



PROPOSED
2018
**MID-BIENNIUM
ADJUSTMENT**
City of Kent, Washington

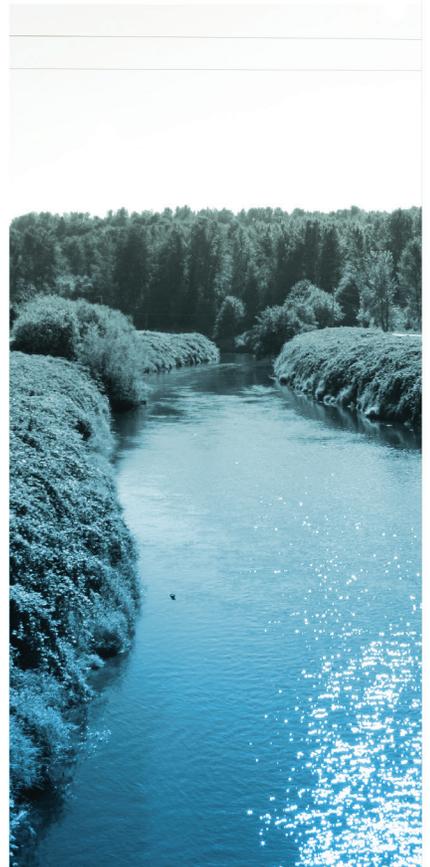
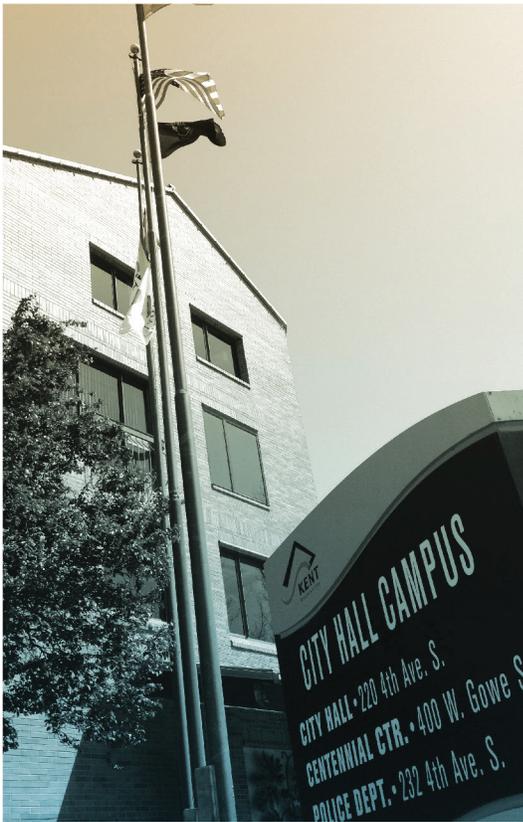


TABLE OF CONTENTS

BUDGET OVERVIEW	1-42
Introduction	3
Expenditure and Revenue History	4
2018 Mid-Biennium Adjustment	5
Fund Balance	8
Staffing	11
Property Tax	16
General Fund	18
Special Revenue Funds	29
Enterprise Funds	31
Internal Service Funds	33
Capital Program	36
Debt Management	42
BUDGET FRAMEWORK	43-58
Budget Process and Timeline	45
Financial Policies	49
Fund Structure	54
CAPITAL PROGRAM	59-74
Capital Program Overview	61
Six-Year Capital Improvement Program	65
BUDGET BY FUND	75-122
General Fund	77
Special Revenue Funds	82
Debt Service Funds	94
Capital Project Funds	97
Enterprise Funds	102
Internal Service Funds	110

CITY OF KENT, WASHINGTON

2018

Mid-Biennium Adjustment



MAYOR

Suzette Cooke

PREPARED BY

Financial Planning

SPECIAL RECOGNITION

Kathleen Etheredge, Senior Financial Analyst

Michelle Ferguson, Senior Financial Analyst

Shane Sorenson, Senior Financial Analyst

Barbara Lopez, Deputy Finance Director

Aaron BeMiller, Finance Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Kent
Washington**

For the Biennium Beginning

January 1, 2017

Christopher P. Morrill

Executive Director

BUDGET OVERVIEW

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

Introduction.....	3
Expenditure and Revenue History.....	4
2018 Mid-Biennium Adjustment.....	5
Fund Balance.....	8
Staffing.....	11
Property Tax.....	16
General Fund.....	18
Special Revenue Funds.....	29
Enterprise Funds.....	31
Internal Service Funds.....	33
Capital Program.....	36
Debt Management.....	42

This page left intentionally blank.

INTRODUCTION

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

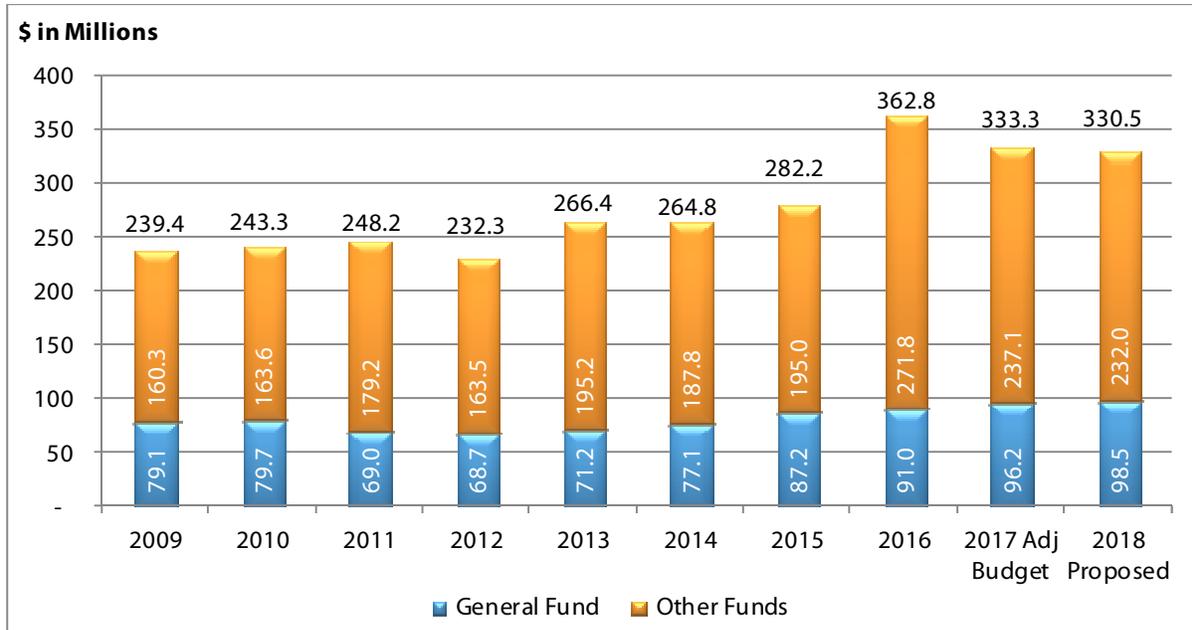
As required under RCW 35A.34, the City must undergo a review and modification process for the second year of the biennium and adopt any modifications by the end of the first year. This section contains a summary of the proposed changes to the 2018 adopted budget. Additional details are located in the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

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

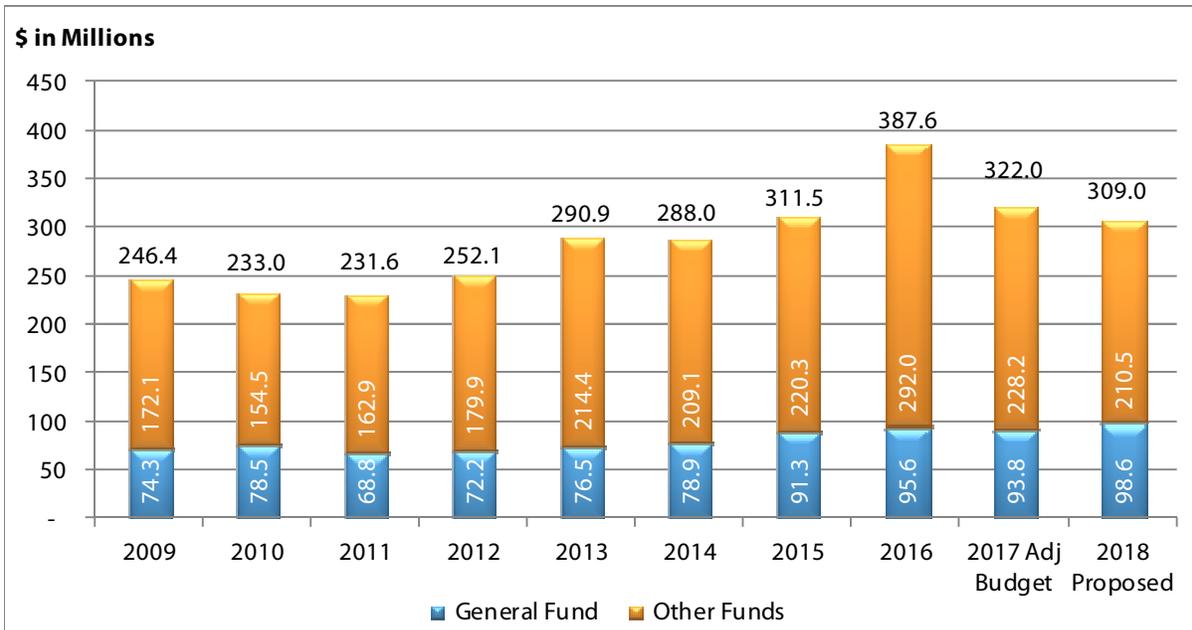
- ◆ Budget Calendar and Process
- ◆ Fiscal Policies
- ◆ Fund Structure, including Basis of Accounting

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

CITY-WIDE EXPENDITURES



CITY-WIDE REVENUES



PROPOSED CITY-WIDE BUDGET

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

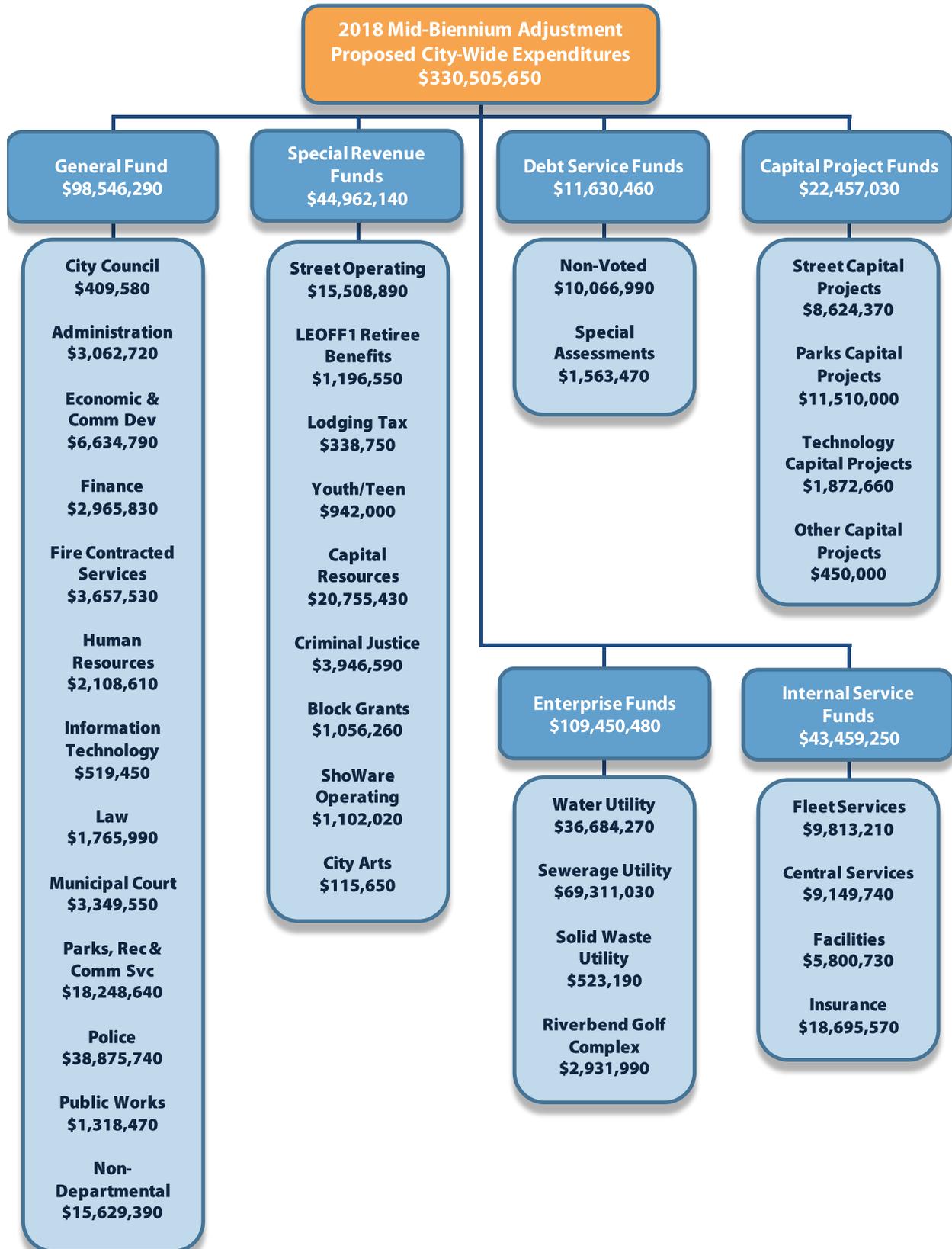
2018 MID-BIENNIUM PROPOSED ADJUSTED BUDGET BY FUND

	Projected Beginning Fund Balance	Revenues	Expenditures	Projected Ending Fund Balance	Change in Fund Balance
General Fund	20,292,930	98,550,330	98,546,290	20,296,970	4,040
Special Revenue Funds					
Street Operating	4,005,950	14,670,100	15,508,890	3,167,160	(838,790)
LEOFF1 Retiree Benefits	1,231,660	1,193,480	1,196,550	1,228,590	(3,070)
Lodging Tax	554,090	286,610	338,750	501,950	(52,140)
Youth / Teen	84,030	936,220	942,000	78,250	(5,780)
Capital Resources	10,932,430	13,254,760	20,755,430	3,431,760	(7,500,670)
Criminal Justice	6,220,420	4,200,900	3,946,590	6,474,730	254,310
Comm Dev Block Grants		1,056,260	1,056,260	-	-
ShoWare Operating	2,500,470	1,150,000	1,102,020	2,548,450	47,980
City Arts Program	455,410	115,650	115,650	455,410	-
Debt Service Funds					
Non-Voted	977,890	10,531,820	10,066,990	1,442,720	464,830
Special Assessments	59,010	1,504,460	1,563,470	-	(59,010)
Capital Projects Funds					
Street Capital Projects		8,624,370	8,624,370	-	-
Parks Capital Projects		11,510,000	11,510,000	-	-
Technology Capital Projects		1,872,660	1,872,660	-	-
Other Capital Projects		450,000	450,000	-	-
Enterprise Funds					
Water Utility	9,714,610	33,468,320	36,684,270	6,498,660	(3,215,950)
Sewerage Utility	14,084,750	65,209,120	69,311,030	9,982,840	(4,101,910)
Solid Waste Utility	438,530	600,000	523,190	515,340	76,810
Riverbend Golf Complex	(4,273,030)	2,871,410	2,931,990	(4,333,610)	(60,580)
Internal Service Funds					
Fleet Services	4,718,120	6,511,160	9,813,210	1,416,070	(3,302,050)
Central Services	2,854,950	8,583,070	9,149,740	2,288,280	(566,670)
Facilities	2,132,180	5,595,580	5,800,730	1,927,030	(205,150)
Insurance	8,532,530	16,268,470	18,695,570	6,105,430	(2,427,100)
City-Wide Total	85,516,930	309,014,750	330,505,650	64,026,030	(21,490,900)
Original Adopted Budget	73,677,830	284,844,250	290,089,110	68,432,970	(5,244,860)
Net Change from Adopted	11,839,100	24,170,500	40,416,540	(4,406,940)	(16,246,040)

2018 REVENUE AND EXPENDITURE SUMMARY

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Total All Funds
Est Fund Balance 1/1/2018	20,292,930	25,984,460	1,036,900		19,964,860	18,237,780	85,516,930
Revenues							
Taxes	75,426,570	20,625,890				1,488,410	97,540,870
Licenses and Permits	5,695,870	323,990			45,000		6,064,860
Intergovernmental Revenue	7,946,370	3,531,080		10,000		685,500	12,172,950
Charges for Services	5,391,020	593,740			74,537,450	12,171,840	92,694,050
Fines and Forfeitures	1,565,970	1,144,500			4,000		2,714,470
Miscellaneous Revenue	1,574,530	970,710	1,504,460	648,800	2,793,160	20,171,530	27,663,190
Transfers In	950,000	9,674,070	10,531,820	21,798,230	24,769,240	2,441,000	70,164,360
Total Revenues	98,550,330	36,863,980	12,036,280	22,457,030	102,148,850	36,958,280	309,014,750
Expenditures							
Salaries & Benefits	54,536,010	13,231,760			10,665,900	8,671,250	87,104,920
Supplies	2,952,170	1,044,870			1,744,130	2,413,390	8,154,560
Services & Allocations	26,449,040	3,068,560			46,594,920	24,735,950	100,848,470
Capital		45,000		22,457,030	19,646,000	4,750,000	46,898,030
Debt Service		24,800	10,691,990		5,261,700		15,978,490
Transfers Out	14,609,070	27,547,150	938,470		25,537,830	2,888,660	71,521,180
Total Expenditures	98,546,290	44,962,140	11,630,460	22,457,030	109,450,480	43,459,250	330,505,650
Expenditures by Department							
City Council	409,580						409,580
Administration	3,062,720	25,000					3,087,720
Economic & Community Dev	6,634,790						6,634,790
Finance	2,965,830					421,150	3,386,980
Fire Contracted Services	3,657,530						3,657,530
Human Resources	2,108,610	1,196,550				18,695,570	22,000,730
Information Technology	519,450			1,872,660		8,728,590	11,120,700
Law	1,765,990	734,190					2,500,180
Municipal Court	3,349,550						3,349,550
Parks, Rec & Comm Services	18,248,640	1,197,160		11,510,000	2,931,990	5,800,730	39,688,520
Police	38,875,740	3,187,150					42,062,890
Public Works	1,318,470	13,229,960		8,624,370	101,256,790	9,813,210	134,242,800
Non Departmental	15,629,390	25,392,130	11,630,460	450,000	5,261,700		58,363,680
Total Expenditures	98,546,290	44,962,140	11,630,460	22,457,030	109,450,480	43,459,250	330,505,650
Change in Fund Balance	4,040	(8,098,160)	405,820		(7,301,630)	(6,500,970)	(21,490,900)
Est Fund Balance 12/31/2018	20,296,970	17,886,300	1,442,720		12,663,230	11,736,810	64,026,030

FINANCIAL ORGANIZATION CHART



FUND BALANCE

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

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

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

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

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

FUND BALANCES—5 YEAR HISTORY

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

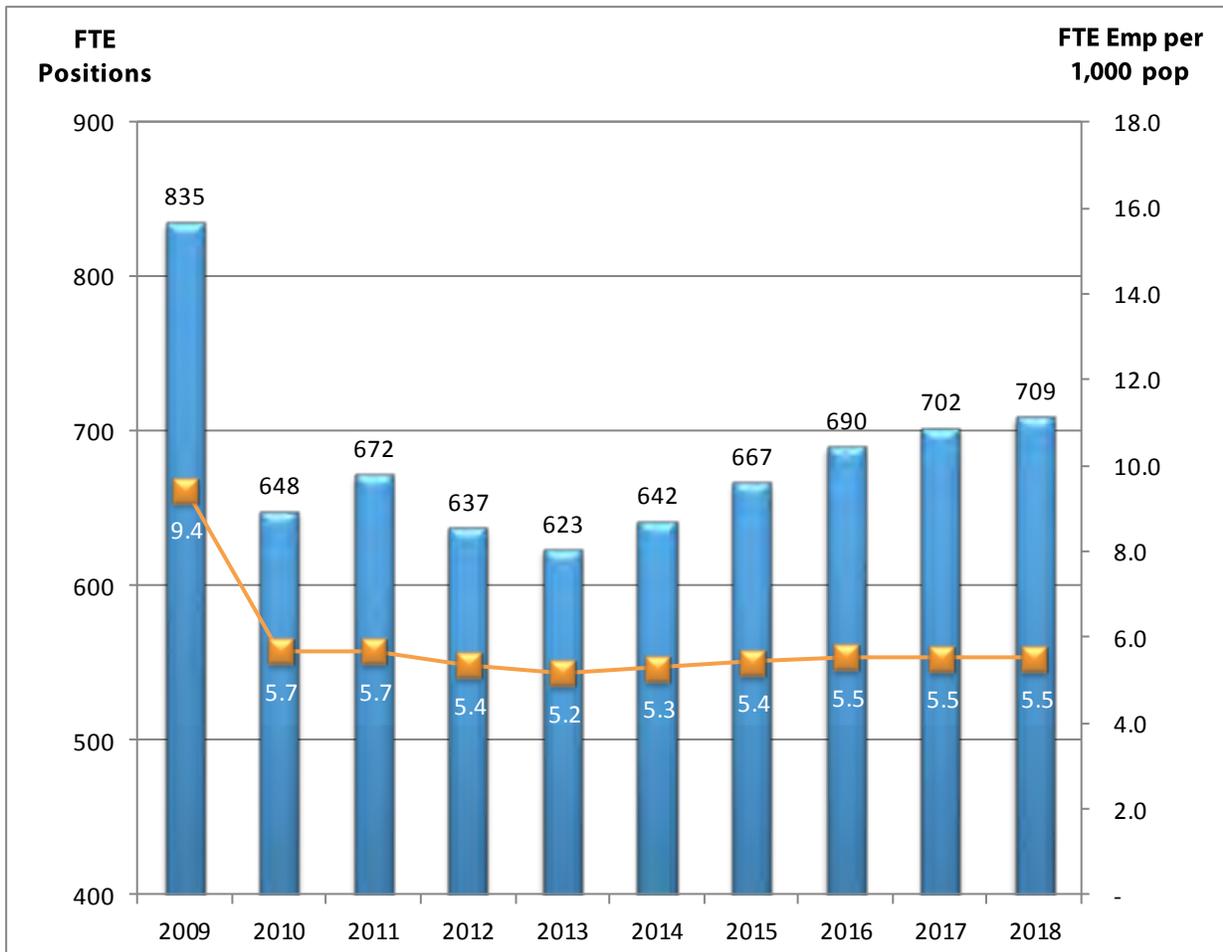
FUND BALANCES—2018 MID-BIENNIUM ADJUSTMENT

