

**2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT**



CITY OF KENT, WASHINGTON

**For the Fiscal Year Ended December 31, 2023**



# Annual Comprehensive Financial Report

For the Fiscal Year Ended  
December 31, 2023

Prepared by:

Finance Department  
Financial and Reporting Division

Special Recognition:

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Paula Painter, CPA, Finance Director  
Megan Marks, Accounting & Reporting Manager



# Our vision

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

## mission

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

## values

### **Integrity**

Do the right thing

### **Teamwork**

Work together

### **Caring**

Care for those we serve

### **Innovation**

Find a way

### **Communication**

Connect to understand

### **Achievement**

Be the difference

## goals

### **Thriving City**

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

### **Innovative Government**

Delivering outstanding customer service, developing leaders and fostering innovation

### **Evolving Infrastructure**

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

### **Sustainable Services**

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

### **Inclusive Community**

Embracing our diversity and advancing equity through genuine community engagement





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**FINANCE ADMINISTRATION**

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July 31, 2024

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

We are pleased to present to you the City of Kent's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2023. This transmittal letter provides an overview of the report and the financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it. The report is prepared in accordance with the Revised Code of Washington (RCW) 43.09.230. Management's Discussion and Analysis presented on pages 5-25 has a different focus than the transmittal letter and should be read in conjunction with this letter.

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

***THE REPORTING ENTITY***

The City of Kent is located in southern King County, Washington State's most populous county. The City is centrally located in the Green River Valley, 18 miles south of Seattle and 18 miles northeast of Tacoma. In 2023, Kent served approximately 139,100 residents, making it the sixth largest city in the state.

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

The City of Kent provides a full range of governmental services. At December 31, 2023, the City of Kent had 744.38 budgeted full-time equivalent employees providing services of general government, judicial, public safety, community development, public works, leisure services, and health and human services. General government includes activities within the Mayor's Office, Human Resources Department, Finance Department, and Information Technology Department. Judicial services include Municipal Court and Probation. In public safety, the Police Department had 229 budgeted police officers and non-uniformed personnel providing police and correction services to an expanding business and residential area. The Economic and Community Development Department provides a wide range of services and information including administration and enforcement of land development, infrastructure and building codes, policy development and business recruitment and expansion.

The Public Works Department provides engineering services for the City and maintains the City streets. In addition, Public Works operates the water, sewer, and drainage utilities that also serve many outside customers. The Parks, Recreation and Community Services Department maintains parks and recreation fields located throughout the City and provides numerous opportunities for organized recreational activities for the greater Kent area. It ensures human service resources are delivered effectively and efficiently to Kent residents by developing and implementing policies that guide the funding of human service programs, providing housing assistance, and participating in regional and local issues affecting Kent residents. The department also operates a senior center for social and recreational programs as well as an 18-hole golf course and driving range. In the cultural area, the City has established cultural arts and sports programs. The Kent Special Events Center Public Facilities District is included in this report as a discretely presented component unit.

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

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

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

Within Kent's city limits are private sector employers including Amazon (warehouse fulfillment center) with 5,192 employees, Blue Origin (engineering and manufacturing for space exploration) with 3,472 employees, the Boeing Company (aircraft manufacturer) with 1,258 employees, Exotic Metals Forming (aircraft parts manufacturer) with 814 employees, Columbia Distributing (beverage distributors) with 625 employees, Carlisle Interconnect Technologies (electronic component manufacturing) with 615 employees, and Oberto Snacks (meat snack manufacturing) with 583 employees.

Educational opportunities available to Kent residents are provided by five separate public-school districts. Public transportation and sewage treatment services are provided by King County.

These operations are not a part of the City of Kent's reporting entity, although the City does coordinate with these separate agencies.

In 2007, the Legislature adopted SSB 5089 which brought Washington State into full compliance with the Streamlined Sales and Use Tax Agreement (SSUTA) switching the State's sales tax methodology from origin-based sourcing to a destination-based sourcing for purposes of sales tax determination with respect to retail deliveries. The State also established mitigation for negatively impacted local governments based on the sourcing loss determination conducted in 2009. Since then and with some exceptions, the City of Kent has received funding from the State annually due to the sourcing loss. The amount of mitigation has continued to decrease over the years. Because of the uncertainty of these revenues, the City has dedicated these funds for capital or other one-time uses.

With ESB 1521, the Warehouse and Manufacturing Jobs Center Assistance Program was created and replaced the SSUTA legislation. As a result, the City received \$3.6 million on June 30, 2021 for the period of July 1, 2020 through June 30, 2021. For the State's fiscal year ended June 30, 2022, the City received another \$3.6 million over four quarterly installments. Beginning July 1, 2023, the funding amount has and will continue to be reduced by 20% annually. The last payment will be received in June 2026.

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

The City was awarded \$28.2 million in SLFRF funding. On June 30, 2021, the City received \$14.1 million. The City received its second distribution of \$14.1 million in 2022. As of December 31, 2023, the City has expended \$7.4 million of those funds.

Inflation continues to be a significant factor impacting the budget. Since 2021, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Seattle-Tacoma-Bellevue area for June has been at record levels with 2021 at 6.3%, 2022 at 9.5%, and 2023 at 4.5%. Labor contracts are tied, at least in part, to CPI-W. The June figure is used to determine cost of living adjustments for employees beginning January 1 of the following year.

Like most local governments, the City faces a structural imbalance, as historically expenses grew by roughly 2.2% annually while revenues only grow by 1.1% annually. With recent significant cost-of-living adjustments impacting the budget for several years now, it is likely the City will face a larger structural imbalance moving forward. The City has been proactive in building reserves to bridge the gap while working toward a long-term resolution. In 2023, the City implemented the first step to bridge the structural imbalance gap changing how it utilized its property, sales, and business and occupation (B&O) tax revenues. The City opted to use 52.5% of its property tax revenue to support its capital program instead of operating expenditures in the General Fund. Property taxes are limited to 1% growth plus new construction. With inflation rising at records levels, property taxes are not keeping pace; exacerbating the structural imbalance. The shift in property tax to support capital will slow our capital program over time but allows the City to maintain its current operating levels. Prior to 2023, a portion of sales and B&O taxes were used to support the capital program. Those revenues have been shifted to support ongoing General Fund

expenditures with the hope that those revenues will more closely align with inflation. Over the next biennium, the City will focus its efforts to resolve the structural imbalance.

## **MAJOR INITIATIVES**

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

### Thriving City

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

### Evolving Infrastructure

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

### Inclusive Community

Embracing our diversity and advancing equity through genuine community engagement.

### Innovative Government

Delivering outstanding customer service, developing leaders and fostering innovation.

### Sustainable Services

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

In 2018, the City began an initiative to create meaningful performance measures for which to compare our performance year over year. The City hired a Government Performance Analyst and contracted with an outside professional group to help the City understand and departments to create performance measures. As a result, the City moved from workload measures as the sole measurement of performance. The first of these performance measures were published in the 2019-2020 Adopted Biennial Budget and included at least one measure tied to each of the Council goals. This initiative was continued during the 2023-2024 budget process. The City has published a web-based Performance Measures Dashboard which can be found at:

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

Other major initiatives of the City include:

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

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

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

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

The City has received several grants to construct portions of the Meeker project, in addition to the segments built as frontage by private development. This strategic funding approach ensures momentum on this project that is critical to the City's future.

**Race and Equity Strategic Plan:** The City is committed to eliminating racial inequities and improving outcomes for all racial groups, and to mirroring the diversity of its community. Continued steps are being taken to face and dismantle institutional and structural barriers to ensure governmental policies and practices do not infringe upon the equal treatment and opportunity of all persons who live, work, and visit Kent. During 2023, the City has continued its work on the creation of the Race and Equity Strategic Plan including a language action plan. Over 130 languages are spoken in the Kent School District, representative of the need to improve language accessibility, translation of vital city documents, and equitable access for non-English speaking residents.

**Public Safety:** The City continues to make public safety a top priority. The Safer Kent Initiative is aimed at improving public safety and the quality of life in the Kent community. New laws on police reform have changed how the Police Department recruits police officers, interacts with the community, and provides service. The Police Department expanded its recruiting efforts to attract qualified and diverse recruits. In doing so they were able to fully staff their commissioned officers for the first time in many years. The City completed a pilot Community Immersion Law Enforcement Program in which new police recruits partner with community organizations. The Kent Municipal Court operates a Community Court which holds participants accountable while offering resources such as access to drug, alcohol, and mental health services to help address their underlying needs that may have led them to engage in criminal activity.

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

### **Internal Control System**

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

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

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

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

The accounting and budgetary control system of the City is based on fund structure. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts segregated for the purpose of carrying out specific functions in accordance with special regulations, restrictions, or limitations. In 2023, the City reported on 25 individual funds. These are summarized into seven standard fund types to comply with the standards of the Governmental Accounting Standards Board. The individual funds, in addition to being the basis of the accounting system, provide the legal budgetary control level for City expenditures. Certain funds operate on an annual budget. Other funds are project oriented or controlled by bond indentures or state law. The City requires Council approval on all budgetary adjustments. The Notes to Financial Statements describe the fund types and their individual operating characteristics.

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

The State Auditor's Office is required by state law to make periodic independent audits of the books of accounts, financial records, and transactions of the City. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2023, are free of material misstatement and are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The audit is also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. Additional financial disclosure information required is included in the Statistical Section or where appropriate as a part of the Notes to the Financial Statements.

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

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kent for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2022. That was the 22nd year the City had achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement requirements and we are submitting this report to the GFOA to determine its eligibility for a certificate.

#### ***ACKNOWLEDGMENTS***

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

Respectfully submitted,



Paula Painter, CPA  
Finance Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

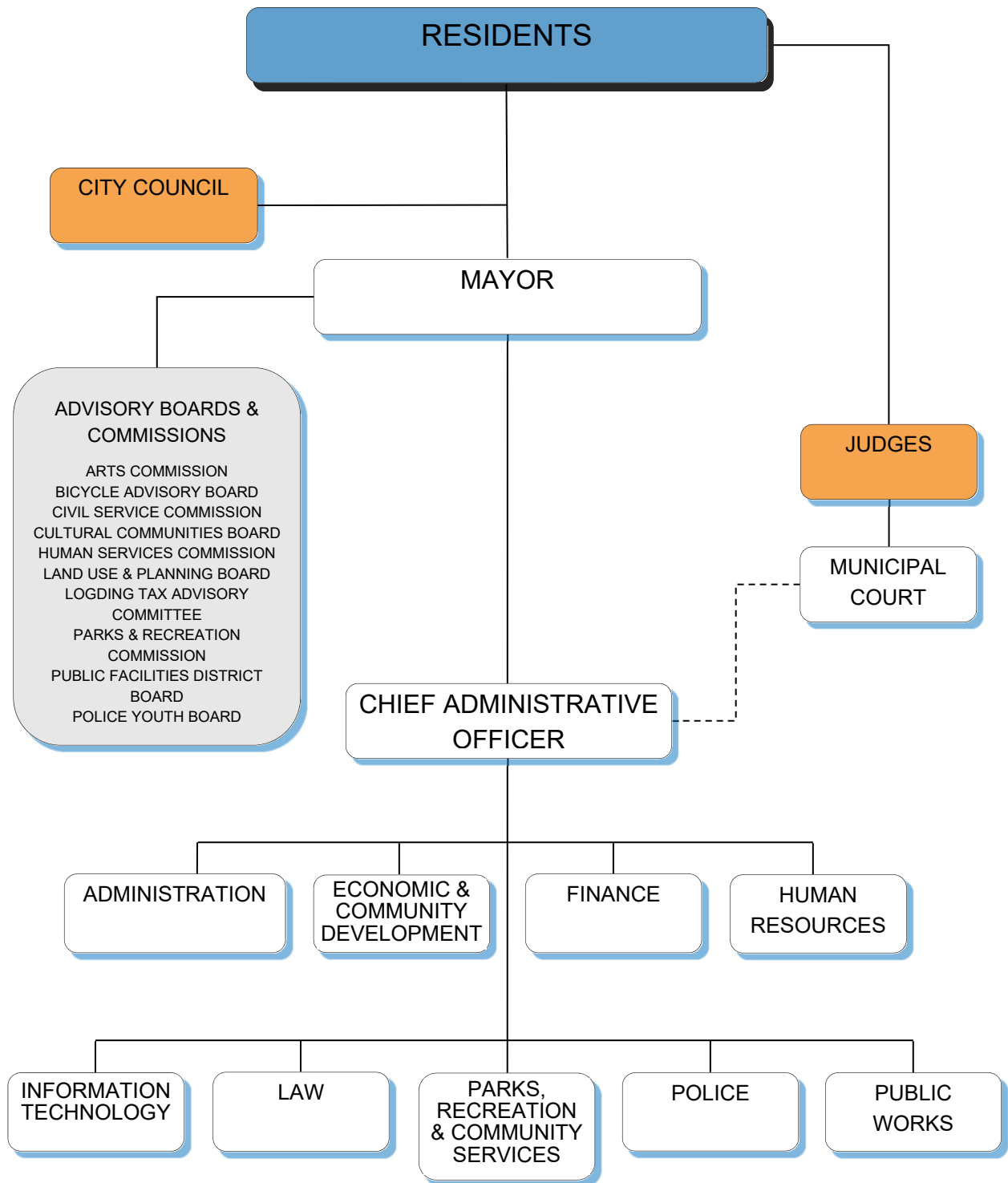
**City of Kent  
Washington**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morrill*

Executive Director/CEO



# PRINCIPAL OFFICIALS

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

	<b>Term Expiration</b>
<b>MAYOR</b>	
Dana Ralph	12-31-2025
<b>COUNCIL MEMBERS</b>	
Bill Boyce, President	12-31-2023
Brenda Fincher	12-31-2025
Satwinder Kaur	12-31-2025
Marli Larimer	12-31-2023
Zandria Michaud	12-31-2023
Les Thomas	12-31-2023
Toni Troutner	12-31-2025

## GENERAL GOVERNMENT

Pat Fitzpatrick, Chief Administrative Officer  
Tammy White, City Attorney  
Paula Painter, CPA, Finance Director  
Holly Harvey-Smith, Human Resources Director  
Michael Carrington, Information Technology Director

## ECONOMIC AND COMMUNITY DEVELOPMENT

Kurt Hanson, Economic and Community Development Director

## PARKS AND RECREATION

Julie Parascondola, Parks, Recreation and Community Services Director

## PUBLIC SAFETY

Rafael Padilla, Police Chief

## PUBLIC WORKS

Chad Bieren, Public Works Director



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

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

Mayor and City Council  
City of Kent  
Kent, Washington

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

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kent as of and for the year then ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kent, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Capital Resources funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

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

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

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

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

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

### **Other Information**

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

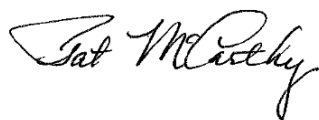
In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the

basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we will also issue our report dated July 30, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

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

Pat McCarthy, State Auditor

Olympia, WA

July 30, 2024

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

As management of the City of Kent, Washington (the City), we offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023. This discussion and analysis (MD&A) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

This MD&A has a different focus and purpose than the transmittal letter presented on pages A5 – A11 of this report and should be read in conjunction with the transmittal letter as well as the financial statements beginning on page 27 and the accompanying notes to the financial statements to gain a full understanding of the financial position of the City and the City's financial performance.

### FINANCIAL HIGHLIGHTS:

- Net position (\$1.51 billion) increased by \$74.3 million or 5.2 percent from 2022 levels, comprised of a \$61.3 million or 6.3 percent increase resulting from governmental activities and a \$13.1 million or 2.9 percent increase from business-type activities. Approximately \$309.1 million or 24.0 percent of the total net position may be used to meet the City's ongoing obligations to citizens and creditors.
- City revenues increased \$40.3 million in 2023 while expenses increased by \$14.7 million.
- Non-current liabilities (\$128.1 million) decreased by \$9.7 million or 7.0 percent from 2022 levels with a decrease of \$2.2 million in the net pension liability, and reductions of \$1.9 million in the OPEB liability and 2022 debt payments of \$6.0 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS:

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, including the budgetary statements for the general fund and major special revenue funds, and (3) notes to the financial statements. This report also contains other non-required supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. All of the activities of the City, except those of a fiduciary nature, are included in these statements.

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



## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, community development, public works, leisure services, and health and human services. The business-type activities of the City include water, sewer, drainage and solid waste utilities, and a municipal golf complex.

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

The government-wide financial statements can be found on pages 27-28 of this report.

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

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

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

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

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

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

The governmental major funds financial statements are found on pages 30-35 of this report.

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

Proprietary funds provide detailed information of the same type of information found in the government-wide financial statements. The City reports the Water, Sewer, Drainage and Golf Complex funds as major funds, while the Solid Waste Fund is reported as a non-major fund. The internal service funds are reported in a single column in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 142-145.

The proprietary fund financial statements can be found on pages 36-41 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains one custodial fund, as well as a pension fund instituted for firefighters who were employed by the City prior to March 1, 1970 and trust fund for certain other post-employment benefits. The pension and trust funds are combined into one column on the fiduciary fund statements.

The basic fiduciary fund financial statements can be found on pages 42-43 of this report and the combining pension and trust fund statements on pages 148-149.

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

**Notes to the financial statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements and should be read in conjunction with the financial statements. The notes can be found on pages 46-115 of this report.

**Other information.** This report also includes required supplementary information concerning the City's employer contributions, money-weighted rate of return, and changes in net pension asset/liability and related ratios for its Firemen's Relief and Pension Fund as well as certain required information for other pension plans. In addition, it provides information on the funding of the other post-employment benefits (including long-term care). This information can be found on pages 117-129 of this report.

Combining statements for non-major governmental funds are also presented on pages 132-135 immediately following the other information mentioned above. Included with the combining statements are budgetary comparison schedules for the various non-major special revenue funds, which are found on pages 136-140. The combining statements for the pension and OPEB trust funds are found on pages 148-149 of this report. Individual statements for the self-insurance plans can be found on pages 152-153.

Additionally, budgetary comparison schedules for four funds separately budgeted but combined into the General Fund for financial reporting are included on pages 156-160 as well as supplementary schedules for governmental capital assets, additional information on changes in long-term liabilities, and additional information on transfers between funds on pages 162-172.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS:

The following table reflects the condensed Statement of Net Position of the City for December 31, 2023, compared to the prior year.

### CITY'S NET POSITION

#### As of December 31

(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current & Other Assets	343,315	310,339	121,969	110,651	465,284	420,990
Capital Assets	802,397	791,508	385,369	388,277	1,187,766	1,179,785
Total Assets	1,145,712	1,101,847	507,338	498,928	1,653,050	1,600,775
<b>Deferred Outflows</b>						
Total Assets & Deferred Outflows	1,195,800	1,155,646	510,207	502,187	1,706,007	1,657,833
<b>Liabilities:</b>						
Current liabilities	47,323	53,486	4,456	4,787	51,779	58,273
Non-current liabilities	95,322	102,561	32,813	35,280	128,135	137,841
Total Liabilities	142,645	156,047	37,269	40,067	179,914	196,114
<b>Deferred Inflows:</b>						
Total Liabilities & Deferred Inflows	156,930	178,042	41,330	46,360	198,260	224,402
<b>Net Position:</b>						
Net Invest in Cap Assets	766,363	753,218	355,254	355,821	1,121,617	1,109,039
Restricted	73,598	72,016	3,455	3,181	77,053	75,197
Unrestricted	198,909	152,370	110,168	96,825	309,077	249,195
Total Net Position	1,038,870	977,604	468,877	455,827	1,507,747	1,433,431

## Management’s Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. As of December 31, 2023, assets and deferred inflows exceeded liabilities and deferred outflows by \$1.51 billion.

By far the largest portion of the City’s net position (\$1.12 billion or 74.4 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, site improvements, and equipment) less depreciation and any related outstanding debt used to acquire or construct those assets. The City uses these capital assets to provide services to its citizens; consequently, it is not the City’s intention to sell these assets and they are therefore not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be used to liquidate these liabilities.

Of the City’s net position, \$77.05 million (5.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$309.1 million (20.5 percent), may be used to meet the city’s ongoing obligations to citizens and creditors. The unrestricted net position of the City increased \$59.9 million in fiscal year 2023.

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

### CITY OF KENT’S CHANGES IN NET POSITION

#### For the Years Ended December 31

(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program Revenues:						
Charges for Service	26,643	26,896	93,369	86,324	120,012	113,220
Operating Grants	15,112	16,023	855	553	15,967	16,576
Capital Grants	18,652	12,937	6,410	7,928	25,062	20,865
General Revenues:						
Property Taxes	34,109	32,962	-	-	34,109	32,962
Sales Taxes	44,201	44,050	-	-	44,201	44,050
Utility Taxes	36,556	34,059	-	-	36,556	34,059
Business & occupation taxes	20,368	19,518	-	-	20,368	19,518
Other Taxes	6,314	11,935	-	-	6,314	11,935
Unrestricted Grants	11,983	5,303	-	-	11,983	5,303
Investment Earnings	12,265	(5,512)	5,117	(2,499)	17,382	(8,011)
Miscellaneous	1,183	2,377	379	327	1,562	2,704
<b>Total Revenues</b>	<b>227,386</b>	<b>200,548</b>	<b>106,130</b>	<b>92,633</b>	<b>333,516</b>	<b>293,181</b>

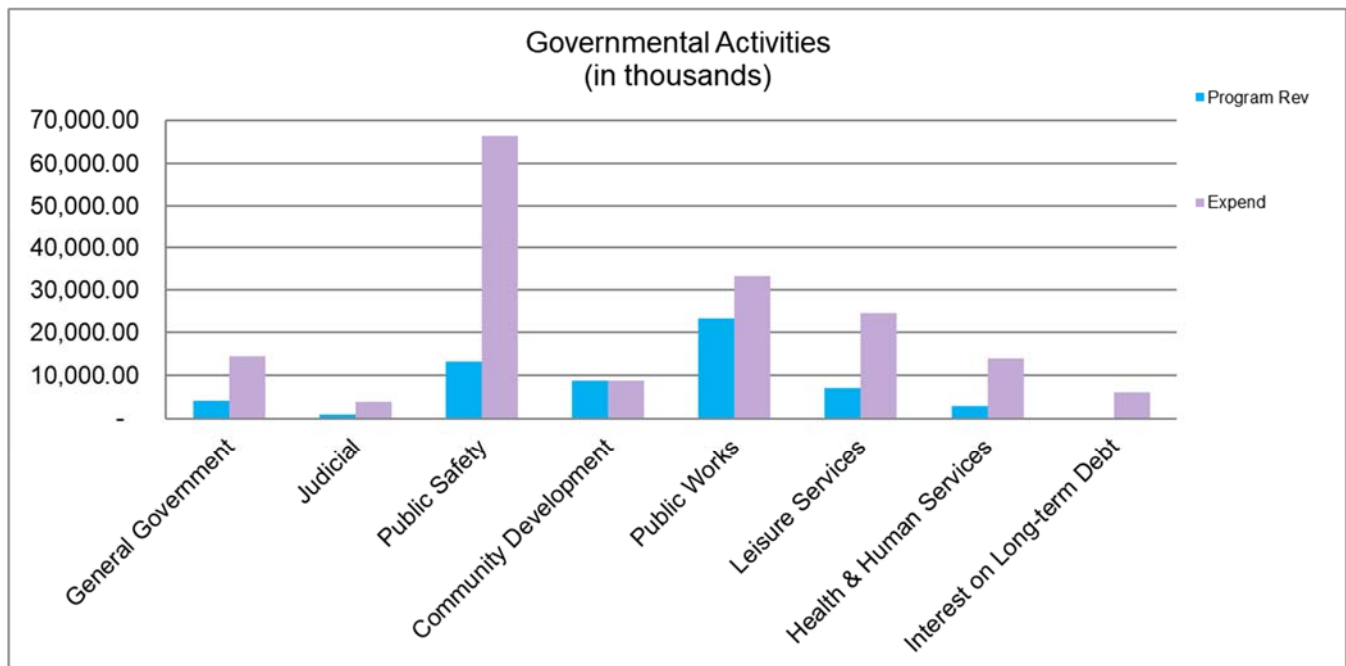
# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## Management's Discussion and Analysis For the Year Ended December 31, 2023

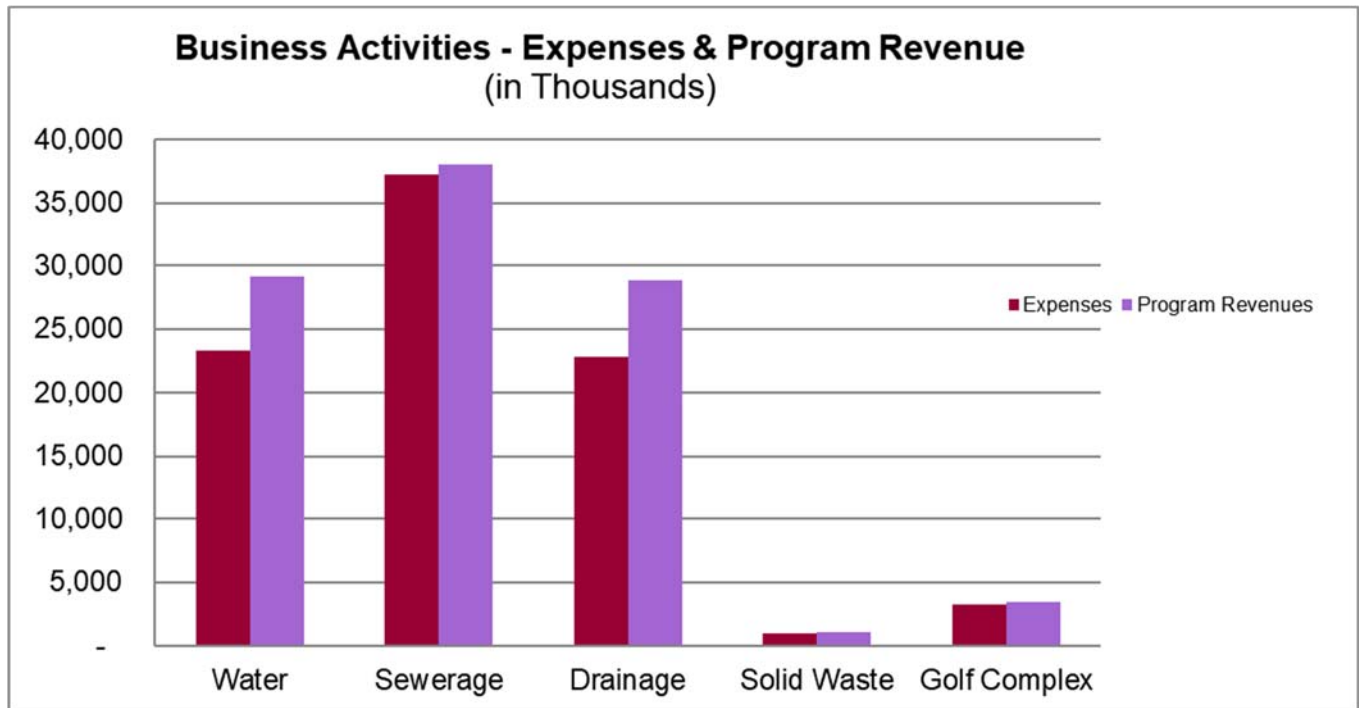
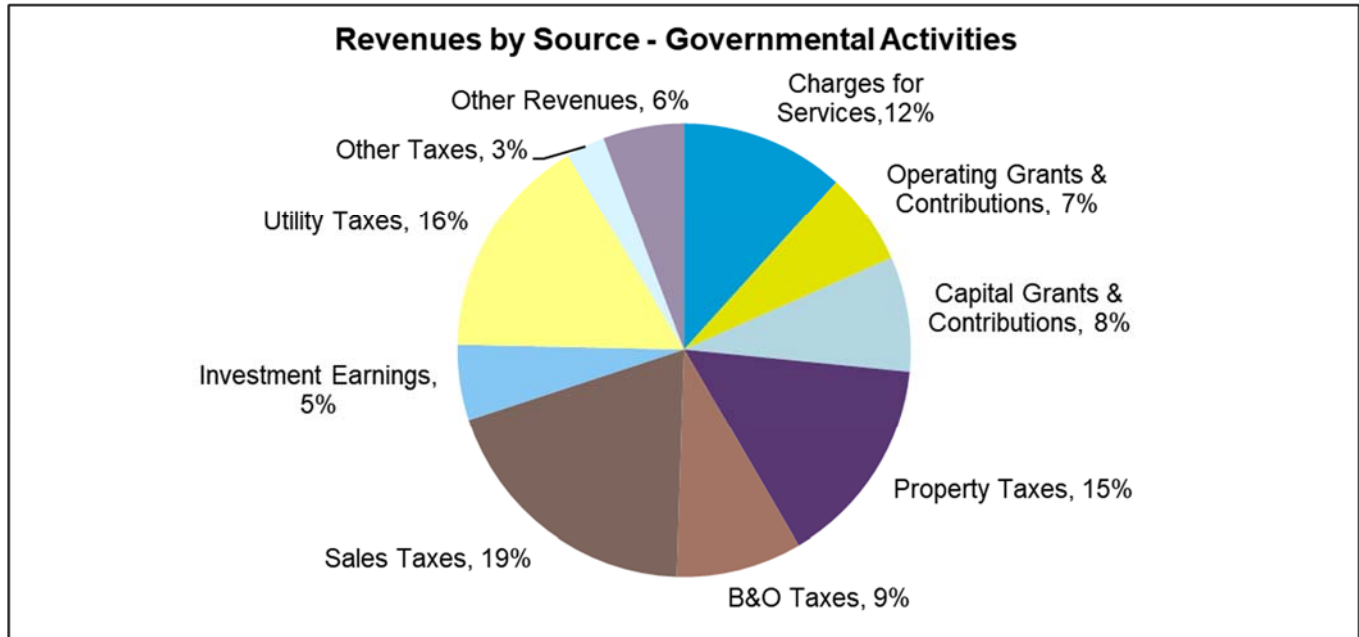
### City of Kent

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Expenses</b>						
General Government	14,706	15,576	-	-	14,706	15,576
Judicial	3,823	3,453	-	-	3,823	3,453
Public Safety	66,357	62,018	-	-	66,357	62,018
Community Development	8,753	7,979	-	-	8,753	7,979
Public Works	33,326	34,089	-	-	33,326	34,089
Leisure Services	24,597	23,438	-	-	24,597	23,438
Health & Human Svcs	13,994	9,534	-	-	13,994	9,534
Interest on LTD	6,028	6,269	-	-	6,028	6,269
Water	-	-	23,307	20,285	23,307	20,285
Sewerage	-	-	37,200	35,103	37,200	35,103
Drainage	-	-	22,771	22,806	22,771	22,806
Solid Waste	-	-	1,075	1,122	1,075	1,122
Golf Complex	-	-	3,263	2,839	3,263	2,839
<b>Total Expenses</b>	<b>171,584</b>	<b>162,356</b>	<b>87,616</b>	<b>82,155</b>	<b>259,200</b>	<b>244,511</b>



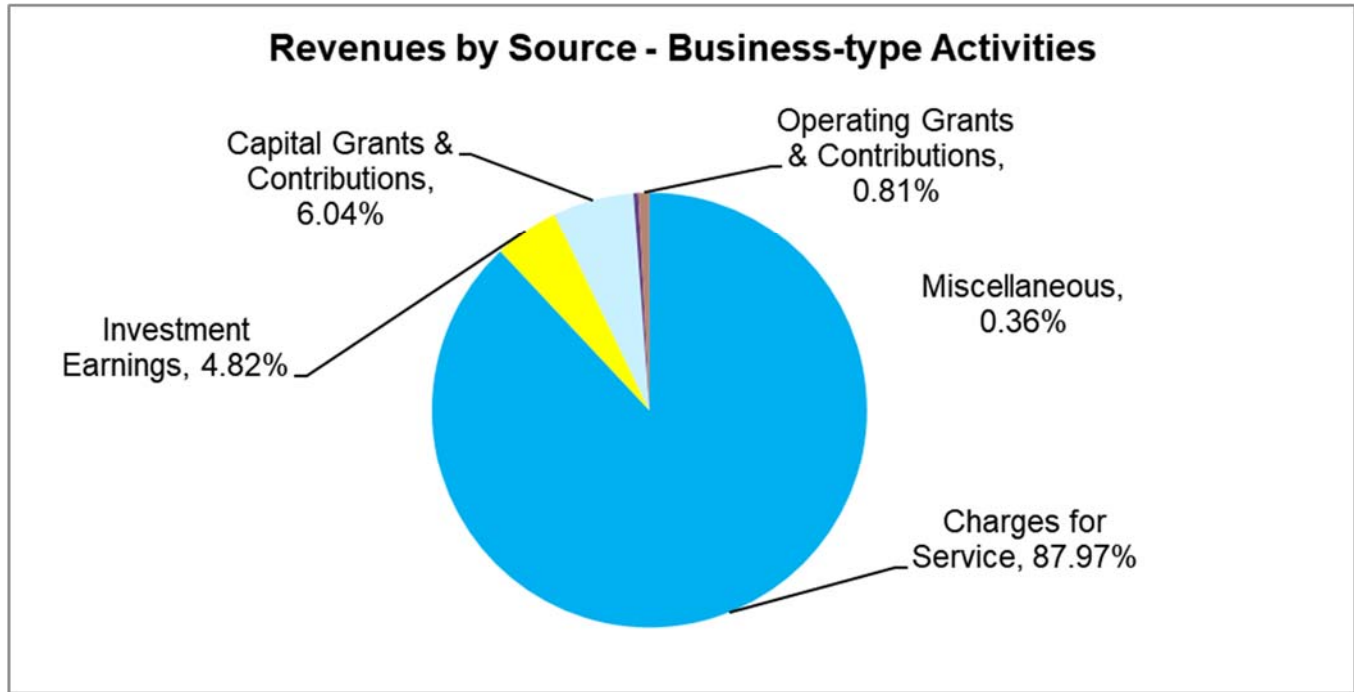
## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent



## Management’s Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent



**Governmental activities.** Governmental activities net position increased \$61.3 million (6.3 percent) in fiscal year 2023. Some key revenue and expenditure highlights of governmental activities for fiscal year 2023 are as follows:

- **Taxes** – Property Taxes (\$34.1 million) increased by \$1.1 million, or 3.5 percent compared to 2022. Sales & Use Taxes (\$44.2 million) increased by \$0.2 million or 0.3 percent. Utility Taxes (\$36.6 million) increased by \$2.5 million or 7.3 percent. Business & Occupation Taxes (\$20.4 million) increased by \$0.9 million or 4.4 percent. Other Taxes (\$6.3 million) decreased by \$5.6 million or 47.1 percent.

Property tax revenues are dependent on both the assessed valuation of property (provided by the King County Assessor) and the tax rate. Assessed valuation of properties has continued to increase (up 19.1% in 2023). While state law limits the maximum growth in property taxes on existing property to the lesser of one percent or the percentage increase in the Implicit Price Deflator plus new construction, the law also allows governments to “bank” property taxes not levied. The City had no banked property taxes in 2023. The increase in assessed value in 2023 is offset by a decrease in the City’s property tax rate from \$1.230 in 2022 to \$1.059 in 2023.

Other Taxes decreased by \$5.6 million primarily due to a decrease in real estate excise taxes (REET) revenues decreasing by \$5.9 million or 54.6 percent over 2022. REET revenues are directly correlated to real property purchases, especially corporate purchases. During 2022, 13 sales valued at \$10 million or more occurred whereas only three (3) sales valued at \$10 million or more occurred in 2023. This is a reflection of the higher interest rates making the purchase of property less attractive.

- **Investment earnings** – The net investment earnings of the City increased by \$17.8 million as a result of the fair market value (FMV) adjustment of the investment portfolio as well as a shift in

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

investment strategy throughout the year. During 2023, all holdings were held to their maturities and then reinvested per the City's investment policy. In addition, the City began to invest additional amounts from its short-term portfolio into its long-term portfolio. For that reason, and due to market changes, the unrealized loss reflected in the value of the portfolio as of December 31, 2023 decreased year over year. On December 31, 2022, the fair market value adjustment of investments was an unrealized loss of \$12.5 million whereas the fair market value adjustment was an unrealized loss of \$6.3 million as of December 31, 2023.

- *Charges for Service program revenues* (\$26.6 million) decreased by \$0.3 million or 0.9 percent.
  - Community Development decreased by \$0.8 million or 9.0 percent due primarily to decreased in non-residential civil construction fees (\$1.4 million in 2022 vs \$0.4 million in 2023). Plan check fees increased by \$0.4 million in 2023 as compared to 2022. Building permits also has a slight decline of \$0.07 million (\$4.14 million in 2022 vs \$4.06 million in 2023).
  - Public Safety increased by \$1.5 million or 16.9 percent. The City's red light camera program was expanded in 2023 resulting in increases in revenue for red light camera fines by \$0.7 million. Federal seized assets also came in \$0.7 million greater that last year due to a large incident.
  - Public Works decreased \$0.7 million or 39.3 percent due to a decrease of \$0.3 million in plan check fees and engineering charges. Additionally, during 2022, there was an emphasis on collecting permit center revenues that has lagged due to COVID. While efforts continued in 2023, the increases realized were not as high.
  - Leisure Services decreased by \$0.2 million (9.4 percent). Parks impact fees were \$0.4 million lower this year while recreation fees came in \$0.2 million more as more programs were reinstated after the pandemic.
  - Health and Human Services increased by \$3,346 or 0.6 percent primarily due to increased participation in adaptive recreation, senior activities, and adult care during 2023.
- *Grants and Contributions* –operating grants and contributions decreased \$0.9 million (5.7 percent) and capital grants increased by \$5.7 million (44.2 percent). The increase in capital grants and contributions is attributable to a \$1.5 million increase in recognition of ARPA funds over the prior year as well as the city receiving a \$3.1 million increase in funding over the prior year from the US Department of Transportation during 2023.
- *Governmental Activities expenses* increased \$9.2 million (5.7 percent) in 2023. This increase is primarily recognized in Public Safety (\$4.3 million or 7.0 percent), Health & Human Services (\$4.5 million or 46.8 percent), Leisure Services (\$1.2 million or 4.9 percent). These increases, as well as small increases in Judicial (\$0.3 million or 10.7 percent) and Community Development (\$0.8 million or 9.7 percent) are offset by minor decreases in General Government (\$0.9 million or 5.6 percent) and Public Works (\$0.8 million or 2.2 percent). Additional information is provided below.
  - *General Government expenses* (\$14.7 million) decreased by \$0.9 million, or 5.6 percent as compared to 2022. This is as a result of a decrease in pension expense over the prior year.
  - *Judicial expenses* (\$3.8 million) increased \$0.3 million. This increase is primarily within salaries and benefits and may be attributed to the City providing a cost of living increase of 9.5% at January 1, 2023.



## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

- *Public Safety expenses* (\$66.4 million) increased by \$4.4 million. This increase attributable to an increase is within salaries and benefits of \$2.4 million in the General Fund and \$2.0 million in the Criminal Justice special revenue fund and is attributed to the City providing a cost-of-living increase of 9.5% as of January 1, 2023.
- *Community Development expenses* (\$8.8 million) increased by \$0.8 million. This increase is attributable to an increase of \$0.8 million in compensated absences related to employees working in this area.
- *Public Works expenses* (\$33.3 million) decreased by \$0.8 million. The reason for the change include: a \$2.2 million decrease in Street Capital Projects fund expenses, offset by a \$1.4 million year over year increase internal service fund expense allocations to this function.
- *Leisure Services expenses* (\$24.6 million) increased by \$1.2 million. This increase is attributable to an increase is within salaries and benefits of \$0.9 million in the General Fund which may be attributed to the City providing a cost-of-living increase of 9.5% as of January 1, 2023. Additionally, an increase of \$1.0 million in services and supplies related to maintenance and improvements of the City's parks.
- *Health and Human Services expenses* (\$13.9 million) increased by \$4.5 million. In November 2023, the Housing and Community Development special revenue fund contributed \$4.5 million to the South King Housing and Homelessness Partners (SKHHP) based on the interlocal agreement to fund the Housing Capital Fund in accordance with House Bill 1590.

**Business-type activities.** Business-type activities net position increased \$12.9 million (2.8 percent) in fiscal year 2023. Key highlights of the change in net position are as follows:

- *Charges for Service (Operating Revenues)* (\$93.4 million) increased by \$7.0 million or 8.2 percent. Water Utility charges for service increased \$2.6 million, or 10.6 percent. Charges for service in the Sewer Utility increased by \$2.1 million due to the fee increases. The Drainage Utility charges for service increased \$2.3 million with the rate increase and continual review of the drainage calculations for customers (based on impervious surface calculations). The 2023 utility rates for water, sewer, and drainage increased based on CPI-W as of June 2022 which came in at 9.5%. The charges for service in the Solid Waste Utility decreased \$0.3 million in 2023. The Golf Complex charges for service increased \$0.2 million in 2023 as, after the stiffest restrictions were lifted, golf became a popular activity during the pandemic and has continued to remain strong.
- *Operating Grants/Contributions* (\$0.9 million) increased by \$0.3 million (54.8 percent) primarily due to the Drainage fund's receipt of \$0.4 million in project closeout funding from the US Army Corp of Engineers related to Riverview Park.
- *Capital Grants/Contributions* (\$6.4 million) decreased \$1.5 million (19.2 percent). The Drainage Utility capital grants and contributions decreased \$2.4 million over the prior year. While the fund received a \$3.46 million decrease in state and local grants for the Downey Farmstead project, along with \$1.23 million in decreases in both developer contributions and connection charges,

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

they did receive a \$1.95 million grant for Mill Creek flood protection. Additionally, the Water Fund capital grants and contributions increase by \$0.9 million over the prior year primarily due to a \$0.7 million increase in connection charges

- *Expenses* – Total business activities expenses increased \$5.5 million (6.6 percent) over 2022. Increases in the Water Utility expenses of \$3.0 million (14.9 percent), Sewerage Utility expenses of \$2.1 million (6.0 percent), and the Golf Complex of \$0.4 million (14.9 percent) are primarily due to increases in services and supplies needed to maintain the utilities.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS:

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

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing the government's near-term financing requirements.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$207.9 million, an increase of \$31.46 million in comparison with the prior fiscal year balances. Of this amount, the unassigned fund balance is \$63.84 million, up \$29.6 million from the previous year. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$0.1 million), 2) restricted for particular purposes (\$42.37 million), 3) committed for particular purposes (\$99.25 million), or 4) assigned for particular purposes (\$2.36 million).

The *General Fund* is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$67.53 million, representing a \$12.55 million or 22.8 percent increase from 2022. For reporting purposes, the consolidated General Fund is comprised of the General Fund along with three funds once considered Special Revenue Funds of the City (Public Safety Retiree Fund, Operating Grants and Projects Fund, and the Kent Events Center Fund) as well as the school and fire impact fees previously reported as fiduciary funds. For budgetary purposes, these funds are still separate from the General Fund. Factors affecting the consolidated General Fund's ending fund balance include:

- Total General Fund revenues increased by \$1.01 million (0.8 percent) from the previous year. The major changes are discussed below.
  - Property taxes of \$16.1 million were down \$16.8 million (51.1 percent) from the previous year due to the change in the way the City allocates property tax revenue. Starting in 2023, 52.5% property tax revenues are accounted for within the Capital Resources special revenue fund to be used for future capital projects.
  - Sales and use taxes (\$34.9 million) increased by \$7.0 million (24.9 percent). This was a result of a change made in 2023 when the City changed the way it allocated its sales and use tax revenue. The General Fund receives 100% of all sales and use tax revenue compared to 80% prior to 2023.

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

- Utility taxes (\$26.2 million) increased \$5.1 million (24.3 percent) from the previous year. With rate increases of 9.5%, the City recognized utility tax increases of \$4.2 million. In addition, in 2023, the City began allocating utility tax revenue previously received in the Capital Resources Fund to the General Fund.
- Other taxes (\$1.2 million) have increased by \$0.2 million (25.6 percent). With restrictions that had been in place due to the pandemic lifted in 2022 there was increased attendance at events which had direct correlation to in increased admissions tax revenue.
- Licenses and permits decreased by \$1.1 million (12.7 percent). IFC and Fire protection system permits billing was transferred to Puget Sound Fire at the end of 2022. Due to a billing software issue, significant time delays have occurred in receiving these revenues. As of 2024, the billing software issue seems to be resolved and revenues are on track to return to normal levels going forward.
- Intergovernmental revenues increased \$0.3 million (5.3 percent). Although fewer federal grants were received into the General Fund (decreased of \$1.2 million of ARPA funding over the prior year) in 2023, this decrease is offset by the recognition of the remaining \$2.2 million in Shuttered Venue Operators Grant, which is a \$1.5 million increase over the prior year.
- Charges for services decreased by \$2.4 million (20.3 percent). In 2022, the City engaged in an endeavor to collect permit revenues that we slowed due to the pandemic. In doing so, we recognized additional charges for services in 2022 as compared to 2023. With the current economic conditions (i.e. increased interest rates), the City has had less planning and development applications/permits which reflects revenue decreases in school and fire impact fees and planning fees.
- Miscellaneous revenues increased by \$6.9 million (1181.7 percent) in 2023 compared to 2022. This drastic increase is attributed to a \$4.95 million increase in interest income due to the city adjusting their investment strategy by increasing the amount in its long-term portfolio as compared to its short-term portfolio. Additionally, the unrealized loss in fair market value increased \$1.87 million to a total unrealized loss of \$1.42 million versus a \$3.29 million unrealized loss in 2022.

General Fund expenditures \$107.99 million increased \$2.97 million (2.8 percent) from the previous year with increases in public safety (\$1.17 million), community development (\$0.95 million), judicial (\$0.45 million), and leisure services (\$1.53 million). Decreases were seen in general government (\$0.84 million) and health and human services (\$0.32 million). Additional details are provided below:

- Community development expenditures increased by \$0.95 million, and Judicial expenditures increased by \$0.45 million, due primarily to increases in salaries because of wage adjustments based on a citywide cost of living increase of 9.5 percent given to employees.
- Public safety expenditures increased by \$1.17 million, due primarily to increases in salaries because of wage adjustments due to a citywide cost of living increase of 9.5 percent given to employees. The increase in salaries and benefits are offset by a decrease in services and supplies of \$1.3 million in fire related costs.

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

- Leisure services expenditures increased by \$1.53 million over the prior year. \$0.9 million in that increase was as a result of salary and benefit expense increases, because of wage adjustments due to a citywide cost of living increase of 9.5 percent given to all employees in 2023. Services and supplies increased by \$1.02 million due to an overall increase in costs related to maintaining the parks system.
- The decrease in general government services (\$0.84 million or 7.3 percent) is due to \$1.68 fewer ARPA expenditures over the prior year, offset by a general increase in salaries, benefits, services and supplies increases of \$0.84 million in 2023.
- The decrease in health and human services expenditures (\$0.32 million or 4.6 percent) is due to a decrease of \$0.74 million in school impact fees, due to reduced revenues, in addition to an overall increase in salaries, benefits, services and supplies increases of \$0.48 million in 2023.

Other major funds are the *Capital Resources Fund*, the *Special Assessments Fund*, and the *Street Capital Projects Fund*. Analysis of changes in net position from 2023 levels are as follows:

- *Capital Resources Fund*. Fund balance decreased by \$3.3 million. Although overall revenues exceeded expenditures by \$2.89 million, other financing sources decreased by \$1.2 million and other financing uses increased by \$10.7 million for a total difference of \$12.91 million over the prior year. This increase in other financing uses is attributable to transferring funds to a variety of projects approved to begin within 2023, including the East Hill Operations Improvements, the Facilities Reinvestment Fund, and the Mill Creek at 76th avenue flood protection project.
- *Special Assessments Fund*. Fund balance increased by \$0.1 million compared to 2022. The revenue in the fund is primarily collected from property owners for special assessments related to their property and that money is used for payment of debt service related to those assessments as well as transfers to capital projects being funded by the LIDs. In 2023, revenues increased by \$0.05 million as collection efforts for past due properties promoted payments.
- *Street Capital Projects Fund*. Fund balance increased \$4.6 million to \$25.4 million. Revenues increased by \$6.4 million primarily due to several large US Department of Transportation grants received in 2023 for capital projects. With increased grant dollars available to fund projects, expenditures also increased. Overall, there was an increase in expenditures of \$2.6 million. In 2023, the city spent \$9.0 million on North 76<sup>th</sup> Ave, pavement preservation, 240th Hogan Park Sidewalks, Pedestrian and Bicycle Safety Program, 108th Ave SE & 264th Roundabout. Transfers out for Facilities Reinvestment were \$5.0 million in 2023.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City's enterprise utility funds continued to provide sufficient working capital to service their debt and fund capital outlays. Of the enterprise funds \$468.87 million net position, \$355.25 million is net investment in capital assets, \$3.45 million is restricted and \$110.17 million is unrestricted. Analysis of changes in net position from prior fiscal year levels:

- **Water Fund.** Net position increased by \$6.06 million or 3.7 percent over the 2022 net position. Charges for services increased \$2.7 million over 2022 due to a 9.5 percent increase in utility rates.

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

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Operating expenses increased by \$3.1 million compared to 2022 primarily due to an increase in the services and supplies related to maintain the water utility assets. Interest income increased by \$3.64 million between an increase of \$2.64 million in interest earnings and a decrease of \$1 million in the unrealized loss recognized within the fund.

