



2018 MID-BIENNIUM ADJUSTMENT

City of Kent, Washington

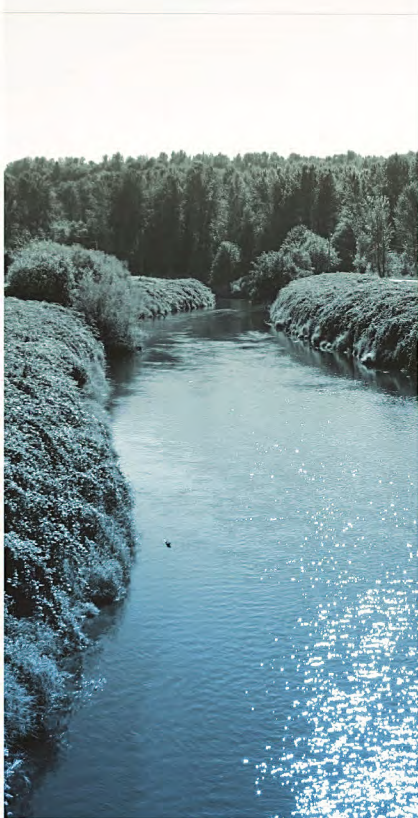
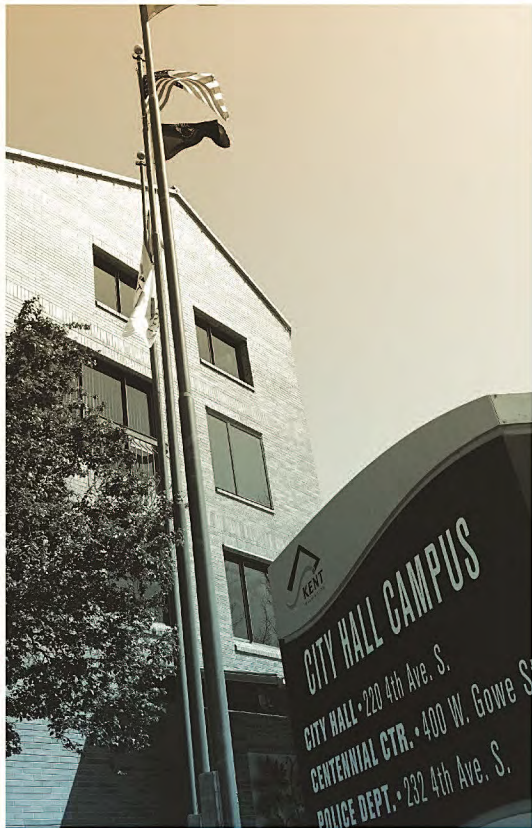


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CITY OF KENT, WASHINGTON

2018

Mid-Biennium Adjustment



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Kent
Washington**

For the Biennium Beginning

January 1, 2017

Christopher P. Morrill

Executive Director

BUDGET OVERVIEW

The Budget Overview section summarizes the 2018 Mid-Biennium Adjustment and provides comparisons to previous years' revenues, expenditures, fund balances and staffing. It outlines the changes for 2018 as compared to the original adopted budget for the General Fund, other funds by fund classification and capital.

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INTRODUCTION

The City's 2017-2018 Biennial Budget was adopted on December 13, 2016 and reflects a continued commitment to providing valuable government services in a cost-effective and efficient manner, progresses the City's strategic plan and respects the opinions of our residents. It is a balanced budget, allowing the City to maintain services and programs at their current level. New initiatives or expansion of current programs/services, backed by sustainable revenues, were adopted based on need, value to the public and correlation to Council's strategic goals.

As required under RCW 35A.34, the City must undergo a review and modification process for the second year of the biennium and adopt any modifications by the end of the first year. This section contains a summary of the changes to the 2018 adopted budget. Additional details are located in the Budget by Fund section.

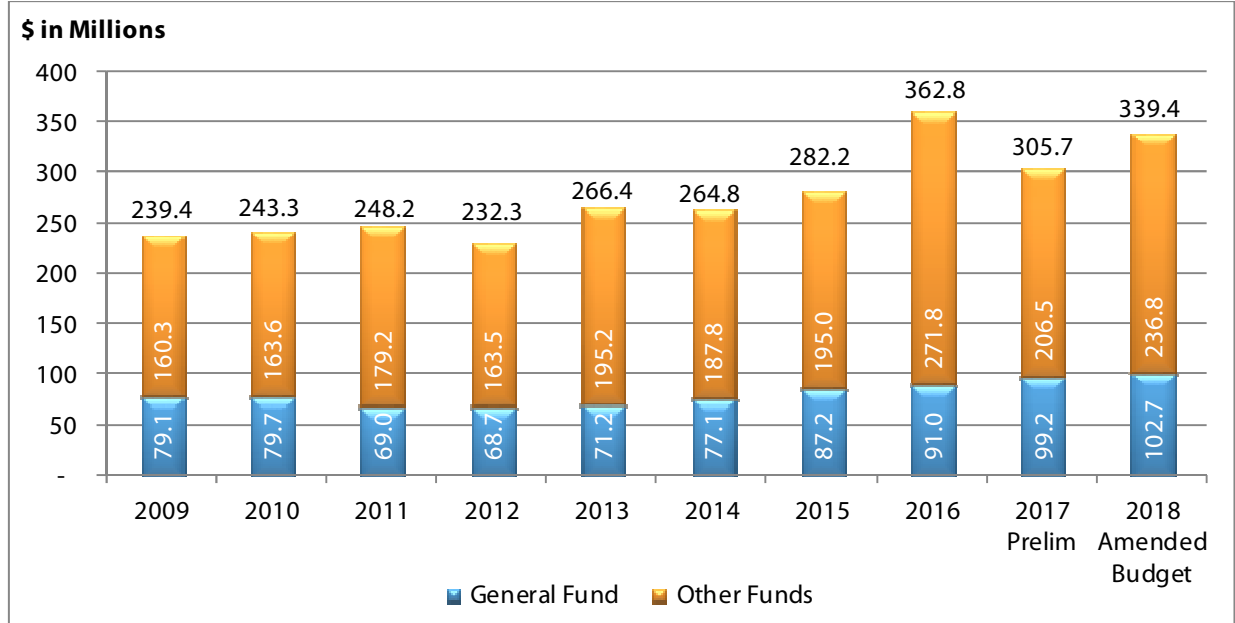
All budgets are developed within a budgetary framework designed to ensure consistency with RCW requirements, budgeting standards and fiscal policies. Specific information for the following components can be found in the Budget Framework section of this document.

- ◆ Budget Calendar and Process
- ◆ Fiscal Policies
- ◆ Fund Structure, including Basis of Accounting

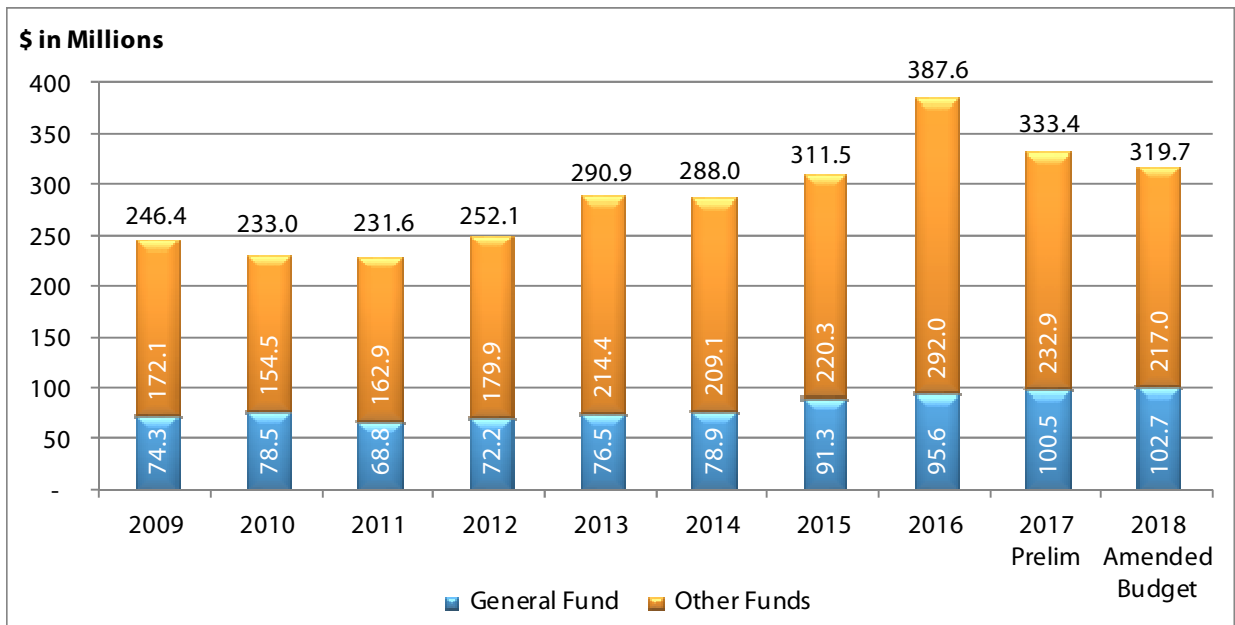
EXPENDITURE AND REVENUE HISTORY

The **City-Wide Expenditures** and **City-Wide Revenues** graphs below demonstrate the City's expenditure and revenue history for the past ten years for the General Fund and total Other Funds. These graphs reflect the impact of the Great Recession and the slow growth the City has made as recovery continues. Total amounts can and will vary from year-to-year, usually due to the level of major construction activity, the issuance of bonds or bond refunding, acceptance of grant awards and the initiation of major new service responsibilities.

CITY-WIDE EXPENDITURES



CITY-WIDE REVENUES



MID-BIENNIUM ADJUSTMENT

The **2018 Mid-Biennium Amended Budget by Fund, 2018 Revenue and Expenditure Summary** and **Financial Organization Chart** present the City-wide mid-biennium adjusted budget.

2018 MID-BIENNIUM AMENDED BUDGET BY FUND

	Projected Beginning Fund Balance	Revenues	Expenditures	Projected Ending Fund Balance	Change in Fund Balance
General Fund	20,292,930	102,677,400	102,673,360	20,296,970	4,040
Special Revenue Funds					
Street Operating	4,005,950	17,070,100	17,908,890	3,167,160	(838,790)
LEOFF1 Retiree Benefits	1,231,660	1,193,480	1,196,550	1,228,590	(3,070)
Lodging Tax	554,090	286,610	338,750	501,950	(52,140)
Youth / Teen	84,030	936,220	942,000	78,250	(5,780)
Capital Resources	10,932,430	17,381,830	23,155,430	5,158,830	(5,773,600)
Criminal Justice	6,220,420	4,200,900	3,946,590	6,474,730	254,310
Comm Dev Block Grants		1,056,260	1,056,260	-	-
ShoWare Operating	2,500,470	1,150,000	1,102,020	2,548,450	47,980
City Arts Program	455,410	115,650	115,650	455,410	-
Debt Service Funds					
Non-Voted	977,890	10,531,820	10,066,990	1,442,720	464,830
Special Assessments	59,010	1,504,460	1,563,470	-	(59,010)
Capital Projects Funds					
Street Capital Projects		8,624,370	8,624,370	-	-
Parks Capital Projects		11,510,000	11,510,000	-	-
Technology Capital Projects		1,872,660	1,872,660	-	-
Other Capital Projects		450,000	450,000	-	-
Enterprise Funds					
Water Utility	9,714,610	33,468,320	36,684,270	6,498,660	(3,215,950)
Sewerage Utility	14,084,750	65,209,120	69,311,030	9,982,840	(4,101,910)
Solid Waste Utility	438,530	600,000	523,190	515,340	76,810
Riverbend Golf Complex	(4,273,030)	2,871,410	2,931,990	(4,333,610)	(60,580)
Internal Service Funds					
Fleet Services	4,718,120	6,511,160	9,813,210	1,416,070	(3,302,050)
Central Services	2,854,950	8,583,070	9,149,740	2,288,280	(566,670)
Facilities	2,132,180	5,595,580	5,800,730	1,927,030	(205,150)
Insurance	8,532,530	16,268,470	18,695,570	6,105,430	(2,427,100)
City-Wide Total	85,516,930	319,668,890	339,432,720	65,753,100	(19,763,830)
Original Adopted Budget	73,677,830	284,844,250	290,089,110	68,432,970	(5,244,860)
Net Change from Adopted	11,839,100	34,824,640	49,343,610	(2,679,870)	(14,518,970)

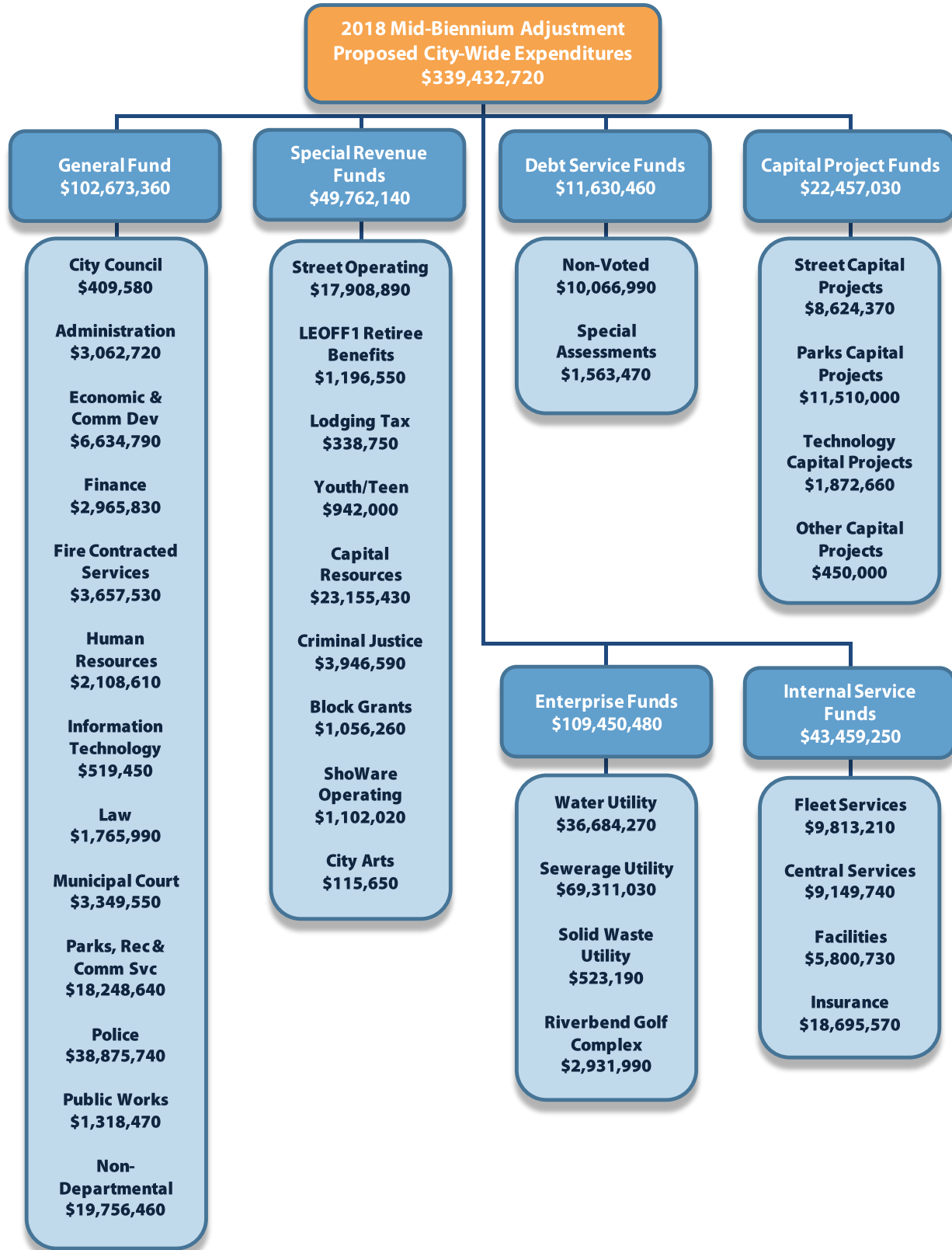
MID-BIENNIUM ADJUSTMENT

2018 REVENUE AND EXPENDITURE SUMMARY

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Total All Funds
Est Fund Balance 1/1/2018	20,292,930	25,984,460	1,036,900		19,964,860	18,237,780	85,516,930
Revenues							
Taxes	79,553,640	20,625,890				1,488,410	101,667,940
Licenses and Permits	5,695,870	323,990			45,000		6,064,860
Intergovernmental Revenue	7,946,370	3,531,080		10,000		685,500	12,172,950
Charges for Services	5,391,020	593,740			74,537,450	12,171,840	92,694,050
Fines and Forfeitures	1,565,970	1,144,500			4,000		2,714,470
Miscellaneous Revenue	1,574,530	970,710	1,504,460	648,800	2,793,160	20,171,530	27,663,190
Transfers In	950,000	16,201,140	10,531,820	21,798,230	24,769,240	2,441,000	76,691,430
Total Revenues	102,677,400	43,391,050	12,036,280	22,457,030	102,148,850	36,958,280	319,668,890
Expenditures							
Salaries & Benefits	54,536,010	13,231,760			10,665,900	8,671,250	87,104,920
Supplies	2,952,170	1,044,870			1,744,130	2,413,390	8,154,560
Services & Allocations	26,449,040	5,468,560			46,594,920	24,735,950	103,248,470
Capital		45,000		22,457,030	19,646,000	4,750,000	46,898,030
Debt Service		24,800	10,691,990		5,261,700		15,978,490
Transfers Out	18,736,140	29,947,150	938,470		25,537,830	2,888,660	78,048,250
Total Expenditures	102,673,360	49,762,140	11,630,460	22,457,030	109,450,480	43,459,250	339,432,720
Expenditures by Department							
City Council	409,580						409,580
Administration	3,062,720	25,000					3,087,720
Economic & Community Dev	6,634,790						6,634,790
Finance	2,965,830					421,150	3,386,980
Fire Contracted Services	3,657,530						3,657,530
Human Resources	2,108,610	1,196,550				18,695,570	22,000,730
Information Technology	519,450			1,872,660		8,728,590	11,120,700
Law	1,765,990	734,190					2,500,180
Municipal Court	3,349,550						3,349,550
Parks, Rec & Comm Services	18,248,640	1,197,160		11,510,000	2,931,990	5,800,730	39,688,520
Police	38,875,740	3,187,150					42,062,890
Public Works	1,318,470	15,629,960		8,624,370	101,256,790	9,813,210	136,642,800
Non Departmental	19,756,460	27,792,130	11,630,460	450,000	5,261,700		64,890,750
Total Expenditures	102,673,360	49,762,140	11,630,460	22,457,030	109,450,480	43,459,250	339,432,720
Change in Fund Balance	4,040	(6,371,090)	405,820		(7,301,630)	(6,500,970)	(19,763,830)
Est Fund Balance 12/31/2018	20,296,970	19,613,370	1,442,720		12,663,230	11,736,810	65,753,100

MID-BIENNIUM ADJUSTMENT

FINANCIAL ORGANIZATION CHART



FUND BALANCE

For governmental funds, fund balance refers to the difference between current financial assets and liabilities. Since all related assets and liabilities are not reported for governmental funds, fund balance is considered more of a liquidity measure than a net worth measure. Credit rating agencies monitor fund balance levels and strongly consider unrestricted fund balance when determining a local government's creditworthiness. Fund balance is also important to guard against unanticipated events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. There are five classifications of fund balance:

- ◆ **Non-spendable**—resources that cannot be spent because of form (e.g. inventory, prepaid amounts) or because they must be maintained intact.
- ◆ **Restricted**—resources with limitations imposed by creditors, grantors, laws, regulations, or enabling legislation.
- ◆ **Committed**—resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority—the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to previously commit the amounts.
- ◆ **Assigned**—resources that are intended to be used for specific purposes, but is neither restricted or committed.
- ◆ **Unassigned**—resources that are not non-spendable, restricted, committed or assigned to specific purposes.

For proprietary funds (e.g. water, sewer and drainage utilities), the difference between current assets and current liabilities is called working capital. As with fund balance in a governmental fund, this measure indicates relative liquidity, is considered by credit rating agencies in evaluating creditworthiness and is important in mitigating unanticipated events and ensuring stable services and fees.

The following tables summarize fund balances for city operating funds. An overall total is not provided as each fund, with very few exceptions, is legally restricted.

- ◆ **Fund Balances – 5 Year History** demonstrates the year-ending fund balances beginning in 2012 and ending with the estimated 2017 balance.
- ◆ **Fund Balances – 2018 Mid-Biennium Adjustment** begins with the estimated fund balance at the end of 2017. Adding 2018 revenues and subtracting 2018 expenditures results in an estimated 2018 ending fund balance.

FUND BALANCE

FUND BALANCES—5 YEAR HISTORY

	2012	2013	2014	2015	2016	2017 Est
General Fund						
General Fund	4,129,976	9,497,964	11,312,140	15,372,499	19,987,728	20,292,930
Special Revenue Funds						
Street Operating	625,669	916,269	1,196,234	4,092,055	4,981,413	4,005,950
LEOFF 1 Retiree Benefits	699,508	862,223	1,031,026	1,093,532	1,174,261	1,231,660
Lodging Tax	95,397	193,663	371,803	394,516	469,387	554,090
Youth / Teen	86,458	157,337	147,063	121,275	91,130	84,030
Capital Resources	(11,082,376)	(7,426,649)	(3,299,461)	5,775,064	11,277,727	10,932,430
Criminal Justice	1,145,678	1,509,236	2,193,069	3,981,627	5,697,717	6,220,420
Environmental Fund	3,826	3,826	3,826	3,826		
Housing and Comm Dev						
City Arts Program	129,557	184,691	281,177	364,242	436,914	455,410
ShoWare Operating	(2,735,808)	(2,456,087)	19,990	1,596,543	2,147,074	2,500,470
Debt Service Funds						
Voted Debt Services	1,083	1,083				
Non-Voted Debt Service		183		8,329	521,394	977,890
Special Assessments	1,071,168	3,614,956	4,302,699	2,070,434	1,188,906	59,010
Enterprise Funds						
Water Utility	1,583,485	3,339,820	6,204,899	8,285,372	10,966,106	9,714,610
Sewer/Drainage Utility	7,704,820	5,694,993	10,080,781	10,162,058	11,295,548	14,084,750
Solid Waste Utility				(365)	302,528	438,530
Golf Complex	(2,395,200)	(2,653,878)	(2,853,332)	(3,043,675)	(3,768,128)	(4,273,030)
Internal Service Funds						
Fleet Services	1,866,304	2,444,480	2,936,027	4,301,237	5,134,423	4,718,120
Central Stores	(168,200)	(87,039)	(67,334)	(46,226)	(63,568)	(56,770)
Information Technology	570,140	1,122,778	1,942,421	2,808,737	3,640,615	2,911,720
Facilities	866,612	1,265,533	1,772,015	1,672,947	2,340,684	2,132,180
Unemployment	280,233	471,907	740,157	1,038,938	1,332,446	1,374,450
Workers Compensation	693,747	702,401	2,128,253	2,541,813	2,356,624	2,287,920
Employee Health & Wellness	5,963,620	7,117,378	6,933,915	6,122,922	4,681,152	3,047,140
Liability Insurance	2,187,087	3,503,130	2,503,778	2,452,656	1,805,167	1,176,670
Property Insurance	141,317	176,960	236,644	348,579	531,548	646,350

FUND BALANCE

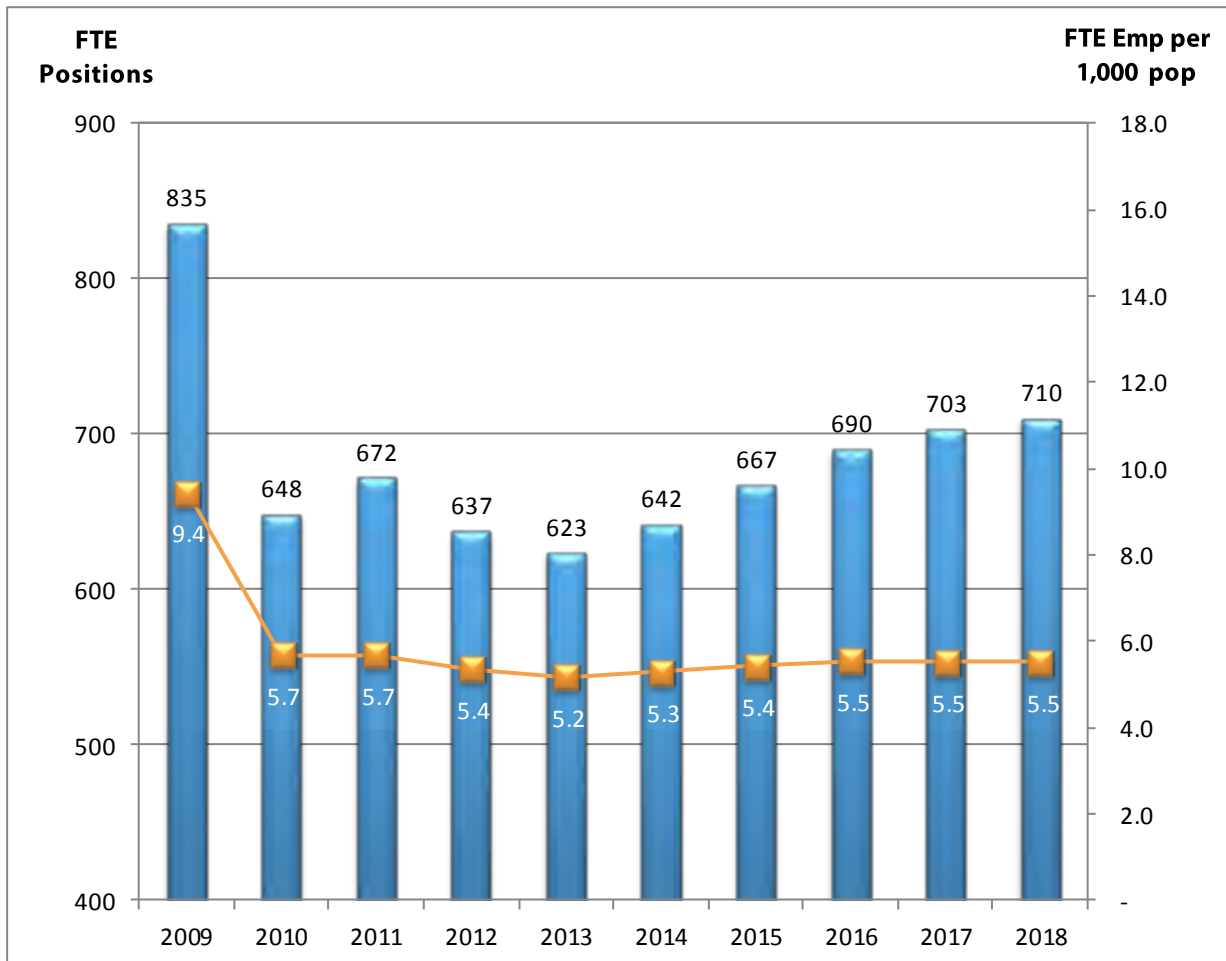
FUND BALANCES—2018 MID-BIENNIUM ADJUSTMENT

	2017 Est Ending Fund Balance	2018 Revenues	2018 Expenditures	2018 Est Ending Fund Balance
General Fund				
General Fund	20,292,930	102,677,400	102,673,360	20,296,970
Special Revenue Funds				
Street Operating	4,005,950	17,070,100	17,908,890	3,167,160
LEOFF 1 Retiree Benefits	1,231,660	1,193,480	1,196,550	1,228,590
Lodging Tax	554,090	286,610	338,750	501,950
Youth / Teen	84,030	936,220	942,000	78,250
Capital Resources	10,932,430	17,381,830	23,155,430	5,158,830
Criminal Justice	6,220,420	4,200,900	3,946,590	6,474,730
Housing and Comm Dev	-	1,056,260	1,056,260	-
City Arts Program	455,410	115,650	115,650	455,410
ShoWare Operating	2,500,470	1,150,000	1,102,020	2,548,450
Debt Service Funds				
Non-Voted Debt Service	977,890	10,531,820	10,066,990	1,442,720
Special Assessments	59,010	1,504,460	1,563,470	-
Enterprise Funds				
Water Utility	9,714,610	33,468,320	36,684,270	6,498,660
Sewer/Drainage Utility	14,084,750	65,209,120	69,311,030	9,982,840
Solid Waste Utility	438,530	600,000	523,190	515,340
Golf Complex	(4,273,030)	2,871,410	2,931,990	(4,333,610)
Internal Service Funds				
Fleet Services	4,718,120	6,511,160	9,813,210	1,416,070
Central Stores	(56,770)	449,310	421,150	(28,610)
Information Technology	2,911,720	8,133,760	8,728,590	2,316,890
Facilities	2,132,180	5,595,580	5,800,730	1,927,030
Unemployment	1,374,450	121,700	171,870	1,324,280
Workers Compensation	2,287,920	1,074,800	1,441,940	1,920,780
Employee Health & Wellness	3,047,140	12,995,990	14,629,950	1,413,180
Liability Insurance	1,176,670	1,510,060	1,925,440	761,290
Property Insurance	646,350	565,920	526,370	685,900

STAFFING

As the population of the City has increased, the demand for city services has risen correspondingly. The **FTEs per 1,000 Population** chart below reflects the total number of funded FTE from 2009 as well as the number of FTE per every 1,000 in population. The number of funded FTEs has risen by 86 since 2013 while the number of FTE per population has remained fairly constant, 5.2 per thousand in 2013 as compared to 5.5 per thousand in 2018. The increase in population in 2010 is reflective of the Panther Lake Annexation.

FTEs per 1,000 POPULATION



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FTE Positions*	835.0	648.2	671.7	637.2	623.3	641.6	666.7	690.0	702.8	709.7
Population **	88,380	114,220	118,200	119,100	120,500	121,400	122,900	124,500	127,100	128,600
FTEs per 1000 Pop	9.4	5.7	5.7	5.4	5.2	5.3	5.4	5.5	5.5	5.5

* Full-Time Equivalent (FTE) employees were reduced by 166 Fire Department employees that transferred to the Regional Fire Authority (RFA) on July 1, 2010.

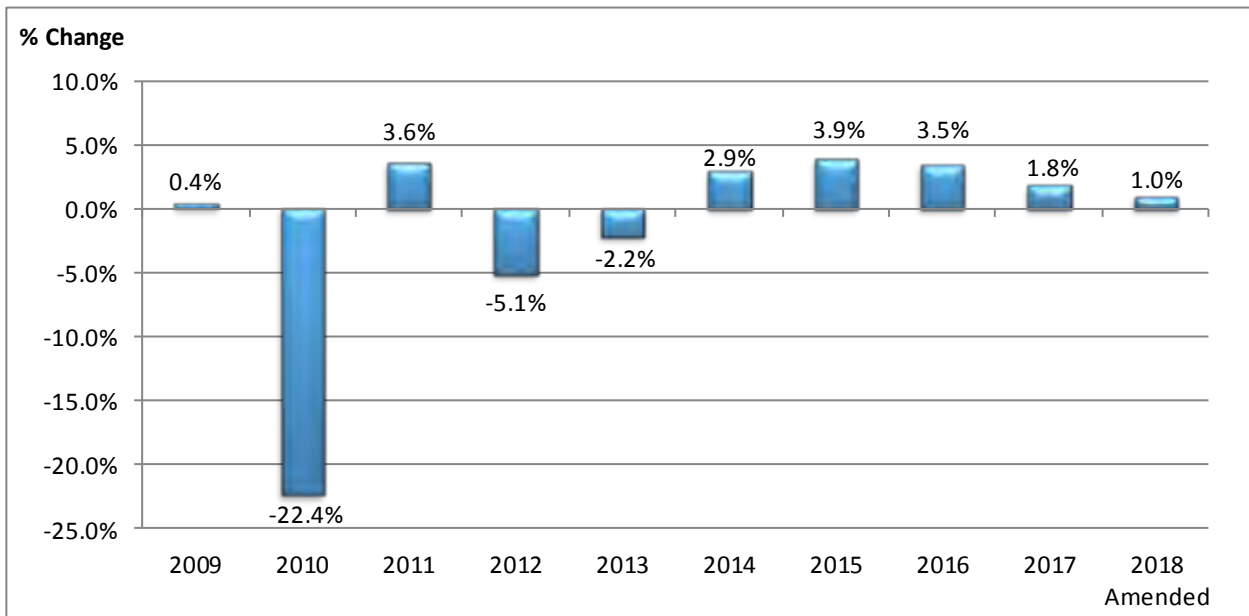
** Populations are based on state official estimates. 2010 includes the Panther Lake Annexation effective July 1, 2010. 2018 is an estimate.

STAFFING

The following **Percent Change in Staffing** chart demonstrates the percent change in City staffing since 2009 in budgeted positions. The major fluctuations include:

- ◆ Between 2010 and 2014, the effects of the Great Recession, the change from origin based to destination based sales tax and the significant declines in revenue which accompanied both, required the City to reduce staffing levels to adjust to available resources. To the extent possible, the City attempted to find reductions through vacant positions and attrition. However, these reductions did require lay-offs of filled positions.
- ◆ 2010 includes the “transfer” of Fire Services personnel from the City to the legally separate Regional Fire Authority, approved by voters, which began operations in 2010.
- ◆ The up-tick in 2011 includes budgeted positions as a result of the Panther Lake Annexation. Many of these positions were left vacant as a result of the fiscal difficulties described above and were eliminated in the subsequent budget processes.
- ◆ Recent increases reflect additions to respond to service level requirements and strategic program creation and/or enhancements.

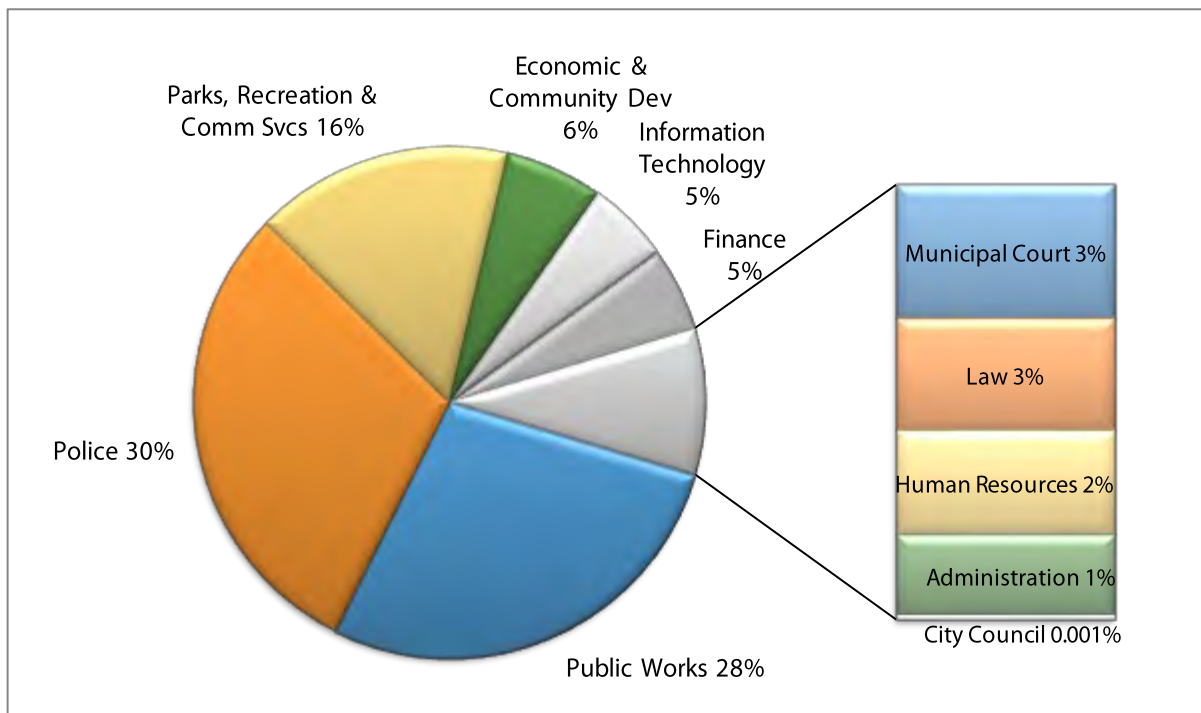
PERCENT CHANGE IN STAFFING



STAFFING

The following *City-Wide Staffing by Department, Positions Summary by Department, City-Wide Staffing by Fund, Positions Summary by Fund* and *Position Changes by Department* charts and tables provide further detailed information on staffing as amended with the 2018 mid-biennium adjustment.

