



FOR THE FISCAL YEAR
ENDED DECEMBER 31,
2023



City of Kirkland, WA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

City of Kirkland, Washington

Annual Comprehensive Financial Report



For the Fiscal Year Ended December 31, 2023

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**City of Kirkland, Washington
Annual Comprehensive Financial Report
For the Year ended December 31, 2023**

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Introductory Section



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Kirkland
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF KIRKLAND

CITY COUNCIL

Mayor	Kelli Curtis
Deputy Mayor	Jay Arnold
Council Members	Neal Black
	Amy Falcone
	Jon Pascal
	Penny Sweet
	John Tymczynsyn

ADMINISTRATIVE STAFF

CITY MANAGER'S OFFICE

City Manager	Kurt Triplett
Deputy City Manager	Julie Underwood
Deputy City Manager	James Lopez

MUNICIPALCOURT

Judge.....	John Olson
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CITY ATTORNEY'S OFFICE

City Attorney	Kevin Raymond
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FINANCE AND ADMINISTRATION

Director	Michael Olson
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FIRE

Fire Chief	Joe Sanford
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HUMAN RESOURCES AND PERFORMANCE MANAGEMENT

Interim Director	Julie Underwood
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INFORMATION TECHNOLOGY

Chief Information Officer	Smitha Krishnan
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PARKS AND COMMUNITY SERVICES

Director	Lynn Zwaagstra
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PLANNING AND BUILDING

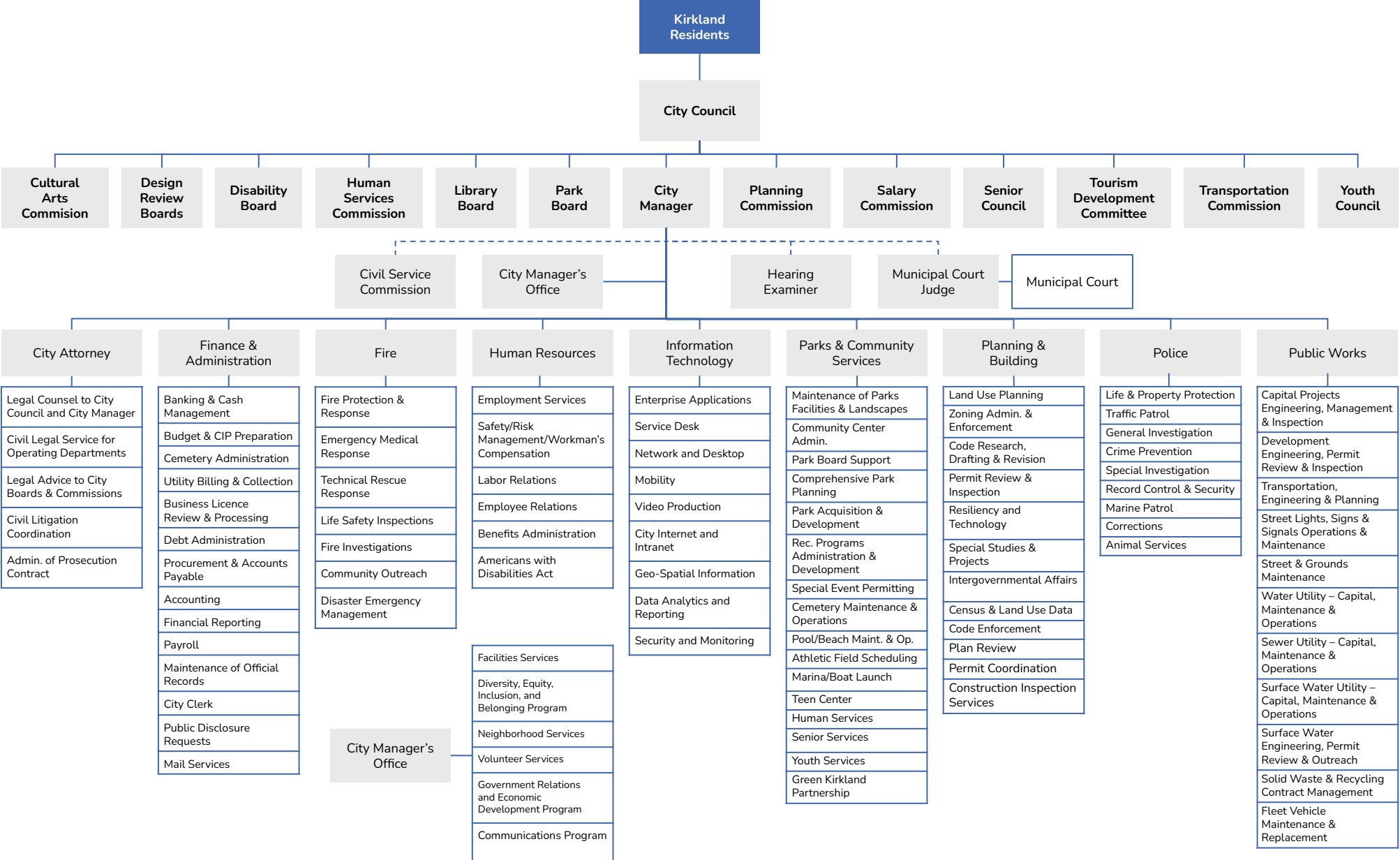
Director	Adam Weinstein
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POLICE

Police Chief.....	Cherie Harris
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PUBLIC WORKS

Director	Truc Dever
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June 25, 2024

Community of Kirkland
Honorable Mayor
Members of the City Council

The City of Kirkland's (the City) Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023, is hereby submitted. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The State Auditor's Office has issued an unmodified ("clean") opinion on the City of Kirkland's financial statements for the year ended December 31, 2023. The auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

By way of background, the City of Kirkland is located on the eastern shore of Lake Washington. It is a suburban city, surrounded by other suburban cities and pockets of unincorporated King County. The City is near several major transportation routes including Interstate 405, State Route 520, and Interstate 5. These routes connect the City economically and socially to the greater Seattle area.

At the time of incorporation in 1905, the City of Kirkland's population was approximately 530. The 2023 estimated population is 96,920 making Kirkland the twelfth largest city in the State of Washington and the sixth largest in King County.

Since its incorporation, Kirkland has grown in geographic size to eighteen square miles. This growth occurred primarily through the consolidation of the cities of Houghton and Kirkland in 1968, the annexations of Rose Hill and Juanita in 1988, and the annexation of the North Juanita, Finn Hill, and Kingsgate neighborhoods in 2011.

Kirkland operates under a Council-Manager form of government. The City Council is the policy-making branch of Kirkland's government and consists of seven members elected at large to staggered, four-year terms. The Mayor is elected from within the Council. The City Council is supported by several advisory boards and commissions and the City Manager. The City Manager is appointed by the City Council and serves as the professional administrator of the organization, managing its day-to-day activities.

The City government offers a full range of municipal services which are provided by ten operating departments. In 2022, the City boasted over fifty developed parks, including eleven that are located

on the waterfront, as well as two community centers, and a swimming pool. The broad range of recreational facilities provides year-round services for community members of all ages.

The City prepares a biennial budget which is adopted by the City Council by the end of each even numbered year, given that Washington State law requires that the first year of a biennial budget be an odd numbered year. This budget serves as the foundation for the City of Kirkland's financial planning and control and provides information by fund, function (e.g., public safety), and department (e.g., police). Budget adjustments are brought forward for approval by the City Council periodically during the biennium.

Local Economy

The Washington economy continued to expand in the fourth quarter of 2023. Washington housing construction continued to slow in the fourth quarter of 2023. Seattle home prices increased in December and were up compared with the same period in 2022. Washington exports increased 6.8% from the fourth quarter of 2022 to the fourth quarter of 2023. Seattle consumer price inflation continued to outpace the national average in December 2023.

Locally, the City of Kirkland has experienced similar macro- and micro-economic trends as the State of Washington and King County. In 2023, sales tax revenue in the City of Kirkland continued to benefit from steady inflation rates, ending the fiscal year 3% higher than 2022.

Additional discussion of economic factors including unemployment data, local development, inflation, investment yields, and sales tax growth can be found in the Management Discussion and Analysis.

Long Term Financial Planning

To ensure balanced budgets with sustainable services, supported by sustainable revenues, the City of Kirkland prepares a six-year financial forecast prior to every budget development. When the forecast shows that expenditures will exceed revenues, the City takes proactive fiscal and policy actions to curtail City expenditures, generate new tax revenue, or identify combinations of new revenue and reduced costs. This forecast is updated each year.

Kirkland took the following actions to bring the growth rate of the cost of doing business into line with revenue growth. In 2022, the City Council approved restructuring development service fees to move closer to full cost recovery. Also, as part of the 2023-2024 Budget process and adoption the City Council approved an inflation adjustment to the business license head tax and approved a \$20 vehicle tab fee, which became effective in 2024, to support debt funding to accelerate the completion of high priority projects that would make walking and bicycling around Kirkland's 15 elementary schools and its business districts a safer and more feasible transportation choice for students, families and workers.

Long Term Financial strategies from previous years include a voter approved property tax lift for enhanced Fire protection services in 2020, sales tax increase of 0.1% in 2018 for enhanced police services, voter approved property tax increases for transportation and parks (in 2012), implementation of the Healthy Kirkland Plan consisting of a consumer-driven healthcare model that includes a near-site employee health clinic which has been successful in limiting the growth of health care costs, and active pursuit of economic development opportunities.

Additionally in 2022-2024, the City of Kirkland is conducting a major update of the Comprehensive Plan. The Comprehensive Plan, a requirement of the Growth Management Act (GMA), helps define goals, objectives, and policies to guide Kirkland over the next 20 years. As part of the process for the 2015 update to the Comprehensive Plan, the City developed new long-range plans for transportation, parks, recreation, and open spaces, the City's utilities, the Cross Kirkland Corridor, and other major capital projects. These efforts coupled with other strategic plans form the basis for

long-term financial planning. The update process will be an opportunity to think about the kind of community Kirkland will become and believe can achieve for the next 20 years to the year 2044. The target completion date for the updated Plan is at the end of 2024.

Relevant Financial Policies

The stewardship of public funds is one of the greatest responsibilities given to the officials and managers of the City of Kirkland. Therefore, the establishment and maintenance of wise fiscal policies enables City officials to protect public interests and ensure public trust. These policies have been established to provide general fiscal guidelines and are intended to provide sound direction in the management of the City's financial affairs. They address topics that include the operating and enterprise fund budgets, revenues and expenditures, cash management and investment, accounting, financial reporting and auditing, reserve and fund balance, debt management, and capital improvements.

One of the key elements in revenue and expenditure planning is to identify revenues of a limited or indefinite term to ensure that no ongoing service program is lost when such revenues are reduced or discontinued. To address this variability, the City's 2023-2024 budget reflects sales tax revenues on a modified two-year lag, with the revenues for those years assumed to be equal to the actual collections in 2022. As part of the budget process, significant one-time receipts can be set aside as a funding source for non-recurring expenditures. Reserve replenishment continues to be a high priority, with the full funding of the reserve targets being achieved in the 2023-2024 Biennial Budget. The City maintained its AAA credit rating as a result of its financial policies and practices, reserves, and the strength of the local economy and related demographics.

Major Initiatives

The City Council adopted its 2023-2024 Work Program, which helps define the major initiatives related to the City's priority goals. Each 2023-2024 work program elements noted on the following pages, support one or more of the following City Council Goals.

- Inclusive and Equitable Community
- Vibrant Neighborhoods
- Community Safety
- Supportive Human Services
- Balanced Transportation
- Abundant Parks, Open Spaces & Recreational Services
- Attainable Housing
- Financial Stability
- Sustainable Environment
- Thriving Economy
- Dependable Infrastructure

2023-2024 City Work Program

- Complete priority tasks of the Diversity, Equity, Inclusion and Belonging Five Year Roadmap and update the Roadmap with new tasks identified by the community, the Council and the staff.
City Council Goal: Inclusive and Equitable Community
- Implement the Regional Crisis Response Agency and establish a North End Behavioral Health Crisis Clinic with the cities of Bothell, Kenmore, Lake Forest Park, and Shoreline in partnership with King County and the State of Washington
City Council Goals: Community Safety, Inclusive and Equitable Community, and Supportive Human Services
- Complete construction and open new Fire Station 27 in Totem Lake and renovated Fire Station 22 in Central Houghton. Complete design for renovation of Fire Station 26 in Rose Hill and Fire Station 21 at Forbes Creek. Complete hiring of additional Firefighter/

EMTs and implement enhanced levels of emergency medical and fire response services included in 2020 Fire Proposition 1 ballot measure.

City Council Goal: Community Safety

- Complete Kirkland 2044 city-wide outreach and planning actions to maintain a sustainable, connected, and welcoming community where everyone belongs. Update the Comprehensive Plan and related documents such as the Transportation Master Plan, Sustainability Master Plan, Housing Strategy Plan and Missing Middle Housing codes. Update policies to attract and retain local businesses that support economic development and family wage jobs to further all Council goals.

City Council Goals: All goals

- Review and update Kirkland's personnel codes, policies, programs, and practices to ensure that Kirkland is a preferred employer that attracts and retains talented and diverse employees.

City Council Goals: Community Safety, Supportive Human Services, Vibrant Neighborhoods, Dependable Infrastructure and Financial Stability

- Complete design and initiate construction of the Juanita Drive and 100th Avenue NE multi-modal transportation projects to implement the Transportation Master Plan.

City Council Goals: Balanced Transportation and Dependable Infrastructure

- Issue bonds and initiate design and construction of Safer Routes to School Action Plan priority projects, Active Transportation Plan priority projects, and Vision Zero priority projects funded by the Transportation Benefit District vehicle license fee and related revenues.

City Council Goals: Community Safety, Vibrant Neighborhoods, Inclusive and Equitable Community, Balanced Transportation, and Dependable Infrastructure

- Implement priority Parks, Recreation, and Open Space Plan recommendations and continue development of park assets such as Forbes Lake Park. Receive recommendations of the Parks Funding Exploratory Committee and place a comprehensive Park ballot measure or measures on the ballot to enhance aquatic and recreation opportunities, improve existing parks facilities and amenities, and maintain and expand natural areas and open space.

City Council Goal: Abundant Parks, Open Spaces, and Recreational Service

- Prioritize the retention and construction of attainable and diverse housing throughout the City. Partner with King County to implement the Health Through Housing permanent supportive housing project in Lakeview. Partner with ARCH, developers, and non-profit agencies to implement the affordable housing projects Polaris and Ardea in Totem Lake, and the Kirkland Heights renovation and expansion in Evergreen Hill. Complete affordable housing requirements and incentive zoning for the NE 85th Street Station Area Plan. Monitor implementation through Kirkland's Housing Dashboard.

City Council Goals: Attainable Housing and Vibrant Neighborhoods

- Prioritize and continue to fund Sustainability Master Plan actions to further equity, energy efficiency, public health, and a clean energy economy that promotes a sustainable and resilient environment.

City Council Goals: Sustainable Environment

- Continue partnerships with Sound Transit, the State Department of Transportation and King County Metro Transit to advance the NE 85th Street/I-405 Bus Rapid Transit Station, the K Line RapidRide design and implementation, and related regional and local

transit service and facilities to serve Kirkland's mobility needs to implement the Transportation Master Plan and the Transit Implementation Plan.

City Council Goals: Balanced Transportation and Thriving Economy

- Develop an equitable, sustainable, 2025-2026 budget that maintains the City's financial stability while investing in community priorities and retaining Kirkland's AAA credit rating.

City Council Goals: Financial Stability

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kirkland for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. This was the nineteenth consecutive year that the government has applied for and received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City has received the GFOA Distinguished Budget Presentation Award for the 2023-2024 Budget (the eighteenth time the City has received this award), the Association of Public Treasurers of the United States and Canada Certification of Excellence for its Debt Policy, and the Certification of Excellence from the Washington Public Treasurer's Association for its Investment Policy.

This report was prepared by the City's Department of Finance and Administration. The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the department. We wish to express appreciation to the staff and other personnel from various departments who assisted in its preparation. Further, the results reflect the City Council's continued leadership and support of strong fiscal planning and conducting the financial operations of the City in a prudent, safe, and responsible manner.

Respectfully submitted,



Kurt Triplett
City Manager



Michael Olson
Director of Finance and Administration



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

June 25, 2024

Council
City of Kirkland
Kirkland, Washington

Report on Financial Statements

Please find attached our report on the City of Kirkland's financial statements.

We are issuing this report for inclusion in the City's annual comprehensive financial report package, which will be issued by the City under the City's own cover.

This report is in addition to our regular financial statement audit report, which will be available on our website and includes the City's basic financial statements.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.



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

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

Council
City of Kirkland
Kirkland, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

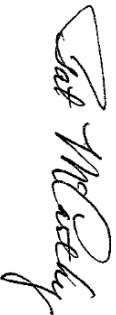
In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

June 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Kirkland, we offer readers of the City of Kirkland's financial statements this narrative overview and analysis of the financial activities of the City of Kirkland for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the additional information provided in the preceding letter of transmittal.

Financial Highlights

- The assets and deferred outflows of resources of the City of Kirkland exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$1.43 billion. Of this amount, \$1.11 billion is invested in capital assets such as streets, land, and buildings. The remainder is primarily cash and investments, consisting of \$121.59 million that is restricted by legislation or bond covenants for tourism, parks and recreation, transportation, capital projects, and debt service and \$192.64 million that is unrestricted net position and therefore available to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$32.60 million in 2023. This considers an increase of \$0.07 million for an error correction related to fiduciary activities (see note 19). The increase in Business-type activities was \$13.52 million, while the Governmental activities increased by \$19.01 million.
- At the end of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$174.87 million, a decrease of \$13.78 million compared to the prior year. Over \$90.05 million of the total fund balance is restricted for use based on bond covenants or enabling legislation. Another \$10.55 million has been committed for specific purposes by the City Council, and another \$45.34 million has been designated by the City Manager for assigned activities. Around \$27.99 million remains unassigned because no limitation of use has been formalized.
- Total outstanding debt, including Public Works trust fund loans, at year-end was \$69.37 million.

Overview of the Financial Statements

This section of management's discussion and analysis is intended to introduce and explain the City's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, other supplementary information is also contained in this report.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to give the reader a picture of the financial condition and activities of the City as a whole. This broad overview is similar to the financial reporting of private-sector businesses. The government-wide financial statements have separate columns for *governmental activities* and *business-type activities*. Governmental activities of the City include general government (legislative, executive, finance, legal services, information technology, facilities maintenance, health benefits, fleet services, city clerk, and human resources), public safety (police and fire), judicial, physical environment, economic environment, transportation, human services, and culture and recreation. The City's business-type activities are limited to water/sewer, surface water, and solid waste utilities. Governmental activities are primarily supported by taxes, charges for services, and grants, while business-type activities are self-supporting through user fees and charges.

The **statement of net position** presents information on all of the City of Kirkland's assets, liabilities, and deferred inflows/outflows of resources. The difference between these is reported as *net position*. This statement is similar to the balance sheet of a private sector business. Over time, increases or decreases in net position may serve as a useful indicator of the City's overall financial health.

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. This statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activities on this statement are reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed. Items such as uncollected taxes, unpaid vendor invoices for goods or services received during the year and earned but unused vacation leave are included in the statement of activities as revenue and expenses, even though no cash has changed hands.

The government-wide financial statements can be found immediately following this section (i.e. Management's Discussion and Analysis) of the annual financial report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Funds are often set up in accordance with special regulations, restrictions, or limitations. The City of Kirkland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The annual financial report includes individual fund financial statements in addition to the government-wide financial statements. While the government-wide statements present the City's finances based on the type of activity, general government versus business-type, the fund financial statements are presented by fund type. All the City of Kirkland's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Comparing the governmental fund financial statements with similar information presented for *governmental activities* in the government-wide financial statements can help the reader better understand the long-term impact of the City's near-term financing decisions. To assist in this comparison, reconciliations between the governmental fund financial statements and the government-wide financial statements are included with the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balances*.

The City of Kirkland maintains eleven individual governmental funds. The City's four major governmental funds—the General Fund, the Excise Tax Capital Improvement Fund, the General Capital Projects Fund, and the Transportation Capital Projects Fund—are presented separately in the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balances* in the Basic Financial Statements section of this report. The remaining governmental funds are combined into a single column labeled *non-major governmental funds*. Individual fund data for each of the other governmental funds can be found in

the *combining statements*, which are presented in the Fund Financial Statements and Schedules section of this report.

The City maintains budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level, on a cash basis, and according to state law. Two funds are required to be tracked separately by State Statute, Street and Contingency Funds, but are consolidated for financial reporting. They are budgeted at the fund level to capture the activity as required. Budgetary comparison statements are presented for the General Fund and Excise Tax Capital Improvement Fund in the Basic Financial Statements section of this report. Budgetary comparison schedules for the other budgeted funds are included in the Fund Financial Statements and Schedules section of this report.

Two types of **proprietary funds** are used by the City: *enterprise funds* and *internal service funds*. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water/sewer utility, surface water utility, and solid waste utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, management of information systems, self-insured health benefits, and maintenance of City facilities. Internal service funds benefit both governmental and business-type activities and are allocated accordingly in the government-wide statement of activities. Internal service fund assets and liabilities are predominantly governmental and have been included in the *governmental activities* column of the government-wide statement of net position.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City's water/sewer utility, surface water utility, and solid waste utility are presented in separate columns in the proprietary fund financial statements, whereas the internal service funds are combined into a single column. The proprietary fund financial statements are included in the Basic Financial Statements section of this report. Individual fund data for the internal service funds can be found in the *combining statements*, which are presented in the Fund Financial Statements and Schedules section of this report.

Fiduciary funds are used to account for resources held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the City's own programs and they do not measure the results of operations.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data in the government-wide and fund financial statements. The notes are in the Basic Financial Statements section of this report immediately following the fiduciary fund financial statements.

Other Information

The combining statements for other governmental funds and internal service funds are presented immediately following the notes to the financial statements.

Government - Wide Financial Analysis

Statement of Net Position

The statement of net position can serve as a useful indicator of the City's financial position. The City of Kirkland's assets and deferred outflows of resources exceeded liabilities and inflows of resources by \$1,427,179,413 at December 31, 2023. Following is a condensed version of the government-wide statement of net position (expressed in millions of dollars) comparing fiscal year 2023 to 2022.

City of Kirkland's Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	239.03	254.23	81.01	73.03	320.04	327.26
Pension Asset	29.90	31.50	1.57	0.62	31.47	32.12
Capital assets, net of accumulated depreciation	981.34	954.13	208.26	201.99	1,189.60	1,156.12
Total assets	1,250.26	1,239.86	290.84	275.64	1,541.10	1,515.50
Total deferred outflows of resources	23.35	22.93	1.22	1.48	24.57	24.41
Long-term liabilities	83.85	87.77	2.80	2.40	86.65	90.17
Other liabilities	29.78	27.77	6.77	5.10	36.55	32.87
Total liabilities	113.63	115.54	9.57	7.50	123.20	123.04
Total deferred inflows of resources	14.40	20.76	0.88	1.53	15.29	22.30
Net position:						
Net investment in capital assets	908.75	867.12	204.20	198.47	1,112.95	1,065.59
Restricted	120.02	113.74	1.57	0.62	121.59	114.36
Unrestricted	116.80	145.63	75.84	69.01	192.64	214.65
Total net position	\$1,145.57	\$1,126.49	\$281.61	\$268.09	\$1,427.18	\$1,394.59

As of the end of 2023, the largest component of the City's total assets at \$1.11 billion, is its investment in capital assets (e.g., land, buildings, streets, parks, water/sewer and surface water infrastructure, and machinery and equipment) less any related outstanding debt issued to acquire those assets. These capital assets are used to provide services to the citizens.

Consequently, these assets are not available to sell and convert to cash for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay these liabilities.

Over \$121.59 million of the City's net position is subject to restrictions. Transportation Impact Fees and restrictions in the Transportation Capital Fund for active projects account for \$48.12 million of the restricted balance. The \$6.54 million balance in Real Estate Excise Taxes is reserved for capital projects.

Culture and Recreation restricted funds of \$11.43 million include \$6.7 million for in progress capital projects including park restroom renovations and replacements and Marina Park renovations. In addition, \$3 million of these funds are set aside for neighborhood park land acquisitions. The rest are park impact fees and levy funds reserved for future acquisitions and maintenance of existing City parks.

A net pension asset of \$31.47 million is a result of GASB 68, Reporting for Pensions.

The remaining \$192.64 million balance of net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. Of this amount, \$75.84 million pertains to the City's business-type activities, which may only be spent on water/sewer, surface water, and solid waste utility activities. Examples of such activities include maintenance of utility delivery systems (water lines, pump stations, and reservoirs), storm drain flushing, water meter reading, and utility capital construction projects. The \$116.80 million balance in unrestricted net position relates to governmental activities much of which is reserved by city policy for vehicle and computer replacement, facilities improvements, health benefits and funding a wide variety of contingencies, such as unforeseen expenditures and revenue shortfalls.

At the end of the fiscal year, the City of Kirkland reported positive balances in all three categories of net position for the government as a whole, as well as for the separate governmental and business-type activities. The same was true for the prior fiscal year.

Changes in Net Position

The changes in the net position table on the following page illustrates the increases or decreases in net position of the City resulting from operating activities. Overall, the City of Kirkland's net position increased by over \$32.60 million in 2023, including a \$0.07 million addition for a prior period adjustment related to an error correction for fiduciary activities.

A breakdown of the 2023 increase in Net Position by governmental and business-type activities follows along with graphs that illustrate revenues by source and compare program expenses to program revenues on the next several pages.

City of Kirkland's Changes in Net Position (in millions)

	Governmental Activities		Business-Type		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	55.71	39.61	75.77	67.64	131.48	107.25
Operating grants and contributions	1.79	2.35	0.66	0.58	2.45	2.93
Capital grants and contributions	5.99	10.60	5.72	7.08	11.71	17.68
General revenues:						
Sales taxes	37.69	38.60			37.69	38.60
Property taxes	41.54	41.01			41.54	41.01
Utility taxes	16.20	14.92			16.20	14.92
Excise taxes	10.22	14.69			10.22	14.69
Business Taxes	4.03	3.36			4.03	3.36
Other taxes	10.62	8.87			10.62	8.87
Investment earnings	9.97	(6.16)	2.62	(1.60)	12.59	(7.76)
Miscellaneous*	(3.06)	1.85			(3.06)	1.85
Total revenues	190.71	169.70	84.76	73.70	275.46	243.40
Expenses:						
General government	17.60	19.04			17.60	19.04
Judicial	3.09	2.73			3.09	2.73
Security of Persons and Property	75.96	62.73			75.96	62.73
Physical environment	10.31	5.53			10.31	5.53
Transportation	24.48	25.53			24.48	25.53
Human services	8.25	5.68			8.25	5.68
Economic environment	13.29	11.15			13.29	11.15
Culture and recreation	13.71	13.84			13.71	13.84
Interest on long-term debt	2.56	1.89			2.56	1.89
Water/sewer			33.16	30.30	33.16	30.30
Surface water			11.40	11.26	11.40	11.26
Solid waste			29.10	24.43	29.10	24.43
Total expenses	169.27	148.11	73.67	65.99	242.93	214.10
Increase (decrease) in net position before transfers	21.44	21.59	11.09	7.71	32.53	29.30
Transfers	(2.43)	(0.48)	2.43	0.48	-	-
Increase (decrease) in net position	19.01	21.11	13.52	8.19	32.53	29.30
Net position at beginning of year	\$1,126.49	1,106.71	268.09	259.90	1,394.58	1,366.61
Prior Period Adjustment (Note 19)	0.07	(1.33)			0.07	(1.33)
Net position at end of year	\$1,145.57	\$1,126.49	\$281.61	\$268.09	\$1,427.18	\$1,394.58

* Miscellaneous includes gain on sale of capital assets and unrestricted grants/contributions and opioid settlement.

Governmental activities net position increased over \$19.01 million in 2023, including a \$0.07 million prior period adjustment. The increase is related to increased charges for services revenue, increased investment earnings, and increased property taxes, utility taxes, and business taxes.

Expenses:

Governmental expenses saw an overall 14.3 percent increase, equivalent to \$21.16 million in comparison to 2022. The largest increases were in public safety, physical environment, and human services expenses.

- General Government expenses decreased by 7.6 percent or \$1.4 million, although there was an overall cost-of-living adjustment (COLA) increase in personnel costs around seven percent. In addition, 36 job classifications received market rate adjustments varying between 2 percent and 11 percent per job classification.

- Security of Persons and Property increased by 21.1 percent or \$13.23 million. Overtime costs associated with the fire department and police department increased in 2023 because of forest fire deployments, significant police investigations, and longer than usual wait times for the police academy. Fire personnel received a seven percent COLA effective January 1, 2023, as well as a six percent COLA for 2022 that resulted in retroactive payments for the wage increase. In addition, non-commissioned police personnel received a seven percent cost-of-living increase. Expenses for pensions and other post-employment benefits also contributed to the increase.
- Human Services expenditures grew by 45.3 percent or \$2.57 million. This was due to the City's \$1.2 million participating agency fees paid to the Regional Crisis Response (RCR) Agency, increased expenditures to support the City's Homelessness Assistance and Response Team (HART) and increases in personnel expenditures due to a seven percent COLA and market rate adjustment for 36 job classifications.
- Physical Environment expenses increased by 86.5 percent or \$4.78 million in comparison to 2022, due to increases in wages and pension expense.
- All other categories of expenses saw increases except for Transportation and Culture & Recreation. Most of these increases were due to 2023 pay increases for staff and the corresponding changes to variable benefits such as pensions.

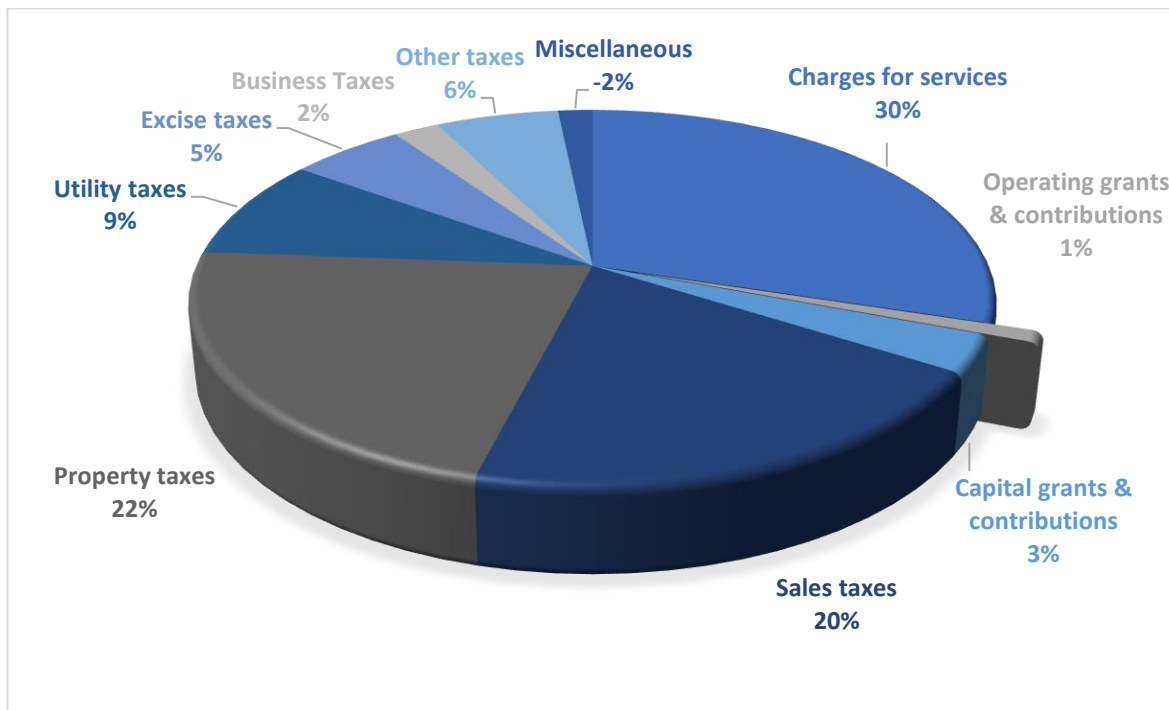
Revenues:

- Charges for Services revenue increased 40.6 percent from 2022 to 2023, up 16.1 million.
 - Culture and Recreation revenues increased 80.5 percent or \$2.1 million in 2023 due to a \$2 million increase in park impact fee revenue received in 2023. Impact fees reflect fees paid for development that creates additional demands on the City's parks and transportation systems.
 - Public safety revenues were up \$0.9 million in 2023.
 - Transportation revenues were up 138.9 percent or \$2.4 million due to increased road impact fee revenue received in 2023. In 2023 the City received \$2.7 million in road impact fees compared to \$0.7 million in 2022.
 - Economic environment revenues increased by \$3.9 million in 2023 compared to 2022.
- Operating Grants and Contributions decreased by 23.7 percent in 2023 from \$2.35 million in 2022 to \$1.79 million in 2023.
 - Federal, state, and local grants allow the City to consistently provide programs and services. In 2023, the City received less grant funding compared to 2022, which contributed to the overall decrease of Operating Grants and Contributions.
 - Other Grants received include funds for community development and housing, traffic safety programs, emergency management operations and mental health response.
 - The City was party to several national opioid-related lawsuits that have been settled. The City received over \$0.3 million in settlement payments in 2023 compared to the \$1.1 million received in 2022. This revenue is reported as Human Services Operating Grants and Contributions, which will be used to address the opioid crisis.

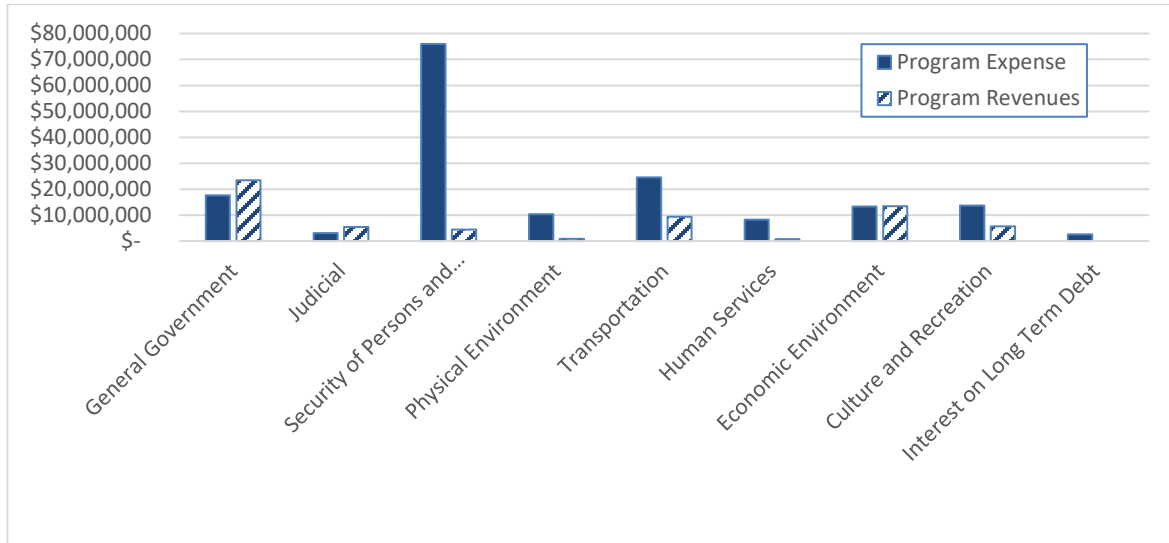
- Capital Grants and Contributions decreased by 43.5 percent to \$5.99 million in 2023.
 - \$0.58 million was received in Federal Highway Planning and Construction grant in 2023 compared to the \$1.8 million received in 2022. These projects include pedestrian and bike improvement, roadway improvements, and transportation efficiency programs.
 - Over \$1.27 million was received from the Department of Commerce for various projects including the Northeast 131st Way Improvements project.
 - Over \$1.6 million was received in capital contributions in the form of infrastructure in 2023, while \$4.9 million was received in 2022.

- The City's general revenues increased by nine percent or \$10.08 million in 2023.
 - Property taxes increased by 1.3 percent or \$0.53 million.
 - Sales tax revenues decreased 2.4 percent or \$0.91 million in 2023 compared to 2022. This is mainly due to a court ordered audit reversal that returned \$1.53 million to a business.
 - Real estate excise taxes (REET) decreased by 30.5 percent, or \$4.48 million. This reflects the changing local property market in the second half of 2023, as interest rates increased dramatically since summer 2022 and property sales decreased in both volume and price.
 - Investment interest earnings recognized a \$9.9 million gain in 2023 due to the rise in interest rates and a recognition of changes in fair market value of the securities in the investment portfolio at the end of 2023 compared to 2022. There are no actual monetary gains as all investments are held to maturity.

Revenues by Source - Governmental Activities



Program Expenses vs. Program Revenues - Governmental Activities



Business-type activities, which relate to the City’s utilities, had an increase in net position of 13.5 million, primarily due to operating income of \$2.8 million and infrastructure contributions, capital grants, and connection charges of \$5.7 million, \$2.6 million in interest and investment fair market value realized gains and \$2.4 million net transfers from governmental funds.

