent 228	Office space management	0.56%	4	0.50%	8
Mikron Industries	Building manufacturing	0.59%	5	0.44%	9
Aramark Uniform Services	Laundry service	0.57%	6	0.63%	7
Smith Brothers Farms	Agriculture	0.48%	7		
King County Admin Building	Government	0.48%	8	0.76%	3
Image First Healthcare Laundry	Laundry service	0.47%	9		
Boeing Defense and Space Grp	Aerospace	0.46%	10		
King Command Foods	Processed meat			0.68%	4
Con Agra Food	Food processing			0.66%	6
Alsco	Laundry service			0.42%	10
		5.98%		7.06%	

Sewer Utility

Customer	Product/Service	2022		2017	
		Percent of Revenue	Ranking	Percent of Revenue	Ranking
PS Business Parks Inc	Industrial office space	0.81%	1		
Rexam Beverage Can Co.	Can manufacturing	0.79%	2	1.36%	2
Mikron Industries	Building manufacturing	0.78%	3	0.91%	7
Aramark Uniform Services	Laundry service	0.75%	4	1.31%	4
Kent 228	Office space management	0.74%	5	1.05%	6
Boeing Defense and Space Grp	Aerospace	0.60%	6		
Image First Healthcare Laundry	Laundry service	0.59%	7		
King County Admin Building	Government	0.59%	8	1.34%	3
Smith Brothers Farms	Agriculture	0.59%	9		
Oberto Sausage Company	Food processing	0.55%	10	0.79%	9
King Command Foods	Processed meat			1.07%	5
Con Agra Food	Food processing			1.38%	1
Danone Waters	Bottled water			0.73%	10
Alsco	Laundry service			0.89%	8
		6.79%		4.06%	

Drainage Utility

Customer	Product/Service	2022		2017	
		Percent of Revenue	Ranking	Percent of Revenue	Ranking
City of Kent	Government	1.36%	1	1.55%	3
The Boeing Company	Aerospace	0.91%	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	0.73%	5	0.74%	5
Kent East Corporate Park	Industrial office space	0.70%	6		
Finlayson Logistics	Warehouse distribution	0.60%	7		
Amazon	Distribution center	0.53%	8		
South Seattle Auto Auction	Auto auction	0.47%	9	0.48%	9
TGA Van Dorens West LLC	Industrial office space	0.45%	10		
Prologis Mgmt LLC	Developer			1.62%	2
PS Business Park	Commercial office space			0.54%	8
Kidder Mathews	Warehouse distribution			0.46%	10
		7.39%		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				
	2013	2014	2015	2016	2017
Water Consumption					
Residential (single family)	\$ 2,878,919	\$ 3,108,519	\$ 3,219,722	\$ 3,123,128	\$ 2,484,161
Duplex	37,884	48,407	46,857	49,149	40,946
Multi-family	4,640,464	5,061,029	5,024,730	5,042,692	4,864,436
Multi-family	4,482,184	4,880,396	5,117,899	5,307,898	6,144,822
Multi-family	916,574	1,040,218	1,068,845	1,032,766	1,066,470
Multi-family	592,828	657,203	745,027	642,473	726,437
Total Consumption Charges	\$ 13,548,853	\$ 14,795,772	\$ 15,223,080	\$ 15,198,106	\$ 15,327,272
Water Access					
Residential (single family)	\$ 1,587,891	\$ 1,661,686	\$ 1,681,135	\$ 1,702,856	\$ 2,988,553
Duplex	13,475	13,946	13,974	13,974	29,256
Multi-family	564,360	582,518	583,041	583,987	1,260,748
Commercial	567,496	580,972	582,333	584,669	1,305,673
Industrial	50,665	52,555	52,635	53,192	122,677
Governmental	89,075	91,716	92,075	94,177	212,302
Total Access Charges	\$ 2,872,962	\$ 2,983,393	\$ 3,005,193	\$ 3,032,855	\$ 5,919,209
Hydrant Water Fees					
Commercial	\$ 125,197	\$ 177,052	\$ 228,505	\$ 177,409	\$ 63,750
Other Water Fees					
Adjustments ¹	\$ (42,561)	\$ (48,683)	\$ (23,460)	\$ (109,430)	(1,400,962)
Total Water Sales	\$ 16,504,451	\$ 17,907,534	\$ 18,433,318	\$ 18,298,940	19,909,269
Water Backflow & Firelines					
Residential (single family)	\$ 80	\$ 240	\$ 480	\$ 640	\$ 897
Duplex	-	-	-	-	-
Multi-family	36,160	36,243	37,040	38,484	48,692
Commercial	177,936	180,367	182,730	186,739	239,062
Industrial	15,760	15,760	16,080	16,400	20,100
Governmental	26,560	24,800	24,720	24,640	30,600
Total Backflow Prevention	\$ 256,496	\$ 257,410	\$ 261,050	\$ 266,903	\$ 339,351
Other Water Charges					
Dedicated Fireline Fee	\$ -	\$ -	\$ -	\$ -	\$ 1,395,693
Miscellaneous Charges	246,133	244,077	205,853	181,898	171,504
Other Operating Revenue	14,871	7,141	4,630	32,388	39,674
Adjustments					(4,850)
Total Other Operating Revenues	\$ 261,004	\$ 251,218	\$ 210,483	\$ 214,286	\$ 1,602,021
Total Water Operating Revenues	<u>\$ 17,021,951</u>	<u>\$ 18,416,162</u>	<u>\$ 18,904,851</u>	<u>\$ 18,780,129</u>	<u>\$ 21,850,641</u>

¹ For adjustments, including leak adjustments and misread corrections, the billing code does