	2017 Est Ending Fund Balance	2018 Revenues	2018 Expenditures	2018 Est Ending Fund Balance
General Fund				
General Fund	20,292,930	98,550,330	98,546,290	20,296,970
Special Revenue Funds				
Street Operating	4,005,950	14,670,100	15,508,890	3,167,160
LEOFF 1 Retiree Benefits	1,231,660	1,193,480	1,196,550	1,228,590
Lodging Tax	554,090	286,610	338,750	501,950
Youth / Teen	84,030	936,220	942,000	78,250
Capital Resources	10,932,430	13,254,760	20,755,430	3,431,760
Criminal Justice	6,220,420	4,200,900	3,946,590	6,474,730
Housing and Comm Dev	-	1,056,260	1,056,260	-
City Arts Program	455,410	115,650	115,650	455,410
ShoWare Operating	2,500,470	1,150,000	1,102,020	2,548,450
Debt Service Funds				
Non-Voted Debt Service	977,890	10,531,820	10,066,990	1,442,720
Special Assessments	59,010	1,504,460	1,563,470	-
Enterprise Funds				
Water Utility	9,714,610	33,468,320	36,684,270	6,498,660
Sewer/Drainage Utility	14,084,750	65,209,120	69,311,030	9,982,840
Solid Waste Utility	438,530	600,000	523,190	515,340
Golf Complex	(4,273,030)	2,871,410	2,931,990	(4,333,610)
Internal Service Funds				
Fleet Services	4,718,120	6,511,160	9,813,210	1,416,070
Central Stores	(56,770)	449,310	421,150	(28,610)
Information Technology	2,911,720	8,133,760	8,728,590	2,316,890
Facilities	2,132,180	5,595,580	5,800,730	1,927,030
Unemployment	1,374,450	121,700	171,870	1,324,280
Workers Compensation	2,287,920	1,074,800	1,441,940	1,920,780
Employee Health & Wellness	3,047,140	12,995,990	14,629,950	1,413,180
Liability Insurance	1,176,670	1,510,060	1,925,440	761,290
Property Insurance	646,350	565,920	526,370	685,900

STAFFING

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

FTEs per 1,000 POPULATION



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FTE Positions*	835.0	648.2	671.7	637.2	623.3	641.6	666.7	690.0	702.0	708.9
Population **	88,380	114,220	118,200	119,100	120,500	121,400	122,900	124,500	127,100	128,600
FTEs per 1000 Pop	9.4	5.7	5.7	5.4	5.2	5.3	5.4	5.5	5.5	5.5

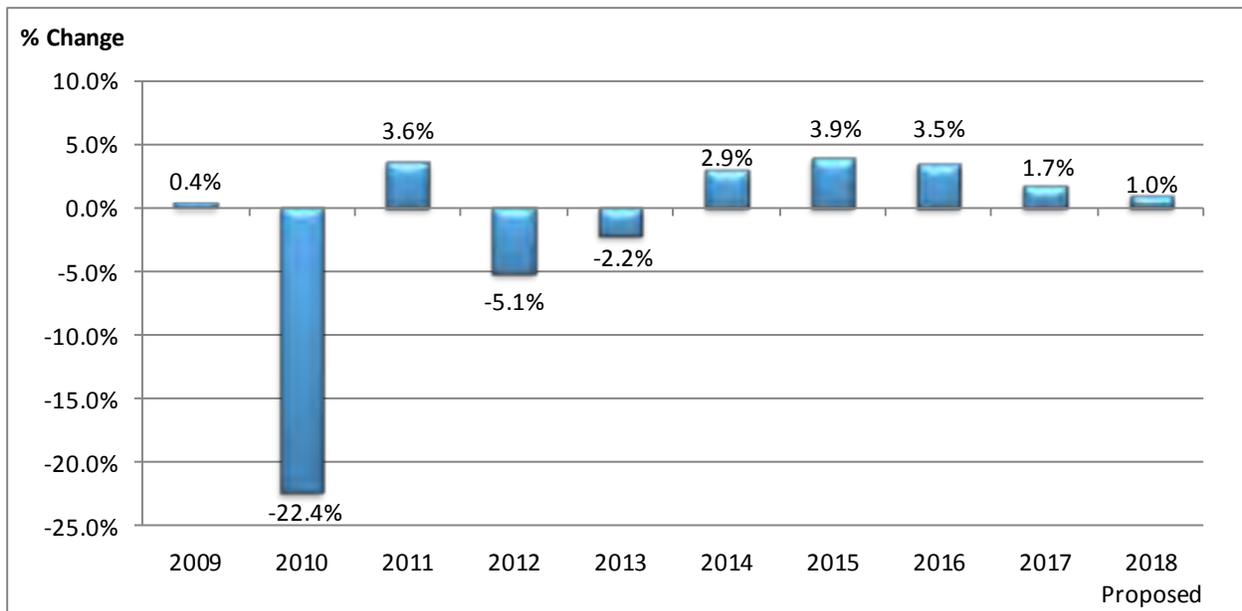
* Full-Time Equivalent (FTE) employees were reduced by 166 Fire Department employees that transferred to the Regional Fire Authority (RFA) on July 1, 2010.

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

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

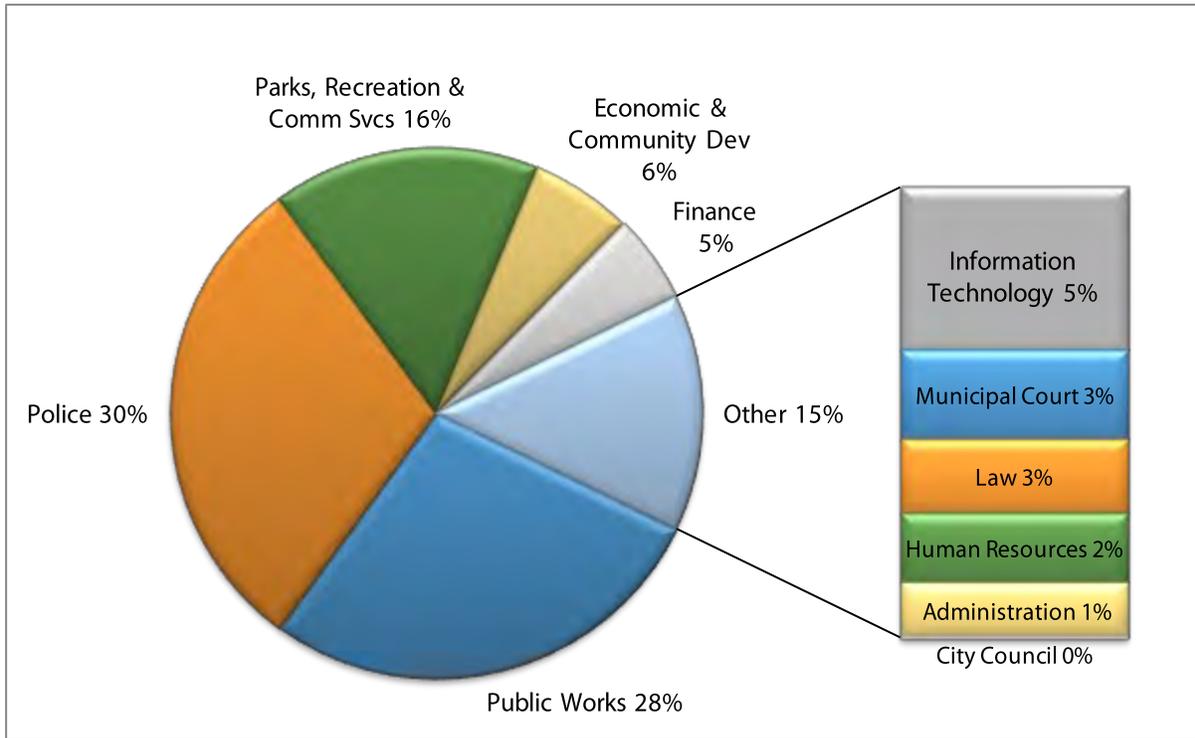
- ◆ Between 2010 and 2014, the effects of the Great Recession, the change from origin based to destination based sales tax and the significant declines in revenue which accompanied both, required the City to reduce staffing levels to adjust to available resources. To the extent possible, the City attempted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

PERCENT CHANGE IN STAFFING



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

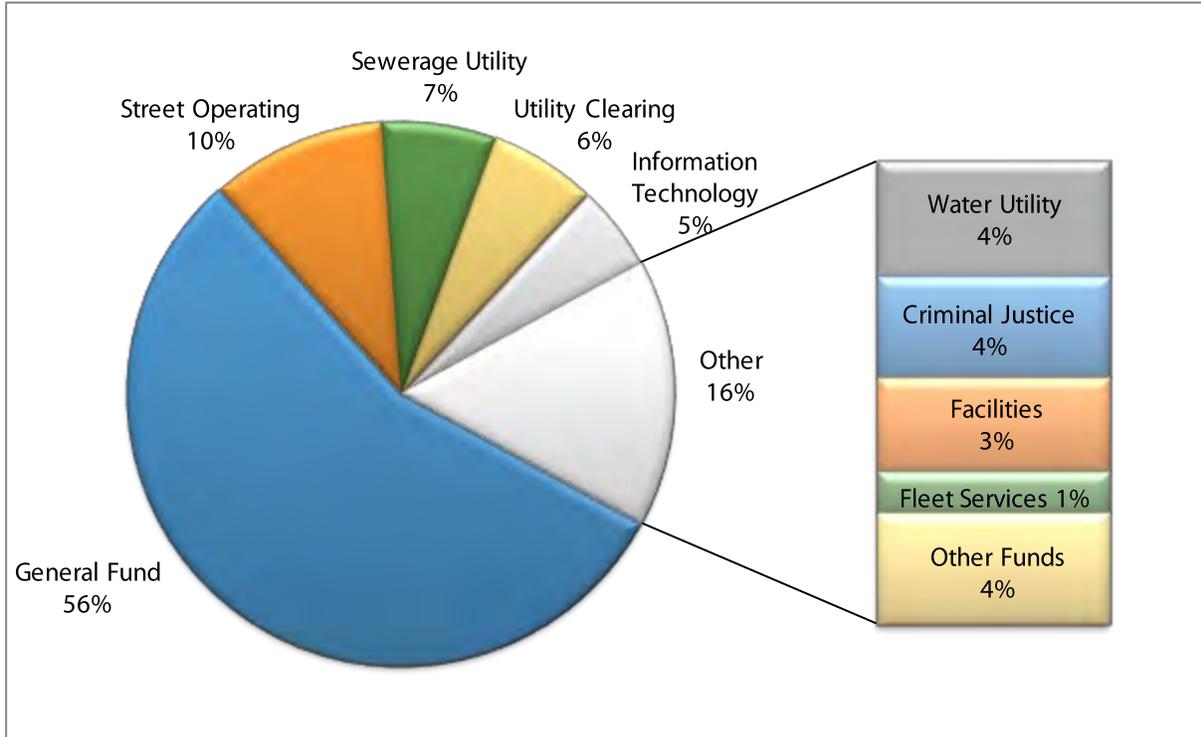
CITY-WIDE STAFFING BY DEPARTMENT—2018 MID-BIENNIUM ADJUSTMENT



POSITIONS SUMMARY BY DEPARTMENT—FULL TIME EQUIVALENTS (FTEs)

	2016 Actual	2017 Adopted	2018 New	2018 Adopted	2018 Change	2018 Proposed
City Council	0.75	0.75		0.75		0.75
Administration	10.00	11.00	(3.00)	8.00	4.00	12.00
Communications			10.00	10.00	(10.00)	-
Economic & Comm Dev	40.75	42.75		42.75	1.00	43.75
Finance	35.60	37.60		37.60	0.40	38.00
Human Resources	14.60	14.60		14.60	1.00	15.60
Information Technology	35.00	37.00	(6.00)	31.00	6.00	37.00
Law	16.80	16.80		16.80		16.80
Municipal Court	20.28	20.28		20.28		20.28
Parks, Rec & Comm Svcs	119.51	116.76	(1.00)	115.76		115.76
Police	203.00	208.00	4.00	212.00		212.00
Public Works	193.75	196.50		196.50	0.50	197.00
Total FTEs by Dept	690.04	702.04	4.00	706.04	2.90	708.94

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



POSITIONS SUMMARY BY FUND—FULL TIME EQUIVALENTS (FTEs)

	2016 Actual	2017 Adopted	2018 New	2018 Adopted	2018 Change	2018 Proposed
General Fund	379.50	386.50	5.00	391.50	2.40	393.90
Street Operating	71.25	72.00		72.00	1.50	73.50
Criminal Justice	22.39	24.39		24.39		24.39
Housing & Comm Dev	5.00	5.00		5.00		5.00
Street Capital Projects	4.00	4.00		4.00		4.00
Parks Capital Projects	1.00	1.00		1.00		1.00
Water Utility	28.72	28.72		28.72	(1.00)	27.72
Sewerage Utility	48.28	48.28		48.28		48.28
Solid Waste Utility	2.50	4.50		4.50		4.50
Golf Complex	11.35	9.60		9.60		9.60
Fleet Services	10.00	10.00		10.00		10.00
Information Technology	34.00	36.00		36.00		36.00
Facilities	25.00	24.00	(1.00)	23.00		23.00
Insurance	2.00	2.00		2.00		2.00
Utility Clearing	44.05	45.05		45.05		45.05
VNET Agency	1.00	1.00		1.00		1.00
Total FTEs by Fund	690.04	702.04	4.00	706.04	2.90	708.94

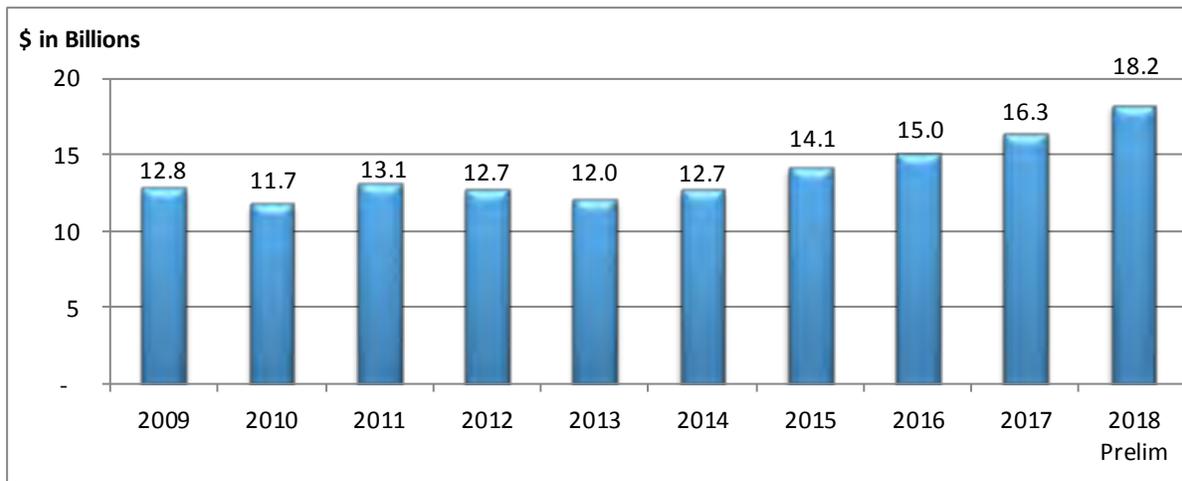
POSITION CHANGES BY DEPARTMENT—FULL TIME EQUIVALENTS (FTEs)

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

PROPERTY TAX AND ASSESSED VALUATION

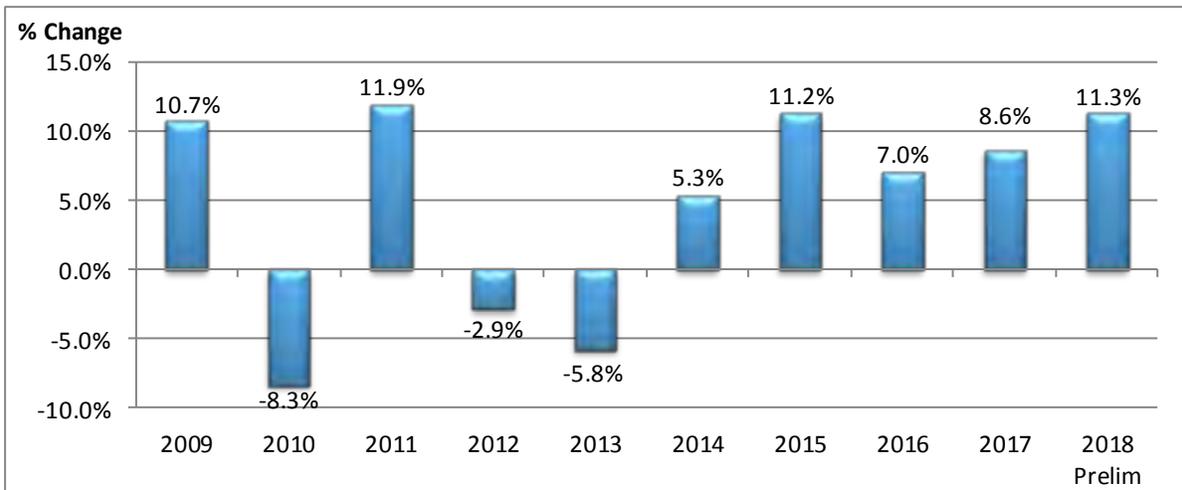
Property tax is the largest source of revenue in the General Fund. The King County Assessor values and provides information to the City of Kent on their determination of property values within city limits. The growth in Property Tax revenue is dependent upon both the assessed valuation of property (provided by the King County Assessor) and the tax rate. In 2017 and for the fourth straight year, assessed valuation increased from the previous year. The 2018 mid-biennium adjustment assumes this trend will continue through the last year of the biennium.

ASSESSED VALUATION (AV)



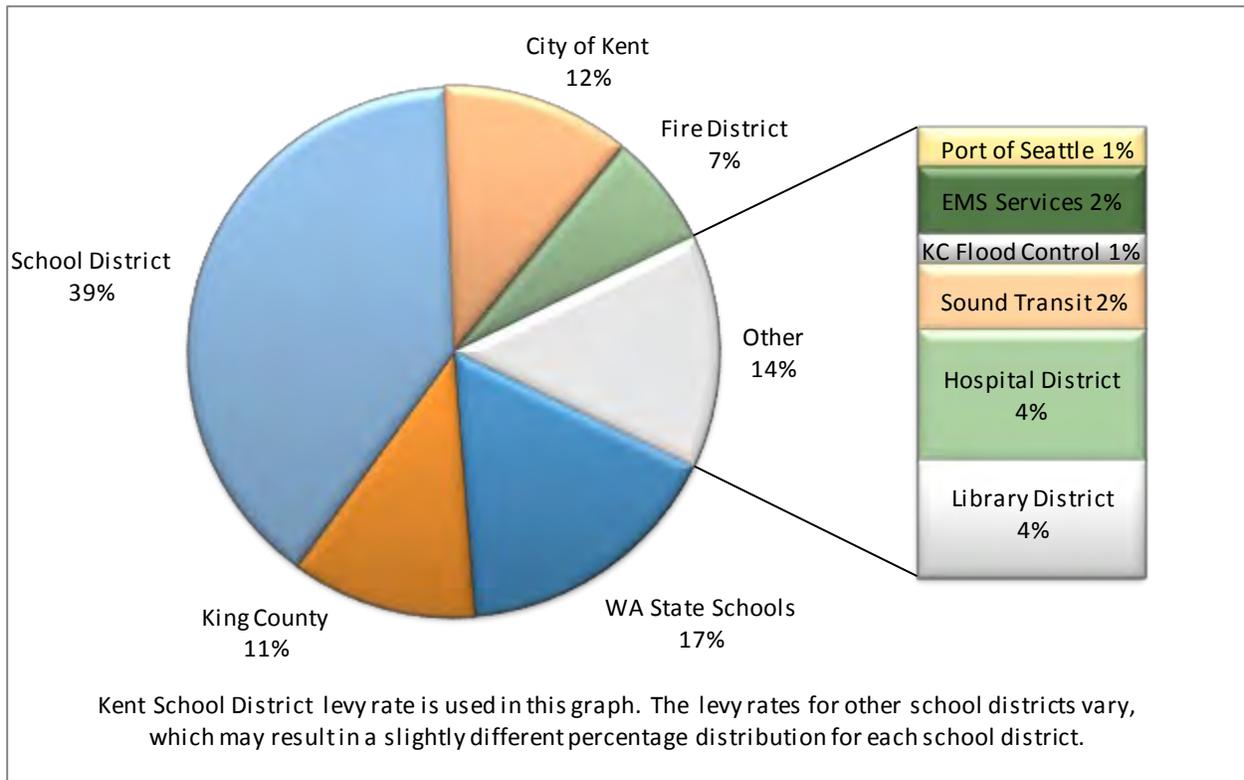
The **Percent Change in Assessed Valuation** chart below reflects the percentage change in the assessed valuation for the City of Kent. Between 2010 and 2014 the effects of the Great Recession saw property values drop. The 2011 percent change in valuation includes the property values for the Panther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

PERCENT CHANGE IN ASSESSED VALUATION



State law provides that the maximum growth in property tax revenues from existing property is the lesser of one percent or the percentage increase in the Implicit Price Deflator (IPD). Of the total tax levies collected, 46 percent are voter approved and 56 percent are statutory levies. These percentages may change for 2018 depending on election outcomes. As the **Property Tax Distribution** chart below reflects, the City of Kent receives only 12 percent of the total amount of property tax paid by residents.

PROPERTY TAX DISTRIBUTION—2017 LEVY RATES



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

PROPERTY TAX AV & RATES

	2016	2017	2018 Est
Assessed Valuation in thousands ^(A)	15,046,307	16,335,690	18,186,710
General Levy Rate (\$2.325 max)	1.51139	1.41136	1.28963
Use of \$2.25m banked capacity			0.12347
Total Estimated General Levy Rate	1.51139	1.41136	1.41310
Estimated Cost On:			
Home Valued at \$300,000 ^(B)	\$ 375	\$ 380	\$ 387
Use of \$2.25m banked capacity			\$ 37
Total Estimated Cost	\$ 375	\$ 380	\$ 424

^(A) 2018 per preliminary levy limit worksheet from King County as of 9/21/2017

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

GENERAL FUND

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

GENERAL FUND REVENUES

General Fund revenues are proposed to increase from the 2018 adopted budget of \$94,566,060 to an adjusted amount of \$98,550,330, for a total increase of \$3,984,270 or 4.2 percent. However, 2017 estimated year end revenues are \$2,566,140 favorable to budgeted levels. This represents an increase in 2018 as compared to 2017 estimated year end revenues of \$2,188,230 or 2.3 percent.

