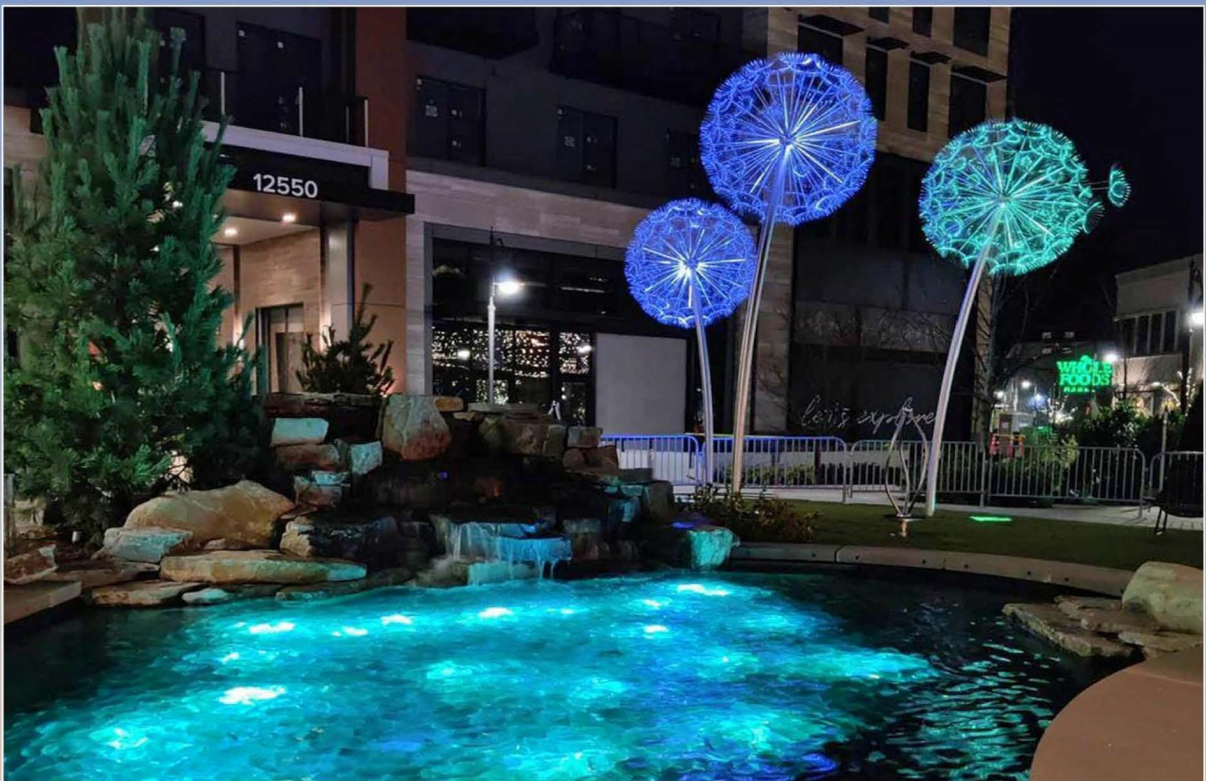


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31,
—2·0·2·0—



'Dandelions' at Totem Lake | Photo: Chris Hendrickson

THE CITY OF KIRKLAND, WASHINGTON



City of Kirkland, Washington

Comprehensive Annual Financial Report



For the Fiscal Year Ended December 31, 2020

Michael Olson
Director of Finance and Administration

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City of Kirkland, Washington
Comprehensive Annual Financial Report
For the Year ended December 31, 2020

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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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF KIRKLAND

CITY COUNCIL

Mayor.....	Penny Sweet
Deputy Mayor	Jay Arnold
Council Members	Neal Black
	Kelli Curtis
	Amy Falcone
	Toby Nixon
	Jon Pascal

ADMINISTRATIVE STAFF

CITY MANAGER'S OFFICE

City Manager	Kurt Triplett
Deputy City Manager	Tracey Dunlap
Assistant City Manager.....	James Lopez

MUNICIPAL COURT

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

Director	Anh Hoang
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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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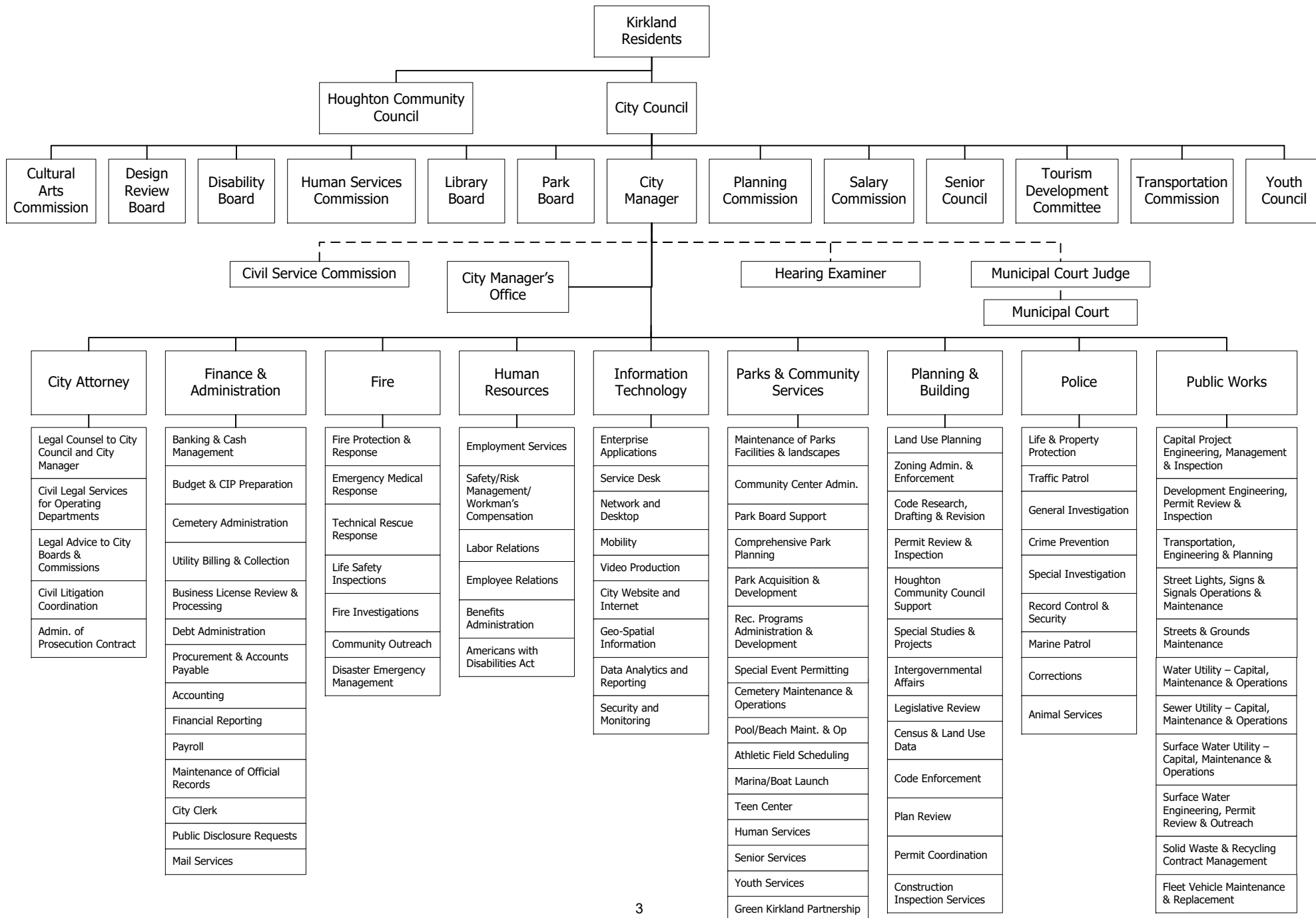
POLICE

Police Chief	Cherie Harris
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PUBLIC WORKS

Interim Director	Julie Underwood
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CITY OF KIRKLAND





July 30, 2021

Citizens of Kirkland
Honorable Mayor
Members of the City Council

State law requires that every general purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2020.

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, 2020. 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 2020 estimated population is 90,660 making Kirkland the thirteenth 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 2020, 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 citizens 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 State economy continues to recover from the recession due to the COVID-19 pandemic, however growth has slowed. 2020 concluded with a growth in jobs, evidenced by falling unemployment rates, slight growth in sales tax, and increases in permitting activity. Additionally, the office vacancy rate for Kirkland in the fourth quarter of 2020 was 4.3 percent, significantly lower than the Eastside total vacancy rate of 8.1 percent.

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

The Kirkland City Council adopted revisions to the Comprehensive Plan on December 8, 2015 as part of "Kirkland 2035", a conversation with the residents about the City's future. 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, 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. With the adoption of the 2019-2024 Capital Improvement Program in December 2018, Kirkland continues to fund the needs identified through the Kirkland 2035 process.

Kirkland continues to take steps to bring the growth rate of the cost of doing business into line with revenue growth. Measures that the City has identified to help address this structural imbalance 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. The economic development efforts in Kirkland of its two major opportunities for redevelopment, The Village at Totem Lake (formerly Totem Lake Mall) and Kirkland Urban (formerly Parkplace) are coming into fruition as construction which began in 2016, is making steady progress toward completion.

Sales tax performance was nearly flat in 2020 over 2019, only seeing a slight increase due to a one time back payment due to an audit. An important part of the financial plan for the annexation

that occurred in 2011 is the ten-year State annexation sales tax credit which generates about \$4 million per year for the City through 2021. The City's planning for the financial impact of the expiration of the annexation sales tax credit and the actions taken to help anticipate how to fund the resulting gap are beginning to be realized. The redevelopment of The Village at Totem Lake and Kirkland Urban are providing enhanced revenue streams as they are nearing completion, which is helping absorb the impact. The City's focus on economic development is discussed further under "Major Initiatives" below.

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 2019-2020 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 2018. As part of the budget process, significant one-time receipts can be set aside as a funding source for non-recurring expenditures, especially given the prospect of major redevelopment efforts described in the prior section. Reserve replenishment continues to be a high priority, with the objective of meeting reserve targets before the annexation sales tax credit expires in 2021. 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 work program for the 2019-2020 biennium, which helps define the major initiatives related to the City's priority goals. The 2019-2020 work program is noted below followed by the status of each at the end of 2020 in bold.

- Improve Fire and Emergency Medical Services by constructing a new Station 24, securing a site for a new Station 27, and exploring a potential ballot measure in 2020 to fund fire station modernization and enhanced operations. **Fire station 24 is under construction and will be completed in 2021, site for new Station 27 is secured and the ballot measure was approved with the passage of Fire Proposition 1 in November 2020.**
- Implement "Enhanced Police Services and Community Safety" ballot measure funding to facilitate Community Policing, improve school safety, reduce gun violence, and foster a safe, inclusive and welcoming city. **All 2018 Police Proposition 1 positions have been hired and all programs either implemented or initiated.**
- Construct the Totem Lake Connector and continue capital investments to support growth throughout the City, especially in the Totem Lake Urban Center and the 85th Street/I-405 Corridor, to ensure that Kirkland is a city where growth occurs by design. **Construction began in 2020 with project completion scheduled for 2022.**

- Continue to partner with Sound Transit, the State Department of Transportation and King County Metro Transit to ensure that investments along I-405 serve Kirkland's mobility needs and maximize the benefit of Sound Transit's NE 85th Street / I-405 Bus Rapid Transit interchange project by completing land use, zoning and economic development plans for areas adjacent to the interchange project. **The Station Area Plan, kicked off in November 2019, will encourage an equitable and sustainable transit-oriented community as part of the significant growth expected in Greater Downtown Kirkland.**
- Support construction and operation of a permanent shelter in Kirkland for women and families with children experiencing homelessness. **Kirkland Place for Families and Women Grand Opening occurred August 2020.**
- Implement strategies from the Housing Strategy Plan, prioritizing affordable housing and "missing middle" housing. **Strategies were adopted in March 2020 and are now being implemented.**
- Renovate the new Parks Maintenance Center building to meet the service needs of the larger city. **New Parks Maintenance Center opened in December 2019.**
- Complete major park improvement projects to preserve and enhance quality of life in Kirkland, including Juanita Beach Park, Totem Lake Park, and 132nd Square Park. **Juanita Beach Park Bathhouse and Playground opened in December 2020, Totem Lake Park was under construction in 2020 to open in 2021, and 132nd Square Park redevelopment has begun.**
- Develop and adopt a 'Kirkland Sustainability Master Plan'. **City Council adopted Kirkland's Sustainability Master Plan in December 2020.**
- In partnership with the Lake Washington School District and neighborhood associations, develop a 'Safer Routes to School Action Plan' for each elementary school, middle school, and high school in Kirkland. **The City Council adopted the Safer Routes to School Action plans on September 1, 2020**
- Prioritize Information Technology stabilization and migrate appropriate City applications and information to the Cloud to improve resiliency and disaster preparedness. **City application migration to the Cloud was completed by October 2019. City Council receives quarterly updates on Information Technology stabilization projects.**
- Prepare for the 2021 Annexation Sales Tax Credit expiration by developing specific strategies to sustain prioritized ongoing and one-time funded programs during development of the 2021-2022 Biennial Budget. **Council adopted a balanced 2021-2022 Budget on December 14, 2020.**

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 Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019. This was the sixteenth 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 Comprehensive Annual 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 Comprehensive Annual 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 2019-2020 Budget** (the sixteenth 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,

A handwritten signature in blue ink that reads "Kurt Triplett". The signature is fluid and cursive, with the first name "Kurt" and last name "Triplett" clearly distinguishable.

Kurt Triplett
City Manager

A handwritten signature in blue ink that reads "Michael Olson". The signature is fluid and cursive, with the first name "Michael" and last name "Olson" clearly distinguishable.

Michael Olson
Director of Finance and Administration

Financial Section





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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Council
City of Kirkland
Kirkland, Washington

REPORT ON THE FINANCIAL STATEMENTS

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 ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2020, and the respective changes in financial position and 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.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2020, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations* and Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As discussed in Note 22 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. Management's plans in response to this matter are also described in Note 22. Our opinion is not modified with respect to this matter.

Other Matters

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 listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 and Other Information

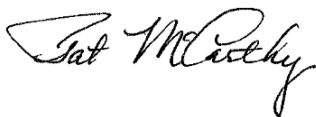
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The fund financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic 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 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 financial statements or to the 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 taken as a whole.

The Introductory, Capital Assets Used in the Operation of Governmental Funds, and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated July 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

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

Pat McCarthy, State Auditor

Olympia, WA

July 30, 2021



Management's Discussion and Analysis



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, 2020. 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 \$1.3 billion. Of this amount, \$1.06 billion is invested in capital assets such as streets, land, and buildings. The remainder is primarily cash and investments, consisting of \$75.4 million that is restricted by legislation or bond covenants for tourism, parks and recreation, transportation, capital projects, pensions and debt service and \$174 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 \$42.7 million in 2020. This includes an increase of \$2.6 million related to prior period adjustments, one to add in the City's undivided interest in ARCH and the second to correct understated solid waste revenue (see note 19). In addition, there was a decrease of \$0.05 million due to a change in accounting principal related to GASB 83, "Certain Asset Retirement Obligations"(see note 20). The increase in Business-type activities was \$6.9 million, while the Governmental activities increased by \$35.8 million.
- In 2020 the City implemented GASB 84, Fiduciary activities. While this had no impact on the overall net position, it did increase both general fund assets for restricted deposits and associated liabilities for deposits by \$4 million each. These deposits are mainly security deposits associated with permits that are not considered fiduciary activities.
- At the end of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$163.9 million, an increase of \$2.2 million compared to the prior year. Over \$63.3 million of the total fund balance is restricted for use based on bond covenants or enabling legislation. Another \$11.8 million has been committed for specific purposes by the City Council, and another \$60.6 million has been designated by the City Manager for assigned activities. Around \$27.3 million remains unassigned because no limitation of use has been formalized.
- Total outstanding debt, including Public Works trust fund loans, at year-end was \$37.5 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 of 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 located 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 \$1,305,086,710 at December 31, 2020. Following is a condensed version of the government-wide statement of net position (expressed in millions of dollars) comparing fiscal year 2020 to 2019.

City of Kirkland's Net Position (in millions)

	Governmental Activities			Business-Type Activities			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Current and other assets	\$236.08	\$233.33	\$212.17	\$64.32	\$67.36	\$68.44	\$300.40	\$300.69	\$280.61
Capital assets, net of accumulated depreciation	897.96	878.72	860.69	196.45	186.41	176.43	1,094.41	1,065.13	1,037.12
Total assets	1,134.04	1,112.05	1,072.86	260.77	253.77	244.87	1,394.81	1,365.82	1,317.73
Total deferred outflows of resources	7.59	5.01	5.38	0.48	0.42	0.31	8.08	5.43	5.69
Long-term liabilities	58.97	66.19	66.21	4.70	5.03	5.72	63.67	71.22	71.93
Other liabilities	22.29	20.34	16.27	5.37	4.44	5.16	27.66	24.78	21.43
Total liabilities	81.26	86.53	82.48	10.07	9.47	10.88	91.33	96.00	93.36
Total deferred inflows of resources	5.98	11.95	10.65	0.48	0.88	0.76	6.47	12.83	11.41
Net position:									
Net investment in capital assets	862.59	837.63	824.99	193.07	182.70	172.21	1,055.66	1,020.33	997.20
Restricted	75.35	76.98	93.47	-	-	-	75.35	76.98	93.47
Unrestricted	116.44	103.97	66.65	57.63	61.14	61.33	174.08	165.11	127.98
Total net position	\$1,054.38	\$1,018.59	\$985.11	\$250.70	\$243.84	\$233.54	\$1,305.09	\$1,262.43	\$1,218.65

As of the end of 2020, the largest component of the City's total net position at \$1.06 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 \$75.35 million of the City's net position is subject to restrictions. The largest balances of restricted funds are for the capital and transportation improvements. The largest restricted balance or \$22.4 million are related to Transportation Impact Fees and restrictions in the Transportation Capital Fund for active projects. The \$19.3 million balance in Real Estate Excise Taxes is reserved for capital projects.

Culture and Recreation restricted funds of \$16.7 million include \$12.1 million for in progress capital projects including the new bathhouse at Juanita Beach Park, 132nd Square Park playfields, the Totem Lake Park project and Waverly Beach Park renovations. In addition, \$1.2 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 \$13.3 million is a result of GASB 68, Reporting for Pensions. The amount includes \$1.0 million related to the Firefighter's Pension, \$11.0 million related to the LEOFF 2 plan and \$1.4 million for the LEOFF 1 plan.

The remaining \$174 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, \$57.6 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 \$116.4 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 \$40.2 million in 2020, not including \$2.6 million for prior period adjustments related to the City's contributions to ARCH and an adjustment to the Solid Waste Fund and a decrease of \$51,102 for a change in accounting to incorporate Asset Retirement Obligations (ARO).

A breakdown of the 2020 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 Activities			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Revenues:									
Program revenues:									
Charges for services	\$31.21	\$35.96	\$39.97	\$59.56	\$58.71	\$57.96	\$90.77	\$94.67	\$97.93
Operating grants and contributions	7.40	3.04	3.66	0.32	0.52	0.38	7.72	\$3.56	\$4.04
Capital grants and contributions	13.76	7.30	6.39	4.58	6.18	5.84	18.34	\$13.48	\$12.23
General revenues:									
Sales taxes	37.87	35.89	31.70				37.87	\$35.89	\$31.70
Property taxes	32.30	31.60	30.12				32.30	\$31.60	\$30.12
Utility taxes	13.60	13.66	14.20				13.60	\$13.66	\$14.20
Excise taxes	12.96	15.20	12.19				12.96	\$15.20	\$12.19
Business Taxes	3.49	3.07	3.27				3.49	\$3.07	\$3.27
Other taxes	1.60	3.17	2.71				1.60	\$3.17	\$2.71
Investment earnings	5.41	6.10	2.72	1.54	1.92	0.95	6.95	\$8.02	\$3.67
Miscellaneous*	1.14	0.79	2.46				1.14	\$0.79	\$2.46
Total revenues	160.75	155.78	149.39	66.00	67.33	65.13	226.75	223.11	214.52
Expenses:									
General government	15.03	13.42	10.75				15.03	13.42	10.75
Judicial	2.40	2.47	2.33				2.40	2.47	2.33
Security of Persons and Property	58.38	55.19	50.45				58.38	55.19	50.45
Physical environment	0.75	1.14	0.89				0.75	1.14	0.89
Transportation	24.13	24.79	22.14				24.13	24.79	22.14
Human services	3.58	2.41	3.20				3.58	2.41	3.20
Economic environment	12.32	8.81	8.63				12.32	8.81	8.63
Culture and recreation	10.83	13.06	10.42				10.83	13.06	10.42
Interest on long-term debt	1.65	1.84	1.91				1.65	1.84	1.91
Water/sewer				28.58	28.13	27.68	28.58	28.13	27.68
Surface water				10.50	10.00	9.69	10.50	10.00	9.69
Solid waste				18.52	18.09	17.37	18.52	18.09	17.37
Total expenses	129.07	123.12	110.72	57.60	56.22	54.74	186.67	179.34	165.46
Increase (decrease) in net position									
before transfers	31.68	32.66	38.67	8.40	11.11	10.39	40.08	43.77	49.06
Transfers	1.89	0.81	1.94	(1.89)	(0.81)	(1.94)	0.00	0.00	
Increase (decrease) in net position	33.57	33.48	40.61	6.51	10.30	8.45	40.08	43.78	49.06
Net position at beginning of year	1018.59	985.11	953.39	243.84	233.54	225.09	1262.43	1218.65	1178.48
Prior Period Adjustment (Note 19)	2.27			0.35			2.63		
Change in Accounting Principle (Note 19)	(0.05)		(8.89)				(0.05)		(8.89)
Net position at end of year	\$1,054.38	\$1,018.59	\$985.11	\$250.71	\$243.84	\$233.54	\$1,305.09	\$1,262.43	\$1,218.65

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

Governmental activities net position increased over \$33.57 million in 2020, not including adjustments for accounting principal and prior period. The increase is related to capital grant funding and developer contributions to infrastructure, charges for services and general revenues.

Expenses:

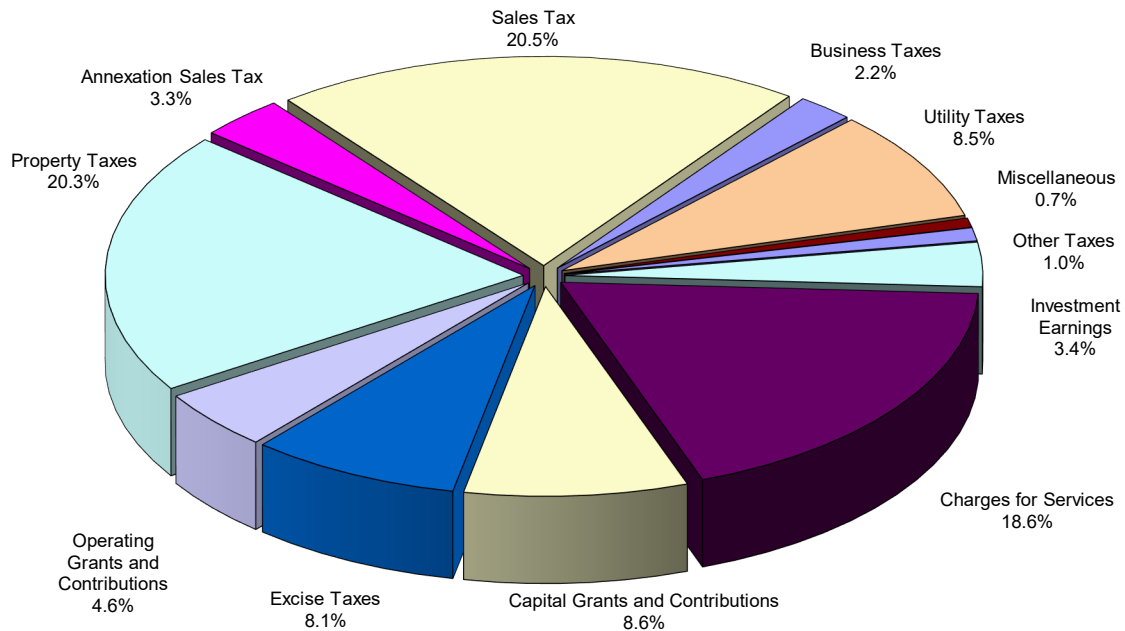
- Governmental expenses saw a 4.8 percent increase, equivalent to \$5.95 million
 - Human services expenses increased by 48.7 percent this was primarily due the City increasing its contributions to local human services organizations from \$1.35 million in 2019 to \$2.63 million in 2020. Organizations supported in 2020 include the Human Services Pooled Program, Hopelink, Sophia way, India Association of Western Washington and Catholic Community Services amongst others. The City's aim in 2020 was to fiscally stabilize human services grantees due to the Covid-19 emergency.
 - Economic environment expenses increased by 39.8 percent, equivalent to \$3.51 million. This included \$1.35 million in awards related to Covid-19 relief to the local community. These awards included Art relief awards to Studio East, the Kirkland Performance Center and the Kirkland Arts Center and over 200 small business relief awards of \$5,000 each. The small business relief awards were granted to local businesses in response to negative impacts resulting from the mandatory business closure during the Washington State Governor mandated Stay-at-Home order in response to the Covid-19 pandemic. In comparison to 2019 an extra \$1.4 million was paid to A Regional Coalition for Housing (ARCH) for committed projects. Additional information on ARCH can be found in note 15. A further \$200,000 was spent on professional services for I-405 and NE 85th station area planning. Salary costs and associated benefits were the main cause of the remaining increase. Most employees received a 2% increase in 2020.
 - Security of Persons and property increased by 5.8 percent, equivalent to \$3.2 million. The majority of the increase was in wages and associated benefits for police and fire staff. IAFF members were given a 2 percent cost of living adjustment. Commissioned police were given a 3.09 percent increase and police lieutenants were given 4 percent. Overtime costs associated with Covid-19 and forest fires increased by \$0.3 million. Firefighter regular wages including benefits increased by \$1.0 million. Police wages and associated benefits increased by more than \$1.7 million, including \$0.6 million for the Pro-Act unit.
 - General government expenses increased by 12 percent, equivalent to \$1.61 million. This was mainly due to an accounting change from GASB 84. The City receives school impact fees from property developers that are then remitted to Lake Washington School District (LWSD) per an interlocal agreement. Previously these revenues and expenses were reported in the fiduciary funds, but for 2020 the \$1.53 million collected and due to LWSD by the City was reported in the general government expenses.
 - All other expense categories were reduced from 2019, most noticeable was a \$2.2 million reduction in Culture and Recreation expenses as the City reduced parks activities including the outdoor pool due to Covid-19 restrictions and hence seasonal parks staff and associated costs were reduced in 2020. In 2020, the City implemented a temporary hiring freeze and a voluntary separation/retirement incentive for certain personnel. This headcount management was implemented to stabilize expenses to protect against loss of revenue due to Covid-19.
 - The Department of Retirement Services actuarially determined the overall pension expense to be over \$4 million less in 2020 than in 2019.