² Sewer connection charges are coded as capital contributions

³ Until 2019, the Sewer and Drainage utilities were together in the Sewer Utility Fund. In 2019,

Source: City records

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

		Fiscal Year					
2018	2019	2020	2021	2022			
\$ 2,617,358	\$ 2,668,257	\$ 2,982,754	\$ 3,153,310	\$ 3,030,011		Water Consumption	
43,892	35,635	39,814	42,604	40,498		Residential (single family)	
4,867,440	4,884,238	5,173,648	5,488,945	5,562,328		Duplex	
5,238,496	5,244,994	5,108,176	5,338,023	5,102,535		Multi-family	
995,005	999,441	877,217	953,522	1,150,051		Multi-family	
662,993	684,721	560,206	707,618	582,404		Multi-family	
\$ 14,425,184	\$ 14,517,286	\$ 14,741,815	\$ 15,684,023	\$ 15,467,828		Total Consumption Charges	
\$ 3,108,519	\$ 3,272,477	\$ 3,382,612	\$ 3,428,749	\$ 3,526,084		Water Access	
29,768	31,128	32,062	32,231	32,644		Residential (single family)	
1,291,184	1,327,626	1,365,698	1,387,908	1,429,065		Duplex	
1,338,698	1,380,617	1,421,815	1,428,589	1,471,117		Multi-family	
124,592	127,096	120,749	131,554	135,080		Commercial	
218,867	225,700	230,101	233,803	238,115		Industrial	
\$ 6,111,628	\$ 6,364,644	\$ 6,553,036	\$ 6,642,835	\$ 6,832,105		Governmental	
						Total Access Charges	
\$ 89,150	\$ 83,104	\$ 81,551	\$ 121,153	\$ 100,989		Hydrant Water Fees	
						Commercial	
(102,297)	(188,258)	(95,654)	(281,285)	(350,055)		Other Water Fees	
						Adjustments ¹	
20,523,665	20,776,776	21,280,748	22,166,726	22,050,867		Total Water Sales	
\$ 927	\$ 1,387	\$ 868	\$ 877	\$ 932		Water Backflow & Firelines	
-	-	-	110	117		Residential (single family)	
51,812	55,276	59,143	62,697	69,912		Duplex	
259,196	276,286	285,981	294,084	318,588		Multi-family	
21,631	24,116	23,549	23,566	27,500		Commercial	
30,900	33,294	33,641	35,185	37,869		Industrial	
\$ 364,466	\$ 390,359	\$ 403,183	\$ 416,518	\$ 454,917		Governmental	
						Total Backflow Prevention	
\$ 1,459,048	\$ 1,509,861	\$ 1,555,138	\$ 1,576,624	\$ 1,615,390		Other Water Charges	
177,763	185,658	46,555	7,385	175,864		Dedicated Fireline Fee	
16,689	7,296	1,251	959	-		Miscellaneous Charges	
-	-	-	(8,348)	(2,880)		Other Operating Revenue	
\$ 1,653,500	\$ 1,702,815	\$ 1,602,944	\$ 1,576,620	\$ 1,788,374		Adjustments	
						Total Other Operating Revenues	
\$ 22,541,631	\$ 22,869,950	\$ 23,286,875	\$ 24,159,864	\$ 24,294,158		Total Water Operating Revenues	

(continued)

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Sewer Charges					
Residential (single family)	\$ 8,202,454	\$ 8,373,244	\$ 8,889,410	\$ 9,085,413	\$ 9,930,521
Duplex	139,647	143,261	150,811	152,672	163,920
Multi-family	8,211,588	8,406,680	8,863,264	9,125,661	9,926,448
Commercial	5,649,362	6,115,191	6,531,807	7,048,720	7,450,347
Industrial	1,248,164	1,479,639	1,406,070	1,401,538	1,462,166
Governmental	674,431	671,239	729,349	637,963	743,381
Total Sewer Billings	\$ 24,125,646	\$ 25,189,254	\$ 26,570,711	\$ 27,451,967	\$ 29,676,784
Other Sewer Fees					
Sewer permits	\$ 50,754	\$ 52,193	\$ 44,281	\$ 71,219	\$ 95,770
Connection charges ²	666,795	1,152,849	-	-	-
Water quality surcharge	503,188	524,269	692,877	785,016	808,555
Miscellaneous charges	17,126	66,116	46,987	59,264	49,255
Other operating revenue	8,207	8,358	8,690	24,510	54,312
Adjustments ¹	27,955	(227,189)	63,739	133,349	(80,689)
Total Other Sewer Fees	\$ 1,274,025	\$ 1,576,596	\$ 856,574	\$ 1,073,358	\$ 927,203
Total Sewer Operating Revenues ³	\$ 25,399,671	\$ 26,765,850	\$ 27,427,285	\$ 28,525,325	\$ 30,603,987
Storm Drain/Surface					
Residential (single family)	\$ 2,975,555	\$ 3,145,346	\$ 3,324,793	\$ 3,350,939	\$ 3,388,860
Duplex	31,978	33,908	35,596	35,598	35,597
Multi-family	2,453,359	2,582,879	2,712,051	2,719,264	2,742,031
Commercial	9,491,417	9,937,563	10,409,583	10,456,233	10,614,253
Industrial	1,253,616	1,315,712	1,328,399	1,320,227	1,490,308
Governmental	1,146,862	1,188,441	1,221,703	1,233,268	1,234,437
Adjustments ¹	-	-	-	-	-
Total Drainage Operating Revenues ³	\$ 17,352,787	\$ 18,203,849	\$ 19,032,125	\$ 19,115,529	\$ 19,505,486
Total Sewer/Storm Drainage Operating Revenues ³	\$ 42,752,458	\$ 44,969,699	\$ 46,459,410	\$ 47,640,854	\$ 50,109,473

