

# PARADE

## Popular Annual Financial Report

January 1 - December 31, 2012  
King County, WA



**King County**

Finance and Business  
Operations Division



## ELECTED OFFICIALS

(at time of publication)

Office		Officials
Councilmember	District 1	<b>Rod Dembowski</b>
Council Chair	District 2	<b>Larry Gossett</b>
Councilmember	District 3	<b>Kathy Lambert</b>
Councilmember	District 4	<b>Larry Phillips</b>
Council Vice-Chair	District 5	<b>Julia Patterson</b>
Council Vice-Chair	District 6	<b>Jane Hague</b>
Councilmember	District 7	<b>Pete von Reichbauer</b>
Councilmember	District 8	<b>Joe McDermott</b>
Councilmember	District 9	<b>Reagan Dunn</b>
Executive		<b>Dow Constantine</b>
Prosecuting Attorney		<b>Dan Satterberg</b>
Assessor		<b>Lloyd Hara</b>
Elections		<b>Sherril Huff</b>
Sheriff		<b>John Urquhart</b>
Presiding Judge - Superior Court		<b>Richard McDermott</b>
Chief Presiding Judge - District Court		<b>Corinna Harn</b>



King County

### OUR VISION

"King County government provides fiscally responsible, quality-driven local and regional services for healthy, safe, and vibrant communities."

### OUR MISSION

"King County: a diverse and dynamic community with a healthy economy and environment where people and businesses have the opportunity to thrive."

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### Find the CAFR and PAFR online at:

<http://www.kingcounty.gov/operations/Finance/FMServices/CAFR.aspx>

**Cover photo:** Chinook Bend of the Snoqualmie River, Carnation, Washington Photographed by Brett Roberts, King County Parks.

June 28, 2013

### To the Citizens of King County:

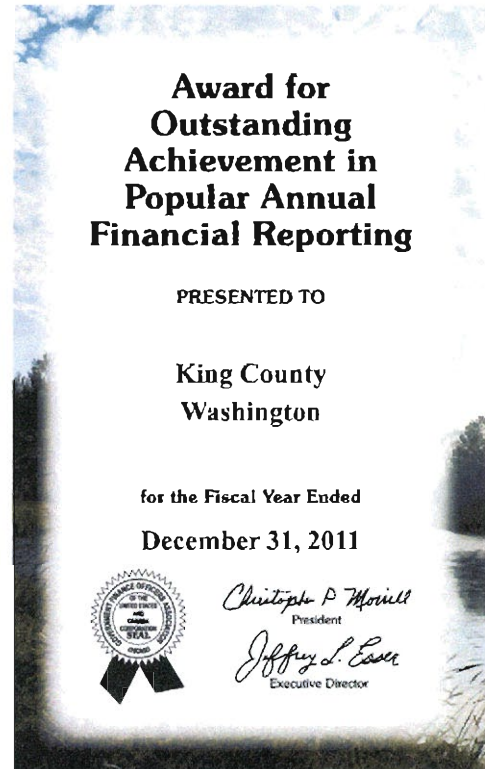
It is our pleasure to present to you the 2012 King County Popular Annual Financial Report (PAFR), a concise, summary-level financial report intended for citizens and other interested parties. The 2011 edition of the PAFR was recognized for outstanding achievement by the Government Finance Officers Association (GFOA), a clear testimony to the County's commitment to high quality financial reporting and its genuine concern for citizen engagement.

In 2012 King County operated on a budget that emphasized proactive reform of government while continuing to provide basic services to protect the most vulnerable among its citizens. The County maintained a balanced budget through sensible program cuts and consolidations and the active promotion of fiscal restraint by challenging County agencies to find three-percent efficiency savings. The expected cost reductions from the healthy incentives program also has started being realized. These prudent measures afforded the County to manage without tapping into any of its reserves including the Rainy Day Fund.

Economic conditions in the County continued to improve in 2012 with the unemployment rate at around 7 percent and home prices sustaining moderate gains from a low point in February 2012. General revenues are expected to increase mostly in pace with the national economy. The health of local companies such as Boeing, Microsoft and Amazon and the businesses that support them will continue to help the local economy move forward with the recovery.

The County continues to align its goals to the Strategic Plan and the equity and social justice initiative to strike a balance between revenue issues and the need for critical social services. One of the promising initiatives going forward is the application of Lean and Six-Sigma management tools to the County's operations. This is expected not only to produce immediate savings but more importantly to promote a new culture and a better way of making government work which can lead to long-run efficiencies and better use of taxpayer provided resources. The County will also continue to find innovative ways to generate funding to tackle chronic issues such as volatile energy prices, rising cost of services, urban sprawl, and the need to support utility, transit system, and roads and bridges preservation.

As always we encourage readers to send questions, feedback or suggestions about the PAFR. Contact information is given on page one of this report.



  
Ken Guy  
Finance Director  
Finance and Business Operations Division

  
Manny Cristobal  
Interim Chief Accountant/Manager  
Financial Management Section



# ABOUT THE PAFR

The King County Popular Annual Financial Report (PAFR) is a supplementary financial report designed to meet the needs of interested parties who prefer a less detailed overview of the County's financial activities. While the principal source for the PAFR is the audited 2012 Comprehensive Annual Financial Report (CAFR), the PAFR itself is not audited and it does not include all the detail and disclosures necessary for presentation according to generally accepted accounting principles.

The King County PAFR focuses only on the primary government which is composed of the County's governmental funds (including the general fund); its business-type funds; and other organizations which are closely related through common governance or exclusive relationships such as the King County Flood Control District, the King County Ferry District, and certain building management nonprofit corporations. Excluded are Harborview Medical Center, the Baseball Stadium Public Facilities District (Safeco Field), and the Cultural Development Authority, which have more independent operations. These are reported in the CAFR as discretely presented component units, part of the broader financial reporting entity.

The County's operations are broadly classified into two basic types according to how they are funded:

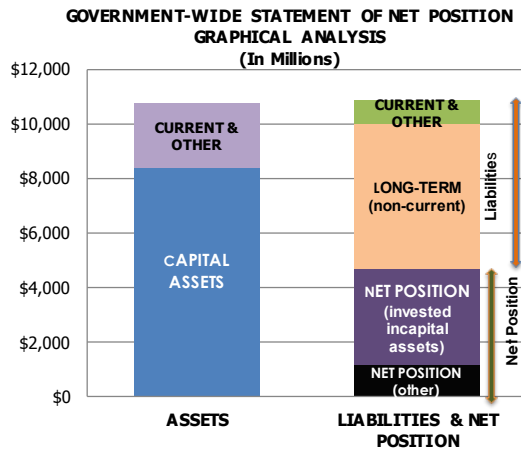
- 1) **governmental activities** which are for the most part tax-supported, public benefit programs; and
- 2) **business-type activities** which are typically designed and organized to recover costs from customers.