- *Sewerage Fund.* Fiscal year 2023 net position increased by \$0.09 million or 0.1 percent over the 2022 net position. Operating revenues increased \$2.2 million (6.0 percent), while operating expenses increased by \$2.1 million compared to 2022 (6.0 percent). The City's rate for sewer fees increased 9.5 percent in 2023 while the pass-through rate for King County METRO increased by 5.7 percent. Salary and benefits increased \$0.4 million in 2023 primarily reflective of the cost-of-living adjustment of 9.5% for most employees supporting this fund. Services and charges expenses increased \$1.8 million with increased METRO charges being a factor in this increase.
- *Drainage Fund.* Fiscal year 2023 net position increased by \$5.55 million or 2.7 percent over the 2022 net position. While operating revenues increased \$2.3 million (10.4 percent) primarily related to the 9.5 percent increase in rates, operating expenses did not substantially increase. Capital contributions in the Drainage Fund decreased \$2.4 million with lower developer donated capital contributions and in-lieu charges.
- *Solid Waste Fund.* The Solid Waste Fund is a non-major fund, but since it is the only non-major proprietary fund, it is presented in the basic financial statements. In 2023, net position decreased by \$2,342. Charges for services increased by \$0.3 million or 27.5 percent.
- *Golf Complex.* Net position increased by \$1.34 million in 2023. The operating revenue increased by \$0.3 million (8.8 percent) compared to 2022. Operating expenses increased by \$0.6 million (20.0 percent). A large part of the increase in operating expenses relates to capital project expenses.

Additional information on the City's Enterprise funds can be found in Note 1 starting on page 50 of this report.

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

#### GENERAL FUND BUDGETARY HIGHLIGHTS:

The General Fund's expenditure budget, including transfers out, (see Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on page 34) was increased by \$12.04 million from the original budget as follows:

- \$982,200 of carryforward budgets from 2022 for capital purchases not completed in the prior year for the assessore ShoWare Center.
- An additional \$700,000 was added to the ShoWare center budget for additional operating lifecycle and Shuttered Venue Operations Grant expenditures.
- An additional \$231,230 was added to the budget to cover the additional costs of 2023 Animal Control.
- An additional \$83,330 was added to the administrative, economic and community development, and parks departments to cover their portions of the costs for a federal lobbyist.
- An additional \$153,000 was added to cover \$125,000 anticipated increases in legal services and \$28,000 in audit services.
- An additional \$98,210 was added to pay for additional \$70,210 in ARPA funding and \$28,000 in the removal of cost allocations previously assigned to the Special Assessment Debt Fund.
- An additional \$71,630 in expenditures were added for \$17,070 in the Commerce Arrearages Grant, \$25,250 for the 2023 portion of the OPD Grant, and \$29,310 in various Parks program grants.
- The Parks Department had an additional \$2,467,570 in carryforward budgets from 2022 for capital purchases as well as a variety of other purposes including a \$1.75 million ARPA funds transfer to other human services APRA funded projects, and \$26,500 to the criminal justice fund.
- \$307,100 in Economic and Community Development carryforward budgets and increases in transfers were added to pay for comprehensive plan and DSAP implementation expenditures.
- An increase in transfers of \$250,000 to provide ARPA funding for graffiti removal and legal services for the Golf fund.
- An increase of \$2,200,340 was made to salaries for employee and elected officials pay increases per the various collective bargaining agreements and independent salary commission.
- A transfer out of an additional \$500,000 to the Property Insurance Fund was budgeted to ensure appropriate fund balance and capacity to cover anticipated expenditures.
- A transfer out of an additional \$2,300,000 to the Liability Insurance Fund was budgeted to ensure appropriate fund balance and capacity to cover anticipated expenditures.
- A transfer out of an additional \$2,000,000 to the Workers Insurance Fund was budgeted to ensure appropriate fund balance and capacity to cover anticipated expenditures.
- The budget decreased by \$272,890 due to the adjustments in costs for ARPA-funded positions that were then offset by other adjustments and, in one instance, an increase to professional services. A Human Services Planner was reduced by \$144,150 to accommodate hiring a consultant (\$100,000). Several adjustments to positions resulted in an overall increase in allocations to positions such as a Technical Lead, a Senior App Developer, a Parks MW2 and Volunteer Coordinator, and an HR Analyst (\$327,250). This increase was offset by decreases to adjustments in allocations to the Race and Equity Coordinator, an Executive Assistant, a Senior Center Coordinator, a GIS Analyst, and a Network Security Engineer (\$98,510).

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

#### CITY OF KENT'S GENERAL FUND BUDGET ACTIVITY BY FUNCTION For the Year Ended December 31, 2023

	Original Budget	Supplemental Appropriations	Final Budget	Actual	Variance
Taxes	90,271,080	-	90,271,080	98,657,287	8,386,207
Licenses and Permits	7,468,380	-	7,468,380	7,478,371	9,991
Intergovernmental Revenue	3,220,770	2,321,790	5,542,560	7,045,284	1,502,724
Charges for Services	10,779,190	-	10,779,190	9,326,021	(1,453,169)
Fines and Forfeitures	738,080	-	738,080	823,389	85,309
Miscellaneous Revenue	3,060,350	-	3,060,350	7,519,479	4,459,129
<b>Total Revenues</b>	<b>115,537,850</b>	<b>2,321,790</b>	<b>117,859,640</b>	<b>130,849,831</b>	<b>12,990,191</b>

	Original Budget	Supplemental Appropriations	Final Budget	Actual	Variance
General Government	11,059,040	1,108,370	12,167,410	10,631,211	(1,536,199)
Judicial	4,140,610	113,620	4,254,230	3,878,284	(375,946)
Public Safety	63,090,860	550,860	63,641,720	58,619,331	(5,022,389)
Community Development	10,011,170	196,940	10,208,110	8,742,648	(1,465,462)
Leisure Services	18,520,480	2,239,700	20,760,180	18,106,779	(2,653,401)
Health & Human Services	8,451,820	404,140	8,855,960	6,658,802	(2,197,158)
Capital outlay	-	932,700	932,700	2,056,972	1,124,272
<b>Total Expenditures</b>	<b>115,273,980</b>	<b>5,546,330</b>	<b>120,820,310</b>	<b>108,694,027</b>	<b>(12,126,283)</b>

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

- *Taxes.* Actual tax collections were \$8.38 million (9.3 percent) over budget. Sales and use taxes exceeded budget by \$4.6 million or 15.1 percent due to continued consumer online shopping. Business Taxes exceeded budget by \$1.6 million or 7.9 percent. Utility Taxes exceeded budget by \$1.8 million or 7.4 percent. The City continues to budget conservatively in these areas.
- *Intergovernmental Revenue.* Intergovernmental revenues were \$.8 million (14.54 percent) over budget primarily due the recognition of the remaining \$2.26 million in Shuttered Venue Operators Grant (SVOG) funds.
- *Charges for services.* Charges for services were \$1.45 million (13.5 percent) below budget. In 2022, the city endeavored to collect permit fees due from prior years, which resulted in a small spike in dollars collected. Due to that effort ending, and coupled with the current economic conditions (i.e. increased interest rates), fewer planning and development applications and permits were received during 2023.
- *Fines and forfeitures.* Fines and forfeitures were \$0.1 million (11.6 percent) over budget. Non-court fine and penalties exceeded budget by \$0.2 million. Civil penalties were under budget by \$0.1 million and criminal penalties were under by \$0.2 million. These were offset by B&O penalties over budget by \$0.1 million.

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

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- *Miscellaneous Revenues.* Miscellaneous revenues exceeded budget by \$4.46 million (145.7 percent). This large difference is due to the City adjusting their investment strategy by increasing the amount in its long-term portfolio as compared to its short-term portfolio. This, in addition to market performance, reduced the total unrealized loss in fair market value by approximately half over 2022.
- *Functional Expenditures.* Overall, salaries and benefits ended the year under budget by \$3.0 million despite a \$1.6 million increase in police overtime. Although medical insurance and pension costs were up from the previous year, the increases were \$2.0 million lower than budgeted. These budget savings are also due to cost savings realized through the number of vacant positions as well as programs which are not fully up and running. Departments continue to closely monitor supplies expenditures to maintain savings wherever possible.
  - *General Government Expenditures* were \$1.54 million (12.6 percent) under budget, of which \$0.8 million is salaries and benefits savings due to vacant positions. Another \$0.7 million in savings are recognized within internal and external professional services.
  - *Community Development Expenditures* saved \$1.47 million (14.4 percent), primarily due to \$0.2 million in reduced advertising costs and \$0.5 million in reduced professional services as well as \$0.7 million due to savings in salaries and benefits due to vacant positions.
  - *Leisure Services Expenditures* were \$2.68 million (13.4 percent) below budget. This savings is primarily the result of \$2.64 million in lower-than-expected professional services.
  - *Health and Human Services Expenditures* had budget savings of \$2.2 million (24.8 percent). These savings included \$0.7 million in salaries and benefits due to vacant positions, \$0.9 million in reduced professional, legal, and health services, as well as \$0.2 million in fewer than expected recreation trips and related costs.
  - *Public Safety Expenditures* were \$5.02 million (7.9 percent) below budget. \$2.94 million in savings were recognized within salaries and benefits due to several vacant positions. An additional \$2.23 million in reduced services and supplies, of which is a \$0.7 million savings in uniforms, small tools, and food expenditures as well as \$0.5 million in reduced professional services, \$0.7 million in intergovernmental and internal service fund charges.
  - *Judicial Expenditures* saved \$0.4 million (8.8 percent) primarily due to savings in salaries and benefits due to vacant positions.



## Management’s Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 239,208	\$ 239,091	\$ 23,749	\$ 23,737	\$ 262,957	\$ 262,828
Buildings	78,938	79,495	9,341	9,663	88,279	89,158
Site Improvements	46,474	42,382	329,974	324,231	376,448	366,613
Equipment	28,143	21,328	4,270	4,650	32,413	25,978
Infrastructure	393,898	399,415	-	-	393,898	399,415
Right of Use Asset	1,308	1,422	163	245	1,471	1,667
Subscription Asset	134	-	-	-	134	-
Construction in Progress	13,995	8,375	17,869	25,751	31,864	34,126
<b>Total Capital Assets</b>	<b>\$ 802,098</b>	<b>\$ 791,508</b>	<b>\$ 385,366</b>	<b>\$ 388,277</b>	<b>\$ 1,187,464</b>	<b>\$ 1,179,785</b>

Additional information on the City’s capital assets can be found in Note 6 starting on page 67 of this report.

**Capital Assets.** The City’s capital assets for its governmental and business-type activities as of December 31, 2023 were \$1.19 billion (net of accumulated depreciation), comprising 71.9 percent of the primary government’s total assets at year-end. This investment in capital assets includes land, buildings, site improvements, equipment, infrastructure, right of use assets, subscription assets, and construction in progress as of that date.

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

Governmental Activities:

- *Infrastructure.* During 2023, infrastructure decreased \$5.5 million with \$9.6 million in additions offset by \$15.1 million in 2023 depreciation. \$9.2 million in streets projects were closed and capitalized in 2023. In addition, the City received developer contributed streets with a value of \$0.5 million in 2023.
- *Land.* Land assets were increased by \$0.1 million in 2023 with the purchase of land for parks projects.
- *Buildings.* Net buildings decreased \$0.6 million in 2023 with the capitalization of various building improvements less \$3.2 million in 2023 depreciation.
- *Site Improvements.* Net site improvements increased by \$4.1 million with \$7.2 million in additions of Parks projects offset by \$3.1 million in depreciation.

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

- *Equipment.* Net equipment increased \$6.8 million in 2023. This was due to additions, net of deletions, of \$7.8 million offset by 2023 net depreciation of \$1.0 million. The additions include fleet vehicle additions of \$7.1 million, offset by disposals of \$0.8 million.
- *Construction in Progress.* Construction in progress (\$14.0 million) increased \$5.6 million from 2022. While 2023 spending on projects was \$30.0 million, \$9.7 million of completed projects were recorded as land, building, site improvements or infrastructure, while \$8.3 million were determined to be non-capital in nature and were expensed.

### Business-Type Activities:

- *Construction in Progress.* Compared to 2022, construction in progress (\$17.9 million) decreased \$7.9 million in 2023 as the City constructed and capitalized or expensed projects. While 2023 spending on projects was \$12.2 million, \$16.3 million in projects were completed and capitalized from CIP into other capital asset categories, and \$2.8 million were determined to be non-capital in nature and were expensed.
  - Some projects that were completed and capitalized in 2023 are:
    - \$10.3 million – West Hill Reservoir (site improvements)
    - \$3.7 million – Reservoir Recoating (site improvements)
    - \$0.6 million – Water Improvements on State Ave (site improvements)
    - \$0.5 million – North 76<sup>th</sup> Ave (site improvements)
    - \$0.3 million – SE 228<sup>th</sup> St (site improvements)
    - \$0.3 million – Water Improvements-SE 232nd (site improvements)
- *Land.* Land assets slightly increased with the purchase of approximately \$0.01 million by the Water Fund.
- *Buildings.* Buildings decreased \$0.3 million in 2023 due only to depreciation.
- *Site Improvements.* Additions to site improvements for 2023 were \$18.0 million, less depreciation of \$12.3 million resulting in a net increase of \$5.7 million. The primary additions to site improvements were the result of completed projects in Drainage, Golf, and Water improvements.
- *Equipment.* Net equipment decreased by \$0.4 million in 2023. This was due to additions of \$0.1 million less depreciation of \$0.5 million.

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$67.8 million. Of this amount, \$57.9 million or 85 percent comprises general obligation debt backed by the full faith and credit of the City. The remainder of the City's bonded debt (\$9.8 million) represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

## Management’s Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

#### CITY OF KENT’S OUTSTANDING BONDED DEBT\*

As of December 31

(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
G.O. Bonds	\$ 53,125	\$ 57,930	\$ -	\$ -	\$ 53,125	\$ 57,930
Revenue Bonds	-	-	8,625	9,845	8,625	9,845
Total Bonded Debt	\$ 53,125	\$ 57,930	\$ 8,625	\$ 9,845	\$ 61,750	\$ 67,775

\* Gross debt - does not include discounts or premiums.

The City’s total bonded debt decreased by \$6.03 million or 8.9 percent during the current fiscal year. No new bonded debt was issued in 2023. All required debt service payments were made during 2023.

At December 31, 2023, the City carried an “AA+” rating from Standard and Poor’s and an “Aa3” rating from Moody’s on the general obligation debt and a rating of AA by Standard & Poor’s Ratings Services on the revenue bonds.

The State of Washington limits the amount of general obligation debt a governmental entity may issue with and without a vote. The City’s remaining unused debt capacity at year-end was \$2,359 million.

Additional information on the City’s long-term debt can be found in Note 9 starting on page 75 of this report.

#### **ECONOMIC FACTORS AND BUDGETARY IMPACTS:**

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

With the adopted \$852.06 million 2023-2024 biennial budget, \$235.12 million is allocated to the General Fund. Some of the City’s reserves in the General Fund were used to balance the 2023 and 2024 budget. Our reserves are above the required minimums, and this is the kind of use they were intended. Additionally, the remaining unallocated balance of ARPA funding is allocated in this budget, which allowed us to offer a future-ready capital program.

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

To exacerbate the ongoing structural imbalance, we are now facing record inflation. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Seattle-Tacoma-Bellevue area as of April 2024 is 4.4%. This will have an impact on the expenditure side of the 2025-2026 biennial budget

## Management's Discussion and Analysis For the Year Ended December 31, 2023

### City of Kent

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as labor contracts are tied, at least in part, to CPI-W calculated as of June 2024. Outside of salaries and benefits, we are also seeing the cost of doing business and projects rise greatly as well.

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

The City had strategically established a policy surrounding fund balance for the General Fund, setting aside funds for the purpose of a rainy-day account or an emergency. Not only had the policy been established but the fund balance was purposefully grown beyond the minimum 18% of General Fund expenditures target to provide capacity to address our ongoing structural imbalance. The City ended 2023 with 53.7% or \$63.7 million in reserves.

During 2023, due to the strong construction economy and increased overall spending, sales tax collections continued to be received in excess of budget. However, it remains an area that is closely monitored as each month's collections are received and any excess revenues are allocated to one-time purposes. Development and construction activities within the City are slowing and will be monitored for their effect on the 2024 mid-biennial budget process.

As we begin looking to the future, inflation and its impacts have been in the forefront of our minds. CPI-W for April 2024 was at 4.4%. CPI-W as calculated for June 2023 will have a direct impact on the 2024 mid-biennium and 2025-2026 biennial budget, respectively. Knowing inflation is going to have a significant impact on the budget, the City's intent is to maintain a status quo budget for the upcoming budget cycle. To offset some of the increased costs, in 2018 the City Council set multi-year rate increases to the B&O Tax rate with the next rate increase to the square footage tax effective January 2025. Use of General Fund fund balance is planned to balance the 2025-2026 budget providing time to explore options for a permanent solution to the structural imbalance. The City will continue to monitor the impacts of unfunded mandates such as impacts of changes to the laws or legislations such as public defender caseloads, changes to permit processing, etc. In addition, the City will continue to work with the legislature to secure funding for increased public safety.

### **REQUESTS FOR INFORMATION:**

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

City of Kent, Finance Department  
220 Fourth Avenue South Kent, WA 98032-5895  
[www.kentwa.gov](http://www.kentwa.gov)



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
STATEMENT OF NET POSITION  
December 31, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Special Events Center PFD
<b>ASSETS</b>				
Cash and cash equivalents (Note 3)	\$ 106,615,441	\$ 46,080,081	\$ 152,695,522	\$ 88,790
Investments, at fair value (Note 3)	140,354,320	57,126,174	197,480,494	112,732
Receivables (net of allowances) (Note 4)	28,501,417	12,678,814	41,180,231	254,652
Internal balances (Note 5)	(1,493,799)	1,493,799	-	-
Due from other governments	988,974	-	988,974	-
Inventory, at cost	454,066	895,797	1,349,863	-
Prepaid items	1,034,331	-	1,034,331	-
Investment in Joint Venture (Note 15)	12,882,720	-	12,882,720	-
Restricted assets:				
Cash with fiscal agent/trustee	2,987,842	132,699	3,120,541	-
Cash and cash equivalents (Note 3)	13,358,870	46,909	13,405,779	-
Investments (Note 3)	7,555,447	60,083	7,615,530	-
Note receivable from component unit (Note 4)	89,965,537	-	89,965,537	-
Less: Allowance for uncollectible	(89,965,537)	-	(89,965,537)	-
Property, plant, and equipment: (Note 6)				
Not being depreciated	253,202,174	41,618,647	294,820,821	-
Being depreciated/amortized, (net)	549,194,552	343,750,071	892,944,623	-
Net pension asset	30,075,584	3,454,706	33,530,290	-
<b>TOTAL ASSETS</b>	<u>1,145,711,939</u>	<u>507,337,780</u>	<u>1,653,049,719</u>	<u>456,174</u>
<b>DEFERRED OUTFLOWS</b>				
Deferred loss on refundings	29,326,435	-	29,326,435	-
Deferred outflows related to pension	20,761,320	2,869,039	23,630,359	-
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>50,087,755</u>	<u>2,869,039</u>	<u>52,956,794</u>	<u>-</u>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>	<u>1,195,799,694</u>	<u>510,206,819</u>	<u>1,706,006,513</u>	<u>456,174</u>
<b>LIABILITIES</b>				
Vouchers payable	7,202,958	1,545,134	8,748,092	-
Accounts/payroll payable	5,887,830	2,290,267	8,178,097	-
Incurred but not reported claims payable	9,317,800	-	9,317,800	-
Due to other governments	29,415	-	29,415	-
Accrued interest payable	208,308	104,280	312,588	-
Unearned revenue	24,676,610	516,512	25,193,122	-
Non-current liabilities:				
Due within one year (Note 8)				
Compensated absences-current	3,666,878	711,039	4,377,917	-
Contracts and notes-current	836,472	1,600,640	2,437,112	-
Leases and subscriptions-current	408,089	-	408,089	-
General obligation bonds payable-current	4,665,000	-	4,665,000	-
Revenue bonds payable-current	-	1,280,000	1,280,000	465,000
Total OPEB liability - current	1,514,262	-	1,514,262	-
Due in more than one year (Note 8)				
Compensated absences-long term	3,793,435	414,753	4,208,188	-
Contracts and notes-long term	736,000	18,693,401	19,429,401	89,500,537
Leases and subscriptions-long term	2,226,780	-	2,226,780	-
General obligation bonds payable-long term (net of unamortized discounts & premiums)	56,488,126	-	56,488,126	-
Revenue bonds payable-long term (net of of unamortized discounts & premiums)	-	8,541,174	8,541,174	-
Net pension liability	5,463,521	1,571,969	7,035,490	-
Total OPEB liability-long term	15,523,804	-	15,523,804	-
<b>TOTAL LIABILITIES</b>	<u>142,645,288</u>	<u>37,269,169</u>	<u>179,914,457</u>	<u>89,965,537</u>
<b>DEFERRED INFLOWS</b>				
Deferred inflows related to leases	1,180,627	2,148,425	3,329,052	-
Deferred inflows related to pensions	12,878,695	1,912,634	14,791,329	-
Deferred inflows related to OPEB	225,154	-	225,154	-
<b>TOTAL DEFERRED INFLOWS</b>	<u>14,284,476</u>	<u>4,061,059</u>	<u>18,345,535</u>	<u>-</u>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>	<u>156,929,764</u>	<u>41,330,228</u>	<u>198,259,992</u>	<u>89,965,537</u>
<b>NET POSITION</b>				
Net investment in capital assets	766,362,694	355,253,503	1,121,616,197	-
Restricted net position for:				
Pensions	30,075,584	3,454,706	33,530,290	-
Capital projects	-	-	-	-
Programs	42,477,345	-	42,477,345	-
Debt service	1,045,548	-	1,045,548	-
Unrestricted net position	198,908,759	110,168,382	309,077,141	(89,509,363)
<b>TOTAL NET POSITION</b>	<u>\$ 1,038,869,930</u>	<u>\$ 468,876,591</u>	<u>\$ 1,507,746,521</u>	<u>\$ (89,509,363)</u>

The accompanying notes are an integral part of the financial statements

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

CITY OF KENT  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2023

					Net (Expenses) Revenue and Changes in Net Position			Component Unit
FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Primary Government			Special Events
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Center PFD
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 14,705,968	\$ 4,059,618	\$ 63,922	\$ -	\$ (10,582,428)		\$ (10,582,428)	
Judicial	3,823,245	585,679	252,812	-	(2,984,754)		(2,984,754)	
Public Safety	66,357,335	10,341,511	2,567,047	466,939	(52,981,838)		(52,981,838)	
Community Development	8,752,771	8,404,570	345,940	5,190	2,929		2,929	
Public Works	33,325,571	1,061,898	6,978,971	15,189,162	(10,095,540)		(10,095,540)	
Leisure services	24,596,637	1,664,250	2,830,260	2,599,170	(17,502,957)		(17,502,957)	
Health and human services	13,994,390	525,861	2,072,737	392,092	(11,003,700)		(11,003,700)	
Interest on long-term debt	6,028,185	-	-	-	(6,028,185)		(6,028,185)	
Total governmental activities	171,584,102	26,643,387	15,111,689	18,652,553	(111,176,473)		(111,176,473)	
Business-type Activities:								
Water	23,306,600	26,883,106	42,982	2,224,444	-	\$ 5,843,932	5,843,932	
Sewerage	37,200,127	37,805,068	1,281	188,290	-	794,512	794,512	
Drainage	22,771,208	24,469,880	406,749	3,997,014	-	6,102,435	6,102,435	
Golf Complex	3,263,423	3,264,315	228,221	-	-	229,113	229,113	
Solid Waste	1,074,945	946,980	176,184	-	-	48,219	48,219	
Total business type activities	87,616,303	93,369,349	855,417	6,409,748	-	13,018,211	13,018,211	
<b>Total Primary Government</b>	<b>\$ 259,200,405</b>	<b>\$ 120,012,736</b>	<b>\$ 15,967,106</b>	<b>\$ 25,062,301</b>	<b>\$ (111,176,473)</b>	<b>\$ 13,018,211</b>	<b>\$ (98,158,262)</b>	
<b>Component Unit:</b>								
Special Events Center PFD	\$ 4,099,242	\$ -	\$ -	\$ -			\$ (4,099,242)	
<b>Total Component Units</b>	<b>\$ 4,099,242</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			<b>\$ (4,099,242)</b>	
<b>General revenues and Transfers:</b>								
Taxes:								
Property taxes levied for general purpose				\$ 34,108,647	\$ -	\$ 34,108,647	\$ -	
Sales taxes				44,201,491	-	44,201,491	1,520,372	
Utility taxes				36,555,880	-	36,555,880	-	
Business & occupation tax				20,367,679	-	20,367,679	-	
Real Estate Excise Tax				4,867,134	-	4,867,134	-	
Lodging Tax				278,551	-	278,551	-	
Other taxes				1,168,377	-	1,168,377	-	
Grants and contributions not restricted to specific programs				11,982,935	-	11,982,935	-	
Interest income				12,264,501	5,117,446	17,381,947	59,208	
Miscellaneous				554,750	378,886	933,636	-	
Gain on disposal of capital asset				628,169	-	628,169	-	
Transfers				5,464,409	(5,464,409)	-	-	
<b>Total general revenues and transfers</b>				<b>172,442,523</b>	<b>31,923</b>	<b>172,474,446</b>	<b>1,579,580</b>	
Change in net position				61,266,050	13,050,134	74,316,184	(2,519,662)	
<b>Net position - beginning</b>				<b>977,603,880</b>	<b>455,826,457</b>	<b>1,433,430,337</b>	<b>(86,989,701)</b>	
<b>Net position-ending</b>				<b>\$ 1,038,869,930</b>	<b>\$ 468,876,591</b>	<b>\$ 1,507,746,521</b>	<b>\$ (89,509,363)</b>	

The accompanying notes are an integral part of the financial statements





# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
December 31, 2023**

	General Fund	Capital Resources Fund	Special Assessments Fund	Street Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 26,973,753	\$ 12,006,865	\$ 143,578	\$ 9,735,739	\$ 35,110,213	\$ 83,970,148
Investments, at fair value	30,065,912	14,914,697	183,901	16,531,982	50,429,963	112,126,455
Receivables (net)						
Taxes	14,605,824	721,166	-	-	3,019,548	18,346,538
Accounts	757,660	-	-	1,657,181	3,137,287	5,552,128
Special assessments:						
Current	-	-	494,875	-	-	494,875
Delinquent	-	-	106,215	-	-	106,215
Unavailable	-	-	1,321,438	-	-	1,321,438
Penalty and Interest	-	-	143,790	-	-	143,790
Accrued interest	968,178	-	-	-	-	968,178
Due from other governments	171,533	-	-	225,138	592,303	988,974
Prepaid items	55,939	-	-	-	50,331	106,270
Restricted assets:						
Cash with fiscal agent	2,940,520	-	-	-	-	2,940,520
Cash and cash equivalents	3,604,741	-	-	3,559,667	6,194,462	13,358,870
Investments	7,555,447	-	-	-	-	7,555,447
<b>TOTAL ASSETS</b>	<u>87,699,507</u>	<u>27,642,728</u>	<u>2,393,797</u>	<u>31,709,707</u>	<u>98,534,107</u>	<u>247,979,846</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Vouchers payable	\$ 2,902,636	\$ 20,336	\$ -	\$ 842,982	\$ 1,998,890	\$ 5,764,844
Accounts/payroll payable	3,977,684	25,193	-	423,962	1,118,879	5,545,718
Due to other governments	15,345	396	-	12	13,662	29,415
Interfund loans payable - current	-	-	-	398,002	-	398,002
Incurred but not reported claims payable	37,100	-	-	-	-	37,100
Deposits and advances	1,634,141	-	-	-	-	1,634,141
Unearned Revenue - other	11,160,188	-	-	3,559,667	8,402,616	23,122,471
Interfund loan payable - non-current	-	-	-	1,095,797	-	1,095,797
<b>TOTAL LIABILITIES</b>	<u>19,727,094</u>	<u>45,925</u>	<u>-</u>	<u>6,320,422</u>	<u>11,534,047</u>	<u>37,627,488</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	440,623	-	1,975,921	-	-	2,416,544
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>440,623</u>	<u>-</u>	<u>1,975,921</u>	<u>-</u>	<u>-</u>	<u>2,416,544</u>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>	<u>20,167,717</u>	<u>45,925</u>	<u>1,975,921</u>	<u>6,320,422</u>	<u>11,534,047</u>	<u>40,044,032</u>
<b>FUND BALANCE</b>						
Nonspendable	55,939	-	-	-	50,331	106,270
Restricted	199,067	8,645,010	10,878	3,004,028	30,512,092	42,371,075
Committed	2,236,998	18,951,793	406,998	21,240,775	56,419,756	99,256,320
Assigned	1,199,357	-	-	1,144,482	17,881	2,361,720
Unassigned	63,840,429	-	-	-	-	63,840,429
Total Fund Balance	<u>67,531,790</u>	<u>27,596,803</u>	<u>417,876</u>	<u>25,389,285</u>	<u>87,000,060</u>	<u>207,935,814</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	<u>\$ 87,699,507</u>	<u>\$ 27,642,728</u>	<u>\$ 2,393,797</u>	<u>\$ 31,709,707</u>	<u>\$ 98,534,107</u>	<u>\$ 247,979,846</u>

The accompanying notes are an integral part of the financial statements

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## CITY OF KENT RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES December 31, 2023

Fund balance - total governmental funds		\$	207,935,814
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds (Does not include Internal Service Fund capital assets)			
Cost of capital assets	\$	1,294,546,971	
Accumulated depreciation		<u>(515,874,286)</u>	778,672,685
Investment in Joint Venture (Note 14)			12,882,720
Internal Service Funds are used by management to charge the costs of fleet management, central services, management information systems, facility rental and maintenance, and self-insurance costs to individual funds. The assets, including capital assets, and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.			64,400,846
Interest accrued on governmental long-term debt, but not due and payable in the current period, is not reported on the governmental fund statements, but is accrued and reported on the statement of net position			(203,304)
Revenues earned but not received within 60 days (property tax) or 90 days (other revenue) of year-end, and therefore not available to pay current year liabilities are deferred inflows on the governmental statements, but is recognized as revenue for the government-wide statements			
General Fund			2,079,837
Deferred inflows for long-term special assessments is shown on the government funds balance sheet, but is not a deferred inflow on the statement of net position			336,707
Unamortized bond costs are not reported on the governmental fund statements, but are reported on the statement of net position			
Deferred loss on refunding		29,326,435	
Unamortized bond (premium)/discount		<u>(8,028,126)</u>	21,298,309
Long-term assets do not provide current financial resources and are therefore not reported in the governmental funds, but are reported in the government-wide statements			
Deferred outflows related to pensions		19,231,165	
Net pension asset		<u>28,233,073</u>	47,464,238
Long-term liabilities, including bonds and contracts, are not due and payable in the current period and therefore are not reported in the governmental funds			
General obligation bonds		(53,125,000)	
Contracts, leases and notes		(2,533,872)	
Compensated absences		(6,592,069)	
Deferred inflows related to pensions		(11,858,623)	
Deferred inflows related to OPEB		(225,154)	
Net pension liability		(4,625,138)	
Total OPEB liability		<u>(17,038,066)</u>	(95,997,922)
Net Position of governmental activities			<u><u>1,038,869,930</u></u>

The accompanying notes are an integral part of the financial statements

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2023**

	General Fund	Capital Resources Fund	Special Assessments Fund	Street Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 16,052,750	\$ 17,742,495	\$ -	\$ -	\$ -	\$ 33,795,245
Sales and use	34,915,382	-	-	-	9,286,109	44,201,491
Utility	26,153,099	-	-	-	10,402,781	36,555,880
Business & occupation	20,367,679	-	-	-	-	20,367,679
Real estate excise tax	-	4,867,134	-	-	-	4,867,134
Lodging	-	-	-	-	278,551	278,551
Other	1,168,377	-	-	-	-	1,168,377
Licenses and permits:						
Building permits	4,071,504	-	-	-	-	4,071,504
Other licenses and permits	3,406,867	-	-	-	467,785	3,874,652
Intergovernmental revenue						
Federal grants	3,123,540	-	-	4,411,860	3,157,979	10,693,379
State grants	2,411,151	162,500	-	2,636,749	4,187,100	9,397,500
State shared revenues	160,445	2,600,686	-	1,435,000	3,450,357	7,646,488
Other governments	653,056	-	-	6,273	5,062,503	5,721,832
Charges for services:						
Park and recreation fees	1,168,725	-	-	-	2,570	1,171,295
Other fees and charges	8,157,296	199,567	-	-	1,570,219	9,927,082
Fines and forfeitures	823,389	-	17,394	-	5,992,618	6,833,401
Miscellaneous revenue:						
Special assessments	-	-	562,250	-	-	562,250
Interest income	6,184,783	2,008,639	187,456	1,606,281	4,278,720	14,265,879
Unrealized net gain/(loss) in fair value of investments	(1,420,640)	(464,241)	-	(497,379)	(1,338,014)	(3,720,274)
Rent/Leases income	896,932	-	-	-	50,174	947,106
Contributions and donations	842,454	-	-	134,400	127,492	1,104,346
Other miscellaneous revenue	1,015,948	-	-	35,147	519,003	1,570,098
<b>TOTAL REVENUES</b>	<b>130,152,737</b>	<b>27,116,780</b>	<b>767,100</b>	<b>9,768,331</b>	<b>47,495,947</b>	<b>215,300,895</b>
<b>EXPENDITURES</b>						
Current:						
General government	10,631,211	241,501	-	-	3,466,194	14,338,906
Judicial	3,878,284	-	-	-	-	3,878,284
Public safety	58,619,331	-	-	-	10,300,905	68,920,236
Community development	8,742,648	-	-	-	422,049	9,164,697
Public works	-	-	-	3,073,202	16,653,808	19,727,010
Leisure services	17,409,687	394,029	-	-	1,525,073	19,328,789
Health and human services	6,658,802	-	-	-	7,470,955	14,129,757
Debt service:						
Principal	-	-	-	-	5,615,323	5,615,323
Interest	-	-	-	95,797	2,643,862	2,739,659
Capital outlay	2,056,972	-	-	13,254,325	8,393,747	23,705,044
<b>TOTAL EXPENDITURES</b>	<b>107,996,935</b>	<b>635,530</b>	<b>-</b>	<b>16,423,324</b>	<b>56,491,916</b>	<b>181,547,705</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>22,155,802</b>	<b>26,481,250</b>	<b>767,100</b>	<b>(6,654,993)</b>	<b>(8,995,969)</b>	<b>33,753,190</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	6,158,491	509,820	22,060	11,752,798	40,517,221	58,960,390
Transfers out	(15,757,564)	(30,332,524)	(684,400)	(459,400)	(14,017,733)	(61,251,621)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(9,599,073)</b>	<b>(29,822,704)</b>	<b>(662,340)</b>	<b>11,293,398</b>	<b>26,499,488</b>	<b>(2,291,231)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>12,556,729</b>	<b>(3,341,454)</b>	<b>104,760</b>	<b>4,638,405</b>	<b>17,503,519</b>	<b>31,461,959</b>
<b>FUND BALANCE, January 1</b>	<b>54,975,061</b>	<b>30,938,257</b>	<b>313,116</b>	<b>20,750,880</b>	<b>69,496,541</b>	<b>176,473,855</b>
<b>FUND BALANCE, December 31</b>	<b>\$ 67,531,790</b>	<b>\$ 27,596,803</b>	<b>\$ 417,876</b>	<b>\$ 25,389,285</b>	<b>\$ 87,000,060</b>	<b>\$ 207,935,814</b>

The accompanying notes are an integral part of the financial statements

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES  
For the Year Ended December 31, 2023**

Net change in fund balance - total governmental funds	\$	31,461,959	
Governmental funds report capital outlays as expenditures. On the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlays	\$	23,705,044	
Depreciation expense		<u>(22,278,813)</u>	1,426,231
The net effect of various miscellaneous transactions involving capital assets is to increase net position.			6,920,629
Certain revenues are unavailable in the governmental funds because they do not provide current financial resources, but are considered revenues on the statement of activities.			
Property taxes		313,402	
Other revenues		<u>(427,208)</u>	(113,806)
Special assessment principal payments received are revenues on the governmental operating statement, but are reductions to the outstanding special assessment debt on the Statement of Activities.			(219,894)
Repayment of bonds/contracts principal is an expenditure in the governmental funds, but reduces long-term liabilities on the government-wide statements.			
Principal repayments			5,615,323
Certain bond transactions, like premiums, discounts, insurance and loss of refunding, are reported as revenues or expenditures in the governmental funds because they provide, or use, current financial resources. However, for the government-wide statements, these costs are recognized or amortized (expensed) over the life of the bonds.			
Amortization of premium/discount		603,532	
Amortization of loss on refunding		<u>(3,955,423)</u>	(3,351,891)
Certain pension transactions are not reported in the governmental funds but are reported in the government-wide statements			8,296,501
Internal Service Funds are used by management to charge the costs of fleet management, central services, management information systems, facility rental and maintenance, and self-insurance costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.			
			11,958,737
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Compensated absences		(1,259,195)	
Interest expense accrual		91,039	
Total OPEB obligation		<u>440,417</u>	(727,739)
Change in net position of governmental activities			<u>61,266,050</u>

The accompanying notes are an integral part of the financial statements

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
COMBINED GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2023**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 15,670,870	\$ 15,670,870	\$ 16,052,750	\$ 381,880
Sales and use	30,323,830	30,323,830	34,915,382	4,591,552
Utility	24,349,760	24,349,760	26,153,099	1,803,339
Business & occupation	19,120,500	19,120,500	20,367,679	1,247,179
Other	806,120	806,120	1,168,377	362,257
Licenses and permits				
Building permits	3,855,110	3,855,110	4,071,504	216,394
Other licenses and permits	3,613,270	3,613,270	3,406,867	(206,403)
Intergovernmental revenue				
Other grants and shared revenue	3,220,770	5,542,560	6,348,192	805,632
Charges for services				
Park and recreation fees	1,218,090	1,218,090	1,168,725	(49,365)
Other fees and charges	9,561,100	9,561,100	8,157,296	(1,403,804)
Fines and forfeitures	738,080	738,080	823,389	85,309
Miscellaneous revenue				
Interest income	632,800	632,800	4,764,145	4,131,345
Rent/lease income	781,670	781,670	896,932	115,262
Contributions and donations	1,507,580	1,507,580	842,454	(665,126)
Other miscellaneous revenue	138,300	138,300	1,015,948	877,648
<b>TOTAL REVENUES</b>	<b>115,537,850</b>	<b>117,859,640</b>	<b>130,152,739</b>	<b>12,293,099</b>
<b>EXPENDITURES</b>				
Current:				
General government	11,059,040	12,167,410	10,631,211	1,536,199
Judicial	4,140,610	4,254,230	3,878,284	375,946
Public safety	63,090,860	63,641,720	58,619,331	5,022,389
Community development	10,011,170	10,208,110	8,742,648	1,465,462
Leisure services	18,520,480	20,093,820	17,409,687	2,684,133
Health and human services	8,451,820	8,855,960	6,658,802	2,197,158
Capital outlay	-	932,700	2,056,972	(1,124,272)
<b>TOTAL EXPENDITURES</b>	<b>115,273,980</b>	<b>120,153,950</b>	<b>107,996,935</b>	<b>12,157,015</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>263,870</b>	<b>(2,294,310)</b>	<b>22,155,804</b>	<b>24,450,114</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,554,230	6,797,700	6,158,491	(639,209)
Transfers out	(9,783,860)	(16,944,620)	(15,757,564)	1,187,056
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,229,630)</b>	<b>(10,146,920)</b>	<b>(9,599,073)</b>	<b>547,847</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(2,965,760)</b>	<b>(12,441,230)</b>	<b>12,556,731</b>	<b>24,997,961</b>
<b>FUND BALANCE, January 1</b>	<b>56,542,552</b>	<b>56,542,552</b>	<b>54,975,059</b>	<b>(1,567,493)</b>
<b>FUND BALANCE, December 31</b>	<b>\$ 53,576,792</b>	<b>\$ 44,101,322</b>	<b>\$ 67,531,790</b>	<b>\$ 23,430,468</b>

Note: This budgetary statement represents the consolidated General Fund. Certain other funds are combined with the true General Fund for financial reporting purposes (see Note 1.d). Separate budgetary schedules are provided for these other funds as well as the true General Fund on p. 156

The accompanying notes are an integral part of the financial statements

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
CAPITAL RESOURCES FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
For the Year Ended December 31, 2023**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property Tax	\$ 17,320,430	\$ 17,320,430	\$ 17,742,495	\$ 422,065
Sales Tax	2,600,690	2,600,690	-	(2,600,690)
Real estate excise tax	4,500,000	4,500,000	4,867,134	367,134
Intergovernmental:				
State Shared	-	-	2,600,686	2,600,686
State grants	-	162,500	162,500	-
Charges for services	-	-	199,567	199,567
Miscellaneous revenue:				
Interest income	251,050	251,050	2,008,639	1,757,589
Unrealized net gain/(loss) in fair value of investments	-	-	(464,241)	(464,241)
<b>TOTAL REVENUES</b>	<b>24,672,170</b>	<b>24,834,670</b>	<b>27,116,780</b>	<b>2,282,110</b>
<b>EXPENDITURES</b>				
Current:				
General government	193,720	(461,280)	241,501	(702,781)
Community development	-	647,320	-	(647,320)
Leisure services	1,307,770	1,341,220	394,029	947,191
<b>TOTAL EXPENDITURES</b>	<b>1,501,490</b>	<b>1,527,260</b>	<b>635,530</b>	<b>(402,910)</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>23,170,680</b>	<b>23,307,410</b>	<b>26,481,250</b>	<b>1,879,200</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,775,000	3,259,820	509,820	(2,750,000)
Transfer Out	(32,209,410)	(34,181,770)	(30,332,524)	3,849,246
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(29,434,410)</b>	<b>(30,921,950)</b>	<b>(29,822,704)</b>	<b>1,099,246</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(6,263,730)</b>	<b>(7,614,540)</b>	<b>(3,341,454)</b>	<b>2,978,446</b>
<b>FUND BALANCES, January 1</b>	<b>30,876,919</b>	<b>30,876,919</b>	<b>30,938,257</b>	<b>61,338</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 24,613,189</b>	<b>\$ 23,262,379</b>	<b>\$ 27,596,803</b>	<b>\$ 3,039,784</b>

The accompanying notes are an integral part of the financial statements

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
December 31, 2023**

	Enterprise Funds						Internal Service Funds
	Water Utility	Sewer Utility	Drainage Utility	Golf Complex	Non-Major Solid Waste	Totals	
<b>ASSETS</b>							
<b>Current Assets:</b>							
Cash and cash equivalents	\$ 18,653,911	\$ 6,746,042	\$ 19,061,884	\$ 1,363,547	\$ 254,697	\$ 46,080,081	\$ 22,645,293
Investments, at fair value	23,087,111	8,378,442	23,631,749	1,712,614	316,258	57,126,174	28,227,865
Restricted cash, cash equivalents, & investments:							
Cash with fiscal agent	132,699	-	-	-	-	132,699	47,322
Cash and cash equivalents	30,020	-	16,889	-	-	46,909	-
Investments, at fair value	38,451	-	21,632	-	-	60,083	-
Receivables (net):							
Accounts	2,679,462	4,465,361	3,050,198	4,101	106,089	10,305,211	300,429
Leases	72,872	-	-	55,553	-	128,425	76,087
Accrued interest	3,931	-	-	1,123	-	5,054	945
Interfund loan receivable	-	-	398,002	-	-	398,002	-
Inventory, at cost	582,165	30,981	42,269	240,382	-	895,797	454,066
Prepaid expenses	-	-	-	-	-	-	930,752
Total Current Assets	45,280,622	19,620,826	46,222,623	3,377,320	677,044	115,178,435	52,682,759
<b>Noncurrent Assets:</b>							
Interfund loan receivable - non-current portion	-	-	1,095,797	-	-	1,095,797	-
Leases receivable	1,059,226	-	-	1,180,898	-	2,240,124	697,747
Net Pension Asset	870,074	383,856	818,894	1,356,292	25,590	3,454,706	1,842,511
Property, plant and equipment							
Land	5,073,577	452,694	14,162,421	4,060,569	-	23,749,261	-
Buildings	4,556,120	-	4,473,189	2,287,141	-	11,316,450	108,702
Site Improvements	207,939,621	108,584,178	202,213,339	7,084,907	-	525,822,045	2,704,169
Equipment	5,746,235	1,282,595	1,800,424	1,254,074	-	10,083,328	41,270,800
Right of Use Asset	-	-	-	323,429	-	323,429	1,934,332
Subscription Asset	-	-	-	-	-	-	899,436
Less: Accumulated Depreciation/Amortization	(74,269,296)	(55,281,874)	(68,394,858)	(5,849,153)	-	(203,795,181)	(23,368,904)
Construction In Progress	2,880,744	1,358,464	13,630,178	-	-	17,869,386	55,475
Total noncurrent assets	153,856,301	56,779,913	169,799,384	11,698,157	25,590	392,159,345	26,144,268
<b>TOTAL ASSETS</b>	<b>199,136,923</b>	<b>76,400,739</b>	<b>216,022,007</b>	<b>15,075,477</b>	<b>702,634</b>	<b>507,337,780</b>	<b>78,827,027</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows related to pensions	722,573	318,782	680,068	1,126,364	21,252	2,869,039	1,530,155
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>722,573</b>	<b>318,782</b>	<b>680,068</b>	<b>1,126,364</b>	<b>21,252</b>	<b>2,869,039</b>	<b>1,530,155</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 199,859,496</b>	<b>\$ 76,719,521</b>	<b>\$ 216,702,075</b>	<b>\$ 16,201,841</b>	<b>\$ 723,886</b>	<b>\$ 510,206,819</b>	<b>\$ 80,357,182</b>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>Current Liabilities:</b>							
Vouchers payable	\$ 497,715	\$ 340,252	\$ 529,407	\$ 150,494	\$ 27,266	\$ 1,545,134	\$ 1,438,114
Accounts/payroll payable	1,821,559	118,940	243,578	92,319	13,871	2,290,267	512,178
Incurred but not reported claims payable	-	-	-	-	-	-	9,280,700
Accrued interest payable	65,177	-	38,522	581	-	104,280	4,923
Compensated absences payable	256,264	102,121	273,127	53,717	25,810	711,039	415,705
Leases and subscriptions payable	-	-	-	80,640	-	80,640	350,500
Notes payable	1,445,000	-	75,000	-	-	1,520,000	-
Revenue bonds payable	640,000	-	640,000	-	-	1,280,000	-
Deposits and unearned revenue	80,584	123,587	92,157	220,184	-	516,512	-
Total Current Liabilities	4,806,299	684,900	1,891,791	597,935	66,947	8,047,872	12,002,120
<b>Noncurrent Liabilities:</b>							
Compensated absences payable	137,074	40,044	177,448	38,112	22,075	414,753	282,473
Leases and subscriptions payable	-	-	-	83,401	-	83,401	1,087,996
Notes payable	18,610,000	-	-	-	-	18,610,000	-
Revenue bonds payable	-	-	-	-	-	-	-
net of unamortized discounts and premiums	4,270,587	-	4,270,587	-	-	8,541,174	-
Net pension liability	395,903	174,663	372,615	617,144	11,644	1,571,969	838,383
Total noncurrent liabilities	23,413,564	214,707	4,820,650	738,657	33,719	29,221,297	2,208,852
<b>TOTAL LIABILITIES</b>	<b>28,219,863</b>	<b>899,607</b>	<b>6,712,441</b>	<b>1,336,592</b>	<b>100,666</b>	<b>37,269,169</b>	<b>14,210,972</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to leases	1,012,875	-	-	1,135,550	-	2,148,425	725,292
Deferred inflows related to pensions	481,700	212,515	453,365	750,886	14,168	1,912,634	1,020,072
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,494,575</b>	<b>212,515</b>	<b>453,365</b>	<b>1,886,436</b>	<b>14,168</b>	<b>4,061,059</b>	<b>1,745,364</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$ 29,714,438</b>	<b>\$ 1,112,122</b>	<b>\$ 7,165,806</b>	<b>\$ 3,223,028</b>	<b>\$ 114,834</b>	<b>\$ 41,330,228</b>	<b>\$ 15,956,336</b>
<b>NET POSITION</b>							
Net investment in capital assets	126,961,414	56,396,057	162,899,106	8,996,926	-	355,253,503	23,604,010
Restricted for Pensions	870,074	383,856	818,894	1,356,292	25,590	3,454,706	1,842,511
Unrestricted	42,313,570	18,827,486	45,818,269	2,625,595	583,462	110,168,382	38,954,325
<b>TOTAL NET POSITION</b>	<b>170,145,058</b>	<b>75,607,399</b>	<b>209,536,269</b>	<b>12,978,813</b>	<b>609,052</b>	<b>468,876,591</b>	<b>64,400,846</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<b>\$ 199,859,496</b>	<b>\$ 76,719,521</b>	<b>\$ 216,702,075</b>	<b>\$ 16,201,841</b>	<b>\$ 723,886</b>	<b>\$ 510,206,819</b>	<b>\$ 80,357,182</b>

The accompanying notes are an integral part of the financial statements

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
For the Year Ended December 31, 2023**