¹ For adjustments, including leak adjustments and misread corrections, the billing code does

² Sewer connection charges are coded as capital contributions

³ Until 2019, the Sewer and Drainage utilities were together in the Sewer Utility Fund. In 2019,

Source: City records

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

		Fiscal Year				
		2018	2019	2020	2021	2022
	\$	10,309,790	\$ 10,786,527	\$ 10,959,754	\$ 11,396,218	\$ 11,857,814
		168,467	174,997	179,048	184,320	189,552
		10,037,913	10,282,395	10,994,867	11,666,329	11,922,379
		7,641,769	7,888,196	7,970,041	8,145,210	7,965,552
		1,413,031	1,486,577	1,308,732	1,417,377	1,814,381
		724,164	823,501	669,527	646,484	634,428
	\$	<u>30,295,134</u>	<u>\$ 31,442,193</u>	<u>\$ 32,081,969</u>	<u>\$ 33,455,938</u>	<u>\$ 34,384,106</u>
	\$	89,578	\$ 55,492	\$ 55,071	\$ 60,694	\$ 39,811
		-	-	-	-	-
		1,040,609	1,232,178	1,226,777	1,512,114	1,601,944
		84,150	2,075	665	560	3,840
		1,184,666	14,664	12,584	18,830	24,804
		(94,890)	(137,572)	(48,789)	(129,211)	(402,198)
	\$	<u>2,304,113</u>	<u>\$ 1,166,837</u>	<u>\$ 1,191,237</u>	<u>\$ 1,462,987</u>	<u>\$ 1,268,202</u>
	\$	<u>32,599,247</u>	<u>\$ 32,609,030</u>	<u>\$ 33,273,206</u>	<u>\$ 34,918,925</u>	<u>\$ 35,652,308</u>
	\$	3,505,390	\$ 3,654,527	\$ 3,747,155	\$ 3,794,789	\$ 3,907,196
		36,433	37,872	16,869	39,301	40,120
		2,835,931	2,931,555	2,891,709	3,068,230	3,156,390
		10,937,699	11,296,651	11,748,906	11,892,198	12,214,964
		1,525,051	1,567,883	1,450,798	1,428,559	1,462,854
		1,256,502	1,286,223	1,306,602	1,317,751	1,345,150
		-	(51,022)	126,142	(8,623)	38,962
	\$	<u>20,097,006</u>	<u>\$ 20,723,689</u>	<u>\$ 21,288,181</u>	<u>\$ 21,532,206</u>	<u>\$ 22,165,636</u>
	\$	<u>52,696,253</u>	<u>\$ 53,332,719</u>	<u>\$ 54,561,387</u>	<u>\$ 56,451,131</u>	<u>\$ 57,817,944</u>

Sewer Charges
Residential (single family)
Duplex
Multi-family
Commercial
Industrial
Governmental
Total Sewer Billings

Other Sewer Fees
Sewer permits
Connection charges ²
Water quality surcharge
Miscellaneous charges
Other operating revenue
Adjustments ¹
Total Other Sewer Fees

Total Sewer Operating Revenues ³

Storm Drain/Surface
Residential (single family)
Duplex
Multi-family
Commercial
Industrial
Governmental
Adjustments ¹

Total Drainage Operating Revenues ³

Total Sewer/Storm Drainage Operating Revenues ³

(concluded)

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

Governmental Activities								
Fiscal Year	General Obligation Bonds	Public Works Trust Fund Loans	Other Notes/ Contracts ^b	Right of Use Asset	Financed Purchases - Equipment	Special Assessment Bonds	Contingent Loan Guarantee ^c	Total Governmental
2009	74,582,727	11,988,253	3,612,714		-	9,588,769	-	99,772,463
2010	70,395,426	11,660,072	2,854,709		-	7,698,091	-	92,608,298
2011	65,811,861	10,777,631	2,658,709		-	5,716,053	-	84,964,254
2012	61,541,230	10,389,724	2,457,709		-	3,822,681	-	78,211,344
2013	57,903,469	9,584,624	432,000	-	-	2,700,000	-	70,620,093
2014	52,810,358	8,777,671	220,000	-	-	1,980,000	76,809,813	140,597,842
2015	47,784,224	8,001,804	18,524	-	-	1,395,000	71,648,408	128,847,960
2016	101,793,996	7,225,937	198,365	-	-	750,000	4,991,478	114,959,776
2017	95,347,314	6,450,072	368,559	-	-	160,000	3,657,980	105,983,925
2018	88,952,067	5,674,205	420,495	-	170,241	-	2,230,042	97,447,050
2019	82,648,102	4,898,338	9,238,824	-	138,645	-	717,334	97,641,243
2020	77,298,535	4,122,472	420,000	-	105,531	-	-	81,946,538
2021	72,099,314	3,346,605	920,000	-	70,827	-	-	76,436,746
2022	66,561,658	2,570,739	920,000	1,485,812	34,457	-	-	71,572,666

Business-Type Activities									
Fiscal Year	General Obligation Bonds	Public Works Trust Fund Loans	Other Notes/ Contracts ^b	Right of Use Asset	Financed Purchases - Equipment	Total Business- Type	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
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	0.84%	809.50
2022	-	11,243,118	150,000	20,820,000	243,699	-	32,456,817	0.70%	754.38