The basic reports that are presented for each of these activities include a statement of net position and a statement of activities. Through these reports users can assess the County's overall financial condition and its operational accountability, that is, to answer questions such as "Were current year's revenues sufficient to fund current year services?" and "Did financial conditions improve or worsen after this year's results?". Evaluations regarding fiscal accountability and stewardship, however, are better addressed by the fund-level financial reports presented in the CAFR. The County's 2012 CAFR is available online at the King County website (See page 1).

Governmental Accounting Terms and Concepts	
<p><b>Government-wide reporting</b> provides an aggregate view of the County's financial activities by consolidating all of its governmental and business-type activities. Traditional governmental fund statements are converted to full accrual mainly by including all long-term debt and capital assets.</p> <p><b>Statement of Net Position</b> reports the County's assets and liabilities with the difference reported as "net position" (Similar to the traditional "balance sheet").</p> <p><b>Statement of Activities</b> reports on the County's total expenses and shows the extent of funding from program revenues and from general revenues.</p> <p><b>Change in Net Position</b> represents the increase or decrease in net position over the previous year.</p> <p><b>Net position (Assets minus Liabilities)</b> represents the County's equity interest in the assets it employs in providing services to its citizens.</p> <p><b>Assets</b> are resources with present service capacity that the County controls. For example, cash from taxes paid by citizens is an asset can be put to use to provide public safety.</p> <p><b>Accrual basis</b> of accounting is where financial transactions or events are recorded in the period they are incurred rather than at the time when cash is received or disbursed.</p>	<p><b>Current assets</b> include cash or near cash items that can be used to liquidate liabilities due within a year.</p> <p><b>Capital assets</b> are tangible or intangible nonfinancial assets that have a useful life of more than one year and are used in providing services and for County administration.</p> <p><b>Liabilities</b> are present obligations of the County to sacrifice resources that it has little or no discretion to avoid such as the amounts the County owes to creditors.</p> <p><b>Current liabilities</b> are liabilities due within one year.</p> <p><b>Net investment in capital assets</b> is the portion of <u>net position</u> that represents the County's equity interest in its capital assets (capital assets less the amount of debt used to acquire them).</p> <p><b>Restricted net position</b> is the portion of <u>net position</u> subject to external restrictions (e.g. state law, bond covenants).</p> <p><b>Unrestricted net position</b> is the portion of <u>net position</u> not tied to capital assets or subject to legal restrictions, hence, available to be programmed for services.</p> <p><b>Fund balance</b> is used only in <u>governmental funds</u>, such as in the general fund, to denote the difference between fund assets and fund liabilities.</p>

# FINANCIAL CONDITION

The County's government-wide assets, liabilities and net position for the primary government as of December 31, 2012 are depicted below. Net position (assets minus liabilities) may serve over time as

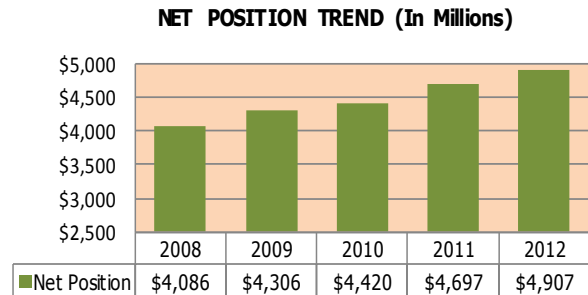


**STATEMENT OF NET POSITION**

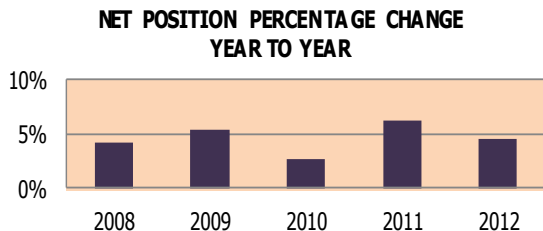
(In Millions)

	Governmental Activities	Business-type Activities	Total Primary Gov't
<b>Assets</b>			
Current and other assets	\$ 1,138	\$ 1,464	\$ 2,602
Capital assets	2,871	5,790	8,661
<b>Total Assets</b>	<b>4,009</b>	<b>7,254</b>	<b>11,263</b>
<b>Liabilities</b>			
Long-term liabilities	1,473	4,337	5,810
Other liabilities	165	381	546
<b>Total Liabilities</b>	<b>1,638</b>	<b>4,718</b>	<b>6,356</b>
<b>Net Position</b>			
Net investment in capital assets	1,906	1,627	3,533
Restricted	452	268	720
Unrestricted	13	641	654
<b>Total net position</b>	<b>\$ 2,371</b>	<b>\$ 2,536</b>	<b>\$ 4,907</b>

a gauge of a government's financial condition. The County's net position amounted to \$4.9 billion at the end of 2012, a 4 percent increase over 2011. In both governmental and business-type activities, net investment in capital assets makes up the biggest portion of net position. This amount is associated with the County's equity in its capital assets. Because capital assets are acquired to provide service over several periods or indefinitely, this portion is not available for future spending. Although this portion of net position is calculated net of related debt, the resources needed to pay down the debt must come from other more liquid resources. A smaller portion of net position represents net position that is legally restricted as to use by law or contract, such as bond proceeds for capital construction, resources reserved for debt service, or funds mandated for specific programs.