GENERAL FUND REVENUE SUMMARY

	2017 Adj Budget	2018 Adopted	2018 Proposed	2018 Change	Percent Change
Property Taxes	22,782,330	23,160,150	25,405,640	2,245,490	9.7
Sales Taxes	19,756,570	21,100,310	21,100,310	0	-
Utility Taxes	18,947,950	19,150,880	19,150,880	0	-
B&O Taxes	8,900,000	7,500,000	8,890,480	1,390,480	18.5
Other Taxes	869,990	891,360	879,260	(12,100)	(1.4)
Licenses and Permits	5,611,350	5,695,870	5,695,870	0	-
Intergovernmental Revenue	7,712,070	7,705,230	7,946,370	241,140	3.1
Charges for Services	5,117,170	5,271,760	5,391,020	119,260	2.3
Fines and Forfeitures	1,565,970	1,565,970	1,565,970	0	-
Miscellaneous Revenue	1,582,560	1,574,530	1,574,530	0	-
Transfers In	950,000	950,000	950,000	0	-
Total Revenues	93,795,960	94,566,060	98,550,330	3,984,270	4.2 %

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

- ◆ The local economy will continue to see gradual but modest improvement over the biennium
- ◆ Inflation will be moderate over the next two years giving only a modest boost to sales taxes, intergovernmental revenues and charges for services
- ◆ Short term interest rates will remain low but with moderate rate increases in 2017 and 2018
- ◆ Streamlined Sales Tax mitigation and other State shared revenues will continue throughout the biennium
- ◆ Current percentage growth caps on property and utilities will remain unchanged

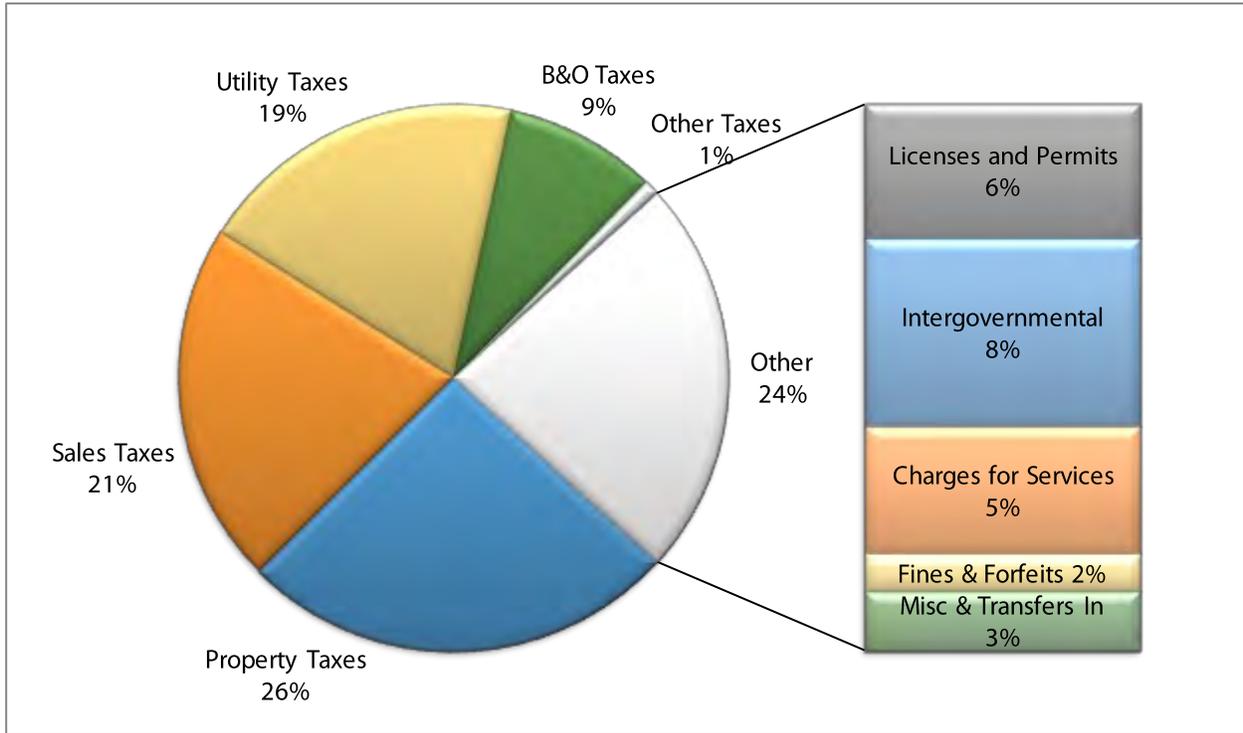
Proposed revenue changes from the 2018 adopted budget are:

- ◆ **Property Tax** revenue includes use of \$2,245,490 of banked capacity. The impact to a homeowner with a home valued at \$300,000 is estimated at \$37 annually.
- ◆ **B&O Tax** revenues are increased by \$1,390,480 to better reflect actual expected collections. Beginning in 2017, all B&O taxes collected will first pay for the administration of the program and the remainder is restricted for street projects.
- ◆ **Intergovernmental Revenue** is increased by \$229,040 to re-align state shared revenues for liquor and fuel tax with actual monies expected.
- ◆ **Charges for Services** is increased by \$119,260 to cover a new position in Economic and Community Development. Plans review fees continue to exceed budget, allowing capacity for the modest increase.

PROPOSED CHANGES—GENERAL FUND REVENUES

2018 Proposed Changes	
Property Tax - use of banked capacity	2,245,490
Business & Occupation Tax	1,390,480
Plans Review Fees - offset ECD position	119,260
State Shared Revenues - liquor tax	213,770
State Shared Revenues - fuel tax	15,270
Total Revenues	3,984,270

GENERAL FUND REVENUE SOURCES—2018 MID-BIENNIUM ADJUSTMENT



As demonstrated in the **General Fund Revenue Sources** chart above, 76 percent or 75,426,570, of the 2018 mid-biennium adjusted General Fund revenues are expected to be collected from taxes. The remaining 24 percent, or \$23,123,760, comes from all other sources combined.

TAXES

Property tax is the largest tax revenue for the City and, with the proposed use of \$2,245,490 of banked capacity, accounts for 26 percent of all General Fund revenues. Property tax is assessed on real property and is based on the valuation of the property owned.

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

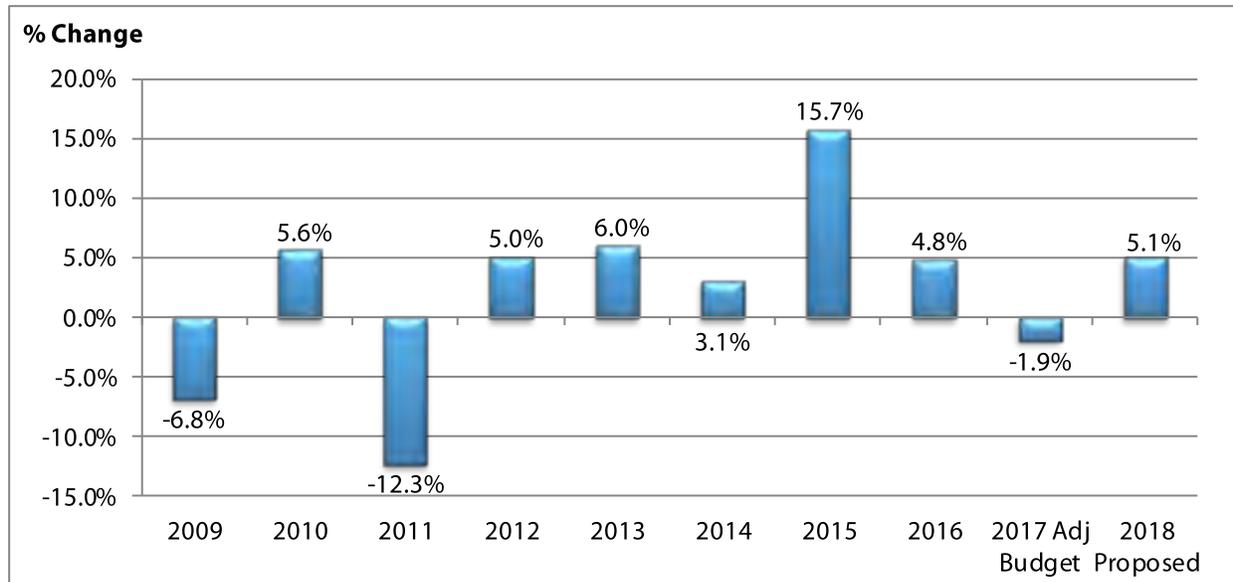
Sales tax, which is a general fund resource, had previously been allocated with the General Fund receiving 70 percent of sales tax revenue and the Capital Resources Fund receiving the other 30 percent. The 2017 adopted budget modified the allocation to a 72.5% / 27.5% split between the General Fund and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

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

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

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

PERCENT CHANGE IN GENERAL FUND REVENUES



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

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

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

GENERAL FUND EXPENDITURES

General Fund mid-biennium adjusted expenditures are proposed to increase by \$3,984,270 or 4.2 percent to a total amount of \$98,546,290 as compared to the 2018 adopted budget of \$94,562,020.

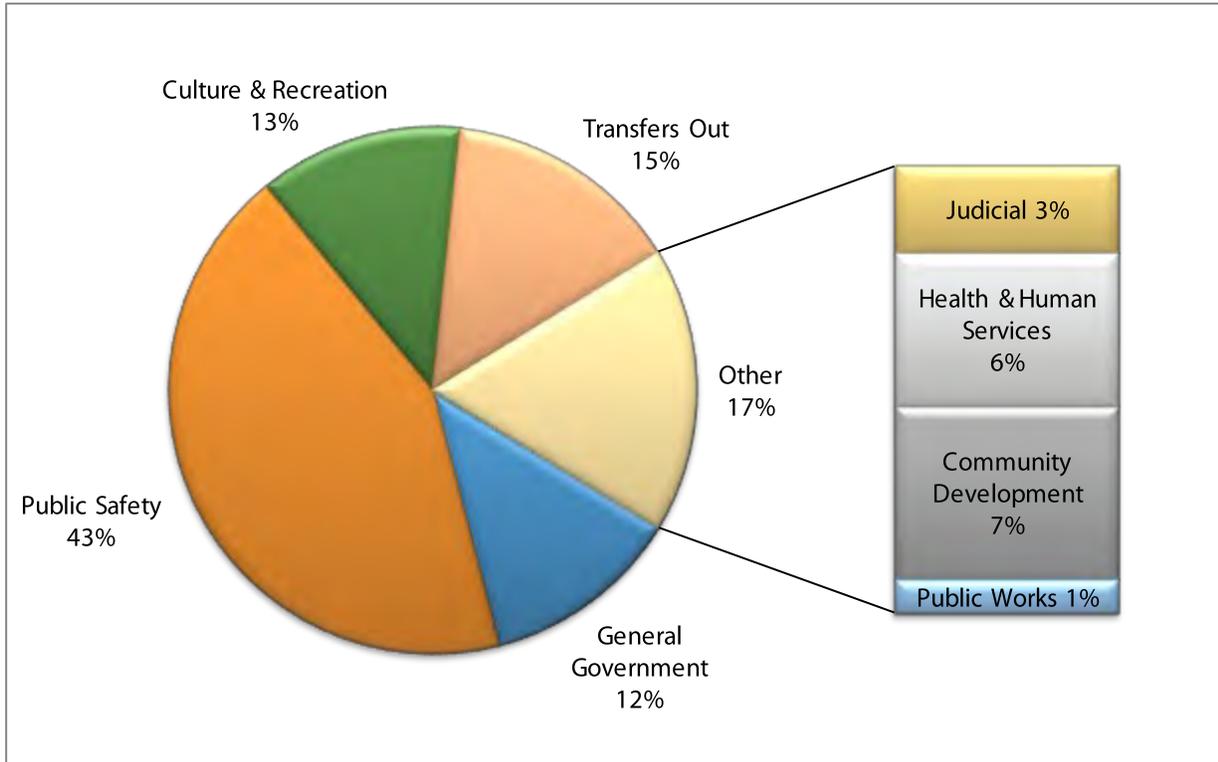
The following expenditure tables summarize the proposed 2018 mid-biennium adjusted General Fund budget and provides comparative information between the 2018 adopted budget and the current 2017 budget.

General Fund Expenditures by Department lists each department's budget total. **General Fund Expenditures by Function** (table and chart) presents the General Fund according to functional category, including each function as a percent of total for the biennium.

GENERAL FUND EXPENDITURES BY DEPARTMENT

	2017 Adj Budget	2018 Adopted	2018 Proposed	2018 Change	Percent Change
City Council	352,110	369,270	409,580	40,310	10.9
Mayor's Office/City Clerk	2,709,760	2,101,110	3,062,720	961,610	45.8
Communications		821,310		(821,310)	(100.0)
Economic & Community Dev	6,394,650	6,505,320	6,634,790	129,470	2.0
Finance	2,734,560	2,793,970	2,965,830	171,860	6.2
Fire Contracted Services	3,603,110	3,657,530	3,657,530	-	-
Human Resources	1,977,930	2,030,840	2,108,610	77,770	3.8
Information Technology	517,310	520,950	519,450	(1,500)	(0.3)
Law	1,737,080	1,771,020	1,765,990	(5,030)	(0.3)
Municipal Court	3,181,510	3,232,900	3,349,550	116,650	3.6
Parks, Rec & Comm Svcs	17,229,170	17,262,980	18,248,640	985,660	5.7
Police	36,976,600	37,777,040	38,875,740	1,098,700	2.9
Public Works	1,294,960	1,318,470	1,318,470	-	-
Non-Departmental	17,520,510	14,399,310	15,629,390	1,230,080	8.5
Total Expenditures	96,229,260	94,562,020	98,546,290	3,984,270	4.2 %

GENERAL FUND EXPENDITURES BY FUNCTION—2018 MID-BIENNIUM ADJUSTMENT



GENERAL FUND EXPENDITURES BY FUNCTION

	2017 Adj Budget	2018 Adopted	2018 Proposed	2018 Change	Percent Change
General Government	11,109,490	11,784,360	12,073,150	288,790	2.5
Public Safety	40,579,710	41,434,570	42,533,270	1,098,700	2.7
Judicial	3,181,510	3,232,900	3,349,550	116,650	3.6
Culture & Recreation	11,348,450	11,393,370	12,392,560	999,190	8.8
Health & Human Services	5,880,720	5,869,610	5,856,080	(13,530)	(0.2)
Community Development	6,394,650	6,505,320	6,634,790	129,470	2.0
Public Works	1,294,960	1,318,470	1,318,470	0	-
Transfers Out	16,439,770	13,023,420	14,388,420	1,365,000	10.5
Total Expenditures	96,229,260	94,562,020	98,546,290	3,984,270	4.2 %

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

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

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

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

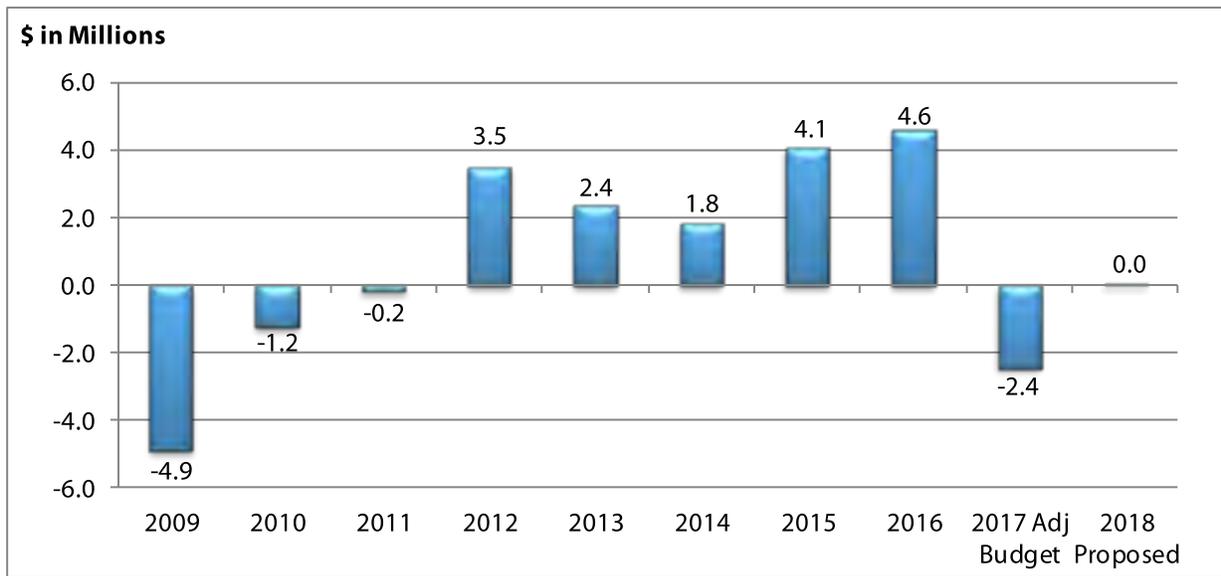
PROPOSED CHANGES—GENERAL FUND

2018 Proposed Changes		
	FTE	Amount
Baseline Adjustments		
Wage Increases (AF, TM, NR, Temps)		675,440
Less budgeted offset - reserved for fund balance		(600,000)
Non-Represented Salary Survey		465,080
Medical Insurance - 20% rate increase		1,121,480
Liability Insurance - redistribution of costs		264,910
Liability Insurance - 10% rate increase		129,360
Utilities - park facilities and city buildings		217,660
Resident Survey		35,000
Human Services - adjust for CPI and population		24,310
Multi-Function Devices (MFD) - copier redistribution		16,300
Cell Phones - monthly plan costs		15,210
City Arts Program - adjust for population		5,200
Administration/Communications		
Eliminate Communications Department		
Convert director to coordinator		(75,230)
Eliminate allocation to Multimeidia		106,940
Redistribute Multimedia costs		(32,020)
Economic & Community Dev		
Lead Plans Examiner	1.00	119,260
Human Resources		
Administrative Assistant 1	1.00	91,750
offset by reductions in temporary wages and professional svcs		(91,750)
Finance		
Financial Analyst - .6 FTE to 1.0 FTE	0.40	43,420
Parks, Recreation & Comm Svcs		
Deputy Director	1.00	177,430
offset by elimination of vacant MW2 position	(1.00)	(90,480)
Non-Departmental		
Transfer for security at Russell Road employee parking lot		15,000
Transfer additional B&O for street capital projects		1,350,000
Total Expenditures	2.40	3,984,270

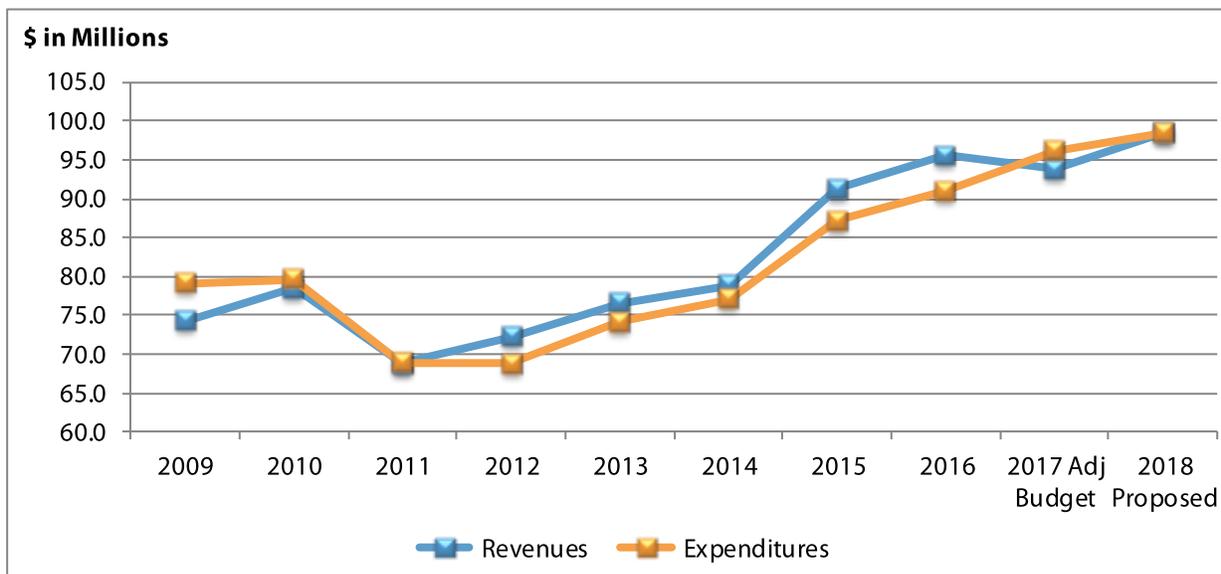
GENERAL FUND BALANCE

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

GENERAL FUND CHANGE IN FUND BALANCE

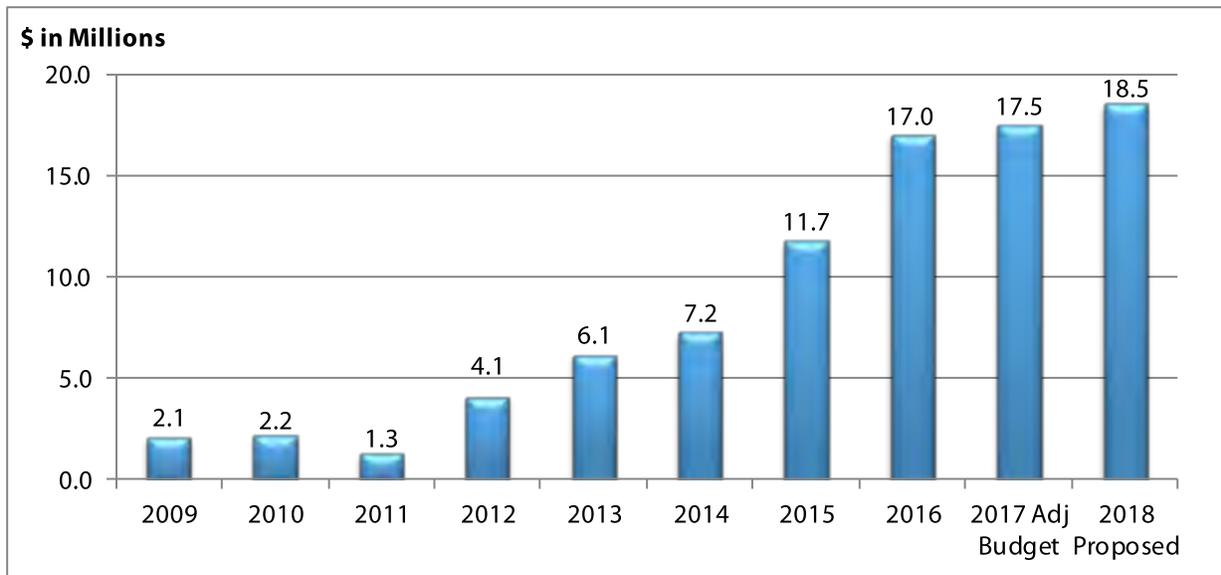


GENERAL FUND REVENUE & EXPENDITURES

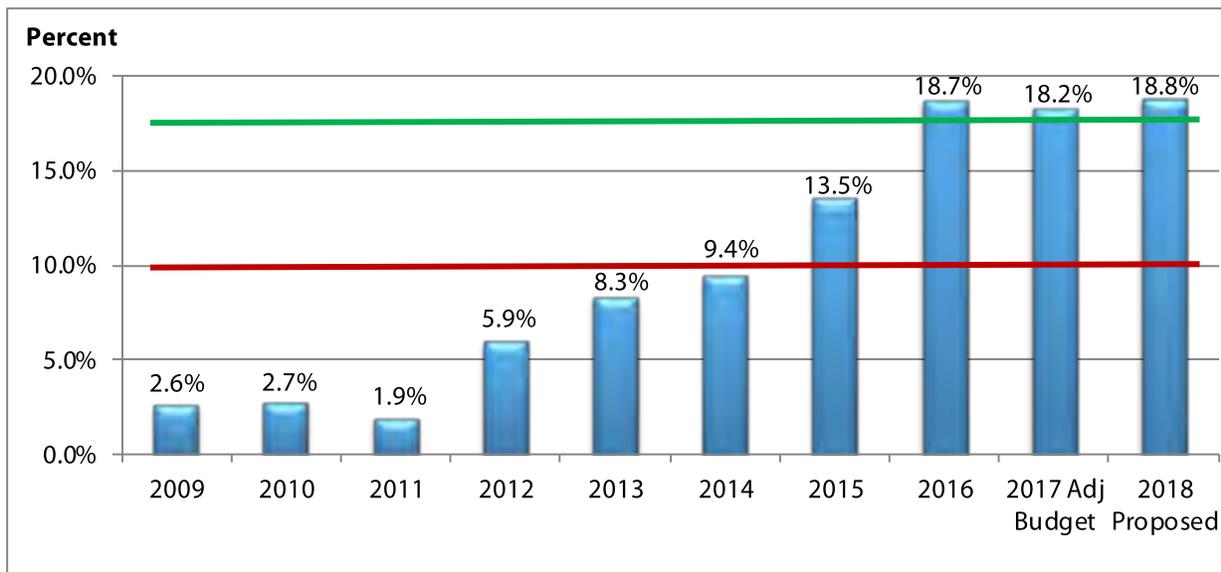


The following tables, **Unreserved General Fund Balance** and **Unreserved General Fund Balance as a Percent of General Fund Budget**, demonstrate trends in the unreserved portion of the General Fund balance. The City fiscal policy on unreserved General Fund balance is 10 percent of current year expenditures. However, while the policy has not changed, the Finance department has recommended to Council that the General Fund balance be increased to 16 percent, or roughly two months of operating expenses. Further, the Operations Committee has indicated a preference for an 18 percent General Fund balance. **Unreserved General Fund Balance as a Percent of General Fund Budget** demonstrates the current 10 percent and proposed 18 percent for comparative purposes. In keeping with current policy, the unreserved General Fund balance does not include monies set aside for contingency (\$1.5 million), annexation (\$864,300) and Strategic Opportunity Fund (\$425,000).