Sources: Schedule of Changes in Long-Term Liabilities

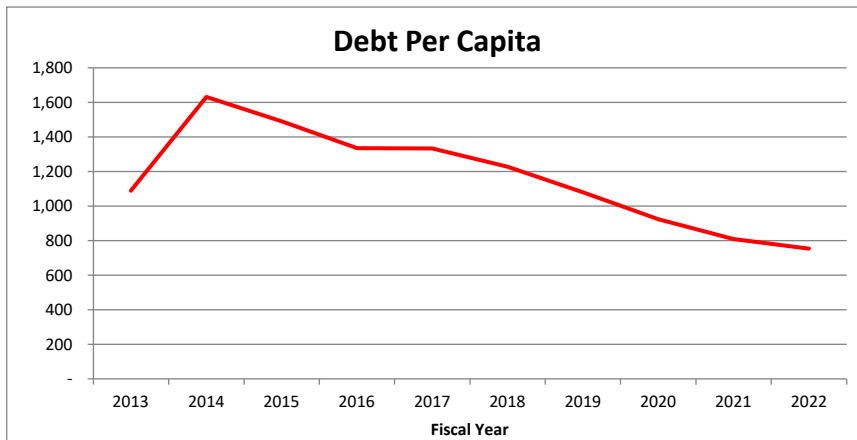
Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

Debt amounts include discounts and premiums

^a Based on WA State estimated population data; see Schedule 19 (Demographic and Economic Factors) for population and personal income data.

^b Excludes compensated absences.

^c In FY2014, the City implemented GASB-S 70 on contingent loan guarantee obligations.



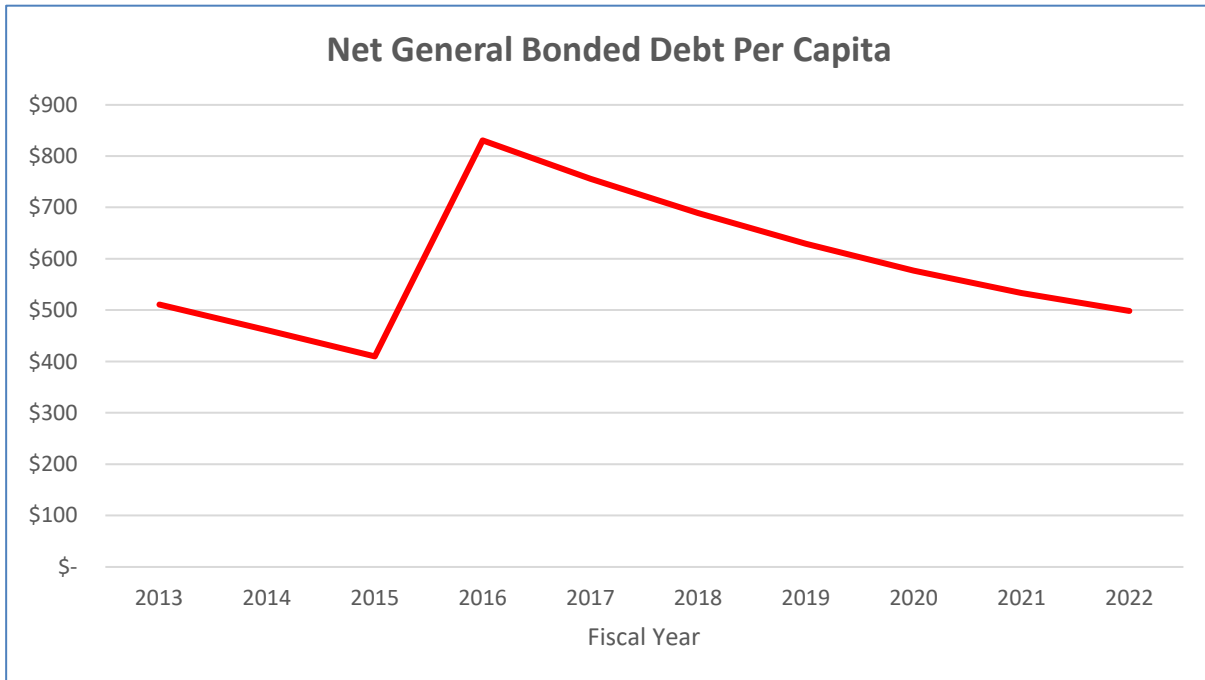
Schedule 15
City of Kent
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Estimated Actual Value of Taxable Property ^a	Per Capita ^b
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
2022	66,561,658	1,511,323	65,050,335	0.24%	498.47

Source: City financial records

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

^b See Schedule 19 (Demographic and Economic Factors) for population data



Schedule 16
City of Kent
Direct and Overlapping Governmental Activities Debt
As of December 31, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable^a	Estimated Share of Direct and Overlapping Debt
King County	\$ 631,069,000	3.6557%	\$ 23,069,989
Port of Seattle	336,890,000	3.6557%	12,315,688
Federal Way School District No. 210	493,536,001	7.0578%	34,832,784
Highline School District No. 401	341,840,564	1.2183%	4,164,644
Renton School District No. 403	270,126,194	3.8866%	10,498,725
Auburn School District No. 408	451,366,156	1.4321%	6,464,015
Tahoma School District No. 409	124,311,266	0.0170%	21,133
Kent School District No. 415	198,986,656	65.4847%	130,305,815
Rural Library District	28,812,125	5.6774%	1,635,780
Subtotal Overlapping Debt			<u>\$ 223,308,571</u>
City of Kent direct debt			<u>\$ 71,572,667</u>
Total direct and overlapping debt			<u><u>\$ 294,881,238</u></u>

Note:

^a Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Kent based on tax parcel information. This Process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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