CITY-WIDE STAFFING BY DEPARTMENT—2018 MID-BIENNIUM ADJUSTMENT

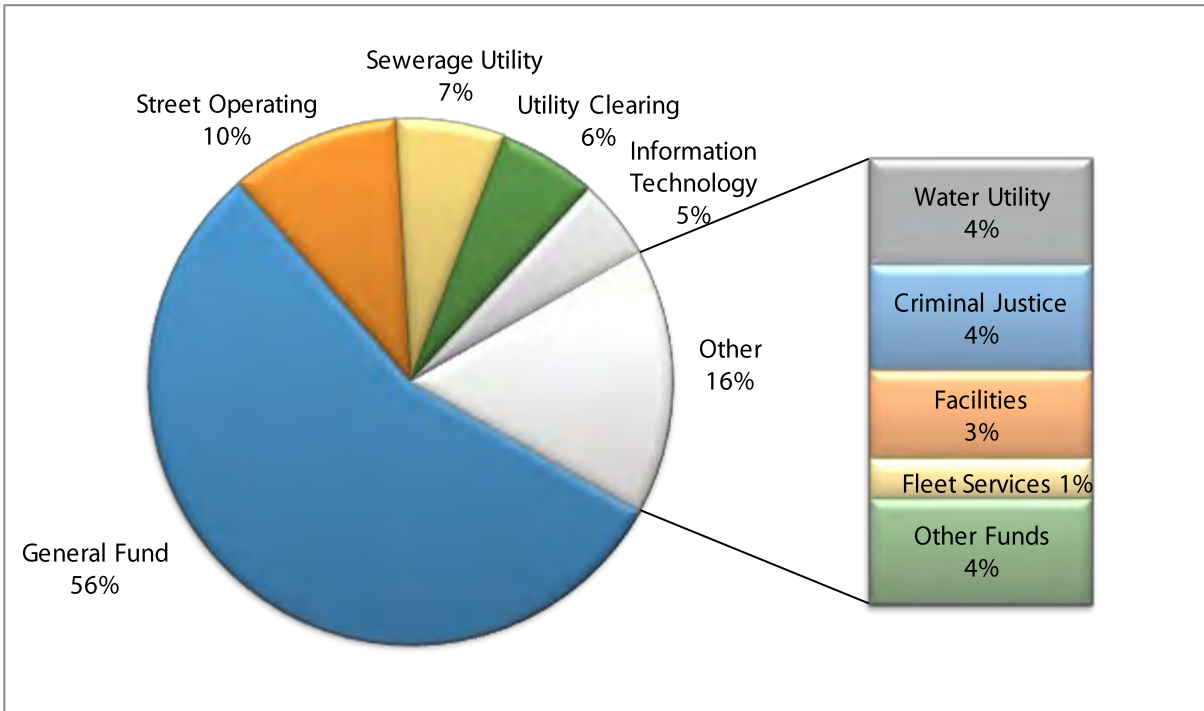


POSITIONS SUMMARY BY DEPARTMENT—FULL TIME EQUIVALENTS (FTEs)

	2016 Actual	2017 Actual	2018 New	2018 Original	2018 Change	2018 Amende
City Council	0.75	0.75		0.75		0.75
Administration	10.00	11.00	(3.00)	8.00	4.00	12.00
Communications			10.00	10.00	(10.00)	-
Economic & Comm Dev	40.75	42.75		42.75	1.00	43.75
Finance	35.60	37.60		37.60	0.40	38.00
Human Resources	14.60	14.60		14.60	1.00	15.60
Information Technology	35.00	37.00	(6.00)	31.00	6.00	37.00
Law	16.80	16.80		16.80		16.80
Municipal Court	20.28	20.28		20.28		20.28
Parks, Rec & Comm Svcs	119.51	116.76	(1.00)	115.76		115.76
Police	203.00	208.75	4.00	212.75		212.75
Public Works	193.75	196.50		196.50	0.50	197.00
Total FTEs by Dept	690.04	702.79	4.00	706.79	2.90	709.69

STAFFING

CITY-WIDE STAFFING BY FUND—2018 MID-BIENNIUM ADJUSTMENT



POSITIONS SUMMARY BY FUND—FULL TIME EQUIVALENTS (FTEs)

	2016 Actual	2017 Actual	2018 New	2018 Original	2018 Change	2018 Amende
General Fund	379.02	386.46	5.00	391.46	2.40	393.86
Street Operating	71.25	75.75		75.75	(1.50)	74.25
Criminal Justice	22.39	25.14		25.14	2.00	27.14
Housing & Comm Dev	5.48	5.48		5.48		5.48
Street Capital Projects	4.00	4.00		4.00		4.00
Parks Capital Projects	1.00	1.00		1.00		1.00
Water Utility	28.72	27.66		27.66		27.66
Sewerage Utility	48.28	47.59		47.59		47.59
Solid Waste Utility	2.50	4.50		4.50		4.50
Golf Complex	11.35	9.60		9.60		9.60
Fleet Services	10.00	10.00		10.00		10.00
Information Technology	34.00	36.00		36.00		36.00
Facilities	25.00	24.00	(1.00)	23.00		23.00
Insurance	2.00	2.00		2.00		2.00
Utility Clearing	44.05	42.61		42.61		42.61
VNET Agency	1.00	1.00		1.00		1.00
Total FTEs by Fund	690.04	702.79	4.00	706.79	2.90	709.69

STAFFING

POSITION CHANGES BY DEPARTMENT—FULL TIME EQUIVALENTS (FTEs)

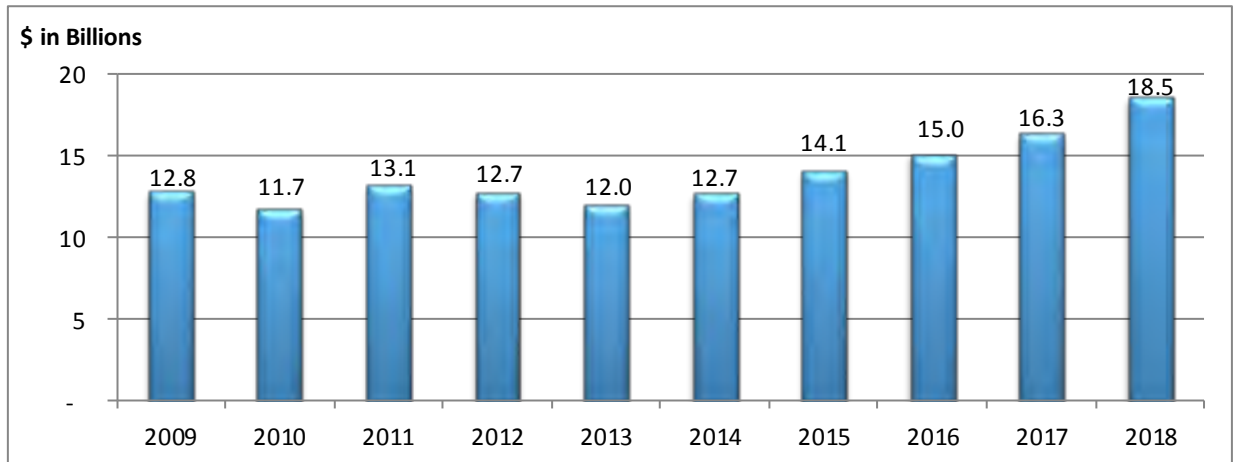
	2018 Original	2018 Change	2018 Amended
Administration			
Communications Coordinator	(1.00)	2.00	1.00
Communications & Govt Affairs Manager	(1.00)	1.00	-
Neighborhood Program Coordinator	(1.00)	1.00	-
Communications			
Eliminate Communications Department			
Communications Director	1.00	(1.00)	-
Positions from Mayor's Office	3.00	(3.00)	-
Positions from Information Technology	6.00	(6.00)	-
Economic & Community Dev			
Lead Plans Examiner		1.00	1.00
Finance			
Financial Analyst - increase from .6 to 1.0 FTE		0.40	0.40
Human Resources			
Administrative Assistant 1		1.00	1.00
Information Technology			
Multimedia Positions from Communications	(6.00)	6.00	-
Parks, Recreation & Comm Svcs			
Eliminate vacant HVAC Tech	(1.00)		(1.00)
Deputy Parks Director		1.00	1.00
Eliminate vacant Maintenance Worker 2		(1.00)	(1.00)
Police			
Police Officers	4.00		4.00
Public Works			
Financial Analyst from .75 to 1.0 FTE		0.25	0.25
Commute Trip Reduction Coordinator from .75 to 1.0 FTE		0.25	0.25
Total FTEs by Dept	4.00	2.90	6.90

PROPERTY TAX

PROPERTY TAX AND ASSESSED VALUATION

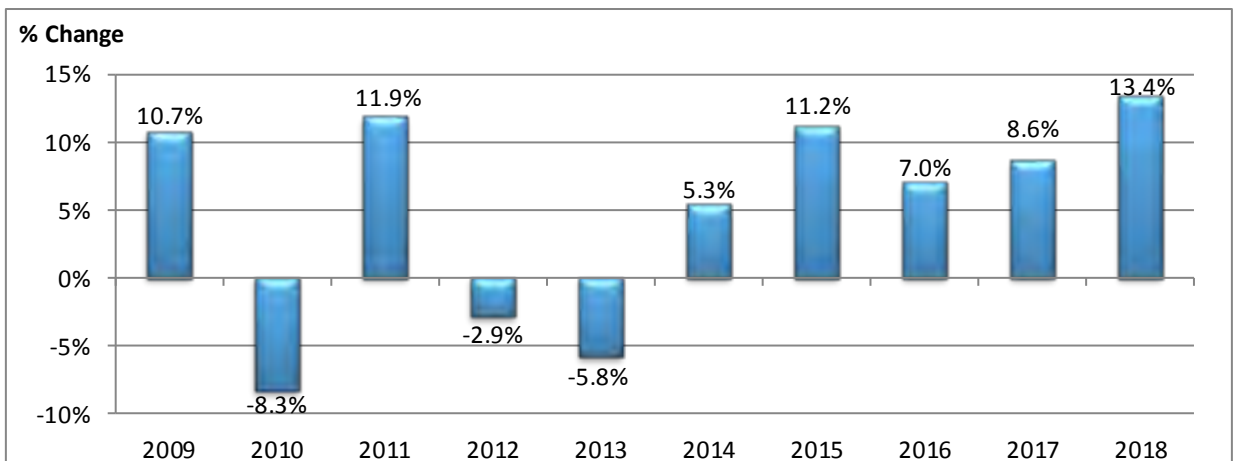
Property tax is the largest source of revenue in the General Fund. The King County Assessor values and provides information to the City of Kent on their determination of property values within city limits. The growth in Property Tax revenue is dependent upon both the assessed valuation of property (provided by the King County Assessor) and the tax rate. In 2018 and for the fifth straight year, assessed valuation increased from the previous year.

ASSESSED VALUATION (AV)



The **Percent Change in Assessed Valuation** chart below reflects the percentage change in the assessed valuation for the City of Kent. Between 2010 and 2014 the effects of the Great Recession saw property values drop. The 2011 percent change in valuation includes the property values for the Panther Lake Annexation area. The Panther Lake Annexation increased the City of Kent’s total property valuation by nearly \$2 billion in 2011 and the chart below reflects the net change to the overall property valuation in the City from the previous year, inclusive of the Panther Lake area.

PERCENT CHANGE IN ASSESSED VALUATION

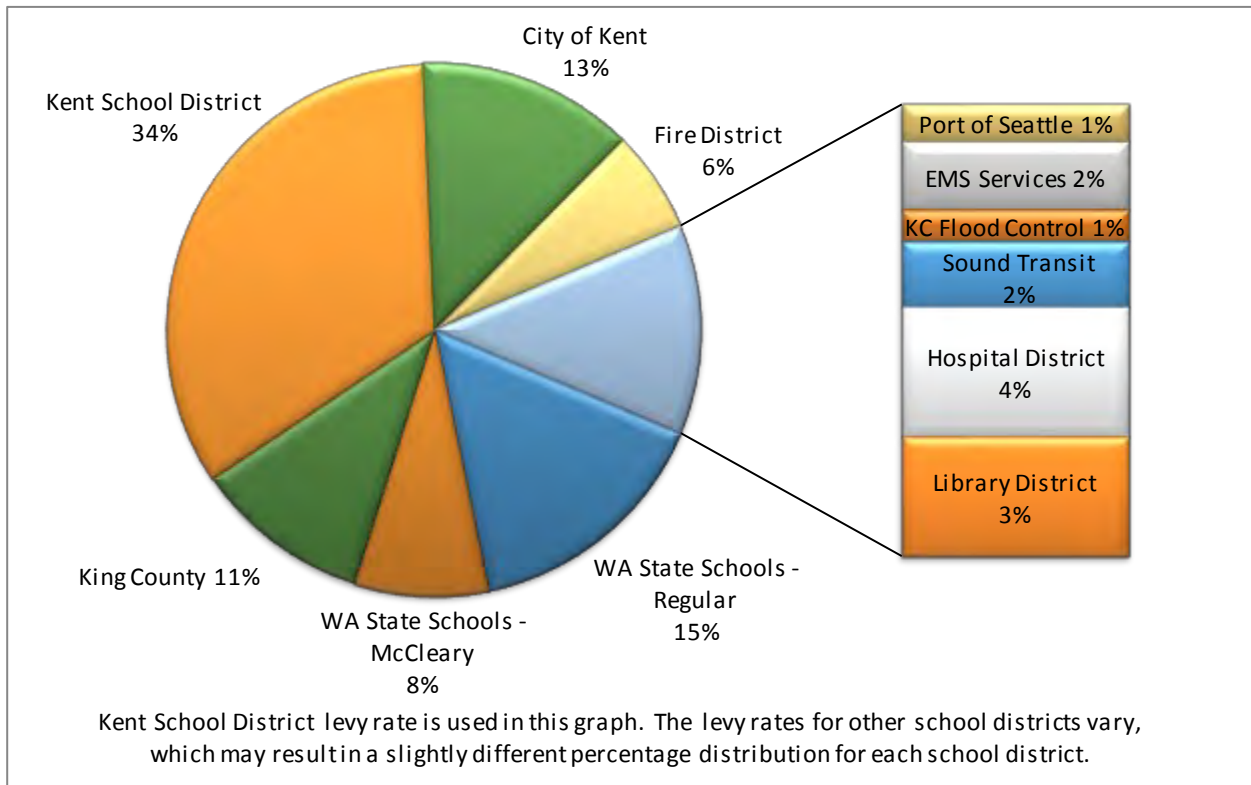


PROPERTY TAX

State law provides that the maximum growth in property tax revenues from existing property is the lesser of one percent or the percentage increase in the Implicit Price Deflator (IPD). Of the total tax levies collected, 46 percent are voter approved and 56 percent are statutory levies. As the **Property Tax Distribution** chart below reflects, the City of Kent receives only 13 percent of the total amount of property tax paid by residents.

PROPERTY TAX DISTRIBUTION—2018 LEVY RATES

The property tax in the 2018 adopted budget included the statutory increase of one percent growth plus new construction. The **Property Tax AV & Rates** table below presents comparative detailed rate information for 2016 and 2017 and estimated rate information for 2018, including the use of banked capacity.



PROPERTY TAX AV & RATES

	2016	2017	2018 Est
Assessed Valuation in thousands ^(A)	15,046,307	16,335,690	18,523,329
General Levy Rate (\$2.325 max) ^(B)	1.51139	1.41136	1.62704
Estimated Cost On:			
Home Valued at \$300,000 ^(C)	\$368	\$373	\$488

^(A) 2018 per levy limit worksheet from King County

^(B) Levy Rates per King County Property Tax Rate Book published for each year.

^(C) 2016 and 2017 home value adjusted down to match % change in AV

SALES TAX

The City of Kent receives revenues for three types of sales tax; regular sales tax, criminal justice local option sales tax and lodging tax.

REGULAR SALES TAX

In 1970, the legislature granted cities the right to tax retail sales at a rate of 0.5 percent, of which 15 percent would be passed to their respective counties. In 1982, the rate was increased to 1.0 percent, again with 15 percent of this amount passed on to counties along with a .01 percent administrative fee passed to the state Department of Revenue. This effectively leaves the city with tax revenue of 0.84 percent of retail sales.

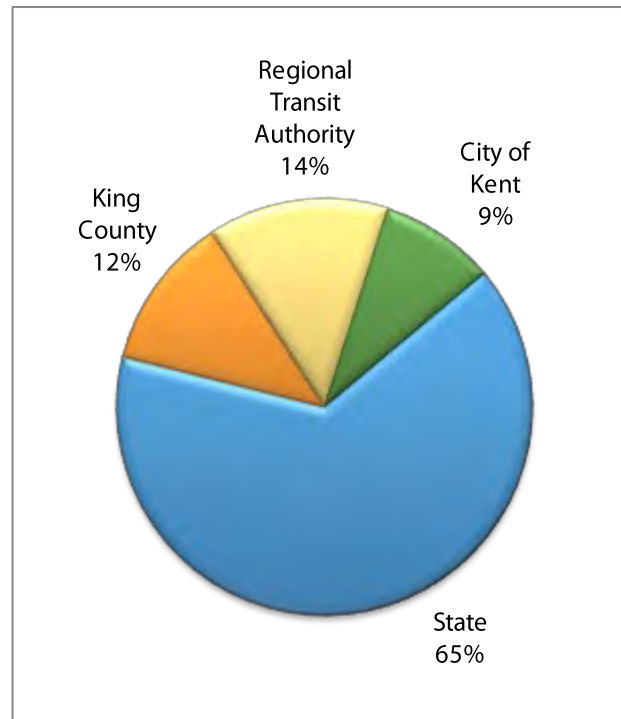
CRIMINAL JUSTICE LOCAL OPTION SALES TAX

Under RCW 82.14.450(2)(a), the city council has the authority to present to the voters a sales tax option of up to 0.1%, for criminal justice purposes. Kent voters have authorized this 0.1% additional sales tax and the associated revenues are allocated to the Criminal Justice Fund accordingly.

LODGING TAX

The lodging tax, also referred to as the hotel-motel tax, is a consumer tax on lodging charges for periods of less than 30 consecutive days for hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities. The guiding principle for the use of lodging taxes is that they must be used for activities, operations and expenditures designed to increase tourism. Specifically, lodging taxes can be used for tourism marketing. All lodging tax revenues are allocated to the Lodging Tax Fund for these purposes.

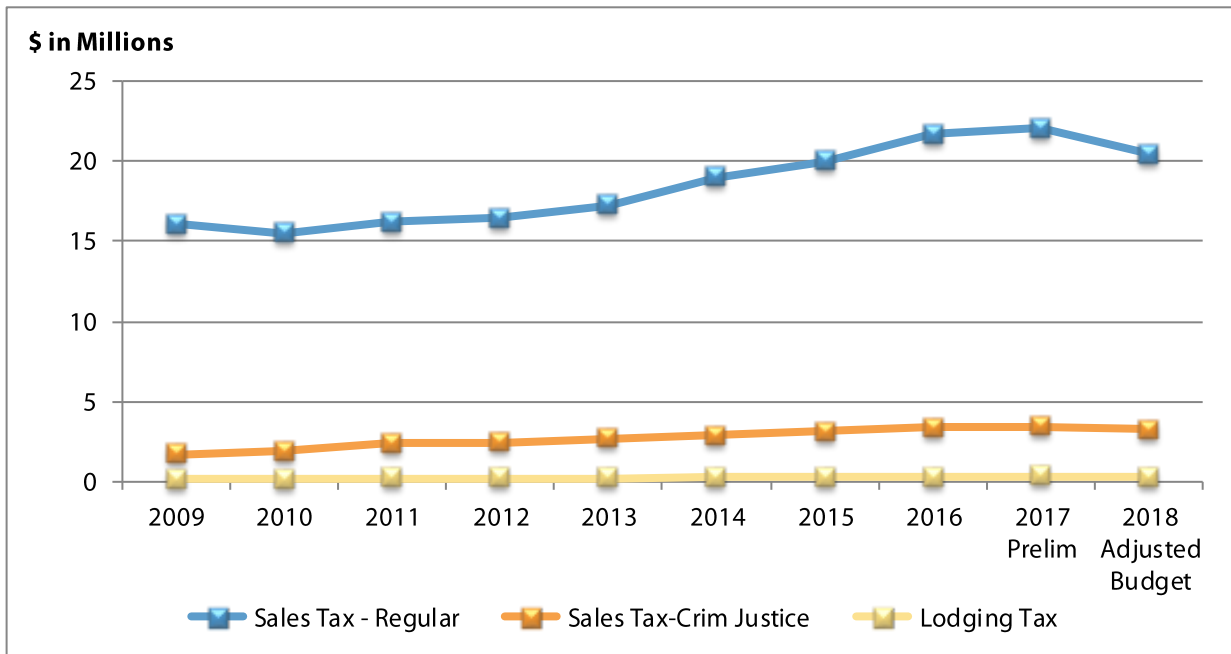
SALES TAX DISTRIBUTION



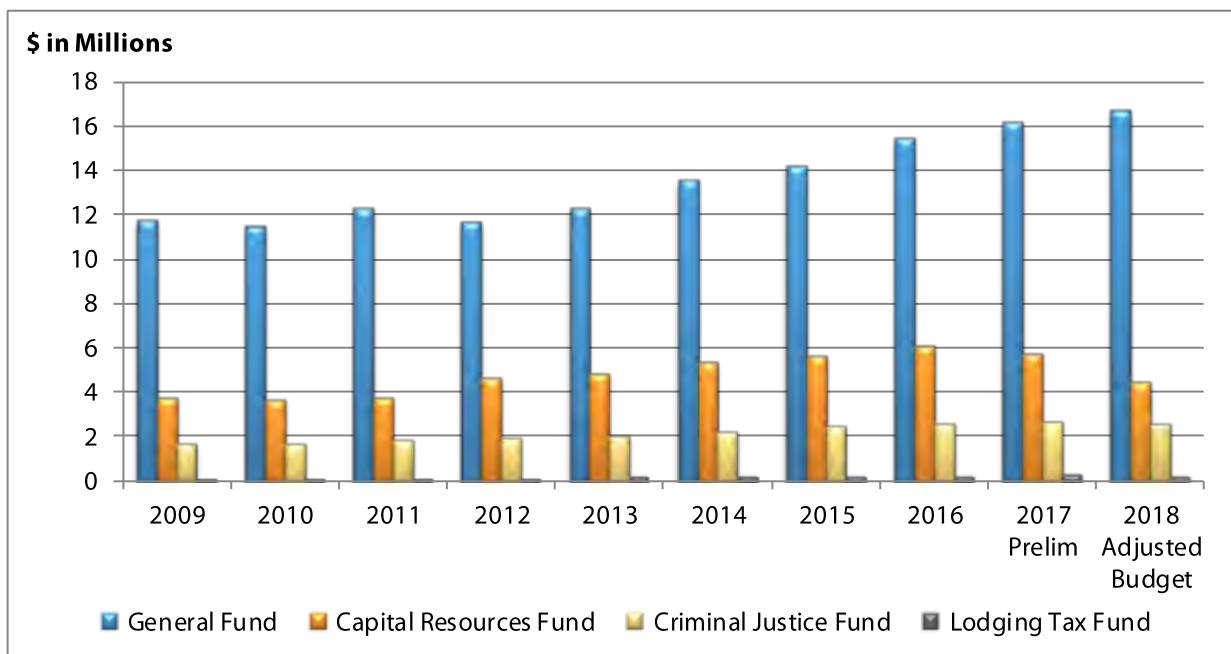
SALES TAX

The following tables, *Sales Tax Revenue History* and *Sales Tax Revenue History by Fund*, illustrate the amount of total sales tax revenue received from the various forms of sales taxes and to which funds they were allocated over the past 10 years, respectively. Both charts exclude annexation sales tax credits.

SALES TAX REVENUE HISTORY



SALES TAX REVENUE HISTORY BY FUND



UTILITY TAX

Utility tax makes up 19 percent of General Fund revenues. The utility taxes are comprised of two types of taxes, external and internal. The external revenues are levied upon residents and businesses. The internal revenues are levied on the City's internal utilities.

EXTERNAL UTILITY TAX

The City taxes the maximum allowable rate of six percent on cable, electricity, gas and telephone. Garbage is taxed at 18.4 percent, 10.6 of which is allocated to the maintenance and repair of residential streets. The majority of the revenue collected from the cable utility tax goes to fund IT operations and capital projects., the remainder goes to annexation in the General Fund.

EXTERNAL UTILITY TAX RATES

	General Fund	Street Fund	Youth/Teen Fund	IT Fund	Total
Cable	1.2%			4.8%	6.0%
Electricity	4.7%	1.0%	0.3%		6.0%
Garbage	6.5%	11.6%	0.3%		18.4%
Gas	4.7%	1.0%	0.3%		6.0%
Telephone	4.7%	1.0%	0.3%		6.0%

INTERNAL UTILITY TAX

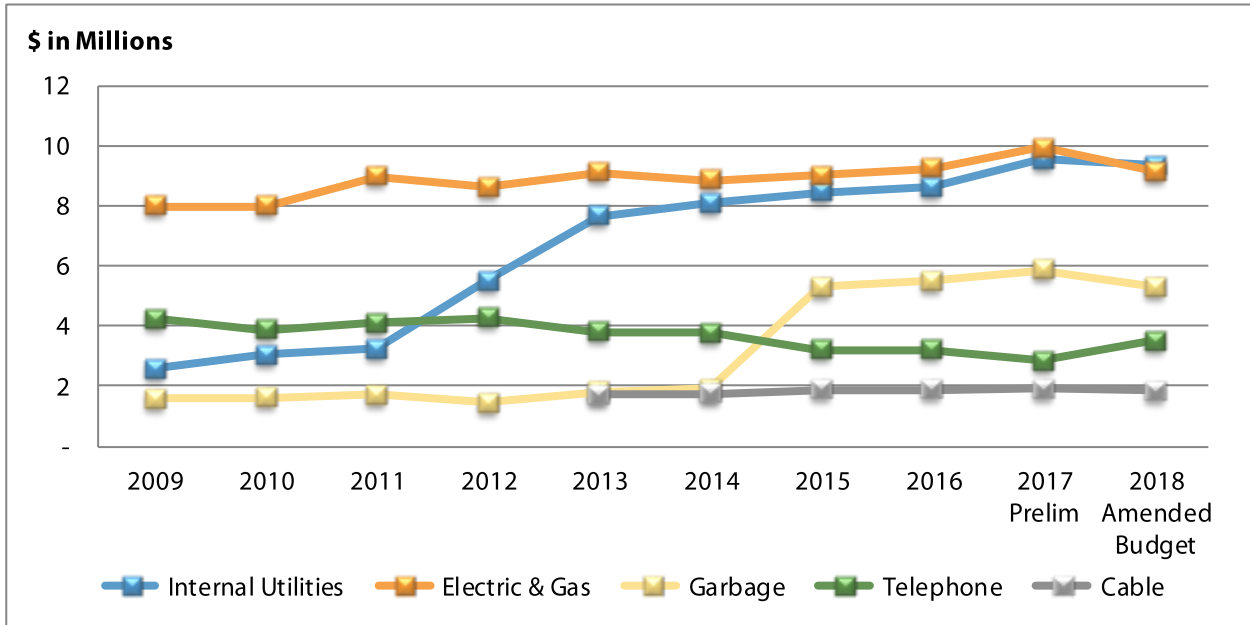
The City currently taxes each internal utility according to the *Internal Utility Tax Rates* table below. Overall, four percent is allocated to the Capital Resources Fund. After the payment of all capital debt, unless otherwise allocated by Council, the remaining funds are to be equally applied to information technology programs and street capital programs. An additional two percent combined is allocated to the Capital Resources Fund and will sunset when the debt in this fund is paid in full, which is expected to occur in 2018. The remaining amount is allocated to the General Fund, Street Fund and Youth/Teen Fund.

INTERNAL UTILITY TAX RATES

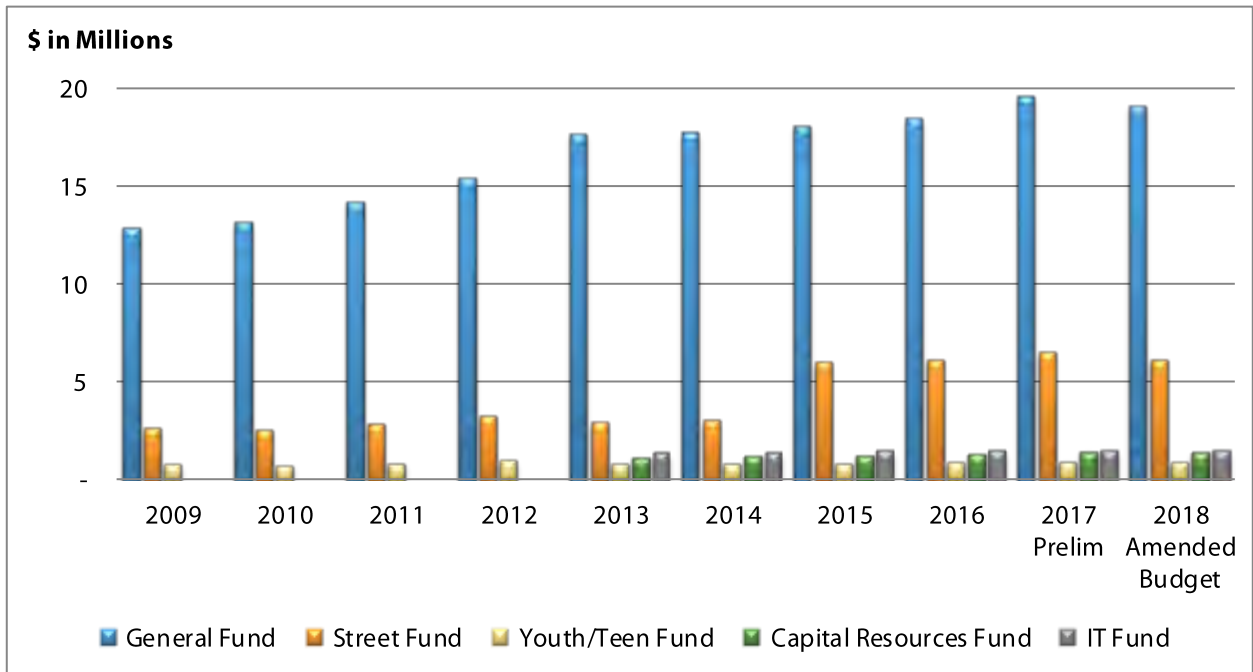
	General Fund	Street Fund	Youth/Teen Fund	Capital Resources Fund 4% for Capital	2% for Debt	Total
Water	5.7%	1.0%	0.3%	4.0%	2.0%	13.0%
Sewer	4.2%	0.7%	0.2%	2.9%	1.5%	9.5%
Drainage	8.6%	1.5%	0.4%	6.0%	3.0%	19.5%

UTILITY TAX

UTILITY TAX REVENUE HISTORY



UTILITY TAX REVENUE HISTORY BY FUND



B&O TAX

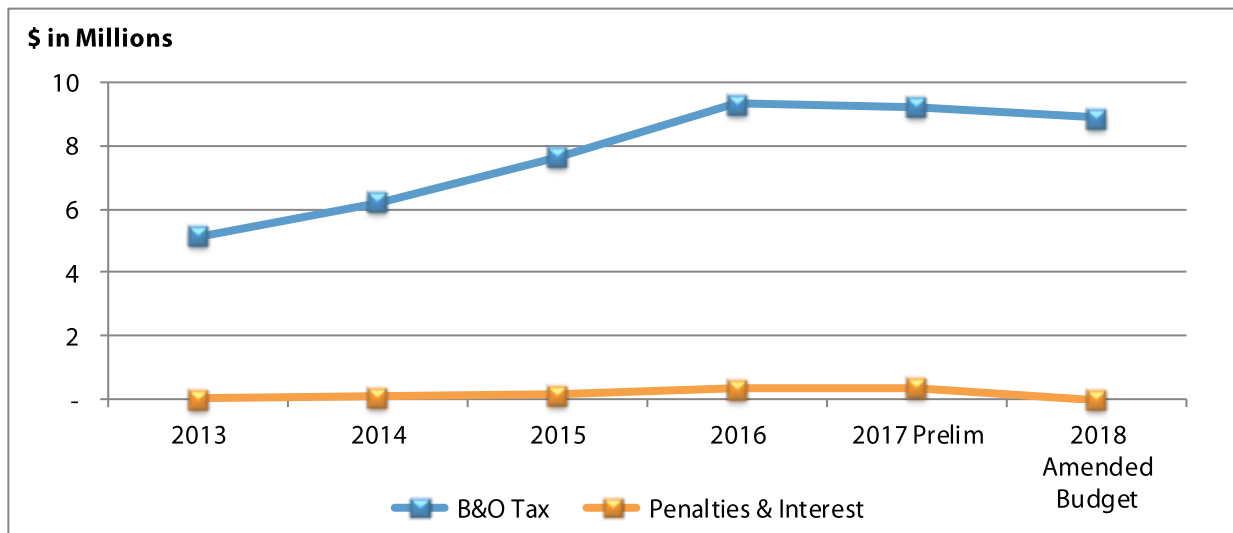
The City began collecting taxes from those who engage in business activities within the City in January of 2013. There are five types of B&O tax classifications:

From the programs inception through 2016, revenues were first allocated to program administration, then \$4.7

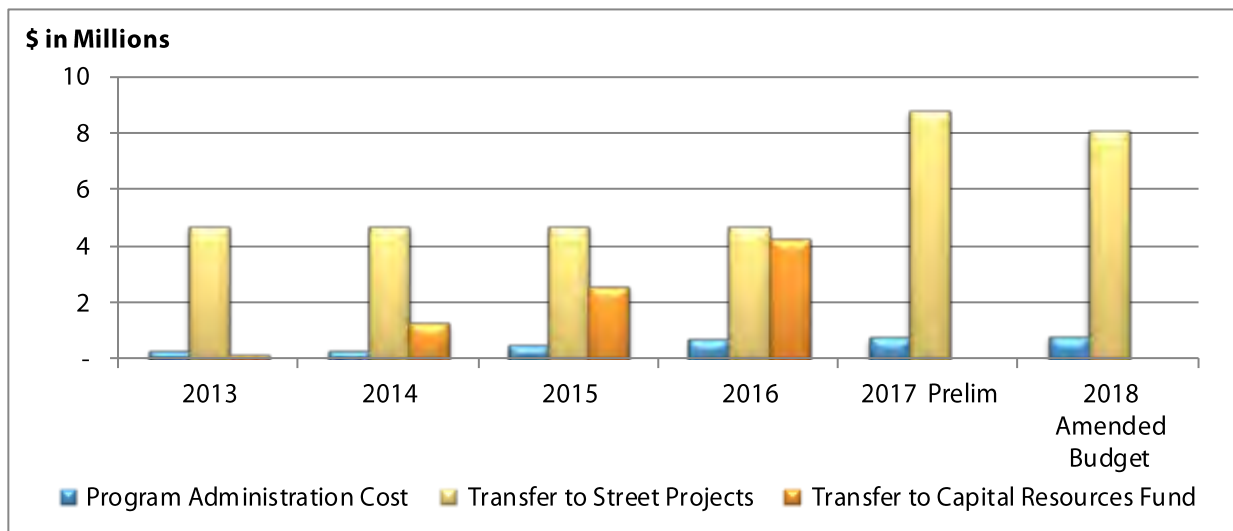
- ◆ Manufacturing
- ◆ Retailing
- ◆ Square Footage
- ◆ Wholesaling
- ◆ Service & Other

million toward street projects and any remaining revenues were transferred to the Capital Resources Fund. Beginning in 2017, all revenues minus those for program administration were allocated to street projects.

B&O REVENUES



B&O ALLOCATION



GENERAL FUND

As the name implies, the General Fund is the fund that receives most of the City's undesignated revenues which are available to be used for any appropriate governmental purpose. This fund finances the majority of the traditional services associated with local government. Due to the flexibility in General Fund resources, much of the Mayor's as well as the Council's budget deliberations center around this fund.

GENERAL FUND REVENUES

General Fund revenues are increased from the 2018 adopted budget of \$94,566,060 to an adjusted amount of \$102,677,400, for a total increase of \$8,111,340 or 8.6 percent. However, 2017 estimated year end revenues are \$5,986,580 favorable to budgeted levels. This represents an increase in 2018 as compared to 2017 estimated year end revenues of \$2,200,890 or 2.2 percent.

GENERAL FUND REVENUE SUMMARY

	2017 Adj Budget	2018 Original	2018 Amended	2018 Change	Percent Change
Property Taxes	22,782,330	23,160,150	29,532,710	6,372,560	27.5
Sales Taxes	19,756,570	21,100,310	21,100,310	0	-
Utility Taxes	18,947,950	19,150,880	19,150,880	0	-
B&O Taxes	9,210,000	7,500,000	8,890,480	1,390,480	18.5
Other Taxes	869,990	891,360	879,260	(12,100)	(1.4)
Licenses and Permits	5,611,350	5,695,870	5,695,870	0	-
Intergovernmental Revenue	7,720,660	7,705,230	7,946,370	241,140	3.1
Charges for Services	5,117,170	5,271,760	5,391,020	119,260	2.3
Fines and Forfeitures	1,900,970	1,565,970	1,565,970	0	-
Miscellaneous Revenue	1,622,940	1,574,530	1,574,530	0	-
Transfers In	950,000	950,000	950,000	0	-
Total Revenues	94,489,930	94,566,060	102,677,400	8,111,340	8.6 %

Revenue projections for the 2018 mid-biennium adjustment continue to be based largely on the following assumptions:

- ◆ The local economy will continue to see gradual but modest improvement over the biennium
- ◆ Inflation will be moderate over the next two years giving only a modest boost to sales taxes, intergovernmental revenues and charges for services
- ◆ Short term interest rates will remain low but with a moderate rate increase in 2018
- ◆ Streamlined Sales Tax mitigation and other State shared revenues will continue throughout the biennium
- ◆ Current percentage growth caps on property and utilities will remain unchanged

GENERAL FUND

Revenue changes from the 2018 originally adopted budget are:

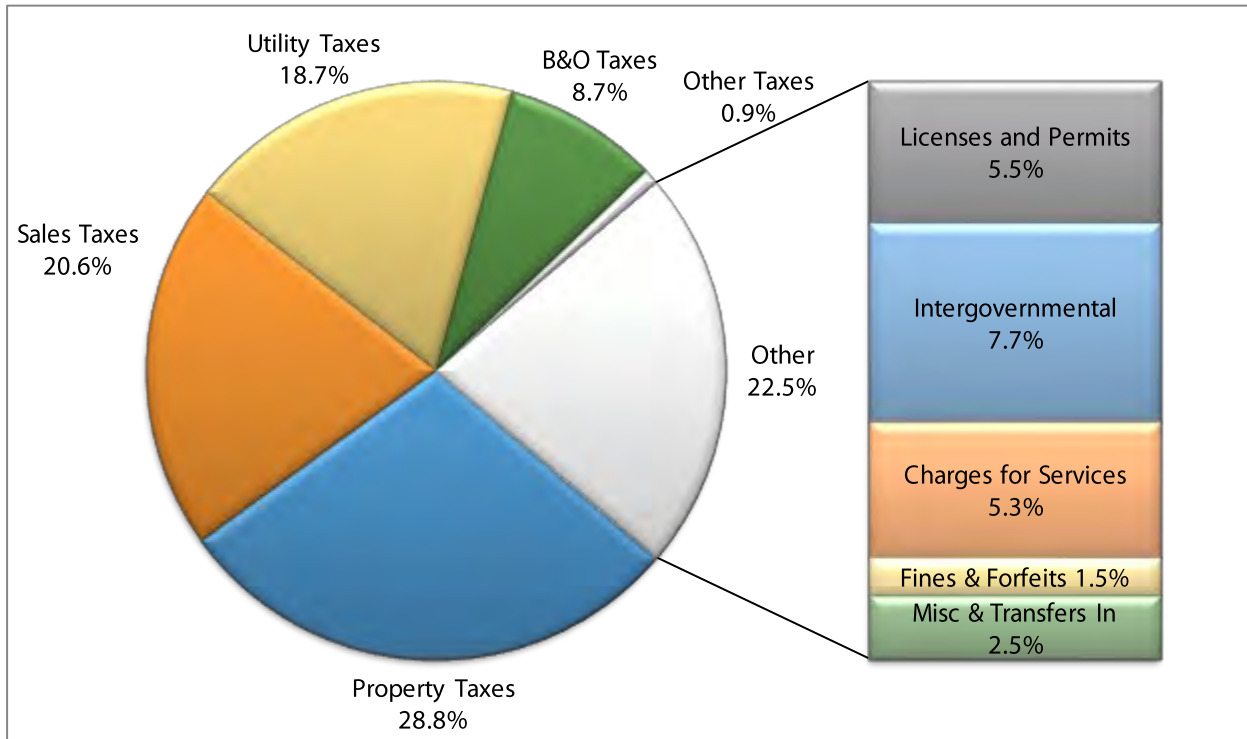
- ◆ **Property Tax** revenue includes use of \$6,372,560 of banked capacity. The impact to a homeowner with a home valued at \$300,000 is estimated at \$105 annually.
- ◆ **B&O Tax** revenues are increased by \$1,390,480 to better reflect actual expected collections. Beginning in 2017, all B&O taxes collected will first pay for the administration of the program and the remainder is restricted for street projects.
- ◆ **Intergovernmental Revenue** is increased by \$229,040 to re-align state shared revenues for liquor and fuel tax with actual monies expected.
- ◆ **Charges for Services** is increased by \$119,260 to cover a new position in Economic and Community Development. Plans review fees continue to exceed budget, allowing capacity for the modest increase.

AMENDED REVENUE CHANGES—GENERAL FUND

2018 Amended Changes	
Property Tax - use of banked capacity	6,372,560
B&O Tax	1,390,480
Plans Review Fees - offset ECD position	119,260
State Shared Revenues - liquor tax	213,770
State Shared Revenues - fuel tax	15,270
Total Revenues	8,111,340

GENERAL FUND

GENERAL FUND REVENUE SOURCES—2018 MID-BIENNIUM ADJUSTMENT



As demonstrated in the **General Fund Revenue Sources** chart above, 77.4 percent or 79,553,640, of the 2018 mid-biennium adjusted General Fund revenues are expected to be collected from taxes. The remaining 22.6 percent, or \$23,123,760, comes from all other sources combined.

TAXES

Property tax is the largest tax revenue for the City and, with the use of \$6,372,560 of banked capacity, accounts for 29 percent of all General Fund revenues. Property tax is assessed on real property and is based on the King County Assessor’s valuation of the property owned.

Sales tax makes up 21 percent of all General Fund revenues. The 2018 adopted budget includes a change to the allocation of sales tax between the General Fund and the Capital Resources Fund. It modifies the allocation to a 77.7% / 22.3% split between the General Fund and Capital Resources Fund, respectively.

Sales tax, which is a general fund resource, had previously been allocated with the General Fund receiving 70 percent of sales tax revenue and the Capital Resources Fund receiving the other 30 percent. The 2017 adopted budget modified the allocation to a 72.5% / 27.5% split between the General Fund and Capital Resources Fund, respectively.