	Enterprise Funds						Internal Service Funds
	Water Utility	Sewer Utility	Drainage Utility	Golf Complex	Non-Major Solid Waste	Totals	
<b>OPERATING REVENUES</b>							
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,242,484
Sales	24,194,796	-	-	381,781	-	24,576,577	1,133,055
Charges for services	2,688,311	37,791,330	24,469,880	2,882,534	946,980	68,779,035	23,282,694
Contributions	-	-	-	-	-	-	22,355,480
Other operating revenue	-	13,738	-	-	-	13,738	1,422,007
<b>TOTAL OPERATING REVENUES</b>	<b>26,883,106</b>	<b>37,805,068</b>	<b>24,469,880</b>	<b>3,264,315</b>	<b>946,980</b>	<b>93,369,349</b>	<b>50,435,720</b>
<b>OPERATING EXPENSES</b>							
Salaries and benefits	3,578,946	1,724,895	4,562,706	1,096,068	183,026	11,145,641	9,642,736
Supplies	835,094	221,238	452,591	573,342	15,249	2,097,514	2,080,454
Services and charges	13,146,810	32,554,311	12,385,288	1,074,884	876,670	60,037,963	33,306,361
Depreciation	4,744,703	2,699,683	5,226,569	495,624	-	13,166,579	2,765,642
<b>TOTAL OPERATING EXPENSES</b>	<b>22,305,553</b>	<b>37,200,127</b>	<b>22,627,154</b>	<b>3,239,918</b>	<b>1,074,945</b>	<b>86,447,697</b>	<b>47,795,193</b>
<b>OPERATING INCOME (LOSS)</b>	<b>4,577,553</b>	<b>604,941</b>	<b>1,842,726</b>	<b>24,397</b>	<b>(127,965)</b>	<b>6,921,652</b>	<b>2,640,527</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest income	3,084,194	962,596	2,691,636	123,861	28,730	6,891,017	2,591,002
Unrealized net gain/(loss) in fair value of investments	(717,964)	(262,195)	(734,238)	(49,204)	(9,970)	(1,773,571)	(777,255)
Miscellaneous non-operating revenues	42,982	-	406,749	228,221	176,184	854,136	313,796
Interest expense	(1,001,047)	-	(143,105)	(23,505)	-	(1,167,657)	-
Lease revenue	215,329	-	-	110,597	-	325,926	83,390
Lease interest revenue	33,301	-	-	19,659	-	52,960	11,916
Lease interest expense	-	-	-	-	-	-	(27,674)
Gain (loss) on disposal of capital assets	-	1,281	(949)	-	-	332	(552,604)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>1,656,795</b>	<b>701,682</b>	<b>2,220,093</b>	<b>409,629</b>	<b>194,944</b>	<b>5,183,143</b>	<b>1,642,571</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>6,234,348</b>	<b>1,306,623</b>	<b>4,062,819</b>	<b>434,026</b>	<b>66,979</b>	<b>12,104,795</b>	<b>4,283,098</b>
Capital contributions	2,224,444	188,290	3,997,014	-	-	6,409,748	1,275,989
Transfers in	32,897	-	-	909,818	-	942,715	8,483,958
Transfers out	(2,425,113)	(1,408,065)	(2,504,625)	-	(69,321)	(6,407,124)	(808,320)
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>6,066,576</b>	<b>86,848</b>	<b>5,555,208</b>	<b>1,343,844</b>	<b>(2,342)</b>	<b>13,050,134</b>	<b>13,234,725</b>
<b>NET POSITION, January 1</b>	<b>164,078,482</b>	<b>75,520,551</b>	<b>203,981,061</b>	<b>11,634,969</b>	<b>611,394</b>	<b>455,826,457</b>	<b>51,166,121</b>
<b>NET POSITION, December 31</b>	<b>\$ 170,145,058</b>	<b>\$ 75,607,399</b>	<b>\$ 209,536,269</b>	<b>\$ 12,978,813</b>	<b>\$ 609,052</b>	<b>\$ 468,876,591</b>	<b>\$ 64,400,846</b>

The accompanying notes are an integral part of the financial statements



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2023**

	<b>Business-type Activities</b>			
	<b>Water Utility</b>	<b>Sewerage Utility</b>	<b>Drainage Utility</b>	<b>Golf Complex</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 26,777,965	\$ 37,658,019	\$ 24,839,339	\$ 3,289,559
Cash received from other funds for services	-	-	-	-
Cash payments to employees	(3,814,509)	(1,840,948)	(4,717,522)	(1,705,309)
Cash payments to suppliers	(14,238,625)	(32,632,020)	(13,326,617)	(1,747,025)
Other cash received	-	13,738	-	-
Net cash provided by operating activities	<u>8,724,831</u>	<u>3,198,789</u>	<u>6,795,200</u>	<u>(162,775)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund loan issued for noncapital purposes	-	-	(1,493,799)	-
Interfund loan payment for noncapital purposes	-	-	1,872,431	-
Operating grants/non-operating revenue	291,612	-	406,749	358,477
Transfers in	-	-	-	108,750
Transfers out	(517,133)	(81,011)	(207,192)	-
Net cash provided by (used for) noncapital financing	<u>(225,521)</u>	<u>(81,011)</u>	<u>578,189</u>	<u>467,227</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal repayment on interfund capital loan	-	-	(1,493,799)	-
Proceeds from disposal of assets	-	(16,225)	(16,179)	-
Acquisition and construction of capital assets	(5,406,587)	(1,719,288)	(3,099,293)	-
Interfund loan for capital outlays	-	-	1,493,799	-
Principal paid on bonds and equipment contracts	(1,475,971)	-	(785,971)	(79,658)
Interest paid on bonds and equipment contracts	(1,073,007)	-	(125,243)	(44,641)
Transfers in	32,897	-	-	801,068
Transfers out	(1,907,980)	(1,327,054)	(2,297,433)	-
Capital contributed by subdividers, capital grants, local impr. districts	2,224,444	188,290	3,997,014	-
Net cash provided by (used for) capital & related financing	<u>(7,606,204)</u>	<u>(2,874,277)</u>	<u>(2,327,105)</u>	<u>676,769</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	(4,585,321)	(1,665,076)	(4,203,602)	(3,993,363)
Proceeds from sale and maturities of investments	3,156,562	1,328,644	781,642	3,430,843
Interest and dividends on investments	2,367,069	700,399	1,957,398	74,933
Net cash provided by (used for) investing activities	<u>938,310</u>	<u>363,967</u>	<u>(1,464,562)</u>	<u>(487,587)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	1,831,416	607,468	3,581,722	493,634
<b>CASH AND CASH EQUIVALENTS, January 1</b>	16,985,214	6,138,574	15,497,051	869,913
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<u>\$ 18,816,630</u>	<u>\$ 6,746,042</u>	<u>\$ 19,078,773</u>	<u>\$ 1,363,547</u>
<b>CASH AND EQUITY IN POOLED INVESTMENTS AT DECEMBER 31 CONSISTS OF:</b>				
Cash and cash equivalents	\$ 18,653,911	\$ 6,746,042	\$ 19,061,884	\$ 1,363,547
Restricted cash and cash equivalents, cash with fiscal agent	162,719	-	16,889	-
	<u>\$ 18,816,630</u>	<u>\$ 6,746,042</u>	<u>\$ 19,078,773</u>	<u>\$ 1,363,547</u>

The accompanying notes are an integral part of the financial statements

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

<b>Business-type Activities</b>		<b>Governmental Activities</b>		
<b>Non-Major Solid Waste</b>	<b>Totals</b>	<b>Internal Service Funds</b>		
				<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>
\$ 1,169,873	\$ 93,734,755	\$ 24,740,466		Cash received from customers
-	-	22,354,304		Cash received from other funds for services
(157,097)	(12,235,385)	(10,379,830)		Cash payments to employees
(903,710)	(62,847,997)	(35,309,347)		Cash payments to suppliers
-	13,738	1,422,007		Other cash received
109,066	18,665,111	2,827,600		Net cash provided by operating activities
				<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>
-	(1,493,799)	-		Interfund loan issued for noncapital purposes
-	1,872,431	-		Interfund loan payment for noncapital purposes
176,184	1,233,022	398,479		Operating grants/non-operating revenue
-	108,750	6,642,324		Transfers in
(69,321)	(874,657)	-		Transfers out
106,863	845,747	7,040,803		Net cash provided by (used for) noncapital financing
				<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>
-	(1,493,799)	-		Principal repayment on interfund capital loan
-	(32,404)	(1,692,747)		Proceeds from disposal of assets
-	(10,225,168)	(6,829,928)		Acquisition and construction of capital assets
-	1,493,799	-		Interfund loan for capital outlays
-	(2,341,600)	155,671		Principal paid on bonds and equipment contracts
-	(1,242,891)	(27,674)		Interest paid on bonds and equipment contracts
-	833,965	1,841,634		Transfers in
-	(5,532,467)	(808,320)		Transfers out
-	6,409,748	1,275,989		Capital contributed by subdividers, capital grants, local impr. districts
-	(12,130,817)	(6,085,375)		Net cash provided by (used for) capital & related financing
(236,078)	(14,683,440)	(5,275,545)		<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>
109,485	8,807,176	2,888,716		Purchase of investment securities
18,760	5,118,559	1,813,821		Proceeds from sale and maturities of investments
				Interest and dividends on investments
(107,833)	(757,705)	(573,008)		Net cash provided by (used for) investing activities
108,096	6,622,336	3,210,020		<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>
146,601	39,637,353	19,482,595		<b>CASH AND CASH EQUIVALENTS, January 1</b>
\$ 254,697	\$ 46,259,689	\$ 22,692,615		<b>CASH AND CASH EQUIVALENTS, December 31</b>
				<b>CASH AND EQUITY IN POOLED INVESTMENTS AT DECEMBER 31 CONSISTS OF:</b>
\$ 254,697	\$ 46,080,081	\$ 22,645,293		Cash and cash equivalents
-	179,608	47,322		Restricted cash and cash equivalents, cash with fiscal agent
\$ 254,697	\$ 46,259,689	\$ 22,692,615		

Continued

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2023**

	Business-type Activities			
	Water Utility	Sewerage Utility	Drainage Utility	Golf Complex
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 4,577,553	\$ 604,941	\$ 1,842,726	\$ 24,397
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation/Amortization expense	4,744,703	2,699,683	5,226,569	495,624
Change in assets and liabilities:				
(Increase) Decrease in accounts receivable	(68,731)	(131,781)	357,581	(4,346)
(Increase) Decrease in inventory	(22,012)	7,488	8,308	(47,626)
(Increase) Decrease in prepaid expenses	-	-	18,540	-
(Increase) Decrease in net pension asset	(93,030)	(68,181)	(41,850)	(117,878)
(Increase) Decrease in pension deferred outflows	73,432	4,596	115,937	142,271
Increase (Decrease) in vouchers payable	(681,578)	185,869	(342,514)	48,599
Increase (Decrease) in accounts/payroll payable	540,552	(766)	(33,079)	(63,160)
Increase (Decrease) in incurred but not reported claims payable	-	-	-	-
Increase (Decrease) in deposits and deferred revenues	(36,410)	(1,530)	11,878	29,590
Increase (Decrease) in compensated absences	96,807	32,942	89,182	8,193
Increase (Decrease) in pension liabilities	(76,046)	(17,067)	(99,334)	(135,025)
Increase (Decrease) in pension deferred inflows	(330,409)	(117,405)	(358,744)	(543,414)
Total Adjustments	<u>4,147,278</u>	<u>2,593,848</u>	<u>4,952,474</u>	<u>(187,172)</u>
Net cash provided by operating activities	<u>\$ 8,724,831</u>	<u>\$ 3,198,789</u>	<u>\$ 6,795,200</u>	<u>\$ (162,775)</u>

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

Capital assets contributed	\$ -	\$ -	\$ -	\$ -
Increase(Decrease) in fair value of investments	(717,964)	(262,195)	(734,238)	(49,204)

The accompanying notes are an integral part of the financial statements

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

<u>Business-type Activities</u>		<u>Governmental Activities</u>		
<u>Non-Major</u>		<u>Internal</u>		
<u>Solid Waste</u>	<u>Totals</u>	<u>Service Funds</u>		
				<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>
\$ (127,965)	\$ 6,921,652	\$	\$ 2,640,527	Operating income (loss)
				Adjustments to reconcile operating income to net cash provided by operating activities:
-	13,166,579		2,765,642	Depreciation/Amortization expense
				Change in assets and liabilities:
222,893	375,616		(6,248)	(Increase) Decrease in accounts receivable
-	(53,842)		(734)	(Increase) Decrease in inventory
-	18,540		(256,739)	(Increase) Decrease in prepaid expenses
47,258	(273,681)		27,251	(Increase) Decrease in net pension asset
53,373	389,609		385,234	(Increase) Decrease in pension deferred outflows
3,733	(785,891)		(153,513)	Increase (Decrease) in vouchers payable
(3,094)	440,453		48,177	Increase (Decrease) in accounts/payroll payable
-	-		428,195	Increase (Decrease) in incurred but not reported claims payable
-	3,528		(1,912,695)	Increase (Decrease) in deposits and deferred revenues
7,437	234,561		93,814	Increase (Decrease) in compensated absences
(32,601)	(360,073)		(297,246)	Increase (Decrease) in pension liabilities
(61,968)	(1,411,940)		(934,065)	Increase (Decrease) in pension deferred inflows
237,031	11,743,459		187,073	Total Adjustments
<u>\$ 109,066</u>	<u>\$ 18,665,111</u>	<u>\$</u>	<u>\$ 2,827,600</u>	Net cash provided by operating activities

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

\$ -	\$ -	\$	1,275,989	Capital assets contributed
(9,970)	(1,773,571)		(777,255)	Increase(Decrease) in fair value of investments

Concluded

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
December 31, 2023**

	Pension & Other OPEB Trust Funds	VNET Custodial Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 964,044	\$ 642,199
Cash with fiscal agent	161,145	-
Investments, at fair value	1,197,894	704,164
Receivables (net)		
Accounts Receivables	-	64,927
<b>TOTAL ASSETS</b>	<b>2,323,083</b>	<b>1,411,290</b>
<b>LIABILITIES</b>		
Accounts/payroll payable	5,033	25,742
Deposits and unearned revenue	-	145,369
<b>TOTAL LIABILITIES</b>	<b>5,033</b>	<b>171,111</b>
<b>NET POSITION RESTRICTED FOR:</b>		
Pensions	2,156,905	-
Post employment benefits other than pensions	161,145	-
Organizations & other governments	-	1,240,179
<b>Total net position</b>	<b>\$ 2,318,050</b>	<b>\$ 1,240,179</b>

The accompanying notes are an integral part of the financial statements

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the Year Ended December 31, 2023**

	<b>Pension &amp; Other OPEB Trust Funds</b>	<b>VNET Custodial Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 120,000	\$ -
State insurance fees	370,230	-
Federal grant	-	242,943
Seizure funds	-	178,848
Other governments	-	75,693
Total contributions	<u>490,230</u>	<u>497,484</u>
Investment earnings:		
Interest	67,286	36,080
Unrealized net gain/(loss) in fair value of investments	55,996	31,570
Net investment income	<u>123,282</u>	<u>67,650</u>
Miscellaneous		
Rental Income	-	12,000
<b>TOTAL ADDITIONS</b>	<u>613,512</u>	<u>577,134</u>
<b>DEDUCTIONS</b>		
Benefits	222,000	-
Administrative Expense	171,724	198,836
Payments to other governments	-	227,261
<b>TOTAL DEDUCTIONS</b>	<u>393,724</u>	<u>426,097</u>
<b>CHANGE IN NET POSITION</b>	219,788	151,037
<b>NET POSITION RESTRICTED, January 1</b>	2,098,262	1,089,142
<b>NET POSITION RESTRICTED, December 31</b>	<u>\$ 2,318,050</u>	<u>\$ 1,240,179</u>

The accompanying notes are an integral part of the financial statements



**City of Kent  
Notes to the Financial Statements  
December 31, 2023**

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City of Kent

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the City of Kent have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Effective for fiscal year 2023, the City implemented the following new accounting and reporting standard issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 96 – *Subscription Based Information Technology Arrangements*. The objective of this statement is to improve the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs). The statement increases the usefulness of the City's financial statements by establishing a definition for SBITAs and providing uniform guidance for the accounting and reporting of such arrangements. This statement requires recognition of certain subscription assets and liabilities that may otherwise be classified as operating expenses. Where applicable, the City has made the required adjustments as prescribed by GASB Statement No. 96. For further information, please see note 8.

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

### a. REPORTING ENTITY

Based on the criteria of the Government Accounting Standards Board, the City's Annual Comprehensive Financial Report includes the financial position and results of operations of all funds, agencies and boards for which the City is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either the ability to impose the Primary Government's will, or the component unit provides a financial benefit to or imposes a financial burden on the primary government. The Special Events Center Public Facilities District (PFD) meets these criteria. In this case, the City appoints a voting majority of the board, and the organization presents a potential financial benefit or burden to the City. The PFD is discretely presented in the financial statements in a separate column on the government-wide financial statements. For further details on the Component Unit and how to obtain copies of the completed financial statements of the component unit, please see Note 15 – COMPONENT UNIT.

See Note 14 - JOINT VENTURE for discussion of the Valley Communications Center which is a joint public safety dispatching authority for five member cities. The City reports its equity interest in the joint venture.

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

## City of Kent

(City Code 12.15) under RCW 36.70A on development activities. The fees are passed through to the RFA. The RFA's board is comprised of six voting members and three non-voting members. Three of the voting members are from the current Kent City Council: Toni Troutner, John Boyd, Marli Latimer. In addition, the board has three members from Fire District 37 and one non-voting member from the City of Covington, one non-voting Advisory Board member from the City of SeaTac and one non-voting member from the King County Fire District #43 Board of Commissioners. Through an interlocal agreement, the RFA provides emergency management, fire prevention and fire inspection services for the City and the City provides some staff services for the RFA. Provided services are billed to the other agency.

### b. BASIC FINANCIAL STATEMENTS

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

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

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

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

**City of Kent**

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

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

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

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

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

Governmental fund types are presented, in the fund financial statements, using the flow of current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets, and unassigned fund balance is a measure of available spendable resources. The *modified accrual basis* of accounting is used by governmental funds. Under modified accrual, revenues and other financial resources are recognized when they become susceptible to accrual, i.e., when the related funds become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon thereafter to pay liabilities of the current period. The City considers revenues available under modified accrual if they are earned by December 31 (all eligibility requirements have been met) and the revenue, except for property taxes, is expected to be collected within 90 days after year-end. For property taxes, the City uses a 60-day collection period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded when payment is due. Inventories of materials are reported as

## Notes to the Financial Statements December 31, 2023

### City of Kent

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expenditures when purchased. Since governmental funds do not include capital assets and the recognition of depreciation does not reduce net financial resources, depreciation is not considered an expenditure in governmental funds.

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

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

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

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

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

**Capital Resource Fund** – This special revenue fund accounts for a portion of the City's sales tax, and other dollars, which have been committed by ordinance for use in future, not-currently identified capital projects. Additionally, this fund accounts for real estate excise tax and internal utility tax that is restricted for use in providing funding for future, not-currently identified governmental non-street related projects, and debt service on those projects. Funding for debt service is transferred from this fund to the General Obligation Debt Service Fund.

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

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

## City of Kent

**PROPRIETARY FUNDS:** Proprietary funds account for the activities of the City similar to those found in the private sector, where cost recovery and the determination of net income is useful for sound fiscal management. The focus of proprietary fund measurement is upon the determination of operating income, changes in net position, financial position, and cash flows. Enterprise Funds are used to account for those operations that provide services to the general public for a fee. Enterprise funds are required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

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

The City reports the following proprietary funds:

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

**Sewerage Utility Fund** – This enterprise fund accounts for the sewer system of the City. The fund collects all revenues for the utility, pays the expenses of the utility, and expends certain monies to fund sewer system improvements. The sewer operation is a collection system which pumps waste to METRO, a regional treatment agency under King County. All collection districts in King County contract with METRO for sewage treatment. For more detail on current rates, see Schedule 13 in the Statistical Section of this document.

**Drainage Utility Fund** - This enterprise fund accounts for the storm drainage system of the City. The drainage operation started in May 1985 and collects revenue to fund operating charges. The drainage fee for single family residences is a flat monthly fee while the rate for multi-family and commercial establishments varies based on the property size, percentage of impervious surface, and the basin or basins in which the property is located. For more detail on current rates, see Schedule 13 in the Statistical Section of this document.

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

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

## City of Kent

Additionally, the City reports the following fund types:

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

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

Pension and Other Employee Benefit Trust Funds are used to account for resources that are required to be held in trust for members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans. The trust funds are presented in one column on the fiduciary financial statements, but combining statements are provided as supplemental information, but are not part of the basic financial statements. The Firemen's Relief & Pension Fund, accounts for pension benefits for eligible former City firefighters. The City of Kent collects the State's share of funding for reimbursement against the benefits and administrative costs paid. The VEBA Trust accounts for post-employment benefits for certain police retirees.

The City's custodial funds function primarily as a clearing mechanism for cash resources which are collected by the City of Kent, held for a period of time and then disbursed to authorized recipients or funds. Custodial funds are presented in one column on the fiduciary fund financial statements. The City currently operates one custodial fund, the Valley Narcotics Enforcement Team (VNET). This team was formed as a cooperative agreement between the cities of Auburn, Federal Way, Kent, Renton, Seattle, and Tukwila as well as the Port of Seattle (Parties). The VNET team is assigned to and works with the Drug Enforcement Administration (DEA) task force. The City of Kent collects a proportional share of funding from all parties for reimbursement against VNET expenditures reported.

### d. **BUDGETARY INFORMATION**

#### **Budget Process**

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

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

Legal budgetary control is established at the fund level, i.e., expenditures for a fund may not exceed the total appropriation amount. Any unexpended appropriation balances for annually budgeted funds lapse at the end of the year. Appropriations for other special purpose funds that are non-operating in

## Notes to the Financial Statements December 31, 2023

### City of Kent

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nature are adopted on a "project-length" basis and, therefore, are carried forward from year to year without re-appropriation until authorized amounts are fully expended or the designated purpose of the fund has been accomplished.

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

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

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

The steps in the budget process are as follows:

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

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

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

GASB Statement No. 34 requires that budgetary comparison schedules for the General Fund and major special revenue funds be presented in the annual financial statements, either within the basic financial statements or as required supplementary information. These statements must display original

## Notes to the Financial Statements December 31, 2023

### City of Kent

budgets, amended final budgets and actual results. The City presents the required budgetary statements within the basic financial statements, immediately following the governmental fund statements. Budgetary comparison schedules for the non-major special revenue funds are presented as supplemental information but are not part of the basic financial statements.

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

Fund	Original Budget	Supplemental Appropriations	Final Budget
General Fund	\$115,273,980	\$ 4,879,970	\$ 120,153,950
Special Revenue Funds:			
Capital Resources	1,501,490	25,770	1,527,260
Street	18,945,920	308,810	19,254,730
Lodging Tax	268,880	80,000	348,880
Youth/Teen Programs	48,620	-	48,620
Criminal Justice	10,568,390	1,039,910	11,608,300
Housing & Community Development	2,704,870	1,895,924	4,600,794
<b>Total</b>	<b>\$ 149,312,150</b>	<b>\$ 8,230,384</b>	<b>\$ 157,542,564</b>

#### Reconciliation of Budgetary Information to GAAP

For budgetary and managerial purposes, the City of Kent treats the General Fund, Public Safety Retiree, Other Operating Grants and Projects, and Kent Events Center funds separately. However, the latter three funds do not meet the criteria of a special revenue fund as set forth in GASB Statement No. 54 and for reporting purposes are presented in combination with the General Fund to comply with GAAP. Also, the School and Fire Impact Fee funds do not meet the criteria for custodial funds under GASB Statement No. 84 and have also been combined with the General Fund for financial reporting purposes. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual on page 34 compares the combined General Fund. Separate budgetary schedules are presented for the True General Fund, as adopted in the budget, along with the Public Safety Retiree, Other Operating Grants and Projects, Kent Events Center, and the Impact Fee Funds on pages 156-160.

e. **ASSETS & DEFERRED OUTFLOWS, LIABILITIES & DEFERRED INFLOWS, AND NET POSITION**

(1) **Deposits and Investments**

**Cash and Cash Equivalents**

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

**Investments** (refer to Note 3)

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

**Investment Income**

Except for certain specific investments, generally those held in trust for a specific purpose, the City maintains pooled cash and investments. Income from pooled cash and investments is



## Notes to the Financial Statements December 31, 2023

### City of Kent

allocated to the individual funds based on the fund's month end cash balance in relation to the total pooled investments. Interest earned on a specific fund's investments, if any, is credited to the fund holding the investment.

(2) **Receivables** (refer to Note 4)

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

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

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

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

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

(3) **Restricted Assets**

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

(4) **Inventory and prepaid items**

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

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

(5) **Deferred outflows**

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

(6) **Deferred inflows**

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

## Notes to the Financial Statements December 31, 2023

### City of Kent

(7) **Compensated Absences** (also refer to Note 9 *Long-term Obligations* and Note 12 *Personnel Benefits*)

Annual leave, based on a graduated scale of years of employment, is credited to each employee as it accrues. The maximum annual leave accrual for permanent employees is 240 hours. At the end of 2023, the city allowed employees to carry an additional 40 hours for a total of 280 maximum into 2024. Upon employment termination, payment is made to the employee for the unused leave.

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

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

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

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

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

(9) **Leases and Lease Liability**

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

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

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

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

(10) **Subscription-Based Information Technology Arrangements (SBITA)**

Under GASB Statement No. 96, a SBITA is a contract that conveys control of the right to use another party's IT Software as specified in a contract for a period of time in an exchange or exchange-like transaction. The City recognizes subscription liabilities with an initial individual value of \$5,000 or more. The City uses its estimated incremental borrowing rate to measure the

**City of Kent**

subscription liability unless it can readily determine the interest rate implicit in the subscription agreement. The City's estimated incremental borrowing rate is based on the risk-free rate provided by the United States Department of Treasury plus the local government investment pool true 30-day yield rate on the date of commencement of the subscription agreement and adjusted for the subscription term.

The City has recorded subscription liabilities as a result of implementing GASB Statement No. 96. Subscription liabilities are measured at the present value of payments expected to be made during the subscription term. Subscription liabilities are reduced as payments are made and the City recognizes an outflow of resources for interest on the liability. See note 8 for additional information on SBITA's and subscription liabilities.

f. **ENCUMBRANCES**

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

g. **INTERFUND TRANSACTIONS AND TRANSFERS** (also refer to Note 5)

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

(1) **Interfund Transactions**

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

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

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

(2) **Interfund Transfers**

Transfers are required where revenue is generated in one fund and expenditures are paid for in other funds. The majority of transfers occur with respect to capital projects where certain General

**City of Kent**

and Special Revenue Fund revenues are transferred to finance various capital projects. Other transfers of a recurring nature are required to fund debt service. A summary of transfers by fund type is shown in Note 5. More detail on transfers may also be found on the Schedule of Interfund Transfers on pages 170-172 in the Other Supplementary Section of this document.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either *interfund loans receivable/payable* (loans with an original length of greater than one year) or *due to/from other funds* (loans less than one year). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*. A separate schedule of interfund loans receivable and payable is furnished in Note 5, Interfund *Balances and Transfers*.

**h. CAPITAL ASSETS**

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

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

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

<b>Depreciation Schedule</b>	
Buildings	10-50 Years
Site Improvements	10-50 Years
Infrastructure	15-50 Years
Equipment	3-25 Years

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

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

The City has recorded subscription assets as a result of implementing GASB Statement No. 96. Subscription assets are recorded based on the amount of the initial subscription liability, plus any payments made to the SBITA Vendor at the commencement of the subscription term and any capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the life of the subscription. See note 8 for additional information on SBITA's and subscription assets.

## City of Kent

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

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

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

i. **PENSIONS** (refer to Note 12)

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

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

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

j. **OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS** (refer to Note 12)

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

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

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City has complied with all material finance-related legal or contractual provisions. For fiscal year 2023, expenditures are within legal budget appropriations for all City funds.

**City of Kent**

### 3. DEPOSITS AND INVESTMENTS

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

**PRIMARY GOVERNMENT**

**Statement of Net Position:**

Cash on hand and in bank	\$	11,431,356	
Cash equivalents		141,264,166	
Total cash & equivalents			\$ 152,695,522
Investments, at fair value			197,480,494
Restricted cash with fiscal agent/trustee			3,120,541
Restricted cash & cash equivalents			13,405,779
Restricted Investments			7,615,530
<b>Total Cash and Investments</b>			<b>\$ 374,317,866</b>

**Summary by Type:**

Cash on hand and in bank	\$	11,431,356	
State Pool (cash equivalents)			154,669,945
Deposits with fiscal agent/trustee			3,120,541
Investments, fair value			205,096,024
<b>Total by Type</b>			<b>\$ 374,317,866</b>

**COMPONENT UNIT**

**Special Events Center PFD:**

Cash on hand and in bank	\$	6,127	
Cash equivalents		82,663	
Total cash & equivalents			\$ 88,790
Investments, at fair value			112,732
<b>Total Cash and Investments</b>			<b>\$ 201,522</b>

a. **DEPOSITS**

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

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

**City of Kent****b. INVESTMENTS****(1) Investments Measured at Amortized Costs:**

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

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

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

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

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

(3) Investments Measured at Fair Value:

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

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy: (1) sets maximum maturities for the various allowable investment types (generally none exceed five years); (2) directs structuring the investment portfolio so that securities mature to meet cash requirements, when known, for ongoing operations, thereby avoiding need to sell securities on the open market prior to maturity; and (3) requires investing liquidity funds primarily in short-term instruments (i.e. investments maturing in less than one year). As of December 31, 2022, the weighted average maturity for the portfolio was 931 days. Participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days. As of December 31, 2022, the LGIP had a weighted average maturity of 34 days.

## Notes to the Financial Statements December 31, 2023

### City of Kent

As of December 31, 2023, the City held the following investments:

Investment Type	Book Value	Fair Market Value	Fair Value Investment Maturities			% of Portfolio
			<1 Year	1-2 Years	3-5 Years	
US Treasuries	\$120,539,085	\$117,417,210	\$ 32,852,615	\$ 20,664,175	\$ 63,900,420	56.55%
Corporate Notes	55,038,364	53,272,992	11,450,840	12,203,524	29,618,628	25.66%
Federal Agency	23,239,695	22,270,350	5,159,248	12,967,309	4,143,794	10.72%
Supranationals	10,764,927	10,387,404	5,623,150	3,029,290	1,734,964	5.00%
Municipal Obligations	4,399,959	4,303,509	4,303,509	-	-	2.07%
	<u>\$213,982,030</u>	<u>\$207,651,465</u>	<u>\$ 59,389,362</u>	<u>\$ 48,864,298</u>	<u>\$ 99,397,806</u>	<u>100.00%</u>

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

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

Investment Type	Ratings		% of Investments
	Moody's	S&P	
<b>U.S. Treasury</b>			<b>Total</b>
United States Treasury	Aaa	AA+	56.55%
<b>Federal Agency</b>			<b>Total</b>
Fannie Mae	Aaa	AA+	4.56%
Federal Home Loan Banks	Aaa	AA+	4.55%
Freddie Mac	Aaa	AA+	1.61%
<b>Corporate Note</b>			<b>Total</b>
Amazon.com Inc	A1	AA	1.23%
American Honda Finance	A3	A-	0.66%
Apple Inc	Aaa	AA+	0.26%
Bank of America CO	A1	A-	0.78%
Bank of Montreal	A2	A-	0.56%
Bank of Nova Scotia	A2	A-	0.42%
BMW Financial Services NA LLC	A2	A	0.51%
Caterpillar Inc	A2	A	0.59%
Charles Schwab	A2	A-	0.45%
Citigroup Inc	AA3	A+	0.70%
Commonwealth Bank of Australia	Aa3	AA-	0.66%
Confederation National De Cre	AA3	A+	0.62%
Deere & Company	A2	A	1.22%
IBM Corp	A3	A-	1.61%
JP Morgan Chase & CO	A1	A-	0.90%
Mitsubishi UFJ Financial Group Inc	A1	A	0.44%
National Australia Bank LTD	Aa3	AA-	0.44%
National Rural Utilities Co Finance Corp	A2	A-	0.87%
Nestle SA	Aa3	AA-	0.44%
Northern Trust	A2	A+	0.67%
Novartis AG	A2	A-	0.58%



## Notes to the Financial Statements December 31, 2023

### City of Kent

PNC Financial Services Group	A3	A-		0.45%
Rabobank Nederland	Aa2	AA		0.69%
Roche Holdings Inc	Aa2	AA		2.11%
Royal Bank of Canada	A1	A		1.28%
Skandinaviska Enskilda Banken AB	Aa3	A+		0.52%
State Street Corporation	A1	A		0.57%
Sumitomo Mitsu Trust Holdings Inc	A1	A		0.80%
Target Corp	A2	A		0.57%
The Bank of New York Mellon Corporation	A1	A		0.70%
Toronto-Dominion Bank	A1	A		0.60%
Toyota Motor Corp	A1	A+		0.26%
Unilever Plc	A1	A+		0.32%
Unitedhealth Group Inc	A2	A+		0.14%
US Bancorp	A3	A		0.89%
Wal-Mart Stores Inc	Aa2	AA		0.20%
Westpac Banking Corp	Aa3	AA-		0.95%
<b>Supranational</b>				<b>5.00%</b>
Asian Development Bank	Aaa	AAA	<b>Total</b>	3.17%
Inter-American Development Bank	Aaa	AAA		1.83%
<b>Municipal</b>				<b>2.07%</b>
City of New York	Aa2	AA	<b>Total</b>	0.91%
Honolulu HI	Aa2	NR		0.52%
State of Maryland	Aaa	AAA		0.47%
State of Wisconsin	Aa1	AA+		0.18%

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

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

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

**City of Kent**

(4) Fair value hierarchy:

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

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

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

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
US Treasuries	\$117,417,210	\$ 117,417,210	\$ -	\$ -
Corporate Notes	53,272,992	-	53,272,992	-
Federal Agency	22,270,350	-	22,270,350	-
Supranationals	10,387,404	-	10,387,404	-
Municipal Obligations	4,303,509	-	4,303,509	-
	<u>\$207,651,465</u>	<u>\$ 117,417,210</u>	<u>\$ 90,234,255</u>	<u>\$ -</u>
<b>Investments measured at amortized costs</b>				
State LGIP (cash equivalents)	<u>\$155,707,296</u>			
	<u>\$363,358,761</u>			

**City of Kent**

## 4. RECEIVABLES

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

	Taxes	Accounts	Allowance for Uncollectibles	Assessments Leases & Notes	Accrued Interest	Total
<b>Governmental Activities</b>						
General	\$14,605,824	\$769,826	(\$12,166)	\$483,387	\$977,838	\$16,824,709
Capital Resources	721,166	-	-	-	-	721,166
Special Assessments	-	-	-	2,066,318	-	2,066,318
Street Projects	-	1,657,216	(35)	-	-	1,657,181
Other Governmental funds	3,019,548	3,143,950	(6,663)	-	-	6,156,835
Internal Service funds	-	300,429	-	773,834	945	1,075,208
Sub-total	\$18,346,538	\$5,871,421	(\$18,864)	\$3,323,539	\$978,783	\$28,501,417
<b>Business-type Activities</b>						
Water fund	-	\$2,686,101	(\$6,639)	\$1,132,098	\$3,931	\$3,815,491
Sewerage fund	-	4,469,675	(4,314)	-	-	4,465,361
Drainage fund	-	3,138,623	(88,425)	-	-	3,050,198
Solid Waste Fund	-	106,152	(63)	-	-	106,089
Golf Complex Fund	-	27,824	(23,723)	1,236,451	1,123	1,241,675
Sub-total	-	\$10,428,375	(\$123,164)	\$2,368,549	\$5,054	\$12,678,814
Total Primary Government	\$18,346,538	\$16,299,796	(\$142,028)	\$5,692,088	\$983,837	\$41,180,231
<b>Component Unit Activities</b>						
Special Events Center PFD	\$254,652	-	-	-	-	\$254,652
Total Component Unit	\$254,652	-	-	-	-	\$254,652

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

**a. TAXES RECEIVABLE**

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

Property taxes are levied as of January 1 of each year. The taxes receivable at year end reflect only delinquent taxes. Revenue is recognized to the extent of collections within sixty days of year end. Taxes to be received beyond this period are recorded as deferred inflows. See Note 11 for additional details on property taxes.

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

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

**b. ACCOUNTS RECEIVABLE**

In the General Fund, accounts receivable represent billing for miscellaneous licenses, permits, fines, and damages. In the Special Revenue and Capital Project Funds, accounts receivable generally represent billings for reimbursement for grants for which the services have been provided. Enterprise Funds accounts receivable are primarily for utility amounts billed but uncollected at year end plus

## Notes to the Financial Statements December 31, 2023

### City of Kent

accruals for revenues earned but unbilled at year end. Accounts receivable are shown at net. See table above for allowance for estimated uncollectible amounts by fund type.

**c. ASSESSMENTS, LEASES AND NOTES RECEIVABLE**

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

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

Under the Contingent Loan Agreement (see Note 17 - Contingencies) between the City and the Kent Public Facilities District, a discretely presented component unit of the City, the City has to date made \$38,627,156 in debt payments on behalf of the District. On December 31, 2023 the City recorded a note receivable of \$43,530,537 (including interest) from the District on the governmental activities of the government-wide Statement of Net Position. Additionally, in 2016, the City refunded the 2008 PFD Sales Tax Bonds with City General Obligation Bonds while creating an interlocal note receivable from the PFD for the debt service on the new bonds (see Note 16 for additional information). At December 31, 2023, this note is \$46,435,000. Since the City believes the likelihood of the District being able to repay these notes is remote, the City has also recorded an allowance for doubtful accounts for the entire balance of these notes.

## 5. INTERFUND BALANCES AND TRANSFERS

### INTERFUND BALANCES

The following interfund balances are shown in the fund statements as of December 31, 2023:

	Interfund Loan Receivable	Interfund Loan Payable
<b>Governmental Activities:</b>		
<b>Governmental Funds:</b>		
Street Capital Projects Fund	\$ -	\$ 1,493,799
<b>Business-type Activities:</b>		
<b>Proprietary Funds:</b>		
Enterprise Funds:		
Drainage Utility Fund	1,493,799	-
<b>Totals</b>	<b>\$ 1,493,799</b>	<b>\$ 1,493,799</b>

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

During fiscal year 2016, the City established an interfund loan to the Street Capital Projects Fund for \$1,000,000 from the Drainage Utility Fund to fund a street improvement project. This loan is to be repaid over a period not to exceed nine years, beginning in 2016 and currently accrues interest at a rate of 1.66%. At December 31, 2023, \$124,885 remains outstanding on this loan.

## Notes to the Financial Statements December 31, 2023

### City of Kent

During fiscal year 2018, the City established an interfund loan to the Street Capital Projects Fund for \$3,200,000 from the Drainage Utility Fund to fund a LID 363 street improvement project. This loan is to be repaid over a period not to exceed ten years, beginning in 2018 and currently accrues interest at a rate of 1.68%. At December 31, 2023, \$1,368,914 remains outstanding on this loan.

### TRANSFERS

A summary of transfers by fund type is as follows:

	Transfers In	Transfers Out
<b>Governmental Funds:</b>		
<u>Major Funds:</u>		
General Fund	\$ 6,158,491	\$ 15,757,564
Capital Resources Fund	509,820	30,332,524
Special Assessment Fund	22,060	684,400
Street Capital Projects Fund	11,752,798	459,400
Subtotal	\$ 18,443,169	\$ 47,233,888
<u>Non-major Funds:</u>		
Street	\$ 9,210,255	\$ 9,955,507
Youth/Teen Programs	-	948,876
Criminal Justice	193,260	3,113,350
Housing & Community Development	6,024	-
Non-voted Debt	5,887,828	-
Parks Capital Projects	5,078,970	-
Technology Capital Projects	3,570,484	-
Facilities Capital Projects	16,570,400	-
Subtotal	\$ 40,517,221	\$ 14,017,733
Total Governmental	\$ 58,960,390	\$ 61,251,621
<b>Proprietary Funds:</b>		
<u>Major Funds:</u>		
Water Utility	\$ 32,897	\$ 2,425,113
Sewerage Utility	-	1,408,065
Drainage Utility	-	2,504,625
Golf Complex	909,818	-
Solid Waste Utility	-	69,321
Subtotal	\$ 942,715	\$ 6,407,124
<u>Internal Service Funds:</u>		
Equipment Rental	\$ 828,218	\$ -
Central Services	1,524,110	423,020
Facilities Fund	1,331,630	385,300
Insurance	4,800,000	-
Subtotal	\$ 8,483,958	\$ 808,320
Total Proprietary	\$ 9,426,673	\$ 7,215,444
<b>Total Transfers</b>	<b>\$ 68,387,063</b>	<b>\$ 68,467,065</b>

The interfund transfers generally fall into one of the following categories: 1) debt service payments from a debt service fund but funded from an operating fund; 2) budgeted subsidy transfers; 3) capital projects constructed in a capital projects fund but receiving funding from an operating fund; 4) payment of interfund loans; or 5) capital assets purchased or constructed in one fund but capitalized in another. During fiscal year 2023 a transfer from the General Fund of \$4,800,000 was made to subsidize the Insurance Fund as we have seen the cost of insurance rise along with increases in our liability due to industry and organizational experience. For further detail on interfund transfers, refer to the Schedule of Interfund Transfers on pages 170-172.

**City of Kent**

**6. CAPITAL ASSETS AND DEPRECIATION**

**a. GOVERNMENTAL ACTIVITIES CAPITAL ASSETS**

Below is a summary of 2023 changes in governmental capital assets:

	Balance January 1	Additions	Transfers & Retirements	Balance December 31
<b>Governmental Activities</b>				
Capital Assets, not being depreciated:				
Land	\$ 239,091,085	\$ 116,581	\$ -	\$ 239,207,666
Construction in Progress	8,374,710	20,855,017	(15,235,219)	13,994,508
Total Capital Assets, not depreciated	<u>247,465,795</u>	<u>20,971,598</u>	<u>(15,235,219)</u>	<u>253,202,174</u>
Capital Assets, being depreciated/amortized				
Building	134,628,967	2,615,724	-	137,244,691
Site Improvements	84,191,628	7,205,526	(16,930)	91,380,224
Equipment	81,860,363	10,044,281	(2,228,974)	89,675,670
Infrastructure	757,543,631	9,639,728	-	767,183,359
Right of Use Asset	2,055,244	219,152	(16,813)	2,257,583
Subscription Asset	-	902,127	-	902,127
Total Capital Assets being depreciated	<u>1,060,279,833</u>	<u>30,626,538</u>	<u>(2,262,717)</u>	<u>1,088,643,654</u>
Less Accumulated Depreciation/Amortization for:				
Building	(55,134,428)	(3,172,075)	-	(58,306,503)
Site Improvements	(41,810,008)	(3,108,283)	12,696	(44,905,595)
Equipment	(60,532,131)	(2,972,732)	1,971,505	(61,533,358)
Infrastructure	(358,127,542)	(15,157,415)	-	(373,284,957)
Right of Use Asset	(633,116)	(333,900)	16,564	(950,452)
Subscription Asset	-	(468,237)	-	(468,237)
Total Accumulated Depreciation/Amortization	<u>(516,237,225)</u>	<u>(25,212,642)</u>	<u>2,000,765</u>	<u>(539,449,102)</u>
Total Capital Assets, being depreciated/amortized, net	<u>544,042,608</u>	<u>5,413,896</u>	<u>(261,952)</u>	<u>549,194,552</u>
Governmental Activities Capital Assets, net	<u>\$ 791,508,403</u>	<u>\$ 26,385,494</u>	<u>\$ (15,497,171)</u>	<u>\$ 802,396,726</u>

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

A summary of Business-type Property, Plant, and Equipment at December 31, 2023 follows:

	Balance January 1	Additions	Transfers & Retirements	Balance December 31
<b>Business-type Activities</b>				
Capital Assets, not being depreciated:				
Land	\$ 23,736,862	\$ 12,400	\$ -	\$ 23,749,262
Construction in Progress	25,750,727	9,357,031	(17,238,373)	17,869,385
Total Capital Assets, not depreciated	<u>49,487,589</u>	<u>9,369,431</u>	<u>(17,238,373)</u>	<u>41,618,647</u>
Capital Assets, being depreciated				
Building	11,316,450	-	-	11,316,450
Site Improvements	507,801,094	18,020,951	-	525,822,045
Equipment	10,010,169	114,425	(41,266)	10,083,328
Right of Use Asset	323,429	-	-	323,429
Total Capital Assets being depreciated	<u>529,451,142</u>	<u>18,135,376</u>	<u>(41,266)</u>	<u>547,545,252</u>
Less Accumulated Depreciation for:				
Building	(1,652,818)	(321,747)	-	(1,974,565)
Site Improvements	(183,570,007)	(12,278,484)	-	(195,848,491)
Equipment	(5,359,859)	(485,487)	32,736	(5,812,610)
Right of Use Asset	(78,654)	(80,861)	-	(159,515)
Total Accumulated Depreciation	<u>(190,661,338)</u>	<u>(13,166,579)</u>	<u>32,736</u>	<u>(203,795,181)</u>
Total Capital Assets, being depreciated, net	<u>338,789,804</u>	<u>4,968,797</u>	<u>(8,530)</u>	<u>343,750,071</u>
Business-Type Activities Capital Assets, net	<u>\$ 388,277,393</u>	<u>\$ 14,338,228</u>	<u>\$ (17,246,903)</u>	<u>\$ 385,368,718</u>
Grand Total Capital Assets, net	<u>\$ 1,179,785,796</u>	<u>\$ 40,723,722</u>	<u>\$ (32,744,074)</u>	<u>\$ 1,187,765,444</u>

**City of Kent**

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

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

<u>Governmental Activities</u>	
General Government	\$ 1,642,447
Judicial	71,907
Public Safety	1,447,865
Community Development	79,376
Public Works	15,672,481
Leisure Services	6,237,257
Health and Human Services	61,309
<b>Total Depreciation Expense - Governmental</b>	<b>\$ <u>25,212,642</u></b>
<u>Business-Type Activities</u>	
Water	\$ 4,744,703
Sewerage	2,699,683
Drainage	5,226,569
Golf	495,624
<b>Total Depreciation Expense - Business</b>	<b><u>13,166,579</u></b>
<b>Grand Total Depreciation Expense</b>	<b>\$ <u>38,379,221</u></b>

**7. LEASES**

Capital Finance Agreements

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

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

These financing agreements qualify as financed purchases and have been recorded at the present value of their future minimum financing payments as of the inception date. Financed purchases payments for the year ended December 31, 2023 were \$172,808. There is no debt outstanding at December 31, 2023 (Note 9).

City as a Lessee

The City has eleven (11) active agreements which qualify under GASB 87 as right to use assets as of December 31, 2023. These right to use assets are for leased Buildings (office space and storage), Equipment, and Vehicles, details of those agreements are contained below:

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

**Notes to the Financial Statements  
December 31, 2023****City of Kent**

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

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

In November 2023, the City extended its agreement with Canon Solutions America, Inc. to lease sixty-five (65) multi-functional printing devices city-wide effective December 2023. This extension effectively terminated the February 2021 agreement early. The revised monthly rent for all devices is \$8,016.89 per month for 26 months. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 10.00%, which was determined by the City as the estimated incremental borrowing rate.

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

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

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

In March 2023, the City entered into an agreement with Quadiant Leasing USA to lease mailroom equipment. The monthly rent is \$1,022.16 per month for 60 months. The lease liability is measured as the present value of the expected rent payments expected to be paid during the lease term at a discount rate of 9.05%, which was determined by the City as the estimated incremental borrowing rate.

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



## Notes to the Financial Statements December 31, 2023

### City of Kent

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

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

The right to use lease asset activity for the period ending as of December 31, 2023, are as follows:

	Beginning Balance as of 12/31/2022	Additions for New Leases	Changes due to Modifications /Renewals	Reductions Due to Termination	Impairment	Gross Asset Balance as of 12/31/2023
Building	\$ 838,300	\$ -	\$ -	\$ -	\$ -	\$ 838,300
Equipment	647,270	49,536	169,618	(16,813)	-	849,611
Other	863,500	-	-	-	-	863,500
Vehicle	29,602	-	-	-	-	29,602
	<u>\$ 2,378,672</u>	<u>\$ 49,536</u>	<u>\$ 169,618</u>	<u>\$ (16,813)</u>	<u>\$ -</u>	<u>\$ 2,581,013</u>

	Gross Asset Balance as of 12/31/2023	Accumulated Amortization	Net Asset Balance as of 12/31/2023
Building	\$ 838,300	\$ (366,130)	\$ 472,170
Equipment	849,611	(462,419)	387,192
Other	863,500	(254,803)	608,697
Vehicle	29,602	(26,615)	2,987
	<u>\$ 2,581,013</u>	<u>\$ (1,109,967)</u>	<u>\$ 1,471,046</u>

The lease liability activity for the period ending December 31, 2023, are as follows:

	Beginning Balance as of 12/31/2022	Additions for New Leases	Reductions due to Payment	Changes due to Modifications /Renewals	Reductions due to Terminations	Ending Balance as of 12/31/2023
Building	\$ 613,199	\$ -	\$ (131,234)	\$ -	\$ -	\$ 481,965
Equipment	354,864	49,536	(185,254)	169,618	-	388,764
Other	749,075	-	(88,251)	-	-	660,824
Vehicle	12,375	-	(9,895)	-	-	2,480
	<u>\$ 1,729,513</u>	<u>\$ 49,536</u>	<u>\$ (414,634)</u>	<u>\$ 169,618</u>	<u>\$ -</u>	<u>\$ 1,534,033</u>

## Notes to the Financial Statements December 31, 2023

### City of Kent

The outflows of resources under GASB 87 for the fiscal year ending December 31, 2023, are as follows:

	Verifiable Outflows	Fixed Outflows	Termination Outflows	Guarantee Outflows	Total Outflows
Building	\$ -	\$ 135,206	\$ -	\$ -	\$ 135,206
Equipment	-	185,449	-	-	185,449
Other	-	95,832	-	-	95,832
Vehicle	-	9,927	-	-	9,927
	<u>\$ -</u>	<u>\$ 426,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426,414</u>

The future minimum lease obligations under GASB 87 as of December 31, 2023, are as follows:

Year Ending December 31	Principal	Interest
2024	\$ 380,381	\$ 29,316
2025	380,023	16,909
2026	195,629	8,042
2027	167,262	5,527
2028	162,431	3,247
2029-2039	248,306	2,385
	<u>\$ 1,534,032</u>	<u>\$ 65,426</u>

#### City as a Lessor

The City has thirteen (13) active agreements as defined by GASB 87 as of December 31, 2023. Details of these agreements are as follows:

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

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

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

**City of Kent**

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In October 2021, the City entered into an agreement with T-Mobile West Tower, LLC to retroactively renew an agreement to lease a portion of land owned by the City for communications equipment. The initial term expires in September 2025 with the option for two, five (5) year renewals. The lessee will pay the City \$2,800 per month plus leasehold excise tax for years one and two, with a 4% increase in year 3 and each year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.4597%, which was determined by the City as the estimated incremental borrowing rate.