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

	Fiscal Year				
	2013	2014	2015	2016	2017
Legal Debt Limit					
Assessed Value	\$ 12,009,757,520	\$ 12,651,208,800	\$ 14,068,213,406	\$ 15,046,306,884	\$ 16,402,977,700
Legal debt limit restrictions:					
2.5% of General purpose limit, voted & non-voted	\$ 300,243,938	\$ 316,280,220	\$ 351,705,335	\$ 376,157,672	\$ 410,074,443
2.5% Utility purpose limit, voted	300,243,938	316,280,220	351,705,335	376,157,672	410,074,443
2.5% Open Space, Park Facilities, voted	300,243,938	316,280,220	351,705,335	376,157,672	410,074,443
Total legal debt limit	<u>900,731,814</u>	<u>948,840,660</u>	<u>1,055,116,005</u>	<u>1,128,473,016</u>	<u>1,230,223,329</u>
Total net debt applicable to limit	<u>61,423,917</u>	<u>54,975,990</u>	<u>49,078,000</u>	<u>90,740,000</u>	<u>84,656,000</u>
Legal debt margin	<u>\$ 839,307,897</u>	<u>\$ 893,864,670</u>	<u>\$ 1,006,038,005</u>	<u>\$ 1,037,733,016</u>	<u>\$ 1,145,567,329</u>
Total net debt applicable to the limit as a percentage of debt limit	6.82%	5.79%	4.65%	8.04%	6.88%
Total net debt applicable to the limit as a percentage of assessed value	0.51%	0.43%	0.35%	0.60%	0.52%
Debt applicable to limit:					
Non-voted					
General obligation bonds	60,993,000	54,756,000	49,078,000	90,740,000	84,656,000
Other general obligation debt	432,000	220,000	-	-	-
Less: Amount set aside for repayment of voted general obligation debt	(1,083)	(10)	-	-	-
Total net debt applicable to limit	<u>61,423,917</u>	<u>54,975,990</u>	<u>49,078,000</u>	<u>90,740,000</u>	<u>84,656,000</u>
Additional debt limit restriction:					
1.5% non-voted for all purposes	180,146,363	189,768,132	211,023,201	225,694,603	246,044,666
Non-voted debt outstanding	61,425,000	54,976,000	49,078,000	90,740,000	84,656,000
Non-voted legal debt margin	<u>118,721,363</u>	<u>134,792,132</u>	<u>161,945,201</u>	<u>134,954,603</u>	<u>161,388,666</u>
Constitutional Debt Limit					
10.0% non-voted for all purposes	1,200,975,752	1,265,120,880	1,406,821,341	1,504,630,688	1,640,297,770
Net debt applicable to legal debt limit	61,423,917	54,975,990	49,078,000	90,740,000	84,656,000
Add: State loan contracts	9,584,624	8,777,671	8,001,804	7,225,937	6,450,071
Constitutional debt margin	<u>1,129,967,211</u>	<u>1,201,367,219</u>	<u>1,349,741,537</u>	<u>1,406,664,751</u>	<u>1,549,191,699</u>
Internal Debt Limit					
Net debt applicable to legal debt limit	61,423,917	54,975,990	49,078,000	90,740,000	84,656,000
Add: State loan contracts	9,584,624	8,777,671	8,001,804	7,225,937	6,450,071
Interest on outstanding debt	17,426,925	14,358,462	11,168,487	39,402,192	35,545,110
Compensated absences	4,747,718	4,168,176	4,337,445	4,413,051	4,639,656
Total debt applicable to internal debt calculation	<u>93,183,184</u>	<u>82,280,299</u>	<u>72,585,736</u>	<u>141,781,180</u>	<u>131,290,837</u>
Total net debt applicable to the internal debt calculation as a percentage of assessed value	0.78%	0.65%	0.52%	0.94%	0.80%

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.

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

		Fiscal Year								
		2018	2019	2020	2021	2022				
\$	18,597,339,729	\$	20,729,110,364	\$	23,002,042,032	\$	24,427,645,579	\$	26,997,355,383	Legal Debt Limit Assessed Value
\$	464,933,493	\$	518,227,759	\$	575,051,051	\$	610,691,139	\$	674,933,885	Legal debt limit restrictions:
	464,933,493		518,227,759		575,051,051		610,691,139		674,933,885	2.5% of General purpose limit, voted & non-voted
	464,933,493		518,227,759		575,051,051		610,691,139		674,933,885	2.5% Utility purpose limit, voted
	1,394,800,479		1,554,683,277		1,725,153,153		1,832,073,417		2,024,801,655	2.5% Open Space, Park Facilities, voted
										Total legal debt limit
	78,686,000		72,806,000		67,635,000		62,815,000		57,930,000	Total net debt applicable to limit
\$	1,316,114,479	\$	1,481,877,277	\$	1,657,518,153	\$	1,769,258,417	\$	1,966,871,655	Legal debt margin
	5.64%		4.68%		3.92%		3.43%		2.86%	Total net debt applicable to the limit as a percentage of debt limit
	0.42%		0.35%		0.29%		0.26%		0.21%	Total net debt applicable to the limit as a percentage of assessed value
	78,686,000		72,806,000		67,635,000		62,815,000		57,930,000	Debt applicable to limit:
	-		-		-		-		-	Non-voted
	-		-		-		-		-	General obligation bonds
	-		-		-		-		-	Other general obligation debt
	-		-		-		-		-	Less: Amount set aside for repayment of voted general obligation debt
	78,686,000		72,806,000		67,635,000		62,815,000		57,930,000	Total net debt applicable to limit
	278,960,096		310,936,655		345,030,630		366,414,684		404,960,331	Additional debt limit restriction:
	78,686,000		72,806,000		67,635,000		62,815,000		57,930,000	1.5% non-voted for all purposes
	200,274,096		238,130,655		277,395,630		303,599,684		347,030,331	Non-voted debt outstanding
										Non-voted legal debt margin
	1,859,733,973		2,072,911,036		2,300,204,203		2,442,764,558		2,699,735,538	Constitutional Debt Limit
	78,686,000		72,806,000		67,635,000		62,815,000		57,930,000	10.0% non-voted for all purposes
	5,674,205		4,898,338		4,122,472		3,346,605		2,570,739	Net debt applicable to legal debt limit
	1,775,373,768		1,995,206,698		2,228,446,731		2,376,602,953		2,639,234,799	Add: State loan contracts
										Constitutional debt margin
	78,686,000		72,806,000		67,635,000		62,815,000		57,930,000	Internal Debt Limit
	5,674,205		4,898,338		4,122,472		3,346,605		2,570,739	Net debt applicable to legal debt limit
	31,984,893		28,492,613		25,211,959		22,140,233		19,276,034	Add: State loan contracts
	4,938,217		5,421,078		5,969,693		6,097,574		6,226,256	Interest on outstanding debt
	121,283,315		111,618,029		102,939,124		94,399,412		86,003,029	Compensated absences
										Total debt applicable to internal debt calculation
	0.65%		0.54%		0.45%		0.39%		0.32%	Total net debt applicable to the internal debt calculation as a percentage of assessed value