UNRESERVED GENERAL FUND BALANCE



UNRESERVED GENERAL FUND BALANCE AS A PERCENT OF GENERAL FUND BUDGET



SPECIAL REVENUE FUNDS

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

	2017 Adj Budget	2018 Adopted	2018 Proposed	2018 Change	Percent Change
Street Operating	12,447,540	11,636,730	12,760,350	1,123,620	9.7
LEOFF 1 Retiree Benefits	1,163,220	1,196,550	1,196,550	-	-
Lodging Tax	338,060	278,690	338,750	60,060	21.6
Youth/Teen	942,000	942,000	942,000	-	-
Capital Resources	15,473,530	15,615,110	20,755,430	5,140,320	32.9
Criminal Justice	5,257,070	3,598,050	3,946,590	348,540	9.7
Housing & Comm Dev	1,056,260	1,056,260	1,056,260	-	-
City Art Program	116,520	113,850	115,650	1,800	1.6
ShoWare Operating	1,089,320	1,107,220	1,102,020	(5,200)	(0.5)

PROPOSED CHANGES

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

Capital Resources Fund: The proposed 2018 mid—biennium adjustment reflects a \$5,140,320 increase from the 2018 adopted budget. \$4.9 million is one-time funding for the YMCA/Morrill Meadows project. Also included is \$100,000 for renovation of Council Chambers. A combination of fund balance and strong REET revenues provide the funding for these projects.

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

PROPOSED CHANGES—SPECIAL REVENUE FUNDS

2018 Proposed Changes		FTE	Amount
Revenues			
Street Operating			
State Shared Revenues - fuel tax			64,730
State Shared Revenues - multi modal dist			100,000
City Arts			
City Arts Program			1,800
Capital Resources Fund			
Real Estate Excise Tax (REET)			1,400,000
Total Revenues			1,566,530

PROPOSED CHANGES—SPECIAL REVENUE FUNDS

2018 Proposed Changes		
	FTE	Amount
Expenditures		
Street Operating		
Wage Increases (AF, TM, NR, Temps)		237,200
Non-Represented Salary Survey		492,050
Medical Insurance - 20% rate increase		254,480
Liability Insurance - redistribution of costs		(173,040)
Liability Insurance - 10% rate increase		(9,970)
Utilities - city buildings		6,050
Cell Phones - monthly plan costs		8,950
Multi-Function Devices (MFD) - copier redistribution		170
Eliminate Comm Dept - redistribute Multimedia		(1,130)
Financial Analyst - .75 FTE to 1.0 FTE	0.25	19,730
CTR Program Coordinator - .75 FTE to 1.0 FTE	0.25	24,410
offset by allocation to projects		(24,410)
Position moved from Water to Street	1.00	180,080
Public Works Engr - allocated to Streets & Utilities		(1,024,400)
Utility Clearing Allocation		125,950
Transfers Out:		
Transfer to YMCA/Morrill Meadows Frontage Imp		1,000,000
Transfer for security at Russell Road employee parking lot		7,500
Lodging Tax		
Eliminate Comm Dept - redistribute Multimedia		60
Projects & Events		60,000
Capital Resources Fund		
Debt Service - Other Cap Projects Fund		140,320
Transfers Out:		
Transfer to YMCA/Morrill Meadows		4,900,000
Transfer to Council Chambers Renovation		100,000
Criminal Justice Fund		
Wage Increases (AF, TM, NR, Temps)		266,340
Medical Insurance - 20% rate increase		83,120
Liability Insurance - redistribution of costs		1,320
Liability Insurance - 10% rate increase		410
Multi-Function Devices (MFD) - copier redistribution		(2,650)
City Art Program		1,800
ShoWare		
Debt Service - SMG loan		(5,200)
Total Expenditures	1.50	6,669,140

ENTERPRISE FUNDS

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

	2017 Adj Budget	2018 Adopted	2018 Proposed	2018 Change	Percent Change
Water Utility	28,079,700	27,488,180	28,934,270	1,446,090	5.3
Sewerage Utility	50,219,100	51,742,800	57,557,260	5,814,460	11.2
Solid Waste Utility	830,930	489,950	523,190	33,240	6.8
Golf Complex	2,820,340	2,854,910	2,931,990	77,080	2.7

PROPOSED CHANGES

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

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

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

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

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

PROPOSED CHANGES—ENTERPRISE FUNDS

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

PROPOSED CHANGES—ENTERPRISE FUNDS

2018 Proposed Changes		
	FTE	Amount
Golf Complex		
Wage Increases (AF, TM, NR, Temps)		42,500
Non-Represented Salary Survey		5,650
Medical Insurance - 20% rate increase		36,540
Liability Insurance - redistribution of costs		(10,300)
Liability Insurance - 10% rate increase		(900)
Utilities - city buildings		2,830
Multi-Function Devices (MFD) - copier redistribution		730
Eliminate Comm Dept - redistribute Multimedia		30
Total Expenditures	(1.00)	7,370,870

INTERNAL SERVICE FUNDS

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

	2017 Adj Budget	2018 Adopted	2018 Proposed	2018 Change	Percent Change
Fleet Services	5,697,840	4,741,170	8,063,210	3,322,040	70.1
Central Stores	421,150	421,150	421,150	-	-
Information Technology	8,921,540	8,464,260	8,728,590	264,330	3.1
Facilities	5,035,930	4,917,760	5,109,730	191,970	3.9
Unemployment	169,050	169,420	171,870	2,450	1.4
Workers Compensation	1,398,210	1,432,050	1,441,940	9,890	0.7
Health & Employee Wellness	11,936,000	12,115,710	14,629,950	2,514,240	20.8
Liability Insurance	2,674,730	1,915,550	1,925,440	9,890	0.5
Property Insurance	501,050	523,920	526,370	2,450	0.5

PROPOSED CHANGES

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

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

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

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

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

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

PROPOSED CHANGES—INTERNAL SERVICE FUNDS

2018 Proposed Changes	
	FTE Amount
Internal Service Revenue Adjustments	
Information Technology	(33,820)
Facilities	86,360
Workers Compensation	51,000
Medical Insurance	2,309,730
Liability Insurance	136,760
Property Insurance	(5,330)
Total Revenues	2,544,700
Expenditures	
Fleet	
Wage Increases (AF, TM, NR, Temps)	25,180
Non-Represented Salary Survey	12,980
Medical Insurance - 20% rate increase	19,550
Liability Insurance - redistribution of costs	(3,350)
Liability Insurance - 10% rate increase	320
Cell Phones - monthly plan costs	510
Multi-Function Devices (MFD) - copier redistribution	1,260
Additional Vehicle Replacements	1,500,000
Utility Clearing Allocation	15,590
Transfers Out:	
Transfer to Fuel Island	1,750,000

PROPOSED CHANGES—INTERNAL SERVICE FUNDS

2018 Proposed Changes		
	FTE	Amount
Information Technology		
Wage Increases (AF, TM, NR, Temps)		92,750
Non-Represented Salary Survey		35,620
Liability Insurance - redistribution of costs		26,030
Liability Insurance - 10% rate increase		5,870
Utilities - city buildings		3,570
Cell Phones - monthly plan costs		153,950
Multi-Function Devices (MFD) - copier redistribution		24,470
Eliminate Comm Dept - remove allocation to Multimedia		(106,940)
Eliminate Comm Dept - redistribute Multimedia		(63,990)
Establish budgets for new IT Divisions		93,000
Facilities		
Wage Increases (AF, TM, NR, Temps)		60,900
Non-Represented Salary Survey		2,580
Medical Insurance - 20% rate increase		42,140
Liability Insurance - redistribution of costs		2,040
Liability Insurance - 10% rate increase		700
Utilities - city buildings		86,360
Cell Phones - monthly plan costs		1,780
Multi-Function Devices (MFD) - copier redistribution		790
Eliminate Comm Dept - redistribute Multimedia		10
Remove Fire Station 75 Property Insurance		(5,330)
Unemployment, Workers Comp, Liability & Property Insurance		
Wage Increases (AF, TM, NR, Temps)		6,980
Non-Represented Salary Survey		14,900
Medical Insurance - 20% rate increase		2,800
Health & Employee Wellness		
Medical Claims		2,514,240
Utility Clearing		
Wage Increases (AF, TM, NR, Temps)		180,740
Non-Represented Salary Survey		42,430
Medical Insurance - 20% rate increase		132,340
Liability Insurance - redistribution of costs		(12,640)
Liability Insurance - 10% rate increase		1,550
Utilities - city buildings		19,040
Cell Phones - monthly plan costs		7,410
Multi-Function Devices (MFD) - copier redistribution		10,270
Eliminate Comm Dept - redistribute Multimedia		(1,670)
Utility Clearing - allocated to Streets & Utilities		(379,470)
Total Expenditures	0.00	6,317,260

CAPITAL PROGRAM

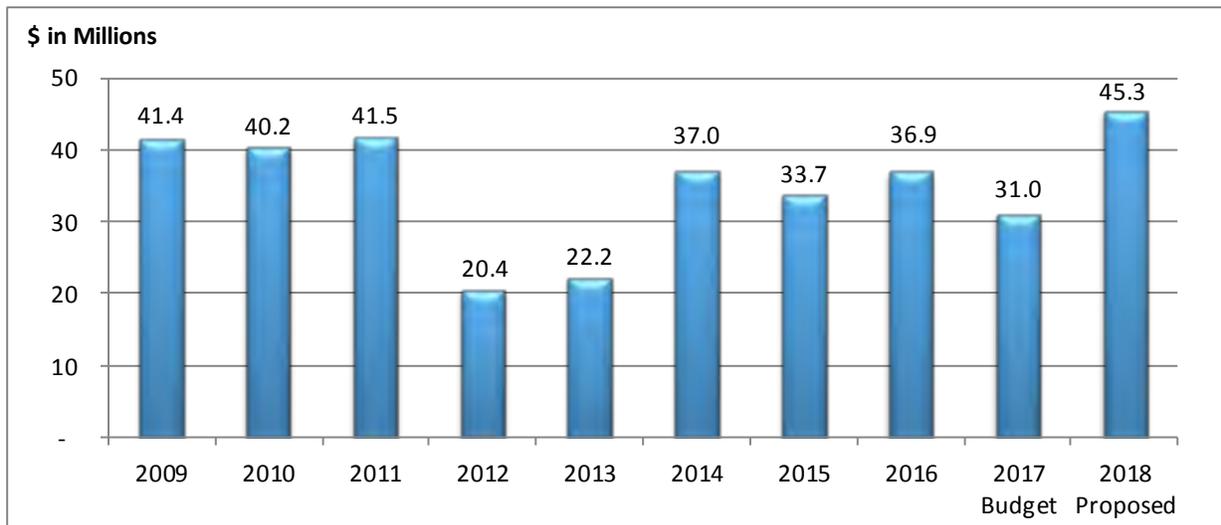
The 2018 adopted budget included \$30,988,070 to address the City’s capital needs. Additional investments totaling \$14,325,000 are proposed for the 2018 mid-biennium adjustment. The projects and amounts on the next few pages are fully funded and are incorporated in the City’s six-year Capital Improvement Program. The Capital Improvement Program is one of the elements of the City’s Comprehensive Plan required by Washington’s Growth Management Act (GMA). The GMA requires governments to identify the public facilities required to address expected growth, without decreasing current service levels below locally established minimum standards. Further, the GMA requires that capital projects included in the plan be financially feasible or, in other words, dependable revenue sources must equal or exceed costs. If the costs exceed revenue, the City must either reduce its level of service requirement or reduce costs by implementing non-capital alternatives or other methods to bring costs in alignment with available resources.

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

CAPITAL PROJECTS

	2018 Adopted	2018 Proposed
Utilities	14,700,000	20,100,000
Streets	9,889,410	12,239,410
Parks	3,510,000	9,910,000
Facilities	591,000	691,000
Information Technology	1,797,660	1,872,660
Strategic Capital Investments	500,000	500,000
Total Capital Projects	30,988,070	45,313,070

CAPITAL INVESTMENTS



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

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

Funding for capital projects generally come from five major categories:

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

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

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

CAPITAL ADDITIONS—UTILITIES

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

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

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

CAPITAL ADDITIONS—TRANSPORTATION

B&O Funded	2018 Adopted	2018 Proposed
East Valley Highway - between S 196th St & S 180th St	1,400,000	1,400,000
S 212th St - Bridge at Green River	400,000	400,000
S 212th St / S 208th St - SR 167 to 100th Ave SE	1,000,000	1,000,000
Crosswalk Safety Improvements	150,000	150,000
Quiet Zone Improvements	300,000	300,000
Concrete Sidewalk Replacement Program	700,000	700,000
Additional Street Light	100,000	100,000
Flashing Yellow Left Turn Arrows Phase 4 & 5	200,000	200,000
Pavement Rating Consultant	75,000	75,000
Lane Line Markings aka Pavement Markings	300,000	300,000
Thermoplastic Pavement Markings	215,000	215,000
Crack Sealing	125,000	125,000
Guardrail Repairs	110,000	110,000
Sidewalk, Walking Path and ADA Improvements	450,000	450,000
Street Tree Replacement / Maintenance	325,000	325,000
Traffic Sign Replacement	250,000	250,000
Street Light Pole Damage Replacement	100,000	100,000
Traffic Loop Replacement	50,000	50,000
Traffic Signal Controller Cabinets and Signal Parts	300,000	300,000
Residential Traffic Calming Measures	100,000	100,000
James Street Concrete (Central-Jason)		1,000,000
South 212th Way Overlay		350,000
B&O Unallocated	68,540	68,540
Total Expenditures	6,718,540	8,068,540

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

CAPITAL ADDITIONS—TRANSPORTATION

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

CAPITAL ADDITIONS—PARKS

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

CAPITAL ADDITIONS—OTHER

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

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

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

DEBT SERVICE

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

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

BUDGET FRAMEWORK

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

Budget Process Overview.....	45
Budget Process Flowchart.....	46
Budget Timeline.....	47
Budget Calendar.....	48
Financial Policies.....	49
Fund Structure Graphic.....	54
Fund Structure Descriptions.....	55
Department/Fund Matrix.....	58

This page left intentionally blank.

BUDGET PROCESS

OVERVIEW

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

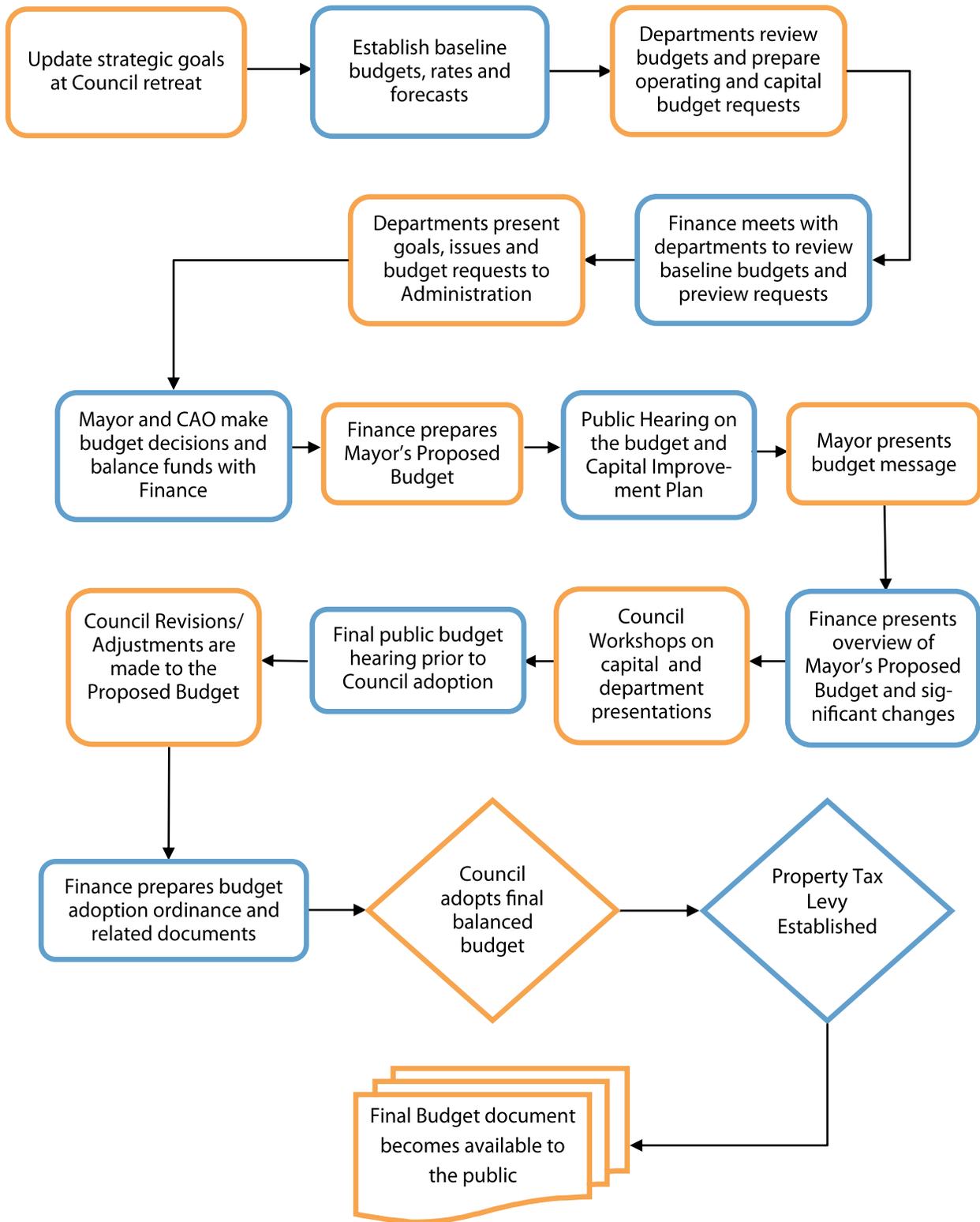
The General and Special Revenue funds control expenditures with a legal annual budget at the fund level. Debt Service funds operate under the control of the bond indentures which established them. Capital Projects funds operate under the control of total project authorization, rather than the annual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

The City must adopt its budget by December of the preceding fiscal year. This usually follows several months of analysis by staff and City Council. The first step involves the establishment of the baseline budget required to carry existing programs into the next year. The second step involves the development of issues impacting the next year and beyond and their prioritization by City Council. The emphasis is placed on the General and Special Revenue funds since the operation of other funds are tied to ordinances, contractual agreements or separately established rate structures. Once the baseline operations have been reviewed and adjusted based on administrative policy, program expansion is included to the level of projected available resources after the establishment of sufficient fund balances.

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

BUDGET PROCESS

BUDGET FLOW CHART



BUDGET PROCESS

BUDGET TIMELINE

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

MID-BIENNIUM BUDGET CALENDAR

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

FINANCIAL POLICIES

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

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

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

- ◆ Financial Stability
- ◆ Operating Budget
- ◆ Revenue
- ◆ Capital Budgeting
- ◆ Debt Management
- ◆ Investment
- ◆ Financial Reporting
- ◆ Accounting

FINANCIAL STABILITY POLICIES

General Fund Reserves—The target for the General Fund contingency Reserve is 10% of the General Fund Budgeted expenditures or an amount that will maintain sufficient cash flow, whichever is greater. The policy is designed to provide a fiscal cushion, meet seasonal cash flow shortfalls. If the General Fund reserves go below 10 percent, based on the ending fund balance on December 31 of each year, the City shall take steps to rebuild the reserve within the next fiscal year.