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

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

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

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

In March 2022, the City renewed an agreement with T-Mobile West LLC to lease space on a tower owned by the City for communications equipment. The initial term expires in October 2025 with the option for three, five (5) year renewals. The lessee will pay the City \$3,000 per month plus leasehold excise tax for the first year. The monthly rent will increase by 3% each year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.8097%, which was determined by the City as the estimated incremental borrowing rate.

In October 2022, the City amended an existing agreement with New Cingular Wireless PCS, LLC to lease a portion of land owned by the City for communications equipment for an additional five years. The amendment has a termination date of February 2028. The lessee will pay the City \$38,993.82 per year plus leasehold excise tax. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 8.53%, which was determined by the City as the estimated incremental borrowing rate.

In April 2015, the City signed an agreement with Verizon Wireless to lease land owned by the City for communications equipment. The initial term expires in April 2025 with the option for one additional, five (5) year renewal. The lessee will pay the City \$2,600 per month plus leasehold excise tax for the first year. The monthly rent will increase by 4% each year thereafter. The lease receivable is measured as the present value

## Notes to the Financial Statements December 31, 2023

### City of Kent

of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.6964%, which was determined by the City as the estimated incremental borrowing rate.

In November 2018, the City entered into an agreement with T-Mobile West, LLC to retroactively renew an existing agreement to lease land owned by the City for communications equipment. The initial term expires in July 2023 with the option for two additional, five (5) year renewals. The lessee will pay the City \$2,600 per month plus leasehold excise tax for the first year. Monthly rent will increase at 4% each year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.3597%, which was determined by the City as the estimated incremental borrowing rate.

In August 2023, the City retroactively approved an extension of an existing lease with T-Mobile USA, Inc to lease land owned by the City for communications equipment. The initial term expires in June 2026 and will automatically extend for three (3) additional and successive five (5) year terms. The lessee will pay the City \$3,000 per month effective November 2022 plus leasehold excise tax, with a 3% increase each year thereafter on the anniversary of the first renewal term (June 2021). The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 8.41%, which was determined by the City as the estimated incremental borrowing rate.

The lease receivable activity for the period ending as of December 31, 2023, was as follows:

	Beginning Balance as of 12/31/2022	Additions for New Leases	Changes due to Modifications /Renewals	Reductions Due to Termination	Reductions Due to Lease Revenue	Ending Balance as of 12/31/2023
Building	\$ 915,548	\$ -	\$ -	\$ -	\$ (34,561)	\$ 880,987
Land	1,940,798	165,656	-	-	(199,033)	1,907,421
Other	2,110,600	421,535	-	(619,248)	(82,008)	1,830,879
	<u>\$ 4,966,946</u>	<u>\$ 587,191</u>	<u>\$ -</u>	<u>\$ (619,248)</u>	<u>\$ (315,602)</u>	<u>\$ 4,619,287</u>

The deferred inflow of resources activity for the period ending as of December 31, 2023, was as follows:

	Beginning Balance as of 12/31/2022	Additions for New Leases	Changes due to Modifications /Renewals	Reductions due to Terminations	Reductions Due to Lease Revenue	Ending Balance as of 12/31/2023
Building	\$ 857,326	\$ -	\$ -	\$ -	\$ (51,235)	\$ 806,091
Equipment	1,871,036	165,656	-	-	(226,584)	1,810,108
Other	2,020,110	421,535	-	(580,416)	(135,550)	1,725,679
	<u>\$ 4,748,472</u>	<u>\$ 587,191</u>	<u>\$ -</u>	<u>\$ (580,416)</u>	<u>\$ (413,369)</u>	<u>\$ 4,341,878</u>

The total inflows of resources recognized for the period ending December 31, 2023, was as follows:

	Interest Revenue	Lease Revenue	Variable Outflows	Termination Inflows	GRV Inflow	Total Inflow
Building	\$ 14,587	\$ 51,235	\$ -	\$ -	\$ -	\$ 65,822
Equipment	31,974	226,284	-	-	-	258,258
Other	64,008	135,550	-	-	-	199,558
	<u>\$ 110,569</u>	<u>\$ 413,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523,638</u>

**City of Kent**

The future minimum payments under GASB 87 as of December 31, 2023, are as follows:

Year Ending December 31	Principal	Interest
2024	\$ 297,651	\$ 104,499
2025	315,351	97,623
2026	327,280	90,499
2027	340,067	82,883
2028	322,646	77,874
2029-2033	1,487,939	307,429
2034-2038	934,005	164,437
2039-2043	594,347	30,658
	<u>\$ 4,619,286</u>	<u>\$ 955,902</u>

**8. SUBSCRIPTION BASED I.T. AGREEMENTS**

The City has entered into nine (9) agreements which qualify under GASB 96 as subscription assets; details of those agreements are contained below.

In December 2021, the City renewed its agreement with ESRI, Inc for its Small Government Enterprise License. The City will pay \$121k per year for three (3) years. The subscription liability is measured as the present value of the expected payments expected to be paid during the subscription term at a discount rate of 1.13%, which was determined by the City as the estimated incremental borrowing rate.

In September 2021, the City renewed its agreement with Davey Resource Group, Inc for a 3-year software subscription of its TreeKeeper Software. The City paid the subscription fee in advance for all 36 months and therefore does not recognize a subscription liability.

In July 2021, the City entered into an agreement with Vermont Systems, Inc to utilize its RecTrac Software. The agreement is for 5 years with annual payments of \$41,514. The annual subscription fee will increase each subsequent year by 5% over the previous period. The subscription liability is measured as the present value of the expected payments expected to be paid during the subscription term at a discount rate of 7.05%, which was determined by the City as the estimated incremental borrowing rate.

In December 2023, the City entered into an agreement with TeamSideline.com, for use of its Registration Site Software for a period of 5 years. The subscription fee of \$7,897 is paid in advance for all 5 years and therefore does not recognize a subscription liability.

In February 2022, the City entered into an agreement with Sprout Social, Inc for use of its software for a period of three years. The annual subscription fee is \$33,016 per year. The subscription liability is measured as the present value of the expected payments expected to be paid during the subscription term at a discount rate of 1.85%, which was determined by the City as the estimated incremental borrowing rate.

In June 2021, the City entered into an agreement with Granicus, LLC to utilize software as a service for a period of 5 years. After the initial implementation year, the annual subscription fee is \$28,311 per year. The annual subscription fee will then increase each subsequent year by 5% over the previous period. The subscription liability is measured as the present value of the expected payments expected to be paid during the subscription term at a discount rate of 2.74%, which was determined by the City as the estimated incremental borrowing rate.

In February 2022, the City entered into an agreement with UpKeep Technologies to utilize software as a service. The agreement is for two years which includes the 1-year renewal option. The annual subscription fee is \$21,007 per year. The subscription liability is measured as the present value of the expected payments expected to be paid during the subscription term at a discount rate of 1.78%, which was determined by the City as the estimated incremental borrowing rate.

## Notes to the Financial Statements December 31, 2023

### City of Kent

In July 2023, the City committed to a 2-year subscription service with CDW Government. The subscription fee was paid in full for both years at the start of the subscription; therefore, the City will not recognize a subscription liability.

In April 2023, the City entered into an agreement with Kaseya US to utilize software as a service. The agreement is for three years with annual payments of \$8,257 per year. The subscription liability is measured as the present value of the expected payments expected to be paid during the subscription term at a discount rate of 9.97%, which was determined by the City as the estimated incremental borrowing rate.

The subscription asset activity for the period ending as of December 31, 2023, was as follows:

	<b>Beginning Balance as of 12/31/2022</b>	<b>Additions for New SBITAs</b>	<b>Gross Asset Balance as of 12/31/2023</b>	<b>Accumulated Amortization</b>	<b>Gross Asset Balance as of 12/31/2023</b>
SBITAs	\$ 776,421	\$ 125,706	\$ 902,127	\$ (468,237)	\$ 433,890

The subscription liability activity for the period ending as of December 31, 2023, was as follows:

	<b>Beginning Balance as of 12/31/2022</b>	<b>Additions for New SBITAs</b>	<b>Reductions due to Payment</b>	<b>Changes due to Modifications /Renewals</b>	<b>Ending Balance as of 12/31/2023</b>
SBITAs	\$ 412,787	\$ 120,324	\$ (340,600)	\$ -	\$ 192,511

The outflows of resources under GASB 96 for the fiscal year ending December 31, 2023, are as follows:

	<b>Variable Outflows</b>	<b>Fixed Outflows</b>	<b>Termination Outflows</b>	<b>Total Outflows</b>
SBITAs	\$ -	\$ 355,159	\$ -	\$ 355,159

The future minimum SBITA obligations under GASB 96 as of December 31, 2023, are as follows:

<b>Year Ending December 31</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 108,348	\$ 7,854
2025	84,162	3,126
2026	-	-
2027	-	-
2028	-	-
	<b>\$ 192,510</b>	<b>\$ 10,980</b>

## 9. LONG-TERM OBLIGATIONS

The City of Kent has the following types of long-term obligations: (a) bonded debt (net of unamortized premiums/discounts), (b) non-bonded debt consisting of installment loans and contracts and financed purchases, and (c) other non-current liabilities including compensated absences, total OPEB liability and net pension liability. Long-term liabilities other than debt are expected to be liquidated by the operating funds that incur the liability as they come due.

### a. BONDED DEBT

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

**(1) General Obligation Bonds**

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

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

Total additional general obligation capacity for all purposes at December 31, 2023 is \$1,966,871,655. For further detail on debt margin, refer to Schedule 17 in the Statistical Section of this report. The general obligation bonds have various interest rates between 2.0 percent and 5.5 percent with maturity dates to 2037. The City's general obligation bonds carry a Moody's "Aa3" rating as of November 22, 2019 and Standard and Poor's "AA+" rating as of April 21, 2016.

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

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

**(3) Revenue Bonds**

Revenue Bonds, payable from pledged revenues generated by the respective Proprietary Funds, are issued for the construction, acquisition, and equipping of water and sewer facilities and related systems and infrastructure. Refer to Schedule 18 in the Statistical Section of this document for further information about pledged revenue coverage. The Water and Sewerage Funds' outstanding Combined Utility System Revenue Bonds, Series 2017 Refunding Bonds at December 31, 2023, totaled \$9,821,174 including unamortized premium, split equally between each fund. The interest rates of the revenue bonds range from 5.0 percent to 6.12 percent with maturity dates to 2029. The bonds have been assigned a rating of AA by Standard & Poor's Ratings Services as of December 6, 2017.

City of Kent

b. **NON-BONDED DEBT**

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

(1) **Installment Loans and Contracts**

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

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

c. **OTHER NON-CURRENT LIABILITIES**

Includes items like compensated absences (Note 12a), claims and judgments (Note 13), contingent loan guarantee obligation (Note 17), and other post-employment benefits (OPEB) obligation and net pension liability (Note 12), if applicable. These liabilities are typically liquidated by the general fund or other operating funds giving rise to the liability.

d. **ARBITRAGE**

Under U.S. Treasury Department regulations, all tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. In general, the requirements stipulate that the earnings from investments of tax-exempt bond proceeds that exceed interest expenditures on the related debt, must be remitted to the Federal government on every fifth anniversary of each bond issue. At the fund level, the City recognizes this liability only when it is due and payable. The City has evaluated each general obligation bond and revenue bond issue subject to the arbitrage rebate requirement and, as of December 31, 2023, has no outstanding arbitrage liability.

e. **ADVANCE AND CURRENT REFUNDINGS**

As of December 31, 2023, all bonds previously defeased in advanced refundings by placing funds with an escrow agent in an irrevocable trust, have been called.



## Notes to the Financial Statements December 31, 2023

### City of Kent

f. **DEBT SCHEDULES**

The following tables are a summary of long-term debt transactions of the City for the year ended December 31, 2023:

**Long Term Debt - Governmental Activities**

	Issuance Date	Maturity Date	Interest Rate	Original Amount	Redemption to Date	Outstanding 12/31/2023	Due Within One Year
<b>BONDED DEBT:</b>							
<b>GENERAL OBLIGATION BONDS</b>							
<u>LTGO Councilmanic Bonds:</u>							
Refunding various governmental purposes	2012	2022	2.0/4.5%	9,330,000	9,330,000	-	-
Plus unamortized premium				540,320	540,320	-	-
Refunding 2006 various park improvements	2015	2024	3.00%	4,240,000	3,325,000	915,000	915,000
Plus unamortized premium				261,619	235,455	26,164	-
Refunding various governmental purposes	2016	2025	2.0/5.5%	15,470,000	9,695,000	5,775,000	3,285,000
Plus unamortized premium				2,950,117	1,033,117	1,917,000	-
Refunding 2008 PFD sales tax bonds	2016	2037	2.0/5.5%	49,105,000	2,670,000	46,435,000	465,000
Plus unamortized premium				9,364,284	3,279,322	6,084,962	-
Total Limited General Obligation Debt (net)				91,261,340	30,108,214	61,153,126	4,665,000
TOTAL BONDED DEBT				\$ 91,261,340	\$ 30,108,214	\$ 61,153,126	\$ 4,665,000
<b>OTHER LONG-TERM DEBT:</b>							
<b>Direct borrowings:</b>							
<u>Public Works Trust Fund Loans:</u>							
Trust Fund Loans (Streets) - 2003	2003	2023	0.5%	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -
Trust Fund Loans (Streets) - 2004	2004	2024	0.5%	8,500,000	8,045,588	454,412	454,412
Trust Fund Loans (Streets) - 2008	2008	2028	0.5%	5,000,000	3,659,539	1,340,461	268,092
Lease Right of Use Assets	2022	2043	0.24-2.40%	1,485,812	115,822	1,369,990	299,741
Subscription Liability	2023			434,594	242,083	192,510	108,348
Financed Purchases - equipment	2018	2023	4.7%	172,808	172,808	-	-
SMG Capital Loan	2015	2024	0.0%	920,000	70,032	849,968	113,968
Total Other Governmental Debt				17,513,214	13,305,873	4,207,341	1,244,561
TOTAL GOVERNMENTAL ACTIVITIES (Net)				\$ 108,774,554	\$ 43,414,087	\$ 65,360,467	\$ 5,909,561

**Long Term Debt - Business-Type Activities**

	Issuance Date	Maturity Date	Interest Rate	Original Amount	Redemption to Date	Outstanding 12/31/2023	Due Within One Year
<b>BONDED DEBT:</b>							
<b>REVENUE BONDS:</b>							
<u>Water Fund</u>							
Revenue Refunding Bonds	2017	2029	5.0%	\$ 6,590,000	\$ 2,277,500	\$ 4,312,500	\$ 640,000
Plus unamortized premium				1,205,019	606,932	598,087	-
Subtotal Revenue Bonds (Net)				7,795,019	2,884,432	4,910,587	640,000
<u>Drainage Fund:</u>							
Revenue Refunding Bonds	2017	2029	5.0%	6,590,000	2,277,500	4,312,500	640,000
Plus unamortized premium				1,205,019	606,932	598,087	-
Subtotal (Net)				7,795,019	2,884,432	4,910,587	640,000
Subtotal Revenue Bonds (Net)				15,590,038	5,768,864	9,821,174	1,280,000
TOTAL BONDED DEBT				\$ 15,590,038	\$ 5,768,864	\$ 9,821,174	\$ 1,280,000
<b>OTHER LONG-TERM DEBT</b>							
<u>Water Fund:</u>							
Contract - Tacoma Pipeline	2010	2040	2.0-5.62%	\$ 11,400,000	\$ 3,240,000	\$ 8,160,000	\$ 355,000
Contract - Regional Water	2013	2032	4.0-5.0%	14,790,000	2,895,000	11,895,000	1,090,000
<u>Public Works Trust Fund Loans</u>							
-direct borrowings:							
Water system improvements	2002	2022	0.5%	10,000,000	10,000,000	-	-
Subtotal Water Fund				36,190,000	16,135,000	20,055,000	1,445,000
<u>Drainage Fund:</u>							
-direct borrowings:							
Drainage system improvements	2004	2024	0.5%	1,500,000	1,425,000	75,000	75,000
Subtotal Drainage Fund				1,500,000	1,425,000	75,000	75,000
<u>Golf Complex Fund:</u>							
Lease Right of Use Assets	2022	2025	1.21%	243,699	79,658	164,041	80,640
Financed Purchases - equipment - direct borrowin	2018	2022	5.05%	639,447	639,447	-	-
Subtotal Golf Complex Fund				883,146	719,105	164,041	80,640
Total other business type debt				38,573,146	18,279,105	20,294,041	1,600,640
TOTAL BUSINESS TYPE ACTIVITIES (Net)				\$ 54,163,184	\$ 24,047,969	\$ 30,115,215	\$ 2,880,640

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## Notes to the Financial Statements December 31, 2023

### City of Kent

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

Year	Governmental Activities				Business-type Activities		Totals	
	Principal	Interest	Direct borrowings		Principal	Interest	Principal	Interest
			Principal	Interest				
2024	4,665,000	2,416,600	-	-	-	-	4,665,000	2,416,600
2025	5,225,000	2,201,650	-	-	-	-	5,225,000	2,201,650
2026	2,985,000	1,940,400	-	-	-	-	2,985,000	1,940,400
2027-2031	19,425,000	7,289,750	-	-	-	-	19,425,000	7,289,750
2032-2036	17,220,000	2,654,000	-	-	-	-	17,220,000	2,654,000
2037-2041	3,605,000	108,150	-	-	-	-	3,605,000	108,150
<b>Totals</b>	<b>\$53,125,000</b>	<b>\$16,610,550</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$53,125,000</b>	<b>\$16,610,550</b>

Revenue bond debt service requirements to maturity are as follows:

Year	Water Revenue Bonds		Drainage Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2024	640,000	215,625	640,000	215,625	1,711,250
2025	665,000	183,625	665,000	183,625	1,697,250
2026	697,500	150,375	697,500	150,375	1,695,750
2027-2030	2,310,000	234,750	2,310,000	234,750	5,089,500
<b>Total</b>	<b>\$ 4,312,500</b>	<b>\$ 784,375</b>	<b>\$ 4,312,500</b>	<b>\$ 784,375</b>	<b>\$ 10,193,750</b>

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

Year	Governmental Activities		Business-type Activities				Totals	
	Direct borrowings		Principal	Interest	Direct borrowings		Principal	Interest
	Principal	Interest			Principal	Interest		
2024	783,837	8,952	1,445,000	845,469	75,000	397	2,303,837	854,818
2025	329,425	5,362	1,520,000	776,769	-	-	1,849,425	782,131
2026	329,425	4,021	1,585,000	706,351	-	-	1,914,425	710,372
2027-2031	842,851	4,021	9,110,000	2,371,366	-	-	9,952,851	2,375,387
2032-2036	306,668	-	4,010,000	779,317	-	-	4,316,668	779,317
2037-2041	-	-	2,385,000	221,777	-	-	2,385,000	221,777
<b>Totals</b>	<b>\$ 2,644,840</b>	<b>\$ 22,356</b>	<b>\$20,130,000</b>	<b>\$ 5,701,447</b>	<b>\$ 75,000</b>	<b>\$ 397</b>	<b>\$ 22,849,840</b>	<b>\$ 5,724,200</b>

### DISCRETELY PRESENTED COMPONENT UNIT – SPECIAL EVENTS CENTER PFD:

The following is a summary of non-bonded debt issuance and redemption information as of December 31, 2023:

	Issuance Date	Maturity Date	Interest Rate	Original Amount	Redemption to Date	Outstanding 12/31/2023	Due Within One Year
<b>Other Non-Bonded Debt:</b>							
Note Payable	2008	2037	0.19-1.2%	\$ 43,530,537	\$ -	\$ 43,530,537	\$ -
Note Payable	2016	2037		49,105,000	2,670,000	46,435,000	465,000
				<u>92,635,537</u>	<u>2,670,000</u>	<u>89,965,537</u>	<u>465,000</u>
				<b>\$ 92,635,537</b>	<b>\$ 2,670,000</b>	<b>\$ 89,965,537</b>	<b>\$ 465,000</b>

## Notes to the Financial Statements December 31, 2023

### City of Kent

The following is a summary of changes in non-current liabilities reported in the government-wide financial statements for the year ended December 31, 2023.

	Beginning Balances	Additions	Reductions	Ending Balances	Within One Year	In More Than One Year
<b>Governmental Activities:</b>						
<b>Bonds payable:</b>						
General obligation bonds	\$ 57,930,000	\$ -	\$ 4,805,000	\$ 53,125,000	\$ 4,665,000	\$ 48,460,000
Premiums	8,631,658	-	603,532	8,028,126	-	8,028,126
Net general obligation bonds	<u>66,561,658</u>	<u>-</u>	<u>5,408,532</u>	<u>61,153,126</u>	<u>4,665,000</u>	<u>56,488,126</u>
<b>Non-bonded long-term liabilities:</b>						
Contracts, lease, notes - direct borrowings						
Installment loans & contracts	4,976,551	571,770	1,340,980	4,207,341	1,244,561	2,962,780
Financed Purchases	34,457	-	34,457	-	-	-
Total contracts, leases, notes	<u>5,011,008</u>	<u>571,770</u>	<u>1,375,437</u>	<u>4,207,341</u>	<u>1,244,561</u>	<u>2,962,780</u>
Compensated absences:						
General government	5,621,892	12,349,486	11,209,243	6,762,135	3,251,173	3,510,962
Internal service funds	604,364	1,363,738	1,269,924	698,178	415,705	282,473
Total compensated absences	<u>6,226,256</u>	<u>13,713,224</u>	<u>12,479,167</u>	<u>7,460,313</u>	<u>3,666,878</u>	<u>3,793,435</u>
Net Pension Liability	7,328,390	5,463,521	7,328,390	5,463,521	-	5,463,521
Total OPEB Liability	<u>17,433,483</u>	<u>17,038,066</u>	<u>17,433,483</u>	<u>17,038,066</u>	<u>1,514,262</u>	<u>15,523,804</u>
Total non-bonded liabilities	<u>24,761,873</u>	<u>22,501,587</u>	<u>24,761,873</u>	<u>22,501,587</u>	<u>1,514,262</u>	<u>20,987,325</u>
<b>Total governmental non-current liabilities</b>	<b>\$ 102,560,795</b>	<b>\$ 36,786,582</b>	<b>\$ 44,025,009</b>	<b>\$ 95,322,367</b>	<b>\$ 11,090,701</b>	<b>\$ 84,231,666</b>

	Beginning Balances	Additions	Reductions	Ending Balances	Within One Year	In More Than One Year
<b>Business-type Activities:</b>						
<b>Bonds payable:</b>						
Revenue bonds	\$ 9,845,000	\$ -	\$ 1,220,000	\$ 8,625,000	\$ 1,280,000	\$ 7,345,000
Premiums	1,398,116	-	201,942	1,196,174	-	1,196,174
Net revenue bonds	<u>11,243,116</u>	<u>-</u>	<u>1,421,942</u>	<u>9,821,174</u>	<u>1,280,000</u>	<u>8,541,174</u>
<b>Non-bonded long-term liabilities:</b>						
Installment loans & contracts	20,820,000	-	765,000	20,055,000	1,445,000	18,610,000
Installment loans & contracts-direct borrowings	150,000	-	75,000	75,000	75,000	-
Lease payable	243,699	-	79,658	164,041	80,640	83,401
Financed Purchases	-	-	-	-	-	-
Total contracts, leases, notes	<u>21,213,699</u>	<u>-</u>	<u>919,658</u>	<u>20,294,041</u>	<u>1,600,640</u>	<u>18,693,401</u>
Compensated absences	891,231	2,296,766	2,062,205	1,125,792	711,039	414,753
Net Pension Liability	1,932,042	1,571,969	1,932,042	1,571,969	-	1,571,969
Total non-bonded liabilities	<u>24,036,972</u>	<u>3,868,735</u>	<u>4,913,905</u>	<u>22,991,802</u>	<u>2,311,679</u>	<u>20,680,123</u>
<b>Total business-type non-current liabilities</b>	<b>\$ 35,280,088</b>	<b>\$ 3,868,735</b>	<b>\$ 6,335,847</b>	<b>\$ 32,812,976</b>	<b>\$ 3,591,679</b>	<b>\$ 29,221,297</b>
<b>Grand Total non-current liabilities</b>	<b>\$ 137,840,883</b>	<b>\$ 40,655,317</b>	<b>\$ 50,360,856</b>	<b>\$ 128,135,343</b>	<b>\$ 14,682,380</b>	<b>\$ 113,452,963</b>

	Beginning Balances	Additions	Reductions	Ending Balances	Within One Year	In More Than One Year
<b>Special Events Center PFD</b>						
<b>Non-bonded long-term liabilities:</b>						
Interlocal financing agreement	\$ 46,765,000	\$ -	\$ 330,000	\$ 46,435,000	\$ 465,000	\$ 45,970,000
Installment loans & contracts	40,603,432	2,927,105	-	43,530,537	-	43,530,537
Total non-current liabilities	<u>\$ 87,368,432</u>	<u>\$ 2,927,105</u>	<u>\$ 330,000</u>	<u>\$ 89,965,537</u>	<u>\$ 465,000</u>	<u>\$ 89,500,537</u>

City of Kent

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## 10. FUND BALANCE

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

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

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

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

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

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

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

## Notes to the Financial Statements December 31, 2023

### City of Kent

Fund balances for all the major and nonmajor governmental funds as of December 31, 2023, were distributed as follows:

	General Fund	Capital Resources Fund	Special Assessments Fund	Street Capital Projects Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>						
Prepaid items	\$ 55,939	\$ -	\$ -	\$ -	\$ 50,331	\$ 106,270
	<u>55,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,331</u>	<u>106,270</u>
<b>Restricted:</b>						
Lodging tax purposes	-	-	-	-	423,046	423,046
Criminal justice programs	-	-	-	-	7,601,347	7,601,347
Low income housing purposes	-	-	-	-	6,286,469	6,286,469
REET and Impact fees	-	8,645,010	-	-	2,470,993	11,116,003
Kent Events Center	195,566	-	-	-	-	195,566
Street capital projects	-	-	-	3,004,028	-	3,004,028
Parks capital projects	-	-	-	-	6,652,960	6,652,960
Facility capital projects	-	-	-	-	6,588,330	6,588,330
Bond retirement	-	-	-	-	488,947	488,947
Special assessment debt	-	-	10,878	-	-	10,878
Economic and community development	3,501	-	-	-	-	3,501
	<u>199,067</u>	<u>8,645,010</u>	<u>10,878</u>	<u>3,004,028</u>	<u>30,512,092</u>	<u>42,371,075</u>
<b>Committed:</b>						
Street operations	-	-	-	-	16,433,802	16,433,802
Youth/Teen program	-	-	-	-	598,044	598,044
Criminal justice programs	-	-	-	-	3,247,348	3,247,348
City arts program	666,856	-	-	-	-	666,856
Kent events center replacement	1,570,142	-	-	-	-	1,570,142
Capital projects	-	18,951,793	-	-	1,276,793	20,228,586
Street capital projects	-	-	-	21,240,775	-	21,240,775
Parks capital projects	-	-	-	-	9,427,496	9,427,496
Facilities capital projects	-	-	-	-	14,784,983	14,784,983
Special assessment debt	-	-	406,998	-	-	406,998
Technology systems	-	-	-	-	10,651,290	10,651,290
	<u>2,236,998</u>	<u>18,951,793</u>	<u>406,998</u>	<u>21,240,775</u>	<u>56,419,756</u>	<u>99,256,320</u>
<b>Assigned:</b>						
Public safety retiree OPEB	1,199,357	-	-	-	-	1,199,357
Criminal justice programs	-	-	-	-	17,881	17,881
Street capital projects	-	-	-	1,144,482	-	1,144,482
	<u>1,199,357</u>	<u>-</u>	<u>-</u>	<u>1,144,482</u>	<u>17,881</u>	<u>2,361,720</u>
<b>Unassigned:</b>						
	<u>63,840,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,840,429</u>
<b>Total Fund Balance</b>	<b>\$ 67,531,790</b>	<b>\$ 27,596,803</b>	<b>\$ 417,876</b>	<b>\$ 25,389,285</b>	<b>\$ 87,000,060</b>	<b>\$ 207,935,814</b>

## 11. PROPERTY TAXES

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

Tax bills are mailed in February and are due on April 30. They may be paid in two equal installments on April 30 and October 31. If not remitted by April 30, the whole amount becomes delinquent with penalties and delinquent interest assessed on that amount. The County Treasurer remits collections to the individual taxing districts daily by electronic funds transfer as amounts are received and allocated to taxing districts. The General Fund and Capital Resources Fund receivables at December 31, 2023 include \$547,999 for delinquent property taxes. No estimate of uncollectible taxes is made since state law allows for sale of property for failure to pay taxes.

## City of Kent

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

- a. The Washington State Constitution limits the total statutory property tax levy to \$10.00 per \$1,000 of assessed valuation. This 1 percent value limit is subject to additional reduction of 10 percent on all regular taxing rates except for Port and Utility Districts, Conservation Futures, Emergency Medical Services and State levies. The effective levy limit is \$5.90 per \$1,000 assessed valuation as follows: \$1.80 for the County, \$3.60 for the City and \$0.50 is a floating limitation where applicable. In addition, the City has given \$.50 to the County to fund the library and \$1.00 to the Puget Sound Regional Fire Authority.
- b. Washington State law in RCW 84.55.010 limits the growth of regular property tax revenue. If total city assessed valuation increases by more than the allowable rate, the levy rate is proportionally decreased.
- c. Referendum 47 passed in November 1997 limited the growth of the property tax levy to the lesser of 6% or inflation.
- d. Initiative 747 passed in November 2001 further limits property tax levy growth by the lesser of 1% or inflation. As a result of Initiative 747, Washington State law in RCW 84.55.0101 limits the growth of regular property tax revenue to 1%.
- e. The City may voluntarily levy taxes below the legal limit.

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

For 2023, the City's regular tax levy was \$1.05874 per \$1,000 of assessed valuation based on the 2022 assessed valuation of \$32,166,683,228 for a total regular levy of \$33,913,229.

## 12. PERSONNEL BENEFITS

### a. SICK, VACATION AND COMPENSATORY LEAVE

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

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

## Notes to the Financial Statements December 31, 2023

### City of Kent

For the Governmental Activities on the Statement of Net Position, the current portion of compensated absences plus estimated benefits, including internal services, is estimated to be \$ 3,666,878 and the estimated long-term portion, including internal services, is \$ 3,793,435. The liabilities are typically liquidated by the general fund or streets fund, with exception to those related to internal services. In the Proprietary Funds, the current portion is that amount which is anticipated to be paid within the next fiscal period. The Proprietary Funds fully accrue compensated absences plus estimated benefits thereon, and separate current and long-term portions for balance sheet purposes only. For the Business-type Activities on the Statement of Net Position, as well as the Enterprise Funds on the Proprietary Fund statements, the estimated current amount is \$711,040 and the estimated long-term portion is \$414,753.

**b. LIFE and AD&D INSURANCE**

Life insurance and AD&D insurance were provided for full time employees through Cigna Corporation until July of 2021. Since that date, they have been provided by New York Life Insurance. Full-time employees are covered immediately. All employees have paid life and AD&D insurance equal to their annual salary up to a maximum of \$150,000. Spouses and children are also covered by \$5,000 and \$2,000 respectively of life insurance. The City paid \$451,239 during 2023 for this coverage.

**c. DEFERRED COMPENSATION**

In 1984 the City established a deferred compensation program for its employees in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all revenue attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) deposited to a trust. The City has no claim to these assets and does not record the fair value of the assets of the deferred compensation program on its books. The City makes no contributions to the plan but allows its employees to contribute to the International City Managers Association (ICMA) plan.

**d. RETIREMENT**

The City's contributions to retirement programs in 2023 were:

To Federal Social Security System	\$ 6,150,641
To State administered employee retirement systems	<u>7,546,663</u>
Total	<u>\$ 13,697,304</u>

Retirement payments to City employees from all City funds in 2023 were:

From Firemen's Relief and Pension Fund	<u>\$ 348,008</u>
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The following table represents the aggregate pension amounts for all plans administered by the Washington Department of Retirement Systems that the City participates in that are subject to the requirements of GASB Statement No. 68 - Accounting and Financial Reporting for Pensions for the year 2023, as well as the City's Firemen's Pension Fund.

<b>Aggregate Pension Amounts – All Plans</b>	
Pension assets	\$ 33,530,290
Deferred outflows of resources	23,630,357
Pension liabilities	(7,035,492)
Deferred inflows of resources	(14,791,327)
Pension expense/expenditures	(2,595,756)

City of Kent

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

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

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

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

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

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

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

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.20 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates.



## Notes to the Financial Statements December 31, 2023

### City of Kent

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee*</b>
January through June 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative fee	0.18%	
Total	<b>10.39%</b>	<b>6.00%</b>
July through August 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative fee	0.18%	
Total	<b>9.39%</b>	<b>6.00%</b>
September through December 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative fee	0.20%	
Total	<b>9.53%</b>	<b>6.00%</b>

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

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

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

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate

## Notes to the Financial Statements December 31, 2023

### City of Kent

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

#### Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.20 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates:</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
January through June 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative fee	0.18%	
Total	<b>10.39%</b>	<b>6.36%</b>
July through August 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.85%	
Administrative fee	0.18%	
Total	<b>9.39%</b>	<b>6.36%</b>
September through December 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.97%	
Administrative fee	0.20%	
Total	<b>9.53%</b>	<b>6.36%</b>

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

The city's actual PERS Plan contributions were \$2,032,141 to PERS Plan 1 and \$3,629,182 to PERS Plan 2/3 for the year ended December 31, 2023.

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

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

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

## City of Kent

PSERS membership includes:

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

PSERS covered employers include:

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

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

### Contributions

The PSERS Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.20 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

## Notes to the Financial Statements December 31, 2023

### City of Kent

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2023 were as follows:

<b>PSERS Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
January through June 2023		
PSERS Plan 2	6.60%	6.60%
PERS Plan 1 UAAL	3.85%	
Administrative fee	0.18%	
Total	<b>10.63%</b>	<b>6.60%</b>
July through August 2023		
PSERS Plan 2	6.60%	6.60%
PERS Plan 1 UAAL	2.85%	
Administrative fee	0.18%	
Total	<b>9.63%</b>	<b>6.60%</b>
September through December 2023		
PSERS Plan 2	6.73%	6.73%
PERS Plan 1 UAAL	2.97%	
Administrative fee	0.20%	
Total	<b>9.90%</b>	<b>6.73%</b>

The city's actual plan contributions were \$197,745 to PSERS Plan 2 and \$101,172 to PERS Plan 1 for the year ended December 31, 2023.

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

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

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

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

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

#### Contributions

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2023. Employers paid only the administrative expense of 0.20 percent of covered payroll.

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

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.20 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and the state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2023.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
January through August 2023		
State and local governments	5.12%	8.53%
Administrative fee	0.18%	
<b>Total</b>	<b>5.30%</b>	<b>8.53%</b>
September through December 2023		
State and local governments	5.12%	8.53%
Administrative fee	0.20%	
<b>Total</b>	<b>5.32%</b>	<b>8.53%</b>

The city's actual contributions to the plan were \$1,312,383 for the year ended December 31, 2023.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2023, the state contributed \$87,966,142 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$784,543.

## (1) Information for all DRS plans

### Actuarial Assumptions

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Annual Comprehensive Financial Report located on the DRS website. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

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

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

There were changes in the assumptions since the last valuation. There were no changes in the methods used.

- OSA Made adjustments to TRS Plan 1 assets, LEOFF Plan ½ assets, ad LEOFF participant data to reflect cretain material changes occurring after the June 30, 2022 measurement date.

### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

### Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

### Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the table below. The inflation component used to create the table is 2.20 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

### Sensitivity of the Net Pension Liability/(Asset)

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate.

Pension Trust	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1	\$ 10,069,802	\$ 7,207,772	\$ 4,709,893
PERS 2/3	17,228,406	(15,840,467)	(43,008,637)
PSERS 2	616,074	(397,319)	(1,197,108)
LEOFF 1	(3,757,105)	(4,237,151)	(4,653,425)
LEOFF 2	2,161,614	(13,055,353)	(25,509,134)

### Pension Plan Fiduciary Net Position

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

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

At June 30, 2023, the city reported a total pension liability of \$7,207,772 (plus \$172,280 for the Firemen's Pension for a total pension liability of \$7,035,492) and a total pension asset of \$33,530,290 for its proportionate share of the DRS net pension liabilities (assets) as follows:

## Notes to the Financial Statements December 31, 2023

### City of Kent

Plan	Liability (Asset)
PERS 1	\$ 7,207,772
PERS 2/3	(15,840,467)
PSERS 2	(397,319)
LEOFF 1	(4,237,151)
LEOFF 2	(13,055,353)

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

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	\$ (4,237,151)	\$ (13,055,353)
State's proportionate share of the net pension liability (asset) associated with the employer	(28,659,984)	(8,337,014)
<b>TOTAL</b>	<b>\$ (32,897,135)</b>	<b>\$ (21,392,367)</b>

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

Plan	Proportionate Share 6/30/23	Proportionate Share 6/30/22	Change in Proportion
PERS 1	0.315752%	0.317812%	-0.002060%
PERS 2/3	0.386477%	0.392840%	-0.006363%
PSERS 2	0.374691%	0.399425 %	-0.024734%
LEOFF 1	0.142760%	0.143377%	-0.000617%
LEOFF 2	0.544291%	0.523082%	0.021209%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2023. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2023, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions, and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2023, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2023, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2021, with update procedures used to roll forward the total pension liability to the measurement date.



**City of Kent**

**Pension Expense**

For the year ended December 31, 2023, the city recognized pension expense of \$2,376,567 (plus \$219,189 for the Firemen's Pension for a total pension expense of \$2,595,756) as follows for the DRS plans:

<u>Plan</u>	<u>Pension Expense</u>
PERS 1	\$ (129,335)
PERS 2/3	(1,808,754)
PSERS 2	100,531
LEOFF 1	(356,814)
LEOFF 2	(182,195)
	<u>\$ (2,376,567)</u>

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2023, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Schedules of Deferred Inflows and Outflows of Resources**

<u>PERS 1</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(813,068)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	891,407	-
<b>TOTAL</b>	<b>\$ 891,407</b>	<b>\$ (813,068)</b>

<u>PERS 2/3</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,226,685	\$ (176,987)
Net difference between projected and actual investment earnings on pension plan investments	-	(5,969,645)
Changes of assumptions	6,650,376	(1,449,520)
Changes in proportion and differences between contributions and proportionate share of contributions	545,645	(360,556)
Contributions subsequent to the measurement date	1,840,963	-
<b>TOTAL</b>	<b>\$ 12,263,669</b>	<b>\$ (7,956,708)</b>

## Notes to the Financial Statements December 31, 2023

### City of Kent

<b>PSERS 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 124,324	\$ (102,238)
Net difference between projected and actual investment earnings on pension plan investments	-	(106,928)
Changes of assumptions	177,761	(69,138)
Changes in proportion and differences between contributions and proportionate share of contributions	21,004	(33,558)
Contributions subsequent to the measurement date	97,865	-
<b>TOTAL</b>	<b>\$ 420,954</b>	<b>\$ (311,862)</b>

<b>LEOFF 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(280,962)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ (280,962)</b>

<b>LEOFF 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 5,332,742	\$ (107,409)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,762,484)
Changes of assumptions	3,334,942	(1,072,394)
Changes in proportion and differences between contributions and proportionate share of contributions	676,928	(1,486,440)
Contributions subsequent to the measurement date	675,093	-
<b>TOTAL</b>	<b>\$ 10,019,705</b>	<b>\$ (5,428,727)</b>

## Notes to the Financial Statements December 31, 2023

### City of Kent

<b>Total – All Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 8,683,751	\$ (386,634)
Net difference between projected and actual investment earnings on pension plan investments	-	(9,933,087)
Changes of assumptions	10,163,079	(2,591,052)
Changes in proportion and differences between contributions and proportionate share of contributions	1,243,577	(1,880,554)
Contributions subsequent to the measurement date	3,505,327	-
<b>TOTAL</b>	<b>\$ 23,595,734</b>	<b>\$ (14,791,327)</b>

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

<b>Year Ended December 31</b>	<b>PERS 1</b>	<b>PERS 2/3</b>	<b>PSERS 2</b>	<b>LEOFF 1</b>	<b>LEOFF2</b>
2023	\$ (553,177)	\$ (2,741,135)	\$ (66,459)	\$ (192,637)	\$ (1,181,358)
2024	(695,686)	(3,427,174)	(82,358)	(241,735)	(1,627,463)
2025	428,949	4,973,149	77,777	149,956	2,303,520
2026	6,846	1,778,480	10,640	3,454	781,717
2027	-	1,784,119	11,632	-	860,899
Thereafter	-	98,559	59,995	-	2,778,570
<b>TOTAL</b>	<b>\$ (813,068)</b>	<b>\$ 2,465,998</b>	<b>\$ 11,227</b>	<b>\$ (280,962)</b>	<b>\$ 3,915,885</b>

### (2) Firemen's Relief and Pension System

#### Plan Description

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

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

- Benefits for firefighters leaving service prior to March 1, 1970 continue to be paid entirely by the City's Firefighters' Relief and Pension System under RCW 41.18.

## Notes to the Financial Statements December 31, 2023

### City of Kent

- Firefighters in service on March 1, 1970 are entitled to receive the greater of the benefits provided under the prior pension law, or the LEOFF 1 Act (RCW 41.26.040).
- Firefighters hired after March 1, 1970 are covered only under the LEOFF Act.

The system is a trust fund in the financial reports of the City and is administered by the Firemen’s Relief and Pension Board made up of two members of the system, the Mayor, and a Councilmember. The plan is governed by State statute and does not issue a stand-alone financial report.

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

As of December 31, 2023, the plan covers the following:

Retirees and beneficiaries receiving benefits	7
Retirees not receiving City-paid monthly benefits	1
<b>Total</b>	<b>8</b>

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

### Investments

The Plan operates under the City’s investment policy and state statutes and participates in the pooled cash and investments of the City (see Note 3). Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. At December 31, 2023, the Plan held \$2,161,938 in cash, investments, and equity in pooled investments.

### Net Pension Liability

<b>Firefighters’ Pension Fund</b>				
<b>GASB Statement No. 67 Net Pension Liability</b>				
	<u>December 31, 2022</u>		<u>December 31, 2023</u>	
Total pension liability	\$	2,469,562	\$	1,964,025
Fiduciary net position*		2,058,181		2,136,305
Net pension liability		411,381		(172,280)
Fiduciary net position as a % of total pension liability		83.34%		108.77%
Covered payroll		-		-
Net pension liability as a % of covered Payroll		N/A		N/A

\*Fiduciary net position is reported at \$2,156,905 within the Firemen’s Relief and Pension trust fund, which is a difference of \$20,600 from the actuarial value primarily as a result of the City posting the trust fund’s proportionate share of the fair market value adjustment required per GASB 31.

## Notes to the Financial Statements December 31, 2023

### City of Kent

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

Other key actuarial assumptions:

Valuation Date	January 1, 2022	January 1, 2024
Measurement Date	December 31, 2022	December 31, 2023
Inflation	2.50 %	2.50%
Salary increases plus inflation	3.50%	3.50%
Mortality	Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017	Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017
Actuarial cost method	Entry age normal	Entry age normal

Money-Weighted Rate of Return

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

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2017	1.00%
2018	5.20%
2019	0.28%
2020	2.58%
2021	1.02%
2022	-2.80%
2023	2.86%

## Notes to the Financial Statements December 31, 2023

### City of Kent

<u>Discount Rate</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Discount rate	3.75%	3.25%
Long-term expected rate of return, Net of investment expense	3.75%	3.25%
Municipal bond rate	3.75%	3.25%

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

The Bond Buyer General Obligation 20-year municipal bond index for bonds that mature in 20 years is 3.26% as of December 31, 2023. Rounding this to the nearest ¼% results in a discount rate of 3.25% as of the December 31, 2023 measurement date. This will need to be re-evaluated as of later valuation dates.

#### Sensitivity Analysis

The following presents the net pension liability of the Plan, calculated using the discount rate of 3.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.25%) or one percentage point higher (4.25%) than the current rate.

	<u>1% Decrease 2.25%</u>	<u>Current Discount Rate 3.25%</u>	<u>1% Increase 4.25%</u>
Total pension liability	\$ 2,175,483	\$ 1,964,025	\$ 1,784,280
Fiduciary net position	2,136,305	2,136,305	2,136,305
Net pension liability	\$ 39,178	\$ (172,280)	\$ (352,025)

#### Long-term Expected Rate of Return

The long-term expected rate of return is determined by combining expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2023.

<u>Asset Class</u>	<u>Index</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	BAML 90 Day T-Bills	0.81%
Short-term Bonds	Bloomberg Barclays 1-3 YR Gvt/Credit	1.32%
US Mortgages	Bloomberg Barclays MBS	2.60%
Assumed Inflation – Mean		2.50%
<b>Long-Term Expected Rate of Return</b>		<b>3.25%</b>

**City of Kent**

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of December 31, 2022	\$ 2,469,562	\$ 2,058,181	\$ 411,381
Changes for the year:			
Service costs	-	-	-
Interest on total pension liability	90,268	-	90,268
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	(563,250)	-	(563,250)
Effects of assumptions changes or inputs	93,453	-	93,453
Benefit payments	(126,008)	(126,008)	-
Medical payments from fund	-	(220,000)	220,000
Employer contributions	-	-	-
Contributions from state fire insurance premium tax	-	370,230	(370,230)
Net investment income	-	60,309	(60,309)
Administrative expenses	-	(6,407)	6,407
Balance as of December 31, 2023	\$ 1,964,025	\$ 2,136,305	\$ (172,280)

For the year ended December 31, 2023, the City recognized pension expense of \$(571,679). At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Schedule of Deferred Inflows and Outflows of Resources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	34,623	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
<b>TOTAL</b>	<b>\$ 34,623</b>	<b>\$ -</b>

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

Year Ended December 31:	Amount
2024	\$12,200
2025	11,597
2026	7,386
2027	3,440
2028	-

**City of Kent**

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

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement No. 75 for the year 2023:

<b>Aggregate OPEB Amounts – All Plans</b>	
OPEB Liabilities	\$ 17,038,066
OPEB Assets	-
Deferred outflows of resources	135,159
Deferred inflows of resources	(360,313)
OPEB expenses/expenditures	589,481

(1) **Retirement Healthcare Benefits-LEOFF I Retirement System**

*Plan Description:*

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

*Benefits Provided:*

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

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

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

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

*Employees covered by benefit terms;*

At December 31, 2023 (the census date), the benefit terms covered the following employees:

<b>Category</b>	<b>Count</b>
Inactive employees or beneficiaries currently receiving benefit payments	47
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	-
Total	47



## Notes to the Financial Statements December 31, 2023

### City of Kent

*Contributions:*

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

**Total OPEB Liability**

The City's total OPEB liability was valued as of December 31, 2022 and was used to calculate the total liability as of December 31, 2023.

*Actuarial Assumptions:*

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	December 31, 2022	December 31, 2023
Discount rate	4.05%	3.77%
Inflation	2.75%	2.75%
Healthcare cost rate	4.20% trending down to 4.14% over 52 years	4.17% trending down to 4.14% over 51 years
Mortality rates	Based on tables from the Society of Actuaries	

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

*Discount Rate:*

The discount rate used to measure the total OPEB liability is 3.77%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high quality 20 municipal bonds, as of the valuation date.

**Changes in the Total OPEB Liability**

	<b>(Increase/Decrease) Total OPEB Liability</b>
Balance as of 12/31/22	\$ 15,347,066
Changes for the year:	
Service Costs	-
Interest	602,645
Changes in benefit terms	-
Difference between expected and actual experience	(515,226)
Changes in assumptions	(291,398)
Benefit payments	(933,898)
Net changes	(555,081)
Balance as of 12/31/23	\$ 14,791,985

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

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.05%) or one percentage point higher (5.05%) than the current discount rate:

## Notes to the Financial Statements December 31, 2023

### City of Kent

	1% Decrease 2.77%	Discount Rate 3.77%	1% Increase 4.77%
Total OPEB liability	\$ 15,920,860	\$ 14,791,985	\$ 13,795,718

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.17%) or one percentage point higher (5.17%) than the current healthcare cost trend rates:

	1% Decrease 2.77%	Trend Rate 3.77%	1% Increase 4.77%
Total OPEB liability	\$ 15,920,860	\$ 14,791,985	\$ 13,795,718

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

For the year ended December 31, 2023, the City recognized an OPEB expense of \$378,817. Since there are no active employees in the plan, no plan assets, and the measurement date is the same as the reporting date, there are no deferred inflows or outflows of resources as of December 31, 2023. Differences between actual and expected experience and changes in assumptions for the year ended December 31, 2023 are included in the 2023 OPEB expense.

#### (2) Kent Police Officer's Association VEBA Plan

*Plan Description:*

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

*Benefits Provided:*

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

*Employees covered by benefit terms:*

At December 31, 2022 (the census date), the benefit terms covered the following employees:

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

*Contributions:*

The City pays benefits as they come due.

Contribution rate:	Benefits due
Reporting period contributions:	\$96,000

*Financial Report:*

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

## Notes to the Financial Statements December 31, 2023

### City of Kent

#### Total OPEB Liability

The City's total OPEB liability was valued as of December 31, 2022 and was used to calculate the total liability as of December 31, 2023.

#### Actuarial Assumptions:

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	December 31, 2022	December 31, 2023
Discount rate	4.05%	3.77%
Inflation	2.75%	2.75%
Healthcare cost trend rate	N/A	N/A
Salary increases	3.25%	3.25%
Mortality rates	Based on tables from the Society of Actuaries	

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

#### Discount Rate:

The discount rate used to measure the total OPEB liability is 3.77%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as of the valuation date.