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

Water Revenue Bonds ¹						
Fiscal Year	Water Operating Revenue	Less: Operating Expenses²	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2022	24,297,038	14,585,435	9,711,603	642,500	361,386	9.67

Drainage Revenue Bonds ¹						
Fiscal Year	Drainage Operating Revenue	Less: Operating Expenses²	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2022	22,165,636	17,560,020	4,605,616	642,500	361,386	4.59

Combined Utility Revenue Bonds						
Fiscal Year	Combined Operating Revenue	Less: Operating Expenses²	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2022	46,462,674	32,145,455	14,317,219	1,285,000	722,772	7.13

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

Special Assessment Bonds ³

Fiscal Year	Revenues	Debt Service		Coverage
		Principal	Interest	
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
2022	720,252	-	-	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.

¹ Issued in 2009--Combined Utility System Revenue Bonds, Series 2009A, and Combined Utility System Revenue Bonds, Series 2009B Taxable (BABs) issued for a total of \$25,000,000--split between Water and Drainage Fund.

² Operating expenses do not include interest, depreciation or amortization expenses.

³ Most of the outstanding LID's are internally financed with no outstanding bonds. As funds are received, they are transferred to the capital projects to fund construction. No outstanding bonds after 2018.

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

Calendar Year	Population¹	County Personal Income² (thousands of dollars)	County Per Capita Income³	School Enrollment⁴	County Unemployment Rate⁵
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	136,588	219,805,809	96,647	25,739	8.42% ⁶
2021	137,700	243,727,550	108,212	25,085	3.0%
2022	137,900	*	*	25,085	2.9%

¹ April 1 Population of Cities, Towns, and Counties: Washington State Office of Financial Management

² Personal Income for King County: US Bureau of Economic Analysis.

³ Per Capita Income for King County: US Bureau of Economic Analysis.

⁴ Median Age for King County: Washington State Office of Financial Management.

⁵ King County Profile: Employment Security Department Washington State

⁶ 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	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Blue Origin, LLC	4,774	1	8.89%			
Amazon.com LLC	3,289	2	6.13%			
Kent Public Schools	2,975	3	5.54%	2,498	1	3.20%
The Boeing Company	2,522	4	4.70%	2,480	2	3.18%
Exotic Metals Forming Co*	1,047	5	1.95%	649	5	0.83%
City of Kent	734	6	1.37%	616	7	0.79%
Oberto Snacks Inc.	683	7	1.27%	507	9	0.65%
King County Regional Justice Center*	630	8	1.17%			
Coho Distributing LLC dba Columbia Dist	625	9	1.16%	620	6	0.79%
Pacific Coast Fruit Company	601	10	1.12%			
Carlisle Interconnect Industries				650	4	0.83%
REI Inc.				1,026	3	1.32%
Sysco Seattle Inc				510	8	0.65%
HEXCEL Corporation				471	10	0.60%
	<u>13,106</u>		<u>24.42%</u>	<u>10,027</u>		<u>11.37%</u>

*2021 Most recent data; no BLC filed 2022

Source: City of Kent Business License System
WA Office of Superintendent of Public Instruction

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									
	2013	2014	2015	2016 ^a	2017	2018	2019	2020	2021	2022
General government										
Mayor's Office	10.53	10.53	10.75	10.75	11.75	13.00	12.00	12.00	9.00	10.00
Human Resource	12.20	13.20	13.60	14.60	14.60	15.60	16.10	14.00	14.00	14.00
Finance	20.55	20.55	23.55	23.55	24.99	25.45	24.30	23.30	24.30	23.30
Information Technology	24.96	26.00	29.00	35.00	37.00	37.00	38.50	32.56	33.80	35.80
Other	37.80	39.00	42.00	42.00	42.00	41.00	41.00	39.44	41.20	42.20
Judicial	20.28	20.28	20.28	20.28	20.28	21.28	19.75	20.75	20.75	20.75
Public Safety										
Police	191.75	195.75	199.00	203.00	208.75	213.75	226.28	225.28	225.28	227.28
Law-Criminal	9.80	8.80	8.80	9.80	8.80	8.80	8.80	9.00	9.00	9.00
Community Development	36.60	38.33	40.75	40.75	42.75	47.00	46.00	44.00	44.00	46.00
Public Works										
Engineering	9.00	9.00	9.00	11.00	14.50	14.50	15.72	16.92	16.92	16.92
Operations	12.00	25.00	31.00	32.00	30.00	30.00	29.50	28.00	30.00	29.60
Streets	64.09	67.50	67.50	73.00	77.50	78.00	82.00	84.00	88.50	92.40
Leisure Services	60.16	63.91	64.38	66.63	65.63	65.63	68.13	65.13	65.13	66.13
Health and Human Services	15.73	16.06	16.53	16.53	17.53	17.53	16.53	15.00	15.00	17.00
Water	32.41	29.08	29.08	28.47	27.41	27.41	28.41	27.41	26.41	27.91
Sewerage ^b	9.08	9.08	11.08	14.48	12.83	12.83	12.83	12.83	12.83	12.73
Drainage ^b	26.42	20.09	23.09	22.30	19.76	19.76	18.84	21.84	21.84	20.94
Solid Waste	-	-	-	2.50	4.50	4.50	4.20	4.50	1.00	1.00
Water & Sewer Utility Billing	11.11	11.11	11.80	12.05	12.61	12.55	12.70	12.70	12.70	12.70
Golf	11.35	11.35	11.35	11.35	9.60	9.60	8.00	8.00	8.00	8.00
Total	615.81	634.61	662.54	690.04	702.79	715.19	729.59	716.66	719.66	733.66