Water/sewer operating revenues increased 5.9 percent compared to the prior year primarily due to water and sewer rate increases.

Surface Water operating revenues increased 6.5 percent primarily due to rate increases.

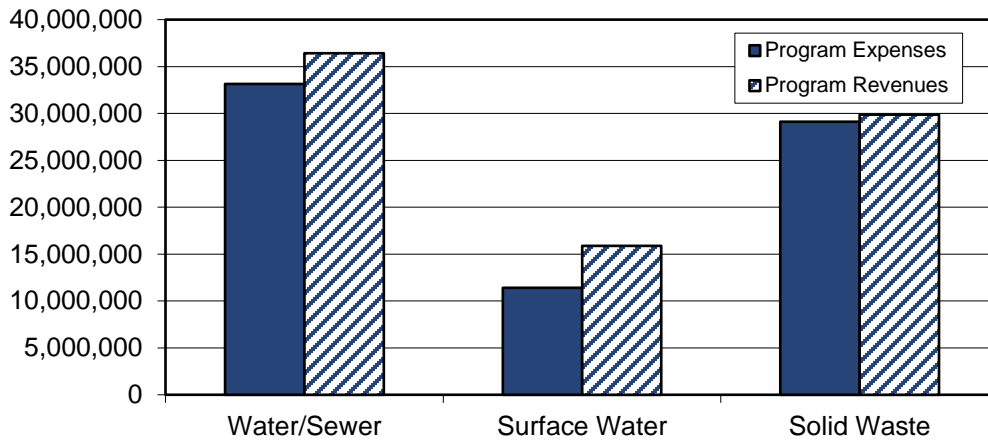
Solid Waste operating revenues increased by 22.8 percent due to rate increases.

Capital contributions comprised of utility connection charges, capital grants, and developer infrastructure contributions totaled \$5.7 million for 2023. Details for these amounts are shown below:

	<u>Water</u>	<u>Sewer</u>	<u>Surface Water</u>	<u>Total</u>
2023 Connection Charges Collected	963,695	481,928	240,407	1,686,030
2023 Infrastructure Contributions	404,448	669,920	2,068,458	3,142,826
2023 Capital Grants			887,615	887,615
	<u>\$1,368,143</u>	<u>\$1,151,848</u>	<u>\$ 3,196,480</u>	<u>\$ 5,716,471</u>

The infrastructure contributions detailed above represent 42 percent of the increase in net position. These increases are reflected as additions to capital assets for the utility functions and are presented in Note 5 of this report.

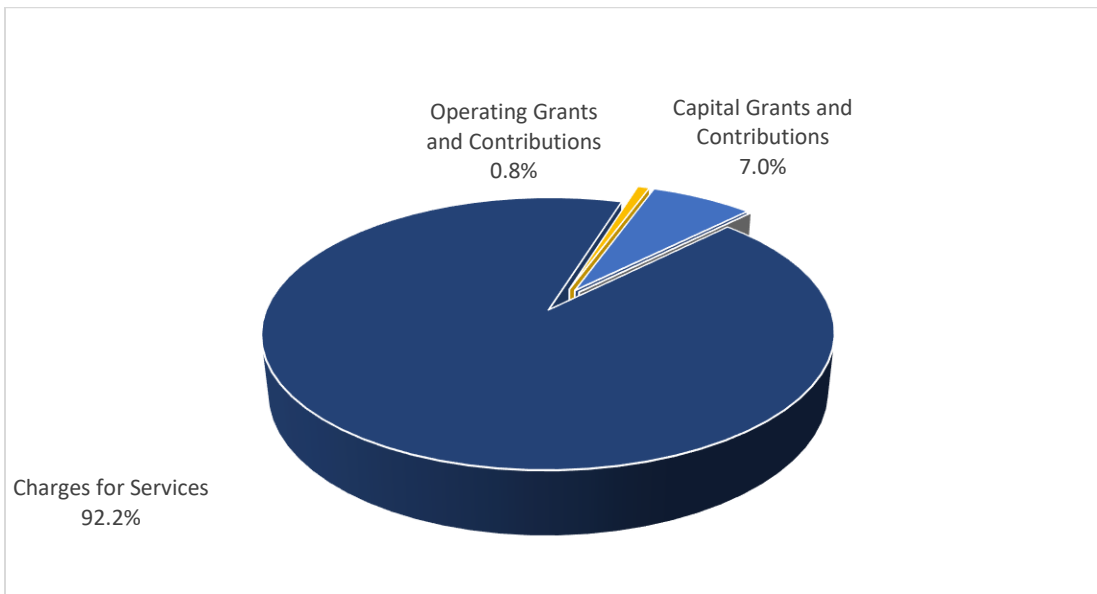
Program Expenses vs. Program Revenues - Business-Type Activities



The City of Kirkland's 2023 utility net income (before capital contributions and transfers) was \$5.34 million. The components are as follows:

Water/Sewer	\$2.5 million
Surface Water	\$2.0 million
Solid Waste	\$0.84 million

Revenues by Source - Business-Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

The purpose of the City's governmental funds is to report on near-term inflows, outflows, and balances of spendable resources. This information helps determine the City's financial requirements in the near future. Fund balance is a good indicator of the City's resources available at year end.

At the end of the current year, the City's combined ending governmental fund balance was \$174.87 million, which represents a decrease of \$13.78 million from the prior year. Of the total ending fund balance, over \$90.05 million is restricted and subject to an external legal constraint.

The \$49.3 million in Transportation Projects are primarily excise taxes and impact fees for projects in process that include 100th Ave NE, Juanita Drive and 124th Ave NE construction.

The \$11.4 million in Culture and Recreation Projects are primarily excise taxes, impact fees and park levy funds associated with future projects and current projects. \$6.7 million is for capital projects such as park restroom renovations and replacements and Marina Park renovations.

The \$11.3 million in General Government are primarily excise taxes associated with future projects.

The \$6.5 million in Capital Improvement funds are excise taxes for future projects.

There is \$1.4 million reserved for the Firefighter Pension funds.

The committed fund balance of \$10.6 million, is primarily made up of \$7 million for the City's Contingency Fund, \$0.6 million in undivided interest in ARCH and \$2.6 million for transportation projects. The State of Washington requires the City to have a Contingency Fund, but the activity is reflected within the General Fund for reporting purposes.

The assigned balance of just over \$45.3 million are remaining amounts that have been determined by the City Manager, Finance Director, or City Council to be constrained. The Street Operating Fund does not meet the criteria for a special revenue fund as defined by GASB Statement 54 but is functionally required for the City to report the administration, maintenance, and minor construction of the City's transportation infrastructure to the State Legislature. The balance in the fund at year end was \$1.47 million. The City has funds assigned to meet operating obligations for activities such as capital projects, labor negotiations, development services activities, overtime costs, litigation, property acquisition, and medical retiree benefits. The unassigned balance of \$27.99 million in the general fund consists of amounts not otherwise classified such as revenue stabilization, cost of living adjustment, and working capital. Technically, they are unrestricted, which means they are available for spending at the City's discretion. A significant portion of the unassigned balance is budgeted to fund one-time costs, carryovers, additions to equipment sinking funds and some reserve replenishments.

What follows is a brief analysis of each of the City's major governmental funds.

The General Fund is the primary operating fund of the City through which all receipts and payments of ordinary City operations are processed unless they are required to be accounted for in another fund. At the end of 2023, the fund balance of the General Fund was \$80.94 million, which represents a decrease from the prior year of \$5.15 million, including a positive prior period adjustment for an error correction.

The overall General Fund revenues increased \$19.6 million over 2023 due to a substantial police seizure totaling over \$2.3 million, a \$3.5 million increase in license and permit revenue, and a \$3.1 million increase in development services revenues such as engineering development and plan check fees. In addition, the City provided \$1.1 million in fiscal agent services to the Regional Crisis Response (RCR) Agency. See Note 15 to the financial statements for more information.

General Fund expenditures increased by 15.7 percent or \$19.4 million overall in 2023. Most staff were given a cost-of-living increase of seven percent, 36 job classifications received market rate adjustments varying between 2 percent and 11 percent per job classification, and fire personnel received a seven percent COLA effective January 1, 2023, as well as a six percent COLA for 2022 that resulted in retroactive payments for the wage increase. In addition, some union employees received a one-time retention payment of \$500 per member, and all staff received an additional paid holiday for Juneteenth.

General Government expenditures were up 4.8 percent, and Physical Environment expenditures were up 79.1, reflecting vacant positions during the year. As noted above, a seven percent COLA for most City staff, and 36 job classifications receiving market rate adjustments varying between 2 percent and 11 percent per job classification.

Human services expenditures were up by 47.9 percent or \$2.7 million which is due to increased expenditures to support the City's Homelessness Assistance and Response Team (HART) and participating agency contributions to the Regional Crisis Response (RCR) Agency.

Security of persons and property expenses were up 17.9 percent, or \$11.1 million in 2023. As noted above, fire personnel received a seven percent COLA effective January 1, 2023, as well as a six percent COLA for 2022 that resulted in retroactive payments for the wage increase, and non-commissioned police personnel received a seven percent COLA. In addition, operating rentals increased due to the lease of take-home vehicles for police personnel.

Transportation expenditures were down 23.5 percent or \$2.9 million due to completion of major projects in 2023.

The Excise Tax Capital Improvement Fund accounts for revenue from the first and second quarter percent real estate excise tax, which is reserved for the funding of capital projects related to streets, sidewalks, traffic improvements, parks, fire protection facilities, and other public facilities. The fund balance at the end of 2023 was \$6.5 million, a decrease of 64.6 percent when compared to 2022. Revenues were \$3 million lower in 2023 at \$11.1 million, reflecting the slowing of real estate sale transactions in 2023 versus 2022. Transfers made to fund capital improvement programs in 2023 increased to \$23.1 million in 2023, which resulted in an overall \$12 million decrease to fund balance at the end of the year.

The General Capital Projects Fund accounts for the acquisition and/or construction of general governmental infrastructure, facilities, and equipment that are approved in the City's Capital Improvement Program (CIP) and that are funded from other general revenue sources, grants, and restricted funds. The ending fund balance of \$28.4 million is supporting park improvements, shoreline improvements, new fire stations, public safety equipment, technology projects and facility enhancements.

The Transportation Capital Projects Fund accounts for transportation projects approved in the CIP, including those that are funded partially or wholly by grants from other governments. The fund balance at the end of 2023 was \$50.7 million. Balances in both capital project funds vary from year-to-year dependent upon CIP activity and the size of projects in process.

Proprietary Funds

The City of Kirkland's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of the City's proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During 2023, there was a net increase of \$11.0 million in biennial appropriations between the budget as adopted by Council in December 2022, and amended in 2023. These amendments were necessitated by changes to actual revenues and actual expenditures within the General Fund. Note that the figures cited are biennial amounts for 2023-2024 and that the budget is recorded using a budgetary fund balance that includes cash and other currently available assets, such as revenues and expenses received within 60 days of the end of the year. As the budget ordinance considers the management funds separate from the General Fund, transfers between these funds are included in the total budget appropriation. However, those transfers have been excluded from the numbers below for consistency within the financial statements.

Following are the major components of the changes:

- Prior year resources of \$1.36 million recognized in the 2023-2024 budget. This amount represents a change in ending 2022 fund balance compared to the estimated fund balance when the budget was created.
- Recognition of \$4.83 million in carryover expenditures related to contracts, ARPA funding, and other departmental expenditures.
- Recognition of \$440,251 in investment interest above budget to fund 2023 Council approved additional budget items during the mid-biennial budget process. These include one-time positions in the Human Resources and Parks and Community Services departments.

The actual General Fund 2023 results varied from the final amended budget as follows:

- Actual 2023 General Fund revenues ended the year \$12.4 million over the budgeted level (\$163.55 million versus budget of \$151.14 million).
- Overall tax income ended the year \$1.89 million above budget, primarily driven by public and private utility taxes which were \$1.1 million above budget. Major tax revenues such as sales, property, and business taxes ended the year close to budget.
- Investment interest ended the year \$4.6 million above budget, due to higher than assumed interest rates and cash balances in the General Fund.
- Confiscated property ended the year \$2.49 million above budget, due to a completion of a large forfeiture case. These revenues are reserved for law enforcement activities per state and federal rules.
- Actual 2023 General Fund expenditures ended the year at 98 percent of budget, excluding reserves, primarily due to savings in professional services and some supply line items. As the City operates on a biennial budget, some of these savings may be used for 2024 expenditures.

Capital Asset and Debt Administration

Capital Assets

The City of Kirkland's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$1.11 billion (net of accumulated depreciation), which represents a \$42.9 million increase from the prior year. This investment in and capitalization of capital assets includes land, buildings, improvements, machinery and equipment, art, construction in

progress, utility transmission and distribution systems, roads, and bridges. More details about changes in capital assets are explained below.

Below are notable changes to capital assets that involve expenditures in the current year or the capitalization of projects that were in process for several years.

- Completed \$1.1 million in non-motorized improvements at NE 131st Way/90th Ave NE and \$1.6 million in citywide greenways at NE 75th St. and 128th Ave NE.
- The NE 124th St/124th Ave bike pedestrian bridge, the Totem Lake Connector (TLC), was completed in 2023 at a cost of over \$20.9 million. The new TLC bridge connects the two segments of the 5.75-mile Cross Kirkland Corridor previously separated by the wide and busy intersection of Totem Lake Boulevard and Northeast 124th Street. Surface water improvements in connection with the TLC were also completed at a cost of \$1.2 million.
- Work continued on transportation projects, including improvements to 124th Ave NE and 100th Avenue and the Intersection at 116th Ave NE and NE 124th St, with costs of \$17.4 million in 2023.
- Completion of the replacement of 2,600 linear feet of water main on 126th Ave NE at a cost of \$1.7 million.
- \$2.4 million was capitalized for projects to repair or build surface water infrastructure.
- In general government projects, work started to improve the Houghton Village Shopping Center, located at 10702 NE 68th Street. The property was purchased in 2022 to support a variety of public purposes such as affordable housing, school space, non-profit program space, arts and cultural space, and City recreational program space.
- The 132nd Park playfields project was completed at a cost of over \$6.9 million. The project replaced the southern-most soccer field with a synthetic turf surface with lighting that will be playable all year and also includes a new restroom, expanded parking, new playground, walking trail and picnic shelters. The 132nd Square Park surface water retrofit was also completed a cost of \$5.1 million.
- The expansion and remodel of fire station 22 was completed in 2023 at a cost of over \$11.6 million. Work for the fire station 27 replacement (estimated completion 2024), expansion and remodel of fire station 21 (estimated completion 2025), and fire station 26 (estimated completion 2024) continued, adding \$20.3 million to construction in progress in 2023.

Following is a condensed version of the City's capital assets (expressed in millions of dollars), net of depreciation, related to governmental and business-type activities for fiscal years 2022 and 2023:

City of Kirkland's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$635.74	\$634.95	\$3.85	\$3.83	\$639.59	\$638.78
Buildings	53.15	44.42	-	-	53.15	44.42
Improvements other than buildings	66.14	64.56	196.56	187.88	262.70	252.44
Machinery and equipment	15.21	13.85	-	-	15.21	13.85
Infrastructure	160.38	141.39	-	-	160.38	141.39
Construction in progress	44.50	52.55	7.85	10.28	52.35	62.83
Artwork	2.70	2.41	-	-	2.70	2.41
RTU Lease Assets	1.35	0.84	-	-	1.35	0.84
RTU SBITA Assets	2.20	-	-	-	2.20	-
Total	\$981.37	\$954.97	\$208.26	\$201.99	\$1,189.63	\$1,156.96

Additional information on the City of Kirkland's capital assets can be found in Note 5 of this report.

Long-term Debt

At the end of the current fiscal year, the City of Kirkland had total General Obligation bonded debt outstanding of \$67.03 million and other long-term debt of \$2.34 million. The total outstanding debt (expressed in millions of dollars) at the end of 2022 and 2023 is broken down between governmental and business-type activities as follows:

City of Kirkland's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$67.03	\$69.85	-	-	\$67.03	\$69.85
Revenue Bonds	-	-	-	-	-	-
Public Works Trust Fund Loans	-	-	2.34	2.65	2.34	2.65
Total	\$67.03	\$69.85	\$2.34	\$2.65	\$69.37	\$72.50

On March 22, 2024, Moody's Ratings assigned a Aaa rating to Kirkland's Limited Tax General Obligation Bonds, 2024. At the same time, Moody's Ratings affirmed the Aaa issuer rating and the Aaa ratings on the City's outstanding GO bonds.

On March 22, 2024, S&P Global Ratings assigned its AAA long-term rating to Kirkland's Limited Tax General Obligation Bonds, Series 2024. At the same time, S&P Global Ratings affirmed its AAA long-term rating on the City's existing GO debt outstanding.

Washington State statute limits the amount of general obligation debt a governmental entity may issue to 7.5 percent of its total assessed valuation, subject to a 60 percent majority vote of qualified electors. Of the 7.5 percent limit, 2.5 percent is for general purposes, 2.5 percent for open space/park/capital facilities, and 2.5 percent for utilities. Non-voted (i.e., limited tax) general obligation debt is limited to 1.5 percent of assessed valuation. The combination of voted and non-voted general obligation debt for all purposes cannot exceed 7.5 percent of assessed valuation.

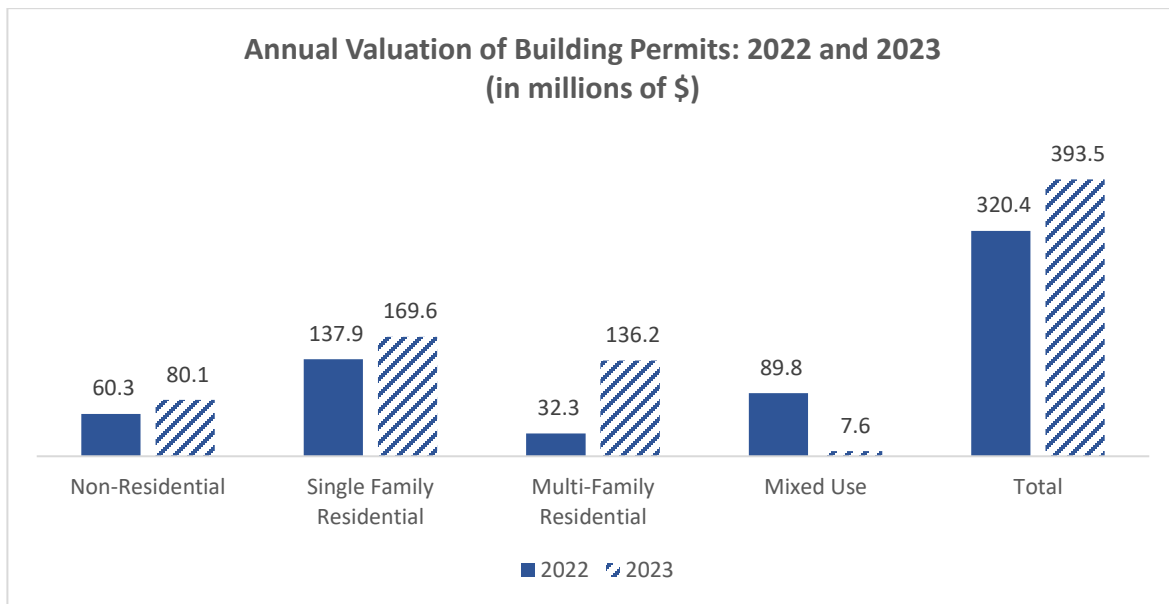
The City's assessed valuation for 2023 was \$48.4 billion, and the total remaining amount of unlimited tax and limited tax general obligation debt the City may issue is \$2,357 million.

Additional information on the City of Kirkland's long-term debt can be found in Note 10 of this report and in the Statistical Section of the report.

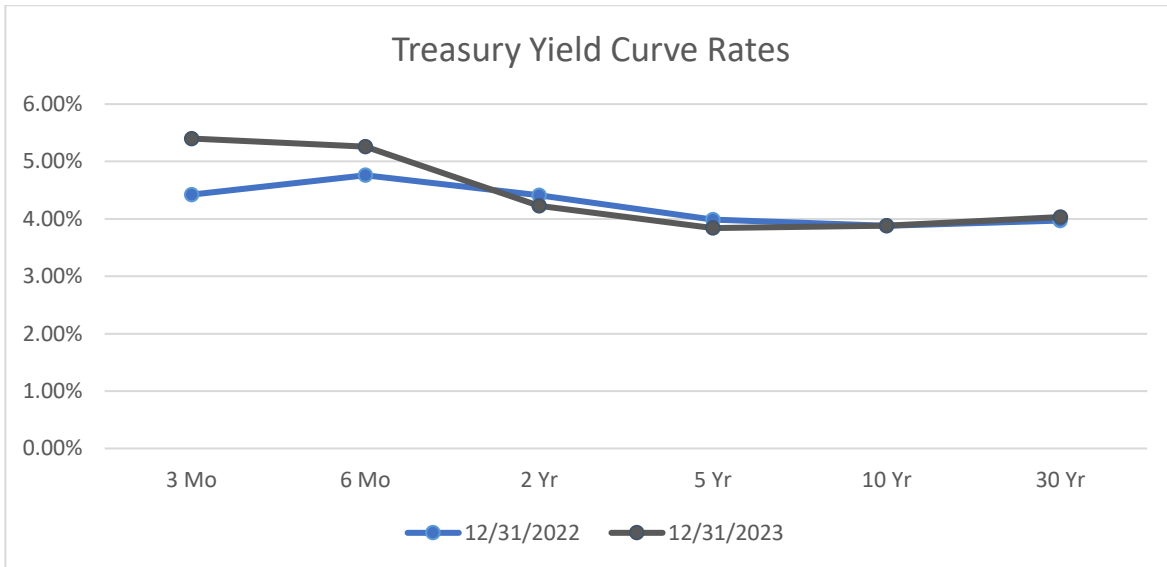
Economic Factors

The national Unemployment Rate ended 2023 at 3.7 percent, higher than the previous year. Locally, Washington State's and King County's unemployment rates were 4.4 percent and 3.5 percent in December, while Kirkland's increased from 2.7 percent in 2022 to 3.5 percent in 2023. Recent forecasts expect Washington's and the nation's unemployment rates to increase as the economy responds to Federal Reserve interest rate policies that seek to slow the economy enough to ease inflation.

Local building permitting activity performed in 2023 was \$393.5 million, up from \$320.4 million in 2022. The valuation of non-residential (commercial) permits increased from \$60.3 million in 2022 to \$80.1 in 2023. Multi-family, single family, and mixed-use structures increased from \$260.1 million in 2022 to \$313.4 million in 2023.



National inflation, as measured by the CPI-W, was measured at 3.3 percent in December 2023. For the Seattle-Tacoma-Bellevue region, the CPI-W slightly decreased from 4.4 percent in September 2023 to 4.3 percent in December 2023 but remained higher than the national rate. The Federal Reserve raised the Fed Funds rate four times in 2023 to combat inflation, causing rates to increase from 4.25-4.5 percent in 2022 to 5.25-5.50 percent in 2023. Most economists expect multiple rate decreases in 2024 as inflation has eased over the past year and gets closer to the two percent target rate. Indications of the impact of inflation are shown below with a downward curve for 2023 yield curve.

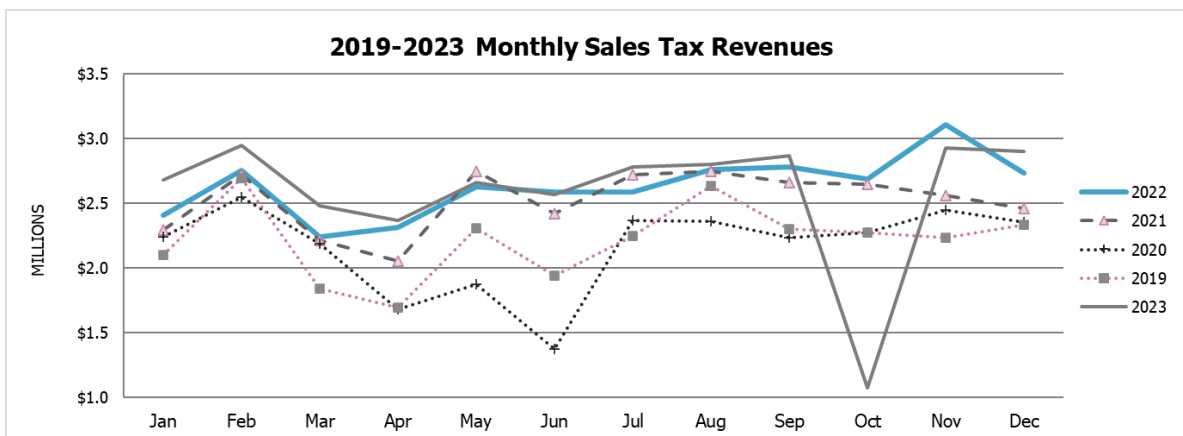


Kirkland’s sales tax base is made up of a variety of businesses which are grouped and analyzed by business sector. Nine business sector groupings are used to compare 2023 and 2022 sales tax receipts.

Total sales tax revenue was down \$0.5 million, or 1.7 percent in 2023 compared to 2022.

Looking at business sectors, the most significant growth was Contracting (up \$1,340,849 or 19.7 percent) and Retail Eating/Drinking (up \$242,181 or 11.3 percent).

The graph below shows Kirkland’s monthly sales tax revenue through December 2023 compared to the prior four years. The October 2023 local sales tax distribution decreased due to an audit reversal of roughly \$1.5 million caused by court action.



The tax receipts below reflect actuals on a budgetary (cash) basis.

City of Kirkland Actual Sales Tax Receipts

Business Sector Group	YTD		Dollar Change	Percent Change	Percent of Total	
	2022	2023			2022	2023
Services	5,129,290	5,252,223	122,933	2.4%	16.2%	16.9%
Contracting	6,804,408	8,145,257	1,340,849	19.7%	21.5%	26.2%
Communications	473,332	487,473	14,141	3.0%	1.5%	1.6%
Retail:						
Auto/Gas Retail	5,561,287	5,447,598	(113,689)	-2.0%	17.6%	17.5%
Gen Merch/Misc Retail	1,697,546	1,693,091	(4,455)	-0.3%	5.4%	5.5%
Retail Eating/Drinking	2,135,238	2,377,419	242,181	11.3%	6.8%	7.7%
Other Retail	6,288,737	6,081,026	(207,711)	-3.3%	19.9%	19.6%
Wholesale	1,436,317	1,385,172	(51,145)	-3.6%	4.5%	4.5%
Miscellaneous	2,065,260	182,427	(1,882,833)	-91.2%	6.5%	0.6%
Total	31,591,415	31,051,686	(539,729)	-1.7%	100%	100%

Requests for Information

This financial report is designed to provide a general overview of the City of Kirkland's finances for readers with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information, may be addressed to Michael Olson, Director of Finance and Administration, City of Kirkland, 123 Fifth Avenue, Kirkland, WA 98033-6189 or molson@kirklandwa.gov.

Basic Financial Statements

City of Kirkland
Statement of Net Position
December 31, 2023

Page 1 of 2

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	40,139,473	14,381,604	54,521,077
Investments (Note 3)	167,412,578	53,281,408	220,693,986
Accounts Receivable	15,192,274	12,885,786	28,078,060
Lease Receivable	1,076,436		1,076,436
Intergovernmental Receivable	1,791,088	265,741	2,056,829
Internal Balances	640,722	(640,722)	0
Inventories	233,845	707,821	941,666
Prepayments	5,478,183	107,003	5,585,186
Deposits	5,789,233	23,492	5,812,725
Receivable - Opioid Settlement	1,271,341		1,271,341
Net Pension Asset	29,899,961	1,567,188	31,467,149
Capital Assets (Note 5)			
Right-to-Use Lease Assets (net)	1,349,206		1,349,206
Right-to-Use SBITA Assets (net)	2,195,612		2,195,612
Land and Artwork	638,413,198	3,854,822	642,268,020
Depreciable Capital Assets (net of accumulated depreciation)	134,499,686	196,555,679	331,055,365
Depreciable Infrastructure (net of accumulated depreciation)	160,378,830		160,378,830
Construction in Progress	44,498,635	7,849,880	52,348,515
Total Assets	1,250,260,301	290,839,702	1,541,100,003
Deferred Outflows of Resources			
Deferred Outflow Pension Related	21,945,123	1,222,189	23,167,312
Deferred Outflow OPEB Related	328,252		328,252
Deferred Outflow on refunding	1,072,606		1,072,606
Total Deferred Outflows of Resources	23,345,980	1,222,189	24,568,169

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Net Position
December 31, 2023

Page 2 of 2

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts Payable and Other Accrued Liabilities	12,622,677	2,750,372	15,373,049
Intergovernmental Payable	1,077,515	3,234,178	4,311,693
Unearned Revenue	790,852	183,656	974,508
Accrued Interest Payable	157,833	6,830	164,663
Deposits Payable	5,711,733	23,492	5,735,225
Noncurrent Liabilities			
Due within one year			
Bonds Payable	2,951,102		2,951,102
Loans and Contracts Payable		311,145	311,145
Claims Payable	717,300		717,300
Compensated Absences	3,965,470	262,843	4,228,313
Total OPEB Liability	614,656		614,656
Lease Payable	395,540		395,540
SBITA Payable	775,377		775,377
Due in more than one year			
Bonds Payable	64,079,466		64,079,466
Loans and Contracts Payable		2,030,495	2,030,495
Compensated Absences	987,746	65,711	1,053,457
Net Pension Liability	4,883,354	703,583	5,586,937
Total Pension Liability	274,675		274,675
Total OPEB Liability	12,111,439		12,111,439
Asset retirement Liability	98,058		98,058
Lease Payable	602,772		602,772
SBITA Payable	814,827		814,827
Total Liabilities	113,632,391	9,572,305	123,204,696
Deferred Inflows of Resources			
Deferred Inflow Pension Related	12,474,258	880,373	13,354,631
Deferred lease Receipt	546,688		546,688
Deferred Inflow Right-to-Use Leases	1,382,743		1,382,743
Total Deferred Inflows of Resources	14,403,689	880,373	15,284,062
Net Position			
Net Investment in Capital Assets	908,750,593	204,199,729	1,112,950,322
Restricted for			
Net Pension Asset	29,899,961	1,567,188	31,467,149
Tourism	419,418		419,418
Culture and Recreation	11,427,359		11,427,359
Public Safety	9,240,711		9,240,711
Capital Improvements	6,544,851		6,544,851
Transportation	48,122,777		48,122,777
Debt Service	561,105		561,105
General Government	12,531,359		12,531,359
Opioid Settlement	1,271,341		1,271,341
Unrestricted	116,800,724	75,842,296	192,643,020
Total Net Position	1,145,570,200	281,609,213	1,427,179,413

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Activities
For the fiscal year ended December 31, 2023

Page 1 of 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	17,599,181	23,053,227	320,848	-
Judicial	3,094,100	5,453,114	27,182	-
Security of Persons and Property	75,959,251	4,144,431	326,888	-
Physical Environment	10,305,057	872,941	-	-
Transportation	24,484,909	4,052,150	236,308	5,048,270
Human Services	8,253,579	30	792,196	-
Economic Environment	13,294,729	13,364,057	87,500	-
Culture and Recreation	13,712,809	4,770,484	-	941,255
Interest on Long Term Debt	2,563,402	-	-	-
Total Governmental Activities	169,267,018	55,710,434	1,790,923	5,989,525
Business Type Activities				
Water/Sewer	33,158,136	33,885,264		2,519,991
Surface Water	11,403,149	12,308,143	362,174	3,196,480
Solid Waste	29,104,386	29,571,875	293,544	
Total Business Type Activities	73,665,671	75,765,282	655,718	5,716,471
Total Government	242,932,689	131,475,716	2,446,641	11,705,996

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Activities
For the fiscal year ended December 31, 2023

Page 2 of 2

	Net (Expense/Revenue and Changes in Net Position)		
Functions/Programs	Governmental Activities	Business-Type Activities	Total
Governmental Activities			
General Government	5,774,894		5,774,894
Judicial	2,386,197		2,386,197
Security of Persons and Property	(71,487,932)		(71,487,932)
Physical Environment	(9,432,117)		(9,432,117)
Transportation	(15,148,182)		(15,148,182)
Human Services	(7,461,353)		(7,461,353)
Economic Environment	156,828		156,828
Culture and Recreation	(8,001,069)		(8,001,069)
Interest on Long Term Debt	(2,563,402)		(2,563,402)
Total Governmental Activities	(105,776,137)		(105,776,137)
Business Type Activities			
Water/Sewer		3,247,119	3,247,119
Surface Water		4,463,648	4,463,648
Solid Waste		761,033	761,033
Total Business Type Activities		8,471,800	8,471,800
Total Government	(105,776,137)	8,471,800	(97,304,337)
General Revenues			
Sales Taxes	37,690,276		37,690,276
Property Taxes	41,539,073		41,539,073
Utility Taxes	16,196,733		16,196,733
Real estate excise Taxes	10,215,301		10,215,301
Business Taxes	4,031,208		4,031,208
Other Taxes	10,623,800		10,623,800
Investment Income	9,974,244	2,617,750	12,591,994
Gain on Sale of Capital Assets	(3,055,791)		(3,055,791)
Transfers	(2,430,600)	2,430,600	0
Total General Revenues & Transfers	124,784,246	5,048,350	129,832,596
Change in Net Position	19,008,109	13,520,150	32,528,259
Net Position at Beginning of Year, as previously reported	1,126,492,537	268,089,063	1,394,581,600
Error Correction (Note 19)	69,554		69,554
Net Position at Beginning of Year, as restated	1,126,562,091	268,089,063	1,394,651,154
Net Position at End of Year	1,145,570,200	281,609,213	1,427,179,413

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Balance Sheet
 Governmental Funds
 December 31, 2023

Page 1 of 2

	General Fund	Excise Tax Capital Improvement	General Capital Projects	Transportation Capital Projects	Non Major Governmental Funds	Governmental Funds Total
Assets						
Current Assets						
Cash and Cash Equivalents	11,410,151	1,216,703	9,562,308	11,143,252	1,774,697	35,107,111
Investments	59,891,718	4,295,886	36,059,887	42,098,575	6,554,509	148,900,575
Receivables						
Taxes	9,538,515	1,032,263			123,041	10,693,819
Accounts	3,080,766				335	3,081,101
Leases	546,568					546,568
Due From Other Funds	1,273,199					1,273,199
Intergovernmental Receivable	642,200		333,363	799,644	15,881	1,791,087
Prepayments	1,012,436				33,439	1,045,875
Restricted Assets						
Deposits	5,787,383					5,787,383
Interfund Loan Receivable						
Principal	3,850,000					3,850,000
Interest	67,969					67,969
Total Assets	97,100,906	6,544,851	45,955,557	54,041,471	8,501,902	212,144,688
Liabilities						
Accounts Payable	2,012,724		2,399,968	2,631,835	60,820	7,105,347
Wages Payable	3,122,912				74,699	3,197,611
Benefits Payable	927,630				26,804	954,434
Taxes Payable	13					13
Due to Other Funds	102,277		14,062		1,240	117,580
Intergovernmental Payable	808,694		41,973	170,995	27,245	1,048,906
Payable from Restricted Assets						
Deposits Payable	5,709,883					5,709,883
Unearned Revenue	108,971					108,971
Interfund Loan Payable						
Principal			14,800,000			14,800,000
Interest			255,253			255,253
Total Liabilities	12,793,105	-	17,511,256	2,802,830	190,808	33,297,999
Deferred Inflows of Resources						
For Lease	546,688					546,688
For Property Taxes	659,473				85,740	745,213
For Grant Revenue				523,957		523,957
For Right-to-Use Leases	661,828					661,828
For Other Unavailable Revenue	1,503,225				335	1,503,560
Total Deferred Inflows of Resources	3,371,215	-	-	523,957	86,075	3,981,246

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Balance Sheet
 Governmental Funds
 December 31, 2023

Page 2 of 2

	General Fund	Excise Tax Capital Improvement	General Capital Projects	Transportation Capital Projects	Non Major Governmental Funds	Governmental Funds Total
Fund Balances						
Nonspendable	901,720				33,439	935,159
Restricted for						
Tourism					419,418	419,418
Debt Service					561,105	561,105
Drug Enforcement	2,618,579					2,618,579
Fire Interlocal	344,728					344,728
Proposition One	4,300,213					4,300,213
Firefighter Pension	1,351,470					1,351,470
Opioid Settlement	44,771					44,771
Transportation Projects	377,548			47,793,152	1,107,212	49,277,913
Cemetery Operations					1,215,456	1,215,456
Culture and Recreation Projects			6,680,011		4,747,347	11,427,358
Fire			484,678		141,042	625,720
General Government			11,315,904			11,315,904
Capital Improvements		6,544,851				6,544,851
Committed for						
Contingency Fund (RCW35A.33.145)	6,959,697					6,959,697
Transportation Projects	2,581,466					2,581,466
General Government Activities	376,347					376,347
ARCH	635,523					635,523
Assigned for						
Street Operating Fund	1,467,107					1,467,107
General Reserves	10,855,505					10,855,505
Public Safety Activities	805,794					805,794
Development Services	18,893,988					18,893,988
Parks and Recreation Activities	435,157					435,157
Capital Projects			9,963,707	2,921,532		12,885,239
Unassigned	27,986,974					27,986,974
Total Fund Balances	80,936,587	6,544,851	28,444,300	50,714,685	8,225,019	174,865,442
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	97,100,906	6,544,851	45,955,556	54,041,471	8,501,902	212,144,687

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	\$ 965,714,488
Other long-term assets are not available to pay for current period expenditures and therefore deferred in the funds	\$ 53,742,179
Long term liabilities are not due and payable in the current period and are not reported in the funds	\$ (100,889,896)
Unavailable revenue is susceptible to full accrual in the government-wide statements but reported as deferred inflows in government funds.	\$ 1,500,480
Internal service funds are used by management to charge the costs of certain activities to individual funds	\$ 50,637,508
The assets and liabilities are included in governmental activities in the statement of net position	
Net Position of governmental activities	\$ 1,145,570,200

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds
 For the fiscal year ended December 31, 2023

	General Fund	Excise Capital Improvement	General Capital Projects	Transportation Capital Projects	Non Major Governmental Funds	Governmental Funds Total
Revenues						
Taxes and Assessments	98,228,595	10,215,301			4,961,991	113,405,888
Licenses and Permits	14,314,625					14,314,625
Intergovernmental	7,567,033		893,378	2,951,582	47,877	11,459,870
Charges for Services	24,546,395			110,770	6,080,939	30,738,103
Fines and Forfeitures	4,066,119					4,066,119
Investment Interest	6,958,654	890,909	320,805	915,932	351,798	9,438,098
Miscellaneous Revenues	4,317,824		15,694	1,481,835	157,451	5,972,804
Total Revenues	159,999,245	11,106,211	1,229,876	5,460,119	11,600,056	189,395,507
Expenditures						
Current						
General Government	15,566,919		369,684			15,936,603
Judicial	3,333,650					3,333,650
Security of Persons and Property	73,270,569		1,340,168			74,610,737
Physical Environment	10,594,658				145,893	10,740,551
Transportation	9,301,230			5,008,031		14,309,261
Economic Environment	14,251,055				294,028	14,545,083
Human Services	8,480,397					8,480,397
Culture and Recreation	7,702,089		77,045		4,429,591	12,208,725
Debt Service						
Principal	108,083		8,546		2,480,000	2,596,629
Interest	13,567		255,302		2,013,655	2,282,524
Capital Outlay	515,807		26,087,576	17,943,758	1,200	44,548,340
Total Expenditures	143,138,021	-	28,138,322	22,951,789	9,364,367	203,592,499
Excess (Deficiency) of revenues						
Over (under) expenditures	16,861,224	11,106,211	(26,908,446)	(17,491,670)	2,235,689	(14,196,992)
Other Financing Sources (Uses)						
Leases & SBITA	470,865		24,650	468,180		963,695
Sale of Capital Assets				148,910	61,400	210,310
Insurance Recovery	236,606					236,606
Transfers In	642,061		22,133,083	23,014,510	4,567,152	50,356,806
Transfers Out	(23,426,898)	(23,071,926)	(238,343)	(63,322)	(4,550,363)	(51,350,852)
Total Other Financing Sources (Uses)	(22,077,366)	(23,071,926)	21,919,390	23,568,278	78,189	416,565
Net Change in Fund Balance	(5,216,143)	(11,965,715)	(4,989,056)	6,076,609	2,313,878	(13,780,427)
Fund Balances Beginning of Year, as previously reported	86,083,175	18,510,567	33,433,356	44,638,076	5,911,140	188,576,314
Error Correction (Note 19)	69,554					69,554
Fund Balances Beginning of Year, restated	86,152,729	18,510,567	33,433,356	44,638,076	5,911,140	188,645,868
Fund Balances End of Year	80,936,586	6,544,852	28,444,300	50,714,685	8,225,018	174,865,441

The notes to the financial statements are an integral part of this statement.