#### Changes in the Total OPEB Liability

	Increase/(Decrease) Total OPEB Liability
Balance as of 12/31/22	\$ 2,086,417
Service costs	139,294
Interest	88,197
Changes in benefit terms	-
Difference between expected and actual experience	(8,558)
Changes in assumptions	36,731
Benefit payments	(96,000)
Net changes	159,664
Balance as of 12/31/23	\$ 2,246,081

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.77%) or one percentage point higher (4.77%) than the current discount rate:

	1% Decrease 2.77%	Discount Rate 3.77%	1% Increase 4.77%
Total OPEB liability	\$ 2,380,528	\$ 2,246,081	\$ 2,116,913

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

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

**City of Kent**

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

For the year ended December 31, 2023, the City recognized an OPEB expense of \$210,664. The City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

<b>Schedule of Deferred Inflows and Outflows of Resources</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 18,843	\$ (113,428)
Changes of assumptions	116,316	(246,885)
Contributions subsequent to the measurement date	-	-
<b>TOTAL</b>	<b>\$ 135,159</b>	<b>\$ (360,313)</b>

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

<b>Year Ended December 31:</b>	<b>Amount</b>
2024	\$ (16,827)
2025	(16,827)
2026	(16,827)
2027	(16,827)
2028	(16,827)
Remaining	(141,019)

*Expected Average Remaining Service Lives (EARSL)*

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or other inputs and (2) differences between expected and actual experience are required to be included in OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives for the current period is 14.5 years.

**13. RISK MANAGEMENT**

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

## Notes to the Financial Statements December 31, 2023

### City of Kent

The claims liability includes an estimated amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Non-incremental claims adjustment expenses are not included in the calculation. Following is a table of changes in estimated claims liabilities for 2023 and 2022 as carried in the City's Internal Service Funds and the General Fund:

	Workers' Compensation		Medical & Dental		Liability		Total
	2023	2022	2023	2022	2023	2022	
Claims Liabilities, January 1	\$ 2,357,000	\$ 1,737,000	\$ 901,500	\$ 878,200	\$ 5,598,000	\$ 3,932,000	\$ 8,856,500
Less: Claims paid	-1,586,503	-1,549,832	-14,256,288	-13,089,428	-4,740,142	-5,110,603	-20,582,933
Plus: Claims and changes in estimates	1,576,503	2,169,832	14,358,488	13,112,728	5,072,142	6,776,603	21,007,133
<b>Claims Liabilities, December 31</b>	<b>\$ 2,347,000</b>	<b>\$ 2,357,000</b>	<b>\$ 1,003,700</b>	<b>\$ 901,500</b>	<b>\$ 5,930,000</b>	<b>\$ 5,598,000</b>	<b>\$ 9,280,700</b>

**a. UNEMPLOYMENT COMPENSATION**

The City self-insures its unemployment compensation program through the Washington State Employment Security Department. Reserves are set each year based on estimates of employment activity. The City paid \$149,420 in unemployment compensation claims in fiscal year 2023. At December 31, 2023, net position was \$1,407,780.

**b. WORKER'S COMPENSATION**

The City became self-insured for worker's compensation in 1981. Contributions are made from the operating funds based upon actuarially determined costs. The funding and allocations for the worker's compensation program are reviewed by an actuary on an annual basis. At December 31, 2023, incurred but not reported and claims payable were estimated at \$2,347,000. At December 31, 2023 net position was \$3,290,940. The City carries excess workers' compensation insurance coverage with a private carrier for losses exceeding \$600,000 per occurrence to a maximum indemnity in accordance with statutory limits.

**c. LIABILITY**

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

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

At December 31, 2023, the City booked a liability for open and incurred but not reported (IBNR) claims to equal estimated outstanding claims liability of \$5,930,000. In 2023, the City expensed \$4,740,142 for its liability claims, insurance coverage and costs of administering the risk management program.

At December 31, 2023, net position was \$7,199,585. Liability insurance continues to skyrocket due to continued market deterioration, verdict and settlement values continuing to rise, and negative loss developments. To provide the fund with sufficient equity the City transferred \$2.3 million from the General Fund to the Liability Fund.

**City of Kent****d. PROPERTY**

Property coverage is provided by Lexington for all risks including earthquake and flood for buildings, contents, business income, extra expense, mobile equipment, fine arts and vehicles. Deductibles are \$100,000 per occurrence.

At December 31, 2023 net position was \$1,474,057. In 2023, the City expensed \$985,342 for its property claims, insurance coverage and administration.

**e. MEDICAL AND DENTAL**

The City is self-insured for three medical plans administered by Premera Blue Cross, one dental plan administered by Washington Dental Service (WDS), and a vision plan administered by Vision Service Plan (VSP). Medical claims exceeding \$200,000 per occurrence are covered by a stop loss policy. Kaiser Permanente is offered as a Health Maintenance Organization (HMO) additional plan. The \$15 Copay Preferred Provider plan and the 80/20 Preferred Provider Plan provide comprehensive benefits with co-pays and coinsurance, and the Consumer's Choice Plan is a High Deductible Plan linked with a Health Savings Account (HSA). The dental plan is a Preferred Provider Plan. In 2023, Premera Blue Cross covered approximately 96 percent of the employees for a cost of \$12,343,720. The City's benefits broker, Alliant, prepares an actuarial study every year to determine the fund's actuarial soundness and the impact on future rates. The City's incurred but not reported claims liabilities increased from \$939,200 as of December 31, 2022 to \$1,040,800 as of December 31, 2023. These amounts include the estimated IBNR for LEOFF1 Retirees, reported in the General Fund, of \$36,500 as of December 31, 2022 and \$37,100 as of December 31, 2023.

Kaiser Permanente provided health care to approximately four percent of the employees for 2023 premiums of \$542,888.

The fund's net position increased by \$1,724,356 to \$11,497,834 at December 31, 2023. In 2023, the City's contribution rate was sufficient to provide reserves as recommended by the actuary.

**f. FINANCIAL HIGHLIGHTS**

Combining financial statements for the insurance funds are provided as other supplementary information on pages 152-153 of this report.

**14. JOINT VENTURE**

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

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

**City of Kent**

The purpose of the joint operation is to provide improved consolidated emergency communications (dispatch) services for police, fire, and medical aid, to the five participating cities and to the several subscribing agencies, which include King County Fire Districts #2, #20, #43, #44, #47; Puget Sound Regional Fire Authority, Valley Regional Fire Authority, City of Pacific Police Department; City of Algona Police Department; City of Des Moines Police Department, City of Black Diamond Police Department, North Highline Fire Department, South King Fire and Rescue, Vashon Island Fire and Rescue, and King County EMS Units. Separate agreements between Valley Com and the subscribing agencies have been executed, which set forth conditions of services and rates charged.

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

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

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

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

In 2023 the cost distribution for the five participating cities was as follows:

<b>City</b>	<b>Dispatchable Calls</b>	<b>Percent of Total</b>
Kent	87,959	27.06%
Renton	69,831	21.48%
Auburn	67,644	20.81%
Tukwila	33,328	10.25%
Federal Way	66,332	20.40%
<b>Totals</b>	<b>325,094</b>	<b>100.00%</b>

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

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

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

## Notes to the Financial Statements December 31, 2023

### City of Kent

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

	Kent	Renton	Auburn	Tukwila	Federal Way	Total
Percent of Equity	28.23%	21.17%	21.59%	10.11%	18.90%	100.00%
Equity 12/31/22	\$ 11,560,686	\$ 8,610,737	\$ 8,834,669	\$ 4,114,494	\$ 7,627,741	\$ 40,748,327
Current Year Increase	1,322,034	1,049,574	1,016,695	500,926	996,975	4,886,204
Equity 12/31/23	\$ 12,882,720	\$ 9,660,311	\$ 9,851,364	\$ 4,615,420	\$ 8,624,716	\$ 45,634,531

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

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

## 15. COMPONENT UNITS

### City of Kent Special Events Center Public Facilities District

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

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

For the fiscal year ended December 31, 2023, the PFD generated \$1,579,580 in revenue and had net position of \$(89,509,363).

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

## 16. CONTINGENCIES AND LITIGATIONS

In the normal course of its various operations, the City is involved in lawsuits and is the recipient of claims for damages alleging that the City is responsible for damages incurred by third parties. The City believes the ultimate liability, if any, will not have a material adverse effect on the City's financial position, changes in financial position, or liquidity. Please refer to Note 13 – *Risk Management*.

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

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



**City of Kent**

The District issued \$10,130,000 in Revenue Bonds and \$53,150,000 in Sales Tax Bonds in 2008 (see Note 9 – *Long-Term Indebtedness*). The Contingent Loan and Support Agreement remains in effect for the life of bonds. In 2016, the City refinanced the 2008 Sales Tax Bonds with General Obligation Bonds (LTGO Series 2016B). Concurrently, the City and the PFD entered into an interlocal agreement that all sales tax collected by the PFD is to be paid to the City to be used for the debt payments on the 2016B GO Bonds. The 2008 Revenue Bonds mature annually on December 1 until 2020 with semiannual interest payments. As of December 31, 2023, the City has loaned the District \$38,627,156 and accrued interest of \$4,903,381 for a total of \$43,530,537. As discussed in Note 5 – *Receivables*, although the City has booked a receivable from the District for the cumulative amounts loaned under the agreement, the City believes that the District will be unable to repay the City and therefore has offset 100 percent of the receivable with an allowance for uncollectible accounts. Although the District issued bonds have been paid, the City anticipates that District revenues will continue to fall short of the debt service requirements and the District will not be able to meet its obligations towards the City’s 2016B GO bonds.

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

**17. COMMITMENTS**

As of December 31, 2023, the City had the following budgeted commitments for uncompleted projects:

Capital Resources	\$ 632,361
Criminal Justice	25,798
Street Capital Projects	36,209,032
Parks Capital Projects	20,488,537
Miscellaneous Projects	4,244,516
Technology Capital Projects	10,708,483
Facilities Fund Capital Projects	22,153,699
Equipment Rental Fund	4,687
Facilities Fund	5,287,789
Water Capital Projects	19,925,500
Sewerage Capital Projects	13,663,862
Drainage Capital Projects	40,626,685
Golf Capital Projects	1,243,344
Total	\$ 175,214,293

**18. TAX ABATEMENTS**

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

**City of Kent**

The City has the following tax abatement agreement(s) in place as of December 31, 2023:

**Ad valorem property tax abatements:**

Names: Marquee on Meeker / Ethos Apartments Phase II

a. **Taxes abated**

Ad valorem property taxes for eight years

b. **Authority**

Chapter 84.14 RCW and Kent City Code (KCC) 3.25

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

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

c. **Criteria**

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

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

## City of Kent

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

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

d. **Mechanism**

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

## Notes to the Financial Statements December 31, 2023

### City of Kent

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

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

- (1) A statement of occupancy and vacancy of the multifamily units during the previous 12 months;
- (2) A certification that the property has not changed use and continues to be in compliance with the contract with the city and this chapter;
- (3) A description of any subsequent improvements or changes to the property made after the city issued the final certificate of tax exemption;  
The total monthly rent of each multifamily housing unit rented, or the total sale amount of each multifamily housing unit sold to an initial purchaser during the 12 months ending with the anniversary date;
- (4) A breakdown of the number, type, and specific multifamily housing units rented or sold during the 12 months ending with the anniversary date; and
- (5) Any additional information requested by the city pursuant to meeting any reporting requirements under Chapter 84.14 RCW.
- (6) City staff may also conduct onsite verification of the declaration and reporting. Failure to submit the annual declaration and report shall result in a review of the exemption per RCW 84.14.110.
- (7) The amount of taxes abated in 2023 under this program was \$80,649.

The City issued one new conditional certificate of tax exemption for a seven (7) unit multifamily development in the Downtown Subarea called Astro Park. That conditional approval was approved by the City Council during their meeting on Sept. 19, 2023. The Madison Plaza project with 157 residential units in the Downtown Subarea received its final certificate of occupancy in 2023, and a final certificate of tax exemption was issued and recorded for their 8-year exemption to begin in calendar year 2024.

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

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

**City of Kent**

The following table shows the impact to the City of Kent for taxes abated by the State of Washington during the calendar year ended June 30, 2023 (the latest information available):

<b>Tax Abatement Program</b>	<b>Amount of Taxes Abated</b>
High-technology sales & use tax deferral	\$ *
Aerospace incentives – computer hardware, software, & peripherals	
Sales & use tax exemption	*
<b>Multi-unit urban housing exemption – sales &amp; use tax exemption</b>	<b>141,772</b>

\* State law (RCW 82.32.330) forbids the disclosure of sales & use tax information for less than three taxpayers  
Source: Washington Department of Revenue

**19. COVID-19 PANDEMIC**

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

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

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

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

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

On May 11, 2023, the Federal COVID-19 Public Health Emergency was declared to be ended. The city reported \$20,762,689 of ARPA funding in unearned revenue and anticipates recognizing these funds as revenue before the end of 2026.

**City of Kent****20. SUBSEQUENT EVENTS**

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

The City has received regular distributions starting in December 2022. Further discussions upon how to best utilize these funds are set to be included as a part of the 2025-2026 biennium budget process. In May 2024, all participating local governments signed in agreement to participate in the Johnson & Johnson Settlement. Estimated dollars related to this settlement amount have been included within the accounts receivable posted to this year’s financial statements. Further settlement distributions may be forthcoming related to other lawsuits the Group brought to individual opioid companies and distributors.

As is discussed in Note 9 under b. Non-Bonded Debt, the City of Kent is responsible for a percentage of certain revenue bonds, issued by the City of Tacoma, to fund the construction of certain regional water supply projects of which the City is a participant and user. In February 2024, the City of Tacoma issued the Regional Water Supply System Revenue Refunding Bonds, Series 2024, which refunded the remaining 2013 bonds in their entirety without extending the overall maturity. As of this ACFR, Kent was required to pay \$11,895 million, or about 23 percent of the 2013 issuance. This refunding has decreased Kent’s overall requirement to pay to \$9.85 million or approximately 30.9% of the refunded 2013 bonds. The percentage increase is related to one of the participants paying their full portion prior to this refunding being completed.

In May 2024, the City entered into an agreement with Boeing Employees Credit Union (BECU) to conduct a feasibility study to determine whether BECU’s property at 20610 68<sup>th</sup> Avenue South would suit the needs of the City as a replacement for the current City Hall campus. If the feasibility study is positive, most employees working in the current City Hall and Centennial Center buildings would move into the new location. The Centennial Center would be remodeled for use as City Council Chambers, City Council office space on the first floor and the Police Department would move into all other spaces. The current City Hall and Police department would be razed, and the property sold in an effort to increase the number of residential units in the downtown core as well as increase the customer base for local businesses.



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

City of Kent

Required Supplementary Information

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

	2018	2019	2020	2021	2022	2023
<b>Total OPEB liability - beginning</b>	\$ 23,285,620	\$ 29,794,456	\$ 28,812,676	\$ 22,953,560	\$ 22,177,427	\$ 15,347,066
<b>Changes for the year:</b>						
Service costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,100,973	1,092,910	771,656	444,211	395,717	602,645
Differences between expected and actual experience	(1,156,067)	(261,502)	(5,982,147)	(48,531)	(918,190)	(515,226)
Changes in assumptions	7,895,527	(512,771)	856,338	314,199	(4,965,765)	291,398
Benefit payments	(1,331,597)	(1,300,417)	(1,504,963)	(1,486,012)	(1,342,123)	(933,898)
<b>Net changes</b>	<u>6,508,836</u>	<u>(981,780)</u>	<u>(5,859,116)</u>	<u>(776,133)</u>	<u>(6,830,361)</u>	<u>(555,081)</u>
<b>Total OPEB liability - ending</b>	<u>\$ 29,794,456</u>	<u>\$ 28,812,676</u>	<u>\$ 22,953,560</u>	<u>\$ 22,177,427</u>	<u>\$ 15,347,066</u>	<u>\$ 14,791,985</u>
<b>Covered payroll **</b>	-	-	-	-	-	-
<b>Total OPEB liability as a % of covered payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

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

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

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



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

	2019	2020	2021	2022	2023
<b>Total OPEB liability - beginning</b>	\$ -	\$ 1,863,853	\$ 2,154,994	\$ 2,355,552	\$ 2,086,417
<b>Changes for the year:</b>					
Service costs	136,698	140,799	163,351	185,061	139,294
Interest	5,096	54,930	46,007	45,908	88,197
Changes in benefit terms	1,723,659	-	-	-	-
Differences between expected and actual experience	-	981	23,219	(122,389)	(8,558)
Changes in assumptions	-	-	3,981	(286,515)	36,731
Benefit payments	(1,600)	(14,400)	(36,000)	(91,200)	(96,000)
Other changes (Discount rate)	-	108,831	-	-	-
<b>Net changes</b>	<u>1,863,853</u>	<u>291,141</u>	<u>200,558</u>	<u>(269,135)</u>	<u>159,664</u>
<b>Total OPEB liability - ending</b>	<u>\$ 1,863,853</u>	<u>\$ 2,154,994</u>	<u>\$ 2,355,552</u>	<u>\$ 2,086,417</u>	<u>\$ 2,246,081</u>
<b>Covered employee payroll</b>	13,667,496	14,077,521	15,525,972	18,702,751	20,024,906
<b>Total OPEB liability as a % of covered payroll</b>	13.64%	15.31%	15.17%	11.16%	11.22%

Notes:

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

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



**City of Kent**

**Required Supplementary Information**

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

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

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

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

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

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

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

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2014	1.96%
2015	1.40%
2016	1.72%
2017	1.00%
2018	5.20%
2019	0.28%
2020	2.58%
2021	1.02%
2022	-2.80%
2023	2.86%

\* The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information is not available for prior years.

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## City of Kent

## Required Supplementary Information

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

Fiscal Year Ended December 31						
2018 **	2019 **	2020 **	2021 **	2022 **	2023 **	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Actuarially determined contribution
30,881	105,467	98,650	106,965	137,941	150,230	Actual employer contribution *
30,881	105,467	98,650	106,965	137,941	150,230	Contribution deficiency (excess)

**City of Kent**

**Required Supplementary Information**

**Firefighters' Pension Fund  
Schedule of Changes in Pension Liability  
and Related Ratios  
Last Ten Fiscal Years \***

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

\* The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information is not available for prior years.

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## City of Kent

## Required Supplementary Information

### Firefighters' Pension Fund Schedule of Changes in Pension Liability and Related Ratios Last Ten Fiscal Years \*

Fiscal Year Ending December 31						
2018	2019	2020	2021	2022	2023	
						<b>Total Pension Liability</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Service cost
95,357	101,188	69,992	52,101	57,935	90,268	Interest on total pension liability
-	-	-	-	-	-	Effect of plan changes
-	(69,406)	-	252,098	-	(563,250)	Effect of economic/demographic gains (losses)
(112,645)	164,553	167,845	157,158	(402,678)	93,453	Effect of assumption changes or inputs
(174,299)	(180,967)	(180,311)	(175,148)	(164,109)	(126,008)	Benefit payments
(191,587)	15,368	57,526	286,209	(508,852)	(505,537)	Net change in total pension liability
2,810,898	2,619,311	2,634,679	2,692,205	2,978,414	2,469,562	Total pension liability - beginning
\$ 2,619,311	\$ 2,634,679	\$ 2,692,205	\$ 2,978,414	\$ 2,469,562	\$ 1,964,025	Total pension liability - ending (a)
						<b>Fiduciary Net Position</b>
\$ -	\$ -	\$ (599)	\$ -	\$ -	\$ -	Prior Period Adjustment
230,881	305,467	298,650	306,966	337,941	370,230	Contribution for state fire insurance premium tax
119,751	6,615	57,688	22,555	23,125	60,309	Investment income net of investment expenses
(174,299)	(180,967)	(180,311)	(175,148)	(164,109)	(126,008)	Benefit payments
(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(220,000)	Medical payments from fund
(11,825)	(3,300)	(13,611)	(5,151)	(104,922)	(6,407)	Administrative expenses
(35,492)	(72,185)	(38,183)	(50,778)	(107,965)	78,124	Net change in fiduciary net position
2,362,784	2,327,292	2,255,107	2,216,924	2,166,146	2,058,181	Fiduciary net position - beginning
\$ 2,327,292	\$ 2,255,107	\$ 2,216,924	\$ 2,166,146	\$ 2,058,181	\$ 2,136,305	Fiduciary net position - ending (b)
\$ 292,019	\$ 379,572	\$ 475,281	\$ 812,268	\$ 411,381	\$ (172,280)	Net pension liability (asset) - ending = (a) - (b)
88.85%	85.59%	82.35%	72.73%	83.34%	108.77%	

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## City of Kent

## Required Supplementary Information

### SCHEDULE OF EMPLOYER CONTRIBUTIONS

As of December 31

Last Nine Years \*

	2015	2016	2017	2018	2019
<b>PERS 1</b>					
Statutorily or contractually required contributions	\$ 1,638,189	\$ 1,870,232	\$ 2,088,586	\$ 2,351,328	\$ 2,378,910
Contributions in relation to the statutorily or contractually required contributions	1,638,189	1,870,232	2,088,586	2,351,328	2,378,910
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	37,181,456	38,923,470	42,065,397	46,207,660	47,859,344
Contributions as a percentage of covered payroll	4.41%	4.80%	4.97%	5.09%	4.97%
<b>PERS 2/3</b>					
Statutorily or contractually required contributions	\$ 1,945,990	\$ 2,282,752	\$ 2,722,404	\$ 3,283,933	\$ 3,502,030
Contributions in relation to the statutorily or contractually required contributions	1,945,990	2,282,752	2,722,404	3,283,933	3,502,030
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	34,908,875	36,752,683	39,599,277	43,777,402	45,359,059
Contributions as a percentage of covered payroll	5.57%	6.21%	6.87%	7.50%	7.72%
<b>PSERS 2</b>					
Statutorily or contractually required contributions	\$ 121,367	\$ 122,102	\$ 139,395	\$ 155,310	\$ 166,854
Contributions in relation to the statutorily or contractually required contributions	121,367	122,102	139,395	155,310	166,854
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	1,882,765	1,860,488	2,091,657	2,266,941	2,338,909
Contributions as a percentage of covered payroll	6.45%	6.56%	6.66%	6.85%	7.13%
<b>LEOFF 2</b>					
Statutorily or contractually required contributions	\$ 749,213	\$ 804,269	\$ 860,463	\$ 911,355	\$ 1,017,230
Washington state contributions on behalf of City	505,299	504,126	533,503	581,650	601,365
Contributions in relation to the statutorily or contractually required contributions	1,254,512	1,308,395	1,393,966	1,493,005	1,618,595
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	14,854,927	15,966,559	16,608,310	17,172,460	19,434,574
Contributions as a percentage of covered payroll	8.45%	8.19%	8.39%	8.69%	8.33%

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## City of Kent

## Required Supplementary Information

### SCHEDULE OF EMPLOYER CONTRIBUTIONS

As of December 31

Last Nine Years \*

2020	2021	2022	2023	
				<b>PERS 1</b>
\$ 2,368,339	\$ 2,163,697	\$ 2,010,313	\$ 2,032,141	Statutorily or contractually required contributions
2,368,339	2,163,697	2,010,313	2,032,141	Contributions in relation to the statutorily or contractually required contributions
-	-	-	-	Contribution deficiency (excess)
49,203,103	50,476,376	53,506,095	60,037,960	Covered payroll
4.81%	4.29%	3.76%	3.38%	Contributions as a percentage of covered payroll
				<b>PERS 2/3</b>
\$ 3,704,122	\$ 3,419,586	\$ 3,228,131	\$ 3,629,182	Statutorily or contractually required contributions
3,704,122	3,419,586	3,228,131	3,629,182	Contributions in relation to the statutorily or contractually required contributions
-	-	-	-	Contribution deficiency (excess)
46,769,176	47,907,111	50,754,252	57,061,579	Covered payroll
7.92%	7.14%	6.36%	6.36%	Contributions as a percentage of covered payroll
				<b>PSERS 2</b>
\$ 167,530	\$ 174,888	\$ 179,793	\$ 197,745	Statutorily or contractually required contributions
167,530	174,888	179,793	197,745	Contributions in relation to the statutorily or contractually required contributions
-	-	-	-	Contribution deficiency (excess)
2,326,805	2,556,809	2,751,843	2,976,381	Covered payroll
7.20%	6.84%	6.53%	6.64%	Contributions as a percentage of covered payroll
				<b>LEOFF 2</b>
\$ 1,003,511	\$ 1,038,765	\$ 1,150,168	\$ 1,312,383	Statutorily or contractually required contributions
679,407	650,588	701,502	784,543	Washington state contributions on behalf of City
1,682,918	1,689,353	1,851,670	2,096,926	Contributions in relation to the statutorily or contractually required contributions
-	-	-	-	Contribution deficiency (excess)
19,420,281	20,126,338	22,385,729	25,475,813	Covered payroll
8.67%	8.39%	8.27%	8.23%	Contributions as a percentage of covered payroll



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## City of Kent

## Required Supplementary Information

### SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE

As of June 30 (Measurement Date)

Last Nine Fiscal Years \*

	2015	2016	2017	2018	2019
<b>PERS 1</b>					
City's proportionate share of the net pension liability (asset)	0.322525%	0.331119%	0.320321%	0.335336%	0.323785%
City's proportionate share of the net pension liability (asset)	16,871,057	17,782,650	15,199,481	14,976,220	12,450,683
City's covered payroll	36,351,206	39,440,428	39,988,417	44,217,988	45,216,917
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.41%	45.09%	38.01%	33.87%	27.54%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%	57.03%	63.22%	67.12%
<b>PERS 2/3</b>					
City's proportionate share of the net pension liability (asset)	0.381911%	0.395840%	0.384543%	0.402499%	0.393990%
City's proportionate share of the net pension liability (asset)	13,645,898	19,930,231	13,161,031	6,872,312	3,826,982
City's covered payroll	33,923,217	37,251,975	37,700,604	41,742,402	42,827,869
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.23%	53.50%	34.91%	16.46%	8.94%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	85.82%	95.77%	97.77%
<b>PSERS 2</b>					
City's proportionate share of the net pension liability (asset)	0.651624%	0.573616%	0.558376%	0.553617%	0.484319%
City's proportionate share of the net pension liability (asset)	118,934	243,775	109,403	6,859	(62,981)
City's covered payroll	1,907,865	1,859,634	1,976,972	2,171,586	2,230,396
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	6.23%	13.11%	5.53%	0.32%	-2.82%
Plan fiduciary net position as a percentage of the total pension liability	95.08%	90.41%	90.41%	99.79%	101.85%

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## City of Kent

## Required Supplementary Information

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

2020	2021	2022	2023	
				<b>PERS 1</b>
0.337844%	0.321187%	0.317812%	0.315752%	City's proportionate share of the net pension liability (asset)
11,927,718	3,922,445	8,849,052	7,207,772	City's proportionate share of the net pension liability (asset)
50,866,502	49,288,083	51,924,329	56,291,900	City's covered payroll
23.45%	7.96%	17.04%	12.80%	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll
68.64%	88.74%	76.56%	80.16%	Plan fiduciary net position as a percentage of the total pension liability
				<b>PERS 2/3</b>
0.414094%	0.391258%	0.392840%	0.386477%	City's proportionate share of the net pension liability (asset)
5,296,026	(38,975,592)	(14,569,575)	(15,840,467)	City's proportionate share of the net pension liability (asset)
48,357,046	46,796,042	49,214,118	53,425,049	City's covered payroll
10.95%	-83.29%	-29.60%	-29.65%	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll
97.22%	120.29%	106.73%	107.02%	Plan fiduciary net position as a percentage of the total pension liability
				<b>PSERS 2</b>
0.382659%	0.361482%	0.399425%	0.374691%	City's proportionate share of the net pension liability (asset)
(52,654)	(830,465)	(285,589)	(397,319)	City's proportionate share of the net pension liability (asset)
2,350,995	2,450,380	2,710,211	2,866,851	City's covered payroll
-2.24%	-33.89%	-10.54%	-13.86%	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll
101.68%	123.67%	105.96%	107.90%	Plan fiduciary net position as a percentage of the total pension liability

Continued

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## City of Kent

## Required Supplementary Information

### SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE

THE

As of June 30 (Measurement Date)

Last Nine Fiscal Years \*

	2015	2016	2017	2018	2019
<b>LEOFF 1</b>					
City's proportionate share of the net pension liability (asset)	0.132902%	0.133759%	0.135565%	0.135862%	0.131670%
City's proportionate share of the net pension liability (asset)	(1,601,763)	(1,378,100)	(2,056,819)	(2,466,577)	(2,691,492)
State's proportionate share of the net pension liability (asset)	-	(9,321,434)	(13,912,273)	(16,683,866)	(18,205,185)
City's covered payroll **	-	-	-	-	-
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	127.36%	123.74%	123.74%	144.42%	148.78%
<b>LEOFF 2</b>					
City's proportionate share of the net pension liability (asset)	0.521396%	0.505464%	0.520622%	0.518038%	0.498071%
City's proportionate share of the net pension liability (asset)	(5,358,908)	(2,939,930)	(7,224,547)	(10,517,301)	(11,538,776)
State's proportionate share of the net pension liability (asset)	-	(1,916,621)	(4,686,429)	(6,809,754)	(7,556,352)
City's covered payroll	15,132,938	15,312,604	16,286,027	16,977,973	17,337,346
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.41%	19.20%	44.36%	61.95%	66.55%
Plan fiduciary net position as a percentage of the total pension liability	111.67%	106.04%	106.04%	118.50%	119.43%

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

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

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## City of Kent

## Required Supplementary Information

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

2020	2021	2022	2023	
				<b>LEOFF 1</b>
0.138231%	0.141543%	0.143377%	0.142760%	City's proportionate share of the net pension liability (asset)
(2,610,505)	(4,848,643)	(4,112,931)	(4,237,151)	City's proportionate share of the net pension liability (asset)
(17,657,391)	(32,796,101)	(27,819,763)	(28,659,984)	State's proportionate share of the net pension liability (asset)
-	-	-	-	City's covered payroll **
0.00%	0.00%	0.00%	0.00%	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll
146.88%	187.45%	169.62%	175.99%	Plan fiduciary net position as a percentage of the total pension liability
				<b>LEOFF 2</b>
0.543160%	0.505905%	0.523082%	0.544291%	City's proportionate share of the net pension liability (asset)
(11,079,671)	(29,385,057)	(14,215,789)	(13,055,353)	City's proportionate share of the net pension liability (asset)
(7,084,610)	(18,956,569)	(9,208,678)	(8,337,014)	State's proportionate share of the net pension liability (asset)
20,467,412	19,488,960	21,175,994	23,866,438	City's covered payroll
54.13%	150.78%	67.13%	54.70%	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll
115.83%	142.00%	116.09%	113.17%	Plan fiduciary net position as a percentage of the total pension liability

Concluded



## NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
December 31, 2023**

	Special Revenue						Total Non-Major Special Revenue Funds
	Street	Lodging Tax	Youth/Teen Programs	Criminal Justice	Housing & Community Development		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8,013,136	\$ 177,444	\$ 224,246	\$ 4,339,261	\$ 1,460,712	\$	14,214,799
Investments, at fair value	10,714,435	220,487	287,224	5,364,629	3,924,922		20,511,697
Receivables (net):							
Taxes	1,169,102	30,737	86,588	1,019,798	711,885		3,018,110
Accounts	320,026	-	-	2,375,332	441,236		3,136,594
Due from other governments	-	-	-	576,525	2,431		578,956
Prepaid items	-	-	-	16,750	-		16,750
Restricted assets:							
Restricted cash and cash equivalents	557,497	-	-	-	1,603,609		2,161,106
<b>TOTAL ASSETS</b>	<b>20,774,196</b>	<b>428,668</b>	<b>598,058</b>	<b>13,692,295</b>	<b>8,144,795</b>		<b>43,638,012</b>
<b>LIABILITIES, AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Vouchers payable	\$ 687,169	\$ 5,622	\$ -	\$ 405,515	\$ 195,842	\$	1,294,148
Accounts/payroll payable	621,609	-	14	185,534	58,875		866,032
Due to other governments	3,126	-	-	9,766	-		12,892
Deposits and unearned revenue	557,497	-	-	2,208,154	1,603,609		4,369,260
<b>TOTAL LIABILITIES</b>	<b>1,869,401</b>	<b>5,622</b>	<b>14</b>	<b>2,808,969</b>	<b>1,858,326</b>		<b>6,542,332</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>1,869,401</b>	<b>5,622</b>	<b>14</b>	<b>2,808,969</b>	<b>1,858,326</b>		<b>6,542,332</b>
<b>FUND BALANCE</b>							
Nonspendable	-	-	-	16,750	-		16,750
Restricted	2,470,993	423,046	-	7,601,347	6,286,469		16,781,855
Committed	16,433,802	-	598,044	3,247,348	-		20,279,194
Assigned	-	-	-	17,881	-		17,881
Total Fund Balance	18,904,795	423,046	598,044	10,883,326	6,286,469		37,095,680
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 20,774,196</b>	<b>\$ 428,668</b>	<b>\$ 598,058</b>	<b>\$ 13,692,295</b>	<b>\$ 8,144,795</b>	<b>\$</b>	<b>43,638,012</b>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

CITY OF KENT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
December 31, 2023

Debt Service		Capital Projects				Total Non-Major	Total Non-Major	
Non-voted	Parks Capital Projects	Other Capital Projects	Technology Capital Projects	Facility Capital Projects	Capital Projects Funds	Capital Projects Funds	Governmental Funds	
<b>ASSETS</b>								
\$	214,371	\$ 6,820,267	\$ -	\$ 4,748,527	\$ 9,112,249	\$ 20,681,043	\$ 35,110,213	Cash and cash equivalents
	274,576	9,717,245	1,289,210	6,031,529	12,605,706	29,643,690	50,429,963	Investments, at fair value
	-	1,438	-	-	-	1,438	3,019,548	Receivables (net):
	-	693	-	-	-	693	3,137,287	Taxes
	-	-	-	13,347	-	13,347	592,303	Accounts
	-	-	-	33,581	-	33,581	50,331	Due to other governments
	-	1,000,000	1,902,905	104,710	1,025,741	4,033,356	6,194,462	Prepaid items
	488,947	17,539,643	3,192,115	10,931,694	22,743,696	54,407,148	98,534,107	Restricted assets:
								Restricted cash and cash equivalents
								<b>TOTAL ASSETS</b>
<b>LIABILITIES, AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
\$	-	\$ 429,884	\$ 11,048	\$ 83,778	\$ 180,032	\$ 704,742	\$ 1,998,890	Vouchers payable
	-	28,848	1,369	58,020	164,610	252,847	1,118,879	Accounts/payroll payable
	-	455	-	315	-	770	13,662	Due to other governments
	-	1,000,000	1,902,905	104,710	1,025,741	4,033,356	8,402,616	Deposits and unearned revenue
	-	1,459,187	1,915,322	246,823	1,370,383	4,991,715	11,534,047	<b>TOTAL LIABILITIES</b>
								<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>
	-	1,459,187	1,915,322	246,823	1,370,383	4,991,715	11,534,047	
<b>FUND BALANCE</b>								
	-	-	-	33,581	-	33,581	50,331	Nonspendable
	488,947	6,652,960	-	-	6,588,330	13,241,290	30,512,092	Restricted
	-	9,427,496	1,276,793	10,651,290	14,784,983	36,140,562	56,419,756	Committed
	-	-	-	-	-	-	17,881	Assigned
	488,947	16,080,456	1,276,793	10,684,871	21,373,313	49,415,433	87,000,060	Total Fund Balance
\$	488,947	\$ 17,539,643	\$ 3,192,115	\$ 10,931,694	\$ 22,743,696	\$ 54,407,148	\$ 98,534,107	<b>TOTAL LIABILITIES AND FUND BALANCE</b>

Concluded



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND  
BALANCE  
For the Year Ended December 31, 2023**

	Special Revenue					
	Street	Lodging Tax	Youth/Teen Programs	Criminal Justice	Housing & Community Development	Total Non-Major Special Revenue Funds
<b>REVENUES</b>						
Taxes:						
Sales and use	\$ -	\$ -	\$ -	\$ 5,026,913	\$ 4,259,196	\$ 9,286,109
Utility	9,298,244	-	1,104,537	-	-	10,402,781
Lodging tax	-	278,551	-	-	-	278,551
Licenses and permits	467,785	-	-	-	-	467,785
Intergovernmental revenue:						
Federal grants	469,614	-	-	239,693	1,610,338	2,319,645
State shared fuel tax	2,543,759	-	-	-	-	2,543,759
State shared revenue-criminal justice	-	-	-	717,581	-	717,581
State shared revenue-other	179,057	-	-	-	-	179,057
State grants	4,096,993	-	-	32,185	-	4,129,178
Other governments	139,501	-	-	-	565,265	704,766
Charges for services:						
Park and recreation fees	-	-	-	-	-	-
Other fees and charges	1,512,496	-	-	54,155	-	1,566,651
Fines and forfeitures	-	-	-	5,992,618	-	5,992,618
Miscellaneous revenue:						
Interest income	862,452	16,595	-	807,069	-	1,686,116
Net increase (decrease) in fair value of investments	(263,222)	(6,791)	-	(167,677)	-	(437,690)
Rent/lease income	17,076	-	-	-	-	17,076
Contributions and donations	-	-	-	-	-	-
Other miscellaneous revenue	151,572	-	-	361,725	1,017	514,314
<b>TOTAL REVENUES</b>	<b>19,475,327</b>	<b>288,355</b>	<b>1,104,537</b>	<b>13,064,262</b>	<b>6,435,816</b>	<b>40,368,297</b>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	10,300,905	-	10,300,905
Community development	-	315,544	-	-	-	315,544
Public works	16,653,808	-	-	-	-	16,653,808
Leisure services	-	-	48,620	-	-	48,620
Health and human services	-	-	-	-	7,470,955	7,470,955
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	431,794	-	-	1,244,593	43,371	1,719,758
<b>TOTAL EXPENDITURES</b>	<b>17,085,602</b>	<b>315,544</b>	<b>48,620</b>	<b>11,545,498</b>	<b>7,514,326</b>	<b>36,509,590</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,389,725</b>	<b>(27,189)</b>	<b>1,055,917</b>	<b>1,518,764</b>	<b>(1,078,510)</b>	<b>3,858,707</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	9,210,255	-	-	193,260	6,024	9,409,539
Transfers out	(9,955,507)	-	(948,876)	(3,113,350)	-	(14,017,733)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(745,252)</b>	<b>-</b>	<b>(948,876)</b>	<b>(2,920,090)</b>	<b>6,024</b>	<b>(4,608,194)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,644,473</b>	<b>(27,189)</b>	<b>107,041</b>	<b>(1,401,326)</b>	<b>(1,072,486)</b>	<b>(749,487)</b>
<b>FUND BALANCES, January 1</b>	<b>17,260,322</b>	<b>450,235</b>	<b>491,003</b>	<b>12,284,652</b>	<b>7,358,955</b>	<b>37,845,167</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 18,904,795</b>	<b>\$ 423,046</b>	<b>\$ 598,044</b>	<b>\$ 10,883,326</b>	<b>\$ 6,286,469</b>	<b>\$ 37,095,680</b>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND  
BALANCE  
For the Year Ended December 31, 2023**

Debt Service		Capital Projects				Total Non-Major	Total Non-Major	
Non-voted	Parks Capital Projects	Other Capital Projects	Technology Capital Projects	Facility Capital Projects	Capital Projects Funds	Governmental Funds		
\$	\$	\$	\$	\$	\$	\$		<b>REVENUES</b>
-	-	-	-	-	-	-	9,286,109	Taxes:
-	-	-	-	-	-	-	10,402,781	Sales and use
-	-	-	-	-	-	-	278,551	Utility
-	-	-	-	-	-	-	467,785	Lodging tax
-	-	-	-	-	-	-		Licenses and permits
-	-	45,234	270,667	522,433	838,334	3,157,979		Intergovernmental revenue:
-	9,960	-	-	-	9,960	2,553,719		Federal grants
-	-	-	-	-	-	717,581		State shared fuel tax
-	-	-	-	-	-	179,057		State shared revenue-criminal justice
-	-	57,922	-	-	57,922	4,187,100		State shared revenue-other
1,496,032	2,861,705	-	-	-	2,861,705	5,062,503		State grants
-	2,570	-	-	-	2,570			Other governments
-	3,568	-	-	-	3,568	2,570		Charges for services:
-	-	-	-	-	-	1,570,219		Park and recreation fees
-	1,311,510	104,359	689,986	486,749	2,592,604	4,278,720		Other fees and charges
-	(299,309)	(36,806)	(184,717)	(379,492)	(900,324)	(1,338,014)		Fines and forfeitures
-	33,098	-	-	-	33,098	50,174		Miscellaneous revenue:
-	17,775	109,717	-	-	127,492	127,492		Interest income
-	4,689	-	-	-	4,689	519,003		Net increase (decrease)
1,496,032	3,945,566	280,426	775,936	629,690	5,631,618	47,495,947		in fair value of investments
-	-	-	2,916,367	549,827	3,466,194	3,466,194		Rent/lease income
-	-	-	-	-	-	10,300,905		Contributions and donations
-	-	106,505	-	-	106,505	422,049		Other miscellaneous revenue
-	-	-	-	-	-	16,653,808		<b>TOTAL REVENUES</b>
-	1,476,453	-	-	-	1,476,453	1,525,073		<b>EXPENDITURES</b>
-	-	-	-	-	-	7,470,955		Current:
5,615,323	-	-	-	-	-	5,615,323		General government
2,643,862	-	-	-	-	-	2,643,862		Public safety
-	3,864,737	-	298,786	2,510,466	6,673,989	8,393,747		Community development
8,259,185	5,341,190	106,505	3,215,153	3,060,293	11,723,141	56,491,916		Public works
-	-	-	-	-	-	1,525,073		Leisure services
-	-	-	-	-	-	7,470,955		Health and human services
-	-	-	-	-	-			Debt service:
-	-	-	-	-	-			Principal
-	-	-	-	-	-			Interest and fiscal charges
-	-	-	-	-	-			Capital outlay
-	-	-	-	-	-			<b>TOTAL EXPENDITURES</b>
(6,763,153)	(1,395,624)	173,921	(2,439,217)	(2,430,603)	(6,091,523)	(8,995,969)		<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>
5,887,828	5,078,970	-	3,570,484	16,570,400	25,219,854	40,517,221		<b>OTHER FINANCING SOURCES (USES)</b>
-	-	-	-	-	-	(14,017,733)		Transfers in
5,887,828	5,078,970	-	3,570,484	16,570,400	25,219,854	26,499,488		Transfers out
(875,325)	3,683,346	173,921	1,131,267	14,139,797	19,128,331	17,503,519		<b>TOTAL OTHER FINANCING SOURCES (USES)</b>
1,364,272	12,397,110	1,102,872	9,553,604	7,233,516	30,287,102	69,496,541		<b>NET CHANGE IN FUND BALANCES</b>
\$ 488,947	\$ 16,080,456	\$ 1,276,793	\$ 10,684,871	\$ 21,373,313	\$ 49,415,433	\$ 87,000,060		<b>FUND BALANCES, January 1</b>
								<b>FUND BALANCES, December 31</b>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
STREET SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
For the Year Ended December 31, 2023**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Utility	\$ 8,676,450	\$ 8,676,450	\$ 9,298,244	\$ 621,794
Licenses and permits	563,740	563,740	467,785	(95,955)
Intergovernmental:	-	-		
Federal grants	-	-	469,614	469,614
State shared - fuel tax	2,746,010	2,746,010	2,543,759	(202,251)
State shared - other	-	-	179,057	179,057
State grants	-	-	4,096,993	4,096,993
Local government grants	-	-	139,501	139,501
Charges for services	732,480	732,480	1,512,496	780,016
Miscellaneous revenue:	-	-		
Interest income	84,150	84,150	862,452	778,302
Net increase (decrease) in fair value of investments	-	-	(263,222)	(263,222)
Rent/lease income	-	-	17,076	17,076
Other miscellaneous revenue	-	-	151,572	151,572
<b>TOTAL REVENUES</b>	<b>12,802,830</b>	<b>12,802,830</b>	<b>19,475,327</b>	<b>6,672,497</b>
<b>EXPENDITURES</b>				
Current:				
Public works	18,500,920	18,809,730	16,653,808	2,155,922
Capital outlay	445,000	445,000	431,794	13,206
<b>TOTAL EXPENDITURES</b>	<b>18,945,920</b>	<b>19,254,730</b>	<b>17,085,602</b>	<b>2,169,128</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,143,090)</b>	<b>(6,451,900)</b>	<b>2,389,725</b>	<b>8,841,625</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,748,080	8,207,480	9,210,255	1,002,775
Transfer Out	(1,812,330)	(6,271,730)	(9,955,507)	(3,683,777)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,935,750</b>	<b>1,935,750</b>	<b>(745,252)</b>	<b>(2,681,002)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(207,340)</b>	<b>(4,516,150)</b>	<b>1,644,473</b>	<b>6,160,623</b>
<b>FUND BALANCES, January 1</b>	<b>18,146,053</b>	<b>18,146,053</b>	<b>17,260,322</b>	<b>(885,731)</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 17,938,713</b>	<b>\$ 13,629,903</b>	<b>\$ 18,904,795</b>	<b>\$ 5,274,892</b>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT**

**LODGING TAX SPECIAL REVENUE FUND**

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

For the Year Ended December 31, 2023

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Lodging Tax	\$ 278,630	\$ 278,630	\$ 278,551	(79)
Miscellaneous revenue:				
Interest income	1,630	1,630	16,595	14,965
Net increase (decrease) in fair value of investments	-	-	(6,791)	(6,791)
<b>TOTAL REVENUES</b>	<u>280,260</u>	<u>280,260</u>	<u>288,355</u>	<u>8,095</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	268,880	348,880	315,544	33,336
<b>TOTAL EXPENDITURES</b>	<u>268,880</u>	<u>348,880</u>	<u>315,544</u>	<u>33,336</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	11,380	(68,620)	(27,189)	41,431
<b>FUND BALANCES, January 1</b>	450,235	450,235	450,235	-
<b>FUND BALANCES, December 31</b>	<u>\$ 461,615</u>	<u>\$ 381,615</u>	<u>\$ 423,046</u>	<u>\$ 41,431</u>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
YOUTH/TEEN PROGRAMS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
For the Year Ended December 31, 2023**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Utility	\$ 1,049,920	\$ 1,049,920	\$ 1,104,537	\$ 54,617
<b>TOTAL REVENUES</b>	<u>1,049,920</u>	<u>1,049,920</u>	<u>1,104,537</u>	<u>54,617</u>
<b>EXPENDITURES</b>				
Current:				
Leisure services	48,620	48,620	48,620	-
<b>TOTAL EXPENDITURES</b>	<u>48,620</u>	<u>48,620</u>	<u>48,620</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	1,001,300	1,001,300	1,055,917	54,617
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,001,300)	(1,001,300)	(948,876)	52,424
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,001,300)</u>	<u>(1,001,300)</u>	<u>(948,876)</u>	<u>52,424</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	-	-	107,041	107,041
<b>FUND BALANCES, January 1</b>	482,625	482,625	491,003	8,378
<b>FUND BALANCES, December 31</b>	<u>\$ 482,625</u>	<u>\$ 482,625</u>	<u>\$ 598,044</u>	<u>\$ 115,419</u>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## CITY OF KENT

### CRIMINAL JUSTICE SPECIAL REVENUE FUND

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

For the Year Ended December 31, 2023

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Sales and use	\$ 4,624,920	\$ 4,624,920	\$ 5,026,913	\$ 401,993
Intergovernmental revenue:				
Federal grants	-	91,720	239,693	147,973
State shared - criminal justice	665,600	665,600	717,581	51,981
State grants	48,720	55,860	32,185	(23,675)
Charges for services	-	-	54,155	54,155
Fines and forfeitures	4,718,920	4,718,920	5,992,618	1,273,698
Miscellaneous revenue:				
Interest income	93,690	81,540	807,069	725,529
Net increase (decrease) in fair value of investments	-	-	(167,677)	(167,677)
Other miscellaneous revenue	-	-	361,725	361,725
<b>TOTAL REVENUES</b>	<b>10,151,850</b>	<b>10,238,560</b>	<b>13,064,262</b>	<b>2,825,702</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	9,630,390	10,670,300	10,300,905	369,395
Capital outlay	938,000	938,000	1,244,593	(306,593)
<b>TOTAL EXPENDITURES</b>	<b>10,568,390</b>	<b>11,608,300</b>	<b>11,545,498</b>	<b>62,802</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(416,540)</b>	<b>(1,369,740)</b>	<b>1,518,764</b>	<b>2,888,504</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	146,490	234,750	193,260	(41,490)
Transfers out	(2,623,310)	(3,154,840)	(3,113,350)	41,490
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,476,820)</b>	<b>(2,920,090)</b>	<b>(2,920,090)</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(2,893,360)</b>	<b>(4,289,830)</b>	<b>(1,401,326)</b>	<b>2,888,504</b>
<b>FUND BALANCES, January 1</b>	<b>11,447,849</b>	<b>11,447,849</b>	<b>12,284,652</b>	<b>836,803</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 8,554,489</b>	<b>\$ 7,158,019</b>	<b>\$ 10,883,326</b>	<b>\$ 3,725,307</b>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
HOUSING & COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
For the Year Ended December 31, 2023**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Sales and use	\$ 4,100,220	\$ 4,100,220	\$ 4,259,196	\$ 158,976
Intergovernmental revenue:				
Federal grants	1,151,180	1,699,314	1,610,338	(88,976)
Local government grants	-	250,000	565,265	315,265
Miscellaneous revenue:				
Other miscellaneous revenue	-	-	1,017	1,017
<b>TOTAL REVENUES</b>	<u>5,251,400</u>	<u>6,049,534</u>	<u>6,435,816</u>	<u>386,282</u>
<b>EXPENDITURES</b>				
Current:				
Health and human services	2,541,670	4,437,594	7,470,955	(3,033,361)
Capital outlay	163,200	163,200	43,371	(119,829)
<b>TOTAL EXPENDITURES</b>	<u>2,704,870</u>	<u>4,600,794</u>	<u>7,514,326</u>	<u>(3,153,190)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	2,546,530	1,448,740	(1,078,510)	(2,766,908)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	192,000	6,024	(185,976)
Transfers out	(2,546,530)	(2,738,530)	-	2,738,530
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,546,530)</u>	<u>(2,546,530)</u>	<u>6,024</u>	<u>2,552,554</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	-	(1,097,790)	(1,072,486)	(214,354)
<b>FUND BALANCES, January 1</b>	2,544,857	2,544,857	7,358,955	4,814,098
<b>FUND BALANCES, December 31</b>	<u>\$ 2,544,857</u>	<u>\$ 1,447,067</u>	<u>\$ 6,286,469</u>	<u>\$ 4,599,744</u>