Source: City of Kent Finance Department, Financial Planning Division

Notes: A full-time employee is scheduled to work 2,080 hours per year (including paid leave used). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

^a Solid Waste fund was created in 2016

^b The Sewerage and Drainage functions were combined in the Sewerage Fund until 2019 when the funds were split.

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

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020 ^g	2021	2022
General government										
Business licenses issued	3,767	4,243	4,164	6,113	5,460	6,480	6,686	5,317	6,390	6,257
Judicial										
Number of court filings ^a	18,531	17,184	14,628	14,685	12,663	12,406	16,340	11,442	5,783	2,497
Public Safety										
Police										
Physical arrests	4,778	4,587	4,514	4,673	5,002	4,608	5,076	4,122	2,125	3,032
Parking violations	1,479	2,066	2,037	2,515	2,280	1,888	3,702	2,181	609	874
Traffic violations ^e	18,531	14,979	13,552	7,836	6,729	7,470	8,614	5,651	2,763	2,199
School Zone Tickets *	N/A ^c	8,366	8,122	9,101	9,342	9,113	13,369	2,590	14,191	12,970
Red Light Camera ^f	N/A ^c	N/A ^c	N/A ^c	N/A ^c	N/A ^c	N/A ^c	13,587	29,342	32,622	33,858
Community Development										
Building permits issued ^b	2,334	3,789	3,899	4,034	4,160	5,135	4,991	4,323	4,829	4,718
Building inspections conducted	14,067	12,443	12,974	12,333	16,076	16,414	14,867	10,929	11,242	11,412
Public Works										
Street resurfacing (sq yards)	31,100	48,350	60,944	132,112	100,159	34,444	185,659	56,011	181,850	137,900
Leisure Services										
Recreation programs offered	2,070	2,050	2,158	2,244	2,118	1,915	1,818	432	352	410
Number of recreation participants ^d	24,392	23,143	26,521	27,693	20,706	22,704	12,876	2,568	3,820	6,174
Citizens served in specialized recreation setting ^d	1,512	1,704	1,688	1,639	1,507	1,585	1,675	383	359	686
Participants in Senior programs/workshops ^d	18,180	20,415	20,410	26,145	26,404	30,120	31,326	2,333	28,978	39,269
Water										
New connections	160	135	106	150	136	174	216	117	151	59
Average daily consumption (million gallons-estimated)	7.1	7.4	7.7	7.3	7.7	7.6	7.5	7.4	7.7	7.5
Golf										
Number of participants	154,100	155,260	155,870	156,220	154,695	153,450	161,200	110,900	132,100	132,250
Number of tournaments	63	57	51	53	46	40	41	12	34	35
Library										
Number of Items	159,173	107,933	112,988	108,686	112,509	105,635	105,668	97,940	105,312	303,664
Items circulated	613,603	550,416	470,680	430,626	392,140	355,736	303,162	103,996	91,110	101,865

Source: Various City Departments

- * January 2014 School Zone Camera Tickets implemented.
- ^a Includes parking violations
- ^b Reflects a shift in the way minor repairs are counted. Beginning in 2011, data includes all building permits issued, with no exclusions.
- ^c Information not available for years indicated.
- ^d Beginning in 2011, only registered participants are counted.
- ^e Beginning in 2016, traffic violations are processed differently with multiple infractions processed on one ticket.
- ^f Red Light Cameras were implemented in 2019.
- ^g Low numbers in 2020 are directly related to the pandemic closure.