City of Kirkland
**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities**
For the fiscal year ended December 31, 2023

Amounts reported for governmental funds in the statement of activities are different because:

Net change in fund balances for governmental funds (13,780,428)

Governmental funds report capital outlays as expenditures. In the statement of activities the cost of assets is depreciated over their estimated useful lives.

Capital outlays	44,548,340	
Depreciation	(18,236,241)	
Contributed Capital	1,659,541	
Capital Sales	(3,326,922)	
	24,644,718	24,644,718

The issuance of long term debt is a resource and the repayment of bond principal, issuance costs and bond discounts are expenditures in governmental funds. These transactions affect liabilities in statement of net position.

Old Debt Retired	2,480,000	
New Debt Issued	-	
Bond (Premium) Discount on issued bonds	(343,087)	
Bond (Premium) Discount amortization	351,102	
Amortized outflow on refunding	(63,094)	2,424,920

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in Court Receivable	491,547	
Change in Pension Asset	(3,590,279)	
Change in Pension Outflow	1,374,888	
OPEB Outflow	62,686	
Change in property tax revenue	93,739	
Change in grant revenue	335,918	
Change in other revenue	(1,503,560)	
Change in Lease Asset	736,994	
Change in Lease Receivable	(278)	
Change in SBITA Asset	35,845	(1,962,500)

Expenses in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.

Change in Net Pension Liability	301,079	
Change in Pension Inflow	7,014,300	
Change in Compensated Absences	(592,984)	
Bond Interest	9,972	
Other Post Employment Benefit Obligation	221,149	
Change in Interfund loan interest	(92,901)	
ARO Expense	(4,133)	
Change in Lease Payables	367,893	
Change in SBITA Payables	41,888	7,266,262

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of most of these activities is reported with governmental activities.

415,137

Change in net position of governmental activities 19,008,109

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
General Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Taxes and Assessments	176,950,111	177,157,441	90,170,059	90,170,059	(86,987,382)
Licenses and Permits	10,971,430	11,083,105	5,530,367	5,530,367	(5,552,738)
Intergovernmental	7,809,380	8,733,905	5,052,322	5,052,322	(3,681,583)
Charges for Services	40,013,706	40,628,164	18,088,397	18,088,397	(22,539,767)
Fines and Forfeitures	6,779,700	6,879,700	4,077,070	4,077,070	(2,802,630)
Interest on Sales Tax Contract	4,341,405	4,781,656	112,971	112,971	(4,668,685)
Investment Interest-Dedicated	148,000	148,000	4,697,610	4,697,610	4,549,610
Contributions/Donations	323,128	348,412	181,684	181,684	(166,728)
Miscellaneous Revenues	1,680,916	1,690,336	3,777,066	3,777,066	2,086,730
Total Revenues	249,017,776	251,450,719	131,687,547	131,687,547	(119,763,172)
Expenditures					
Current					
General Government	38,991,238	41,411,890	15,445,768	15,445,768	25,966,122
Security of Persons and Property	133,596,102	146,813,360	75,538,792	75,538,792	71,274,568
Physical Environment	14,605,297	15,637,057	7,213,105	7,213,105	8,423,952
Transportation	3,853,983	4,531,524	2,092,748	2,092,748	2,438,776
Economic Environment	1,103,669	1,695,968	666,839	666,839	1,029,129
Human Services	7,296,636	9,150,305	4,642,353	4,642,353	4,507,953
Culture and Recreation	19,120,737	20,085,574	9,056,050	9,056,050	11,029,524
Capital Outlay			44,897	44,897	(44,897)
Total Expenditures	218,567,662	239,325,678	114,700,551	114,700,551	124,625,127
Excess of revenues over expenditures	30,450,114	12,125,041	16,986,996	16,986,996	4,861,955
Other Financing Sources (Uses)					
Insurance Recovery			291,881	291,881	291,881
Transfers In	463,044	508,116	391,230	391,230	(116,886)
Transfers Out	(36,874,318)	(39,551,475)	(41,790,800)	(41,790,800)	(2,239,325)
Total Other Financing Sources (Uses)	(36,411,274)	(39,043,359)	(41,107,689)	(41,107,689)	(2,064,330)
Net Change in Fund Balance	(5,961,160)	(26,918,318)	(24,120,693)	(24,120,693)	2,797,625
Fund Balances Beginning of Year	48,654,733	54,728,278	80,855,536	80,855,536	26,127,258
Fund Balances End of Year	42,693,573	27,809,960	56,734,843	56,734,843	28,924,883

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Excise Tax Capital Improvement Special Revenue Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Taxes and Assessments	22,000,000	22,000,000	9,827,590	9,827,590	(12,172,410)
Investment Interest	268,885	268,885	358,469	358,469	89,584
Total Revenues	22,268,885	22,268,885	10,186,059	10,186,059	(12,082,826)
Excess of revenues over expenditures	22,268,885	22,268,885	10,186,059	10,186,059	(12,082,826)
Other Financing Sources (Uses)					
Transfers Out	(28,181,899)	(33,449,059)	(23,071,926)	(23,071,926)	10,377,133
Total Other Financing Sources (Uses)	(28,181,899)	(33,449,059)	(23,071,926)	(23,071,926)	10,377,133
Net Change in Fund Balance	(5,913,014)	(11,180,174)	(12,885,867)	(12,885,867)	(1,705,693)
Fund Balances Beginning of Year	19,422,982	18,176,422	19,150,183	19,150,183	973,761
Fund Balances End of Year	13,509,968	6,996,248	6,264,316	6,264,316	(731,932)

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Net Position
Proprietary Funds
December 31, 2023

Page 1 of 2

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Water/Sewer	Surface Water	Solid Waste		
Assets					
Current Assets:					
Cash and Cash Equivalents	9,746,426	4,438,833	196,345	14,381,604	5,032,362
Investments (Note 3)	36,111,370	16,447,518	722,520	53,281,408	18,512,003
Receivables					
Interest	84,153			84,153	
Contracts	183,656			183,656	
Accounts	6,482,124	405,671	5,718,784	12,606,579	1,338,445
Leases					350,956
Assessments	11,398			11,398	
Intergovernmental Receivable	89,701	165,562	10,478	265,741	
Due From Other Funds	15,814			15,814	97,473
Inventories	507,069	200,752		707,821	233,845
Prepayments	37,408	64,584	5,011	107,003	4,432,308
Restricted Assets					
Cash	23,492			23,492	1,850
Total Current Assets	53,292,611	21,722,920	6,653,138	81,668,669	29,999,242
Noncurrent Assets					
Interfund Loan Receivable					
Principal		600,000		600,000	10,350,000
Interest		4,561		4,561	182,723
Net Pension Asset	531,261	934,179	101,748	1,567,188	1,373,858
Lease Receivable					182,182
Capital Assets (Note 5)					
Right-to-Use Lease Assets (net)					541,237
Right-to-Use SBITA Assets (net)					2,159,767
Land	47,784	3,807,038		3,854,822	
Depreciable Capital Assets (Net)	105,211,122	91,344,557		196,555,679	12,075,860
Construction in Progress	4,207,311	3,642,569		7,849,880	
Total Capital Assets	109,466,217	98,794,164	-	208,260,381	14,776,864
Total Noncurrent Assets	109,997,478	100,332,904	101,748	210,432,130	26,865,626
Total Assets	163,290,089	122,055,824	6,754,886	292,100,799	56,864,868
Deferred Outflows of Resources					
Deferred Outflow Pension Related	414,309	728,531	79,349	1,222,189	1,071,419
Total Deferred Outflows of Resources	414,309	728,531	79,349	1,222,189	1,071,419

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Net Position
Proprietary Funds
December 31, 2023

Page 2 of 2

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Water/Sewer	Surface Water	Solid Waste		
Liabilities					
Current Liabilities					
Accounts Payable	347,551	660,989	1,439,974	2,448,514	1,132,045
Lease Payable					218,544
SBITA Payable					741,411
Claims Payable					717,300
Wages Payable	71,784	140,063	15,488	227,335	197,156
Benefits Payable	25,001	46,429	3,093	74,523	35,461
Compensated Absences Payable	94,080	146,011	22,752	262,843	222,622
Intergovernmental Payable	2,023,725	70,451	1,140,002	3,234,178	28,609
Due to Other Funds	682,388	43,250	535,459	1,261,097	7,809
Accrued Interest Payable	6,830			6,830	
Unearned Revenue	183,656			183,656	681,880
Loans and Contracts Payable	311,145			311,145	
Sub-total Current Liabilities	<u>3,746,160</u>	<u>1,107,193</u>	<u>3,156,768</u>	<u>8,010,121</u>	<u>3,982,836</u>
Current Liabilities Payable From Restricted Assets					
Deposits Payable	23,492			23,492	1,850
Total Current Liabilities	<u>3,769,652</u>	<u>1,107,193</u>	<u>3,156,768</u>	<u>8,033,613</u>	<u>3,984,686</u>
Noncurrent Liabilities					
Compensated Absences Payable	23,520	36,503	5,688	65,711	56,771
Lease Payable					340,942
SBITA Payable					806,905
Loans and Contracts Payable	2,030,495			2,030,495	
Net Pension Liability	238,508	419,396	45,679	703,583	616,790
Total Noncurrent Liabilities	<u>2,292,523</u>	<u>455,899</u>	<u>51,367</u>	<u>2,799,789</u>	<u>1,821,409</u>
Total Liabilities	<u>6,062,175</u>	<u>1,563,092</u>	<u>3,208,135</u>	<u>10,833,402</u>	<u>5,806,095</u>
Deferred Inflows of Resources					
Deferred Inflow Right-to-Use Leases					720,915
Deferred Inflow Pension Related	298,437	524,779	57,157	880,373	771,770
Total Deferred Inflows of Resources	<u>298,437</u>	<u>524,779</u>	<u>57,157</u>	<u>880,373</u>	<u>1,492,685</u>
Net Position					
Net Investment in Capital Assets	105,995,073	98,204,656		204,199,729	12,669,062
Restricted for					
Net Pension Asset	531,261	934,179	101,748	1,567,188	1,373,858
Unrestricted	50,817,452	21,557,649	3,467,195	75,842,296	36,594,588
Total Net Position	<u>157,343,786</u>	<u>120,696,484</u>	<u>3,568,943</u>	<u>281,609,213</u>	<u>50,637,508</u>

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the fiscal year ended December 31, 2023

	Business-type Activities Enterprise Funds			Total	Governmental Activities
	Water/Sewer	Surface Water	Solid Waste		Internal Service Funds
Operating Revenues					
Charges for Services	33,288,204	11,897,827	29,571,425	74,757,456	27,209,085
Miscellaneous Revenues	597,060	410,316	450	1,007,826	262,229
Total Operating Revenues	33,885,264	12,308,143	29,571,875	75,765,282	27,471,315
Operating Expenses					
Administrative and General	4,140,353	5,940,246	1,553,036	11,633,635	13,692,875
Supplies					686,449
Maintenance and Operations	21,284,012	1,816,618	22,916,978	46,017,608	10,157,339
Taxes	4,363,734	1,083,147	4,303,041	9,749,922	
Depreciation	3,348,046	2,236,773		5,584,819	2,091,814
Lease Amortization					227,941
SBITA Amortization					174,730
Total Operating expenses	33,136,145	11,076,784	28,773,055	72,985,984	27,031,148
Operating Income (Loss)	749,119	1,231,359	798,820	2,779,298	440,166
Nonoperating Revenues (Expenses)					
Interest and Investment Revenue	1,784,164	757,148	76,438	2,617,750	1,366,793
Lease Interest					(11,857)
Grant Income		362,174	293,544	655,718	
Insurance Recovery					2,917
Interest Expense	(12,357)			(12,357)	
Gain (Loss) on Disposal of Capital Assets	(9,634)	(3,606)		(13,240)	53,672
Other Nonoperating Revenues/(Expenses)		(322,759)	(331,331)	(654,090)	
Total Nonoperating revenues (expenses)	1,762,173	792,957	38,651	2,593,781	1,411,525
Income Before Contributions and Transfers	2,511,292	2,024,316	837,471	5,373,079	1,851,691
Contributions and Transfers					
Contributions	2,519,991	3,196,480		5,716,471	
Transfers In	7,424	3,061,909		3,069,333	345,346
Transfers Out	(135,334)	(94,975)	(408,424)	(638,733)	(1,781,900)
Change in Net Position	4,903,373	8,187,730	429,047	13,520,150	415,137
Total Net Position - Beginning	152,440,413	112,508,754	3,139,896	268,089,063	50,222,372
Total Net Position - Ending	157,343,786	120,696,484	3,568,943	281,609,213	50,637,509

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2023
Increase in Cash and Cash Equivalents

Page 1 of 2

	Water/Sewer	Surfacewater	Solid Waste
Cash Flows From Operating Activities			
Cash Received From Customers	33,289,890	11,841,464	28,506,661
Cash Received From Interfund Charges			
Contributions Received from Employees and Employer			
Cash From Other Sources	534,959	401,782	506,699
Cash Paid to Suppliers for Goods and Services	(19,143,014)	(1,672,271)	(23,142,145)
Cash Paid to Employees for Services	(3,040,233)	(4,723,742)	(483,785)
Cash Paid in Lieu of Taxes	(4,397,644)	(1,077,058)	(4,236,309)
Cash Paid for Central Business Functions	(2,774,632)	(2,094,114)	(1,102,712)
Cash Provided by Operating Activities	4,469,326	2,676,061	48,409
Cash Flows From Noncapital Financing Activities			
Proceeds From Federal, State, Local Grants		341,574	422,128
Deposits	7,477		
Transfers In	7,424	3,061,909	
Transfers Out	(135,334)	(94,975)	(408,424)
Cash Provided by (Used for) Noncapital Financing Activities	(120,433)	3,308,508	13,704
Cash Flows From Capital and Related Financing Activities			
Capital Contributed	1,445,623	240,407	
Proceeds From Sale of Assets and Insurance Recoveries			
Proceeds From Capital Grants		2,226,275	
Principal Payments on Notes, Capital Leases and Bonds	(311,145)		
Interest Paid on Notes, Capital Leases and Bonds	(13,264)		
Interest Received on Capital Loans	14,033		
Acquisition and Construction of Capital Assets	(3,747,774)	(4,112,688)	
Cash Provided by (Used for) Capital and Related Financing Activities	(2,612,527)	(1,646,006)	-
Cash Flows From Investing Activities			
(Increase) Decrease in Investments	(4,387,796)	(4,177,079)	(148,538)
Interest Revenue	1,782,251	750,868	76,439
Interfund Loan		(600,000)	
Cash Provided by Investing Activities	(2,605,545)	(4,026,211)	(72,099)
Increase (Decrease) in Cash and Cash Equivalents	(869,179)	312,352	(9,986)
Cash and Cash Equivalents, January 1	10,639,097	4,126,481	206,331
Cash and Cash Equivalents, December 31	9,769,918	4,438,833	196,345
Reconciliation of Operating Income (Loss) to Cash Provided by Operating Activities			
Operating Income (Loss)	749,119	1,231,359	798,820
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities			
Depreciation & Amortization	3,348,046	2,236,773	
Grant Expenditures		(318,691)	(358,652)
<u>Changes in Assets and Liabilities</u>			
(Increase) Decrease in Accounts Receivable	(7,484)	(53,969)	(559,064)
(Increase) Decrease in Operating Due From Other Governments	(75,001)	(2,394)	
(Increase) Decrease in Operating Due From Other Funds	9,673		
(Increase) Decrease in Other Accounts Receivable	3,848	(8,533)	
(Increase) Decrease in Operating Inventories	(26,967)	(49,799)	
(Increase) Decrease in Pension Asset	(321,215)	(561,700)	(67,761)
(Increase) Decrease in Assessments	1,015		
(Increase) Decrease in Prepayments	(1,365)	(4,031)	(194)
(Increase) Decrease in Pension Deferred Outflows of Resources	89,522	164,923	2,173
Increase (Decrease) in Pension Deferred Inflows of Resources	(221,177)	(396,664)	(26,919)
Increase (Decrease) in Net Pension Liability	238,508	419,396	45,679
Increase (Decrease) in Operating Accounts Payable	14,568	6,071	(385,327)
Increase (Decrease) in Claims Payable			
Increase (Decrease) in Unearned Revenue			
Increase (Decrease) in Operating Due to Other Funds	(970)	7,719	40,770
Increase (Decrease) in Operating Due to Other Governments	682,100	(4,230)	548,037
Increase (Decrease) in Wages Payable	(8,440)	5,644	7,012
Increase (Decrease) in Benefits Payable	(1,929)	6,925	1,234
Increase (Decrease) in Compensated Absences Payable	2,743	(2,738)	2,601
Increase (Decrease) in Revenue Collected in Advance	(5,268)		
Cash Provided by Operating Activities	4,469,326	2,676,061	48,409
Noncash Investing, Capital and Finance Activities			
Capital Contributions	1,074,368	2,068,458	
Change in Fair Value of Investments	(860,015)	(349,942)	(20,490)
Right-to- Use Lease Assets			
Right-to- Use SBITA Assets			

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2023
Increase in Cash and Cash Equivalents

Page 2 of 2

	Total Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Cash Flows From Operating Activities		
Cash Received From Customers	73,638,015	
Cash Received From Interfund Charges		17,756,069
Contributions Received from Employees and Employer		7,827,242
Cash From Other Sources	1,443,440	1,022,650
Cash Paid to Suppliers for Goods and Services	(43,957,430)	(13,566,718)
Cash Paid to Employees for Services	(8,247,760)	(7,051,086)
Cash Paid in Lieu of Taxes	(9,711,011)	
Cash Paid for Central Business Functions	(5,971,458)	(4,830,620)
Cash Provided by Operating Activities	7,193,796	1,157,537
Cash Flows From Noncapital Financing Activities		
Proceeds From Federal, State, Local Grants	763,702	
Deposits	7,477	
Transfers In	3,069,333	247,874
Transfers Out	(638,733)	(1,781,900)
Cash Provided by (Used for) Noncapital Financing Activities	3,201,779	(1,534,026)
Cash Flows From Capital and Related Financing Activities		
Capital Contributed	1,686,030	
Proceeds From Sale of Assets and Insurance Recoveries		59,307
Proceeds From Capital Grants	2,226,275	
Principal Payments on Notes	(311,145)	
Interest Paid on Notes	(13,264)	
Interest Received on Capital Loans	14,033	
Acquisition and Construction of Capital Assets	(7,860,462)	(2,466,824)
Cash Provided by (Used for) Capital and Related Financing Activities	(4,258,533)	(2,407,517)
Cash Flows From Investing Activities		
(Increase) Decrease in Investments	(8,713,413)	828,585
Interest Revenue	2,609,558	592,120
Interfund Loan	(600,000)	
Cash Provided by Investing Activities	(6,703,855)	1,420,705
Increase (Decrease) in Cash and Cash Equivalents	(566,813)	(1,363,302)
Cash and Cash Equivalents, January 1	14,971,909	6,397,515
Cash and Cash Equivalents, December 31	14,405,096	5,034,213
Reconciliation of Operating Income (Loss) to Cash Provided by Operating Activities		
Operating Income (Loss)	2,779,298	440,166
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities		
Depreciation & Amortization	5,584,819	2,494,485
Grant Expenditures	(677,343)	
<u>Changes in Assets and Liabilities</u>		
(Increase) Decrease in Accounts Receivable	(620,517)	(1,084,165)
(Increase) Decrease in Operating Due From Other Governments	(77,395)	
(Increase) Decrease in Operating Due From Other Funds	9,673	
(Increase) Decrease in Other Accounts Receivable	(4,685)	
(Increase) Decrease in Operating Inventories	(76,766)	(37,499)
(Increase) Decrease in Pension Asset	(950,676)	(254,095)
(Increase) Decrease in Assessments	1,015	
(Increase) Decrease in Prepayments	(5,590)	(189,857)
(Increase) Decrease in Pension Deferred Outflows of Resources	256,618	135,049
Increase (Decrease) in Pension Deferred Inflows of Resources	(644,760)	(472,493)
Increase (Decrease) in Net Pension Liability	703,583	
Increase (Decrease) in Operating Accounts Payable	(364,688)	(23,011)
Increase (Decrease) in Claims Payable		166,600
Increase (Decrease) in Unearned Revenue		45,509
Increase (Decrease) in Operating Due to Other Funds	47,519	(107,923)
Increase (Decrease) in Operating Due to Other Governments	1,225,907	(1,885)
Increase (Decrease) in Wages Payable	4,216	10,229
Increase (Decrease) in Benefits Payable	6,230	(383)
Increase (Decrease) in Compensated Absences Payable	2,606	36,809
Increase (Decrease) in Revenue Collected in Advance	(5,268)	
Cash Provided by Operating Activities	7,193,796	1,157,536
Noncash Investing, Capital and Finance Activities		
Capital Contributions	3,142,826	
Change in Fair Value of Investments	(1,230,447)	
Right-to- Use Lease Assets		1,036,124
Right-to- Use SBITA Assets		2,334,497

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Fiduciary Net Position
 Fiduciary Funds
 December 31, 2023

	Custodial Funds
Assets	
Cash and Cash Equivalents	-
Capital Assets, Net	132,038
Restricted Cash - Deposits	522,314
Total Assets	654,353
Liabilities	
Accounts Payable	352,135
Restricted Court Deposits	250
Due to Other Governments	19,040
Other long-term liabilities	96,576
Total Liabilities	468,001
Net Position	
Restricted for North Sound Metro SWAT assets	132,038
Restricted for individuals, organizations, and/or governments	54,313
Total Net Position	186,351

The notes to the financial statements are an integral part of this statement.

City of Kirkland
Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended December 31, 2023

	Custodial Funds
Additions	
Fee collections for other governments	478,398
Partner contributions	49,053
Tax collections for other governments	176,771
Donation collections for other entities	2,329
Miscellaneous	45,782
Total Additions	752,332
Deductions	
Payments of fees collected on behalf of other governments	463,235
Administrative Fees	56,796
Payments of taxes collected on behalf of other governments	176,771
Payments of donations collected to other entities	2,329
Miscellaneous	45,782
Depreciation	29,650
Total Deductions	774,563
Net increase (decrease) in fiduciary net position	(22,231)
Net Position - Beginning, as previously reported	278,136
Error Correction (Note 19)	(69,554)
Net Position - Beginning, as restated	208,582
Net Position - Ending	186,351

The notes to the financial statements are an integral part of this statement.

City of Kirkland
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year ended December 31, 2023

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City of Kirkland

Notes to the Basic Financial Statements
For Year Ended December 31, 2023

NOTE 1:
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Kirkland was incorporated on October 9, 1905, under the provisions of the Washington State Legislature and operates under a Council/City Manager form of government. The City is classified as a non-charter code city as set forth in RCW 35A. The Council consists of seven nonpartisan members elected at large every two years to staggered four-year terms. The Mayor is elected from within the Council to serve a two-year term. The City Manager serves as the professional administrator of the City and is responsible for coordinating all day-to-day operations and administration.

The accounting and reporting policies of the City of Kirkland, which conform to generally accepted accounting principles for governments, are regulated by the Washington State Auditor's Office. The City's significant accounting policies are summarized in the following notes.

Reporting Entity

The City's Annual Comprehensive Financial Report includes all funds and organizations that are controlled by or dependent on the City. Control by the City was determined on the basis of budget adoption, taxing authority and resource allocation criteria. Dependence on the City was determined by the City's obligation to redeem the organization's debts, to finance the organization's deficits, and the extent to which subsidies from the City constitute a major portion of the organization's total resources. As required by the generally accepted accounting principles, the financial statements present City of Kirkland's primary government.

The City of Kirkland Transportation Benefit District (TBD) was legally established by ordinance on February 10, 2014, to provide additional funding for the purposes of implementing and funding transportation improvements. On February 15, 2022, the Kirkland City Council adopted Ordinance O-4783 to assume the TBD into the City of Kirkland.

Basis of Presentation - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City of Kirkland reports the following major Governmental funds:

- | | |
|--------------------------------------|--|
| General Fund | is the general operating fund of the City. It accounts for all financial resources and transactions of the City not required to be accounted for in another fund. In some documents, this fund is referred to as the Current Expense Fund. |
| Excise Tax Capital Improvement Fund | accounts for the administration of real estate excise taxes set aside for municipal capital improvements. |
| General Capital Projects Fund | accounts for the acquisition and construction of capital projects funded from general revenue sources. |
| Transportation Capital Projects Fund | accounts for the acquisition and construction of transportation related capital projects in which many of the projects are financed through grants. |

The City of Kirkland reports the following major Proprietary Funds:

- | | |
|-------------------------------|---|
| Water/Sewer Operating Fund | accounts for the maintenance, operation, and minor construction of water and sewer systems activity of the Water/Sewer Utility. |
| Surface Water Management Fund | accounts for the maintenance, operation, and minor appurtenances, including drainage and public retention/detention systems, and related infrastructure activity of the Surface Water Management Utility. |
| Solid Waste Fund | accounts for all monies collected for solid waste and recycling services, the majority of which are provided through a private contractor. |

Additionally, the City of Kirkland reports the following fund types:

- | | |
|------------------------|--|
| Internal Service Funds | account for equipment rental, information technology, facilities services and health benefits provided to other departments of the City on a cost reimbursement basis. |
| Fiduciary Funds | account for assets held by the city for private individuals or other governments. Custodial funds require additions and deductions to be reported by the nature of the resource flow. Additions consist of funds paid to the City as an agent, and these funds are generally disbursed to other governmental agencies such as King County and the State of Washington. |

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of

the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City of Kirkland considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, utility taxes, gambling and admissions taxes, franchise fees, and other material revenue associated with the current period are all considered to be susceptible to accrual and are recognized as revenues. Amounts collected after 60 days are reported as Deferred Inflows of Resources in the governmental fund financial statements. All other revenue items are considered to be measurable and available only when cash is received by the City of Kirkland.

Amounts reported as program revenues include 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

The proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred regardless of the timing of cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility funds and internal service funds are charges to customers for sales and services, benefit premiums, facility maintenance, technology upgrades, and vehicle replacement. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

New Accounting Standards

As of January 1, 2023, the City successfully implemented GASB 96, "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) and enhances the relevance and reliability of governments' financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA, as well as to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. This Statement establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

Budgetary Data

The City of Kirkland budgets its funds primarily on a cash basis in accordance with the Revised Code of Washington 35A.33. In compliance with the code, budgets for all funds are established. Budgets established for the proprietary funds are considered "management budgets," and as such, are not required to be reported in the Annual Comprehensive Financial Report.

The budget, as adopted, constitutes the legal authority for expenditures. Appropriations are authorized for two years but must be reviewed by the City Council at the midpoint of the biennial period. The City's budget is adopted at the fund level, so that expenditures may not legally exceed appropriations at that level of detail. Transfers or revisions within funds are allowed, but supplemental or additional appropriations must be approved by the legislative authority. The City's budget is generally amended four times during the biennial period. The financial statements present the amended budgetary information as approved. All appropriations, except for capital projects, lapse at the end of the biennial period. Unexpended resources must be re-appropriated in the subsequent period.

Procedures for Adopting the Original Budget

Kirkland follows a biennial budget process. State law requires that the first year of a biennial budget be an odd numbered year. Accordingly, the preparation of the biennial budget occurs during an even numbered year, beginning in June and continuing through the end of the year. The following are key steps that the City takes to prepare its budget:

1. The City Council holds its mid-year budget review meeting in May and receives a status report on the current biennial budget and an updated six-year financial forecast, with an emphasis on the coming biennium. In addition, the City Manager requests input from the City Council about budget priorities and overall direction.
2. In June, the Director of Finance & Administration makes the official "budget call" to all department directors requesting expenditure and revenue estimates for the current year and the coming two years
3. The City conducts a biennial community survey to gauge resident satisfaction with City services and to help establish priorities for the budget. The results are based on a statistically valid phone and a corresponding online survey. The phone survey is the source of the "Kirkland Quad" that indicates resident ratings of the importance and performance of priority areas, as well as providing key data points for department priorities and the City's Performance Measures Report. The results of the online survey provide supplemental information for City Council consideration.
4. The Finance & Administration (F&A) Department prepares all general-purpose revenue estimates, which mostly consist of taxes, state shared revenues and entitlements, and intergovernmental service revenues, during the first half of August. In addition, the F&A Department receives and reviews all departmental revenue estimates during the same time period. All departmental expenditure estimates for the current year and "basic budget" requests for the coming biennium, which represent the estimated cost of maintaining the current service level, are received and reviewed by the F&A Department during the second half of August.
5. In late August, the Deputy City Manager, Director of Finance & Administration, Deputy Director of Finance & Administration, Financial Planning Manager and Budget Analysts meet with each department to review their basic budget requests.
6. In early September, departments submit additional funding requests (called "service packages") for new positions, equipment, and projects which are over and above their basic budgets. The F&A Department reviews all service package requests by mid-September. In years when funding is limited, departments may also be asked to submit proposed expenditure reductions.

7. In early-September, the City Manager meets with each department director and key staff to review their basic budget and service package requests. In addition, the City holds a public hearing in mid-September to gather community members' input on proposed revenue sources for the coming biennium.
8. The City Manager finalizes the preliminary budget proposal, which includes recommended service packages and reductions (if any), by mid-September.
9. In October, the F&A Department prepares and prints the preliminary budget document for the coming biennium. By November 1st, the preliminary budget document is filed with the City Clerk, distributed to the City Council and the departments, and made available to the public.
10. The City Council meets in October and November for a series of budget study sessions to review the City Manager's proposed budget and to determine if there are any changes they wish to make.
11. The City holds at least one public hearing in mid-November to gather community members' input on the preliminary budget as well as on any changes made by the City Council during their budget deliberations.
12. In December, the City Council adopts the final property tax levy for the coming year and the final budget for the coming biennium each by ordinance via a simple majority of the members present. The appropriation approved by the City Council is at the individual fund level.
13. The F&A Department publishes the final budget document during the first quarter of the following year, distributes the document to the City Council and the departments, and makes copies available to the public.

Amending the Budget

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, must be approved by the City Council.

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by a simple majority. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original budget and budget information as of the financial statement report date. The original budget is the first complete appropriated budget. The final budget reflects any adjustments to the original budget, such as uses of or additions to reserves, transfers, allocations, supplemental appropriations, carryovers, and other legally authorized changes applicable for the fiscal period.

Assets, Liabilities, Fund Balance and Net Position

Cash and Investments

It is the City's policy to invest all temporary cash surpluses. Amounts are reported on the Balance Sheet as either Cash and Cash Equivalents or Investments. Cash and Cash Equivalents include currency on hand, Washington State Public Deposit Protection Commission (PDPC) member bank deposits, and investments in the Washington State Local Government Investment Pool (LGIP). At December 31, 2023, the City was holding \$60,205,804 in short-term residual investments of surplus cash. Per KMC 5.24.010, the City has established an investment committee consisting of the City Manager and the Director of Finance and Administration. The City's investment committee is limited, by State law, to purchasing

investments in U.S. Treasury and Agency Securities, Certificates of Deposit with Washington State depositories that participate in the State Insurance Pool, bankers' acceptances, the State Investment Pool, and in other investments authorized by law. City policy requires that all investments be purchased DVP (delivery vs. payment). Securities are held in safekeeping by a third-party custodian.

The City places available cash in a common investment fund. On an biannual basis, interest earned on the City's common investment fund, less earmarked expenditures and all costs incurred in the administration of the common investment fund, are credited to the participating funds by determining monthly average investment balance by the participating fund.

In accordance with GASB, City funds in the LGIP are stated at amortized cost and all other investments are stated at fair value. Additional information is available in Note 3.

Receivables

The City of Kirkland recognizes receivables in its various funds based on the accounting basis required for that fund. These receivables include the following:

Property Taxes	Uncollected property taxes levied for the current year are reported as receivables at year-end. When property taxes become three years delinquent, the County is required by State statute to foreclose on the property. Historically, all taxes have been collected; therefore, no allowance for uncollectible taxes is recorded. Additional information is available in Note 4.
Sales Tax	Sales Tax collected for November and December but not remitted by the state until the following year, are reported as receivables at year-end.
Other Taxes	Utility, Gambling, Admission Taxes, and Franchise Fees remitted after the end of the year for activity occurring during the prior year are reported as receivables at year-end.
Accounts Receivable	Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services provided, including amounts owed for which billings have not yet been prepared.

Amounts Due to and from Other Governmental Units

These accounts include amounts due to or from other governments for grants, entitlements, temporary loans, taxes, and charges for services.

Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable/payable. All other outstanding balances between funds are reported as due to/from other funds. These balances are primarily utility taxes due from the utility funds to the general fund. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes and other charges between the government's utility functions and various other functions of the government. Additional information is available in Note 14.

Inventories

Purchases of materials and supplies are recorded as expenditures at the time of purchase in governmental funds; therefore, ending inventories are not reported on governmental fund balance sheets. These amounts are not considered material.

In proprietary funds a periodic inventory is maintained, in which the cost is capitalized when the inventory item is purchased and expensed when the item is consumed. The first in, first out valuation method which approximates market is used to value the inventory. A physical inventory is taken at year-end.

Restricted Assets and Liabilities

These accounts contain resources reserved for customer deposits.