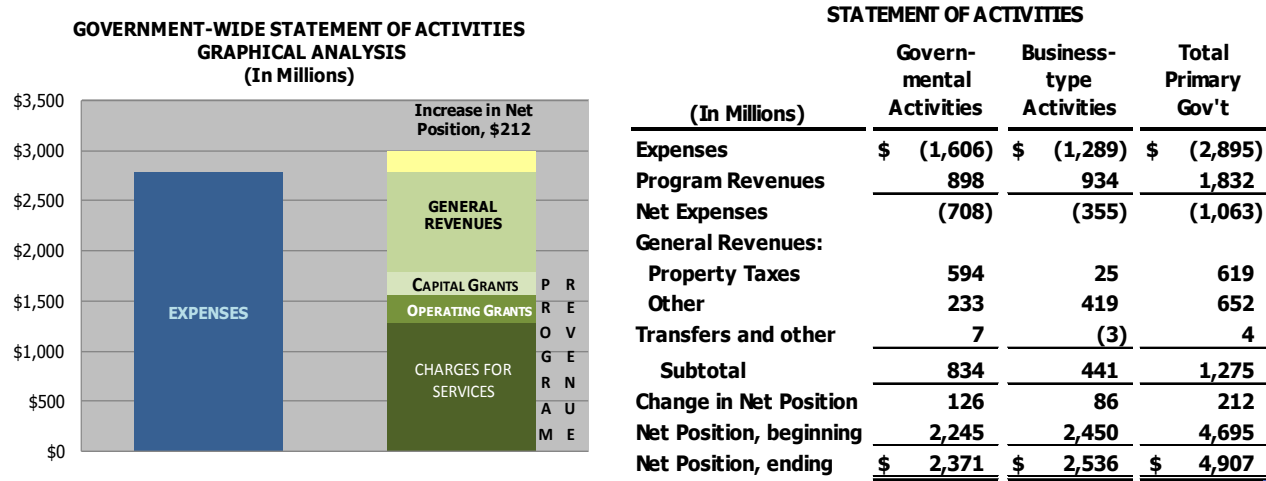
The remaining portion of net position is unrestricted net position representing resources that are available for programming. In certain situations, however, the calculation of unrestricted net position can sometimes result in a deficit, such as when debt is incurred to acquire assets for another government; or when capital assets are retired before full debt redemption. Over time the deficit gets reduced as liabilities are gradually liquidated.



Over the past five years net position has increased on average by 5 percent per year. In 2012, that growth rate was slightly less.

# RESULTS OF OPERATIONS

Overall financial results of the County's government-wide operations are depicted in the following chart which shows the total 2012 expenses incurred, how much was paid from program revenues raised or collected from customers, and the portion funded by taxes and other general revenues. The increase in the County's total net position in 2012 resulted from revenues exceeding related expenses and reflects the



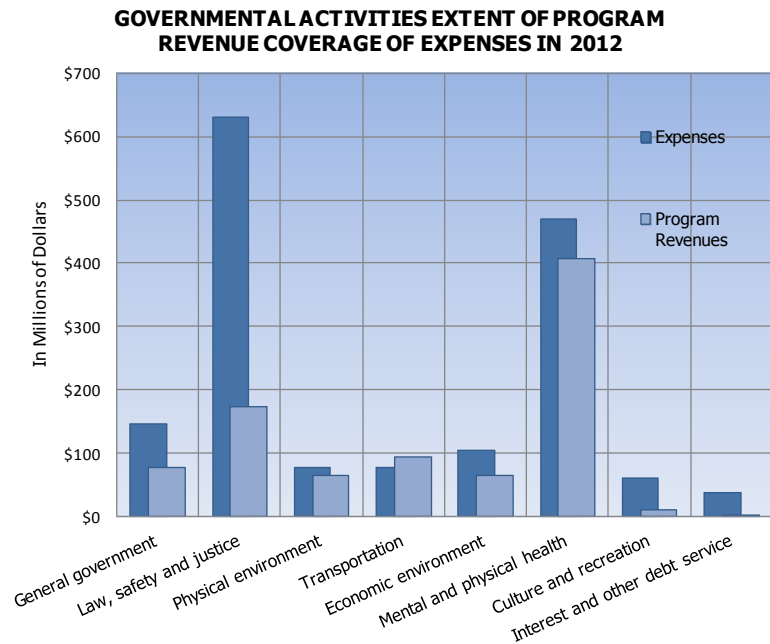
ability of the County to meet principal and interest payments on borrowing and other obligations as they come due. Approximately 40 percent of the County's total revenues came from general sources (mostly property taxes and retail sales and use taxes); and 60 percent were from program revenues such as charges for goods and services, operating and capital grants, and contributions (including state and federal assistance). Total tax revenue was almost unchanged in 2012 from 2011. The County's expenses cover a wide range of services, the largest of which are for law, safety and justice and mental and physical health (under governmental activities); and public transportation and wastewater treatment (under business-type activities).

King County provides some services regionally and others exclusively to local (unincorporated) areas. Some are available to cities on a contract basis. The table below gives some of the major services provided by the County.

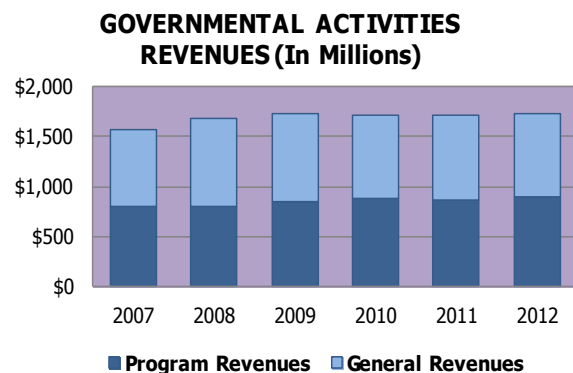
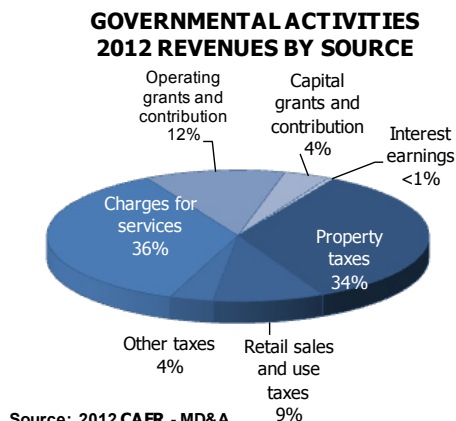
MATRIX OF SERVICES		REGIONAL	LOCAL (includes all regional)	CONTRACTED
GOVERNMENTAL	General government	Elections, property services, auto licensing, pet services	Executive and council functions	n.a. (not applicable)
	Law, safety and justice	Superior Court, criminal detention, E911 emergency	Sheriff protection, District Court, public defense, misdemeanor prosecution	Law enforcement, District Court, detention
	Physical environment	Flood control	Surface water management, land use and conservation, agricultural services	n.a.
	Transportation	(local only)	Roads and bridges maintenance	Roads and bridges maintenance
	Economic environment	(local only)	Building permits, zoning, housing and community development	n.a.
	Mental and physical health	Public health, mental health programs, vital statistics	(regional only)	n.a.
	Culture and recreation	Parks	Public art, historic preservation	n.a.
BUSINESS-TYPE ACTIVITIES		Wastewater treatment, transit, solid waste disposal, airport, institutional network, radio communications and ferry	(includes all regional)	n.a.