## INTERNAL SERVICE FUNDS

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



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
December 31, 2023**

	Equipment Rental	Central Services	Facilities	Insurance	Totals
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 3,034,930	\$ 1,164,373	\$ 3,405,094	\$ 15,040,896	\$ 22,645,293
Investments, at fair value	3,773,322	1,452,301	4,231,074	18,771,168	28,227,865
Restricted cash, cash equivalents, and investments:					
Cash with fiscal agent	-	-	-	47,322	47,322
Receivables (net):					
Accounts	11,893	49,651	49,073	189,812	300,429
Leases	-	-	76,087	-	76,087
Accrued interest	-	-	945	-	945
Inventory, at cost	178,843	275,223	-	-	454,066
Prepaid expenses	-	344,495	-	586,257	930,752
Total Current Assets	<u>6,998,988</u>	<u>3,286,043</u>	<u>7,762,273</u>	<u>34,635,455</u>	<u>52,682,759</u>
<b>NONCURRENT ASSETS:</b>					
Leases receivable	-	-	697,747	-	697,747
Net Pension Asset	230,314	1,074,798	486,218	51,181	1,842,511
Property plant and equipment:					
Buildings	108,702	-	-	-	108,702
Site improvements	2,595,785	28,964	79,420	-	2,704,169
Equipment	35,549,433	5,628,632	92,735	-	41,270,800
Right of Use Asset	-	1,389,681	544,651	-	1,934,332
Subscription Asset	-	899,436	-	-	899,436
Less: accumulated depreciation/amortization	(16,326,377)	(6,681,839)	(360,688)	-	(23,368,904)
Construction in progress	-	-	55,475	-	55,475
Total noncurrent assets	<u>22,157,857</u>	<u>2,339,672</u>	<u>1,595,558</u>	<u>51,181</u>	<u>26,144,268</u>
<b>TOTAL ASSETS</b>	<u>29,156,845</u>	<u>5,625,715</u>	<u>9,357,831</u>	<u>34,686,636</u>	<u>78,827,027</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	191,270	892,590	403,791	42,504	1,530,155
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>191,270</u>	<u>892,590</u>	<u>403,791</u>	<u>42,504</u>	<u>1,530,155</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 29,348,115</u>	<u>\$ 6,518,305</u>	<u>\$ 9,761,622</u>	<u>\$ 34,729,140</u>	<u>\$ 80,357,182</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Vouchers payable	\$ 140,079	\$ 620,147	\$ 293,280	\$ 384,608	\$ 1,438,114
Accounts/payroll payable	55,956	259,521	82,400	114,301	512,178
Incurred but not reported claims payable	-	-	-	9,280,700	9,280,700
Accrued interest payable	-	4,717	206	-	4,923
Compensated absences payable	58,482	275,034	74,065	8,124	415,705
Leases and subscriptions payable	-	287,927	62,573	-	350,500
Total Current Liabilities	<u>254,517</u>	<u>1,447,346</u>	<u>512,524</u>	<u>9,787,733</u>	<u>12,002,120</u>
<b>LONG-TERM LIABILITIES</b>					
Compensated absences payable	31,585	194,388	36,912	19,588	282,473
Leases and subscriptions payable	-	790,129	297,867	-	1,087,996
Net Pension Liability	104,798	489,057	221,240	23,288	838,383
Total Long-Term Liabilities	<u>136,383</u>	<u>1,473,574</u>	<u>556,019</u>	<u>42,876</u>	<u>2,208,852</u>
<b>TOTAL LIABILITIES</b>	<u>390,900</u>	<u>2,920,920</u>	<u>1,068,543</u>	<u>9,830,609</u>	<u>14,210,972</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to leases	-	-	725,292	-	725,292
Deferred inflows related to pensions	127,509	595,042	269,186	28,335	1,020,072
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>127,509</u>	<u>595,042</u>	<u>994,478</u>	<u>28,335</u>	<u>1,745,364</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>\$ 518,409</u>	<u>\$ 3,515,962</u>	<u>\$ 2,063,021</u>	<u>\$ 9,858,944</u>	<u>\$ 15,956,336</u>
<b>NET POSITION</b>					
Net investment in capital assets	21,927,543	1,264,874	411,593	-	23,604,010
Restricted for Pensions	230,314	1,074,798	486,218	51,181	1,842,511
Unrestricted	6,671,849	662,671	6,800,790	24,819,015	38,954,325
Total Net Position	<u>28,829,706</u>	<u>3,002,343</u>	<u>7,698,601</u>	<u>24,870,196</u>	<u>64,400,846</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<u>\$ 29,348,115</u>	<u>\$ 6,518,305</u>	<u>\$ 9,761,622</u>	<u>\$ 34,729,140</u>	<u>\$ 80,357,182</u>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
For the Year Ended December 31, 2023**

	Equipment Rental	Central Services	Facilities	Insurance	Totals
<b>OPERATING REVENUES</b>					
Intergovernmental Revenues	\$ 1,913,129	\$ 329,355	\$ -	\$ -	\$ 2,242,484
Sales	1,133,055	-	-	-	1,133,055
Charges for services	6,710,588	10,823,596	5,748,510	-	23,282,694
Contributions	-	-	-	22,355,480	22,355,480
Other operating revenue	-	-	184,468	1,237,539	1,422,007
<b>TOTAL OPERATING REVENUES</b>	<b>9,756,772</b>	<b>11,152,951</b>	<b>5,932,978</b>	<b>23,593,019</b>	<b>50,435,720</b>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	1,054,714	6,083,713	2,155,281	349,028	9,642,736
Supplies	1,245,800	343,182	430,481	60,991	2,080,454
Services and charges	1,059,152	5,290,044	3,402,520	23,554,645	33,306,361
Depreciation	2,139,115	563,683	62,844	-	2,765,642
<b>TOTAL OPERATING EXPENSES</b>	<b>5,498,781</b>	<b>12,280,622</b>	<b>6,051,126</b>	<b>23,964,664</b>	<b>47,795,193</b>
<b>OPERATING INCOME (LOSS)</b>	<b>4,257,991</b>	<b>(1,127,671)</b>	<b>(118,148)</b>	<b>(371,645)</b>	<b>2,640,527</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest income	378,749	178,748	514,027	1,519,478	2,591,002
Unrealized net gain/(loss) in fair value of investments	(113,954)	(39,080)	(130,325)	(493,896)	(777,255)
Gain/(loss) on disposal of capital assets	(10,977)	-	(541,627)	-	(552,604)
Miscellaneous non-operating revenues	-	313,796	-	-	313,796
Lease revenue	-	-	83,390	-	83,390
Lease interest revenue	-	-	11,916	-	11,916
Lease interest expense	-	(24,965)	(2,709)	-	(27,674)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>253,818</b>	<b>428,499</b>	<b>(65,328)</b>	<b>1,025,582</b>	<b>1,642,571</b>
<b>NET INCOME (LOSS)</b>	<b>4,511,809</b>	<b>(699,172)</b>	<b>(183,476)</b>	<b>653,937</b>	<b>4,283,098</b>
Contributed capital	1,275,989	-	-	-	1,275,989
Transfers in	828,218	1,524,110	1,331,630	4,800,000	8,483,958
Transfers out	-	(423,020)	(385,300)	-	(808,320)
<b>CHANGE IN NET POSITION</b>	<b>6,616,016</b>	<b>401,918</b>	<b>762,854</b>	<b>5,453,937</b>	<b>13,234,725</b>
<b>NET POSITION, January 1</b>	<b>22,213,690</b>	<b>2,600,425</b>	<b>6,935,747</b>	<b>19,416,259</b>	<b>51,166,121</b>
<b>NET POSITION, December 31</b>	<b>\$ 28,829,706</b>	<b>\$ 3,002,343</b>	<b>\$ 7,698,601</b>	<b>\$ 24,870,196</b>	<b>\$ 64,400,846</b>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2023**

	Equipment Rental	Central Services	Facilities	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 7,850,689	\$ 11,156,912	\$ 5,732,865	\$ -	\$ 24,740,466
Cash received from other funds for services	-	-	-	22,354,304	22,354,304
Cash payments to employees	(1,138,908)	(6,515,222)	(2,336,610)	(389,090)	(10,379,830)
Cash payments to suppliers	(2,294,032)	(5,616,297)	(3,935,905)	(23,463,113)	(35,309,347)
Other cash received	-	-	184,468	1,237,539	1,422,007
Net cash provided by (used for) operating activities	4,417,749	(974,607)	(355,182)	(260,360)	2,827,600
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grants/non-operating revenue received	-	313,796	84,683	-	398,479
Transfers in	230,074	1,524,110	88,140	4,800,000	6,642,324
Net cash provided by noncapital financing	230,074	1,837,906	172,823	4,800,000	7,040,803
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds on disposal of capital assets	(1,229,090)	77,970	(541,627)	-	(1,692,747)
Acquisition and construction of capital assets	(5,701,590)	(1,101,776)	(26,562)	-	(6,829,928)
Principal paid on bonds, leases	-	217,816	(62,145)	-	155,671
Interest paid on bonds, leases	-	(24,965)	(2,709)	-	(27,674)
Transfers in	598,144	-	1,243,490	-	1,841,634
Transfers out	-	(423,020)	(385,300)	-	(808,320)
Capital contributed by subdividers, capital grants, local impr. districts	1,275,989	-	-	-	1,275,989
Net cash used for capital and related financing	(5,056,547)	(1,253,975)	225,147	-	(6,085,375)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investment securities	(808,460)	(337,087)	(850,351)	(3,279,647)	(5,275,545)
Proceeds from sale and maturities of investment securities	1,006,726	510,218	694,322	677,450	2,888,716
Interest and dividends on investments	264,795	139,668	383,776	1,025,582	1,813,821
Net cash provided by (used for) investing activities	463,061	312,799	227,747	(1,576,615)	(573,008)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	54,337	(77,877)	270,535	2,963,025	3,210,020
<b>CASH AND CASH EQUIVALENTS, January 1</b>	2,980,593	1,242,250	3,134,559	12,125,193	19,482,595
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<u>\$ 3,034,930</u>	<u>\$ 1,164,373</u>	<u>\$ 3,405,094</u>	<u>\$ 15,088,218</u>	<u>\$ 22,692,615</u>
<b>CASH AND EQUITY IN POOLED INVESTMENTS AT DECEMBER 31 CONSISTS OF:</b>					
Current assets:					
Cash and cash equivalents	\$ 3,034,930	\$ 1,164,373	\$ 3,405,094	\$ 15,040,896	\$ 22,645,293
Restricted cash and cash with fiscal agent	-	-	-	47,322	47,322
	<u>\$ 3,034,930</u>	<u>\$ 1,164,373</u>	<u>\$ 3,405,094</u>	<u>\$ 15,088,218</u>	<u>\$ 22,692,615</u>

Continued

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2023**

	Equipment Rental	Central Services	Facilities	Insurance	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 4,257,991	\$ (1,127,671)	\$ (118,148)	\$ (371,645)	2,640,527
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation/Amortization expense	2,139,115	563,683	62,844	-	2,765,642
Change in assets and liabilities:					
(Increase) Decrease in accounts receivable	6,612	3,961	(15,645)	(1,176)	(6,248)
(Increase) Decrease in inventory	(29,904)	29,170	-	-	(734)
(Increase) Decrease in prepaid expenses	-	(108,995)	-	(147,744)	(256,739)
(Increase) Decrease in net pension asset	(11,770)	(54,928)	96,565	(2,616)	27,251
(Increase) Decrease in pension deferred outflows	32,606	152,168	193,214	7,246	385,234
Increase (Decrease) in vouchers payable	52,081	(5,947)	(81,796)	(117,851)	(153,513)
Increase (Decrease) in accounts/payroll payable	(19,523)	107,755	(31,153)	(8,902)	48,177
Increase (Decrease) in incurred but not reported claims payable	-	4,031	(36)	424,200	428,195
Increase (Decrease) in deposits & unearned revenue	(1,912,695)	-	-	-	(1,912,695)
Increase (Decrease) in compensated absences	32,071	63,394	11,591	(13,242)	93,814
Increase (Decrease) in pension deferred inflows	(100,897)	(470,851)	(339,896)	(22,421)	(934,065)
Increase (Decrease) in pension liabilities	(27,938)	(130,377)	(132,722)	(6,209)	(297,246)
Total Adjustments	<u>159,758</u>	<u>153,064</u>	<u>(237,034)</u>	<u>111,285</u>	<u>187,073</u>
Net cash provided by operating activities	<u>\$ 4,417,749</u>	<u>\$ (974,607)</u>	<u>\$ (355,182)</u>	<u>\$ (260,360)</u>	<u>\$ 2,827,600</u>

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

Capital assets contributed	\$ 1,275,989	\$ -	\$ -	\$ -	1,275,989
Increase (Decrease) in fair value of investments	(113,954)	(39,080)	(130,325)	(493,896)	(777,255)

Concluded



## PENSION AND OTHER POST EMPLOYEMENT BENEFIT FUNDS

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF NET POSITION  
December 31, 2023**

	Firemen's Relief & Pension Fund	VEBA OPEB Fund	Total
<b>ASSETS</b>			
Cash and equity in pooled investments	\$ 964,044	\$ -	\$ 964,044
Investments, at fair value	1,197,894	-	1,197,894
Cash with fiscal agent	-	161,145	161,145
<b>TOTAL ASSETS</b>	<u><u>2,161,938</u></u>	<u><u>161,145</u></u>	<u><u>2,323,083</u></u>
<b>LIABILITIES</b>			
Accounts/payroll payable	<u>5,033</u>	-	<u>5,033</u>
<b>TOTAL LIABILITIES</b>	<u><u>5,033</u></u>	<u><u>-</u></u>	<u><u>5,033</u></u>
<b>NET POSITION</b>			
Restricted for:			
Pensions	2,156,905	-	2,156,905
Postemployment benefits other than pensions	-	161,145	161,145
Total net position	<u><u>\$ 2,156,905</u></u>	<u><u>\$ 161,145</u></u>	<u><u>\$ 2,318,050</u></u>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
For the Year Ended December 31, 2023**

	<b>Firemen's Relief &amp; Pension Fund</b>	<b>VEBA OPEB Fund</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ -	\$ 120,000	\$ 120,000
State insurance fees	370,230	-	370,230
Net contributions	<u>370,230</u>	<u>120,000</u>	<u>490,230</u>
Investment earnings:			
Interest income	66,602	684	67,286
Unrealized net gain/(loss) in fair value of investments	53,097	2,899	55,996
Net investment income	<u>119,699</u>	<u>3,583</u>	<u>123,282</u>
<b>TOTAL ADDITIONS</b>	<b>489,929</b>	<b>123,583</b>	<b>613,512</b>
<b>DEDUCTIONS</b>			
Benefits	222,000	-	222,000
Administrative Expense	130,491	41,233	171,724
<b>TOTAL DEDUCTIONS</b>	<b>352,491</b>	<b>41,233</b>	<b>393,724</b>
<b>CHANGE IN NET POSITION</b>	<b>137,438</b>	<b>82,350</b>	<b>219,788</b>
<b>NET POSITION January 1</b>	<b>2,019,467</b>	<b>78,795</b>	<b>2,098,262</b>
<b>NET POSITION December 31</b>	<b>\$ <u>2,156,905</u></b>	<b>\$ <u>161,145</u></b>	<b>\$ <u>2,318,050</u></b>





## INSURANCE FUND DETAILED SCHEDULES

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
INSURANCE FUND  
COMBINING SCHEDULE OF NET POSITION  
For the Year Ended December 31, 2023**

	Unemployment Compensation Insurance	Workers' Compensation Insurance	Medical & Dental Insurance	Liability Insurance	Property Insurance	Totals
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 617,774	\$ 2,512,718	\$ 5,635,981	\$ 5,857,218	\$ 417,205	\$ 15,040,896
Investments, at fair value	767,628	3,153,805	7,006,327	7,316,610	526,798	18,771,168
Restricted cash, cash equivalents, & investments:						
Cash with fiscal agent	-	35,000	-	12,322	-	47,322
Receivables (net):						
Accounts	6,450	-	176,783	5,263	1,316	189,812
Prepaid expenses	-	-	14,004	34,274	537,979	586,257
Total Current Assets	<u>1,391,852</u>	<u>5,701,523</u>	<u>12,833,095</u>	<u>13,225,687</u>	<u>1,483,298</u>	<u>34,635,455</u>
<b>NONCURRENT ASSETS:</b>						
Net Pension Asset	19,449	31,732	-	-	-	51,181
Total noncurrent assets	<u>19,449</u>	<u>31,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,181</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,411,301</u>	<u>\$ 5,733,255</u>	<u>\$ 12,833,095</u>	<u>\$ 13,225,687</u>	<u>\$ 1,483,298</u>	<u>\$ 34,686,636</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	\$ 16,152	\$ 26,352	\$ -	\$ -	\$ -	\$ 42,504
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>16,152</u>	<u>26,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,504</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 1,427,453</u>	<u>\$ 5,759,607</u>	<u>\$ 12,833,095</u>	<u>\$ 13,225,687</u>	<u>\$ 1,483,298</u>	<u>\$ 34,729,140</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Vouchers payable	\$ 3,806	\$ 27,823	\$ 320,811	32,168	\$ -	\$ 384,608
Accounts/payroll payable	-	55,876	10,750	43,534	4,141	114,301
Incurred but not reported claims payable	-	2,347,000	1,003,700	5,930,000	-	9,280,700
Compensated absences payable - current portion	812	3,250	-	3,250	812	8,124
Total Current Liabilities	<u>4,618</u>	<u>2,433,949</u>	<u>1,335,261</u>	<u>6,008,952</u>	<u>4,953</u>	<u>9,787,733</u>
<b>LONG-TERM LIABILITIES</b>						
Compensated absences payable - non-current	1,959	7,835	-	7,835	1,959	19,588
Net Pension Liability	2,329	9,315	-	9,315	2,329	23,288
Total Long-Term Liabilities	<u>4,288</u>	<u>17,150</u>	<u>-</u>	<u>17,150</u>	<u>4,288</u>	<u>42,876</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 8,906</u>	<u>\$ 2,451,099</u>	<u>\$ 1,335,261</u>	<u>\$ 6,026,102</u>	<u>\$ 9,241</u>	<u>\$ 9,830,609</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	\$ 10,767	\$ 17,568	\$ -	\$ -	\$ -	\$ 28,335
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>10,767</u>	<u>17,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,335</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>\$ 19,673</u>	<u>\$ 2,468,667</u>	<u>\$ 1,335,261</u>	<u>\$ 6,026,102</u>	<u>\$ 9,241</u>	<u>\$ 9,858,944</u>
<b>NET POSITION</b>						
Unrestricted	1,407,780	3,290,940	11,497,834	7,199,585	1,474,057	24,870,196
<b>TOTAL LIABILITIES, DEFERRED INFLOW, AND NET POSITION</b>	<u>\$ 1,427,453</u>	<u>\$ 5,759,607</u>	<u>\$ 12,833,095</u>	<u>\$ 13,225,687</u>	<u>\$ 1,483,298</u>	<u>\$ 34,729,140</u>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
INSURANCE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
For the Year Ended December 31, 2023**

	Unemployment Compensation Insurance	Workers' Compensation Insurance	Medical & Dental Insurance	Liability Insurance	Property Insurance	Totals
<b>OPERATING REVENUES</b>						
Contributions	\$ 161,472	\$ 1,702,284	\$ 15,585,989	\$ 3,972,754	\$ 932,981	\$ 22,355,480
Other operating revenue	-	72,818	935,699	229,022	-	1,237,539
<b>TOTAL OPERATING REVENUES</b>	<b>161,472</b>	<b>1,775,102</b>	<b>16,521,688</b>	<b>4,201,776</b>	<b>932,981</b>	<b>23,593,019</b>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	15,912	127,628	-	164,390	41,098	349,028
Supplies	-	31,200	-	29,791	-	60,991
Services and charges	154,688	2,274,434	15,360,068	4,821,211	944,244	23,554,645
<b>TOTAL OPERATING EXPENSES</b>	<b>170,600</b>	<b>2,433,262</b>	<b>15,360,068</b>	<b>5,015,392</b>	<b>985,342</b>	<b>23,964,664</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(9,128)</b>	<b>(658,160)</b>	<b>1,161,620</b>	<b>(813,616)</b>	<b>(52,361)</b>	<b>(371,645)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest income	97,843	251,658	775,230	366,279	28,468	1,519,478
Unrealized net gain/(loss) in fair value of investments	(23,645)	(64,598)	(212,494)	(185,581)	(7,578)	(493,896)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>74,198</b>	<b>187,060</b>	<b>562,736</b>	<b>180,698</b>	<b>20,890</b>	<b>1,025,582</b>
<b>NET INCOME (LOSS)</b>	<b>65,070</b>	<b>(471,100)</b>	<b>1,724,356</b>	<b>(632,918)</b>	<b>(31,471)</b>	<b>653,937</b>
Transfers in	-	2,000,000	-	2,300,000	500,000	4,800,000
<b>CHANGE IN NET POSITION</b>	<b>65,070</b>	<b>1,528,900</b>	<b>1,724,356</b>	<b>1,667,082</b>	<b>468,529</b>	<b>5,453,937</b>
<b>NET POSITION, January 1</b>	<b>1,342,710</b>	<b>1,762,040</b>	<b>9,773,478</b>	<b>5,532,503</b>	<b>1,005,528</b>	<b>19,416,259</b>
<b>NET POSITION, December 31</b>	<b>\$ 1,407,780</b>	<b>\$ 3,290,940</b>	<b>\$ 11,497,834</b>	<b>\$ 7,199,585</b>	<b>\$ 1,474,057</b>	<b>\$ 24,870,196</b>



## OTHER BUDGETARY SCHEDULES

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## CITY OF KENT

### TRUE GENERAL FUND

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

For the Year Ended December 31, 2023

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 15,670,870	\$ 15,670,870	\$ 16,052,750	\$ 381,880
Sales and use	30,323,830	30,323,830	34,915,382	4,591,552
Utility	24,349,760	24,349,760	26,153,099	1,803,339
Business & occupation	19,120,500	19,120,500	20,367,679	1,247,179
Other	806,120	806,120	1,168,377	362,257
Licenses and permits				
Building permits	3,855,110	3,855,110	4,071,504	216,394
Other licenses and permits	3,613,270	3,613,270	3,406,867	(206,403)
Intergovernmental revenue				
Other grants and shared revenue	3,220,770	3,275,330	3,939,101	663,771
Charges for services				
Park and recreation fees	1,218,090	1,218,090	1,168,725	(49,365)
Other fees and charges	5,414,120	5,414,120	7,298,265	1,884,145
Fines and forfeitures	738,080	738,080	823,389	85,309
Miscellaneous revenue				
Interest income	565,380	565,380	4,542,110	3,976,730
Rent/lease income	781,670	781,670	896,932	115,262
Contributions and donations	531,250	531,250	33,393	(497,857)
Other miscellaneous revenue	138,300	138,300	983,478	845,178
<b>TOTAL REVENUES</b>	<b>110,347,120</b>	<b>110,401,680</b>	<b>125,821,051</b>	<b>15,419,371</b>
<b>EXPENDITURES</b>				
Current:				
General government	11,059,040	12,167,410	10,631,211	1,536,199
Judicial	4,140,610	4,254,230	3,878,284	375,946
Public safety	59,064,080	59,614,940	57,276,808	2,338,132
Community development	10,011,170	10,208,110	8,742,648	1,465,462
Leisure services	15,048,160	15,549,880	15,222,917	326,963
Health and human services	6,746,600	7,150,740	6,265,650	885,090
Capital outlay	-	266,340	249,062	17,278
<b>TOTAL EXPENDITURES</b>	<b>106,069,660</b>	<b>109,211,650</b>	<b>102,266,580</b>	<b>6,945,070</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>4,277,460</b>	<b>1,190,030</b>	<b>23,554,471</b>	<b>22,364,441</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,041,530	6,797,700	5,858,491	(939,209)
Transfers out	(9,713,860)	(16,944,620)	(17,020,678)	(76,058)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,672,330)</b>	<b>(10,146,920)</b>	<b>(11,162,187)</b>	<b>(1,015,267)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(394,870)</b>	<b>(8,956,890)</b>	<b>12,392,284</b>	<b>21,349,174</b>
<b>FUND BALANCE, January 1</b>	<b>50,920,209</b>	<b>50,920,209</b>	<b>51,504,084</b>	<b>583,875</b>
<b>FUND BALANCE, December 31</b>	<b>\$ 50,525,339</b>	<b>\$ 41,963,319</b>	<b>\$ 63,896,368</b>	<b>\$ 21,933,049</b>

Note: This fund is separately budgeted, but is combined with the Funds on pages 157-160 for reporting of the Consolidated General Fund  
Transfers into this fund are eliminated when combined with the Funds on pages 157-160 for reporting of the Consolidated General Fund

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
PUBLIC SAFETY RETIREE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
For the Year Ended December 31, 2023**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Contributions and Donations	\$ 976,330	\$ 976,330	\$ 809,061	\$ (167,269)
Miscellaneous revenue:				
Interest income	63,560	63,560	74,137	10,577
<b>TOTAL REVENUES</b>	<u>1,039,890</u>	<u>1,039,890</u>	<u>883,198</u>	<u>(156,692)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	1,581,160	1,581,160	949,548	631,612
<b>TOTAL EXPENDITURES</b>	<u>1,581,160</u>	<u>1,581,160</u>	<u>949,548</u>	<u>631,612</u>
<b>(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(541,270)	(541,270)	(66,350)	474,920
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	250,000	250,000	250,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
<b>(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	(291,270)	(291,270)	183,650	474,920
<b>FUND BALANCES, January 1</b>	1,015,707	1,015,707	1,015,707	-
<b>FUND BALANCES, December 31</b>	<u>\$ 724,437</u>	<u>\$ 724,437</u>	<u>\$ 1,199,357</u>	<u>\$ 474,920</u>

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



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
OPERATING GRANTS & ARTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
For the Year Ended December 31, 2023**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal grants	\$ -	\$ -	\$ 141,865	\$ 141,865
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>141,865</u>	<u>141,865</u>
<b>EXPENDITURES</b>				
Current:				
Leisure services	112,700	212,700	336,320	(123,620)
Capital Outlay	-	-	22,111	(22,111)
<b>TOTAL EXPENDITURES</b>	<u>112,700</u>	<u>212,700</u>	<u>358,431</u>	<u>(145,731)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(112,700)	(212,700)	(216,566)	(3,866)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	112,700	212,700	124,197	(88,503)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>112,700</u>	<u>212,700</u>	<u>124,197</u>	<u>(88,503)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	-	-	(92,369)	(92,369)
<b>FUND BALANCES, January 1</b>	596,733	596,733	762,726	165,993
<b>FUND BALANCES, December 31</b>	<u>\$ 596,733</u>	<u>\$ 596,733</u>	<u>\$ 670,357</u>	<u>\$ 73,624</u>

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

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
EVENTS CENTER OPERATIONS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
For the Year Ended December 31, 2023**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenue:				
Federal grants	\$ -	\$ 2,267,230	\$ 2,267,226	\$ (4)
State grants	-	-	-	-
Miscellaneous revenue:				
Interest income	-	-	145,369	145,369
Other miscellaneous revenue	-	-	8,262	8,262
<b>TOTAL REVENUES</b>	<u>-</u>	<u>2,267,230</u>	<u>2,420,857</u>	<u>153,627</u>
<b>EXPENDITURES</b>				
Current:				
Leisure services	3,359,620	4,331,240	1,850,450	2,480,790
Capital outlay	-	666,360	1,686,158	(1,019,798)
<b>TOTAL EXPENDITURES</b>	<u>3,359,620</u>	<u>4,997,600</u>	<u>3,536,608</u>	<u>1,460,992</u>
<b>(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(3,359,620)	(2,730,370)	(1,115,751)	1,614,619
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,150,000	3,917,230	1,258,917	(2,658,313)
Transfers out	(70,000)	(70,000)	(70,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,080,000</u>	<u>3,847,230</u>	<u>1,188,917</u>	<u>(2,658,313)</u>
<b>(DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	(2,279,620)	1,116,860	73,166	(1,043,694)
<b>FUND BALANCES, January 1</b>	4,009,903	4,009,903	1,692,542	(2,317,361)
<b>FUND BALANCES, December 31</b>	<u>\$ 1,730,283</u>	<u>\$ 5,126,763</u>	<u>\$ 1,765,708</u>	<u>\$ (3,361,055)</u>

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT**

**IMPACT FEE FUNDS**

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

**For the Year Ended December 31, 2023**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for Service	\$ 4,146,980	\$ 4,146,980	\$ 859,031	\$ (3,287,949)
Miscellaneous revenue:				
Interest income	3,860	3,860	2,529	(1,331)
Other miscellaneous revenue	-	-	24,208	24,208
<b>TOTAL REVENUES</b>	<u>4,150,840</u>	<u>4,150,840</u>	<u>885,768</u>	<u>(3,265,072)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	2,445,620	2,445,620	392,975	2,052,645
Health and human services	1,705,220	1,705,220	393,152	1,312,068
Capital Outlay	-	-	99,641	(99,641)
<b>TOTAL EXPENDITURES</b>	<u>4,150,840</u>	<u>4,150,840</u>	<u>885,768</u>	<u>3,265,072</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	-
<b>FUND BALANCES, January 1</b>	-	-	-	-
<b>FUND BALANCES, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

## GOVERNMENTAL CAPITAL ASSET SCHEDULES

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
December 31, 2023**

	Land	Buildings	Site Improvements	Equipment	Infrastructure	Total
<b>GENERAL GOVERNMENT</b>						
Administration	\$ 239,582	\$ 240,855	\$ -	\$ 52,101	\$ -	\$ 532,538
Attorney	-	-	-	51,966	-	51,966
Finance	-	-	-	316,779	-	316,779
Planning	-	-	33,553	140,991	-	174,544
Public office buildings	4,651,835	39,708,427	5,091,222	3,293,484	-	52,744,968
Other	247,797	114,191	59,581	26,376,191	-	26,797,760
Total	5,139,214	40,063,473	5,184,356	30,231,512	-	80,618,555
<b>PUBLIC SAFETY</b>						
Police	450,258	4,230,312	641,203	3,811,002	-	9,132,775
Fire	283,568	2,536,016	125,122	330,669	-	3,275,375
Total	733,826	6,766,328	766,325	4,141,671	-	12,408,150
<b>PUBLIC WORKS</b>						
Engineering	2,650,000	-	1,302,586	658,692	-	4,611,278
Streets	165,596,658	-	429,075	1,438,238	767,037,495	934,501,466
Total	168,246,658	-	1,731,661	2,096,930	767,037,495	939,112,744
<b>PARKS, RECREATION AND CULTURE</b>						
Parks and recreation	60,709,737	2,434,416	79,611,730	1,797,456	22,111	144,575,450
Senior center	1,955,066	3,546,881	32,875	63,447	-	5,598,269
Parks maintenance	-	129,391	167,599	550,032	-	847,022
Kent commons	200,704	3,789,688	302,350	137,668	-	4,430,410
ShoWare Center	-	76,471,057	5,871	8,630,721	-	85,107,649
Cultural arts	-	-	873,288	709,019	123,753	1,706,060
Total	62,865,507	86,371,433	80,993,713	11,888,343	145,864	242,264,860
<b>LIBRARY</b>						
	2,222,461	3,934,754	-	46,414	-	6,203,629
Total	2,222,461	3,934,754	-	46,414	-	6,203,629
TOTAL	239,207,666	137,135,988	88,676,055	48,404,870	767,183,359	1,280,607,938
Construction in progress	-	-	-	-	-	13,939,033
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 239,207,666</b>	<b>\$ 137,135,988</b>	<b>\$ 88,676,055</b>	<b>\$ 48,404,870</b>	<b>\$ 767,183,359</b>	<b>\$ 1,294,546,971</b>

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
December 31, 2023**

	Governmental Fund Capital Assets 01/01/23	Additions	Retirements and Transfers	Governmental Fund Capital Assets 12/31/23
<b>GENERAL GOVERNMENT</b>				
Administration	\$ 532,538	\$ -	\$ -	\$ 532,538
Attorney	51,966	-	-	51,966
Finance	316,779	-	-	316,779
Planning	174,544	-	-	174,544
Public office buildings	52,365,576	379,392	-	52,744,968
Other	26,578,658	239,202	(20,100)	26,797,760
Total	<u>80,020,061</u>	<u>618,594</u>	<u>(20,100)</u>	<u>80,618,555</u>
<b>PUBLIC SAFETY</b>				
Police	9,021,132	871,812	(760,169)	9,132,775
Fire	3,275,375	-	-	3,275,375
Total	<u>12,296,507</u>	<u>871,812</u>	<u>(760,169)</u>	<u>12,408,150</u>
<b>PUBLIC WORKS</b>				
Engineering	4,611,278	-	-	4,611,278
Streets	924,697,104	9,804,362	-	934,501,466
Total	<u>929,308,382</u>	<u>9,804,362</u>	<u>-</u>	<u>939,112,744</u>
<b>PARKS, RECREATIONS AND CULTURE</b>				
Parks and recreation	135,328,786	9,257,664	(11,000)	144,575,450
Senior center	5,572,933	25,336	-	5,598,269
Parks maintenance	835,605	11,417	-	847,022
Kent commons	4,240,140	190,270	-	4,430,410
ShoWare Center	83,421,491	1,686,158	-	85,107,649
Cultural arts	1,706,060	-	-	1,706,060
Total	<u>231,105,015</u>	<u>11,170,845</u>	<u>(11,000)</u>	<u>242,264,860</u>
<b>LIBRARY</b>				
Total	<u>6,203,629</u>	<u>-</u>	<u>-</u>	<u>6,203,629</u>
Construction in progress	8,345,797	20,298,311	(14,705,075)	13,939,033
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u>\$ 1,267,279,391</u>	<u>\$ 42,763,925</u>	<u>\$ (15,496,345)</u>	<u>\$ 1,294,546,971</u>

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



## DEBT SERVICE SCHEDULES

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



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT**  
**SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES**  
**GOVERNMENTAL ACTIVITIES**  
**For the Year Ended December 31, 2023**

	Balances January 1	Issued	Retired	Balances December 31
<b>Bonds Payable:</b>				
Limited Tax General Obligation Bonds - Non-voted:				
Series 2015B	2,255,000	-	1,340,000	915,000
Plus: unamortized premium	54,704	-	28,540	26,164
Series 2016A	8,910,000	-	3,135,000	5,775,000
Plus: unamortized premium	2,054,749	-	137,749	1,917,000
Series 2016B	46,765,000	-	330,000	46,435,000
Plus: unamortized premium	6,522,205	-	437,243	6,084,962
Total	<u>66,561,658</u>	<u>-</u>	<u>5,408,532</u>	<u>61,153,126</u>
<b>Contracts, Lease, Notes Payable:</b>				
General Obligation Contracts, Notes:				
Public Works Trust Fund Loan 2003	53,362	-	53,362	-
Public Works Trust Fund Loan 2004	908,824	-	454,412	454,412
Public Works Trust Fund Loan 2008	1,608,553	-	268,092	1,340,461
SMG Capital Loan	920,000	-	70,032	849,968
Right of Use Lease Payable	1,485,812	137,176	252,998	1,369,990
Subscription Liability	-	434,594	242,083	192,510
Financed Purchases - equipment	34,457	-	34,457	-
Total	<u>5,011,008</u>	<u>571,770</u>	<u>1,375,436</u>	<u>4,207,341</u>
<b>Other Non-Current Liabilities</b>				
Compensated Absences				
General Government	5,621,892	12,349,486	11,209,243	6,762,135
Internal Service Funds	604,364	1,363,738	1,269,924	698,178
Net Pension Liability	7,328,390	5,463,521	7,328,390	5,463,521
Net OPEB Obligation	17,433,483	17,038,066	17,433,483	17,038,066
Total	<u>30,988,129</u>	<u>36,214,811</u>	<u>37,241,040</u>	<u>29,961,900</u>
Total Governmental Debt	<u>\$ 102,560,795</u>	<u>\$ 36,786,582</u>	<u>\$ 44,025,008</u>	<u>\$ 95,322,367</u>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT**  
**SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES**  
**BUSINESS-TYPE ACTIVITIES**  
**For the Year Ended December 31, 2023**

	Balances January 1	Issued	Retired	Balances December 31
<b>Bonds Payable:</b>				
Revenue Bonds: <sup>2</sup>				
Series 2017 Refunding	\$ 9,845,000	\$ -	\$ 1,220,000	\$ 8,625,000
Plus: unamortized premium	1,398,118	-	201,944	1,196,174
Total	<u>11,243,118</u>	<u>-</u>	<u>1,421,944</u>	<u>9,821,174</u>
Total Bonds Payable	<u>11,243,118</u>	<u>-</u>	<u>1,421,944</u>	<u>9,821,174</u>
<b>Contracts, Lease, Notes Payable:</b>				
Public Works Trust Fund Loan 2004 - Sewer	150,000	-	75,000	75,000
Contract - Tacoma Pipeline 2010 - Water	8,505,000	-	345,000	8,160,000
Contract - Tacoma Pipeline 2013 Ref - Water	12,315,000	-	420,000	11,895,000
Right of Use Lease Payable	243,699	-	79,658	164,041
Total	<u>21,213,699</u>	<u>-</u>	<u>919,658</u>	<u>20,294,041</u>
<b>Other Non-Current Liabilities</b>				
Compensated Absences				
Water Utility	296,532	815,513	718,707	393,338
Sewer Utility	109,223	394,852	361,910	142,165
Drainage Utility	361,393	771,567	682,386	450,574
Solid Waste Utility	40,448	77,311	69,873	47,886
Golf Complex	83,635	237,523	229,329	91,829
Total compensated absences	<u>891,231</u>	<u>2,296,766</u>	<u>2,062,205</u>	<u>1,125,792</u>
Pension Liability	<u>1,932,042</u>	<u>1,571,969</u>	<u>1,932,042</u>	<u>1,571,969</u>
Total Business-Type Debt	<u>\$ 35,280,090</u>	<u>\$ 3,868,735</u>	<u>\$ 6,335,849</u>	<u>\$ 32,812,976</u>

<sup>2</sup> Revenue bonds are 50% Water Utility and 50% Sewerage Utility

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY  
BY BOND TYPE  
As of December 31, 2023**

Fiscal Year	General Obligation Bonds		Water & Sewer Revenue Bonds		Total Debt Service Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	4,665,000	2,416,600	1,280,000	431,250	5,945,000
2025	5,225,000	2,201,650	1,330,000	367,250	6,555,000	2,568,900
2026	2,985,000	1,940,400	1,395,000	300,750	4,380,000	2,241,150
2027	3,270,000	1,791,150	1,465,000	231,000	4,735,000	2,022,150
2028	3,560,000	1,627,650	1,540,000	157,750	5,100,000	1,785,400
2029	3,875,000	1,449,650	1,615,000	80,750	5,490,000	1,530,400
2030	4,200,000	1,294,650	-	-	4,200,000	1,294,650
2031	4,520,000	1,126,650	-	-	4,520,000	1,126,650
2032	4,910,000	900,650	-	-	4,910,000	900,650
2033	2,750,000	655,150	-	-	2,750,000	655,150
2034	2,960,000	517,650	-	-	2,960,000	517,650
2035	3,175,000	369,650	-	-	3,175,000	369,650
2036	3,425,000	210,900	-	-	3,425,000	210,900
2037	3,605,000	108,150	-	-	3,605,000	108,150
Totals	<u>\$ 53,125,000</u>	<u>\$ 16,610,550</u>	<u>\$ 8,625,000</u>	<u>\$ 1,568,750</u>	<u>\$ 61,750,000</u>	<u>\$ 18,179,300</u>

## TRANSFERS

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
SCHEDULE OF INTERFUND TRANSFERS  
For the Year Ended December 31, 2023**

<u>Fund Out/Fund In</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Funds:</b>			
<i>Major Governmental:</i>			
General Fund			
Consolidated General Fund	Internal ARPA funding transfer	4,425,196	-
Capital Resources Fund	Planning services	-	484,820
Capital Resources Fund	Neighborhood matching grants	-	25,000
Capital Resources Fund	ShoWare lifecycle funding	300,000	-
Special Assessment Fund	Excess LID guarantee funds	-	22,060
Streets Capital Projects Fund	Capital projects	-	(1,100,000)
Other Capital Projects Fund	Capital projects - ARPA funding	-	1,200,000
Other Capital Projects Fund	Community Court - ARPA funding	-	100,000
Other Capital Projects Fund	Excess project funding returned - ARPA funding	-	(29,544)
Other Govtl Funds-Streets Fund	Graffiti Removal - ARPA funding	-	260,000
Other Govtl Funds-Streets Fund	B&O streets funding	-	1,100,000
Other Govtl Funds-Streets Fund	Gen'l Fd subsidy of streets services	-	3,491,494
Other Govtl Funds-Youth/Teen Fund	Excess Youth/Teen funding	948,876	-
Other Govtl Funds-Criminal Justice Fund	Various police operations	437,980	-
Other Govtl Funds-Criminal Justice Fund	Drug Task Force	-	105,000
Other Govtl Funds-Housing & Community Dev	Human Services - ARPA funding	-	1,743,976
Other Govtl Funds-Housing & Community Dev	Building resiliency fund	-	6,024
Other Govtl Funds-Technology Capital Projects	Subsidy of technology projects - partial ARPA Funding	-	111,605
Other Govtl Funds-Technology Capital Projects	B&O tax related projects - partial ARPA Funding	-	82,711
Other Govtl Funds-Technology Capital Projects	ZTA Program - ShoWare Center	-	70,000
Other Govtl Funds-Facilities Capital Projects	KEHOC - ARPA Funding	-	507,995
Drainage Utility	GF-Parks Maintenance	46,439	-
Golf Complex	Subsidy of golf complex	-	909,818
Internal Service Funds-Central Services (IT) Fund	Subsidy of central services IT Fund - ARPA Funding	-	1,853,465
Internal Service Funds-Facilities Fund	Subsidy of facilities fund	-	13,140
Internal Service Funds-Insurance Fund	Subsidy of insurance fund	-	4,800,000
subtotals		<u>6,158,491</u>	<u>15,757,564</u>
Capital Resources Fund			
General Fund	Planning services	484,820	-
General Fund	Neighborhood matching grants	25,000	-
General Fund	ShoWare lifecycle funding	-	300,000
Street Fund	B&O streets funding	-	200,000
Street Fund	Streets programs	-	4,025,000
Streets Capital Projects Fund	B&O tax projects	-	250,000
Streets Capital Projects Fund	2023 Pavement Preservation	-	655,000
Streets Capital Projects Fund	City Safety Transportation Prg	-	120,000
Streets Capital Projects Fund	Mill Crk @ 76th Av-Fld Protect	-	3,000,000
Other Govtl Funds-Criminal Justice Fund	Police Firing Range Upgrades	-	88,260
Other Govtl Funds-Non-Voted GO Debt Service	Criminal Justice project	-	4,075,720
Other Govtl Funds-Parks Capital Projects	Funding for various parks capital projects	-	5,078,970
Other Govtl Funds-Technology Capital Projects	Funding for various technology projects	-	3,210,924
Other Govtl Funds-Facility Capital Projects	Funding for various facilities projects	-	8,528,750
Water Utility	Water utility projects	-	12,940
Internal Service Funds-Facilities Fund	Funding for various capital projects	-	786,960
subtotals		<u>509,820</u>	<u>30,332,524</u>
Special Assessments Fund			
General Fund	Excess LID guarantee funds	22,060	-
Streets Capital Projects	LID funding - streets capital projects	-	684,400
subtotals		<u>22,060</u>	<u>684,400</u>
Streets Capital Projects Fund			
General Fund	Capital Projects	(1,100,000)	-
Special Assessments Fund	LID funding - streets capital projects	684,400	-
Capital Resources Fund	B&O tax projects	250,000	-
Capital Resources Fund	2023 Pavement Preservation	655,000	-
Capital Resources Fund	City Safety Transportation Prg	120,000	-
Capital Resources Fund	Mill Crk @ 76th Av-Fld Protect	3,000,000	-
Other Govtl Funds-Streets Fund	LID guarantee fund adjustment	8,143,398	459,400
subtotals		<u>11,752,798</u>	<u>459,400</u>
subtotals - Major Governmental Funds		<u>18,443,169</u>	<u>47,233,888</u>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
SCHEDULE OF INTERFUND TRANSFERS  
For the Year Ended December 31, 2023**

<u>Fund Out/Fund In</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<i>Non-major Governmental:</i>			
Street Fund			
General Fund	B&O streets funding	1,100,000	-
General Fund	Gen'l Fd subsidy of streets services	3,298,456	-
Capital Resources Fund	B&O streets funding	200,000	-
Capital Resources Fund	Streets programs	4,025,000	-
Street Capital Project Fund	LID guarantee fund adjustment	459,400	8,143,398
Other Govtl Funds-Non-Voted Debt Service	Funding for debt payments	-	1,812,109
Internal Service-Central Services Fund	Aerial Imagery Data Refresh	127,399	-
subtotals		<u>9,210,255</u>	<u>9,955,507</u>
Youth/Teem Program Fund			
General Fund	Excess Youth/Teen funding	-	948,876
subtotals		<u>-</u>	<u>948,876</u>
Criminal Justice Fund			
General Fund	Various police operations	-	437,980
General Fund	Drug Task Force	105,000	-
Capital Resources Fund	Police Firing Range Upgrades	88,260	-
Other Govtl Funds-Facilities Capital Projects	Funding for various facilities projects	-	2,143,840
Internal Service Funds-Facilities Fund	Various facilities lifecycle projects	-	531,530
subtotals		<u>193,260</u>	<u>3,113,350</u>
Housing & Community Development			
General Fund	Building Resiliency Fund	6,024	-
subtotals		<u>6,024</u>	<u>-</u>
Non-voted Debt Service			
Capital Resources Fund	Criminal Justice Project	4,075,719	-
Other Govtl Funds-Street Fund	Funding for debt payments	1,812,109	-
subtotals		<u>5,887,828</u>	<u>-</u>
Parks Capital Projects			
Capital Resources Fund	Funding for various parks capital projects	5,078,970	-
subtotals		<u>5,078,970</u>	<u>-</u>
Technology Capital Projects			
General Fund	Subsidy of technology projects - partial ARPA Funding	10,510	-
General Fund	B&O tax related projects - partial ARPA Funding	(16,571)	-
General Fund	ZTA Program - ShoWare Center	70,000	-
Capital Resources Fund	Funding for varioius technology projects	3,210,924	-
Internal Service-Central Services Fund	Subsidy of other gov'tl funds-Technonology Capital Proj	295,621	-
subtotals		<u>3,570,484</u>	<u>-</u>
Facilities Capital Projects			
General Fund	KEHOC - ARPA Funding	-	-
Capital Resources Fund	Funding for various facilities projects	8,528,750	-
Other Govtl Funds-Criminal Justice	Funding for various facilities projects	2,143,840	-
Water Utility Fund	Funding for facilities improvements	1,907,980	-
Sewerage Utility Fund	Funding for various facilities projects	1,319,230	-
Drainage Utility Fund	Facilities capital projects	2,285,300	-
Internal Service Fund-Facilities Fund	Excess project funding returned	385,300	-
subtotals		<u>16,570,400</u>	<u>-</u>
<i>subtotals - Non-Major Governmental Funds</i>		<u>40,517,221</u>	<u>14,017,733</u>
<b>subtotals - Governmental Funds</b>		<b><u>58,960,390</u></b>	<b><u>61,251,621</u></b>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**CITY OF KENT  
SCHEDULE OF INTERFUND TRANSFERS  
For the Year Ended December 31, 2023**

<u>Fund Out/Fund In</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Enterprise Funds:</b>			
Water Utility			
Capital Resources Fund	Water utility projects	12,940	-
Other Govtl Funds-Facilities Fund	Funding for facilities improvements	-	1,907,980
Sewerage Utility	Capital asset transfer	7,824	-
Drainage Utility	Excess project funding returned	(1,367)	-
Drainage Utility	Capital projects	13,500	-
Internal Service-Equipment Rental Fund	Capital asset transfer	-	517,133
subtotals		<u>32,897</u>	<u>2,425,113</u>
Sewerage Utility			
Other Govtl Funds-Facilities Capital Projects	Funding for various facilities projects	-	1,319,230
Water Utility	Capital asset transfer	-	7,824
Internal Service-Equipment Rental	Capital asset transfer	-	81,011
subtotals		<u>-</u>	<u>1,408,065</u>
Drainage Utility			
General Fund	GF-Parks Maintenance	-	46,439
Other Govtl Funds-Facilities Capital Projects	Facilities capital projects	-	2,285,300
Water Utility	Excess project funding returned	-	(1,367)
Water Utility	Capital projects	-	13,500
Internal Service-Equipment Rental	Capital asset transfer	-	160,753
subtotals		<u>-</u>	<u>2,504,625</u>
Golf Complex			
General Fund	Subsidy of golf complex	909,818	-
subtotals		<u>909,818</u>	<u>-</u>
Solid Waste Utility			
Internal Service-Equipment Rental	Capital asset transfer	-	69,321
subtotals		<u>-</u>	<u>69,321</u>
<b>subtotals - Enterprise Funds</b>		<b><u>942,715</u></b>	<b><u>6,407,124</u></b>
<b>Internal Service Funds:</b>			
Equipment Rental			
Water Utility	Capital asset transfer	517,133	-
Sewerage Utility	Capital asset transfer	81,011	-
Drainage Utility	Capital asset transfer	160,753	-
Solid Waste Utility	Capital asset transfer	69,321	-
subtotals		<u>828,218</u>	<u>-</u>
Central Services			
General Fund	Subsidy of central services IT Fund - ARPA Funding	1,524,110	-
Other Govtl Funds-Streets Fund	Aerial Imagery Data Refresh	-	127,399
Other Govtl Funds-Technology Capital Proj	Subsidy of other gov'tl funds-Techonology Capital Proj	-	295,621
subtotals		<u>1,524,110</u>	<u>423,020</u>
Facilities			
General Fund	Subsidy of facilities fund	13,140	-
Capital Resources Fund	Funding for various capital projects	786,960	-
Other Govtl Funds-Criminal Justice Fund	Various facilities lifecycle projects	531,530	-
Other Govtl Funds-Facilities Capital Projects	Excess project funding returned	-	385,300
subtotals		<u>1,331,630</u>	<u>385,300</u>
Insurance			
General Fund	Subsidy of Insurance Fund	4,800,000	-
subtotals		<u>4,800,000</u>	<u>-</u>
<b>subtotals - Internal Service Funds</b>		<b><u>8,483,958</u></b>	<b><u>808,320</u></b>
<b>Grand totals</b>		<b><u>68,387,063</u></b>	<b><u>68,467,065</u></b>

\*This transfers table does not balance due to a transfer within the consolidated General Fund which cannot be eliminated.

## STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>176</b>
<i>These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	<b>185</b>
<i>These schedules contain information to help the reader assess the factors affecting the city’s ability to generate its property and sales taxes.</i>	
<b>Debt Capacity</b>	<b>201</b>
<i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b>	<b>207</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place and to help make comparisons over time and with other governments.</i>	
<b>Operating Information</b>	<b>210</b>
<i>These schedules contain information about the city’s operations and resources to help the reader understand how the city’s financial information relates to the services the city provides and the activities it performs.</i>	

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





## City of Kent Statistical Section December 31, 2023

### **Financial Trends**

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# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

	Fiscal Year				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities					
Net investment in capital assets	\$ 687,527,061	\$ 694,789,326	\$ 704,250,257	\$ 700,427,393	\$ 706,613,344
Restricted	9,499,778	6,131,943	4,870,358	4,728,939	4,353,472
Unrestricted	(24,252,748)	(26,349,230)	62,608,062	85,019,692	78,619,493
Total governmental activities net position	<u>\$ 672,774,091</u>	<u>\$ 674,572,039</u>	<u>\$ 771,728,677</u>	<u>\$ 790,176,024</u>	<u>\$ 789,586,309</u>
Business-type activities					
Net investment in capital assets	\$ 287,867,561	\$ 298,202,694	\$ 305,687,715	\$ 290,214,493	\$ 289,305,370
Restricted	1,111,144	1,071,144	1,026,144	985,146	928,307
Unrestricted	45,768,853	49,652,876	52,246,156	82,984,505	102,054,275
Total business-type activities net position	<u>\$ 334,747,558</u>	<u>\$ 348,926,714</u>	<u>\$ 358,960,015</u>	<u>\$ 374,184,144</u>	<u>\$ 392,287,952</u>
Primary government					
Net investment in capital assets	\$ 975,394,622	\$ 992,992,020	\$ 1,009,937,972	\$ 990,641,886	\$ 995,918,714
Restricted	10,610,922	7,203,087	5,896,502	5,714,085	5,281,779
Unrestricted	21,516,105	23,303,646	114,854,218	168,004,197	180,673,768
Total primary government net position	<u>\$ 1,007,521,649</u>	<u>\$ 1,023,498,753</u>	<u>\$ 1,130,688,692</u>	<u>\$ 1,164,360,168</u>	<u>\$ 1,181,874,261</u>

**Notes:**

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

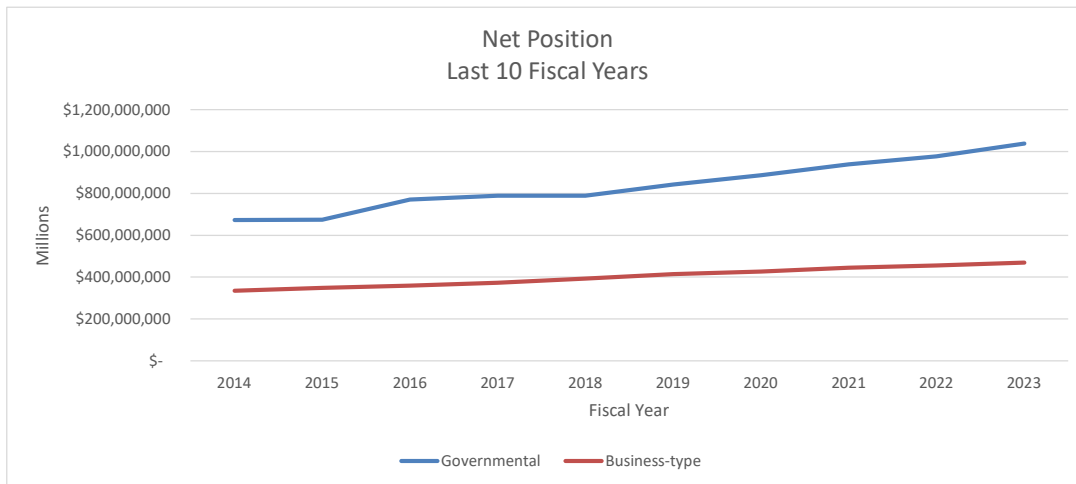
Source: Statement of Net Position

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

Fiscal Year					
2019	2020	2021	2022	2023	
\$ 724,753,696	\$ 748,515,603	\$ 748,351,673	\$ 753,217,595	\$ 766,362,694	Governmental activities
4,333,199	3,487,830	68,838,302	72,016,136	73,598,477	Net investment in capital assets
113,657,173	134,418,884	121,468,880	152,370,149	198,908,759	Restricted
<b>\$ 842,744,068</b>	<b>\$ 886,422,317</b>	<b>\$ 938,658,855</b>	<b>\$ 977,603,880</b>	<b>\$ 1,038,869,930</b>	Total governmental activities net position
\$ 325,324,941	\$ 336,300,416	\$ 346,423,345	\$ 355,820,578	\$ 355,253,503	Business-type activities
-	-	8,170,142	3,181,025	3,454,706	Net investment in capital assets
88,625,282	90,229,550	91,588,995	96,824,854	110,168,382	Restricted
<b>\$ 413,950,223</b>	<b>\$ 426,529,966</b>	<b>\$ 446,182,482</b>	<b>\$ 455,826,457</b>	<b>\$ 468,876,591</b>	Total business-type activities net position
\$ 1,050,078,637	\$ 1,084,816,019	\$ 1,094,775,018	\$ 1,109,038,173	\$ 1,121,616,197	Primary government
4,333,199	3,487,830	77,008,444	75,197,161	77,053,183	Net investment in capital assets
202,282,455	224,648,434	213,057,875	249,195,003	309,077,141	Restricted
<b>\$ 1,256,694,291</b>	<b>\$ 1,312,952,283</b>	<b>\$ 1,384,841,337</b>	<b>\$ 1,433,430,337</b>	<b>\$ 1,507,746,521</b>	Total primary government net position



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

	Fiscal Year				
	2014	2015	2016	2017	2018
<b>Expenses</b>					
Governmental activities:					
General Government	\$ 7,342,670	\$ 9,211,576	\$ 13,429,528	\$ 12,346,159	\$ 16,281,070
Judicial	2,789,535	2,972,304	3,771,365	3,157,775	3,354,798
Public Safety	38,744,658	41,189,109	38,593,097	46,517,116	54,366,839
Community Development	5,175,651	5,535,094	7,178,348	6,523,730	7,844,737
Public Works	17,371,560	18,803,785	22,002,693	22,020,709	23,754,967
Leisure services	13,861,675	16,859,288	17,602,824	18,370,559	20,227,074
Health and human services	5,478,974	5,893,257	4,002,920	6,448,946	6,663,229
Interest on long-term debt	2,804,432	2,500,908	5,194,899	7,491,114	7,247,068
Total governmental activities expenses	<u>93,569,155</u>	<u>102,965,321</u>	<u>111,775,674</u>	<u>122,876,108</u>	<u>139,739,782</u>
Business-type activities:					
Water	13,070,155	17,157,143	18,828,316	18,100,296	19,179,778
Sewerage	37,951,697	41,404,954	45,412,945	46,014,434	50,699,083
Drainage <sup>1</sup>	-	-	-	-	-
Golf	2,872,165	3,055,395	4,559,588	2,453,882	2,348,551
Solid Waste	-	-	686,887	638,345	647,972
Total business-type activities expenses	<u>53,894,017</u>	<u>61,617,492</u>	<u>69,487,736</u>	<u>67,206,957</u>	<u>72,875,384</u>
Total primary government expenses	<u>\$ 147,463,172</u>	<u>\$ 164,582,813</u>	<u>\$ 181,263,410</u>	<u>\$ 190,083,065</u>	<u>\$ 212,615,166</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General Government	\$ 3,483,161	\$ 4,273,658	\$ 3,645,563	\$ 4,472,438	\$ 4,795,654
Judicial	1,846,731	2,032,772	1,724,181	1,570,537	1,342,073
Public Safety	3,388,295	3,560,350	4,097,976	5,409,848	5,202,797
Community Development	5,006,297	4,863,697	5,478,504	7,608,117	7,297,706
Public Works	2,185,990	2,725,356	3,165,390	3,401,558	1,663,717
Leisure services	1,418,600	1,479,369	1,465,975	1,385,824	1,514,916
Health and human services	841,690	769,669	763,593	707,449	754,155
Operating grants and contributions	6,166,500	7,021,280	7,982,415	8,254,026	8,222,741
Capital grants and contributions	2,936,731	5,256,320	9,350,716	13,656,431	10,068,294
Total governmental activities program revenues	<u>27,273,995</u>	<u>31,982,471</u>	<u>37,674,313</u>	<u>46,466,228</u>	<u>40,862,053</u>
Business-type activities					
Charges for services:					
Water	\$ 18,416,162	\$ 18,904,851	\$ 18,780,129	\$ 21,850,641	\$ 22,541,631
Sewerage	44,969,699	46,459,410	47,640,854	50,109,473	52,678,839
Drainage <sup>1</sup>	-	-	-	-	-
Golf Complex	2,485,348	2,659,643	2,475,135	2,501,596	2,306,679
Solid Waste	-	-	608,685	600,608	632,795
Operating grants and contributions	176,984	234,397	1,023,669	315,853	380,118
Capital grants and contributions	15,792,479	10,057,056	9,629,000	6,595,122	11,454,368
Total business-type activities program revenues	<u>81,840,672</u>	<u>78,315,357</u>	<u>80,157,472</u>	<u>81,973,293</u>	<u>89,994,430</u>
Total primary government program revenues	<u>\$ 109,114,667</u>	<u>\$ 110,297,828</u>	<u>\$ 117,831,785</u>	<u>\$ 128,439,521</u>	<u>\$ 130,856,483</u>

Source: Statement Activities

Notes:

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

Fiscal Year					
2019	2020	2021	2022	2023	
					<b>Expenses</b>
					Governmental activities:
\$ 15,229,074	\$ 19,047,384	\$ 13,206,508	\$ 15,575,974	\$ 14,705,968	General Government
3,689,235	3,420,260	2,978,289	3,452,623	3,823,245	Judicial
54,947,750	51,508,360	54,063,349	62,018,302	66,357,335	Public Safety
7,476,751	7,097,028	6,689,323	7,979,154	8,752,771	Community Development
24,404,558	25,169,716	26,616,210	34,089,708	33,325,571	Public Works
20,442,888	19,710,884	22,863,438	23,437,451	24,596,637	Leisure services
5,908,829	7,594,503	7,965,661	9,533,833	13,994,390	Health and human services
7,084,948	6,899,391	6,444,510	6,268,889	6,028,185	Interest on long-term debt
<u>139,184,033</u>	<u>140,447,526</u>	<u>140,827,288</u>	<u>162,355,934</u>	<u>171,584,102</u>	Total governmental activities expenses
					Business-type activities:
18,819,898	26,928,308	19,604,339	20,285,379	23,306,600	Water
31,798,523	31,590,879	32,813,582	35,102,941	37,200,127	Sewerage
17,663,742	21,711,379	20,408,926	22,806,228	22,771,208	Drainage <sup>1</sup>
2,272,468	2,279,742	1,924,403	2,839,584	3,263,423	Golf
804,474	819,309	853,412	1,121,652	1,074,945	Solid Waste
<u>71,359,105</u>	<u>83,329,617</u>	<u>75,604,662</u>	<u>82,155,784</u>	<u>87,616,303</u>	Total business-type activities expenses
<u>\$ 210,543,138</u>	<u>\$ 223,777,143</u>	<u>\$ 216,431,950</u>	<u>\$ 244,511,718</u>	<u>\$ 259,200,405</u>	Total primary government expenses
					<b>Program Revenues</b>
					Governmental activities:
					Charges for services:
\$ 5,025,834	\$ 3,993,931	\$ 4,843,351	\$ 4,135,107	\$ 4,059,618	General Government
1,341,160	1,059,709	862,878	560,951	585,679	Judicial
6,966,767	6,794,413	9,070,762	8,844,618	10,341,511	Public Safety
8,087,187	5,596,260	6,346,806	9,240,108	8,404,570	Community Development
1,664,229	3,099,865	1,612,199	1,748,864	1,061,898	Public Works
1,516,333	425,981	2,246,013	1,836,828	1,664,250	Leisure services
827,488	214,778	122,022	529,207	525,861	Health and human services
9,265,004	14,700,800	13,228,389	16,023,121	15,111,689	Operating grants and contributions
24,149,363	24,985,567	14,363,176	12,936,566	18,652,553	Capital grants and contributions
<u>58,843,365</u>	<u>60,871,304</u>	<u>52,695,596</u>	<u>55,855,370</u>	<u>60,407,629</u>	Total governmental activities program revenues
					Business-type activities
					Charges for services:
\$ 22,869,950	\$ 23,286,875	\$ 24,159,864	\$ 24,297,038	\$ 26,883,106	Water
32,608,980	33,273,206	34,918,925	35,652,308	37,805,068	Sewerage
20,723,689	21,288,181	21,532,206	22,165,636	24,469,880	Drainage <sup>1</sup>
2,350,513	2,036,199	2,462,613	3,000,457	3,264,315	Golf Complex
642,056	660,153	670,039	1,208,095	946,980	Solid Waste
498,735	3,852,590	451,970	552,573	855,417	Operating grants and contributions
10,170,735	9,504,590	11,603,565	7,928,395	6,409,748	Capital grants and contributions
<u>89,864,658</u>	<u>93,901,794</u>	<u>95,799,182</u>	<u>94,804,502</u>	<u>100,634,514</u>	Total business-type activities program revenues
<u>\$ 148,708,023</u>	<u>\$ 154,773,098</u>	<u>\$ 148,494,778</u>	<u>\$ 150,659,872</u>	<u>\$ 161,042,143</u>	Total primary government program revenues

continued

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

	Fiscal Year				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (66,295,160)	\$ (70,982,850)	\$ (74,101,361)	\$ (76,409,880)	\$ (98,877,729)
Business-type activities	27,946,655	16,697,865	10,669,736	14,766,336	17,119,046
Total primary government net expense	<u>\$ (38,348,505)</u>	<u>\$ (54,284,985)</u>	<u>\$ (63,431,625)</u>	<u>\$ (61,643,544)</u>	<u>\$ (81,758,683)</u>
<b>General Revenues and Other</b>					
<b>Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes levied for general purpose	\$ 20,599,891	\$ 21,998,657	\$ 22,556,458	\$ 22,857,559	\$ 30,101,176
Sales taxes	25,332,356	26,654,493	28,551,033	29,517,990	32,842,687
Utility taxes	22,962,565	26,376,844	26,923,348	28,637,522	29,823,141
Business & Occupation taxes	6,208,946	7,656,220	9,311,445	9,141,800	9,422,048
Real Estate taxes	3,184,596	6,434,689	6,427,334	7,211,140	7,689,638
Lodging taxes	249,377	279,466	293,347	312,980	312,813
Other taxes	1,106,821	1,023,499	961,833	902,557	1,074,356
Unrestricted grants and contributions	6,851,351	6,417,339	6,600,212	6,619,515	6,345,911
Investment earnings	1,052,762	1,242,815	1,073,989	1,386,281	2,177,476
Miscellaneous	162,971	(1,643,662)	908,862	487,428	1,028,553
Gain on disposal of capital assets	2,433,112	115,242	-	-	22,523
Special item	-	-	66,656,930	-	-
Transfers	(16,729)	126,875	993,208	174,044	803,826
Total governmental activities	<u>90,128,019</u>	<u>96,682,477</u>	<u>171,257,999</u>	<u>107,248,816</u>	<u>121,644,148</u>
Business-type activities					
Investment earnings	124,777	97,795	356,773	631,837	1,788,588
Miscellaneous					
Transfers	16,729	(126,875)	(993,208)	(174,044)	(803,826)
Total business-type activities	<u>141,506</u>	<u>(29,080)</u>	<u>(636,435)</u>	<u>457,793</u>	<u>984,762</u>
Total primary government	<u>\$ 90,269,525</u>	<u>\$ 96,653,397</u>	<u>\$ 170,621,564</u>	<u>\$ 107,706,609</u>	<u>\$ 122,628,910</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 23,832,859	\$ 25,699,627	\$ 97,156,638	\$ 30,838,936	\$ 22,766,419
Business-type activities	28,088,161	16,668,785	10,033,301	15,224,129	18,103,808
Total primary government	<u>\$ 51,921,020</u>	<u>\$ 42,368,412</u>	<u>\$ 107,189,939</u>	<u>\$ 46,063,065</u>	<u>\$ 40,870,227</u>

Source: Statement of Activities

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

<b>Fiscal Year</b>					
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	
					<b>Net (Expense)/Revenue</b>
\$ (80,340,668)	\$ (79,576,222)	\$ (88,131,692)	\$ (106,500,564)	\$ (111,176,473)	Governmental activities
18,505,553	10,572,177	20,194,520	12,648,718	13,018,211	Business-type activities
<u>\$ (61,835,115)</u>	<u>\$ (69,004,045)</u>	<u>\$ (67,937,172)</u>	<u>\$ (93,851,846)</u>	<u>\$ (98,158,262)</u>	Total primary government net expense
					<b>General Revenues and Other</b>
					<b>Changes in Net Position</b>
					Governmental activities:
					Taxes
\$ 30,744,334	\$ 31,491,288	\$ 31,934,723	\$ 32,962,247	\$ 34,108,647	Property taxes levied for general purpose
36,097,807	32,605,059	39,198,901	44,050,552	44,201,491	Sales taxes
30,597,119	30,456,616	32,515,784	34,058,671	36,555,880	Utility taxes
12,999,563	14,784,795	17,060,649	19,517,633	20,367,679	Business & Occupation taxes
9,590,643	6,621,152	10,694,081	10,723,724	4,867,134	Real Estate taxes
306,055	155,591	222,759	280,772	278,551	Lodging taxes
963,837	418,235	613,502	930,043	1,168,377	Other taxes
5,777,671	3,702,988	7,411,838	5,303,510	11,982,935	Unrestricted grants and contributions
5,198,451	4,020,413	(858,266)	(5,511,868)	12,264,501	Investment earnings
997,507	948,904	1,511,036	2,266,394	554,750	Miscellaneous
18,796	187,754	33,392	110,880	628,169	Gain on disposal of capital assets
-	-	-	-	-	Special item
206,644	105,435	29,831	923,819	5,464,409	Transfers
<u>133,498,427</u>	<u>125,498,230</u>	<u>140,368,230</u>	<u>145,616,377</u>	<u>172,442,523</u>	Total governmental activities
3,363,362	2,113,001	(512,173)	(2,499,092)	5,117,446	Business-type activities
			327,221	378,886	Investment earnings
(206,644)	(105,435)	(29,831)	(923,819)	(5,464,409)	Transfers
<u>3,156,718</u>	<u>2,007,566</u>	<u>(542,004)</u>	<u>(3,095,690)</u>	<u>31,923</u>	Total business-type activities
<u>\$ 136,655,145</u>	<u>\$ 127,505,796</u>	<u>\$ 139,826,226</u>	<u>\$ 142,520,687</u>	<u>\$ 172,474,446</u>	Total primary government
					<b>Change in Net Position</b>
\$ 53,157,759	\$ 45,922,008	\$ 52,236,538	\$ 39,115,813	\$ 61,266,050	Governmental activities
21,662,271	12,579,743	19,652,516	9,553,028	13,050,134	Business-type activities
<u>\$ 74,820,030</u>	<u>\$ 58,501,751</u>	<u>\$ 71,889,054</u>	<u>\$ 48,668,841</u>	<u>\$ 74,316,184</u>	Total primary government

concluded



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

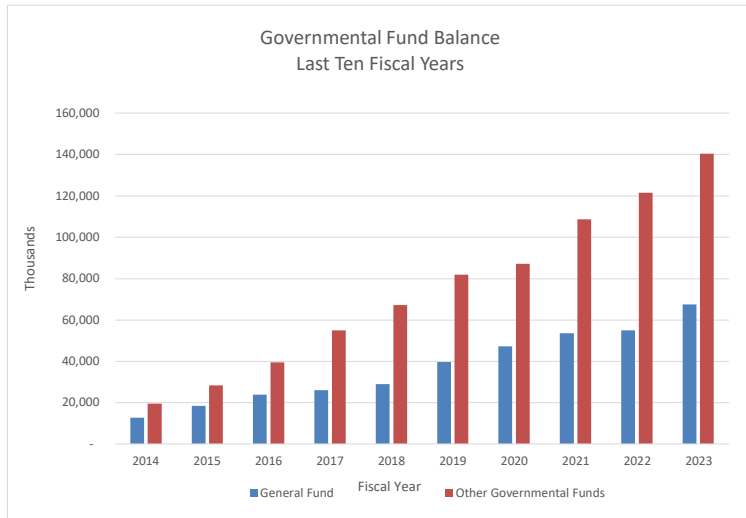
CITY OF KENT, WASHINGTON

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Nonspendable	\$ 96,544	\$ 133,533	\$ 55,588	\$ 54,153	\$ 52,241	\$ 53,862	\$ 47,115	\$ 47,047	\$ 55,468	\$ 55,939
Restricted	2,116,798	3,497,366	2,865,799	974,945	1,780,871	1,541,726	93,011	2,936,764	153,688	199,067
Committed	281,177	364,242	912,834	1,185,647	1,261,453	2,836,297	5,409,077	11,161,471	19,549,660	2,236,998
Assigned	1,128,842	2,806,873	2,973,064	3,271,355	3,875,396	4,428,649	3,333,563	3,808,859	1,015,706	1,199,357
Unassigned	9,179,216	11,778,578	17,103,379	20,599,974	22,016,709	30,789,228	38,382,974	35,665,388	34,200,539	63,840,429
<b>Total general fund</b>	<b>\$ 12,802,577</b>	<b>\$ 18,580,592</b>	<b>\$ 23,910,664</b>	<b>\$ 26,086,074</b>	<b>\$ 28,986,670</b>	<b>\$ 39,649,762</b>	<b>\$ 47,265,740</b>	<b>\$ 53,619,529</b>	<b>\$ 54,975,061</b>	<b>\$ 67,531,790</b>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 4,295	\$ 29,495	\$ -	\$ -	\$ -	\$ 145,160	\$ 463,360	\$ 330,909	\$ -	\$ 50,331
Restricted	12,564,488	15,477,624	22,471,953	21,794,760	22,317,814	23,975,743	22,398,299	29,094,745	37,849,078	42,172,008
Committed	8,672,323	15,016,218	13,735,355	25,080,826	34,024,440	45,935,443	45,284,251	50,982,541	59,926,400	97,019,322
Assigned	1,405,923	4,230,472	8,559,514	11,889,360	13,120,956	12,564,232	19,105,408	28,337,742	23,723,316	1,162,363
Unassigned	(3,023,914)	(6,411,915)	(5,145,517)	(3,759,661)	(2,307,332)	(768,503)	18,238	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 19,623,115</b>	<b>\$ 28,341,894</b>	<b>\$ 39,621,305</b>	<b>\$ 55,005,285</b>	<b>\$ 67,155,878</b>	<b>\$ 81,852,075</b>	<b>\$ 87,269,556</b>	<b>\$ 108,745,937</b>	<b>\$ 121,498,794</b>	<b>\$ 140,404,024</b>
<b>Grand Total Governmental Funds</b>	<b>\$ 32,425,692</b>	<b>\$ 46,922,486</b>	<b>\$ 63,531,969</b>	<b>\$ 81,091,359</b>	<b>\$ 96,142,548</b>	<b>\$ 121,501,837</b>	<b>\$ 134,535,296</b>	<b>\$ 162,365,466</b>	<b>\$ 176,473,855</b>	<b>\$ 207,935,814</b>

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

Source: Governmental Funds Balance Sheet



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## Schedule 4

### City of Kent

#### Changes in Fund Balances of Governmental Funds

#### Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Revenues</b>					
Taxes (see Schedule 5)	\$ 79,740,933	\$ 90,440,736	\$ 95,002,781	\$ 98,723,853	\$ 109,704,136
Licenses and permits	5,818,615	5,827,475	6,652,555	7,499,521	8,119,744
Intergovernmental	14,032,112	15,166,476	18,717,615	23,751,790	19,633,245
Charges for services	7,607,140	7,610,535	7,459,034	10,359,617	9,543,599
Fines and forfeitures	2,473,890	3,432,228	2,975,420	3,086,649	2,704,218
Special assessments	2,387,329	1,861,231	1,677,275	1,456,781	1,123,334
Investment earnings	902,762	891,136	969,625	1,247,357	1,696,085
Unrealized net gain/(loss) in FV of investments	-	-	-	-	-
Other revenues	2,438,942	3,202,583	3,464,427	3,850,409	3,470,791
<b>Total Revenues</b>	<b>115,401,723</b>	<b>128,432,400</b>	<b>136,918,732</b>	<b>149,975,977</b>	<b>155,995,152</b>
<b>Expenditures</b>					
General government	7,143,865	7,795,541	10,223,289	10,748,768	12,517,199
Judicial	2,849,954	2,988,951	3,079,215	3,128,653	3,442,107
Public safety	39,902,990	41,552,238	42,746,821	46,087,104	48,585,879
Community development	5,323,103	5,623,048	5,883,755	6,471,366	7,660,083
Public works	7,648,901	7,682,213	7,228,829	10,267,623	10,371,450
Leisure services	14,064,016	14,147,709	14,063,309	13,540,991	15,111,812
Health and human services	5,594,899	5,980,950	6,140,962	6,390,291	6,804,579
Debt Service					
Principal	8,097,151	15,365,251	6,929,689	7,075,992	6,624,979
Interest	2,984,274	2,707,594	3,441,172	3,994,036	3,786,574
Capital Outlay	10,525,215	12,979,918	22,414,017	25,267,653	25,740,137
<b>Total expenditures</b>	<b>104,134,368</b>	<b>116,823,413</b>	<b>122,151,058</b>	<b>132,972,477</b>	<b>140,644,799</b>
Excess of revenues over (under) expenditures	11,267,355	11,608,987	14,767,674	17,003,500	15,350,353
<b>Other Financing Sources (Uses)</b>					
Refunding bonds issued	8,671,070	8,620,000	64,575,000	-	-
Issuance of installment notes	-	18,524	181,900	194,990	172,808
Payments to escrow agent	(8,929,574)	-	(76,539,984)	-	-
Premium/(discount) on bonds	547,704	261,619	12,314,401	-	-
Sale of capital assets	2,433,102	77,342	-	-	104,587
Transfers in	24,436,941	44,596,124	43,061,037	46,077,102	56,403,715
Transfers out	(23,164,963)	(43,125,559)	(41,750,545)	(45,716,202)	(56,980,274)
<b>Total other financing sources (uses)</b>	<b>3,994,280</b>	<b>10,448,050</b>	<b>1,841,809</b>	<b>555,890</b>	<b>(299,164)</b>
<b>Net change in fund balances</b>	<b>\$ 15,261,635</b>	<b>\$ 22,057,037</b>	<b>\$ 16,609,483</b>	<b>\$ 17,559,390</b>	<b>\$ 15,051,189</b>
Debt service as a percentage of noncapital expenditures	11.8%	17.4%	10.4%	10.3%	9.1%

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

		<b>Fiscal Year</b>								
		<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>				
							<b>Revenues</b>			
\$	119,886,909	\$	114,848,259	\$	132,358,643	\$	142,396,421	\$	141,234,357	Taxes (see Schedule 5)
	8,032,458		7,654,832		7,737,074		9,097,728		7,946,156	Licenses and permits
	30,890,756		36,749,457		25,219,734		22,545,037		33,459,199	Intergovernmental
	12,094,306		10,631,664		11,899,343		15,417,964		11,098,377	Charges for services
	3,876,198		4,297,533		5,379,869		5,091,762		6,833,401	Fines and forfeitures
	1,069,714		544,398		779,313		805,054		562,250	Special assessments
	4,251,315		3,248,757		1,763,188		1,644,154		14,265,879	Investment earnings
	-		-		(2,300,225)		(6,344,649)		(3,720,274)	Unrealized net gain/(loss) in FV of investments
	3,965,186		2,826,984		4,768,119		3,050,362		3,621,550	Other revenues
	<b>184,066,842</b>		<b>180,801,884</b>		<b>187,605,058</b>		<b>193,703,833</b>		<b>215,300,895</b>	<b>Total Revenues</b>
							<b>Expenditures</b>			
	13,764,035		18,275,473		13,853,461		14,867,081		14,338,906	General government
	3,646,275		3,402,314		3,386,007		3,433,032		3,878,284	Judicial
	54,269,599		57,629,264		59,540,990		65,863,390		68,920,236	Public safety
	7,628,083		7,210,924		7,641,488		8,061,586		9,164,697	Community development
	11,694,862		12,087,520		15,881,550		17,732,767		19,727,010	Public works
	15,555,826		14,064,002		17,893,462		17,578,526		19,328,789	Leisure services
	6,935,778		8,189,345		8,944,190		9,421,729		14,129,757	Health and human services
										Debt Service
	6,426,192		14,248,319		5,287,190		5,697,237		5,615,323	Principal
	3,673,650		3,520,663		3,109,646		2,906,892		2,739,659	Interest
	41,029,250		29,850,238		18,591,861		25,209,816		23,705,044	Capital Outlay
	<b>164,623,550</b>		<b>168,478,062</b>		<b>154,129,845</b>		<b>170,772,056</b>		<b>181,547,705</b>	<b>Total expenditures</b>
	19,443,292		12,323,822		33,475,213		22,931,777		33,753,190	Excess of revenues over (under) expenditures
							<b>Other Financing Sources (Uses)</b>			
	-		-		-		-		-	Refunding bonds issued
	8,891,708		-		500,000		-		-	Issuance of installment notes
	-		-		-		-		-	Payments to escrow agent
	-		-		-		-		-	Premium/(discount) on bonds
	-		-		-		-		-	Sale of capital assets
	48,833,562		62,228,663		42,124,659		56,176,207		58,960,390	Transfers in
	(51,809,272)		(61,519,026)		(48,269,702)		(64,874,595)		(61,251,621)	Transfers out
	<b>5,915,998</b>		<b>709,637</b>		<b>(5,645,043)</b>		<b>(8,698,388)</b>		<b>(2,291,231)</b>	<b>Total other financing sources (uses)</b>
\$	<b>25,359,290</b>	\$	<b>13,033,459</b>	\$	<b>27,830,170</b>	\$	<b>14,233,389</b>	\$	<b>31,461,959</b>	<b>Net change in fund balances</b>
	8.2%		12.8%		6.2%		5.9%		5.3%	Debt service as a percentage of noncapital expenditures

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

## City of Kent

### Tax Revenue by Source - Governmental Funds

#### Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property	Sales & Use <sup>1</sup>	Utility	Business & Occupation	Real Estate Excise	Lodging	Other	Total
2014	20,696,272	25,332,356	22,962,565	6,208,946	3,184,596	249,377	1,106,821	79,740,933
2015	22,015,525	26,654,493	26,376,844	7,656,220	6,434,689	279,466	1,023,499	90,440,736
2016	22,534,441	28,551,033	26,923,348	9,311,445	6,427,334	293,347	961,833	95,002,781
2017	22,999,864	29,517,989	28,637,523	9,141,800	7,211,140	312,980	902,557	98,723,853
2018	29,971,155	32,842,687	28,391,439	9,422,048	7,689,638	312,813	1,074,356	109,704,136
2019	30,731,786	36,097,807	29,197,218	12,999,563	9,590,643	306,055	963,837	119,886,909
2020 <sup>3</sup>	31,374,827	32,605,059 <sup>2</sup>	28,888,600	14,784,795	6,621,152	155,591	418,235	114,848,261
2021	32,052,967	39,198,901	32,515,784	17,060,649	10,694,081	222,759	613,502	132,358,643
2022	32,835,026	44,050,552	34,058,671	19,517,633	10,723,724	280,772	930,043	142,396,421
2023	33,795,245	44,201,491	36,555,880	20,367,679	4,867,134	278,551	1,168,377	141,234,357
Change 2014-2023	63.3%	74.5%	59.2%	228.0%	52.8%	11.7%	5.6%	77.1%

Source: City financial records

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

#### Notes:

<sup>1</sup> Sales & Use Tax figures include Streamline Sales Tax (SST) mitigation. SST payments received from the state are recorded as Other Grants and Shared Revenue category:

2014	4,822,400
2015	4,953,243
2016	4,958,568
2017	4,955,082
2018	4,621,256
2019	3,992,056
2020	1,790,267
2021	5,418,095
2022	3,250,857
2023	2,600,686

<sup>2</sup> 10 year increases are due to Panther Lake Annexation starting July 1, 2010 and ending June 30, 2020 which accounts for a portion of the decrease in 2020. The City received an additional 0.2% of state sales tax revenues during the 10 year period as follows:

2012	3,666,466
2013	3,481,065
2014	4,229,130
2015	4,352,248
2016	5,354,125
2017	5,887,092
2018	6,578,062
2019	6,591,195
2020	2,124,117

<sup>3</sup> Tax Revenue decreased in 2020 mainly due to the COVID-19 pandemic

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Assessed/ Estimated Actual Value</b>	<b>Total Direct Tax Rate</b>
2014	11,421,918,163	1,229,290,637	12,651,208,800	1.645
2015	12,813,126,300	1,255,087,106	14,068,213,406	1.576
2016	13,778,718,580	1,267,588,304	15,046,306,884	1.511
2017	15,147,052,037	1,255,925,663	16,402,977,700	1.411
2018	17,203,053,348	1,394,286,381	18,597,339,729	1.627
2019	19,173,020,155	1,556,090,209	20,729,110,364	1.491
2020	21,471,909,318	1,530,132,714	23,002,042,032	1.378
2021	22,809,293,014	1,618,352,565	24,427,645,579	1.323
2022	25,401,916,185	1,595,439,198	26,997,355,383	1.230
2023	30,451,235,433	1,715,447,795	\$ 32,166,683,228	1.059

Notes: Tax rates applied to assessed valuation to determine levy. Assessed values are established by the County Assessor at 100% of fair market value. A reevaluation of all property is required every year and a physical inspection is required at least once every six years.

Source: King County Assessor's Office

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

Fiscal Year	City Direct Rates			Overlapping Rates										
	Basic Rate	Voted Debt Service	Total Direct Rate	State	County	Voter Approved County	Sound Transit	Port of Seattle	Kent School District	Hospital District	Rural Library	Emergency Medical Service	Green River Flood Zone	Kent Regional Fire
2014	\$ 1.65	\$ -	\$ 1.65	\$ 2.47	\$ 1.46	\$ 0.06	\$ -	\$ 0.22	\$ 5.73	\$ 0.50	\$ 0.56	\$ 0.34	\$ 0.15	\$ 1.00
2015	1.576	-	1.576	2.285	1.315	0.030	-	0.189	5.414	0.500	0.503	0.302	0.139	0.949
2016	1.511	-	1.511	2.169	1.440	0.040	-	0.170	5.344	0.500	0.477	0.282	0.130	0.909
2017	1.411	-	1.411	2.032	1.347	0.036	0.250	0.153	4.816	0.501	0.451	0.263	0.117	0.847
2018	1.627	-	1.627	2.918	1.295	0.033	0.227	0.135	4.187	0.457	0.412	0.239	0.107	0.771
2019	1.491	-	1.491	2.629	1.189	0.030	0.207	0.123	3.641	0.417	0.374	0.218	0.097	0.706
2020	1.378	-	1.378	3.028	1.218	0.021	0.199	0.119	3.838	0.401	0.360	0.265	0.092	1.000
2021	1.323	-	1.323	3.088	1.226	0.021	0.197	0.120	3.828	0.385	0.357	0.265	0.089	0.961
2022	1.230	-	1.230	2.817	1.206	0.022	0.184	0.113	3.817	0.354	0.328	0.248	0.081	0.932
2023	1.059	-	1.059	2.311	1.082	0.020	0.156	0.094	3.535	0.298	0.262	0.209	0.081	0.862

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

**Notes:** The City is permitted by law to levy up to \$3.60 per \$1,000 assessed valuation for general government services. Due to formation of the Regional Fire Authority (RFA) on July 1, 2010, \$1 per \$1,000 assessed valuation now goes to the RFA and levy rate cannot exceed \$10 per \$1,000 of assessed valuation. This 1% value limit does not include tax levies for Port and Utility Districts. This limit is subject to further reduction per State statute limiting overlapping levy rates excluding the State (school) levy to \$5.90 per \$1,000 of assessed valuation. Other levies not subject to the limitation are excess levies approved by the voters to pay off bonds for capital construction or for providing supplemental funds for operating purposes particularly for schools.

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**Schedule 8  
City of Kent  
Principal Property Tax Payers  
Current Year and Nine Years Ago**

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Prologis (formerly KTR Kent Valley LLC)	\$ 619,881,800	1	2.30%	144,582,100	3	1.14%
Smith Kendra	367,903,600	2	1.36%			
Segale Properties (formerly La Terra Ltd)	347,506,600	3	1.29%	89,440,200	5	0.71%
PSE/Gas & Electric	256,495,804	4	0.95%	\$ 220,636,612	1	1.74%
Boeing	242,541,420	5	0.90%	218,143,681	2	1.72%
Blue Properties	223,114,300	6	0.83%			
Hill Investment Co.	204,251,100	7	0.76%			
Phoenix Commercial Investment	193,921,700	8	0.72%			
KV Industrial 2 LLC	184,116,400	9	0.68%			
Eproperty Tax Inc	181,536,800	10	0.67%			
CSHV Kent North LLC (formerly CB Richard Ellis)				49,373,200	6	0.39%
AMB Property				89,919,700	4	0.71%
	<u>\$ 2,821,269,524</u>		<u>10.45%</u>	<u>\$ 957,336,273</u>		<u>7.57%</u>

Source: King County Assessor's Office

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

Fiscal Year Ended Dec 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	20,726,325	20,394,209	98.40%	326,452	20,720,661	99.97%
2015	22,091,369	21,827,665	98.81%	263,704	22,091,369	100.00%
2016	22,657,939	22,385,874	98.80%	272,065	22,657,939	100.00%
2017	23,056,215	22,816,339	98.96%	217,591	23,033,930	99.90%
2018	30,137,002	29,821,478	98.95%	315,524	30,137,002	100.00%
2019	30,786,766	30,455,702	98.92%	316,571	30,772,273	99.95%
2020	31,551,662	31,144,239	98.71%	358,089	31,502,328	99.84%
2021	32,173,205	31,899,373	99.15%	271,957	32,171,330	99.99%
2022	33,049,056	32,459,523	98.22%	449,058	32,908,581	99.57%
2023	33,913,229	33,530,542	98.87%	-	33,530,542	98.87%

Source: King County Assessor's Office



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Unknown	\$ 65,704	\$ 543,832	\$ 149,753	\$ 641,040	\$ 111,673
Agriculture, Forestry, Fishing	1,533,526	1,723,713	1,774,495	661,383	458,376
Mining	98,998	46,085	67,492	139,085	192,809
Utilities	6,071,984	6,292,076	7,846,892	10,457,305	11,391,629
Construction	321,680,722	297,410,988	302,548,150	340,304,924	434,236,277
Manufacturing	140,966,275	130,367,834	146,226,236	134,882,163	153,848,600
Wholesale Trade	258,868,775	297,663,617	338,433,480	329,625,729	364,718,721
Retail Trade	752,229,005	778,287,789	816,949,999	843,953,703	905,815,060
Transportation and Warehousing	7,704,255	10,505,291	9,726,380	8,159,690	11,359,833
Information	112,338,420	121,791,265	126,016,431	123,102,696	124,377,336
Finance and Insurance	25,454,579	30,244,002	39,245,687	42,164,136	44,372,642
Real Estate, Rental, Leasing	87,699,058	95,997,409	103,454,935	113,932,233	120,119,139
Prof, Sci, Technical Svcs	36,389,911	38,935,453	49,628,961	52,130,863	47,245,465
Company Management	-	78,443	17,671	9,470	4,469
Admin, Supp, Remed Svcs	39,458,138	71,319,015	104,922,922	64,042,202	109,819,746
Educational Services	3,712,154	4,420,229	5,094,076	4,232,992	3,942,868
Health Care Social Assistance	2,412,082	3,308,852	3,626,711	5,473,322	5,266,771
Arts, Entertain, Recreation	21,779,009	19,808,385	22,625,489	23,053,740	23,995,011
Accommodation and Food Svcs	195,809,112	213,315,217	231,934,336	238,157,944	247,306,793
Other Services	73,587,409	81,802,712	88,021,162	94,115,793	96,543,843
Public Administration	28,971,834	30,088,734	33,119,462	44,304,995	42,949,890
<b>Total</b>	<b>\$ 2,116,830,950</b>	<b>\$ 2,233,950,941</b>	<b>\$ 2,431,430,720</b>	<b>\$ 2,473,545,408</b>	<b>\$ 2,748,076,951</b>

City direct sales tax rate 0.85%.

Source: Taxtools 4.1.0 Database by Microflex, Inc.

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

<b>Fiscal Year</b>						
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		
\$ 1,367,225	\$ 1,404,788	\$ 4,565,569	\$ 1,757,981	\$ 1,864,623		Unknown
342,866	882,111	1,277,049	696,191	922,871		Agriculture, Forestry, Fishing
95,049	96,216	81,659	83,800	95,424		Mining
12,377,296	7,750,699	8,677,840	16,466,574	30,303,480		Utilities
548,590,035	557,056,169	603,625,244	639,758,206	616,648,475		Construction
220,872,536	180,257,465	212,375,842	385,722,739	348,251,888		Manufacturing
383,861,943	385,843,018	406,190,334	474,250,577	538,825,047		Wholesale Trade
999,565,733	1,140,046,374	1,325,134,219	1,329,317,073	1,327,143,172		Retail Trade
12,643,113	22,627,158	41,959,495	43,703,869	53,838,195		Transportation and Warehousing
118,698,722	118,032,858	120,352,571	168,466,171	154,687,055		Information
43,297,915	47,570,315	38,774,920	52,357,116	47,943,845		Finance and Insurance
134,138,368	120,650,967	128,984,304	141,099,713	158,196,805		Real Estate, Rental, Leasing
58,106,362	69,684,509	96,817,168	110,625,107	102,168,726		Prof, Sci, Technical Svcs
4,682	274,772	80,889	232,449	276,635		Company Management
137,075,315	166,136,707	199,722,437	201,228,360	197,659,249		Admin, Supp, Remed Svcs
4,719,372	3,830,005	5,369,807	6,428,414	5,910,221		Educational Services
3,253,657	2,860,038	2,883,709	2,748,706	2,124,737		Health Care Social Assistance
26,166,127	14,003,489	22,331,212	27,101,459	32,428,038		Arts, Entertain, Recreation
270,545,886	207,566,415	258,032,589	288,987,582	297,985,669		Accommodation and Food Svcs
98,404,947	89,996,520	116,919,575	120,461,815	126,513,723		Other Services
41,987,921	52,066,016	59,029,617	62,260,532	58,515,953		Public Administration
<b>\$ 3,116,115,070</b>	<b>\$ 3,188,636,609</b>	<b>\$ 3,653,186,049</b>	<b>\$ 4,073,754,434</b>	<b>\$ 4,102,303,831</b>		<b>Total</b>

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>State</u>	<u>County Transit</u>	<u>RTA</u>	<u>County<sup>1</sup></u>	<u>Criminal Justice</u>	<u>Total Overlapping Rate</u>
2014	0.85%	6.50%	0.90%	0.90%	0.25%	0.10%	9.50%
2015	0.85%	6.50%	0.90%	0.90%	0.25%	0.10%	9.50%
2016	0.85%	6.50%	0.90%	0.90%	0.25%	0.10%	9.50%
2017	0.85%	6.50%	0.90%	1.40%	0.25%	0.10%	** 10.00%
2018	0.85%	6.50%	0.90%	1.40%	0.25%	0.10%	10.00%
2019	0.85%	6.50%	0.90%	1.40%	0.25%	0.10%	10.00%
2020	0.85%	6.50%	0.90%	1.40%	0.25%	0.10%	10.00%
2021	0.85%	6.50%	0.90%	1.40%	0.26%	0.10%	10.01%
2022	0.85%	6.50%	0.90%	1.40%	0.26%	0.10%	10.01%
2023	0.85%	6.50%	0.90%	1.40%	0.26%	0.10%	10.01%

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

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

**Source:** Washington State Department of Revenue

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**Schedule 12**  
**City of Kent**  
**Sales Tax Revenue Payers by Industry**  
**Current Year and Nine Years Ago**

	Fiscal Year 2023				Fiscal Year 2014			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Unknown	28	0.1%	94,767	0.3%	12	0.1%	85,628	0.5%
Agriculture, Forestry, Fishing	74	0.2%	8,445	0.0%	45	0.2%	13,061	0.1%
Mining	9	0.0%	997	0.0%	6	0.0%	743	0.0%
Utilities	26	0.1%	262,513	0.8%	13	0.1%	53,370	0.3%
Construction	4,710	15.6%	5,365,675	15.4%	4,006	21.8%	2,489,342	14.2%
Manufacturing	2,084	6.9%	2,959,453	8.5%	1,388	7.6%	1,394,311	7.9%
Wholesale Trade	3,970	13.1%	4,316,406	12.4%	2,867	15.6%	2,107,355	12.0%
Retail Trade	11,397	37.6%	11,259,856	32.4%	4,564	24.8%	6,280,046	35.8%
Transportation and Warehousing	143	0.5%	447,897	1.3%	131	0.7%	58,267	0.3%
Information	1,442	4.8%	1,317,971	3.8%	626	3.4%	797,516	4.5%
Finance and Insurance	170	0.6%	436,396	1.3%	150	0.8%	209,658	1.2%
Real Estate, Rental, Leasing	490	1.6%	1,314,006	3.8%	449	2.4%	706,392	4.0%
Prof. Sci, Technical Svcs	1,915	6.3%	849,380	2.4%	993	5.4%	313,547	1.8%
Company Management	13	0.0%	2,093	0.0%	3	0.0%	6	0.0%
Admin, Supp, Remed Svcs	1,652	5.5%	1,721,767	5.0%	1,275	6.9%	327,330	1.9%
Educational Services	231	0.8%	45,430	0.1%	144	0.8%	34,279	0.2%
Health Care Social Assistance	164	0.5%	19,513	0.1%	162	0.9%	15,898	0.1%
Arts, Entertain, Recreation	191	0.6%	274,256	0.8%	126	0.7%	187,473	1.1%
Accommodation and Food Svcs	502	1.7%	2,513,935	7.2%	429	2.3%	1,622,866	9.2%
Other Services	1,039	3.4%	1,034,423	3.0%	960	5.2%	617,923	3.5%
Public Administration	22	0.1%	498,001	1.4%	21	0.1%	238,331	1.4%
<b>Total</b>	<b>30,272</b>	<b>100.00%</b>	<b>\$ 34,743,180</b>	<b>100.00%</b>	<b>18,370</b>	<b>100.00%</b>	<b>\$ 17,553,342</b>	<b>100.00%</b>

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

**Note:** Due to confidentiality issues, the names of the ten largest revenue payers are not provided. The categories presented are intended to provide alternate information regarding the sources of the city's revenue.