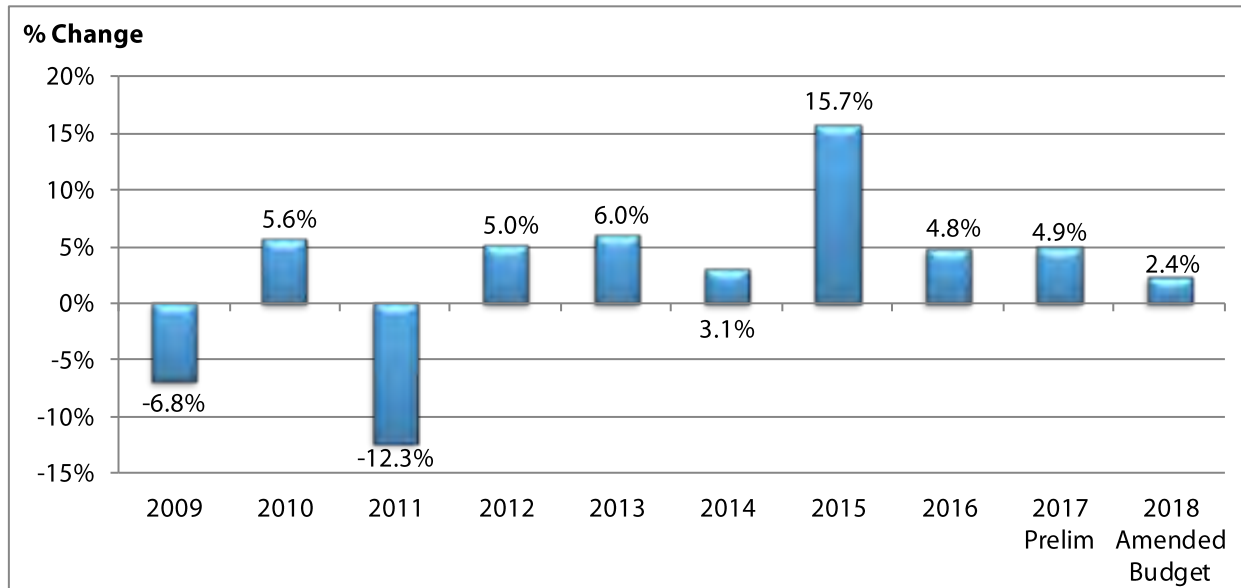
GENERAL FUND

Utility tax is 19 percent of General Fund revenues and includes electricity, gas and telephone taxes as well as the City’s internal utility tax on our water, sewer and drainage utilities. There are no changes to these revenues in the 2018 mid-biennium adjustment

B&O tax makes up nine percent of General Fund revenues, including a \$1,390,480 mid-biennium increase. However, only a small portion, approximately \$822,000, remains in the General Fund to provide funds to administer the program. All other B&O collections are transferred to fund street capital projects.

Other revenue changes: The 2018 mid-biennium adjustment includes modest increases in plan review fees (\$119,260) and state shared revenues for liquor and fuel tax (\$229,040).

PERCENT CHANGE IN GENERAL FUND REVENUES



The **Percent Change in General Fund Revenues** chart above compares the year-to-year changes in total General Fund revenue collections over the past several years. This is not a comparison of actual revenues to budgeted revenues; rather, the chart compares the total revenue collected in one year to the total revenue collected in the previous year.

The large increase in 2015 represents the change in accounting for the City’s B&O tax collections. Prior to 2015, B&O taxes were directly coded to the various funds as previously described. In 2015, for accounting ease and transparency, the City began coding all B&O tax collections to the General Fund and then budgeted an inter-fund transfer to move the resources to the appropriate fund.

The large decrease in 2011 results from a reduction in property tax collections. In 2010, voters approved the creation of the Regional Fire Authority (RFA). The RFA is a separate legal entity from the City of Kent and is entitled to collect property taxes to support their operations at a statutory maximum rate of \$1.00 per every \$1,000 of assessed property valuation beginning in 2011, coupled with a fire benefit charge. At the same time, the City reduced its property tax rate by \$1.00 to help mitigate the impact for Kent residents.

GENERAL FUND

GENERAL FUND EXPENDITURES

General Fund mid-biennium adjusted expenditures increased by \$8,111,340 or 8.6 percent to a total amount of \$102,673,360 as compared to the 2018 adopted budget of \$94,562,020.

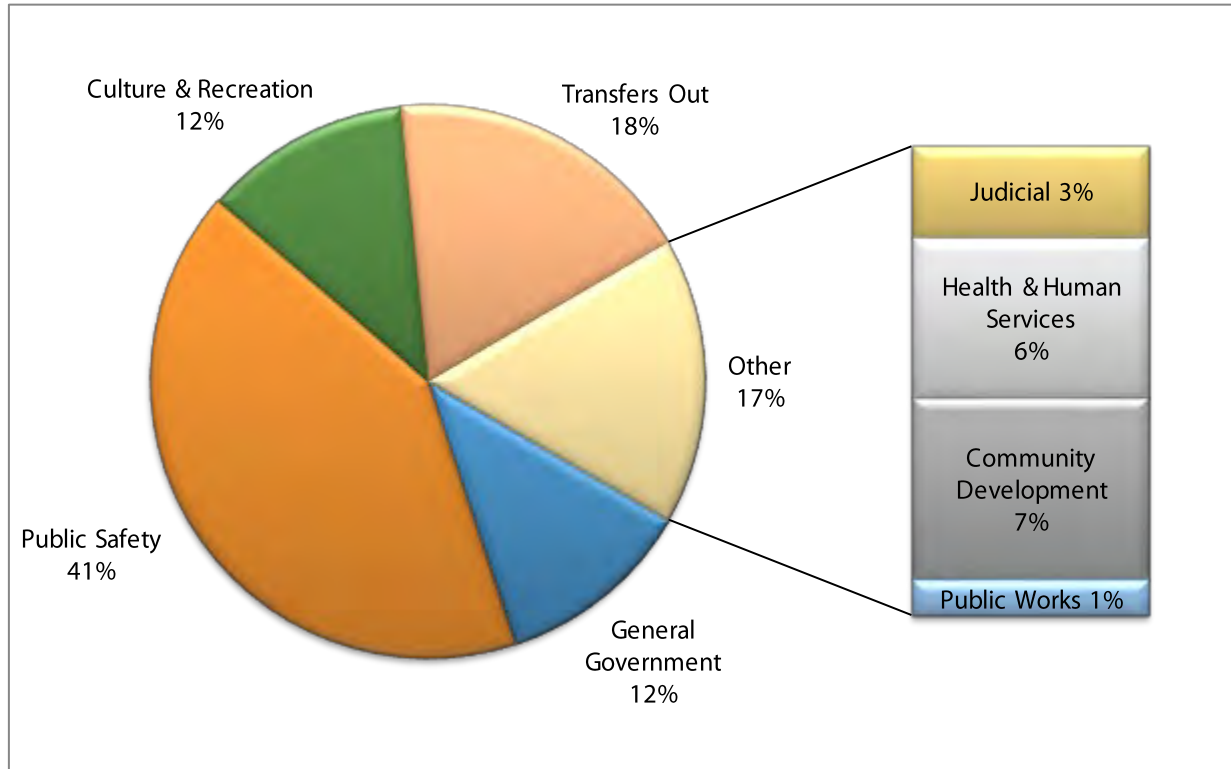
The following expenditure tables summarize the 2018 mid-biennium adjusted General Fund budget and provides comparative information between the 2018 adopted budget and the current 2017 budget. **General Fund Expenditures by Department** lists each department's budget total. **General Fund Expenditures by Function** (table and chart) presents the General Fund according to functional category, including each function as a percent of total for the biennium.

GENERAL FUND EXPENDITURES BY DEPARTMENT

	2017 Adj Budget	2018 Original	2018 Amended	2018 Change	Percent Change
City Council	352,110	369,270	409,580	40,310	10.9
Mayor's Office/City Clerk	2,709,760	2,101,110	3,062,720	961,610	45.8
Communications		821,310		(821,310)	(100.0)
Economic & Community Dev	6,394,650	6,505,320	6,634,790	129,470	2.0
Finance	2,734,560	2,793,970	2,965,830	171,860	6.2
Fire Contracted Services	3,603,110	3,657,530	3,657,530	-	-
Human Resources	1,977,930	2,030,840	2,108,610	77,770	3.8
Information Technology	517,310	520,950	519,450	(1,500)	(0.3)
Law	1,737,080	1,771,020	1,765,990	(5,030)	(0.3)
Municipal Court	3,181,510	3,232,900	3,349,550	116,650	3.6
Parks, Rec & Comm Svcs	17,299,424	17,262,980	18,248,640	985,660	5.7
Police	36,986,600	37,777,040	38,875,740	1,098,700	2.9
Public Works	1,294,960	1,318,470	1,318,470	-	-
Non-Departmental	21,930,890	14,399,310	19,756,460	5,357,150	37.2
Total Expenditures	100,719,894	94,562,020	102,673,360	8,111,340	8.6 %

GENERAL FUND

GENERAL FUND EXPENDITURES BY FUNCTION—2018 MID-BIENNIUM ADJUSTMENT



GENERAL FUND EXPENDITURES BY FUNCTION

	2017 Adj Budget	2018 Original	2018 Amended	2018 Change	Percent Change
General Government	11,109,490	11,784,360	11,852,500	68,140	0.6
Public Safety	40,484,710	41,434,570	42,533,270	1,098,700	2.7
Judicial	3,181,510	3,232,900	3,349,550	116,650	3.6
Culture & Recreation	11,416,780	11,393,370	12,392,560	999,190	8.8
Health & Human Services	5,766,124	5,869,610	5,856,080	(13,530)	(0.2)
Community Development	6,394,650	6,505,320	6,634,790	129,470	2.0
Public Works	1,294,960	1,318,470	1,318,470	0	-
Transfers Out	21,071,670	13,023,420	18,736,140	5,712,720	43.9
Total Expenditures	100,719,894	94,562,020	102,673,360	8,111,340	8.6 %

GENERAL FUND

General Fund expenditure increases in the mid-biennium adjustment include:

- ◆ **Baseline Adjustments:** \$2,369,950 (net), ongoing. Baseline adjustments are in response to new and/or updated information received after the 2018 budget was adopted. Changes in this category include:
 - ◆ **Wage Increases:** \$75,440 (net) for AFSCME and Teamster employees per their respective contracts, non-represented employees per past practice and a state-mandated minimum wage increase for temporary employees. The additional cost for 2018 is \$675,440, offset by \$600,000 reserved for fund balance that was included in the original adopted budget. The Kent Police Officers Association agreements were settled in early 2016 and the wage impacts are already included in the 2018 adopted budget.
 - ◆ **Non-Represented Salary Survey:** \$465,080 is included to cover the estimated impact of the proposal that was approved by Council on September 19, 2017.
 - ◆ **Medical Insurance:** \$1,121,480 to implement a 20 percent rate increase. Beginning in September 2016, the City has experienced a significant and sustained increase in medical claims, approximately 23 percent. As a result, fund balance in the Employee Health & Wellness Fund is being used at a much faster rate than anticipated, putting the fund in jeopardy. Along with the 20 percent rate increase for 2018, \$750,000 was transferred from the General Fund in 2017 to help cover the current year increased claims. According to the preliminary actuary report for 2017, additional double-digit rate increases will be required in 2019 and 2020 to stabilize the fund and maintain fund balance at two times IBNR (incurred but not reported). Next year's actuary report will be reviewed closely and provide updated information for the 2019-2020 biennial budget process.
 - ◆ **Liability Insurance Increase:** \$394,270 total, comprised of two parts: 1) \$129,360 to implement a 10 percent rate increase, ensuring adequate funding of the liability insurance program and 2) \$264,910 to redistribute liability insurance costs among departments based on employee hours and liability claims experience rating as defined in the actuary report. The redistribution increase for the General Fund is offset by reductions in other funds, creating a net zero effect city-wide.
 - ◆ **Utility Increases:** \$217,660 to fund rising utility costs (i.e. water, drainage, electricity, garbage) for park facilities (\$152,220) and city buildings (\$65,440).
 - ◆ **Resident Survey:** \$35,000 to support the City's goal of completing a resident survey every other year. The last resident survey was done in 2016.
 - ◆ **Other Increases:** \$61,020 for various programs, which includes adjusting human services for CPI and population per ordinance (\$24,310), adjusting city arts for population per ordinance (\$5,200), as well as modest increases for cell phone monthly service (\$15,210) and copy machines (\$16,300).

GENERAL FUND

- ◆ **Eliminate Communications Department:** \$310 decrease (net), ongoing. This proposal eliminates the previously approved Communications Department and converts the director position to another communications coordinator, which is a savings of \$75,230. This savings is offset by elimination of an allocation to Multimedia for management and oversight costs of \$106,940. Because Multimedia will be staying under the Information Technology Department, allocating these costs is no longer appropriate and the General Fund retains those costs. The final piece is redistributing the reduced Multimedia costs among the using departments, resulting in a decrease of \$32,020 for the General Fund. Total General Fund savings of \$107,250 is offset by the \$106,940 increase, for a net decrease in costs of \$310.
- ◆ **Parks:** \$15,000 towards security options for the employee parking lot at Russell Road. Due to an increased number of break-ins, additional security in the area is warranted. Other options being considered include additional security cameras and lighting.
- ◆ **Transfer B&O to Street Capital:** \$1,350,000 transfer of additional B&O revenues to the James Street Concrete (Central—Jason) project (\$1,000,000) and South 212th Way Overlay project (\$350,000).
- ◆ **Transfer additional Property Tax for Capital Projects:** \$4,127,070 transfer of additional property tax revenue provided by the use of banked property tax capacity to the Capital Resource Fund for future capital projects
- ◆ **ECD, Permit Center:** Lead Plans Examiner, \$119,260, 1.0 FTE, on-going. In addition to plans review responsibilities, this position will serve as lead for the plans review staff, assigning work and developing technical training for staff. The additional plans review capacity provided by this position and focused leadership over the function will help ensure customer expectations and review timelines are met. The cost of this position is fully offset by an increase in plans review fees.
- ◆ **Finance, Accounts Payable:** Finance Analyst, \$43,420, increase .6 FTE to 1.0 FTE, on-going. When the position incumbent retires in January, this position will no longer be eligible for benefits as a .6 FTE. Increasing the position to 1.0 FTE will eliminate this issue and attract quality candidates during recruitment. The additional 16 hours per week will provide much needed capacity to address workload strain on the Accounts Payable team, caused by increased investment activities, enhanced procurement card monitoring and implementation of the payment plus program.
- ◆ **Human Resources:** Administrative Assistant 1, \$0 (net), 1.0 FTE, ongoing. This position will perform a variety of administrative tasks for the department, as well as assisting the Benefits Division with data entry, PCR processing and onboarding new employees. A temporary employee performs these tasks three days per work, with other HR staff covering the remaining time, which takes them away from their primary responsibilities. The position budget is \$91,750 and is fully offset by reductions to temporary wages/benefits and other professional services line items.
- ◆ **Parks:** Deputy Director, \$86,950 (net), 0.0 FTE (net), ongoing. This position will provide expanded leadership and oversight for internal operations and practices, allowing the department to begin establishing analytics, processes, evidence and strategic planning documents to help guide decision making and cost/benefit analysis. The position budget is \$177,430 and is partially offset by converting a vacant maintenance worker position budgeted at \$90,480 to a deputy director.

Details are displayed in the **Amended Changes – General Fund** table on the next page.

GENERAL FUND

AMENDED EXPENDITURE CHANGES—GENERAL FUND

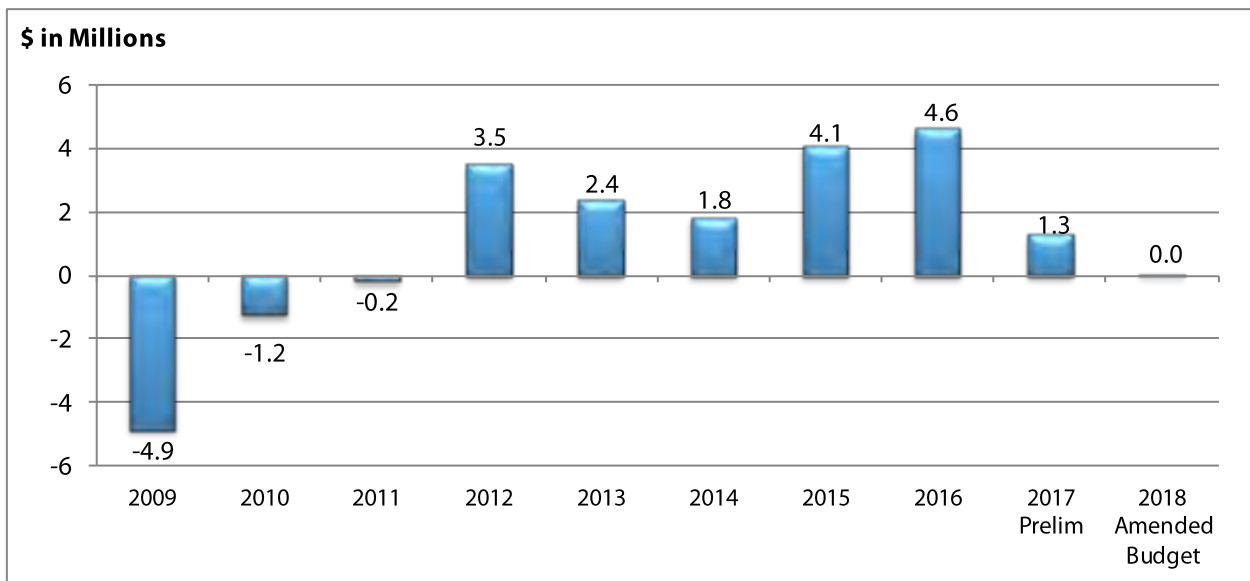
2018 Amended Changes		
	FTE	Amount
Baseline Adjustments		
Wage Increases (AF, TM, Temps)		675,440
Less budgeted offset - reserved for fund balance		(600,000)
Non-Represented Salary Survey		465,080
Medical Insurance - 20% rate increase		1,121,480
Liability Insurance - redistribution of costs		264,910
Liability Insurance - 10% rate increase		129,360
Utilities - park facilities and city buildings		217,660
Resident Survey		35,000
Human Services - adjust for CPI and population		24,310
Multi-Function Devices (MFD) - copier redistribution		16,300
Cell Phones - monthly plan costs		15,210
City Arts Program - adjust for population		5,200
Administration/Communications		
Eliminate Communications Department		
Convert director to coordinator		(75,230)
Eliminate allocation to Multimeidia		106,940
Redistribute Multimedia costs		(32,020)
Economic & Community Dev		
Lead Plans Examiner	1.00	119,260
Human Resources		
Administrative Assistant 1	1.00	91,750
offset by reductions in temporary wages and professional services		(91,750)
Finance		
Financial Analyst - .6 FTE to 1.0 FTE	0.40	43,420
Parks, Recreation & Comm Svcs		
Deputy Director	1.00	177,430
offset by elimination of vacant MW2 position	(1.00)	(90,480)
Non-Departmental		
Transfer for security at Russell Road employee parking lot		15,000
Transfer additional B&O for street capital projects		1,350,000
Transfer additional Property Tax for capital projects		4,127,070
Total Expenditures	2.40	8,111,340

GENERAL FUND

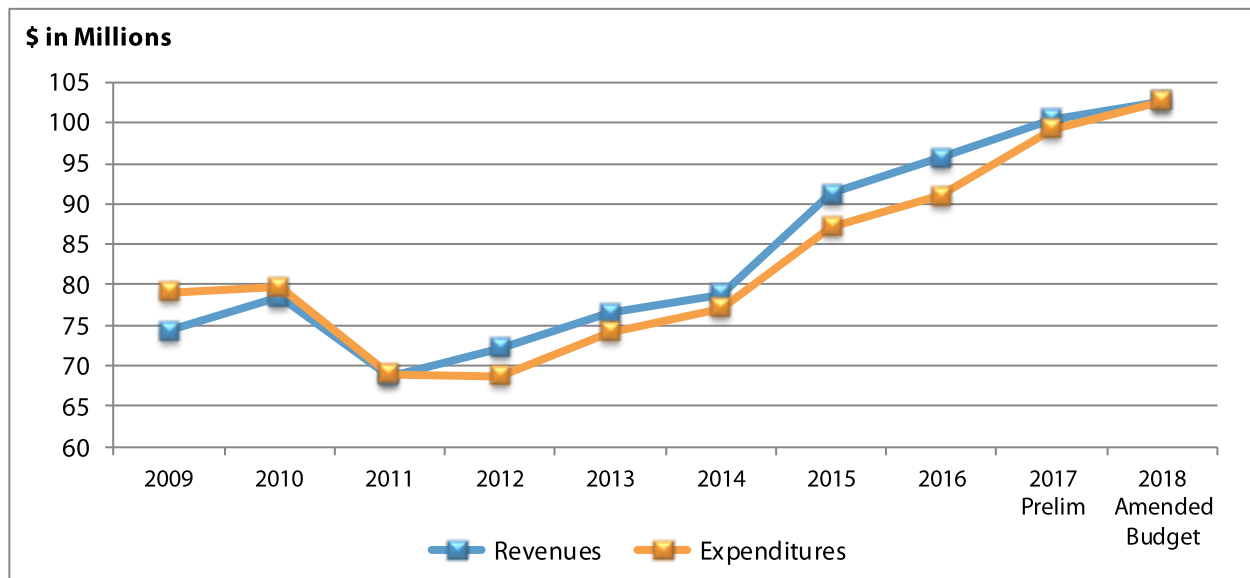
GENERAL FUND BALANCE

The *General Fund Change in Fund Balance* and *General Fund Revenue & Expenditures* tables below represent the actual difference between revenues and expenditures in the General Fund since 2009. The trend has been positive since 2009 however, 2009-2011 reflect deficit ending balances, albeit smaller each year. Since 2012 ending balances in the General Fund have been positive. The 2017 Adjusted Budget reflects an intentional use of fund balance, primarily for Parks capital projects. The figures in these graphs are inclusive of annexation related revenues and expenditures.

GENERAL FUND CHANGE IN FUND BALANCE



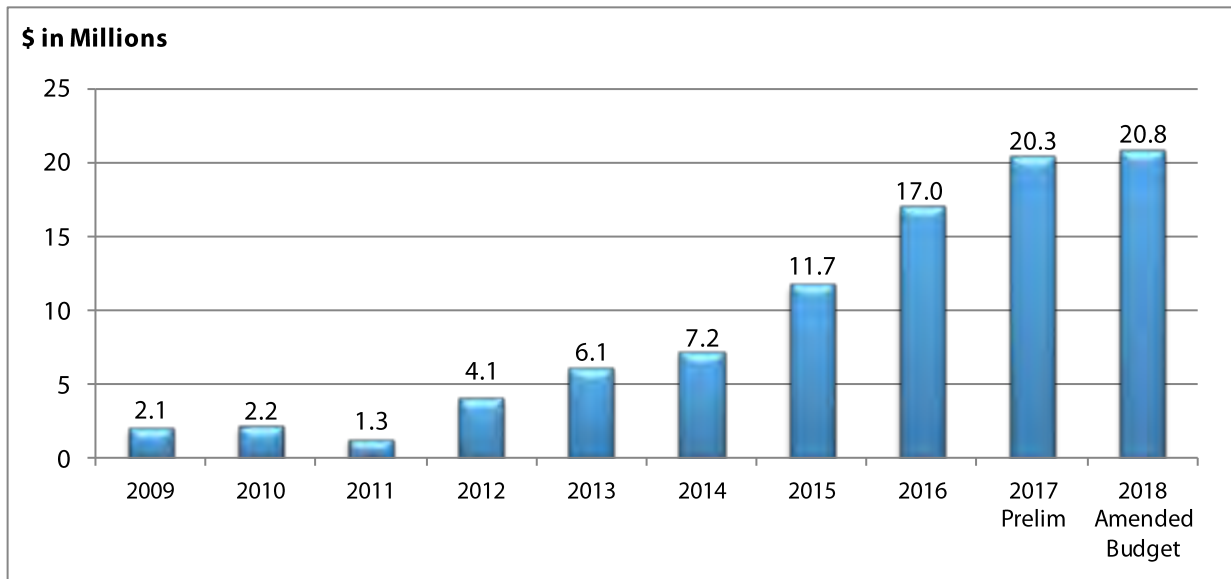
GENERAL FUND REVENUE & EXPENDITURES



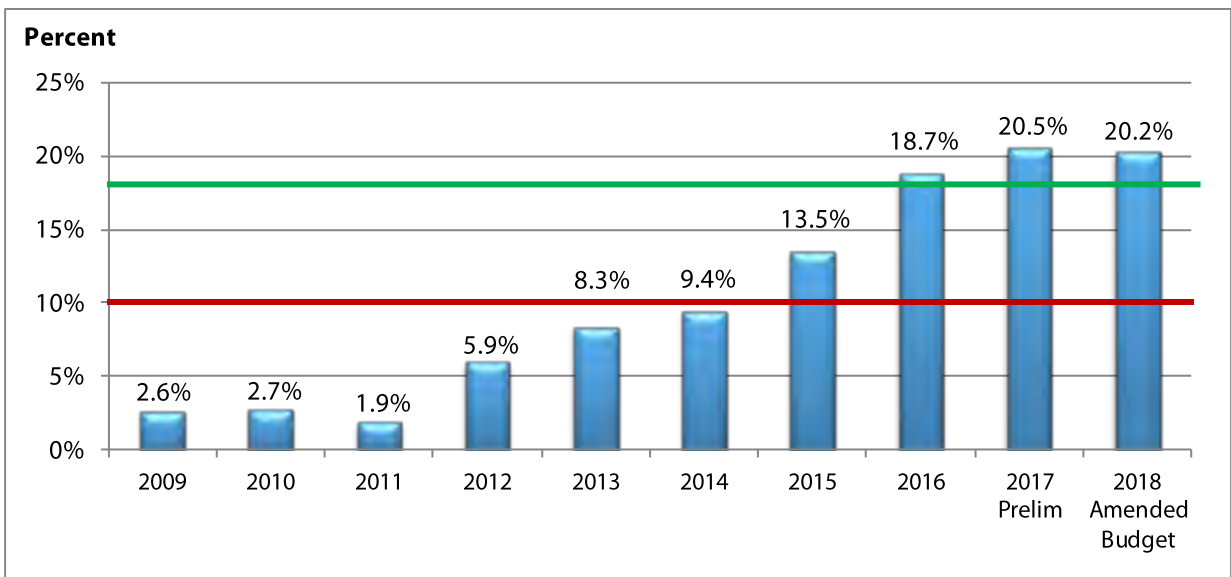
GENERAL FUND

The following tables, **Unreserved General Fund Balance** and **Unreserved General Fund Balance as a Percent of General Fund Budget**, demonstrate trends in the unreserved portion of the General Fund balance. In 2017, the City updated its fiscal policy on unreserved General Fund balance, increasing the required fund balance from 10 percent to 18 percent of current year budgeted expenditures, roughly two months of operating expenses. **Unreserved General Fund Balance as a Percent of General Fund Budget** demonstrates the old 10 percent (red line) and updated 18 percent (green line) requirements for comparative purposes.

UNRESERVED GENERAL FUND BALANCE



UNRESERVED GENERAL FUND BALANCE AS A PERCENT OF GENERAL FUND BUDGET



SPECIAL REVENUE FUNDS

From a budgetary perspective, Special Revenue Funds account for revenue sources (other than special assessments and major capital projects) that are legally restricted for a specific purpose. The **Special Revenue Funds** table below lists each fund and the total operating expenditure budget associated with the fund.

AMENDED CHANGES

	2017 Adj Budget	2018 Original	2018 Amended	2018 Change	Percent Change
Street Operating	12,634,500	11,636,730	12,760,350	1,123,620	9.7
LEOFF 1 Retiree Benefits	1,163,220	1,196,550	1,196,550	-	-
Lodging Tax	338,060	278,690	338,750	60,060	21.6
Youth/Teen	942,000	942,000	942,000	-	-
Capital Resources	16,083,530	15,615,110	23,155,430	7,540,320	48.3
Criminal Justice	5,736,185	3,598,050	3,946,590	348,540	9.7
Housing & Comm Dev	1,056,020	1,056,260	1,056,260	-	-
City Art Program	116,520	113,850	115,650	1,800	1.6
ShoWare Operating	1,624,120	1,107,220	1,102,020	(5,200)	(0.5)

Street Operating Fund: The 2018 mid-biennium adjustment reflects a 9.7 percent increase from the 2018 adopted budget, largely due to \$1,000,000 of one-time project funding from existing fund balance for the YMCA/Morrill Meadows frontage improvements. Baseline adjustments and increasing two positions from .75 FTE to 1.0 FTE account for the remaining variance.

Capital Resources Fund: The 2018 mid—biennium adjustment reflects a \$7,540,320 increase from the 2018 adopted budget. \$4.9 million is one-time funding for the YMCA/Morrill Meadows project and \$2.4 is one-time funding for a Quiet Zone project. Also included is \$100,000 for the renovation of Council Chambers. Continued strong REET and sales tax revenues provide the funding for these projects.

Criminal Justice Fund: Baseline adjustments for wage and medical account for the \$348,540 increase from the 2018 adopted budget.

AMENDED REVENUE CHANGES—SPECIAL REVENUE FUNDS

2018 Amended Revenue Changes	
Street Operating	
State Shared Revenues - fuel tax	64,730
State Shared Revenues - multi modal dist	100,000
City Arts	
City Arts Program	1,800
Capital Resources Fund	
Real Estate Excise Tax (REET)	1,400,000
Transfer In from General Fund (property tax)	4,127,070
Total Revenues	5,693,600

SPECIAL REVENUE FUNDS

AMENDED EXPENDITURE CHANGES—SPECIAL REVENUE FUNDS

2018 Amended Expenditure Changes		
	FTE	Amount
Street Operating		
Wage Increases (AF, TM, Temps)		237,200
Non-Represented Salary Survey		492,050
Medical Insurance - 20% rate increase		254,480
Liability Insurance - redistribution of costs		(173,040)
Liability Insurance - 10% rate increase		(9,970)
Utilities - city buildings		6,050
Cell Phones - monthly plan costs		8,950
Multi-Function Devices (MFD) - copier redistribution		170
Eliminate Comm Dept - redistribute Multimedia		(1,130)
Financial Analyst - .75 FTE to 1.0 FTE	0.25	19,730
CTR Program Coordinator - .75 FTE to 1.0 FTE	0.25	24,410
offset by allocation to projects		(24,410)
Position moved from Water to Street	1.00	180,080
Public Works Engineering - allocated to Streets & Utilities		(1,024,400)
Utility Clearing Allocation		125,950
Transfers Out:		
Transfer to YMCA/Morrill Meadows Frontage Improvements		1,000,000
Transfer for security at Russell Road employee parking lot		7,500
Lodging Tax		
Eliminate Communications Dept - redistribute Multimedia		60
Projects & Events		60,000
Capital Resources Fund		
Debt Service - Other Cap Projects Fund		140,320
Transfers Out:		
Transfer to YMCA/Morrill Meadows		4,900,000
Transfer to Quiet Zone		2,400,000
Transfer to Council Chambers Renovation		100,000
Criminal Justice Fund		
Wage Increases (AF, TM, Temps)		266,340
Medical Insurance - 20% rate increase		83,120
Liability Insurance - redistribution of costs		1,320
Liability Insurance - 10% rate increase		410
Multi-Function Devices (MFD) - copier redistribution		(2,650)
City Art Program		
		1,800
ShoWare		
Debt Service - SMG loan		(5,200)
Total Expenditures	1.50	9,069,140

ENTERPRISE FUNDS

The City's enterprise funds include the Water, Sewerage and Solid Waste utilities as well as the Golf Complex Fund. Enterprise funds are established for government operations that are financed and operated in a manner similar to business enterprises. The cost of providing the service to the general public is intended to be financed or recovered through user charges. The **Enterprise Funds** table below lists each of the City's enterprise funds and the budget associated with those funds.

AMENDED CHANGES

	2017 Adj Budget	2018 Original	2018 Amended	2018 Change	Percent Change
Water Utility	27,914,100	27,488,180	28,934,270	1,446,090	5.3
Sewerage Utility	50,197,740	51,742,800	57,557,260	5,814,460	11.2
Solid Waste Utility	830,930	489,950	523,190	33,240	6.8
Golf Complex	3,070,340	2,854,910	2,931,990	77,080	2.7

Water Fund: The 2018 mid-biennium adjustment includes \$423,590 in baseline adjustments, including the effects of wage and medical increases. Also included is a transfer \$1,000,000 towards the East Hill Pressure Zone project. There is sufficient fund balance to fund this project and still maintain desired reserve levels.

Sewerage Fund: The change from the 2018 adopted budget totals \$5,814,460 and reflects an 11.2 percent increase. Baseline adjustments account for \$1,238,460, including the effects of wage and medical increases. Also included are transfers to fund capital projects—a modular building to house storm drainage maintenance staff (\$300,000), Linda Heights Pump Station (\$500,000), GRNRA South Pump Station (\$2,000,000) and West Meeker Storm Drainage RR-64th (\$1,000,000). There is sufficient fund balance to fund these projects and still maintain desired reserve levels.

Solid Waste Fund: The \$33,240 change is due to baseline adjustments, including the effects of wage and medical increases.

Golf Complex Fund: As with many other funds, the \$77,080 change is due to baseline adjustments, including wage and medical increases.

Details are displayed in the **Amended Changes – Enterprise Funds** table.

ENTERPRISE FUNDS

AMENDED EXPENDITURE CHANGES—ENTERPRISE FUNDS

2018 Amended Expenditure Changes		
	FTE	Amount
Water Utility		
Wage Increases (AF, TM, Temps)		97,490
Non-Represented Salary Survey		54,190
Medical Insurance - 20% rate increase		64,610
Liability Insurance - redistribution of costs		(39,130)
Liability Insurance - 10% rate increase		3,890
Cell Phones - monthly plan costs		1,070
Eliminate Communications Dept - redistribute Multimedia		30
Position moved from Water to Street	(1.00)	(180,080)
PW Engineering Allocation		329,520
Utility Clearing Allocation		92,000
Transfers Out:		
Transfer to East Hill Pressure Zone		1,000,000
Transfer for security at Russell Road employee parking lot		22,500
Sewerage Utility		
Wage Increases (AF, TM, Temps)		54,970
Non-Represented Salary Survey		197,140
Medical Insurance - 20% rate increase		146,610
Liability Insurance - redistribution of costs		(55,840)
Liability Insurance - 10% rate increase		5,530
Utilities - city buildings		410
Cell Phones - monthly plan costs		(1,180)
Eliminate Communications Dept - redistribute Multimedia		10
PW Engineering Allocation		694,880
Utility Clearing Allocation		195,930
Public Works - Front Loader		146,000
Transfers Out:		
Transfer for security at Russell Road employee parking lot		30,000
Transfer to Modular Building		300,000
Transfer to YMCA/Morrill Meadows Frontage Imp		600,000
Transfer to Linda Heights Pump Station		500,000
Transfer to GRNRA South Pump Station		2,000,000
Transfer to West Meeker Storm Drainage (RR-64th)		1,000,000
Solid Waste Utility		
Wage Increases (AF, TM, Temps)		(11,090)
Non-Represented Salary Survey		13,300
Medical Insurance - 20% rate increase		15,350
Utilities - city buildings		12,600
Cell Phones - monthly plan costs		3,020
Eliminate Comm Dept - redistribute Multimedia		60

INTERNAL SERVICE FUNDS

2018 Amended Expenditure Changes

	FTE	Amount
Golf Complex		
Wage Increases (AF, TM, Temps)		42,500
Non-Represented Salary Survey		5,650
Medical Insurance - 20% rate increase		36,540
Liability Insurance - redistribution of costs		(10,300)
Liability Insurance - 10% rate increase		(900)
Utilities - city buildings		2,830
Multi-Function Devices (MFD) - copier redistribution		730
Eliminate Communications Dept - redistribute Multimedia		30
Total Expenditures	(1.00)	7,370,870

INTERNAL SERVICE FUNDS

Internal Service Funds are established for those operations which provide services to the operating funds of the City of Kent on a cost reimbursement basis. These funds, like Enterprise Funds, are financed and operated in a manner similar to a business enterprise except with the users being other City funds. The **Internal Service Funds** chart below lists the City's Internal Service Funds and their associated budgets for the next biennium.

	2017 Adj Budget	2018 Original	2018 Amended	2018 Change	Percent Change
Fleet Services	5,697,840	4,741,170	8,063,210	3,322,040	70.1
Central Stores	421,150	421,150	421,150	-	-
Information Technology	8,788,430	8,464,260	8,728,590	264,330	3.1
Facilities	5,035,930	4,917,760	5,109,730	191,970	3.9
Unemployment	169,050	169,420	171,870	2,450	1.4
Workers Compensation	1,398,210	1,432,050	1,441,940	9,890	0.7
Health & Employee Wellness	14,036,000	12,115,710	14,629,950	2,514,240	20.8
Liability Insurance	2,874,730	1,915,550	1,925,440	9,890	0.5
Property Insurance	501,050	523,920	526,370	2,450	0.5

AMENDED CHANGES

Fleet Services: The 2018 mid-biennium adjustment reflects a 70.1 percent increase as compared to the 2018 adopted budget. The increase is largely due to additional capital funding for vehicle replacements (\$1,500,000) and a transfer to fund the Fuel Island Replacement project (\$1,750,000). The Fleet Services fund has sufficient existing reserves to fund these capital needs.

Information Technology: Baseline adjustments account for the \$264,330 increase from the 2018 adopted budget. In addition to wage and medical increases, the IT budget also includes \$153,950 for cell phone monthly plan services to more closely align with actual costs and \$93,000 to provide supplies and training budgets for two new divisions: IT Development and Project Management Office.

INTERNAL SERVICE FUNDS

Multimedia: As discussed in the General Fund section, the 2018 mid-biennium budget adjustment eliminates the Communications Department. Multimedia will continue to operate as an internal service area under Information Technology, and as such, the allocation of a portion of the Communication Department management costs originally budgeted has now been eliminated.

Facilities: Baseline adjustments account for the \$191,970 increase from the 2018 adopted budget. In addition to wage and medical increases, \$86,360 has been added to cover fund rising utility costs (i.e. water, drainage, electricity, garbage) for city buildings. This increase has been added to the square footage charge to departments and department budgets have been updated accordingly.

Health & Employee Wellness: The 2018 mid-biennium adjustment reflects a 20.8 percent increase from the 2018 adopted budget. The \$2,514,240 increase is for medical claims, which have increased dramatically from last year. As mentioned in the General Fund section, the increased medical claims prompted a 20 percent rate increase to department budgets that provide the funding to pay claims.

Other changes are displayed in the *Amended Changes – Internal Service Funds* table below.