Revenues:

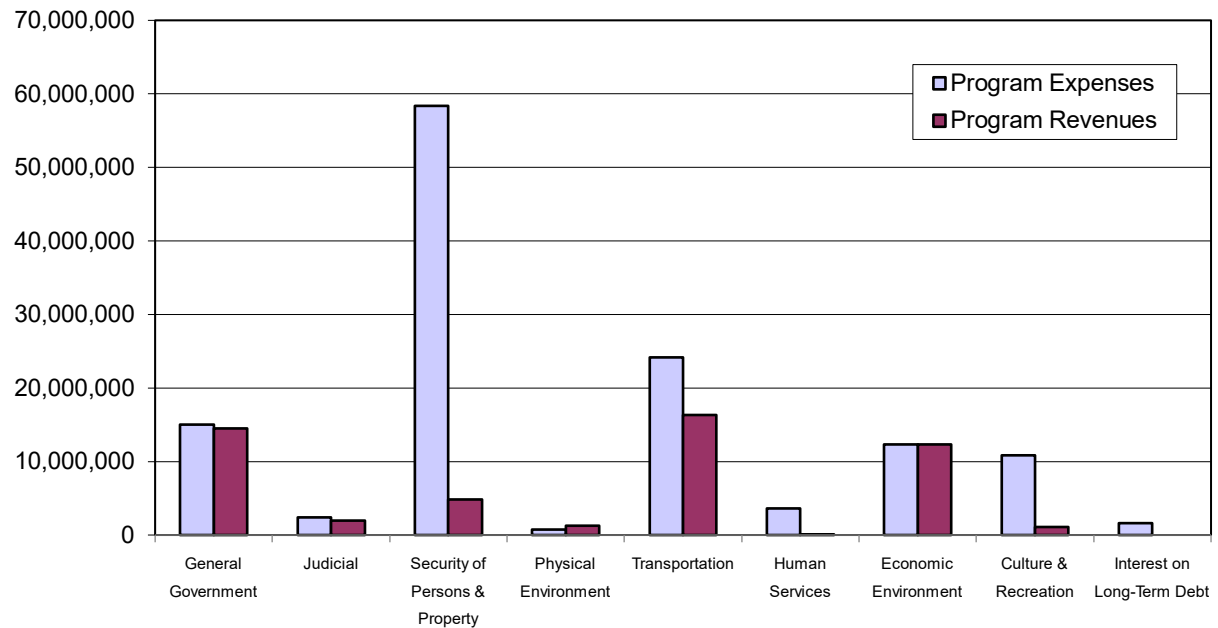
- Charges for Services revenue decreased 13.2 percent from 2019 to 2020, down \$4.74 million.
 - Culture and Recreation revenues were down \$3.4 million in 2020 as parks activities were cancelled due to the Covid-19 pandemic and parks impact fees were reduced from \$2.2 million in 2019 to \$0.6 million in 2020.
 - Impact fees reflect fees paid for development that creates additional demands on the City's parks and transportation systems. Impact fees for transportation were also down by \$2.1 million compared to 2019.
 - Public safety revenues were down \$1.4 million in 2020.
 - Economic environment revenues were increased by \$2.8 million primarily due to fees in lieu for affordable housing paid by Google.
- Operating Grants and Contributions increased by 144 percent in 2020 or \$4.4 million.
 - Federal, state, and local grants allow the City to consistently provide programs and services. In 2020, the City received \$4.2 million in CARES act funding from the Department of Commerce.
 - In 2020, the City received reimbursements for firefighter deployment to assist with fire scenes in Arizona and Oregon from the Washington Department of Natural Resources.
 - Other Grants received include funds for community development and housing, traffic safety programs, emergency management operations and mental health response.
- Capital Grants and Contributions increased by 88.5 percent to over \$13.7 million in 2020.
 - Infrastructure development connected to new construction completed and contributed to the City totaled \$6 million in 2020, particularly notable was The Village at Totem Lake developer donations.
 - Over \$1.3 million was received in Federal Highway Planning and Construction grants. These projects include pedestrian and bike improvement, roadway improvements, and transportation efficiency programs.
 - \$0.9 million was received from the Department of Commerce for the Redmond central connector project.
- The City's general revenues decreased by 1 percent or \$1.1 million in 2020.
 - Most sales tax sectors declined in 2020 Sales tax, which was up 5.5 percent primarily from an increase in miscellaneous tax revenues due to a \$1,384,689 back payment received as a result of a Department of Revenue audit.
 - Real estate excise taxes decreased by 14.7 percent. Several significant value property sales occurred in 2019 which did not happen in 2020 and is reflected in the results.
 - Other taxes, which includes gambling and admissions taxes, were down 50% in 2020 due to closed facilities as a result of the pandemic.

- Investment interest and unrealized gains decreased by 11% in 2020 when compared to 2019. The decrease was \$0.7 million in 2020 due to reduced interest rates in the investment market and portfolio in 2020 compared to 2019.

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 \$6.5 million, primarily due to operating income of \$2.3 million and developer contributions, capital grants, and connection charges of \$4.6 million, and interest and investment revenue of \$1.5 million offset by \$1.9 million transfers to governmental funds.

Water/sewer operating revenues were flat compared to the prior year despite water and sewer residential rate increases of 2.8 percent and 2.4 percent respectively. Lower consumption offset these rate increases.

Surface Water operating revenues increased by \$0.45 million primarily due to a rate increase of 2.5 percent.

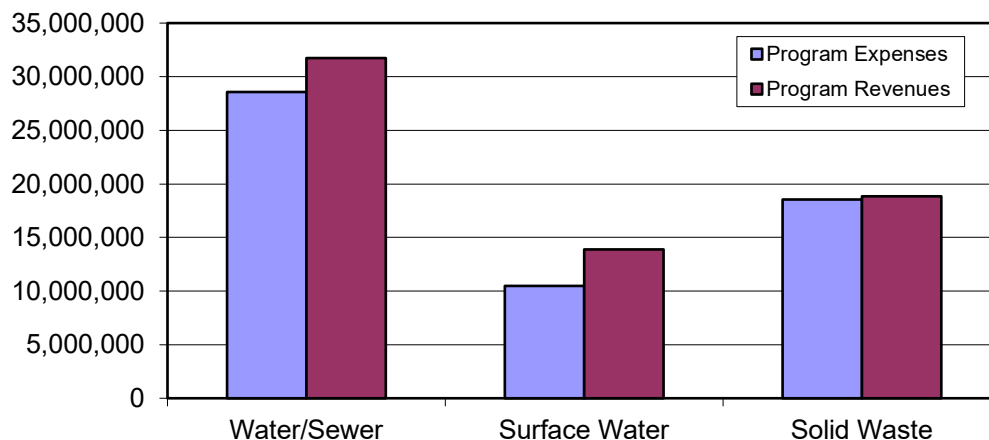
Solid Waste operating revenues were flat compared to the prior year after adjusting for the prior period adjustment.

Capital contributions comprised of utility connection charges, capital grants, and developer infrastructure contributions totaled \$4.6 million for 2020. Details for these amounts are shown below:

	Water	Sewer	Surface Water	Total
2020 Connection Charges Collected	454,668	489,842	105,156	1,049,666
2020 Developer Infrastructure Contributions	834,722	263,344	1,604,068	2,702,134
2020 Capital Grants			832,298	832,298
	<u>\$1,289,390</u>	<u>\$ 753,186</u>	<u>\$ 2,541,522</u>	<u>\$ 4,584,098</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.

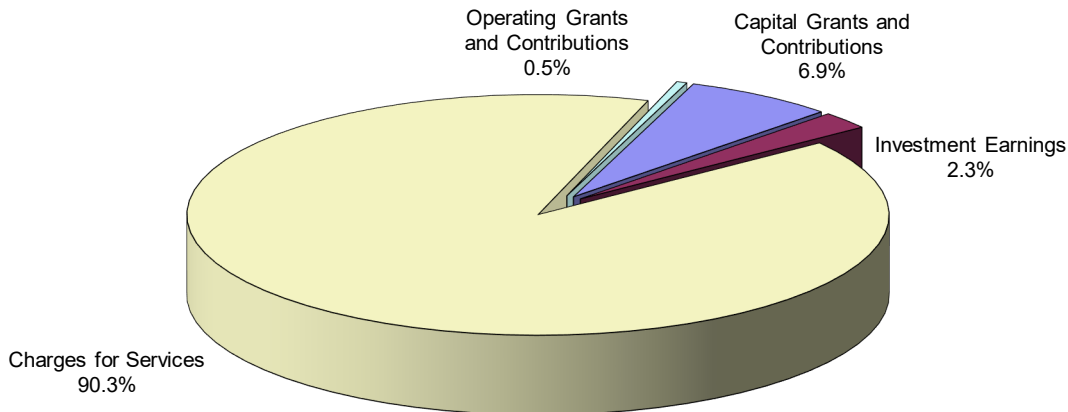
Program Expenses vs. Program Revenues - Business-Type Activities



The City of Kirkland's 2020 utility net income (before capital contributions and transfers) was about \$3.8 million. The components are as follows:

Water/Sewer	\$2.1 million
Surface Water	\$1.3 million
Solid Waste	\$0.4 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. In particular, 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 \$163.9 million, which represents an increase of \$2.2 million from the prior year. However, if we remove the effects of the prior period adjustment for ARCH (See note 19) the underlying change was a loss of \$41 thousand. Of the total ending fund balance, over \$63.3 million is restricted and subject to an external legal constraint.

The \$22.4 million in Transportation Projects are primarily excise taxes and impact fees for projects in process that include Totem Lake improvements, school walk routes, and a pedestrian bridge. The \$16.7 million in Culture and Recreation Projects are impact fees and park levy funds associated with future projects and current projects such as the Totem Lake Park Master Plan and the 132nd Square Park renovation.

The \$19.3 million in Capital Improvement funds are excise taxes for future projects.

The \$1.3 million is reserved for the Firefighter Pension funds.

The committed fund balance of \$11.8 million, is primarily made up of \$6.3 million for the City's Contingency Fund and \$4.7 million in undivided interest in ARCH. 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 under \$60.6 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 in order 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 \$1.25 million. The City has funds assigned to meet operating obligations for activities such as labor negotiations, development services activities, overtime costs, litigation, property acquisition, park enhancements, and medical retiree benefits. The unassigned balance of \$27.3 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 2020, the fund balance of the General Fund was \$81.1 million, which represents an increase from the prior year of \$9.4 million.

The overall General Fund revenues increased \$6.2 million over 2019 due to sales tax and intergovernmental revenue increases.

General Fund expenditures increased by 10.8 percent or \$11.1 million in 2020 due to cost of living increase of 2 percent for most staff except commissioned police officers who received 3.09 percent and police lieutenants who received 4 percent. In addition, CARES Act funding was used to support the local community with recovery grants. Overtime and additional costs for pandemic response were also a factor.

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 2020 was \$19.3 million, an increase of 51 percent when compared to 2019. While revenues were \$2.6 million lower in 2020 compared to 2019, smaller transfers were made to fund capital improvement programs in 2020, \$7.4 million in 2020 versus \$28.6 million in 2019, this resulted in the improved 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 \$31.7 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 2020 was \$24.7 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 2020, there was a net increase of \$11.53 million in biennial appropriations between the original adopted budget and the final amended budget. 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 2019-2020 and that the budget is recorded on a cash basis.

Following are the major components of the changes:

- CARES Act Funding of \$4,158,886. Soon after the onset of the Covid-19 pandemic, the City was notified that it would be reimbursed \$2,668,200 through the CARES Act, a federal law intended to address the economic fallout from the pandemic. A June appropriation acknowledged this reimbursement, and an additional \$1,490,686 was recognized in December.
- Recognize Fee-in-Lieu revenue of \$3,826,704 from developers and corresponding payments to A Regional Coalition for Housing (ARCH).
- Ground Emergency Medical Transportation (GEMT) funding of \$908,788 to help cover the uncovered cost of emergency transports (fiscal year 2018 funding receipted in fiscal year 2019).
- Additional 2019 Sales Tax revenue of \$246,839, which was programmed to fund initiatives related to City Council Resolution R-5434, approving the framework for Kirkland to become and safe, inclusive and welcoming community.
- Mental health professional services funding of \$176,803 from two grants: Washington Association of Sheriffs and Police Chiefs Mental Health Professional Grant and King County Mental Health and Drug Dependency (MIDD) Grant.
- Emergency Management Preparedness Grant (EMPG) funding of \$114,108 for fiscal years 2019 and 2020.

The actual General Fund 2020 results on a cash basis varied from the final amended budget as follows:

- Excluding resources forward, actual 2020 General Fund revenues ended the year \$6.6 million over the budgeted level (\$121.4 million versus budget of \$114.8 million).

- Development fees were under budget by \$492,000 due to suspended and delayed engineering and planning activity related to the Covid-19 pandemic, as well as a backlog of activity in building.
- Sales and use tax revenues exceeded the budget by \$4.4 million as a result of continued sales tax growth and the City's practice of budgeting sales tax on a modified two-year lag, with the base budget reflecting the 2018 projected receipts.
- Interest earnings exceeded budget by \$1.5 million due to higher fund balances, and more consistent reinvestment with the services of an investment advisor.
- Actual 2020 General Fund expenditures ended at 93.7% of budget, excluding reserves, primarily due and decreased spending and project delays that resulted from the Covid-19 pandemic.

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, 2020 amounts to \$1.1 billion (net of accumulated depreciation), which represents a \$29.3 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.

- Over \$5 million of land and easements was capitalized in 2020 related to Phase 1 of The Village at Totem Lake project. A further \$4.3 million of improvements was contributed from the developer including sidewalks and pedestrian and bike lane enhancements related to the same project.
- Non-motorized projects of over \$3.7 million provided crosswalk upgrades, sidewalk improvements, additional school walk routes, pedestrian safety enhancements, and funds for the Neighborhood Safety Program.
- Improvements to Juanita Beach Park playground and bathhouse completed in 2020 resulted in a \$3.1 million capital addition. Further work was carried out on dock and shoreline renovations adding \$0.2 million to capital. A further \$3 million was spent on the Totem Lake Park Phase One project and \$0.4 million on the 132nd Square Park playfields.
- The City spent \$8.8 million on transportation projects including the totem lake roadway repair, part of the Totem Lake Gateway Project, street preservation, striping and traffic signal enhancements.
- \$1.6 million was spent on the new City website, network infrastructure, network phone systems and network security.

- Over \$4 million was spent on fire station 24 construction in 2020. City hall renovations started in 2020 include city vehicle charging stations and a new welcoming hall \$0.6 million was spend on these projects in 2020.
- The City's Water/Sewer utility capitalized \$5.4 million for replacement of water and sewer mains.
- The City's Surface Water utility capitalized \$5.1 million for constructing new or replacing failing infrastructure.

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 2019 and 2020:

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$618.88	\$613.51	\$3.80	\$3.42	\$622.68	\$616.93
Buildings	27.24	28.29	-	-	27.24	28.29
Improvements other than buildings	62.28	63.18	187.31	179.29	249.59	242.47
Machinery and equipment	12.87	13.66	-	-	12.87	13.66
Infrastructure	150.72	146.82	-	-	150.72	146.82
Construction in progress	23.81	11.11	5.34	3.70	29.15	14.81
Artwork	2.15	2.15	-	-	2.15	2.15
Total	\$897.96	\$878.72	\$196.45	\$186.41	\$1,094.41	\$1,065.13

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 \$34.11 million and other long-term debt of \$3.38 million. The total outstanding debt (expressed in millions of dollars) at the end of 2019 and 2020 is broken down between governmental and business-type activities as follows:

City of Kirkland's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$34.11	\$35.52	-	-	\$34.11	\$35.52
Revenue Bonds	-	-	-	-	-	-
Public Works Trust Fund Loans	-	-	3.38	3.79	3.38	3.79
Total	\$34.11	\$35.52	\$3.38	\$3.79	\$37.49	\$39.31

On May 17, 2021 both Standard and Poor's and Moody's Investors Service affirmed the City of Kirkland's AAA rating.

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 2020 was \$31.5 billion, and the total remaining amount of unlimited tax and limited tax general obligation debt the City may issue is \$2,364 million.

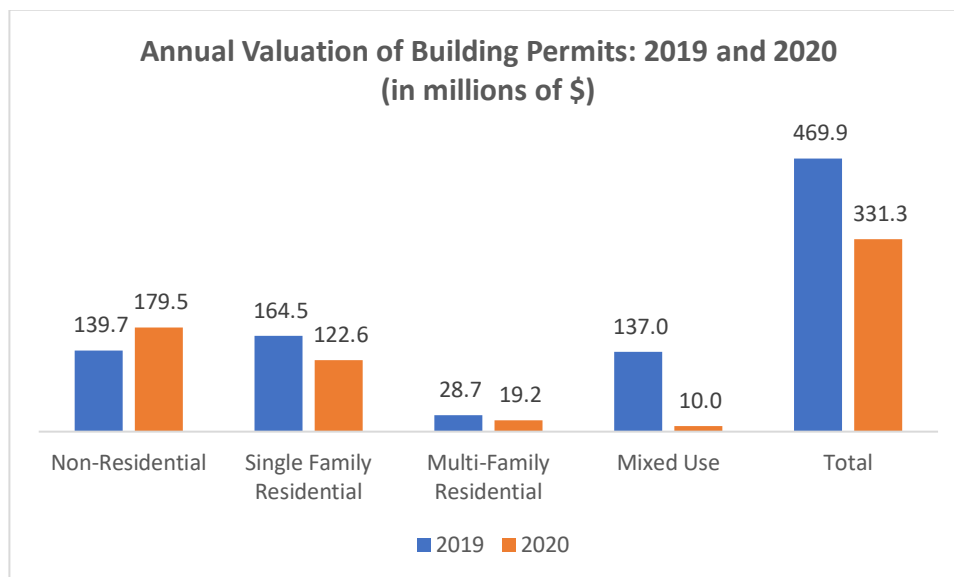
Additional information on the City of Kirkland's long-term debt can be found in Note 10 of this report and in the Statistical Section of the report.

Economic Factors

The Washington State Economic and Revenue Council monthly update reports total nonfarm payroll employment rose 8,600 in the fourth quarter of 2020 but was down 214,800 compared to December 2019. Based on the November 2020 forecast, annual nonfarm payroll employment is expected to decline by 4.8 percent in 2020 and grow by 3.5 percent in 2021.

The national unemployment rate was 6.7 percent in December 2020, down significantly from a high of 14.7 percent in April, but up from the 3.7 percent 2019 rate. The state level was also up to 6.6 percent, down from 16.3 percent in April, but up from 3.9 percent in December 2019. At the local level, the King County unemployment rate increased from 2.3 percent in December 2019 to 5.8 percent in December 2020.

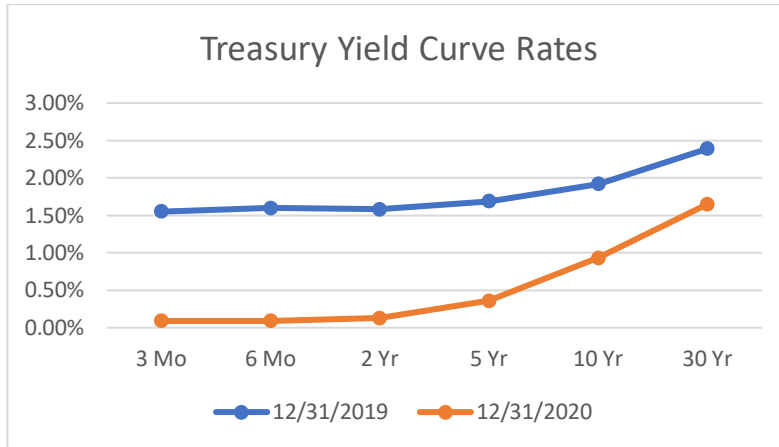
Local building permitting activity performed in 2020 was \$331.3 million, down from \$469.9 million in 2019. The valuation of non-residential (commercial) permits increased from \$139.7 million in 2019 to \$179.5 in 2020. Multi-family, single family, and mixed-use structures decreased significantly from \$330.2 million in 2019 to \$151.8 million in 2020.



Inflation in the Seattle area is slightly higher relative to the national rate. In December 2020, the Seattle core CPI was 1.6 percent compared to 2.4 of the previous year. For December, the national CPI was 1.4 percent, compared to 2.3 percent the year prior.

Overall, the economy has improved since the onset of the Covid-19 pandemic, particularly in the construction and technology sectors, although most economic activity is still below pre-pandemic levels. The Fed Funds rate is now at 0.25 percent after a 1.00 percent decrease on March 16, 2020.

The rate on the benchmark 10-year treasury note started 2020 at 1.88 percent and ended the year at 0.93 percent after reaching a low of 0.52 percent on August 4, 2020.



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 2019 and 2020 sales tax receipts.

General sales tax revenue through 2020 was 2.7 percent higher than in 2019. The most significant growth occurred in Miscellaneous (up 62.9 percent, due to \$1,384,689 in back payments), Other Retail (up \$324,437), General Merchandise/Miscellaneous Retail (up \$201,542, or 7.5 percent), and Services (up \$152,278, or 4.4 percent).

Noteworthy declines occurred in Auto/Gas Retail (down \$385,767, or 7.6 percent), Retail Eating/Drinking (down \$381,886, or 20.4 percent), and Communications (down \$244,359, or 34.6 percent). The significant decline in Communications relates to back tax payments of \$210,211, which were received in July 2019. Retail Eating/Drinking is down due to the Governor's stay-at-home order, which was in effect during the months of March, April, May, November, and December.