Strategic Opportunities Fund—The City shall annually transfer any amount in excess of the 10 percent contingency reserve in the General Fund to this fund. This fund will act as if it is a permanent fund except that it may be used to take advantage of investment opportunities that may arise. This fund shall only be utilized by an appropriation approved by City Council. In the event any of this fund is used in an economic downturn to stabilize city finances, such appropriation shall be repaid to the fund annually over the next three years.

Capital Reserve Fund—The City shall annually budget a minimum of \$250,000 into a reserve for the general capital needs of the City. Such fund may be used for unanticipated capital needs typically resulting from a natural disaster. This fund is designated to act as a stabilization fund for general capital and may, with a specific appropriation by City Council, be used for investment in revenue producing capital projects. This fund shall be enumerated in the budget and accrue each year.

FINANCIAL POLICIES

Contingency for Unanticipated Costs—The City will annually budget no less than \$500,000 in the General Fund for unanticipated costs. This amount, if unused, will be transferred into a project account until the amount reaches a maximum of \$1.5 million. If the fund or any portion of it is used, the City shall restore the balance to its \$1.5 million within three years.

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

Self-Insurance Program—The City will maintain an actuarially sound self-insurance program for unemployment, worker's compensation, liability insurance and health insurance. All of the insurance programs are accounted for as separate cost centers within one parent insurance fund. Since 2011, the liability insurance fund has been funded through commercial insurance for claims exceeding \$250,000.

Pension Funds—The City will maintain an actuarially sound Firemen's Relief and Pension Fund.

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

OPERATING BUDGET POLICIES

City Target Issues—The City Council will update its strategic plan in the early spring of each year. The staff will use this plan for development of the following year's budget priorities and the next biennial budget.

Budget Kickoff—The Mayor and City Council shall meet in the spring of even numbered years to plan the following biennial budget and agree on the anticipated revenues on which the preliminary budget will be based. The city council shall review revenue estimates and preview potential changes to revenues. The City Council shall then approve the revenue amount that will be used by the Mayor to form the initial preliminary budget. The Mayor and City Council will meet additionally in late summer to re-review the revenue estimates and to adjust them more closely to the additional revenue information that has become available with the passage of time. Any changes resulting from this meeting shall be incorporated into the preliminary budget to be considered by City Council.

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

FINANCIAL POLICIES

Preliminary Budget—The Mayor shall propose a preliminary budget in the fall of even numbered years. The preliminary budget will be developed in accordance with the revenues approved by the City Council at the budget kickoff as amended. If the preliminary budget is based on revenues in excess of those approved by City Council, the Mayor will present the justification for the increased revenues or the additional proposed revenue sources.

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

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

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

Health Insurance Reserves—The target reserve for the Health Insurance Fund shall be two times IBNR.

Full Cost of Service—The City will define its basic services to our residents. The services will be evaluated as to their full cost. This information will be incorporated and presented as a section of the annual budget.

REVENUE POLICIES

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

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

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

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

CAPITAL BUDGETING POLICIES

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

FINANCIAL POLICIES

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

DEBT POLICIES

Projects Funded by Bonds—The use of long-term debt shall be minimized. The City should issue debt only for major capital projects. Debt should only be authorized for projects where the life of the asset constructed or acquired exceeds the life of the debt.

Debt Service—To ensure that the City always meets all of their debt obligations, payments on outstanding debt shall be the highest priority before payment for other capital expenditures.

Bond Rating—The City will continue to strive to improve its bond rating by improving its financial stability.

Debt Capacity—The City strives to maintain adequate available debt capacity for large top priority projects.

Bonding Limitations—Direct General Obligation Debt will not exceed 1.5 percent of assessed value; direct and indirect debt will not exceed four percent of assessed value; duration of the debt will not exceed 15 years.

Revenue Debt Covenants—Will be based on the volatility of the revenues.

Arbitrage regulations—Will be strictly followed.

Special Assessment Guaranty Fund—The City will strive to maintain adequate reserves for retirement of special assessment debt through the maintenance of a special assessment guaranty fund at least 10 percent of outstanding special assessment debt.

Interfund Borrowing—The City will use interfund borrowing where such borrowing is cost effective to both the borrowing and the lending fund, and the funds will not be needed by the loaning fund during the term of the loan. Such borrowing shall implement Council directed policy in a simplified manner, such as borrowing associated with interim financing for local improvement district projects. A repayment plan should be approved along with the loan. The Mayor may approve loans for a term of one year. The Council must approve loans with terms longer than one year.

INVESTMENT POLICY

Investment Security & Earnings Maximization—An investment policy was implemented per Ordinance #3278 in 1996 which detail the City's investment guidelines. The primary objective is to preserve the principal of the investment portfolio while maximizing the portfolio's return.

FINANCIAL POLICIES

FINANCIAL REPORTING POLICIES

Reporting frequency—Monthly budget and actual reports will go to departments and a quarterly report will be presented to the City Council Operations Committee.

Annual Report—Will be completed within 180 days.

Reporting Improvements—The City will strive to continue to make improvements in its financial reporting scheme so that information available to the public, the City's governing bodies and other city departments is the best available for sound financial decisions.

Bondholders' Report—The City will prepare an annual report to bondholders.

Full Disclosure—All public reports will contain full and complete disclosure of all material matters.

Financial Trend Monitoring—The City will develop a program to evaluate its financial condition and establish a system for correcting any deficiencies noted.

Annual Audits—The City will assist the State Auditor's Office in whatever way possible in conjunction with the preparation of the annual audit, and will implement modifications identified by the State Auditor to improve the City's internal control and financial practices.

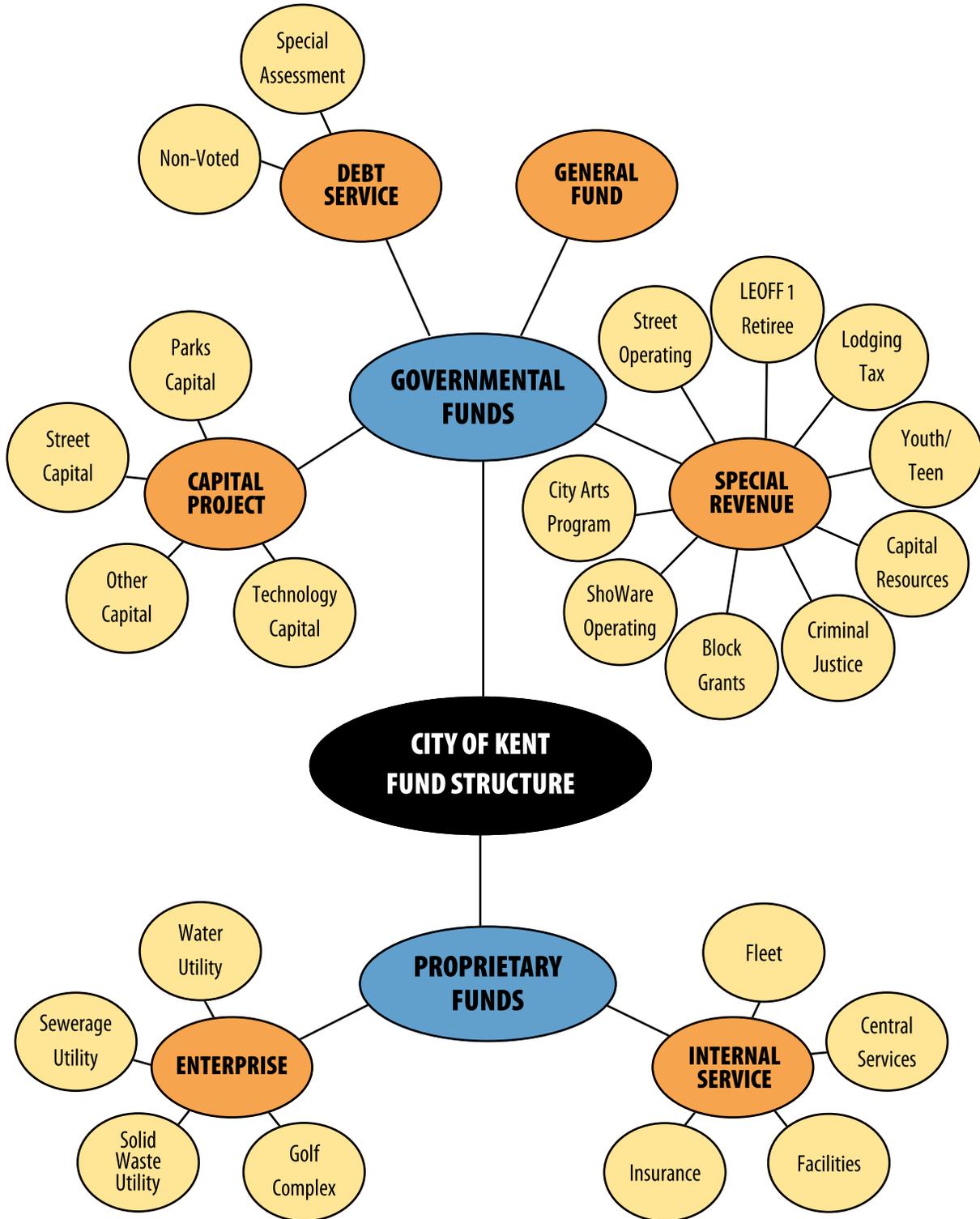
Updates to These Policies—The Operations Committee of the City Council shall review these policies at least every four years. It is recommended that the review is done biennially during the budget process.

ACCOUNTING POLICIES

Generally Accepted Accounting Principles—The City will maintain its position as a leader in producing financial reports in conformance with generally accepted accounting principles and pronouncements by the Governmental Accounting Standards Board.

Basis of Accounting—The basis for accounting for the general fund, special revenue, debt service, capital projects and agency funds is modified accrual. Modified accrual recognizes revenues when they become both measurable and available to finance expenditures of the current period. The basis of accounting for the enterprise, internal service funds and pension trust fund is full accrual. The appropriate basis is used throughout the budgeting, accounting and reporting processes, with few exceptions as noted below. Full accrual is a method of accounting that matches revenues and expenses with the period to which they relate, rather than focusing on actual cash flows. In this method, for example, an asset is depreciated as it is "used up", and the expense is recognized in periodic increments, rather than assuming the asset holds its value until it is actually disposed of. However, since the focus in budgeting is on the revenues and expendable accounts, depreciation and amortization are not considered budgetary accounts, and are excluded from the budgeting system. Likewise, debt service and capital expenditures are presented as the payments occur, departing from GAAP in this regard, in the budget document. Also, Trust and Agency Funds that may not be expended for governmental operations are excluded from this budget document.

FUND STRUCTURE



FUND STRUCTURE

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

FUND/PURPOSE

RELATIONSHIP TO OTHER FUNDS

GOVERNMENTAL FUNDS

General Fund

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

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

Special Revenue Funds

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

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

FUND STRUCTURE

FUND/PURPOSE

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUNDS

Enterprise Funds

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

RELATIONSHIP TO OTHER FUNDS

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

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

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

FUND STRUCTURE

FUND/PURPOSE

RELATIONSHIP TO OTHER FUNDS

Internal Service Funds

Internal Service Funds are used to account for the financing of specific services performed by designated organizations within the City for other organizations within the City. The City's Fleet Services, Central Service, Facilities, and Insurance Funds provide centrally administered services then generate revenue by billing the organization to which the service is provided.

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

FIDUCIARY FUND TYPES

Trust and Agency Funds

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

BASIS OF ACCOUNTING

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

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

DEPARTMENT AND FUND MATRIX

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

CAPITAL IMPROVEMENT PROGRAM (CIP)

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

Capital Program Overview.....	61
Six-Year CIP Summary.....	65
Six-Year CIP Projects	69

This page left intentionally blank.

CAPITAL IMPROVEMENT PROGRAM

OVERVIEW

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

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

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

2018-2023 SUMMARY PROJECTS AND FUNDING

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

Summary Sources	2018	2019-2023	Total
City Resources	25,559	60,947	86,506
Utility Resources	19,800	85,590	105,390
Other Resources	2,010	87,561	89,571
Total - in thousands	47,369	234,098	281,467

Summary Costs	2018	2019-2023	Total
General Government	4,638	9,293	13,931
Parks, Rec & Comm Services	12,510	35,305	47,815
Transportation	11,021	94,500	105,521
Utilities	19,200	95,000	114,200
Total - in thousands	47,369	234,098	281,467

CAPITAL IMPROVEMENT PROGRAM

GROWTH MANAGEMENT ACT

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

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

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

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

PLANNING FOR CAPITAL FACILITIES

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

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

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

CAPITAL IMPROVEMENT PROGRAM

CAPITAL INVESTMENT STRATEGY

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

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

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

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

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

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

CAPITAL IMPROVEMENT PROGRAM

FUNDING THE CAPITAL IMPROVEMENT PLAN

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

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

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

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

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

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

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

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

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

CAPITAL IMPROVEMENT PROGRAM

OPERATING IMPACT OF MAJOR CIP PROJECTS

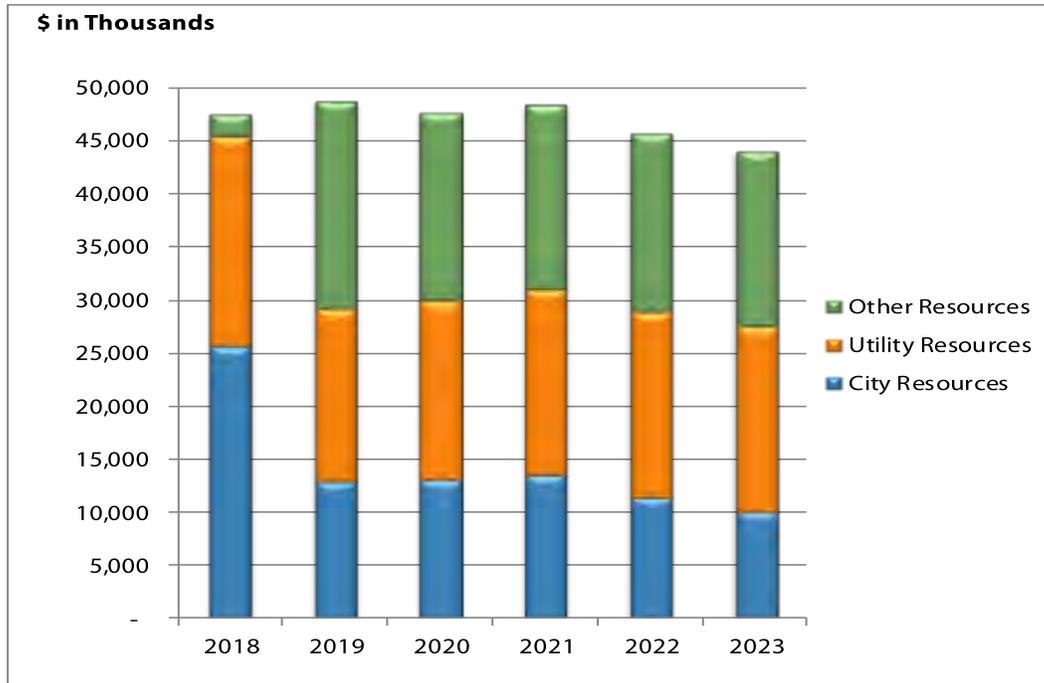
The impact of a capital project on the operating budget is a key factor in considering the inclusion of a project in the six-year plan. The operating costs of a project, and any savings resulting from the project, are captured in the Operating Budget.

SOURCES OF FUNDS—in thousands

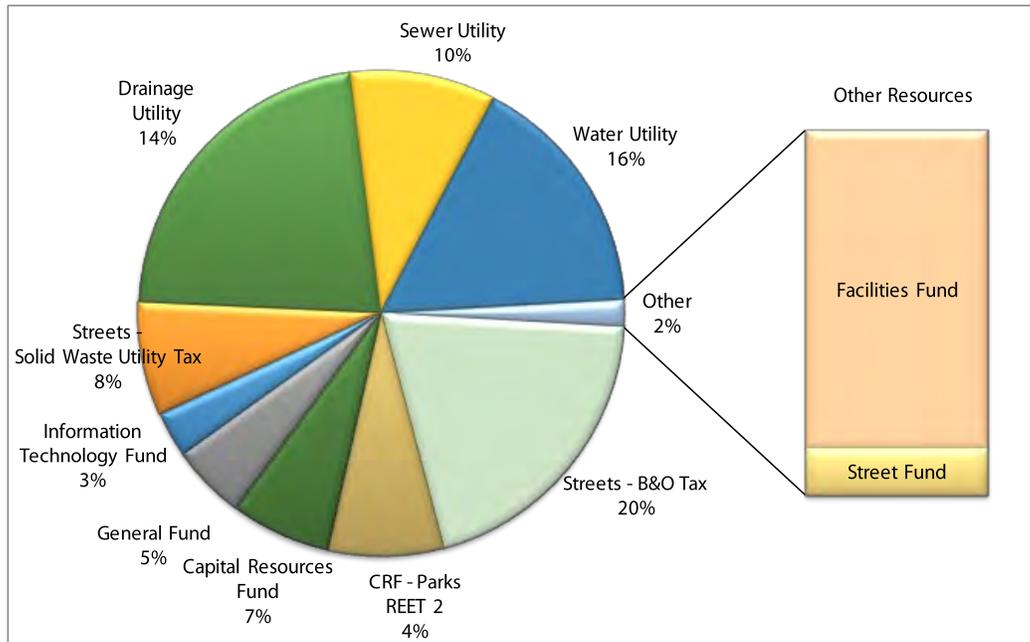
	2018	2019	2020	2021	2022	2023	Total
City Resources							
Streets - B&O Tax	8,000	6,880	6,880	6,880	6,880	5,755	41,275
CRF - Parks REET 2	4,700	1,000	1,000	1,000	1,000	1,000	9,700
Capital Resources Fund	4,950	-	-	-	-	-	4,950
Facilities Fund	591	550	550	555	799	555	3,600
General Fund	3,750	-	-	-	-	-	3,750
Information Technology Fund	547	1,697	1,797	2,335	-	-	6,376
Streets - Solid Waste Utility Tax	2,850	2,746	2,772	2,772	2,772	2,772	16,684
Street Fund	171	-	-	-	-	-	171
Total City Resources	25,559	12,873	12,999	13,542	11,451	10,082	86,506
Utility Resources							
Drainage Utility	8,550	8,000	8,000	8,000	8,000	8,000	48,550
Sewer Utility	3,500	3,750	4,440	4,900	5,000	5,000	26,590
Water Utility	7,750	4,500	4,500	4,500	4,500	4,500	30,250
Total Utility Resources	19,800	16,250	16,940	17,400	17,500	17,500	105,390
Other Resources							
Fuel Tax	10	-	-	-	-	-	10
Grants	1,000	500	500	500	500	-	3,000
GO Bonds	1,000	-	-	-	-	-	1,000
Funding Gap	-	19,054	17,158	16,878	16,113	16,358	85,561
Total Other Resources	2,010	19,554	17,658	17,378	16,613	16,358	89,571
Total Sources of Funds	47,369	48,677	47,597	48,320	45,564	43,940	281,467

CAPITAL IMPROVEMENT PROGRAM

SUMMARY BY SOURCE 2018-2023



2017-18 SOURCES BY FUND TYPE



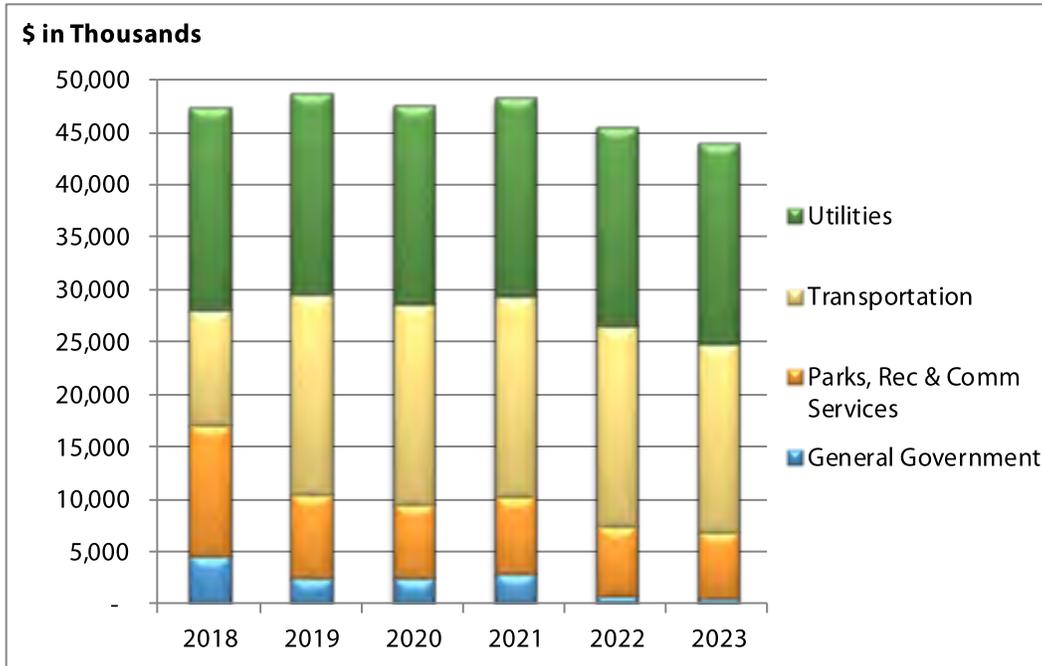
CAPITAL IMPROVEMENT PROGRAM

PROJECTS—in thousands

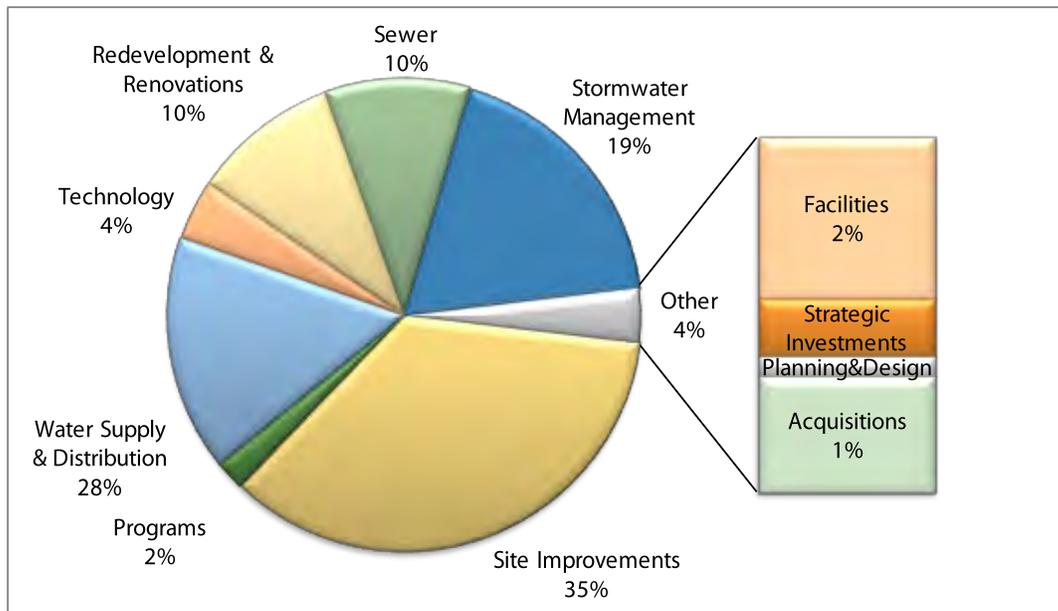
	2018	2019	2020	2021	2022	2023	Total
General Government							
Facilities	591	805	650	605	849	555	4,055
Fleet	1,750	-	-	-	-	-	1,750
Technology	1,797	1,697	1,797	2,335	-	-	7,626
Strategic Investments	500	-	-	-	-	-	500
Total General Government	4,638	2,502	2,447	2,940	849	555	13,931
Parks, Rec & Comm Services							
Programs	45	1,710	735	915	300	195	3,900
Planning & Design	90	90	190	190	90	1,090	1,740
Redevelopment & Renovations	2,875	5,750	5,100	1,150	2,600	4,600	22,075
Development	9,000	-	500	4,500	3,100	-	17,100
Acquisitions	500	500	500	500	500	500	3,000
Total Parks, Rec & Comm Svcs	12,510	8,050	7,025	7,255	6,590	6,385	47,815
Transportation							
Site Improvements	11,021	19,125	19,125	19,125	19,125	18,000	105,521
Total Transportation	11,021	19,125	19,125	19,125	19,125	18,000	105,521
Utilities							
Water Supply & Distribution	7,750	6,000	6,000	6,000	6,000	6,000	37,750
Sewer	3,500	5,000	5,000	5,000	5,000	5,000	28,500
Stormwater Management	7,950	8,000	8,000	8,000	8,000	8,000	47,950
Total Utilities	19,200	19,000	19,000	19,000	19,000	19,000	114,200
Total Projects	47,369	48,677	47,597	48,320	45,564	43,940	281,467