Capital Assets – See Note 5, Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of 2 or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Assets acquired through annexation in 2011 were recorded at estimated fair market value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

Land, construction in progress, and works of art are not depreciated. Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 - 50
Improvements	5 - 50
Equipment	5 - 20
Infrastructure	7 - 100
Water Lines	20 - 60

Proprietary Fund infrastructure assets capitalized prior to year-end December 31, 2018 are depreciated using the composite method.

Leases & Subscription-Based Information Technology Arrangements (SBITA)

The City is a lessee for noncancelable leases and subscription-based information technology arrangements (SBITA). The City recognizes a lease liability and an intangible right-to-use lease asset for leases and a subscription liability and an intangible right-to-use subscription asset for SBITA contracts in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities and subscription liabilities with an initial, individual value of \$4,000 or more.

At the commencement of a lease or subscription contract, the City initially measures the lease or subscription liability at the present value of payments expected to be made during the lease or subscription term. Subsequently, the lease or subscription liability is reduced by the principal portion of lease or subscription payments made. The lease or subscription asset is initially measured as the initial amount of the lease or subscription liability, adjusted for lease or subscription payments made at or before the lease

or subscription commencement date, plus certain initial direct costs. Subsequently, the lease or subscription asset is amortized using the straight-line basis over its useful life.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease or subscription. Lease or subscription payments in governmental funds are reported as debt service principal and debt service interest expenditures.

Key estimates and judgements related to leases and subscriptions include how the City determines (1) the discount rate it uses to discount the expected lease or subscription payments to present value, (2) lease or subscription term, and (3) lease or subscription payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its incremental borrowing rate as the discount rate for leases or subscriptions. The lease or subscription term includes the noncancelable period of the lease or subscription. Lease and subscription payments included in the measurement of the lease and subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of its leases and subscriptions, and will remeasure the lease and subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease or subscription liability.

The City is also a lessor for noncancelable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the effective interest method.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee. The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Compensated Absences

The City records a liability for accumulated unused vacation leave and salary related payments associated with the payment of vacation leave. All vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements.

Vacation leave is accumulated monthly at annual rates ranging from 104 hours to 312 hours depending on number of years of employment and union agreement. Earned vacation leave in excess of the established limits and not used within the year following its accrual will be forfeited without any severance pay or additional compensation. Vacation leave is payable, subject to bargaining unit limits, upon resignation retirement, or death, to all employees having completed probation except under special conditions listed in the Kirkland Municipal Code.

Sick leave is accrued at a rate of 8 hours for each month of the employee's service, or the equivalent number of shift hours. Unused sick leave may be accumulated from year to year to a maximum of 180 days.

In 2005, contracts with public safety under the LEOFF II Retirement System agreed to allow conversion of accrued sick leave to a retiree medical account upon retirement from the City. Upon normal or disability retirement, the City is responsible to contribute an amount equal to fifty percent of the cash value of the employee's sick leave balance into a trust fund to be used for the retiree's health related expenses. Contribution amounts may not exceed \$12,000 for PD Commissioned and \$10,500 for IAFF, in 2023.

Outstanding sick leave at year end for all other employees is not accrued, because payment cannot be deemed probable, nor can the amount be reasonably estimated.

Pensions

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

For purposes of calculating the restricted net position related to the net pension asset, the restricted net position is equal to the net pension asset. Both deferred inflows and deferred outflows are excluded from the calculation.

Long-Term Debt – See Note 10, Long-term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Unearned Revenues

Unearned revenues are a liability for resources obtained prior to revenue recognition. Accordingly, they are not recorded as revenue. Unearned revenues include business license fees collected in 2023 for 2024.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources until that time.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted. Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on how the amounts in those funds can be spent. Amounts that are restricted by specific purposes stipulated by external resource providers, imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balance. The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority and by adoption of an ordinance, prior to year-end can commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by Council Resolution, or by the City Manager or Finance Director as part of the budget process based on Council direction as part of fiscal policies. Non-spendable fund balances include amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. Unassigned fund balance represents a residual classification for the general fund and includes all amounts not contained in the other classifications. These amounts are technically available for any purpose. The general fund is the only fund that can report a positive unassigned fund balance amount.

In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements the City assumes a certain flow assumption. The City considers a restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Committed fund balance is depleted next, followed by assigned fund balance. Unassigned fund balance is applied last.

**NOTE 2:
RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of aggregated differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position.

The Governmental Funds Balance Sheet includes a reconciliation between total fund balance and total net position as reported in the Government-Wide Statement of Net Position. The details of the aggregated differences are presented below.

Other long-term assets are not available to pay for current period expenditures and therefore deferred in the funds¹:

Municipal Court	2,100,972
Pension Asset	28,526,103
Leases Asset	807,969
SBITA Asset	35,845
Lease Receivable	(3,271)
Deferred Pension Outflow	20,873,704
Deferred OPEB Outflow	328,252
Deferred Charge on refunding	<u>1,072,606</u>
Net Adjustment	<u>53,742,179</u>

Some liabilities are not due and payable in the current period and are not reported in the funds²:

Bonds Payable	(67,030,568)
Lease Payable ³	(438,826)
SBITA Payable ³	(41,888)
Compensated Absences	(4,673,824)
Net Pension Liability	(4,266,564)
Total Pension Liability	(274,675)
Total OPEB Liability	(12,726,095)
ARO	(98,058)
Deferred Pension Inflow	(11,181,566)
Accrued Interest Payable	<u>(157,833)</u>
Net Adjustment	<u>(100,889,896)</u>

¹ Adjustment for the Municipal Court is for court receivables tracked through reports from the Court, which also detail receivables for other municipalities. The receivable is only reported on the government-wide statements as the receivable is not in any of the fund statements. Adjustment for the Lease Receivable amount represents the interest portion of the receivable.

² Adjustments to Lease Payable and SBITA payable are for recording the lease liability on the government-wide statements (full accrual) and eliminating the Other Financing Source balance on the fund statements (modified accrual) to roll up to the government-wide statements.

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value:

Capital Assets Leases	1,245,083,473
Depreciation & Amortization	<u>(279,368,985)</u>
Net Capital Assets Adjustment	<u>965,714,488</u>

Unavailable revenue is susceptible to full accrual in the government-wide statements but reported as deferred inflows in government funds³.

Unavailable revenue	1,500,480
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Explanation of aggregated differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities.

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances for governmental funds and changes in net position of governmental activities as reported in the Government-Wide Statement of Activities. The details of the aggregated differences are presented below.

Governmental funds report capital outlays as expenditures. The Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation.

Capital outlays	44,548,340
Depreciation Expense	(18,236,241)
Contributed Capital	1,659,541
Capital Sales	<u>(3,326,922)</u>
Net adjustment	<u>24,644,718</u>

The proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. Repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affects the Statement of Activities but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.

Old Debt Retired	2,480,000
New Debt Issued	0
Bond (Premium) Discount on issued bonds	(343,087)
Bond (Premium) Discount amortization	351,102
Amortized outflow on refunding	<u>(63,094)</u>
Net adjustment	<u>2,424,920</u>

³ Unavailable revenue adjustment is to recognize deferred revenues in the fund statements (modified accrual) as revenues in the government-wide statements (full accrual).

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in Court Receivable	491,547
Change in Pension Asset	(3,590,279)
Change in Pension Outflow	1,374,888
OPEB Outflow	62,686
Change in property tax revenue	93,739
Change in grant revenue	335,918
Change in other revenue	(1,503,560)
Change in Lease Asset	736,994
Change in Lease Receivable	(278)
Change in SBITA Asset	35,845
Net adjustment	<u>(1,962,500)</u>

Expenditures in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in governmental funds:

Change in Net Pension Liability	301,079
Change in Pension Inflow	7,014,300
Change in Compensated Absences	(592,984)
Bond Interest	9,972
Other Post Employment Benefit Obligation	221,149
Change in Interfund loan interest	(92,901)
ARO Expense	(4,133)
Change in Lease Payables	367,893
Change in SBITA Payables	41,888
Net adjustment	<u>7,266,262</u>

**NOTE 3:
CASH, DEPOSITS AND INVESTMENTS**

Deposits

The City of Kirkland’s bank deposits are covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). All deposits not covered by the FDIC are covered by the PDPC.

Cash and Deposits	
Cash on Hand	\$ 14,500
FDIC or PDPC Insured Bank Deposits	6,238,694
ARCH Funds held by City of Bellevue	635,523
Fire District #41 Funds held by King County	2
Total	\$ 6,888,719

Investments

All surplus cash is invested in accordance with an investment policy approved by Kirkland City Council. State law defines eligible investments to only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250, and 43.84.080). Eligible investments which the City held at year end include US Treasury Notes, Government Sponsored Enterprises (GSE’s) securities and Washington State Local Government Investment Pool.

The Local Government Investment Pool (LGIP) is managed and operated by the Office of the State Treasurer (OST). The State Treasurer is responsible for establishing the investment policy for the pool and reviews it annually. Any proposed changes are reviewed by the LGIP Advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

Investments Measured at Amortized Costs

As of December 31, 2023, the City of Kirkland held the following investments at amortized cost:

Investments Measured at Amortized Cost	
Washington State Local Government Investment Pool	53,967,110
Total	\$ 53,967,110

Credit Risk

Credit risk is the chance that an issuer will fail to pay principal or interest in a timely manner, or that negative perceptions of the issuer’s ability to make these payments will cause the price of the investment to decline. The City’s Investment Policy applies the prudent person standard; investments will be made with judgment and care, under circumstances then prevailing, which a person of prudence, discretion and intelligence would use in the management of their own affairs, not for speculation, but for investment purposes. At

December 31, 2023, the City's investments had the following credit ratings for securities with credit exposure:

Investment Type	Ratings		Fair Value
	Moody's	S&P	
Government Sponsored Enterprises			
Federal Home Loan Bank	Aaa	AA+	30,112,448
Federal Home Loan Mortgage Corporation	Aaa	AA+	14,041,744
Federal Farm Credit Bank	Aaa	AA+	52,457,902
Federal National Mortgage Association	Aaa	AA+	7,065,577
Total			\$ 103,677,672

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City of Kirkland would not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's Investment Policy requires that all security transactions entered into by the City of Kirkland will be conducted on a delivery-versus-payment (DVP) basis and will be held in safekeeping by a third-party custodian. All of the City's securities at year end were held in safekeeping by a third-party custodian and are not exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification or having too much invested in a few individual issues. It is the City's policy to diversify its investments by security type and institution. The City's policy is to assure that no single institution or security is invested to such an extent that a delay of liquidation at maturity is likely to cause a current cash flow emergency. With the exception of U.S. Treasury securities and authorized pools, no more than 30 percent of the entity's total investment portfolio will be invested in a single security type, issuer or financial institution. Detail information on concentration risk is covered in the City of Kirkland Investment Policy.

Cash Deposits and Investments	Fair Value	Cost Based Measure	Percent of Total
U.S. Treasury Notes	\$ 117,016,315		41.56%
Government Sponsored Enterprise			
Federal Home Loan Bank	30,112,448		10.70%
Federal Home Loan Mortgage Corporation	14,041,744		4.98%
Federal Farm Credit Bank	52,457,902		18.63%
Federal National Mortgage Association	7,065,577		2.51%
Cash on Hand		14,500	0.01%
FDIC or PDPC Insured Bank Deposits		6,238,694	2.21%
Fire District #41 Funds held by King County		2	0.00%
ARCH Funds held by City of Bellevue		635,523	0.23%
Washington State Local Government Investment Pool		53,967,110	19.17%
Total	\$ 220,693,986	\$ 60,855,829	
Total Cash, Deposits and Investments		\$ 281,549,815	

*Includes \$522,027 that is part of the Fiduciary Funds

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's policy limits investments in securities to those maturing no more than five years from the date of purchase and limits the average weighted maturity for the portfolio to 3 years. The portfolio weighted maturity at year end was 1.79 years.

The following schedule presents the investments and related maturities as of December 31, 2023.

Investment Type	Fair Value	Maturity (in Years)	
		Less Than 1	1 - 5
Government Sponsored Enterprise (GSE's)	103,677,672	24,570,748	79,106,924
US Treasury Notes	117,016,315	31,924,273	85,092,042
Total	220,693,986	56,495,020	164,198,966

Investments Measured at Fair Value

The City of Kirkland measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles as follows:

- Level 1 securities are valued using prices quoted in active markets for identical assets or liabilities.
- Level 2 securities are valued using quoted market prices for similar assets or liabilities that are not active, or other than quoted prices that are not observable.
- Level 3 securities are valued using unobservable inputs.

U.S. Treasury Notes in Level 1 and Government Sponsored Enterprise (GSE) Securities classified in Level 2 are valued using quoted prices for similar securities and interest rates. The level of fair value measurement is based on the lowest level of significant input for the security type in its entirety. There are no Level 3 security classifications to report. Cash on hand, bank deposits, cash held by other entities and the Local Government Investment Pool (LGIP) are valued using a cost-based measure.

Investments By Fair Value	12/31/2023	Fair Value Measurement Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government Sponsored Enterprise (GSE's)	103,677,672	-	103,677,672	-
US Treasury Notes	117,016,315	117,016,315	-	-
Total By Fair Value Level	\$ 220,693,986	\$ 117,016,315	\$ 103,677,672	\$ -

**NOTE 4:
PROPERTY TAXES**

The King County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed on a daily basis.

Property Tax Calendar:

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment tax payments is due.
May 31	Assessed value of property established for next year's levy.
October 31	Second installment is due.

Assessed values are established by the County Assessor at 100 percent of fair market value. At a minimum, real property must be revalued every four years. King County began an annual revaluation program in 1995.

Property taxes are recorded as a receivable and revenue when levied. Property taxes collected in advance of the fiscal year to which they apply are recorded as deferred inflows of resources and recognized as revenue of the period to which they apply. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. Kirkland's maximum property tax levy rate has been reduced from \$3.60 to \$3.10 due to annexation to the King County Library District.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

The City's regular tax levy in 2023 was \$0.86418 per \$1,000 on an assessed valuation of \$48,351,973,565 for a total regular levy of \$41,784,964. There was no excess tax levy assessed in 2023.

**NOTE 5:
CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2023, for governmental activities was as follows:

Governmental Activities	Balance <u>01/01/23</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/23</u>
Capital Assets, Not Being Depreciated:				
Land	634,947,215	805,557	8,955	635,743,817
Construction in Progress	52,553,794	42,753,496	50,808,655	44,498,635
Artwork	2,413,979	255,402	-	2,669,381
Total Capital Assets, Not Being Depreciated	\$ 689,914,988	43,814,456	50,817,610	\$ 682,911,833
Capital Assets, Being Depreciated:				
Buildings	65,262,040	13,700,527	3,608,450	75,354,117
Improvements	116,859,806	6,568,911	0	123,428,717
Machinery and Equipment	33,855,274	3,998,979	186,010	37,668,243
Infrastructure	326,202,472	29,865,428	476,669	355,591,231
Right-to-Use Lease Assets	1,092,806	947,160	30,830	2,009,136
Right-to-Use SBITA Assets	73,648	2,337,381	-	2,411,029
Total Capital Assets, Being Depreciated	\$ 543,346,046	57,418,386	4,301,958	\$ 596,462,474
Less Accumulated Depreciation for:				
Buildings	20,844,218	1,650,086	288,676	22,205,628
Improvements	52,297,578	4,987,434	0	57,285,012
Machinery and Equipment	20,010,220	2,636,542	186,010	22,460,752
Infrastructure	184,810,823	10,877,247	475,669	195,212,401
Right-to-Use Lease Assets	252,647	438,113	30,830	659,930
Right-to-Use SBITA Assets	-	215,418	-	215,418
Total Accumulated Depreciation	\$ 278,215,486	20,804,840	981,185	\$ 298,039,141
Total Capital Assets, Being Depreciated, Net	\$ 265,130,559	\$ 36,613,547	\$ 3,320,773	\$ 298,423,333
Governmental Activities Capital Assets, Net	<u>\$ 955,045,547</u>	<u>\$ 80,428,002</u>	<u>54,138,383</u>	<u>\$ 981,335,166</u>

Net investment in Capital Assets - Governmental Activities

Capital assets, Net	\$ 1,279,374,307
Less accumulated depreciation	<u>(298,039,141)</u>
	981,335,166
Less GO Bonds	(60,855,000)
Less bond premium	(6,175,568)
Less capital related accounts payable and retainage payable	(5,193,230)
Less Right-to-Use Lease Payable	(998,312)
Less Right-to-Use SIBITA Payable	(1,590,204)
Plus unspent bond proceeds	1,155,135
Plus deferred outflow on refunding bonds	1,072,606
Net investment in capital Assets	<u><u>\$ 908,750,593</u></u>

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

Depreciation & Amortization Expense- Governmental Activities

General Government	2,981,834
Security of Persons and Property	3,186,751
Human Services	-
Physical Environment	1,170,856
Transportation (includes depreciation of general infrastructure assets)	10,980,480
Economic Environment	34,669
Culture and Recreation	2,450,250
Depreciation Expense	<u>\$ 20,804,840</u>

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets as allocated above.

Capital assets activity for the year ended December 31, 2023, for Business-type activities was as follows:

Business-type Activities

	Balance <u>01/01/23</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/23</u>
Capital Assets, Not Being Depreciated:				
Land	3,834,492	20,330		3,854,822
Construction in Progress	10,277,600	8,509,086	10,936,806	7,849,880
Total Capital Assets, Not Being Depreciated	14,112,092	8,529,416	10,936,806	\$ 11,704,702
Capital Assets, Being Depreciated:				
Buildings	47,591			47,591
Machinery and Equipment	252,559	40,582		293,141
Infrastructure	283,497,208	14,239,178	105,323	297,631,063
Total Capital Assets, Being Depreciated	283,797,358	14,279,760	105,323	\$ 297,971,795
Less Accumulated Depreciation for:				
Buildings	47,591			47,591
Machinery and Equipment	152,090	11,224		163,314
Infrastructure	95,713,063	5,584,231	92,083	101,205,211
Total Accumulated Depreciation	95,912,744	5,595,455	92,083	\$ 101,416,116
Total Capital Assets, Being Depreciated, Net	187,884,614	8,684,305	13,240	\$ 196,555,679
Business-type Activities Capital Assets, Net	<u>201,996,706</u>	<u>17,213,721</u>	<u>10,950,046</u>	<u>\$ 208,260,381</u>

Net investment in Capital Assets - Business Type Activities

Capital assets, Net	\$	309,676,497
Less accumulated depreciation		<u>(101,416,116)</u>
		208,260,381
Less Public Works Trust Fund loans		(2,341,640)
Less capital related accounts payable and retainage payable		(1,719,012)
Net investment in capital Assets	\$	<u><u>204,199,729</u></u>

Depreciation expense was charged to business-type activities as follows:

Depreciation Expense - Business-type Activities

Water/Sewer Utility		3,348,046
Surface Water Utility		2,236,773
Solid Waste Utility		-
Depreciation Expense	\$	<u><u>5,584,819</u></u>

Construction Obligations

The City of Kirkland has active construction projects as of December 31, 2023. The projects include:

<u>Project Function</u>	<u>Expenditures to Date</u>	<u>Remaining Commitment</u>
Transportation	79,188,541	18,776,655
Surface Water Utility	4,392,831	5,809,186
Water/Sewer Utility	3,632,323	999,862
Culture and Recreation	211,165	9,415
General Government	1,450,916	253,050
Security of Persons and Property	24,479,579	301,886
Total	<u><u>\$ 113,355,355</u></u>	<u><u>\$ 26,150,054</u></u>

**NOTE 6:
PENSION PLANS**

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2023:

Aggregate Pension Amounts – All Plans	
Pension liabilities*	\$5,861,616
Pension assets	\$31,467,149
Deferred outflows of resources	\$23,167,312
Deferred inflows of resources	\$13,354,631
Pension expense/expenditures**	\$1,652,157

*Includes \$274,675 Pension liabilities for the Firefighters' Pension Plan

**Includes (\$150,128) Pension expense for the Firefighters' Pension Plan

State Sponsored Pension Plans

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – June		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%
July – August		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Total	9.39%	6.00%
September – December		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.53%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

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

PERS Plan 2/3			
Actual Contribution Rates	Employer 2/3	Employee 2*	Employee 3**
January – June			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	3.85%		
Administrative Fee	0.18%		
Total	10.39%	6.36%	
July – August			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.85%		
Administrative Fee	0.18%		
Total	9.39%	6.36%	
September – December			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
Total	9.53%	6.36%	

The City’s actual PERS plan contributions were \$1,597,780 to PERS Plan 1 and \$2,907,524 to PERS Plan 2/3 for the year ended December 31, 2023.

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006.

PSERS membership includes certain public employees whose jobs contain a high degree of physical risk to their own personal safety. In addition to meeting strict statutory work requirements, membership is further restricted to specific employers including:

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

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the AFC times the member’s years of service. The AFC is based on the member’s 60 consecutive highest creditable months of service. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Benefits are actuarially reduced for each year that the member’s age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Retirement before age 60 is considered an early retirement. PSERS members who retire before turning 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3% per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other benefits include a COLA, capped at 3% annually. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The Plan 2 employer rates include components to address the PERS Plan 1 UAAL.

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

PSERS Plan 2		
Actual Contribution Rates	Employer	Employee
January – June		
PSERS Plan 2	6.60%	6.60%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.63%	6.60%
July – August		
PSERS Plan 2	6.60%	6.60%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Total	9.63%	6.60%
September – December		
PSERS Plan 2	6.73%	6.73%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.90%	6.73%

The City’s actual plan contributions were \$110,105 to PSERS Plan 2 for the year ended December 31, 2023.

Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state’s full-time, fully compensated, local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

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

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

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest-paid consecutive 24 months’ within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include a COLA. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute 0%, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2023. Employers paid only the administrative expense of 0.20% of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the FAS per year of service (the FAS is based on the highest-paid consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50 – 52, the reduction is 3% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a COLA (based on the CPI), capped at 3% annually. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

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

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

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January – August		
State and local governments	5.12%	8.53%
Administrative Fee	0.18%	
Total	5.30%	8.53%
September – December		
State and local governments	5.12%	8.53%
Administrative Fee	0.20%	
Total	5.32%	8.53%
January – August		
State and local governments	5.12%	8.53%
Administrative Fee	0.20%	
Total	5.32%	8.53%
September – December		
State and local governments	5.12%	8.53%
Administrative Fee	0.20%	
Total	5.32%	8.53%

The City’s actual contributions to the plan were \$1,838,335 for the year ended December 31, 2023.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Office of the State Actuary and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2023, the state contributed \$87,966,142 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$993,148.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the

valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Demographic Experience Study and the 2021 Economic Experience Study.

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

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- Investment rate of return: 7.00%

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

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan 1/2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022 measurement date.

Discount Rate

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

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the City's proportionate share* of the net pension liability calculated using the discount rate of 7%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	7,805,378	5,586,941	3,650,766
PERS 2/3	13,534,933	(12,444,544)	(33,788,327)
PSERS 2	358,506	(231,207)	(696,620)
LEOFF 1	(2,008,140)	(2,264,721)	(2,487,216)
LEOFF 2	2,736,371	(16,526,676)	(32,291,826)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2023, the City reported its proportionate share of the net pension liabilities and assets as follows:

Plan	Liability (or Asset)
PERS 1	5,586,941
PERS 2/3	(12,444,544)
PSERS 2	(231,207)
LEOFF 1	(2,264,721)
LEOFF 2	(16,526,676)

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

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	(2,264,721)	(16,526,676)
State's proportionate share of the net pension asset associated with the employer	(15,318,517)	(10,553,765)
TOTAL	(17,583,238)	(27,080,441)

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

	Proportionate Share 6/30/22	Proportionate Share 6/30/23	Change in Proportion
PERS 1	0.234994%	0.244748%	0.009754%
PERS 2/3	0.294130%	0.303623%	0.009493%
PSERS 2	0.228001%	0.218040%	-0.009961%
LEOFF 1	0.075840%	0.076304%	0.000464%
LEOFF 2	0.694307%	0.689014%	-0.005293%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans except LEOFF 1.

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

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

Pension Expense

For the year ended December 31, 2023, the City recognized pension expense as follows:

Plan	Pension Expense
PERS 1	267,466
PERS 2/3	1,505,112
PSERS 2	59,465
LEOFF 1	210,641
LEOFF 2	113,207
Firefighters' Pension Plan	150,128
Total	1,652,157

Deferred Outflows of Resources and Deferred Inflows of Resources

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

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(630,231)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	722,301	
TOTAL	722,301	(630,231)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	2,534,940	(139,044)
Net difference between projected and actual investment earnings on pension plan investments	-	(4,689,856)
Changes of assumptions	5,224,650	(1,138,768)
Changes in proportion and differences between contributions and proportionate share of contributions	109,269	(616,045)
Contributions subsequent to the measurement date	1,515,247	
TOTAL	9,384,106	(6,583,714)

PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resource
Differences between expected and actual experience	72,347	(59,494)
Net difference between projected and actual investment earnings on pension plan investments	-	(62,223)
Changes of assumptions	103,442	(40,233)
Changes in proportion and differences between contributions and proportionate share of contributions	12,324	(9,544)
Contributions subsequent to the measurement date	54,108	
TOTAL	242,221	(171,495)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resource
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(150,172)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	-	(150,172)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resource
Differences between expected and actual experience	6,750,679	(135,969)
Net difference between projected and actual investment earnings on pension plan investments	-	(3,497,009)
Changes of assumptions	4,221,679	(1,357,536)
Changes in proportion and differences between contributions and proportionate share of contributions	829,696	(828,507)
Contributions subsequent to the measurement date	1,016,629	-
TOTAL	12,818,683	(5,819,020)

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resource
Differences between expected and actual experience	9,357,965	(334,507)
Net difference between projected and actual investment earnings on pension plan investments	-	(9,029,491)
Changes of assumptions	9,549,771	(2,536,537)
Changes in proportion and differences between contributions and proportionate share of contributions	951,290	(1,454,097)
Contributions subsequent to the measurement date	3,308,286	-
TOTAL	23,167,312	(13,354,631)

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1	PERS 2/3	PSERS 2	LEOFF 1	LEOFF 2
2024	(428,783)	(2,340,652)	(37,672)	(102,963)	(1,371,375)
2025	(539,245)	(2,799,021)	(46,923)	(129,205)	(1,936,096)
2026	332,490	3,769,358	46,262	80,150	3,040,106
2027	5,307	1,321,018	7,194	1,846	1,098,229
2028	-	1,319,916	7,771	-	1,191,154
Thereafter	-	14,527	39,986	-	3,961,016
TOTAL	(630,231)	1,285,146	16,618	(150,172)	5,983,033

Firefighters' Pension

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 for the year 2023:

Pension Amounts – Fire Fighter Pension	
Pension Liability	274,675
Pension Assets	-
Deferred Outflows of Resources	-
Deferred Inflows of Resources	-
Pension Expense	(150,128)

The City of Kirkland is the administrator of the Firefighters' Pension Plan which is a closed, single-employer, defined benefit pension plan that was established in conformance with RCW Chapter 41.18. This plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. All benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. Membership is limited to firefighters employed prior to March 1, 1970, when the LEOFF retirement system was established. The City's liability under the system is composed of all benefits for firefighters retired prior to March 1, 1970, and excess benefits over LEOFF for covered firefighters retired after March 1, 1970. No separate financial report is issued for the plan. Accordingly, the required supplemental information is included in this note.

A five person Pension Board is created to oversee the benefits for LEOFF 1 retirees. The Board consists of one elected official of the City, two regularly employed and two retired firefighters.

Under State law, the Firefighters' Pension Plan is provided an allocation of 25 percent of all monies received by the State from taxes on fire insurance premiums. Other funding sources include interest earnings, member contributions made prior to the inception of LEOFF, and City contributions required to meet projected future pension obligations. The City's fire insurance premium and interest earnings were sufficient to pay the expenses in 2023. The financial activity of the Firefighters' Pension Plan is reported within the City's General Fund.

Membership of the Firefighters' Pension Plan consisted of the following on December 31, 2023:

Retirees and beneficiaries receiving benefits	1
Active plan members	<u>0</u>

The pension standards in GASB Statement 68 are applicable only to pension plans that are administered through trusts or equivalent arrangements which:

- a. Contributions from employers to the pension plan and earnings on those contributions are irrevocable.
- b. Pension plan assets are dedicated to providing pensions to plan members in accordance with benefit terms.
- c. Pension plan assets are legally protected from the creditors of employers, the plan administrator and plan members.

The Firefighters' Pension Plan does not meet the requirement "c" that assets be legally protected from the creditors of employers, the plan administrator and plan members. Therefore, the assets are not accumulated in a qualifying trust or equivalent arrangement as required by GASB 68 for reporting purposes.

Investment procedures and policies can be found in Note 3: Deposits and Investments.

Changes in Total Pension Liability	Increase (Decrease) Total Pension Liability
Balances as of December 31, 2022	\$277,368
Changes for the year:	
Service cost	0
Interest on Total Pension Liability	9,995
Effect of plan changes	0
Effect of economic/demographic gains or losses	0
Effect of assumptions changes or inputs	9,164
Benefit payments*	(21,852)
Balances as of December 31, 2023	274,675

**Benefit payments are estimated based on expected payouts.*

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There were no significant changes during this period.

Discount Rates and Investment Earnings

Discount Rate	December 31, 2022	December 31, 2023
Municipal bond rate	3.75%	3.25%

The following presents the total pension liability of the City, calculated using the discount rate of 3.25 percent, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.25%) or 1 percentage point higher (4.25%) than the current rate.

	1% Decrease 2.25%	Current Discount Rate 3.25%	1% Increase 4.25%
Total Pension Liability	\$294,648	\$274,675	\$256,847

Actuarial Assumptions

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

Deferred Inflows / Outflows of Resources Related to Pensions

As of December 31, 2023, the deferred inflows and outflows of resources are as follows. Because immediate recognition of economic/demographic and input/assumption gains and losses is used for plans where the average remaining service life is less than one year, no deferred inflows or outflows arose from experience in prior years.

Deferred (Inflows) / Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$0
Changes of assumptions	<u>0</u>	<u>0</u>
Total	0	0

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

Year ended December 31:	
2024	\$0
2025	0
2026	0
2027	0
2028	0
Thereafter	0

Since the fund is closed to additional participants and is fully funded, the City does not perform an actuarial study on a yearly basis.

Municipal Employees Benefit Trust

The Municipal Employees' Benefit Trust (MEBT) is a multiple-employer defined-contribution pension plan which was established as an alternative to the federal Social Security System. By majority vote, City employees approved the City's withdrawal from the Social Security System pursuant to U.S.C.A., Section 418(g), effective January 1, 1975. Employees who work 1,000 or more hours per year are eligible but not required to participate in the plan. There were 788 employees who participated in the program during 2023. The City's contribution for 2023 was \$4,406,412; employee contributions were \$6,074,577 during the same period. The rate the City must pay and the employee may pay is equal to the Social Security rate of 6.2 percent.

Assets of the Plan consist of stocks, bonds, and guaranteed insurance contracts, and are not the property of the City and are not subject to the claims of the City's general creditors. The Plan is administered by the Plan Committee consisting of two members selected by the City and three members elected by plan members. The Plan Committee administers the MEBT Plan according to the Plan Document adopted by the City and all applicable IRS regulations. Plan provisions may be established or amended by a majority vote of the Plan Committee.

Actuarial determinations are not required because (1) long-term disability insurance and survivor income insurance are provided by a group insurance policy with the Cigna/Life Insurance Company of North America, and (2) each participant shall at his normal retirement instruct the trustee to either (a) acquire a nonforfeitable, non-transferable annuity contract, (b) pay the retirement benefits from the employee's deferred saving account to which no contribution by the City or the participant can be added after retirement, or (c) pay a single lump-sum payment equal to the accumulated balance in the employee's deferred saving account as of his retirement date.

**NOTE 7:
OTHER POST EMPLOYMENT BENEFITS**

The Governmental Accounting Standards Board issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions" in June 2015. GASB 75's effective date is for an employer's fiscal year beginning after June 15, 2017.

The City of Kirkland provides post-retirement health care benefits to LEOFF 1 retirees in accordance with RCW 41.26. The plan is a single-employer defined benefit OPEB plan without a special funding situation where no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. Membership is limited to public safety personnel hired prior to March 1, 1970. All members' medical, hospital, dental and nursing care are covered at the discretion of the Retirement Board. At the end of 2023 there were 24 retirees receiving these benefits. All members of the closed group are retired and no new members are eligible for benefits. The benefits cover only the retiree; spouses and dependents are not covered by the plan.

For 2023, the City's cost of providing these benefits were as follows:

Medical premiums:	Insurance Premium Costs	\$ 143,923
	Direct Medical Costs	<u>439,863</u>
	Total Costs	<u>\$ 583,786</u>

Funding for LEOFF retiree healthcare costs is provided entirely by the City on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2023.

Aggregate OPEB Amounts – All Plans	
OPEB Liabilities	(12,726,095)
OPEB Assets	
Deferred Outflows of Resources	328,252
Deferred Inflows of Resources	
OPEB Expenses	362,616

The total OPEB liability was determined using Washington State's Actuary Alternative Measurement Method Online Tool. The liability was determined using a June 30, 2023, measurement date using the following assumptions and inputs.

The following presents the total OPEB liability of the City calculated using the current healthcare cost trend rate of 5 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4%) or 1- percentage point higher (6%) than the current rate.

	1% Decrease 4%	Current Healthcare Cost Trend Rate 5%	1% Increase 6%
Total OPEB Liability	\$11,563,061	\$12,726,095	\$14,058,411

The following presents the total OPEB liability of the City calculated using the discount rate of 3.65 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (2.54%) or 1- percentage point higher (4.54%) than the current rate.

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	\$14,148,718	\$12,726,095	\$11,512,498

Changes in the Total OPEB Liability (Asset)	
Total OPEB Liability at 01/01/2023	12,947,244
Interest	448,090
Differences between expected and actual experience	(85,474)
Benefit Payments	(583,765)
Net Change	(221,149)
Total OPEB Liability at 12/31/2023	12,726,095

The total OPEB liability was determined using the Alternative Measurement Method as of June 30, 2023. The following actuarial assumptions applied to all measurements.

Methodology

Actuarial Valuation Date	6/30/2023
Actuarial Measurement Date	6/30/2023
Actuarial Cost Method	Entry Age
Amortization Method	Recognized Immediately
Asset Valuation Method	No Assets

Assumptions

Discount Rate	
Beginning of Measurement Year	3.54%
End of Measurement Year	3.65%
Healthcare Trend Rates	
Medical Costs	Initial rate is approximately 4.5%, varies by year
Long term care	4.75%
Medicare Part B Premiums	Approximately 5.0%, varies by year
Mortality Rates (assume 100% male population)	
Base Mortality Table	PubS.H-2010 (Public Safety)
Age Setback	-1 year Healthy / 0 years Disabled Blended 50%/50% Healthy/Disabled
Mortality Improvements	MP-2017 Long-Term Rates
Projection Period	Generational
Medicare Participation Rate	100%

The discount rate used to measure is based on the Bond Buyer General Obligation 20-Bond Municipal Index. For additional detail on the healthcare trend rates, please see the Office of State Actuary's 2022 LEOFF 1 Medical Benefits Actuarial Valuation Report.

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

Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB expense they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB expense they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts.

For the year ended December 31, 2023, the City recognized an offset to OPEB expense of \$328,252.

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

	Deferred outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions	\$	\$
Payments subsequent to the measurement date	\$ 328,252	\$
TOTAL	\$ 328,252	\$

Deferred outflows of resources of \$328,252 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024. There are no other amounts reported as deferred outflows and deferred inflows of resources related to OPEB to be recognized in OPEB expense in future years.

**NOTE 8:
NONGOVERNMENTAL PENSION PLAN**

The City of Kirkland, pursuant to a collective-bargaining agreement with the Teamsters Local 763, contributes into the Western Conference of Teamsters Pension Trust Fund on account of each member of the bargaining unit. The Western Conference of Teamsters Pension Plan (WCTPP) was established by the Trustees on April 26, 1955, to define and maintain retirement, death, and disability benefits to be provided by employer contributions to the Trust Fund. The plan is not a state or local government pension plan but is used to provide defined benefit pensions to both state/local government employees and non-state/local government employees. It is a multiemployer defined benefit pension plan and has no predominate state/local government employer, either individually or collectively. The Plan is administered by a Board of Trustees composed of 13 union trustees and 13 employer trustees. The Trustees are selected from the various geographic areas served by the Plan. The Plan's annual report is available on its website at <http://wctpension.org>.

To be eligible to participate in the Plan, a person must be an employee and must be covered under a bona fide written labor contract between an employer and a local union of the International Brotherhood of Teamsters that requires the employer to make payments to the Trust Fund. The current collective-bargaining agreement between the City and the Teamsters Local 763 expires December 31, 2025 and requires the City to pay \$0.35 per hour to the Trust Fund for each member of the bargaining unit, up to the maximum of 184 hours per calendar month. In 2023 the city made contributions for 147 employees, totaling \$73,481.