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	
	2019	2020			2019	2020
Services	3,469,873	3,622,151	152,278	4.4%	13.0%	13.3%
Contracting	6,804,494	6,778,768	(25,727)	-0.4%	25.6%	24.8%
Communications	705,256	460,897	(244,359)	-34.6%	2.7%	1.7%
Retail:						
Auto/Gas Retail	5,061,760	4,675,993	(385,767)	-7.6%	19.0%	17.1%
Gen Merch/Misc Retail	2,704,334	2,905,877	201,542	7.5%	10.2%	10.6%
Retail Eating/Drinking	1,871,460	1,489,574	(381,886)	-20.4%	7.0%	5.5%
Other Retail	3,116,749	3,441,186	324,437	10.4%	11.7%	12.6%
Wholesale	1,156,380	1,167,085	10,705	0.9%	4.3%	4.3%
Miscellaneous	1,712,061	2,788,137	1,076,076	62.9%	6.4%	10.2%
Total	26,602,368	27,329,667	727,299	2.7%	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, 2020

Page 1 of 2

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	53,636,793	13,123,631	66,760,424
Investments (Note 3)	144,826,083	35,317,502	180,143,585
Accounts Receivable	13,749,233	9,642,864	23,392,097
Intergovernmental Receivable	6,028,000	735,234	6,763,234
Internal Balances	(4,843,972)	4,843,972	0
Inventories	122,438	564,132	686,570
Prepayments	1,006,013	96,902	1,102,915
Deposits	5,741,360	0	5,741,360
Pension Asset	15,813,885	0	15,813,885
Capital Assets (Note 5)			
Land and Artwork	621,034,488	3,804,356	624,838,844
Depreciable Capital Assets (net of accumulated depreciation)	102,392,561	187,305,312	289,697,873
Depreciable Infrastructure (net of accumulated depreciation)	150,719,707	0	150,719,707
Construction in Progress	23,814,525	5,339,019	29,153,544
Total Assets	1,134,041,114	260,772,924	1,394,814,038
Deferred Outflows of Resources			
Deferred Outflow Pension Related	6,112,270	484,633	6,596,903
Deferred Outflow OPEB Related	185,888	0	185,888
Deferred Outflow ARO	28,549	0	28,549
Deferred Outflow on refunding	1,261,889	0	1,261,889
Total Deferred Outflows of Resources	7,588,596	484,633	8,073,229

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

City of Kirkland
Statement of Net Position
December 31, 2020

Page 2 of 2

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts Payable and Other Accrued Liabilities	7,980,377	2,519,131	10,499,508
Intergovernmental Payable	732,061	1,773,523	2,505,584
Unearned Revenue	1,075,086	392,308	1,467,394
Accrued Interest Payable	140,252	9,853	150,105
Deposits Payable	5,715,055	0	5,715,055
Noncurrent Liabilities			
Due within one year			
Bonds Payable	2,076,456	0	2,076,456
Loans and Contracts Payable	0	414,113	414,113
Claims Payable	448,200	0	448,200
Compensated Absences	3,435,666	257,031	3,692,697
OPEB Liability	690,848	0	690,848
Due in more than one year			
Bonds Payable	32,036,877	0	32,036,877
Loans and Contracts Payable		2,963,930	2,963,930
Compensated Absences	914,026	64,258	978,284
Net Pension Liability	10,551,118	1,675,003	12,226,121
OPEB Liability	15,373,168	0	15,373,168
Asset retirement Liability	93,925	0	93,925
Total Liabilities	81,263,116	10,069,150	91,332,266
Deferred Inflows of Resources			
Deferred Inflow Pension Related	5,402,860	483,848	5,886,707
Deferred lease Receipt	581,583		581,583
Total Deferred Inflows of Resources	5,984,443	483,848	6,468,291
Net Position			
Net Investment in Capital Assets	862,586,058	193,070,644	1,055,656,702
Restricted for			
Net Pension Asset	13,335,540	0	13,335,540
Tourism	395,639	0	395,639
Culture and Recreation	16,722,351	0	16,722,351
Public Safety	1,113,493	0	1,113,493
Capital Improvements	19,344,453	0	19,344,453
Transportation	22,354,294	0	22,354,294
Debt Service	925,859	0	925,859
General Government	1,159,929	0	1,159,929
Unrestricted	116,444,534	57,633,915	174,078,449
Total Net Position	1,054,382,151	250,704,559	1,305,086,710

City of Kirkland
Statement of Activities
For the fiscal year ended December 31, 2020

Page 1 of 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	15,030,025	9,989,970	4,483,589	0
Judicial	2,397,824	1,961,239	23,126	0
Security of Persons and Property	58,384,630	3,937,927	873,281	0
Physical Environment	749,531	1,258,470	0	0
Transportation	24,127,789	1,114,304	1,863,626	13,366,866
Human Services	3,578,285	0	77,862	0
Economic Environment	12,320,033	12,335,401	28,934	0
Culture and Recreation	10,829,054	613,741	46,782	392,138
Interest on Long Term Debt	1,650,552	0	0	0
Total Governmental Activities	129,067,723	31,211,051	7,397,201	13,759,004
Business Type Activities				
Water/Sewer	28,576,577	29,694,628	0	2,042,576
Surface Water	10,504,871	11,134,018	230,222	2,541,522
Solid Waste	18,522,537	18,731,550	85,481	0
Total Business Type Activities	57,603,985	59,560,196	315,703	4,584,098
Total Government	186,671,708	90,771,247	7,712,904	18,343,102

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, 2020

Page 2 of 2

	Net (Expense/Revenue and Changes in Net Position)		
Functions/Programs	Governmental Activities	Business-Type Activities	Total
Governmental Activities			
General Government	(556,466)	0	(556,466)
Judicial	(413,459)	0	(413,459)
Security of Persons and Property	(53,573,421)	0	(53,573,421)
Physical Environment	508,939	0	508,939
Transportation	(7,782,992)	0	(7,782,992)
Human Services	(3,500,423)	0	(3,500,423)
Economic Environment	44,302	0	44,302
Culture and Recreation	(9,776,393)	0	(9,776,393)
Interest on Long Term Debt	(1,650,552)	0	(1,650,552)
Total Governmental Activities	(76,700,467)	0	(76,700,467)
Business Type Activities			
Water/Sewer	0	3,160,627	3,160,627
Surface Water	0	3,400,891	3,400,891
Solid Waste	0	294,494	294,494
Total Business Type Activities	0	6,856,012	6,856,012
Total Government	(76,700,467)	6,856,012	(69,844,455)
General Revenues			
Sales Taxes	37,868,762	0	37,868,762
Property Taxes	32,300,928	0	32,300,928
Utility Taxes	13,600,147	0	13,600,147
Real estate excise Taxes	12,963,726	0	12,963,726
Business Taxes	3,491,628	0	3,491,628
Other Taxes	1,600,032	0	1,600,032
Unrestricted Grants & Contributions	713,918	0	713,918
Investment Earnings	5,408,192	1,544,999	6,953,191
Gain on Sale of Capital Assets	430,918	0	430,918
Transfers	1,893,026	(1,893,026)	0
Total General Revenues & Transfers	110,271,277	(348,027)	109,923,250
Change in Net Position	33,570,810	6,507,985	40,078,796
Net Position at Beginning of Year	1,018,587,848	243,841,589	1,262,429,437
Change in Accounting Principle (Note 20/GASB 83)	(51,102)	0	(51,102)
Prior Period Adjustment(see note19)	2,274,595	354,985	2,629,580
Net Position at End of Year	1,054,382,151	250,704,559	1,305,086,710

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

City of Kirkland
Balance Sheet
Governmental Funds
December 31, 2020

Page 1 of 2

	General Fund	Excise Capital Improvement	General Capital Projects	Transportation Capital Projects	Non Major Governmental Funds	Governmental Funds Total
Assets						
Current Assets						
Cash and Cash Equivalents	19,139,020	4,878,557	10,843,290	6,870,662	2,012,985	43,744,514
Investments	55,503,106	12,847,584	27,880,140	17,665,765	5,193,169	119,089,764
Receivables						
Taxes	9,068,425	1,618,312	0	0	98,158	10,784,895
Accounts	1,302,523	0	0	0	2,324	1,304,847
Due From Other Funds	918,008	0	0	0	0	918,008
Intergovernmental Receivable	442,460	0	32,633	5,551,754	0	6,026,847
Prepayments	819,265	0	0	0	31,047	850,312
Restricted Assets						
Deposits	5,741,360	0	0	0	0	5,741,360
Impact Fees	54,532	0	0	0	0	54,532
Total Assets	92,988,699	19,344,453	38,756,063	30,088,181	7,337,683	188,515,079
Liabilities						
Accounts Payable	1,091,447	0	1,443,178	1,385,238	62,971	3,982,834
Wages Payable	2,407,091	0	0	0	61,483	2,468,574
Benefits Payable	746,569	0	0	0	25,543	772,112
Due to Other Funds	9,182	0	0	0	16,092	25,274
Intergovernmental Payable	614,283	0	62,731	5,692	21,241	703,947
Payable from Restricted Assets						
Deposits Payable	5,715,055	0	0	0	0	5,715,055
Unearned Revenue	144,047	0	0	0	0	144,047
Interfund Loan Payable	0	0	5,562,619	0	0	5,562,619
Total Liabilities	10,727,674	0	7,068,528	1,390,930	187,330	19,374,462
Deferred Inflows of Resources						
For Lease	581,583	0	0	0	0	581,583
For Property Taxes	457,610	0	0	0	83,852	569,230
For Grant Revenue	21,325	0	2,497	4,006,711	0	4,030,533
For other unavailable revenue	99,146	0	0	27,768	0	99,146
Total Deferred Inflows of Resources	1,159,663	0	2,497	4,034,479	83,852	5,280,491

City of Kirkland
Balance Sheet
Governmental Funds
December 31, 2020

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	819,265	0	0	0	31,047	850,312
Restricted for						
Tourism	0	0	0	0	395,639	395,639
Debt Service	0	0	0	0	925,859	925,859
Drug Enforcement	100,286	0	0	0	0	100,286
Fire Interlocal	124,424	0	0	0	0	124,424
Proposition One	888,783	0	0	0	0	888,783
Firefighter Pension	1,306,682	0	0	0	0	1,306,682
Transportation Projects	0	0	0	21,217,800	1,136,494	22,354,294
Cemetery Operations	0	0	0	0	1,107,146	1,107,146
Culture and Recreation Projects	0	0	13,252,036	0	3,470,315	16,722,351
General Government Facilities	0	0	52,783	0	0	52,783
Capital Improvements	0	19,344,453	0	0	0	19,344,453
Committed for						
Contingency Fund (RCW 35A.33.145)	6,292,477	0	0	0	0	6,292,477
Transportation Projects	573,181	0	0	0	0	573,181
General Government Activities	203,912	0	0	0	0	203,912
ARCH	4,696,369	0	0	0	0	4,696,369
Assigned for						
Street Operating Fund	1,254,342	0	0	0	0	1,254,342
General Reserves	18,380,140	0	0	0	0	18,380,140
Public Safety Activities	1,024,275	0	0	0	0	1,024,275
Development Services	17,658,351	0	0	0	0	17,658,351
Parks and Recreation Activities	447,751	0	0	0.00	0	447,751
Capital Projects	0	0	18,380,219	3,444,972	0	21,825,191
Unassigned	27,331,123	0	0	0	0	27,331,123
Total Fund Balances	81,101,361	19,344,453	31,685,037	24,662,772	7,066,501	163,860,124
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	92,988,698	19,344,453	38,756,062	30,088,181	7,337,683	188,515,077

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	886,387,802
Other long-term assets are not available to pay for current period expenditures and therefore deferred in the funds	24,421,615
Long term liabilities are not due and payable in the current period and are not reported in the funds	(68,686,623)
Internal service funds are used by management to charge the costs of certain activities to individual funds	44,055,656
Unavailable revenue is susceptible to full accrual in the government-wide statements but reported as deferred inflows in government funds.	4,343,577
The assets and liabilities are included in governmental activities in the statement of net position	

Net Position of governmental activities

1,054,382,150

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, 2020

Page 1 of 2

	General Fund	Excise Capital Improvement
Revenues		
Taxes and Assessments	82,332,663	12,963,726
Licenses and Permits	10,711,043	0
Intergovernmental	10,447,620	0
Charges for Services	21,569,060	0
Fines and Forfeitures	1,994,099	0
Investment Interest	4,120,769	383,144
Miscellaneous Revenues	700,551	0
Total Revenues	131,875,806	13,346,869
Expenditures		
Current		
General Government	18,251,808	0
Security of Persons and Property	57,892,007	0
Physical Environment	5,514,883	0
Transportation	10,452,444	0
Economic Environment	16,147,096	0
Culture and Recreation	6,015,116	0
Debt Service		
Principal		0
Interest		0
Capital Outlay	58,164	0
Total Expenditures	114,331,518	0
Excess (Deficiency) of revenues		
Over (under) expenditures	17,544,289	13,346,869
Other Financing Sources (Uses)		
Issuance of Refunding Bonds	0	0
Payment to Refunded Bond escrow agent	0	0
Sale of Capital Assets	293,619	0
Insurance Recovery	179,366	0
Transfers In	1,465,222	596,922
Transfers Out	(12,383,888)	(7,432,830)
Total Other Financing Sources (Uses)	(10,445,681)	(6,835,908)
Net Change in Fund Balance	7,098,608	6,510,961
Fund Balances Beginning of Year	71,728,159	12,833,492
Prior Period Adjustment (see note 19)	2,274,595	
Fund Balances End of Year	81,101,362	19,344,453

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, 2020

Page 2 of 2

General Capital Projects	Transportation Capital Projects	Non Major Governmental Funds	Governmental Funds Total
0	0	5,407,486	100,703,875
0	0		10,711,043
393,051	3,331,228	305,169	14,477,068
20,000	8,135	1,452,355	23,049,550
0	0		1,994,099
(6,889)	0	268,928	4,765,952
8,732	7,085	9,366	725,734
414,894	3,346,448	7,443,304	156,427,321
1,139,558	0		19,391,366
215,395	0		58,107,402
0	0	67,293	5,582,176
0	4,731,019		15,183,463
0	0	251,838	16,398,934
481,240	0	3,378,237	9,874,593
0	0	2,425,156	2,425,156
0	0	1,650,552	1,650,552
13,000,165	17,548,272	981	30,607,583
14,836,359	22,279,291	7,774,057	159,221,225
(14,421,465)	(18,932,843)	(330,753)	(2,793,904)
0	0	27,943,818	27,943,818
0	0	(27,652,752)	(27,652,752)
0	0	49,100	342,719
0	0	0	179,366
10,778,025	16,171,613	5,528,056	34,539,838
(796,108)	(3,365,622)	(8,621,700)	(32,600,148)
9,981,917	12,805,991	(2,753,478)	2,752,842
(4,439,549)	(6,126,852)	(3,084,231)	(41,062)
36,124,585	30,789,624	10,150,732	161,626,592
			2,274,595
31,685,037	24,662,772	7,066,501	163,860,125

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, 2020

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

Net change in fund balances for governmental funds	(41,062)
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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	30,607,583	
Depreciation	(15,954,810)	
Contributed Capital	5,998,660	
Capital Sales	(495,583)	
	20,155,850	20,155,850

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.

Debt Retired	2,425,156	
		2,425,156

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	40,189	
Change in Pension Asset	(2,398,537)	
Change in Pension Outflow	1,347,369	
Change in bond subsidy	(44,780)	
OPEB Outflow inc	(57,824)	
Change in tax revenue inflow	275,839	
Change in grant revenue	4,030,534	
Change in other revenue	36,984	
		3,229,774

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	221,387	
Change in Pension Inflow	5,495,277	
Change in Compensated Absences	(599,903)	
Accrued Interest	(140,252)	
Other Post Employment Benefit Obligation	(86,637)	
Interfund loan interest	(112,392)	
ARO Expense	(14,274)	
		4,763,204

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.	3,037,887
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Change in net position of governmental activities	33,570,810
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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, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Taxes and Assessments	139,709,641	141,023,312	73,139,932	75,577,113	148,717,045	7,693,733
Licenses and Permits	20,707,226	20,878,088	11,439,761	10,419,734	21,859,495	981,407
Intergovernmental	3,077,951	10,121,830	4,588,162	8,097,250	12,685,412	2,563,582
Charges for Services	36,991,411	42,663,473	19,456,103	21,722,720	41,178,823	(1,484,650)
Fines and Forfeitures	2,771,498	3,653,676	1,621,751	1,994,099	3,615,851	(37,825)
Interest on Sales Tax Contract	160,000	160,000	97,113	65,053	162,166	2,166
Investment Interest-Dedicated	1,773,410	1,773,410	2,385,359	2,354,580	4,739,938	2,966,528
Contributions/Donations	96,500	122,408	92,334	106,219	198,553	76,145
Miscellaneous Revenues	1,266,648	(9,907,258)	890,811	501,099	1,391,911	11,299,169
Total Revenues	206,554,285	210,488,938	113,711,326	120,837,867	234,549,193	24,060,255
Expenditures						
Current						
General Government	33,522,860	38,555,403	15,812,860	18,802,285	34,615,144	3,940,259
Security of Persons and Property	111,134,797	115,381,719	55,191,436	58,475,517	113,666,952	1,714,767
Physical Environment	14,249,755	15,163,586	6,649,149	7,098,279	13,747,428	1,416,159
Transportation	2,829,331	3,164,199	1,404,568	1,341,138	2,745,706	418,493
Economic Environment	20,685,337	26,845,861	9,909,259	14,998,481	24,907,740	1,938,120
Human Services	4,270,699	5,566,977	1,569,221	3,194,874	4,764,095	802,882
Culture and Recreation	15,285,851	15,713,006	7,447,594	6,432,987	13,880,580	1,832,426
Total Expenditures	201,978,630	220,390,751	97,984,087	110,343,560	208,327,646	12,063,105
Excess of revenues over expenditures	4,575,655	(9,901,813)	15,727,240	10,494,308	26,221,547	36,123,360
Other Financing Sources (Uses)						
Sale of Capital Assets	0	83,842	0	293,619	293,619	209,777
Insurance Recovery	100,000	100,000	78,573	148,341	226,914	126,914
Transfers In	535,061	1,604,750	166,252	1,310,722	1,476,974	(127,775)
Transfers Out	(6,108,568)	(11,998,874)	(6,179,235)	(8,911,395)	(15,090,630)	(3,091,756)
Total Other Financing Sources (Uses)	(5,473,507)	(10,210,282)	(5,934,410)	(7,158,712)	(13,093,122)	(2,882,840)
Net Change in Fund Balance	(897,852)	(20,112,095)	9,792,829	3,335,595	13,128,425	33,240,520
Fund Balances Beginning of Year	38,462,453	38,462,453	45,718,202	55,511,031	45,718,202	7,255,749
Prior Period Adjustment	0	0	0	2,420,098	2,420,098	2,420,098
Fund Balances End of Year	37,564,601	18,350,358	55,511,031	61,266,725	61,266,725	42,916,367

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, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Taxes and Assessments	7,500,000	12,100,000	13,367,199	13,866,043	27,233,243	15,133,243
Investment Interest	968,972	968,972	410,469	262,943	673,412	(295,560)
Total Revenues	8,468,972	13,068,972	13,777,669	14,128,986	27,906,655	14,837,683
Excess of revenues over expenditures	8,468,972	13,068,972	13,777,669	14,128,986	27,906,655	14,837,683
Other Financing Sources (Uses)						
Transfers In	0	2,436,711	1,009,090	596,922	1,606,011	(830,700)
Transfers Out	(15,009,668)	(35,427,230)	(28,555,853)	(7,432,830)	(35,988,683)	(561,453)
Total Other Financing Sources (Uses)	(15,009,668)	(32,990,519)	(27,546,763)	(6,835,908)	(34,382,671)	(1,392,153)
Net Change in Fund Balance	(6,540,696)	(19,921,547)	(13,769,095)	7,293,078	(6,476,017)	13,445,530
Fund Balances Beginning of Year	12,495,729	23,380,109	23,898,263	10,129,168	23,898,263	518,154
Fund Balances End of Year	5,955,033	3,458,562	10,129,168	17,422,246	17,422,246	13,963,684

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

City of Kirkland
Statement of Net Position
 Proprietary Funds
 December 31, 2020

Page 1 of 2

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water/Sewer	Surface Water	Solid Waste	Total	
Assets					
Current Assets:					
Cash and Cash Equivalents	8,379,255	4,275,837	468,539	13,123,631	9,837,998
Investments (Note 3)	22,223,177	11,355,045	1,739,280	35,317,502	25,736,317
Receivables					
Interest	102,442	0	0	102,442	0
Contracts	360,661	0	0	360,661	0
Accounts	5,326,166	310,617	3,528,295	9,165,078	213,710
Assessments	14,683	0	0	14,683	0
Intergovernmental Receivable	24,951	680,119	30,164	735,234	1,153
Due From Other Funds	29,360	0	587	29,947	
Inventories	461,866	102,266	0	564,132	122,438
Interfund Loan Receivable					
Loans	5,562,619	0	0	5,562,619	0
Interest	169,390	0	0	169,390	0
Total Interfund Receivable	5,732,009	0	0	5,732,009	0
Restricted Assets					
Prepayments	32,213	59,271	5,418	96,902	155,701
Total Current Assets	42,686,783	16,783,155	5,772,283	65,242,221	36,067,317
Capital Assets (Note 5)					
Land	47,784	3,756,572	0	3,804,356	0
Depreciable Capital Assets (Net)	107,803,891	79,501,421	0	187,305,312	11,573,479
Construction in Progress	3,066,308	2,272,711	0	5,339,019	0
Total Capital Assets	110,917,983	85,530,704	0	196,448,687	11,573,479
Total Noncurrent Assets	110,917,983	85,530,704	0	196,448,687	11,573,479
Total Assets	153,604,766	102,313,859	5,772,283	261,690,908	47,640,796
Deferred Outflows of Resources					
Deferred Outflow Pension Related	155,765	299,756	29,112	484,633	426,397
Total Deferred Outflows of Resources	155,765	299,756	29,112	484,633	426,397

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

City of Kirkland
Statement of Net Position
Proprietary Funds
December 31, 2020

Page 2 of 2

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water/Sewer	Surface Water	Solid Waste	Total	
Liabilities					
Current Liabilities					
Accounts Payable	650,276	394,130	1,198,732	2,243,138	414,184
Claims Payable		0	0	0	546,992
Wages Payable	68,883	123,905	12,403	205,191	191,594
Benefits Payable	26,173	41,708	2,921	70,802	52,282
Compensated Absences Payable	92,922	147,723	16,386	257,031	238,829
Intergovernmental Payable	584,252	748,141	441,130	1,773,523	28,115
Due to Other Funds	558,311	29,236	330,437	917,984	4,697
Accrued Interest Payable	9,853	0	0	9,853	0
Unearned Revenue	392,308	0	0	392,308	575,705
Loans and Contracts Payable	414,113	0	0	414,113	0
Sub-total Current Liabilities	2,797,091	1,484,843	2,002,009	6,283,943	2,052,398
Current Liabilities Payable From Restricted Assets					
Deposits Payable	0	0	0	0	0
Sub-total Current Liabilities Payable From Restricted Assets	0	0	0	0	0
Total Current Liabilities	2,797,091	1,484,843	2,002,009	6,283,943	2,052,398
Noncurrent Liabilities					
Compensated Absences Payable	23,230	36,931	4,097	64,258	59,706
Loans and Contracts Payable	2,963,930	0	0	2,963,930	0
Net Pension Liability	538,361	1,036,025	100,617	1,675,003	1,473,727
Total Noncurrent Liabilities	3,525,521	1,072,956	104,714	4,703,191	1,533,433
Total Liabilities	6,322,612	2,557,799	2,106,723	10,987,134	3,585,831
Deferred Inflows of Resources					
Deferred Inflow Pension Related	155,513	299,270	29,065	483,848	425,705
Total Deferred Inflows of Resources	155,513	299,270	29,065	483,848	425,705
Net Position					
Net Investment in Capital Assets	107,539,940	85,530,704	0	193,070,644	11,573,479
Unrestricted	39,742,466	14,225,842	3,665,607	57,633,915	32,482,178
Total Net Position	147,282,406	99,756,546	3,665,607	250,704,559	44,055,657

City of Kirkland
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the fiscal year ended December 31, 2020

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds	
	Water/Sewer	Surface Water	Solid Waste	Total	
Operating Revenues					
Charges for Services	29,256,354	10,886,714	18,731,550	58,874,618	23,421,992
Miscellaneous Revenues	438,274	247,304		685,578	493,001
Total Operating Revenues	29,694,628	11,134,018	18,731,550	59,560,196	23,914,993
Operating Expenses					
Administrative and General	3,490,188	5,401,592	1,401,063	10,292,843	11,182,700
Supplies	0	0	0	0	732,220
Maintenance and Operations	18,023,653	1,915,346	14,288,567	34,227,566	7,770,971
Taxes	3,865,888	978,022	2,744,068	7,587,978	0
Depreciation	3,179,095	1,955,363	0	5,134,458	2,014,600
Total Operating expenses	28,558,824	10,250,323	18,433,698	57,242,845	21,700,491
Operating Income (Loss)	1,135,804	883,695	297,852	2,317,351	2,214,502
Nonoperating Revenues (Expenses)					
Interest and Investment Revenue	981,488	488,441	75,070	1,544,999	642,240
Grant Income	0	230,222	85,481	315,703	
Insurance Recovery	0	0	0	0	68,673
Interest Expense	(17,753)	0	0	(17,753)	
Gain (Loss) on Disposal of Capital Assets		(19,440)	0	(19,440)	159,134
Other Nonoperating Revenues/(Expenses)	0	(235,108)	(88,839)	(323,947)	
Total Nonoperating revenues (expenses)	963,735	464,115	71,712	1,499,562	870,047
Income Before Contributions and Transfers	2,099,539	1,347,810	369,564	3,816,913	3,084,549
Capital Contributions					
Contributions	2,042,576	2,541,522	0	4,584,098	164,196
Transfers In	0	0	0	0	745,728
Transfers Out	(345,994)	(1,130,032)	(417,000)	(1,893,026)	(792,391)
Change in Net Position	3,796,121	2,759,300	(47,436)	6,507,985	3,202,082
Total Net Position - Beginning	143,486,285	96,997,246	3,358,058	243,841,589	40,853,575
Prior Period Adjustment			354,985	354,985	
Total Net Position - Ending	147,282,406	99,756,546	3,665,607	250,704,559	44,055,657

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, 2020
Increase in Cash and Cash Equivalents

Page 1 of 2

	Water/Sewer	Surfacewater	Solid Waste
Cash Flows From Operating Activities			
Cash Received From Customers	29,173,820	10,852,899	18,337,374
Cash Received From Interfund Charges	0	0	0
Contributions Received from Employees and Employer	0	0	0
Cash From Other Sources	449,508	237,020	425,647
Cash Paid to Suppliers for Goods and Services	(16,415,025)	(1,243,137)	(14,410,476)
Cash Paid to Employees for Services	(2,498,173)	(3,959,748)	(421,169)
Cash Paid in Lieu of Taxes	(3,769,357)	(974,630)	(2,611,215)
Cash Paid for Central Business Functions	(2,810,428)	(2,306,246)	(851,563)
Cash Provided by Operating Activities	4,130,345	2,606,158	468,598
Cash Flows From Noncapital Financing Activities			
Proceeds From Federal, State, Local Grants	0	230,064	60,211
Grant Administration Expenditures	0	(235,747)	(94,740)
Transfers In	0	0	0
Transfers Out	(345,994)	(1,130,032)	(417,000)
Cash Provided by (Used for) Noncapital Financing Activities	(345,994)	(1,135,715)	(451,529)
Cash Flows From Capital and Related Financing Activities			
Capital Contributed	944,510	105,156	0
Proceeds From Sale of Assets and Insurance Recoveries	0	0	0
Proceeds From Capital Grants	0	707,531	0
Principal Payments on Notes	(414,113)	0	0
Interest Paid on Notes	(18,961)	0	0
Interest Received on Program Loans	26,606	0	0
Acquisition and Construction of Capital Assets	(6,874,304)	(4,781,832)	0
Cash Provided by (Used for) Capital and Related Financing Activities	(6,336,262)	(3,969,145)	0
Cash Flows From Investing Activities			
(Increase) Decrease in Investments	344,713	975,149	(242,474)
Interest Revenue	856,675	484,530	75,070
Cash Provided by Investing Activities	1,201,388	1,459,679	(167,404)
Increase (Decrease) in Cash and Cash Equivalents	(1,350,523)	(1,039,023)	(150,335)
Cash and Cash Equivalents, January 1	9,729,778	5,314,860	618,874
Cash and Cash Equivalents, December 31	8,379,255	4,275,837	468,539
Reconciliation of Operating Income (Loss) to			
Cash Provided by Operating Activities			
Operating Income (Loss)	1,135,804	883,695	297,852
Adjustments to Reconcile Operating Income (Loss) to			
Cash Provided by Operating Activities			
Depreciation	3,179,095	1,955,363	0
<u>Changes in Assets and Liabilities</u>			
(Increase) Decrease in Accounts Receivable	(94,413)	(31,906)	29,973
(Increase) Decrease in Operating Intergovernmental Receivable	13,110	0	0
(Increase) Decrease in Operating Due From Other Funds	(1,603)	0	167
(Increase) Decrease in Other Accounts Receivable	(94)	(954)	0
(Increase) Decrease in Operating Inventories	(7,472)	(21,855)	0
(Increase) Decrease in Assessments	1,345	0	0
(Increase) Decrease in Prepayments	(2,602)	(2,205)	185
(Increase) Decrease in Pension Deferred Outflows of Resources	(17,511)	(40,646)	(4,198)
Increase (Decrease) in Pension Deferred Inflows of Resources	(131,170)	(238,020)	(22,597)
Increase (Decrease) in Net Pension Liability	11,490	48,583	5,671
Increase (Decrease) in Operating Accounts Payable	5,773	(7,738)	17,548
Increase (Decrease) in Claims Payable	0	0	0
Increase (Decrease) in Operating Intergovernmental Payable	1,001	3,401	100,987
Increase (Decrease) in Operating Due to Other Funds	9,202	2,002	33,573
Increase (Decrease) in Wages Payable	5,542	(8,007)	413
Increase (Decrease) in Benefits Payable	1,359	(5,736)	41
Increase (Decrease) in Compensated Absences Payable	20,424	70,181	8,983
Increase (Decrease) in Revenue Collected in Advance	1,065	0	0
Cash Provided by Operating Activities	4,130,345	2,606,158	468,598
<u>Noncash Investing, Capital and Finance Activities</u>			
Capital Contributions	1,098,066	1,604,068	0
Change in Fair Value of Investments	613,372	336,879	51,264