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**Schedule 13-A**  
**City of Kent**  
**Utility Statistical Data**  
**Last Ten Fiscal Years**

Water Utility	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Customer Accounts										
Residential										
Single-family	10,322	10,433	10,586	10,669	10,898	11,073	11,209	11,313	11,327	11,425
Multi-family	1,492	1,492	1,493	1,567	1,570	1,592	1,600	1,606	1,607	1,610
Commercial	1,733	1,729	1,736	1,702	1,701	1,719	1,720	1,724	1,724	1,738
Industrial	84	83	82	82	80	80	81	81	79	78
Governmental	179	187	194	194	194	193	192	195	192	196
<b>Total</b>	<b>13,810</b>	<b>13,924</b>	<b>14,091</b>	<b>14,214</b>	<b>14,443</b>	<b>14,657</b>	<b>14,802</b>	<b>14,919</b>	<b>14,929</b>	<b>15,047</b>
Annual water usage (ft <sup>3</sup> )	343,809,535	360,197,626	357,875,066	344,485,663	370,320,856	345,382,664	363,892,246	375,849,198	364,162,433	372,082,754
<b>Sewer Utility</b>										
Customer Accounts										
Residential	12,395	12,494	12,642	12,790	12,839	13,106	13,198	13,341	13,377	13,528
Commercial	3,459	3,455	3,456	3,440	3,446	3,467	3,476	3,476	3,475	3,502
<b>Total</b>	<b>15,854</b>	<b>15,949</b>	<b>16,098</b>	<b>16,230</b>	<b>16,285</b>	<b>16,573</b>	<b>16,674</b>	<b>16,817</b>	<b>16,852</b>	<b>17,030</b>
<b>Drainage Utility</b>										
Customer accounts										
Residential	23,267	23,433	23,635	23,845	24,136	24,314	24,508	24,592	24,723	24,828
Commercial	2,219	2,191	2,196	2,177	2,229	2,311	2,314	2,321	2,332	2,347
<b>Total</b>	<b>25,486</b>	<b>25,624</b>	<b>25,831</b>	<b>26,022</b>	<b>26,365</b>	<b>26,625</b>	<b>26,822</b>	<b>26,913</b>	<b>27,055</b>	<b>27,175</b>

Source: City financial records

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**Schedule 13-B  
City of Kent  
Utility Statistical Data  
Rates  
As of December 31, 2023**

**Water Utility Meter Access Fees**

Meter Size (inches)	Monthly Fee
<b>Residential</b>	
3/4	\$ 27.97
1	43.79
1.5	90.00
2	141.79
<b>Commercial</b>	
3/4	\$ 35.14
1	50.96
1.5	90.52
2	137.97
3	217.08
4	327.82
6	486.03
8	644.24
10	802.46
<b>Dedicated Fireline (pipe size)</b>	
3/4	\$ 3.33
1	3.88
1.25	5.80
1.5	7.75
2	12.42
3	31.00
4	62.00
6	123.98
8	209.24
10	309.97

Backflow Fee \$ 227.10

**Drainage Utility Rates**

<b>Residential</b>	
Monthly fee	\$ 14.76

**Commercial**

Fees are calculated based on impervious surfaces

**Water Usage Fees per 100 Cubic Feet (748 gallons)**

0-800 cf	\$2.90/100 cf
800+ cf	\$5.21/100 cf

**Water Tap Fees (new connection fee)**

**Connection Size (inches)**

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

**Water System Development Charges**

**Meter Size (inches)**

Meter Size (inches)	Fee
less than 1	\$ 11,387.33
1	28,467.36
2	91,092.91
3	182,187.72
4	287,667.99
5	426,727.30
6	569,335.99
8	910,936.79
10	1,252,537.63

**Sewer Utility Rates**

**Residential**

City fee	\$ 28.81
King County Fee	52.11
Total	\$ 80.92

**Commercial <sup>1</sup>**

Consumption-per 100 cf/month	\$ 10.79
Minimum charge	\$ 80.92

Source: City records

<sup>1</sup> Commercial sewer customers are billed based on the consumption of water

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

Water Utility		2023		2018	
		Percent of Revenue	Ranking	Percent of Revenue	Ranking
Danone Waters	Bottled water	0.73%	1	1.48%	1
Air Gas	Liquid nitrogen	0.88%	2	0.85%	2
Rexam Beverage Can Co.	Can manufacturing	0.53%	3	0.64%	7
Kent 228	Office space management	0.62%	4	0.58%	8
Mikron Industries	Building manufacturing	0.60%	5		
Aramark Uniform Services	Laundry service	0.66%	6	0.69%	6
Smith Brothers Farms	Agriculture	0.51%	7		
King County Admin Building	Government	0.55%	8	0.74%	4
Image First Healthcare Laundry	Laundry service	0.46%	9		
Boeing Defense and Space Grp	Aerospace	0.60%	10		
Oberto Sausage Company	Food processing			0.78%	3
King Command Foods	Processed meat			0.73%	5
Con Agra Food	Food processing			0.41%	10
Northwest Center	Employment services			0.44%	9
City of Kent Parks	Government				
AlSCO	Laundry service				
		6.14%		7.33%	

Sewer Utility		2023		2018	
		Percent of Revenue	Ranking	Percent of Revenue	Ranking
Aramark Uniform Services	Laundry service	0.85%	1	0.79%	1
Kent 228	Office space management	0.83%	2	0.26%	4
Boeing Defense and Space Grp	Aerospace	0.80%	3		
King County Admin Building	Government	0.72%	4	0.30%	3
Smith Brothers Farms	Agriculture	0.66%	5		
Rexam Beverage Can Co.	Can manufacturing	0.67%	6	0.73%	2
Con Agra Food	Food processing	0.53%	7		
Oberto Sausage Company	Food processing	0.47%	8	0.23%	6
Image First Healthcare Laundry	Laundry service	0.43%	9		
Green River Estates		0.43%	10		
King Command Foods	Processed meat			0.24%	5
Northwest Centers Ins	Laundry service			0.18%	9
Danone Waters	Bottled water			0.14%	10
Western Processing	Industrial waste processor			0.18%	8
AlSCO	Laundry service			0.21%	7
		6.39%		3.26%	

Drainage Utility		2023		2018	
		Percent of Revenue	Ranking	Percent of Revenue	Ranking
City of Kent	Government	1.24%	1	1.51%	3
The Boeing Company	Aerospace	0.88%	2	1.84%	1
Amazon DEDC LLC	Distribution center	0.76%	3	0.78%	4
UPRR Downtown Station	Automotive distribution	0.73%	4	0.74%	5
Kent East Corporate Park	Industrial office space	0.70%	5	0.72%	6
Finlayson Logistics	Warehouse distribution	0.60%	6		
Amazon	Distribution center	0.53%	7		
PS Business Park	Commercial office space	0.52%	8	0.53%	8
South Seattle Auto Auction	Auto auction	0.47%	9	0.48%	9
TGA Van Dorens West LLC	Industrial office space	0.45%	10		
Columbia Distributing	Warehouse distribution	0.43%			
Pacific Gateway	Industrial office space			0.55%	7
Prologis Mgmt LLC	Developer			1.61%	2
Kidder Mathews	Warehouse distribution			0.46%	10
		7.29%		9.22%	

\* This schedule was added in 2017. Information prior to 2016 is not available.  
Source: City billing records

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

	Fiscal Year				
	2014	2015	2016	2017	2018
<b>Water Consumption</b>					
Residential (single family)	\$ 3,108,519	\$ 3,219,722	\$ 3,123,128	\$ 2,484,161	\$ 2,617,358
Duplex	48,407	46,857	49,149	40,946	43,892
Multi-family	5,061,029	5,024,730	5,042,692	4,864,436	4,867,440
Commercial	4,880,396	5,117,899	5,307,898	6,144,822	5,238,496
Industrial	1,040,218	1,068,845	1,032,766	1,066,470	995,005
Governmental	657,203	745,027	642,473	726,437	662,993
Total Consumption Charges	\$ 14,795,772	\$ 15,223,080	\$ 15,198,106	\$ 15,327,272	\$ 14,425,184
<b>Water Access</b>					
Residential (single family)	\$ 1,661,686	\$ 1,681,135	\$ 1,702,856	\$ 2,988,553	\$ 3,108,519
Duplex	13,946	13,974	13,974	29,256	29,768
Multi-family	582,518	583,041	583,987	1,260,748	1,291,184
Commercial	580,972	582,333	584,669	1,305,673	1,338,698
Industrial	52,555	52,635	53,192	122,677	124,592
Governmental	91,716	92,075	94,177	212,302	218,867
Total Access Charges	\$ 2,983,393	\$ 3,005,193	\$ 3,032,855	\$ 5,919,209	\$ 6,111,628
<b>Hydrant Water Fees</b>					
Commercial	\$ 177,052	\$ 228,505	\$ 177,409	\$ 63,750	\$ 89,150
<b>Other Water Fees</b>					
Adjustments <sup>1</sup>	\$ (48,683)	\$ (23,460)	\$ (109,430)	(1,400,962)	(102,297)
<b>Total Water Sales</b>	\$ 17,907,534	\$ 18,433,318	\$ 18,298,940	19,909,269	20,523,665
<b>Water Backflow &amp; Firelines</b>					
Residential (single family)	\$ 240	\$ 480	\$ 640	\$ 897	\$ 927
Duplex	-	-	-	-	-
Multi-family	36,243	37,040	38,484	48,692	51,812
Commercial	180,367	182,730	186,739	239,062	259,196
Industrial	15,760	16,080	16,400	20,100	21,631
Governmental	24,800	24,720	24,640	30,600	30,900
Total Backflow Prevention	\$ 257,410	\$ 261,050	\$ 266,903	\$ 339,351	\$ 364,466
<b>Other Water Charges</b>					
Dedicated Fireline Fee	\$ -	\$ -	\$ -	\$ 1,395,693	\$ 1,459,048
Miscellaneous Charges	244,077	205,853	181,898	171,504	177,763
Other Operating Revenue	7,141	4,630	32,388	39,674	16,689
Adjustments				(4,850)	-
Total Other Operating Revenues	\$ 251,218	\$ 210,483	\$ 214,286	\$ 1,602,021	\$ 1,653,500
<b>Total Water Operating Revenues</b>	\$ 18,416,162	\$ 18,904,851	\$ 18,780,129	\$ 21,850,641	\$ 22,541,631

<sup>1</sup> For adjustments, including leak adjustments and misread corrections, the

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

<sup>3</sup> Until 2019, the Sewer and Drainage utilities were together in the Sewer Utility

Source: City records



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

Fiscal Year						
2019	2020	2021	2022	2023		
\$ 2,668,257	\$ 2,982,754	\$ 3,153,310	\$ 3,030,011	\$ 3,347,275		<b>Water Consumption</b>
35,635	39,814	42,604	40,498	43,394		Residential (single family)
4,884,238	5,173,648	5,488,945	5,562,328	6,083,561		Duplex
5,244,994	5,108,176	5,338,023	5,102,535	5,685,071		Multi-family
999,441	877,217	953,522	1,150,051	1,126,766		Commercial
684,721	560,206	707,618	582,404	773,548		Industrial
						Governmental
\$ 14,517,286	\$ 14,741,815	\$ 15,684,023	\$ 15,467,828	\$ 17,059,614		Total Consumption Charges
\$ 3,272,477	\$ 3,382,612	\$ 3,428,749	\$ 3,526,084	\$ 3,876,538		<b>Water Access</b>
31,128	32,062	32,231	32,644	35,816		Residential (single family)
1,327,626	1,365,698	1,387,908	1,429,065	1,565,545		Duplex
1,380,617	1,421,815	1,428,589	1,471,117	1,621,985		Multi-family
127,096	120,749	131,554	135,080	146,055		Commercial
225,700	230,101	233,803	238,115	265,343		Industrial
						Governmental
\$ 6,364,644	\$ 6,553,036	\$ 6,642,835	\$ 6,832,105	\$ 7,511,283		Total Access Charges
\$ 83,104	\$ 81,551	\$ 121,153	\$ 100,989	\$ 56,508		<b>Hydrant Water Fees</b>
						Commercial
(188,258)	(95,654)	(281,285)	(350,055)	(234,885)		<b>Other Water Fees</b>
						Adjustments <sup>1</sup>
20,776,776	21,280,748	22,166,726	22,050,867	24,392,520		<b>Total Water Sales</b>
\$ 1,387	\$ 868	\$ 877	\$ 932	\$ 1,033		<b>Water Backflow &amp; Firelines</b>
-	-	110	117	129		Residential (single family)
55,276	59,143	62,697	69,912	78,130		Duplex
276,286	285,981	294,084	318,588	355,409		Multi-family
24,116	23,549	23,566	27,500	26,861		Commercial
33,294	33,641	35,185	37,869	41,454		Industrial
\$ 390,359	\$ 403,183	\$ 416,518	\$ 454,917	\$ 503,016		Governmental
						Total Backflow Prevention
\$ 1,509,861	\$ 1,555,138	\$ 1,576,624	\$ 1,615,390	\$ 1,787,582		<b>Other Water Charges</b>
185,658	46,555	7,385	175,864	211,293		Dedicated Fireline Fee
7,296	1,251	959	-	2,775		Miscellaneous Charges
-	-	(8,348)	-	(14,080)		Other Operating Revenue
\$ 1,702,815	\$ 1,602,944	\$ 1,576,620	\$ 1,791,254	\$ 1,987,570		Adjustments
						Total Other Operating Revenues
\$ 22,869,950	\$ 23,286,875	\$ 24,159,864	\$ 24,297,038	\$ 26,883,107		Total Water Operating Revenues

(continued)

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

	Fiscal Year				
	2014	2015	2016	2017	2018
<b>Sewer Charges</b>					
Residential (single family)	\$ 8,373,244	\$ 8,889,410	\$ 9,085,413	\$ 9,930,521	\$ 10,309,790
Duplex	143,261	150,811	152,672	163,920	168,467
Multi-family	8,406,680	8,863,264	9,125,661	9,926,448	10,037,913
Commercial	6,115,191	6,531,807	7,048,720	7,450,347	7,641,769
Industrial	1,479,639	1,406,070	1,401,538	1,462,166	1,413,031
Governmental	671,239	729,349	637,963	743,381	724,164
Total Sewer Billings	\$ 25,189,254	\$ 26,570,711	\$ 27,451,967	\$ 29,676,784	\$ 30,295,134
<b>Other Sewer Fees</b>					
Sewer permits	\$ 52,193	\$ 44,281	\$ 71,219	\$ 95,770	\$ 89,578
Connection charges <sup>2</sup>	1,152,849	-	-	-	-
Water quality surcharge	524,269	692,877	785,016	808,555	1,040,609
Miscellaneous charges	66,116	46,987	59,264	49,255	84,150
Other operating revenue	8,358	8,690	24,510	54,312	1,184,666
Adjustments <sup>1</sup>	(227,189)	63,739	133,349	(80,689)	(94,890)
Total Other Sewer Fees	\$ 1,576,596	\$ 856,574	\$ 1,073,358	\$ 927,203	\$ 2,304,113
Total Sewer Operating Revenues <sup>3</sup>	\$ 26,765,850	\$ 27,427,285	\$ 28,525,325	\$ 30,603,987	\$ 32,599,247
<b>Storm Drain/Surface</b>					
Residential (single family)	\$ 3,145,346	\$ 3,324,793	\$ 3,350,939	\$ 3,388,860	\$ 3,505,390
Duplex	33,908	35,596	35,598	35,597	36,433
Multi-family	2,582,879	2,712,051	2,719,264	2,742,031	2,835,931
Commercial	9,937,563	10,409,583	10,456,233	10,614,253	10,937,699
Industrial	1,315,712	1,328,399	1,320,227	1,490,308	1,525,051
Governmental	1,188,441	1,221,703	1,233,268	1,234,437	1,256,502
Adjustments <sup>1</sup>	-	-	-	-	-
Total Drainage Operating Revenues <sup>3</sup>	\$ 18,203,849	\$ 19,032,125	\$ 19,115,529	\$ 19,505,486	\$ 20,097,006
Total Sewer/Storm Drainage Operating Revenues <sup>3</sup>	\$ 44,969,699	\$ 46,459,410	\$ 47,640,854	\$ 50,109,473	\$ 52,696,253

<sup>1</sup> For adjustments, including leak adjustments and misread corrections, the

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

<sup>3</sup> Until 2019, the Sewer and Drainage utilities were together in the Sewer Utility

Source: City records

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

		Fiscal Year				
		2019	2020	2021	2022	2023
\$	10,786,527	\$ 10,959,754	\$ 11,396,218	\$ 11,857,814	\$ 12,770,278	
	174,997	179,048	184,320	189,552	205,053	
	10,282,395	10,994,867	11,666,329	11,922,379	12,565,469	
	7,888,196	7,970,041	8,145,210	7,965,552	8,577,226	
	1,486,577	1,308,732	1,417,377	1,814,381	1,660,280	
	823,501	669,527	646,484	634,428	807,984	
\$	31,442,193	\$ 32,081,969	\$ 33,455,938	\$ 34,384,106	\$ 36,586,289	
\$	55,492	\$ 55,071	\$ 60,694	\$ 39,811	\$ 83,645	
	-	-	-	-	-	
	1,232,178	1,226,777	1,512,114	1,601,944	1,321,786	
	2,075	665	560	3,840	2,240	
	14,664	12,584	18,830	24,804	13,738	
	(137,572)	(48,789)	(129,211)	(402,198)	(202,630)	
\$	1,166,837	\$ 1,191,237	\$ 1,462,987	\$ 1,268,202	\$ 1,218,779	
\$	32,609,030	\$ 33,273,206	\$ 34,918,925	\$ 35,652,308	\$ 37,805,068	
\$	3,654,527	\$ 3,747,155	\$ 3,794,789	\$ 3,907,196	\$ 4,294,402	
	37,872	16,869	39,301	40,120	43,966	
	2,931,555	2,891,709	3,068,230	3,156,390	3,486,351	
	11,296,651	11,748,906	11,892,198	12,214,964	13,542,777	
	1,567,883	1,450,798	1,428,559	1,462,854	1,617,763	
	1,286,223	1,306,602	1,317,751	1,345,150	1,452,816	
	(51,022)	126,142	(8,623)	38,962	31,805	
\$	20,723,689	\$ 21,288,181	\$ 21,532,206	\$ 22,165,636	\$ 24,469,880	
\$	53,332,719	\$ 54,561,387	\$ 56,451,131	\$ 57,817,944	\$ 62,274,948	

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

**Other Sewer Fees**  
Sewer permits  
Connection charges <sup>2</sup>  
Water quality surcharge  
Miscellaneous charges  
Other operating revenue  
Adjustments <sup>1</sup>  
Total Other Sewer Fees

Total Sewer Operating Revenues <sup>3</sup>

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

Total Drainage Operating Revenues <sup>3</sup>

Total Sewer/Storm Drainage Operating Revenues <sup>3</sup>

(concluded)

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

Governmental Activities									
Fiscal Year	General Obligation Bonds	Public Works Trust Fund Loans	Other Notes/ Contracts <sup>b</sup>	Right of Use Asset	Subscription Liability	Financed Purchases - Equipment	Special Assessment Bonds	Contingent Loan Guarantee <sup>c</sup>	Total Governmental
2014	52,810,358	8,777,671	220,000	-	-	-	1,980,000	76,809,813	140,597,842
2015	47,784,224	8,001,804	18,524	-	-	-	1,395,000	71,648,408	128,847,960
2016	101,793,996	7,225,937	198,365	-	-	-	750,000	4,991,478	114,959,776
2017	95,347,314	6,450,072	368,559	-	-	-	160,000	3,657,980	105,983,925
2018	88,952,067	5,674,205	420,495	-	-	170,241	-	2,230,042	97,447,050
2019	82,648,102	4,898,338	9,238,824	-	-	138,645	-	717,334	97,641,243
2020	77,298,535	4,122,472	420,000	-	-	105,531	-	-	81,946,538
2021	72,099,314	3,346,605	920,000	-	-	70,827	-	-	76,436,746
2022	66,561,658	2,570,739	920,000	1,485,812	-	34,457	-	-	71,572,666
2023	61,153,126	1,794,873	849,968	1,369,990	192,510	-	-	-	65,360,467

Business-Type Activities									
Fiscal Year	General Obligation Bonds	Public Works Trust Fund Loans	Other Notes/ Contracts <sup>b</sup>	Right of Use Asset	Financed Purchases - Equipment	Total Business- Type	Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
2014	3,140,452	20,433,172	8,694,444	25,285,000	-	57,553,068	198,150,910	2.37%	1,632.22
2015	2,597,516	19,356,148	7,560,417	24,780,000	-	54,294,081	183,142,041	2.05%	1,490.17
2016	2,106,959	18,239,122	6,426,389	24,395,000	-	51,167,470	166,127,246	1.73%	1,335.05
2017	1,678,968	32,664,929	5,292,361	23,980,000	-	63,616,258	169,600,183	1.60%	1,334.38
2018	1,313,541	31,265,888	4,158,334	23,565,000	588,466	60,891,229	158,338,279	1.36%	1,228.38
2019	949,570	15,183,946	3,024,306	22,920,000	438,596	42,516,418	140,157,661	1.14%	1,079.80
2020	370,258	13,922,002	1,890,278	22,245,000	280,985	38,708,523	120,655,061	0.96%	924.56
2021	-	12,610,060	756,250	21,550,000	115,232	35,031,542	111,468,288	0.84%	809.50
2022	-	11,243,118	150,000	20,820,000	243,699	32,456,817	104,029,483	0.70%	754.38
2023	-	9,821,174	75,000	20,055,000	164,041	30,115,215	95,475,682	0.60%	686.38

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

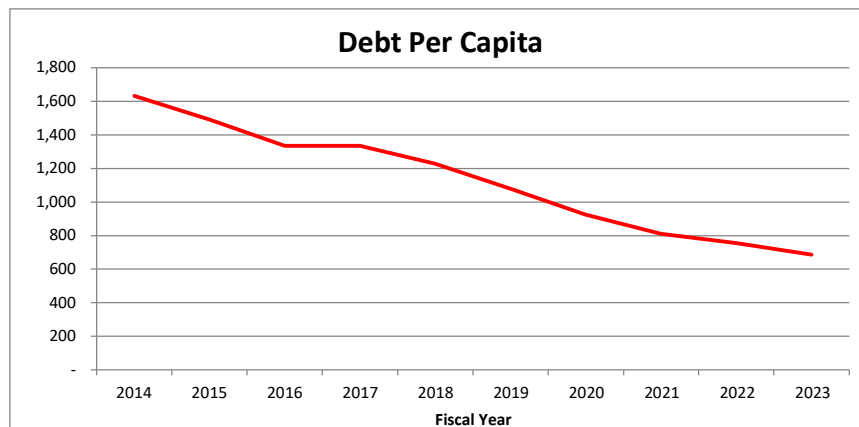
**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements

Debt amounts include discounts and premiums

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

<sup>b</sup> Excludes compensated absences.

<sup>c</sup> In FY2014, the City implemented GASB-S 70 on contingent loan guarantee obligations.



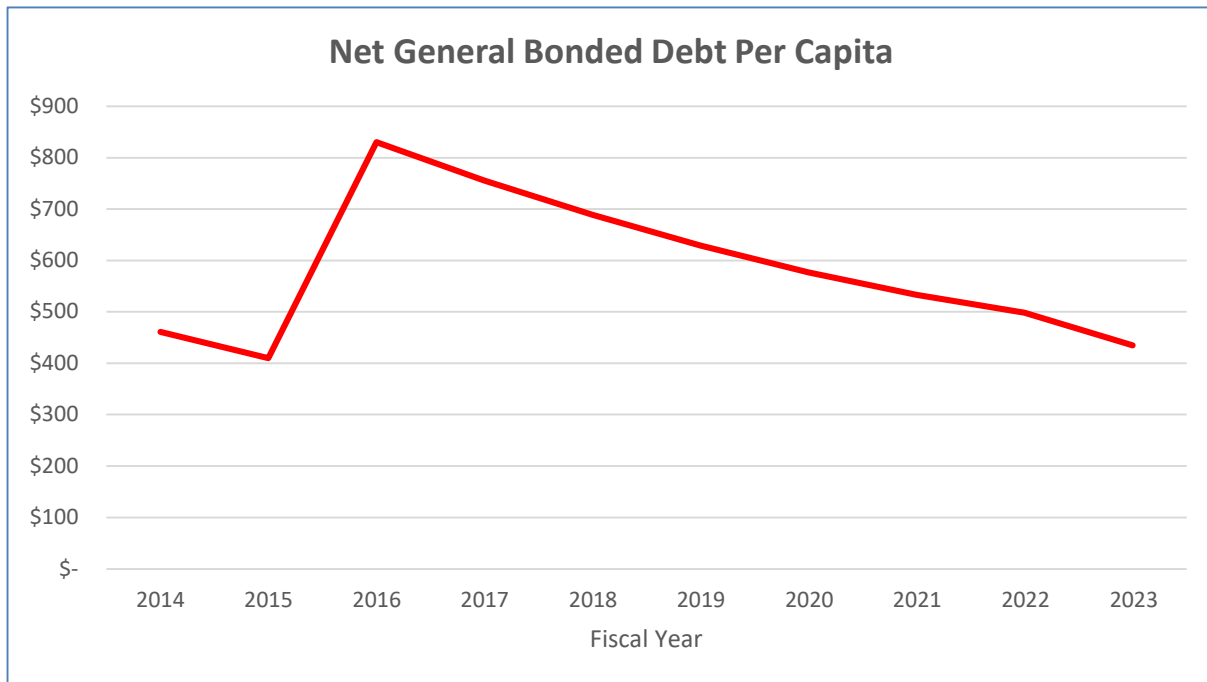
**Schedule 15**  
**City of Kent**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Net General Bonded Debt</b>	<b>Percentage of Estimated Actual Value of Taxable Property <sup>a</sup></b>	<b>Per Capita <sup>b</sup></b>
2014	55,950,810	10	55,950,800	0.44%	460.88
2015	50,381,740	-	50,381,740	0.36%	409.94
2016	103,900,955	521,394	103,379,561	0.69%	830.79
2017	97,026,282	986,220	96,040,062	0.59%	755.63
2018	90,265,608	1,451,046	88,814,562	0.48%	689.02
2019	83,597,672	1,912,628	81,685,044	0.39%	629.31
2020	77,668,793	2,380,697	75,288,096	0.33%	576.92
2021	72,099,314	2,020,523	70,078,791	0.29%	532.92
2022	66,561,658	1,364,272	65,197,386	0.24%	499.60
2023	61,153,126	488,947	60,664,179	0.19%	436.12

Source: City financial records

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

<sup>b</sup> See Schedule 19 (Demographic and Economic Factors) for population data



**Schedule 16**  
**City of Kent**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2023**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>a</sup></b>	<b>Estimated Share of Direct and Overlapping Debt</b>
King County	\$ 870,837,000	3.9600%	\$ 34,485,145
Port of Seattle	315,360,000	3.9600%	12,488,256
Federal Way School District No. 210	476,047,000	6.8900%	32,799,638
Highline School District No. 401	560,360,000	1.1800%	6,612,248
Renton School District No. 403	543,620,000	4.5200%	24,571,624
Auburn School District No. 408	437,350,000	1.2900%	5,641,815
Tahoma School District No. 409	111,860,000	0.0100%	11,186
Kent School District No. 415	166,141,000	67.3600%	111,912,578
Rural Library District	15,670,000	6.2500%	979,375
Subtotal Overlapping Debt			<u>\$ 229,501,865</u>
<b>City of Kent direct debt</b>			<u>\$ 65,360,467</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 294,862,332</u></u>

**Note:**

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

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

	Fiscal Year				
	2014	2015	2016	2017	2018
<b>Legal Debt Limit</b>					
Assessed Value	\$ 12,651,208,800	\$ 14,068,213,406	\$ 15,046,306,884	\$ 16,402,977,700	\$ 18,597,339,729
Legal debt limit restrictions:					
2.5% of General purpose limit, voted & non-voted	\$ 316,280,220	\$ 351,705,335	\$ 376,157,672	\$ 410,074,443	\$ 464,933,493
2.5% Utility purpose limit, voted	316,280,220	351,705,335	376,157,672	410,074,443	464,933,493
2.5% Open Space, Park Facilities, voted	316,280,220	351,705,335	376,157,672	410,074,443	464,933,493
Total legal debt limit	948,840,660	1,055,116,005	1,128,473,016	1,230,223,329	1,394,800,479
Total net debt applicable to limit	54,975,990	49,078,000	90,740,000	84,656,000	78,686,000
Legal debt margin	\$ 893,864,670	\$ 1,006,038,005	\$ 1,037,733,016	\$ 1,145,567,329	\$ 1,316,114,479
Total net debt applicable to the limit as a percentage of debt limit	5.79%	4.65%	8.04%	6.88%	5.64%
Total net debt applicable to the limit as a percentage of assessed value	0.43%	0.35%	0.60%	0.52%	0.42%
Debt applicable to limit:					
General obligation bonds	54,756,000	49,078,000	90,740,000	84,656,000	78,686,000
Total net debt applicable to limit	54,975,990	49,078,000	90,740,000	84,656,000	78,686,000
Additional debt limit restriction:					
1.5% non-voted for all purposes	189,768,132	211,023,201	225,694,603	246,044,666	278,960,096
Non-voted debt outstanding	54,976,000	49,078,000	90,740,000	84,656,000	78,686,000
Non-voted legal debt margin	134,792,132	161,945,201	134,954,603	161,388,666	200,274,096
<b>Constitutional Debt Limit</b>					
10.0% non-voted for all purposes	1,265,120,880	1,406,821,341	1,504,630,688	1,640,297,770	1,859,733,973
Net debt applicable to legal debt limit	54,975,990	49,078,000	90,740,000	84,656,000	78,686,000
Add: State loan contracts	8,777,671	8,001,804	7,225,937	6,450,071	5,674,205
Constitutional debt margin	1,201,367,219	1,349,741,537	1,406,664,751	1,549,191,699	1,775,373,768
<b>Internal Debt Limit</b>					
Net debt applicable to legal debt limit	54,975,990	49,078,000	90,740,000	84,656,000	78,686,000
Add: State loan contracts	8,777,671	8,001,804	7,225,937	6,450,071	5,674,205
Interest on outstanding debt	14,358,462	11,168,487	39,402,192	35,545,110	31,984,893
Compensated absences	4,168,176	4,337,445	4,413,051	4,639,656	4,938,217
Total debt applicable to internal debt calculation	82,280,299	72,585,736	141,781,180	131,290,837	121,283,315
Total net debt applicable to the internal debt calculation as a percentage of assessed value	0.65%	0.52%	0.94%	0.80%	0.65%

Notes:

The debt limit applies to general obligation debt of the city (debt for which the "full faith and credit" of the city is pledged to pay off the debt).

The state constitution limits the debt cities are allowed to carry to 10% of the assessed valuation of the taxable properties within the city.

The state legislature has further limited the outstanding debt for cities to 75% of the constitutional limit, or 7.5% of assessed valuation of taxable properties within the city. The legislature has also limited the amount of non-voted debt (not approved by a 3/5 majority of voters) to 1.0% of the assessed valuation of the taxable properties within the city.

The city also calculates an internal debt margin to include other long-term obligations, like internal LID financing, internal notes and compensated absences expected to repaid from general governmental revenues.

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

		Fiscal Year								
		2019	2020	2021	2022	2023				
\$	20,729,110,364	\$	23,002,042,032	\$	24,427,645,579	\$	26,997,355,383	\$	32,166,683,228	<b>Legal Debt Limit</b> Assessed Value
\$	518,227,759	\$	575,051,051	\$	610,691,139	\$	674,933,885	\$	804,167,081	Legal debt limit restrictions:
	518,227,759		575,051,051		610,691,139		674,933,885		804,167,081	2.5% of General purpose limit, voted & non-voted
	518,227,759		575,051,051		610,691,139		674,933,885		804,167,081	2.5% Utility purpose limit, voted
	1,554,683,277		1,725,153,153		1,832,073,417		2,024,801,655		2,412,501,243	2.5% Open Space, Park Facilities, voted
										Total legal debt limit
	72,806,000		67,635,000		62,815,000		57,930,000		53,125,000	Total net debt applicable to limit
\$	1,481,877,277	\$	1,657,518,153	\$	1,769,258,417	\$	1,966,871,655	\$	2,359,376,243	Legal debt margin
	4.68%		3.92%		3.43%		2.86%		2.20%	Total net debt applicable to the limit as a percentage of debt limit
	0.35%		0.29%		0.26%		0.21%		0.17%	Total net debt applicable to the limit as a percentage of assessed value
	72,806,000		67,635,000		62,815,000		57,930,000		53,125,000	Debt applicable to limit:
	72,806,000		67,635,000		62,815,000		57,930,000		53,125,000	General obligation bonds
										Total net debt applicable to limit
	310,936,655		345,030,630		366,414,684		404,960,331		482,500,248	Additional debt limit restriction:
	72,806,000		67,635,000		62,815,000		57,930,000		53,125,000	1.5% non-voted for all purposes
	238,130,655		277,395,630		303,599,684		347,030,331		429,375,248	Non-voted debt outstanding
										Non-voted legal debt margin
	2,072,911,036		2,300,204,203		2,442,764,558		2,699,735,538		3,216,668,323	<b>Constitutional Debt Limit</b>
	72,806,000		67,635,000		62,815,000		57,930,000		53,125,000	10.0% non-voted for all purposes
	4,898,338		4,122,472		3,346,605		2,570,739		4,207,341	Net debt applicable to legal debt limit
	1,995,206,698		2,228,446,731		2,376,602,953		2,639,234,799		3,159,335,982	Add: State loan contracts
										Constitutional debt margin
	72,806,000		67,635,000		62,815,000		57,930,000		53,125,000	<b>Internal Debt Limit</b>
	4,898,338		4,122,472		3,346,605		2,570,739		4,207,341	Net debt applicable to legal debt limit
	28,492,613		25,211,959		22,140,233		22,140,233		22,357	Add: State loan contracts
	5,421,078		5,969,693		6,097,574		6,226,256		7,460,313	Interest on outstanding debt
	111,618,029		102,939,124		94,399,412		88,867,228		64,815,011	Compensated absences
										Total debt applicable to internal debt calculation
	0.54%		0.45%		0.39%		0.33%		0.20%	Total net debt applicable to the internal debt calculation as a percentage of assessed value



# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

**Water Revenue Bonds <sup>1</sup>**

Fiscal Year	Water Operating Revenue	Less: Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	18,416,162	10,677,318	7,738,844	487,500	573,972	7.29
2015	18,904,851	13,717,392	5,187,459	507,500	554,472	4.88
2016	18,780,129	12,538,349	6,241,780	527,500	534,172	5.88
2017	21,850,641	12,387,164	9,463,477	550,000	513,072	8.90
2018	22,541,631	13,236,320	9,305,311	570,000	795,860	6.81
2019	22,869,950	13,017,701	9,852,249	600,000	462,572	9.27
2020	23,286,875	21,566,133	1,720,742	620,000	432,212	1.64
2021	24,159,864	14,061,386	10,098,478	642,500	397,430	9.71
2022	24,297,038	14,585,435	9,711,603	642,500	361,386	9.67
2023	26,883,106	17,560,850	9,322,256	640,000	215,625	10.90

**Drainage Revenue Bonds<sup>1</sup>**

Fiscal Year	Drainage Operating Revenue	Less: Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	44,969,699	33,269,429	11,700,270	487,500	573,972	11.02
2015	46,459,410	36,346,257	10,113,153	507,500	554,472	9.52
2016	47,640,854	39,143,084	8,497,770	527,500	534,172	8.00
2017	50,109,473	39,169,832	10,939,641	550,000	513,072	10.29
2018	52,678,938	43,410,832	9,268,106	570,000	795,860	6.79
2019	20,723,689	11,663,067	9,060,622	600,000	462,572	8.53
2020	21,288,181	17,156,123	4,132,058	620,000	432,212	3.93
2021	21,532,206	15,616,259	5,915,947	642,500	397,430	5.69
2022	22,165,636	17,560,020	4,605,616	642,500	361,386	4.59
2023	24,469,880	17,400,585	7,069,295	640,000	215,625	8.26

**Combined Utility Revenue Bonds**

Fiscal Year	Combined Operating Revenue	Less: Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	63,385,861	43,946,747	19,439,114	975,000	1,147,944	9.16
2015	65,364,261	50,063,649	15,300,612	1,015,000	1,108,944	7.20
2016	66,420,983	51,681,433	14,739,550	1,055,000	1,068,344	6.94
2017	71,960,114	51,556,996	20,403,118	1,100,000	1,026,144	9.60
2018	75,220,569	56,647,152	18,573,417	1,140,000	1,591,720	6.80
2019	43,593,639	24,680,768	18,912,871	1,200,000	925,144	8.90
2020	44,575,056	38,722,256	5,852,800	1,240,000	864,425	2.78
2021	45,692,070	29,677,645	16,014,425	1,285,000	794,861	7.70
2022	46,462,674	32,145,455	14,317,219	1,285,000	722,772	7.13
2023	51,352,986	34,961,435	16,391,551	1,280,000	431,250	9.58

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

Special Assessment Bonds <sup>3</sup>

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
2014	3,115,228	747,256	124,207	3.57
2015	2,586,437	585,000	111,840	3.71
2016	2,150,390	645,000	64,550	3.03
2017	1,979,573	590,000	34,875	3.17
2018	1,459,618	160,000	7,440	8.72
2019	1,339,332	-	-	N/A
2020	739,178	-	-	N/A
2021	1,035,745	-	-	N/A
2022	720,252	-	-	N/A
2023	767,100	-	-	N/A

**Source:** City financial records

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

bonds which are recorded in the Golf Complex Enterprise Fund.

<sup>1</sup> Issued

Revenue Bonds, Series 2009B Taxable (BABs) issued for a total of \$25,000,000--split between Water and Drainage Fund.

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

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

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

Calendar Year	Population <sup>1</sup>	County Personal Income <sup>2</sup> (thousands of dollars)	County Per Capita Income <sup>3</sup>	School Enrollment <sup>4</sup>	County Unemployment Rate <sup>5</sup>
2014	121,400	143,260,986	68,877	27,484	4.6%
2015	122,900	153,554,091	72,530	27,823	3.6%
2016	124,435	166,006,277	77,213	27,746	3.9%
2017	127,100	182,495,475	83,383	27,896	3.8%
2018	128,900	201,962,200	90,438	27,714	3.4%
2019	129,800	213,956,690	94,974	27,467	3.5%
2020	136,588	219,805,809	96,647	25,739	8.42% <sup>6</sup>
2021	137,700	243,727,550	108,212	25,085	3.0%
2022	137,900	258,004,537	113,819	25,085	2.9%
2023	139,100	*	*	25,815	3.5%

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

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

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

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

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

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

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Amazon.com LLC	5,192	1	9.90%			
Blue Origin, LLC	4,782	2	9.11%			
Kent Public Schools	2,856	3	5.44%	2,597	1	3.33%
The Boeing Company	1,258	4	2.40%	2,480	2	3.18%
Exotic Metals Forming Co	814	5	1.55%	618	7	0.79%
City of Kent	744	6	1.42%	635	5	0.81%
King County Regional Justice Center*	630	7	1.20%			
Coho Distributing LLC dba Columbia Dist	625	8	1.19%	620	6	0.79%
Carlisle Interconnect Industries*	615	9	1.17%	650	4	0.83%
Oberto Snacks Inc.	583	10	1.11%	507	9	0.65%
	<u>19,975</u>		<u>38.07%</u>	<u>10,105</u>		<u>12.35%</u>

\*2021 Most recent data; no BLC filed 2023

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

**Schedule 21**  
**City of Kent**  
**Full-time-Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

Function/Program	Full-time-Equivalent Employees as of December 31									
	2014	2015	2016 <sup>a</sup>	2017	2018	2019	2020	2021	2022	2023
General government										
Mayor's Office	10.53	10.75	10.75	11.75	13.00	12.00	12.00	9.00	10.00	11.00
Human Resource	13.20	13.60	14.60	14.60	15.60	16.10	14.00	14.00	14.00	14.00
Finance	20.55	23.55	23.55	24.99	25.45	24.30	23.30	24.30	23.30	23.30
Information Technology	26.00	29.00	35.00	37.00	37.00	38.50	32.56	33.80	35.80	37.00
Other	39.00	42.00	42.00	42.00	41.00	41.00	39.44	41.20	42.20	41.00
Judicial	20.28	20.28	20.28	20.28	21.28	19.75	20.75	20.75	20.75	21.75
Public Safety										
Police	195.75	199.00	203.00	208.75	213.75	226.28	225.28	225.28	227.28	229.00
Law-Criminal	8.80	8.80	9.80	8.80	8.80	8.80	9.00	9.00	9.00	10.00
Community Development	38.33	40.75	40.75	42.75	47.00	46.00	44.00	44.00	46.00	48.00
Public Works										
Engineering	9.00	9.00	11.00	14.50	14.50	15.72	16.92	16.92	16.92	16.92
Operations	25.00	31.00	32.00	30.00	30.00	29.50	28.00	30.00	29.60	29.60
Streets	67.50	67.50	73.00	77.50	78.00	82.00	84.00	88.50	92.40	93.40
Leisure Services	63.91	64.38	66.63	65.63	65.63	68.13	65.13	65.13	66.13	69.63
Health and Human Services	16.06	16.53	16.53	17.53	17.53	16.53	15.00	15.00	17.00	16.00
Water	29.08	29.08	28.47	27.41	27.41	28.41	27.41	26.41	27.91	27.66
Sewerage <sup>b</sup>	9.08	11.08	14.48	12.83	12.83	12.83	12.83	12.83	12.73	12.73
Drainage <sup>b</sup>	20.09	23.09	22.30	19.76	19.76	18.84	21.84	21.84	20.94	21.69
Solid Waste	-	-	2.50	4.50	4.50	4.20	4.50	1.00	1.00	1.00
Water & Sewer Utility Billing	11.11	11.80	12.05	12.61	12.55	12.70	12.70	12.70	12.70	12.70
Golf	11.35	11.35	11.35	9.60	9.60	8.00	8.00	8.00	8.00	8.00
<b>Total</b>	<b>634.61</b>	<b>662.54</b>	<b>690.04</b>	<b>702.79</b>	<b>715.19</b>	<b>729.59</b>	<b>716.66</b>	<b>719.66</b>	<b>733.66</b>	<b>744.38</b>

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

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

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

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020 <sup>g</sup>	2021	2022	2023
General government										
Business licenses issued	4,243	4,164	6,113	5,460	6,480	6,686	5,317	6,390	6,257	5,739
Judicial										
Number of court filings <sup>a</sup>	17,184	14,628	14,685	12,663	12,406	16,340	11,442	5,783	2,497	2,231
Public Safety										
Police										
Physical arrests	4,587	4,514	4,673	5,002	4,608	5,076	4,122	2,125	3,032	1,578
Parking violations	2,066	2,037	2,515	2,280	1,888	3,702	2,181	609	874	1,051
Traffic violations <sup>e</sup>	14,979	13,552	7,836	6,729	7,470	8,614	5,651	2,763	2,199	2,243
School Zone Tickets <sup>*</sup>	8,366	8,122	9,101	9,342	9,113	13,369	2,590	14,191	12,970	13,041
Red Light Camera <sup>f</sup>	N/A <sup>c</sup>	N/A <sup>c</sup>	N/A <sup>c</sup>	N/A <sup>c</sup>	N/A <sup>c</sup>	13,587	29,342	32,622	33,858	49,296
Community Development										
Building permits issued <sup>b</sup>	3,789	3,899	4,034	4,160	5,135	4,991	4,323	4,829	4,718	4,348
Building inspections conducted <sup>h</sup>	12,443	12,974	12,333	16,076	16,414	14,867	10,929	11,242	11,412	8,688
Public Works										
Street resurfacing (sq yards)	48,350	60,944	132,112	100,159	34,444	185,659	56,011	181,850	137,900	69,618
Leisure Services										
Recreation programs offered	2,050	2,158	2,244	2,118	1,915	1,818	432	352	410	489
Number of recreation participants <sup>d</sup>	23,143	26,521	27,693	20,706	22,704	12,876	2,568	3,820	6,174	9,764
Citizens served in specialized recreation setting <sup>d</sup>	1,704	1,688	1,639	1,507	1,585	1,675	383	359	686	1,229
Participants in Senior programs/workshops <sup>d</sup>	20,415	20,410	26,145	26,404	30,120	31,326	2,333	28,978	39,269	49,184
Water										
New connections	135	106	150	136	174	216	117	151	59	125
Average daily consumption (million gallons-estimated)	7.4	7.7	7.3	7.7	7.6	7.5	7.4	7.7	7.5	7.6
Golf										
Number of participants	155,260	155,870	156,220	154,695	153,450	161,200	110,900	132,100	132,250	138,950
Number of tournaments	57	51	53	46	40	41	12	34	35	35
Library										
Number of Items	107,933	112,988	108,686	112,509	105,635	105,668	97,940	105,312	303,664	100,264
Items circulated	550,416	470,680	430,626	392,140	355,736	303,162	103,996	91,110	101,865	116,459

**Source:** Various City Departments

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units <sup>ae</sup>	49	47	49	52	96	106	120	142	153	158
Public Works										
Streets (lane miles)	726	726	726	719 <sup>b</sup>	719 <sup>b</sup>	727	727	727	727	730
Streetlights	6,600	6,600	6,354	6,354	6,354	6,354	6,600	6,675	6,675	6,700
Traffic signals	119	119	120	120	119	119	117	117	117	117
Traffic beacons/advisory devices	70	76	73	93	93	93	99	101	106	114
Leisure Services										
Acres of parks/open space	1,178	1,142	1,142	1,142	1,145	1,019	868	1,073	1,096	1,269
Parks	53	53	55	55	55	55	55	64	64	64
Miles of trails	28	28	28	28	28	28	28	38	61	61
Ball fields	21	21	21	21	21	17	17	19	19	19
Tennis courts	15	12	12	12	12	11	11	14	14	14
Water										
Water mains (miles)	284	284	287	287	287	287	287	287	287	287
Water customers	13,810	13,924	14,091	14,214	14,443	14,657	14,802	14,919	14,929	16,002
Reservoir/Tanks	9	9	9	9	9	9	9	9	9	10
Reservoir storage capacity (millions of gallons)	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23	23	30
Sewerage										
Sanitary sewers (miles)	215	215	215	215	216	211	215	211	211	221
Sewer customers	15,854	15,949	16,098	16,230	16,285	16,573	16,665	16,817	16,852	17,030
Drainage										
Storm sewers (miles)	324	324	324	341	344	347	347	347	347	347
Drainage customers	25,486	25,624	25,831	26,022	26,365	26,625	26,822	26,913	27,055	27,175
Golf										
18-Hole course (yards)	6,701	6,701	6,701	6,701	6,701	6,701	6,701	6,701	6,701	6,701
Par 3 course (yards) <sup>c</sup>	1,174	1,174	1,174	1,174	-	-	-	-	-	-
Driving range (stalls)	32	32	32	32	32	32	32	45	45	45
Miniature golf course 18-hole <sup>d</sup>	1	1	1	1	1	1	-	-	-	-
Merchandise center	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1

**Notes:**

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

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

CITY OF KENT, WASHINGTON

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020 <sup>8</sup>	2021	2022	2023
Special Events Center Operations: <sup>1</sup>										
Operating revenues	1,989,724	2,357,964	2,775,006	2,766,369	3,117,754	3,021,390	1,308,814	3,139,060	3,175,161	3,611,523
Operating expenditures	2,742,048	2,619,402	2,914,669	3,114,736	3,314,806	3,663,224	2,450,905	2,504,074	3,919,352	4,354,197
Net operating income/(loss)	(752,324)	(261,438)	(139,663)	(348,367)	(197,052)	(641,834)	(1,142,091)	634,986	(744,191)	(742,674)
Public Facilities District Operations <sup>2</sup>										
PFD Sales taxes	784,330	830,283	900,659	916,139	1,018,768	1,149,950	1,174,972	1,359,473	1,517,359	1,520,372
Interest income	308	665	1,825	4,017	11,454	16,490	11,292	43,522	(30,001)	59,209
Net revenue available	784,638	830,948	902,484	920,156	1,030,222	1,166,440	1,186,264	1,402,995	1,487,358	1,579,580
PFD Direct Debt: <sup>3</sup>										
2008 PFD Revenue bonds	1,120,283	1,205,275	1,277,466	1,345,977	1,437,083	1,518,283	719,127	-	-	-
2008 PFD Sales tax bonds <sup>4</sup>	2,675,777	2,675,778	1,337,889	-	-	-	-	-	-	-
2016 LTGO Bonds allocated to PFD <sup>5</sup>	-	-	1,334,603	2,668,000	2,668,300	2,668,450	2,283,150	2,286,150	3,194,500	2,446,900
Total direct PFD debt	3,796,060	3,881,053	3,949,958	4,013,977	4,105,383	4,186,733	3,002,277	2,286,150	3,194,500	2,446,900
PFD Direct Debt Funding:										
PFD Sales tax revenues <sup>5</sup>	766,236	696,831	880,444	887,946	1,002,342	1,167,441	1,128,466	1,473,277	2,200,449	1,496,031
City advances	3,029,824	3,184,222	3,069,514	3,126,031	3,103,041	3,019,292	1,873,811	812,873	994,051	950,869
Total Funding of Direct Debt	3,796,060	3,881,053	3,949,958	4,013,977	4,105,383	4,186,733	3,002,277	2,286,150	3,194,500	2,446,900
City Event Center Operations:										
Admissions tax	256,124	375,049	385,546	347,109	488,638	412,601	138,501	145,268	318,076	458,917
Other revenues/sources	-	46,524	462,443	208,118	129,691	18,221	5,893	504,458	1,148	1,395
Expenditures	980,046	104,330	1,097,457	983,406	1,373,763	1,089,763	1,451,752	3,728,698	4,130,620	6,822,931
Net Operating Income (Loss) <sup>6</sup>	(723,922)	317,243	(249,468)	(428,179)	(755,434)	(658,941)	(1,307,358)	(3,078,973)	(3,811,397)	(6,362,619)
City Debt Related to Events Center										
2008 LTGO Bonds-Series A	333,788	391,766	254,864	123,819	118,902	-	-	-	-	-
2016 LTGO Refunding-Series A	-	-	150,850	311,380	311,838	581,296	502,139	729,699	209,277	1,105,302
2016 LTGO Refunding-Series B	-	-	1,334,603	2,668,000	2,668,300	2,668,450	2,283,150	2,286,150	3,194,500	2,446,900
Internal Loans <sup>7</sup>	1,243,121	1,301,516	1,325,005	1,464,068	1,509,476	1,553,742	800,649	-	-	-
Total Related Debt	1,576,909	1,693,282	3,065,322	4,567,267	4,608,516	4,803,488	3,585,938	3,015,849	3,403,777	3,552,202
Total City Funding										
City Advances for PFD debt	766,236	696,831	880,444	887,946	1,002,342	1,167,441	1,128,466	1,473,277	2,200,449	1,496,031
Events Center net (income)loss	723,922	(317,243)	249,468	428,179	755,434	658,941	1,307,358	3,078,973	3,811,397	6,362,619
Related debt costs	1,576,909	1,693,282	3,065,322	4,567,267	4,608,516	4,803,488	3,585,938	3,015,849	3,403,777	3,552,202
Total City Funding	3,067,067	2,072,870	4,195,234	5,883,392	6,366,292	6,629,870	6,021,762	7,568,099	9,415,623	11,410,852

Notes<sup>1</sup> The Showare Special Events Center is operated by SMG under a contract with the City. This information is from the operating statements of SMG for the events center.

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

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

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

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

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

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

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





