



# CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**King County**

Finance and  
Business Operations Division

January 1 - December 31, 2019

King County, Washington



# CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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County Administrative Officer and Director

Department of Executive Services

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Finance and Business Operations Division

**Ken Guy**

Deputy Finance Director

Finance and Business Operations Division

**Eunjoo Greenhouse**

Chief Accountant/Manager

Financial Management Section

**Cheryl Lee**

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year**

**January 1 through**

**December 31, 2019**

King County

State of Washington

PREPARED BY:

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**Finance and Business Operations Division**  
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# Comprehensive Annual Financial Report

December 31, 2019

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## King County

Finance and Business Operations Division  
Department of Executive Services  
401 Fifth Ave.  
Seattle, WA 98104-2333

July 28, 2020

The Honorable Dow Constantine, King County Executive,  
Members of the Metropolitan King County Council and  
Citizens of King County

**W**e are pleased to transmit to you the **Comprehensive Annual Financial Report** (CAFR) of King County, Washington (the County) for the fiscal year ended December 31, 2019. The financial statements within this CAFR are prepared according to generally accepted accounting principles that are prescribed by the Governmental Accounting Standards Board (GASB) for all state and local governments in the United States of America. While the County could comply with GASB requirements by producing the basic financial statements and required supplementary information, the County prepares a full CAFR which includes more detail and is eligible for the reporting excellence award administered by Government Finance Officers Association of the United States and Canada.

The CAFR consists of management's representations concerning the finances of the County and, therefore, we assume full responsibility for its completeness and the reliability of all information presented. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework designed to protect the government's assets from loss, theft, or misuse. Because the cost of internal controls should not outweigh their benefits, the County's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. We assert, to the best of our knowledge and belief, the CAFR is complete and reliable in all material respects.

The County's financial statements have been audited by the Washington State Auditor's Office. The auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with generally accepted accounting principles. The auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A), which immediately follows the independent auditor's report, provides a narrative introduction, overview and analysis of the basic financial statements. The letter of transmittal is designed to complement the MD&A and should be reviewed in conjunction with it.

### **Profile of the County**

**T**he County ranks number one in population in the state of Washington and is the financial, economic and industrial center of the Pacific Northwest region. Located between the sparkling blue waters of Puget Sound and the snowcapped Cascade Mountains, the County consists of 2,132 square miles, ranking 11th in geographical size among Washington's 39 counties. King County is nearly twice as large as the average county in the United States. With a population of 2.2 million, it also ranks as the 13th most populous county in the nation.

King County, named after Dr. Martin Luther King, Jr., is organized under the executive-council form of county government. The Metropolitan King County Council is the policy-determining legislative body while the Executive serves as the chief executive officer. Other elected officials include the prosecuting attorney, sheriff, assessor, director of elections and Superior and District Court judges. The Executive presents to the Council annual statements of the County's financial and governmental affairs, the proposed budget, and capital improvement plans. The Executive signs, or authorizes the signing of, all deeds, contracts and other instruments on behalf of the County and appoints the director of each executive department. The Metropolitan King County Council (the "Council") serves as the legislative body for

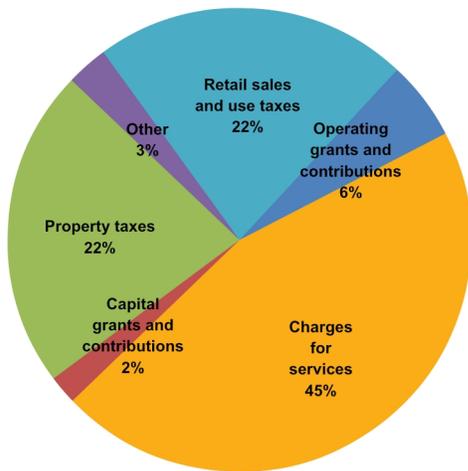
the County, approving all laws (called Ordinances) and the biennial budget. Operating budgets are adopted at the appropriation unit level, which generally represents a department or division; these budgets expire at the end of the biennium unless reappropriated by the Council. The capital budget is adopted at the fund and project levels and continues until disappropriated by the Council.

King County delivers essential and critical services regionally to both incorporated and unincorporated areas. While a second tier of services is provided only locally to unincorporated areas, cities and other incorporated areas can and do contract with the County for select individual or suite of services. Within appropriate jurisdictions, the County provides public transportation, wastewater treatment, waste disposal and recycling, behavioral and physical health care, emergency medical and E-911, elections, tax assessments and collections, law enforcement, criminal detention, court services, licensing, animal control, surface water management, flood control, roads construction and maintenance, low-income housing, agricultural services, parks and recreation, land use planning and permitting, zoning, radio communications, internet and other services.

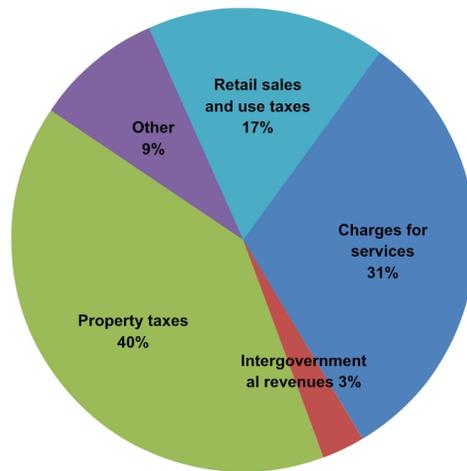
**Economic Outlook**

Economic conditions have a direct impact on the County’s revenues and the demand for its services. The County’s economy continued to improve in 2019 owing largely to the unique and diverse composition of businesses in the region. Headquartered within the County are large retailers like Costco and Nordstrom; high-tech conglomerates like Amazon and Microsoft; and industry leaders like Starbucks, Paccar, Expeditors International, Expedia, Alaska Air Group and Weyerhaeuser. The Boeing Company continues to conduct a significant portion of its airplane manufacturing business in the area. The presence of these successful companies, along with their networks of suppliers and supporting organizations, and combined with large institutional employers such as universities, local governments and hospitals, contribute to a robust local economy with a high employment rate.

**2019 Countywide Revenue  
\$4.3 billion**



**2019 General Fund Revenues  
\$0.9 billion**



The County’s main revenue sources include taxes, such as property and retail sales, charges for services, and intergovernmental revenues, such as grants and other financial assistance. The largest of these are charges for services at 45 percent, mostly generated by the County’s large enterprise operations, and combined property and sales taxes, comprising 44 percent of total countywide revenues. The County’s portion of sales tax revenue is relatively small as most of the tax is allocated to other governments including the State of Washington, cities, and Sound Transit. Retail sales and use taxes are dependent on the level of retail sales which is largely driven by economic factors such as consumer confidence, personal income growth and market interest rates. Taxable sales increased by 5 percent in 2019 boosted by high construction material sales from a thriving real estate market.

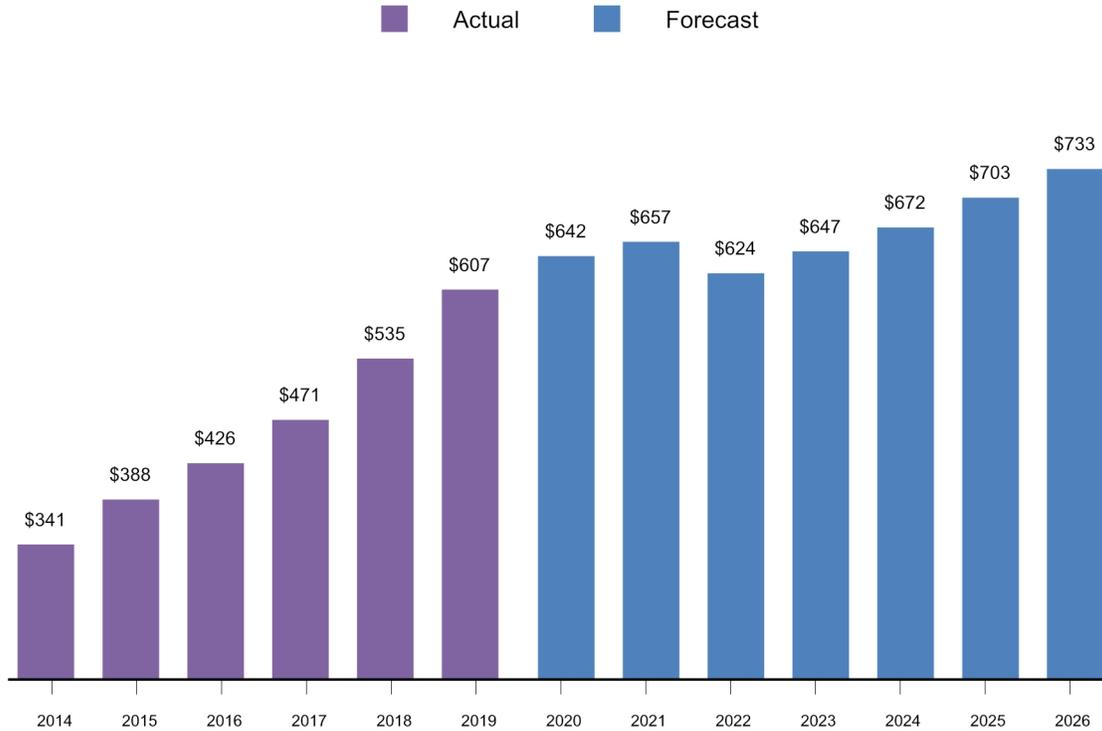
In the County’s general fund, property taxes made up the bulk of revenues at 40 percent, followed by charges for services at 31 percent, and retail sales and use taxes at 17 percent. While property taxes are still the mainstay for financing County governmental activities, the general fund continues to be hampered by the structural gap between

the statutorily limited growth of property tax revenues and the continuing growth in demand for services due to a rise in population, inflation and business activity.

Property taxes tend to be a more stable revenue source since the amount of revenue generated is based on the previous year’s levy amount plus one percent, plus the property tax assessed on the value of new construction. Other tax sources, such as the retail sales tax, are much more volatile and are influenced by economic conditions in the region.

Real property assessed values, measured using total assessed value (TAV) continued to rise in 2019 increasing by 14 percent. There are positive signs for continued short-term growth with 2020 expected to increase 6 percent, followed by a pause on growth 2021-2023 related to pandemic-induced economic pressures. Total assessed value per capita in 2019 was \$289 thousand, relatively high compared to neighboring counties (Snohomish County \$162 thousand; Pierce County \$118 thousand).

### King County Total Assessed Value (In billions)



In other revenues, the robust times from the latter half of the 2010s have come to an end for the near-term. An economic outlook for clear skies in 2020 darkened in a matter on weeks due to the global pandemic of the SARS-CoV-2 novel coronavirus. The County anticipates 2020 will present significant financial challenges. For more information about the impact of the global pandemic on the County, please refer to *Note 20 - Subsequent Events* in the Basic Financial Statements section of this report.

### Major initiatives

#### Best-Run Government

The County’s goal is to be the **best-run government** in the nation. Through application of continuous improvement principles, world-class risk management, rigorous attention to spending and the performance of new investments, and

other methods, the County strives to limit cost growth in its operations to the rate of inflation plus the rate of population growth.

The County has embraced continuous improvement by adopting Lean practices in managing its business processes. Lean, the concept made well-known by Toyota of Japan in the manufacturing sector, has proven adaptable to the service sector and governments. Lean fits well with the County strategies of instituting management best practices, encouraging employees to innovate and solve problems, and striving for excellence in customer service. The Lean objective of eliminating waste by removing non-value-added steps in processes both improves employee productivity and inspires engagement. Employees who own the processes are given the responsibility and implicit authority, through the Lean problem-solving culture, to affect continuous improvements. Some examples of Lean initiatives undertaken by the County include reducing the cost growth of employee health care plans such that the County's per-employee contribution remains unchanged from 2018 to 2019, avoiding increases estimated by most large employers. In April, 2019 the County also negotiated the second-ever master labor agreement with twenty five unions representing nearly half of the County's 14,000 employees. The agreement covered "total compensation" which includes not only wages, but health care benefits and paid leaves as well. Negotiating in this manner is more efficient and effective for all parties. Building on this momentum, the County identified a \$2 million reserve in its 2019-2020 general fund budget to encourage criminal justice agencies (which represent more than 70 percent of General Fund expenditures) to collaborate and implement ongoing process efficiencies and cost reductions.

The County uses enterprise risk management (ERM) to manage risk holistically and strategically across the government. The County performs risk assessments at the department, agency and line of business level to ensure broad participation in the process of identifying risk and prioritizing mitigation. This government-wide focus has developed greater risk awareness and ownership of risks, as well as expanding the nature and type of risks monitored and mitigated by the County. The County has established a Loss Control Fund (LCF), which agencies may access to help pay for risk mitigation efforts. King County's efforts were featured by the Association for Federal Enterprise Risk Management in its January, 2019 podcast.

The Office of Performance, Strategy and Budget (PSB) continued systematic quarterly reviews of financial plans and conditions for all major County funds. These reviews have identified emerging financial challenges far earlier than in the past, which has allowed prompt action to resolve issues. All County funds now use the same format for financial plans and the same data sources, which ensures consistency and clarity across the government. PSB also continued its performance management model using line-of-business planning which promotes understanding of the strategic context, products and services, capacity, costs, and current or emerging problems in the identified lines of businesses conducted by County departments and divisions. Plans were developed for 55 of the County's 60 lines of business, an improvement from 43 two years ago. These plans form the basis for budget proposals and strengthen the strategic and operational basis for County investments. In 2019, PSB implemented 40 formalized investment monitoring plans for initiatives funded in the 2019-2020 budget to track actual results compared to goals.

## **Building Equity and Opportunity**

**K**ing County is committed to addressing equity and social justice issues in the hopes of molding a more inclusive society that will uplift all County residents through: greater economic vitality, access to higher education, affordable health care, fair and low-cost justice system, and an overall better government. The Office of Equity and Social Justice is coordinating the County's efforts to use equity and social justice considerations to guide decision making both internally and externally. This Office had also developed the **Equity and Social Justice Strategic Plan** that can be used to advance the goals and objectives identified by County equity and social justice representatives. To achieve better outcomes in the community, the County will integrate and implement pro-equity practices in our major functions of government where we can effect change, including the following six goal areas: leadership, operations and services; plans, policies, and budgets; workplace and workforce; community partnerships; communication and education; and facility and system improvements.

**Best Starts for Kids (BSK)**, a comprehensive set of programs to help children and youth succeed, is an innovative and research-based initiative to eliminate social ills by focusing on the origins. Its implementation in the 2019-2020 biennium leverages \$84 million per year in investments and services to set kids up to succeed through prevention and early intervention strategies; helping to remove barriers in institutional policies, practices and systems; and move towards racial equity and better outcomes for overburdened communities. In 2019, BSK staff and community partners developed a plan for universal developmental screening through extensive community engagement including fifteen subject matter expert interviews, three community conversations, a webinar, and twelve focus groups (three of which

were conducted in a language other than English). The plan includes as a core principle improving equity by enhancing screening tools, practices, referrals, and services that meet families where they are. Funding to develop this capacity will be awarded to community organizations beginning in 2020.

The County opened its new **Patricia H. Clark Child and Family Justice Center** at the end of 2019, replacing the 1950s-era Youth Services Center. The new center focuses on moving the focus away from incarceration to providing practical support and uplift to youth and their families. Facility features include 91 pieces of original art by 40 artists, free child care on site, a clothing shop stocked through donations, and new courtrooms designed with features to make them feel less adversarial. While the bench is raised, for example, it is not as high as a traditional courtroom and all attorneys and defendants sit at a single, curved table in front of the judge. Ongoing construction activities on the site in 2020 include demolishing the old Youth Services Center and construction of a parking lot in its place.

## **Confronting Climate Change**

**T**he County is guided by its **Strategic Climate Action Plan (SCAP)** in confronting climate change. In addition to establishing targets and performance measures to track and assess the County's progress, the SCAP details more than 70 Priority Actions that the County will carry out between now and 2020. These actions cover diverse strategies including transit, renewable energy, green building, recycling, and preparing for local climate impacts such as increasing flood risks and extreme weather. One strategy towards creating healthy forests and shade is for the County and its regional partners to plant one million trees between 2015 and 2020; through the end of 2019, the County is on track to meet this goal having planted over 921 thousand trees. In green building, the County registered a total of nine new construction or major remodel projects for Living Building Challenge (LBC) or Zero Energy (ZE) certification with the International Living Future Institute (ILFI) through the end of 2019. LBC/ZE certifications are performance-based and require buildings to meet performance criteria for 12 consecutive months of operation. LBC/ZE standards are generally accepted to be the world's most rigorous environmental performance standard for buildings and include features like zero energy, zero waste and biophilic design. In 2019, King County certified its first Zero Energy project, which was the Parks Division North Utility Maintenance Shop at Marymoor Park. The results have exceeded the Zero Energy goal with the facility producing 125% of its energy needs from onsite solar panels. The excess energy production is powering adjacent park facilities, saving on energy utility costs for the Parks division. Also in 2019, the Wastewater Treatment utility registered its new South Plant Education Center for full Living Building Certification and the King County International Airport registered its Snow Removal Equipment Storage Facility project for net zero energy certification.

## **Regional Mobility**

**D**emand for transit is at an all-time high, and the Seattle metropolitan area is growing quickly. The Puget Sound Regional Council's VISION 2050 forecasts regional growth of 1.8 million people and 1.2 million jobs over the 30-year period 2020-2050 with growth of 0.9 million people and 0.6 million jobs occurring in King County. Roadways throughout the County are already congested during peak commute times limiting the mobility of people who live, work and play in our beautiful region. Average one-way commute times held steady at 30 minutes in the 2018 American Community Survey from last year, but still represent an increase from 28 minutes five years ago. As growth continues, public transportation plays an increasingly important role in reducing congestion, protecting our environment, and getting more people where they need to go quickly and comfortably.