**G**overnmental activities accounted for 59 percent of the total growth in net position countywide. Program revenues for governmental activities totaled \$898 million, with \$626 million coming from users or customers who directly benefited from the programs and \$272 million from other governments and organizations that subsidized certain programs through operating and capital grants and contributions. The cost of all governmental activities was \$1.6 billion. The County paid the \$708 million remaining “public benefit” portion of governmental activities from \$594 million in property taxes, \$161 million in retail sales and use taxes, and \$72 million in other revenues. The end result was an increase in net position of \$126 million.

Costs went down less than 1 percent from 2012-11 compared to the 2011-10 decrease of 2 percent. The bar chart shows the County’s governmental activities expenses by program classification with the extent of funding from program revenues. Portions of expenses that exceed program revenues are covered by general revenues. Law, safety and justice required the greatest usage of general government revenues. The primary revenue sources for mental and physical health are charges for services and operating grants and contributions, which paid for 88 percent of the activities for that function. Contributions of infrastructure (paved roads and rights-of-way) from private residential and commercial developers, valued at \$25 million, enabled transportation program revenues to exceed expenses by \$16 million. The net amount of these and other capital contributions comprise the increase in 2012 governmental activities net position. This represents a decrease from 2011 contributions of infrastructure of \$33 million and the resulting increase to 2011 governmental activities net position of \$108 million.

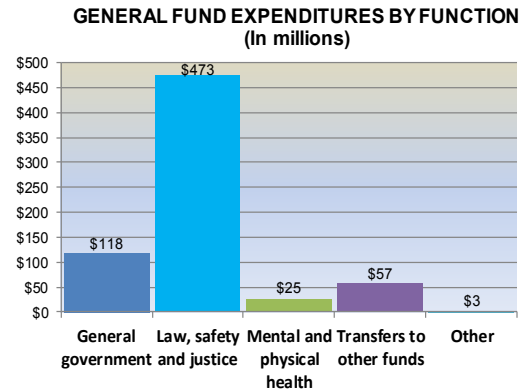
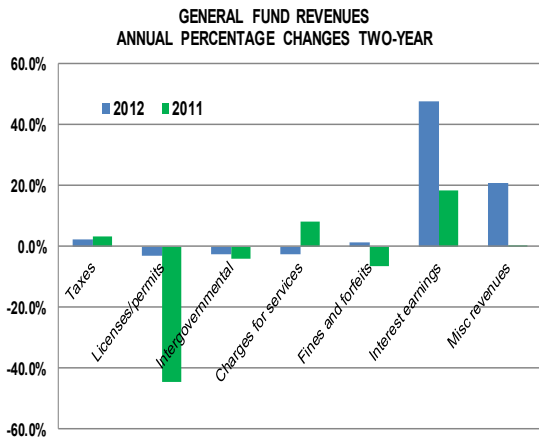
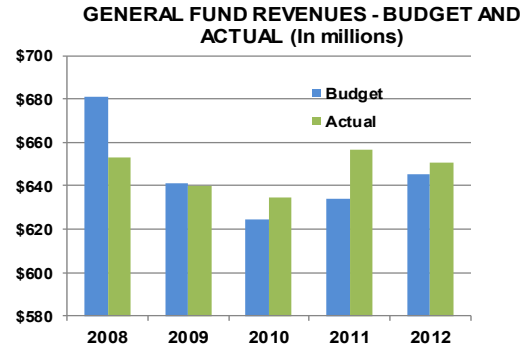
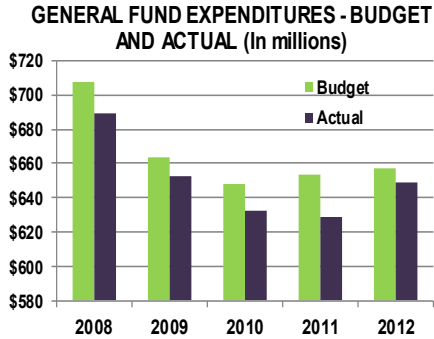


Revenue distribution by source is shown in the pie chart. Charges for services provided 36 percent and property taxes 34 percent of total governmental activities revenues. The bar chart shows the six-year trend of governmental revenues. In 2012, program revenues increased by approximately 3 percent.



## General Fund Highlights

*The General Fund is the chief operating fund of the County. At the end of 2012, total fund balance was \$139 million. After deducting legal reserves, amounts committed by the legislative body and those voluntarily set aside for specific purposes, the remaining available amount to spend is \$103 million. The total fund balance in the General Fund (excluding the Rainy Day Fund) represents 21 percent of fund expenditures (also 21 percent in 2011). Total revenues and other sources were \$652 million.*



*The 2012 General Fund budget-to-actual comparison is shown on the right. Actual expenditures were below the final budget by \$28 million (this includes \$6 million in general government services; \$13 million from law, safety, and justice; and \$7 million from planned contributions to other funds). During the year actual revenues were more than budgeted estimates by \$5 million with a net effect of increasing fund balance by \$5 million.*

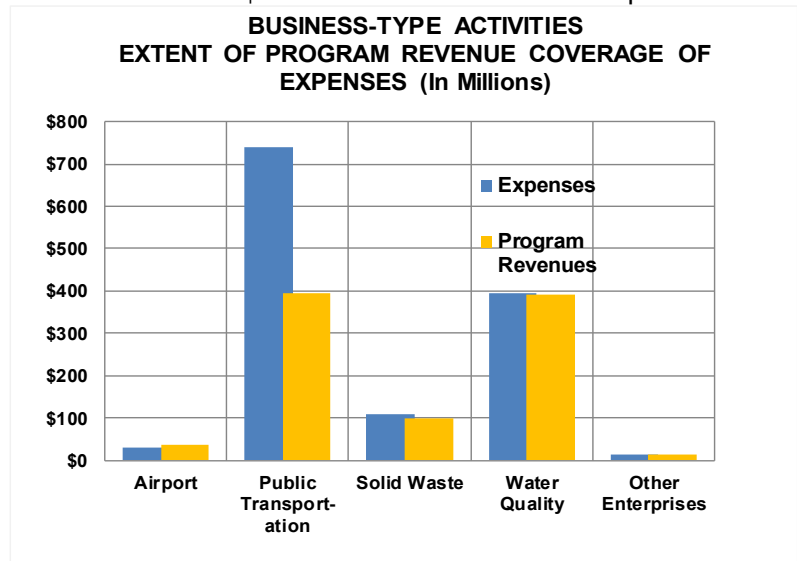
### General Fund Budget to Actual (in millions)