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, 2020
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	58,364,093	0
Cash Received From Interfund Charges	0	15,516,599
Contributions Received from Employees and Employer	0	6,819,081
Cash From Other Sources	1,112,175	1,567,763
Cash Paid to Suppliers for Goods and Services	(32,068,638)	(9,726,211)
Cash Paid to Employees for Services	(6,879,090)	(6,501,484)
Cash Paid in Lieu of Taxes	(7,355,202)	0
Cash Paid for Central Business Functions	(5,968,237)	(3,952,881)
Cash Provided by Operating Activities	7,205,101	3,722,867
Cash Flows From Noncapital Financing Activities		
Proceeds From Federal, State, Local Grants	290,275	0
Grant Administration Expenditures	(330,487)	0
Transfers In	0	745,728
Transfers Out	(1,893,026)	(792,391)
Cash and Cash Equivalents, December 31	(1,933,238)	(46,663)
Cash Flows From Capital and Related Financing Activities		
Capital Contributed	1,049,666	0
Proceeds From Sale of Assets and Insurance Recoveries	0	274,867
Proceeds From Capital Grants	707,531	0
Principal Payments on Notes	(414,113)	0
Interest Paid on Notes	(18,961)	0
Interest Received on Program Loans	26,606	0
Acquisition and Construction of Capital Assets	(11,656,136)	(1,175,663)
Cash Provided by (Used for) Capital and Related Financing	(10,305,407)	(900,796)
Cash Flows From Investing Activities		
(Increase) Decrease in Investments	1,077,388	(3,091,022)
Interest Revenue	1,416,275	381,546
Cash Provided by Investing Activities	2,493,663	(2,709,476)
Increase (Decrease) in Cash and Cash Equivalents	(2,539,881)	65,932
Cash and Cash Equivalents, January 1	15,663,512	9,772,068
Cash and Cash Equivalents, December 31	13,123,631	9,838,000
Reconciliation of Operating Income (Loss) to		
Cash Provided by Operating Activities		
Operating Income (Loss)	2,317,351	2,214,501
Adjustments to Reconcile Operating Income (Loss) to		
Cash Provided by Operating Activities		
Depreciation	5,134,458	2,014,600
<u>Changes in Assets and Liabilities</u>		
(Increase) Decrease in Accounts Receivable	(96,346)	89,574
(Increase) Decrease in Operating Intergovernmental Receivable	13,110	(493)
(Increase) Decrease in Operating Due From Other Funds	(1,436)	0
(Increase) Decrease in Other Accounts Receivable	(1,048)	0
(Increase) Decrease in Operating Inventories	(29,327)	(101,870)
(Increase) Decrease in Assessments	1,345	0
(Increase) Decrease in Prepayments	(4,622)	27,100
(Increase) Decrease in Pension Deferred Outflows of Resources	(62,355)	(1,489)
Increase (Decrease) in Pension Deferred Inflows of Resources	(391,787)	(455,382)
Increase (Decrease) in Net Pension Liability	65,744	(145,554)
Increase (Decrease) in Operating Accounts Payable	15,583	(2,548)
Increase (Decrease) in Claims Payable	0	27,600
Increase (Decrease) in Operating Intergovernmental Payable	105,389	11,741
Increase (Decrease) in Operating Due to Other Funds	44,777	(1,597)
Increase (Decrease) in Wages Payable	(2,052)	(11,978)
Increase (Decrease) in Benefits Payable	(4,336)	(5,268)
Increase (Decrease) in Compensated Absences Payable	99,588	56,765
Increase (Decrease) in Revenue Collected in Advance	1,065	7,165
Cash Provided by Operating Activities	7,205,101	3,722,867
<u>Noncash Investing, Capital and Finance Activities</u>		
Capital Contributions	2,702,134	164,196
Change in Fair Value of Investments	1,001,515	0

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, 2020

	Custodial Funds
Assets	
Cash and Cash Equivalents	200,307
Restricted Cash - Deposits	381,813
Total Assets	582,120
Liabilities	
Accounts Payable	146,286
Due to Other Governments	321,749
Other current liabilities	39,908
Other long-term liabilities	74,177
Total Liabilities	582,120
Total Net Position	0

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, 2020

	Custodial Funds
Additions	
Contributions	336,865
Tax collections for other governments	10,544,749
Miscellaneous	74,177
Total Additions	10,955,791
Deductions	
Administrative Fees	336,865
Payments of tax to other governments	10,618,926
Total Deductions	10,955,791
Net increase (decrease) in fiduciary net position	0
Net Position - Beginning	0
Net Position - Ending	0

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, 2020

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City of Kirkland

Notes to the Basic Financial Statements For Year Ended December 31, 2020

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 Comprehensive Annual 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 established in 2014 and qualifies as a component unit. The TBD has had no activity to date. See note 18 for additional information.

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.

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 as a for private individuals or other governments. Custodial funds require additions and deductions to be reported by the nature of the resource flow.

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

The City complies with all applicable GASB pronouncements and GAAP hierarchy as prescribed by GASB.

In November 2016, GASB issued Statement No. 83, "Certain Asset Retirement Obligations (ARO)." This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement requires that recognition occur when the liability is both incurred and reasonably estimable. This statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and requires the current value to be adjusted for the effects of general inflation or deflation at least annually. The City implemented this standard as of December 31, 2020.

In January 2017, GASB issued Statement No. 84, "Fiduciary Activities" which establishes criteria for identifying fiduciary activities of all state and local governments. It describes the four fiduciary funds that should be reported. It also provides for recognition of liabilities to the beneficiaries in a fiduciary fund. The City implemented this standard as of December 31, 2020.

In March 2018, GASB issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement" to improve the information that is disclosed in notes to governmental financials statements related to debt, including direct borrowings and direct placement. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a

contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for debt and terms specific in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance related consequences, and signification subjective acceleration clauses. The City implemented this standard as of December 31, 2020. The implementation of this standard had no fiscal impact on the City.

Budgetary Data

The City of Kirkland budgets its funds 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 Comprehensive Annual 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

The budget process and the time limits under which a budget must be developed are established by State law. The City follows the procedures outlined below in the year preceding the first year of the two-year budget to establish its biennial budget:

1. By late June, the City Manager requests budget priority input from the City Council.
2. By July, the official "budget call," as required by State law, is made to all department directors or fund managers by the City Manager and Director of Finance and Administration. Computerized budget worksheets, instructions, and materials are provided to the departments at that time.
3. Department/fund budget requests, on a line item basis, are submitted to the Director of Finance and Administration by late August.
4. Revenue estimates are developed and updated by the Finance and Administration Department throughout the budget process. Initial revenue estimates are prepared by late August.
5. During September, the Director of Finance and Administration meets with the City Manager to formulate budget strategy, goals, objectives, and ultimately recommendations. These recommendations are discussed with department management. By late October, a final budget proposal is agreed upon by the City Manager and all department directors.

6. A Preliminary Budget is prepared, printed, and filed with the City Clerk by November 1. It is presented to the City Council. Copies are made available to the public.
7. At least two public budget hearings are held; one in September and one in November. Public comment is received on revenue sources at the September hearing and on recommended programs and/or ideas for new programs at the November hearing.
8. The City Council meets in October/November for a series of budget discussion/review sessions to determine if there are any alterations that they wish to make to the City Manager's recommended budget.
9. Prior to the beginning of the next calendar year, the City Council, by simple majority of members present, adopts the final budget by ordinance.
10. The final budget is generally published during the first quarter of the following year, distributed to staff, and made 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, 2020, the City was holding \$68,299,162 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 annual 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 annual 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.

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, proprietary, and fiduciary 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. All outstanding vacation leave is payable 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 \$11,000 for 2020.

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.

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 2020 for 2021.

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 position that applies to a future period 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 position that applies to a future period and so will not be recognized as an inflow of resources until that time.

Net Position

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 classification 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 funds:

Municipal Court	1,445,531
Pension Asset	15,813,885
Deferred Pension Outflow	5,685,873
Deferred OPEB Outflow	185,888
Deferred ARO Outflow	28,549
Deferred Charge on refunding	1,261,889
Net Adjustment	<u>24,421,615</u>

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

Bonds Payable	34,113,337
Compensated Absences	4,051,157
Net Pension Liability	9,077,391
Net OPEB Obligation	16,064,016
ARO	93,925
Deferred Pension Inflow	4,977,155
Accrued Interest Payable	309,642
Net Adjustment	<u>68,686,623</u>

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	1,116,445,131
Depreciation	<u>(230,057,328)</u>
Net Capital Assets Adjustment	<u>886,387,802</u>

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

Unavailable revenue	4,343,577
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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	30,607,583
Depreciation Expense	(15,954,810)
Contributed Capital	5,998,660
Capital Sales	(495,583)
Net Adjustment	<u>20,155,850</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.

Debt Retired	2,425,156
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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	40,189
Change in Pension Asset	(2,398,537)
Change in Pension Outflow	1,347,369
Change in bond subsidy	(44,780)
OPEB Outflow inc	(57,824)
Change in tax revenue inflow	275,839
Change in grant revenue	4,030,534
Change in other revenue	36,984
Net Adjustment	<u>3,229,774</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	221,387
Change in Pension Inflow	5,495,277
Change in Compensated Absences dec	(599,903)
Bond Interest	(140,252)
Other Post Employment Benefit Obligation inc	(86,637)
Interfund loan interest	(112,392)
ARO Expense	(14,274)
Net Adjustment	<u>4,763,204</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	\$ 14,700
FDIC or PDPC Insured Bank Deposits	34,205,520
ARCH Funds held by City of Bellevue	4,695,241
Fire District #41 Funds held by King County	75,051
Total	\$ 38,990,512

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 the 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 Cost

As of December 31, 2020, the City of Kirkland held the following investments at amortized cost:

Investments Measured at Amortized Cost

Washington State Local Government Investment Pool	34,093,642
Total	\$ 34,093,642

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, 2020, 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+	55,600,944
Federal Home Loan Mortgage Corporation	Aaa	AA+	22,709,063
Federal Farm Credit Bank	Aaa	AA+	36,612,950
Federal National Mortgage Association	Aaa	AA+	43,442,488
Total			\$ 158,365,444

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	\$ 21,778,140		8.60%
Government Sponsored Enterprise			
Federal Home Loan Bank	55,600,944		21.96%
Federal Home Loan Mortgage Corporation	22,709,063		8.96%
Federal Farm Credit Bank	36,612,950		14.46%
Federal National Mortgage Association	43,442,488		17.16%
Cash on Hand		14,700	0.01%
FDIC or PDPC Insured Bank Deposits		34,205,520	13.50%
Fire District #41 Funds held by King County		75,051	0.03%
ARCH Funds held by City of Bellevue		4,695,241	1.85%
Washington State Local Government Investment Pool		34,093,642	13.46%
Total	\$ 180,143,585	\$ 73,084,154	
Total Cash, Deposits and Investments		\$ 253,227,739	

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 1.7 years.

The following schedule presents the investments and related maturities as of December 31, 2020.

Investment Type	Fair Value	Maturity (in Years)	
		Less Than 1	1 - 5
Government Sponsored Enterprise (GSE's)	158,365,444	32,183,904	126,181,540
US Treasury Notes	21,778,140	5,977,113	15,801,028
Total	180,143,585	38,161,017	141,982,568

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	12/31/2020	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)	158,365,444	-	158,365,444	-
US Treasury Notes	21,778,140	21,778,140	-	-
Total By Fair Value Level	\$ 180,143,585	\$ 21,778,140	\$ 158,365,444	\$ -

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 2020 was \$.99438 per \$1,000 on an assessed valuation of \$31,524,712,048 for a total regular levy of \$31,356,071. The excess tax levy, which only applies in the pre-annexation boundaries, was \$0.02470 per \$1,000 for an excess levy of \$567,260. Excess tax levies approved by the voters are not subject to the above limitations.

**NOTE 5:
CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2020, was as follows:

	Balance 01/01/20	Additions	Deletions	Balance 12/31/20
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	613,506,236	5,382,447	7,644	618,881,039
Construction in Progress	11,105,887	30,548,437	17,839,799	23,814,525
Artwork	2,153,449	0	0	2,153,449
Total Capital Assets, Not Being Depreciated	\$ 626,765,572	35,930,884	17,847,443	\$ 644,849,013
Capital Assets, Being Depreciated:				
Buildings	46,043,635	0	0	46,043,635
Improvements	100,697,564	4,270,367	20,000	104,947,931
Machinery and Equipment	29,572,582	1,896,098	1,173,186	30,295,494
Infrastructure	304,118,423	13,152,985	1,568,229	315,703,179
Total Capital Assets, Being Depreciated	\$ 480,432,204	19,319,450	2,761,415	\$ 496,990,239
Less Accumulated Depreciation for:				
Buildings	17,753,232	1,048,322	0	18,801,554
Improvements	37,518,384	5,168,695	20,000	42,667,079
Machinery and Equipment	15,906,796	2,549,298	1,030,228	17,425,866
Infrastructure	157,301,511	9,203,096	1,521,135	164,983,472
Total Accumulated Depreciation	\$ 228,479,923	17,969,411	2,571,363	\$ 243,877,971
Total Capital Assets, Being Depreciated, Net	\$ 251,952,281	\$ 1,350,039	\$ 190,052	\$ 253,112,268
Governmental Activities Capital Assets, Net	\$ 878,717,853	\$ 37,280,923	18,037,495	\$ 897,961,281
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	3,417,200	387,156	0	3,804,356
Construction in Progress	3,704,991	13,052,139	11,418,111	5,339,019
Total Capital Assets, Not Being Depreciated	\$ 7,122,191	13,439,295	11,418,111	\$ 9,143,375
Capital Assets, Being Depreciated:				
Buildings	47,591	0	0	47,591
Improvements	259,387,756	13,173,425	148,349	272,412,832
Total Capital Assets, Being Depreciated	\$ 259,435,347	13,173,425	148,349	\$ 272,460,423
Less Accumulated Depreciation for:				
Buildings	47,591	0	0	47,591
Improvements	80,101,971	5,134,458	128,909	85,107,520
Total Accumulated Depreciation	\$ 80,149,562	5,134,458	128,909	\$ 85,155,111
Total Capital Assets, Being Depreciated, Net	\$ 179,285,785	8,038,967	19,440	\$ 187,305,312
Business-type Activities Capital Assets, Net	\$ 186,407,976	21,478,262	11,437,551	\$ 196,448,687

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

Governmental Activities	
General Government	3,251,307
Security of Persons and Property	2,868,234
Physical Environment	966,702
Transportation (includes depreciation of general infrastructure assets)	9,238,950
Economic Environment	25,471
Culture and Recreation	1,618,747
Governmental Activities Depreciation Expense	<u>\$ 17,969,411</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.

Business-type Activities	
Water/Sewer Utility	3,179,095
Surface Water Utility	1,955,363
Business-type Activities Depreciation Expense	<u>\$ 5,134,458</u>

Construction Obligations

The City of Kirkland has active construction projects as of December 31, 2020. The projects include:

<u>Project Function</u>	<u>Expenditures to Date</u>	<u>Remaining Commitment</u>
Transportation	14,378,197	1,519,949
Surface Water Utility	2,898,998	1,089,605
Water/Sewer Utility	5,524,365	2,179,506
Culture and Recreation	2,305,661	89,339
Security of Persons and Property	4,361,142	6,899,740
Total	<u>\$ 29,468,363</u>	<u>\$ 11,778,139</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 2020:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$12,226,121
Pension assets	\$15,813,885
Deferred outflows of resources	\$6,596,903
Deferred inflows of resources	\$5,886,707
Pension expense/expenditures	\$856,763

Includes \$1,022,954 Pension assets for the Firefighters' Pension Plan

Includes \$16,630 Deferred outflows of resources for the Firefighters' Pension Plan

Includes (\$124,529) 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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information for each plan. The DRS Comprehensive Annual Financial Report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS Comprehensive Annual Financial Report 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 the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – August 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%
September – December 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%

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

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

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – August 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%
September – December 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%

* For employees participating in JBM, the contribution rate was 19.75%.

The City's actual PERS plan contributions were \$1,728,418 to PERS Plan 1 and \$2,708,740 to PERS Plan 2/3 for the year ended December 31, 2020.

Public Safety Employees' Retirement System (PSERS)

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

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

PSERS membership includes:

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

PSERS covered employers include:

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

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2020 were as follows:

PSERS Plan 2		
Actual Contribution Rates	Employer	Employee
January – August 2020		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.14%	7.20%
September – December 2020		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.25%	7.20%

The City's actual plan contributions were \$117,841 to PSERS Plan 2 for the year ended December 31, 2020.

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

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

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

- 20+ years of service – 2.0 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 consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2019. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% in 2020.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
January – December 2020		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%
Ports and Universities	8.59%	8.59%
Administrative Fee	0.18%	
Total	8.77%	8.59%

The City's actual contributions to the plan were \$1,364,104 for the year ended December 31, 2020.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2020, the state contributed \$76,297,643 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$13,341,012.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019 to June 30, 2020, reflecting each plan's normal cost (using entry-age cost method), assumed interest and actual benefit payments.

- Inflation: 2.75 percent total economic inflation; 3.50 percent salary inflation
- Salary increases: In addition to the base 3.50 percent salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.4 percent

Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The 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 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 his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.

- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method change.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	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 7.4 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4%) or 1 percentage point higher (8.4%) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	10,609,084	8,469,942	6,604,390
PERS 2/3	23,371,951	3,756,179	(12,397,420)
PSERS 2	406,625	(37,352)	(388,737)
LEOFF 1	(1,149,757)	(1,412,567)	(1,639,942)
LEOFF 2	(264,112)	(13,341,012)	(24,048,386)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plan's 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, 2020, the City reported a total pension asset of \$2,564,810 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	8,469,942
PERS 2/3	3,756,179
PSERS 2	(37,352)
LEOFF 1	(1,412,567)
LEOFF 2	(13,341,012)
Total Pension Asset	(2,564,810)

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	(1,412,567)	(13,341,012)
State's proportionate share of the net pension asset associated with the employer	(9,554,568)	(8,530,567)
TOTAL	(10,967,135)	(21,871,579)

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

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportionate Share
PERS 1	0.250384%	0.239905%	(0.010479%)
PERS 2/3	0.302719%	0.293694%	(0.009025%)
PSERS 2	0.317335%	(0.271451%)	(0.588786%)
LEOFF 1	(0.074516%)	(0.074798%)	(0.000282%)
LEOFF 2	(0.684709%)	(0.654018%)	0.030691%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, 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 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 2020, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2020, the City recognized pension expense as follows:

	Pension Expense
PERS 1	(14,312)
PERS 2/3	426,789
PSERS 2	83,579
LEOFF 1	(77,595)
LEOFF 2	562,830
TOTAL	981,292

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, 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		(47,158)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	864,349	
TOTAL	864,349	(47,158)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	1,344,658	(470,739)
Net difference between projected and actual investment earnings on pension plan investments		(190,760)
Changes of assumptions	53,499	(2,565,795)
Changes in proportion and differences between contributions and proportionate share of contributions		(133,910)
Contributions subsequent to the measurement date	1,193,391	
TOTAL	2,591,548	(3,361,204)

PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	51,319	(2,793)
Net difference between projected and actual investment earnings on pension plan investments	1,997	
Changes of assumptions	191	(70,608)
Changes in proportion and differences between contributions and proportionate share of contributions		(1,644)
Contributions subsequent to the measurement date	57,542	
TOTAL	111,049	(75,046)

LEOFF 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		(14,775)

Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date		
TOTAL	0	(14,775)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	1,845,949	(236,615)
Net difference between projected and actual investment earnings on pension plan investments		(148,697)
Changes of assumptions	19,327	(2,003,213)
Changes in proportion and differences between contributions and proportionate share of contributions	446,308	
Contributions subsequent to the measurement date	702,030	
TOTAL	3,013,615	(2,388,524)

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	3,241,926	(710,147)
Net difference between projected and actual investment earnings on pension plan investments	1,709	(401,389)
Changes of assumptions	73,016	(4,639,616)
Changes in proportion and differences between contributions and proportionate share of contributions	446,308	(135,554)
Contributions subsequent to the measurement date	2,817,313	
TOTAL	6,580,273	(5,886,707)

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, 2021. 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
2021	(214,001)	(1,532,532)	(11,552)	(52,744)	(965,938)
2022	(6,731)	(346,499)	(4,291)	(2,750)	(78,627)
2023	65,298	92,817	1,432	14,994	250,825
2024	108,277	295,870	7,096	25,724	499,741
2025	0	(146,480)	(4,422)	0	(36,297)
Thereafter	0	(205,089)	(21,559)	0	176,897

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 2020:

Pension Amounts – Fire Fighter Pension	
Pension Liability	\$
Pension Assets	\$ 1,022,954
Deferred Outflows of Resources	\$ 16,630
Deferred Inflows of Resources	\$ 0
Pension Expense	\$ (124,529)

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 2020. 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, 2020:

Retirees and beneficiaries receiving benefits	3
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:

- Contributions from employers to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with benefit terms.
- 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 Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2019	387,291	1,264,218	(876,927)
Changes for the year:			
Service Cost	0		0
Interest on total pension liability	10,423		10,423
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	(113,947)		(113,947)
Effect of assumptions changes or inputs	16,551		16,551
Benefit payments	(16,716)	(16,716)	0
Medical payments from fund		(87,000)	87,000
Employer contributions		0	0
Contributions from state fire insurance premium tax		120,147	(120,147)
Net investment income		37,482	(37,482)
Administrative expenses		(11,575)	11,575
Balances as of December 31, 2020	283,602	1,306,556	(1,022,954)

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

	December 31, 2019	December 31, 2020
Discount Rate	2.75%	2.00%
Long term expected rate of return, net of investment expense	2.75%	2.00%
Municipal bond rate	2.75%	2.00%

The following presents the total pension liability of the City, calculated using the discount rate of 2.00 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 (1.00%) or 1 percentage point higher (3.00%) than the current rate.

	1% Decrease 1.00%	Current Discount Rate 2.00%	1% Increase 3.00%
Total Pension Liability	308,352	283,602	261,876
Fiduciary Net Position	1,306,556	1,306,556	1,306,556
Net Pension Liability	(998,204)	(1,022,954)	(1,044,680)

Actuarial Assumptions

Valuation Date	January 1, 2018	January 1, 2020
Measurement Date	December 31, 2019	December 31, 2020
Inflation	2.25%	2.25%
Salary increases including inflation	3.25%	3.25%
Mortality	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members)	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members)
Actuarial cost method	Entry Age Normal	Entry Age Normal

Deferred Inflows / Outflows of Resources Related to Pensions

As of December 31, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Changes of assumptions		
Net difference between projected and actual earnings	16,630	
Contributions subsequent to the measurement date		
TOTAL	16,630	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:

2021	11,820
2022	4,716
2023	624
2024	(530)
2025	0
Thereafter	0

Note that additional future deferred inflows and outflows of resources may impact these numbers.

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 653 employees who participated in the program during 2020. The City's contribution for 2020 was \$3,316,035; employee contributions were \$4,466,566 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 2020 there were 30 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 2020, the City's cost of providing these benefits were as follows:

Medical premiums:	Insurance Premium Costs	\$ 204,700
	Direct Medical Costs	<u>119,145</u>
	Total Costs	<u>\$ 323,845</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 2020.

Aggregate OPEB Amounts – All Plans	
OPEB Liabilities	\$ (16,064,016)
OPEB Assets	\$
Deferred Outflows of Resources	\$ 185,888
Deferred Inflows of Resources	\$
OPEB Expenses	\$ 789,065

The total OPEB liability was determined using Washington State's Actuary Alternative Measurement Method Online Tool. The liability was determined using a June 30, 2020, 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 6 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5%) or 1- percentage point higher (7%) than the current rate.

	1% Decrease 5%	Current Healthcare Cost Trend Rate 6%	1% Increase 7%
Total OPEB Liability	\$14,402,849	\$16,064,016	\$17,998,374

The following presents the total OPEB liability of the City calculated using the discount rate of 2.21 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (1.21%) or 1- percentage point higher (3.21%) than the current rate.