The County's response to the regional mobility issue is grounded in a four-prong strategy: make transit easy to use and available to all; add capacity through bus, base, and route expansion; partner with others in the public and private sector to improve transit infrastructure; and support top-quality work by Metro employees through apprenticeship, wellness, and training programs. Metro Transit provides 400 thousand daily rides and takes 190 thousand cars off the road each weekday, carrying nearly half of downtown Seattle's workforce to and from their jobs.

Mobility improvements deployed in 2019 include new facilities to support the County's passenger ferries, a new permitting program for park-and-ride lots, and a dramatic increase in ridership for the County's second year offering bus services to regional trails and hiking areas. On August 12, 2019, the County, in partnership with the Washington State Ferries, opened a new \$45 million passenger ferry terminal at Colman Dock in downtown Seattle. The fully-enclosed facility will support the County's passenger ferry service to West Seattle and Vashon Island, and Kitsap County's passenger ferry service to Bremerton and Kingston. King County passenger ferry service recorded over 700 thousand boardings in 2019 while Kitsap County recorded over 475 thousand. In November, 2019 Metro Transit began

selling single occupancy vehicle parking permits at select park-and-ride lots. Priced at \$20 to \$90 per month, the permits allow greater access to transit for people who work nontraditional hours or otherwise cannot get to lots before they fill up in the mornings. At least half the spaces in all lots will remain free on a first-come first-served basis, and carpool parking remains free as well. Finally, the County's trailhead direct bus service provides service from four Sound Transit light rail train stations to four different popular hiking destinations: Cougar Mountain, Issaquah Alps, Mailbox Peak, and Mount Si. The system recorded nearly 36 thousand boardings in 2019, an increase of 75% from 2018.

### **2020 Census / King County Counts**

The County is partnering with community based organizations, philanthropies, and other governments to ensure that all residents are counted in the 2020 Census. The County contributed \$250 thousand to a pool along with an equal amount from the City of Seattle and a \$500 thousand contribution from the private Seattle Foundation. The money will help organizations connect with populations that are historically underrepresented in the census, including deploying canvassers with computers to gather census responses; the 2020 census will primarily be administered online.

### **Awards and Acknowledgments**

**T**he Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to King County for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the 38th consecutive year in which the County has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our 2019 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's excellence requirements and we are submitting it to the GFOA for review and determination of eligibility.

Finally, the preparation of this report would not have been possible without the dedication and outstanding work ethic of the Financial Accounting Unit staff of the Finance and Business Operations Division. We would also like to express our appreciation to all members of the division and finance staff of County agencies who assisted and contributed to the preparation of this report. Credit must also be given to the Executive and County Council and to our other elected officials for their support in maintaining the highest standards of professionalism in the stewardship of the County's finances.

Respectfully submitted,



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Ken Guy  
Finance Director  
Finance and Business Operations Division



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Cheryl Lee, CPA  
Chief Accountant/Manager  
Finance and Business Operations Division



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**King County  
Washington**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morill*

Executive Director/CEO

**Comprehensive Annual Financial Report**

## ELECTED OFFICIALS (at time of publication)



King County Executive  
**Dow Constantine**



King County Assessor  
**John Wilson**



King County Elections Director  
**Julie Wise**



King County Prosecuting Attorney  
**Daniel T. Satterberg**



King County Sheriff  
**Mitzi Johanknecht**

## ELECTED OFFICIALS (at time of publication)

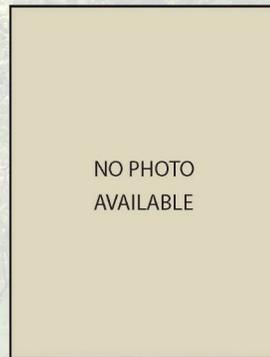


### METROPOLITAN KING COUNTY COUNCIL

From left: Council Vice Chair **Joe McDermott** (District 8), **Kathy Lambert** (District 3), **Girmay Zahilay** (District 2), Council Chair **Claudia Balducci** (District 6), **Dave Uptegrove** (District 5), **Jeanne Kohl-Welles** (District 4), Council Vice Chair **Reagan Dunn** (District 9), **Pete von Reichbauer** (District 7), and **Rod Dembowski** (District 1).



Presiding Judge  
King County Superior Court  
**Jim Rogers**



Chief Presiding Judge  
King County District Court  
**Susan Mahoney**

## Acknowledgments

*The following were instrumental in performing the year-end closing of the County's general ledger and in supporting the preparation of the 2019 CAFR:*

### FINANCE AND BUSINESS OPERATIONS

Brianna Anderson	Martha Diesner	Karl Nygard	Renee Richards
Carla Beck	Cindy Funai	Roxanne Oliver	Mary Beth Short
Mike Bacnis	Rena Jackson	Laura Otanez	Mike Smith
Mari Conrad	Hongnhan Le-Huynh	Janice Park	Lulu St. John
Denise Dean	Nigel Lewis	Sheryl Petersen	Sherry Stroud
Christine Denis	Lynn Mckiernan Ngari	Jean Prepotente	Flor Tubo

*The following furnished data, special research, information or technical support to the 2019 CAFR:*

### NATURAL RESOURCES AND PARKS

Kristin Cline	Sandy Fujioka	Steve Klusman	Aaron Sommer
Nitin Chadha	Doug Hodson	Jennifer Lehman	Sue Sweany
Myunghee Chung	Lin Hsin	Hong Nguyen	Alexis Tilley
Veronica Doherty	Omar Ibrahim	David Pierce	Doan Vuong
Trish Emry	Katrina Johnston	Hiedi Popochock	Genelle Woodbury
Cheryl Florendo	Amy Kaminishi		

### EXECUTIVE SERVICES

Sean Bouffiou	Greg Felton	Marjorie Mills	Anil Tomar
Laurie Copsey	Chauntelle Hellner	Morlene Mitchell	Connie Wong
Tim Drangsholt	Nicholas Lashbaugh	Carolyn Mock	Li Fang Yu
Tony Eays	Hanh Mai	Deanne Radke	

### PUBLIC HEALTH

Cynthia Bradshaw	Amy Harris	Yinka Otusanya	Lynette Unrau
Kimberly Buchanan	Amanuel Kahssai	Michael Perez	Alex Yoon
Becky Ellis	Silvia Lim	Chris Ramos	
Theresa George	Phuong Nguyen	Minh Ta	

### COMMUNITY AND HUMAN SERVICES

Steve Andryszewski	Ta-Win Fernandes	Scott Miller	Jenny Zheng
Maria Cabrales	Joe Hall	Florence Nabagenyi	
Barbara Donohue	Kendra Hinger	Tino Salud	

### INFORMATION TECHNOLOGY

Vikki Johnson	Junko Keesecker	Paul Mudrovich	George Vida
Bryan Karol	Maria Masunaga	Mung Nguyen	Emily Wang

### METRO TRANSIT

Chris Forsyth	Jill Krecklow	Kathleen Royal	Evelyn Wise
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### LOCAL SERVICES

Warren Cheney	Rex Hung
Crina Ghimpu	Ray Marquez
	Emily Won

### OFFICE OF THE EXECUTIVE

Anthony Cacallori	Jim Record
Chris McGowan	Aaron Rubardt
	Gaukhar Serikbayeva

### PUBLIC DEFENSE

Laura Federighi	Leah Figueroa
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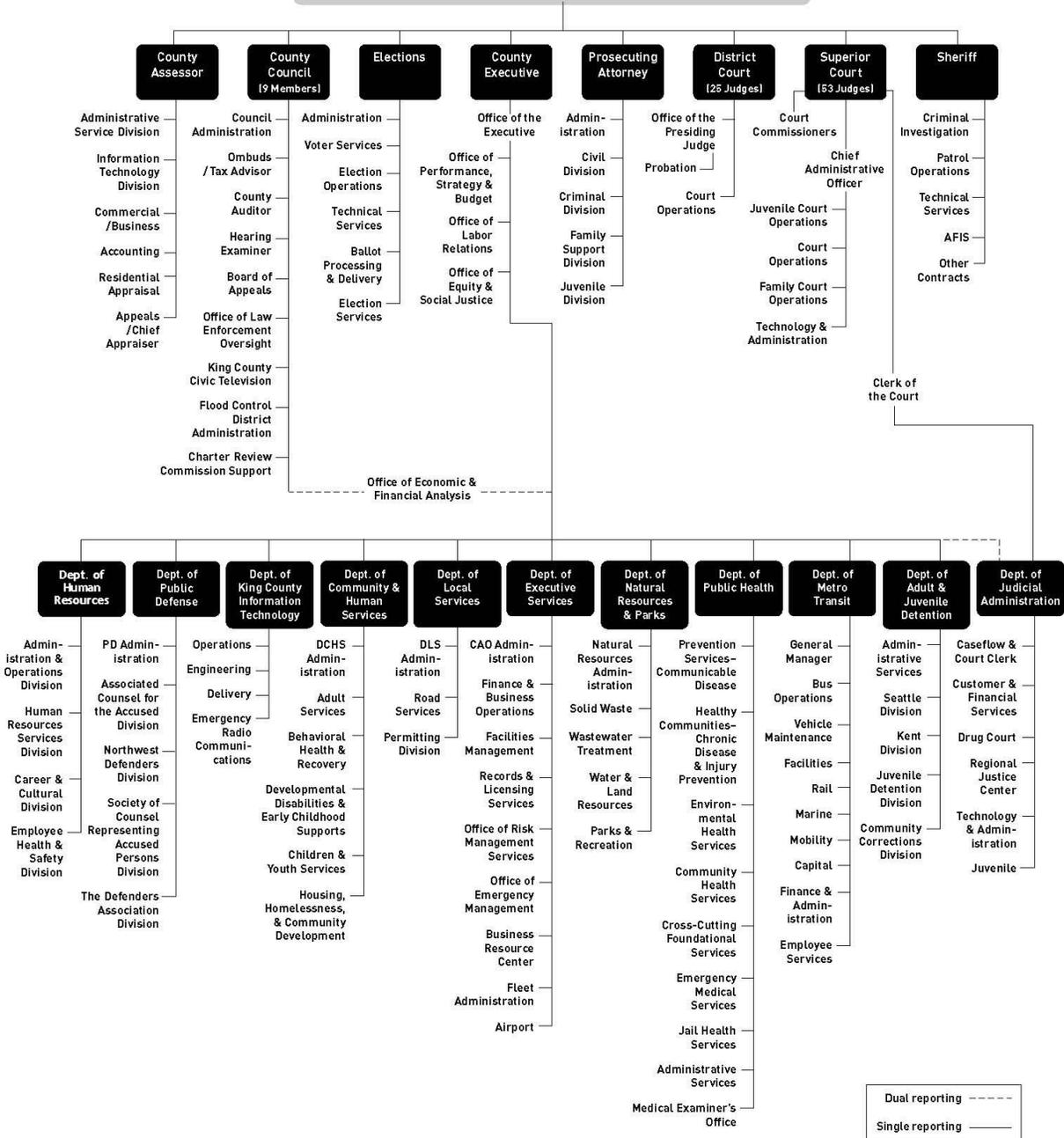
### ASSESSMENTS

Iris Hoffner	Cindy Johnson
--------------	---------------

### COMPONENT UNITS

<b>4Culture</b>	<b>NJB Properties</b>	<b>Flood Control District</b>	<b>Harborview Medical Center</b>
Mike Griggs	Eleanora Rocker	Francis and Co, PLLC	Tzeghe Makonnen

# The Electorate of King County



## 2019-2020 King County Organization

Elected Officials, Departments and Divisions

# Financial Section

# CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT







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

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

July 27, 2020

Council and Executive  
King County  
Seattle, Washington

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of King County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County'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 did not audit the financial statements of the Public Transportation, Water Quality, or Solid Waste funds, which in aggregate represent 97 percent, 94 percent, and 96 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Public Transportation, Water Quality, and Solid Waste funds, is based solely on the reports of the other auditors.

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 County'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 County'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, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of King County, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 2019, the County 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 20 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the County. Management's plans in response to this matter are also described in Note 20. 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 County's basic financial statements as a whole. The combining fund financial statements and schedules and supplementary information 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 and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. 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 27, 2020, on our consideration of the County'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 County'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 County'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 style with a large initial "P" and "M".

Pat McCarthy  
State Auditor  
Olympia, WA



## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This section of King County's Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the County for the year ended December 31, 2019. We encourage readers to consider this information in conjunction with that furnished in the letter of transmittal and with the County's financial statements and accompanying notes to the financial statements.

### FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

- At December 31, 2019, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$7.24 billion (referred to as *net position* of the primary government). Of this amount, \$982 million represents unrestricted net position, which may be used to meet the County's short-term obligations to its vendors, creditors, employees and customers.
- The County's total net position increased 6 percent or \$434 million over last year mainly because of capital asset acquisitions and construction that did not utilize borrowing. The Puget Sound Emergency Radio Network levy collections have been sufficient to support its capital construction activities, avoiding previously anticipated borrowing. The county also decided to fund the Patricia H. Clark Child and Family Justice Center construction through current revenues.
- The governmental activities component of net position grew by 8 percent or \$258 million over last year while the business-type activities component gained 5 percent or \$176 million.
- The County's governmental funds reported combined fund balances of \$1,045 million, an increase of \$62 million over the prior year. Approximately 9 percent or \$93 million of this amount is unassigned fund balance which is available for spending at the government's discretion.
- Unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of fund balance) for the General Fund was \$182 million, or approximately 22 percent of total annual General Fund expenditures. Total fund balance for the General Fund increased 12 percent or \$20 million from the prior year.
- Total liabilities of the County increased by 3 percent or \$174 million in 2019. However, the largest component of liabilities is debt, which decreased 2 percent or \$117 million. Governmental activities issued new general obligation bonds of \$62 million and refunding issues of \$56 million. Business-type activities issued \$101 million in new general obligation debt, \$148 million in general obligation refunding debt, and no revenue-backed debt.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements which include three components: government-wide financial statements, fund financial statements and notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### Government-wide Financial Statements

The **government-wide financial statements** are designed to provide readers with an overview of the County's finances, in a manner similar to a private sector business. The statements provide near-term and long-term information about the County's financial position, which assists in assessing the County's financial condition at the end of the fiscal year.

The **statement of net position** presents all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that

will not result in cash flows until future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation leave.

Both government-wide financial statements have separate sections for three different types of County programs or activities:

### **Governmental activities**

The activities in this section are principally supported by taxes and revenues from other governments (called "intergovernmental revenues" in the statements). The county classifies governmental activities into general government; law, safety and justice; physical environment; transportation; economic environment; health and human services; culture and recreation; debt service and capital outlay. Further discussion of these activities may be found in Note 1 to the Basic Financial Statements. Also included within governmental activities are the operations of the King County Flood Control District which, although legally separate, is reported as a blended component unit and shown as a special revenue fund to comply with governmental accounting standards.

### **Business-type activities**

These functions are intended to recover all or a significant portion of their costs through user fees and charges to external users. The county's business-type activities include public transportation, wastewater treatment, solid waste disposal and recycling, airport property leasing, ferry, radio communications, and public internet services.

### **Discretely presented component units**

The County's government-wide financial statements include the financial data of other legally separate entities that are reported as discrete component units: Harborview Medical Center, Cultural Development Authority of King County and NJB Properties. While governmental accounting standards call for these entities to be reported as part of the overall financial reporting entity, they are not included within the primary government. Individual financial statements for these discrete component units can be found in the Basic Financial Statements section, immediately following the fiduciary funds financial statements.

### **Fund Financial Statements**

The fund financial statements are designed to report financial information about the County's funds. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives.

The County, like most state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### **Governmental funds**

Most of the services provided by the County are accounted for in governmental funds. Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements.

Unlike government-wide financial statements, however, governmental funds 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 assessing near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

King County maintains a general fund and several other individual governmental funds organized according to their type (special revenue, debt service, and capital projects). The government reports two governmental **major funds**, the General Fund and the Behavioral Health Fund. Each major fund is presented in a separate column in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single aggregated presentation as "nonmajor governmental funds." Individual fund data for each of these nonmajor funds is provided as supplementary information in the form of combining statements in the Governmental Funds section.

The County adopts biennial budgets for the General Fund and Behavioral Health Fund, appropriated at the department or division level. Budgetary comparison schedules are provided for each of the major governmental funds and may be found in the Required Supplementary Information section.

### **Proprietary funds**

Proprietary funds are used to account for services for which the County charges customers a fee to recover all or a portion of the cost of providing the services. Proprietary funds provide the same type of information as shown in the government-wide financial statements but at a more detailed level, including the addition of cash flow statements. Like the government-wide financial statements, proprietary funds financial statements use the accrual basis of accounting. The basic proprietary funds financial statements can be found immediately following the governmental funds financial statements.

The County has two types of proprietary funds:

**Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary funds financial statements provide separate information for the Water Quality Enterprise, the Public Transportation Enterprise, and the Solid Waste Enterprise, all of which are considered to be major funds of the County for financial reporting purposes. All other enterprise funds are aggregated into a single "nonmajor enterprise funds" column within the proprietary funds financial statements. Individual fund data for each of these nonmajor funds is provided as supplementary information in the form of combining statements in the Proprietary Funds section.