Final budget	\$	676	
Actual Expenditures		648	
Variance			\$ 28
Estimated revenues	\$	646	
Actual revenue		651	
Variance			\$ 5
Excess (budgetary basis)	\$	3	
Adjust to GAAP		2	
Net change in fund balance	\$	5	

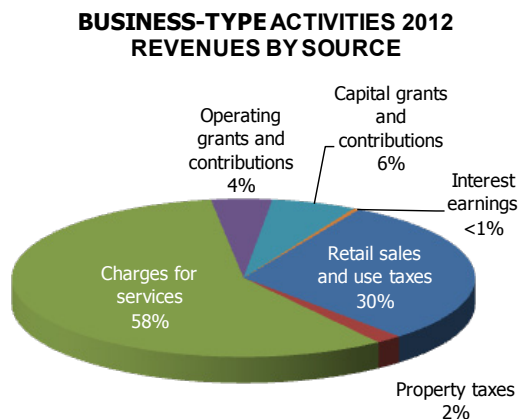
Source: 2012 King County CAFR



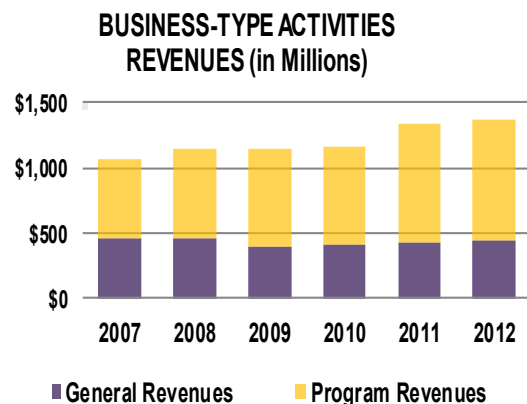
**Business-type activities** increased countywide net position by \$86 million in 2012, accounting for 41 percent of the total growth in net position. Total revenues for business-type activities were \$1.4 billion. The cost of all business-type activities for 2012 was \$1.3 billion. Of that amount 67 percent or \$934 million was funded from program revenues, including \$794 million in charges for services, \$59 million from other governments that subsidized certain programs with operating grants, and \$82 million in capital grants and contributions. The chart shows the County's business-type expenses and the extent of coverage from program revenues (user charges). Excess of net expenses are made up from general revenues. Public Transportation program operations are subsidized by retail sales and use taxes, which amounted to \$413 million in 2012 and property taxes (beginning in 2011) in the amount of \$25 million.



Revenue distribution by source for business-type activities is shown in the chart below. Direct charges for services accounted for 58 percent of revenues with retail sales and use taxes comprising 30 percent. The bar chart that follows shows the six-year trend in business-type revenues. Program revenues have increased noticeably over the past two years while the share of general revenues has decreased, reflecting the weak sales and use tax performance.

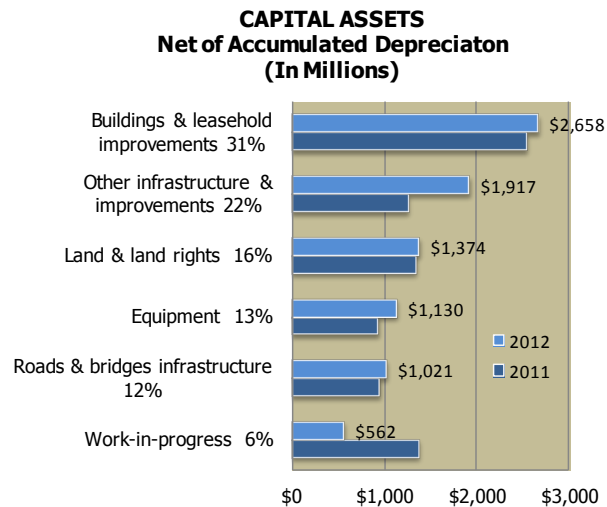


Source: 2012 CAFR - MD&A



# CAPITAL ASSETS

The County invests significantly in capital assets to increase the efficiency in delivering vital services and to promote a good quality of life for its citizens. The County's capital assets range from the industrial-scale plants built for wastewater treatment and waste disposal, to the public infrastructure networks of roads and bridges, and to the conservation-oriented acquisitions of open space land and land rights. The County's investment in capital assets at December 31, 2012, amounted to \$8.7 billion with about 67 percent accounted for by business-type activities. Business-type capital assets typically generate the revenues that allow County enterprises to recover their operating and capital costs. Governmental capital assets, on the other hand, are non-revenue generating and therefore are preserved or maintained using general revenues.



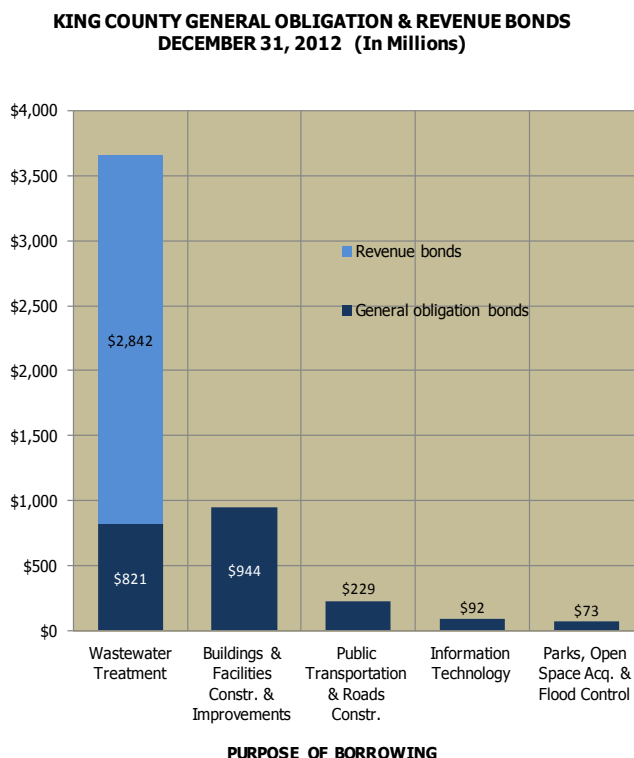
Source: 2012 King County CAFR, MD&A - Capital Assets