AMENDED REVENUE CHANGES—INTERNAL SERVICE FUNDS

2018 Amended Revenue Changes	
Information Technology	(33,820)
Facilities	86,360
Workers Compensation	51,000
Medical Insurance	2,309,730
Liability Insurance	136,760
Property Insurance	(5,330)
Total Revenues	2,544,700

AMENDED EXPENDITURE CHANGES—INTERNAL SERVICE FUNDS

2018 Amended Expenditure Changes	
Fleet	
Wage Increases (AF, TM, Temps)	25,180
Non-Represented Salary Survey	12,980
Medical Insurance - 20% rate increase	19,550
Liability Insurance - redistribution of costs	(3,350)
Liability Insurance - 10% rate increase	320
Cell Phones - monthly plan costs	510
Multi-Function Devices (MFD) - copier redistribution	1,260
Additional Vehicle Replacements	1,500,000
Utility Clearing Allocation	15,590
Transfers Out:	
Transfer to Fuel Island	1,750,000

INTERNAL SERVICE FUNDS

AMENDED EXPENDITURE CHANGES—INTERNAL SERVICE FUNDS

2018 Amended Expenditure Changes

Information Technology

Wage Increases (AF, TM, Temps)	92,750
Non-Represented Salary Survey	35,620
Liability Insurance - redistribution of costs	26,030
Liability Insurance - 10% rate increase	5,870
Utilities - city buildings	3,570
Cell Phones - monthly plan costs	153,950
Multi-Function Devices (MFD) - copier redistribution	24,470
Eliminate Communications Dept - remove allocation to Multimedia	(106,940)
Eliminate Communications Dept - redistribute Multimedia	(63,990)
Establish budgets for new IT Divisions	93,000

Facilities

Wage Increases (AF, TM, Temps)	60,900
Non-Represented Salary Survey	2,580
Medical Insurance - 20% rate increase	42,140
Liability Insurance - redistribution of costs	2,040
Liability Insurance - 10% rate increase	700
Utilities - city buildings	86,360
Cell Phones - monthly plan costs	1,780
Multi-Function Devices (MFD) - copier redistribution	790
Eliminate Communications Dept - redistribute Multimedia	10
Remove Fire Station 75 Property Insurance	(5,330)

Unemployment, Workers Comp, Liability & Property Insurance

Wage Increases (AF, TM, NR, Temps)	6,980
Non-Represented Salary Survey	14,900
Medical Insurance - 20% rate increase	2,800

Health & Employee Wellness

Medical Claims	2,514,240
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Utility Clearing

Wage Increases (AF, TM, Temps)	180,740
Non-Represented Salary Survey	42,430
Medical Insurance - 20% rate increase	132,340
Liability Insurance - redistribution of costs	(12,640)
Liability Insurance - 10% rate increase	1,550
Utilities - city buildings	19,040
Cell Phones - monthly plan costs	7,410
Multi-Function Devices (MFD) - copier redistribution	10,270
Eliminate Communications Dept - redistribute Multimedia	(1,670)
Utility Clearing - allocated to Streets & Utilities	(379,470)

Total Expenditures	6,317,260
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CAPITAL PROGRAM

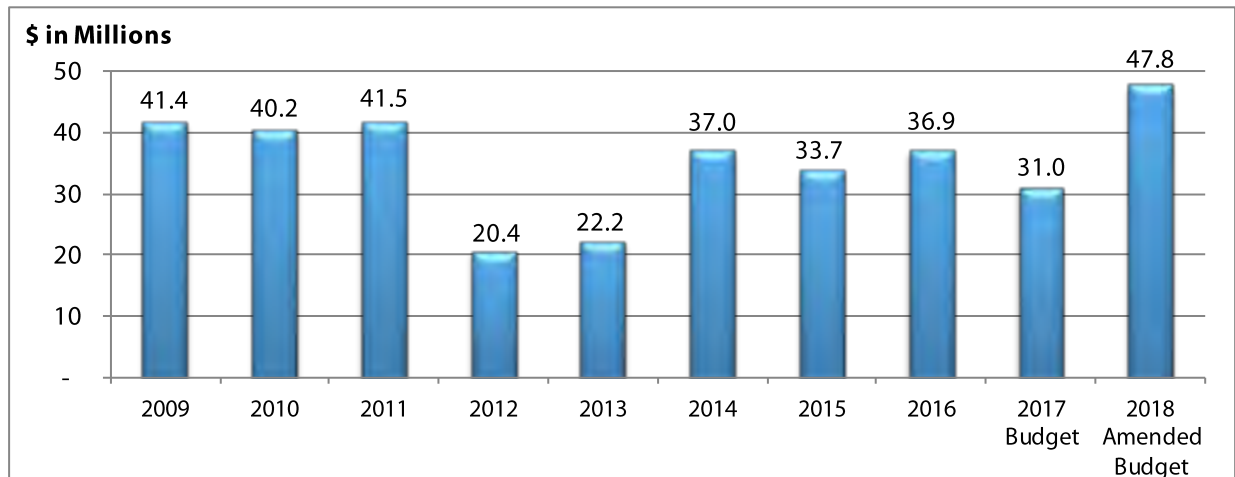
The 2018 adopted budget included \$30,988,070 to address the City’s capital needs. Investments totaling \$16,725,000 were added to the 2018 mid-biennium adjustment. The projects and amounts on the next few pages are fully funded and are incorporated in the City’s six-year Capital Improvement Program. The Capital Improvement Program is one of the elements of the City’s Comprehensive Plan required by Washington’s Growth Management Act (GMA). The GMA requires governments to identify the public facilities required to address expected growth, without decreasing current service levels below locally established minimum standards. Further, the GMA requires that capital projects included in the plan be financially feasible or, in other words, dependable revenue sources must equal or exceed costs. If the costs exceed revenue, the City must either reduce its level of service requirement or reduce costs by implementing non-capital alternatives or other methods to bring costs in alignment with available resources.

The **Capital Projects** table below reflects the total original adopted and amended capital investment by function for 2018 and the **Capital Investments** graph shows the total capital investment City-wide for the past decade.

CAPITAL PROJECTS

	2018 Original	2018 Amended
Utilities	14,700,000	20,100,000
Streets	9,939,410	14,689,410
Parks	3,510,000	9,910,000
Facilities	591,000	691,000
Information Technology	1,797,660	1,872,660
Strategic Capital Investments	500,000	500,000
Total Capital Projects	31,038,070	47,763,070

CAPITAL INVESTMENTS



CAPITAL PROGRAM

In 2016, the City created a Capital Investment Strategy work group charged with developing strategies to break the “silo” effect of capital planning and establish a methodology and criteria which will allow the City to measure proposed capital projects side by side and make funding decisions based on City-wide priorities. This work group has made significant progress and it is anticipated that the methodology will be in place for the 2019-2020 biennial budget cycle. Based on the work done thus far by the team and augmented by departmental priorities information, the Mayor and City Council were provided with significant information on which to base capital funding decisions.

The 2017-2018 adopted budget begins to make adjustments between “non-recurring capital improvement” and “recurring capital improvement”. The Capital Investment Strategy work group has identified several recurring large maintenance items that have historically been included in departmental capital requests. The budget begins to make adjustments for these recurring improvements, which should be excluded from the Capital Improvement Program and accounted for as operating expenses rather than capital expenses.

Funding for capital projects generally come from five major categories:

- ◆ **Taxes/Fees:** This source includes non-dedicated taxes such as property tax and sales tax, and dedicated taxes such as real estate excise tax, as well as impact and other fees paid by developers.
- ◆ **User Fees:** This revenue source represents fees paid for specific services provided by the government. These monies are restricted and must be used to support the service for which they were collected. Examples include utility fees (water, sewer, drainage) and golf course fees.
- ◆ **Grants and Contributions:** This source includes federal, state, county and other contributions for specific qualified projects.
- ◆ **Bonds:** Bonds are interest bearing debt issued by the City for a specific purpose. Bonds require a formal and on-going payback source to make debt service payments.
- ◆ **Intergovernmental Loans:** This category represents loans from one department to another. Like bonds, these loans are interest bearing and require a formal payback source and schedule.

The capital planning process must include a reasonable determination of future operating impacts, i.e. on-going maintenance, custodial services, utility costs, etc. It is necessary for the City to plan on these types of costs to ensure that operating funding is available to be budgeted and expended in future years.

2018 originally adopted and amended capital projects are listed on the following pages.

CAPITAL PROGRAM

CAPITAL ADDITIONS—UTILITIES

Water	2018 Original	2018 Amended
Habitat Conservation Plan Implementation	2,450,000	2,450,000
Misc Water; Piping Upgrades	500,000	500,000
Wellhead Protection	100,000	100,000
Security Improvements on Water Sites	50,000	50,000
224th St Phase II	500,000	500,000
Derbyshire Water Main Replacements	3,000,000	3,000,000
Pump Station 3 Electrical Upgrades	150,000	150,000
East Hill Pressure Zone		1,000,000
Total Expenditures	6,750,000	7,750,000

Sewer	2018 Original	2018 Amended
Pump Station Repairs & Replacements	500,000	500,000
Sewer Pipe Replacements	2,500,000	2,500,000
Linda Heights Pump Station		500,000
Total Expenditures	3,000,000	3,500,000

Drainage	2018 Original	2018 Amended
Upper Mill Creek Dam	400,000	400,000
144th Ave Drainage Improvements	200,000	200,000
Mill Creek @ 76th Ave Flood Protection	1,000,000	1,000,000
Lower Russell Road Levee	100,000	100,000
Valley Channel Rehabilitation	1,200,000	1,200,000
Mill Creek Chandler Bay Culvert	300,000	300,000
Misc Drainage; Large Pipe/Culvert	300,000	300,000
S 224th St. Phase 2	1,000,000	1,000,000
Valley Creek System CLOMR	50,000	50,000
NPDES	200,000	200,000
Drainage Master Plan	200,000	200,000
West Meeker Storm Drainage (Russell Road - 64th)		1,000,000
GRNRA South Pump Station		2,000,000
Modular Building @ PW Operations		300,000
YMCA/Morrill Meadows Frontage		600,000
Total Expenditures	4,950,000	8,850,000

CAPITAL PROGRAM

CAPITAL ADDITIONS—TRANSPORTATION

B&O Funded	2018 Original	2018 Amended
East Valley Highway - between S 196th St & S 180th St	1,400,000	1,400,000
S 212th St - Bridge at Green River	400,000	400,000
S 212th St / S 208th St - SR 167 to 100th Ave SE	1,000,000	1,000,000
Crosswalk Safety Improvements	150,000	150,000
Quiet Zone Improvements	300,000	2,700,000
Concrete Sidewalk Replacement Program	700,000	700,000
Additional Street Light	100,000	100,000
Flashing Yellow Left Turn Arrows Phase 4 & 5	200,000	200,000
Pavement Rating Consultant	75,000	75,000
Lane Line Markings aka Pavement Markings	300,000	300,000
Thermoplastic Pavement Markings	215,000	215,000
Crack Sealing	125,000	125,000
Guardrail Repairs	110,000	110,000
Sidewalk, Walking Path and ADA Improvements	450,000	450,000
Street Tree Replacement / Maintenance	375,000	375,000
Traffic Sign Replacement	250,000	250,000
Street Light Pole Damage Replacement	100,000	100,000
Traffic Loop Replacement	50,000	50,000
Traffic Signal Controller Cabinets and Signal Parts	300,000	300,000
Residential Traffic Calming Measures	100,000	100,000
James Street Concrete (Central-Jason)		1,000,000
South 212th Way Overlay		350,000
B&O Unallocated	68,540	68,540
Total Expenditures	6,768,540	10,518,540

Street Operating Funded	2018 Original	2018 Amended
132nd Avenue Pedestrian Imp	121,190	121,190
YMCA/Morrill Meadows Frontage		1,000,000
Total Expenditures	121,190	1,121,190

CAPITAL PROGRAM

CAPITAL ADDITIONS—TRANSPORTATION

Solid Waste Utility Tax Funded	2018 Original	2018 Amended
SE 268th - Military Rd S to 46th Ave	550,000	550,000
Meridian Glen (Overlay)	900,000	900,000
Alderwood	300,000	300,000
103 PL SE - SE 204th St to North Cul-de-sac	100,000	100,000
121st Ave SE - SE 282nd St & SE 280th St	60,000	60,000
121st PL SE - SE 280th St to SE 277th PL	55,000	55,000
SE 254th PL - 116 Ave SE to 118 Ave SE @ Teresa Terrace	60,000	60,000
105th Ave SE - SE 235th St to 400 ft North of SE 235th St	50,000	50,000
108th Ave SE - SE 235th St to SE 232nd PL	60,000	60,000
North Peak Crest (137th Ave, 239th St)	60,000	60,000
264th PL - 116th Ave SE to SE 265th Ct (Fox Creek)	55,000	55,000
124th Ave SE - SE 256th St to SE 248th St	60,000	60,000
SE 248th St - 104th Ave SE to 109th Ave SE	60,000	60,000
Additional ADA Curb Ramps and Sidewalk	200,000	200,000
Residential Crack Sealing	130,000	130,000
Residential Traffic Calming		150,000
Unallocated	349,680	199,680
Total Expenditures	3,049,680	3,049,680

CAPITAL ADDITIONS—PARKS

	2018 Original	2018 Amended
Parks Lifecycle	580,000	580,000
Adopt-a-Park	25,000	25,000
Eagle Scout Volunteer Program	10,000	10,000
Master Plans	50,000	50,000
Architect/Engineering	40,000	40,000
Strategic Acquisitions	500,000	500,000
West Fenwick Park Renovation - Phase 2	1,375,000	1,375,000
Kent Memorial Park Renovation	620,000	620,000
Springwood Park Renovation	200,000	200,000
Mill Creek Earthworks Renovation	100,000	100,000
Paths & Trails	10,000	10,000
YMCA/Morrill Meadows		6,400,000
Total Expenditures	3,510,000	9,910,000

CAPITAL PROGRAM

CAPITAL ADDITIONS—OTHER

Facilities	2018 Original	2018 Amended
HVAC Replacements (Lifecycle)	100,000	100,000
Emergency Facility Repairs	47,000	47,000
Kitchen Equipment (Lifecycle)	20,000	20,000
Roof Repairs (Lifecycle)	35,000	35,000
Kent Pool Lifecycle	25,000	25,000
Centennial Center Reseal	50,000	50,000
Flooring Covering Replacement	200,000	200,000
Facilities Card Access	114,000	114,000
Council Chambers Renovations		100,000
Total Expenditures	591,000	691,000

Information Technology	2018 Original	2018 Amended
Hardware Lifecycle Replacement	768,000	768,000
Permitting System Replacement (KIVA)	419,660	419,660
eFax/Email/File Record Retention Mgmt	50,000	50,000
Data & Records Mgmt - Dashboard and Collaboration	35,000	35,000
Intranet Redesign	50,000	50,000
Avanti System Replacement	250,000	250,000
Parks Dashboard	150,000	150,000
Communications Dashboard	75,000	75,000
Security at Russell Road Employee Parking Lot		75,000
Total Expenditures	1,797,660	1,872,660

Strategic Capital Investments	2018 Original	2018 Amended
Place Making - Meet Me On Meeker	450,000	450,000
Downtown Strategic Action Plan Implementation	50,000	50,000
Total Expenditures	500,000	500,000

DEBT SERVICE

Debt Service Funds account for the accumulation of resources for and the payment of general long-term and special assessment debt principal and interest. The appropriations authorized for these funds are determined by the debt payment schedules contained in the Council approved bond issues and cannot legally be altered by legislative action. As such, debt service payments are the first budget priority for funding.

	2017 Adj Budget	2018 Original	2018 Amended	2018 Change	Percent Change
Non-Voted Debt Service	10,316,410	10,066,990	10,066,990	-	-
Special Assessments	2,585,830	1,563,470	1,563,470	-	-

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BUDGET FRAMEWORK

The Budget Framework section describes the processes, policies and fund structure that govern the budgeting process.

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BUDGET PROCESS

OVERVIEW

Budgets serve as control mechanisms in the operations of governmental units. Legal budgetary (expenditure) control in the City of Kent is maintained at the fund level. Administration can amend budgets, with no overall dollar increase between departments, within a fund. Supplemental appropriations that amend total expenditures, or in the case of Proprietary Funds amend working capital, require a City Council ordinance. All operating budgets lapse at year end.

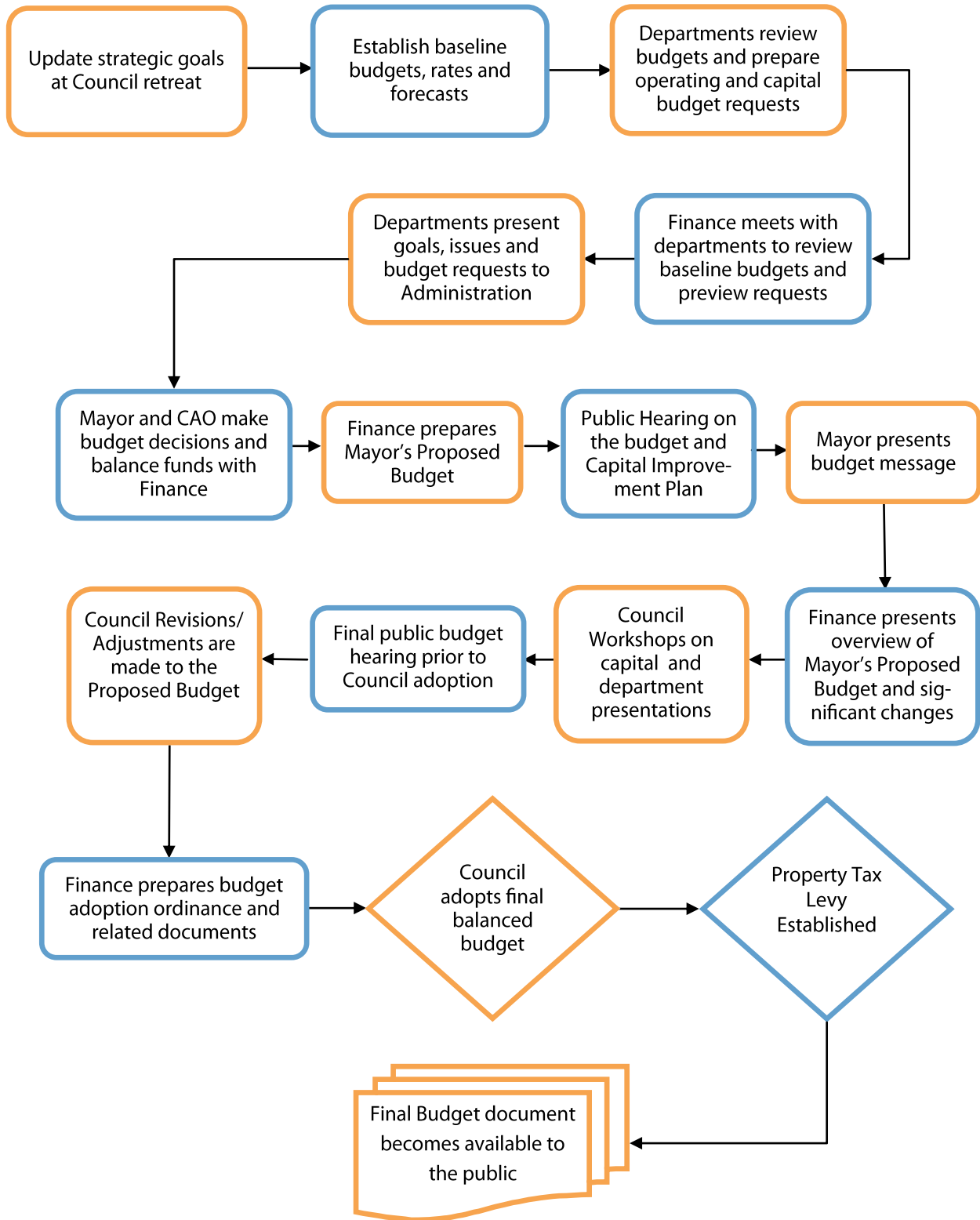
The General and Special Revenue funds control expenditures with a legal annual budget at the fund level. Debt Service funds operate under the control of the bond indentures which established them. Capital Projects funds operate under the control of total project authorization, rather than the annual budget. Proprietary funds control expenditures with a flexible budget whereby the expenditure increases must be offset by increased resources. Though budgetary control is at the fund level, budget and actual information is maintained by project, organization, program and object. Both budget and actual information is presented on a GAAP (Generally Accepted Accounting Principles) basis of accounting, when presented by fund.

The City must adopt its budget by December of the preceding fiscal year. This usually follows several months of analysis by staff and City Council. The first step involves the establishment of the baseline budget required to carry existing programs into the next year. The second step involves the development of issues impacting the next year and beyond and their prioritization by City Council. 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, program expansion is included to the level of projected available resources after the establishment of sufficient fund balances.

After the Mayor's Proposed Budget is presented, the City Council spends approximately eight weeks reviewing it. Public meetings are held to gather input from residents and businesses. When the budget review and final adjustment period is complete, a balanced budget as required by state law is adopted by ordinance. After adoption, periodic budget adjustments that affect total fund expenditures are made as approved by City Council and are formalized by ordinance on a quarterly basis.

BUDGET PROCESS

BUDGET FLOW CHART



BUDGET PROCESS

BUDGET TIMELINE

Mid-Biennium Adjustment	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
Council Retreat - strategic goals review and update		➔														
Finance prepares budget forecasts			➔													
Budget Kickoff with Departments				➔												
Departments review and prepare operating requests				➔												
Finance meets w/departments to review department requests					➔											
Departments present goals, issues and budget requests to Finance						➔										
Finance meets with Mayor and CAO to review requests, make decisions and balance funds							➔									
Finance prepares the Mayor's Proposed Budget								➔								
Public Hearing on Mid-Biennium Adjustments and 6-year Capital Improvement Plan (CIP)									➔							
Mayor presents budget message; Finance presents overview of Mayor's proposed changes										➔						
Council Workshops - questions and discussion											➔					
Public Hearing on Property Tax Levy, Mid-Biennium Adjustments and 6-year CIP												➔				
Council Workshop - final decisions													➔			
Finance prepares budget adoption and related documents														➔		
Operations Committee - budget recommendation															➔	
Council Meeting - Property Tax Levy and Mid-Biennium Adjustments are adopted by ordinance																➔

MID-BIENNIUM BUDGET CALENDAR

KICKOFF MEETING WITH STAFF	May 23, 2017
Mayor, CAO and Finance provide guidance to departments	
DEPARTMENTS REVIEW ADOPTED BUDGET	May 24–Jun 19, 2017
FINANCE REVIEWS DEPARTMENT REQUESTS	Jun 19-30, 2017
Finance informational meetings with Mayor and CAO	
COUNCIL WORKSHOP	Jun 20, 2017
Financial Sustainability / Fiscal Cliff	
DEPARTMENT MID-BIENNIUM MEETINGS W/ADMINISTRATION	Jul 10-19, 2017
Departments present additional requests, if any	
COUNCIL WORKSHOP	Jul 5, 2017
2018 Mid-Biennium Preview / Financial Sustainability	
BUDGET BALANCING AND DECISIONS	Jul 21-Sep 6, 2017
Finance meets with Mayor and CAO to review requests, make decisions, and balance funds	
MLT NOTIFICATION AND FINAL MAYOR DECISIONS	Sep 6, 2017
Mayor notifies department directors of approved adjustments	
FINANCE PREPARES PROPOSED ADJUSTMENTS FOR COUNCIL	Sep 7–Sep 23, 2017
COUNCIL MEETING	Sep 19, 2017
1st Public Hearing—2018 Budget and 2018-2023 CIP	
COUNCIL WORKSHOP & MEETING (SPECIAL)	Sep 26, 2017
Overview of proposed adjustments (Workshop); Mayor’s Budget Message	
COUNCIL WORKSHOP & MEETING	Oct 17, 2017
All funds baseline and significant changes (Workshop) Public Hearing– 2018 Property Tax Levy and 2nd Public Hearing - 2018 Budget & 2018-2023 CIP	
COUNCIL WORKSHOP (SPECIAL)	Nov 14, 2017
COUNCIL WORKSHOP	Nov 21, 2017
Final Decisions	
PREPARE BUDGET ADOPTION AND RELATED DOCUMENTS	Nov 22–29, 2017
OPERATIONS COMMITTEE	Dec 5, 2017
Budget Review and Recommendation	
COUNCIL MEETING	Dec 12, 2017
Adoption of the 2018 Property Tax Levy and 2018 Budget Adjustment	

FINANCIAL POLICIES

The budget process is part of an overall policy framework that guides the services and functions of the City. The budget serves a key role in that policy framework by allocating financial resources to programs which implement the City's overall goals and policies.

The City's core policy document is the Comprehensive Plan. This plan sets the basic vision for the development of the City and establishes policies and programs intended to achieve that vision. The plan is further articulated by a series of planning elements,, including capital improvement (such as street and utility plans), policy elements (such as housing plans and economic development programs) and regulatory measures. Per state law, the Comprehensive Plan is reviewed and amended as those policies and programs change.

In addition, the City has adopted formal financial policies. These policies are designed to ensure fiscal stability and to provide guidance for the development and administration of the annual operating and capital budgets. The following pages contain policy frameworks in these areas:

- ◆ Revenue
- ◆ Expenditure
- ◆ Fund Balance Reserves
- ◆ Debt Management
- ◆ Investment

REVENUE POLICIES

User Charges Related to Costs—The City will review fees and charges on a periodic basis and will modify charges to adequately keep pace with increasing costs of providing services.

User Charges and Taxes Related to Market Rates—The City will consider its user charges and its tax rates in connection with those of neighboring communities and similar service providers, so that it will provide reasonable rates to maintain its advantage in the market place in attracting businesses and residences to the City of Kent.

Committed Special Revenue Funds—The City will maintain its practice of designating its street and capital improvement revenue sources including a percentage of its sales tax collections for the funding of its capital improvement program.

Reimbursements on a timely basis—Many grants occur on a cost reimbursement basis. To maximize the City's available investable funds, reimbursement should be pursued on a timely basis.

Aggressive Collection Effort—The City will follow an aggressive policy of collecting all monies due the City to the extent that the collection efforts remain cost effective.

FINANCIAL POLICIES

EXPENDITURE POLICIES

Structurally Balanced Budget—The City should adopt a budget in which ongoing revenues equal or exceed ongoing expenditures. One time revenues should not be used to pay for recurring expenditures.

Conservative Expenditure Budgeting—The City will maintain its conservative expenditure budgeting with respect to budgeting existing full time positions for a full year.

Program Reviews—The Mayor shall perform a periodic review of staff and programs of the City for both efficiency and effectiveness. Alternate methods of delivery will be evaluated for providing services. Programs that are determined to be inefficient, ineffective, or inconsistent with the City Council's strategic goals shall be reduced in scope or eliminated.

Maintenance and Operational Planning—Maintenance of current assets shall take priority over new capital projects whenever possible. The City Council shall ensure that there are stable sources of revenue to fund ongoing maintenance of capital assets. Before any new capital asset is approved, staff shall present an estimate of the life cycle and maintenance cost. Such costs shall be included in the budgets for the following years. The City Council shall not approve of new capital projects unless there is funding for the ongoing maintenance of the asset. The City shall maintain an inventory of all City assets and costs of maintenance of those assets.

Self-Insurance Program—The City will maintain an actuarially sound self-insurance program for unemployment, worker's compensation, liability insurance and health insurance. All of the insurance programs are accounted for as separate cost centers within one parent insurance fund.

Self-Supporting Proprietary Funds—The City's water, sewer, drainage and golf course enterprise funds will be self-supporting along with its internal service funds. The cost of providing services is expected to be fully funded from charges for the service. If the funds produce a loss, rates will be adjusted to achieve, at minimum, a break-even status. If debt has been issued which requires a certain level of return, rates and charges will be adjusted to achieve those returns.

Equipment Replacement—The City will maintain a Fleet Services Fund adequately funded to replace a fleet of vehicles and other heavy equipment at their scheduled replacement time. Technology capital replacement shall be funded through departmental charges and other revenues sufficient to replace both hardware and software at the end of their useful life.

Capital Improvement Program—The City will update its capital facilities plan on an annual basis as required by the Growth Management Act. A preliminary plan will be established early in the budgeting process to serve as a guideline during the year, with a final amendment adopted with the adoption of the operating budgets to reflect the necessary changes in the City's Comprehensive Plan.

FINANCIAL POLICIES

FUND BALANCE RESERVES POLICY

Key concepts of the Fund Balance Reserves Policy are outlined below. This policy was adopted by Council on December 12, 2017.

The objective of this policy is to provide guidance for the establishment and continued maintenance of Fund Balance Reserves, including reserve amount, how the reserves will be funded and the conditions under which reserves may be used.

Targeted Fund Balances—Adequate fund balances are maintained to allow the City to continue providing services to the community in case of unexpected emergencies, unfunded mandates and/or economic downturns. They may also be used to meet seasonal cash flow shortfalls as needed. Targeted fund balances for key funds are as follows:

- ◆ General Fund: 18% of current-year budgeted expenses
- ◆ Street Fund: 16% of current-year budgeted expenses
- ◆ Capital Resources Fund: \$1,500,000
- ◆ Criminal Justice Fund: 16% of current-year budgeted expenses
- ◆ Utility Funds: 20% of current-year budgeted expenses
- ◆ Golf Fund: \$400,000 or 16% of current-year budgeted expenses, whichever is higher
- ◆ Workers Comp Fund: 70% confidence level as provided in the annual actuarial study for the fund
- ◆ Health Care/Benefits Fund: Twice the IBNR (Incurred But Not Reported) estimate per annual actuarial study for the fund or \$2,000,000, whichever is higher
- ◆ Liability Insurance Fund: 70% confidence level as provided in the annual actuarial study for the fund

General Fund—The City will strive to maintain a General Fund “Operating Reserve” with an upper goal of 18% of the adopted current-year budgeted General Fund expenditures, less any one-time items.

- ◆ The intent is to limit the use of unassigned General Fund balances to addressing unanticipated, non-recurring needs or known and planned future obligations.
- ◆ The Operating Reserve is intended to be a reserve for unexpected events, such as unfunded mandates, the failure to receive expected revenues, the continuance of critical services due to unanticipated events or to offset the unexpected loss of a significant funding source for the remainder of the fiscal year. Any use of the Operating Reserve that reduces the fund balance below the minimum required must include a repayment plan.
- ◆ Fund balances shall not normally be applied to recurring annual operating expenditures. Unassigned balances may, however, be used to allow time for the City to restructure its operations in a deliberate manner, but such use will only take place in the context of long-term financial planning.

FINANCIAL POLICIES

- ◆ Funds in excess of the reserves described may be considered to supplement “pay as you go” capital outlay and other one-time expenditures. These funds may not be used to establish or support costs that are recurring in nature.
- ◆ Unless otherwise noted, all parameters of the General Fund balance noted above are also applicable to all other fund balances.

Funding Reserves—Funding of reserve targets will generally come from excess revenues over expenses or one-time revenues.

Excess Reserves—Reserves for specific funds are restricted for the activities of that fund, with the exception of the General Fund, which can be used for any good governmental purpose. In the event fund reserves exceed the minimum balance requirements at the end of each fiscal year, any excess reserves may be used in the following ways:

- ◆ Fund accrued liabilities. Priority will be given to those items that relieve budget or financial operating pressure in future periods.
- ◆ Appropriated to lower the amount of bonds or contributions needed to fund capital projects in the City’s Capital Improvement Program.
- ◆ One-time expenses that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs.
- ◆ Start-up expenses for new programs, provided that such action is approved by the City Council and is considered in the context of multi-year projections of revenue and expenses as prepared by the City’s Finance Department.

DEBT POLICY

Key concepts of the Debt Policy are outlined below. This policy was adopted by Council on December 12, 2017 and can be viewed in its entirety in the City’s Debt Manual, which is available online at www.kentwa.gov.

The objective of this policy is to provide general guidance for the issuance and management of all City debt and establish criteria to protect the City’s financial integrity while providing a mechanism to fund the City’s capital needs.

Debt Issuance

- ◆ Non-voted General Obligation Debt (also called councilmanic debt) shall not exceed 1.5 percent of assessed value.
- ◆ All City projects proposed to be financed through debt must have a full analysis of a) alternative methods of financing the projects, b) future operating and maintenance costs associated with the projects, including debt service expense, c) projected cash inflows which can reasonably be applied to reduce the amount being financed, and d) projected cash outflows for construction/equipment in order to ensure arbitrage compliance.

FINANCIAL POLICIES

- ◆ The City will, unless otherwise justified, use tax-exempt bond proceeds within the established time frame pursuant to the bond ordinance, contract or other document to avoid arbitrage.
- ◆ The City will maintain a system of recordkeeping and reporting to meet the arbitrage rebate compliance requirement of the Internal Revenue Service (IRC148) regulation. Any rebate earning to the federal government will be remitted in a timely manner to preserve the tax-exempt status of the outstanding debt obligation.
- ◆ The City will repay principal plus interest in accordance with the payment terms of the bond or contract and comply with all bond or contract covenants.
- ◆ Debt cannot be issued for a longer maturity than a conservatively estimated useful life of the asset to be financed.
- ◆ The City will maintain good communications with bond rating agencies and investors about its fiscal condition and will provide full disclosure on financial reports and in disclosure documents.

Short-Term Debt

- ◆ The City may use short-term debt, defined as a period not to exceed three years, to fund cash flow needs. The City will not issue short-term debt for current operations.
- ◆ The City may issue interfund loans rather than issuing outside debt to meet short-term cash flow needs. The loaning fund must have excess funds available and the use of these funds will not impact the loaning fund current operations or constitute a permanent diversion of funds. All interfund borrowing will bear interest based upon at least the prevailing LGIP (Local Government Investment Pool) rate.
- ◆ The City's Finance Director has the authority to approve short-term interfund loans for a period not to exceed three calendar months. The Mayor has the authority to approve loans for a period not to exceed 12 calendar months.

Long-term Debt

- ◆ The City will issue long-term debt, defined as a period of time greater than three years, for capital projects, which cannot reasonably be financed on a pay-as-you-go funding strategy from anticipated cash flows.
- ◆ Acceptable uses of bond proceeds are one-time capital projects that can be capitalized and depreciated in accordance with GAAP. Refunding debt is also an acceptable use.
- ◆ The City may issue interfund loans rather than issuing outside debt instruments as a means of financing capital improvements. The loaning fund must have excess funds available and the use of these funds will not impact the loaning fund current operations or constitute a permanent diversion of funds. All interfund borrowing will bear interest based upon at least the prevailing LGIP (Local Government Investment Pool) rate.
- ◆ The City will not issue long-term debt for current operational needs.

FINANCIAL POLICIES

Refunding Debt—Refunding bonds are an acceptable use of bond proceeds provided that a) the net present value (NPV) of the savings is at least 3% and b) the final maturity date is not extended.

Debt Issuance Process

- ◆ The Finance Director will determine the method of sale best suited for each issue of debt.
- ◆ All securities will be issued in compliance with state and federal legal and regulatory requirements.
- ◆ For each issue, the City will evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancements must be competitively procured.
- ◆ Council approval is required prior to the issuance of debt, except where Council authority has been delegated in KCC 3.40.040.

INVESTMENT POLICY

Key concepts of the Investment Policy are outlined below. This policy was adopted by Council on March 21, 2017 and can be viewed in its entirety in Chapter 3.02 of the Kent City Code.

The City will invest public funds in a manner that safeguards and protects the principal of the funds invested, provides liquidity in meeting daily cash flow and provides the highest return possible through budgetary and economic cycles.

Regulatory—All investment activity will be in compliance with RCW 35.39 Fiscal – Investment of Funds, RCW 39.59 Public Funds – Authorized Investments, and any other statutes or regulatory requirements which may apply, such as Internal Revenue Codes.

Scope—The City commingles its funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Objectives

- ◆ **Safety**—Safety of principal is the foremost objective of the City’s investment policy. Investments shall be made in a manner that mitigates credit and interest rate risk and seeks to ensure the preservation of capital in the overall portfolio.
- ◆ **Liquidity**—The City’s investment portfolio will remain sufficiently liquid to enable the City to meet all reasonably anticipated operating requirements. This will be accomplished by either maintaining a portion of the portfolio in investment vehicles offering daily liquidity at face value or structuring the portfolio so that securities mature concurrently with cash needs to meet anticipated demands.
- ◆ **Return on Investment**—The City’s investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City’s investment risk constraints, the cash flow characteristics of the portfolio, and earnings relative to the State of Washington LGIP. Return on investment is of lesser importance compared to safety and liquidity.

FINANCIAL POLICIES

Standards of Care and Ethics

- ◆ The “Prudent Person” standard of care will be used by investment officials, which requires that investments be made with judgment and care that a person of prudence, discretion and intelligence would exercise in the management of his or her own affairs.
- ◆ The overall investment program will be designed and managed with a degree of professionalism that is worthy of the public trust. Officers and employees involved in the investment process shall refrain from knowingly engaging in personal business activity that could conflict with proper execution of the investment program or that could impair their ability to make impartial investment decisions.

Delegation of Authority and Responsibilities—The City Council will retain ultimate fiduciary responsibility for the portfolio. The Finance Director (or his/her designee) is the Investment Officer of the City. Investment transactions can only be initiated with the express written consent of the Finance Officer. The City may engage the services of an external investment advisor to assist in the management of the investment portfolio in a manner consistent with the objectives.

Authorized Investments—The City is authorized to invest in various securities, including, LGIP, US Treasury Obligations, GSE-Agency Securities, Repurchase Agreements, Bankers’ Acceptance, Commercial Paper, Certificates of Deposit/Bank Deposits/Savings, Bonds of the State of Washington, General Obligation Bonds of Other States, Corporate Notes, and Supranational Bonds.

Diversification—The City will diversify its investment portfolio by institution, type of investment security and years to maturity shall be employed to avoid over-concentration in any of these areas, which reduces overall portfolio risks while attaining market average rates of return.

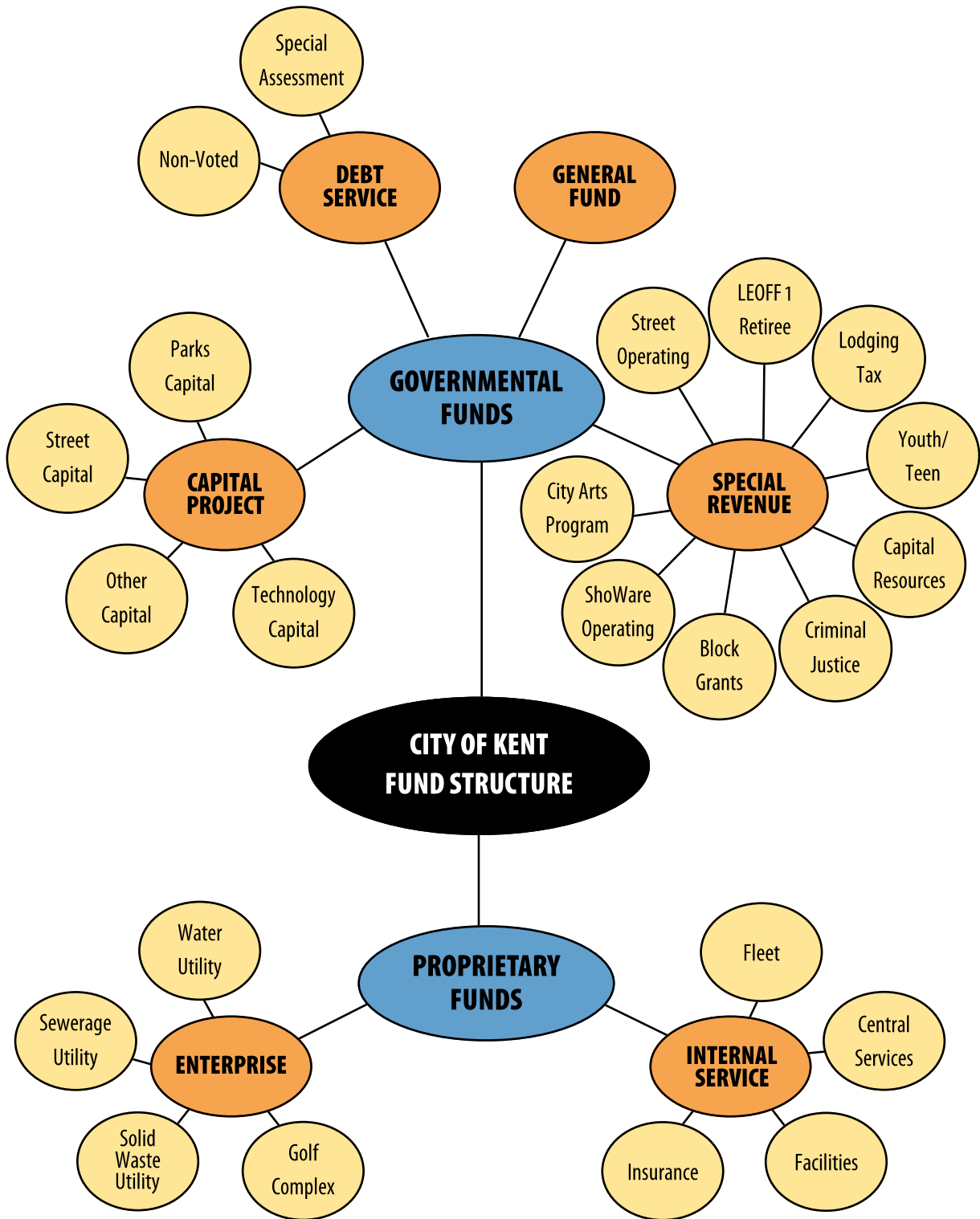
Maturities—The City will invest in securities with maturity dates five years from the date of purchase or less. An exception to the five-year maturity maximum is allowed if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds. The maximum weighted average maturity of the total portfolio shall not exceed three years. Liquidity funds will be held in the LGIP, bank deposits, or in short term instruments maturing six months or less. The investment portfolio will have securities that mature between one day and five years.