**Internal service funds** are used to report activities that provide centralized services to the County's other programs and activities on a cost reimbursement basis. The County uses this type of fund to account for services such as the motor pool, information and technology, employee benefits, facilities management, risk management, financial, and various other administrative services. Most of these funds support or benefit governmental rather than business-type functions and those funds have therefore been appropriately consolidated within governmental activities in the government-wide financial statements. One of the internal service funds, however, provides equipment and fleet maintenance services almost exclusively to the Water Quality Enterprise and is therefore consolidated within the business-type activities in the government-wide financial statements. At the fund level, because of their business-type nature, all the internal service funds are aggregated for reporting purposes under the proprietary fund group in the basic financial statements with individual fund statements provided as other supplementary information in the Internal Service Funds combining section.

### **Fiduciary funds**

Fiduciary funds such as trust and agency funds are used to account for resources held for the benefit of parties outside the government. This fund group also includes the investment trust funds that are used to report investment pool activity on behalf of special districts and public authorities. Since the resources of these funds are not available to support the County's own programs, they are not reflected in the government-wide financial statements. The accounting for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found immediately following the proprietary funds financial statements.

### **Notes to the Financial Statements**

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the individual component unit financial statements in the Basic Financial Statements section.

**Other Information****Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information on budget to actual comparisons for major governmental funds, the current funding progress for pensions, the current funding progress for defined benefit postemployment benefits other than pensions, and infrastructure assets reported using the modified approach. The required supplementary information immediately follows the notes to the financial statements.

**Combining statements**

The combining statements are presented in separate sections immediately after the required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position over time may serve as a useful indicator of a government's financial position. In the case of King County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7.24 billion at the close of the most recent fiscal year.

	King County's Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 1,842,952	\$ 1,566,797	\$ 2,498,873	\$ 2,304,834	\$ 4,341,825	\$ 3,871,631
Capital assets <sup>(a)</sup>	3,447,644	3,344,379	6,304,284	6,245,746	9,751,928	9,590,125
Total Assets	5,290,596	4,911,176	8,803,157	8,550,580	14,093,753	13,461,756
<b>Deferred Outflows of Resources</b>	98,980	87,221	243,458	254,842	342,438	342,063
<b>Liabilities</b>						
Long-term liabilities	1,329,345	1,407,329	4,847,469	4,841,219	6,176,814	6,248,548
Other liabilities	409,469	212,303	288,706	240,190	698,175	452,493
Total Liabilities	1,738,814	1,619,632	5,136,175	5,081,409	6,874,989	6,701,041
<b>Deferred Inflows of Resources</b>	166,227	152,063	154,635	143,918	320,862	295,981
<b>Net Position</b>						
Net investment in capital assets <sup>(a)</sup>	2,820,829	2,651,748	2,392,806	2,267,809	5,213,635	4,919,557
Restricted	776,016	780,131	269,056	286,406	1,045,072	1,066,537
Unrestricted	(112,310)	(205,177)	1,093,943	1,025,880	981,633	820,703
Total Net Position	\$ 3,484,535	\$ 3,226,702	\$ 3,755,805	\$ 3,580,095	\$ 7,240,340	\$ 6,806,797

(a) Prior year balances restated. See Note 18 - Components of Fund Balance, Restrictions and Restatements.

The largest portion of King County's net position, 72 percent or \$5.21 billion, reflects its net investment in capital assets. The County employs these long-lived assets in providing a variety of services to its citizens. Accordingly, the net position associated with the capital assets does not represent amounts available for future spending. The County's investment in capital assets is reported net of related debt. The resources used to repay the capital-related borrowing must be provided from other more current, or liquid, assets.

An additional portion of County's net position, 14 percent or \$1.05 billion, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$982 million is unrestricted. A negative unrestricted net position, which is shown for some nonmajor governmental funds in the governmental funds section, represents more liabilities and deferred inflows of resources than assets and deferred outflows of resources.

King County's overall net position increased 6 percent or \$434 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities** During the current fiscal year, net position for governmental activities increased 8 percent or \$258 million from the prior fiscal year for an ending balance of \$3.48 billion. Net position invested in capital assets comprised 81 percent of total net position, or \$2.82 billion, an increase from the prior year of \$169 million. The increase was caused by the combined net additions to capital assets and net reductions in outstanding capital related debt during the year. Net position restricted for specific purposes amounted to \$776 million including \$263 million dedicated to health and human services; \$130 million for economic environment services; \$128 million for future capital project spending; \$108 million for law, safety and justice services; and, \$74 million for transportation services. Other restrictions constituted the remaining \$73 million.

Governmental activities accounted for 59 percent of the total improvement in net position of the County. The total revenues for governmental activities were \$2.34 billion, an increase of 2 percent or \$53 million from the prior year. Increases in property taxes accounted for the largest portion, \$26 million, followed by interest earnings with \$25 million. The increase in property taxes was the result of strong growth in newly constructed properties, totaling \$11.56 billion of assessed value in 2019, from which the county receives a full allocation of property tax in the first year. The increase in interest earnings was due to favorable interest rate conditions at the beginning of the year. The net rate of return for 2019 was 2.25 percent, up from 1.73 percent in 2018. After signaling a “pause” on rate changes early in 2019, the Federal Reserve Bank went on to cut rates by 0.25 percentage points three times in August, September, and October; lowering the lower bound of the effect rate from 2.25 percent to 1.50 percent. As a result, County earnings from interest are expected to recede in the coming year.

Expenses for governmental activities during the year increased by a net of 6 percent or \$116 million. Expenditure increases were focused on health and human services; and law, safety, and justice. In health and human services, which overall increased 6 percent or \$44 million, the increase was driven by a greater need for services and full engagement of the Best Starts for Kids (BSK) levy which entered its third year of implementation. For example, expenditures in the Public Health nonmajor fund increased 9 percent or \$17 million with the largest driver the provision of increased services to BSK clients; reflecting this increased participation BSK transferred \$53 million to Public Health in 2019, an increase from \$18 million in the prior year. Similarly, expenditures increased in the Developmental Disabilities nonmajor fund 12 percent or \$5 million with increased demand for services from BSK clients increasing the transfer from BSK by 56 percent or \$3 million to \$8 million in 2019. Best Starts for Kids expenditures in its own fund increased 48 percent or \$6 million to \$17 million this year. In the Veterans, Seniors, and Human Services levy, which entered its second year of implementation following the expansion of scope to include seniors in 2018, expenditures increased 69% to \$16 million from \$9 million as new programs to serve seniors began. In law, safety, and justice, where expenditures increased 4 percent or \$29 million, the increase was primarily related to the increased personnel cost (salary plus benefits) of providing these services to the residents from the General Fund which increased 5 percent or \$23 million from last year despite the number of personnel assigned to the function increasing only 3 percent or 114 full-time equivalents from last year. Please refer to the *Full Time Equivalent County Government Employees by Function* table in the Statistical section for more information about the number of full time equivalent employees employed by the County in each governmental function and how that statistic has changed over the last ten years.

**Changes in Net Position**  
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 848,391	\$ 840,576	\$ 1,109,879	\$ 1,080,500	\$ 1,958,270	\$ 1,921,076
Operating grants and contributions	211,658	220,680	26,168	41,488	237,826	262,168
Capital grants and contributions	20,556	30,461	64,081	138,057	84,637	168,518
General revenues						
Property taxes	924,076	897,969	35,378	29,536	959,454	927,505
Retail sales and use taxes	257,476	244,157	686,120	652,299	943,596	896,456
Other taxes	21,799	22,241	—	—	21,799	22,241
Unrestricted interest earnings	58,297	32,819	45,318	28,032	103,615	60,851
Total revenues	<u>2,342,253</u>	<u>2,288,903</u>	<u>1,966,944</u>	<u>1,969,912</u>	<u>4,309,197</u>	<u>4,258,815</u>
<b>Expenses<sup>(a)</sup></b>						
General government <sup>(b)</sup>	193,291	173,000	—	—	193,291	173,000
Law, safety and justice	726,568	697,250	—	—	726,568	697,250
Physical environment	22,788	25,468	—	—	22,788	25,468
Transportation	102,793	93,723	—	—	102,793	93,723
Economic environment	198,326	192,707	—	—	198,326	192,707
Health and human services	746,148	702,015	—	—	746,148	702,015
Culture and recreation <sup>(b)</sup>	77,434	64,763	—	—	77,434	64,763
Interest and other debt service costs	23,606	25,629	—	—	23,606	25,629
Airport	—	—	25,475	22,869	25,475	22,869
Public transportation	—	—	1,032,062	824,623	1,032,062	824,623
Solid waste	—	—	234,164	155,026	234,164	155,026
Water quality	—	—	474,952	486,545	474,952	486,545
Other enterprise activities	—	—	18,047	15,431	18,047	15,431
Total expenses	<u>2,090,954</u>	<u>1,974,555</u>	<u>1,784,700</u>	<u>1,504,494</u>	<u>3,875,654</u>	<u>3,479,049</u>
Increase in net position before transfers	251,299	314,348	182,244	465,418	433,543	779,766
Transfers	6,534	5,453	(6,534)	(5,453)	—	—
Increase in net position	257,833	319,801	175,710	459,965	433,543	779,766
Net position, beginning of year <sup>(c)</sup>	3,226,702	2,906,901	3,580,095	3,120,130	6,806,797	6,027,031
Net position, end of year	<u>\$ 3,484,535</u>	<u>\$ 3,226,702</u>	<u>\$ 3,755,805</u>	<u>\$ 3,580,095</u>	<u>\$ 7,240,340</u>	<u>\$ 6,806,797</u>

(a) Expenses for all functions include the allocation of indirect expenses from general government. The amount of indirect general government expenses allocated to each function is shown in a separate column on the government-wide Statement of Activities next to the column of direct operating expenses incurred by each function. In the above statement, the \$193.3 million in general government expense consists of \$243.4 million in direct program expenses reduced by indirect charges of \$50.1 million that was charged to the other benefiting functions.

(b) 2018 expenses in these functions were adjusted for the corresponding effects of the restatements of beginning net position.

(c) Net position, beginning of year has been restated. See Note 18 - Components of Fund Balance, Restrictions and Restatements.

**Business-type Activities** King County's business-type activities reported a net position of \$3.76 billion, increasing by 5 percent or \$176 million from the prior year. Of the total net position for business-type activities, 64 percent or \$2.39 billion was invested in capital assets net of the related debt used to finance the acquisition or construction of these capital assets. Another 7 percent or \$269 million of the total net position of business-type activities is restricted for spending on capital projects, debt service, regulatory assets and environmental liabilities. The remaining 29 percent or \$1.10 billion is unrestricted net position which is available to meet ongoing obligations to customers, vendors, other creditors and employees.

Business-type activities' net position of \$3.76 billion comprised 52 percent of the total County net position at the end of 2019. Business type activities accounted for 39 percent of the total increase in the County's aggregate net position during the year. This growth in net position was due primarily to acquisitions of capital assets not funded through long-term debt, for example when the Public Transportation Enterprise purchases new busses with cash or grants.

Total revenues of business-type activities remained flat at \$2.00 billion this year. Retail sales and use tax revenues increased the most, at 5 percent or \$34 million, representing a continued strong local economy in 2019. Similar to the

governmental activities, and for the same reasons, interest earnings improved in the business-type activities by 62 percent or \$17 million from last year.

Business-type activity expenses increased 19 percent or \$280 million over the prior year for all business-type activities taken together. The Public Transportation Enterprise (PTE) saw the largest increase of expenses, at 25 percent or \$207 million. \$125 million of this apparent increase was actually a large gain on the sale of real property in 2018; adjusting for that one-time event PTE expenses only increased 9 percent or \$82 million. The Solid Waste Enterprise had the largest percentage increase in expenses, totaling 51 percent or \$79 million corresponding to an upward revision in the system-wide estimated post-closure care liability for municipal solid waste landfills it either operates, has operated, or has been named custodian over. The Water Quality Enterprise expenses decreased 2 percent or \$12 million due to decreases in non-operating expenses related to lower short-term interest rates and fewer capital retirements.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use. It represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Council.

At December 31, 2019, the County's governmental funds reported a combined fund balance of \$1.04 billion, an increase of 6 percent or \$62 million in comparison with the prior year. Approximately 9 percent or \$93 million constitutes *unassigned fund balance*. The remainder of fund balance is either *nonspendable*, *restricted*, *committed* or *assigned* to indicate, respectively, that it is 1) not in spendable form or legally required to be maintained intact, \$36 million, 2) restricted for particular purposes, \$834 million, 3) committed for particular purposes, \$27 million, or assigned for particular purposes, \$55 million.

The **General Fund** is the chief operating fund of the County. At the end of the 2019 fiscal year, total fund balance for the General Fund was \$184 million. Unassigned fund balance totaled \$142 million, an increase of 31 percent or \$34 million over the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures of \$828 million. The unassigned fund balance of \$142 million represents 17 percent of total General Fund expenditures, an increase of 3 percent from 2018 while the total fund balance of \$184 million represents 22 percent of total expenditures in 2019, compared to 21 percent in 2018.

Fund balance of the General Fund increased by 12 percent or \$20 million during 2019. The increase in fund balance was attributed to taking in more resources than spending. The notable revenue streams contributing to the increase of fund balance are property taxes, 40 percent of total revenues, charges for services, 31 percent of total revenues and retail sales and use taxes, 17 percent of total revenues. Property taxes are budgeted on a biennial basis at the level needed and retail sales and use taxes remain a reliable resource with the continued strength of the economy. Charges for services are mostly comprised of contracts with other jurisdictions to provide legal, law enforcement and rehabilitation and detention services. Total expenditures increased by \$58 million, but were easily eclipsed by revenues. The main expenditures are for law, safety and justice, 75 percent of total expenditures, related to contract costs with other jurisdictions, and general government, 19 percent of total expenditures, related to general operation costs such as elections, records and licensing, finance and budgeting and legislative expenditures.

The **Behavioral Health Fund** provides oversight and management of crisis services, mental health treatment, substance use disorder treatment and diversion and reentry services to low income clients, with an emphasis on prevention, intervention, treatment and recovery. At the end of 2019, it had a total fund balance of \$297 thousand, a decrease of 99 percent or \$34 million over the prior year.

The decrease in fund balance in the current year was caused by earning fewer revenues, \$250 million, than incurring costs on programs, \$271 million, due primarily to the change in administering Medicaid-related programs. Medicaid reimbursements were no longer paid directly to King County and went directly to managed care organizations that take an administrative portion before passing the remainder to the County. Last year, the County earned \$213 million

in Medicaid-eligible revenues versus \$192 million from five managed care organizations, representing a \$21 million decrease.

**Proprietary Funds** The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

At December 31, 2019, the County's proprietary funds reported a combined net position of \$3.76 billion, an increase of 5 percent or \$176 million compared to the prior year. The Public Transportation Enterprise net position increased 6 percent or \$152 million; the Water Quality Enterprise net position improved by 11 percent or \$81 million; and the Solid Waste Enterprise net position decreased 98 percent or \$95 million.

The **Public Transportation Enterprise** accounts for the operations, maintenance and capital improvements of the County's public transportation system. At the end of 2019, the Public Transportation Enterprise had total net position of \$2.59 billion, of which 65 percent or \$1.68 billion was invested in capital assets net of associated debt; 2 percent or \$38 million was restricted for capital projects and debt service; while 34 percent or \$873 million was unrestricted. Unrestricted net position increased from the prior year by 14 percent or \$105 million. The large increase is due to continually keeping expenses under revenues. The key revenues that help continue to increase the Enterprise's net position are sales taxes at \$686 million, or 60 percent of total revenues; passenger fares at \$179 million, or 16 percent of total revenue; and service contracts at \$184 million or 16 percent of total revenues. Total operating expenses increased by \$89 million from the prior year, with personal services experiencing the largest increase at \$34 million, followed by internal services and purchased transportation increasing by \$20 million and \$18 million, respectively.

The **Water Quality Enterprise** accounts for the operations, maintenance, capital improvements and expansion of the County's water pollution control facilities. At the end of 2019, the Water Quality Enterprise reported total net position of \$827 million of which 51 percent or \$423 million was invested in capital assets net of the related debt; 28 percent or \$231 million was restricted for debt service and regulatory assets and environmental liabilities; and the remaining 21 percent or \$173 million was unrestricted. Total net position improved by \$81 million due to continually posting positive results from operations. The Enterprise reported \$415 million in sewage disposal fees, an increase of \$12 million or 3 percent from the prior year, attributed to a rate increase. Other operating revenues of \$121 million increased by \$15 million or 14 percent, mostly due to increases in water treatment capacity charges and capacity charge early payoffs. The Enterprise incurred \$323 million in total operating expenses, mainly comprised of \$180 million in depreciation and amortization expenses, personal services of \$51 million and internal services of \$39 million.

The **Solid Waste Enterprise** accounts for the operations, maintenance, capital improvements and expansion of the County's solid waste collection and disposal system. At the end of 2019, the Solid Waste Enterprise reported total net position of \$2 million of which \$144 million was invested in capital assets net of the related debt and -\$142 million was unrestricted. A negative unrestricted net position represents more liabilities and deferred inflows of resources than assets and deferred outflows of resources. Total net position deteriorated by \$95 million due to a one-time change in estimates for postclosure care needs of the last remaining active landfill, the Cedar Hills Regional Landfill, and several closed landfills under the division's care. The Enterprise reported \$132 million in solid waste disposal charges, an increase of \$3 million or 2 percent from the prior year, attributed to a rate increase. The Enterprise incurred \$219 million in total operating expenses, mainly comprised of \$107 million in landfill closure and postclosure care expenses, previously reported as nonoperating expenses, and personal services of \$46 million.

### **General Fund Budgetary Highlights**

King County budgets on a biennial basis with each budget period beginning in an odd-numbered year. This is the first year of the 2019-2020 biennium for County operating funds. The biennial budget is a true 24-month budget, not two separate budgets enacted at the same time.