Participants become vested when they have completed (1) five years of service if at least one year of service was after 1990, or (2) ten years of service if all years of service were before 1991. Benefits for service prior to 1987 are determined using the five-year-average benefit formula. Monthly retirement benefits are based on the length of a participant's service and the rate of employer contributions payable for the participant's last five years of service. For service after 1986 the formula is the contribution-account benefit formula. Under this formula, monthly retirement benefits are based on a percentage of total employer contributions payable for all the participant's service after 1986. WCTPP also pays disability retirement benefits for those that meet certain conditions. Surviving spouses and children are entitled to monthly survivor benefits under certain conditions.

If the City partially or totally withdraws from the Plan, a withdrawal liability would be imposed based on allocating a portion of the Plan's unfunded vested liability.

Contributions payable at December 31, 2023 were \$6,221 representing contributions made for hours worked in December 2022. These contributions were paid in January 2024.

NOTE 9: RISK MANAGEMENT

The City of Kirkland is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 169 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

No claims in any of the past three years exceeded the City's insurance coverage. None of the current claims or lawsuits made or expected to be made against the City appear to have any reasonable likelihood of significantly affecting the City's financial situation for 2023.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

Medical Self Insurance

On January 1, 2011 the City became self insured for medical insurance. The Medical Self Insurance Internal Service Fund accounts for the disbursement of actual medical and prescription claims, associated administrative costs, and reserves for the self insured program. Rates for the initial implementation year were established based upon industry averages and trends. In subsequent years the rates are based upon historical data as well as market trends.

In order to mitigate its risk exposure the City holds individual and aggregate stop loss insurance. There were five claims in excess of the \$125,000 per person stop loss maximum for 2023. In accordance with GASB Statement 10, estimated liabilities are accrued for current outstanding claims and claims incurred but not reported (IBNR).

	<u>Beginning Of Year Liability</u>	<u>Incurred Claims Including IBNRs</u>	<u>Claim Payments</u>	<u>Unpaid Claims</u>
2013	\$611,030	\$6,379,496	\$6,388,631	\$601,895
2014	\$601,895	\$7,159,200	\$7,170,710	\$590,385
2015	\$590,385	\$6,754,800	\$6,715,140	\$630,045
2016	\$630,045	\$6,225,297	\$6,294,771	\$560,571
2017	\$560,571	\$6,007,121	\$6,037,692	\$530,000
2018	\$530,000	\$3,372,869	\$4,299,869	\$397,000
2019	\$397,000	\$4,964,695	\$4,941,095	\$420,600
2020	\$420,600	\$4,691,530	\$4,663,930	\$448,200
2021	\$448,200	\$4,599,107	\$4,532,507	\$514,800
2022	\$514,800	\$4,207,377	\$4,171,477	\$550,700
2023	\$550,700	\$5,560,625	\$5,751,525	\$717,300

**NOTE 10:
LONG-TERM DEBT**

General Obligation Bonds are direct obligations of the City for which its full faith and credit are pledged. Debt service is paid from the Debt Service Funds. Debt service for voter approved issues is funded with special property tax levies. Debt service for City Council authorized or councilmanic issues is funded from regular property taxes and other general government revenues. These bonds are subject to federal arbitrage rules.

Revenue bond indebtedness issued to fund proprietary activities is recorded in the proprietary fund. Debt service payments are made from revenues generated by the proprietary fund.

State of Washington Public Works Trust Fund Loans are a direct responsibility of the City. The City currently has two loans with principal outstanding of \$2,341,640. This debt will be repaid from Water/Sewer Fund revenues.

On November 20, 2015, the City issued \$5.8 million in Limited Tax General Obligation Bonds at a fixed interest rate of 3.45 percent and final payment on December 1, 2034. The bond proceeds were used to pay a portion of the funds for remodeling City Hall.

On June 17, 2020, the City issued \$25,105,000 in Limited Tax General Obligation Bonds to advance refund the remaining principal of the Limited General Obligation Bonds 2010 (Taxable Build America Bonds-Direct Payment) which were used to purchase and renovate the Kirkland Justice Center. The 2020 Refunding Bonds were issued with a true interest cost of 1.697% and a net present value savings of 20.187% a total of \$5.3 million saved over the next 20 years. On December 1, 2020 the 2010 Limited Tax General Obligation Bonds were called and repaid, the liability for those bonds has been removed from the government-wide statement of net position. The advance refunding resulted in a difference between the net reacquisition price and the net carrying amount of the old debt of \$1,261,889. This amount, reported in the statement of net position as a deferred outflow of resources, will be charged to operations through 2040 using the effective interest method.

On June 3, 2021, the City issued \$36,910,000 in Limited Tax General Obligation Bonds for the purpose to finance or reimburse the City for all or a portion of the costs of acquiring, designing, constructing, developing, improving, equipping and furnishing certain City transportation projects and City fire and public safety facilities and to pay the cost of the issuance of the bonds. The 2021 LTGO Bonds were issued with a true interest cost of 1.703% with a maturity date of 12/1/2041.

General obligation bonds currently outstanding are as follows:

Issue - Purpose	Issue Date	Maturity Date	Interest Rate	Amount Issued	Redemptions to Date	Outstanding 12/31/2023	Due Within One Year
2015 LTGO Bonds* - City Hall Remodel	11/20/2015	12/1/2034	3.45	5,800,000	1,990,000	3,810,000	290,000
LTGO Refunding Bonds, 2020	6/30/2020	12/1/2040	1.76	25,105,000	2,480,000	22,625,000	970,000
LTGO Bonds, 2021	6/3/2021	12/1/2041	1.7	36,910,000	2,490,000	34,420,000	1,340,000
Total				\$67,815,000	6,960,000	60,855,000	2,600,000

*Direct Placement

The annual debt service requirements to maturity for general obligation bonds that are not direct placement are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2024	2,310,000	1,762,550
2025	2,425,000	1,647,050
2026	2,545,000	1,525,800
2027	2,665,000	1,398,550
2028	2,800,000	1,265,300
2029-2033	16,045,000	4,265,850
2034-2038	18,140,000	2,123,500
2039-2041	10,115,000	379,000
Total	\$57,045,000	\$14,367,600

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

Year Ending December 31	Governmental Activities	
	Principal	Interest
2024	290,000	131,445
2025	300,000	121,440
2026	310,000	111,090
2027	320,000	100,395
2028	335,000	89,355
2029-2033	1,845,000	265,995
2034	410,000	14,145
Total	\$3,810,000	\$833,865

The revenue debt, issuance, redemption and current balance outstanding are as follows:

Issue - Purpose	Issue Date	Maturity Date	Interest Rate	Amount Issued	Redemptions to Date	Outstanding 12/31/2023	Due Within One Year
2004 Public Works Trust Loan Central Way Sewer Replacement	9/1/2004	7/1/2024	0.5	1,086,300	1,028,968	57,333	57,333
2012 Public Works Trust Loan NE 80 St Water/Sewer Main Replacement	10/8/2012	6/1/2032	0.5	4,038,000	1,753,692	2,284,308	253,812
Total				\$5,124,300	\$2,782,660	\$2,341,640	\$311,145

The revenue debt service requirements to maturity are as follows:

Year Ending December 31		
	Principal	Interest
2024	311,145	11,708
2025	253,812	10,152
2026	253,812	8,883
2027	253,812	7,614
2028	253,812	6,345
2029-2032	1,015,247	12,691
Total	\$ 2,341,640	\$ 57,394

City of Kirkland Credit Ratings

On March 22, 2024, Moody's Ratings assigned a Aaa rating to Kirkland's Limited Tax General Obligation Bonds, 2024. At the same time, Moody's Ratings affirmed the Aaa issuer rating and the Aaa ratings on the City's outstanding GO bonds.

On March 22, 2024, S&P Global Ratings assigned its AAA long-term rating to Kirkland's Limited Tax General Obligation Bonds, Series 2024. At the same time, S&P Global Ratings affirmed its AAA long-term rating on the City's existing GO debt outstanding.

**NOTE 11:
LEASES & SUBSCRIPTION-BASED IT ARRANGEMENTS (SBITA)**

Lease Payable (City as Lessee)

This section provides information for leases where the City is a lessee. These leases are required to be reported under Governmental Accounting Standards Board (GASB) Statement No. 87 – Leases. For leases where the City is a lessor, please see the Lease Receivable (City as Lessor) section, and for information about leases that do not meet the requirements for reporting under GASB Statement No. 87, please see the Other Leases section.

The City is obligated under leases covering certain office space and office equipment that expire at various dates during the next five years. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The City has entered into various lease agreements as lessee primarily for offices space and office equipment. Most leases have initial terms of up to five years, and contain one or more renewals at our option, generally for three or five year periods. We have generally included these renewal periods in the lease term when it is reasonably certain that we will exercise the renewal option. The City’s leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes and insurance, which are expensed as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the City’s proportionate share of the building’s property taxes, insurance, and common area maintenance. The City’s proportionate share of these costs is outlined in the lease agreement and is based on building occupancy and percentage of leased square footage. The City’s variable lease payments were \$71,621 in 2023.

The City’s lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the City’s leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments.

The statement of net position shows the following amounts relating to leases:

Right-to-use lease assets, net	Governmental Activities	Business-Type Activities	Total
	12/31/2023	12/31/2023	12/31/2023
Office Equipment	\$53,400	\$0	\$53,400
Buildings	\$541,237	\$0	\$541,237
Land	\$369,549	\$0	\$369,549
Vehicles	\$385,019	\$0	\$385,019
Total	\$1,349,205	\$0	\$1,349,205

Lease payable	Governmental	Business-Type	Total
	Activities	Activities	
	12/31/2023	12/31/2023	12/31/2023
Current	\$395,540	\$0	\$395,540
Non-current	\$602,771	\$0	\$602,771
Total	\$998,311	\$0	\$998,311

The future principal and interest lease payments as of December 31, 2023 were as follows:

Fiscal Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$395,540	\$3,266	\$0	\$0
2025	\$403,742	\$1,675	\$0	\$0
2026	\$197,962	\$245	\$0	\$0
2027	\$1,067	\$3	\$0	\$0
Total	\$998,311	\$5,189	\$0	\$0

Lease Receivable (City as Lessor)

This section provides information for leases where the City is a lessor. These leases are required to be reported under GASB Statement No. 87 – Leases. For leases where the City is a lessee, please see the Lease Payable (City as Lessee) section, and for information about leases that do not meet the requirements for reporting under GASB Statement No. 87, please see the Other Leases section.

The City leases out some of its buildings and land. Most leases have initial terms of up to five years, and contain one or more renewals at our option, generally for three or five year periods. We have generally included these renewal periods in the lease term when it is reasonably certain that we will exercise the renewal option. The City's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the City's leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments.

The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and proprietary fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Certain real estate leases require additional payments for common area maintenance, real estate taxes and insurance. For office space leases that include variable payments, those include payments for the tenant's proportionate share of the building's property taxes, insurance, and common area maintenance. Each tenant's proportionate share of these costs is outlined in the lease agreement and is based on building occupancy and percentage of leased square footage. The City received \$96,885 from tenants for variable lease payments 2023.

Although the City is exposed to changes in the residual value at the end of the current leases, the City typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases.

Minimum lease payments receivable on leases of investment properties are as follows:

<u>Fiscal Year</u>	Governmental Activities		Business-Type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$417,843	\$9,529	\$0	\$0
2025	\$247,849	\$6,913	\$0	\$0
2026	\$75,376	\$5,920	\$0	\$0
2027	\$77,849	\$5,159	\$0	\$0
2028	\$72,248	\$4,392	\$0	\$0
2029-2033	\$103,757	\$15,021	\$0	\$0
2034-2038	\$54,729	\$8,139	\$0	\$0
2039-2043	\$26,783	\$1,084	\$0	\$0
Total	\$1,076,436	\$56,156	\$0	\$0

The total amount of inflows of resources relating to leases recognized in the current fiscal year are as follows:

	Governmental Activities	Business-Type Activities	Total
Lease revenue	\$452,528	\$0	\$452,528
Interest revenue	\$11,038	\$0	\$11,038

Other Leases

This section provides information for other leases at the City that do not meet the requirements for reporting under GASB Statement No. 87.

Envelope Opener

In 2019 the City entered into a 60-month lease for an Envelope Opener with Quadient Leasing. Lease payments for the year ended December 31, 2023 were \$711. The future minimum payments for this agreement are summarized as follows:

2024	<u>\$237</u>
Total	\$237

Use of Parking Lot

Effective January 1, 2017, the City entered into a lease with The First Congregational Church of Kirkland for the use of the Church parking lot for additional off-street parking for City Hall activities. The term of the lease is January 1, 2017 to December 31, 2027. \$68,000, which represents full payment for the 11 year lease was made in 2020. \$6,182 was recorded as operating rental expense in 2023 and the balance, \$24,726 was reported as a prepayment at December 31, 2023.

Gas Monitoring Equipment

Effective July 15, 2017, the City entered into a four-year lease for hazardous gas monitoring equipment. The initial term ended July 14, 2021. The lease automatically renews on a month-to-month basis for a period not to exceed twelve months unless either party gives 60 days' notice that they do not intend to renew. The City amended the original lease and extended the lease for 48 months beginning 3/15/22.

Lease payments for the year ended December 31, 2023 were \$35,096. Future minimum payments are summarized as follows:

2024	42,939
2025	44,507
2026	<u>7,418</u>
Total	\$94,864

Ground Lease Agreement

Effective June 10, 2019, the City entered into a 51 year and 7-month non-refundable ground lease with Catholic Community Services of Western Washington. Catholic Community Services constructed and operates a homeless shelter and day center on this property. The entire amount of the lease was prepaid prior to the effective date of the lease and totaled \$600,000. The City purchased the property in 2018 for \$600,000. Lease revenue for the year ended December 31, 2023 was \$11,632. The remaining balance is reported as a deferred lease receipt.

Other

The City receives lease revenue from other short term or month to month leases from tenants occupying real property owned by the City. In 2023 \$75,264 was collected from these leases.

Subscription-Based Information Technology Arrangements (SBITA)

This section provides information for subscription-based information technology arrangements (SBITA) where the City is a lessee. These subscriptions are required to be reported under Governmental Accounting Standards Board (GASB) Statement No. 96 – Subscription-Based Information Technology Arrangements.

The City is obligated under SBITA contracts covering IT software that expire at various dates during the next five years. The City recognizes a subscription liability and an intangible right-to-use subscription asset (SBITA asset) in the government-wide financial statements. At the commencement of a SBITA contract, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

The City has entered into various SBITA contracts as lessee primarily for the right-to-use a SBITA vendor's IT software. Most subscriptions have initial terms of up to five years, and contain one or more renewals at our option, generally for three or five year periods. We have generally included these renewal periods in the subscription term when it is reasonably certain that we will exercise the renewal option. The City's subscriptions generally do not include termination options for either party to the subscription or restrictive financial or other covenants.

The City's SBITA contracts do not contain any material residual value guarantees. As the interest rate implicit in the City's SBITA contracts is not readily determinable, the City utilizes its incremental borrowing rate to discount the subscription payments.

The statement of net position shows the following amounts relating to SBITA contracts:

Right-to-use SBITA assets, net	Governmental Activities	Business-Type Activities	Total
	12/31/2023	12/31/2023	12/31/2023
SBITA	\$2,195,612	\$0	\$2,195,612
Total	\$2,195,612	\$0	\$2,195,612

SBITA payable	Governmental Activities	Business-Type Activities	Total
	12/31/2023	12/31/2023	12/31/2023
Current	\$766,681	\$0	\$766,681
Non-current	\$814,827	\$0	\$814,827
Total	\$1,581,508	\$0	\$1,581,508

The future principal and interest subscription payments as of December 31, 2023 were as follows:

<u>Fiscal Year</u>	Governmental Activities		Business-Type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$766,681	\$40,710	\$0	\$0
2025	\$737,239	\$20,891	\$0	\$0
2026	\$51,413	\$1,978	\$0	\$0
2027	\$26,174	\$667	\$0	\$0
Total	\$1,581,508	\$64,247	\$0	\$0

**NOTE 12:
CHANGES IN LONG-TERM LIABILITIES**

During the year ending December 31, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/23	Additions	Reductions	Ending Balance 12/31/23	Due Within One Year
<u>Governmental Activities</u>					
Bonds Payable:					
General Obligation Bonds	63,335,000	-	2,480,000	60,855,000	2,600,000
Add:					
Issuance Premium	6,518,655	-	343,087	6,175,568	351,102
Compensated Absences	4,323,422	4,610,008	3,969,797	4,963,633	3,965,470
Self Insurance Claims	550,700	5,918,125	5,751,525	717,300	717,300
Asset Retirement Obligations	93,925	4,133	-	98,058	-
Net Pension Liability	5,619,065		735,711	4,883,354	-
Total Pension Liability	277,368		2,693	274,675	-
Total OPEB	12,947,244	448,090	669,239	12,726,095	614,656
Leases Payable	852,630	478,979	333,298	998,311	395,540
SBITA Payable	73,648	2,331,706	823,846	1,581,508	766,681
Governmental Activity Long-term Liabilities	94,591,658	13,791,041	15,109,196	93,273,502	9,410,749
<u>Business-Type Activities</u>					
PWTF Loans	2,652,785	-	311,144	2,341,641	311,145
Net Pension Liability	924,031	-	220,444	703,587	-
Compensated Absences	325,948	2,606		328,554	262,843
Business-Type Activity Long-term Liabilities	3,902,764	2,606	531,588	3,373,782	573,988

Compensated Absences

The City's Governmental Activities liability for accrued compensated absences includes a liability of \$279,393 for Internal Service Funds which are predominantly associated with governmental funds. The funds that incur liability for compensated absences are responsible for liquidating them in future periods based upon where the employee's salary is paid. The governmental funds which typically liquidate compensated absences include the General Fund and Parks Maintenance Fund.

Other Post Employment Benefits

The liability for the Other Post-Employment Benefits and pension obligation are liquidated by the general fund.

Beginning in 2014, the Firefighter Pension Plan began liquidating some LEOFF 1 OPEB liability as deemed appropriate by the actuarial valuation of the fund. In 2023, the amount utilized to exhaust OPEB costs was \$120,000.

**NOTE 13:
CONTINGENCIES AND LITIGATIONS**

As of December 31, 2023, there were damage claims and lawsuits pending against the City. However, management believes, and the City Attorney concurs, neither the potential liability from any single claim or lawsuit, nor the aggregate potential liability resulting from all pending claims or lawsuits, would materially affect the financial condition of the City.

In response to a specific request, the City provides the following disclosure related to the *State v. Blake* decision:

In 2021, the Washington State Supreme Court held in *State v. Blake* that the statute criminalizing drug possession was unconstitutional, and the reasoning has since been applied to several similar offenses. As a result of this decision, any *Blake*-related convictions qualify to be vacated from a person's criminal record and any legal financial obligations (LFOs) tied to the conviction that were paid by the defendant qualify for financial reimbursement. The City proactively reviewed potential Blake convictions, and all identified eligible convictions in the Kirkland Municipal Court have been vacated and removed from the defendants' records.

The state legislature provided funding for the City to process those vacations and refund LFOs on behalf of the state, including funding in 2023 and proviso language that suggests an ongoing state responsibility. The City received an allocation from the State totaling \$956,049 to reimburse both extraordinary costs arising from vacating *Blake* convictions and LFO reimbursements through June 2023 (since July 2023, the Washington State Administrative Office of the Court's Blake Refund Bureau has directly provided LFO reimbursements). From that allocation, the City has requested and received \$16,251.93 in reimbursements for extraordinary costs and LFO reimbursements to date, which covers the costs and expenses of vacating the convictions for all identified Kirkland Municipal Court cases. At this time, the City does not have sufficient information necessary to estimate any additional remaining potential liability. However, management believes, and the City Attorney concurs, that the aggregate potential liability resulting from any remaining liability related to any unidentified cases or other LFOs would not materially affect the financial condition of the City.

**NOTE 14:
INTERFUND BALANCES AND TRANSFERS**

All transfers are legally authorized transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended. The main transfers were for capital purchases (General capital projects \$22.1 million, Transportation capital projects \$25.5 million in 2023), debt service (\$4.5 million in 2023).

Interfund transfers at December 31, 2023, were as follows:

		2023 Transfer From (Transfer out)							
		General Fund	Excise Capital Improvement Fund	General Capital Projects Funds	Transportation Capital Project Funds	Other Governmental Funds	Internal Service Funds	Proprietary Funds	Total
2023 Transfer To (Transfer in)	General Fund		421,136		42,072	178,853			642,061
	General Capital Project	14,005,673	3,759,000			2,371,510	1,781,900	215,000	22,133,083
	Transportation Capital Project	5,616,613	14,981,588			2,000,000		416,309	23,014,510
	Parks Levy	17,247	35,000		21,250				73,497
	Debt Service	3,540,005	953,650						4,493,655
	Parks Maintenance								-
	Proprietary Funds		2,921,552	140,357				7,424	3,069,333
	Internal Service Funds	247,360		97,986					345,346
Total	23,426,898	23,071,926	238,343	63,322	4,550,363	1,781,900	638,733	53,771,485	

Interfund Loans

On May 27, 2022, the City Council authorized an interfund loan in the amount of \$14,200,000 between the Capital Projects fund and the Internal Service and General Funds for the purchase of real property. The loan is three years at a rate of 1.1 percent. The loan can be repaid at any time during the loan period. Interest is accruing over the life of the loan and will be paid at the point of repayment.

The main balances are the \$10,463,850 due from the capital project fund to the internal service funds and the \$3,892,350 due from the capital project fund to the general fund. Both amounts are related to the outstanding interfund loan. On September 12, 2023, the City Council authorized an interfund loan in the amount of \$600,000 between the Capital Projects fund and the Surface Water Management Utility fund for the Funds for the purchase of real property. The loan is three years at a rate of 2.72 percent. The loan can be repaid at any time during the loan period. Interest is accruing over the life of the loan and will be paid at the point of repayment.

Interfund balances as reported in the financial statements on December 31, 2023, were as follows:

		2023 Due From					
		General Fund	Internal Service Funds	Proprietary Funds	Capital Project Fund	Nonmajor	Total
2023 Due To	General Fund	-	-	1,259,465	3,931,703	-	5,191,168
	Proprietary Funds	4,805	7,809	1,632	604,889	1,240	620,375
	Internal Service Funds	97,473	-	-	10,532,723	-	10,630,196
	Total	102,277	7,809	1,261,097	15,069,315	1,240	16,441,739

NOTE 15: JOINT VENTURES

ARCH – Housing Coalition

In November 1992, the City of Kirkland joined the cities of Bellevue, Redmond, and King County to establish A Regional Coalition for Housing (ARCH). The agreement was most recently amended in 2010 which includes King County and the cities of Bellevue, Redmond, Bothell, Woodinville, Issaquah, Mercer Island, Newcastle, Beaux Arts Village, Clyde Hill, Hunts Point, Medina, Yarrow Point, Kenmore, Sammamish, and Kirkland.

ARCH's purpose is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by combining public funding with private-sector resources. Operating funding is provided by the member cities. ARCH identifies and prioritizes projects which are funded with member cities contributions.

ARCH is governed by an Executive Board composed of a chief executive officer from each member. The Executive Board is responsible for review and approval of all budgetary, financial, policy and contractual matters. The Board is assisted by an administrative staff and a Community Advisory Board.

Each member city contributes operating revenues as specified in the annual budget for ARCH. Contributions from the member cities are based on each member's population. Contributions by member agencies are held in the ARCH Housing Trust Fund Account and dispersed by the Administering Agency for approved projects. In 2023 the City contributed \$267,567 to ARCH for operations and \$415,000 to fund affordable housing projects which is held in the ARCH Housing Trust Fund. Together with contributions from the City and private developer fees in lieu, the City has accumulated \$635,523 of available cash in its Trust Fund. Although the Trust Fund is held by the fiscal agent it is reflected in the City's Cash and Cash Equivalents.

Members may withdraw from the ARCH agreement by giving one year's written notice to the Executive Board, by December 31 of any year, of its intention to terminate, effective December 31 of the following year. Members remain legally and financially responsible for any obligation incurred while a member of ARCH. Upon dissolution, the agreement provides for distribution of all property and assets among the members based on the percentage of the total annual contributions during the period of the agreement paid by each member.

Budget monitoring information can be obtained from ARCH, c/o Lindsay Masters, 16307 NE 83rd Street, Redmond, WA 98052.

Cascade Water Alliance

In 1999, eight cities and districts joined together to provide water supply for current and future demands through the Cascade Water Alliance. The members entered into an interlocal agreement to enhance their ability to supply water to their respective service areas and the region by developing, owning, and operating regional water supply assets. The current members include five cities and two water and sewer districts. Collectively, the membership of the Alliance serves over 380,000 residents and 20,000 businesses in the Puget Sound Region.

The City of Kirkland's share of membership dues for 2023 was \$435,995. Cascade Water Alliance charges its members for each additional connection to the Cascade system. Each member collects a Regional Capital Facilities Charge and remits to the Cascade Alliance. In 2023, the City of Kirkland remitted \$1,742,642 for this charge. Members do not hold legal ownership rights in any assets owned by the Alliance.

In April of 2006, the Cascade Water Alliance issued revenue bonds in the amount of \$55.2 million. The bonds were issued to cover the costs of carrying out a portion of the capital program described in the Cascade Watershed Management Plan. In October of 2009, the Cascade Water Alliance issued a series of water system revenue bonds with net proceeds to Cascade of \$80 million. The majority of the bond proceeds funded the acquisition of Lake Tapps, tribal settlement agreements, and limited Tacoma Cascade Pipeline expenditures. In December of 2012, the Cascade Water Alliance issued a series of water system revenue bonds for approximately \$48 million for the purposes of paying part of the cost of financing Capital Projects and providing for a Debt Service Reserve. In August of 2014, the Cascade Water Alliance issued a series of water system refunding revenue bonds for approximately \$29.2 million to pay a portion of the costs of refunding the callable portion of the outstanding 2006 bond issue. In 2019, the Cascade Water Alliance issued a series of water system improvement and refunding revenue bonds for approximately \$49 million to carry out certain capital projects and to pay the cost of refunding its outstanding Water System Revenue Bonds, 2009. In 2020, the Cascade Water Alliance issued a series of water system refunding bonds for approximately \$30 million to pay the cost of refunding the callable portion of the outstanding 2012 Bonds. The 2006, 2009, 2012, 2014, 2019 and 2020 bonds do not pledge the full faith and credit of any of the seven current members, nor do the bonds pledge any revenues except as the members commit under the Interlocal Contract which established Cascade Water Alliance.

Financial statement information can be obtained from Cascade Water Alliance by contacting Chris Paulucci, Finance and Administration Manager, 520 112th Ave NE, Suite 400, Bellevue, WA 98004.

EPSCA

The Eastside Public Safety Communications Agency (EPSCA), an emergency regional radio access service provider operation, was established on May 26, 1992, by an interlocal agreement among the cities of Bellevue, Redmond, Kirkland and Mercer Island. The Agreement was amended in 1993, to include the City of Issaquah as an additional principal. EPSCA began principal operations in December 1995. In 2013 EPSCA was converted from an interlocal agency to a non-profit entity.

EPSCA is governed by an Executive Board, which is comprised of the Chief Executive officers of the Principals. The Executive Board is responsible for review and approval of all budgetary, financial, and contractual matters.

An Operations Committee, composed of the Chief of Police and Fire Chief of each Principal, reports to the Board and oversees budget preparation, rates, revenues, expenditures, policies and other operational issues. This Committee also includes representation from non-Principal EPSCA user agencies.

EPSCA has developed an Eastside radio communications system which is integrated with a regional radio communications network. Its capital funding derives from a September 15, 1992, voter-approved King County excess property tax levy of \$57,016,764. EPSCA's portion of the levy was \$10,004,469.

Operating revenues derive from fees charged to the Principals for communications services and from subscriber fees for communications services. In 2023 the City of Kirkland paid EPSCA \$176,574 for these services.

The interlocal agreement among the Eastside cities provides for a weighted vote according to the proportion of each Principal's system radios in relation to the total number of system radios used by all Principals. As of December 31, 2023 the weighted vote was as follows:

Bellevue	47.02%
Redmond	23.79%
Kirkland	18.60%
Mercer Island	5.95%
Issaquah	4.64%

These percentages are reviewed and adjusted annually at January 1 based on the number of radios on the system in use by current principals as of December 31 of the preceding year. A Principal may withdraw its membership by providing written notice on or before December 31 in any year. Upon dissolution, the interlocal agreement provides for distribution of assets among the Principals based on weighted voting percentages in force at the time of dissolution. The City's share of assets is deemed immaterial and thus is not reflected in the financial statements.

The current EPSCA emergency radio system is over 25 years old. In 2014, an Interlocal Cooperation Agreement was signed to provide for the implementation of a new regional emergency radio network system and will be paid for through a King County ballot measure approved by voters in 2015. The Puget Sound Emergency Radio Network (PSERN) is the intended successor. As of August 2023, all public safety agencies within King County, WA completed transition to the P25 digital PSERN emergency radio system.

Budget monitoring and compiled financial statements for EPSCA can be obtained from EPSCA, c/o Kale Fong, MS PSEPS, PO Box 97010, Redmond WA 98073-9710.

eCityGov Alliance

On March 25, 2002, the City of Bellevue City Council unanimously adopted a resolution establishing the eCityGov Alliance between the City of Bellevue and the cities of Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Sammamish and Snoqualmie. Current principal partners of the Alliance are Bellevue, Issaquah, Kenmore, Kirkland, Sammamish, and Snoqualmie. The Alliance was formed to provide for joint development, oversight and delivery of regionally coordinated on-line public sector services. In 2014 eCityGov Alliance became a non-profit corporation.

The Executive Board is comprised of one Board member from each of the principal cities. Expenditures consist of capital and operations costs as specified in the budget adopted by the eCityGov Alliance Executive Board, and Bellevue's administrative costs associated with performing duties as the Alliance's fiscal agent.

A partner may withdraw by written notice to the Executive Board. Any portion of annual fees shall be forfeited as well as their proportionate interest in assets and future revenues associated with eCityGov.

The interlocal agreement may be terminated if Principals holding at least 66 percent of the weighted vote of all of the Principals are in concurrence. Upon termination, all property acquired shall be disposed of as follows: (1) property contributed without charge by any member shall revert to the contributor; (2) all property purchased after the effective date of the interlocal agreement shall be distributed to the Principals based upon each Principal's proportional ownership interest at the time of the sale of the property. The City's share of assets is deemed immaterial and thus not reflected in the financial statements.

Budget monitoring information may be obtained from City of Bellevue, Information Technology Department, c/o Julie David, P.O. Box 90012, Bellevue, WA 98009-9012.

NORCOM

In November of 2007, the City of Kirkland, with the cities of Bellevue, Bothell, Clyde Hill, Medina, Mercer Island, and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection Districts 27 and 45, King and Kittitas County Fire Protection District 51, Northshore Fire Department, Shoreline Fire Department, and Woodinville Fire and Life Safety District entered into an interlocal agreement to establish and maintain a consolidated emergency service communications center. In 2008, the City of Redmond joined as a subscriber. Beginning January of 2018, the City of Normandy Park joined as a principal. Prior to the interlocal agreement, the formation efforts were carried out under a Joint Powers Agreement originally approved in 2005 and amended in 2006 and 2007. On July 1, 2009, the separate dispatch operations of the cities of Bellevue and Kirkland were combined and began operating as the North East King County Regional Public Safety Communications Agency (or NORCOM). NORCOM includes 911 telephone

answering, computer aided dispatch of fire, police and EMS resources, public safety field technology and a records management system. On November 1, 2023, Bothell Police Department and Lake Forest Park Police Department joined as principal agencies.

A Principal agent may withdraw its membership by providing written notice on or before December 31 in any year. Operating revenues are provided by user fees charged to each member based on average call volume. For 2023, the City of Kirkland's share of these fees was \$3,349,115.

Additional financial information can be obtained from NORCOM, c/o Marianne Deppen, P.O. Box 50911, Bellevue, WA 98015-0911.

Hazardous Materials Unit and Response Team

In January 1984, the City of Kirkland joined the cities of Bellevue, Redmond, Bothell, and King County Fire Protection Districts 16 and 36 to form a Hazardous Materials Unit and Response Team (HazMat). In December 1991, the agreement was modified to designate the City of Bellevue as the lead agency. Current members are the cities of Bellevue, Kirkland, Redmond, Bothell, Snoqualmie, Duvall, Mercer Island along with Eastside Fire & Rescue, Woodinville Fire & Life Safety, and King County Fire District 27.

The HazMat unit provides equipment and personnel for the management of hazardous material incidents as a normal function of fire protection services.

The HazMat team is governed by a Joint Board comprised of the Fire Chiefs of the member agencies plus one member from the HazMat team. The Joint Board is responsible for formulating policy, establishing annual budgets, and acquiring, holding, and disposing of real and personal property. With the exception of the member from the HazMat team, each representative on the Joint Board has a vote on all matters. The City of Bellevue has the administrative authority for operations conducted pursuant to the agreement and provides administrative and secretarial support to the Joint Board.

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement provides for distribution of assets among the members based on the percentage of the total annual charges paid by each member over the life of the agreement. The City's share of assets is deemed immaterial and thus is not reflected in the financial statements.

Operating revenues are provided by an annual charge assessed each member based on each member's property values and number of emergency incidents. The City of Kirkland's assessment was \$18,779 in 2023.

Budget monitoring information can be obtained from Eastside Hazardous Materials Joint Board, c/o Babette Bechtold, Bellevue Fire Department, 450 110th Ave NE, Bellevue, WA 98004.

Community Connectivity Consortium

The City of Kirkland is among several public agencies in the area that have established the Community Connectivity Consortium. The consortium started in 2002 with a joint fiber project between the Lake Washington School District and the City of Kirkland. It has now expanded to include the cities of Kirkland, Bellevue, Renton, Seattle, Algona, Auburn, Kent, Pacific, Tukwila, Redmond, Newcastle, Federal Way, Milton; the Lake Washington School District, Federal Way School District, University of Washington, Bellevue College, Bellevue School District, King County Public Hospital District No 2 (Evergreen Healthcare), Renton School District, Valley Communications Center, NORCOM, King County, Valley Medical Center, South Correctional Entity, the Northshore School District, South Sound 911 and Renton Regional Fire Authority. In 2011 the consortium was formally organized as a government agency.

The Consortium sets the terms and conditions for sharing fiber optic installation projects, outlines how the parties will work together on fiber projects and establishes the original backbone of the Fiber Consortium network through contributions of budget, fiber assets, conduit, right of way and staff expertise. The partners use the fiber network to connect schools and universities to enhance learning; to connect hospitals, medical

facilities and clinics to improve health care; connect government facilities for public safety, transportation and other needs; and to provide an open access network to serve the public with wireless and broadband access.

Upon dissolution of the corporation, assets of the Consortium shall be distributed by the Consortium Board among members after paying all obligations of the Consortium. The City's share of assets is deemed immaterial and thus not reflected in the financial statements. The City of Kirkland paid membership dues of \$5,355 in 2023.

For additional information please contact Chelo Picardal, Board Chair, CTO, City of Bellevue, cpicardal@bellevuewa.gov.

Sound Cities Association

In 1970 Sound Cities Association (SCA) was formed to help cities act locally and partner regionally to create vital, livable communities through advocacy, education, leadership, mutual support and networking. The City of Kirkland is among 38 cities represented by SCA having a population less than 150,000. The SCA Board of Directors oversees the general activities of the Association and governs the organization by establishing broad policies and objectives for SCA.

Operating revenues are provided by membership dues based on population. The City of Kirkland's dues were \$64,859 in 2023. Upon dissolution of SCA, any funds or assets shall be distributed to member cities and towns pursuant to the same formula used to determine membership dues. The City's share of assets is deemed immaterial and thus is not reflected in the financial statements.

For additional information contact David Hoffman, Executive Director, david@soundcities.org.

North Sound Metro SWAT

In 2013, Kirkland joined the North Sound Metro Special Weapons and Tactics (SWAT) Crisis Negotiating Team, which is a regional team made up of the following cities: Bothell, Edmonds, Kirkland, Lake Forest Park, Lynnwood, Mill Creek, Monroe, Mountlake Terrace, Redmond, and Mukilteo. Kirkland joined this team for the purpose of combining resources to create a specially trained and equipped unit to respond to and resolve criminal activity of a high risk nature. The Executive Board is comprised of the Police Chiefs of all participating cities. The Board reviews and approves changes and updates to the SWAT Policy and Procedures Manual and gives approval and direction on operational matters.

Operating revenues are provided by contributions from the participating cities based on population. The City of Kirkland's dues were \$9,404 for 2023. Upon termination of the SWAT team, any funds or jointly purchased assets will be distributed to the participating cities.

The City of Kirkland is the fiscal agent of North Sound Metro SWAT and reports the activity in the City's statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. For Additional information contact Patricia Ball, City of Kirkland, PBall@kirklandwa.gov.

Startup 425

The City of Kirkland together with the Cities of Bellevue, Issaquah, Redmond and Renton established Startup 425 for the purpose of promoting economic development in each of their jurisdictions. The operations are designed to support startups and early-stage companies. The program started in 2019 through an Interlocal Agreement.

As of August 2023, the City of Bellevue is the administrator of Startup 425 and among other duties provides accounting and legal services and executes contracts. The agreement renews automatically for one-year terms ending December 31 unless any member gives notice 30 days before year end. The agreement shall thereafter remain in effect with the remaining members if the administrator still considers the program as viable. No jointly owned property will be obtained under this agreement.