Collateralization—Collateralization is required on repurchase agreements at a level of 102 percent of market value of principal and accrued interest. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

Authorized Financial Dealers and Institutions—Banking transactions will be limited to designated banking relationships and will refer to the financial institutions list provided by the Public Deposit Commission of banks authorized to provide investment services. No public deposit shall be made except in a qualified public depository in the State of Washington. A current financial statement is required to be on file for each financial institution and broker/dealer in which the City invests. Electronic links and/or files are acceptable.

Advisory Investment Committee—An investment committee will be established consisting of the mayor (or designee), Finance Director, Public Works Director and a member of the Council Operations Committee who shall be appointed by the mayor to serve a two year term. The committee will meet quarterly and serve in a general review and advisory capacity.

FUND STRUCTURE



FUND STRUCTURE

As a government entity, the City of Kent operates its budget and accounting system based on a fund structure. Funds are established to segregate specific revenue to ensure their expenditure within applicable legal and contractual provisions. Revenues are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which the spending activities are to be controlled. The City of Kent operates with seven basic fund types, in which there may be one or more individual funds. The fund types, purpose and relationship to other funds are listed below.

FUND/PURPOSE

RELATIONSHIP TO OTHER FUNDS

GOVERNMENTAL FUNDS

General Fund

The General Fund is the principal operating fund of the City. It accounts for the financial resources of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, sales and use taxes, utility taxes, business and occupation taxes, licenses and permits, state shared revenues, charges for services and other incomes. Primary expenditures are for general City administration, police, economic development and planning services, park maintenance, and cultural and recreational services.

The General Fund "buys" services from the Internal Service Funds: fuel and rental of vehicles from the Fleet Services Fund; supplies, postage, photocopy, printing and graphics, cable TV services, data processing and telephone services from Central Services; facility maintenance and operation services from Facilities; and insurance from the Insurance Fund. The General Fund also transfers funds to the Street Operating Fund to help cover transportation and street maintenance costs and may also fund for selected projects.

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources that would otherwise be accounted for in the General Fund, but for which there exists certain legal restrictions as to the use of certain revenues. The revenue is segregated into individual special revenue funds to ensure expenditure for a designated purpose. Principal sources of revenue are: state shared fuel tax, earmarked sales and utility taxes, criminal justice portion of sales and use tax, and community development block grant funds. A portion of these are transferred to other funds for debt retirement, capital acquisition and specific purposes operations.

Taxes, contributions and grants are collected in the Street Fund, LEOFF1 Retirees Fund, Lodging Tax Fund, Youth Teen Programs Fund, Capital Resources Fund, Criminal Justice Fund, Community Development Block Grant Fund, Other Operating Projects Fund, and the ShoWare Operating Fund. Transfers from the Street and Capital Resources Funds are primarily to the Capital Project Funds or the Non-Voted Debt Service Fund.

FUND STRUCTURE

FUND/PURPOSE

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources to be used for the retirement of general long-term debt. The City has two types of general long-term debt for which resources are accumulated: general obligation long-term debt (voted, general obligation long-term debt and LTGO) and special assessment debt. Sources of revenue to fund the retirement of general obligation long-term debt are property taxes and transfers in from other funds. Special assessments are levied and received to retire special assessment debt.

Capital Projects Funds

Capital Projects Funds are used to account for the financing of major one time only capital projects other than those financed by Proprietary Funds. Sources of revenue are: proceeds of debt issuance, grants, and transfers from other funds.

PROPRIETARY FUNDS

Enterprise Funds

Enterprise Funds are used to account for the financing of services provided to the general public where all or most of the costs involved are paid for by user charges. Operations financed as enterprise funds are operated in a manner similar to private business enterprises. Kent's enterprise funds are funded through water, sewer, and drainage utility charges and recreational charges at the City's golf complex.

RELATIONSHIP TO OTHER FUNDS

The Debt Service Funds receive the transfers from the Special Revenue Funds, Water Fund and Sewerage Funds to pay principal and interest on LTGO debt issues.

Transfers are received from Special Revenue and other funds as a partial source of funds needed to complete projects.

The Enterprise Funds "buy" services from the Fleet Services Fund for equipment rental and fuel; from the Insurance Fund for insurance needs; from the Central Service Funds for stores, telephone, postage, photocopying, printing and graphics, cable TV services, data processing and telecommunications; and from the Facilities Fund for facility maintenance and operation services. The Enterprise Funds also reimburse the General Fund for cost allocations for budgeting, accounting, human resource, legal and engineering costs which relate to Enterprise Funds. Other funds purchase utilities at the same rate as the general public.

FUND STRUCTURE

FUND/PURPOSE

RELATIONSHIP TO OTHER FUNDS

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 City's Fleet Services, Central Service, Facilities, and Insurance Funds provide centrally administered services then generate revenue by billing the organization to which the service is provided.

Centralizes costs for equipment rental, central services, facilities and insurance. These services are "sold" to other funds at cost plus a reserve for future needs.

FIDUCIARY FUND TYPES

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the City as trustee or agent for individuals, private organizations or other governmental units. Since their funds are not expendable for City operations they are not included in the budget. However, per state auditor requirements, estimates are provided for their activities.

BASIS OF ACCOUNTING

The Comprehensive Annual Financial Report (CAFR) shows the status of the City's finances on the basis of 'generally accepted accounting principals' (GAAP). In most cases this conforms to the way the City prepares its budget. The exceptions are:

- ◆ Compensated absences liabilities are expected to be liquidated with expendable available financial resources are accrued as earned by employees (GAAP) as opposed to being expended when paid (budget).
- ◆ Principal payments on long-term debt within the enterprise funds are applied to the outstanding liability in accordance with GAAP. These payments are included in the budget.
- ◆ Capital outlay within the enterprise funds are recorded as assets on a GAAP basis and expended on a budget-basis.
- ◆ Depreciation expense is recorded on a GAAP basis, but is not included in the budget.

DEPARTMENT AND FUND MATRIX

	ADMINISTRATION	ECONOMIC & COMM DEV	FINANCE	HUMAN RESOURCES	INFORMATION TECHNOLOGY	LAW	MUNICIPAL COURT	PARKS, REC & COMM SVCS	POLICE	PUBLIC WORKS	NON-DEPARTMENTAL
GENERAL FUND	X	X	X	X	X	X	X	X	X	X	X
SPECIAL REVENUE FUND											
Street Operating										X	
LEOFF 1 Retiree Benefits				X							
Lodging Tax											X
Youth/Teen											X
Capital Resources											X
Criminal Justice						X		X	X		
Community Dev Block Grants								X			
City Arts Program								X			
ShoWare Operating											X
DEBT SERVICE FUND											
Non-Voted											X
Special Assessment											X
CAPITAL PROJECTS FUND											
Street Capital										X	
Parks Capital								X			
Other Capital		X									
IT Capital					X						
ENTERPRISE FUND											
Water Utility										X	X
Sewerage Utility										X	X
Solid Waste Utility										X	
Utility Clearing			X							X	
Golf Complex								X			
INTERNAL SERVICE FUND											
Fleet Services										X	
Central Stores			X								
Information Technology					X						
Facilities								X			
Insurance				X							

CAPITAL IMPROVEMENT PROGRAM (CIP)

The Capital Improvement Program section provides an overview of the structures and process that govern planning. It also provides a summary of the Six-Year Capital Improvement Program, including project lists by function and expected funding sources.

Capital Program Overview.....	69
Six-Year CIP Summary.....	73
Six-Year CIP Projects	77

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CAPITAL PROGRAM OVERVIEW

The 2018-2023 Capital Improvement Program (CIP) is a flexible, six-year plan containing the City's planned capital improvement projects and the recommended financing methods for funding the projects. All funds and departments are brought together in a single consolidated plan for an overall view of the City's capital improvement needs. The entire plan is adopted by reference in the capital facilities element of the City of Kent Comprehensive Plan as required by the Growth Management Act.

It is important to understand that a multi-year Capital Improvement Program does not represent a financial commitment. The first two year's funding requirements are included and authorized in the operating budget. Projects beyond the first two years do not represent a formal commitment to fund the project, rather it simply reflects that given the information available at the time the plan was developed, the City expects to move forward with the project in the future.

The Capital Improvement Program is updated on an annual basis, at which time the schedule of projects is reevaluated, new projects may be added and completed projects removed. The projects are selected based on the priority of importance assigned by the respective departments requesting funding and the availability of funding sources. Projects include construction and major renovations of buildings and park facilities; technology systems; economic development activities; acquisition of property; improvements to roadways, bikeways and sidewalks; and the efficient operation and infrastructure maintenance of the water, sewer and drainage systems.

2018-2023 SUMMARY PROJECTS AND FUNDING

Capital project costs for the City's 2018-2023 capital planning period total \$281.5 million and are funded with City, utility and other resources, as illustrated in the following tables. Additional details are provided later in this section.

Summary Sources	2018	2019-2023	Total
City Resources	27,959	60,947	88,906
Utility Resources	19,800	85,590	105,390
Other Resources	4,940	87,561	92,501
Total - in thousands	52,699	234,098	286,797

Summary Costs	2018	2019-2023	Total
General Government	4,638	9,293	13,931
Parks, Rec & Comm Services	15,440	35,305	50,745
Transportation	13,421	94,500	107,921
Utilities	19,200	95,000	114,200
Total - in thousands	52,699	234,098	286,797

CAPITAL PROGRAM OVERVIEW

GROWTH MANAGEMENT ACT

The City of Kent has performed area planning since the 1960s and the first formal Comprehensive Plan was adopted in 1969. However, planning in Washington took on new meaning with the passage of the Growth Management Act (GMA) by the Washington State legislature in 1990. The legislature was responding not only to the rate of growth, particularly on the west side of the Cascades, but also to the type and location of growth. Two-thirds of the state's population and household growth in the 1980's took place in unincorporated areas, and produced sprawling subdivisions, commercial strips, and urbanization of land which only ten years before was rural. These growth patterns resulted in increased traffic congestion and inadequate public services, and have threatened environmentally sensitive areas such as wetlands.

The GMA requires each jurisdiction subject to its provisions to produce a comprehensive plan that contains, at minimum, elements pertaining to land use, transportation, utilities, housing, and capital facilities. Kent's Comprehensive Plan contains four additional elements—economic development, parks and recreation, human services, and shoreline. Further, this plan must be in keeping with state GMA goals regarding:

- ◆ Sprawl reduction
- ◆ Concentrated urban growth
- ◆ Affordable housing
- ◆ Economic development
- ◆ Open space and recreation
- ◆ Regional transportation
- ◆ Environmental protection
- ◆ Property rights
- ◆ Natural resource industries
- ◆ Historic lands and building
- ◆ Permit processing
- ◆ Public facilities and services
- ◆ Early and continuous public participation
- ◆ Shoreline management

Consistency with departmental comprehensive plans is also important. These plans include the Transportation Improvement Plan, the Park and Open Space Plan, as well as water, sewer, and drainage utility plans.

PLANNING FOR CAPITAL FACILITIES

The capital facilities element makes the rest of the City of Kent Comprehensive Plan come to life. By funding projects needed to maintain levels of service and for concurrency, the Capital Improvement Program (CIP) helps shape the quality of life in Kent. The requirement to fully finance the CIP provides a reality check for the vision of the Comprehensive Plan.

Planning for capital facilities is a complex endeavor. First and foremost, it requires a clear understanding of future needs to provide adequate public facilities to serve existing and new development. Once the needs are identified, the planning process must assess the various options that could be provided and identify the most effective and efficient combination of facilities to support the needed services. The final task is to address how these facilities will be financed, which requires an in-depth understanding of the fiscal capacity of the City.

Planning for capital facilities cannot be effectively carried out on an annual basis, since oftentimes the financing requires multi-year commitments of resources. The CIP is long-range in its scope and is a planning document, not a budget for expenditures.

CAPITAL PROGRAM OVERVIEW

CAPITAL INVESTMENT STRATEGY

Prioritization of projects within a program or department can be challenging. The City uses the general guidelines outlined below for prioritizing capital projects at the department and/or program level.

- ◆ Maintenance or repair of existing infrastructure
- ◆ Legal or statutory requirement
- ◆ Continuation of multi-year projects
- ◆ Implementation of Council goals and strategies
- ◆ Ability to leverage outside sources such as grants, mitigation, impact fees, etc.
- ◆ Acquisition or development of new facilities

These guidelines work well for prioritizing projects within a program or department. However, evaluating projects across all programs to come up with a city-wide prioritization is more difficult. Streets, parks, facilities—which projects are more important? To help address that issue, the City began its Capital Investment Strategy (CIS) initiative in early 2016 to create a framework and repeatable process to evaluate and prioritize capital projects city-wide, regardless of program, department or funding.

Over the span of a few months, the Capital Investment Strategy committee developed the following criteria and evaluated the projects in the 2018-2023 Capital Improvement Program through this lens:

1. **Infrastructure Preservation, Replacement and Risk Mitigation:** investments that preserve or improve the reliability and integrity of existing assets
2. **Neighborhoods:** investments that maintain and enhance Kent as a desirable location to live, work, play and visit
3. **Priority Areas:** investments that support Downtown or Midway action plans
4. **Health and Safety:** investments that eliminate or significantly reduce unsafe life-safety conditions
5. **Environmental Quality:** investments that keep Kent clean, green, and healthy by protecting, maintaining, and restoring our environment and encouraging sustainable consumption and choices
6. **High Leverage Value:** investments that achieve high value for the dollars invested
7. **Plans, Regulations and Agreements:** investments that deliver and maintain needed infrastructure facilities and services consistent with adopted plans, current levels of service, federal mandates, state or local requirements and regulations
8. **Strategic Initiatives:** investments that are key strategic initiatives

Completing this work was considered a dry-run, largely because the results were not available early enough to effectively incorporate into the 2017-2018 biennial budget process. Work over the next year will focus on refining the criteria and formally incorporating the process into the City's overall budget development cycle. We anticipate using results of this process to inform the 2019-2020 biennial budget.

CAPITAL PROGRAM OVERVIEW

FUNDING THE CAPITAL IMPROVEMENT PLAN

The most obvious financing option is pay-as-you-go. However, before using cash resources to finance a project, several other alternatives are considered.

The City's preferred option is to seek **outside funding sources**, such as federal, state and county grants and private donations. If outside funds are not available, projects providing special benefit will have their costs divided up among those individuals or groups in proportion to the benefit received. This is accomplished through the use of local improvement districts and user charges.

Where the benefits are provided to a small segment of the City, **local improvement districts** are established to identify the costs associated with the specific development and distribute those costs among the individual property owners. Issuance of special assessment bonds or internal financing may be used to complete the project and the debt is usually paid back over a ten-year period. Special assessments are an effective option to fund street and utility capital projects in the underdeveloped areas of the City.

User charges cover maintenance and operations, as well as capital expenditures for the City's water, sewer and storm drainage utilities. The City also has the option of issuing **revenue bonds** to provide capital financing. Revenue bonds require pledging future user charges to cover debt payments on the bonds. This option allows for immediate construction, while ensuring that the people using the improvement are paying for the project through user charges.

Projects of general benefit to the entire community typically utilize **cash resources** or **pay-as-you go** financing. The City of Kent has dedicated several tax resources to fund these general government capital needs, including part of the sales and use tax, real estate excise tax, business and occupation tax, and a portion of the utility taxes.

General government projects that cannot be funded with existing cash resources or outside funding may be deferred until sufficient funding is available. If deferral is not desired, the City may choose to use its general obligation bonding capacity to finance certain projects. There are two types of general obligation bonds, voted and long-term general obligation (LTGO).

Voted bonds are municipal bonds approved by 60 percent of the voters with a 40 percent voter turnout from the last general election. The City currently uses none of its bonding capacity for the issuance of voted general obligation debt. Using voted capacity would mean that the residents of Kent had voted to tax themselves and that additional property taxes would be levied against property owners to cover the debt.

If voted bonds are not deemed an appropriate method of financing the project, the City may choose to issue non-voted or **LTGO bonded debt**. The same cash resources noted above are a source of repayment of those bonds, requiring careful consideration of any decision to issue LTGO debt.

The options outlined here are the choices available for financing the 2018-2023 Capital Improvement Plan. In subsequent years, federal and state law, and/or the City's own actions may change these options. Financing options will be reviewed and updated annually as part of the overall CIP update process.

SIX-YEAR CIP SUMMARY

OPERATING IMPACT OF MAJOR CIP PROJECTS

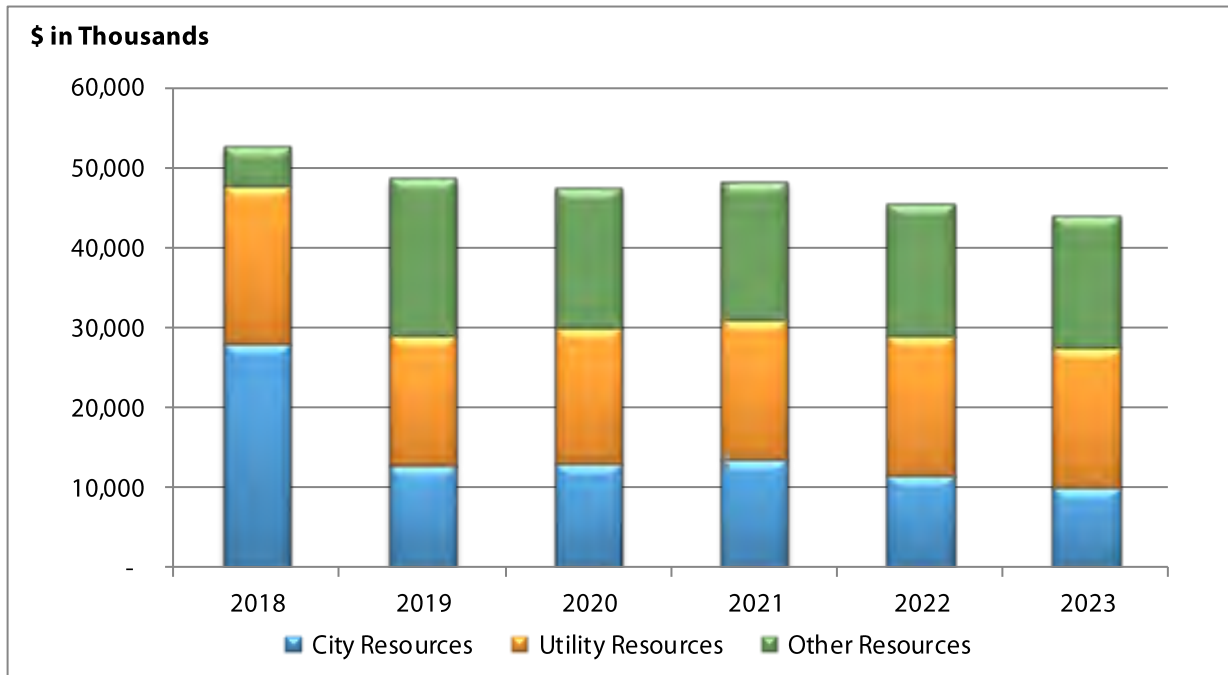
The impact of a capital project on the operating budget is a key factor in considering the inclusion of a project in the six-year plan. The operating costs of a project, and any savings resulting from the project, are captured in the Operating Budget.

SOURCES OF FUNDS—in thousands

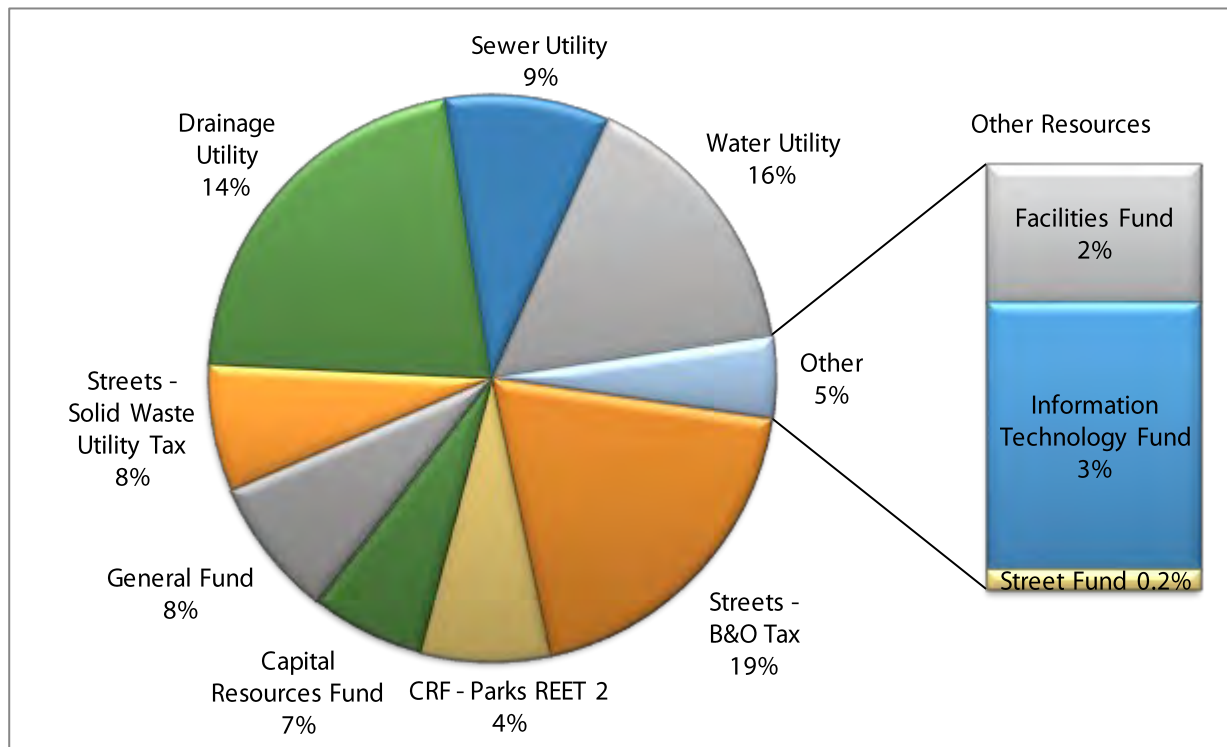
	2018	2019	2020	2021	2022	2023	Total
City Resources							
Streets - B&O Tax	8,000	6,880	6,880	6,880	6,880	5,755	41,275
CRF - Parks REET 2	4,700	1,000	1,000	1,000	1,000	1,000	9,700
Capital Resources Fund	4,950	-	-	-	-	-	4,950
Facilities Fund	591	550	550	555	799	555	3,600
General Fund	6,150	-	-	-	-	-	6,150
Information Technology Fund	547	1,697	1,797	2,335	-	-	6,376
Streets - Solid Waste Utility Tax	2,850	2,746	2,772	2,772	2,772	2,772	16,684
Street Fund	171	-	-	-	-	-	171
Total City Resources	27,959	12,873	12,999	13,542	11,451	10,082	88,906
Utility Resources							
Drainage Utility	8,550	8,000	8,000	8,000	8,000	8,000	48,550
Sewer Utility	3,500	3,750	4,440	4,900	5,000	5,000	26,590
Water Utility	7,750	4,500	4,500	4,500	4,500	4,500	30,250
Total Utility Resources	19,800	16,250	16,940	17,400	17,500	17,500	105,390
Other Resources							
Fuel Tax	10	-	-	-	-	-	10
Grants	1,000	500	500	500	500	-	3,000
GO Bonds	1,000	-	-	-	-	-	1,000
Funding Gap	2,930	19,054	17,158	16,878	16,113	16,358	88,491
Total Other Resources	4,940	19,554	17,658	17,378	16,613	16,358	92,501
Total Sources of Funds	52,699	48,677	47,597	48,320	45,564	43,940	286,797

SIX-YEAR CIP SUMMARY

SUMMARY BY SOURCE 2018-2023



2017-18 SOURCES BY FUND TYPE



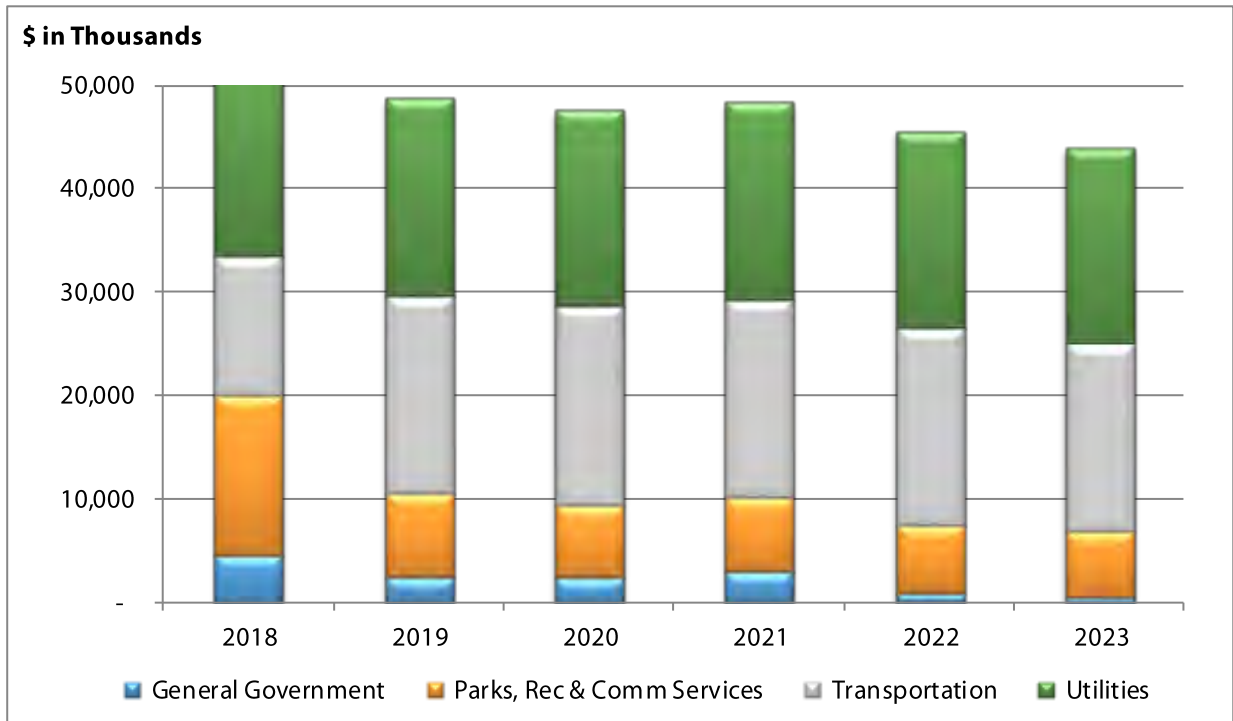
SIX-YEAR CIP SUMMARY

PROJECTS—in thousands

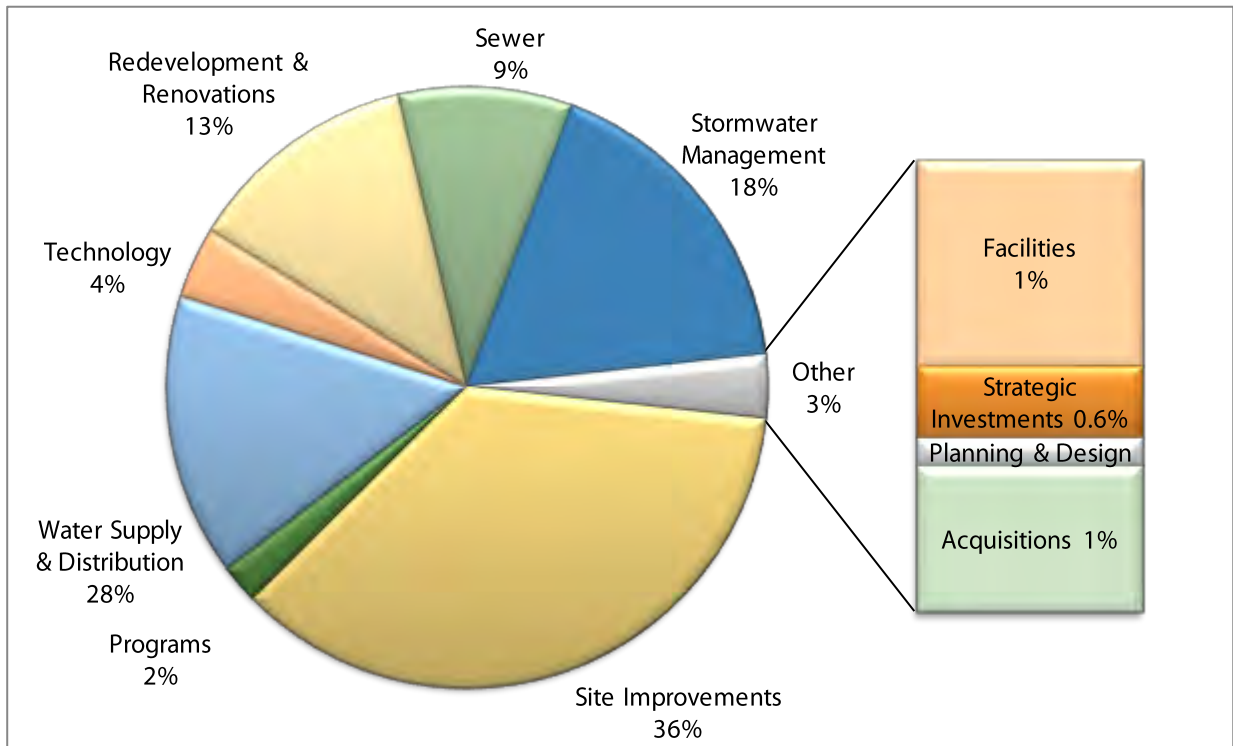
	2018	2019	2020	2021	2022	2023	Total
General Government							
Facilities	591	805	650	605	849	555	4,055
Fleet	1,750	-	-	-	-	-	1,750
Technology	1,797	1,697	1,797	2,335	-	-	7,626
Strategic Investments	500	-	-	-	-	-	500
Total General Government	4,638	2,502	2,447	2,940	849	555	13,931
Parks, Rec & Comm Services							
Programs	195	1,710	735	915	300	195	4,050
Planning & Design	90	90	190	190	90	1,090	1,740
Redevelopment & Renovations	5,655	5,750	5,100	1,150	2,600	4,600	24,855
Development	9,000	-	500	4,500	3,100	-	17,100
Acquisitions	500	500	500	500	500	500	3,000
Total Parks, Rec & Comm Svcs	15,440	8,050	7,025	7,255	6,590	6,385	50,745
Transportation							
Site Improvements	13,421	19,125	19,125	19,125	19,125	18,000	107,921
Total Transportation	13,421	19,125	19,125	19,125	19,125	18,000	107,921
Utilities							
Water Supply & Distribution	7,750	6,000	6,000	6,000	6,000	6,000	37,750
Sewer	3,500	5,000	5,000	5,000	5,000	5,000	28,500
Stormwater Management	7,950	8,000	8,000	8,000	8,000	8,000	47,950
Total Utilities	19,200	19,000	19,000	19,000	19,000	19,000	114,200
Total Projects	52,699	48,677	47,597	48,320	45,564	43,940	286,797

SIX-YEAR CIP SUMMARY

SUMMARY BY CATEGORY 2018-2023



2017-18 BY CATEGORY FUNCTION



SIX-YEAR CIP PROJECTS

GENERAL GOVERNMENT—in thousands

	2018	2019	2020	2021	2022	2023	Total
Sources of Funds							
CRF General	1,750						1,750
Facilities Fund	591	550	550	555	799	555	3,600
Fleet Fund	1,750						1,750
Information Technology Fund	547	1,697	1,797	2,335			6,376
Funding Gap		255	100	50	50		455
Total Sources of Funds	4,638	2,502	2,447	2,940	849	555	13,931
Projects							
Facilities							
Kitchen Equipment (Lifecycle)	20	20	30	25	25	25	145
Centennial Center Reseal	50						50
Facilities Card Access	114						114
Corrections Portable Back-up Power Conn.		50					50
Tenants Requested Renovations		50	50	50	50		200
Kent Pool Lifecycle	25	25	25	25	25	25	150
Emergency Facility Repairs	47	100	100	100	100	104	551
Roof Repairs (Lifecycle)	35	400	145	55	450	330	1,415
Floor Covering Replacements (Lifecycle)	200	60	100	20	30		410
Parking Lots (Lifecycle)		-	100	55	54	71	280
HVAC Replacements (Lifecycle)	100	100	100	275	115	-	690
Total Facilities Projects	591	805	650	605	849	555	4,055
Fleet							
Fuel Island Phase 1 (Portable)	1,050						1,050
Fuel Island Phase 2 (Partially Portable)	700						700
Total Fleet Projects	1,750	-	-	-	-	-	1,750
Technology							
Software Lifecycle	768	875	975	1,513			4,131
Hardware Lifecycle		622	622	622			1,866
Tech Plan		200	200	200			600
Permitting System Replacement (KIVA)	419						419
eFax/Email/File Record Retention Mgmt	50						50
Data & Records Mgmt-Dashboard & Collab	35						35
Intranet Redesign	50						50
Avanti System Replacement	250						250
Parks Dashboard	150						150
Communications Dashboard	75						75
Total Technology Projects	1,797	1,697	1,797	2,335	-	-	7,626
Strategic Investment Projects							
Place Making - Meet Me On Meeker	450						450
Downtown Strategic Action Plan Imp	50						50
Total Strategic Investment Projects	500	-	-	-	-	-	500
Total Projects	4,638	2,502	2,447	2,940	849	555	13,931

SIX-YEAR CIP PROJECTS

PARKS, RECREATION & COMMUNITY SERVICES—in thousands

	2018	2019	2020	2021	2022	2023	Total
Sources of Funds							
CRF REET2	4,700	1,000	1,000	1,000	1,000	1,000	9,700
Grants - Washington State	1,000	500	500	500	500	-	3,000
Drainage Revenues	600						600
Street Operating Fund	1,000						1,000
General Fund	2,000						2,000
Fuel Tax	10						10
CRF General	3,200						3,200
Funding Gap	2,930	6,550	5,525	5,755	5,090	5,385	31,235
Total Sources of Funds	15,440	8,050	7,025	7,255	6,590	6,385	50,745
Projects							
Programs							
Golf Maintenance Equipment Replacement		150	150	150			450
DR Building Renovations and Improvements		100					100
Irrigation System Upgrades		630	100				730
Golf Course Renovations and Improvements		335	230	120	105		790
Golf Course Accessories		115					115
Clubhouse Renovations and Improvements		185	10				195
Tournament Pavilion			50	450			500
Green Kent	150	150	150	150	150	150	900
Adopt-A-Park	25	25	25	25	25	25	150
Eagle Scout Volunteer Program	10	10	10	10	10	10	60
Paths and Trails Reinvestment Program	10	10	10	10	10	10	60
Total Programs	195	1,710	735	915	300	195	4,050
Planning & Design							
Master Plans	50	50	50	50	50	50	300
Architect/Engineering	40	40	40	40	40	40	240
Mill Creek Canyon Trails Design				100		1,000	1,100
Hogan Park at Russell Road Ph II Design	-	-	100	-	-	-	100
Total Planning & Design	90	90	190	190	90	1,090	1,740
Redevelopment & Renovations							
Lifecycle	580	500	500	500	500	500	3,080
West Fenwick Park Renovation Phase 2	1,375						1,375
Kent Memorial Park Renovation	1,100						1,100
Springwood Park Renovation	1,700	2,500					4,200
Chestnut Ridge Playground	200						200
Old Fishing Hole Improvements	300						300
First Avenue Lunar Rover - Phase 1	250						250
Eastridge Renovation		100					100
Mill Creek Earthworks Renovation	100	1,100					1,200
North Meridian Park Renovation Phase I	50	850					900

SIX-YEAR CIP PROJECTS

	2018	2019	2020	2021	2022	2023	Total
Interurban Trail, 3 Friends Fishing Hole		400					400
First Avenue Lunar Rover - Phase II		300					300
Garrison Creek Park Renovation			400				400
Glenn Nelson Park Renovation					50	350	400
Lake Fenwick Park Renovation - Phase II					200	2,400	2,600
Uplands Playfield Renovation - Construct			1,350				1,350
Park Orchard Park Renovation					50	300	350
Hogan Park at Russell Road Reno. Ph II					1,500		1,500
Kherson Urban Play					300		300
Green River Trail / Van Doren's Landing			2,500				2,500
Downtown Place-Making Program - Showare			350				350
Meeker Street Place-Making				250			250
Frager Ped Bridge Rest Stop/Russell Wood				250			250
Sun Meadows Improvements				150			150
Downtown Place Mking - Burlington/Kaibar						150	150
NPR - Scenic Hill Park Renovation						400	400
KVLT - Boeing Rock Improvements						200	200
Downtown Place Mking - Titus/Kherson						100	100
Lake Meridian Park Renovations						100	100
Campus Park Renovation	-	-	-	-	-	100	100
Total Redevelopment & Renovations	5,655	5,750	5,100	1,150	2,600	4,600	24,855
Development							
YMCA	9,000						9,000
Huse/Panther Lake Community Park				2,800	3,100		5,900
Clark Lake Park Development 240th	-	-	500	1,700	-	-	2,200
Total Development	9,000	-	500	4,500	3,100	-	17,100
Acquisition							
Strategic Acquisitions	500	500	500	500	500	500	3,000
Total Acquisitions	500	500	500	500	500	500	3,000
Total Projects	15,440	8,050	7,025	7,255	6,590	6,385	50,745

SIX-YEAR CIP PROJECTS

TRANSPORTATION—in thousands

	2018	2019	2020	2021	2022	2023	Total
Sources of Funds							
Solid Waste Utility Tax	2,850	2,746	2,772	2,772	2,772	2,772	16,684
Business & Occupation Tax	8,000	6,880	6,880	6,880	6,880	5,755	41,275
Capital Resources Fund	2,400						2,400
Street Operating Fund	171						171
Funding Gap		9,499	9,473	9,473	9,473	9,473	47,391
Total Sources of Funds	13,421	19,125	19,125	19,125	19,125	18,000	107,921
Projects							
Traffic controllers, signals & cameras		700	700	700	700	700	3,500
Pavement Preservation		6,860	6,834	6,834	6,834	6,834	34,196
Pavement Preservation B&O		4,044	4,044	4,044	4,044	4,044	20,220
Pavement Preservation SW Util Tax		2,596	2,622	2,622	2,622	2,622	13,084
Bridges		1,200	1,200	1,200	1,200	1,200	6,000
Quiet Zone Improvements	2,700						2,700
132nd Ave Pedestrian Improvements	121						121
Concrete Replacement Program	700	2,000	2,000	2,000	2,000	2,000	10,700
James Street Concrete Street	1,000						1,000
S 212th St Bridge @ Green River	400						400
S 212th Way Overlay	350						350
Pavement Striping & Loops	350	225	225	225	225		1,250
Thermoplastic Markings	215	400	400	400	400		1,815
Residential ADA, Sidewalk, Ramps	200						200
Residential Crack Sealing	130						130
Guardrail Repair / Replace	110	100	100	100	100		510
Street Signs Repair / Replace	250	200	200	200	200		1,050
Street Lights Repair / Replace	100	100	100	100	100	100	600
Bridges	-	-	-	-	-	-	-
Crack Sealing Roadways	125	200	200	200	200		925
Street Tree Replacement & Mtc	375						375
Pavement Rating Consultant	75						75
Sidewalk, Walking Path, ADA Impv/Plan	450						450
Inlay - SE 248th St	60						60
Inlay - 124th Ave SE	60						60
Overlay - 108th Ave SE	60						60
Overlay - North Peak Crest	60						60
Overlay - 264th Pl	55						55
Overlay - Theresa Terrace	60						60
Overlay - 105th Ave SE	50						50
Overlay - 121st Ave SE	60						60
Overlay 121st Pl SE	55						55
Overlay 103rd Pl SE - SE 204th St	100						100
Overlay Alderwood	300						300
Overlay SE 268th	550						550
Overlay Meridian Glen	900						900
Street Lights - New	200	200	200	200	200	200	1,200
Flashing Yellow L Turn Ph. 3, 4 & 5	200						200
Traffic Signal Controller Cab / Parts	300						300
Crosswalk Safety Improvements	150	150	150	150	150	150	900
Residential Traffic Calming	150	150	150	150	150	150	900
E. Valley Hwy 196th - 180th	1,400						1,400
S 212th St / S 208th St	1,000						1,000
Total Projects	13,421	19,125	19,125	19,125	19,125	18,000	107,921

SIX-YEAR CIP PROJECTS

UTILITIES—in thousands

	2018	2019	2020	2021	2022	2023	Total
Sources of Funds							
Water Revenues	7,750	4,500	4,500	4,500	4,500	4,500	30,250
Sewer Revenues	3,500	3,750	4,440	4,900	5,000	5,000	26,590
Drainage Revenues	7,950	8,000	8,000	8,000	8,000	8,000	47,950
Funding Gap		2,750	2,060	1,600	1,500	1,500	9,410
Total Sources of Funds	19,200	19,000	19,000	19,000	19,000	19,000	114,200
Projects							
Water Supply & Distribution							
Water Conservation		100	100	100	100	100	500
Water Generators		100	100	100	100	100	500
Reservoir Maintenance & Improvements		500	500	500	500	500	2,500
Water Main Repairs/Replacements		2,500	2,500	2,500	2,500	2,500	12,500
Hydrant Replacements		50	50	50	50	50	250
Large Meter & Vault Replacements		100	100	100	100	100	500
Habitat Conservation Plan Implementation	2,450	300	300	300	300	300	3,950
Pump Station 3 Electrical Upgrades	150						150
Misc Water; Piping Upgrades	500	550	550	550	550	550	3,250
Wellhead Protection	100	100	100	100	100	100	600
Security Improvements on Water Sites	50	50	50	50	50	50	300
Water Zone Improvements		1,500	1,500	1,500	1,500	1,500	7,500
E. Hill Pressure Zone PRV's	1,000						1,000
Landsburg Mine		100	100	100	100	100	500
Tacoma Pipeline		50	50	50	50	50	250
Derbyshire Water Main Replacements	3,000						3,000
224th St Phase II	500	-	-	-	-	-	500
Total Water Supply & Distribution	7,750	6,000	6,000	6,000	6,000	6,000	37,750
Sewer							
Sewer Pipe Replacements	2,500	3,500	3,500	3,500	3,500	3,500	20,000
Pump Station Repairs & Replacements	500	1,500	1,500	1,500	1,500	1,500	8,000
Linda Heights Pump Station	500	-	-	-	-	-	500
Total Sewer	3,500	5,000	5,000	5,000	5,000	5,000	28,500
Stormwater Management							
Green River Levee Repair		6,180	6,175	6,000	6,000	6,000	30,355
NPDES	200	220	225	230	230	230	1,335
Drainage Master Plan	200						200
Mill/Garrison/Spring/Grn. River & Tribs		1,000	1,000	1,170	1,170	1,170	5,510
Valley Creek System CLOMR	50						50
Upper Mill Creek Dam	400						400
144th Ave Drainage Improvements	200						200
Mill Creek @ 76th Ave Flood Protection	1,000						1,000
Lower Russell Road Levee	100						100
Valley Channel Rehabilitation	1,200						1,200
Mill Creek Culverts	300						300
Misc Drainage; Large Pipe/Culvert	300	600	600	600	600	600	3,300
S 224th St. Phase 2	1,000						1,000
W. Meeker Storm (RR-64th)	1,000						1,000
GRNRA S Pump Station	2,000	-	-	-	-	-	2,000
Total Stormwater Management	7,950	8,000	8,000	8,000	8,000	8,000	47,950
Total Projects	19,200	19,000	19,000	19,000	19,000	19,000	114,200

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BUDGET BY FUND

The Budget by Fund section provides a look at each fund’s revenue, expenditures and fund balance, including a comparison of current program levels with those of past years.