Significant capital assets activities during 2012 included the following:

- The conveyance system and marine outfall that connect the Brightwater treatment plant to various sources of wastewater were completed in the fall of 2012. The conveyance facilities include the pipes and pumps that deliver wastewater in and out of the treatment plant while the outfall discharges treated wastewater from the plant into Puget Sound. The Brightwater treatment system is now fully operational.
- Construction of the Bow Lake transfer station and recycling facility continued in 2012. The project provides a major upgrade to the existing outdated transfer facility with an expanded recycling area, a larger, modern and energy-efficient transfer building, and an improved design for customer traffic flow. Expected completion is in 2013. The transfer station handles approximately a third of the County's solid waste discharge.
- The County acquired Patricia Steel Memorial Building in December 2012 when it refinanced the construction bonds originally issued by a blended component unit. The building is used by Harborview Medical Center to house clinical services and administrative functions.
- The project to replace the old South Park Bridge commenced in 2012. Current activities include the removal of the existing structure, preparatory roadwork and landscaping. The project is expected to be completed in 2013.

# LONG-TERM DEBT

At the end of 2012 the County had a total of \$5.0 billion in bonds and notes outstanding. This amount comprises \$2.2 billion of general obligation (GO) bonds and \$2.8 billion of revenue bonds. GO bonds are backed by the full faith, credit, and taxing power of the government while revenue bonds are secured by specific revenue sources, such as sewer fees, lease payments, etc. The County uses revenue bonds to finance the major portion of its wastewater treatment facilities. State statutes limit the amount of GO bonds that the County can issue. As of 2012 the County's total GO bonds for general county purposes is 15 percent of the debt limit and total GO bonds for metropolitan functions is 14 percent of the debt limit. The Wastewater Enterprise is obligated under bond covenants to set rates that will cover at least 1.15 times the annual debt service requirements on all outstanding revenue and GO bonds. The actual coverage rate for 2012 was calculated at 1.36. In 2012, the County refinanced older bonds which will result in savings of approximately \$85 million in debt service costs.



RATING AGENCY	GENERAL OBLIGATION BONDS		SEWER REVENUE BONDS
	LIMITED	UNLIMITED	
Moody's	Aa1	Aaa	Aa2
Standard & Poor's	AAA	AAA	AA+
Fitch	AA+	AAA	-

All of the County's bond issuances consistently receive exceptional ratings from the leading industry credit rating agencies allowing the County to borrow at favorable interest rates. Depending on the size of the borrowing, a lower interest rate can result in substantial savings for the County. Current bond ratings for the County as of the date of this report are shown on the left. A Moody's rating of

"Aaa" means the debt has the lowest level of risk; a Standard & Poor's rating of "AAA" signifies that the issuer's capacity to meet its commitment on the debt is extremely strong; and a rating of "AAA" from Fitch denotes the lowest expectation of default risk. Other ratings in the limited GO and sewer revenue bond categories also denote high quality or low risk borrowing.

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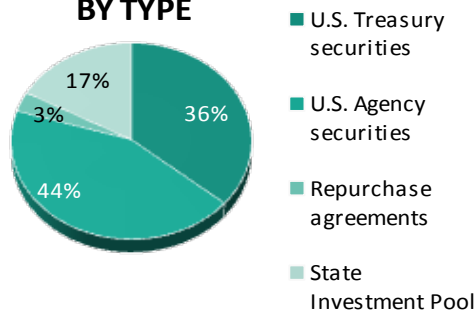
# CASH MANAGEMENT

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The County's bank deposits in Washington State are insured under the Federal Deposit Insurance Corporation up to the maximum standard insurance amount. Additional protection of government deposits is provided by the Public Deposit Protection Commission of the State of Washington (a multiple collateral pool) which has the power to: 1) require public depositories (banks that have state and local government funds on deposit) to put up collateral for up to 100 percent of their public deposits, and 2) assess all public depositories a maximum of 10 percent of its uninsured public deposits in case of a member bank becomes unable to meet its obligations to public depositors.

For investment purposes and to manage liquidity, the County pools the cash balances of all its funds and other legally separate local governments in an investment pool. The King County Investment Pool (the

## INVESTMENT POOL ALLOCATION BY TYPE



**Pool Fair Value = \$4.7 billion (entire pool)**

Source: 2012 CAFR, Note 4 - Deposits and Investments

Pool) is one of the largest in the State of Washington with a fair value as of December 31, 2012, of \$4.7 billion. The Pool's investment objectives, in order of priority, are safety, liquidity and yield. An investment policy guides decisions on sector allocations, credit quality, and maturity distributions. At year-end the Pool held 80 percent of investments in U.S. Treasury and Agency securities. The State Investment Pool is an independent pool which also has significant holdings in federal securities. The high weight in low-risk federal securities combined with a low average duration resulted in an annual yield of less than one percent. Low interest rates are the norm in a period of slow economic recovery as the federal government uses monetary policy to keep short and long-term interest rates low in order to further stimulate the economy.

The Pool is managed by the King County Treasury Operations Section and overseen by the Executive Finance Committee (EFC), which consists of the Chair of the County Council, the County Executive, the Director of Performance, Strategy and Budget, and the Director of the Finance and Business Operations Division, or their designees. The EFC sets policies and procedures for the effective management and control of the Pool's activities. The Pool is currently subject to quarterly reviews by an independent consultant with respect to policy compliance, sector and issuer allocation, credit quality, and maturity structure. At December 31, 2012, the review indicated that the Pool is highly liquid, with high credit quality and minimum credit exposure.