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$18,149,116	\$16,064,016	\$14,319,087

Changes in the Total OPEB Liability (Asset)	
Total OPEB Liability at 01/01/2020	\$ 16,035,203
Interest	\$ 548,042
Differences between expected and actual experience	\$ 241,023
Benefit Payments	\$ (760,252)
Net Change	\$ 28,813
Total OPEB Liability at 12/31/2020	\$ 16,064,016

The total OPEB liability was determined using the Alternative Measurement Method as of June 30, 2020. The following actuarial assumptions applied to all measurements.

Methodology

Actuarial Valuation Date	6/30/2020
Actuarial Measurement Date	6/30/2020
Actuarial Cost Method	Entry Age
Amortization Method	Recognized Immediately
Asset Valuation Method	No Assets

Assumptions

Discount Rate	
Beginning of Measurement Year	3.50%
End of Measurement Year	2.21%
Healthcare Trend Rates	
Medical Costs	Initial rate is approximately 6%, trends down to about 5% in 2020's.
Long term care	4.5%
Medicare Part B Premiums	Approximately 5%, varies by year
Mortality Rates (assume 100% male population)	
Base Mortality Table	RP-2000 Mortality Table
Age Setback	+1 year Healthy/-2 years Disabled Blended 50%/50% Healthy/Disabled
Mortality Improvements	100% Scale BB
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 2019 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, 2020, the City recognized an offset to OPEB expense of 185,888.

At December 31, 2020, 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	\$ 185,888	\$
TOTAL	\$ 185,888	\$

Deferred outflows of resources of \$185,888 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, 2020. 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. It is a multiemployer defined benefit pension plan. 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, 2021 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 2020 the City made contributions for 112 employees, totaling \$68,760.

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, 2020 were \$5,477 representing contributions made for hours worked in December 2020. These contributions were paid in January 2021.

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 162 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 and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, 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 2020.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigation, 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 will be 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 2020. In accordance with GASB Statement 10, estimated liabilities are accrued for current outstanding claims and claims incurred but not reported (IBNR).

	Beginning Of Year <u>Liability</u>	Incurred Claims Including <u>IBNRs</u>	Claim <u>Payments</u>	Unpaid <u>Claims</u>
2012	\$503,643	\$6,316,315	\$6,208,928	\$611,030
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

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 three loans with principal outstanding of \$3,378,043. This debt will be repaid from Water/Sewer Fund revenues.

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 Tax 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, 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 April 16, 2019 the City Council authorized an interfund loan in the amount of \$5,562,619 between the Capital Projects Fund and the Water Sewer Utility for the purchase of real property. The loan term is three years at a rate of 2.00 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.

On May 26, 2011, King County Fire Protection District #41 (Fire District) issued \$4,000,000 Limited Tax General Obligation (LTGO) Bonds, 2011 at an interest rate of 3.2 percent and final payment on December 1, 2021. The bonds were issued to finance the Fire Station Consolidation Project. On June 1, 2011 the Fire District dissolved when the City of Kirkland annexed all the territory served by the District. The outstanding debt remained an obligation of the taxable property which was annexed and therefore became the obligation of the City of Kirkland. On October 20, 2015 City Council approved Resolution 5156 and Resolution 5163 relating to the accomplishment of the goals of the interlocal agreement between the City of Kirkland and the Fire District to increase the level of service to the former Fire District territory and improve FIRE/EMS Services in North Kirkland funded in part with the 2011 LTGO Bonds issued by the Fire District.

General obligation bonds currently outstanding are as follows:

Issue - Purpose	Issue Date	Maturity Date	Interest Rate	Amount Issued	Redemptions to Date	Outstanding 12/31/2020	Due Within One Year
2011 Limited Tax General Obligation Bonds*	5/26/2011	12/1/2021	3.2	4,000,000	3,540,485	459,515	459,515
2013 UTGO Refunding Bonds*	10/29/2013	12/1/2022	2.3	4,670,000	3,580,000	1,090,000	540,000
2015 LTGO Bonds* - City Hall Remodel	11/20/2015	12/1/2034	3.45	5,800,000	1,180,000	4,620,000	260,000
LTGO Refunding Bonds, 2020	6/30/2020	12/1/2040	1.76	25,105,000	-	25,105,000	675,000
Total				\$39,575,000	\$ 8,300,485	\$ 31,274,515	\$1,934,515

*Direct Placement

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

Year Ending December 31	Governmental Activities	
	Principal	Interest
2021	675,000	814,600
2022	880,000	780,850
2023	925,000	736,850
2024	970,000	690,600
2025	1,020,000	642,100
2026-2030	5,880,000	2,395,500
2031-2035	7,045,000	1,209,100
2036-2040	7,710,000	478,300
Total	\$ 25,105,000	\$ 7,747,900

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

Year Ending December 31	Governmental Activities	
	Principal	Interest
2021	1,259,515	195,518
2022	820,000	163,070
2023	280,000	141,105
2024	290,000	131,445
2025	300,000	121,440
2026-2030	1,665,000	444,533
2031-2034	1,555,000	136,448
Total	\$ 6,169,515	\$ 1,333,558

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 12/31/2020	Due Within One Year
2001 Public Works Trust Loan Juanita Lift Station Replacement Project - Construction	11/14/2001	7/1/2021	0.5	1,848,000	1,745,031	102,969	102,969
2004 Public Works Trust Loan Central Way Sewer Replacement	9/1/2004	7/1/2024	0.5	1,086,300	856,970	229,330	57,332
2012 Public Works Trust Loan NE 80 St Water/Sewer Main Replacement	10/8/2012	6/1/2032	0.5	4,038,000	992,256	3,045,744	253,812
Total				\$6,972,300	\$3,594,257	\$3,378,043	\$414,113

The revenue debt service requirements to maturity are as follows:

Year Ending December 31		
	Principal	Interest
2021	414,113	16,890
2022	311,145	14,820
2023	311,145	13,264
2024	311,145	11,708
2025	253,812	10,152
2026-2030	1,269,059	31,727
2031-2032	507,624	3,807
Total	\$ 3,378,043	\$ 102,368

Refunded Debt

In 2015, the City of Kirkland used \$1,510,843 cash to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$1,425,000 of refunded debt which will retire at the end of 2021. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The remaining principal debt to be paid in 2021 is \$175,000. This advance refunding was undertaken to use existing Park impact fees with a more restricted use to free up future Park impact fees to be spent under new standards adopted by City Council.

City of Kirkland Credit Ratings

On June 2, 2020, Moody's Investors Service assigned a Aaa rating to the City of Kirkland, Washington's Limited Tax General Obligation Refunding Bonds, 2020 and maintained a Aaa issuer rating and Aaa ratings on the City's outstanding general obligation debt.

On June 8, 2020, S&P Global Ratings assigned its AAA long-term rating to Kirkland's limited-tax refunding general obligation (LTGO) refunding bonds, series 2020. At the same time, S&P Global Ratings affirmed its AAA long-term rating on the City's GO debt outstanding.

NOTE 11: LEASES

Operating Leases

Copier Leases

In December 2016, the City entered into two 60-month leases for a Canon IR C 5560i and Canon IR C 700. Lease payments for the year ended December 31, 2020 totaled \$18,589. The future minimum payments for these agreements are summarized as follows:

2021	<u>18,589</u>
Total	\$18,589

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, 2020 were \$711. The future minimum payments for this agreement are summarized as follows:

2021	711
2022	711
2023	711
2024	<u>237</u>
Total	\$2,370

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. \$24,727 was recorded as operating rental expense in 2020 and the balance, \$43,273 was reported as a prepayment at December 31, 2020.

Gas Monitoring Equipment

Effective July 1, 2014, the City entered into a four-year lease for hazardous gas monitoring equipment. The initial term ended June 30, 2018. The lease automatically renewed on a month-to-month basis for a period not to exceed twelve months. Effective July 1, 2019 the terms of the lease were extended for a period of 48 months. Lease payments for the year ended December 31, 2020 were \$13,824. Future minimum payments are summarized as follows:

2021	13,824
2022	13,824
2023	<u>6,912</u>
Total	\$34,560

Effective July 15, 2017, the City entered into a four-year lease for hazardous gas monitoring equipment. The initial term ends 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. Lease payments for the year ended December 31, 2020 were \$15,449. Future minimum payments are summarized as follows:

2021	<u>9,012</u>
Total	\$9,012

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 intends to construct and operate a homeless shelter and day center. 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, 2020 was \$11,632. The remaining balance is reported as a deferred lease receipt.

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

During the year ending December 31, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/20	Additions	Reductions	Ending Balance 12/31/20	Due Within One Year
<u>Governmental Activities</u>					
Bonds Payable:					
General Obligation Bonds	35,524,670	25,105,000	29,355,156	31,274,514	1,934,515
Less:					
Issuance Discount	(260,526)		(260,526)	-	
Add:					
Issuance Premium	-	2,838,818	-	2,838,818	141,941
Interfund Loan	5,562,619	-	-	5,562,619	
Compensated Absences	3,693,320	4,092,825	3,436,453	4,349,692	3,435,666
Self Insurance Claims	420,600	4,691,530	4,663,930	448,200	448,200
Asset Retirement Obligations		93,925	-	93,925	-
Net Pension Liability	10,918,059	-	366,941	10,551,118	
Other Post Employment Benefits	16,035,203	789,065	760,252	16,064,016	690,848
Governmental Activity Long-term Liabilities	71,893,945	37,611,163	38,322,206	71,182,902	6,651,170
<u>Business-Type Activities</u>					
PWTF Loans	3,792,156	-	414,113	3,378,043	414,113
Net Pension Liability	1,609,259	65,745	-	1,675,004	
Compensated Absences	221,701	99,588	-	321,289	257,031
Business-Type Activity Long-term Liabilities	5,623,116	165,333	414,113	5,374,336	671,144

Compensated Absences

The City's Governmental Activities liability for accrued compensated absences includes a liability of \$298,535 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.

Total Other Post-Employment Benefit Liabilities

The liability for the Other Post-Employment Benefits (OPEB) 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 2020, the amount utilized to exhaust OPEB costs was \$87,000.

NOTE 13:
CONTINGENCIES AND LITIGATIONS

As of December 31, 2020, 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.

**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 project \$10.8 million, Transportation capital projects \$16.2 million in 2020), debt service (\$3 million in 2020), capital project close outs and clean up returning unused funds to source, \$2.5 million was returned to impact fees in 2020 \$0.9 million returned to the general fund and \$0.5 million returned to the excise tax capital improvement fund. The largest interfund balance is \$5,474,151 due to Water/sewer. It is mainly made up of \$5,732,009 due from the capital projects fund which is related to an interfund loan made in 2019 (see note 10).

Interfund balances as reported in the financial statements at December 31, 2020, were as follows:

		2020 Due From				
		General Fund	Other Governmental Funds	Internal Service Funds	Proprietary Funds	Total
2020 Due To	General	\$ -	\$ 950	\$ -	\$ 917,058	\$ 918,008
	Parks Maintenance	-	-	-	-	\$ -
	Parks Levy	-	-	-	-	\$ -
	Internal Service Funds	-	-	-	-	\$ -
	Water/Sewer	9,182	5,747,151	4,110	926	\$ 5,761,369
	Surface Water	-	-	-	-	\$ -
	Solid Waste	-	-	587	-	\$ 587
	Total	\$ 9,182	\$ 5,748,101	\$ 4,697	\$ 917,984	\$ 6,679,964

Interfund transfers at December 31, 2020, were as follows:

		2020 Transfer From						
		General Fund	Excise Capital Improvement Fund	Capital Projects Funds	Other Governmental Funds	Internal Service Funds	Proprietary Funds	Total
2020 Transfer To	General		184,068	904,154	100,000	160,000	117,000	\$ 1,465,222
	Excise Capital Improvement			596,922				\$ 596,922
	General Capital Projects	2,705,633	921,000	-	6,263,000	632,391	256,000	\$10,778,024
	Transportation Capital Projects	6,320,151	6,292,762		2,258,700	-	1,300,000	\$16,171,613
	Parks Levy		35,000					\$ 35,000
	Impact Fees			2,498,700				\$ 2,498,700
	Debt Service Funds	2,994,356						\$ 2,994,356
	Internal Service Funds	363,748		161,954		-	220,026	\$ 745,728
	Total	\$ 12,383,888	\$ 7,432,830	\$4,161,730	\$ 8,621,700	\$ 792,391	\$ 1,893,026	\$35,285,565

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 Citizen 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 2020 the City contributed \$175,946 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 \$4,695,241 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 Klaas Nijhuis, 16225 NE 87th Street, A-3, 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 2020 was \$383,836. 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 2020, the City of Kirkland remitted \$1,060,424 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. The 2006, 2009, 2012 and 2014 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 2020 the City of Kirkland paid EPSCA \$126,013 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, 2020, the weighted vote was as follows:

Bellevue	46.52%
Redmond	23.68%
Kirkland	17.91%
Mercer Island	5.92%
Issaquah	5.97%

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 system is approaching 20 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. It will take 5 to 6 years to complete the system. The Puget Sound Emergency Radio Network (PSERN) is the intended successor and is expected to be fully implemented by the end of 2022.

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. Revenues consist of annual membership fees from the members of the eCityGov Alliance. The City of Kirkland paid membership dues of \$24,135 in 2020.

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 Evan Phillips, 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.

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 2020, the City of Kirkland's share of these fees was \$2,663,228.

Additional financial information can be obtained from NORCOM, c/o Marianne Ryerson, 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, and Duvall 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 \$16,431 in 2020.

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 2003 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, Algonia, 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. The City of Kirkland paid membership dues of \$5,355 in 2020.

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.

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 \$53,308 in 2020. 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 Deanna Dawson, Executive Director, deanna@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 \$9,378 for 2020. Upon termination of the SWAT team, any funds or jointly purchased assets will be distributed to the participating cities. The City's share of assets is deemed immaterial and thus is not reflected in the financial statements.

Budget monitoring information can be obtained from Chief Michelle Bennett, City of Edmonds, 250 5th Ave North, Edmonds, WA 98020.

EnviroStars Green Business Program

The City of Kirkland is among several public agencies in the area that established the EnviroStars Regional Green Business Program. The program started in 2016 through a Memorandum of Agreement (MOA) with 11 initial members. EnviroStars links businesses to local environmental programs and incentives that can help them take green actions and get recognized for it. An eight-member executive committee adopts rules and procedures for its operations. The executive committee, which is a subset of the members, is made up of the seven highest financial contributors and the remaining members combined will have one place on the executive committee. Operating revenues are provided by membership dues. The City of Kirkland's dues in 2020 were \$6,781.

A member may withdraw from the MOA by providing written notice a minimum of sixty days prior to the due date of its payment of annual dues. Upon termination of the MOA each member will receive its pro-rata share of remaining funds.

The City of Kirkland is the fiscal agent of EnviroStars 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 John MacGillivray, City of Kirkland, JMacGillivray@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.

The City of Kirkland 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.

The cities of Bellevue, Issaquah, Redmond and Renton will each provide \$15,000 annually to fund management and day-to-day operations. The City of Kirkland will contribute up to \$40,000 cash and in-kind contributions such as City staffing, office space, and necessary equipment for its operations.

The activity of Startup 425 is reported in the City's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

For additional information contact Carmine Anderson, City of Kirkland, cvanderson@kirklandwa.gov.

**NOTE 16:
BUDGET TO GAAP RECONCILIATION**

The City's budget is prepared primarily on the cash basis of accounting; therefore, the Schedule 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.

2020 Budget to GAAP Reconciliation	General Fund	Excise Tax Capital Improvement	Street Operating Special Revenue	Contingency Special Revenue	Firefighter Pension
Revenues on the Budgetary Basis	120,837,867	14,128,986	9,108,315	0	142,745
Increase (Decrease) due to accruals	1,786,879	(782,117)	0	0	0
Reclassification	9,251,060	0	(9,108,315)	0	(142,745)
Revenues on the GAAP Basis	<u>131,875,806</u>	<u>13,346,869</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures on the Budgetary Basis	110,343,560	0	6,299,732	0	28,291
Increase (Decrease) due to accruals	(2,340,065)	0	0	0	0
Reclassification	6,328,023	0	(6,299,732)	0	(28,291)
Expenditures on the GAAP Basis	<u>114,331,518</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses) on the Budgetary Basis	(7,158,712)	(6,835,908)	(3,767,347)	617,356	(87,000)
Increase (Decrease) due to accruals	(49,977)	0	0	0	0
Reclassification	(3,236,991)	0	3,767,347	(617,356)	87,000
Other Financing Sources (Uses) on the GAAP Basis	<u>(10,445,681)</u>	<u>(6,835,908)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures on the Budgetary Basis	10,494,308	14,128,986	2,808,584	0	114,454
Increase (Decrease) due to accruals	4,126,943	(782,117)	0	0	0
Reclassification	2,923,038	0	(2,808,584)	0	(114,454)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures on the GAAP Basis	<u>17,544,289</u>	<u>13,346,869</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 2020 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 \$725,327 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 \$201,763 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 two of the programs for 2020 – Current Use Programs and Single-family Dwelling Improvement 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 \$1,479.

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 \$3,965.

NOTE 18:
OTHER INFORMATION

The City of Kirkland Transportation Benefit District (TBD) was legally established by ordinance on February 10, 2014. It will provide additional funding for the purposes of implementing and funding transportation improvements. There has been no formal action from the Kirkland City Council to establish a meeting of the governing body, no business has been conducted, and no economic activity has commenced for the TBD. Therefore, there is no financial reporting activity for the Transportation Benefit District in 2020.

NOTE 19:
PRIOR PERIOD ADJUSTMENTS

In 2020 the City identified that 2019 Charges for Services in the Solid Waste Enterprise Fund was understated by \$376,185. Beginning Net Position was adjusted by \$354,985 which is the net amount after tax expense is calculated on the additional revenue.

The city is a member of A Regional Coalition for Housing (ARCH), a joint board created via interlocal agreement with Eastside cities to preserve and develop affordable housing in East King County. In 2020, the audit manager for the city of Bellevue who are the fiscal agents for ARCH determined that ARCH should be reported as an undivided interest (joint operation). Each member should report unobligated cash held within its trust fund as cash on its financial statement at year end. The city's equity share in ARCH as of 12/31/2019 was \$2,274,595 this has been applied as an adjusting to the beginning general fund balance for 2020.

NOTE 20:
CHANGE IN ACCOUNTING PRINCIPAL

For the fiscal year ending December 31, 2020, the city implemented GASB Statement No. 83 "Certain Asset Retirement Obligations (ARO)," which provides accounting and reporting guidance on asset retirement obligations. This standard requires governments to report the liabilities not previously required to be reported. This statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for the ARO. Due to the requirement of this statement, the city has incurred a change in accounting principle of \$51,102 on the government wide statements.

**NOTE 21:
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.

Underground Storage Site	Asset Remaining Useful Life	Liability
Fire Station 27	2	\$ 28,549
Public Works Maintenance Center	0	0
		\$ 28,549

NOTE 22: COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The impacts of the COVID-19 pandemic are ongoing. The City has experienced an increase in public health emergency response and other costs associated with mitigating the impacts of the COVID-19 pandemic on the residents of the City, support to homeless and vulnerable populations, small businesses, food assistance, and expanded childcare services, among others. Some of these costs have decreased since the initial declarations of emergency related to the pandemic. The City has taken a number of actions in response to the COVID-19 outbreak, including grants for local businesses, expanded grants for human services providers, and increased investment in telecommunication equipment, among other measures. Many of these costs have been offset by an allocation of approximately \$4.2 million in federal Coronavirus Relief Funds in 2020, specifically related to COVID-19 response. The City also implemented certain cost saving measures, including freezing all hiring of non-essential personnel, and delaying of some non-infrastructure projects, to offset the economic impacts of the pandemic in 2020, helping to realize budget savings in the General Fund of approximately \$6.4 million.

The City has and will continue to review the range of financial impacts of COVID-19 on the City and its finances. The City's preliminary results for 2020 show a decrease in the City's 2020 General Fund revenue of \$4.6 million compared to the 2020 budget. Comparing 2020 to 2019, the City saw large reductions in the following sales tax sectors related to the impacts of COVID-19 and related social distancing requirements imposed by the Governor: auto/gas retail (down \$385,767, or 7.6%) and retail dining (down \$381,886, or 20.4%). Both sectors are expected to rebound as the economy reopens amid further progress under the State's reopening plan and regional vaccination efforts. For the 2021 budget, the City budgeted retail sales taxes revenue at the estimated level for 2020 (\$31.3 million), approximately 13% below 2019 levels, due to the anticipated continued impact of COVID-19. Property tax collections in 2020 were less impacted by the pandemic, as the City did not register a noticeable change in delinquent property tax payments from prior years. Utility tax revenues ended 2020 approximately 5% under budget following longer-term reductions in telephone and TV-cable taxes and uncertain impacts from COVID-19. Parking fee revenues also saw reductions in 2020 due to a scheduled parking fee suspension in downtown Kirkland. The City expects to see a smaller reduction in 2021 as parking fees were again waived from December 2020 through February 2021. Risks to these projections include further economic shutdowns from virus outbreaks or variants. These estimates and projections are unaudited, preliminary and subject to change.

For 2020, the City implemented a temporary hiring freeze for certain positions, and a voluntary separation/retirement incentive for certain personnel. The recovery of the local economy will be largely driven by the overall national and regional economic recovery. The City is closely monitoring specific areas due to the large presence of major employers.

In addition to impacts on the City's governmental funds, there may be COVID-19-related revenue impacts for the City's utility systems. For instance, the City has suspended late fees and shut-off processes for its utilities, and it did not increase any utility rates for 2021.

While the full impact of the COVID-19 pandemic on the City and the regional economy is currently uncertain, the City currently believes that the measures it has put in place will help mitigate its anticipated revenue shortfall. The City, however, cannot predict the duration and extent of the COVID-19 public health emergency, or quantify the magnitude of the impact on the regional and local economy or on the revenues and expenses of the City. The City will continue to monitor the evolving situation and respond as needed.



City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of the Net Pension Liability
PERS 1
as of June 30, 2020
Last 10 Fiscal Years*

	<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)	0.239905%	0.250384%	0.245488%	0.255485%	0.247082%	0.237347%
Employer's Proportionate Share of the Net Pension Liability (Asset)	8,469,942	9,628,154	10,963,578	12,122,963	13,269,467	12,415,455
Covered Payroll	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	23.37%	27.28%	34.09%	38.03%	45.69%	46.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2020
Last 10 Fiscal Years*

	<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)	0.293694%	0.302719%	0.294538%	0.307765%	0.291129%	0.282083%
Employer's Proportionate Share of the Net Pension Liability (Asset)	3,756,179	2,940,431	5,028,974	10,693,363	14,658,115	10,078,986
Covered Payroll	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	10.93%	8.80%	16.43%	35.38%	53.69%	40.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2020
Last 10 Fiscal Years*

	<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)	0.271451%	0.317335%	0.355180%	0.382251%	0.386625%	0.374208%
Employer's Proportionate Share of the Net Pension Liability (Asset)	(37,352)	(41,266)	4,401	74,894	164,308	68,300
Covered Payroll	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	-2.24%	-2.65%	0.31%	5.54%	13.07%	6.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2020
Last 10 Fiscal Years*

	<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)	0.074798%	0.074516%	0.077052%	0.076621%	0.076145%	0.075351%
Employer's Proportionate Share of the Net Pension Liability (Asset)	(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	(9,554,568)	(9,962,601)	(9,461,994)	(7,863,183)	(5,306,415)	(6,142,677)
TOTAL	(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	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%

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, 2020
Last 10 Fiscal Years*

	<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)	0.654018%	0.684709%	0.690550%	0.710014%	0.708072%	0.742445%
Employer's Proportionate Share of the Net Pension Liability (Asset)	(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	(8,530,567)	(9,077,472)	(9,077,472)	(6,391,258)	(2,684,871)	(5,045,524)
TOTAL	(21,871,579)	(24,940,077)	(23,097,142)	(16,243,952)	(6,803,230)	(12,676,374)
Covered Payroll	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	-52.80%	-66.36%	-61.31%	-44.20%	-19.21%	-35.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2020
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or Contractually Required Contributions	1,728,418	1,791,095	1,717,449	1,579,243	1,488,736	1,253,566
Contributions in Relation to the Statutorily or Contractually Required Contributions	(1,728,418)	(1,791,095)	(1,717,449)	(1,579,243)	(1,488,736)	(1,253,566)
Contribution Deficiency (excess)	-	-	-	-	-	-
Covered Payroll	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	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, 2020
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or Contractually Required Contributions	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	(2,708,740)	(2,617,594)	(2,380,486)	(2,066,402)	(1,808,373)	(1,480,054)
Contribution Deficiency (excess)	-	-	-	-	-	-
Covered Payroll	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	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, 2020
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or Contractually Required Contributions	117,841	112,364	96,954	93,370	85,459	76,937
Contributions in Relation to the Statutorily or Contractually Required Contributions	(117,841)	(112,364)	(96,954)	(93,370)	(85,459)	(76,937)
Contribution Deficiency (excess)	-	-	-	-	-	-
Covered Payroll	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	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, 2020
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or Contractually Required Contributions	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	(1,364,104)	(1,257,933)	(1,250,298)	(1,180,952)	(1,057,143)	(1,122,507)
Contribution Deficiency (excess)	-	-	-	-	-	-
Covered Payroll	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	5.15%	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 Net Pension Liability and Related Ratios
Firefighters' Pension Plan
(dollar amounts in thousands)
For the year ended December 31, 2020
Last 10 Fiscal Years*

	<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
Interest on total pension liability	10	14	13	12	12	13	13
Effect of plan changes	0	0	0	0	0	0	0
Effect of economic/demographic gains or (losses)	(114)	0	0	28	0	(67)	0
Effect of assumption changes or inputs	17	44	(18)	9	(9)	43	10
Benefit payments	(17)	(18)	(16)	(16)	(15)	(13)	(14)
Net change in total pension liability	(\$104)	\$41	(\$21)	\$33	(\$13)	(\$25)	\$9
Total pension liability, beginning	\$387	\$347	\$367	\$334	\$347	\$372	\$363
Total pension liability, ending (a)	\$284	\$387	\$347	\$367	\$334	\$347	\$372
Fiduciary Net Position							
Employer contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contributions from state fire insurance premium tax	120	108	115	107	98	92	97
Investment income net of investment expenses	37	43	21	9	9	11	14
Benefit payments	(17)	(16)	(16)	(16)	(15)	(13)	(14)
Medical payments from fund	(87)	(87)	(87)	(105)	(225)	(225)	(225)
Administrative expenses	(12)	(3)	(12)	(3)	(12)	(3)	(8)
Net change in plan fiduciary net position	\$42	\$45	\$22	(\$8)	(\$145)	(\$138)	(\$136)
Fiduciary net position, beginning	\$1,264	\$1,220	\$1,198	\$1,205	\$1,350	\$1,488	\$1,624
Fiduciary net position, ending (b)	\$1,307	\$1,264	\$1,220	\$1,198	\$1,205	\$1,350	\$1,488
Net pension liability, ending = (a) - (b)	(\$1,023)	(\$877)	(\$873)	(\$831)	(\$872)	(\$1,003)	(\$1,117)
Fiduciary net position as a % of total pension liability	460.70%	326.43%	351.91%	326.13%	361.21%	389.56%	400.42%
Covered payroll	\$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

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 Investment Returns
Firefighters' Pension Plan
For the year ended December 31, 2020
Last 10 Fiscal Years

Fiscal Year Ending <u>December 31</u>	Net Money-Weighted <u>Rate of Return</u>
2011	N/A
2012	N/A
2013	N/A
2014	0.87%
2015	0.74%
2016	0.68%
2017	0.74%
2018	1.72%
2019	3.38%
2020	2.83%

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Employer Contributions
Firefighters' Pension Plan
For the year ended December 31, 2020
Last 10 Fiscal Years

Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Contribution As a % of Covered Payroll
2011	0	77,880	(77,880)	0	N/A
2012	0	71,592	(71,592)	0	N/A
2013	(105,331)	(105,331)	0	0	N/A
2014	(127,795)	(127,795)	0	0	N/A
2015	(133,148)	(133,148)	0	0	N/A
2016	(93,400)	(126,991)	33,591	0	N/A
2017	(102,000)	2,227	(104,227)	0	N/A
2018	(75,400)	27,909	(103,309)	0	N/A
2019	(83,700)	21,253	(104,953)	0	N/A
2020	(88,425)	33,147	(121,572)	0	N/A

Notes to Schedule:

*Employer contributions for pensions are total contributions to the fund net of disbursements from the fund for medical expenses under RCW 41.26.150. It includes revenues from fire insurance premium taxes. Prior to 2014, administrative expenses were also subtracted from employer contributions.