General Fund.....	85
Special Revenue Funds.....	90
Debt Service Funds.....	104
Capital Project Funds.....	107
Enterprise Funds.....	112
Internal Service Funds.....	120

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GENERAL FUND

The General Fund is the principal operating fund of the City. It accounts for the financial resources of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, sales and use taxes, utility taxes, licenses and permits, state shared revenues, charges for services and other miscellaneous revenues. Primary expenditures are for general City administration, police, economic development, planning services, park maintenance, cultural programs and recreational services.

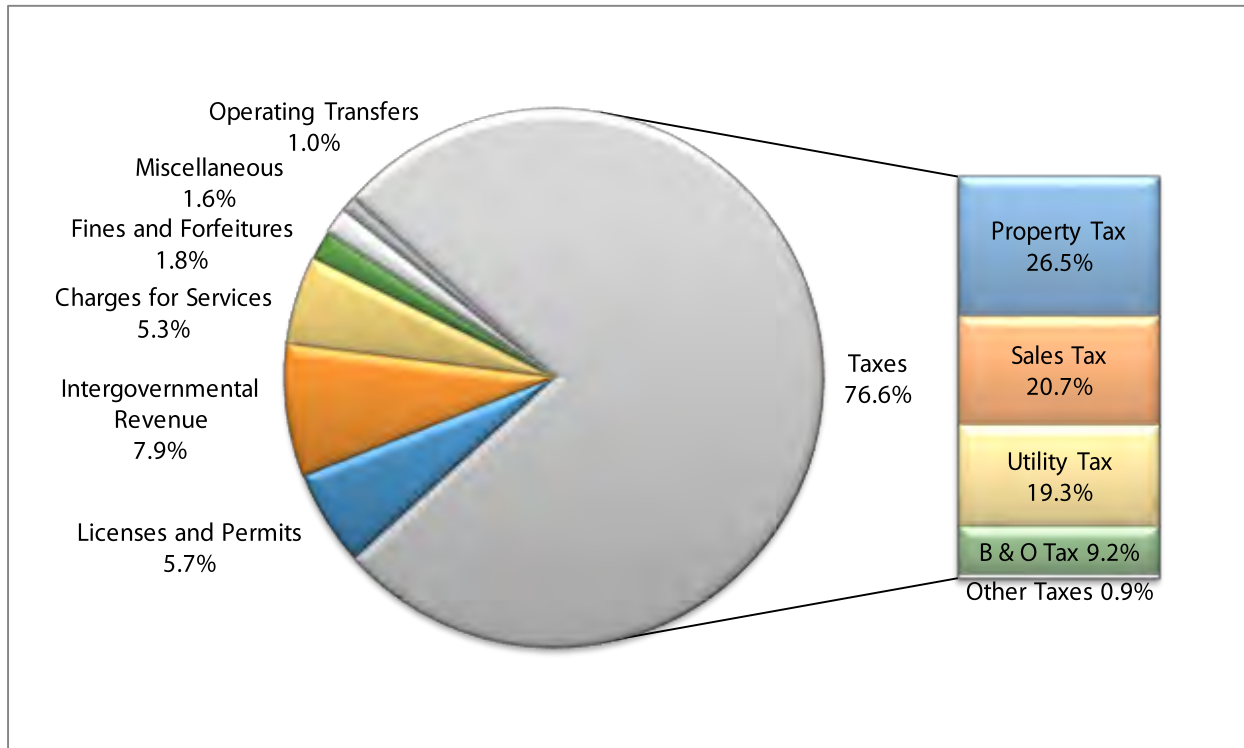
	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	15,372,499	18,112,200	19,987,828	16,115,210	20,292,930
Revenues					
Taxes:					
Property	22,534,441	22,782,330	22,894,862	23,160,150	29,532,710
Sales Tax	19,814,047	19,756,570	21,049,758	21,100,310	21,100,310
Utility	18,490,458	18,947,950	19,648,349	19,150,880	19,150,880
Business & Occupation Tax	9,311,445	9,210,000	8,900,000	7,500,000	8,890,480
Other	961,833	869,990	877,061	891,360	879,260
Licenses and Permits	6,269,525	5,611,350	6,962,130	5,695,870	5,695,870
Intergovernmental Revenue	8,072,343	7,720,660	8,096,630	7,705,230	7,946,370
Charges for Services	5,363,205	5,117,170	7,328,663	5,271,760	5,391,020
Fines and Forfeitures	1,551,720	1,900,970	1,549,964	1,565,970	1,565,970
Miscellaneous Revenue	2,302,027	1,622,940	2,234,968	1,574,530	1,574,530
Transfers In	962,261	950,000	934,128	950,000	950,000
Total Revenues	95,633,303	94,489,930	100,476,512	94,566,060	102,677,400
Changes:					
Property Tax - use of banked capacity					6,372,560
Business & Occupation Tax					1,390,480
Plans Review Fees - offset ECD position					119,260
State Shared Revenues - liquor tax					213,770
State Shared Revenues - fuel tax					15,270
Total Changes					8,111,340
Expenditures					
Salaries & Benefits	47,456,630	51,060,424	50,555,787	52,655,190	54,536,010
Supplies	2,269,094	2,945,560	2,383,569	2,952,170	2,952,170
Services & Charges	37,017,520	39,239,240	38,249,661	39,577,540	40,207,250
Vehicles & Equipment	52,585				
Cost Allocation	(13,068,746)	(13,597,000)	(13,516,280)	(13,865,150)	(13,758,210)
Transfers Out	17,290,890	21,071,670	21,533,429	13,242,270	18,736,140
Total Expenditures	91,017,974	100,719,894	99,206,166	94,562,020	102,673,360

GENERAL FUND

	2016 Actual	2017 Adjusted Budget	2017 Prelim	2018 Original Budget	2018 Amended Budget
Expenditures by Department					
City Council	337,355	352,110	349,577	369,270	409,580
Administration	2,339,581	2,709,760	2,745,792	2,101,110	3,062,720
Communications				821,310	
Economic & Community Dev	5,521,764	6,394,650	5,841,099	6,505,320	6,634,790
Finance	2,751,128	2,734,560	2,522,554	2,793,970	2,965,830
Fire Contracted Services	3,556,484	3,603,110	3,665,780	3,657,530	3,657,530
Human Resources	1,733,010	1,977,930	1,835,276	2,030,840	2,108,610
Information Technology	509,617	517,310	521,151	520,950	519,450
Law	1,458,153	1,737,080	1,600,450	1,771,020	1,765,990
Municipal Court	3,079,215	3,181,510	3,128,653	3,232,900	3,349,550
Parks, Rec & Comm Services	16,027,802	17,299,424	16,655,355	17,262,980	18,248,640
Police	35,155,894	36,986,600	37,151,027	37,777,040	38,875,740
Public Works	1,273,864	1,294,960	1,111,563	1,318,470	1,318,470
Non Departmental	17,274,106	21,930,890	22,077,887	14,399,310	19,756,460
Total Expenditures	91,017,974	100,719,894	99,206,166	94,562,020	102,673,360
Changes:					
Wage Increases (AF, TM, NR, Temps)					675,440
Less budgeted offset - reserved for fund balance					(600,000)
Non-Represented Salary Survey					465,080
Medical Insurance - 20% rate increase					1,121,480
Liability Insurance - redistribution of costs					264,910
Liability Insurance - 10% rate increase					129,360
Utilities - park facilities and city buildings					217,660
Resident Survey					35,000
Human Services - adjust for CPI and population					24,310
Multi-Function Devices (MFD) - copier redistribution					16,300
Cell Phones - monthly plan costs					15,210
City Arts Program - adjust for population					5,200
Eliminate Communications Department					
Convert director to coordinator					(75,230)
Eliminate allocation to Multimedia					106,940
Redistribute Multimedia costs					(32,020)
Lead Plans Examiner					119,260
Administrative Assistant 1					91,750
Offset by reductions in temporary wages and professional services					(91,750)
Financial Analyst - .6 FTE to 1.0 FTE					43,420
Deputy Director - Parks					177,430
Offset by elimination of vacant MW2 position					(90,480)
Transfer for security at Russell Road employee parking lot					15,000
Transfer additional B&O for street capital projects					1,350,000
Transfer additional Property Tax for capital projects					4,127,070
Total Changes					8,111,340
Change in Fund Balance	4,615,329	(6,229,964)	1,270,346	4,040	4,040
ENDING FUND BALANCE	19,987,828	11,882,236	21,258,175	16,119,250	20,296,970

GENERAL FUND

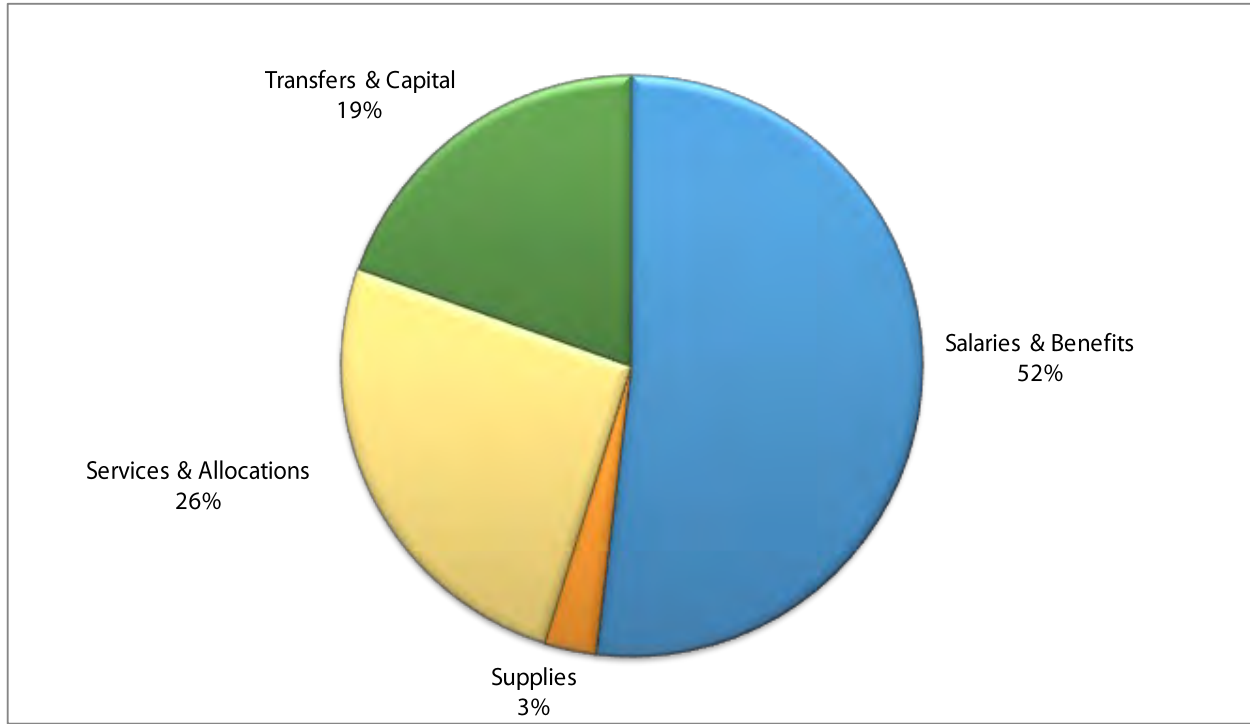
GENERAL FUND REVENUES



	2016 Actual	2017 Adjusted Budget	2018 Original Budget	2018 Amended Budget	2018 \$ Change	2018 % Change
Revenues						
Taxes						
Property	22,534,441	22,782,330	23,160,150	29,532,710	6,372,560	27.5%
Sales Tax	19,814,047	19,756,570	21,100,310	21,100,310		0.0%
Utility	18,490,458	18,947,950	19,150,880	19,150,880		0.0%
Business & Occupation Tax	9,311,445	9,210,000	7,500,000	8,890,480	1,390,480	18.5%
Other	961,833	869,990	891,360	879,260	(12,100)	-1.4%
Licenses and Permits	6,269,525	5,611,350	5,695,870	5,695,870		0.0%
Intergovernmental Revenue	8,072,343	7,720,660	7,705,230	7,946,370	241,140	3.1%
Charges for Services	5,363,205	5,117,170	5,271,760	5,391,020	119,260	2.3%
Fines and Forfeitures	1,551,720	1,900,970	1,565,970	1,565,970		0.0%
Miscellaneous Revenue	2,302,027	1,622,940	1,574,530	1,574,530		0.0%
Transfers In	962,261	950,000	950,000	950,000		0.0%
Total General Fund Revenues	95,633,303	94,489,930	94,566,060	102,677,400	8,111,340	8.6%

GENERAL FUND

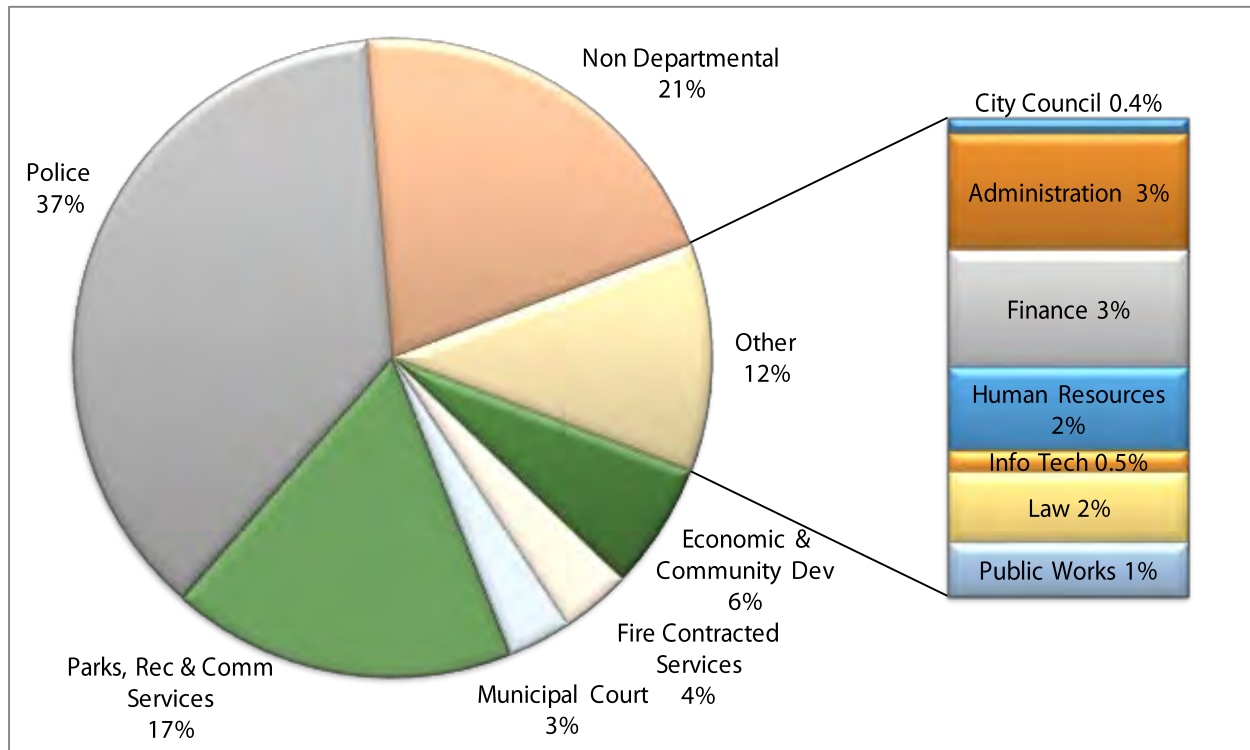
GENERAL FUND EXPENDITURES



	2016 Actual	2017 Adjusted Budget	2018 Original Budget	2018 Amended Budget	2018 \$ Change	2018 % Change
Expenditures						
Salaries & Benefits	47,456,630	51,060,424	52,655,190	54,536,010	1,880,820	3.6%
Supplies	2,269,094	2,945,560	2,952,170	2,952,170		0.0%
Services & Allocations	23,948,774	25,642,240	25,712,390	26,449,040	736,650	2.9%
Transfers & Capital	17,343,475	21,071,670	13,242,270	18,736,140	5,493,870	41.5%
Total General Fund Expenditures	91,017,974	100,719,894	94,562,020	102,673,360	8,111,340	8.6%

GENERAL FUND

GENERAL FUND EXPENDITURES BY DEPARTMENT



	2016 Actuals	2017 Adjusted Budget	2018 Original Budget	2018 Amended Budget	2018 \$ Change	2018 % Change
Expenditures by Department						
City Council	337,355	352,110	369,270	409,580	40,310	10.9%
Administration	2,339,581	2,709,760	2,101,110	3,062,720	961,610	45.8%
Communications			821,310		(821,310)	-100.0%
Economic & Community Dev	5,521,764	6,394,650	6,505,320	6,634,790	129,470	2.0%
Finance	2,751,128	2,734,560	2,793,970	2,965,830	171,860	6.2%
Fire Contracted Services	3,556,484	3,603,110	3,657,530	3,657,530		0.0%
Human Resources	1,733,010	1,977,930	2,030,840	2,108,610	77,770	3.8%
Information Technology	509,617	517,310	520,950	519,450	(1,500)	-0.3%
Law	1,458,153	1,737,080	1,771,020	1,765,990	(5,030)	-0.3%
Municipal Court	3,079,215	3,181,510	3,232,900	3,349,550	116,650	3.6%
Parks, Rec & Comm Services	16,027,802	17,299,424	17,262,980	18,248,640	985,660	5.7%
Police	35,155,894	36,986,600	37,777,040	38,875,740	1,098,700	2.9%
Public Works	1,273,864	1,294,960	1,318,470	1,318,470		0.0%
Non Departmental	17,274,106	21,930,890	14,399,310	19,756,460	5,357,150	37.2%
Total Expenditures	91,017,974	100,719,894	94,562,020	102,673,360	8,111,340	8.6%

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources that would otherwise be accounted for in the General Fund, but for which there exists certain legal restrictions as to the use of certain revenues. The revenue is segregated into individual special revenue funds to ensure expenditure for a designated purpose. Principal sources of revenue are: state shared fuel tax, earmarked sales and utility taxes and community development block grant funds. Primary expenditures are for engineering, street maintenance, police and prosecution services, along with a significant portion of these resources that are transferred to other funds for debt service and capital.

The following funds fall into this category and are presented in this section.

- ◆ Street Operating
- ◆ LEOFF1 Retiree Benefits
- ◆ Lodging Tax
- ◆ Youth / Teen
- ◆ Capital Resources
- ◆ Criminal Justice
- ◆ Community Development Block Grants
- ◆ City Arts Program
- ◆ ShoWare Operating

STREET OPERATING FUND

The Street Operating Fund is used to maintain and improve the City's network of streets, sidewalks and trails. The funding comes from a variety of sources, including the State shared portion of the fuel tax and a portion of the utility taxes (one percent of the first six percent). These sources provide funding for debt service on street bonds and operations of the Transportation and Street Maintenance Divisions. Effective in 2013, Council adopted a local business and occupation tax to provide ongoing funding for street maintenance and capital projects. Effective in January 2015, an additional 10.6 percent solid waste utility tax was enacted and is earmarked for residential streets major maintenance and capital.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	4,092,055	2,952,110	3,977,113	2,723,710	4,005,950
Revenues					
Taxes					
Water Utility Tax	187,398	201,720	216,997	205,760	205,760
Sewer Utility Tax	281,805	217,650	221,290	226,730	226,730
Drainage Utility Tax	193,300	285,000	293,747	287,670	287,670
Electric Utility Tax	1,234,559	1,184,260	1,287,469	1,190,180	1,190,180
Gas Utility Tax	305,514	336,960	368,271	337,810	337,810
Garbage Utility Tax	3,461,740	3,320,040	3,659,428	3,336,630	3,336,630
Telephone Utility Tax	533,283	581,430	489,094	582,880	582,880
Licenses and Permits	383,030	319,210	537,391	323,990	323,990
Intergovernmental Revenue	2,162,409	2,049,840	2,216,309	2,054,960	2,219,690
Charges for Services	1,693,017	1,204,750	2,453,207	464,930	464,930
Miscellaneous Revenue	34,903	4,450	50,319	4,450	4,450
Operating Revenues	10,470,958	9,705,310	11,793,522	9,015,990	9,180,720
Transfers In - General Fund	2,893,320	2,480,440	2,480,440	2,657,340	2,657,340
Transfers In - LID Funded Projects	890,473	86,680	86,680	83,500	83,500
Total Revenues	14,254,751	12,272,430	14,360,642	11,756,830	11,921,560
Changes:					
State Shared Revenues - fuel tax					64,730
State Shared Revenues - multi modal dist					100,000
Total Changes					164,730

STREET OPERATING FUND

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
Expenditures					
Street Operations					
Salaries & Benefits	3,037,752	3,090,340	2,627,028	3,243,180	2,868,040
Supplies	385,494	526,210	338,367	529,720	529,720
Services & Charges	4,032,689	4,369,770	3,763,504	4,199,370	4,690,630
Vehicles & Equipment		120,000	123,574		
Cost Allocation - to Annexation	(1,274,181)	(1,294,960)	(1,111,563)	(1,318,470)	(1,318,470)
Cost Allocation	(1,005,565)	(1,290,000)	(612,875)	(1,290,000)	(1,290,000)
Transfers Out - Debt Service	2,293,191	2,304,150	2,304,149	2,278,930	2,278,930
Transfers Out - Projects	5,988,658	3,829,510	3,829,510	3,220,870	4,228,370
PW Engineering					
Salaries & Benefits	3,518,362	5,190,220	4,735,374	4,947,730	6,506,410
Supplies	74,130	77,490	87,131	77,640	77,640
Services & Charges	850,956	819,380	808,884	978,880	852,920
Vehicles & Equipment		45,000	26,477	45,000	45,000
Cost Allocation - Engr Services	(3,531,792)	(5,152,610)	(4,408,162)	(5,276,120)	(6,708,840)
Total Expenditures	14,369,693	12,634,500	12,511,397	11,636,730	12,760,350
Changes:			12,511,397		
Wage Increases (AF, TM, NR, Temps)					237,200
Non-Represented Salary Survey					492,050
Medical Insurance - 20% rate increase					254,480
Liability Insurance - redistribution of costs					(173,040)
Liability Insurance - 10% rate increase					(9,970)
Utilities - city buildings					6,050
Cell Phones - monthly plan costs					8,950
Multi-Function Devices (MFD) - copier redistribution					170
Eliminate Communications Dept - redistribute Multimedia					(1,130)
Financial Analyst - .75 FTE to 1.0 FTE					19,730
CTR Program Coordinator - .75 FTE to 1.0 FTE					24,410
Offset by allocation to projects					(24,410)
Position moved from Water to Street					180,080
Public Works Engr - allocated to Streets & Utilities					(1,024,400)
Utility Clearing Allocation					125,950
Transfer to YMCA/Morrill Meadows Frontage Improvements					1,000,000
Transfer for security at Russell Road employee parking lot					7,500
Total Changes					1,123,620
Change in Fund Balance	(114,942)	(362,070)	1,849,245	120,100	(838,790)
ENDING FUND BALANCE	3,977,113	2,590,040	5,826,357	2,843,810	3,167,160

STREET OPERATING FUND PROJECTS

	2018 Original Budget	2018 Amended Budget
Revenues		
Transfers In - Solid Waste Utility Tax	380,000	380,000
Transfers In - Capital Resources Fund		2,400,000
Transfers In - B&O	2,368,540	2,368,540
Total Revenues	2,748,540	5,148,540
Capital Projects & Expenditures		
Quiet Zone Improvements	300,000	2,700,000
Additional ADA Curb Ramps and Sidewalk	200,000	200,000
Residential Crack Sealing	130,000	130,000
Pavement Rating Consultant	75,000	75,000
Lane Line Markings aka Pavement Markings	300,000	300,000
Thermoplastic Pavement Markings	215,000	215,000
Crack Sealing	125,000	125,000
Guardrail Repairs	110,000	110,000
Sidewalk, Walking Path and ADA Improvements	450,000	450,000
Street Tree Replacement / Maintenance	375,000	375,000
Traffic Sign Replacement	250,000	250,000
Street Light Pole Damage Replacement	100,000	100,000
Traffic Loop Replacement	50,000	50,000
B&O Unallocated	68,540	68,540
Total Expenditures	2,748,540	5,148,540
Revenues Less Expenditures	-	-

LEOFF 1 RETIREE BENEFITS FUND

The LEOFF1 Retiree Benefits Fund was established to segregate funding and costs associated with the City's responsibility to cover any medical and health-related costs not covered by Medicare or other programs. There are approximately 75 former police and fire employees who retired under LEOFF1 and are covered under this program. Funding for these obligations comes from the General Fund.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	1,093,532	1,068,490	1,174,261	1,054,000	1,231,660
Revenues					
Interest Income	5,733	1,750	12,091	1,750	1,750
Contributions	779,382	896,980	927,306	941,730	941,730
Miscellaneous	175		95,888		
Transfers In	250,000	250,000	250,000	250,000	250,000
Total Revenues	1,035,289	1,148,730	1,285,285	1,193,480	1,193,480
Expenditures					
Blue Cross Claims	588,100	757,050	700,115	794,900	794,900
Blue Cross Admin Fees	47,958	52,000	43,072	52,520	52,520
Delta Dental Claims	36,372	24,330	31,674	25,550	25,550
Delta Dental Admin Fees	10,145	12,000	5,536	12,120	12,120
Vision Service Plan Claims	4,704	7,100	4,188	7,460	7,460
Vision Service Plan Admin Fees	1,497	1,900	1,356	1,920	1,920
Stop Loss Fees	47,318	50,000	53,741	50,000	50,000
Medical Reimbursements	202,473	242,000	312,452	242,000	242,000
Other Professional Services	15,994	16,840	17,340	10,080	10,080
Total Expenditures	954,561	1,163,220	1,169,474	1,196,550	1,196,550
Change in Fund Balance	80,728	(14,490)	115,811	(3,070)	(3,070)
ENDING FUND BALANCE	1,174,260	1,054,000	1,290,072	1,050,930	1,228,590

LODGING TAX FUND

The Lodging Tax Fund is used to account for the one percent tax allowed by RCW 67-28-180 on lodging at hotels, motels, and similar establishments, including bed and breakfasts and RV parks within Kent. These revenues may be used solely for tourism promotion and for the acquisition and/or operation of tourism-related facilities. Tourism promotion is defined as “activities, operations, and expenditures designed to increase tourism, including advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists developing strategies to expand tourism; operating tourism promotion agencies; and funding marketing of or the operation of special events and festivals designed to attract tourists.”

The Lodging Tax Advisory Board meets quarterly and sets the plan for spending funds within the parameters allowed by the RCW. Recent uses of the funds include marketing ShoWare Center, support for the Chamber of Commerce, sponsorship of special events which bring hotel guests, and branding activities.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	394,516	472,260	469,387	475,200	554,090
Revenues					
Lodging Tax	293,347	280,500	310,116	286,110	286,110
Interest Income	1,512	500	3,995	500	500
Total Revenues	294,859	281,000	314,111	286,610	286,610
Expenditures					
Services & Charges	10,311	16,560	16,681	17,190	17,250
Tourism Marketing	116,791	168,000	208,623	168,000	168,000
Tourism Unallocated	24,987	75,000	25,000	15,000	75,000
Tourism Chamber	18,500	18,500	18,500	18,500	18,500
Tourism Website	49,400				
ShoWare Marketing		60,000	60,000	60,000	60,000
Total Expenditures	219,989	338,060	328,804	278,690	338,750
Changes:					
Eliminate Communications Dept - redistribute Multimedia Projects and Events					60 60,000
Total Changes					60,060
Change in Fund Balance	74,870	(57,060)	(14,694)	7,920	(52,140)
ENDING FUND BALANCE	469,387	415,200	454,693	483,120	501,950

YOUTH / TEEN FUND

The Youth / Teen Fund was created to provide recreational activities for youth and teens in the City. The funding comes from a small portion of the utility taxes (0.3 percent of the first six percent). The Youth/Teen Fund transfers funds to the General Fund for a variety of youth and teen activities, such as after school programs, mobile technology, playground programs, the Phoenix Academy and teen internships, as well as funding the Teen Golf Program.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	121,275	95,580	91,130	82,180	84,030
Revenues					
Taxes:					
Water Utility Tax	56,219	60,600	65,099	61,810	61,810
Sewer Utility Tax	84,541	65,380	66,690	68,110	68,110
Drainage Utility Tax	57,990	85,610	88,124	86,410	86,410
Electric Utility Tax	370,368	355,280	386,241	357,050	357,050
Gas Utility Tax	91,654	101,090	110,481	101,340	101,340
Garbage Utility Tax	89,528	85,860	94,640	86,290	86,290
Telephone Utility Tax	159,985	174,430	146,728	174,860	174,860
Miscellaneous Revenue	1,569	350		350	350
Total Revenues	911,855	928,600	958,004	936,220	936,220
Expenditures					
Transfer to GF Youth/Teen Program	900,000	900,000	900,000	900,000	900,000
Teen Golf Program	42,000	42,000	42,000	42,000	42,000
Total Expenditures	942,000	942,000	942,000	942,000	942,000
Change in Fund Balance	(30,145)	(13,400)	16,004	(5,780)	(5,780)
ENDING FUND BALANCE	91,130	82,180	107,134	76,400	78,250

CAPITAL RESOURCES FUND

The Capital Resource Fund is the major source of general government capital funding in the City. The funding comes from a portion of the sales and tax, all of the real estate excise tax, and a portion of the internal utility tax (four percent of 13 percent). Through 2016, the fund also received any business and occupation tax revenues in excess of program administration costs and \$4.7 million for street capital. The Capital Resources Fund pays for debt service on bonds issued for capital projects and pay-as-you-go capital projects for general governmental purposes, including parks and information technology.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	5,755,064	10,212,480	11,277,727	7,452,910	10,932,430
Revenues					
Taxes:					
Sales & Use Tax	6,118,329	5,392,600	5,770,628	4,464,280	4,464,280
Utility Tax - 2% int util tax	1,325,005	1,408,750	1,464,068	1,440,320	1,440,320
Real Estate Excise Tax	6,427,334	3,400,000	7,210,964	3,400,000	4,800,000
Miscellaneous Revenue	72,684	2,620	70,970	2,620	2,620
Transfers In - 4% int util tax/B&O	6,808,294	5,209,990	5,515,343	2,522,540	2,522,540
Transfers In - GF	375,000	300,000	300,000	25,000	4,152,070
Total Revenues	21,126,646	15,713,960	20,331,973	11,854,760	17,381,830
Changes:					
Real Estate Excise Tax (REET)					1,400,000
Property Tax					4,127,070
Total Changes					5,527,070

CAPITAL RESOURCES FUND

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
Expenditures					
Transfer to Debt Service	10,339,015	10,483,530	10,279,638	10,040,110	10,180,430
Transfer to ShoWare Lifecycle	300,000	300,000	300,000	300,000	300,000
Transfer to Capital Projects:					
Sound Transit Light Rail	150,000				
Council Chambers Renovation					100,000
Place Making/Meet Me On Meeker	500,000	450,000	450,000	450,000	450,000
Parks Capital Projects	2,200,000	2,500,000	2,516,815	3,500,000	8,400,000
IT Capital Projects	1,000,000	1,750,000	1,750,000	1,250,000	1,250,000
Naden Ave & Willis St - right in/right out		250,000	250,000		
Downtown Strategic Action Plan Imp		50,000	33,186	50,000	50,000
Quiet Zone					2,400,000
Property Sales & Acquisitions	312,081	275,000	519,848		
Neighborhood Grant Matching	4,996	25,000	3,809	25,000	25,000
Judgments & Damages	759,969				
Total Expenditures	15,566,060	16,083,530	16,103,296	15,615,110	23,155,430
Changes:					
Debt Service - Other Capital Projects Fund					140,320
Transfer to Quiet Zone					2,400,000
Transfer to YMCA/Morrill Meadows					4,900,000
Transfer to Council Chambers Renovation					100,000
Total Changes					7,540,320
Change in Fund Balance	5,560,586	(369,570)	4,228,676	(3,760,350)	(5,773,600)
ENDING FUND BALANCE	11,315,650	9,842,910	15,506,403	3,692,560	5,158,830

CRIMINAL JUSTICE FUND

The Criminal Justice Fund is used to account for revenues that are restricted to criminal justice purposes, including a voter approved 0.1 percent sales tax, state shared revenues and grants. The City Council has further restricted the use of the sales tax, dedicating 11 percent to domestic violence. The Criminal Justice Funds are currently used to pay a portion of police costs and a large percentage of the prosecuting attorney costs in the Law Department, which includes domestic violence programs.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	3,981,628	5,413,490	5,697,717	5,996,190	6,220,420
Revenues					
Sales & Use Tax	2,618,657	2,457,910	2,696,799	2,531,650	2,531,650
Intergovernmental Revenue	712,332	732,895	783,626	255,130	255,130
Charges for Services	109,660	144,000	81,124	144,000	144,000
Fines and Forfeitures	1,413,939	1,144,500	1,517,733	1,144,500	1,144,500
Miscellaneous Revenue	55,705	5,120	58,644	4,120	4,120
Transfers In	270,594	1,203,680	1,226,761	121,500	121,500
Total Revenues	5,180,886	5,688,105	6,364,688	4,200,900	4,200,900
Expenditures					
Salaries & Benefits	2,464,086	3,332,085	2,729,319	2,887,550	3,237,010
Supplies	356,859	603,420	452,723	292,310	292,310
Services & Charges	823,546	1,595,540	1,527,536	906,900	905,980
Vehicles & Equipment	253,694	680,880	627,075		
Allocate to Annexation	(434,701)	(492,240)	(499,695)	(505,210)	(505,210)
Transfers Out	165,594	16,500	40,519	16,500	16,500
Total Expenditures	3,629,077	5,736,185	4,877,476	3,598,050	3,946,590

CRIMINAL JUSTICE FUND

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
Expenditures by Function					
Law - Prosecution	708,248	750,680	689,926	731,300	777,980
Law - Domestic Violence	178,275	185,470	179,078	190,880	193,490
KYFS - Youth Violence Prevention	25,000	25,000	25,000	25,250	25,250
Police	1,404,541	2,614,920	1,831,126	2,223,130	2,487,160
Police Special Programs	1,582,121	2,635,855	2,611,522	916,200	951,420
Allocate to Annexation	(434,701)	(492,240)	(499,695)	(505,210)	(505,210)
Transfers Out	165,594	16,500	40,519	16,500	16,500
Total Expenditures	3,629,077	5,736,185	4,877,476	3,598,050	3,946,590
Changes:					
Wage Increases (AF, TM, NR, Temps)					266,340
Medical Insurance - 20% rate increase					83,120
Liability Insurance - redistribution of costs					1,320
Liability Insurance - 10% rate increase					410
Multi-Function Devices (MFD) - copier redistribution					(2,650)
Total Changes					348,540
Change in Fund Balance	1,551,809	(48,080)	1,487,212	602,850	254,310
ENDING FUND BALANCE	5,533,437	5,365,410	7,184,930	6,599,040	6,474,730

HOUSING & COMMUNITY DEVELOPMENT FUND

The Housing and Community Development Fund is used to provide a portion of the social services within the City utilizing Community Development Block Grant awards from HUD. These revenues fund the Home Repair Program and contracts with local service providers.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
Revenues					
Block Grants - CDBG	826,210	1,056,020	895,427	1,056,260	1,056,260
Total Revenues	826,210	1,056,020	895,427	1,056,260	1,056,260
Expenditures					
Salaries & Benefits	503,434	555,010	516,802	560,690	595,890
Supplies	78,594	145,200	86,769	145,200	145,200
Services & Charges	244,182	355,810	291,857	350,370	315,170
Total Expenditures	826,210	1,056,020	895,427	1,056,260	1,056,260
Expenditures by Program					
Planning & Administration	117,865	212,290	134,980	211,250	211,250
Home Repair	564,129	685,530	623,213	686,570	686,570
Service Providers	144,217	158,200	137,235	158,440	158,440
Total Expenditures by Program	826,210	1,056,020	895,427	1,056,260	1,056,260

CITY ARTS PROGRAM FUND

The City Arts Program Fund is used to collect and account for the annual remainder of the General Fund \$2 per capita dedicated to the program. In the General Fund, the equivalent of one employee and related supplies and services are funded with the \$2 per capita. At the end of each year, the remaining balance is transferred to the City Arts Program Fund to accumulate and provide funding for art acquisition and projects.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	364,242	406,520	436,914	406,520	455,410
Revenues					
Transfers In - General Fund	135,731	116,520	129,338	113,850	115,650
Total Revenues	135,731	116,520	129,338	113,850	115,650
Changes:					
City Arts Program					1,800
Total Changes					1,800
Expenditures					
Supplies	14,503		15,025		
Services & Charges	48,556	116,520	21,434	113,850	115,650
Art			3,635		
Total Expenditures	63,059	116,520	40,094	113,850	115,650
Changes:					
City Arts Program					1,800
Total Changes					1,800
Change in Fund Balance	72,672	-	89,244	-	-
ENDING FUND BALANCE	436,914	406,520	526,158	406,520	455,410

SHOWARE OPERATING FUND

The ShoWare Operating Fund is used to track the operations of the 6,000 seat events center. The funding comes from the portion of admissions tax generated by the events center, as well as a contribution from the General Fund. The Capital Resources Fund provides regular funding for lifecycle maintenance and replacements.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	1,596,543	2,373,340	2,147,074	2,434,020	2,500,470
Revenues					
Other Revenue	462,443	524,800	518,118		
Transfer In - Admissions Tax	385,546	350,000	347,109	350,000	350,000
Transfer In - General Fund	500,000	500,000	500,000	500,000	500,000
Transfer In - Capital Resources	300,000	300,000	300,000	300,000	300,000
Total Revenues	1,647,988	1,674,800	1,665,226	1,150,000	1,150,000
Expenditures					
Services & Charges	761,052	816,900	278,744	807,220	777,220
Lifecycle Expenses	-		203,786	300,000	300,000
Supplies		165,000	100,219		
Capital Outlay	334,347	307,220	375,861		
Debt Service - Principal	2,058	25,000	24,796		24,800
Transfer Out - ShoWare POS		310,000	310,000		
Total Expenditures	1,097,457	1,624,120	1,293,406	1,107,220	1,102,020
Changes:					
Debt Service - SMG loan					(5,200)
Total Changes					(5,200)
Change in Fund Balance	550,531	50,680	371,821	42,780	47,980
ENDING FUND BALANCE	2,147,074	2,424,020	2,518,895	2,476,800	2,548,450

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources to be used for the retirement of general long-term debt. The City has two types of long-term debt for which resources are accumulated: general obligation (voted and councilmanic) and special assessment debt. Payment of voted debt service is funded with proceeds from a special property tax levy. The City does not currently have any voted debt. Councilmanic long-term debt obligations are primarily funded with transfers from the special revenue funds (Street Operating and Capital Resources), as well as a small portion from the water and sewerage utility funds.