In 2023, the cities of Kirkland, Issaquah, Redmond and Renton each provided a one-time contribution of \$12,000.

Prior to August 2023, the City of Kirkland served as the administrator for Startup 425. The City reported the activity of Startup 425 in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position in 2022.

For additional information contact Ashis Joshi, City of Bellevue, ajoshi@bellevuewa.gov.

Regional Crisis Response Agency

In 2023, the cities of Bothell, Kenmore, Kirkland, Lake Forest Park, and Shoreline merged the North Sound RADAR Navigator Program and Kirkland's Community Responder Program into a new, Regional Crisis Response (RCR, pronounced "racer") Agency. The Agency is a separate legal entity, formed by interlocal agreement, and governed by an Executive Board comprised of City Managers or Administrators from each member city. The new agency is funded through a combination of contributions from member agencies and grants. The RCR Agency has 13 full-time staff, an initial \$5.5 million biennial budget, and deploys Crisis Responder Mental Health Professionals (MHPs) to serve community members in the five-city region who are experiencing behavioral health crises on a 24/7 basis. City of Kirkland is the initial Fiscal Agent of RCR and will support the Agency with financial, information technology, records management, legal, office space, fleet vehicles and vehicle maintenance, uniforms, radios, and other services, facilities and materials. The City of Kirkland Resolution (R-5562) approving the incorporation of the Agency as a nonprofit corporation under RCW 24.06, the Articles of Incorporation, and additional information about the Agency, are available at: <https://www.kirklandwa.gov/Government/City-Managers-Office/The-Regional-Crisis-Response-Agency>.

**NOTE 16:
BUDGET TO GAAP RECONCILIATION**

The City's budget is prepared primarily on the cash basis of accounting; therefore, the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – for the General Fund, Excise Tax Capital Improvement Fund, Street Operating Special Revenue Fund, and Contingency Special Revenue Fund report revenues when received and expenditures when paid, instead of revenue and expenditure amounts as defined under the modified accrual basis of accounting. The following schedule reconciles revenues and expenditures on the budgetary basis to revenues and expenditures on the modified accrual basis as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances. With the implementation of GASB 54 and GASB 73, the Street Operating Fund, Contingency Fund and Firefighter Pension Fund will continue to be budgeted and operational but will be consolidated with the General Fund for reporting purposes and reclassified on this reconciliation.

2023 Budget to GAAP Reconciliation	General Fund	Excise Tax Capital Improvement	Street Operating Special Revenue	Development Services	Contingency Special Revenue	Firefighter Pension
Revenues on the Budgetary Basis	131,687,547	10,186,059	11,018,621	17,660,902	0	229,109
Increase (Decrease) due to accruals	(596,253)	920,152	0	0	0	0
Reclassification	28,908,632	0	(11,018,621)	(17,660,902)	0	(229,109)
Revenues on the GAAP Basis	<u>159,999,926</u>	<u>11,106,211</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures on the Budgetary Basis	114,700,551	0	7,860,610	19,068,966	0	26,713
Increase (Decrease) due to accruals	1,481,181	0	(0)	(0)	0	(0)
Reclassification	26,956,289	0	(7,860,610)	(19,068,966)	0	(26,713)
Expenditures on the GAAP Basis	<u>143,138,021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses) on the Budgetary Basis	(41,107,689)	(23,071,926)	(2,418,368)	20,697,401	603,809	120,000
Increase (Decrease) due to accruals	27,481	0	(0)	0	0	0
Reclassification	19,002,842	0	2,418,368	(20,697,401)	(603,809)	(120,000)
Other Financing Sources (Uses) on the GAAP Basis	<u>(22,077,366)</u>	<u>(23,071,926)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures on the Budgetary Basis	16,986,996	10,186,059	3,158,011	(1,408,064)	0	202,396
Increase (Decrease) due to accruals	(2,077,434)	920,152	0	0	0	0
Reclassification	1,952,343	0	(3,158,011)	1,408,064	0	(202,396)
Excess (Deficiency) of Revenues						
Over (Under) Expenditures on the GAAP Basis	<u>16,861,905</u>	<u>11,106,211</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

NOTE 17: TAX ABATEMENTS

The State of Washington enters into tax abatement agreements that reduce the amount of tax revenue that local jurisdictions receive. The information reported was provided by the Washington State Department of Revenue. There were three state tax abatement programs that reduced the 2023 tax revenues of the City of Kirkland.

High-Technology Sales and Use Tax Deferral

RCW 82.63 provides a deferral and potential waiver of sales and use tax to encourage the creation of high-wage, high-skilled jobs in Washington. The deferral applies to sales and use tax from the construction or expansion of a qualified research and development facility or a pilot scale manufacturing facility used in the fields of advanced technology.

Businesses must apply for a deferral certificate prior to being issued a building permit for the project. Eligible projects will receive a sales and use tax deferral certificate issued from the Department of Revenue. This allows vendors and contractors to sell to the approved business without charging sales tax. The recipient must file an annual survey with the Department of Revenue. If the project is used for any other purpose in the year it is certified and for the next seven years, a portion of the deferred taxes must be repaid.

The City sales and use tax revenues were reduced by \$288,100 as a result of this agreement.

Multi-Unit Urban Housing Exemption

RCW 84.14 provides exemption from ad valorem property taxes on the value of new housing construction, conversion, and rehabilitation improvements on multifamily housing in urban centers having insufficient housing opportunities. The purpose of the exemption is to encourage more multifamily housing opportunities by stimulating the construction or rehabilitation of multifamily housing to meet planning goals required under the Growth Management Act. The length of the exemption, between eight and twelve years, depends on what percentage of the property is committed to affordable housing. The value of the land or non-housing related improvements do not qualify for the exemption.

The applicant must enter into a contract with the City under which the applicant agrees to the implementation of the development on terms and conditions satisfactory to the governing authority. Upon completion of the project the applicant may request a final certificate of tax exemption. Each year of the exemption the property owner must certify that the requirements of the exemption continue to comply with the contract. The tax exemption will be cancelled for any property that no longer complies with the terms of the contract. Additional taxes, interest and penalties may be imposed if the exemption is cancelled.

The City property tax revenues were reduced by \$449,299 as a result of this exemption.

Computer Hardware, Software, and Peripherals Exemption

RCW 82.08.975 and RCW 82.12.975 provides exemptions from retail sales tax for sales of computer hardware, computer peripherals, or software, used primarily in the development, design, and engineering of aerospace products or in providing aerospace services, or to sales of or changes made for labor and services rendered in respect to installing the computer hardware, computer peripherals, or software. This exemption is available to manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes, certified FAR repair stations, aerospace tooling manufacturers, and non-manufacturers engaged in the business of aerospace product development.

No application is required. The exemption is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

The Department of Revenue does not disclose tax information if there are less than three taxpayers in a jurisdiction benefiting from the exemption. No estimate was provided for the amount that the City's sales tax revenue was reduced.

King County provides tax abatements through four programs – Current Use Programs, Historic Preservation Program, Single-family Dwelling Improvement Program, and the Multifamily Tax Exemption. These programs are property tax abatements. The property tax system in the State of Washington is budget-based, which means the taxing authority determines a budget or dollar amount and adjusts the rates for the taxpayers based on the assessed valuation of their property. As a result, tax abatement programs related to property taxes shift the tax burden to individual taxpayers rather than to the municipality. The City had tax abatements from three of the programs for 2023 – Current Use Program, Single-family Dwelling Improvement Program and Historic Preservation Program.

Current Use Programs

The Current Use Programs provide property tax abatements to landowners to voluntarily preserve open space, farmland or forestland via four programs on their property pursuant to RCW 84.33.130 and RCW 84.34.010. An owner of land desiring current use classification must submit an application to the County Assessor. Once enrolled, a participating property is assessed at a "current use" value, which is lower than the "highest and best use" assessment value that would otherwise apply to the property. When land no longer meets the requirements for the respective classifications, abated taxes and applicable penalties and interest are collected.

Taxes abated for the Current Use Programs was \$3,013.

Single-family Dwelling Improvement Program

The Single-family Dwelling Improvement Program provides property tax abatements to encourage home improvements to single-family dwellings under RCW 84.36.400. Any physical improvement to single-family dwellings upon real property shall be exempt from taxation for the three assessment years subsequent to the completion of the improvement. Abatements are obtained through application by the property owner, including proof that the improvements have been made and equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, not to exceed 30 percent of the pre-improvement value of the structure.

Taxes abated for the Single-family Dwelling Improvement Program was \$331.

Historic Preservation Program

The Historic Preservation Program provides property tax abatements to encourage maintenance, improvement and preservation of privately owned historic landmarks under RCW 84.26.010. To be eligible, the property must be a historic property, fall within a class of historic property determined eligible for special valuation, be rehabilitated at a cost equal to 25 percent or more of pre-improvement assessed value within 24 months prior to the application for special valuation, and be protected by an agreement between the owner and the local review board.

Taxes abated for the Historic Preservation Program was \$643.

**NOTE 18:
OTHER INFORMATION**

Opioid Settlements

The City was party to two national opioid-related lawsuits that have been settled. The total amount the City will receive from the settlements is unknown.

In 2021, nationwide settlements were reached to resolve opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors – McKesson, Cardinal Health, and AmerisourceBergen – and against manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson. The 2021 settlement payments began at the end of 2022. The City will receive approximately \$1.1 million from this settlement over a period of 17 years. The City received its third payment in 2023 totaling \$44,771.

In late 2022, nationwide settlements were reached with three pharmacy chains – CVS, Walgreens, and Walmart – and two additional manufacturers – Allergan and Teva. The deadline for local governments to join this settlement was April 2023. An initial payment allocation has been determined, and the City received five payments totaling \$230,975 in March 2024. The final payout from this settlement is unknown.

Subsequent Event – Debt Issuance

On April 4, 2024, the City issued \$37.15 million of Limited Tax General Obligation (LTGO) bonds for: (a) financing or reimbursing the City for the costs of acquiring, designing, constructing, developing, improving, equipping and furnishing certain City transportation projects and City fire and public safety facilities and (b) paying the costs of issuance of the Bonds. The City received \$42.73 million, which included \$5.58 million of premium and \$0.23 million of issuance costs. The bonds bear interest rates from 5 to 7 percent and will be redeemed over the next 20 years with the City's regular property tax revenues and transportation benefit district vehicle license fee revenues (applicable to the payment of principal of and interest on the eligible portions of the bonds). The bond sale was authorized by the City Council's adoption of Ordinance No. O-4871 on March 5, 2024.

**NOTE 19:
PRIOR PERIOD ADJUSTMENTS**

Correction of an Error in Previously Issued Financial Statements (Column B)

The City of Kirkland, together with the Cities of Bellevue, Renton, Issaquah, Redmond, and Renton established Startup 425 for the purpose of promoting economic development in each of their jurisdictions. The City was the administrator of Startup 425 and reported activities related to Startup 425 in the City's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. As of August 2023, the City of Bellevue became the administrator.

During fiscal year 2023, the City determined that although administrative responsibilities transferred in August 2023, there was no activity to report in the statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position for fiscal year 2022. However, the City incorrectly reported activities for Startup 425 in the fiscal year 2022 financial statements. Therefore, the general fund ending fund balance and ending net position for governmental activities were understated by \$69,554 and ending net position for fiduciary funds were overstated by \$69,554 for the fiscal year ended 12/31/2022. The effect of correcting that error is shown in column B of the table below.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2023, an error correction resulting in adjustments and restatements of beginning net position and fund balance, occurred as follows:

	12/31/2022 As Previously Reported	Change to or within the Financial Reporting Entity (A)	Error Correction (B)	12/31/2022 As Restated
Government-Wide				
Governmental Activities	\$ 1,126,492,537.00	\$ -	\$ 69,554.00	\$ 1,126,562,091.00
Business-Type Activities	268,089,063.00	-	-	268,089,063.00
Total Primary Government	\$ 1,394,581,600.00	\$ -	\$ 69,554.00	\$ 1,394,651,154.00
Governmental Funds				
Major Funds:				
General Fund	\$ 86,083,175.00	\$ -	\$ 69,554.00	\$ 86,152,729.00
Excise Tax Cap. Improvement	18,510,567.00	-	-	18,510,567.00
General Capital Projects	33,433,356.00	-	-	33,433,356.00
Transportation Capital Projects	44,638,076.00	-	-	44,638,076.00
Nonmajor Funds	5,911,141.00	-	-	5,911,141.00
Total Governmental Funds	\$ 188,576,315.00	\$ -	\$ 69,554.00	\$ 188,645,869.00
Proprietary Funds				
Major Funds:				
Water/Sewer	\$ 152,440,413.00	\$ -	\$ -	\$ 152,440,413.00
Surface Water	112,508,754.00	-	-	112,508,754.00
Solid Waste	3,139,896.00	-	-	3,139,896.00
Internal Service Funds	50,222,371.00	-	-	50,222,371.00
Total Proprietary Funds	\$ 318,311,434.00	\$ -	\$ -	\$ 318,311,434.00
Fiduciary Funds				
Custodial Funds	\$ 278,136.00	\$ -	\$ (69,554.00)	\$ 208,582.00

**NOTE 20:
ASSET RETIREMENT OBLIGATION**

The City has a system of underground fuel storage tanks that have a legally enforceable liability associated with retirement due to environmental impacts. An underground storage tanks system is an underground storage tank with unconnected underground piping, underground ancillary equipment, and containment systems. According to RCW 90.76 and WAC 173-360A, retirement of these assets creates a threat of releasing hazardous materials, mainly petroleum, requiring an estimation of costs expected to be incurred.

The City utilizes the straight-line depreciation method over a 30-year life. For information regarding when these assets were put into service, the City utilized the State of Washington Department of Ecology Tanks database system. The City will adjust the value of its asset retirement outlays for the effects of general inflation or deflation on an annual basis.

Underground Storage Site	Asset Remaining Useful Life	Liability
Fire Station 27	0	\$ 44,707
Public Works Maintenance Center	0	53,351
		\$ 98,058

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Proportionate Share of the Net Pension Liability
 PERS 1
 as of June 30, 2023
 Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.244748%	0.234994%	0.233922%	0.239905%	0.250384%	0.245488%	0.255485%	0.247082%	0.237347%
Employer's Proportionate Share of the Net Pension Liability (Asset)	5,586,941	6,543,095	2,856,735	8,469,942	9,628,154	10,963,578	12,122,963	13,269,467	12,415,455
Covered Payroll	43,835,116	38,555,166	35,799,749	36,237,702	35,296,754	32,165,028	31,875,429	29,040,840	26,675,074
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	12.75%	16.97%	7.98%	23.37%	27.28%	34.09%	38.03%	45.69%	46.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

Notes to Schedule:
 *Until a full 10-year trend is compiled, only information for those years available is presented.

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Proportionate Share of the Net Pension Liability
 PERS 2/3
 as of June 30, 2023
 Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.303623%	0.294130%	0.286542%	0.293694%	0.302719%	0.294538%	0.307765%	0.291129%	0.282083%
Employer's Proportionate Share of the Net Pension Liability (Asset)	(12,444,544)	(10,908,638)	(28,544,194)	3,756,179	2,940,431	5,028,974	10,693,363	14,658,115	10,078,986
Covered Payroll	42,164,049	37,011,490	34,193,110	34,374,511	33,427,562	30,613,959	30,222,970	27,302,787	25,094,088
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	-29.51%	-29.47%	-83.48%	10.93%	8.80%	16.43%	35.38%	53.69%	40.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:
 *Until a full 10-year trend is compiled, only information for those years available is presented.

City of Kirkland

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability

PSERS 2

as of June 30, 2023

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.218040%	0.228001%	0.232619%	0.271451%	0.317335%	0.355180%	0.382251%	0.386625%	0.374208%
Employer's Proportionate Share of the Net Pension Liability (Asset)	(231,207)	(163,021)	(534,417)	(37,352)	(41,266)	4,401	74,894	164,308	68,300
Covered Payroll	1,671,067	1,543,676	1,575,036	1,668,688	1,555,289	1,401,490	1,351,671	1,257,462	1,100,860
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	-13.84%	-10.56%	-33.93%	-2.24%	-2.65%	0.31%	5.54%	13.07%	6.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.90%	105.96%	123.67%	101.68%	101.85%	99.79%	96.26%	90.41%	95.08%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

City of Kirkland

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability

LEOFF 1

as of June 30, 2023

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.076304%	0.075840%	0.076003%	0.074798%	0.074516%	0.077052%	0.076621%	0.076145%	0.075351%
Employer's Proportionate Share of the Net Pension Liability (Asset)	(2,264,721)	(2,175,556)	(2,603,530)	(1,412,567)	(1,472,891)	(1,398,881)	(1,162,509)	(784,511)	(908,146)
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer	(15,318,517)	(14,715,407)	(17,610,211)	(9,554,568)	(9,962,601)	(9,461,994)	(7,863,183)	(5,306,415)	(6,142,677)
TOTAL	(17,583,238)	(16,890,963)	(20,213,741)	(10,967,135)	(11,435,492)	(10,860,875)	(9,025,692)	(6,090,926)	(7,050,823)
Covered Payroll	-	-	-	-	-	-	-	-	-
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	175.99%	169.92%	187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability									

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Proportionate Share of the Net Pension Liability
 LEOFF 2
 as of June 30, 2023
 Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.689014%	0.694307%	0.704736%	0.654018%	0.684709%	0.690550%	0.710014%	0.708072%	0.742445%
Employer's Proportionate Share of the Net Pension Liability (Asset)	(16,526,676)	(18,869,167)	(40,933,984)	(13,341,012)	(15,862,605)	(14,019,670)	(9,852,694)	(4,118,359)	(7,630,850)
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer	(10,553,765)	(12,223,036)	(26,406,888)	(8,530,567)	(9,077,472)	(9,077,472)	(6,391,258)	(2,684,871)	(5,045,524)
TOTAL	(27,080,441)	(31,092,203)	(67,340,872)	(21,871,579)	(24,940,077)	(23,097,142)	(16,243,952)	(6,803,230)	(12,676,374)
Covered Payroll	29,209,714	28,052,849	27,133,820	25,267,391	23,904,775	22,866,548	22,289,760	21,439,475	21,573,273
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	-56.58%	-67.26%	-150.86%	-52.80%	-66.36%	-61.31%	-44.20%	-19.21%	-35.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	113.17%	116.09%	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%

Notes to Schedule:
 *Until a full 10-year trend is compiled, only information for those years available is presented.

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Employer Contributions
 PERS 1
 For the year ended December 31, 2023
 Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or Contractually Required Contributions	1,597,780	1,548,082	1,560,006	1,728,418	1,791,095	1,717,449	1,579,243	1,488,736	1,253,566
Contributions in Relation to Statutorily or Contractually Required Contributions	(1,597,780)	(1,548,082)	(1,560,006)	(1,728,418)	(1,791,095)	(1,717,449)	(1,579,243)	(1,488,736)	(1,253,566)
Contribution Deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered Payroll	47,373,878	41,197,194	36,420,055	35,911,243	35,770,372	33,459,445	31,813,945	30,717,467	27,881,590
Contributions as a Percentage of Covered Employee Payroll	3.37%	3.76%	4.28%	4.81%	5.01%	5.13%	4.96%	4.85%	4.50%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Employer Contributions
 PERS 2/3
 For the year ended December 31, 2023
 Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or Contractually Required Contributions	2,907,524	2,517,455	2,488,064	2,708,740	2,617,594	2,380,486	2,066,402	1,808,373	1,480,054
Contributions in Relation to the Statutorily or Contractually Required Contributions	(2,907,524)	(2,517,455)	(2,488,064)	(2,708,740)	(2,617,594)	(2,380,486)	(2,066,402)	(1,808,373)	(1,480,054)
Contribution Deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered Payroll	45,716,156	39,579,293	34,895,814	34,194,103	33,894,528	31,738,800	30,114,668	29,032,093	26,203,665
Contributions as a Percentage of Covered Employee Payroll	6.36%	6.36%	7.13%	7.92%	7.72%	7.50%	6.86%	6.23%	5.65%

Notes to Schedule:
 *Until a full 10-year trend is compiled, only information for those years available is presented.

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Employer Contributions
 PSERS 2
 For the year ended December 31, 2023
 Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or Contractually Required Contributions	110,105	105,718	104,526	117,841	112,364	96,954	93,370	85,459	76,937
Contributions in Relation to the Statutorily or Contractually Required Contributions	(110,105)	(105,718)	(104,526)	(117,841)	(112,364)	(96,954)	(93,370)	(85,459)	(76,937)
Contribution Deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered Payroll	1,657,722	1,617,901	1,524,241	1,636,676	1,574,022	1,415,115	1,400,916	1,300,951	1,187,373
Contributions as a Percentage of Covered Employee Payroll	6.64%	6.53%	6.86%	7.20%	7.14%	6.85%	6.66%	6.57%	6.48%

Notes to Schedule:
 *Until a full 10-year trend is compiled, only information for those years available is presented.

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Employer Contributions
 LEOFF 2
 For the year ended December 31, 2023
 Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or Contractually Required Contributions	1,838,335	1,454,885	1,412,838	1,364,104	1,257,933	1,250,298	1,180,952	1,057,143	1,122,507
Contributions in Relation to the Statutorily or Contractually Required Contributions	(1,838,335)	(1,454,885)	(1,412,838)	(1,364,104)	(1,257,933)	(1,250,298)	(1,180,952)	(1,057,143)	(1,122,507)
Contribution Deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered Payroll	34,626,251	28,415,612	27,515,271	26,487,449	24,196,983	23,692,467	22,938,095	20,928,017	22,232,350
Contributions as a Percentage of Covered Employee Payroll	5.31%	5.12%	5.13%	5.15%	5.20%	5.28%	5.15%	5.05%	5.05%

Notes to Schedule:
 *Until a full 10-year trend is compiled, only information for those years available is presented.

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Changes in Total Pension Liability and Related Ratios
 Firefighters' Pension Plan
 (dollar amounts in thousands)
 For the year ended December 31, 2023
 Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability										
Service Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on Total Pension Liability	\$10	\$5	5	10	14	13	12	12	13	13
Effect of plan changes	\$0	\$0	0	0	0	0	0	0	0	0
Effect of economic/demographic gains or (losses)	\$0	\$38	0	(114)	0	0	28	0	(67)	0
Effect of assumption changes or inputs	\$9	(\$16)	0	17	44	(18)	9	(9)	43	10
Benefit payments	(\$22)	(\$21)	(18)	(17)	(18)	(16)	(16)	(15)	(13)	(14)
Net change in total pension liability	(\$3)	\$6	(\$12)	(\$104)	\$41	(\$21)	\$33	(\$13)	(\$25)	\$9
Total pension liability, beginning	\$ 277	\$ 271	\$ 284	\$ 387	\$ 347	\$ 367	\$ 334	\$ 347	\$ 372	\$ 363
Total pension liability, ending	\$ 275	\$ 277	\$ 271	\$ 284	\$ 387	\$ 347	\$ 367	\$ 334	\$ 347	\$ 372
Covered payroll	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net pension liability as a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 68.

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Changes in Total OPEB Liability and Related Ratios
 LEOFF 1

For the year ended December 31, 2023
 Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	12,947,244	14,763,366	16,064,016	16,035,203	15,684,554	16,276,239
Service cost						
Interest	448,090	312,574	348,287	548,042	595,432	571,289
Changes in benefit terms						
Changes in experience data and assumptions	(85,474)	(1,540,847)	(1,036,720)	241,023	358,389	(520,441)
Benefit payments	(583,765)	(587,849)	(612,217)	(760,252)	(603,172)	(642,533)
Other changes						
Total OPEB liability - ending	12,726,095	12,947,244	14,763,366	16,064,016	16,035,203	15,684,554
Covered-employee payroll	0	-	-	-	-	-
Total OPEB liability as a % of covered payroll	0%	0%	0%	0%	0%	0%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Employer Contributions
 Western Conference of Teamsters' Pension Plan
 For the year ended December 31, 2023
 Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily or Contractually Required Contributions	73,481	72,100	70,479	68,760	73,492	71,025	73,215	73,696
Contributions in Relation to the Statutorily or Contractually Required Contributions	73,481	72,100	70,479	68,760	73,492	71,025	73,215	73,696
Contribution Deficiency (excess)		-	-	-	-	-	-	-
Covered Payroll	7,419,096	6,992,864	6,481,019	6,594,633	6,680,376	5,872,671	5,604,106	5,585,341
Contributions as a Percentage of Covered Employee Payroll	0.99%	1.03%	1.09%	1.04%	1.10%	1.21%	1.31%	1.32%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Employer's Required Contributions
Western Conference of Teamsters' Pension Plan
For the year ended December 31, 2023
Last 10 Fiscal Years

Fiscal Year Ending December 31	Employer Contributions
2014	67,277
2015	72,159
2016	73,696
2017	73,215
2018	71,025
2019	73,492
2020	68,760
2021	70,479
2022	72,100
2023	73,481

City of Kirkland

Notes to the Required Supplementary Information

Other Post Employment Benefits (OPEB)

The Alternative Measurement Method (AMM) online tool offered by Washington State Office of the State Actuary is intended to assist local government employers in Washington State covering Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 retiree healthcare costs with their reporting requirements for Other Post Employment Benefit obligations under GASB 75. Plans with fewer than 100 participants as of the beginning of the fiscal year, have the option to use the AMM in lieu of a professional valuation. Under this method, only the OPEB liability is calculated. There are no deferred outflows and inflows other than the deferred outflow for payments subsequent to the measurement date. The OPEB calculations were done using the AMM as the City does not administer OPEB through a trust or equivalent arrangement.

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

- The **Lodging Tax Fund** accounts for the City's tourism program and expenditures related to the operation of tourism-related facilities. The primary source of revenue is a one percent lodging tax instituted in January of 2002.
- The **Cemetery Operating Fund** accounts for the operation of the City's cemetery. The primary source of revenue is user fees.
- The **Parks Maintenance Fund** accounts for the maintenance and operation of park properties acquired and/or developed with a park bond passed in November 2002. The primary source of revenue is from a special property tax levy approved in November 2002.
- The **Parks Levy Fund** accounts for the maintenance and operation of park properties acquired and/or developed with the revenues from the 2012 Park Levy – Proposition No. 2: Levy for City parks maintenance, restoration, and enhancement.
- The **Impact Fees Fund** accounts for road and park impact fees initiated in 1999. Impact fees, and the interest earned on them, are deposited in this fund and transferred out to the capital projects funds to pay for road and park capacity projects approved in the Capital Improvement Program (CIP).

Debt Service Funds

Debt Service Funds account for the accumulation payment of general obligation bond principal and interest from governmental resources and the payment of special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

- The **Limited Tax General Obligation (LTGO) Bonds** (also called Councilmanic Bonds) can be issued with approval of the City Council. The debt is repaid from general revenues of the City.
- The **Unlimited Tax General Obligation (UTGO) Bonds** represent debt that was approved by voters for a specific purpose. In this case, citizens have agreed to levy property taxes to repay the debt generally over a twenty-year period.

City of Kirkland
Combining Balance Sheet
 Non Major Governmental Funds
 December 31, 2023

Page 1 of 2

	Special Revenue			
	Lodging Tax	Cemetery Operating	Parks Maintenance	Parks Levy
Assets				
Cash and Cash Equivalents	80,826	259,540	230,578	581,969
Investments	299,214	958,619	851,606	2,150,560
Receivables, Net of Allowances				
Taxes	44,856		26,221	48,919
Accounts			335	
Prepayments	1,123		15,059	17,257
Intergovernmental Receivable				15,881
Total Assets	426,019	1,218,159	1,123,799	2,814,586
Liabilities				
Accounts Payable	1,500	2,587	8,985	32,593
Wages Payable	3,307		28,694	42,698
Benefits Payable	671		11,712	14,421
Due to Other Funds		94	1,088	59
Intergovernmental Payable		24	1,610	25,611
Total Liabilities	5,478	2,704	52,088	115,383
Deferred Inflows of Resources				
Unavailable Revenue - Judgements & Settlements			335	
Unavailable Revenue - Property Taxes			28,834	53,794
Total Deferred Inflows of Resources	-	-	29,169	53,794
Fund Balances				
Nonspendable				
Prepaid	1,123		15,059	17,257
Restricted for				
Tourism	419,418			
Cemetery Operations		1,215,456		
Culture and Recreation			1,027,482	2,628,152
Transportation				
Fire				
Debt Service				
Total Fund Balances	420,541	1,215,456	1,042,542	2,645,409
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	426,019	1,218,159	1,123,799	2,814,586

City of Kirkland
Combining Balance Sheet
 Non Major Governmental Funds
 December 31, 2023

Page 2 of 2

Impact Fees	Total Special Revenue	Debt Service		Total Debt Service	Non Major Governmental Funds Total
		LTGO	UTGO		
504,487	1,657,401	116,647	650	117,297	1,774,697
1,850,635	6,110,634	441,416	2,459	443,874	6,554,509
	119,995		3,046	3,046	123,041
	335			-	335
	33,439			-	33,439
	15,881			-	15,881
2,355,122	7,937,686	558,062	6,154	564,216	8,501,902
15,155	60,820			-	60,820
	74,699			-	74,699
	26,804			-	26,804
	1,240			-	1,240
	27,245			-	27,245
15,155	190,808	-	-	-	190,808
	335			-	335
	82,629		3,111	3,111	85,740
-	82,964	-	3,111	3,111	86,075
	33,439	-	-	-	33,439
	419,418			-	419,418
	1,215,456			-	1,215,456
1,091,713	4,747,347			-	4,747,347
1,107,212	1,107,212			-	1,107,212
141,042	141,042			-	141,042
	-	558,062	3,043	561,105	561,105
2,339,967	7,663,914	558,062	3,043	561,105	8,225,019
2,355,122	7,937,686	558,062	6,154	564,216	8,501,902

City of Kirkland
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Non Major Governmental Funds
 For the fiscal year ended December 31, 2023

Page 1 of 2

Special Revenue

	Lodging Tax	Cemetery Operating	Parks Maintenance	Parks Levy
Revenues				
Taxes and Assessments	343,838		1,610,206	3,004,046
Intergovernmental				47,877
Charges for Services		130,603		113,834
Investment Interest	14,790	50,634	44,222	102,498
Contributions/Donations				11,893
Miscellaneous Revenues			70,093	75,465
Total Revenues	358,628	181,236	1,724,522	3,355,613
Expenditures				
Current				
Physical Environment		145,893		
Economic Environment	294,028			
Culture and Recreation			1,731,301	2,698,289
Debt Service				
Principal				
Interest				
Capital Outlay		1,200		
Total Expenditures	294,028	147,093	1,731,301	2,698,289
Excess (Deficiency) of revenues				
Over (under) expenditures	64,601	34,143	(6,780)	657,323
Other Financing Sources (Uses)				
Sale of Capital Assets		61,400		
Insurance Recovery				
Transfers In				73,497
Transfers Out			(2,500)	(484,784)
Total Other Financing Sources (Uses)	-	61,400	(2,500)	(411,287)
Net Change in Fund Balance	64,601	95,543	(9,280)	246,036
Fund Balances Beginning of Year	355,940	1,119,912	1,051,821	2,399,372
Fund Balances End of Year	420,541	1,215,455	1,042,541	2,645,408

City of Kirkland
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Non Major Governmental Funds
 For the fiscal year ended December 31, 2023

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Debt Service					
Impact Fees	Total Special Revenue	LTGO	UTGO	Total Debt Service	Non Major Governmental Funds Total
	4,958,090	832	3,069	3,901	4,961,991
	47,877			-	47,877
5,836,502	6,080,939			-	6,080,939
138,297	350,441	1,357		1,357	351,798
	11,893			-	11,893
	145,558			-	145,558
5,974,799	11,594,798	2,189	3,069	5,258	11,600,055
	145,893			-	145,893
	294,028			-	294,028
	4,429,591			-	4,429,591
		2,480,000		2,480,000	2,480,000
		2,013,655		2,013,655	2,013,655
	1,200			-	1,200
-	4,870,712	4,493,655	-	4,493,655	9,364,367
5,974,799	6,724,086	(4,491,466)	3,069	(4,488,397)	2,235,689
	61,400			-	61,400
	-			-	-
	73,497	4,493,655		4,493,655	4,567,152
(3,971,510)	(4,458,794)	(91,569)		(91,569)	(4,550,363)
(3,971,510)	(4,323,897)	4,402,086	-	4,402,086	78,189
2,003,289	2,400,189	(89,380)	3,069	(86,311)	2,313,878
336,679	5,263,724	647,443	(27)	647,416	5,911,140
2,339,968	7,663,913	558,063	3,042	561,105	8,225,018

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
General Capital Project Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Intergovernmental	1,629,500	1,629,500	647,341	647,341	(982,159)
Investment Interest	45,597	45,597	146,307	146,307	100,710
Miscellaneous Revenues	944,053	944,053	15,694	15,694	(928,359)
Total Revenues	2,619,150	2,619,150	809,341	809,341	(1,809,809)
Expenditures					
Current					
General Government	1,769,207	5,590,749	5,060,748	5,060,748	530,001
Security of Persons and Property	3,201,000	3,210,384	4,578,222	4,578,222	(1,367,838)
Transportation	-	-	23,711	23,711	(23,711)
Culture and Recreation	-	4,604,357	4,806,742	4,806,742	(202,385)
Capital Outlay	90,949,827	93,485,084	24,952,685	24,952,685	68,532,399
Total Expenditures	95,920,034	106,890,574	39,422,107	39,422,107	67,468,467
Excess of revenues over expenditures	(93,300,884)	(104,271,424)	(38,612,766)	(38,612,766)	65,658,658
Other Financing Sources (Uses)					
GO Bond Proceeds	21,295,836	21,295,836	-	-	(21,295,836)
Intergovernmental Loan Proceeds	-	-	600,000	600,000	600,000
Transfers In	27,847,307	39,056,190	35,968,691	35,968,691	(3,087,499)
Transfers Out	-	(238,343)	(238,343)	(238,343)	-
Total Other Financing Sources (Uses)	49,143,143	60,113,683	36,330,348	36,330,348	(23,783,335)
Net Change in Fund Balance	(44,157,741)	(44,157,741)	(2,282,418)	(2,282,418)	41,875,323
Fund Balances Beginning of Year	53,053,093	48,799,940	51,847,208	51,847,208	3,047,268
Fund Balances End of Year	8,895,352	4,642,199	49,564,790	49,564,790	44,922,591

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Transportation Capital Project Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Intergovernmental	32,930,116	34,757,406	2,882,858	2,882,858	(31,874,548)
Charges for Services	1,566,500	1,749,773	110,770	110,770	(1,639,004)
Investment Interest	41,532	87,573	177,168	177,168	89,595
Contributions/Donations	-	-	1,100,000	1,100,000	1,100,000
Miscellaneous Revenues	-	2,029,321	416,596	416,596	(1,612,725)
Total Revenues	34,538,148	38,624,073	4,687,392	4,687,392	(33,936,681)
Expenditures					
Current					
Transportation	-	1,287,409	1,850,961	1,850,961	(563,552)
Capital Outlay	109,538,668	132,663,607	19,823,658	19,823,658	112,839,949
Total Expenditures	109,538,668	133,951,016	21,674,619	21,674,619	112,276,397
Excess of revenues over expenditures	(75,000,520)	(95,326,943)	(16,987,227)	(16,987,227)	78,339,716
Other Financing Sources (Uses)					
GO Bond Proceeds	21,000,000	21,000,000		-	(21,000,000)
Sale of Capital Asset	-	-	148,910	148,910	148,910
Transfers In	33,980,475	37,277,414	24,924,024	24,924,024	(12,353,390)
Transfers Out	-	(63,322)	(63,322)	(63,322)	-
Total Other Financing Sources (Uses)	54,980,475	58,214,092	25,009,612	25,009,612	(33,204,480)
Net Change in Fund Balance	(20,020,045)	(37,112,851)	8,022,385	8,022,385	45,135,236
Fund Balances Beginning of Year	38,993,376	45,327,076	46,494,564	46,494,564	1,167,488
Fund Balances End of Year	18,973,331	8,214,225	54,516,949	54,516,949	46,302,724

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Lodging Tax Special Revenue Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Taxes and Assessments	562,646	562,646	335,898	335,898	(226,748)
Licenses and Permits	-	7,000	-	-	(7,000)
Investment Interest	10,530	10,530	7,730	7,730	(2,800)
Total Revenues	573,176	580,176	343,628	343,628	(236,548)
Expenditures					
Current					
Economic Environment	599,327	632,886	291,635	291,635	341,251
Total Expenditures	599,327	632,886	291,635	291,635	341,251
Excess of revenues over expenditures	(26,151)	(52,710)	51,993	51,993	104,703
Net Change in Fund Balance	(26,151)	(52,710)	51,993	51,993	104,703
Fund Balances Beginning of Year	328,443	362,552	370,975	370,975	8,423
Fund Balances End of Year	302,292	309,842	422,968	422,968	113,126