CAPITAL IMPROVEMENT PROGRAM

SUMMARY BY CATEGORY 2018-2023



2017-18 BY CATEGORY FUNCTION



CAPITAL IMPROVEMENT PROGRAM

GENERAL GOVERNMENT—in thousands

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

CAPITAL IMPROVEMENT PROGRAM

PARKS, RECREATION & COMMUNITY SERVICES—in thousands

	2018	2019	2020	2021	2022	2023	Total
Sources of Funds							
CRF REET2	4,700	1,000	1,000	1,000	1,000	1,000	9,700
Grants - Washington State	1,000	500	500	500	500	-	3,000
Drainage Revenues	600						600
Street Operating Fund	1,000						1,000
General Fund	2,000						2,000
Fuel Tax	10						10
CRF General	3,200						3,200
Funding Gap		6,550	5,525	5,755	5,090	5,385	28,305
Total Sources of Funds	12,510	8,050	7,025	7,255	6,590	6,385	47,815
Projects							
Programs							
Golf Maintenance Equipment Replacement		150	150	150			450
DR Building Renovations and Improvements		100					100
Irrigation System Upgrades		630	100				730
Golf Course Renovations and Improvements		335	230	120	105		790
Golf Course Accessories		115					115
Clubhouse Renovations and Improvements		185	10				195
Tournament Pavilion			50	450			500
Green Kent		150	150	150	150	150	750
Adopt-A-Park	25	25	25	25	25	25	150
Eagle Scout Volunteer Program	10	10	10	10	10	10	60
Paths and Trails Reinvestment Program	10	10	10	10	10	10	60
Total Programs	45	1,710	735	915	300	195	3,900
Planning & Design							
Master Plans	50	50	50	50	50	50	300
Architect/Engineering	40	40	40	40	40	40	240
Mill Creek Canyon Trails Design				100		1,000	1,100
Hogan Park at Russell Road Ph II Design	-	-	100	-	-	-	100
Total Planning & Design	90	90	190	190	90	1,090	1,740
Redevelopment & Renovations							
Lifecycle	580	500	500	500	500	500	3,080
West Fenwick Park Renovation Phase 2	1,375						1,375
Kent Memorial Park Renovation	620						620
Springwood Park Renovation	200	2,500					2,700
Eastridge Renovation		100					100
Mill Creek Earthworks Renovation	100	1,100					1,200
North Meridian Park Renovation Phase I		850					850
Interurban Trail, 3 Friends Fishing Hole		400					400
First Avenue Lunar Rover - Phase II		300					300
Garrison Creek Park Renovation			400				400

CAPITAL IMPROVEMENT PROGRAM

	2018	2019	2020	2021	2022	2023	Total
Glenn Nelson Park Renovation					50	350	400
Lake Fenwick Park Renovation - Phase II					200	2,400	2,600
Uplands Playfield Renovation - Construct			1,350				1,350
Park Orchard Park Renovation					50	300	350
Hogan Park at Russell Road Reno. Ph II					1,500		1,500
Kherson Urban Play					300		300
Green River Trail / Van Doren's Landing			2,500				2,500
Downtown Place-Making Program - Showare			350				350
Meeker Street Place-Making				250			250
Frager Ped Bridge Rest Stop/Russell Wood				250			250
Sun Meadows Improvements				150			150
Downtown Place Mking - Burlington/Kaibar						150	150
NPR - Scenic Hill Park Renovation						400	400
KVLT - Boeing Rock Improvements						200	200
Downtown Place Mking - Titus/Kherson						100	100
Lake Meridian Park Renovations						100	100
Campus Park Renovation	-	-	-	-	-	100	100
Total Redevelopment & Renovations	2,875	5,750	5,100	1,150	2,600	4,600	22,075
Development							
YMCA	9,000						9,000
Huse/Panther Lake Community Park				2,800	3,100		5,900
Clark Lake Park Development 240th	-	-	500	1,700	-	-	2,200
Total Development	9,000	-	500	4,500	3,100	-	17,100
Acquisition							
Strategic Acquisitions	500	500	500	500	500	500	3,000
Total Acquisitions	500	500	500	500	500	500	3,000
Total Projects	12,510	8,050	7,025	7,255	6,590	6,385	47,815

CAPITAL IMPROVEMENT PROGRAM

TRANSPORTATION—in thousands

	2018	2019	2020	2021	2022	2023	Total
Sources of Funds							
Solid Waste Utility Tax	2,850	2,746	2,772	2,772	2,772	2,772	16,684
Business & Occupation Tax	8,000	6,880	6,880	6,880	6,880	5,755	41,275
Street Operating Fund	171						171
Funding Gap		9,499	9,473	9,473	9,473	9,473	47,391
Total Sources of Funds	11,021	19,125	19,125	19,125	19,125	18,000	105,521
Projects							
Traffic controllers, signals & cameras		700	700	700	700	700	3,500
Pavement Preservation		6,860	6,834	6,834	6,834	6,834	34,196
Pavement Preservation B&O		4,044	4,044	4,044	4,044	4,044	20,220
Pavement Preservation SW Util Tax		2,596	2,622	2,622	2,622	2,622	13,084
Bridges		1,200	1,200	1,200	1,200	1,200	6,000
Quiet Zone Improvements	300						300
132nd Ave Pedestrian Improvements	121						121
Concrete Replacement Program	700	2,000	2,000	2,000	2,000	2,000	10,700
James Street Concrete Street	1,000						1,000
S 212th St Bridge @ Green River	400						400
S 212th Way Overlay	350						350
Pavement Striping & Loops	350	225	225	225	225		1,250
Thermoplastic Markings	215	400	400	400	400		1,815
Residential ADA, Sidewalk, Ramps	200						200
Residential Crack Sealing	130						130
Guardrail Repair / Replace	110	100	100	100	100		510
Street Signs Repair / Replace	250	200	200	200	200		1,050
Street Lights Repair / Replace	100	100	100	100	100	100	600
Crack Sealing Roadways	125	200	200	200	200		925
Street Tree Replacement & Mtc	375						375
Pavement Rating Consultant	75						75
Sidewalk, Walking Path, ADA Impv/Plan	450						450
Inlay - SE 248th St	60						60
Inlay - 124th Ave SE	60						60
Overlay - 108th Ave SE	60						60
Overlay - North Peak Crest	60						60
Overlay - 264th Pl	55						55
Overlay - Theresa Terrace	60						60
Overlay - 105th Ave SE	50						50
Overlay - 121st Ave SE	60						60
Overlay 121st Pl SE	55						55
Overlay 103rd Pl SE - SE 204th St	100						100
Overlay Alderwood	300						300
Overlay SE 268th	550						550
Overlay Meridian Glen	900						900
Street Lights - New	200	200	200	200	200	200	1,200
Flashing Yellow L Turn Ph. 3, 4 & 5	200						200
Traffic Signal Controller Cab / Parts	300						300
Crosswalk Safety Improvements	150	150	150	150	150	150	900
Residential Traffic Calming	150	150	150	150	150	150	900
E. Valley Hwy 196th - 180th	1,400						1,400
S 212th St / S 208th St	1,000						1,000
Total Projects	11,021	19,125	19,125	19,125	19,125	18,000	105,521

CAPITAL IMPROVEMENT PROGRAM

UTILITIES—in thousands

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

This page left intentionally blank.

BUDGET BY FUND

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

General Fund.....	77
Special Revenue Funds.....	82
Debt Service Funds.....	94
Capital Project Funds.....	97
Enterprise Funds.....	102
Internal Service Funds.....	110

This page left intentionally blank.

GENERAL FUND

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

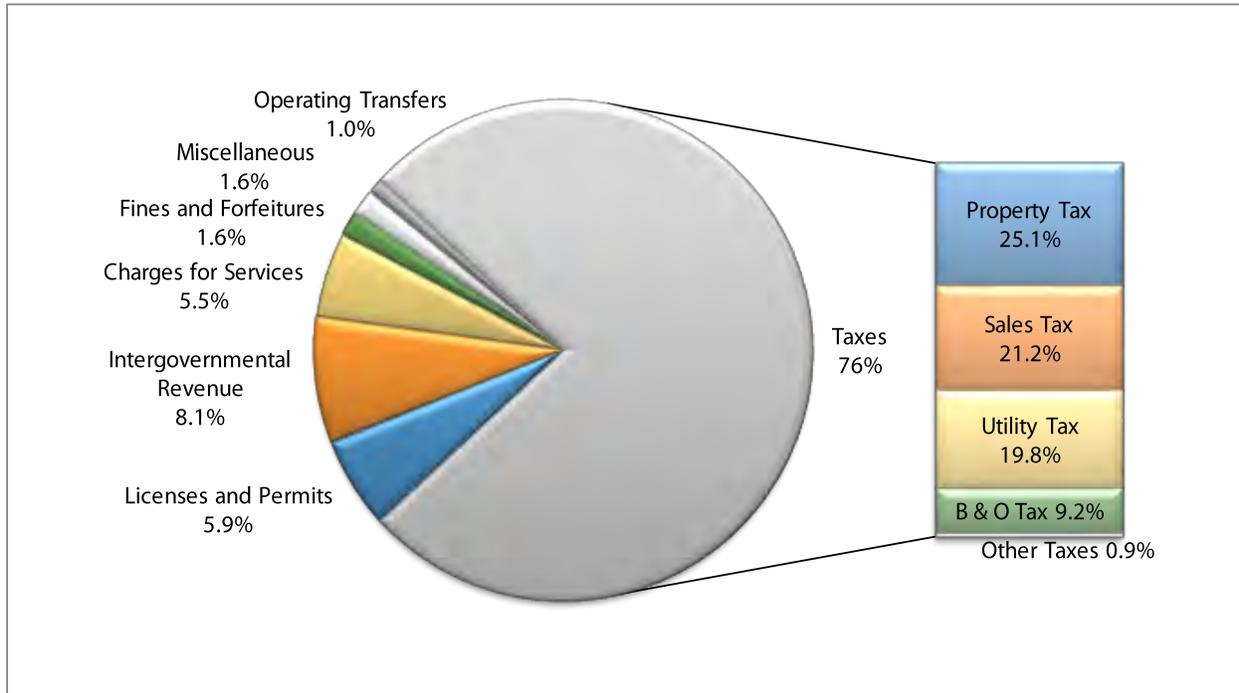
	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	15,372,499	18,112,200	19,481,298	16,115,210	20,292,930
Revenues					
Taxes:					
Property	22,534,441	22,782,330	12,134,733	23,160,150	25,405,640
Sales Tax	19,814,047	19,756,570	11,930,710	21,100,310	21,100,310
Utility	18,490,458	18,947,950	11,985,004	19,150,880	19,150,880
Business & Occupation Tax	9,311,445	8,900,000	4,388,883	7,500,000	8,890,480
Other	961,833	869,990	424,268	891,360	879,260
Licenses and Permits	6,269,525	5,611,350	3,762,594	5,695,870	5,695,870
Intergovernmental Revenue	8,072,343	7,712,070	4,314,445	7,705,230	7,946,370
Charges for Services	5,363,205	5,117,170	4,012,177	5,271,760	5,391,020
Fines and Forfeitures	1,551,720	1,565,970	1,038,162	1,565,970	1,565,970
Miscellaneous Revenue	2,302,027	1,582,560	1,223,334	1,574,530	1,574,530
Transfers In	962,261	950,000		950,000	950,000
Total Revenues	95,633,303	93,795,960	55,214,310	94,566,060	98,550,330
Changes:					
Property Tax - use of banked capacity					2,245,490
Business & Occupation Tax					1,390,480
Plans Review Fees - offset ECD position					119,260
State Shared Revenues - liquor tax					213,770
State Shared Revenues - fuel tax					15,270
Total Changes					3,984,270
Expenditures					
Salaries & Benefits	47,456,630	50,998,760	28,875,697	52,655,190	54,536,010
Supplies	2,269,094	2,951,070	1,417,278	2,952,170	2,952,170
Services & Charges	37,017,520	39,215,140	21,718,219	39,577,540	40,207,250
Vehicles & Equipment	52,585				
Cost Allocation	(13,068,746)	(13,597,000)	(7,734,538)	(13,865,150)	(13,758,210)
Transfers Out	17,290,890	16,661,290	2,506,081	13,242,270	14,609,070
Total Expenditures	91,017,974	96,229,260	46,782,736	94,562,020	98,546,290

GENERAL FUND

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
Expenditures by Department					
City Council	337,355	352,110	206,362	369,270	409,580
Administration	2,339,581	2,709,760	1,326,882	2,101,110	3,062,720
Communications				821,310	
Economic & Community Dev	5,521,764	6,394,650	3,259,645	6,505,320	6,634,790
Finance	2,751,128	2,734,560	1,430,631	2,793,970	2,965,830
Fire Contracted Services	3,556,484	3,603,110	2,166,770	3,657,530	3,657,530
Human Resources	1,733,010	1,977,930	1,025,635	2,030,840	2,108,610
Information Technology	509,617	517,310	312,612	520,950	519,450
Law	1,458,153	1,737,080	902,946	1,771,020	1,765,990
Municipal Court	3,079,215	3,181,510	1,809,197	3,232,900	3,349,550
Parks, Rec & Comm Services	16,027,802	17,229,170	9,493,625	17,262,980	18,248,640
Police	35,155,894	36,976,600	21,324,904	37,777,040	38,875,740
Public Works	1,273,864	1,294,960	677,388	1,318,470	1,318,470
Non Departmental	17,274,106	17,520,510	2,846,140	14,399,310	15,629,390
Total Expenditures	91,017,974	96,229,260	46,782,736	94,562,020	98,546,290
Changes:					
Wage Increases (AF, TM, NR, Temps)					675,440
Less budgeted offset - reserved for fund balance					(600,000)
Non-Represented Salary Survey					465,080
Medical Insurance - 20% rate increase					1,121,480
Liability Insurance - redistribution of costs					264,910
Liability Insurance - 10% rate increase					129,360
Utilities - park facilities and city buildings					217,660
Resident Survey					35,000
Human Services - adjust for CPI and population					24,310
Multi-Function Devices (MFD) - copier redistribution					16,300
Cell Phones - monthly plan costs					15,210
City Arts Program - adjust for population					5,200
Eliminate Communications Department					
Convert director to coordinator					(75,230)
Eliminate allocation to Multimedia					106,940
Redistribute Multimedia costs					(32,020)
Lead Plans Examiner					119,260
Administrative Assistant 1					91,750
offset by reductions in temporary wages and professional svcs					(91,750)
Financial Analyst - .6 FTE to 1.0 FTE					43,420
Deputy Director					177,430
offset by elimination of vacant MW2 position					(90,480)
Transfer for security at Russell Road employee parking lot					15,000
Transfer additional B&O for street capital projects					1,350,000
Total Changes					3,984,270
Change in Fund Balance	4,615,329	(2,433,300)	8,431,574	4,040	4,040
ENDING FUND BALANCE	19,987,828	15,678,900	27,912,872	16,119,250	20,296,970

GENERAL FUND

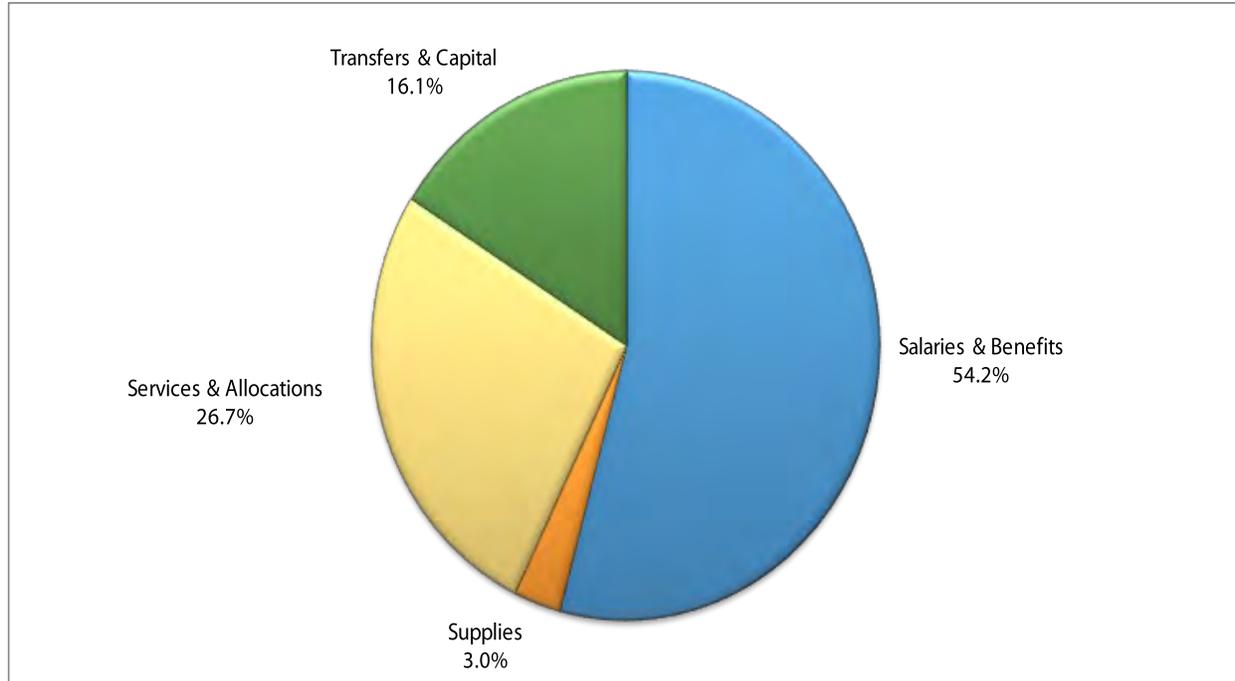
GENERAL FUND REVENUES



	2016 Actual	2017 Adj. Budget	2018 Adopted	2018 Proposed	2018 \$ Change	2018 % Change
Revenues						
Taxes						
Property	22,534,441	22,782,330	23,160,150	25,405,640	2,245,490	9.7%
Sales Tax	19,814,047	19,756,570	21,100,310	21,100,310		0.0%
Utility	18,490,458	18,947,950	19,150,880	19,150,880		0.0%
Business & Occupation Tax	9,311,445	8,900,000	7,500,000	8,890,480	1,390,480	18.5%
Other	961,833	869,990	891,360	879,260	(12,100)	-1.4%
Licenses and Permits	6,269,525	5,611,350	5,695,870	5,695,870		0.0%
Intergovernmental Revenue	8,072,343	7,712,070	7,705,230	7,946,370	241,140	3.1%
Charges for Services	5,363,205	5,117,170	5,271,760	5,391,020	119,260	2.3%
Fines and Forfeitures	1,551,720	1,565,970	1,565,970	1,565,970		0.0%
Miscellaneous Revenue	2,302,027	1,582,560	1,574,530	1,574,530		0.0%
Transfers In	962,261	950,000	950,000	950,000		0.0%
Total General Fund Revenues	95,633,303	93,795,960	94,566,060	98,550,330	3,984,270	4.2%

GENERAL FUND

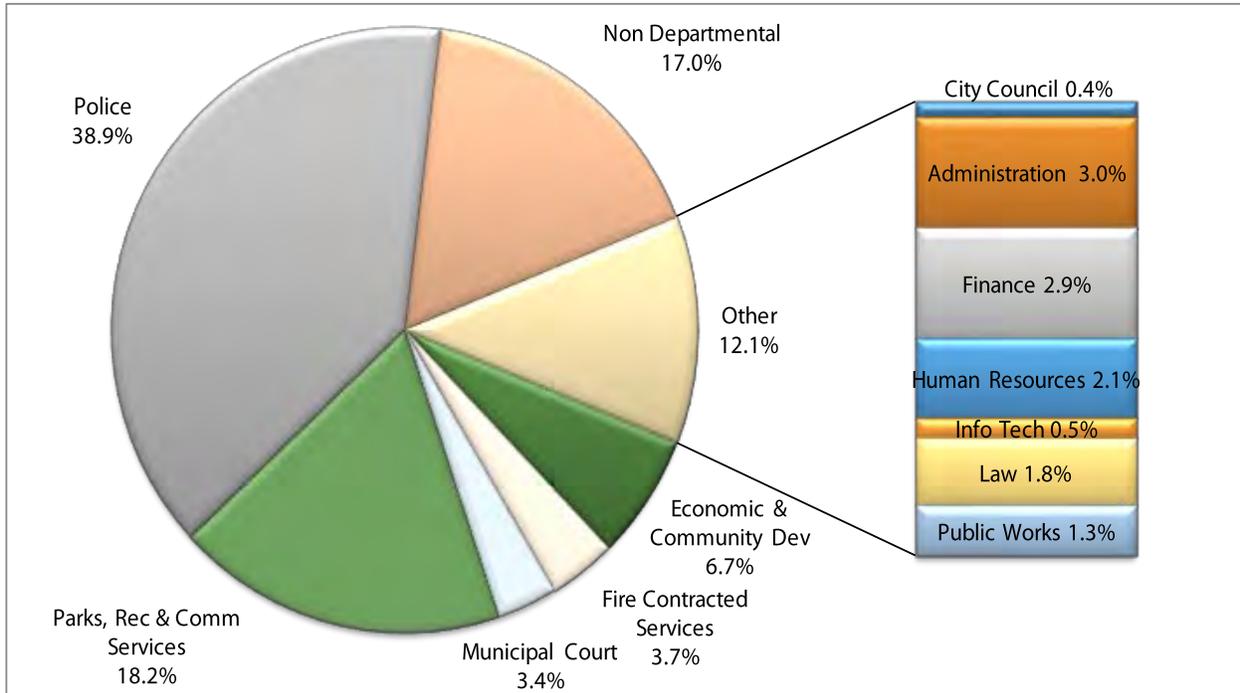
GENERAL FUND EXPENDITURES



	2016 Actual	2017 Adj. Budget	2018 Adopted	2018 Proposed	2018 \$ Change	2018 % Change
Expenditures						
Salaries & Benefits	47,456,630	50,998,760	52,655,190	54,536,010	1,880,820	3.6%
Supplies	2,269,094	2,951,070	2,952,170	2,952,170		0.0%
Services & Allocations	23,948,774	25,618,140	25,712,390	26,449,040	736,650	2.9%
Transfers & Capital	17,343,475	16,661,290	13,242,270	14,609,070	1,366,800	10.3%
Total General Fund Expenditures	91,017,974	96,229,260	94,562,020	98,546,290	3,984,270	4.2%