**Original Budget Compared to Final Budget** The General Fund's final budget differs from the original budget in that it reflects an increase of \$107 million in expenditures due to supplemental budget appropriations. The largest increases to estimated revenues occurred in intergovernmental revenues as a result of entering into additional contracts with other governments. Budget increases were made during the budget period to general government by \$6 million; law, safety, and justice by \$30 million; health and human services by \$2 million; capital outlay by \$1 million; and transfers out by \$67 million. The majority of the significant increases to law, safety, and justice were a result of increases in full-time equivalents for the Sheriff, Public Defense and Superior Court, and increases due to the collective bargaining agreement between the King County Police Officers' Guild and King County Sheriff's Office to include cost of living

adjustments and contract ratification bonuses. Large increases in transfers out are attributable to transfers to the major maintenance reserve, Building 4Equity Advance, and CIP transfers to the Department of Executive Services.

**Final Budget Compared to Actual Results** Property taxes are by far the largest source to the General Fund, accounting for 39 percent of the budgeted revenues. Charges for services and retail sales and use taxes are the other significant sources of revenue for the General Fund, representing 30 percent and 16 percent of total budgeted revenues, respectively. The amount received for charges for services is dependent on corresponding services provided and fluctuate with the applicable programs and services offered. Retail sales and use taxes are dependent on increased spending in the economy, which is influenced by various factors.

The actual budgetary basis expenditures were \$1.04 billion less than the final appropriation. Law, safety and justice and general government comprise the largest amounts of actual expenditures at 68 percent and 17 percent, respectively.

## **CAPITAL ASSETS, INFRASTRUCTURE AND DEBT ADMINISTRATION**

### **Capital Assets**

The King County primary government's capital assets for its governmental and business-type activities as of December 31, 2019, amounted to \$3.45 billion for governmental activities and \$6.30 billion for business-type activities totaling \$9.75 billion, net of depreciation.

Capital assets include land, rights-of-way, easements and development rights, buildings, improvements other than buildings, infrastructure, vehicles, machinery, computers, software and other equipment and construction in progress. The total increase in capital assets over the previous year was \$162 million, net of depreciation.

Major capital asset events during 2019 included the following:

- The Patricia H. Clark Child and Family Justice Center which replaces the existing Youth Services Center, was completed in 2019 totaling \$185 million. The parking garage is scheduled to be completed by the spring of 2021.
- Public Transportation purchased and placed into service 186 new buses during the year at a cost of \$179 million.
- Water Quality brought new infrastructure into service during the year at a total cost of \$55 million, \$33 million for Kent Auburn Phase B-Pipeline and \$22 million for Magnolia Pipeline.
- Solid Waste had completed development and construction of a new refuse area, Area 8, at the Cedar Hills Regional Landfill. Area 8 was completed during 2019 with a total cost of \$46 million. Area 8 has a 32-acre footprint and will provide 8 million cubic yards of refuse capacity. It includes a bottom liner system, landfill gas collection system, and leachate collection and conveyance system.
- Puget Sound Emergency Radio Network (PSERN) is engaged in replacing the existing radio system that is over 20 years old. The new system as a whole will provide improved coverage, capacity, capability and connectivity in PSERN's regional service area. The total estimated project cost is \$261 million; \$90 million has been spent through 12/31/2019. The radio network is anticipated to be operational in 2023.

A summary of the 2019 capital assets activity is shown below. More detailed information on the County's capital assets can be found in *Note 7 - Capital Assets*.

	<b>Capital Assets</b> (in millions)					
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land and land rights <sup>(b)</sup>	\$ 1,101.9	\$ 1,080.0	*\$ 473.9	\$ 469.9	\$ 1,575.8	\$ 1,549.9
Buildings <sup>(a)(b)</sup>	696.3	521.8	1,744.5	1,788.3	2,440.8	2,310.1
Leasehold Improvements <sup>(a)</sup>	29.1	11.5	2.8	3.1	31.9	14.6
Improvements other than buildings <sup>(a)(b)</sup>	107.6	69.3	314.8	233.4	422.4	302.7
Infrastructure - roads and bridges	1,128.3	1,121.7	—	—	1,128.3	1,121.7
Infrastructure - other <sup>(a)(b)</sup>	75.9	32.8	1,751.3	1,749.1	1,827.2	1,781.9
Equipment, software and art collection <sup>(a)(b)</sup>	133.5	123.0	1,399.2	1,345.0	1,532.7	1,468.0
Construction in progress	175.0	384.3	617.8	656.9	792.8	1,041.2
Total	<u>\$ 3,447.6</u>	<u>\$ 3,344.4</u>	<u>\$ 6,304.3</u>	<u>\$ 6,245.7</u>	<u>\$ 9,751.9</u>	<u>\$ 9,590.1</u>

(a) Net of Depreciation

(b) 2018 Governmental Activities Balance Restated. See Note 18 - Components of Fund Balance, Restatements and Restrictions.

### Infrastructure

The County has elected to use the modified approach in reporting roads and bridges. Under the modified approach, capital assets are not depreciated because they will be preserved indefinitely. The condition of the assets is disclosed to provide evidence that established condition levels are being met. The rating scales for pavements (roads) and bridges and the results of the most recent condition assessments are further explained in the required supplementary information which follows the notes to the basic financial statements.

Condition assessments for roads are undertaken every three years using a pavement condition index (PCI). This is a 100-point scale numerical index that represents the pavement's functional condition based on the quantity, severity and type of visual distress. It is the policy of the King County Road Services Division to maintain at least 50 percent of the road system at a PCI of 40 or better. In the most recent condition assessment, more than two-thirds of the arterial and local access roads met the established condition level.

The County currently maintains 178 bridges. Physical inspections to uncover deficiencies are carried out at least every two years. A prioritization scale is maintained to determine which bridges are due for replacement or rehabilitation. The most significant criterion is the sufficiency rating which utilizes a 100-point priority scale based on various factors of bridge condition. The policy of the King County Road Services Division is to maintain bridges in such a manner that no more than 6.5 percent will have a sufficiency rating of 20 or less. The most current complete assessment showed only nine bridges at or below this threshold.

The amount budgeted for 2019 roads preservation and maintenance was \$75 million, but the actual amount expended was \$58 million. For maintenance and preservation of bridges, the amount budgeted for 2019 was \$12 million, but the actual expended amount was \$6 million. The variance between budget and spending is due to supplemental budget and remaining work under contract to be completed in 2020.

**Debt Administration**

At the end of 2019, King County had a total of \$4.93 billion in debt outstanding. Of this amount, \$1.89 billion comprises debt backed by the full faith and credit of the County. The other \$3.04 billion represents bonds secured by revenues generated by the debt-financed capital assets and state revolving loans. Below is a summary of the County's debt by type and activity.

	Outstanding Debt (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 721.0	\$ 729.8	\$ 1,157.4	\$ 1,002.9	\$ 1,878.4	\$ 1,732.7
GO capital leases <sup>(a)</sup>	8.2	8.3	—	—	8.2	8.3
Revenue bonds	—	—	2,811.5	3,072.5	2,811.5	3,072.5
State revolving loans	—	—	227.5	229.5	227.5	229.5
Total	<u>\$ 729.2</u>	<u>\$ 738.1</u>	<u>\$ 4,196.4</u>	<u>\$ 4,304.9</u>	<u>\$ 4,925.6</u>	<u>\$ 5,043.0</u>

(a) Project lease agreements - NJB properties. Under the lease agreements, the County's obligation to pay rent to NJB Properties is a limited tax general obligation.

Total debt decreased over the previous year by 2 percent or \$117 million (a 1 percent or \$9 million decrease for governmental activities and a 3 percent or \$108 million decrease for business-type activities). Governmental activities' outstanding debt decreased primarily due to \$72 million debt service payments and defeasance of \$65 million of bonds offset by the issuance of \$118 million in both new limited tax general obligation bonds and refunding general obligation bonds, with related premium of \$21 million.

Business-type activities' outstanding debt decreased primarily due to \$107 million in debt service payments and the defeasance of \$235 million in bonds offset by the issuance of \$249 million in both new limited tax general obligation bonds and refunding general obligation bonds payable from sewer revenues, with related premiums of \$28 million. State revolving loans decreased by \$2 million.

The County maintained a rating of "Aaa" from Moody's, a rating of "AAA" from Standard & Poor's, and a rating of "AAA" from Fitch for its limited tax general obligation debt. For its unlimited tax general obligation debt the County has a rating of "Aaa" from Moody's, a rating of "AAA" from Standard & Poor's, and a rating of "AAA" from Fitch. The ratings for Water Quality Enterprise's revenue debt are "Aa1" from Moody's and "AA+" from Standard & Poor's.

State statutes limit the amount of general obligation debt that the County may issue to 2.5 percent of its total assessed valuation for general county purposes and 2.5 percent for metropolitan functions (Water Quality and Public Transportation funds). The current debt limitation of total general obligations for general county purposes is \$16.06 billion, significantly higher than the County's outstanding net general obligation long-term liabilities of \$661 million. For metropolitan functions the debt limitation is also \$16.06 billion and the County's outstanding net general obligation debt for metropolitan functions is \$1.00 billion.

Additional information on King County's long-term debt can be found in Note 15 of the Basic Financial Statements.

**ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET**

The last 10 years have been a period of stability and growth with most economic indicators reaching all-time highs in 2019.

Items of note within King County:

- King County's unemployment rate was only 2.5 percent as of December 2019, lower than state and national unemployment rates, which were 4.0 percent and 3.5 percent, respectively. Diversification of the County's employment base was an important buffer during the Great Recession economic downturn, and all sectors but one (Government) grew in 2019. Two of the region's prominent local employers, Amazon and Microsoft, retain strong demand for their products and services. Boeing, the state's largest employer, bucked recent trends by adding 2,000 jobs in Washington in 2019. However, the ongoing safety issues of the 737-MAX and financial health of the world's largest aircraft manufacturer is a cause for concern in both the short-term and

longer-term. Also, as the COVID-19 pandemic continues to unfold in early 2020, the forced closure of restaurants, bars, schools, recreational facilities, and hundreds of other businesses across the state has led to substantial job losses and a dramatic increase to the unemployment rate in the near-term.

- Taxable retail sales growth has been robust the last few years thanks to growing incomes, enhanced consumer confidence, strong employment, and a booming construction sector. Local retail sales tax collections grew 8 percent in 2016, 5 percent in 2017, 11 percent in 2018, and 4 percent in 2019.
- Inflation remained steady in 2019. The Seattle Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W-STB) increased by 2.1 percent, down from 3.3 percent in 2018. The national CPI for All Urban Consumers (CPI-U-US) increased 1.8 percent during the same period.

Other than the global pandemic which continues to unfold, King County will continue to face numerous challenges, including volatile energy prices, rising employee and programmatic health care costs, the need to raise sufficient revenues to support utilities, the transit system, and general government operations. Over the last three years the County has maintained its commitment to build reserves in times of economic prosperity and has increased its minimum undesignated reserve for the General Fund from 6 percent to 8 percent, which is the maximum amount under county policy. The county also is willing to make difficult decisions in order to reduce expenditures to match revenue levels while retaining prudent reserves. At the state level, the County also continues to pursue statutory enhancements to local government revenues to more flexibly balance revenues with long-term cost pressures.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide an overview of the County's financial activities for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed as below.

King County Chief Accountant  
500 Fourth Avenue, Room 650  
Seattle, WA 98104



# Basic Financial Statements

# CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT





**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,456,142	\$ 1,701,303	\$ 3,157,445	\$ 360,531
Investments	1,944	15,727	17,671	11,453
Receivables, net	233,958	367,058	601,016	191,601
Internal balances	(110,093)	110,093	—	—
Inventories	3,186	33,489	36,675	9,032
Prepayments and other assets	25,719	5,190	30,909	12,720
Net pension asset	73,838	—	73,838	—
Capital assets:				
Nondepreciable assets	2,415,700	1,090,080	3,505,780	26,010
Depreciable assets, net	1,031,944	5,214,204	6,246,148	258,971
Net investment in capital lease	—	—	—	8,156
Deposits with other governments	—	—	—	7,007
Regulatory assets - environmental remediation	—	118,258	118,258	—
Other assets	158,258	147,755	306,013	16,426
<b>TOTAL ASSETS</b>	<b>5,290,596</b>	<b>8,803,157</b>	<b>14,093,753</b>	<b>901,907</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on refunding	14,530	185,120	199,650	—
Deferred outflows on pensions	82,046	53,172	135,218	275
Deferred outflows on other post employment benefits	2,269	355	2,624	—
Deferred outflows on asset retirement obligations	135	4,811	4,946	—
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>98,980</b>	<b>243,458</b>	<b>342,438</b>	<b>275</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	178,814	164,893	343,707	87,712
Accrued liabilities	60,077	107,597	167,674	53,420
Unearned revenues	170,578	16,216	186,794	11,745
Noncurrent liabilities:				
Due within one year	134,620	163,452	298,072	2,314
Due in more than one year	1,194,725	4,684,017	5,878,742	26,244
<b>TOTAL LIABILITIES</b>	<b>1,738,814</b>	<b>5,136,175</b>	<b>6,874,989</b>	<b>181,435</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on pensions	159,658	107,357	267,015	430
Rate stabilization	—	46,250	46,250	—
Deferred inflows on other post employment benefits	6,569	1,028	7,597	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>166,227</b>	<b>154,635</b>	<b>320,862</b>	<b>430</b>
<b>NET POSITION</b>				
Net investment in capital assets	2,820,829	2,392,806	5,213,635	284,981
Restricted for:				
Capital projects	128,187	36,132	164,319	—
Debt service	2,494	156,161	158,655	—
General government	7,581	—	7,581	—
Law, safety and justice	108,001	—	108,001	—
Physical environment	32,401	—	32,401	—
Transportation	73,627	—	73,627	—
Economic environment	130,042	—	130,042	—
Health and human services	262,559	—	262,559	—
Culture and recreation	31,124	—	31,124	—
Regulatory assets and environmental liabilities	—	76,763	76,763	—
Expendable	—	—	—	23,528
Nonexpendable	—	—	—	2,870
Unrestricted	(112,310)	1,093,943	981,633	408,938
<b>TOTAL NET POSITION</b>	<b>\$ 3,484,535</b>	<b>\$ 3,755,805</b>	<b>\$ 7,240,340</b>	<b>\$ 720,317</b>

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

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Units Total
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
						Governmental Activities	Business-type Activities		
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 243,410	\$ (50,119)	\$ 147,176	\$ 12,432	\$ 566	\$ (33,117)	\$ —	\$ (33,117)	\$ —
Law, safety and justice	724,776	1,792	179,797	35,492	10	(511,269)	—	(511,269)	—
Physical environment	21,823	965	49,151	2,265	670	29,298	—	29,298	—
Transportation	100,126	2,667	11,997	15,682	14,229	(60,885)	—	(60,885)	—
Economic environment	194,821	3,505	81,900	55,630	1,391	(59,405)	—	(59,405)	—
Health and human services	737,395	8,753	368,535	87,781	—	(289,832)	—	(289,832)	—
Culture and recreation	75,998	1,436	9,835	2,376	3,690	(61,533)	—	(61,533)	—
Interest and other debt service costs	23,606	—	—	—	—	(23,606)	—	(23,606)	—
Total governmental activities	<u>2,121,955</u>	<u>(31,001)</u>	<u>848,391</u>	<u>211,658</u>	<u>20,556</u>	<u>(1,010,349)</u>	<u>—</u>	<u>(1,010,349)</u>	<u>—</u>
Business-type activities:									
Airport	25,012	463	27,805	1	466	—	2,797	2,797	—
Public Transportation	1,009,194	22,868	386,582	24,927	49,285	—	(571,268)	(571,268)	—
Solid Waste	231,297	2,867	137,158	285	—	—	(96,721)	(96,721)	—
Water Quality	470,454	4,498	544,083	—	—	—	69,131	69,131	—
Institutional Network	2,716	51	3,082	—	—	—	315	315	—
Marine	9,797	223	3,715	955	14,330	—	8,980	8,980	—
Radio Communications Services	5,229	31	7,454	—	—	—	2,194	2,194	—
Total business-type activities	<u>1,753,699</u>	<u>31,001</u>	<u>1,109,879</u>	<u>26,168</u>	<u>64,081</u>	<u>—</u>	<u>(584,572)</u>	<u>(584,572)</u>	<u>—</u>
Total primary government	<u>\$ 3,875,654</u>	<u>\$ —</u>	<u>\$ 1,958,270</u>	<u>\$ 237,826</u>	<u>\$ 84,637</u>	<u>\$ (1,010,349)</u>	<u>\$ (584,572)</u>	<u>\$ (1,594,921)</u>	<u>\$ —</u>
<b>Component Units</b>	<u>\$ 1,061,979</u>		<u>\$ 1,063,228</u>	<u>\$ 11,456</u>	<u>\$ 3,609</u>				<u>\$ 16,314</u>
General revenues:									
Property taxes						\$ 924,076	\$ 35,378	\$ 959,454	\$ —
Retail sales and use taxes						257,476	686,120	943,596	—
Business and other taxes						21,799	—	21,799	—
Interest earnings						58,297	45,318	103,615	1,508
Transfers						6,534	(6,534)	—	—
Total general revenues and transfers						<u>1,268,182</u>	<u>760,282</u>	<u>2,028,464</u>	<u>1,508</u>
Change in net position						<u>257,833</u>	<u>175,710</u>	<u>433,543</u>	<u>17,822</u>
Net position - January 1, 2019 (Restated)						<u>3,226,702</u>	<u>3,580,095</u>	<u>6,806,797</u>	<u>702,495</u>
Net position - December 31, 2019						<u>\$ 3,484,535</u>	<u>\$ 3,755,805</u>	<u>\$ 7,240,340</u>	<u>\$ 720,317</u>