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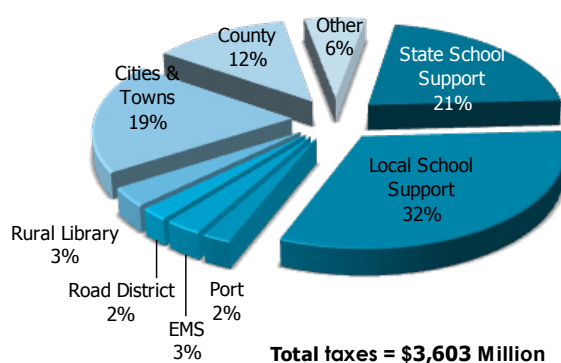
## PROPERTY AND SALES TAXES

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The County levies taxes on behalf of the State and many local jurisdictions, retaining only 12 percent of the total for its programs and services. The County is authorized to levy both “regular” property taxes and “excess” property taxes. Regular property taxes are subject to limitations as to rates and amounts and are imposed for general municipal purposes, including the payment of debt service on limited tax general obligation bonds. “Excess” property taxes may also be imposed when authorized by majority popular vote and are not subject to limitation.

The County Assessor determines the value of all real and personal property throughout the County that is subject to *ad valorem* taxation, with the exception of certain public service properties for which values are determined by the State Department of Revenue. The Assessor’s determinations are subject to revision by the County Board of Appeals and Equalization and, if appealed, subject to further revision by the State Board of Tax Appeals.

**KING COUNTY PROPERTY TAX  
2012 LEVY DISTRIBUTION**



Source: King County Department of Assessments

For tax purposes, the assessed value of property is 100 percent of its true and fair value. Since 1996, all property in the County has been subject to on-site appraisal and revaluation every six years, and is revalued each year based on annual market adjustments.

Another major source of revenue for the County is sales tax receipts. A sales tax rate of 9.5 percent is assessed in most of King County where 6.5 percent goes to the State, and the balance is allocated to the County, Cities and Towns, Regional Transit Authority, and other programs.

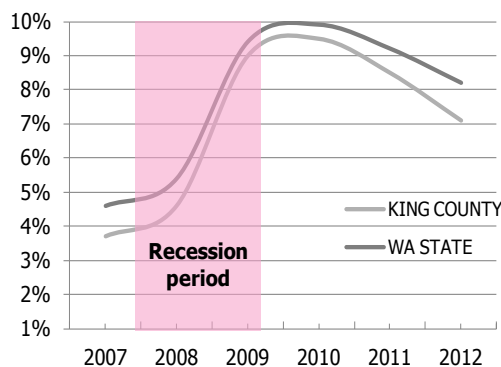
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## ECONOMIC CONDITIONS

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The increasing diversification of the County’s employment base has been an important buffer during the economic downturn, and some employment sectors began to grow again in 2012. The County unemployment rate in 2012 was 7.1 percent and continues to steadily decline. This was less than the 8.2 percent unemployment rate for Washington State. The region’s most prominent employers, Boeing, Microsoft, and Amazon, retain strong demand for their products. Undesignated General Fund collections show a growth rate of 2.7 percent in General Fund sales tax revenues in 2012, aided by a statewide tax amnesty program. However, the County’s economy is still dealing with the after effects of recessionary weakness and real estate decline. Total assessed valuation (TAV)

**COUNTY AND STATE UNEMPLOYMENT  
(Percent of Workforce)**



Source: Washington State Employment Security Department

fell by 3.3 percent for tax year 2012 and a further 1.5 percent reduction is projected for tax year 2013. Despite the downward pressure, TAV per capita is relatively high at \$161,000. Taxpayer concentration is low, with the top ten property taxpayers accounting for less than five percent of 2013 TAV.

### Assessed Value of Taxable Property (In Millions)



## MAJOR INITIATIVES

The County completed or had underway many major initiatives in 2012. These initiatives were guided by the King County Strategic Plan adopted in 2010. Major initiatives include:

### FINANCIAL STEWARDSHIP

The County continued to identify operating efficiencies in many budgets during 2012, enabling most agencies to continue all programs and staffing levels in 2013. Among the most significant efficiencies realized were continued consolidation of servers in the County's data center, relocation of agencies to reduce office space and energy consumption, and continued improvements in "return to work" programs that reduce industrial insurance costs.

As part of the efficiencies initiative, the County formally deployed the "Lean" process improvement methodology and hired a four-person Continuous Improvement Team. This team, along with other Lean-qualified employees in some agencies, conducted a series of events to identify efficiencies and long-term cost savings. Several of these changes were implemented in the 2013 budget.

The County continued its transition to biennial budgeting. Most County funds, representing about three-fourths of the total budget, have biennial budgets for 2013-2014. The remaining agencies and funds will transition to biennial budgets for 2015-2016. The use of biennial budgeting is expected to generate significant time savings in the "off-budget" year. These savings will be applied to efficiency initiatives and other priority activities.

## **QUALITY WORKFORCE AND FINANCIAL STEWARDSHIP**

The County continued to experience employee health care cost growth rates well below national and regional averages. Much of this is due to the "Healthy Incentives" program, which has encouraged employees to improve their health and use healthcare services wisely. In addition, the County negotiated agreements with most of its labor unions to cap the County's cost growth for health care programs at 4 percent per year for the next three years.

## **ECONOMIC ENVIRONMENT**

A "Congestion Reduction Charge" of \$20 on each vehicle license was authorized by the State Legislature to maintain transit service in King County, and was first imposed in mid-2012. This revenue source, along with significant savings in costs generated by the Metro Transit Division and its employees, will preserve transit service levels through 2013 and most of 2014. However, the \$20 charge is a two-year temporary measure - unless new revenues are authorized by the Legislature, significant reductions in service are expected in late 2014.

## **JUSTICE AND SAFETY**

In August 2012, King County voters approved a ballot measure to replace the outmoded Youth Services Center. The new building will house courtrooms, a detention center, and related facilities that will provide much higher quality services, will be more efficient to operate, and will eliminate the need for large maintenance expenses at the current facility. The new building will be funded through a nine-year, \$210 million property tax levy lid lift.

In November 2012, voters approved a renewal of the County's Automated Fingerprint Identification System (AFIS) levy.

## **SERVICE EXCELLENCE AND FINANCIAL STEWARDSHIP**

As part of the Accountable Business Transformation project, the County completed the deployment of new accounting, human resources, payroll, and budget systems in 2012. These new systems replace antiquated, often disjointed systems that have been in use for decades. The County is leveraging the technological capabilities of these new systems to make business process improvements, enhance decision making, and provide better service to customers.