City of Kirkland
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Total OPEB Liability and Related Ratios
LEOFF 1
For the year ended December 31, 2020
Last 10 Fiscal Years*

	2020	2019	2018
Total OPEB liability - beginning	16,035,203	15,684,554	16,276,239
Service cost	-	-	-
Interest	548,042	595,432	571,289
Changes in benefit terms	-	-	-
Changes in experience data and assumptions	241,023	358,389	(520,441)
Benefit payments	(760,252)	(603,172)	(642,533)
Other changes	-	-	-
Total OPEB liability - ending	16,064,016	16,035,203	15,684,554
Covered-employee payroll	-	-	-
Total OPEB liability as a % of covered payroll	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, 2020
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily or Contractually Required Contributions	68,760	73,492	71,025	73,215	73,696
Contributions in Relation to the Statutorily or Contractually Required Contributions	68,760	73,492	71,025	73,215	73,696
Contribution Deficiency (excess)	-	-	-	-	-
Covered Payroll	6,594,633	6,680,376	5,872,671	5,604,106	5,585,341
Contributions as a Percentage of Covered Employee Payroll	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, 2020
Last 10 Fiscal Years

Fiscal Year Ending December 31	Employer Contributions
2011	54,627
2012	59,156
2013	66,552
2014	67,277
2015	72,159
2016	73,696
2017	73,215
2018	71,025
2019	73,492
2020	68,760

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.

Fund Financial Statements and Schedules



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, 2020

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Special Revenue

	Lodging Tax	Cemetery Operating	Parks Maintenance	Parks Levy	Impact Fees
Assets					
Cash and Cash Equivalents	107,784	304,510	270,881	478,771	538,531
Investments	285,447	803,912	713,688	1,264,857	1,511,822
Receivables, Net of Allowances					
Taxes	14,721		25,117	46,859	0
Accounts			1,867	457	0
Prepayments	613		15,277	15,157	
Total Assets	408,565	1,108,422	1,026,830	1,806,101	2,050,353
Liabilities					
Accounts Payable	9,213	1,023	21,423	31,312	
Wages Payable	2,502	1	27,459	31,521	
Benefits Payable	598		12,850	12,095	
Due to Other Funds		252	8,618	7,222	
Intergovernmental Payable			3,161	18,080	
Total Liabilities	12,313	1,276	73,511	100,230	0
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes			25,230	47,070	
Total Deferred Inflows of Resources	0	0	25,230	47,070	0
Fund Balances					
Nonspendable					
Prepaid	613	0	15,277	15,157	0
Restricted for					
Tourism	395,639				
Cemetery Operations		1,107,146			
Culture and Recreation			912,812	1,643,644	913,859
Transportation					1,136,494
Debt Service					
Total Fund Balances	396,252	1,107,146	928,089	1,658,801	2,050,353
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	408,565	1,108,422	1,026,830	1,806,101	2,050,353

City of Kirkland
Combining Balance Sheet
Non Major Governmental Funds
December 31, 2020

Total Special Revenue	Debt Service		Total Debt Service	Non Major Governmental Funds Total
	LTGO	UTGO		
1,700,477	229,920	82,587	312,507	2,012,985
4,579,725	401,096	212,347	613,443	5,193,169
86,697		11,461	11,461	98,158
2,324			0	2,324
31,047			0	31,047
6,400,271	631,016	306,396	937,412	7,337,683
62,971			0	62,971
61,483			0	61,483
25,543			0	25,543
16,092			0	16,092
21,241			0	21,241
187,330	0	0	0	187,330
72,300		11,552	11,552	83,852
72,300	0	11,552	11,552	83,852
31,047	0	0	0	31,047
395,639			0	395,639
1,107,146			0	1,107,146
3,470,315			0	3,470,315
1,136,494			0	1,136,494
0	631,016	294,843	925,859	925,859
6,140,641	631,016	294,843	925,859	7,066,501
6,400,271	631,016	306,396	937,412	7,337,683

City of Kirkland
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non Major Governmental Funds
For the fiscal year ended December 31, 2020

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	Special Revenue			
	Lodging Tax	Cemetery Operating	Parks Maintenance	Parks Levy
Revenues				
Taxes and Assessments	125,794		1,479,544	2,763,296
Intergovernmental				2,686
Charges for Services		66,099		144,015
Investment Interest	11,760	30,574	25,541	51,001
Miscellaneous Revenues			1,686	7,680
Total Revenues	137,554	96,673	1,506,771	2,968,678
Expenditures				
Current				
Physical Environment		67,293		
Economic Environment	251,838			
Culture and Recreation			1,418,516	1,959,721
Debt Service				
Principal				
Interest				
Capital Outlay		981		
Total Expenditures	251,838	68,274	1,418,516	1,959,721
Excess (Deficiency) of revenues				
Over (under) expenditures	(114,285)	28,399	88,255	1,008,957
Other Financing Sources (Uses)				
Refunding Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Sale of Capital Assets		49,100		
Transfers In				35,000
Transfers Out				(923,000)
Total Other Financing Sources (Uses)	0	49,100	0	(888,000)
Net Change in Fund Balance	(114,285)	77,499	88,255	120,957
Fund Balances Beginning of Year	510,537	1,029,647	839,834	1,537,844
Fund Balances End of Year	396,252	1,107,146	928,089	1,658,801

City of Kirkland
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non Major Governmental Funds
For the fiscal year ended December 31, 2020

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Debt Service					
Impact Fees	Total Special Revenue	LTGO	UTGO	Total Debt Service	Non Major Governmental Funds Total
	4,368,634	477,179	561,673	1,038,852	5,407,486
	2,686	302,483		302,483	305,169
1,242,241	1,452,355			0	1,452,355
148,316	267,192	1,735		1,735	268,928
	9,366			0	9,366
1,390,557	6,100,232	781,398	561,673	1,343,071	7,443,304
	67,293			0	67,293
	251,838			0	251,838
	3,378,237			0	3,378,237
	0	1,895,156	530,000	2,425,156	2,425,156
0	0	1,613,292	37,260	1,650,552	1,650,552
	981			0	981
0	3,698,349	3,508,448	567,260	4,075,708	7,774,057
1,390,557	2,401,883	(2,727,050)	(5,587)	(2,732,637)	(330,753)
0	0	27,943,818	0	27,943,818	27,943,818
0	0	(27,652,752)	0	(27,652,752)	(27,652,752)
	49,100			0	49,100
2,498,700	2,533,700	2,994,356		2,994,356	5,528,056
(7,698,700)	(8,621,700)			0	(8,621,700)
(5,200,000)	(6,038,900)	3,285,422	0	3,285,422	(2,753,478)
(3,809,443)	(3,637,017)	558,372	(5,587)	552,785	(3,084,231)
5,859,796	9,777,658	72,644	300,430	373,074	10,150,732
2,050,353	6,140,641	631,016	294,843	925,859	7,066,501

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
General Capital Projects Revenue Fund
For the year ended December 31, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Intergovernmental	1,531,580	1,531,580	672,830	729,812	1,402,642	(128,938)
Charges for Services	0	167,676	147,676	20,000	167,676	(0)
Investment Interest	0	0	15,394	0	15,394	15,394
Contributions/Donations	325,000	0	12,500	913	13,413	13,413
Miscellaneous Revenues	0	150,000	5,732	8,732	14,464	(135,536)
Total Revenues	1,856,580	1,849,256	854,132	759,457	1,613,589	(235,667)
Expenditures						
Current						
General Government	5,000	1,851,532	57,696	2,404,998	2,462,694	(611,162)
Security of Persons and Property	1,400,354	7,428,742	1,584,696	764,128	2,348,824	5,079,918
Culture and Recreation	0	355,145	358,790	188,517	547,307	(192,162)
Capital Outlay	49,351,590	66,202,748	18,696,833	14,560,409	33,257,243	32,945,505
Total Expenditures	50,756,944	75,838,167	20,698,016	17,918,051	38,616,068	37,222,099
Excess of revenues over expenditures	(48,900,364)	(73,988,911)	(19,843,884)	(17,158,594)	(37,002,479)	36,986,432
Other Financing Sources (Uses)						
Intergovernmental Loan Proceeds	0	5,562,619	5,562,619	0	5,562,619	0
Transfers In	19,049,154	42,939,640	32,370,803	13,830,630	46,201,433	3,261,793
Transfers Out	0	(2,121,840)	(1,691,731)	(796,108)	(2,487,839)	(365,999)
Total Other Financing Sources (Uses)	19,049,154	46,380,420	36,241,691	13,034,522	49,276,214	2,895,794
Net Change in Fund Balance	(29,851,210)	(27,608,491)	16,397,807	(4,124,072)	12,273,735	39,882,226
Fund Balances Beginning of Year	35,587,956	31,894,194	24,263,777	40,661,584	24,263,777	(7,630,417)
Fund Balances End of Year	5,736,746	4,285,703	40,661,584	36,537,512	36,537,512	32,251,809

City of Kirkland
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
Transportation Capital Projects Revenue Fund
For the year ended December 31, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Intergovernmental	41,222,163	34,408,138	3,194,661	2,714,217	5,908,878	(28,499,260)
Charges for Services	0	164,048	78,548	8,135	86,683	(77,365)
Contributions/Donations	0	404,000	0	0	0	(404,000)
Miscellaneous Revenues	0	213,454	0	15,343	15,343	(198,111)
Total Revenues	41,222,163	35,189,640	3,273,209	2,737,695	6,010,904	(29,178,736)
Expenditures						
Current						
Transportation	226,000	2,402,567	685,269	1,449,021	2,134,290	268,278
Capital Outlay	113,871,120	117,920,876	13,621,146	24,251,620	37,872,766	80,048,110
Total Expenditures	114,097,120	120,323,443	14,306,415	25,700,641	40,007,056	80,316,387
Excess of revenues over expenditures	(72,874,957)	(85,133,803)	(11,033,206)	(22,962,946)	(33,996,151)	51,137,651
Other Financing Sources (Uses)						
Transfers In	19,318,000	34,149,066	19,679,900	17,486,663	37,166,563	3,017,497
Transfers Out	0	(2,339,920)	(543,935)	(3,365,622)	(3,909,556)	(1,569,636)
Refunding bonds issued	27,167,100	27,167,100	0		0	(27,167,100)
Total Other Financing Sources (Uses)	46,485,100	58,976,246	19,135,965	14,121,041	33,257,007	(25,719,239)
Net Change in Fund Balance	(26,389,857)	(26,157,557)	8,102,760	(8,841,904)	(739,145)	25,418,412
Fund Balances Beginning of Year	26,418,893	26,457,861	25,902,615	34,005,375	25,902,615	(555,246)
Fund Balances End of Year	29,036	300,304	34,005,375	25,163,470	25,163,470	24,863,166

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, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Taxes and Assessments	13,658,520	13,658,520	6,754,882	6,693,805	13,448,687	(209,833)
Licenses and Permits	705,800	705,800	254,186	404,816	659,002	(46,798)
Intergovernmental	4,089,423	4,089,423	1,960,023	1,759,567	3,719,590	(369,833)
Charges for Services	138,000	138,000	69,497	59,690	129,188	(8,812)
Contributions/Donations	0	0	1,650	0	1,650	1,650
Miscellaneous Revenues	850,593	850,593	424,531	190,437	614,969	(235,624)
Total Revenues	19,442,336	19,442,336	9,464,770	9,108,315	18,573,086	(869,250)
Expenditures						
Current						
Transportation	12,756,398	12,920,531	6,418,217	6,299,732	12,717,948	202,583
Capital Outlay	40,000	190,000	22,597	0	22,597	167,403
Total Expenditures	12,796,398	13,110,531	6,440,813	6,299,732	12,740,545	369,986
Excess of revenues over expenditures	6,645,938	6,331,805	3,023,957	2,808,584	5,832,541	(499,264)
Other Financing Sources (Uses)						
Insurance Recovery	0	3,266	20,164	26,239	46,403	43,137
Transfers In	1,040,000	1,313,251	658,086	526,500	1,184,586	(128,665)
Transfers Out	(8,367,593)	(8,591,093)	(3,767,426)	(4,320,086)	(8,087,512)	503,581
Total Other Financing Sources (Uses)	(7,327,593)	(7,274,576)	(3,089,177)	(3,767,347)	(6,856,524)	418,053
Net Change in Fund Balance	(681,655)	(942,771)	(65,219)	(958,763)	(1,023,983)	(81,212)
Fund Balances Beginning of Year	2,283,427	2,543,466	2,317,122	2,251,903	2,317,122	0
Fund Balances End of Year	1,601,772	1,600,695	2,251,903	1,293,139	1,293,139	(81,212)

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, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Other Financing Sources (Uses)						
Transfers In	617,356	617,356	0	617,356	617,356	0
Total Other Financing Sources (Uses)	617,356	617,356	0	617,356	617,356	0
Net Change in Fund Balance	617,356	617,356	0	617,356	617,356	0
Fund Balances Beginning of Year	5,675,121	5,675,121	5,675,121	5,675,121	5,675,121	0
Fund Balances End of Year	6,292,477	6,292,477	5,675,121	6,292,477	6,292,477	0

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, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Taxes and Assessments	612,737	612,737	334,444	152,439	486,883	(125,854)
Investment Interest	13,938	13,938	8,370	7,193	15,563	1,625
Total Revenues	626,675	626,675	342,814	159,632	502,446	(124,229)
Expenditures						
Current						
Economic Environment	702,456	734,403	269,980	251,685	521,664	212,739
Total Expenditures	702,456	734,403	269,980	251,685	521,664	212,739
Excess of revenues over expenditures	(75,781)	(107,728)	72,834	(92,053)	(19,218)	88,510
Net Change in Fund Balance	(75,781)	(107,728)	72,834	(92,053)	(19,218)	88,510
Fund Balances Beginning of Year	305,306	396,212	392,187	465,021	392,187	(4,025)
Fund Balances End of Year	229,525	288,484	465,021	372,969	372,969	84,485

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, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Charges for Services	80,000	80,000	68,298	66,099	134,396	54,396
Investment Interest	34,723	34,723	19,029	18,133	37,162	2,439
Total Revenues	114,723	114,723	87,327	84,232	171,558	56,835
Expenditures						
Current						
Physical Environment	171,608	206,608	74,708	67,610	142,318	64,290
Capital Outlay	14,400	14,400	2,900	981	3,881	10,519
Total Expenditures	186,008	221,008	77,608	68,591	146,199	74,809
Excess of revenues over expenditures	(71,285)	(106,285)	9,719	15,640	25,359	131,644
Other Financing Sources (Uses)						
Proceeds Sale of Fixed Assets	90,742	90,742	68,550	49,100	117,650	26,908
Total Other Financing Sources (Uses)	90,742	90,742	68,550	49,100	117,650	26,908
Net Change in Fund Balance	19,457	(15,543)	78,269	64,740	143,009	158,552
Fund Balances Beginning of Year	958,405	948,121	946,793	1,025,062	946,793	(1,328)
Fund Balances End of Year	977,862	932,578	1,025,062	1,089,802	1,089,802	157,224

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, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Taxes and Assessments	2,906,880	2,906,880	1,436,955	1,481,282	2,918,237	11,357
Investment Interest	28,254	28,254	14,630	14,885	29,515	1,261
Miscellaneous Revenues	24,000	24,000	13,017	1,351	14,368	(9,632)
Total Revenues	2,959,134	2,959,134	1,464,602	1,497,518	2,962,120	2,986
Expenditures						
Culture and Recreation	3,107,591	3,125,580	1,333,217	1,420,239	2,753,456	372,124
Total Expenditures	3,107,591	3,125,580	1,333,217	1,420,239	2,753,456	372,124
Excess of revenues over expenditures	(148,457)	(166,446)	131,384	77,279	208,664	375,110
Net Change in Fund Balance	(148,457)	(166,446)	131,384	77,279	208,664	375,110
Fund Balances Beginning of Year	711,878	760,672	746,309	877,693	746,309	(14,363)
Fund Balances End of Year	563,421	594,226	877,693	954,972	954,973	360,747

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, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Taxes and Assessments	5,423,195	5,423,195	2,680,835	2,766,539	5,447,374	24,179
Charges for Services	461,467	461,467	232,285	144,015	376,300	(85,167)
Contributions/Donations	0	0	14,112	2,229	16,341	16,341
Investment Interest	30,471	30,471	27,108	29,286	56,394	25,923
Miscellaneous Revenues	25,650	25,650	16,799	7,680	24,479	(1,171)
Total Revenues	5,940,783	5,940,783	2,971,139	2,949,748	5,920,887	(19,896)
Expenditures						
Current						
Culture and Recreation	4,172,875	4,302,540	1,887,309	1,974,745	3,862,054	440,486
Total Expenditures	4,172,875	4,302,540	1,887,309	1,974,745	3,862,054	440,486
Excess of revenues over expenditures	1,767,908	1,638,243	1,083,830	975,003	2,058,833	420,590
Other Financing Sources (Uses)						
Transfers In	447,953	524,644	412,953	35,000	447,953	(76,691)
Transfers Out	(2,243,651)	(2,889,343)	(1,133,842)	(923,000)	(2,056,842)	832,501
Total Other Financing Sources (Uses)	(1,795,698)	(2,364,699)	(720,889)	(888,000)	(1,608,889)	755,810
Net Change in Fund Balance	(27,790)	(726,456)	362,940	87,003	449,944	1,176,399
Fund Balances Beginning of Year	488,533	1,523,881	1,329,912	1,692,852	1,329,912	(193,969)
Fund Balances End of Year	460,743	797,425	1,692,852	1,779,855	1,779,856	982,430

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, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Charges for Services	4,000,000	5,000,000	5,072,536	1,242,241	6,314,777	1,314,777
Investment Interest	245,515	245,515	198,571	110,023	308,594	63,079
Total Revenues	4,245,515	5,245,515	5,271,108	1,352,264	6,623,371	1,377,856
Excess of revenues over expenditures	4,245,515	5,245,515	5,271,108	1,352,264	6,623,371	1,377,856
Other Financing Sources (Uses)						
Transfers In	0	0	27,699	3,694,150	3,721,849	3,721,849
Transfers Out	(7,761,000)	(15,766,900)	(10,566,900)	(8,894,150)	(19,461,050)	(3,694,150)
Total Other Financing Sources (Uses)	(7,761,000)	(15,766,900)	(10,539,201)	(5,200,000)	(15,739,201)	27,699
Net Change in Fund Balance	(3,515,485)	(10,521,385)	(5,268,094)	(3,847,736)	(9,115,830)	1,405,555
Fund Balances Beginning of Year	10,149,103	10,639,024	11,039,024	5,770,930	11,039,024	400,000
Fund Balances End of Year	6,633,618	117,639	5,770,930	1,923,194	1,923,194	1,805,555

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, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Taxes and Assessments	960,352	960,352	479,916	477,179	957,095	(3,257)
Intergovernmental	1,014,721	1,014,721	518,041	302,483	820,524	(194,197)
Investment Interest	500	500	0	1,735	1,735	1,235
Total Revenues	1,975,573	1,975,573	997,957	781,398	1,779,354	(196,219)
Expenditures						
Debt Service						
Principal	6,529,288	5,880,176	1,746,245	1,895,156	3,641,401	2,238,775
Interest	3,520,306	3,520,306	1,791,397	1,326,836	3,118,233	402,073
Debt Issue Cost	0	0	0	286,456	286,456	(286,456)
Total Expenditures	10,049,594	9,400,482	3,537,642	3,508,448	7,046,090	2,354,392
Excess of revenues over expenditures	(8,074,021)	(7,424,909)	(2,539,685)	(2,727,050)	(5,266,736)	2,158,173
Other Financing Sources (Uses)						
Proceeds of Other Longterm Debt	0	0	0	27,943,818	27,943,818	27,943,818
Refunded Debt Escrow	0	0	0	(27,652,752)	(27,652,752)	(27,652,752)
Transfers In	8,093,728	7,444,616	2,553,165	2,994,356	5,547,521	(1,897,095)
Total Other Financing Sources (Uses)	8,093,728	7,444,616	2,553,165	3,285,422	5,838,587	(1,606,029)
Net Change in Fund Balance	19,707	19,707	13,480	558,372	571,852	552,145
Fund Balances Beginning of Year	95,448	95,448	95,448	108,928	95,448	0
Fund Balances End of Year	115,155	115,155	108,928	667,300	667,300	552,145

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, 2020

	Original Budget 2019-2020	Final Budget 2019-2020	2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Actual 2019-2020 Biennium	Variance with Final Budget
Revenues						
Taxes and Assessments	1,131,365	1,131,365	563,709	561,996	1,125,705	(5,660)
Total Revenues	1,131,365	1,131,365	563,709	561,996	1,125,705	(5,660)
Expenditures						
Debt Service						
Principal	1,045,000	1,045,000	515,000	530,000	1,045,000	0
Interest	86,365	86,365	49,105	37,260	86,365	0
Total Expenditures	1,131,365	1,131,365	564,105	567,260	1,131,365	0
Excess of revenues over expenditures	0	0	(396)	(5,264)	(5,660)	(5,660)
Net Change in Fund Balance	0	0	(396)	(5,264)	(5,660)	(5,660)
Fund Balances Beginning of Year	302,729	299,745	300,595	300,199	300,595	850
Fund Balances End of Year	302,729	299,745	300,199	294,935	294,935	(4,810)



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, 2020

	Equipment Rental	Facilities Maintenance	Health Benefits	Information Technology	Total
Assets					
Current Assets					
Cash and Cash Equivalents	5,098,106	2,462,486	1,651,097	626,309	9,837,998
Investments	13,438,447	6,331,515	4,355,995	1,610,360	25,736,317
Accounts Receivable	2,438	400	197,998	12,874	213,710
Intergovernmental Receivable	1,153				1,153
Prepayments	10,801	58,794		86,106	155,701
Inventories	122,438				122,438
Total Current Assets	18,673,383	8,853,195	6,205,090	2,335,649	36,067,317
Noncurrent Assets					
Capital Assets					
Improvements	12,647	14,235			26,882
Equipment	25,310,705	12,773		43,760	25,367,238
Accumulated Depreciation	(13,761,448)	(15,433)		(43,760)	(13,820,641)
Total Capital Assets Net	11,561,904	11,575	0	0	11,573,479
Total Noncurrent Assets	11,561,904	11,575	0	0	11,573,479
Total Assets	30,235,287	8,864,770	6,205,090	2,335,649	47,640,796
Deferred Outflows of Resources					
Deferred Outflow Pension Contribution	61,994	61,702		302,701	426,397
Total Deferred Outflows of Resources	61,994	61,702	0	302,701	426,397
Liabilities					
Current Liabilities					
Accounts Payable	49,558	117,528	152,144	94,954	414,184
Claims Payable			546,992		546,992
Wages Payable	26,535	25,882		139,177	191,594
Benefits Payable	9,804	10,396		32,082	52,282
Compensated Absences Payable	33,400	31,450		173,979	238,829
Intergovernmental Payable	167	13,699		14,249	28,115
Due to Other Funds		4,697			4,697
Unearned Revenue			575,705		575,705
Total Current Liabilities	119,464	203,652	1,274,841	454,441	2,052,398
Noncurrent Liabilities					
Compensated Absences Payable	8,350	7,861		43,495	59,706
Net Pension Liability	214,264	213,258		1,046,205	1,473,727
Total Noncurrent Liabilities	222,614	221,119	0	1,089,700	1,533,433
Total Liabilities	342,078	424,771	1,274,841	1,544,141	3,585,831
Deferred Inflows of Resources					
Deferred Inflow Pension Related	61,893	61,602		302,210	425,705
Total Deferred Inflows of Resources	61,893	61,602	0	302,210	425,705
Net Position					
Investment in Capital Assets	11,561,904	11,575	0	0	11,573,479
Unrestricted	18,331,406	8,428,524	4,930,249	791,999	32,482,178
Total Net Position	29,893,310	8,440,099	4,930,249	791,999	44,055,657