Schedule 23
City of Kent
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units ^{ae}	58	49	47	49	52	96	106	120	142	153
Public Works										
Streets (lane miles)	726	726	726	726	719 ^b	719 ^b	727	727	727	727
Streetlights	6,600	6,600	6,600	6,354	6,354	6,354	6,354	6,600	6,675	6,675
Traffic signals	119	119	119	120	120	119	119	117	117	117
Traffic beacons/advisory devices	69	70	76	73	93	93	93	99	101	106
Leisure Services										
Acres of parks/open space	1,178	1,178	1,142	1,142	1,142	1,145	1,019	868	1,073	1,096
Parks	53	53	53	55	55	55	55	55	64	64
Miles of trails	28	28	28	28	28	28	28	28	38	61
Ball fields	21	21	21	21	21	21	17	17	19	19
Tennis courts	15	15	12	12	12	12	11	11	14	14
Water										
Water mains (miles)	280	284	284	287	287	287	287	287	287	287
Water customers	13,629	13,810	13,924	14,091	14,214	14,443	14,657	14,802	14,919	14,929
Reservoir/Tanks	9	9	9	9	9	9	9	9	9	9
Reservoir storage capacity (millions of gallons)	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23	23
Sewerage										
Sanitary sewers (miles)	215	215	215	215	215	216	211	215	211	211
Sewer customers	15,712	15,854	15,949	16,098	16,230	16,285	16,573	16,665	16,817	16,852
Drainage										
Storm sewers (miles)	324	324	324	324	341	344	347	347	347	347
Drainage customers	25,285	25,486	25,624	25,831	26,022	26,365	26,625	26,822	26,913	27,055
Golf										
18-Hole course (yards)	6,701	6,701	6,701	6,701	6,701	6,701	6,701	6,701	6,701	6,701
Par 3 course (yards) ^c	1,174	1,174	1,174	1,174	1,174	-	-	-	-	-
Driving range (stalls)	32	32	32	32	32	32	32	32	45	45
Miniature golf course 18-hole ^d	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:

- ^a Includes 1 Patrol boat
- ^b According to the 2016 Pavement Rating Report
- ^c Par 3 course was closed in 2018
- ^d Miniature golf course was closed in 2020
- ^e In 2018 the City started acquiring "take home vehicles" for the patrol division

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020 ⁸	2021	2022
Special Events Center Operations: ¹										
Operating revenues	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	3,175,161
Operating expenditures	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	3,919,352
Net operating income/(loss)	(378,230)	(752,324)	(261,438)	(139,663)	(348,367)	(197,052)	(641,834)	(1,142,091)	634,986	(744,191)
Public Facilities District Operations ²										
PFD Sales taxes	714,360	784,330	830,283	900,659	916,139	1,018,768	1,149,950	1,174,972	1,359,473	1,517,359
Interest income	300	308	665	1,825	4,017	11,454	16,490	11,292	43,522	(30,001)
Net revenue available	714,660	784,638	830,948	902,484	920,156	1,030,222	1,166,440	1,186,264	1,402,995	1,487,358
PFD Direct Debt: ³										
2008 PFD Revenue bonds	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 ⁴	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	2,363,650
Total direct PFD debt	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	2,363,650
PFD Direct Debt Funding:										
PFD Sales tax revenues ⁵	707,953	766,236	696,831	880,444	887,946	1,002,342	1,167,441	1,128,466	1,473,277	1,369,599
City advances	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	994,051
Total Funding of Direct Debt	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	2,363,650
City Event Center Operations:										
Admissions tax	251,405	256,124	375,049	385,546	347,109	488,638	412,601	138,501	145,268	318,076
Other revenues/sources	-	-	46,524	462,443	208,118	129,691	18,221	5,893	504,458	1,148
Expenditures	471,684	980,046	104,330	1,097,457	983,406	1,373,763	1,089,763	1,451,752	3,728,698	4,130,620
Net Operating Income (Loss) ⁶	(220,279)	(723,922)	317,243	(249,468)	(428,179)	(755,434)	(658,941)	(1,307,358)	(3,078,973)	(3,811,397)
City Debt Related to Events Center										
2008 LTGO Bonds-Series A	330,180	333,788	391,766	254,864	123,819	118,902	-	-	-	-
2016 LTGO Refunding-Series A	-	-	-	150,850	311,380	311,838	581,296	502,139	729,699	1,013,495
2016 LTGO Refunding-Series B	-	-	-	1,334,603	2,668,000	2,668,300	2,668,450	2,283,150	2,286,150	2,363,650
Internal Loans ⁷	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	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	3,377,145
Total City Funding										
City Advances for PFD debt	707,953	766,236	696,831	880,444	887,946	1,002,342	1,167,441	1,128,466	1,473,277	1,369,599
Events Center net (income)loss	220,279	723,922	(317,243)	249,468	428,179	755,434	658,941	1,307,358	3,078,973	3,811,397
Related debt costs	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	3,377,145
Total City Funding	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	8,558,140

Notes¹ The Showare Special Events Center is operated by SMG under a contract with the City. This information is from the operating statements of SMG for the events center.

² The Public Facilities District is a discretely presented component unit of the City of Kent. As a separate taxing authority, the PFD is authorized to impose a 0.037% sales tax for the purpose of funding debt service on PFD bonds and other obligations issued to finance the Showare Events Center.

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

⁴ In 2016, the City issued LTGO Bonds to refund the City's 2008 LTGO Bonds as well as the 2008 PFD Sales Tax Bonds. Through an interlocal agreement with the City, the PFD is responsible for payment of the share of the refunding bonds allocated to the refunding of the 2008 PFD Sales Tax

⁵ Debt service payments are made June 1 and December 1 each year. The amount of PFD revenues applied to the debt service is based on actual cash available from net revenues plus an estimate of revenues not yet collected for the fiscal year. Any differences between final actual net revenues and the amount applied to the debt service payment are applied to the next debt payment.

⁶ The City has transferred funds into the Showare operating fund to cover the accumulated deficits and pre-fund future maintenance needs: \$500,000 in 2013, \$3,200,000 in 2014, \$1,000,000 in 2015, \$500,000 each year 2016-2018, \$725,489 in 2019, and \$500,000 in 2020.

⁷ The City funded \$9.7 million of construction and equipping costs for the Showare Center through the City Capital Resources Fund. In 2012, Council approved internal loans from the Water, Sewer and Insurance Funds to cover these costs. The internal loans are being repaid over a period not to exceed ten years from a two percent tax on City utility sales. The loans were paid off in 2020.

⁸ The decline in some 2020 figures is due to the Covid19 related closures.