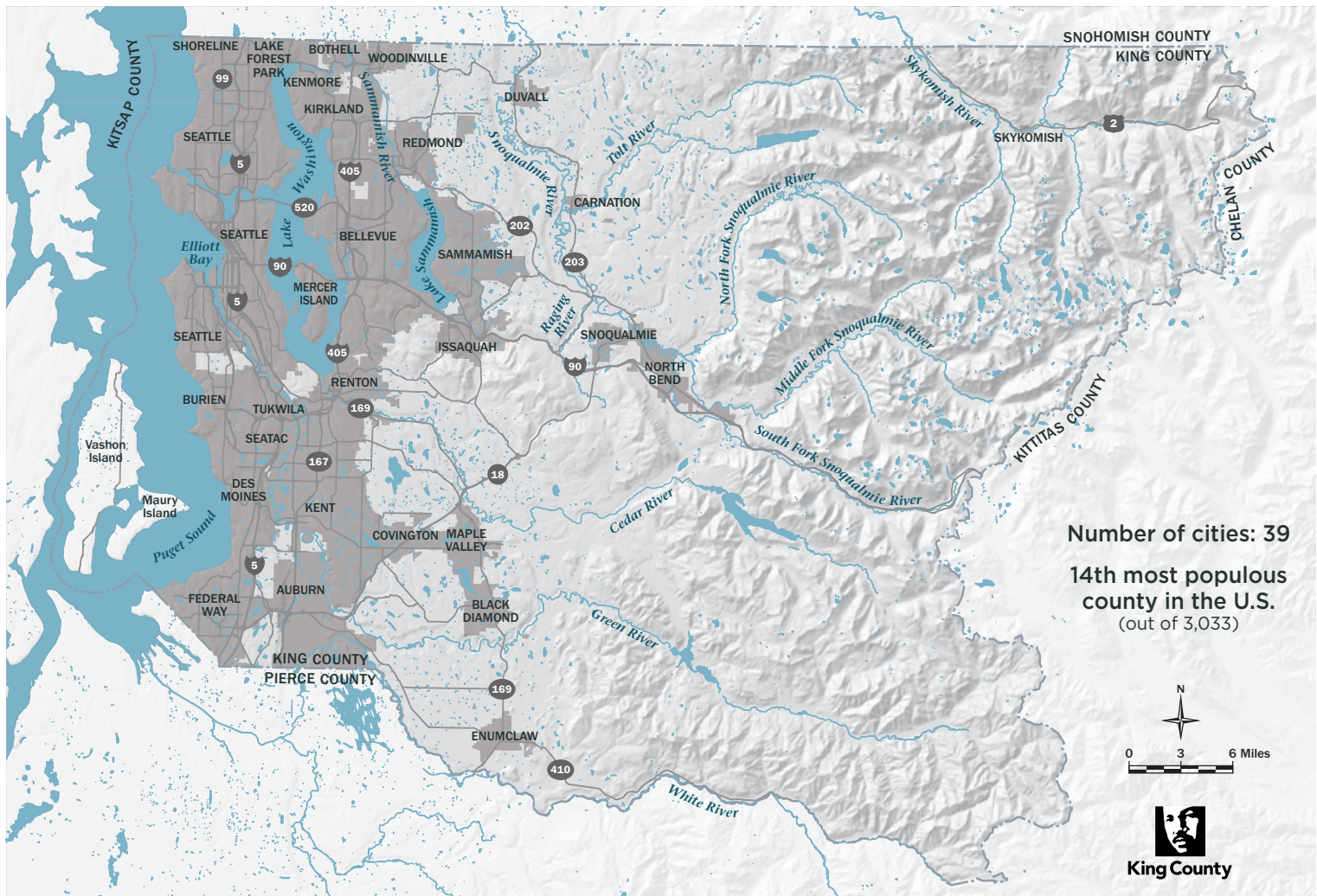
## **EQUITY AND SOCIAL JUSTICE**

Following passage of Referendum 74 legalizing same-sex marriage, King County issued 623 marriage licenses in the first three days. County staff planned diligently for the expected surge in license applicants, opened its licensing office at midnight and processed hundreds of licenses in the first day.

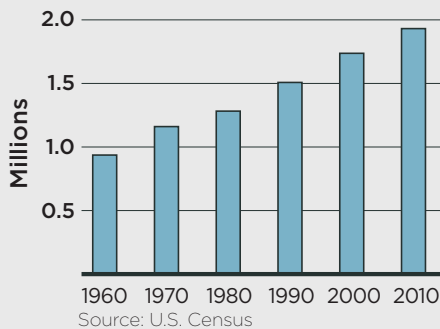
## **HEALTH**

The Public Health Department opened a new clinic in Burien in 2012. This clinic uses a "patient-centric" design in which services are brought to the patient's room, rather than the patient moving from room to room in a facility. The new design is much more efficient and will generate significant operating cost savings. Similar replacement facilities are planned for Kent and Renton.

# KING COUNTY AT A GLANCE



## POPULATION

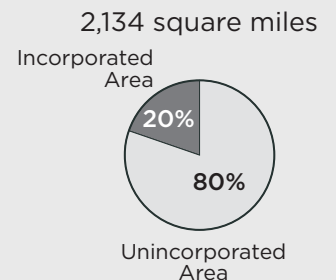


## DEMOGRAPHICS

	2011	2012
Population:	1,969,722	2,007,440
-65-yrs & over:	217,557	228,477
Public school enrollment:	262,963	267,655
Private school enrollment:	40,276	40,428
Median Household Income:	\$66,294	\$68,313
Unemployment:	8.2%	7.1%

Source: WA St ESD, OFM & OSPI

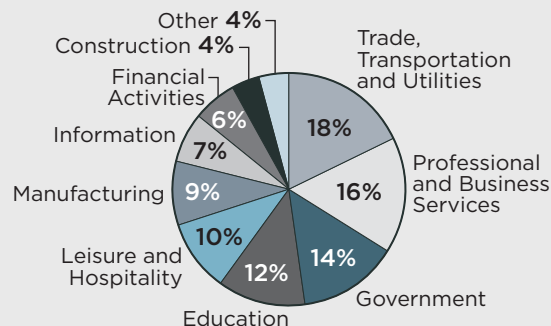
## LAND AREA



## 2012 PRINCIPAL PROPERTY TAX PAYERS

The Boeing Company  
Microsoft Corporation  
Puget Sound Energy/Gas/Electric  
Alaska Airlines  
AT&T Mobility LLC

## 2012 EMPLOYERS BY MAJOR INDUSTRY



## KING COUNTY GOVERNMENT 2012 FINANCIAL DATA (in millions)

Assessed Valuation:	\$319,461
Property Tax Levy:	\$618
General Fund Appropriation:	\$676