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019  
(IN THOUSANDS)**

	GENERAL FUND	BEHAVIORAL HEALTH FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 142,666	\$ 9,973	\$ 948,311	\$ 1,100,950
Investments	—	—	1,944	1,944
Taxes receivable-delinquent	8,760	52	8,827	17,639
Accounts receivable, net	8,998	1,344	8,474	18,816
Interest receivable	19,857	—	455	20,312
Due from other funds	278	1,078	35,359	36,715
Due from other governments, net	82,987	14,081	79,485	176,553
Inventory	—	—	1,089	1,089
Prepayments	6	—	19,977	19,983
Advances to other funds	3,000	—	15,500	18,500
Notes receivable	—	—	158,258	158,258
<b>TOTAL ASSETS</b>	<b>\$ 266,552</b>	<b>\$ 26,528</b>	<b>\$ 1,277,679</b>	<b>\$ 1,570,759</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,588	\$ 18,517	\$ 88,567	\$ 112,672
Due to other funds	12,180	904	36,940	50,024
Interfund short-term loans payable	—	—	20,250	20,250
Due to other governments	1,312	4,613	33,598	39,523
Wages payable	31,882	849	17,041	49,772
Taxes payable	125	—	71	196
Unearned revenues	3	1,309	168,853	170,165
Custodial accounts	7,340	—	3,621	10,961
Advances from other funds	11,500	—	38,529	50,029
<b>TOTAL LIABILITIES</b>	<b>69,930</b>	<b>26,192</b>	<b>407,470</b>	<b>503,592</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	7,402	39	6,712	14,153
Unavailable revenue-other receivables	5,399	—	3,041	8,440
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>12,801</b>	<b>39</b>	<b>9,753</b>	<b>22,593</b>
<b>FUND BALANCES</b>				
Nonspendable	6	—	35,506	35,512
Restricted	1,807	297	831,713	833,817
Committed	27,038	—	170	27,208
Assigned	13,435	—	41,918	55,353
Unassigned	141,535	—	(48,851)	92,684
<b>TOTAL FUND BALANCES</b>	<b>183,821</b>	<b>297</b>	<b>860,456</b>	<b>1,044,574</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 266,552</b>	<b>\$ 26,528</b>	<b>\$ 1,277,679</b>	<b>\$ 1,570,759</b>

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

Total fund balances - governmental funds	\$ 1,044,574
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	3,390,734
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	161,753
Governmental activities internal service funds assets and liabilities are included in the governmental activities in the statement of net position.	122,361
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,234,887)
<b>Net position of governmental activities</b>	<b>\$ 3,484,535</b>

See Note 2 for more detailed explanations of these adjustments.

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)

	GENERAL FUND	BEHAVIORAL HEALTH FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 366,911	\$ 3,465	\$ 553,725	\$ 924,101
Retail sales and use taxes	153,118	—	104,359	257,477
Business and other taxes	4,128	17	17,653	21,798
Licenses and permits	7,582	—	21,417	28,999
Intergovernmental revenues	27,350	13,303	167,972	208,625
Charges for services	287,376	229,636	275,978	792,990
Fines and forfeits	26,774	—	1,020	27,794
Interest earnings	23,640	778	29,119	53,537
Miscellaneous revenues	19,113	2,430	31,079	52,622
<b>TOTAL REVENUES</b>	<b>915,992</b>	<b>249,629</b>	<b>1,202,322</b>	<b>2,367,943</b>
<b>EXPENDITURES</b>				
Current:				
General government	156,562	—	42,313	198,875
Law, safety and justice	620,476	—	143,366	763,842
Physical environment	—	—	24,920	24,920
Transportation	—	—	107,478	107,478
Economic environment	73	—	203,988	204,061
Health and human services	49,199	279,170	435,983	764,352
Culture and recreation	—	—	75,422	75,422
Debt service:				
Principal	—	—	67,990	67,990
Interest and other debt service costs	58	—	31,457	31,515
Capital outlay	2,032	—	169,661	171,693
<b>TOTAL EXPENDITURES</b>	<b>828,400</b>	<b>279,170</b>	<b>1,302,578</b>	<b>2,410,148</b>
Excess (deficiency) of revenues over (under) expenditures	87,592	(29,541)	(100,256)	(42,205)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	18,481	8,291	402,244	429,016
Transfers out	(87,277)	(12,579)	(304,561)	(404,417)
General government debt issued	—	—	62,340	62,340
Refunding bonds issued	—	—	55,877	55,877
Premium on general government bonds issued	—	—	13,125	13,125
Premium on refunding bonds issued	—	—	8,248	8,248
Payment to refunded bonds escrow agent	—	—	(63,652)	(63,652)
Sale of capital assets	944	—	2,522	3,466
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(67,852)</b>	<b>(4,288)</b>	<b>176,143</b>	<b>104,003</b>
Net change in fund balances	19,740	(33,829)	75,887	61,798
Fund balances - beginning	164,081	34,126	784,569	982,776
Fund balances - ending	<b>\$ 183,821</b>	<b>\$ 297</b>	<b>\$ 860,456</b>	<b>\$ 1,044,574</b>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(IN THOUSANDS)**

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

Net change in fund balances - total governmental funds	\$ 61,798
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	128,962
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase net position.	(23,646)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,706
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,947)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	68,537
The net revenues and expenses of certain activities of internal service funds are reported with governmental activities.	28,423
Change in net position of governmental activities	<u>\$ 257,833</u>

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 1 OF 4)

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PUBLIC TRANSPORTATION</b>	<b>WATER QUALITY</b>	<b>SOLID WASTE</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 830,503	\$ 323,751	\$ 110,055
Restricted cash and cash equivalents	386	4,531	4,520
Accounts receivable, net	49,610	40,145	13,411
Due from other funds	6,728	3,006	2,910
Interfund short-term loans receivable	—	—	—
Property tax receivable-delinquent	419	—	—
Due from other governments	256,347	—	397
Inventory of supplies	21,954	9,625	1,370
Prepayments and other assets	254	11	331
Total current assets	<u>1,166,201</u>	<u>381,069</u>	<u>132,994</u>
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	38,415	273,412	13,366
Investments	—	15,727	—
Due from other governments	28	—	—
Total restricted assets	<u>38,443</u>	<u>289,139</u>	<u>13,366</u>
Capital assets:			
Nondepreciable assets	321,151	702,495	48,954
Depreciable assets, net	1,414,291	3,410,278	255,228
Total capital assets	<u>1,735,442</u>	<u>4,112,773</u>	<u>304,182</u>
Other noncurrent assets:			
Prepayments	4,444	—	—
Notes receivable	141,169	3,573	—
Advances to other funds	—	—	—
Regulatory assets, net of amortization	—	118,258	—
Other assets	—	3,013	—
Total other noncurrent assets	<u>145,613</u>	<u>124,844</u>	<u>—</u>
Total noncurrent assets	<u>1,919,498</u>	<u>4,526,756</u>	<u>317,548</u>
<b>TOTAL ASSETS</b>	<u><b>3,085,699</b></u>	<u><b>4,907,825</b></u>	<u><b>450,542</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on refunding	1,921	182,410	782
Deferred outflows on pensions	44,417	5,170	2,902
Deferred outflows on other post employment benefits	290	36	23
Deferred outflows on asset retirement obligations	2,997	1,250	404
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>49,625</b></u>	<u><b>188,866</b></u>	<u><b>4,111</b></u>

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

## STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 2 OF 4)

	BUSINESS-TYPE ACTIVITIES		INTERNAL SERVICE FUNDS
	NONMAJOR ENTERPRISE FUNDS	TOTAL	
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 83,248	\$ 1,347,557	\$ 373,157
Restricted cash and cash equivalents	182	9,619	245
Accounts receivable, net	800	103,966	584
Due from other funds	344	12,988	669
Interfund short-term loans receivable	—	—	20,250
Property tax receivable-delinquent	89	508	—
Due from other governments	5,812	262,556	55
Inventory of supplies	535	33,484	2,102
Prepayments and other assets	150	746	5,736
Total current assets	<u>91,160</u>	<u>1,771,424</u>	<u>402,798</u>
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	724	325,917	—
Investments	—	15,727	—
Due from other governments	—	28	—
Total restricted assets	<u>724</u>	<u>341,672</u>	<u>—</u>
Capital assets:			
Nondepreciable assets	17,480	1,090,080	—
Depreciable assets, net	126,536	5,206,333	64,781
Total capital assets	<u>144,016</u>	<u>6,296,413</u>	<u>64,781</u>
Other noncurrent assets:			
Prepayments	—	4,444	—
Notes receivable	—	144,742	—
Advances to other funds	—	—	31,529
Regulatory assets, net of amortization	—	118,258	—
Other assets	—	3,013	—
Total other noncurrent assets	<u>—</u>	<u>270,457</u>	<u>31,529</u>
Total noncurrent assets	<u>144,740</u>	<u>6,908,542</u>	<u>96,310</u>
TOTAL ASSETS	<u>235,900</u>	<u>8,679,966</u>	<u>499,108</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on refunding	7	185,120	—
Deferred outflows on pensions	683	53,172	11,003
Deferred outflows on other post employment benefits	6	355	62
Deferred outflows on asset retirement obligations	160	4,811	—
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>856</u>	<u>243,458</u>	<u>11,065</u>

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 3 OF 4)

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PUBLIC TRANSPORTATION</b>	<b>WATER QUALITY</b>	<b>SOLID WASTE</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 120,400	\$ 26,773	\$ 6,973
Retainage payable	386	4,531	50
Estimated claim settlements	—	—	—
Due to other funds	—	24	—
Due to other governments	—	—	—
Interest payable	180	68,569	574
Wages payable	30,378	4,678	2,580
Compensated absences payable	10,371	851	228
Taxes payable	32	15	164
Unearned revenues	5,999	2,966	33
Pollution remediation	—	4,561	—
General obligation bonds payable	5,880	22,900	6,710
Revenue bonds payable	—	62,675	—
Capital leases payable	147	—	—
State revolving loan payable	—	17,348	70
Landfill closure and post-closure care	—	—	30,441
Other liabilities	—	297	—
Total current liabilities	<u>173,773</u>	<u>216,188</u>	<u>47,823</u>
Noncurrent liabilities			
Compensated absences payable	43,124	10,266	4,260
Other postemployment benefits	12,309	1,526	996
Net pension liability	173,111	5,962	4,878
General obligation bonds payable	46,919	900,270	166,643
Revenue bonds payable	—	2,748,909	—
Capital leases payable	2,094	—	—
State revolving loans payable	—	208,873	1,252
Landfill closure and post-closure care	—	—	217,875
Estimated claim settlements	—	—	—
Pollution remediation	659	39,947	1,210
Asset retirement obligation	3,480	1,500	500
Other liabilities	—	77,010	—
Total noncurrent liabilities	<u>281,696</u>	<u>3,994,263</u>	<u>397,614</u>
<b>TOTAL LIABILITIES</b>	<u>455,469</u>	<u>4,210,451</u>	<u>445,437</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on rate stabilization	—	46,250	—
Deferred inflows on pensions	85,405	13,168	7,042
Deferred inflows on other post employment benefits	840	104	68
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>86,245</u>	<u>59,522</u>	<u>7,110</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,682,322	422,889	143,655
Restricted for:			
Capital projects	36,132	—	—
Debt service	2,311	153,850	—
Regulatory assets and environmental liabilities	—	76,763	—
Unrestricted	872,845	173,216	(141,549)
<b>TOTAL NET POSITION</b>	<u>\$ 2,593,610</u>	<u>\$ 826,718</u>	<u>\$ 2,106</u>

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

## STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 4 OF 4)

	BUSINESS-TYPE ACTIVITIES		INTERNAL SERVICE FUNDS
	NONMAJOR ENTERPRISE FUNDS	TOTAL	
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 2,159	\$ 156,305	\$ 13,279
Retainage payable	6	4,973	245
Estimated claim settlements	—	—	58,462
Due to other funds	223	247	101
Due to other governments	3,132	3,132	—
Interest payable	26	69,349	4
Wages payable	603	38,239	7,125
Compensated absences payable	47	11,497	872
Taxes payable	245	456	6
Unearned revenues	7,218	16,216	413
Pollution remediation	—	4,561	—
General obligation bonds payable	755	36,245	—
Revenue bonds payable	—	62,675	1,050
Capital leases payable	—	147	—
State revolving loan payable	—	17,418	—
Landfill closure and post-closure care	—	30,441	—
Other liabilities	176	473	2,156
Total current liabilities	<u>14,590</u>	<u>452,374</u>	<u>83,713</u>
Noncurrent liabilities			
Compensated absences payable	1,074	58,724	16,519
Other postemployment benefits	230	15,061	2,611
Net pension liability	772	184,723	38,326
General obligation bonds payable	7,199	1,121,031	—
Revenue bonds payable	—	2,748,909	—
Capital leases payable	—	2,094	—
State revolving loans payable	—	210,125	—
Landfill closure and post-closure care	—	217,875	—
Estimated claim settlements	—	—	101,269
Pollution remediation	245	42,061	—
Asset retirement obligation	200	5,680	—
Other liabilities	724	77,734	—
Total noncurrent liabilities	<u>10,444</u>	<u>4,684,017</u>	<u>158,725</u>
TOTAL LIABILITIES	<u>25,034</u>	<u>5,136,391</u>	<u>242,438</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on rate stabilization	—	46,250	—
Deferred inflows on pensions	1,742	107,357	21,789
Deferred inflows on other post employment benefits	16	1,028	178
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,758</u>	<u>154,635</u>	<u>21,967</u>
<b>NET POSITION</b>			
Net investment in capital assets	136,069	2,384,935	63,731
Restricted for:			
Capital projects	—	36,132	—
Debt service	—	156,161	—
Regulatory assets and environmental liabilities	—	76,763	—
Unrestricted	73,895	978,407	182,037
TOTAL NET POSITION	<u>\$ 209,964</u>	<u>\$ 3,632,398</u>	<u>\$ 245,768</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		123,407	
Net position of business-type activities		<u>\$ 3,755,805</u>	

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 1 OF 2)

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PUBLIC TRANSPORTATION</b>	<b>WATER QUALITY</b>	<b>SOLID WASTE</b>
<b>OPERATING REVENUES</b>			
I-Net fees	\$ —	\$ —	\$ —
Airfield fees	—	—	—
Hangar, building and site rentals and leases	—	—	—
Radio services	—	—	—
Solid waste disposal charges	—	—	131,943
Passenger fares	178,678	—	—
Service contracts	183,625	—	—
Sewage disposal fees	—	415,279	—
Other operating revenues	22,073	121,170	4,609
<b>TOTAL OPERATING REVENUES</b>	<b>384,376</b>	<b>536,449</b>	<b>136,552</b>
<b>OPERATING EXPENSES</b>			
Personal services	557,443	50,969	46,145
Materials and supplies	76,449	17,789	8,326
Contract services and other charges	48,822	17,729	22,258
Utilities	5,839	17,875	1,210
Purchased transportation	84,235	—	—
Internal services	103,556	39,473	17,237
Landfill closure and post-closure care	—	—	107,201
Depreciation and amortization	155,518	179,547	16,795
<b>TOTAL OPERATING EXPENSES</b>	<b>1,031,862</b>	<b>323,382</b>	<b>219,172</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(647,486)</b>	<b>213,067</b>	<b>(82,620)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Sales tax	686,120	—	—
Property tax	29,299	—	—
Intergovernmental revenues	24,927	—	285
Interest earnings	22,940	15,767	3,836
Miscellaneous revenues	2,206	7,593	606
Interest expense	(2,740)	(138,563)	(5,925)
Gain (loss) on disposal of capital assets	1,025	(4,778)	(9,268)
Loss on extinguishment of debt	—	(5,451)	—
Miscellaneous expenses	(9,555)	(5,691)	(1,125)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>754,222</b>	<b>(131,123)</b>	<b>(11,591)</b>
Income (loss) before contributions, transfers and special item	106,736	81,944	(94,211)
Capital grants and contributions	49,285	—	—
Transfers in	2	—	—
Transfers out	(3,959)	(960)	(1,001)
<b>CHANGE IN NET POSITION</b>	<b>152,064</b>	<b>80,984</b>	<b>(95,212)</b>
NET POSITION - JANUARY 1, 2019	2,441,546	745,734	97,318
NET POSITION - DECEMBER 31, 2019	<b>\$ 2,593,610</b>	<b>\$ 826,718</b>	<b>\$ 2,106</b>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

(IN THOUSANDS)

(PAGE 2 OF 2)