City of Kirkland, Washington
**Combining Statement of Revenues, Expenses
and Changes in Net Position**
Internal Service Funds
For the Fiscal Year Ended December 31, 2020

	Equipment Rental	Facilities Maintenance	Health Benefits	Information Technology	Total
Operating Revenues					
Charges for Services	5,030,623	3,671,949	7,788,624	6,930,796	23,421,992
Miscellaneous Revenues	21,911	362,951	37,000	71,139	493,001
Total Operating Revenues	5,052,534	4,034,900	7,825,624	7,001,935	23,914,993
Operating Expenses					
Administrative & General	963,763	335,228	7,547,058	2,336,651	11,182,700
Supplies	30,848	141,014		560,358	732,220
Maintenance & Operations	1,474,634	2,340,944		3,955,393	7,770,971
Depreciation	2,007,680	3,858		3,062	2,014,600
Total Operating Expenses	4,476,925	2,821,044	7,547,058	6,855,464	21,700,491
Operating Income (Loss)	575,609	1,213,856	278,566	146,471	2,214,502
Nonoperating Revenues (Expenses)					
Interest Revenue/(Investment Loss)	485,913		156,328		642,241
Insurance Recovery	68,705	(32)			68,673
Gain (loss) on Disposal of Capital Assets	159,134				159,134
Other Nonoperating Revenues/(Expenses)					0
Total Nonoperating Revenues (Expenses)	713,752	(32)	156,328	0	870,048
Income (Loss) before Contributions and Transfers	1,289,361	1,213,824	434,894	146,471	3,084,550
Capital Contributed from External Sources	164,196	0	0	0	164,196
Transfers In	503,481			242,247	745,728
Transfers Out		(681,500)		(110,891)	(792,391)
Change in Net Position	1,957,038	532,324	434,894	277,827	3,202,083
Total Net Position - Beginning	27,936,272	7,907,775	4,495,355	514,172	40,853,574
Total Net Position - Ending	29,893,310	8,440,099	4,930,249	791,999	44,055,657

City of Kirkland, Washington
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2020

	Equipment Rental	Facilities Maintenance	Health Benefits	Information Technology	Total
Cash Flows From Operating Activities					
Cash Received From Interfund Charges	5,025,346	3,669,549	160,995	6,660,709	15,516,599
Contributions Received from Employees and Employer			6,819,081		6,819,081
Cash From Other Sources	19,247	365,457	783,142	399,917	1,567,763
Cash Paid to Suppliers for Goods and Services	(857,446)	(1,743,189)	(4,514,233)	(2,611,343)	(9,726,211)
Cash Paid to Employees for Services	(939,080)	(1,017,270)	(160,995)	(4,384,139)	(6,501,484)
Cash Paid for Central Business Functions	(802,720)	(175,013)	(2,763,855)	(211,293)	(3,952,881)
Cash Provided by Operating Activities	2,445,347	1,099,534	324,135	(146,149)	3,722,867
Cash Flows From Noncapital Financing Activities					
Transfers In	503,481			242,247	745,728
Transfers Out		(681,500)		(110,891)	(792,391)
Cash Provided by (Used for) Noncapital Financing Activities	503,481	(681,500)	0	131,356	(46,663)
Cash Flows From Capital and Related Financing Activities					
Proceeds From Sale of Assets and Insurance Recoveries	274,899	(32)			274,867
Acquisition and Construction of Capital Assets	(1,175,663)				(1,175,663)
Cash Provided by (Used for) Capital and Related Financing Activities	(900,764)	(32)	0	0	(900,796)
Cash Flows From Investing Activities					
(Increase) Decrease in Investments	(2,116,995)	(499,319)	(432,038)	(42,670)	(3,091,022)
Interest Revenue	285,752		95,794		381,546
Cash Provided by Investing Activities	(1,831,243)	(499,319)	(336,244)	(42,670)	(2,709,476)
Increase (Decrease) in Cash and Cash Equivalents	216,821	(81,317)	(12,109)	(57,463)	65,932
Cash and Cash Equivalents, January 1	4,881,285	2,543,803	1,663,206	683,772	9,772,066
Cash and Cash Equivalents, December 31	5,098,106	2,462,486	1,651,097	626,309	9,837,998
Reconciliation of Operating Income (Loss) to Cash Provided by Operating Activities					
Operating Income (Loss)	575,608	1,213,856	377,358	146,471	2,313,293
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities					
Depreciation	2,007,680	3,858		3,062	2,014,600
Changes in Assets and Liabilities					
(Increase) Decrease in Accounts Receivable	30,333	106		59,135	89,574
(Increase) Decrease in Inventories	(31,855)		(70,015)		(101,870)
(Increase) Decrease in Intergovernmental Receivable	(493)				(493)
(Increase) Decrease in Prepayments	1,642	(41,445)	104,974	(38,071)	27,100
(Increase) Decrease in Pension Deferred Outflows of Resources	213	(2,130)		428	(1,489)
Increase (Decrease) in Pension Deferred Inflows of Resources	(67,098)	(61,926)		(326,358)	(455,382)
Increase (Decrease) in Net Pension Liability	(22,799)	(13,765)		(108,990)	(145,554)
Increase (Decrease) in Accounts Payable	(42,217)	(4,818)	(123,391)	69,086	(101,340)
Increase (Decrease) in Claims Payable			126,391		126,391
Increase (Decrease) in Intergovernmental Payable	(717)	12,163		295	11,741
Increase (Decrease) in Unearned Revenue			7,609		7,609
Increase (Decrease) in Due to Other Funds		(1,597)			(1,597)
Increase (Decrease) in Wages Payable	(2,541)	(3,201)		(6,236)	(11,978)
Increase (Decrease) in Benefits Payable	(1,227)	(1,342)		(2,699)	(5,268)
Increase (Decrease) in Compensated Absences Payable	(1,182)	(225)		58,172	56,765
Increase (Decrease) in Advance Pay Facility Leases				(444)	(444)
Cash Provided by Operating Activities	2,445,347	1,099,534	422,926	(146,149)	3,821,658
Noncash Investing, Capital and Finance Activities:					
Change in Fair Value of Investments	0	0	0	0	0

Capital Assets



City of Kirkland
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
December 31, 2020
Unaudited

	<u>2020</u>
Governmental Funds Capital Assets:	
Land	\$ 618,881,039
Buildings	46,043,635
Improvements other than Buildings	104,921,049
Machinery and Equipment	4,928,255
Artwork	2,153,449
Infrastructure	315,703,179
Construction in Progress	23,814,525
Total Governmental Funds Capital Assets	\$ 1,116,445,131
Investments in Governmental Funds Capital Assets by Source:	
General Fund	\$ 385,141,709
Special Revenue Funds	2,020,629
Impact Fees	44,630,685
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	\$ 1,116,445,131

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, 2020
Unaudited

FUNCTION AND ACTIVITY	Land	Buildings	Improvements	Machinery and Equip	Artwork	Infrastructure	CIP	TOTAL
General Govt	\$ 9,015,907	\$ 14,601,301	\$ 31,548,112	\$ 2,998,843	\$ 120,998	\$ -	\$ 1,808,693	\$ 60,093,855
Judicial	-	-	-	-	-	-	-	-
Security								
Police	5,367,905	5,157,399	34,314,154	246,759	99,383	-	-	45,185,600
Fire	8,312,482	8,841,845	4,624,775	792,334	36,750	-	4,112,577	26,720,762
Total Security	13,680,387	13,999,244	38,938,929	1,039,093	136,133	-	4,112,577	71,906,362
Transportation	530,716,600	5,845,821	392,794	177,389	-	315,703,179	13,726,510	866,562,293
Physical Environment	65,493	-	1,053,377	62,785	-	-	-	1,181,655
Economic Environment	-	-	-	-	-	-	-	-
Human Services	601,467	-	-	-	-	-	-	601,467
Culture and Recreation	64,801,185	11,597,269	32,987,836	650,146	1,896,318	-	4,166,745	116,099,499
Total Governmental Funds Capital Assets	\$ 618,881,039	\$ 46,043,635	\$ 104,921,049	\$ 4,928,255	\$ 2,153,449	\$ 315,703,179	\$ 23,814,525	\$ 1,116,445,131

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 of Changes by Function and Activity
For the Year Ended December 31, 2020
Unaudited

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets	Additions	Deductions	Governmental Funds Capital Assets
	Jan 1, 2020			Dec 31, 2020
General Govt	\$ 57,851,723	\$ 2,770,933	\$ 528,801	\$ 60,093,855
Judicial	-	-	-	-
Security				
Police	45,174,810	10,790	-	45,185,600
Fire	22,968,925	4,159,866	408,029	26,720,762
Total Security	<u>68,143,735</u>	<u>4,170,656</u>	<u>408,029</u>	<u>71,906,362</u>
Transportation	844,722,771	36,082,723	14,302,066	866,503,428
Physical Environment	1,186,998	981	6,324	1,181,655
Economic Environment	-	-	-	-
Human Services	601,467	-	-	601,467
Culture and Recreation	109,416,596	11,003,746	4,320,844	116,099,498
Total Governmental Funds Capital Assets	<u>\$ 1,081,923,290</u>	<u>\$ 54,029,039</u>	<u>\$ 19,566,064</u>	<u>\$ 1,116,386,265</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.



Statistical Section



City of Kirkland STATISTICAL SECTION

The following section of the City of Kirkland's 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.	157
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, sales and property tax.	162
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.	168
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.	173
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.	176

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual 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									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 765,633,941	\$ 776,309,902	\$ 777,116,200	\$ 792,032,185	\$ 808,553,668	\$ 808,933,913	\$ 813,489,653	\$ 824,986,759	\$ 837,630,564	\$ 862,586,058
Restricted	56,174,364	51,718,526	33,724,447	39,548,651	51,630,241	65,000,390	74,853,784	93,471,783	76,984,127	75,351,559
Unrestricted	20,984,369	31,820,341	63,270,315	68,438,296	53,070,324	58,812,732	65,045,653	66,651,989	103,973,158	116,444,534
Total Governmental Activities Net Position	\$ 842,792,674	\$ 859,848,769	\$ 874,110,962	\$ 900,019,132	\$ 913,254,233	\$ 932,747,035	\$ 953,389,090	\$ 985,110,531	\$ 1,018,587,848	\$ 1,054,382,151
Business-type Activities										
Net Investment in Capital Assets	\$ 135,167,834	\$ 138,359,034	\$ 142,458,066	\$ 151,092,784	\$ 158,155,675	\$ 158,304,984	\$ 166,859,626	\$ 172,214,574	\$ 182,702,985	\$ 193,070,644
Restricted	821,130	488,200	484,500	-	-	-	-	-	-	-
Unrestricted	39,518,104	42,401,172	45,271,055	50,717,355	52,534,113	58,915,069	58,227,844	61,329,539	61,138,604	57,633,915
Total Business-type Net Position	\$ 175,507,068	\$ 181,248,406	\$ 188,213,621	\$ 201,810,139	\$ 210,689,788	\$ 217,220,053	\$ 225,087,470	\$ 233,544,113	\$ 243,841,589	\$ 250,704,559
Primary Government										
Net Investment in Capital Assets	\$ 900,801,775	\$ 914,668,936	\$ 919,574,266	\$ 943,124,969	\$ 966,709,343	\$ 967,238,897	\$ 980,349,279	\$ 997,201,333	\$ 1,020,333,549	\$ 1,055,656,702
Restricted	56,995,494	52,206,726	34,208,947	39,548,651	51,630,241	65,000,390	74,853,784	93,471,783	76,984,127	75,351,559
Unrestricted	60,502,473	74,221,513	108,541,370	119,155,651	105,604,437	117,727,801	123,273,497	127,981,528	165,111,762	174,078,449
Total Primary Government Net Position	\$ 1,018,299,742	\$ 1,041,097,175	\$ 1,062,324,583	\$ 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

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

Page 1 of 2

	Fiscal Year									
	<u>2011</u>	<u>2012</u> ¹	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses										
Governmental Activities										
General Government	\$ 4,985,746	\$ 4,996,539	\$ 5,598,429	\$ 5,918,750	\$ 9,401,861	\$ 8,918,548	\$ 12,234,921	\$ 10,755,283	\$ 13,416,838	\$ 15,030,025
Judicial	1,961,880	2,152,625	2,254,173	2,331,733	2,320,454	2,090,988	2,345,334	2,326,681	2,474,047	2,397,824
Security of Persons and Property	38,342,580	41,376,492	44,501,316	46,493,793	49,707,323	51,377,094	51,820,913	50,448,353	55,185,379	58,384,630
Physical Environment	1,983,567	2,088,842	1,320,358	1,533,702	1,136,320	1,154,543	986,341	890,022	1,137,480	749,531
Transportation	8,874,943	14,556,590	17,060,710	16,790,922	18,780,143	20,547,650	21,191,932	22,143,199	24,788,739	24,127,789
Human Services	1,168,688	1,247,531	1,328,171	1,402,936	1,462,975	1,598,994	1,374,295	3,201,640	2,405,937	3,578,285
Economic Environment	4,581,729	5,477,609	6,351,765	7,424,372	7,486,355	7,697,645	8,997,772	8,626,173	8,810,475	12,320,033
Culture and Recreation	7,360,003	7,842,007	9,145,795	9,897,398	10,881,414	10,691,708	10,459,005	10,421,768	13,055,673	10,829,054
Interest on Long Term Debt	2,110,842	2,238,879	2,129,096	1,980,886	1,978,302	2,044,592	1,973,194	1,909,573	1,840,502	1,650,552
Total Governmental Activities	\$ 71,369,978	\$ 81,977,114	\$ 89,689,813	\$ 93,774,492	\$ 103,155,147	\$ 106,121,762	\$ 111,383,707	\$ 110,722,692	\$ 123,115,070	\$ 129,067,723
Business Type Activities										
Water/Sewer	\$ 18,820,946	\$ 19,448,287	\$ 23,680,956	\$ 23,533,587	\$ 24,970,363	\$ 25,774,579	\$ 26,468,702	\$ 27,677,666	\$ 28,125,236	\$ 28,576,577
Surface Water	4,695,287	5,798,425	6,827,829	7,064,149	7,970,934	9,953,616	9,425,985	9,689,409	9,999,620	10,504,871
Solid Waste	10,655,055	13,191,812	16,005,799	15,727,658	16,040,939	16,225,830	17,162,439	17,373,591	18,092,173	18,522,537
Total Business Type Activities	\$ 34,171,288	\$ 38,438,524	\$ 46,514,584	\$ 46,325,394	\$ 48,982,236	\$ 51,954,025	\$ 53,057,126	\$ 54,740,666	\$ 56,217,029	\$ 57,603,985
Total Primary Government Expenses	\$ 105,541,266	\$ 120,415,638	\$ 136,204,397	\$ 140,099,886	\$ 152,137,383	\$ 158,075,787	\$ 164,440,833	\$ 165,463,358	\$ 179,332,099	\$ 186,671,708
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 5,329,054	\$ 6,193,191	\$ 6,426,151	\$ 7,092,815	\$ 7,284,611	\$ 7,553,305	\$ 8,192,037	\$ 9,387,518	\$ 9,193,286	\$ 9,989,970
Judicial	2,011,693	1,884,924	2,077,796	1,905,705	1,829,225	1,296,178	1,099,027	888,804	1,506,851	1,961,239
Security of Persons and Property	3,899,269	2,517,728	3,122,082	3,095,773	3,890,200	3,611,717	2,594,190	2,442,239	5,417,910	3,937,927
Physical Environment	841,679	1,245,290	1,565,435	1,377,746	1,842,902	2,137,154	2,605,310	2,510,609	1,900,618	1,258,470
Transportation	778,133	1,287,801	2,066,637	3,179,516	1,963,695	4,574,502	2,210,112	4,638,195	3,298,016	1,114,304
Economic Environment	2,793,946	4,579,991	5,278,298	5,665,855	7,639,110	9,785,849	9,245,932	12,134,989	10,579,216	12,335,401
Culture and Recreation	1,338,704	1,834,283	1,925,556	2,405,184	3,538,719	2,697,053	2,457,184	7,965,572	4,059,458	613,741
Operating Grants and Contributions	2,014,483	5,027,871	2,009,909	2,103,718	2,548,835	2,748,851	2,652,231	3,664,172	3,036,547	7,397,201
Capital Grants and Contributions	591,553,694	1,958,280	6,520,630	12,793,588	17,103,275	2,799,250	8,233,444	6,387,341	7,296,898	13,759,004
Total Governmental Activities	\$ 610,560,655	\$ 26,529,359	\$ 30,992,494	\$ 39,619,900	\$ 47,640,572	\$ 37,203,859	\$ 39,289,467	\$ 50,019,439	\$ 46,288,800	\$ 52,367,256

	Fiscal Year									
	2011	2012 ¹	2013	2014	2015	2016	2017	2018	2019	2020
Business Type Activities										
Charges for Service										
Water/Sewer	\$ 19,736,206	\$ 21,066,391	\$ 25,091,105	\$ 26,145,803	\$ 27,796,967	\$ 28,308,302	\$ 28,575,144	\$ 29,625,918	\$ 29,716,217	\$ 29,694,628
Surface Water	6,777,735	8,502,468	8,952,552	9,067,528	9,622,071	9,948,240	10,211,308	10,462,546	10,685,214	11,134,018
Solid Waste	10,063,072	12,746,781	16,391,610	16,147,436	16,463,224	16,847,535	17,489,671	17,876,644	18,306,879	18,731,550
Operating Grants and Contributions	529,923	284,721	277,666	423,061	252,351	244,933	267,938	380,800	521,336	315,703
Capital Grants and Contributions	20,029,622	2,194,949	3,292,523	8,288,574	6,794,503	3,629,064	4,742,986	5,843,416	6,182,573	4,584,098
Total Business Type Activities	\$ 57,136,558	\$ 44,795,310	\$ 54,005,456	\$ 60,072,402	\$ 60,929,116	\$ 58,978,074	\$ 61,287,047	\$ 64,189,324	\$ 65,412,219	\$ 64,459,997
Total Program Revenues	\$ 667,697,213	\$ 71,324,669	\$ 84,997,950	\$ 99,692,302	\$ 108,569,688	\$ 96,181,933	\$ 100,576,514	\$ 114,208,763	\$ 111,701,019	\$ 116,827,253
Net (Expense)/Revenue										
Governmental Activities	\$ 539,190,677	\$ (55,447,755)	\$ (58,697,319)	\$ (54,154,592)	\$ (55,514,575)	\$ (68,917,903)	\$ (72,094,240)	\$ (60,703,253)	\$ (76,826,270)	\$ (76,700,467)
Business Type Activities	22,965,270	6,356,786	7,490,872	13,747,008	11,946,880	7,024,049	8,229,921	9,448,658	9,195,190	6,856,012
Total Net Expense	\$ 562,155,947	\$ (49,090,969)	\$ (51,206,447)	\$ (40,407,584)	\$ (43,567,695)	\$ (61,893,854)	\$ (63,864,319)	\$ (51,254,595)	\$ (67,631,080)	\$ (69,844,455)
General Revenues										
Governmental Activities										
Taxes										
Property Taxes	\$ 21,815,979	\$ 21,435,319	\$ 26,617,501	\$ 27,178,110	\$ 27,890,261	\$ 28,585,488	\$ 29,340,885	\$ 31,695,703	\$ 31,599,262	\$ 32,300,928
Sales Taxes	16,600,753	20,813,009	22,774,745	23,974,307	25,694,212	26,966,254	29,101,348	30,116,512	35,892,386	37,868,762
Excise Taxes	3,544,099	5,434,137	6,896,100	7,270,619	9,349,674	10,338,111	10,579,790	12,195,884	15,198,846	12,963,726
Business Taxes	2,346,885	2,371,259	2,476,984	2,489,060	2,311,279	2,631,939	2,858,364	3,273,007	3,070,706	3,491,628
Utility Taxes	12,302,205	14,141,722	15,062,187	14,892,606	14,643,852	15,838,161	14,816,653	14,200,416	13,664,169	13,600,147
Other Taxes	2,151,532	2,773,320	2,195,147	2,324,241	2,513,546	1,722,548	2,761,796	2,707,132	3,170,902	1,600,032
Unrestricted Grants/Contributions	105,458	99,929	204,330	229,671	723,679	396,024	714,942	713,252	711,158	713,918
Investment Earnings	893,905	588,839	48,505	1,078,754	915,706	901,531	1,093,185	2,718,370	6,099,596	5,408,192
Gain (Loss) Sale of Capital Assets	38,694	46,215	32,395	-	63,123	179,129	713,732	1,749,629	82,381	430,918
Transfers, Internal Activities	840,362	865,313	586,406	537,149	1,183,245	851,520	755,600	1,940,203	814,182	1,893,026
Total Governmental Activities	\$ 60,639,872	\$ 68,569,062	\$ 76,894,300	\$ 79,974,517	\$ 85,288,577	\$ 88,410,705	\$ 92,736,295	\$ 101,310,108	\$ 110,303,587	\$ 110,271,277
Business Type Activities										
Investment Earnings	\$ 333,529	\$ 249,865	\$ 64,334	\$ 386,690	\$ 349,280	\$ 357,736	\$ 393,096	\$ 948,188	\$ 1,916,468	\$ 1,544,999
Gain (Loss) Sale of Capital Assets	-	-	(3,585)	(31)	(28,013)	-	-	-	-	-
Transfers, Internal Activities	(840,362)	(865,313)	(586,406)	(537,149)	(1,183,245)	(851,520)	(755,600)	(1,940,203)	(814,182)	(1,893,026)
Total Business Type Activities	\$ (506,834)	\$ (615,448)	\$ (525,657)	\$ (150,490)	\$ (861,978)	\$ (493,784)	\$ (362,504)	\$ (992,015)	\$ 1,102,286	\$ (348,027)
Total Primary Government	\$ 60,133,038	\$ 67,953,614	\$ 76,368,643	\$ 79,824,027	\$ 84,426,599	\$ 87,916,921	\$ 92,373,791	\$ 100,318,093	\$ 111,405,874	\$ 109,923,250
Change in Net Position										
Governmental Activities	\$ 599,830,549	\$ 13,121,307	\$ 18,196,981	\$ 25,819,925	\$ 29,774,002	\$ 19,492,802	\$ 20,642,055	\$ 40,606,855	\$ 33,477,317	\$ 33,570,810
Business Type Activities	22,458,437	5,741,338	6,965,215	13,596,518	11,084,902	6,530,265	7,867,417	8,456,643	10,297,476	6,507,985
Total Change in Net Position	\$ 622,288,986	\$ 18,862,645	\$ 25,162,196	\$ 39,416,443	\$ 40,858,904	\$ 26,023,067	\$ 28,509,472	\$ 49,063,498	\$ 43,774,793	\$ 40,078,796

¹ 2012 presentation was modified in 2013 to reflect a prior period adjustment.

Schedule 3

City of Kirkland**Fund Balances of Governmental Funds**

Last Ten Fiscal Years - Unaudited

(modified accrual basis of accounting)

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund (Per GASB 54)¹										
Nonspendable	\$ 260,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,551	\$ 743,419	\$ 839,775	\$ 819,265
Restricted	462,762	587,434	601,933	1,315,449	147,514	162,587	246,825	1,953,095	1,889,838	2,377,711
Committed	6,187,802	2,569,900	2,808,391	2,322,236	2,271,414	4,144,197	5,149,052	4,041,544	6,547,747	11,148,583
Assigned	13,869,876	12,467,508	14,821,433	16,178,706	15,145,089	15,907,714	23,752,075	31,606,211	19,488,992	39,961,488
Unassigned	7,844,233	16,971,158	16,647,490	17,725,868	21,275,640	25,924,394	19,771,877	22,747,242	42,961,808	26,794,314
General Fund (Prior GASB 54)¹										
Reserved										
Unreserved										
Total General Fund	\$28,624,767	\$32,596,000	\$34,879,247	\$37,542,259	\$38,839,657	\$46,138,892	\$49,363,380	\$61,091,511	\$ 71,728,159	\$ 81,101,361
All Other Governmental Funds (Per GASB 54)¹										
Nonspendable	\$ 2,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,384	\$ 26,557	\$ -	\$ 31,047
Restricted	48,877,848	47,009,318	28,768,370	34,074,711	49,211,313	56,452,562	62,749,061	75,227,078	63,502,112	60,902,526
Committed	383,112	1,522,838	1,545,753	1,836,255	-	-	10,000	241,759	151,999	-
Assigned	10,332,233	10,432,282	16,944,228	13,475,518	15,251,585	10,357,078	17,084,552	15,424,857	26,244,323	21,825,191
Unassigned	-	-	-	-	-	-	-	-	-	-
All Other Governmental Funds (Prior GASB 54)¹										
Reserved										
Unreserved, reported in:										
Special Revenue Funds										
Capital Projects Funds										
Total all Other Governmental Funds	\$59,595,938	\$58,964,437	\$47,258,351	\$49,386,484	\$64,462,898	\$66,809,640	\$79,855,997	\$90,920,251	\$ 89,898,434	\$ 82,758,764

¹ Prior to 2011 and the implementation of GASB statement 54, fund balances were classified as Reserved or Unreserved.

Under GASB statement 54, fund balances are classified as Nonspendable, Reserved, Committed, Assigned, or Unassigned.