GENERAL FUND

GENERAL FUND EXPENDITURES BY DEPARTMENT



	2016 Actuals	2017 Adj. Budget	2018 Adopted	2018 Proposed	2018 \$ Change	2018 % Change
Expenditures by Department						
City Council	337,355	352,110	369,270	409,580	40,310	10.9%
Administration	2,339,581	2,709,760	2,101,110	3,062,720	961,610	45.8%
Communications			821,310		(821,310)	-100.0%
Economic & Community Dev	5,521,764	6,394,650	6,505,320	6,634,790	129,470	2.0%
Finance	2,751,128	2,734,560	2,793,970	2,965,830	171,860	6.2%
Fire Contracted Services	3,556,484	3,603,110	3,657,530	3,657,530		0.0%
Human Resources	1,733,010	1,977,930	2,030,840	2,108,610	77,770	3.8%
Information Technology	509,617	517,310	520,950	519,450	(1,500)	-0.3%
Law	1,458,153	1,737,080	1,771,020	1,765,990	(5,030)	-0.3%
Municipal Court	3,079,215	3,181,510	3,232,900	3,349,550	116,650	3.6%
Parks, Rec & Comm Services	16,027,802	17,229,170	17,262,980	18,248,640	985,660	5.7%
Police	35,155,894	36,976,600	37,777,040	38,875,740	1,098,700	2.9%
Public Works	1,273,864	1,294,960	1,318,470	1,318,470		0.0%
Non Departmental	17,274,106	17,520,510	14,399,310	15,629,390	1,230,080	8.5%
Total Expenditures	91,017,974	96,229,260	94,562,020	98,546,290	3,984,270	4.2%

SPECIAL REVENUE FUNDS

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

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

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

STREET OPERATING FUND

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	4,092,055	2,952,110	4,981,413	2,723,710	4,005,950
Revenues					
Taxes					
Water Utility Tax	187,398	201,720	119,262	205,760	205,760
Sewer Utility Tax	281,805	217,650	129,646	226,730	226,730
Drainage Utility Tax	193,300	285,000	175,922	287,670	287,670
Electric Utility Tax	1,234,559	1,184,260	789,360	1,190,180	1,190,180
Gas Utility Tax	305,514	336,960	273,440	337,810	337,810
Garbage Utility Tax	3,461,740	3,320,040	2,140,841	3,336,630	3,336,630
Telephone Utility Tax	533,283	581,430	295,299	582,880	582,880
Licenses and Permits	383,030	319,210	282,215	323,990	323,990
Intergovernmental Revenue	2,162,409	2,049,840	1,188,630	2,054,960	2,219,690
Charges for Services	1,693,017	1,204,750	1,328,626	464,930	464,930
Miscellaneous Revenue	34,903	4,450	60,510	4,450	4,450
Operating Revenues	10,470,958	9,705,310	6,783,752	9,015,990	9,180,720
Transfers In - General Fund	2,893,320	2,480,440		2,657,340	2,657,340
Transfers In - LID Funded Projects	890,473	86,680		83,500	83,500
Total Revenues	14,254,751	12,272,430	6,783,752	11,756,830	11,921,560
Changes:					
State Shared Revenues - fuel tax					64,730
State Shared Revenues - multi modal dist					100,000
Total Changes					164,730

STREET OPERATING FUND

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
Expenditures					
Street Operations					
Salaries & Benefits	3,037,752	3,208,490	1,597,766	3,243,180	2,868,040
Supplies	385,494	526,210	182,940	529,720	529,720
Services & Charges	4,032,689	4,369,770	2,155,217	4,199,370	4,690,630
Vehicles & Equipment		120,000	96,070		
Cost Allocation - to Annexation	(1,274,181)	(1,294,960)	(677,388)	(1,318,470)	(1,318,470)
Cost Allocation	(1,005,565)	(1,290,000)	(441,355)	(1,290,000)	(1,290,000)
Transfers Out - Debt Service	2,293,191	2,304,150	1,014,633	2,278,930	2,278,930
Transfers Out - Projects	5,988,658	3,829,510	1,814,000	3,220,870	4,228,370
PW Engineering					
Salaries & Benefits	3,518,362	4,885,110	2,538,731	4,947,730	6,506,410
Supplies	74,130	77,490	58,624	77,640	77,640
Services & Charges	850,956	819,380	458,809	978,880	852,920
Vehicles & Equipment		45,000	26,477	45,000	45,000
Cost Allocation - Engr Services	(3,531,792)	(5,152,610)	(2,434,547)	(5,276,120)	(6,708,840)
Total Expenditures	14,369,693	12,447,540	6,389,978	11,636,730	12,760,350
Changes:					
Wage Increases (AF, TM, NR, Temps)					237,200
Non-Represented Salary Survey					492,050
Medical Insurance - 20% rate increase					254,480
Liability Insurance - redistribution of costs					(173,040)
Liability Insurance - 10% rate increase					(9,970)
Utilities - city buildings					6,050
Cell Phones - monthly plan costs					8,950
Multi-Function Devices (MFD) - copier redistribution					170
Eliminate Comm Dept - redistribute Multimedia					(1,130)
Financial Analyst - .75 FTE to 1.0 FTE					19,730
CTR Program Coordinator - .75 FTE to 1.0 FTE					24,410
offset by allocation to projects					(24,410)
Position moved from Water to Street					180,080
Public Works Engr - allocated to Streets & Utilities					(1,024,400)
Utility Clearing Allocation					125,950
Transfer to YMCA/Morrill Meadows Frontage Imp					1,000,000
Transfer for security at Russell Road employee parking lot					7,500
Total Changes					1,123,620
Change in Fund Balance	(114,942)	(175,110)	393,774	120,100	(838,790)
ENDING FUND BALANCE	3,977,113	2,777,000	5,375,187	2,843,810	3,167,160

STREET OPERATING FUND PROJECTS

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

LEOFF 1 RETIREE BENEFITS FUND

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	1,093,532	1,068,490	1,174,261	1,054,000	1,231,660
Revenues					
Interest Income	5,733	1,750	5,384	1,750	1,750
Contributions	779,382	896,980	505,860	941,730	941,730
Miscellaneous	175		48,068		
Transfers In	250,000	250,000		250,000	250,000
Total Revenues	1,035,289	1,148,730	559,312	1,193,480	1,193,480
Expenditures					
Blue Cross Claims	588,100	757,050	405,699	794,900	794,900
Blue Cross Admin Fees	47,958	52,000	27,623	52,520	52,520
Delta Dental Claims	36,372	24,330	19,889	25,550	25,550
Delta Dental Admin Fees	10,145	12,000	3,264	12,120	12,120
Vision Service Plan Claims	4,704	7,100	1,506	7,460	7,460
Vision Service Plan Admin Fees	1,497	1,900	868	1,920	1,920
Stop Loss Fees	47,318	50,000	35,918	50,000	50,000
Medical Reimbursements	202,473	242,000	148,768	242,000	242,000
Other Professional Services	15,994	16,840	11,265	10,080	10,080
Total Expenditures	954,561	1,163,220	654,800	1,196,550	1,196,550
Change in Fund Balance	80,728	(14,490)	(95,488)	(3,070)	(3,070)
ENDING FUND BALANCE	1,174,260	1,054,000	1,078,773	1,050,930	1,228,590

LODGING TAX FUND

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

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	394,516	472,260	469,387	475,200	554,090
Revenues					
Lodging Tax	293,347	280,500	138,927	286,110	286,110
Interest Income	1,512	500	2,191	500	500
Total Revenues	294,859	281,000	141,118	286,610	286,610
Expenditures					
Services & Charges	10,311	16,560	3,884	17,190	17,250
Tourism Marketing	116,791	168,000	98,875	168,000	168,000
Tourism Unallocated	24,987	15,000	25,000	15,000	75,000
Tourism Chamber	18,500	18,500	9,250	18,500	18,500
Tourism Website	49,400				
ShoWare Marketing		60,000	60,000	60,000	60,000
Total Expenditures	219,989	278,060	197,009	278,690	338,750
Changes:					
Eliminate Comm Dept - redistribute Multimedia Projects & Events					60
Total Changes					60,060
Change in Fund Balance	74,870	2,940	(55,891)	7,920	(52,140)
ENDING FUND BALANCE	469,387	475,200	413,496	483,120	501,950

YOUTH / TEEN FUND

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	121,275	95,580	91,130	82,180	84,030
Revenues					
Taxes:					
Water Utility Tax	56,219	60,600	35,779	61,810	61,810
Sewer Utility Tax	84,541	65,380	39,071	68,110	68,110
Drainage Utility Tax	57,990	85,610	52,777	86,410	86,410
Electric Utility Tax	370,368	355,280	236,808	357,050	357,050
Gas Utility Tax	91,654	101,090	82,032	101,340	101,340
Garbage Utility Tax	89,528	85,860	55,367	86,290	86,290
Telephone Utility Tax	159,985	174,430	88,590	174,860	174,860
Miscellaneous Revenue	1,569	350		350	350
Total Revenues	911,855	928,600	590,423	936,220	936,220
Expenditures					
Transfer to GF Youth/Teen Program	900,000	900,000		900,000	900,000
Teen Golf Program	42,000	42,000		42,000	42,000
Total Expenditures	942,000	942,000	-	942,000	942,000
Change in Fund Balance	(30,145)	(13,400)	590,423	(5,780)	(5,780)
ENDING FUND BALANCE	91,130	82,180	681,553	76,400	78,250

CAPITAL RESOURCES FUND

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	5,755,064	10,212,480	11,277,727	7,452,910	10,932,430
Revenues					
Taxes:					
Sales & Use Tax	6,118,329	5,392,600	3,335,626	4,464,280	4,464,280
Utility Tax - 2% int util tax	1,325,005	1,408,750	849,661	1,440,320	1,440,320
Real Estate Excise Tax	6,427,334	3,400,000	3,881,186	3,400,000	4,800,000
Miscellaneous Revenue	72,684	2,620	39,025	2,620	2,620
Transfers In - 4% int util tax/B&O	6,808,294	2,509,990	1,366,666	2,522,540	2,522,540
Transfers In - GF	375,000	25,000		25,000	25,000
Total Revenues	21,126,646	12,738,960	9,472,163	11,854,760	13,254,760
Changes:					
Real Estate Excise Tax (REET)					1,400,000
Total Changes					1,400,000
Expenditures					
Transfer to Debt Service	10,339,015	10,173,530	1,445,513	10,040,110	10,180,430
Transfer to ShoWare Lifecycle	300,000	300,000		300,000	300,000
Transfer to Capital Projects:					
Sound Transit Light Rail	150,000				
Council Chambers Renovation					100,000
Place Making/Meet Me On Meeker	500,000	450,000		450,000	450,000
Parks Capital Projects	2,200,000	2,500,000	5,000	3,500,000	8,400,000
IT Capital Projects	1,000,000	2,488,100	742,500	1,250,000	1,250,000
Naden Ave & Willis St - right in/right out		250,000	2,000		
Downtown Strategic Action Plan Imp		50,000		50,000	50,000
Property Sales & Acquisitions	312,081		438,659		
Neighborhood Grant Matching	4,996	25,000	703	25,000	25,000
Judgments & Damages	759,969				
Total Expenditures	15,566,060	16,236,630	2,634,375	15,615,110	20,755,430
Changes:					
Debt Service - Other Cap Projects Fund					140,320
Transfer to YMCA/Morrill Meadows					4,900,000
Transfer to Council Chambers Renovation					100,000
Total Changes					5,140,320
Change in Fund Balance	5,560,586	(3,497,670)	6,837,788	(3,760,350)	(7,500,670)
ENDING FUND BALANCE	11,315,650	6,714,810	18,115,515	3,692,560	3,431,760

CRIMINAL JUSTICE FUND

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	3,981,628	5,413,490	5,697,717	5,996,190	6,220,420
Revenues					
Sales & Use Tax	2,618,657	2,457,910	1,490,942	2,531,650	2,531,650
Intergovernmental Revenue	712,332	408,690	482,407	255,130	255,130
Charges for Services	109,660	144,000	47,480	144,000	144,000
Fines and Forfeitures	1,413,939	1,144,500	882,766	1,144,500	1,144,500
Miscellaneous Revenue	55,705	4,120	33,965	4,120	4,120
Transfers In	270,594	121,500		121,500	121,500
Total Revenues	5,180,886	4,280,720	2,937,560	4,200,900	4,200,900
Expenditures					
Salaries & Benefits	2,464,086	3,204,690	1,381,986	2,887,550	3,237,010
Supplies	356,859	335,040	244,137	292,310	292,310
Services & Charges	823,546	1,088,510	798,764	906,900	905,980
Vehicles & Equipment	253,694	571,480	479,774		
Allocate to Annexation	(434,701)	(492,240)	(246,104)	(505,210)	(505,210)
Transfers Out	165,594	16,500		16,500	16,500
Total Expenditures	3,629,077	4,723,980	2,658,557	3,598,050	3,946,590
Expenditures by Function					
Law - Prosecution	708,248	750,680	404,186	731,300	777,980
Law - Domestic Violence	178,275	185,470	103,815	190,880	193,490
KYFS - Youth Violence Prevention	25,000	25,000		25,250	25,250
Police	1,404,541	2,227,920	815,112	2,223,130	2,487,160
Police Special Programs	1,582,121	2,010,650	1,581,548	916,200	951,420
Allocate to Annexation	(434,701)	(492,240)	(246,104)	(505,210)	(505,210)
Transfers Out	165,594	16,500		16,500	16,500
Total Expenditures	3,629,077	4,723,980	2,658,557	3,598,050	3,946,590
Changes:					
Wage Increases (AF, TM, NR, Temps)					266,340
Medical Insurance - 20% rate increase					83,120
Liability Insurance - redistribution of costs					1,320
Liability Insurance - 10% rate increase					410
Multi-Function Devices (MFD) - copier redistribution					(2,650)
Total Changes					348,540
Change in Fund Balance	1,551,809	(443,260)	279,003	602,850	254,310
ENDING FUND BALANCE	5,533,437	4,970,230	5,976,721	6,599,040	6,474,730

HOUSING & COMMUNITY DEVELOPMENT FUND

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
Revenues					
Block Grants - CDBG	826,210	1,056,260	295,376	1,056,260	1,056,260
Total Revenues	826,210	1,056,260	295,376	1,056,260	1,056,260
Expenditures					
Salaries & Benefits	503,434	549,660	302,891	560,690	560,690
Supplies	78,594	145,200	49,262	145,200	145,200
Services & Charges	244,182	361,400	66,557	350,370	350,370
Total Expenditures	826,210	1,056,260	418,710	1,056,260	1,056,260
Expenditures by Program					
Planning & Administration	117,865	211,250	84,334	211,250	211,250
Home Repair	564,129	686,570	334,376	686,570	686,570
Service Providers	144,217	158,440		158,440	158,440
Total Expenditures by Program	826,210	1,056,260	418,710	1,056,260	1,056,260

CITY ARTS PROGRAM FUND

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	364,242	406,520	436,914	406,520	455,410
Revenues					
Transfers In - General Fund	135,731	116,520		113,850	115,650
Total Revenues	135,731	116,520	-	113,850	115,650
Changes:					
City Arts Program					1,800
Total Changes					1,800
Expenditures					
Supplies	14,503				
Services & Charges	48,556	116,520	3,542	113,850	115,650
Art			22,695		
Total Expenditures	63,059	116,520	26,237	113,850	115,650
Changes:					
City Arts Program					1,800
Total Changes					1,800
Change in Fund Balance	72,672	-	(26,237)	-	-
ENDING FUND BALANCE	436,914	406,520	410,677	406,520	455,410

SHOWARE OPERATING FUND

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	1,596,543	2,373,340	2,147,074	2,434,020	2,500,470
Revenues					
Other Revenue	462,443				
Transfer In - Admissions Tax	385,546	350,000	179,265	350,000	350,000
Transfer In - General Fund	500,000	500,000		500,000	500,000
Transfer In - Capital Resources	300,000	300,000		300,000	300,000
Total Revenues	1,647,988	1,150,000	179,265	1,150,000	1,150,000
Expenditures					
Services & Charges	761,052	764,320	197,018	807,220	777,220
Lifecycle Expenses	-	300,000		300,000	300,000
Capital Outlay	334,347		23,763		
Debt Service - Principal	2,058	25,000			24,800
Total Expenditures	1,097,457	1,089,320	220,781	1,107,220	1,102,020
Changes:					
Debt Service - SMG loan					(5,200)
Total Changes					(5,200)
Change in Fund Balance	550,531	60,680	(41,517)	42,780	47,980
ENDING FUND BALANCE	2,147,074	2,434,020	2,105,557	2,476,800	2,548,450

DEBT SERVICE FUNDS

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

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

NON-VOTED DEBT SERVICE FUND

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

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	8,329	-	521,394	464,830	977,890
Revenues					
Intergovernmental					
Other Sources	77,396,218				
Transfers In	9,185,104	10,781,240	2,721,443	10,531,820	10,531,820
Total Revenues	86,581,322	10,781,240	2,721,443	10,531,820	10,531,820
Expenditures					
Debt Refund Payment	76,539,984				
Debt Service - Principal	6,282,631	6,461,210	775,866	6,409,760	6,409,760
Debt Service - Interest	3,245,642	3,855,200	1,945,577	3,657,230	3,657,230
Total Expenditures	86,068,257	10,316,410	2,721,443	10,066,990	10,066,990
Expenditures by Bond Issue					
LTGO Taxable Bonds 2003	186,468	186,800	9,401	186,650	186,650
LTGO Refund 2005	301,875	313,990	23,996	320,220	320,220
LTGO Bonds 2006					
LTGO Bonds 2008	1,296,063	869,250	39,625	834,750	834,750
LTGO Refund 2009	1,047,000	1,046,210	58,100	1,049,020	1,049,020
LTGO Refund 2012	1,357,125	1,345,020	127,513	1,336,410	1,336,410
LTGO Refund 2014	1,339,049	1,152,900	90,785	971,330	971,330
LTGO Refund 2015	1,069,983	1,036,770	98,383	1,004,590	1,004,590
LTGO Refund 2016	78,655,015	3,553,650	1,461,825	3,556,060	3,556,060
Other Non-Voted Debt	815,680	811,820	811,816	807,960	807,960
Total Expenditures	86,068,257	10,316,410	2,721,443	10,066,990	10,066,990
Change in Fund Balance	513,065	464,830	-	464,830	464,830
ENDING FUND BALANCE	521,394	464,830	521,394	929,660	1,442,720

SPECIAL ASSESSMENT DEBT SERVICE FUND

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	2,070,434	2,119,290	1,188,906	1,094,840	59,010
Revenues					
Special Assessments	1,677,275	1,150,790	814,806	1,151,890	1,151,890
Interest Income	463,355	410,590	170,506	352,570	352,570
Other Revenue	10,502		8,161		
Total Revenues	2,151,133	1,561,380	993,473	1,504,460	1,504,460
Expenditures					
Transfers Out to Projects	2,318,805	1,960,830	196,010	938,470	938,470
Other Expenditures	4,305		542		
Debt Service - Principal	645,000	550,000		550,000	550,000
Debt Service - Interest	64,550	75,000		75,000	75,000
Total Expenditures	3,032,661	2,585,830	196,552	1,563,470	1,563,470
Change in Fund Balance	(881,528)	(1,024,450)	796,920	(59,010)	(59,010)
ENDING FUND BALANCE	1,188,906	1,094,840	1,985,826	1,035,830	0

CAPITAL PROJECTS FUNDS

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

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

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

STREET CAPITAL PROJECTS FUND

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

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

PARKS CAPITAL PROJECTS FUND

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

Parks Capital Projects Fund 2018 Mid-Biennium Adjustment

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

OTHER CAPITAL PROJECTS FUND

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

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

IT CAPITAL PROJECTS FUND

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

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

ENTERPRISE FUNDS

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

Kent currently operates four enterprise funds:

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

WATER UTILITY FUND

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	8,158,504	11,080,830	10,966,106	8,329,820	9,714,610
Revenues					
Charges for Services	18,751,378	20,389,000	11,927,286	20,796,640	20,796,640
System Dev/Connection Charges	1,495,241	980,000	894,769	980,000	980,000
Miscellaneous Revenue	846,052	217,500	332,244	217,500	217,500
Transfers In	4,838				
Operating Revenues	21,097,510	21,586,500	13,154,299	21,994,140	21,994,140
Transfers In - Debt Service	3,428,491	3,746,630	1,989,945	3,724,180	3,724,180
Total Revenues	24,526,000	25,333,130	15,144,244	25,718,320	25,718,320
Expenditures					
Salaries & Benefits	3,016,383	3,175,450	1,733,697	3,205,660	3,241,870
Supplies	745,453	665,240	355,669	671,300	671,300
Services & Charges	8,345,677	9,658,890	4,871,033	9,865,880	10,253,260
Vehicles & Equipment		90,000	8,795		
Cost Allocation	(480,711)	(500,000)	(292,644)	(500,000)	(500,000)
Transfers to Debt Service	46,894	46,860	2,602	46,980	46,980
Transfers to Capital Projects	3,009,738	7,450,000	113,100	6,750,000	7,772,500
Debt Service - Principal	1,971,528	2,024,030	1,149,028	2,044,030	2,044,030
Debt Service - Interest	1,571,379	1,722,600	905,913	1,680,150	1,680,150
Operating Expenditures	18,226,341	24,333,070	8,847,193	23,764,000	25,210,090
Transfers Out - Debt Service	3,428,491	3,746,630	1,989,945	3,724,180	3,724,180
Total Expenditures	21,654,832	28,079,700	10,837,138	27,488,180	28,934,270
Changes:					
Wage Increases (AF, TM, NR, Temps)					97,490
Non-Represented Salary Survey					54,190
Medical Insurance - 20% rate increase					64,610
Liability Insurance - redistribution of costs					(39,130)
Liability Insurance - 10% rate increase					3,890
Cell Phones - monthly plan costs					1,070
Eliminate Comm Dept - redistribute Multimedia					30
Position moved from Water to Street					(180,080)
PW Engineering Allocation					329,520
Utility Clearing Allocation					92,000
Transfer to East Hill Pressure Zone					1,000,000
Transfer for security at Russell Road employee parking lot					22,500
Total Changes					1,446,090
Change in Fund Balance	2,871,168	(2,746,570)	4,307,106	(1,769,860)	(3,215,950)
ENDING FUND BALANCE	11,029,672	8,334,260	15,273,213	6,559,960	6,498,660

WATER UTILITY FUND—CAPITAL PROJECTS

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

SEWERAGE UTILITY FUND

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	10,162,058	9,909,830	11,295,548	11,963,330	14,084,750
Revenues					
Charges for Services	47,523,526	49,814,800	29,488,075	51,070,560	51,070,560
System Dev/Connection Charges	974,973	750,000	565,235	750,000	750,000
Licenses and Permits	71,219	45,000	38,863	45,000	45,000
Intergovernmental	150,810		75,365		
Miscellaneous Revenue	3,013,923	48,500	145,683	48,500	48,500
Transfers In	19,694	4,100		3,770	3,770
Operating Revenues	51,754,144	50,662,400	30,313,220	51,917,830	51,917,830
Transfers In - Debt Service	1,535,497	1,614,440	371,982	1,537,520	1,537,520
Total Revenues	53,289,641	52,276,840	30,685,202	53,455,350	53,455,350
Expenditures					
Salaries & Benefits	4,480,272	5,030,310	2,462,844	5,081,610	5,480,330
Supplies	460,465	454,640	238,180	457,530	457,530
Services & Charges	33,424,983	35,101,290	20,466,920	35,696,940	36,536,680
Capital Outlay	323,426	422,500	68,203		146,000
Cost Allocation	(684,337)	(591,200)	(459,651)	(591,200)	(591,200)
Transfers to Debt Service	72,738	72,680	4,036	72,880	72,880
Transfers to Capital Projects	9,332,678	6,500,000	2,557,500	7,950,000	12,380,000
Debt Service - Principal	1,063,770	1,023,660	75,000	981,100	981,100
Debt Service - Interest	590,192	590,780	297,290	556,420	556,420
Operating Expenditures	49,064,187	48,604,660	25,710,323	50,205,280	56,019,740
Transfer Out - Debt Service	1,535,497	1,614,440	371,982	1,537,520	1,537,520
Total Expenditures	50,599,684	50,219,100	26,082,304	51,742,800	57,557,260
Changes:					
Wage Increases (AF, TM, NR, Temps)					54,970
Non-Represented Salary Survey					197,140
Medical Insurance - 20% rate increase					146,610
Liability Insurance - redistribution of costs					(55,840)
Liability Insurance - 10% rate increase					5,530
Utilities - city buildings					410
Cell Phones - monthly plan costs					(1,180)
Eliminate Comm Dept - redistribute Multimedia					10
PW Engineering Allocation					694,880
Utility Clearing Allocation					195,930
Public Works - Front Loader					146,000
Transfer for security at Russell Road employee parking lot					30,000
Transfer to Modular Building					300,000
Transfer to YMCA/Morrill Meadows Frontage Imp					600,000
Transfer to Linda Heights Pump Station					500,000
Transfer to GRNRA South Pump Station					2,000,000
Transfer to West Meeker Storm Drainage (RR-64th)					1,000,000
Total Changes					5,814,460
Change in Fund Balance	2,689,957	2,057,740	4,602,897	1,712,550	(4,101,910)
ENDING FUND BALANCE	12,852,015	11,967,570	15,898,444.71	13,675,880	9,982,840

SEWERAGE UTILITY FUND—CAPITAL PROJECTS

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

SOLID WASTE UTILITY FUND

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	(365)	145,630	302,528	216,750	438,530
Revenues					
Charges for Services	607,071	600,000	349,148	600,000	600,000
Intergovernmental	165,387	299,710			
Miscellaneous Revenue	1,614		1,649		
Total Revenues	774,072	899,710	350,797	600,000	600,000
Expenditures					
Salaries & Benefits	259,000	435,040	210,421	427,310	444,870
Supplies	3,682		3,767		
Services & Charges	44,957	61,180	22,817	62,640	78,320
Vehicles & Equipment		35,000			
Cost Allocation	(36,501)		(40,555)		
Transfers Out	34,585				
Project Expenditures	165,458	299,710	90,461		
Total Expenditures	471,180	830,930	286,910	489,950	523,190
Changes:					
Wage Increases (AF, TM, NR, Temps)					(11,090)
Non-Represented Salary Survey					13,300
Medical Insurance - 20% rate increase					15,350
Utilities - city buildings					12,600
Cell Phones - monthly plan costs					3,020
Eliminate Comm Dept - redistribute Multimedia					60
Total Changes					33,240
Change in Fund Balance	302,892	68,780	63,887	110,050	76,810
ENDING FUND BALANCE	302,528	214,410	366,414	326,800	515,340

UTILITY CLEARING FUND

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

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
Expenditures					
Salaries & Benefits	4,270,983	4,386,420	2,445,666	4,468,320	4,823,830
Supplies	287,208	266,000	165,525	268,140	270,340
Services & Charges	2,826,275	2,933,610	1,678,573	2,960,570	2,982,330
Vehicles & Equipment	91,688				
Allocated to Utilities & Streets	(7,476,155)	(7,586,030)	(4,284,352)	(7,697,030)	(8,076,500)
Total Expenditures	-	-	5,412	-	-
Expenditures by Function					
Finance Customer Services	2,678,130	2,892,150	1,569,304	2,910,260	2,910,300
Finance Meter Services	431,426	439,180	250,116	447,110	468,440
PWO Administration	1,702,392	1,610,990	839,103	1,649,100	1,753,150
PWO Warehouse	534,152	522,140	302,837	531,390	555,240
PWO Vegetation	2,130,055	2,121,570	1,328,403	2,159,170	2,389,370
Allocated to Utilities & Streets	(7,476,155)	(7,586,030)	(4,284,352)	(7,697,030)	(8,076,500)
Total Expenditures	-	-	5,412	-	-
Changes:					
Wage Increases (AF, TM, NR, Temps)					180,740
Non-Represented Salary Survey					42,430
Medical Insurance - 20% rate increase					132,340
Liability Insurance - redistribution of costs					(12,640)
Liability Insurance - 10% rate increase					1,550
Utilities - city buildings					19,040
Cell Phones - monthly plan costs					7,410
Multi-Function Devices (MFD) - copier redistribution					10,270
Eliminate Comm Dept - redistribute Multimedia					(1,670)
Utility Clearing - allocated to Streets & Utilities					(379,470)
Total Changes					-

GOLF COMPLEX FUND

Note: The City is planning on selling part of the golf properties in 2017. The proceeds will eliminate the deficit fund balance in this fund. Further, the City is in the process of analyzing our service delivery model for our golf operations to determine if adjustments are necessary.

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	(3,043,675)	(3,723,680)	(3,768,127)	(3,670,040)	(4,273,030)
Revenues					
18 Hole Course	1,293,866	1,470,420	772,183	1,470,420	1,470,420
Par 3 Course	214,032	292,580	117,750	292,580	292,580
Driving Range	564,782	624,250	390,120	624,250	624,250
Merchandising	371,118	450,000	210,071	450,000	450,000
Miscellaneous Revenue	31,885	34,160	19,309	34,160	34,160
Total Revenues	2,475,682	2,871,410	1,509,433	2,871,410	2,871,410
Expenditures					
Salaries & Benefits	1,406,036	1,404,240	863,692	1,414,140	1,498,830
Supplies	569,184	609,350	268,817	615,300	615,300
Services	898,796	806,750	418,465	825,470	817,860
Other Expenditures	14,747		18,899		
Transfer To Golf Capital Projects	300,000				
Total Expenditures	3,188,762	2,820,340	1,569,873	2,854,910	2,931,990
Changes:					
Wage Increases (AF, TM, NR, Temps)					42,500
Non-Represented Salary Survey					5,650
Medical Insurance - 20% rate increase					36,540
Liability Insurance - redistribution of costs					(10,300)
Liability Insurance - 10% rate increase					(900)
Utilities - city buildings					2,830
Multi-Function Devices (MFD) - copier redistribution					730
Eliminate Comm Dept - redistribute Multimedia					30
Total Changes					77,080
Change in Fund Balance	(713,080)	51,070	(60,440)	16,500	(60,580)
ENDING FUND BALANCE	(3,756,755)	(3,672,610)	(3,828,567)	(3,653,540)	(4,333,610)

INTERNAL SERVICE FUNDS

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

The City maintains the following Internal Service Funds:

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

FLEET SERVICES FUND

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	4,301,237	5,380,600	5,134,423	5,402,480	4,718,120
Revenues					
Fleet Operations	3,352,437	3,196,010	1,878,629	3,241,270	3,241,270
Fleet Replacement	1,381,429	1,499,890	876,254	1,499,890	1,499,890
Miscellaneous Revenue	35,135	20,000	104,746	20,000	20,000
Total Revenues	4,769,001	4,715,900	2,859,629	4,761,160	4,761,160
Expenditures					
Salaries & Benefits	1,019,663	1,073,140	572,384	1,082,130	1,139,840
Supplies	1,098,422	1,504,590	461,709	1,519,610	1,519,610
Services & Charges	718,518	626,610	462,832	639,430	653,760
Vehicles & Equipment	1,137,829	2,493,500	491,084	1,500,000	3,000,000
Operating Expenditures	3,974,431	5,697,840	1,988,009	4,741,170	6,313,210
Transfers Out to Projects					1,750,000
Total Expenditures	3,974,431	5,697,840	1,988,009	4,741,170	8,063,210
Changes:					
Wage Increases (AF, TM, NR, Temps)					25,180
Non-Represented Salary Survey					19,550
Medical Insurance - 20% rate increase					12,980
Liability Insurance - redistribution of costs					(3,350)
Liability Insurance - 10% rate increase					320
Cell Phones - monthly plan costs					510
Multi-Function Devices (MFD) - copier redistribution					1,260
Additional Vehicle Replacements					1,500,000
Utility Clearing Allocation					15,590
Transfer to Fuel Island					1,750,000
Total Changes					3,322,040
Change in Fund Balance	794,570	(981,940)	871,619	19,990	(3,302,050)
ENDING FUND BALANCE	5,095,807	4,398,660	6,006,042	5,422,470	1,416,070

FLEET SERVICES FUND PROJECTS

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

CENTRAL STORES FUND

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	(46,226)	(30,400)	(63,568)	(5,040)	(56,770)
Revenues					
Central Stores Sales	171,878	236,180	95,250	236,180	236,180
Postage Sales	210,566	210,330	100,848	213,130	213,130
Total Revenues	382,444	446,510	196,098	449,310	449,310
Expenditures					
Central Stores	171,781	204,120	64,585	204,120	204,120
Postage	228,006	217,030	89,848	217,030	217,030
Total Expenditures	399,786	421,150	154,434	421,150	421,150
Change in Fund Balance	(17,342)	25,360	41,664	28,160	28,160
ENDING FUND BALANCE	(63,568)	(5,040)	(21,904)	23,120	(28,610)

INFORMATION TECHNOLOGY FUND

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	2,808,737	3,153,500	3,640,615	2,622,660	2,911,720
Revenues					
Utility Tax	1,518,555	1,481,000	869,534	1,488,410	1,488,410
Intergovernmental - RFA	539,833	496,580	234,334	501,540	501,540
IT Services - Outside	52,946	53,500	20,976	53,500	53,500
Technology Fees	525,819	486,000	320,764	486,000	486,000
IT Internal Contributions	5,080,650	5,444,980	3,138,034	5,638,130	5,604,310
Miscellaneous Revenue	30		19,071		
Total Revenues	7,717,834	7,962,060	4,602,714	8,167,580	8,133,760
Changes:					
Information Technology					(33,820)
Total Changes					(33,820)
Expenditures					
Salaries & Benefits	3,402,086	4,804,630	2,398,281	4,863,650	4,992,020
Supplies	184,837	331,060	277,500	271,680	331,060
Services & Charges	2,226,122	3,160,640	1,665,838	3,153,370	3,229,950
Vehicles & Equipment	33,609				
Allocate to Annexation	(379,967)	(370,250)	(242,384)	(372,100)	(372,100)
Transfer to IT Capital Projects	1,438,390	257,360	(738,100)	547,660	547,660
Total Expenditures	6,905,076	8,183,440	3,361,135	8,464,260	8,728,590
Changes:					
Wage Increases (AF, TM, NR, Temps)					92,750
Non-Represented Salary Survey					35,620
Liability Insurance - redistribution of costs					26,030
Liability Insurance - 10% rate increase					5,870
Utilities - city buildings					3,570
Cell Phones - monthly plan costs					153,950
Multi-Function Devices (MFD) - copier redistribution					24,470
Eliminate Comm Dept - remove allocation to Multimedia					(106,940)
Eliminate Comm Dept - redistribute Multimedia					(63,990)
Establish budgets for new IT Divisions					93,000
Total Changes					264,330
Change in Fund Balance	812,757	(221,380)	1,241,579	(296,680)	(594,830)
ENDING FUND BALANCE	3,621,494	2,932,120	4,882,194	2,325,980	2,316,890

FACILITIES FUND

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	1,672,947	2,123,580	2,340,684	2,006,890	2,132,180
Revenues					
Intergovernmental - RFA	951,552	183,860	68,234	183,960	183,960
Rental Fees - Internal	4,347,430	4,477,750	2,612,021	4,567,340	4,653,700
Miscellaneous Revenue	99,873	66,920	59,991	66,920	66,920
Transfers In	681,000				
Total Revenues	6,079,855	4,728,530	2,740,245	4,818,220	4,904,580
Changes:					
Facilities					86,360
Total Changes					86,360
Expenditures					
Salaries & Benefits	2,122,861	2,137,420	1,116,696	2,145,150	2,250,770
Supplies	335,981	293,260	137,638	293,260	293,260
Services & Charges	2,307,280	1,879,250	1,003,378	1,888,350	1,974,700
Vehicles & Equipment	7,743				
Transfers Out to Projects	541,000	726,000	52,000	591,000	591,000
Total Expenditures	5,314,865	5,035,930	2,309,713	4,917,760	5,109,730
Changes:					
Wage Increases (AF, TM, NR, Temps)					60,900
Non-Represented Salary Survey					2,580
Medical Insurance - 20% rate increase					42,140
Liability Insurance - redistribution of costs					2,040
Liability Insurance - 10% rate increase					700
Utilities - city buildings					86,360
Cell Phones - monthly plan costs					1,780
Multi-Function Devices (MFD) - copier redistribution					790
Eliminate Comm Dept - redistribute Multimedia					10
Remove Fire Station 75 Property Insurance					(5,330)
Total Changes					191,970
Change in Fund Balance	764,989	(307,400)	430,532	(99,540)	(205,150)
ENDING FUND BALANCE	2,437,936	1,816,180	2,771,217	1,907,350	1,927,030

FACILITIES FUND—CAPITAL PROJECTS

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

INSURANCE FUND—UNEMPLOYMENT

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	1,038,938	1,308,940	1,332,446	1,261,830	1,374,450
Revenues					
Contributions - Unemployment	412,779	120,700	98,656	120,700	120,700
Miscellaneous Revenue	7,447	1,000	6,195	1,000	1,000
Total Revenues	420,226	121,700	104,851	121,700	121,700
Expenditures					
Salaries & Benefits	23,390	26,050	14,381	26,420	28,870
Supplies					
Services & Charges	2,895	3,000	2,097	3,000	3,000
Unemployment - Claims Paid	100,433	140,000	20,425	140,000	140,000
Total Expenditures	126,718	169,050	36,904	169,420	171,870
Changes:					
Wage Increases (AF, TM, NR, Temps)					680
Non-Represented Salary Survey					1,490
Medical Insurance - 20% rate increase					280
Total Changes					2,450
Change in Fund Balance	293,508	(47,350)	67,947	(47,720)	(50,170)
ENDING FUND BALANCE	1,332,446	1,261,590	1,400,393	1,214,110	1,324,280

INSURANCE FUND—WORKERS COMPENSATION

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	2,541,813	2,638,040	2,101,750	2,264,560	2,287,920
Revenues					
Contributions - Unemployment	1,119,404	1,020,000	597,019	1,020,000	1,071,000
Miscellaneous Revenue	81,071	3,800	18,255	3,800	3,800
Transfers In					
Total Revenues	1,200,476	1,023,800	615,275	1,023,800	1,074,800
Changes:					
Workers Compensation					51,000
Total Changes					51,000
Expenditures					
Salaries & Benefits	93,555	104,030	57,525	105,550	115,440
Judgments & Damages	1,020,447	925,000	335,861	950,000	950,000
Liability Insurance	66,530	73,180	71,588	80,500	80,500
Intergovernmental Services	129,858	140,000	78,823	140,000	140,000
Administrative Costs	79,013	60,000	44,491	60,000	60,000
Other Expenses	16,665	16,000	11,829	16,000	16,000
Safety Program	30,707	80,000	6,123	80,000	80,000
Total Expenditures	1,436,775	1,398,210	606,239	1,432,050	1,441,940
Changes:					
Wage Increases (AF, TM, NR, Temps)					2,810
Non-Represented Salary Survey					5,960
Medical Insurance - 20% rate increase					1,120
Total Changes					9,890
Change in Fund Balance	(236,300)	(374,410)	9,036	(408,250)	(367,140)
ENDING FUND BALANCE	2,305,514	2,263,630	2,110,785	1,856,310	1,920,780

INSURANCE FUND—HEALTH & WELLNESS

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	6,122,922	4,797,500	4,681,152	3,294,100	3,047,140
Revenues					
Blue Cross - City	7,202,968	7,361,550	4,397,272	7,545,590	9,054,710
Group Health - City	278,545	315,000	199,939	321,300	345,000
HSA - City	1,920,217	1,998,750	1,137,852	2,048,720	2,458,460
Blue Cross - Employee	617,459	627,300	356,377	639,850	767,820
Group Health - Employee	34,902	40,000	25,242	40,800	45,000
Blue Cross - Cobra	40,192	75,000	16,715	75,000	30,000
Miscellaneous Revenue	234,642	15,000	170,954	15,000	295,000
Trasnfers In	360,000				
Total Revenues	10,688,926	10,432,600	6,304,351	10,686,260	12,995,990
Changes:					
Medical Insurance					2,309,730
Total Changes					2,309,730
Expenditures					
Salaries & Benefits	(48,691)		1,084		-
Claims Paid	10,662,165	10,133,000	7,162,099	10,342,660	12,896,230
Group Health Premiums	313,447	355,000	225,181	362,100	390,000
Third Party Admin Fees	554,409	547,500	310,641	558,450	540,300
Stop Loss Fees	440,707	440,000	357,722	440,000	590,000
Wellness Program	96,678	128,000	59,227	128,000	128,000
City Paid HSA Contributions		200,000		200,000	
Transitional Reinsurance	47,844	48,000			
Other Professional Services	57,127	75,000	15,450	75,000	75,000
Other Expenses	7,010	9,500	5,747	9,500	10,420
Total Expenditures	12,130,696	11,936,000	8,137,150	12,115,710	14,629,950
Changes:					
Medical Claims					2,514,240
Total Changes					2,514,240
Change in Fund Balance	(1,441,770)	(1,503,400)	(1,832,799)	(1,429,450)	(1,633,960)
ENDING FUND BALANCE	4,681,152	3,294,100	2,848,353	1,864,650	1,413,180

INSURANCE FUND—LIABILITY INSURANCE

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	2,452,656	1,817,260	1,805,167	1,203,160	1,176,670
Revenues					
Contributions - Insurance	1,130,060	1,243,000	725,083	1,367,300	1,504,060
Miscellaneous Revenue	16,967	6,000	4,021	6,000	6,000
Reimbursements			822,778		
Transfers In	300,000				
Total Revenues	1,447,027	1,249,000	1,551,883	1,373,300	1,510,060
Changes:					
Liability Insurance					136,760
Total Changes					136,760
Expenditures					
Salaries & Benefits	93,355	103,100	57,525	105,550	115,440
Claims & Judgments	1,231,155	850,000	1,336,950	900,000	900,000
Insurance Premiums	668,406	750,000	751,671	750,000	750,000
Other Expenses	152,712	160,000	134,129	160,000	160,000
Total Expenditures	2,145,627	1,863,100	2,280,275	1,915,550	1,925,440
Changes:					
Wage Increases (AF, TM, NR, Temps)					2,810
Non-Represented Salary Survey					5,960
Medical Insurance - 20% rate increase					1,120
Total Changes					9,890
Change in Fund Balance	(698,599)	(614,100)	(728,392)	(542,250)	(415,380)
ENDING FUND BALANCE	1,754,056	1,203,160	1,076,774	660,910	761,290

INSURANCE FUND—PROPERTY INSURANCE

	2016 Actual	2017 Adj. Budget	2017 July YTD	2018 Adopted	2018 Proposed
BEGINNING FUND BALANCE	348,579	531,548	531,548	487,720	646,350
Revenues					
Contributions - Insurance	627,267	554,770	324,487	571,200	565,870
Miscellaneous Revenue	838	50	2,211	50	50
Total Revenues	628,105	554,820	326,699	571,250	565,920
Changes:					
Property Insurance					(5,330)
Total Changes					(5,330)
Expenditures					
Salaries & Benefits	23,389	26,050	14,381	26,420	28,870
Insurance Premiums	412,669	450,000	555,230	472,500	472,500
Claims & Deductibles	9,078	25,000	439	25,000	25,000
Total Expenditures	445,135	501,050	570,050	523,920	526,370
Changes:					
Wage Increases (AF, TM, NR, Temps)					680
Non-Represented Salary Survey					1,490
Medical Insurance - 20% rate increase					280
Total Changes					2,450
Change in Fund Balance	182,969	53,770	(243,351)	47,330	39,550
ENDING FUND BALANCE	531,548	585,318	288,197	535,050	685,900

This page left intentionally blank.