Special assessments are collected on local improvement districts. An assessment is levied on each property owner within the boundaries of the improvement district and are generally paid over ten years. The annual proceeds are used to retire special assessment debt incurred to complete the project, whether it's bonded debt or internally financed.

NON-VOTED DEBT SERVICE FUND

The City of Kent issues non-voted general obligation debt, often referred to as limited tax general obligation (LTGO) debt. The payments on this debt are primarily funded by transfers from the Capital Resources Fund. In addition, the Street Operating Fund covers street-related bond issues. Water and Sewerage Funds also transfers a small amount to cover their respective portions of the maintenance shop land.

As a result of the 2015 bond refunding, the City began accumulating fund balance in this fund to provide consistency in the annual payments from the Parks REET monies. The 2015 refunding was split into a taxable and non-taxable portion and to save on interest costs, the City structured payments to pay the taxable debt first and the tax exempt debt afterward. Parks REET is responsible for the tax exempt payments and will experience a significant increase in debt service beginning in 2021. Instead, Parks REET will pay a consistent annual debt service through the life of the debt (2024).

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	8,329	-	521,394	464,830	977,890
Revenues					
Intergovernmental			887,946		
Other Sources	77,396,218				
Transfers In	9,185,104	10,781,240	9,893,283	10,531,820	10,531,820
Total Revenues	86,581,322	10,781,240	10,781,229	10,531,820	10,531,820
Expenditures					
Debt Refund Payment	76,539,984				
Debt Service - Principal	6,282,631	6,461,210	6,461,196	6,409,760	6,409,760
Debt Service - Interest	3,245,642	3,855,200	3,855,207	3,657,230	3,657,230
Total Expenditures	86,068,257	10,316,410	10,316,403	10,066,990	10,066,990
Expenditures by Bond Issue					
LTGO Taxable Bonds 2003	186,468	186,800	186,803	186,650	186,650
LTGO Refund 2005	301,875	313,990	313,993	320,220	320,220
LTGO Bonds 2008	1,296,063	869,250	869,250	834,750	834,750
LTGO Refund 2009	1,047,000	1,046,210	1,046,200	1,049,020	1,049,020
LTGO Refund 2012	1,357,125	1,345,020	1,345,025	1,336,410	1,336,410
LTGO Refund 2014	1,339,049	1,152,900	1,152,902	971,330	971,330
LTGO Refund 2015	1,069,983	1,036,770	1,036,765	1,004,590	1,004,590
LTGO Refund 2016	78,655,015	3,553,650	3,553,650	3,556,060	3,556,060
Other Non-Voted Debt	815,680	811,820	811,816	807,960	807,960
Total Expenditures	86,068,257	10,316,410	10,316,403	10,066,990	10,066,990
Change in Fund Balance	513,065	464,830	464,826	464,830	464,830
ENDING FUND BALANCE	521,394	464,830	986,220	929,660	1,442,720

SPECIAL ASSESSMENT DEBT SERVICE FUND

Special assessments are assigned to specific parcels of real property, providing the funding source for the retirement of local improvement district (LID) bonds and notes. If the LID funded project is still under construction, the special assessment proceeds may be transferred directly to the project. All payments are supported solely by the amounts received from the property owners who derived benefit from the improvement.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	2,070,434	2,119,290	1,188,906	1,094,840	59,010
Revenues					
Special Assessments	1,677,275	1,150,790	1,456,781	1,151,890	1,151,890
Interest Income	463,355	410,590	503,840	352,570	352,570
Other Revenue	10,502		18,952		
Total Revenues	2,151,133	1,561,380	1,979,573	1,504,460	1,504,460
Expenditures					
Transfers Out to Projects	2,318,805	1,960,830	1,960,830	938,470	938,470
Other Expenditures	4,305		3,613		
Debt Service - Principal	645,000	550,000	590,000	550,000	550,000
Debt Service - Interest	64,550	75,000	34,875	75,000	75,000
Total Expenditures	3,032,661	2,585,830	2,589,318	1,563,470	1,563,470
Change in Fund Balance	(881,528)	(1,024,450)	(609,745)	(59,010)	(59,010)
ENDING FUND BALANCE	1,188,906	1,094,840	579,161	1,035,830	-

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the financial resources segregated for the acquisition and/or construction of general government capital facilities and other major assets. Capital Projects Funds allow the City to carry over project budgets and costs from year to year until the project is completed. At year end, both completed and in progress projects are capitalized in the General Fixed Asset Account Group.

Potential financing for capital project activity includes, but is not limited to:

- ◆ Transfers from the General Fund or special revenue funds, such as the Street Operating Fund and Capital Resource Fund
- ◆ Issuance of general obligation debt, voted and/or councilmanic
- ◆ Formation of a local improvement district
- ◆ Federal, state and/or county grants
- ◆ Other contributions, transportation impact fees and donations

STREET CAPITAL PROJECTS FUND

The Street Capital Projects Fund is used to account for financial resources to be used for the acquisition and/or construction of major street capital improvements.

	2018 Original Budget	2018 Amended Budget
Revenues		
Transfers In - General Fund		
Transfers In - Capital Resources Fund		
Transfers In - LID Funded Projects	83,500	83,500
Transfers In - Solid Waste Utility Tax	2,840,870	2,840,870
Transfers In - B&O Tax	4,350,000	5,700,000
Total Revenues	7,274,370	8,624,370
Capital Projects & Expenditures		
121st Ave SE - SE 282nd St & SE 280th St	60,000	60,000
121st PL SE - SE 280th St to SE 277th PL	55,000	55,000
SE 254th PL - 116 Ave SE to 118 Ave SE @ Teresa Terrace	60,000	60,000
105th Ave SE - SE 235th St to 400 ft North of SE 235th St	50,000	50,000
108th Ave SE - SE 235th St to SE 232nd PL	60,000	60,000
North Peak Crest (137th Ave, 239th St)	60,000	60,000
264th PL - 116th Ave SE to SE 265th Ct (Fox Creek)	55,000	55,000
124th Ave SE - SE 256th St to SE 248th St	60,000	60,000
SE 248th St - 104th Ave SE to 109th Ave SE	60,000	60,000
SE 268th - Military Rd S to 46th Ave	550,000	550,000
Meridian Glen (Overlay)	900,000	900,000
Alderwood	300,000	300,000
103 PL SE - SE 204th St to North Cul-de-sac	100,000	100,000
Crosswalk Safety Improvements (Includes Removal)	150,000	150,000
Additional Street Light	100,000	100,000
Flashing Yellow Left Turn Arrows Phase 4 & 5	200,000	200,000
Traffic Signal Controller Cabinets and Signal Parts	300,000	300,000
Residential Traffic Calming Measures (e.g. Speed Radar Signs)	100,000	100,000
Concrete Sidewalk Replacement Program	700,000	700,000
James St - Central Ave N to Jason Ave N (Concrete Street)		1,000,000
East Valley Highway - between S 196th St and S 180th St	1,400,000	1,400,000
S 212th Way Overlay		350,000
S 212th St / S 208th St - SR 167 to 100th Ave SE	1,000,000	1,000,000
132nd Avenue Pedestrian Imp	121,190	121,190
S 212th St - Bridge at Green River - (Bridge Deck Resurfacing)	400,000	400,000
Return Street Monies for LID Funded Projects	83,500	83,500
Residential Street Unallocated	349,680	349,680
Total Expenditures	7,274,370	8,624,370
Revenues Less Expenditures	-	-

PARKS CAPITAL PROJECTS FUND

The Parks Capital Projects Fund is used to account for financial resources to be used for the acquisition and/or construction of major park facilities.

	2018 Original Budget	2018 Amended Budget
Revenues		
Transfers In - General Fund	2,000,000	3,000,000
Transfers In - Capital Resources Fund	500,000	1,700,000
Transfers In - REET 2	1,000,000	4,700,000
Transfers In - Drainage		600,000
Sale of Land		1,500,000
Fuel Tax	10,000	10,000
Total Revenues	3,510,000	11,510,000
Capital Projects & Expenditures		
Parks Lifecycle	580,000	580,000
Adopt-a-Park	25,000	25,000
Eagle Scout Volunteer Program	10,000	10,000
Master Plans	50,000	50,000
Architect/Engineering	40,000	40,000
Strategic Acquisitions	500,000	500,000
YMCA/Morrill Meadows		8,000,000
West Fenwick Park Renovation - Phase 2	1,375,000	1,375,000
Kent Memorial Park Renovation	620,000	620,000
Springwood Park Renovation	200,000	200,000
Mill Creek Earthworks Renovation	100,000	100,000
Paths & Trails	10,000	10,000
Total Expenditures	3,510,000	11,510,000
Revenues Less Expenditures	-	-

OTHER CAPITAL PROJECTS FUND

The Other Capital Projects Fund is used to account for the financial resources to be used for the acquisition and/or construction of major assets that do not fit into any other capital project category.

	2018 Original Budget	2018 Amended Budget
Revenues		
Transfers In - Capital Resources Fund	450,000	450,000
Total Revenues	450,000	450,000
Capital Projects & Expenditures		
Place Making - Meet Me On Meeker	450,000	450,000
Total Expenditures	450,000	450,000
Revenues Less Expenditures	-	-

IT CAPITAL PROJECTS FUND

The IT Capital Projects Fund is used to account for the financial resources to be used for the acquisition and/or development of major technological equipment, software and other one-time projects.

	2018 Original Budget	2018 Amended Budget
Revenues		
Transfers In - IT Operating	547,660	547,660
Transfers In - Capital Resources Fund	1,250,000	1,325,000
Total Revenues	1,797,660	1,872,660
Capital Projects & Expenditures		
Hardware Lifecycle Replacement	768,000	768,000
Permitting System Replacement (KIVA)	419,660	419,660
eFax/Email/File Record Retention Mgmt	50,000	50,000
Data & Records Mgmt - Dashboard and Collaboration	35,000	35,000
Security at RR Employee Parking Lot		75,000
Intranet Redesign	50,000	50,000
Avanti System Replacement	250,000	250,000
Parks Dashboard	150,000	150,000
Communications Dashboard	75,000	75,000
Total Expenditures	1,797,660	1,872,660
Revenues Less Expenditures	-	-

ENTERPRISE FUNDS

Enterprise Funds are used to account for the financing of services provided to residents and the general public, where all or most of the costs are paid for by user charges. These enterprises are operated in a manner similar to a private sector business. All revenues and expenditures, including debt service and capital costs, are consolidated to provide a more complete financial presentation. An analysis can easily be made to see the relationship between user charges and the total cost of operation.

Kent currently operates four enterprise funds:

- ◆ Water Utility Fund
- ◆ Sewerage Utility Fund (combines sewer and drainage)
- ◆ Solid Waste Utility Fund
- ◆ Golf Complex Fund

WATER UTILITY FUND

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	8,158,504	11,080,830	11,761,566	8,329,820	9,714,610
Revenues					
Charges for Services	18,751,378	20,389,000	21,810,968	20,796,640	20,796,640
System Dev/Connection Charges	1,495,241	980,000	1,986,572	980,000	980,000
Miscellaneous Revenue	846,052	217,500	651,606	217,500	217,500
Transfers In	4,838		500		
Operating Revenues	21,097,510	21,586,500	24,449,646	21,994,140	21,994,140
Transfers In - Debt Service	3,428,491	3,746,630	3,431,227	3,724,180	3,724,180
Total Revenues	24,526,000	25,333,130	27,880,873	25,718,320	25,718,320
Expenditures					
Salaries & Benefits	3,016,383	3,009,850	2,956,384	3,205,660	3,241,870
Supplies	745,453	665,240	621,832	671,300	671,300
Services & Charges	8,345,677	9,658,890	8,919,899	9,865,880	10,253,260
Vehicles & Equipment		90,000	17,661		
Cost Allocation	(480,711)	(500,000)	(506,142)	(500,000)	(500,000)
Transfers to Debt Service	46,894	46,860	47,360	46,980	46,980
Transfers to Capital Projects	3,009,738	7,450,000	7,450,000	6,750,000	7,772,500
Debt Service - Principal	1,971,528	2,024,030	2,024,028	2,044,030	2,044,030
Debt Service - Interest	1,571,379	1,722,600	1,611,727	1,680,150	1,680,150
Operating Expenditures	18,226,341	24,167,470	23,142,748	23,764,000	25,210,090
Transfers Out - Debt Service	3,428,491	3,746,630	3,431,227	3,724,180	3,724,180
Total Expenditures	21,654,832	27,914,100	26,573,975	27,488,180	28,934,270
Changes:					
Wage Increases (AF, TM, NR, Temps)					97,490
Non-Represented Salary Survey					54,190
Medical Insurance - 20% rate increase					64,610
Liability Insurance - redistribution of costs					(39,130)
Liability Insurance - 10% rate increase					3,890
Cell Phones - monthly plan costs					1,070
Eliminate Communications Dept - redistribute Multimedia					30
Position moved from Water to Street					(180,080)
PW Engineering Allocation					329,520
Utility Clearing Allocation					92,000
Transfer to East Hill Pressure Zone					1,000,000
Transfer for security at Russell Road employee parking lot					22,500
Total Changes					1,446,090
Change in Fund Balance	2,871,168	(2,580,970)	1,306,897	(1,769,860)	(3,215,950)
ENDING FUND BALANCE	11,029,672	8,499,860	13,068,464	6,559,960	6,498,660

WATER UTILITY FUND—CAPITAL PROJECTS

	2018 Original Budget	2018 Amended Budget
Revenues		
Transfers In - Water Operating	6,750,000	7,750,000
Total Revenues	6,750,000	7,750,000
Capital Projects & Expenditures		
Habitat Conservation Plan Implementation	2,450,000	2,450,000
E. Hill Pressure Zone PS (Blue Boy)		1,000,000
Misc Water; Piping Upgrades	500,000	500,000
Wellhead Protection	100,000	100,000
Security Improvements on Water Sites	50,000	50,000
224th St Phase II	500,000	500,000
Derbyshire Water Main Replacements	3,000,000	3,000,000
Pump Station 3 Electrical Upgrades	150,000	150,000
Total Expenditures	6,750,000	7,750,000
Revenues Less Expenditures	-	-

SEWERAGE UTILITY FUND

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	10,162,058	9,909,830	11,735,778	11,963,330	14,084,750
Revenues					
Charges for Services	47,523,526	49,814,800	49,959,391	51,070,560	51,070,560
System Dev/Connection Charges	974,973	750,000	1,807,815	750,000	750,000
Licenses and Permits	71,219	45,000	95,770	45,000	45,000
Intergovernmental	150,810		189,891		
Miscellaneous Revenue	3,013,923	48,500	368,848	48,500	48,500
Transfers In	19,694	4,100	4,100	3,770	3,770
Operating Revenues	51,754,144	50,662,400	52,425,815	51,917,830	51,917,830
Transfers In - Debt Service	1,535,497	1,614,440	1,461,278	1,537,520	1,537,520
Total Revenues	53,289,641	52,276,840	53,887,094	53,455,350	53,455,350
Expenditures					
Salaries & Benefits	4,480,272	5,008,950	4,340,012	5,081,610	5,480,330
Supplies	460,465	454,640	450,859	457,530	457,530
Services & Charges	33,424,983	35,101,290	35,023,828	35,696,940	36,536,680
Capital Outlay	323,426	422,500	284,186		146,000
Cost Allocation	(684,337)	(591,200)	(787,680)	(591,200)	(591,200)
Transfers to Debt Service	72,738	72,680	73,180	72,880	72,880
Transfers to Capital Projects	9,332,678	6,500,000	6,500,000	7,950,000	12,380,000
Debt Service - Principal	1,063,770	1,023,660	1,023,670	981,100	981,100
Debt Service - Interest	590,192	590,780	631,406	556,420	556,420
Operating Expenditures	49,064,187	48,583,300	47,539,462	50,205,280	56,019,740
Transfer Out - Debt Service	1,535,497	1,614,440	1,460,778	1,537,520	1,537,520
Total Expenditures	50,599,684	50,197,740	49,000,240	51,742,800	57,557,260
Changes:					
Wage Increases (AF, TM, NR, Temps)					54,970
Non-Represented Salary Survey					197,140
Medical Insurance - 20% rate increase					146,610
Liability Insurance - redistribution of costs and 10% rate increase					(50,310)
Utilities - city buildings					410
Cell Phones - monthly plan costs					(1,180)
Eliminate Communications Dept - redistribute Multimedia					10
PW Engineering Allocation					694,880
Utility Clearing Allocation					195,930
Public Works - Front Loader					146,000
Transfer for security at Russell Road employee parking lot					30,000
Transfer to Modular Building					300,000
Transfer to YMCA/Morrill Meadows Frontage Improvements					600,000
Transfer to Linda Heights Pump Station & GRNRA South Pump Station					2,500,000
Transfer to West Meeker Storm Drainage (RR-64th)					1,000,000
Total Changes					5,814,460
Change in Fund Balance	2,689,957	2,079,100	4,886,853	1,712,550	(4,101,910)
ENDING FUND BALANCE	12,852,015	11,988,930	16,622,631	13,675,880	9,982,840

SEWERAGE UTILITY FUND—CAPITAL PROJECTS

	2018 Original Budget	2018 Amended Budget
Revenues		
Transfer In - Spec Assessments	3,770	3,770
Transfers In - Sewer Operating	3,000,000	3,500,000
Transfers In - Drainage Operating	4,950,000	8,250,000
Total Revenues	7,953,770	11,753,770
Capital Projects & Expenditures		
Sewer Projects		
Linda Heights Pump Station		500,000
Misc Pump Station Replacements	500,000	500,000
Sewer Main Replacements	2,500,000	2,500,000
Total Sewer Projects	3,000,000	3,500,000
Drainage Projects		
Upper Mill Creek Dam	400,000	400,000
144th Ave Drainage Improvements	200,000	200,000
Mill Creek @ 76th Ave Flood Protection	1,000,000	1,000,000
Lower Russell Road Levee	100,000	100,000
Valley Channel Rehabilitation	1,200,000	1,200,000
Mill Creek Chandler Bay Culvert	300,000	300,000
Misc Drainage; Large Pipe/Culvert	300,000	300,000
S 224th St. Phase 2	1,000,000	1,000,000
W. Meeker Storm Russ Rd-64th		1,000,000
GRNRA South Pump Station		2,000,000
PW - Modular Building		300,000
Valley Creek System CLOMR	50,000	50,000
NPDES	200,000	200,000
Drainage Master Plan	200,000	200,000
Total Drainage Projects	4,950,000	8,250,000
Return Sewer Monies for LID Funded Project	3,770	3,770
Total Expenditures	7,953,770	11,753,770
Revenues Less Expenditures	-	-

SOLID WASTE UTILITY FUND

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	(365)	145,630	302,528	216,750	438,530
Revenues					
Charges for Services	607,071	600,000	598,539	600,000	600,000
Intergovernmental	165,387	299,710	150,636		
Miscellaneous Revenue	1,614		5,692		
Total Revenues	774,072	899,710	754,868	600,000	600,000
Expenditures					
Salaries & Benefits	259,000	435,040	424,632	427,310	444,870
Supplies	3,682		9,928		
Services & Charges	44,957	61,180	38,962	62,640	78,320
Vehicles & Equipment		35,000			
Cost Allocation	(36,501)		(46,927)		
Transfers Out	34,585				
Project Expenditures	165,458	299,710	151,368		
Total Expenditures	471,180	830,930	577,964	489,950	523,190
Changes:					
Wage Increases (AF, TM, NR, Temps)					(11,090)
Non-Represented Salary Survey					13,300
Medical Insurance - 20% rate increase					15,350
Utilities - city buildings					12,600
Cell Phones - monthly plan costs					3,020
Eliminate Communications Dept - redistribute Multimedia					60
Total Changes					33,240
Change in Fund Balance	302,892	68,780	176,904	110,050	76,810
ENDING FUND BALANCE	302,528	214,410	479,431	326,800	515,340

UTILITY CLEARING FUND

While the Utility Clearing Fund is not an Enterprise Fund, it is presented in this section as most of these costs are allocated amongst the utilities, with the remainder allocated to the Street Operating Fund.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
Expenditures					
Salaries & Benefits	4,270,983	4,429,160	4,279,785	4,468,320	4,823,830
Supplies	287,208	268,200	277,624	268,140	270,340
Services & Charges	2,826,275	2,923,000	2,929,959	2,960,570	2,991,700
Vehicles & Equipment	91,688				
Allocated to Utilities & Streets	(7,476,155)	(7,620,360)	(7,479,353)	(7,697,030)	(8,085,870)
Total Expenditures	-	-	8,014	-	-
Expenditures by Function					
Finance Customer Services	2,678,130	2,899,500	2,704,574	2,910,260	2,910,200
Finance Meter Services	431,426	443,600	433,893	447,110	468,260
PWO Administration	1,702,392	1,610,900	1,477,334	1,649,100	1,761,830
PWO Warehouse	534,152	524,570	539,443	531,390	556,210
PWO Vegetation	2,130,055	2,141,790	2,332,124	2,159,170	2,389,370
Allocated to Utilities & Streets	(7,476,155)	(7,620,360)	(7,479,353)	(7,697,030)	(8,085,870)
Total Expenditures	-	-	8,014	-	-
Changes:					
Wage Increases (AF, TM, NR, Temps)					180,740
Non-Represented Salary Survey					42,430
Medical Insurance - 20% rate increase					132,340
Liability Insurance - redistribution of costs					(12,640)
Liability Insurance - 10% rate increase					1,550
Utilities - city buildings					19,040
Cell Phones - monthly plan costs					7,410
Multi-Function Devices (MFD) - copier redistribution					10,270
Eliminate Communications Dept - redistribute Multimedia					(1,670)
Utility Clearing - allocated to Streets & Utilities					(379,470)
Total Changes					-

GOLF COMPLEX FUND

Note: The City has entered into a contract to sell part of the golf properties in 2018. Phase 1 is expected to close in 2018 and the remaining portion sometime thereafter. The proceeds will eliminate the deficit fund balance in this fund. Further, the City is in the process of analyzing our service delivery model for our golf operations to determine if adjustments are necessary.

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	(3,043,675)	(3,723,680)	(3,768,127)	(3,670,040)	(4,273,030)
Revenues					
18 Hole Course	1,293,866	1,470,420	1,261,998	1,470,420	1,470,420
Par 3 Course	214,032	292,580	183,449	292,580	292,580
Driving Range	564,782	624,250	598,457	624,250	624,250
Merchandising	371,118	450,000	328,455	450,000	450,000
Miscellaneous Revenue	31,885	34,160	119,269	34,160	34,160
Sale of Land		500,000	500,000		
Transfer In			22,900		
Total Revenues	2,475,682	3,371,410	3,014,527	2,871,410	2,871,410
Expenditures					
Salaries & Benefits	1,406,036	1,404,240	1,469,066	1,414,140	1,498,830
Supplies	569,184	609,350	477,249	615,300	615,300
Services	898,796	806,750	846,629	825,470	817,860
Other Expenditures	14,747		38,364		
Transfer To Golf Capital Projects	300,000	250,000	250,000		
Total Expenditures	3,188,762	3,070,340	3,081,308	2,854,910	2,931,990
Changes:					
Wage Increases (AF, TM, NR, Temps)					42,500
Non-Represented Salary Survey					5,650
Medical Insurance - 20% rate increase					36,540
Liability Insurance - redistribution of costs					(10,300)
Liability Insurance - 10% rate increase					(900)
Utilities - city buildings					2,830
Multi-Function Devices (MFD) - copier redistribution					730
Eliminate Communications Dept - redistribute Multimedia					30
Total Changes					77,080
Change in Fund Balance	(713,080)	301,070	(66,781)	16,500	(60,580)
ENDING FUND BALANCE	(3,756,755)	(3,422,610)	(3,834,908)	(3,653,540)	(4,333,610)

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of specific services performed by organizations within the City for other organizations within the City. In this manner, the efficiency of centralized City services can be obtained while still being able to distribute the cost of these services to user organizations. These services are "sold" to other funds at cost plus a reserve for future needs.

The City maintains the following Internal Service Funds:

- ◆ Fleet Services—acquisition, maintenance and lifecycle replacement of vehicles and equipment
- ◆ Central Stores— postage and office supplies
- ◆ Information Technology—acquisition, maintenance and lifecycle replacement of technology equipment and software systems
- ◆ Facilities—acquisition, maintenance and lifecycle renovations of buildings and grounds
- ◆ Insurance—self-insurance, including unemployment, workers compensation, employee health and wellness, liability and property

FLEET SERVICES FUND

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	4,301,237	5,380,600	5,134,423	5,402,480	4,718,120
Revenues					
Fleet Operations	3,352,437	3,196,010	3,220,645	3,241,270	3,241,270
Fleet Replacement	1,381,429	1,499,890	1,502,149	1,499,890	1,499,890
Miscellaneous Revenue	35,135	20,000	178,657	20,000	20,000
Total Revenues	4,769,001	4,715,900	4,901,452	4,761,160	4,761,160
Expenditures					
Salaries & Benefits	1,019,663	1,073,140	976,394	1,082,130	1,139,840
Supplies	1,098,422	1,504,590	899,889	1,519,610	1,519,610
Services & Charges	718,518	626,610	847,717	639,430	653,760
Vehicles & Equipment	1,137,829	2,493,500	1,440,654	1,500,000	3,000,000
Operating Expenditures	3,974,431	5,697,840	4,164,654	4,741,170	6,313,210
Transfers Out to Projects					1,750,000
Total Expenditures	3,974,431	5,697,840	4,164,654	4,741,170	8,063,210
Changes:					
Wage Increases (AF, TM, NR, Temps)					25,180
Non-Represented Salary Survey					19,550
Medical Insurance - 20% rate increase					12,980
Liability Insurance - redistribution of costs					(3,350)
Liability Insurance - 10% rate increase					320
Cell Phones - monthly plan costs					510
Multi-Function Devices (MFD) - copier redistribution					1,260
Additional Vehicle Replacements					1,500,000
Utility Clearing Allocation					15,590
Transfer to Fuel Island					1,750,000
Total Changes					3,322,040
Change in Fund Balance	794,570	(981,940)	736,798	19,990	(3,302,050)
ENDING FUND BALANCE	5,095,807	4,398,660	5,871,221	5,422,470	1,416,070

FLEET SERVICES FUND PROJECTS

	2018 Original Budget	2018 Amended Budget
Revenues		
Transfers In - Fleet Operating	-	1,750,000
Total Revenues	-	1,750,000
Capital Projects & Expenditures		
Fleet Fuel Island Replacement	-	1,750,000
Total Expenditures	-	1,750,000
Revenues Less Expenditures	-	-

CENTRAL STORES FUND

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	(46,226)	(63,568)	(63,568)	(5,040)	(56,770)
Revenues					
Central Stores Sales	171,878	236,180	168,769	236,180	236,180
Postage Sales	210,566	210,330	181,833	213,130	213,130
Total Revenues	382,444	446,510	350,602	449,310	449,310
Expenditures					
Central Stores	171,781	204,120	144,861	204,120	204,120
Postage	228,006	217,030	145,287	217,030	217,030
Total Expenditures	399,786	421,150	290,147	421,150	421,150
Change in Fund Balance	(17,342)	25,360	60,455	28,160	28,160
ENDING FUND BALANCE	(63,568)	(38,208)	(3,113)	23,120	(28,610)

INFORMATION TECHNOLOGY FUND

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	2,808,737	3,153,500	3,640,615	2,622,660	2,911,720
Revenues					
Utility Tax	1,518,555	1,481,000	1,513,586	1,488,410	1,488,410
Intergovernmental - RFA	539,833	496,580	546,104	501,540	501,540
IT Services - Outside	52,946	53,500	51,878	53,500	53,500
Technology Fees	525,819	486,000	595,545	486,000	486,000
IT Internal Contributions	5,080,650	5,444,980	5,413,360	5,638,130	5,604,310
Miscellaneous Revenue	30		38,242		
Total Revenues	7,717,834	7,962,060	8,158,714	8,167,580	8,133,760
Changes:					
Information Technology					(33,820)
Total Changes					(33,820)
Expenditures					
Salaries & Benefits	3,402,086	4,671,520	4,358,036	4,863,650	4,992,020
Supplies	184,837	331,060	454,363	271,680	331,060
Services & Charges	2,226,122	3,160,640	2,770,840	3,153,370	3,229,950
Vehicles & Equipment	33,609		-		
Allocate to Annexation	(379,967)	(370,250)	(403,397)	(372,100)	(372,100)
Transfer to IT Capital Projects	1,438,390	995,460	995,460	547,660	547,660
Total Expenditures	6,905,076	8,788,430	8,175,302	8,464,260	8,728,590
Changes:					
Wage Increases (AF, TM, NR, Temps)					92,750
Non-Represented Salary Survey					35,620
Liability Insurance - redistribution of costs					26,030
Liability Insurance - 10% rate increase					5,870
Utilities - city buildings					3,570
Cell Phones - monthly plan costs					153,950
Multi-Function Devices (MFD) - copier redistribution					24,470
Eliminate Communications Dept - remove allocation to Multimedia					(106,940)
Eliminate Communications Dept - redistribute Multimedia					(63,990)
Establish budgets for new IT Divisions					93,000
Total Changes					264,330
Change in Fund Balance	812,757	(826,370)	(16,589)	(296,680)	(594,830)
ENDING FUND BALANCE	3,621,494	2,327,130	3,624,027	2,325,980	2,316,890

FACILITIES FUND

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	1,672,947	2,123,580	2,340,684	2,006,890	2,132,180
Revenues					
Intergovernmental - RFA	951,552	183,860	144,245	183,960	183,960
Rental Fees - Internal	4,347,430	4,477,750	4,477,750	4,567,340	4,653,700
Miscellaneous Revenue	99,873	66,920	115,528	66,920	66,920
Transfers In	681,000				
Total Revenues	6,079,855	4,728,530	4,737,522	4,818,220	4,904,580
Changes:					
Facilities					86,360
Total Changes					86,360
Expenditures					
Salaries & Benefits	2,122,861	2,137,420	1,927,555	2,145,150	2,250,770
Supplies	335,981	293,260	268,171	293,260	293,260
Services & Charges	2,307,280	1,879,250	1,840,224	1,888,350	1,974,700
Vehicles & Equipment	7,743				
Transfers Out to Projects	541,000	726,000	726,000	591,000	591,000
Total Expenditures	5,314,865	5,035,930	4,761,950	4,917,760	5,109,730
Changes:					
Wage Increases (AF, TM, NR, Temps)					60,900
Non-Represented Salary Survey					2,580
Medical Insurance - 20% rate increase					42,140
Liability Insurance - redistribution of costs					2,040
Liability Insurance - 10% rate increase					700
Utilities - city buildings					86,360
Cell Phones - monthly plan costs					1,780
Multi-Function Devices (MFD) - copier redistribution					790
Eliminate Communications Dept - redistribute Multimedia					10
Remove Fire Station 75 Property Insurance					(5,330)
Total Changes					191,970
Change in Fund Balance	764,989	(307,400)	(24,427)	(99,540)	(205,150)
ENDING FUND BALANCE	2,437,936	1,816,180	2,316,257	1,907,350	1,927,030

FACILITIES FUND—CAPITAL PROJECTS

	2018 Original Budget	2018 Amended Budget
Revenues		
Transfers In - Facilities Operating	591,000	691,000
Total Revenues	591,000	691,000
Capital Projects & Expenditures		
HVAC Replacements (Lifecycle)	100,000	100,000
Emergency Facility Repairs	47,000	47,000
Kitchen Equipment (Lifecycle)	20,000	20,000
Roof Repairs (Lifecycle)	35,000	35,000
Kent Pool Lifecycle	25,000	25,000
Centennial Center Reseal	50,000	50,000
Council Chambers Renovations		100,000
Flooring Covering Replacement	200,000	200,000
Facilities Card Access	114,000	114,000
Total Expenditures	591,000	691,000
Revenues Less Expenditures	-	-

INSURANCE FUND—UNEMPLOYMENT

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	1,038,938	1,308,940	1,332,446	1,261,830	1,374,450
Revenues					
Contributions - Unemployment	412,779	120,700	152,568	120,700	120,700
Miscellaneous Revenue	7,447	1,000	12,337	1,000	1,000
Total Revenues	420,226	121,700	164,905	121,700	121,700
Expenditures					
Salaries & Benefits	23,390	26,050	25,408	26,420	28,870
Supplies					
Services & Charges	2,895	3,000	2,796	3,000	3,000
Unemployment - Claims Paid	100,433	140,000	46,950	140,000	140,000
Total Expenditures	126,718	169,050	75,154	169,420	171,870
Changes:					
Wage Increases (AF, TM, NR, Temps)					680
Non-Represented Salary Survey					1,490
Medical Insurance - 20% rate increase					280
Total Changes					2,450
Change in Fund Balance	293,508	(47,350)	89,750	(47,720)	(50,170)
ENDING FUND BALANCE	1,332,446	1,261,590	1,422,197	1,214,110	1,324,280

INSURANCE FUND—WORKERS COMPENSATION

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	2,541,813	2,638,040	2,050,640	2,264,560	2,287,920
Revenues					
Contributions - Unemployment	1,119,404	1,020,000	1,033,144	1,020,000	1,071,000
Miscellaneous Revenue	81,071	3,800	43,908	3,800	3,800
Transfers In					
Total Revenues	1,200,476	1,023,800	1,077,051	1,023,800	1,074,800
Changes:					
Workers Compensation					51,000
Total Changes					51,000
Expenditures					
Salaries & Benefits	93,555	104,030	101,633	105,550	115,440
Judgments & Damages	1,020,447	925,000	535,009	950,000	950,000
Liability Insurance	66,530	73,180	71,588	80,500	80,500
Intergovernmental Services	129,858	140,000	146,370	140,000	140,000
Administrative Costs	79,013	60,000	59,321	60,000	60,000
Other Expenses	16,665	16,000	16,372	16,000	16,000
Safety Program	30,707	80,000	20,681	80,000	80,000
Total Expenditures	1,436,775	1,398,210	950,974	1,432,050	1,441,940
Changes:					
Wage Increases (AF, TM, NR, Temps)					2,810
Non-Represented Salary Survey					5,960
Medical Insurance - 20% rate increase					1,120
Total Changes					9,890
Change in Fund Balance	(236,300)	(374,410)	126,077	(408,250)	(367,140)
ENDING FUND BALANCE	2,305,514	2,263,630	2,176,716	1,856,310	1,920,780

INSURANCE FUND—HEALTH & WELLNESS

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	6,122,922	4,797,500	4,681,152	1,944,100	3,047,140
Revenues					
Blue Cross - City	7,202,968	7,361,550	7,573,643	7,545,590	9,054,710
Group Health - City	278,545	315,000	355,873	321,300	345,000
HSA - City	1,920,217	1,998,750	1,941,442	2,048,720	2,458,460
Blue Cross - Employee	617,459	627,300	607,060	639,850	767,820
Group Health - Employee	34,902	40,000	44,421	40,800	45,000
Blue Cross - Cobra	40,192	75,000	35,460	75,000	30,000
Miscellaneous Revenue	234,642	15,000	65,411	15,000	295,000
Transfers In	360,000	750,000	750,000		
Total Revenues	10,688,926	11,182,600	11,373,311	10,686,260	12,995,990
Changes:					
Medical Insurance					2,309,730
Total Changes					2,309,730
Expenditures					
Salaries & Benefits	(48,691)		1,084		
Claims Paid	10,662,165	12,233,000	11,781,669	10,342,660	12,896,230
Group Health Premiums	313,447	355,000	400,294	362,100	390,000
Third Party Admin Fees	554,409	547,500	495,989	558,450	540,300
Stop Loss Fees	440,707	440,000	540,056	440,000	590,000
Wellness Program	96,678	128,000	98,183	128,000	128,000
City Paid HSA Contributions		200,000		200,000	
Transitional Reinsurance	47,844	48,000			
Other Professional Services	57,127	75,000	42,657	75,000	75,000
Other Expenses	7,010	9,500	7,630	9,500	10,420
Total Expenditures	12,130,696	14,036,000	13,367,562	12,115,710	14,629,950
Changes:					
Medical Claims					2,514,240
Total Changes					2,514,240
Change in Fund Balance	(1,441,770)	(2,853,400)	(1,994,251)	(1,429,450)	(1,633,960)
ENDING FUND BALANCE	4,681,152	1,944,100	2,686,901	514,650	1,413,180

INSURANCE FUND—LIABILITY INSURANCE

	2016 Actual	2017 Adjusted Budget	2017 December YTD	2018 Original Budget	2018 Amended Budget
BEGINNING FUND BALANCE	2,452,656	1,817,260	1,754,057	1,203,160	1,176,670
Revenues					
Contributions - Insurance	1,130,060	1,243,000	1,243,000	1,367,300	1,504,060
Miscellaneous Revenue	16,967	6,000	9,178	6,000	6,000
Reimbursements		810,700	822,778		
Transfers In	300,000				
Total Revenues	1,447,027	2,059,700	2,074,956	1,373,300	1,510,060
Changes:					
Liability Insurance					136,760
Total Changes					136,760
Expenditures					
Salaries & Benefits	93,355	104,030	101,633	105,550	115,440
Claims & Judgments	1,231,155	1,860,700	1,840,202	900,000	900,000
Insurance Premiums	668,406	750,000	750,343	750,000	750,000
Other Expenses	152,712	160,000	161,407	160,000	160,000
Total Expenditures	2,145,627	2,874,730	2,853,586	1,915,550	1,925,440
Changes:					
Wage Increases (AF, TM, NR, Temps)					2,810
Non-Represented Salary Survey					5,960
Medical Insurance - 20% rate increase					1,120
Total Changes					9,890
Change in Fund Balance	(698,599)	(815,030)	(778,630)	(542,250)	(415,380)
ENDING FUND BALANCE	1,754,056	1,002,230	975,427	660,910	761,290

INSURANCE FUND—PROPERTY INSURANCE

	2016	2017	2017	2018	2018
	Actual	Adjusted Budget	December YTD	Original Budget	Amended Budget
BEGINNING FUND BALANCE	348,579	531,548	531,548	487,720	646,350
Revenues					
Contributions - Insurance	627,267	554,770	558,094	571,200	565,870
Miscellaneous Revenue	838	50	3,676	50	50
Total Revenues	628,105	554,820	561,770	571,250	565,920
Changes:					
Property Insurance					(5,330)
Total Changes					(5,330)
Expenditures					
Salaries & Benefits	23,389	26,050	25,408	26,420	28,870
Insurance Premiums	412,669	450,000	384,039	472,500	472,500
Claims & Deductibles	9,078	25,000	21,837	25,000	25,000
Other Expenses			5,000		
Total Expenditures	445,135	501,050	436,283	523,920	526,370
Changes:					
Wage Increases (AF, TM, NR, Temps)					680
Non-Represented Salary Survey					1,490
Medical Insurance - 20% rate increase					280
Total Changes					2,450
Change in Fund Balance	182,969	53,770	125,487	47,330	39,550
ENDING FUND BALANCE	531,548	585,318	657,035	535,050	685,900

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APPENDIX

The Appendix section contains information supporting the budget, including City taxes and rates, budget-related ordinances and a glossary of commonly used terms. It also includes lists of job and salary classifications.