Schedule 4

City of Kirkland**Changes in Fund Balance of Governmental Funds**

Last Ten Fiscal Years - Unaudited

(modified accrual basis of accounting)

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Taxes and Assessments	\$ 57,482,839	\$ 65,360,731	\$ 74,738,398	\$ 76,849,838	\$ 81,488,933	\$ 84,708,112	\$ 88,421,066	\$ 93,218,047	\$ 101,223,360	\$ 100,703,875
Licenses and Permits	5,279,547	7,068,382	8,004,902	8,337,352	8,562,661	9,960,579	9,432,196	13,513,898	11,808,201	10,711,043
Intergovernmental	9,123,231	8,243,496	7,297,780	9,142,240	11,361,368	6,477,564	9,100,613	8,817,609	8,411,416	14,477,068
Charges for Services	9,848,611	13,501,666	15,279,129	17,019,957	18,291,286	23,313,222	21,246,107	29,868,343	27,868,296	21,520,522
Fines and Forfeitures	1,943,538	1,889,569	2,171,989	2,143,143	1,890,032	1,684,718	1,814,159	1,526,762	1,622,029	1,994,099
Investment Interest	803,086	527,466	53,779	865,129	787,521	775,507	957,004	2,393,908	5,409,193	4,765,952
Miscellaneous Revenues	1,019,273	1,088,652	1,051,682	1,507,007	2,244,804	1,516,895	1,493,683	1,787,305	1,601,145	725,734
Total Revenues	\$ 85,500,125	\$ 97,679,962	\$ 108,597,659	\$ 115,864,666	\$ 124,626,605	\$ 128,436,597	\$ 132,464,828	\$ 151,125,872	\$ 157,943,639	\$ 154,898,292
Expenditures										
Current										
General Government	\$ 10,067,748	\$ 11,089,878	\$ 11,610,891	\$ 11,491,334	\$ 13,913,401	\$ 14,467,522	\$ 14,341,656	\$ 16,775,220	\$ 16,112,396	\$ 17,862,340
Security of Persons and Property	37,665,018	40,515,907	42,734,394	44,860,397	47,717,141	47,070,679	50,996,823	52,297,905	55,190,036	58,107,402
Physical Environment	3,635,642	3,981,111	3,249,605	3,468,559	3,346,318	4,002,024	4,409,521	4,919,989	5,336,633	5,582,175
Transportation	6,087,389	8,384,173	10,165,878	10,482,081	11,653,620	12,493,646	13,221,359	13,941,430	16,719,839	15,183,463
Economic Environment	6,121,483	6,799,931	7,902,345	8,845,262	9,031,130	10,304,531	10,455,178	12,515,008	11,652,747	16,398,934
Culture and Recreation	6,517,613	6,869,066	7,901,305	8,841,426	9,922,640	9,170,244	9,481,680	10,038,459	11,457,410	9,874,593
Debt Service										-
Principal	1,705,000	2,545,313	2,431,451	2,537,949	3,269,817	2,107,068	2,174,715	2,217,770	2,261,245	2,425,155
Interest	2,247,480	2,238,879	2,129,096	1,980,886	1,899,676	2,044,592	1,973,194	1,909,573	1,840,502	1,650,552
Bond Issuance Costs	48,679	-	-	-	78,625	-	-	-	-	-
Capital Outlay	9,008,550	12,212,995	30,701,746	22,545,900	18,359,423	17,592,097	14,211,392	23,726,075	29,286,382	30,607,583
Total Expenditures	\$ 83,104,602	\$ 94,637,253	\$ 118,826,711	\$ 115,053,794	\$ 119,191,791	\$ 119,252,403	\$ 121,265,518	\$ 138,341,429	\$ 149,857,191	\$ 157,692,198
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	\$ 2,395,523	\$ 3,042,709	\$ (10,229,052)	\$ 810,872	\$ 5,434,814	\$ 9,184,193	\$ 11,199,310	\$ 12,784,443	\$ 8,086,449	\$ (2,793,905)
Other Financing Sources (Uses)										
Issuance of Debt	\$ 4,255,000	\$ -	\$ 4,670,000	\$ -	\$ 5,800,000	\$ -	\$ -	\$ -	\$ -	\$ 27,943,818
Refunded Amount to Escrow	(4,385,000)	-	(4,655,000)	-	-	-	-	-	-	(27,652,752)
Bond Discount	185,317	-	-	-	-	-	-	-	-	-
Debt Issue Cost	-	-	(32,500)	-	-	-	-	-	-	-
Sale of Capital Assets	38,694	43,206	615,963	3,216,797	36,992	51,542	2,462,068	6,562,498	68,550	342,719
Insurance Recovery	818	-	148,353	41,690	341,639	239,979	406,140	252,869	107,365	179,366
Transfers In	9,032,665	16,243,715	18,172,493	18,176,032	25,231,417	22,523,986	35,300,328	32,908,505	56,312,676	34,539,838
Transfers Out	(8,997,572)	(15,989,897)	(18,113,096)	(17,454,246)	(20,471,050)	(22,353,723)	(33,097,002)	(30,913,431)	(54,960,209)	(32,600,148)
Total Other Financing Sources (Uses)	129,922	297,024	806,213	3,980,273	10,938,998	461,784	5,071,534	8,810,441	1,528,382	2,752,841
Net Change in Fund Balance	\$ 2,525,445	\$ 3,339,733	\$ (9,422,839)	\$ 4,791,145	\$ 16,373,812	\$ 9,645,977	\$ 16,270,844	\$ 21,594,884	\$ 9,614,831	\$ (41,064)
Debt Service as a percentage of noncapital expenditures	5.33%	5.80%	5.18%	4.88%	5.13%	4.08%	3.87%	3.60%	3.40%	3.21%

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>
2011	\$ 9,875,673,406	\$ 422,921,112	\$ 10,298,594,518	1.39
2012	\$ 13,917,848,447	\$ 410,053,788	\$ 14,327,902,235	1.46
2013	\$ 15,358,916,929	\$ 415,443,078	\$ 15,774,360,007	1.85
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

Schedule 6

City of Kirkland

Direct and Overlapping Governments

Last Ten Fiscal Years - Unaudited

<u>Fiscal Year</u>	<u>City Direct Rates</u>			<u>Overlapping Rates</u>							<u>Total Direct and Overlapping Rate</u>
	<u>Regular Levy</u>	<u>General Obligation Debt Service</u>	<u>Total Direct Rate</u>	<u>School District</u>	<u>County</u>	<u>State</u>	<u>Emergency Medical Services</u>	<u>Hospital</u>	<u>King County Library</u>	<u>Port of Seattle</u>	
2011	1.30	0.09	1.39	2.98	1.35	2.39	0.30	0.48	0.55	0.22	9.66
2012	1.37	0.09	1.46	3.53	1.42	2.54	0.30	0.49	0.57	0.23	10.54
2013	1.78	0.07	1.85	3.75	1.54	2.70	0.30	0.52	0.57	0.23	11.46
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

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

	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>						
Essex Portfolio LP	327,548,800	1	1.03%	38,820,000	7	0.38%
Carillon Properties	296,476,000	2	0.94%	121,630,813	1	1.18%
PR II Kirkland Urban LLC	286,736,500	3	0.91%			
Fairfield Totem Lake LLC	181,305,810	4	0.57%			
GSIC Forbes Creek Reit, Inc.	180,248,000	5	0.57%			
SCG Atlas (Woodlake & Heronfield Apts)	150,377,000	6	0.48%			
Buster Madalyn LLC	140,701,000	7	0.44%			
KG Investment Properties	126,921,000	8	0.40%			
Village at Totem Lake LLC	109,561,511	9	0.35%			
Balaclava Holdings, Inc.	107,484,800	10	0.34%			
Puget Sound Energy Electricity/Gas	54,691,531	11	0.17%	54,740,292	5	0.53%
Park at Forbes Creek LLC				74,400,000	2	0.72%
Villaggio				73,000,000	3	0.71%
Plaza at Yarrow Bay Inc				56,435,800	4	0.55%
Frontier Communications NW, Inc. (Verizon NW)				42,441,550	6	0.41%
PPC Montebello LLC				35,619,000	8	0.35%
EQR-Heronfield LLC				35,350,000	9	0.34%
Touchstone KPP Development				33,784,400	10	0.33%
Totals	<u>\$ 1,962,051,952</u>		<u>6.20%</u>	<u>\$ 566,221,855</u>		<u>5.50%</u>

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
2011	\$ 21,792,076	\$ 21,498,711	98.65%	\$ 289,828	\$ 21,788,539	99.98%
2012	\$ 20,926,668	\$ 20,663,153	98.74%	\$ 263,660	\$ 20,926,813	99.99%
2013	\$ 26,328,493	\$ 25,909,705	98.41%	\$ 336,815	\$ 26,246,520	99.69%
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%	\$ 347,327	\$ 28,132,686	99.76%
2017	\$ 28,928,378	\$ 28,543,348	98.67%	\$ 310,854	\$ 28,854,202	99.74%
2018	\$ 29,776,936	\$ 29,347,051	98.56%	\$ 337,808	\$ 29,684,859	99.69%
2019	\$ 30,761,546	\$ 30,417,373	98.88%	\$ 245,271	\$ 30,662,644	99.68%

Schedule 9
City of Kirkland
Taxable Sales by Category
Last Ten Calendar Years - Unaudited

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Services	\$ 1,692,708	\$ 1,635,896	\$ 2,096,563	\$ 2,357,782	\$ 2,553,773	\$ 2,688,805	\$ 2,842,908	\$ 3,136,670	\$ 3,468,535	\$ 3,622,151
Contracting	1,748,813	2,544,008	2,739,984	2,866,557	2,980,957	3,443,988	4,573,497	5,514,739	6,800,785	6,778,768
Communications	476,189	442,779	472,092	505,170	521,689	537,934	592,699	549,191	705,508	460,897
Automotive/Gas Retail	3,161,851	3,655,104	4,147,690	4,383,760	4,735,672	4,757,711	5,042,218	4,951,935	5,046,411	4,675,993
Gen Merch/ Misc Retail	1,802,876	1,876,502	2,004,660	2,000,157	2,086,086	2,078,161	1,965,613	2,348,637	2,708,383	2,905,877
Retail Eating/Drinking	1,145,123	1,273,290	1,371,105	1,480,720	1,571,340	1,595,199	1,683,847	1,719,164	1,871,460	1,489,574
Other Retail	1,694,262	1,988,615	2,125,084	2,452,917	2,513,329	2,753,838	2,858,068	3,034,390	3,129,479	3,441,186
Wholesale	709,686	564,302	759,399	829,962	903,425	957,368	1,009,745	1,063,075	1,158,423	1,167,085
Miscellaneous	956,682	829,768	888,736	1,086,724	1,077,541	1,260,127	1,283,970	1,434,982	1,713,384	2,788,137
Total	<u>\$ 13,388,190</u>	<u>\$ 14,810,264</u>	<u>\$ 16,605,313</u>	<u>\$ 17,963,749</u>	<u>\$ 18,943,812</u>	<u>\$ 20,073,131</u>	<u>\$ 21,852,565</u>	<u>\$ 23,752,783</u>	<u>\$ 26,602,368</u>	<u>\$ 27,329,668</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	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 General Sales	King County			Regional Transit Authority	City of Kirkland ¹	Total General Sales Tax	State of Washington Automobile Sales/Leases	Total Automobile Sales/Leases	King County Restaurant Food and Beverage	Total Restaurant Food and Beverage
		Criminal Justice	Mental Health	Metro							
2011	6.50%	0.90%	0.10%	0.10%	0.90%	1.00%	9.50%	0.30%	9.80%	0.00%	9.50%
2012	6.50%	0.90%	0.10%	0.10%	0.90%	1.00%	9.50%	0.30%	9.80%	0.00%	9.50%
2013	6.50%	0.90%	0.10%	0.10%	0.90%	1.00%	9.50%	0.30%	9.80%	0.00%	9.50%
2014	6.50%	0.90%	0.10%	0.10%	0.90%	1.00%	9.50%	0.30%	9.80%	0.00%	9.50%
2015	6.50%	0.90%	0.10%	0.10%	0.90%	1.00%	9.50%	0.30%	9.80%	0.00%	9.50%
2016	6.50%	0.90%	0.10%	0.10%	0.90%	1.00%	9.50%	0.30%	9.80%	0.00%	9.50%
2017	6.50%	0.90%	0.10%	0.10%	1.40%	1.00%	10.00%	0.30%	10.30%	0.00%	10.00%
2018	6.50%	0.90%	0.10%	0.10%	1.40%	1.00%	10.00%	0.30%	10.30%	0.00%	10.00%
2019	6.50%	0.90%	0.175%	0.10%	1.40%	1.025%	10.10%	0.20%	10.30%	0.00%	10.10%
2020	6.50%	0.90%	0.175%	0.10%	1.40%	1.025%	10.10%	0.20%	10.30%	0.00%	10.10%

¹ The City of Kirkland direct tax rate is 1.0% with .15% remitted to King County.

Schedule 11

City of Kirkland

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years - Unaudited

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Interfund Loan</u>	<u>Revenue Bonds</u>	<u>Public Works Trust Fund Loans</u>			
2011	\$ 49,078,605	\$ -	\$ 1,700,000	\$ 2,519,500	\$ 53,298,105	1.23%	662
2012	\$ 46,527,219	\$ -	\$ 935,000	\$ 2,132,322	\$ 49,594,541	1.19%	609
2013	\$ 44,119,994	\$ -	\$ 475,000	\$ 1,771,987	\$ 46,366,981	1.18%	567
2014	\$ 41,574,040	\$ -	\$ -	\$ 1,573,313	\$ 43,147,353	1.06%	522
2015	\$ 43,975,124	\$ 4,698,991	\$ -	\$ 1,519,124	\$ 50,193,239	1.19%	601
2016	\$ 41,880,510	\$ 4,698,991	\$ -	\$ 4,319,574	\$ 50,899,075	1.09%	601
2017	\$ 39,718,250	\$ 4,698,991	\$ -	\$ 4,484,309	\$ 48,901,550	1.01%	568
2018	\$ 37,512,935	\$ -	\$ -	\$ 4,218,804	\$ 41,731,739	0.83%	478
2019	\$ 35,264,144	\$ 5,562,619	\$ -	\$ 3,792,156	\$ 44,618,919	0.85%	502
2020	\$ 31,274,515	\$ 5,562,619	\$ -	\$ 3,378,043	\$ 40,215,177	0.70%	444

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>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2011	\$ 49,078,605	\$ 315,270	\$ 48,763,335	0.48%	\$ 609.63
2012	\$ 46,527,219	\$ 314,857	\$ 46,212,362	0.32%	\$ 571.03
2013	\$ 44,119,994	\$ 324,473	\$ 43,795,521	0.28%	\$ 539.83
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	\$ 937,412	\$ 30,337,103	0.10%	\$ 344.96

Schedule 13

City of Kirkland

Direct and Overlapping Governmental Activities Debt

As of December 31, 2020 - 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	\$ 385,591	100.00%	\$ 385,591
Lake Washington School District #414	611,643,518	44.78%	273,904,423
Hospital District #2	220,988,742	32.18%	71,105,964
Library	55,215,699	8.43%	4,656,740
King County	635,096,335	5.01%	31,819,595
Port of Seattle	311,176,000	5.01%	15,590,539
Northshore School District #417	511,376,466	1.33%	6,789,340
Northshore Park and Rec	118,652	0.66%	788
Bellevue School District #405	735,447,189	0.05%	335,162
Total Overlapping Debt			<u>\$ 404,588,142</u>
Direct Debt			
City of Kirkland ²	\$ 36,837,134	100.00%	<u>\$ 36,837,134</u>
Total Direct and Overlapping Debt			<u><u>\$ 441,425,276</u></u>

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.

Schedule 14

City of Kirkland

Legal Debt Margin Information

Last Ten Fiscal Years - Unaudited

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 772,394,589	\$ 1,074,592,668	\$ 1,183,077,001	\$ 1,384,296,874	\$ 1,519,022,024	\$ 1,665,928,004	\$ 1,892,598,200	\$ 2,213,884,969	\$ 2,373,950,454	\$ 2,414,254,283
Total Net Debt Applicable to Limit	48,939,730	46,394,830	43,955,443	41,425,991	43,958,007	41,846,693	39,370,607	37,156,410	34,891,070	30,337,103
Legal Debt Margin	\$ 723,454,859	\$ 1,028,197,838	\$ 1,139,121,558	\$ 1,342,870,883	\$ 1,475,064,017	\$ 1,624,081,311	\$ 1,853,227,593	\$ 2,176,728,559	\$ 2,339,059,384	\$ 2,383,917,180
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	6.34%	4.32%	3.72%	2.99%	2.89%	2.51%	2.08%	1.68%	1.47%	1.26%

Legal Debt Margin Calculation for Fiscal Year 2019

Total Assessed Value	<u>31,652,672,725</u>
Debt Limit (7.5% of Total Assessed Value)	<u>2,373,950,454</u>
Debt Applicable to Limit:	
General Obligation Bonds	31,274,515
Less Cash on Hand for Debt Redemption	<u>(937,412)</u>
Total Net Debt Applicable to Limit	30,337,103
Legal Debt Margin	<u>\$ 2,343,613,351</u>

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

Water/Sewer Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2011	\$ 19,593,206	\$ 16,287,970	\$ 3,305,236	\$ 765,000	\$ 56,130	4.03
2012	\$ 20,966,391	\$ 16,940,958	\$ 4,025,433	\$ 460,000	\$ 28,200	8.25
2013	\$ 24,733,565	\$ 21,179,766	\$ 3,553,799	\$ 475,000	\$ 9,500	7.33
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	\$ -	\$ -	-

Schedule 16

City of Kirkland

Demographic and Economic Statistics

Last Ten Fiscal Years - Unaudited

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>King County Unemployment Rate</u>
2011	80,505	\$ 4,330,525	\$ 53,792	8.10%
2012	81,480	\$ 4,174,139	\$ 51,229	6.60%
2013	81,730	\$ 3,941,266	\$ 48,223	5.23%
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%

Schedule 17

City of Kirkland

Property Values and Construction

Last Ten Fiscal Years - Unaudited

Fiscal Year	<u>Commercial Construction</u>		<u>Residential Construction</u>		<u>Multi-Family Construction</u>		<u>Mixed Use Construction</u>			Total Assessed Property Valuation
	<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>	<u>Valuation</u>	
2011	4	\$ 3,093,000	94	\$ 34,502,303	9	\$ 1,737,948	-	-	\$ -	\$ 10,298,594,518
2012	4	\$ 43,098,113	92	\$ 52,742,439	124	\$ 2,200,000	1	108	\$ 10,500,000	\$ 14,327,902,235
2013	4	\$ 75,393,629	268	\$ 117,783,022	61	\$ 11,504,320	2	187	\$ 25,163,600	\$ 15,774,360,007
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

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>	<u>2020</u>			<u>2011</u>		
	<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	3726	1	8.55%	2,603	1	8.72%
Google, Inc.	2545	2	5.84%	468	4	1.57%
City of Kirkland	650	3	1.49%	575	3	1.93%
Tableau Software, LLC	494	4	1.13%			
Kenworth Truck Co.	475	5	1.09%	413	5	1.38%
Astronics Advanced Electronic Systems	450	6	1.03%			
GoDaddy.Com	388	7	0.89%			
Lake Washington Institute of Technology	367	8	0.84%			
ServiceNow Inc.	318	9	0.73%			
Friend of Youth	316	10	0.73%			
Lake Washington School District				998	2	3.34%
IBM Corporation				256	7	0.86%
Fairfax Hospital				231	9	0.77%
Wave Broadband				208	10	0.70%
Evergreen Pharmaceutical				269	6	0.90%
WB Games				236	8	0.79%
Total	<u>9,729</u>		<u>22.32%</u>	<u>6,257</u>		<u>20.96%</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>Full-time Equivalent Employees as of December 31</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</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	30.40	8.65	8.25	8.54	9.94	10.94	10.44	10.44	9.59	11.30
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	-	22.25	18.75	18.75	18.75	18.75	18.75	18.50	18.50	17.50
Human Resources	8.80	8.70	8.70	8.70	8.90	9.20	9.20	9.20	9.20	7.00
Parks and Community Services	32.25	31.00	30.00	30.00	31.00	31.00	33.00	34.00	34.50	34.00
Public Works	26.15	25.35	28.95	31.20	31.20	37.25	37.55	37.55	41.55	43.55
Finance and Administration	32.65	32.80	32.80	33.80	35.30	35.30	35.30	35.30	36.80	36.30
Planning and Community Development	24.25	24.25	23.45	23.45	24.45	-	-	-	-	-
Planning and Building ²	-	-	-	-	-	52.85	53.35	53.35	53.35	60.50
Police	135.25	137.50	135.50	135.50	136.00	136.00	140.00	140.00	150.00	148.50
Fire and Building ²	120.78	122.28	123.28	128.28	129.28	-	-	-	-	-
Fire ²	-	-	-	-	-	111.50	114.50	115.50	116.00	108.00
Other General Government Operating Funds										
Lodging Tax Fund	0.60	0.60	0.60	0.66	0.66	0.66	0.66	0.66	0.51	0.70
Street Operating	22.50	20.65	20.75	20.90	20.90	21.79	22.04	22.04	24.24	23.02
Parks Maintenance	10.25	10.25	9.25	9.25	8.50	8.50	8.50	8.50	8.50	7.50
2012 Parks Levy	-	-	7.25	7.25	7.75	7.00	7.00	7.00	11.25	9.50
Facilities Maintenance	6.35	6.35	7.35	7.95	7.95	7.95	7.95	7.95	7.95	6.95
Equipment Rental	7.30	7.30	7.30	7.40	7.40	7.45	7.45	7.45	7.45	6.45
Information Technology	23.75	24.50	24.70	24.70	26.70	26.70	27.20	27.20	27.20	26.00
Proprietary Funds										
Water/Sewer Operating	20.31	19.81	19.81	19.76	21.26	21.51	21.51	21.76	22.76	19.18
Surface Water Management	26.04	27.59	27.59	27.79	34.19	33.95	36.70	36.45	38.25	34.88
Solid Waste	3.30	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	3.05
Total	<u>541.93</u>	<u>543.63</u>	<u>548.08</u>	<u>557.68</u>	<u>573.93</u>	<u>592.10</u>	<u>604.90</u>	<u>606.65</u>	<u>631.40</u>	<u>614.88</u>

¹ Prior to 2012, Municipal Court a part of City Manager's Office² Prior to 2016, Building located in Fire

Schedule 20

City of Kirkland

Operating Indicators by Function/Program

Last Ten Fiscal Years - Unaudited

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Security of Persons and Property - Police										
Calls for Service	71,729	74,317	69,568	69,876	63,104	60,732	60,099	57,484	48,030	43,908
Security of Persons and Property - Fire										
Calls for Service (aid and fire) ¹	7,286	7,982	8,033	8,228	8,674	8,743	9,306	9,461	9,034	7,282
Average EMS Response (minutes)	5:32	5:25	5:18	5:24	7:40	7:48	5:09	5:19	6:00	5:40
Average Fire Response (minutes)	5:42	5:44	5:55	5:45	7:49	8:12	6:20	6:45	6:20	6:00
Culture and Recreation										
Adult Program Registrations	3,508	3,675	3,259	3,443	3,246	2,859	3,574	2,406	2,733	877
Preschool Program Registrations	4,339	3,973	4,435	4,041	4,194	4,209	5,046	6,328	5,859	739
Youth Program Registrations	4,272	5,047	5,466	4,949	5,248	5,276	5,764	5,681	5,566	661
Teen Program Registrations	113	134	103	186	256	202	84	81	83	10
Parent/Child Program Registrations	199	1,608	1,752	1,773	1,937	1,974	2,055	1,954	2,020	468
Senior Program Registrations	3,509	4,120	4,196	3,568	3,444	4,047	4,123	3,522	3,627	916
Physical Environment										
Street Hot Patching (hours)	3,422	3,856	5,246	6,533	5,300	3,664	3,387	5,247	4,055	1,779
Street Signal Maintenance (hours)	3,717	4,376	3,871	3,064	2,973	1,006	1,584	3,577	2,759	2,534
Street Sweeping (hours)	2,340	2,883	3,389	2,770	2,763	2,765	3,188	3,376	3,550	4,117
Number of Sewer Customers	10,154	10,238	10,309	10,434	10,597	10,722	10,851	10,996	11,111	11,242
Number of Water Customers	12,153	12,224	12,318	12,431	12,571	12,652	12,762	12,872	12,961	13,053
Average Daily Water Consumption (million gallons)	5.40	5.60	5.31	5.60	6.01	5.50	5.67	5.54	5.43	5.48

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

Function/Program	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Security of Persons and Property - Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Officers per 12 hr shift	10.1	10.5	10.5	10.3	9.8	-	-	-	-	-
Patrol Officers per 10 hr shift ¹	-	-	-	-	-	8.0	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	5	5	5
Stations (part-time reserve staffed)	1	-	1	-	-	-	-	-	-	-
Culture and Recreation										
Parks Acreage	544	554	556	558	559	559	572	590	590	590
Parks (developed)	34	35	35	35	36	36	40	42	41	41
Parks (undeveloped)	10	10	10	10	10	10	10	9	9	9
Waterfront Footage	13,270	13,270	13,270	13,270	13,270	13,270	13,270	13,270	13,270	11,383
Miles of Improved Park Trails	6.3	6.5	6.5	7.0	13.0	13.0	13.0	15.0	15.0	6.4
Miles of Unimproved Park Trails	5.0	5.0	5.0	11.0	5.0	5.0	5.0	19.0	19.0	12.3
Community Centers	2	2	2	2	2	2	2	2	2	2
Physical Environment										
Water Mains (miles)	170	170	175	175	175	175	176	176	176	176
Sanitary Sewers (miles)	121	122	122	123	123	123	123	123	124	124
Streets (miles)	249	250	250	250	250	250	251	251	252	252
Sidewalks (miles)	237	237	238	242	242	243	243	248	248	250

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