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>NONMAJOR ENTERPRISE FUNDS</b>	<b>TOTAL</b>	<b>INTERNAL SERVICE FUNDS</b>
<b>OPERATING REVENUES</b>			
I-Net fees	\$ 3,082	\$ 3,082	\$ —
Airfield fees	3,597	3,597	—
Hangar, building and site rentals and leases	24,195	24,195	—
Radio services	7,139	7,139	—
Solid waste disposal charges	—	131,943	—
Passenger fares	3,382	182,060	—
Service contracts	—	183,625	—
Sewage disposal fees	—	415,279	—
Other operating revenues	314	148,166	619,910
<b>TOTAL OPERATING REVENUES</b>	<b>41,709</b>	<b>1,099,086</b>	<b>619,910</b>
<b>OPERATING EXPENSES</b>			
Personal services	12,403	666,960	141,056
Materials and supplies	2,316	104,880	10,205
Contract services and other charges	5,917	94,726	369,193
Utilities	2,812	27,736	—
Purchased transportation	—	84,235	—
Internal services	11,998	172,264	29,788
Landfill closure and post-closure care	—	107,201	—
Depreciation and amortization	8,375	360,235	16,023
<b>TOTAL OPERATING EXPENSES</b>	<b>43,821</b>	<b>1,618,237</b>	<b>566,265</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,112)</b>	<b>(519,151)</b>	<b>53,645</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Sales tax	—	686,120	—
Property tax	6,079	35,378	—
Intergovernmental revenues	956	26,168	—
Interest earnings	2,272	44,815	5,271
Miscellaneous revenues	347	10,752	—
Interest expense	(276)	(147,504)	(279)
Gain (loss) on disposal of capital assets	2	(13,019)	953
Loss on extinguishment of debt	—	(5,451)	—
Miscellaneous expenses	—	(16,371)	(207)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>9,380</b>	<b>620,888</b>	<b>5,738</b>
Income (loss) before contributions, transfers and special item	7,268	101,737	59,383
Capital grants and contributions	14,796	64,081	3,531
Transfers in	—	2	2,539
Transfers out	(524)	(6,444)	(20,696)
<b>CHANGE IN NET POSITION</b>	<b>21,540</b>	<b>159,376</b>	<b>44,757</b>
NET POSITION - JANUARY 1, 2019	188,424		201,011
NET POSITION - DECEMBER 31, 2019	<u>\$ 209,964</u>		<u>\$ 245,768</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		16,334	
Change in net position of business-type activities		<u>\$ 175,710</u>	

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 1 OF 4)

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PUBLIC TRANSPORTATION</b>	<b>WATER QUALITY</b>	<b>SOLID WASTE</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 355,708	\$ 541,372	\$ 135,172
Cash received from other funds - internal services	3,762	1,574	2,873
Cash payments to suppliers for goods and services	(187,622)	(52,270)	(40,559)
Cash payments to other funds - internal services	(103,835)	(39,486)	(17,237)
Cash payments for employee services	(591,764)	(60,309)	(52,978)
Other receipts	—	76,177	606
Other payments	—	(18,730)	(1,982)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(523,751)</b>	<b>448,328</b>	<b>25,895</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants and subsidies received	740,025	—	116
Interfund loan principal amounts loaned to other funds	—	—	—
Interfund loan principal repayments from other funds	—	—	—
Interfund advance principal loaned to other funds	—	—	—
Interfund advance principal repayments from other funds	—	—	—
Grants to others	(3,237)	—	—
Transfers in	2	—	—
Transfers out	(3,959)	(960)	(1,001)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>732,831</b>	<b>(960)</b>	<b>(885)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(204,566)	(191,922)	(14,913)
Proceeds from capital debt	—	142,215	1,256
Principal paid on capital debt	(12,930)	(103,850)	(6,420)
Interest paid on capital debt	(2,291)	(150,008)	(7,293)
Cash payments for bond defeasance	—	(96,288)	—
Capital grants and contributions	98,946	—	—
Proceeds from disposal of capital assets	1,689	57	385
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(119,152)</b>	<b>(399,796)</b>	<b>(26,985)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment purchases	—	(689)	—
Interest on investments	22,629	15,581	3,806
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>22,629</b>	<b>14,892</b>	<b>3,806</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>112,557</b>	<b>62,464</b>	<b>1,831</b>
CASH AND CASH EQUIVALENTS - JANUARY 1, 2019	756,747	539,230	126,110
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2019	<b>\$ 869,304</b>	<b>\$ 601,694</b>	<b>\$ 127,941</b>

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 2 OF 4)

	<b>BUSINESS-TYPE ACTIVITIES</b>		<b>INTERNAL SERVICE FUNDS</b>
	<b>NONMAJOR ENTERPRISE FUNDS</b>	<b>TOTAL</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 46,660	\$ 1,078,912	\$ 6,629
Cash received from other funds - interfund services	1,974	10,183	617,175
Cash payments to suppliers for goods and services	(12,372)	(292,823)	(357,677)
Cash payments to other funds - interfund services	(12,103)	(172,661)	(59,294)
Cash payments for employee services	(13,822)	(718,873)	(151,557)
Other receipts	375	77,158	6,115
Other payments	(90)	(20,802)	—
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>10,622</b>	<b>(38,906)</b>	<b>61,391</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants and subsidies received	6,084	746,225	—
Interfund loan principal amounts loaned to other funds	—	—	(20,250)
Interfund loan principal repayments from other funds	—	—	15,800
Interfund advance principal loaned to other funds	—	—	(31,529)
Interfund advance principal repayments from other funds	—	—	9,725
Grants to others	—	(3,237)	—
Transfers in	—	2	2,539
Transfers out	(524)	(6,444)	(20,696)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>5,560</b>	<b>736,546</b>	<b>(44,411)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(18,267)	(429,668)	(12,697)
Proceeds from capital debt	—	143,471	—
Principal paid on capital debt	(733)	(123,933)	(5,225)
Interest paid on capital debt	(353)	(159,945)	(298)
Cash payments for bond defeasance	—	(96,288)	—
Capital grants and contributions	17,519	116,465	—
Proceeds from disposal of capital assets	20	2,151	953
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,814)</b>	<b>(547,747)</b>	<b>(17,267)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment purchases	—	(689)	—
Interest on investments	2,238	44,254	5,270
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>2,238</b>	<b>43,565</b>	<b>5,270</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>16,606</b>	<b>193,458</b>	<b>4,983</b>
<b>CASH AND CASH EQUIVALENTS - JANUARY 1, 2019</b>	<b>67,548</b>	<b>1,489,635</b>	<b>368,419</b>
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31, 2019</b>	<b>\$ 84,154</b>	<b>\$ 1,683,093</b>	<b>\$ 373,402</b>

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 3 OF 4)

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PUBLIC TRANSPORTATION</b>	<b>WATER QUALITY</b>	<b>SOLID WASTE</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (647,486)	\$ 213,067	\$ (82,620)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	155,035	167,777	16,699
Nonoperating miscellaneous revenues (expenses)	2,206	2,658	(519)
(Increases) decreases in assets:			
Accounts receivable, net	(22,788)	(1,338)	2,911
Due from other funds	—	(1)	(2,300)
Due from other governments, net	(5,965)	—	12
Inventory	(774)	(80)	(113)
Prepayments	254	357	(91)
Other assets	53	(476)	—
(Increases) decreases in deferred outflows of resources:			
Deferred outflows on pensions, refunding, OPEB and ARO	(6,199)	(117)	149
Increases (decreases) in liabilities:			
Accounts payable	28,172	826	(3,667)
Retainage payable	7	41	21
Due to other funds	(278)	(14)	—
Wages payable	8,406	1,091	351
Taxes payable	(4)	(21)	157
Unearned revenues	1,587	491	13
Claims and judgments payable	—	—	—
Compensated absences	248	40	(760)
Other postemployment benefits	504	(7)	(104)
Net pension liability	(46,409)	(11,238)	(6,102)
Customer deposits and other liabilities	68	74,130	(45)
Landfill closure and post-closure care	—	—	102,174
Increases (decreases) in deferred inflows of resources:			
Deferred inflows on pension and OPEB	9,612	1,142	(271)
Total adjustments	123,735	235,261	108,515
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (523,751)</b>	<b>\$ 448,328</b>	<b>\$ 25,895</b>

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:**

Public Transportation capital grants on account decreased by \$49.7 million in 2019.

Water Quality capital grants on account decreased by \$258 thousand in 2019.

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 4 OF 4)

	<b>BUSINESS-TYPE ACTIVITIES</b>		<b>INTERNAL SERVICE FUNDS</b>
	<b>NONMAJOR ENTERPRISE FUNDS</b>	<b>TOTAL</b>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (2,112)	\$ (519,151)	\$ 53,645
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	8,335	347,846	16,023
Nonoperating miscellaneous revenues (expenses)	356	4,701	—
(Increases) decreases in assets:			
Accounts receivable, net	747	(20,468)	717
Due from other funds	207	(2,094)	27
Due from other governments, net	139	(5,814)	11
Inventory	125	(842)	(554)
Prepayments	20	540	(1,359)
Other assets	—	(423)	—
(Increases) decreases in deferred outflows of resources:			
Deferred outflows on pensions, refunding, OPEB and ARO	(6)	(6,173)	(1,420)
Increases (decreases) in liabilities:			
Accounts payable	(4,611)	20,720	748
Retainage payable	—	69	227
Due to other funds	(106)	(398)	(3)
Wages payable	151	9,999	1,347
Taxes payable	21	153	(11)
Unearned revenues	7,135	9,226	—
Claims and judgments payable	—	—	2,012
Compensated absences	133	(339)	30
Other postemployment benefits	14	407	(129)
Net pension liability	(1,907)	(65,656)	(12,066)
Customer deposits and other liabilities	1,745	75,898	409
Landfill closure and post-closure care	—	102,174	—
Increases (decreases) in deferred inflows of resources:			
Deferred inflows on pension and OPEB	236	10,719	1,737
Total adjustments	12,734	480,245	7,746
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 10,622</b>	<b>\$ (38,906)</b>	<b>\$ 61,391</b>

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:**

Internal Service Funds received \$3,531 thousand of capital assets from other funds and transferred \$207 thousand of capital assets to other funds.

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

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)

	<b>CUSTODIAL FUNDS</b>	
	<b>EXTERNAL INVESTMENT POOL FUNDS</b>	<b>OTHER CUSTODIAL FUNDS</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ —	\$ 132,202
Investments at fair value:		
Repurchase agreements	126,229	—
Commercial paper	286,211	—
U.S. agency discount notes	212,941	—
Supranational discount notes	26,057	—
Corporate notes	344,935	—
Corporate notes floating rate	111,443	—
U.S. Treasury notes	1,459,182	14,400
U.S. agency notes	238,014	—
U.S. agency collateralized mortgage obligations	1,796	—
Supranational coupon notes	770,513	—
State Treasurer's investment pool	326,138	—
Total investments	<u>3,903,459</u>	<u>14,400</u>
Taxes receivable for other governments	—	74,862
Accounts receivable	—	24,872
Interest receivable	7,507	—
Assessments receivable for other governments	—	2,175
Notes and contracts receivable	—	52
<b>TOTAL ASSETS</b>	<u><u>3,910,966</u></u>	<u><u>248,563</u></u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	—	55,531
Due to beneficiaries	—	73,043
Due to other governments	—	62,172
<b>TOTAL LIABILITIES</b>	<u><u>—</u></u>	<u><u>190,746</u></u>
<b>NET POSITION</b>		
Restricted for:		
Individuals, organizations and other governments	3,910,966	57,817
<b>TOTAL NET POSITION</b>	<u><u>\$ 3,910,966</u></u>	<u><u>\$ 57,817</u></u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)

	<b>CUSTODIAL FUNDS</b>	
	<b>EXTERNAL INVESTMENT POOL FUNDS</b>	<b>OTHER CUSTODIAL FUNDS</b>
<b>ADDITIONS</b>		
Property taxes collected for other governments	\$ —	\$ 4,800,731
State apportionment	—	3,586,985
Real estate excise taxes collected for other governments	—	797,827
Bond proceeds	—	643,913
Utility charges	—	386,343
Local support non-tax receipts	—	368,637
Member contributions	—	243,206
Drainage utility charges collected for other governments	—	207,382
Pool participant contributions	9,460,150	(9,460,150)
Investment earnings:		
Interest, dividends and other	87,547	29
Net increase in fair value of investments	31,952	13
Total investment earnings	<u>119,499</u>	<u>42</u>
Less investment costs:		
Investment activity costs	(1,713)	—
Net investment earnings	<u>117,786</u>	<u>42</u>
Charges for fire protection services	—	32,815
Receipts from other governments	—	24,519
Court fees collected for other governments	—	16,678
Lease contributions	—	15,364
Regulatory fees	—	12,806
Recording fees collected for other governments	—	12,585
Other taxes collected for other governments	—	11,718
Charges for emergency medical services	—	7,710
Impact fees collected for other governments	—	3,794
Food services receipts	—	5,036
Forest funds	—	2,011
Fines and forfeits collected for other governments	—	378
Licensing fees collected for other governments	—	320
Other fees collected for other governments	—	188
Permitting fees collected for other governments	—	13
Miscellaneous receipts	—	202,901
Total additions	<u>9,577,936</u>	<u>1,923,752</u>
<b>DEDUCTIONS</b>		
Payments to vendors	—	9,466,475
Taxes distributed to other governments	—	1,172,597
Principal payments	—	361,099
Interest and other debt service costs	—	268,111
Other receipts distributed to other governments	—	245,423
Pool participant distributions	9,816,972	(9,816,972)
Election costs	—	5,714
Payments to escrow	—	4,950
Treasurer collection fees	—	2,606
Cash management fees	—	180
Miscellaneous payments	—	469,710
Total deductions	<u>9,816,972</u>	<u>2,179,893</u>
Net increase (decrease) in fiduciary net position	<u>(239,036)</u>	<u>(256,141)</u>
NET POSITION - BEGINNING (RESTATED)	<u>4,150,002</u>	<u>313,958</u>
NET POSITION - ENDING	<u>\$ 3,910,966</u>	<u>\$ 57,817</u>

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

**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)

	<b>HARBORVIEW MEDICAL CENTER</b>	<b>CULTURAL DEVELOPMENT AUTHORITY</b>	<b>NJB PROPERTIES</b>	<b>TOTAL</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 334,887	\$ 25,644	\$ —	\$ 360,531
Investments	—	11,453	—	11,453
Receivables, net	191,598	—	3	191,601
Inventories	9,032	—	—	9,032
Prepayments	12,440	273	7	12,720
Nondepreciable assets	26,010	—	—	26,010
Depreciable assets, net of depreciation	258,971	—	—	258,971
Net investment in capital lease	—	—	8,156	8,156
Deposits with other governments	7,007	—	—	7,007
Other assets	15,439	94	893	16,426
<b>TOTAL ASSETS</b>	<b>855,384</b>	<b>37,464</b>	<b>9,059</b>	<b>901,907</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on pensions	—	275	—	275
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>—</b>	<b>275</b>	<b>—</b>	<b>275</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	87,201	509	2	87,712
Accrued liabilities	53,382	—	38	53,420
Unearned revenues	—	11,745	—	11,745
Noncurrent liabilities:				
Due within one year	686	1,318	310	2,314
Due in more than one year	10,495	7,754	7,995	26,244
<b>TOTAL LIABILITIES</b>	<b>151,764</b>	<b>21,326</b>	<b>8,345</b>	<b>181,435</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on pensions	—	430	—	430
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>430</b>	<b>—</b>	<b>430</b>
<b>NET POSITION</b>				
Net investment in capital assets	284,981	—	—	284,981
Restricted for:				
Expendable	7,545	15,983	—	23,528
Nonexpendable	2,870	—	—	2,870
Unrestricted	408,224	—	714	408,938
<b>TOTAL NET POSITION</b>	<b>\$ 703,620</b>	<b>\$ 15,983</b>	<b>\$ 714</b>	<b>\$ 720,317</b>

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

**STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(IN THOUSANDS)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	HARBORVIEW MEDICAL CENTER	CULTURAL DEVELOPMENT AUTHORITY	NJB PROPERTIES	
<b>Component Units:</b>								
Harborview Medical Center	\$ 1,042,206	\$ 1,062,963	\$ 6,582	\$ 3,609	\$ 30,948	\$ —	\$ —	\$ 30,948
Cultural Development Authority	19,160	162	4,874	—	—	(14,124)	—	(14,124)
NJB Properties	613	103	—	—	—	—	(510)	(510)
<b>Total Component Units</b>	<b>\$ 1,061,979</b>	<b>\$ 1,063,228</b>	<b>\$ 11,456</b>	<b>\$ 3,609</b>	<b>\$ 30,948</b>	<b>\$ (14,124)</b>	<b>\$ (510)</b>	<b>\$ 16,314</b>
General revenues:								
Interest earnings					\$ —	\$ 1,089	\$ 419	\$ 1,508
Net general revenues					—	1,089	419	1,508
Change in net position					30,948	(13,035)	(91)	17,822
Net position - January 1, 2019 (Restated)					672,672	29,018	805	702,495
Net position - December 31, 2019					\$ 703,620	\$ 15,983	\$ 714	\$ 720,317

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



## Notes to the Financial Statements

For the Year Ended December 31, 2019

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## Note 1

### Summary of Significant Accounting Policies

#### Description of Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

#### Reporting Entity

King County was founded in 1852 and operates under a Home Rule Charter that was adopted by a vote of County citizens in 1968 and which established an executive-council form of government. Citizens elect the County Executive to a four-year, full-time term and the nine-member council by district to staggered four-year terms. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

#### Blended Component Units

##### King County Flood Control District (FCD)

King County Flood Control District was created under the authority of chapter 86.15 RCW to manage, plan and construct flood control facilities within district boundaries. By statute, the King County Council serves as the Board of Supervisors for FCD.

FCD is a component unit of the County for the following reasons: (1) it is a legally separate entity established as a quasi-municipal corporation and independent taxing authority; (2) King County appoints the voting majority of FCD board because the County Council members are the *ex officio* supervisors of the district; and (3) the County can impose its will on FCD. FCD financial presentation is as a blended component unit because the two governing boards are substantively the same and there is a financial benefit relationship between the County and FCD. FCD contracts with King County Department of Natural Resources and Parks for flood control projects and programs. During 2019, FCD reimbursed the County \$49.9 million for such projects and programs.