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Street Operating Special Revenue Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Taxes and Assessments	16,678,027	17,950,263	8,201,218	8,201,218	(9,749,045)
Licenses and Permits	710,000	710,000	519,371	519,371	(190,629)
Intergovernmental	4,398,762	4,398,762	1,854,060	1,854,060	(2,544,702)
Charges for Services	1,382,236	110,000	52,745	52,745	(57,255)
Miscellaneous Revenues	836,400	836,400	391,228	391,228	(445,172)
Total Revenues	24,005,425	24,005,425	11,018,621	11,018,621	(12,986,804)
Expenditures					
Current					
Transportation	18,003,837	18,842,759	7,860,565	7,860,565	10,982,194
Capital Outlay	40,000	120,000	45	45	119,955
Total Expenditures	18,043,837	18,962,759	7,860,610	7,860,610	11,102,149
Excess of revenues over expenditures	5,961,588	5,042,666	3,158,011	3,158,011	(1,884,655)
Other Financing Sources (Uses)					
Insurance recovery	-	-	636	636	636
Transfers In	3,334,504	3,539,343	1,661,996	1,661,996	(1,877,347)
Transfers Out	(9,312,750)	(9,545,750)	(4,081,000)	(4,081,000)	5,464,750
Total Other Financing Sources (Uses)	(5,978,246)	(6,006,407)	(2,418,368)	(2,418,368)	3,588,039
Net Change in Fund Balance	(16,658)	(963,741)	739,643	739,643	1,703,384
Fund Balances Beginning of Year	713,335	1,577,054	1,454,078	1,454,078	(122,976)
Fund Balances End of Year	696,677	613,313	2,193,721	2,193,721	1,580,408

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Development Services Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Licenses and Permits	15,540,276	15,540,276	8,353,075	8,353,075	(7,187,201)
Intergovernmental	-	97,000	87,500	87,500	(9,500)
Charges for Services	15,127,721	15,273,528	9,220,327	9,220,327	(6,053,201)
Fines and Forfeitures	60,000	60,000	-	-	(60,000)
Miscellaneous Revenues	417,500	417,500	-	-	(417,500)
Total Revenues	31,145,497	31,388,304	17,660,902	17,660,902	(13,727,402)
Expenditures					
Current					
Security of Persons and Property	4,538,398	4,733,433	2,140,909	2,140,909	2,592,524
Physical Environment	6,939,262	7,390,577	3,284,981	3,284,981	4,105,596
Economic Environment	25,880,734	29,532,964	13,643,077	13,643,077	15,889,887
Total Expenditures	37,358,394	41,656,974	19,068,966	19,068,966	22,588,008
Excess of revenues over expenditures	(6,212,897)	(10,268,670)	(1,408,064)	(1,408,064)	8,860,606
Other Financing Sources (Uses)					
Transfers In	22,665,030	23,789,460	20,697,401	20,697,401	(3,092,059)
Transfers Out	(47,000)	(97,000)	-	-	97,000
Total Other Financing Sources (Uses)	22,618,030	23,692,460	20,697,401	20,697,401	(2,995,059)
Net Change in Fund Balance	16,405,133	13,423,790	19,289,337	19,289,337	5,865,547
Fund Balances Beginning of Year	-	-	-	-	-
Fund Balances End of Year	16,405,133	13,423,790	19,289,337	19,289,337	5,865,547

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Contingency Special Revenue Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues	-	-	-	-	-
Total Revenues	-	-	-	-	-
Expenditures	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess of revenues over expenditures	-	-	-	-	-
Other Financing Sources (Uses)					
Transfers In	603,809	603,809	603,809	603,809	-
Total Other Financing Sources (Uses)	603,809	603,809	603,809	603,809	-
Net Change in Fund Balance	603,809	603,809	603,809	603,809	-
Fund Balances Beginning of Year	6,355,888	6,355,888	6,355,888	6,355,888	-
Fund Balances End of Year	6,959,697	6,959,697	6,959,697	6,959,697	-

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Cemetery Operating Special Revenue Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Charges for Services	126,000	126,000	130,603	130,603	4,603
Investment Interest	37,878	37,878	27,359	27,359	(10,519)
Total Revenues	163,878	163,878	157,962	157,962	(5,916)
Expenditures					
Current					
Physical Environment	180,792	180,792	143,201	143,201	37,591
Capital Outlay	14,400	14,400	1,200	1,200	13,200
Total Expenditures	195,192	195,192	144,401	144,401	50,791
Excess of revenues over expenditures	(31,314)	(31,314)	13,560	13,560	44,874
Other Financing Sources (Uses)					
Sale of Fixed assets	90,000	90,000	61,400	61,400	(28,600)
Total Other Financing Sources (Uses)	90,000	90,000	61,400	61,400	(28,600)
Net Change in Fund Balance	58,686	58,686	74,960	74,960	16,274
Fund Balances Beginning of Year	1,157,368	1,167,999	1,169,633	1,169,633	1,634
Fund Balances End of Year	1,216,054	1,226,685	1,244,593	1,244,593	17,908

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Parks Maintenance Special Revenue Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Taxes and Assessments	3,288,205	1,623,805	1,611,975	1,611,975	(11,830)
Investment Interest	31,858	14,704	24,352	24,352	9,648
Miscellaneous Revenues	34,000	17,000	70,093	70,093	53,093
Total Revenues	3,354,063	1,655,509	1,706,420	1,706,420	50,911
Expenditures					
Current					
Culture and Recreation	3,707,273	1,837,326	1,719,178	1,719,178	118,148
Total Expenditures	3,707,273	1,837,326	1,719,178	1,719,178	118,148
Excess of revenues over expenditures	(353,210)	(181,817)	(12,758)	(12,758)	169,059
Other Financing Sources (Uses)					
Transfers Out	-	(2,500)	(2,500)	(2,500)	-
Total Other Financing Sources (Uses)	-	(2,500)	(2,500)	(2,500)	-
Net Change in Fund Balance	(353,210)	(184,317)	(15,258)	(15,258)	169,059
Fund Balances Beginning of Year	1,046,133	1,173,458	1,121,318	1,121,318	(52,140)
Fund Balances End of Year	692,923	989,141	1,106,060	1,106,060	116,919

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Parks Levy Special Revenue Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Taxes and Assessments	6,134,616	7,799,016	3,007,346	3,007,346	(4,791,670)
Intergovernmental	50,000	50,000	46,882	46,882	(3,119)
Charges for Services	284,922	284,922	113,834	113,834	(171,088)
Investment Interest	74,362	91,516	60,135	60,135	(31,381)
Contributions/Donations	-	10,407	11,893	11,893	1,486
Miscellaneous Revenues	25,800	133,925	75,465	75,465	(58,460)
Total Revenues	6,569,700	8,369,786	3,315,555	3,315,555	(5,054,231)
Expenditures					
Culture and Recreation	5,714,062	7,875,620	2,628,206	2,628,206	5,247,414
Capital Outlay	-	8,500	-	-	8,500
Total Expenditures	5,714,062	7,884,120	2,628,206	2,628,206	5,255,914
Excess of revenues over expenditures	855,638	485,666	687,349	687,349	201,683
Other Financing Sources (Uses)					
Transfers In	115,000	153,497	73,497	73,497	(80,000)
Transfers Out	(1,250,000)	(1,295,500)	(484,784)	(484,784)	810,716
Total Other Financing Sources (Uses)	(1,135,000)	(1,142,003)	(411,287)	(411,287)	730,716
Net Change in Fund Balance	(279,362)	(656,337)	276,062	276,062	932,399
Fund Balances Beginning of Year	2,471,576	2,693,916	2,608,940	2,608,940	(84,976)
Fund Balances End of Year	2,192,214	2,037,579	2,885,002	2,885,002	847,423

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Impact Fees Special Revenue Fund
For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Charges for Services	7,200,000	7,671,510	5,851,657	5,851,657	(1,819,853)
Investment Interest	144,623	144,623	67,944	67,944	(76,679)
Total Revenues	7,344,623	7,816,133	5,919,600	5,919,600	(1,896,533)
Excess of revenues over expenditures	7,344,623	7,816,133	5,919,600	5,919,600	(1,896,533)
Other Financing Sources (Uses)					
Transfers Out	(7,000,000)	(7,471,510)	(3,971,510)	(3,971,510)	3,500,000
Total Other Financing Sources (Uses)	(7,000,000)	(7,471,510)	(3,971,510)	(3,971,510)	3,500,000
Net Change in Fund Balance	344,623	344,623	1,948,090	1,948,090	1,603,467
Fund Balances Beginning of Year	623,584	453,953	465,479	465,479	11,526
Fund Balances End of Year	968,207	798,576	2,413,569	2,413,569	1,614,993

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
 Limited GO Debt Service Fund
 For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Taxes and Assessments	-	-	832	832	832
Investment Interest	-	-	1,357	1,357	1,357
Total Revenues	-	-	2,189	2,189	2,189
Expenditures					
Debt Service					
Principal	6,095,900	7,268,250	2,480,000	2,480,000	4,788,250
Interest	6,372,500	5,200,150	2,013,655	2,013,655	3,186,495
Total Expenditures	12,468,400	12,468,400	4,493,655	4,493,655	7,974,745
Excess of revenues over expenditures	(12,468,400)	(12,468,400)	(4,491,466)	(4,491,466)	7,976,934
Other Financing Sources (Uses)					
Transfers In	12,468,400	12,468,400	4,493,655	4,493,655	(7,974,745)
Transfers Out	-	-	(91,569)	(91,569)	(91,569)
Total Other Financing Sources (Uses)	12,468,400	12,468,400	4,402,086	4,402,086	(8,066,314)
Net Change in Fund Balance	-	-	(89,380)	(89,380)	(89,380)
Fund Balances Beginning of Year	641,543	647,443	631,016	631,016	(16,427)
Fund Balances End of Year	641,543	647,443	541,636	541,636	(105,807)

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
 Unlimited GO Debt Service Fund
 For the year ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	2023 Actual Amounts Budgetary Basis	Actual 2023-2024 Biennium	Variance with Final Budget
Revenues					
Taxes and Assessments	-	-	3,108	3,108	3,108
Total Revenues	-	-	3,108	3,108	3,108
Excess of revenues over expenditures	-	-	3,108	3,108	3,108
Net Change in Fund Balance	-	-	3,108	3,108	3,108
Fund Balances Beginning of Year	-	-	3,588	3,588	3,588
Fund Balances End of Year	-	-	6,696	6,696	6,696

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided by one department to other City departments on a cost reimbursement basis.

- The **Equipment Rental Fund** accounts and assesses user charges for the cost of maintaining and replacing all City vehicles and heavy equipment.
- The **Facilities Maintenance Fund** accounts and assesses user charges for the operations and maintenance of the City's building facilities and public facilities ground maintenance and landscaping.
- The **Health Benefits Fund** accounts for programs established to provide employee medical health care coverage. Medical premiums received by the fund are used to pay claims for employees participating in the City's self-insured health care program, purchase "stop-loss" coverage for individual and aggregate claims in excess of self-insured limits, and maintain reserves for the payment to future claims based on actuarial estimates. Employee dental and vision coverage is purchased from an outside carrier.
- The **Information Technology Fund** accounts and assesses user charges for the cost of supporting the City's information processing and telecommunications functions and replacing all City computers.

City of Kirkland, Washington
Combining Statement of Net Position
Internal Service Funds
December 31, 2023

Page 1 of 2

	Equipment Rental	Facilities Maintenance	Health Benefits	Information Technology	Total
Assets					
Current Assets					
Cash and Cash Equivalents	1,695,806	1,117,064	1,339,053	880,438	5,032,362
Investments	6,252,749	4,151,171	4,940,854	3,167,229	18,512,003
Accounts Receivable	2,666		1,327,362	8,416	1,338,445
Lease Receivable		350,956			350,956
Due From Other Funds	97,473				97,473
Prepayments	3,489,992	334,322		607,994	4,432,308
Restricted Assets					
Cash		1,850			1,850
Inventories	233,845				233,845
Total Current Assets	11,772,532	5,955,363	7,607,270	4,664,077	29,999,242
Noncurrent Assets					
Interfund Loans Receivable					
Principal	7,500,000	2,850,000			10,350,000
Interest	132,408	50,315			182,723
Net Pension Asset	208,816	208,155		956,887	1,373,858
Lease Receivable		182,182			182,182
Capital Assets					
Right-to-Use Lease Assets (net)		541,237			541,237
Right-to-Use SBITA Assets (net)				2,159,767	2,159,767
Improvements	415,603	14,235			429,838
Equipment	29,384,296	12,773		43,760	29,440,829
Accumulated Depreciation	(17,724,039)	(27,008)		(43,760)	(17,794,807)
Total Capital Assets Net	12,075,860	541,237	-	2,159,767	14,776,864
Total Noncurrent Assets	19,917,083	3,831,888		3,116,654	26,865,626
Total Assets	31,689,616	9,787,252	7,607,270	7,780,731	56,864,868
Deferred Outflows of Resources					
Deferred Outflow Pension Contribution	162,848	162,332		746,239	1,071,419
Total Deferred Outflows of Resources	162,848	162,332	-	746,239	1,071,419

City of Kirkland, Washington
Combining Statement of Net Position
Internal Service Funds
December 31, 2023

Page 2 of 2

	Equipment	Facilities	Health	Information	Total
Liabilities					
Current Liabilities					
Accounts Payable	246,465	189,242	519,737	176,600	1,132,045
Lease Payable		218,544			218,544
SBITA Payable				741,411	741,411
Deposits		1,850			1,850
Claims Payable			717,300		717,300
Wages Payable	21,585	32,725		142,846	197,156
Benefits Payable	4,247	6,468		24,746	35,461
Compensated Absences Payable	27,253	41,515		153,854	222,622
Intergovernmental Payable	9,924	18,684			28,609
Due to Other Funds		7,809			7,809
Unearned Revenue			681,880		681,880
Total Current Liabilities	309,474	516,838	1,918,917	1,239,457	3,984,686
Noncurrent Liabilities					
Compensated Absences Payable	5,861	9,279		41,631	56,771
Lease Payable		340,942			340,942
SBITA Payable				806,905	806,905
Net Pension Liability	93,747	93,451		429,592	616,790
Total Noncurrent Liabilities	99,608	443,672		1,278,128	1,821,409
Total Liabilities	409,082	960,510	1,918,917	2,517,585	5,806,095
Deferred Inflows of Resources					
Deferred Inflows Right-to-Use Leases		720,915			720,915
Deferred Inflow Pension Related	117,303	116,932		537,535	771,770
Total Deferred Inflows of Resources	117,303	837,847	-	537,535	1,492,685
Net Position					
Net Investment in Capital Assets	12,075,860	(18,249)		611,451	12,669,062
Restricted for					-
Net Pension Asset	208,816	208,155		956,887	1,373,858
Unrestricted	19,041,402	7,961,321	5,688,353	3,903,512	36,594,588
Total Net Position	31,326,078	8,151,227	5,688,353	5,471,850	50,637,508

City of Kirkland, Washington
**Combining Statement of Revenues, Expenses
and Changes in Net Position**
Internal Service Funds
For the Fiscal Year Ended December 31, 2023

	Equipment Rental	Facilities Maintenance	Health Benefits	Information Technology	Total
Operating Revenues					
Charges for Services	5,108,944	4,079,366	9,479,069	8,541,706	27,209,085
Miscellaneous Revenues		226,509		35,720	262,229
Total Operating Revenues	5,108,944	4,305,875	9,479,069	8,577,427	27,471,315
Operating Expenses					
Administrative & General	1,078,801	821,002	9,723,803	2,069,269	13,692,875
Supplies	47,332	205,658		433,459	686,449
Maintenance & Operations	2,193,193	3,646,070		4,318,077	10,157,339
Depreciation	2,087,956	3,858			2,091,814
Lease Amortization		227,941			227,941
SBITA Amortization				174,730	174,730
Total Operating Expenses	5,407,281	4,904,530	9,723,803	6,995,535	27,031,148
Operating Income (Loss)	(298,337)	(598,655)	(244,734)	1,581,892	440,166
Nonoperating Revenues (Expenses)					
Interest Revenue/(Investment Loss)	575,271	329,612	285,322	176,588	1,366,793
Lease Interest		(2,887)		(8,970)	(11,857)
Insurance Recovery	2,917				2,917
Gain (loss) on Disposal of Capital Assets	53,672				53,672
Total Nonoperating Revenues (Expenses)	631,860	326,725	285,322	167,618	1,411,525
Income (Loss) before Contributions and Transfers	333,522	(271,930)	40,589	1,749,509	1,851,691
Transfers In	165,501	72,849		106,996	345,346
Transfers Out		(1,504,900)		(277,000)	(1,781,900)
Change in Net Position	499,024	(1,703,981)	40,589	1,579,505	415,137
Total Net Position - Beginning	30,827,054	9,855,207	5,647,766	3,892,344	50,222,372
Total Net Position - Ending	31,326,078	8,151,227	5,688,354	5,471,850	50,637,509

City of Kirkland, Washington
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2023

	Equipment Rental	Facilities Maintenance	Health Benefits	Information Technology	Total
Cash Flows From Operating Activities					
Cash Received From Interfund Charges	5,108,679	4,077,366	175,951	8,394,072	17,756,069
Contributions Received from Employees and Employer			7,827,242		7,827,242
Cash From Other Sources	6,270	228,509	600,330	187,542	1,022,650
Cash Paid to Suppliers for Goods and Services	(1,217,560)	(3,371,737)	(5,751,525)	(3,225,896)	(13,566,718)
Cash Paid to Employees for Services	(1,060,471)	(1,110,047)	(175,951)	(4,704,617)	(7,051,086)
Cash Paid for Central Business Functions	(1,052,827)	(253,189)	(3,328,130)	(196,474)	(4,830,620)
Cash Provided by Operating Activities	1,784,091	(429,098)	(652,083)	454,627	1,157,537
Cash Flows From Noncapital Financing Activities					
Transfers In	68,029	72,849		106,996	247,874
Transfers Out		(1,504,900)		(277,000)	(1,781,900)
Cash Provided by (Used for) Noncapital Financing Activities	68,029	(1,432,051)	-	(170,004)	(1,534,026)
Cash Flows From Capital and Related Financing Activities					
Proceeds From Sale of Assets and Insurance Recoveries	59,307				59,307
Acquisition and Construction of Capital Assets	(2,466,824)				(2,466,824)
Cash Provided by (Used for) Capital and Related Financing Activities	(2,407,517)	-	-	-	(2,407,517)
Cash Flows From Investing Activities					
(Increase) Decrease in Investments	134,876	990,942	173,224	(470,456)	828,585
Interest Revenue	26,732	259,853	146,937	158,599	592,120
Cash Provided by Investing Activities	161,607	1,250,795	320,160	(311,857)	1,420,705
Increase (Decrease) in Cash and Cash Equivalents	(393,790)	(610,355)	(331,923)	(27,234)	(1,363,302)
Cash and Cash Equivalents, January 1	2,089,597	1,729,268	1,670,977	907,673	6,397,515
Cash and Cash Equivalents, December 31	1,695,807	1,118,913	1,339,054	880,438	5,034,213
Reconciliation of Operating Income (Loss) to Cash Provided by Operating Activities					
Operating Income (Loss)	(298,337)	(598,655)	(244,734)	1,581,892	440,166
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities					
Depreciation and Amortization	2,087,956	231,799		174,730	2,494,485
Changes in Assets and Liabilities					
(Increase) Decrease in Accounts Receivable	8,772	(176,070)	(921,055)	4,188	(1,084,165)
(Increase) Decrease in Inventories	(37,499)				(37,499)
(Increase) Decrease in Prepayments	(275)	15,235		(204,817)	(189,857)
(Increase) Decrease in Pension Deferred Outflows of Resources	14,302	9,216		111,531	135,049
Increase (Decrease) in Pension Deferred Inflows of Resources	(65,396)	(59,990)		(347,107)	(472,493)
Increase (Decrease) in Net Pension Asset	(41,216)	(43,186)		(169,693)	(254,095)
Increase (Decrease) in Accounts Payable	219,458	175,145	301,597	(719,210)	(23,011)
Increase (Decrease) in Claims Payable			166,600		166,600
Increase (Decrease) in Intergovernmental Payable	(1,844)	2,898		(2,940)	(1,885)
Increase (Decrease) in Unearned Revenue			45,509		45,509
Increase (Decrease) in Due to Other Funds	(97,473)	(10,450)			(107,923)
Increase (Decrease) in Wages Payable	(6,431)	7,775		8,885	10,229
Increase (Decrease) in Benefits Payable	(1,503)	1,182		(63)	(383)
Increase (Decrease) in Compensated Absences Payable	3,576	16,001		17,232	36,809
Cash Provided by Operating Activities	1,784,091	(429,099)	(652,083)	454,627	1,157,536
Supplemental disclosure of noncash investing, capital, and financing activities:					
Right-to-Use Lease Assets		1,036,124			1,036,124

Capital Assets

City of Kirkland
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
December 31, 2023
Unaudited

2023

Governmental Funds Capital Assets:

Land	\$	635,743,817
Buildings		75,354,117
Improvements other than Buildings		122,998,879
Machinery and Equipment		8,227,414
Artwork		2,669,381
Infrastructure		355,591,231
Construction in Progress		44,498,635
Right-to-Use Lease Assets		1,034,672
Right-to-Use SBITA Assets		76,533
Total Governmental Funds Capital Assets	\$	<u>1,246,194,679</u>

Investments in Governmental Funds Capital Assets by Source:

General Fund	\$	501,473,895
Special Revenue Funds		2,034,031
Impact Fees		58,034,645
Federal Grants		22,875,584
General Obligation Bonds		59,603,306
Private Gifts		14,069,040
Annexation		588,104,178
Total Governmental Funds Capital Assets	\$	<u>1,246,194,679</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Internal Service Funds are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Position.

City of Kirkland
Capital Assets used in the Operation of Governmental Funds
Schedule by Function and Activity
 December 31, 2023
 Unaudited

FUNCTION AND ACTIVITY	Land	Buildings	Improvements	Machinery and Equip	Artwork	Infrastructure	CIP	Right-to-Use Lease Assets	Right-to-Use SBITA Assets	TOTAL
General Govt	\$ 19,474,877	\$ 19,429,763	\$ 34,529,702	\$ 5,243,647	\$ 120,998	\$ -	\$ 1,312,337	\$ 1,034,672	\$ 76,533	\$ 81,222,529
Judicial	-	-	-	-	-	-	-	-	-	-
Security	5,367,905	5,157,399	34,314,154	488,121	99,383	-	-	-	-	45,426,962
Police	8,114,882	31,259,717	4,624,775	1,332,215	234,485	-	20,310,630	-	-	65,876,705
Fire	13,482,787	36,417,116	38,936,929	1,820,336	333,868	-	20,310,630	-	-	111,303,667
Total Security	536,979,303	5,906,605	560,221	177,389	-	355,591,231	22,552,816	-	-	921,767,565
Transportation	56,675	-	1,053,377	62,785	-	-	-	-	-	1,172,837
Physical Environment	-	-	-	-	-	-	-	-	-	-
Economic Environment	601,467	-	-	-	-	-	-	-	-	601,467
Human Services	85,148,708	13,600,632	47,916,650	923,257	2,214,515	-	322,851	-	-	130,126,614
Culture and Recreation										
Total Governmental Funds Capital Assets	\$ 635,743,817	\$ 75,354,117	\$ 122,998,879	\$ 8,227,414	\$ 2,669,381	\$ 355,591,231	\$ 44,498,635	\$ 1,034,672	\$ 76,533	\$ 1,246,194,679

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Internal Service Funds are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Assets.

City of Kirkland
Capital Assets used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended December 31, 2023
Unaudited

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets Beginning	Additions	Deductions	Governmental Funds Capital Assets Ending
General Govt	\$ 76,071,990	\$ 8,653,566	\$ 3,503,027	\$ 81,222,529
Judicial	-	-	-	-
Security				
Police	45,213,736	213,226	-	45,426,962
Fire	50,182,069	31,191,496	15,496,859	65,876,706
Total Security	<u>95,395,805</u>	<u>31,404,722</u>	<u>15,496,859</u>	<u>111,303,668</u>
Transportation	903,971,365	46,575,612	28,779,412	921,767,565
Physical Environment	1,177,785	1,200	6,148	1,172,837
Economic Environment	-	-	-	-
Human Services	601,467	-	-	601,467
Culture and Recreation	127,621,045	9,651,681	7,146,112	130,126,614
Total Governmental Funds Capital Assets	<u>\$ 1,204,839,457</u>	<u>\$ 96,286,781</u>	<u>\$ 54,931,558</u>	<u>\$ 1,246,194,680</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Internal Service Funds are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Assets.

City of Kirkland STATISTICAL SECTION

The following section of the City of Kirkland's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

<i>Statistical Section</i>	<i>Page</i>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	156
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, sales and property tax.	161
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	167
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	172
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	175

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

Schedule 1

City of Kirkland

Net Position by Component
Last Ten Fiscal Years - Unaudited
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets										
Restricted	\$ 792,032,185	\$ 808,553,668	\$ 808,933,913	\$ 813,489,653	\$ 824,986,759	\$ 837,630,564	\$ 862,586,058	\$ 876,336,877	\$ 871,047,856	\$ 908,750,593
Unrestricted	39,548,651	51,630,241	65,000,390	74,853,784	93,471,783	76,984,127	75,351,559	91,507,101	113,739,089	121,174,018
	68,438,296	53,070,324	58,812,732	65,045,653	66,651,989	103,973,158	116,444,534	138,863,565	141,705,592	115,645,589
Total Governmental Activities Net Position	\$ 900,019,132	\$ 913,254,233	\$ 932,747,035	\$ 953,389,090	\$ 985,110,531	\$ 1,018,587,848	\$ 1,054,382,151	\$ 1,106,707,543	\$ 1,126,492,537	\$ 1,145,570,200
Business-type Activities										
Net Investment in Capital Assets										
Restricted	\$ 151,092,784	\$ 158,155,675	\$ 158,304,984	\$ 166,859,626	\$ 172,214,574	\$ 182,702,985	\$ 193,070,644	\$ 193,533,316	\$ 198,465,121	\$ 204,199,729
Unrestricted	50,717,355	52,534,113	58,915,069	58,227,844	61,329,539	61,138,604	57,633,915	66,372,344	69,007,430	75,842,296
	-	-	-	-	-	-	-	-	616,512	1,567,188
Total Business-type Net Position	\$ 201,810,139	\$ 210,689,788	\$ 217,220,053	\$ 225,087,470	\$ 233,544,113	\$ 243,841,589	\$ 250,704,559	\$ 259,905,660	\$ 268,089,063	\$ 281,609,213
Primary Government										
Net Investment in Capital Assets										
Restricted	\$ 943,124,969	\$ 966,709,343	\$ 967,238,897	\$ 980,349,279	\$ 997,201,333	\$ 1,020,333,549	\$ 1,055,656,702	\$ 1,069,870,193	\$ 1,069,512,977	\$ 1,112,950,322
Unrestricted	39,548,651	51,630,241	65,000,390	74,853,784	93,471,783	76,984,127	75,351,559	91,507,101	114,355,601	122,741,206
	119,155,651	105,604,437	117,727,801	123,273,497	127,981,528	165,111,762	174,078,449	205,235,909	210,713,022	191,487,885
Total Primary Government Net Position	\$ 1,101,829,271	\$ 1,123,944,021	\$ 1,149,967,088	\$ 1,178,476,560	\$ 1,218,654,644	\$ 1,262,429,437	\$ 1,305,086,710	\$ 1,366,613,203	\$ 1,394,581,600	\$ 1,427,179,413

Schedule 2
City of Kirkland

Changes in Net Position
 Last Ten Fiscal Years - Unaudited
 (accrual basis of accounting)

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses										
Governmental Activities										
General Government	\$ 5,918,750	\$ 9,401,861	\$ 8,918,548	\$ 12,234,921	\$ 10,755,283	\$ 13,416,838	\$ 15,030,025	\$ 9,207,506	\$ 19,041,353	\$ 17,599,181
Judicial	2,331,733	2,320,454	2,090,988	2,345,334	2,326,681	2,474,047	2,397,824	2,122,497	2,725,163	3,094,100
Security of Persons and Property	46,493,793	49,707,323	51,377,094	51,820,913	50,448,353	55,185,379	58,384,630	51,302,359	62,727,544	75,959,251
Physical Environment	1,533,702	1,136,320	1,154,543	986,341	890,022	1,137,480	749,531	293,764	5,526,787	10,305,057
Transportation	16,790,922	18,780,143	20,547,650	21,191,932	22,143,199	24,788,739	24,127,789	26,505,953	25,531,880	24,484,909
Human Services	1,402,936	1,462,975	1,598,994	1,374,295	3,201,640	2,405,937	3,578,285	3,170,154	5,680,371	8,253,579
Economic Environment	7,424,372	7,486,355	7,697,645	8,997,772	8,626,173	8,810,475	12,320,033	11,216,479	11,152,734	13,294,729
Culture and Recreation	9,897,398	10,881,414	10,691,708	10,459,005	10,421,768	13,055,673	10,829,054	11,473,655	13,838,649	13,712,809
Interest on Long Term Debt	1,980,886	1,978,302	2,044,592	1,973,194	1,909,573	1,840,502	1,650,552	1,545,236	1,887,446	2,563,402
Total Governmental Activities	\$ 93,774,492	\$ 103,155,147	\$ 106,121,762	\$ 111,383,707	\$ 110,722,692	\$ 123,115,070	\$ 129,067,723	\$ 116,837,603	\$ 148,111,927	\$ 169,267,018
Business Type Activities										
Water/Sewer	\$ 23,533,587	\$ 24,970,363	\$ 25,774,579	\$ 26,468,702	\$ 27,677,666	\$ 28,125,236	\$ 28,576,577	\$ 29,800,862	\$ 30,300,905	\$ 33,158,136
Surface Water	7,064,149	7,970,934	9,953,616	9,425,985	9,689,409	9,999,620	10,504,871	10,016,999	11,256,434	11,403,149
Solid Waste	15,727,658	16,040,939	16,225,830	17,162,439	17,373,591	18,092,173	18,522,537	19,072,130	24,432,554	29,104,386
Total Business Type Activities	\$ 46,325,394	\$ 48,982,236	\$ 51,954,025	\$ 53,057,126	\$ 54,740,666	\$ 56,217,029	\$ 57,603,985	\$ 58,889,991	\$ 65,989,893	\$ 73,665,671
Total Primary Government Expenses	\$ 140,099,886	\$ 152,137,383	\$ 158,075,787	\$ 164,440,833	\$ 165,463,358	\$ 179,332,099	\$ 186,671,708	\$ 175,727,594	\$ 214,101,820	\$ 242,932,689
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 7,092,815	\$ 7,284,611	\$ 7,553,305	\$ 8,192,037	\$ 9,387,518	\$ 9,193,286	\$ 9,989,970.00	\$ 10,985,338.00	\$ 19,103,750	\$ 23,053,227
Judicial	1,905,705	1,829,225	1,296,178	1,099,027	888,804	1,506,851	1,961,239	2,938,146	2,805,894	5,453,114
Security of Persons and Property	3,095,773	3,890,200	3,611,717	2,594,190	2,442,239	5,417,910	3,937,927	2,775,996	3,285,962	4,144,431
Physical Environment	1,377,746	1,842,902	2,137,154	2,605,310	2,510,609	1,900,618	1,258,470	1,781,319	639,711	872,941
Transportation	3,179,516	1,963,695	4,574,502	2,210,112	4,638,195	3,298,016	1,114,304	5,553,377	1,695,961	4,052,150
Human Services									3,930	30
Economic Environment	5,665,855	7,639,110	9,785,849	9,245,932	12,134,989	10,579,216	12,335,401	9,933,370	9,433,695	13,364,057
Culture and Recreation	2,405,184	3,538,719	2,697,053	2,457,184	7,965,572	4,059,458	613,741	2,675,883	2,642,523	4,770,484
Operating Grants and Contributions	2,103,718	2,548,835	2,748,851	2,652,231	3,664,172	3,036,547	7,397,201	15,837,805	2,348,281	1,790,923
Capital Grants and Contributions	12,793,588	17,103,275	2,799,250	8,233,444	6,387,341	7,296,898	13,759,004	5,725,986	10,599,705	5,989,525
Total Governmental Activities	\$ 39,619,900	\$ 47,640,572	\$ 37,203,859	\$ 39,289,467	\$ 50,019,439	\$ 46,288,800	\$ 52,367,256	\$ 58,207,220	\$ 52,559,413	\$ 63,490,881

Fiscal Year

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business Type Activities										
Charges for Service										
Water/Sewer	\$ 26,145,803	\$ 27,796,967	\$ 28,308,302	\$ 28,575,144	\$ 29,625,918	\$ 29,716,217	\$ 29,694,628	\$ 31,298,740	\$ 32,011,179	\$ 33,885,264
Surface Water	9,067,528	9,622,071	9,948,240	10,211,308	10,462,546	10,685,214	11,134,018	11,224,891	11,552,134	12,308,143
Solid Waste	16,147,436	16,463,224	16,847,535	17,489,671	17,876,644	18,306,879	18,731,550	19,445,636	24,075,836	29,571,875
Operating Grants and Contributions	423,061	252,351	244,933	267,938	380,800	521,336	315,703	543,258	584,635	655,718
Capital Grants and Contributions	8,288,574	6,794,503	3,629,064	4,742,986	5,843,416	6,182,573	4,584,098	6,552,195	7,079,294	5,716,471
Total Business Type Activities	\$ 60,072,402	\$ 60,929,116	\$ 58,978,074	\$ 61,287,047	\$ 64,189,324	\$ 65,412,219	\$ 64,459,997	\$ 69,064,720	\$ 75,303,078	\$ 82,137,471
Total Program Revenues	\$ 99,692,302	\$ 108,569,688	\$ 96,181,933	\$ 100,576,514	\$ 114,208,763	\$ 111,701,019	\$ 116,827,253	\$ 127,271,940	\$ 127,862,491	\$ 145,628,352
Net (Expense)/Revenue										
Governmental Activities	\$ (54,154,592)	\$ (55,514,575)	\$ (68,917,903)	\$ (72,094,240)	\$ (60,703,253)	\$ (76,826,270)	\$ (76,700,467)	\$ (58,630,383)	\$ (95,552,514)	\$ (105,776,137)
Business Type Activities	13,747,008	11,946,880	7,024,049	8,229,921	9,448,658	9,195,190	6,856,012	10,174,729	9,313,185	8,471,800
Total Net Expense	\$ (40,407,584)	\$ (43,567,695)	\$ (61,893,854)	\$ (63,864,319)	\$ (51,254,595)	\$ (67,631,080)	\$ (69,844,455)	\$ (48,455,654)	\$ (86,239,329)	\$ (97,304,337)
General Revenues										
Governmental Activities										
Taxes										
Property Taxes	\$ 27,178,110	\$ 27,890,261	\$ 28,585,488	\$ 29,340,885	\$ 31,695,703	\$ 31,599,262	\$ 32,300,928	\$ 40,241,449	\$ 41,012,768	\$ 41,539,073
Sales Taxes	23,974,307	25,694,212	26,966,254	29,101,348	30,116,512	35,892,386	37,868,762	36,612,159	38,603,063	37,690,276
Excise Taxes	7,270,619	9,349,674	10,338,111	10,579,790	12,195,884	15,198,846	12,963,726	18,616,611	14,691,707	10,215,301
Business Taxes	2,489,060	2,311,279	2,631,939	2,858,364	3,273,007	3,070,706	3,491,628	4,002,720	3,360,274	4,031,208
Utility Taxes	14,892,606	14,643,852	15,838,161	14,816,653	14,200,416	13,664,169	13,600,147	13,950,013	14,917,133	16,196,733
Other Taxes	2,324,241	2,513,546	1,722,548	2,761,796	2,707,132	3,170,902	1,600,032	1,475,065	8,870,387	10,623,800
Unrestricted Grants/Contributions	229,671	723,679	396,024	714,942	713,252	711,158	713,918	861,485	-	-
Investment Earnings	1,078,754	915,706	901,531	1,093,185	2,718,370	6,099,596	5,408,192	(1,004,232)	(6,163,236)	9,974,244
Gain (Loss) Sale of Capital Assets	-	63,123	179,129	713,732	1,749,629	82,381	430,918	111,126	1,847,726	(3,055,791)
Transfers, Internal Activities	537,149	1,183,245	851,520	755,600	1,940,203	814,182	1,893,026	700,471	(476,943)	(2,430,600)
Total Governmental Activities	\$ 79,974,517	\$ 85,288,577	\$ 88,410,705	\$ 92,736,295	\$ 101,310,108	\$ 110,303,587	\$ 110,271,277	\$ 115,566,867	\$ 116,662,877	\$ 124,784,246
Business Type Activities										
Investment Earnings	\$ 386,690	\$ 349,280	\$ 357,736	\$ 393,096	\$ 948,188	\$ 1,916,468	\$ 1,544,999	\$ (273,157)	\$ (1,606,725)	\$ 2,617,750
Gain (Loss) Sale of Capital Assets	(31)	(28,013)	-	-	-	-	-	-	-	-
Transfers, Internal Activities	(537,149)	(1,183,245)	(851,520)	(755,600)	(1,940,203)	(814,182)	(1,893,026)	(700,471)	476,943	2,430,600
Total Business Type Activities	\$ (150,490)	\$ (861,978)	\$ (493,784)	\$ (362,504)	\$ (992,015)	\$ 1,102,286	\$ (348,027)	\$ (973,628)	\$ (1,129,782)	\$ 5,048,350
Total Primary Government	\$ 79,824,027	\$ 84,426,599	\$ 87,916,921	\$ 92,373,791	\$ 100,318,093	\$ 111,405,874	\$ 109,923,251	\$ 114,593,240	\$ 115,533,095	\$ 129,832,596
Change in Net Position										
Governmental Activities	\$ 25,819,925	\$ 29,774,002	\$ 19,492,802	\$ 20,642,055	\$ 40,606,855	\$ 33,477,317	\$ 33,570,810	\$ 56,936,484	\$ 21,110,363	\$ 19,008,109
Business Type Activities	13,596,518	11,084,902	6,530,265	7,867,417	8,456,643	10,297,476	6,507,985	9,201,101	8,183,403	13,520,150
Total Change in Net Position	\$ 39,416,443	\$ 40,858,904	\$ 26,023,067	\$ 28,509,472	\$ 49,063,498	\$ 43,774,793	\$ 40,078,795	\$ 66,137,585	\$ 29,293,766	\$ 32,528,259