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CITY TAXES AND TAX RATES

EFFECTIVE JANUARY 2018

PROPERTY TAX LEVY

per \$1,000 assessed valuation \$ 1.62704

SALES TAX RATE

State	6.5%
King County	1.2%
Regional Transit Authority (effective 4/1/2017)	1.4%
City of Kent	0.9%
Total Sales Tax Rate	10.0%

BUSINESS & OCCUPATION TAX RATES

Per Gross Receipts - \$250,000 annual threshold	
Retail	0.046%
Manufacturing	0.046%
Wholesale	0.152%
Services	0.152%
Per Square Footage	
Warehouses	\$0.03
Others	\$0.01

OTHER CITY TAXES AND TAX RATES

Electric Utility Tax	6.0%
Natural Gas Utility Tax	6.0%
Telephone Utility Tax	6.0%
Cable Television Utility Tax	6.0%
Garbage Utility Tax	18.4%
Water Utility Tax	13.0%
Sewer Utility Tax	9.5%
Stormwater Utility Tax	19.5%
Gambling Taxes:	
Card Rooms *	11.0%
Punch Board and Pull Tabs **	10.0%
Bingo and Raffles **	5.0%
Amusement Games **	2.0%

* applied on gross receipts

** applied on gross receipts net of the amount awarded as prizes

JOB AND SALARY CLASSIFICATION

ELECTED OFFICIALS

Job Classification	Range	Annual Salary
Mayor	*NMAYOR	148,620
Council President	*EEO	16,008
Council Member	*EEO	15,180
Judge	LV2	153,037

*Salaries to be established by ordinance, authorized by Ordinance # 4169 (September 2015) and Ordinance #4183 (December 2015)

JOB AND SALARY CLASSIFICATION

DEPARTMENT DIRECTORS

Job Classification	Range	Annual Salary		
		Low	Mid	High
Chief Administrative Officer	LV1	148,000	180,500	213,000
Court Administrator	LV2	119,316	152,158	185,000
Director-City Attorney	LV2	119,316	152,158	185,000
Director-Economic & Community Dev	LV2	119,316	152,158	185,000
Director-Employee Services	LV2	119,316	152,158	185,000
Director-Finance	LV2	119,316	152,158	185,000
Director-Info Technology	LV2	119,316	152,158	185,000
Director-Parks	LV2	119,316	152,158	185,000
Director-Police Chief	LV2	119,316	152,158	185,000
Director-Public Works	LV2	119,316	152,158	185,000

CITY ATTORNEY'S OFFICE

Non Union Positions Paid On Merit System

Job Classification	Range	Annual Salary		
		Low	Mid	High
Civil Attorney	NATY	75,552	97,146	118,740
Prosecuting Attorney	NATY	75,552	97,146	118,740
Senior Assistant City Attorney	NSATY	89,532	111,138	132,744
Chief Prosecuting Attorney	NCPA	95,544	115,806	136,068
Deputy City Attorney	NDCA	106,464	129,084	151,704

Number of Employees as of January 1, 2018: 10

JOB AND SALARY CLASSIFICATION

AFSCME LOCAL 2617

Job Classification	Range	Step and Annual Salary				
		A	B	C	D	E
Custodian	15	41,172	43,176	45,336	47,664	50,112
Parking Enforcement Assistant	18	44,232	46,464	48,816	51,432	54,024
Custodial Lead	20	46,464	48,816	51,432	54,024	56,880
Office Technician 3	20	46,464	48,816	51,432	54,024	56,880
Printing Technician	20	46,464	48,816	51,432	54,024	56,880
Accounting Services Assistant 3	22	48,816	51,432	54,024	56,880	59,568
Customer Services Representative	22	48,816	51,432	54,024	56,880	59,568
Legal Secretary 1	22	48,816	51,432	54,024	56,880	59,568
Police Records Specialist	22	48,816	51,432	54,024	56,880	59,568
Administrative Assistant 1	23	50,112	52,644	55,296	58,044	60,960
Evidence Custodian	23	50,112	52,644	55,296	58,044	60,960
Accounting Technician	25	52,644	55,296	58,044	60,960	64,092
Administrative Assistant 2	27	55,296	58,044	60,960	64,092	67,404
Contract Specialist	27	55,296	58,044	60,960	64,092	67,404
Development Permit Technician	27	55,296	58,044	60,960	64,092	67,404
Ergonomics & Fac Services Specialist	27	55,296	58,044	60,960	64,092	67,404
Multi Media Specialist 2	27	55,296	58,044	60,960	64,092	67,404
Planning Technician	27	55,296	58,044	60,960	64,092	67,404
Property Management Technician	27	55,296	58,044	60,960	64,092	67,404
Evidence Technician	28	56,880	59,568	62,616	65,796	68,964
Police Corrections Officer	28	56,880	59,568	62,616	65,796	68,964
Graphics Specialist 3	29	58,044	60,960	64,092	67,404	70,740
Police Records Supervisor	29	58,044	60,960	64,092	67,404	70,740
B&O Financial Analyst	30	59,568	62,616	65,796	68,964	72,468
Facilities Services Supervisor	30	59,568	62,616	65,796	68,964	72,468
Financial Analyst	30	59,568	62,616	65,796	68,964	72,468
Paralegal	30	59,568	62,616	65,796	68,964	72,468
Admin Services Supervisor	32	62,616	65,796	68,964	72,468	76,116
Deputy City Clerk	32	62,616	65,796	68,964	72,468	76,116
Evidence Technician Supervisor	32	62,616	65,796	68,964	72,468	76,116
Financial Services Supervisor	32	62,616	65,796	68,964	72,468	76,116
Permit Center Supervisor	32	62,616	65,796	68,964	72,468	76,116
Public Disclosure Administrator	32	62,616	65,796	68,964	72,468	76,116
Records Management Officer	32	62,616	65,796	68,964	72,468	76,116
Accountant	34	65,796	68,964	72,468	76,116	79,992
B&O Desk Auditor	34	65,796	68,964	72,468	76,116	79,992
Code Enforcement Officer	34	65,796	68,964	72,468	76,116	79,992
Community Education Coordinator	34	65,796	68,964	72,468	76,116	79,992
Creative Art Dir Coordinator	34	65,796	68,964	72,468	76,116	79,992
Police Crime Analyst	34	65,796	68,964	72,468	76,116	79,992

JOB AND SALARY CLASSIFICATION

AFSCME LOCAL 2617

Job Classification	Range	Step and Annual Salary				
		A	B	C	D	E
Research & Development Analyst	34	65,796	68,964	72,468	76,116	79,992
Tax & License Compliance Officer	34	65,796	68,964	72,468	76,116	79,992
Video Program Coordinator	34	65,796	68,964	72,468	76,116	79,992
Combination Building Inspector	35	67,404	70,740	74,352	78,072	81,948
Police Corrections Sergeant	35	67,404	70,740	74,352	78,072	81,948
Lead Combo Building Inspector	37	70,740	74,352	78,072	81,948	86,256
Payroll Business Analyst	37	70,740	74,352	78,072	81,948	86,256
Plans Examiner	37	70,740	74,352	78,072	81,948	86,256
Senior Financial Analyst	37	70,740	74,352	78,072	81,948	86,256
Lead Plans Examiner	39	70,740	74,352	78,072	81,948	86,256
Senior Accountant	41	78,072	81,948	86,256	90,552	95,136
B & O Program Auditor	42	80,016	84,024	88,224	92,628	97,260

Number of Employees as of January 1, 2018: 146
(Includes vacant positions)

Contract Expiration: December 31, 2019

Longevity Schedule	
5 years	1% of Base Salary
10 years	2% of Base Salary
15 years	3% of Base Salary
20 years	4% of Base Salary

JOB AND SALARY CLASSIFICATION

NON-REPRESENTED

Job Classification	Range	Step and Annual Salary				
		A	B	C	D	E
Van Driver	16	42,204	44,220	46,452	48,816	51,420
Accounting Services Assistant 3	23	50,076	52,632	55,272	58,044	60,948
Administrative Assistant 1	23	50,076	52,632	55,272	58,044	60,948
Assistant Golf Professional	24	51,420	54,000	56,880	59,532	62,592
Parks Program Assistant	24	51,420	54,000	56,880	59,532	62,592
Judicial Specialist	26	54,000	56,880	59,532	62,592	65,772
Administrative Assistant 2	27	55,272	58,044	60,948	64,068	67,392
Civil Legal Secretary	27	55,272	58,044	60,948	64,068	67,392
Court Security Officer	27	55,272	58,044	60,948	64,068	67,392
Parks Program Assistant 2	27	55,272	58,044	60,948	64,068	67,392
Parks Systems Support Specialist	27	55,272	58,044	60,948	64,068	67,392
Human Services Specialist	28	56,880	59,532	62,592	65,772	68,940
Parks/Fac Planning & Dev Specialist	28	56,880	59,532	62,592	65,772	68,940
Engineering Technician 1	29	58,044	60,948	64,068	67,392	70,728
Golf Professional	29	58,044	60,948	64,068	67,392	70,728
Recreation Facility Lead	30	59,532	62,592	65,772	68,940	72,456
Cross Connect Control Assistant	31	60,948	64,068	67,392	70,728	74,340
Lead Judicial Specialist	31	60,948	64,068	67,392	70,728	74,340
Project Coordinator	31	60,948	64,068	67,392	70,728	74,340
Trainer	31	60,948	64,068	67,392	70,728	74,340
Administrative Assistant 3	32	62,592	65,772	68,940	72,456	76,104
Technical Support Specialist 2	32	62,592	65,772	68,940	72,456	76,104
Training Development Coordinator	32	62,592	65,772	68,940	72,456	76,104
Construction Inspector	33	64,068	67,392	70,728	74,340	78,060
Cross Connect Control Inspector	34	65,772	68,940	72,456	76,104	79,992
Engineering Technician 2	34	65,772	68,940	72,456	76,104	79,992
Golf Accounting Supervisor	34	65,772	68,940	72,456	76,104	79,992
Parks Program Coordinator	34	65,772	68,940	72,456	76,104	79,992
Probation Officer	34	65,772	68,940	72,456	76,104	79,992
Signal Technician	34	65,772	68,940	72,456	76,104	79,992
Storm/ Drain Facilities Inspector	34	65,772	68,940	72,456	76,104	79,992
Head Golf Professional	35	67,392	70,728	74,340	78,060	81,924
CTR Program Coordinator	36	68,940	72,456	76,104	79,992	84,204
Executive Assistant/ Mgmt Analyst	36	68,940	72,456	76,104	79,992	84,204
Survey Party Chief	36	68,940	72,456	76,104	79,992	84,204
Survey Project Coordinator	36	68,940	72,456	76,104	79,992	84,204
Human Resources Analyst	37	70,728	74,340	78,060	81,924	86,244
Human Services Coordinator	37	70,728	74,340	78,060	81,924	86,244
Legal Analyst	37	70,728	74,340	78,060	81,924	86,244

JOB AND SALARY CLASSIFICATION

NON-REPRESENTED

Job Classification	Range	Step and Annual Salary				
		A	B	C	D	E
Network Specialist	37	70,728	74,340	78,060	81,924	86,244
Planner	37	70,728	74,340	78,060	81,924	86,244
Senior Construction Inspector	37	70,728	74,340	78,060	81,924	86,244
Park/Fac Planning & Dev Coordinator	38	72,456	76,104	79,992	84,204	88,464
Senior Signal Technician	38	72,456	76,104	79,992	84,204	88,464
Capital Projects Administrator	39	74,340	78,060	81,924	86,244	90,540
Communications Coordinator	39	74,340	78,060	81,924	86,244	90,540
Conservation Coordinator	39	74,340	78,060	81,924	86,244	90,540
Neighborhood Program Coordinator	39	74,340	78,060	81,924	86,244	90,540
Civil Engineering Designer I	40	76,104	79,992	84,204	88,464	92,868
Engineer 1	40	76,104	79,992	84,204	88,464	92,868
Engineer Project Coordinator	40	76,104	79,992	84,204	88,464	92,868
Engineering Technician 3	40	76,104	79,992	84,204	88,464	92,868
Parks Facility/Program Manager	40	76,104	79,992	84,204	88,464	92,868
Project Analyst	40	76,104	79,992	84,204	88,464	92,868
Senior Human Services Coordinator	40	76,104	79,992	84,204	88,464	92,868
Assistant Land Survey Supervisor	41	78,060	81,924	86,244	90,540	95,112
Court Supervisor	41	78,060	81,924	86,244	90,540	95,112
GIS Coordinator	41	78,060	81,924	86,244	90,540	95,112
Human Resources Perf. Analyst	41	78,060	81,924	86,244	90,540	95,112
Probation Supervisor	41	78,060	81,924	86,244	90,540	95,112
Senior Planner	41	78,060	81,924	86,244	90,540	95,112
Senior Human Resources Analyst	41	78,060	81,924	86,244	90,540	95,112
Network Engineer	42	79,992	84,204	88,464	92,868	97,536
Senior Parks Fac/Program Manager	42	79,992	84,204	88,464	92,868	97,536
Conservation Analyst	43	81,924	86,244	90,540	95,112	99,852
Senior ERP Business Analyst	43	81,924	86,244	90,540	95,112	99,852
Accounting Manager - Parks	44	84,204	88,464	92,868	97,536	102,480
Civil Engineering Designer II	44	84,204	88,464	92,868	97,536	102,480
Construction Supervisor	44	84,204	88,464	92,868	97,536	102,480
Engineer 2	44	84,204	88,464	92,868	97,536	102,480
GIS Supervisor	44	84,204	88,464	92,868	97,536	102,480
PW Accounting Manager	44	84,204	88,464	92,868	97,536	102,480
B&O Project Manager/Business Analyst	45	86,244	90,540	95,112	99,852	105,024
Principal Planner	45	86,244	90,540	95,112	99,852	105,024
Project Manager/Business Analyst	45	86,244	90,540	95,112	99,852	105,024
Project Manager/Business Analyst	45	86,244	90,540	95,112	99,852	105,024
PS Project Manager/Business Analyst	45	86,244	90,540	95,112	99,852	105,024
Senior Systems Analyst	45	86,244	90,540	95,112	99,852	105,024

JOB AND SALARY CLASSIFICATION

NON-REPRESENTED

Job Classification	Range	Step and Annual Salary				
		A	B	C	D	E
Senior Transportation Planner	45	86,244	90,540	95,112	99,852	105,024
Tech Lead/Software Engineer	45	86,244	90,540	95,112	99,852	105,024
Technical Systems Analyst	45	86,244	90,540	95,112	99,852	105,024
Traffic Signal Systems Supervisor	45	86,244	90,540	95,112	99,852	105,024
Assistant Building Services Manager	46	88,464	92,868	97,536	102,480	107,628
City Clerk	46	88,464	92,868	97,536	102,480	107,628
Multi Media Manager	46	88,464	92,868	97,536	102,480	107,628
Superintendent - Golf	46	88,464	92,868	97,536	102,480	107,628
Environmental Supervisor	47	90,540	95,112	99,852	105,024	110,292
City Land Surveyor	48	92,868	97,536	102,480	107,628	113,016
Economic Dev Program Manager	48	92,868	97,536	102,480	107,628	113,016
Engineer 3	48	92,868	97,536	102,480	107,628	113,016
Human Services Manager	48	92,868	97,536	102,480	107,628	113,016
Land Survey Technician	48	92,868	97,536	102,480	107,628	113,016
Support Services Manager-PD	48	92,868	97,536	102,480	107,628	113,016
City Auditor	49	95,112	99,852	105,024	110,292	115,812
Community & Gov't Affairs Manager	49	95,112	99,852	105,024	110,292	115,812
Facilities Superintendent	50	97,536	102,480	107,628	113,016	118,740
Fleet Services Superintendent	50	97,536	102,480	107,628	113,016	118,740
Parks Planning & Dev Manager	50	97,536	102,480	107,628	113,016	118,740
Superintendent - Park Ops	50	97,536	102,480	107,628	113,016	118,740
Superintendent - Street	50	97,536	102,480	107,628	113,016	118,740
Superintendent - Utilities	50	97,536	102,480	107,628	113,016	118,740
Superintendent - Water	50	97,536	102,480	107,628	113,016	118,740
Accounting Manager	51	99,852	105,024	110,292	115,812	121,788
Customer Services Manager	51	99,852	105,024	110,292	115,812	121,788
Human Resources Manager	51	99,852	105,024	110,292	115,812	121,788
Labor Relations Manager	51	99,852	105,024	110,292	115,812	121,788
Police Corrections Commander	51	99,852	105,024	110,292	115,812	121,788
Recreation Superintendent	51	99,852	105,024	110,292	115,812	121,788
Risk Manager	51	99,852	105,024	110,292	115,812	121,788
Current Planning Manager	52	102,480	107,628	113,016	118,740	124,776
Long-Range Planning Manager	52	102,480	107,628	113,016	118,740	124,776
Project Management Office Manager	52	102,480	107,628	113,016	118,740	124,776
Building Services Manager	53	105,024	110,292	115,812	121,788	127,872
Engineer 4	53	105,024	110,292	115,812	121,788	127,872
Engineer 4/Supervisor	53	105,024	110,292	115,812	121,788	127,872
IS System Division Manager	54	107,628	113,016	118,740	124,776	130,944
Systems Division Manager	54	107,628	113,016	118,740	124,776	130,944

JOB AND SALARY CLASSIFICATION

NON-REPRESENTED

Job Classification	Range	Step and Annual Salary				
		A	B	C	D	E
Technical Services Manager	54	107,628	113,016	118,740	124,776	130,944
Construction Manager	57	115,812	121,788	127,872	134,280	141,012
Engineering Manager	57	115,812	121,788	127,872	134,280	141,012
Special Project Manager	57	115,812	121,788	127,872	134,280	141,012
City Engineer	60	124,776	130,944	137,556	144,480	151,668
Deputy Finance Director	60	124,776	130,944	137,556	144,480	151,668
Deputy Parks Director	60	124,776	130,944	137,556	144,480	151,668
ECD Deputy Director	60	124,776	130,944	137,556	144,480	151,668
PW Operations Manager	60	124,776	130,944	137,556	144,480	151,668

Number of Employees as of January 1, 2018: 233
(Includes vacant positions)

Includes all non-represented permanent positions

Longevity Schedule	
5 years	1% of Base Salary
10 years	2% of Base Salary
15 years	3% of Base Salary
20 years	4% of Base Salary

Management Benefits	
A+	2,851
A	2,141
B	1,783
C	1,429

JOB AND SALARY CLASSIFICATION

POLICE

Job Classification	Range	Annual Salary
Police Assistant Chief	AC	147,336
Police Commander	CM	124,860
Police Sergeant	SG	101,076

Job Classification	Range	Step and Annual Salary					
		A	B	C	D	E	F
Police Patrol Officer	PT	65,568	67,836	71,208	75,312	80,076	85,368

Number of Employees as of January 1, 2018: 156
 (Includes vacant positions)

Rates do not include 1% accreditation pay

Contract Expiration: December 31, 2018

Longevity Schedule	
5 years	2% of Base Salary
10 years	3% of Base Salary
15 years	4% of Base Salary
20 years	6% of Base Salary
25 years	7% of Base Salary
30 years	8% of Base Salary

Educational Incentive	
AA (or Junior Status)	1%
BA or BS, MA, PhD	3%

JOB AND SALARY CLASSIFICATION

TEAMSTERS LOCAL 117

Job Classification	Range	Step and Annual Salary				
		A	B	C	D	E
Maintenance Worker 1	17	44,148	46,368	48,696	51,240	53,760
Maintenance Worker 2	21	48,696	51,240	53,760	56,436	59,148
Water Meter Reader 2	21	48,696	51,240	53,760	56,436	59,148
Maintenance Worker 3	25	53,760	56,436	59,148	62,244	65,352
Water Meter Reader 3	25	53,760	56,436	59,148	62,244	65,352
Mechanic 2	28	58,008	60,816	63,840	67,068	70,344
Riverbend Mechanic 2	28	58,008	60,816	63,840	67,068	70,344
Maintenance Worker 4	29	59,148	62,244	65,352	68,760	72,192
Communications Tech 2	30	60,816	63,840	67,068	70,344	73,824
HVAC Technician	31	62,244	65,352	68,760	72,192	75,756
Maintenance Technician	31	62,244	65,352	68,760	72,192	75,756
Senior Mechanic	32	63,840	67,068	70,344	73,824	77,520
Field Supervisor	34	67,068	70,344	73,824	77,520	81,612
SCADA Technician	34	67,068	70,344	73,824	77,520	81,612

Number of Employees as of January 1, 2018: 154
(Includes vacant positions)

Contract Expiration: December 31, 2019

Longevity Schedule	
5 years	1% of Base Salary
10 years	2% of Base Salary
15 years	3% of Base Salary
20 years	4% of Base Salary

BUDGET ADOPTION ORDINANCE

ORDINANCE NO. 4270

AN ORDINANCE of the City Council of the city of Kent, Washington, relating to the mid-biennial review and modification of the 2017-2018 biennial budget as required by RCW 35A.34.130 and Ordinance No. 4230; adopting certain modifications to the 2018 budget; and establishing an effective date.

RECITALS

A. The City Council adopted Ordinance No. 4230 on December 13, 2016, adopting a fiscal biennium budget beginning in 2017, as authorized by Chapter 35A.34 RCW, and providing for mid-biennial review and modification as required by RCW 35A.34.130.

B. As required by Section 3 of Ordinance No. 4230, the Mayor has submitted to the City Council a proposed mid-biennial budget modification.

C. Following proper notice to the public, public hearings for the proposed mid-biennial budget modification were held before the City Council on September 19, 2017 and October 17, 2017.

D. The City Council has considered the proposed mid-biennial budget modifications and has considered all comments received from the public at the public hearings and all written comments with regard to the proposed mid-biennial budget modification.

BUDGET ADOPTION ORDINANCE

E. The City Council desires to adopt the 2018 mid-biennial budget modification.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

ORDINANCE

SECTION 1. - *Mid-Biennial Budget Modification.* The mid-biennial budget modification to the biennium budget of the city of Kent, Washington, for the year 2018, is incorporated and attached as Exhibit A and is hereby adopted by this reference.

SECTION 2. - *Adjustments.* The adjustments to the estimated appropriations for each separate fund, as set forth on Exhibit A, attached and incorporated by this reference.

SECTION 3. - All existing job classifications and pay and salary ranges, together with the working conditions established by the Council for those positions, which are established by existing job descriptions, city policies, and labor agreements, shall apply to this budget. During the remainder of this biennium, city administration, through its Human Resources Department, may authorize increases and decreases in the number of employees in each classification and may amend job descriptions for each classification, so long as these modifications do not exceed the budgetary amounts established for each authorized city fund. However, no new classifications shall be created during this biennium without prior Council authorization.

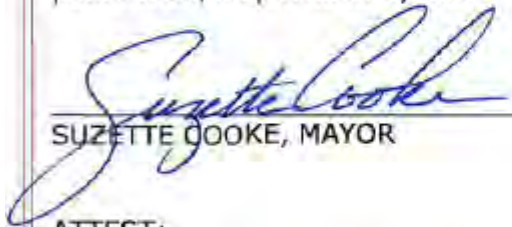
BUDGET ADOPTION ORDINANCE

SECTION 4. - All employees who are members of a bargaining unit shall receive such pay and benefits as provided in the applicable collective bargaining agreement.

SECTION 5. - *Transmittal.* The Finance Director shall transmit a complete copy of the final adopted budget to the Division of Municipal Corporations in the Office of the State Auditor and to the Association of Washington Cities.

SECTION 6. - *Severability.* If any one or more section, subsection, or sentence of this ordinance is held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance and the same shall remain in full force and effect.

SECTION 7. - *Effective Date.* This ordinance shall take effect and be in force January 1, 2018, which is more than five days after its publication, as provided by law.


SUZETTE COOKE, MAYOR

12/12/17
Date Approved

ATTEST:


KIMBERLEY A. KOMOTO, CITY CLERK

12/12/17
Date Adopted

12/15/17
Date Published

APPROVED AS TO FORM:


TOM BRUBAKER, CITY ATTORNEY

BUDGET ADOPTION ORDINANCE—EXHIBIT A

	2018 Adopted Expenditures	Proposed Changes	2018 Revised Expenditures
General Fund	94,562,020	8,111,340	102,673,360
Street Operating Fund	14,316,730	3,523,620	17,840,350
LEOFF1 Retiree Benefits Fund	1,196,550	-	1,196,550
Lodging Tax Fund	278,690	60,060	338,750
Youth / Teen Fund	942,000	-	942,000
Capital Resources Fund	15,615,110	7,540,320	23,155,430
Criminal Justice Fund	3,598,050	348,540	3,946,590
Housing and Community Development Fund	1,056,260	-	1,056,260
City Arts Program Fund	113,850	1,800	115,650
ShoWare Operating Fund	1,107,220	(5,200)	1,102,020
Non-Voted Debt Service Fund	10,066,990	-	10,066,990
Special Assessment Debt Service Fund	1,563,470	-	1,563,470
Street Capital Projects Fund	7,342,910	1,350,000	8,692,910
Parks Capital Projects Fund	3,510,000	8,000,000	11,510,000
Other Capital Projects Fund	450,000	-	450,000
Technology Capital Projects Fund	1,797,660	75,000	1,872,660
Water Fund	34,238,180	2,446,090	36,684,270
Sewerage Fund	59,696,570	9,614,460	69,311,030
Solid Waste Fund	489,950	33,240	523,190
Golf Complex Fund	2,854,910	77,080	2,931,990
Fleet Services Fund	4,741,170	5,072,040	9,813,210
Central Services Fund			
Information Technology	8,464,260	264,330	8,728,590
Central Stores	421,150	-	421,150
Facilities Fund	5,508,760	291,970	5,800,730
Insurance Fund			
Unemployment	169,420	2,450	171,870
Workers Compensation	1,432,050	9,890	1,441,940
Health and Employee Wellness	12,115,710	2,514,240	14,629,950
Liability Insurance	1,915,550	9,890	1,925,440
Property Insurance	523,920	2,450	526,370
Total Gross Expenditure Budget	290,089,110	49,343,610	339,432,720

PROPERTY TAX ORDINANCE

ORDINANCE NO. 4269

AN ORDINANCE of the City Council of the City of Kent, Washington, levying 2017 property taxes for the 2018 biennial budget for the City of Kent.

RECITALS

A. Pursuant to RCW 84.55.120 and after providing all appropriate notice, the City Council held public hearings on September 19, 2017 and October 17, 2017, to consider the City of Kent's budget for 2018, to address the City's property tax levy to be imposed in 2017 for collection in 2018, and to review revenues and limit factors.

B. In accordance with RCW 84.55.120, any increase in property tax revenue other than that resulting from the addition of new construction and improvements to property, annexations, and any increase in the value of state-assessed property and the refund fund levy, requires the adoption of a separate ordinance specifically authorizing the increase in terms of both dollars and percentage.

C. Pursuant to RCW 84.52.010 and WAC 458-19-020, taxes shall be levied in specific dollar amounts.

1 ***Property Tax Levied (1%)
2018 Budget
Ordinance***

PROPERTY TAX ORDINANCE

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

ORDINANCE

SECTION 1. - *Recitals Incorporated.* The foregoing recitals are incorporated into this ordinance.

SECTION 2. - *Property Tax Levied.* There is hereby levied against the assessed value of the property in the City of Kent, Washington, a tax for the City's 2018 budget in the following amount for the General Fund, for the purpose of paying the general expenses of municipal government:

Fund	Levy per \$1,000 of assessed valuation (estimated)	Dollar Amount
General Fund	\$1.6220	\$30,052,822

This property tax levy represents a 28.8% increase over last year as shown below.

2018 Regular Property Tax Levy	\$23,643,014
Less 2017 Regular Property Tax Levy	(23,055,507)
Less New Construction Levy	(288,257)
Less Refund Levy	(68,695)
Plus Banked Capacity	6,409,808
Property Tax Increase	\$ 6,640,363
 % Change	 28.8%

2 **Property Tax Levied (1%)
2018 Budget
Ordinance**

PROPERTY TAX ORDINANCE

SECTION 3. - *Limitation on Levy.* The application of the General Fund levy shall be consistent with and shall not result in a tax revenue in excess of the limitation imposed by RCW sections 84.55.010 and 84.55.0101.

SECTION 4. - *Adjustments.* City administration shall administer the Annual Budget and in doing so may authorize adjustments pursuant to Chapter 35A.34 RCW.

SECTION 5. - *Severability.* If any one or more section, subsection, or sentence of this ordinance is held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance and the same shall remain in full force and effect.

SECTION 6. - *Corrections by City Clerk or Code Reviser.* Upon approval of the city attorney, the city clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; ordinance, section, or subsection numbering; or references to other local, state, or federal laws, codes, rules, or regulations.

SECTION 7. - *Effective Date.* This ordinance shall take effect and be in force January 1, 2018, which is more than five days after its publication, as provided by law.

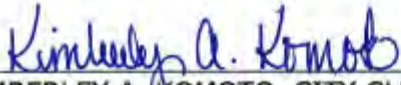

 SUZETTE COOKE, MAYOR

12/12/17
 Date Approved

3 **Property Tax Levied (1%)
 2018 Budget
 Ordinance**

PROPERTY TAX ORDINANCE

ATTEST:


KIMBERLEY A. KOMOTO, CITY CLERK

12/12/17
Date Adopted

12/15/17
Date Published

APPROVED AS TO FORM:


TOM BRUBAKER, CITY ATTORNEY

4 **Property Tax Levied (1%)
2018 Budget
Ordinance**

GLOSSARY OF BUDGET RELATED TERMS

- Capital Project**.....The largely one-time cost for acquisition, construction, improvement, replacement, or renovation of land, structures and improvements thereon. The cost must usually be \$25,000 or more in order to be considered a capital project; amounts under \$25,000 are considered in the operating budget. In addition, equipment is considered a capital project if it is \$25,000 or more in cost.
- Capital Reserve**.....An account used to segregate a portion of the government’s equity to be used for future capital program expenditures.
- Charges for Services**.....A revenue category which includes a charge for a specific service. These primarily include park recreation fees, plan check fees, court cost and prisoner work release fees and other miscellaneous fees.
- Comprehensive Budget**..... The comprehensive budget combines both the first two years of the financial plan for the operation of government and the Capital Improvement Budget. Excluded from the operating budget are carry-over capital projects which have been previously approved.
- Cost Allocation**..... Assignment of cost charges from one department that reimburse another department for services received. Some examples are Attorney services, Finance services and Human Resource services.
- CPI**.....Consumer Price Index A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living.
- Debt Service**.....The annual payment of principal and interest on the City's bonded indebtedness. Bonds are issued to finance the construction of capital projects such as public buildings, parks, roads, storm sewers and water system improvements.
- Depreciation**..... The loss of asset value over time and usage, recorded as an expense under the full accrual method of accounting.
- Designated Fund Balance**..... Fund balance that is not legally restricted to a specific use, but is nonetheless planned to be used for a particular purpose. For example, the General Fund has a fund balance that is designated for contingency. There is no legal restriction on the use of this fund balance, but it is budgeted to provide financial stability.
- Enterprise Fund**..... A fund used to account for operations that are financed and operated in a manner similar to private business enterprise where the measurement focus is on the cost of providing a service, such as water on a continual basis. Costs are recovered through user charges.
- Estimated Actual**..... An estimate of the year end balance of a revenue or expenditure account.

GLOSSARY OF BUDGET RELATED TERMS

- Expenditure.**..... The payment of cash or the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.
- Expense.**..... Charges incurred (whether paid immediately or deferred) for proprietary fund operations, maintenance, interest or other charges.
- Fees.**..... A general term used for any charge for services levied by government associated with providing a service, permitting an activity, or imposing a penalty. Major types of fees include business and non-business licenses and user charges.
- Fines and Forfeitures.**..... A revenue category which primarily includes court, police, traffic and parking fines and forfeitures of property.
- Fund.**..... A self-balancing set of accounts with revenues and expenses that are segregated for the purpose of carrying out a specific purpose or activity.
- Fund Balance.**..... Working capital or the net current assets less short term liabilities.
- GAAFR.**..... Governmental Accounting, Auditing and Financial Reporting. The "blue book" published by the Municipal Finance Officers Association (now the Government Finance Officers Association) to provide detailed guidance for the application of accounting principals for governments.
- GAAP.**..... Generally Accepted Accounting Principles are standards used for accounting and reporting by both private industry and governments.
- GASB.**..... Government Accounting Standards Board established in 1985 to regulate the rules and standards for all governmental units.
- General Fund.**..... The General Fund is used to account for all of the City's resources except for those resources which are accounted for in a special purpose fund.
- General Obligation Bonds.**..... Bonds for which the full faith and credit of the insuring government are pledged for payment.
- IBNR.**..... Medical expenses *Incurred But Not Reported* by the claimants to the insurance company.
- Intergovernmental Revenue.**... Revenue from other governments, primarily from Federal, State and County grants. State shared revenue from liquor profits and tax are also forms of intergovernmental revenue.
- LEOFF.**..... Law Enforcement Officers and Firefighters Retirement System provided in the State of Washington.
- Licenses and Permits.**..... Revenue category that includes building permits, business and amusement licenses and any other miscellaneous licenses or permits.
- LID.**..... Local Improvement District or Special Assessments made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

GLOSSARY OF BUDGET RELATED TERMS

- LTGO Bonds.** *Limited Tax General Obligation* bonds refer to bonds issued with the approval of the Council, as opposed to voted bonds which must be approved by vote of the public. LTGO bonds must not exceed 1.5 percent of the assessed valuation. The total of LTGO and voted bonds must not exceed 2.5 percent of assessed valuation per State R.C.W.
- Miscellaneous Revenue.** A revenue category that basically includes leases and rentals of the various city facilities, Senior Center donations plus other revenue such as pay phone revenue.
- Modified Accrual.** A basis of accounting in which revenues are recognized when available and measurable and expenditures are recorded in the period the liabilities are incurred.
- Net Budget.** The net budget eliminates double counting of the budget by excluding fund transfers and internal service charges such as interfund equipment rental and insurance charges. The net budget represents the true level of spending in the budget.
- Object of Expenditure.** Expenditure classifications based upon the types or categories of goods and services purchased. Typical objects of expenditure include salaries and wages, benefits, supplies, contracted services and capital outlay.
- Operating Budget.** An operations plan, expressed in financial terms, whereby an operating program is funded for a single year. Per state law, operating budgets lapse at year-end.
- Operating Expense.** Those costs including expenditures for salaries and wages, benefits, supplies, services and charges which are necessary to support the primary services of the organization. For example, telephones, printing and motor pool charges, and office supplies are operating expenses.
- Organization.** A major organizational unit usually responsible for carrying out a major component of department or program responsibilities.
- PERS.** Public Employees Retirement System provided for employees other than Police and Fire by the State of Washington.
- Preliminary Actual.** The balance of revenue or expenditure accounts at year-end, but before the final closing of the City's books. This will usually be close to the final actual amounts, but may not include all accruals or other adjustments.
- Proposed Budget.** The Mayor's recommended budget submitted to the City Council and the public for approval in October of each year.
- Reserved Fund Balance.** Those portions of fund balance that are not appropriable for expenditure or that are legally segregated for a specific future use.
- Reserves (Fund).** The unencumbered year-end balance of revenue less expenditures in governmental funds.

GLOSSARY OF BUDGET RELATED TERMS

- Restricted Fund Balance.** The portion of working capital that is not available for general expenditure. The balance is maintained for a specific designated use.
- Revenue.** Income received by the City in support of its program of services to the community. It includes such items as property taxes, fees, user charges, grants, fines, interest income and other miscellaneous revenue.
- Revenue Bonds.** Bond issued pledging future revenues, usually water, sewer, or drainage charges to cover debt payments in addition to operating costs.
- Salaries and Wages.** A majority of City employees are paid a monthly salary based on an annual standard work year consisting of 2,080 hours. Some types of positions are paid hourly wages based on the prevailing wage scale.
- Supplemental Appropriation.** An appropriation approved by the Council after the initial budget appropriation. Supplemental appropriations are approved by Council during the year and an annual budget amendment ordinance is approved in December of each year.
- Unreserved Fund Balance.** The difference between fund assets and fund liabilities of governmental or similar trust funds that is available for general expenditures.
- User Charges.** The amount the government receives for the provision of services and commodities, or the performance of specific services benefiting the entity charged. User charges tend to be voluntary in nature, in contrast to mandatory property and income taxes. Citizens only pay user charges when a specific service is received.
- Working Capital.** The year-end balance of current assets less current liabilities in the Enterprise and Internal Service Funds. The unencumbered balance at year-end is available for appropriation in the next year's budget.

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