FCD issues its own financial statements, which are audited by the State Auditor's Office. Financial statements of FCD are included in Nonmajor Special Revenue Funds in the Governmental Funds section of this CAFR. Independently audited statements for the FCD can be obtained from Francis & Company, PLLC, 200 West Mercer St, Suite 208, Seattle, WA 98119.

#### Component Units – Discretely Presented

##### Harborview Medical Center (HMC)

Harborview Medical Center (HMC), a 413 licensed-bed hospital with extensive ambulatory services, is located in Seattle, Washington and is managed by the University of Washington (UW).

The HMC Board of Trustees is appointed by the County Executive. The County's director of Finance and Business Operations Division is the Treasurer of HMC. The management contract between the HMC Board of Trustees and the UW Board of Regents recognizes the Trustees' desire to maintain HMC as a means of meeting King County's obligation to provide the community with a resource for health services, and UW's desire that HMC be maintained as a continuing resource for medical education, training, and research. The general conditions of the management contract specify

that King County retains title to all real and personal property acquired for King County with HMC capital or operating funds.

The Trustees determine major institutional policies and retain control of programs and fiscal matters. The Trustees agree to secure UW's recommendations on any changes to the above. The Trustees are accountable to the public and King County for all financial aspects of HMC's operation and agree to maintain a fiscal policy that keeps the operating program and expenditures of HMC within the limits of operating income.

HMC is a component unit of the County for the following reasons: (1) it possesses *de facto* corporate powers evident from the UW management agreement; (2) the County Executive appoints HMC's Board of Trustees, who may be removed only for statutorily defined causes; and (3) HMC creates a financial burden on the County because the County is responsible for the issuance and repayment of all general obligation bonds for HMC capital improvements.

HMC is reported in the County's CAFR using the discrete presentation method because the County and HMC's governing boards are not substantively the same and the hospital does not provide services solely to King County.

The primary classification of HMC is that of a component unit, however, the County is the issuer of HMC's general obligation bonds. Note 15 - "Long-term Liabilities" reports on all the general obligation bonds issued by the County as of December 31, 2019, including bonds reported by HMC as of June 30, 2019.

The County has not recorded an equity interest in HMC because it is not estimable. The management agreement under which HMC operates specifies that allocation of HMC's assets will be negotiated during a winding-up period following either the expiration of the agreement or its termination.

HMC hires independent auditors and prepares its own financial statements with a fiscal year ending June 30. These statements may be obtained from the Finance Section of the Harborview Medical Center, Box 359750, 325 Ninth Ave., Seattle, Washington, 98104.

Cultural Development Authority of King County (CDA), doing business as 4Culture

Cultural Development Authority of King County (CDA) is a public authority organized pursuant to Revised Code of Washington (RCW) 35.21.730 through 35.21.759 and King County Ordinance 14482. CDA commenced operations on January 1, 2003 and began doing business as 4Culture on April 4, 2004. CDA operates as a corporation for public purposes and was created to support, advocate for, and preserve the cultural resources of the region in a manner that fosters excellence, vitality, and diversity.

CDA is located in Seattle, Washington, and is governed by a 15-member board of directors and five *ex officio* members. The directors are appointed by the County Executive and confirmed by the County Council. CDA receives funds from King County through the Public Art Program where one percent of certain County construction project budgets are allocated to CDA to be used in providing artwork in County public spaces. For 2013-2020, the CDA is authorized to spend an endowment that was set-aside in prior years from a portion of the King County lodging tax receipts. In July of 2019, CDA launched Building for Equity, a two year joint initiative with the King County Council to support the existing needs of building projects within the cultural sector and to advance CDA's funding practices aimed at improving equitable outcomes.

CDA is a component unit of the County for the following reasons: (1) it is a separate legal entity; (2) CDA's board of directors is appointed by the County Executive (from a nonrestrictive pool of candidates) and confirmed by the County Council; and (3) the County is able to impose its will on CDA, for example, the County has the power to remove a director from the CDA board and the power to dissolve CDA. CDA's financial presentation is as a discrete component unit because the County and CDA's governing bodies are not substantively the same and CDA does not provide services solely to King County government.

CDA reports on a fiscal year-end consistent with the King County primary government. It issues its own financial statements, which are audited by the State Auditor's Office. These statements may be obtained from CDA at 4Culture, 101 Prefontaine Place South, Seattle, Washington 98104.

## NJB Properties

King County has a project lease agreement with NJB Properties, a Washington State nonprofit corporation, which provided for the design and construction of the Ninth and Jefferson Building (NJB) for use by Harborview Medical Center, a discrete component unit of the County. The agreement is in accordance with IRS Revenue Ruling 63-20 and Revenue Procedure 82-26. The building was financed through bonds issued by NJB Properties on behalf of the County. The building is being leased to the County by the nonprofit corporation under guaranteed monthly rent payments over the term of the lease or until the bonds are fully retired. Harborview Medical Center makes monthly transfers to King County to satisfy the County's monthly rental payments to NJB Properties.

NJB Properties is recognized as a component unit of the County. Although it has an independently-appointed board, the nonprofit corporation is a single-purpose entity that is fiscally dependent on the County and who imposes a financial burden on the County because the monthly rent payments are considered limited general obligation debt. Because NJB Properties provides services almost exclusively to Harborview Medical Center and not to the County, it is reported using discrete presentation. Separately issued and audited financial statements for NJB Properties may be obtained from the National Development Council, 1218 Third Avenue, Suite 1403, Seattle, WA 98101.

## **Joint Venture**

Seattle-King County Workforce Development Council (WDC) is a joint venture between King County and the City of Seattle. It was established as a nonprofit corporation in the State of Washington on July 1, 2000, as authorized under the Workforce Investment Act of 1998. It functions as the United States Department of Labor pass-through agency to receive the employment and training funds for the Seattle-King County area. The King County Executive and the Mayor of the City of Seattle, serving as the chief elected officials of the local area, have the joint power to appoint the members of the WDC board of directors and the joint responsibility for administrative oversight. An ongoing financial responsibility exists because of the potential for liability to grantors over disallowed costs. If expenditures of funds are disallowed by a grantor agency, WDC can recover the funds from (in order): (1) the agency creating the liability; (2) the insurance carrier; (3) future program years; and (4) as a final recourse, from King County and City of Seattle, each responsible for one-half of the disallowed amount. As of December 31, 2019, there are no outstanding program eligibility issues that might lead to a liability on the part of King County.

WDC contracts with King County to provide programs related to dislocated workers and workforce centers. For 2019, the WDC reimbursed King County approximately \$1.5 million for the Employment and Education Resource Program in eligible program costs. King County has a \$560 thousand equity interest in the WDC. Separately issued and independently audited financial statements may be obtained from the Workforce Development Council, 2003 Western Avenue, Suite 250, Seattle, Washington 98121.

## **Jointly Governed Organization**

The Washington State Convention Center Public Facilities District (WSCC) was created in July 2010 to acquire, own and operate the convention and trade center transferred from a public nonprofit corporation that owned the original WSCC. The District's board of directors consists of those nine directors who served at the time of the District's creation. Following the expiration of the terms of the initial board, three members will be nominated by the County Executive subject to confirmation by the County Council, three members will be nominated by the City of Seattle, and three members will be appointed by the Washington state governor. Because there is equal representation in the governance of the District among the two local governments and the State, and the participant governments do not retain any ongoing financial interest nor any ongoing financial responsibility, the WSCC is a jointly governed organization.

## **Related Organizations**

There are five separate entities for which the County is accountable, but is not financially accountable. These related organizations are King County Library System (KCLS), Library Capital Facility District (LCFD), King County Housing Authority (KCHA) and Washington State Major League Baseball Public Facilities District (PFD), and King County Regional Homelessness Authority (KCRHA). The County Council appoints a majority of the board of KCLS, KCHA and PFD; and, selected Councilmembers make up the three-member board of LCFD. The County Executive and two Councilmembers hold three of the twelve board positions of the KCRHA. There is no evidence that the County Council can influence the programs and activities of these five organizations or that they create a significant financial benefit or burden to the County.

The County serves as the treasurer for KCLS, LCFD, PFD and KCRHA providing services such as tax collection and warrant issuance. Due to this fiduciary relationship, these districts are reported as custodial funds to distinguish them from County funds.

### **Basis of Presentation - Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds that benefit the governmental activities, while business-type activities incorporate data from the government's enterprise funds and internal service fund that benefit the business-type activities.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds (excluded from the government-wide financial statements), and component units. As discussed earlier, the government has three discretely presented component units, HMC, CDA and NJB. While none of the three is considered to be a major component unit, each is nevertheless shown in a separate column in the component unit financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include payments for services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would misstate the direct costs of the purchasing function and the program revenues of the selling function.

HMC has a June 30 fiscal year end, differing from the County's December 31 fiscal year end. The County reports HMC's financial results as of June 30 in the financial statements. There is no material effect on the balances, transactions and interfund activity reported for the period, as a result of the disparity in reporting period.

### **Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate financial statements are provided for each fund category – governmental funds, proprietary funds and fiduciary funds. Governmental funds are reported by mission, which corresponds to the County's strategic plan. Proprietary funds are reported by individual funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

#### **Major Governmental Funds**

The County reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The Behavioral Health Fund encompasses the continuum of services for the King County Behavioral Health Administrative Services Organization (BH-ASO) and provides oversight and management of publicly funded mental health and substance use disorder services for eligible King County residents, with emphasis on prevention, intervention, treatment, and recovery. Its main sources of funding are Medicaid, federal and state grants, charges for services and property taxes.

#### **Major Enterprise Funds**

The County reports the following major enterprise funds:

The Public Transportation Enterprise accounts for the operations, maintenance, capital improvements and expansion of public transportation facilities in King County under the King County Metro Transit Division. Primary revenue sources include sales tax and passenger service fees. Construction and fleet replacement are funded through sales taxes, bonds and federal grants.

The Water Quality Enterprise accounts for the operations, capital improvements, and maintenance of the County's water pollution control facilities. The enterprise has three large treatment plants, the recently constructed Brightwater

Treatment Plan that came online in 2011-12, the West Point Treatment Plant in Seattle, and the South Treatment Plant in Renton, as well as two smaller facilities, namely the Carnation and Vashon Island Treatment Plants.

The Solid Waste Enterprise accounts for the operation, maintenance, capital improvements, and expansion of the County's solid waste disposal facilities under the Solid Waste Division of the Department of Natural Resources and Parks. The County operates eight solid waste transfer stations, two drop box stations, two household hazardous waste facilities, one regional landfill, and recycling services for residential customers. Operating revenues result primarily from tipping fees at the active solid waste disposal sites, while bond proceeds fund most new construction. Significant reserves are set aside to provide for post-closure care and remediation costs, and to replace capital equipment.

#### Nonmajor Governmental Funds

Special Revenue Funds are used to account for a variety of County programs including the arts, an automated fingerprint identification system, community development, road maintenance, emergency medical services, the enhanced 911 emergency telephone system, local hazardous waste management, parks, surface water management and other services.

Debt Service Funds are used by the County to account for the accumulation of resources for, and the payment of, principal and interest on the County's general obligation bonds, and special assessment debt for certain special districts.

Capital Projects Funds are used to account for the acquisition, construction, and improvement of major capital assets and other capital-related activities such as infrastructure preservation, parks development and open space preservation, flood control, technology systems, and historic preservation.

#### Nonmajor Proprietary Funds

Enterprise Funds are used to account for the County's business-type operations, including the King County International Airport, and other services.

#### Internal Service and Fiduciary Funds

Internal Service Funds are used to account for the provision of motor pool, information technology, risk management, construction and facilities management, financial, employee benefits program and other services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The Wastewater Equipment Rental Fund was established to exclusively serve the Water Quality Enterprise. It is consolidated for reporting purposes with business-type activities in the government-wide financial statements.

Custodial Funds are used to report cash received and disbursed in the County's capacity as *ex officio* treasurer or collection agent for special districts and other governments and investment activity conducted by King County on behalf of legally separate entities.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/due to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds that benefit the governmental activities) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be reasonably estimated. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues from property taxes to be available if they are collected within 60 days of the end of the current fiscal period. All other accrued revenue sources are determined to be available if collected within 12 months 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales and use taxes, business and occupation taxes, federal grants-in-aid, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Taxes imposed on exchange transactions are accrued when the underlying exchange transaction occurs if collected within one year. Revenues from licenses, permits, and fees are recognized when received in cash. Revenues related to expenditure-driven grant agreements are recognized when the qualifying expenditures are made, provided that the availability criteria are met. Expenditure-driven grant revenue is considered available if it can be collected at the same time cash is disbursed to cover the associated grant expenditure.

The proprietary and investment trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting assets and liabilities.

### **New Accounting Standards**

GASB Statement No. 83, Certain Asset Retirement Obligations, is effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations. King County implemented the statement in 2019.

GASB Statement No. 84, Fiduciary Activities, is effective for fiscal years beginning after December 15, 2018. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting. The statement was implemented by King County in 2019.

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, is effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement was adopted by King County in 2019.

GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61, is effective for fiscal years beginning after December 15, 2018. This Statement improves financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. This statement was adopted by King County in 2019.

## **Terminology**

### **Expenditure Functions**

Expenditures are presented on the non-major special revenue fund statements by county function. A short description of each function appears below.

General Government - Provided by the administrative branches of the government entity for the benefit of the public or governmental body as a whole. This function includes the County Council, County Executive, Performance Strategy and Budget, Information and Technology, Records and Licensing Services, Elections and Assessments.

Law, Safety and Justice - Essential to the safety of the public, including expenditures for law enforcement, detention and/or correction, judicial operations, protective inspections, emergency services and juvenile services. This function includes the Sheriff's Office, Prosecuting Attorney, Superior Court, Public Defense, Judicial Administration, Adult and Juvenile Detention and Emergency Medical Services.

Physical Environment - Provided to achieve a satisfactory living environment for the community and the individual. This function includes Surface Water Management.

Transportation - Provided by the governmental entity for the safe and adequate flow of vehicles and pedestrians that includes expenditures for road and street construction, maintenance, transportation facilities and systems, and general administration. This function includes Road Services and Roads Capital Program.

Economic Environment - Provided for the development and improvement of the welfare of the community and individual. This function includes expenditures for employment opportunity and development, child care services, and services for the aging and disabled. This function includes Youth Employment Programs, Development and Environmental Services, Planning and Community Development, River Improvement, Animal Control, River and Flood Control Construction and Natural Resources.

Health and Human Services - Provided to promote healthy people and healthy communities by preventing and treating mental, physical, and environmentally induced illnesses. This function includes expenditures for community mental health, communicable diseases, environmental health, public health clinics and programs, alcoholism treatment, drug abuse prevention, programs for the mentally disabled and mentally ill, the medical examiner, hospitals and jail health services. This function also includes regional hazardous waste management.

Culture and Recreation - Provided to increase the individual's understanding and enjoyment that includes expenditures for education, libraries, community events, parks and cultural facilities. This function includes Parks, Historical Preservation, Arts and Cultural Development and Law Library.

Debt Service - Accounts for the redemption of general long-term debt principal and interest and other debt service costs in the General, Special Revenue, Debt Service and Capital Projects Funds and payments to escrow agents other than refunding bond proceeds.

Capital Outlay - Accounts for expenditures related to capital projects and expenditures for capital assets acquired by outright purchase and by capital lease financing agreements.

### **Certain Accounts are Grouped on the Statement of Net Position:**

- The asset account *Receivables, net* combines Taxes receivable - delinquent; Accounts receivable, net; Interest receivable; and Due from other governments, net.
- The liability account *Accounts payable and other current liabilities* combines Accounts payable, Retainage payable, Due to other governments, Custodial accounts and Other liabilities.
- The liability account *Accrued liabilities* combines Wages payable, Taxes payable and Interest payable.
- The liability account *Noncurrent liabilities* includes Claims and judgments payable, Estimated claim settlements, General obligation bonds, Revenue bonds payable, Capital leases, State revolving loans payable, Compensated absences, Pollution remediation, Other postemployment benefits, Net pension liability, Landfill closures and post-closure care, Asset retirement obligations, and Other liabilities.

## **Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

### Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and pooled equity invested in the King County Investment Pool.

All County funds and most component units and special districts participate in the King County Investment Pool ("Pool") maintained by the King County Treasury Operations Section (See Note 4 - "Deposits and Investments"). The Pool consists of internal and external portions. For Pool participants, the Pool functions essentially as a demand deposit account where participants receive an allocation of their proportionate share of pooled earnings. Each fund's equity share of the internal portion of the Pool's net position is reported on the balance sheet as Cash and cash equivalents and reflects the change in fair value of the corresponding investment securities.

Included in the internal portion of the Pool is the investment of short-term cash surpluses not otherwise invested by individual funds. The interest earnings related to investment of short-term cash surpluses that are not pool participants are allocated to the General Fund in accordance with legal requirements and are used in financing general County operations.

### Receivables (See Note 5 - "Receivables")

Receivables include charges for services rendered by the County or intergovernmental grants that have not been received by the end of the fiscal year. All unbilled service receivables are recorded at year-end. The provisions for estimated uncollectible receivables are reviewed and updated at year-end. These provisions are estimated based on an analysis of an aging of the year-end *Accounts receivable* balance or the historical rate of collectability.

Taxes receivable - delinquent - This account includes receivables for property taxes levied for the current year and the allowance for uncollectible amounts. Revenue is recognized when payment is received within 60 days of the end of the fiscal period.

Accounts receivable, net - This account includes receivables for customer accounts, employee travel advances, abatement revenues from the DLS / Permitting Division, civil penalties, district court revenues, assessments on local improvement districts and abatement revenues and an allowance for uncollectible amounts from violations reported by the Code Enforcement Section on property within the County. Abatement costs may be certified to the property tax parcel; as a result, these costs might not be paid until the property is sold, which may take years.