Schedule 3

City of Kirkland

Fund Balances of Governmental Funds

Last Ten Fiscal Years - Unaudited

(modified accrual basis of accounting)

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 443,551	\$ 743,419	\$ 839,775	\$ 819,265	\$ 871,068	\$ 903,301	\$ 901,720
Restricted	1,315,449	147,514	162,587	246,825	1,953,095	1,889,838	2,420,175	2,278,237	4,243,547	9,037,309
Committed	2,322,236	2,271,414	4,144,197	5,149,052	4,041,544	6,547,747	11,765,939	10,320,894	11,345,941	10,553,032
Assigned	16,178,706	15,145,089	15,907,714	23,752,075	31,606,211	19,488,992	38,764,859	30,187,147	29,609,133	32,457,551
Unassigned	17,725,868	21,275,640	25,924,394	19,771,877	22,747,242	42,961,808	27,331,123	43,887,691	39,981,253	27,986,974
Total General Fund	\$ 37,542,259	\$ 38,839,657	\$ 46,138,892	\$ 49,363,380	\$ 61,091,511	\$ 71,728,159	\$ 81,101,361	\$ 87,545,037	\$ 86,083,176	\$ 80,936,587
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 12,384	\$ 26,557	\$ -	\$ 31,047	\$ 34,148	\$ 32,014	\$ 33,439
Restricted	34,074,711	49,211,313	56,452,562	62,749,061	75,227,078	63,502,112	60,902,525	66,371,509	96,310,420	81,010,177
Committed	1,836,255	-	-	10,000	241,759	151,999	-	13,580,030	-	-
Assigned	13,475,518	15,251,585	10,357,078	17,084,552	15,424,857	26,244,323	21,825,191	42,992,814	6,150,706	12,885,239
Total all Other Governmental Funds	\$ 49,386,484	\$ 64,462,898	\$ 66,809,640	\$ 79,855,997	\$ 90,920,251	\$ 89,898,434	\$ 82,758,763	\$ 122,978,501	\$ 102,493,140	\$ 93,928,855

Schedule 4

City of Kirkland

Changes in Fund Balance of Governmental Funds

Last Ten Fiscal Years - Unaudited

(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes and Assessments	\$ 76,849,838	\$ 81,488,933	\$ 84,708,112	\$ 88,421,066	\$ 93,218,047	\$ 101,223,360	\$ 100,703,875	\$ 114,458,548	\$ 115,477,963	\$ 113,405,888
Licenses and Permits	8,337,352	8,562,661	9,960,579	9,432,196	13,513,898	11,808,201	10,711,043	11,589,120	10,822,139	14,314,625
Intergovernmental	9,142,240	11,361,368	6,477,564	9,100,613	8,817,609	8,411,416	14,477,068	21,347,966	17,664,045	11,459,870
Charges for Services	17,019,957	18,291,286	23,313,222	21,246,107	29,868,343	27,868,296	23,049,550	27,577,559	22,856,554	30,738,103
Fines and Forfeitures	2,143,143	1,890,032	1,684,718	1,814,159	1,526,762	1,622,029	1,994,099	2,766,642	2,953,284	4,066,119
Investment Interest	865,129	787,521	775,507	957,004	2,393,908	5,409,193	4,765,952	(855,441)	(5,707,545)	9,438,098
Miscellaneous Revenues	1,507,007	2,244,804	1,516,895	1,493,683	1,787,305	1,601,145	725,734	1,332,646	2,377,284	5,972,804
Total Revenues	\$ 115,864,666	\$ 124,626,605	\$ 128,436,597	\$ 132,464,828	\$ 151,125,872	\$ 157,943,639	\$ 156,427,320	\$ 178,217,040	\$ 166,443,725	\$ 189,395,507
Expenditures										
Current										
General Government	\$ 11,491,334	\$ 13,913,401	\$ 14,467,522	\$ 14,341,656	\$ 16,775,220	\$ 16,112,396	\$ 19,391,366	\$ 15,689,921	\$ 15,169,014	\$ 15,936,603
Judicial								2,607,161	2,878,154	3,333,650
Security of Persons and Property	44,860,397	47,717,141	47,070,679	50,996,823	52,297,905	55,190,036	58,107,402	60,026,125	62,257,841	74,610,737
Physical Environment	3,468,559	3,346,318	4,002,024	4,409,521	4,919,989	5,336,633	5,582,175	5,291,297	6,060,936	10,740,551
Transportation	10,482,081	11,653,620	12,493,646	13,221,359	13,941,430	16,719,839	15,183,463	17,315,345	16,515,375	14,309,261
Economic Environment	8,845,262	9,031,130	10,304,531	10,455,178	12,515,008	11,652,747	16,398,934	13,000,069	11,854,504	14,545,083
Human Services								3,216,944	5,735,340	8,480,397
Culture and Recreation	8,841,426	9,922,640	9,170,244	9,481,680	10,038,459	11,457,410	9,874,593	11,169,017	12,422,719	12,208,725
Debt Service										
Principal	2,537,949	3,269,817	2,107,068	2,174,715	2,217,770	2,261,245	2,425,155	1,934,515	2,931,579	2,596,629
Interest	1,980,886	1,899,676	2,044,592	1,973,194	1,909,573	1,840,502	1,650,552	1,601,696	2,140,693	2,282,524
Bond Issuance Costs		78,625								
Capital Outlay	22,545,900	18,359,423	17,592,097	14,211,392	23,726,075	29,286,382	30,607,583	37,635,444	49,608,999	44,548,340
Total Expenditures	\$ 115,053,794	\$ 119,191,791	\$ 119,252,403	\$ 121,265,518	\$ 138,341,429	\$ 149,857,191	\$ 159,221,224	\$ 169,487,534	\$ 187,575,153	\$ 203,592,499
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 810,872	\$ 5,434,814	\$ 9,184,193	\$ 11,199,310	\$ 12,784,443	\$ 8,086,449	\$ (2,793,903)	\$ 8,729,506	\$ (21,131,428)	\$ (14,196,992)
Other Financing Sources (Uses)										
Issuance of Debt										
Refunded Amount to Escrow										
Bond Premium		5,800,000					27,943,818	36,910,000		
Debt Issue Cost							(27,652,752)			
Leases & SBITA								4,183,213		
Sale of Capital Assets	3,216,797	36,992	51,542	2,462,068	6,562,498	68,550	342,719		8,114	963,695
Insurance Recovery	41,690	341,639	239,979	406,140	252,869	107,365	179,366	198,463	1,327,589	210,310
Transfers In	18,176,032	25,231,417	22,523,986	35,300,328	32,908,505	56,312,676	34,539,838	38,593,604	446,163	236,606
Transfers Out	(17,454,246)	(20,471,050)	(22,353,723)	(33,097,002)	(30,913,431)	(54,960,209)	(32,600,148)	(37,409,831)	(44,504,462)	50,356,806
Total Other Financing Sources (Uses)	3,980,273	10,938,998	461,784	5,071,534	8,810,441	1,528,382	2,752,841	42,544,999	(815,794)	(51,350,852)
Net Change in Fund Balance	\$ 4,791,145	\$ 16,373,812	\$ 9,645,977	\$ 16,270,844	\$ 21,594,884	\$ 9,614,831	\$ (41,062)	\$ 51,274,505	\$ (21,947,222)	\$ (13,780,427)
Debt Service as a percentage of noncapital expenditures	4.88%	5.13%	4.08%	3.87%	3.60%	3.40%	3.17%	2.68%	3.68%	3.07%

Schedule 5

City of Kirkland

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years - Unaudited
(in thousands)

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Valuation</u>	<u>Total Direct Tax Rate</u>
2014	\$ 18,050,018,215	\$ 407,273,440	\$ 18,457,291,655	1.72
2015	\$ 19,818,344,668	\$ 435,282,325	\$ 20,253,626,993	1.55
2016	\$ 21,783,054,865	\$ 429,318,516	\$ 22,212,373,381	1.41
2017	\$ 24,756,207,744	\$ 478,434,919	\$ 25,234,642,663	1.31
2018	\$ 29,078,518,418	\$ 439,947,838	\$ 29,518,466,256	1.18
2019	\$ 31,140,274,418	\$ 512,398,307	\$ 31,652,672,725	1.05
2020	\$ 31,643,539,876	\$ 546,517,235	\$ 32,190,057,111	1.02
2021	\$ 36,329,525,504	\$ 526,576,691	\$ 36,856,102,195	1.25
2022	\$ 47,954,929,563	\$ 547,247,075	\$ 48,502,176,638	1.12
2023	\$ 43,372,721,686	\$ 572,233,512	\$ 43,944,955,198	0.98

Schedule 6

City of Kirkland

Direct and Overlapping Governments

Last Ten Fiscal Years - Unaudited

Fiscal Year	City Direct Rates				Overlapping Rates						Total Direct and Overlapping Rate
	Regular Levy	General Obligation Debt Service	Total Direct Rate	School District ^h	County	State	Emergency Medical Services	Hospital	King County Library	Port of Seattle	
2014	1.66	0.06	1.72	3.51	1.52	2.62	0.33	0.47	0.56	0.22	10.95
2015	1.50	0.04	1.55	3.30	1.35	2.42	0.30	0.40	0.50	0.19	10.01
2016	1.37	0.04	1.41	3.11	1.61	2.17	0.28	0.37	0.48	0.17	9.60
2017	1.28	0.04	1.31	3.16	1.75	2.03	0.26	0.36	0.45	0.15	9.48
2018	1.14	0.04	1.18	3.03	1.66	2.92	0.24	0.33	0.41	0.14	9.90
2019	1.02	0.03	1.05	2.57	1.52	2.63	0.22	0.29	0.37	0.12	8.78
2020	0.99	0.02	1.02	2.52	1.53	3.03	0.27	0.28	0.36	0.12	9.12
2021	1.23	0.02	1.25	2.57	1.53	3.09	0.26	0.28	0.36	0.12	9.47
2022	1.11	0.01	1.12	2.34	1.49	2.82	0.25	0.25	0.33	0.11	8.71
2023	0.86	0.00	0.86	2.15	1.31	2.31	0.21	0.19	0.26	0.09	7.39

Tax rates are for a representative tax code area (1700) within the City and are stated at \$1,000 of assessed value. Initiative 747 passed in November 2001 limiting the annual optional increase in property tax levies to the lesser of one percent or the implicit price deflator.

Schedule 7

City of Kirkland

Principal Property Tax Payers

Current Year and Ten Years Ago - Unaudited

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
ESSEX PROPERTY TRUST INC	354,693,500	1	0.81%			
CARILLON PROPERTIES LLC	309,669,837	2	0.70%	153,969,315	1	0.83%
KIRKLAND URBAN	308,251,500	3	0.70%			
FAIRFIELD TOTEM LAKE LLC 139800	288,110,000	4	0.66%			
GSIC FORBES CREEK REIT INC	192,683,000	5	0.44%			
SCG ATLAS	174,998,000	6	0.40%			
BUSTER MADALYN LLC	142,259,000	7	0.32%			
KG INVESTMENT PROPERTIES	133,817,000	8	0.30%			
BALACLAVA HOLDINGS INC	119,883,500	9	0.27%	59,062,200	7	0.32%
RISE-CNBB JUANITA BEACH LIM	111,985,000	10	0.25%			
Park at Forbes Creek LLC				108,779,000	3	0.59%
Villaggio (Yarrow Bay Club Apartments)						
Puget Sound Energy Elec/Gas				76,108,110	5	0.41%
Kilroy Realty (Plaza at Yarrow Bay Inc.)				60,028,159	6	0.33%
Balacava Holdings Inc.				59,062,200	7	0.32%
Essex Montebello LLC				51,527,500	8	0.28%
EQR-Heronfield LLC				48,825,000	9	0.26%
Touchstone KPP Dev.						
Totals	\$ 2,136,350,337		4.86%	\$ 617,361,484		3.34%

Schedule 8

City of Kirkland

Property Tax Levies and Collections

Last Ten Fiscal Years - Unaudited

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 26,826,311	\$ 26,427,503	98.51%	\$ 335,158	\$ 26,762,661	99.76%
2015	\$ 27,500,146	\$ 27,113,476	98.59%	\$ 333,288	\$ 27,446,764	99.81%
2016	\$ 28,201,752	\$ 27,785,359	98.52%	\$ 347,506	\$ 28,132,865	99.76%
2017	\$ 28,928,378	\$ 28,543,348	98.67%	\$ 311,878	\$ 28,855,226	99.75%
2018	\$ 29,776,936	\$ 29,347,051	98.56%	\$ 365,045	\$ 29,712,096	99.78%
2019	\$ 30,761,546	\$ 30,417,373	98.88%	\$ 316,936	\$ 30,734,309	99.91%
2020	\$ 31,923,330	\$ 31,369,410	98.26%	\$ 432,033	\$ 31,801,443	99.62%
2021	\$ 39,955,948	\$ 39,359,422	98.51%	\$ 460,430	\$ 39,819,852	99.66%
2022	\$ 41,029,558	\$ 40,494,147	98.70%	\$ 450,099	\$ 40,944,246	99.79%
2023	\$ 41,784,702	\$ 41,093,016	98.34%	\$ -	\$ 41,093,016	98.34%

Schedule 9

City of Kirkland

Taxable Sales by Category

Last Ten Calendar Years - Unaudited

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Services	\$ 2,357,782	\$ 2,553,773	\$ 2,688,805	\$ 2,842,908	\$ 3,136,670	\$ 3,468,535	\$ 3,622,151	\$ 4,451,966	\$ 5,129,290	\$ 5,252,223
Contracting	2,866,557	2,980,957	3,443,988	4,573,497	5,514,739	6,800,785	6,778,768	7,514,350	6,804,408	8,145,257
Communications	505,170	521,689	537,934	592,699	549,191	705,508	460,897	474,786	473,332	487,473
Automotive/Gas Retail	4,383,760	4,735,672	4,757,711	5,042,218	4,951,935	5,046,411	4,675,993	5,429,810	5,561,287	5,447,598
Gen Merch/ Misc Retail	2,000,157	2,086,086	2,078,161	1,965,613	2,348,637	2,708,383	2,905,877	3,362,672	1,697,546	1,693,091
Retail Eating/Drinking	1,480,720	1,571,340	1,595,199	1,683,847	1,719,164	1,871,460	1,489,574	1,754,977	2,135,238	2,377,419
Other Retail	2,452,917	2,513,329	2,753,838	2,858,068	3,034,390	3,129,479	3,441,186	4,301,132	6,288,737	6,081,026
Wholesale	829,962	903,425	957,368	1,009,745	1,063,075	1,158,423	1,167,085	1,330,976	1,436,317	1,385,172
Miscellaneous	1,086,724	1,077,541	1,260,127	1,283,970	1,434,982	1,713,384	2,788,137	1,623,154	2,065,260	182,427
Total	\$ 17,963,749	\$ 18,943,812	\$ 20,073,131	\$ 21,852,565	\$ 23,752,783	\$ 26,602,368	\$ 27,329,668	\$ 30,243,823	\$ 31,591,415	\$ 31,051,686
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.025%	1.025%	1.025%	1.025%	1.025%

Schedule 10

City of Kirkland

Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years - Unaudited

Fiscal Year	General Sales										Automobile Sales/Leases			Restaurant Food/Beverage		
	State of Washington		King County			Regional #		City of Kirkland	State of Washington		Total Automobile	King County		Total Restaurant Food and Beverage		
	General	Sales	Metro	Justice	Criminal	Mental Health	Housing & Related Services		Transit #	Authority#		General	Sales Tax		Restaurant Food and Beverage	
2014	6.50%	0.90%	0.10%	0.10%	0.10%	0.10%	0.90%	1.00%	0.30%	9.50%	9.80%	0.00%	9.50%			
2015	6.50%	0.90%	0.10%	0.10%	0.10%	0.10%	0.90%	1.00%	0.30%	9.50%	9.80%	0.00%	9.50%			
2016	6.50%	0.90%	0.10%	0.10%	0.10%	0.10%	0.90%	1.00%	0.30%	9.50%	9.80%	0.00%	9.50%			
2017	6.50%	0.90%	0.10%	0.10%	0.10%	0.10%	1.40%	1.00%	0.30%	10.00%	10.30%	0.00%	10.00%			
2018	6.50%	0.90%	0.10%	0.10%	0.10%	0.10%	1.40%	1.00%	0.30%	10.00%	10.30%	0.00%	10.00%			
2019	6.50%	0.90%	0.175%	0.10%	0.10%	0.10%	1.40%	1.025%	0.30%	10.10%	10.40%	0.00%	10.10%			
2020	6.50%	0.90%	0.175%	0.10%	0.10%	0.10%	1.40%	1.025%	0.30%	10.10%	10.40%	0.00%	10.10%			
2021	6.50%	0.90%	0.175%	0.10%	0.10%	0.10%	1.40%	1.025%	0.30%	10.20%	10.50%	0.00%	10.20%			
2022	6.50%	0.90%	0.175%	0.10%	0.10%	0.10%	1.40%	1.025%	0.30%	10.20%	10.50%	0.00%	10.20%			
2023	6.50%	0.90%	0.175%	0.10%	0.10%	0.10%	1.40%	1.025%	0.30%	10.20%	10.50%	0.00%	10.20%			

¹ Effective January 1, 2021, sales and use tax within all of King County, except for Seattle, was increased one-tenth of one percent (.001). The tax will be used for housing and related services.

² The City of Kirkland direct tax rate is 1.0% with .15% remitted to King County.

³ Following Kirkland's approved Police Proposition 1 in 2019, the City applies 0.2% rate on sales of motor vehicles for the first 36 months of motor vehicle leases. Lease payments after the first 36 months are reported under the regular rate of 0.3%.

Schedule 11

City of Kirkland

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years - Unaudited

Fiscal Year	Governmental Activities					Business-Type Activities				
	General Obligation Bonds	Issuance Premium	Lease Liability	SBITA Liability		Revenue Bonds	Public Works Trust Fund Loans	Total Government	Percentage of Personal Income	Per Capita
2014	\$ 41,574,040	\$ -	\$ -	\$ -		\$ -	\$ 1,573,313	\$ 43,147,353	1.06%	522
2015	\$ 43,975,124	\$ -	\$ -	\$ -		\$ -	\$ 1,519,124	\$ 45,494,248	1.08%	545
2016	\$ 41,880,510	\$ -	\$ -	\$ -		\$ -	\$ 4,319,574	\$ 46,200,084	0.99%	546
2017	\$ 39,718,250	\$ -	\$ -	\$ -		\$ -	\$ 4,484,309	\$ 44,202,559	0.91%	514
2018	\$ 37,512,935	\$ -	\$ -	\$ -		\$ -	\$ 4,218,804	\$ 41,731,739	0.83%	478
2019	\$ 35,264,144	\$ -	\$ -	\$ -		\$ -	\$ 3,792,156	\$ 39,056,300	0.74%	439
2020	\$ 31,274,515	\$ 2,838,818	\$ -	\$ -		\$ -	\$ 3,378,043	\$ 37,491,376	0.65%	414
2021	\$ 66,250,000	\$ 6,862,660	\$ -	\$ -		\$ -	\$ 2,963,930	\$ 76,076,590	1.27%	819
2022	\$ 63,335,000	\$ 6,518,655	\$ 852,630	\$ -		\$ -	\$ 2,652,785	\$ 73,359,070	1.10%	784
2023	\$ 60,855,000	\$ 6,175,568	\$ 998,311	\$ 1,581,508		\$ -	\$ 2,341,640	\$ 71,952,028	0.93%	742

Source: City of Kirkland Finance and Administration

Schedule 12

City of Kirkland

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years - Unaudited

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Issuance Premium</u>	<u>Less: Amounts Available in Debt Service Fund¹</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2014	\$ 41,574,040	\$ -	\$ 329,296	\$ 41,244,744	0.23%	\$ 503.38
2015	\$ 43,975,124	\$ -	\$ 327,463	\$ 43,647,661	0.22%	\$ 526.90
2016	\$ 41,880,510	\$ -	\$ 331,708	\$ 41,548,802	0.19%	\$ 494.57
2017	\$ 39,718,250	\$ -	\$ 347,643	\$ 39,370,607	0.16%	\$ 461.41
2018	\$ 37,512,935	\$ -	\$ 356,525	\$ 37,156,410	0.13%	\$ 430.00
2019	\$ 35,264,144	\$ -	\$ 373,074	\$ 34,891,070	0.11%	\$ 396.49
2020	\$ 31,274,515	\$ 2,838,818	\$ 937,412	\$ 33,175,921	0.10%	\$ 344.96
2021	\$ 66,250,000	\$ 6,862,660	\$ 943,537	\$ 72,169,123	0.18%	\$ 713.13
2022	\$ 63,335,000	\$ 6,518,655	\$ 654,340	\$ 69,199,316	0.13%	\$ 676.87
2023	\$ 60,855,000	\$ 6,175,568	\$ 564,216	\$ 66,466,352	0.14%	\$ 627.89

¹ The amount of net position restricted for payment of principal used in the calculation of net bonded debt is different than the amount of restricted net position for debt service reported on the government-wide statement of net position due to deferred inflows of resources for property taxes in the non-major governmental funds. Full accrual accounting is used in the government-wide statements, while governmental funds use modified accrual accounting.

Schedule 13

City of Kirkland

Direct and Overlapping Governmental Activities Debt

As of December 31, 2023 - Unaudited

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt			
Fire District #41	\$ -	100.00%	\$ -
King County School District #414	457,354,521	43.77%	200,184,117
Hospital District #2	245,330,000	31.65%	77,634,723
Library	13,937,971	8.33%	1,161,212
Sound Transit	-	5.83%	-
King County	863,102,000	5.28%	45,531,005
Port of Seattle	315,360,000	5.28%	16,636,108
King County School District #417	525,053,586	1.39%	7,288,997
North Shore Park and Rec	-	15.90%	-
King County School District #405	671,793,884	0.05%	312,405
Total Overlapping Debt			\$ 348,436,163
Direct Debt			
City of Kirkland ²	\$ 69,610,387	100.00%	\$ 69,610,387
Total Direct and Overlapping Debt			\$ 418,046,551

¹ Estimated percentage applicable determined by the ratio of taxable property assessed valuation in overlapping unit to property valuation subject to taxation in the City of Kirkland.

² General obligations bonded debt (excluding special assessment and revenue supported bonded debt), leases, and SBITAs.

Schedule 14

City of Kirkland

Legal Debt Margin Information
Last Ten Fiscal Years - Unaudited

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 1,384,296,874	\$ 1,519,022,024	\$ 1,665,928,004	\$ 1,892,598,200	\$ 2,213,884,969	\$ 2,414,254,283	\$ 2,764,207,665	\$ 3,637,663,248	\$ 3,637,663,248	\$ 3,295,871,640
Total Net Debt Applicable to Limit	41,425,991	43,958,007	41,846,693	39,370,607	37,156,410	30,337,103	65,306,463	62,680,660	62,680,660	60,290,784
Legal Debt Margin	\$ 1,342,870,883	\$ 1,475,064,017	\$ 1,624,081,311	\$ 1,853,227,593	\$ 2,176,728,559	\$ 2,383,917,180	\$ 2,698,901,202	\$ 3,574,982,588	\$ 3,574,982,588	\$ 3,235,580,856

Total Net Debt Applicable to Limit	2.99%	2.89%	2.51%	2.08%	1.68%	1.26%	2.36%	1.72%	1.72%	1.83%
as a Percentage of Debt Limit										

Legal Debt Margin Calculation for Fiscal Year 2023

Total Assessed Value	48,502,176,638
Debt Limit (7.5% of Total Assessed Value)	3,637,663,248
Debt Applicable to Limit:	
General Obligation Bonds	63,335,000
Less Cash on Hand for Debt Redemption	(654,340)
Total Net Debt Applicable to Limit	62,680,660
Legal Debt Margin	\$ 3,574,982,587

Washington State statutes limit the amount of general obligation debt a governmental entity may issue to 7.5% of its total assessed valuation. This 7.5% debt capacity is allocated evenly among general purposes, open space/park/capital facilities and utilities. The City Council has authority to issue bonds without voter approval for a combined total of up to 1.5% of the City's assessed valuation.

Schedule 15

City of Kirkland

Pledged-Revenue Coverage
Last Ten Fiscal Years - Unaudited

Fiscal Year	Water/Sewer Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal #	Debt Service Interest #	Coverage
2014	\$ 25,798,960	\$ 20,981,503	\$ 4,817,457	\$ -	\$ -	-
2015	\$ 27,451,520	\$ 22,320,775	\$ 5,130,745	\$ -	\$ -	-
2016	\$ 27,947,299	\$ 22,991,364	\$ 4,955,935	\$ -	\$ -	-
2017	\$ 28,181,269	\$ 23,584,661	\$ 4,596,608	\$ -	\$ -	-
2018	\$ 29,194,640	\$ 24,773,489	\$ 4,421,151	\$ -	\$ -	-
2019	\$ 29,264,297	\$ 25,055,635	\$ 4,208,662	\$ -	\$ -	-
2020	\$ 29,256,354	\$ 25,379,729	\$ 3,876,625	\$ -	\$ -	-
2021	\$ 30,800,061	\$ 26,498,534	\$ 4,301,527	\$ -	\$ -	-
2022	\$ 31,444,326	\$ 26,995,303	\$ 4,449,023	\$ -	\$ -	-
2023	\$ 33,288,204	\$ 29,788,099	\$ 3,500,105	\$ -	\$ -	-

Schedule 16

City of Kirkland

Demographic and Economic Statistics

Last Ten Fiscal Years - Unaudited

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	King County Unemployment Rate
2014	82,590	\$ 4,070,358	\$ 49,284	4.70%
2015	83,460	\$ 4,203,726	\$ 50,368	4.10%
2016	84,680	\$ 4,684,667	\$ 55,322	3.93%
2017	86,080	\$ 4,853,621	\$ 56,385	3.50%
2018	87,240	\$ 5,027,205	\$ 57,625	3.30%
2019	88,940	\$ 5,267,383	\$ 59,224	2.50%
2020	90,660	\$ 5,725,451	\$ 63,153	5.80%
2021	92,900	\$ 5,970,497	\$ 64,268	3.20%
2022	93,570	\$ 6,695,682	\$ 71,558	2.80%
2023	96,920	\$ 7,747,882	\$ 79,941	3.50%

Schedule 17

City of Kirkland

Property Values and Construction
Last Ten Fiscal Years - Unaudited

<u>Fiscal Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>		<u>Multi-Family Construction</u>		<u>Mixed Use Construction</u>		<u>Total Assessed Property Valuation</u>	
	<u>Number of Permits</u>	<u>Valuation</u>	<u>Number of Dwellings</u>	<u>Valuation</u>	<u>Number of Units</u>	<u>Valuation</u>	<u>Number of Permits</u>	<u>Number of Units</u>		
2014	20	\$ 83,037,794	253	\$ 133,592,300	n/a ¹	\$ 8,263,498	3	135	\$ 32,156,303	\$ 18,457,291,655
2015	6	\$ 57,174,918	309	\$ 175,251,380	n/a ¹	\$ 10,261,283	1	-	\$ 758,000	\$ 20,253,626,993
2016	15	\$ 228,630,789	316	\$ 161,292,444	91	\$ 17,025,380	5	132	\$ 30,263,720	\$ 22,212,373,381
2017	7	\$ 63,859,741	329	\$ 181,679,397	24	\$ 14,587,048	4	261	\$ 32,854,123	\$ 25,234,642,663
2018	12	\$ 158,688,280	262	\$ 160,374,341	646	\$ 100,731,253	8	1,487	\$ 309,923,815	\$ 29,518,466,256
2019	9	\$ 139,699,169	268	\$ 164,548,798	65	\$ 28,724,674	6	482	\$ 136,957,848	\$ 31,652,672,725
2020	9	\$ 179,508,844	192	\$ 122,633,795	25	\$ 19,154,964	2	8	\$ 9,980,000	\$ 32,190,057,111
2021	6	\$ 153,553,152	171	\$ 130,564,335	167	\$ 43,324,677	5	135	\$ 77,925,034	\$ 36,856,102,195
2022	4	\$ 60,280,145	223	\$ 137,921,198	35	\$ 32,315,449	3	619	\$ 89,840,139	\$ 48,502,176,638
2023	2	\$ 80,117,168	298	\$ 169,647,106	570	\$ 136,161,744	9	23	\$ 7,594,943	\$ 43,944,955,198

¹Valuation for updated existing units. No additional new units

Schedule 18

City of Kirkland

Principal Employers

Current Year and Ten Years Ago - Unaudited

<u>Employer</u>	2023			2014		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Evergreen Healthcare	3924	1	9.19%	3762	1	10.86%
Google, Inc.	3265	2	7.65%	774	3	2.23%
Lake Washington School District	1196	3	2.80%	580	4	1.67%
Fred Meyer Stores, Inc.	867	4	2.03%			
City of Kirkland	710	5	1.66%			
Kenworth Truck Co.	600	6	1.41%	410	5	1.18%
Astronics Advanced Electronic Systems	526	7	1.23%	388	6	1.12%
Salesforce, Inc.	508	8	1.19%			0.00%
Lake Washington Institute of Technology	380	9	0.89%			
ServiceNow Inc.	371	10	0.87%			
Costco Wholesale				1112	2	3.21%
Isoftstone, Inc.				318	7	0.92%
Wave Broadband				272	8	0.79%
ATG Stores				268	9	0.77%
ATG Stores				253	10	0.73%
Total	<u>12,347</u>		<u>28.92%</u>	<u>8,137</u>		<u>23.49%</u>

Schedule 19

City of Kirkland

Full-time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years - Unaudited

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
City Manager's Office ¹	8.54	9.94	10.94	10.44	10.44	9.59	11.30	12.24	20.24	14.24
City Attorney's Office	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Municipal Court ¹	18.75	18.75	18.75	18.75	18.50	18.50	17.50	18.25	21.00	21.00
Human Resources	8.70	8.90	9.20	9.20	9.20	9.20	7.00	10.00	9.00	9.00
General Services ²	-	-	-	-	-	-	0.00	0.00	0.00	13.00
Parks and Community Services	30.00	31.00	31.00	33.00	34.00	34.50	34.00	41.00	39.00	41.00
Public Works	31.20	31.20	37.25	37.55	37.55	41.55	43.55	48.55	52.60	40.61
Finance and Administration	33.80	35.30	35.30	35.30	35.30	36.80	36.30	42.35	41.00	45.50
Planning and Community Development	23.45	24.45	-	-	-	-	-	-	-	-
Planning and Building ³	-	-	52.85	53.35	53.35	53.35	60.50	64.50	68.50	0.00
Police	135.50	136.00	136.00	140.00	140.00	150.00	148.50	143.00	157.00	159.00
Fire and Building ³	128.28	129.28	-	-	-	-	-	-	0.00	0.00
Fire ³	-	-	111.50	114.50	115.50	116.00	108.00	115.50	133.00	141.00
Other General Government Operating Funds										
Lodging Tax Fund	0.66	0.66	0.66	0.66	0.66	0.51	0.70	0.76	0.76	0.76
Street Operating	20.90	20.90	21.79	22.04	22.04	24.24	23.02	22.19	24.99	30.14
Development Services ⁴	-	-	-	-	-	-	-	-	-	91.79
Parks Maintenance	9.25	8.50	8.50	8.50	8.50	8.50	7.50	7.75	8.75	8.75
2012 Parks Levy	7.25	7.75	7.00	7.00	7.00	11.25	9.50	11.75	11.75	12.25
Facilities Maintenance	7.95	7.95	7.95	7.95	7.95	7.95	6.95	5.35	7.95	8.95
Equipment Rental	7.40	7.40	7.45	7.45	7.45	7.45	6.45	7.20	7.45	9.45
Information Technology	24.70	26.70	26.70	27.20	27.20	27.20	26.00	24.10	28.50	29.50
Proprietary Funds										
Water/Sewer Operating	19.76	21.26	21.51	21.51	21.76	22.76	19.18	20.21	22.76	23.91
Surface Water Management	27.79	34.19	33.95	36.70	36.45	38.25	34.88	34.20	40.55	42.45
Solid Waste	2.80	2.80	2.80	2.80	2.80	2.80	3.05	3.05	3.95	2.95
Total	557.68	573.93	592.10	604.90	606.65	631.40	614.88	642.95	709.75	756.25

¹ Prior to 2012, Municipal Court a part of City Manager's Office

² Regional Community Response Agency position located in General Services

Schedule 20

City of Kirkland

Operating Indicators by Function/Program

Last Ten Fiscal Years - Unaudited

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Security of Persons and Property - Police										
Calls for Service	69,876	63,104	60,732	60,099	57,484	48,030	43,908	46,965	47,816	45,532
Security of Persons and Property - Fire										
Calls for Service (aid and fire) ¹	8,228	8,674	8,743	9,306	9,461	9,034	7,282	8,294	6,170	13,234
Average EMS Response (minutes)	5:24	7:40	7:48	5:09	5:19	6:00	5:40	5:37	5:39	8:06
Average Fire Response (minutes)	5:45	7:49	8:12	6:20	6:45	6:20	6:00	6:10	6:02	8:55
Culture and Recreation										
Adult Program Registrations	3,443	3,246	2,859	3,574	2,406	2,733	877	1,843	2,557	2,728
Preschool Program Registrations	4,041	4,194	4,209	5,046	6,328	5,859	739	1,321	2,877	3,335
Youth Program Registrations	4,949	5,248	5,276	5,764	5,681	5,566	661	4,418	6,519	6,729
Teen Program Registrations	186	256	202	84	81	83	10	111	400	536
Parent/Child Program Registrations	1,773	1,937	1,974	2,055	1,954	2,020	468	323	964	985
Senior Program Registrations	3,568	3,444	4,047	4,123	3,522	3,627	916	1,195	2,046	2,733
Physical Environment										
Street Hot Patching (hours)	6,533	5,300	3,664	3,387	5,247	4,055	1,779	3,583	4,466	4,047
Street Signal Maintenance (hours)	3,064	2,973	1,006	1,584	3,577	2,759	2,534 *	2,659	2,468	2,398
Street Sweeping (hours)	2,770	2,763	2,765	3,188	3,376	3,550	4,117	4,082	3,289	3,917
Number of Sewer Customers	10,434	10,597	10,722	10,851	10,996	11,111	11,242	11,310	11,363	11,473
Number of Water Customers	12,431	12,571	12,652	12,762	12,872	12,961	13,053	13,114	13,148	13,238
Average Daily Water Consumption (million gallons)	5.60	6.01	5.50	5.67	5.54	5.43	5.48	5.88	5.70	5.70

¹2018 and prior years included all CFS. 2019 to present include only dispatched CFS.

Schedule 21

City of Kirkland

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years - Unaudited

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Security of Persons and Property - Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Officers per 12 hr shift	10.3	9.8	-	-	-	-	-	-	-	-
Patrol Officers per 10 hr shift ¹	-	-	8.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Security of Persons and Property - Fire Stations (full-time staffed)	5	5	5	5	5	5	5	6	6	6
Stations (part-time reserve staffed)	-	-	-	-	-	-	-	-	-	-
Culture and Recreation										
Parks Acreage	558	559	559	572	590	590	590	590	590	591
Parks (developed)	35	36	36	40	42	41	41	41	44	45
Parks (undeveloped)	10	10	10	10	9	9	9	9	6	6
Waterfront Footage	13,270	13,270	13,270	13,270	13,270	13,270	11,383	11,383	11,383	11,383
Miles of Improved Park Trails	7.0	13.0	13.0	13.0	15.0	15.0	6.4	11.5	10.4	10.4
Miles of Unimproved Park Trails	11.0	5.0	5.0	5.0	19.0	19.0	12.3	7.1	8.7	8.7
Community Centers	2	2	2	2	2	2	2	2	2	2
Physical Environment										
Water Mains (miles)	175	175	175	176	176	176	176	173	173	174
Sanitary Sewers (miles)	123	123	123	123	123	124	124	125	125	125
Streets (miles)	250	250	250	251	251	252	252	235	253	252
Sidewalks (miles)	242	242	243	243	248	248	250	256	258	266

¹ Beginning February 2016, 10 hour shifts were implemented for Patrol Officers.