### Interfund Activity

Due to/from other funds - These accounts include any outstanding balances between funds on the governmental funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal balances."

Interfund short-term loan receivables/payables - These accounts include the short-term portion of lending or borrowing arrangements between funds that are outstanding at the end of the fiscal year.

Advances to/from other funds - Noncurrent portions of long-term interfund loans are reported as advances. In the governmental funds, Advances to other funds are included in nonspendable fund balance as they are long-term receivables and are not available for appropriation.

### Interfund Reimbursements

Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not recognized in the fund-level activity statements. Charge back transactions for shared services from certain departmental funds or cost centers to the fund of divisions under their administration are also treated as reimbursements.

### Inventory

Inventories of governmental funds are recorded using the consumption method; expenditures are recognized when inventories are actually consumed. Proprietary funds expense inventories when used or sold. Facilities Management Department (FMD) and Public Health funds use the first-in, first-out (FIFO) valuation method. Radio Communications uses last-in, first-out (LIFO). The Motor Pool Equipment Rental, Public Works Equipment Rental, King County

International Airport, Marine, Solid Waste, Public Transportation and Water Quality Funds use the weighted average valuation method.

Prepayments

Payments made in advance to vendors for certain goods or services, such as building rent, that will benefit future periods are recorded as prepaid items in both the government-wide and fund financial statements. The expenditures are recognized in the period of consumption or occupancy.

Capital Assets (See Note 7 - "Capital Assets")

Capital assets include: Land (fee simple land, rights-of-way and easements and farmland development rights); Infrastructure (roads and bridges network); Buildings; Improvements other than buildings; Furniture, machinery and equipment; Software and Artwork. Work-in-progress is reported for all unfinished construction and development for most capital assets except for roads and bridges infrastructure.

General capital assets, including those in internal service funds that support governmental funds, are reported in the governmental activities column of the government-wide Statement of Net Position.

Capital assets of enterprise funds, including those in internal service funds that exclusively support enterprise funds, are reported in the business-type column of the government-wide Statement of Net Position. Enterprise and internal service funds capital assets are also reported in the individual proprietary fund Statement of Net Position.

The capitalization threshold in the King County primary government is \$5 thousand for machinery and equipment, \$500 thousand for internally developed and purchased software, and \$100 thousand for buildings, intangible assets and other improvements.

The County elects to use the modified approach for reporting infrastructure assets in lieu of the depreciation method because it is committed to maintaining the roads and bridges infrastructure indefinitely. The County is eligible to use the modified approach because it has an asset management system in place that allows for periodic monitoring of the infrastructure to ensure that assets are maintained and preserved at the predetermined condition level set by the Road Services Division. The asset management system tracks the mileage, condition and the actual and planned maintenance and preservation costs of individual infrastructure assets.

Certain equipment and facilities used in the Solid Waste Enterprise landfill closure and post-closure activities are not reported as capital assets. Instead, the liability for landfill post-closure care is reduced by these costs.

Capital assets are valued at historical cost or estimated historical cost where actual historical cost is not available. Donated capital assets are recorded at their acquisition value at the date of donation. Expenditures for normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item, or extend its useful life beyond the original estimate, are expensed as incurred. Expenditures for repairs and upgrades that materially add to the value or life of an asset are capitalized. Costs incurred to extend the life of governmental infrastructure assets are considered preservation costs and are therefore not capitalized.

Capital assets other than land, roads and bridges infrastructure, and artwork are depreciated or amortized over their estimated useful lives using a standard straight-line allocation method. Capital assets and their components useful lives are as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Buildings and other improvements	10-50
Buses and trolleys	12-18
Cars, vans, and trucks	3-10
Downtown transit tunnel	50
Equipment - other	3-25
Software	3-10
Sewer plant	20-50

Regulatory Accounting

King County Council has taken various regulatory actions resulting in differences between the recognition of revenues for rate-making purposes in the Water Quality Enterprise fund and their treatment under generally accepted accounting principles for nonregulated entities. Currently, the Water Quality Enterprise is authorized to apply the accounting treatment of costs under the GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" criteria because the rates for its services are regulated by the Metropolitan King County Council, and the regulated rates chargeable to its customers are designed to recover the enterprise's allowable costs of operations.

Rate stabilization - The County Council established a Rate Stabilization Reserve in the Water Quality Enterprise fund. This allows for certain operating revenues to be treated as deferred inflows of resources and recognized as revenue in subsequent years through amortization in order to maintain stable sewer rates.

Regulatory assets - GASB Statement No. 62 is used by the Water Quality Enterprise to treat pollution remediation obligations, program payments to Rainwise participants, and strategic planning costs as regulatory assets to allow for cost recovery through future rate increases. The portion of regulatory asset costs that have been accrued is being amortized over a recovery period of 7 to 30 years.

Accrued Liabilities

Accrued liabilities refer to Accounts payable, Due to other governments, Interest payable, Wages payable and Taxes payable. Expenditures incurred during the year but paid in the subsequent year are recorded based on the following materiality thresholds according to when invoices were received:

February 3 - 13	\$5,000
February 14 - March 8	\$50,000
March 9 - 15	\$100,000
March 16 - April 10	\$1,000,000

Individual assessments for specific funds are made for amounts not meeting the stated materiality thresholds. Grant-related items to be reported on the Schedule of Expenditures of Federal Awards or Schedule of State Financial Assistance are assessed without considering the materiality thresholds.

Unearned Revenues

Unearned revenues are obligations of the County to perform services or provide goods. This account offsets reported assets for revenues that have not met recognition requirements. Reported assets include grants received in advance, mitigation fees received in lieu of developers performing mitigation projects, prepayment for parks programs and rental facilities and rent prepaid by tenants in internal service funds.

Long-term Obligations (See Note 15 - "Long-term Liabilities")

Long-term debt and other long-term obligations are reported in the applicable accrual basis statements of net position. Bond premiums and discounts, and refunding gains and losses, are deferred and amortized over the life of the associated bonds using the outstanding principal balance method. Bonds payable are reported net of the applicable premium or discount. Refunding losses are reported as deferred outflows of resources while refunding gains are reported as deferred inflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and bond issuance costs in the current period. The face amount of the debt issued is reported as other financing sources. Premiums on debt issuances are 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 costs.

Rebatable Arbitrage

The County's tax-exempt debt is subject to arbitrage restrictions as defined by the Internal Revenue Code. All of the County's bonded debts are tax-exempt except certain taxable debts as identified in Note 15 - "Long-term Liabilities." Arbitrage occurs when the funds borrowed at tax-exempt rates of interest are invested in higher yielding taxable

securities. The County had no arbitrage liability at December 31, 2019, in part because the yields on the County's Investment Pool remained at relatively low levels during 2019.

#### Net Pension Liability

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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then. The government only has four items that qualify for reporting in this category. They are the deferred charge on debt refunding, the deferred outflow of resources associated with pensions, postemployment benefits (OPEB), and the deferred retirement obligations associated with certain capital assets. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources for pensions results from contributions subsequent to the measurement date, the difference between projected and actual investment earnings, the difference between expected and actual experience, and changes in actuarial assumptions and changes in proportions. The deferred outflows related to OPEB arise from changes in actuarial assumptions. The deferred outflow of resources related to the retirement of certain tangible capital assets arise from a legal obligation for the government to perform future asset retirement activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has three types of items that qualify for reporting in this category. The *deferred inflows of resources* reported in the business-type activities and proprietary funds represent sewer revenues that are reserved annually to normalize future sewer rates (see Rate Stabilization, p. 45). The deferred inflows of resources on pensions and OPEB are reported in the government-wide Statement of Net Position.

The deferred inflows of resources on pensions and OPEB result from contributions subsequent to the measurement date, the difference between projected and actual investment earnings, the difference between expected and actual experience, and changes in actuarial assumptions and changes in proportions. The *deferred inflows of resources*-advanced grants is reported on the government-wide Statement of Net Position and the governmental funds Balance Sheet, representing grants received before meeting time requirements, but after all other eligibility requirements have been met. The *deferred inflows of resources*-unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, district court receivables and abatement receivables. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

#### Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

#### Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted

fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Metropolitan King County Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance or motion prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Council has by ordinance authorized the executive to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

### Compensated Absences

Compensated absences consist of vacation pay, sick pay, and compensatory time in lieu of overtime pay. Employees earn vacation based on their date of hire and years of service. Employees hired prior to January 1, 2018 have a maximum vacation accrual of 480 hours, while those hired January 1, 2018 or after have a maximum vacation accrual of 320 hours unless the employee's collective bargaining unit agreement specifies a different maximum. Unused vacation at retirement or normal termination is considered vested and payable to the employee, up to the employee's maximum accrual. Employees also earn up to 12 days of sick leave per year and may accumulate sick leave balances without limit. If the employee is leaving their employment due to death or retirement, they are paid for 35 percent of the value of unused sick leave with no maximum. For reporting purposes, a variety of factors are used to estimate the portion of the accumulated sick leave that is subject to accrual.

A liability is accrued for estimated excess compensation payable to the Washington State Department of Retirement Systems based on an employee's accrued vacation and sick leave. An excess compensation liability is incurred when an employee whose retirement benefits are based in part on excess compensation receives a termination or severance payment defined by the State as excess compensation. This includes, but is not limited to, a cash-out of unused annual leave in excess of 240 hours and a cash-out of any other form of leave. Compensated absences are reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). All vacation pay liability and a portion of sick leave liability are accrued in the government-wide and proprietary statements.

## **Revenues and Expenditures/Expenses**

### Program Revenues

Amounts reported as *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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### Allocating Indirect Expense to Functions

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. Indirect expenses that have been allocated from general government to various functional activities are reported in a separate column.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. User fees (sewage fees, passenger fares, disposal charges, etc.) charged by the County's enterprise funds for the use of its business-type facilities and charges for services of internal service funds are classified as operating revenues. Rental income is operating revenue to the Airport enterprise, whose principal operation is leasing real property. The corresponding costs of service provision and delivery, including direct administration costs, depreciation or amortization of capital assets, and other allocations of future costs to current year operations (e.g., landfill post-closure, other postemployment benefits), comprise operating expenses. All other revenues and expenses not meeting this definition are reported as nonoperating.

## Note 2

### Reconciliation of Government-wide and Fund Financial Statements

**Explanation of certain differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position (in thousands):** The governmental funds balance sheet includes reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position.

One element of that reconciliation explains, "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds."

Long-term liabilities reported for governmental activities:	
Bonds payable	\$ (657,997)
Plus: Unamortized premiums on bonds sold	(61,988)
Accrued interest payable	(5,341)
Capital leases payable	(8,156)
Compensated absences	(93,208)
Net pension liability	(192,779)
Deferred inflows on pensions	(137,869)
Earned but unavailable court fines and penalties	6,771
Earned but unavailable taxes and assessments	15,821
Asset retirement obligations	(150)
Other postemployment benefits	(93,600)
Deferred inflows on OPEB	(6,391)
Total adjustments related to long-term liabilities and deferred inflows	<u><u>\$ (1,234,887)</u></u>

Another element of that reconciliation states, "Capital assets used in governmental activities are not financial resources and are not reported in the funds."

Capital assets reported for governmental activities:	
Nondepreciable assets	\$ 2,415,700
Depreciable assets	1,031,944
Less: Capital assets in governmental internal service funds (all internal service funds except Wastewater Equipment Replacement)	(56,910)
Total adjustments related capital assets	<u><u>\$ 3,390,734</u></u>

Another element of the reconciliation states, "Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds."

Other long-term assets reported for governmental activities:	
Net pension asset	\$ 73,838
Deferred outflows on refunding (to be amortized as interest expense)	14,530
Deferred outflows on pensions	71,043
Deferred outflows on other post employment benefits	2,207
Deferred outflows on asset retirement obligation	135
Total adjustments related to long-term assets and deferred outflows	<u><u>\$ 161,753</u></u>

Another element of that reconciliation states, "Governmental activities internal service funds assets and liabilities are included in the governmental activities in the statement of net position."

Internal service funds reported for governmental activities:	
Net position of the governmental activities internal service funds	\$ 219,679
Internal payable representing charges in excess of cost to the enterprise funds by the governmental activities internal service funds - prior years	(82,130)
Internal payable representing the amount overcharged to the enterprise funds by the governmental activities internal service funds - current year	<u>(15,188)</u>
Total adjustments related to internal service funds	<u>\$ 122,361</u>

**Explanation of certain differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (in thousands):** The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds and changes in net positions of governmental activities* reported in the government-wide statement of activities.

One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense."

Capital outlay reported for governmental activities:	
Capital outlay	\$ 171,693
Depreciation expense	<u>(42,731)</u>
Total adjustments related to capital outlay	<u>\$ 128,962</u>

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins and donations) increases net position."

Miscellaneous capital asset transactions reported for governmental activities:	
The statement of activities report the gain on the sale of capital assets while gross proceeds increase financial resources in the governmental funds. The difference is the net book value of capital assets sold.	\$ (36,852)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds.	<u>13,206</u>
Total adjustments related to miscellaneous capital asset transactions	<u>\$ (23,646)</u>

Another element of that reconciliation states, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds."

Revenues reported for the governmental activities:	
Unavailable revenue-property taxes	\$ (23)
Unavailable revenue-abatement fees	(225)
Unavailable revenue-noxious weeds	26
Unavailable revenue-charges for services	(575)
Unavailable revenue-fines and forfeits	(330)
Unavailable revenue-grants	(350)
Unavailable revenue-pet licenses	(83)
LEOFF special funding	3,173
Judgments	<u>93</u>
Total adjustments related to revenues	<u>\$ 1,706</u>

Another element of that reconciliation states, "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

Debt issuance or refundings reported for governmental activities:	
Issuance of general government debt	\$ (118,217)
Premium on bonds sold	(21,372)
Principal repayments	67,990
Payment to escrow agent	63,652
Total adjustments related to debt issuance or refundings	<u>\$ (7,947)</u>

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds."

Expenses reported for governmental activities:	
Compensated absences	\$ (3,996)
Other postemployment benefits	998
Interest on long-term debt	8,188
Lease amortization	(15)
Pension expense	66,390
Transfers out	(3,163)
Lease payments	135
Total adjustments related to expenses	<u>\$ 68,537</u>

Another element of that reconciliation states, "Net revenues and expenses of certain activities of internal service funds are reported with governmental activities."

Internal service funds reported for governmental activities:	
Investment interest earnings	\$ 4,768
Revenues related to services provided to outside parties	7,531
Expenses related to services provided to outside parties	(6,879)
Gain on disposal of capital assets	580
Interest on long-term debt	(279)
Capital contributions	3,334
Transfers in	2,539
Transfers out	(20,640)
Internal service fund gains allocated to governmental activities	37,469
Total adjustments related to internal service funds	<u>\$ 28,423</u>

**Explanation of certain differences between the Proprietary Funds Statement of Net Position and the Government-wide Statement of Net Position (in thousands):** The proprietary funds statement of *net position* includes reconciliation between *net position - total enterprise funds* and *net position of business-type activities* as reported in the government-wide statement of net position.

The description of the reconciliation is “Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.” The assets and liabilities of one internal service fund, Wastewater Equipment Rental Fund, are included in the business-type activities in the statement of net position because the fund was established to serve the Water Quality Enterprise.

Consolidation of internal service fund activities related to enterprise funds:	
Net position of the business-type activities internal service fund	\$ 26,089
Internal receivable representing charges in excess of cost to the enterprise funds by the governmental activities internal service funds - prior years	82,130
Internal receivable representing the amount overcharged to the enterprise funds by the governmental activities internal service funds - current year	15,188
Total adjustments related to internal service fund activities related to enterprise funds	<u>\$ 123,407</u>

**Explanation of certain differences between the Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Position and the Government-wide Statement of Activities (in thousands):** The proprietary funds statement of revenues, expenses and changes in fund net position includes a reconciliation between *change in net position - total enterprise funds* and *change in net position of business-type activities* as reported in the government-wide statement of activities.

The description of the reconciliation is “Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.”

Consolidation of internal service fund activities related to enterprise funds:	
Investment interest earnings	\$ 503
Revenues related to services provided to outside parties	41
Expenses related to services provided to outside parties	(37)
Gain on disposal of capital assets	166
Capital contributions	197
Transfers out	(56)
Internal service fund gains allocated to business-type activities	15,520
Total adjustments related to internal service fund activities related to enterprise funds	<u>\$ 16,334</u>

## Note 3

### Stewardship, Compliance and Accountability

#### Budgetary Basis of Accounting

Biennial budgets are adopted on the modified accrual basis of accounting for the General Fund, Behavioral Health Fund, nonmajor special revenue funds and debt service funds. The capital projects funds are controlled by multi-year budgets. Some funds reported as nonmajor special revenue funds are controlled by multi-year budgets. They include Long-Term Leases, Major Maintenance, Regional Justice Center Projects, Surface Water Capital, Transfer of Development Credits and Urban Reforestation and Habitat Restoration. The budget for the Flood Control District, a blended component unit, is approved under the authority of its respective governing body. The Law Library Fund, Road Improvement Districts and Treasurer's Operating and Maintenance have the authority under state law to pay expenditures without appropriations.

Revenues are estimated on the basis of when they become susceptible to accrual. Budgeted appropriations include both expenditures and other financing uses; they are budgeted based on liabilities expected to be paid in the given budget period for the acquisition of goods and services.

The Metropolitan King County Council enacts appropriations by ordinance, generally at the appropriation unit level. The Grants Fund is appropriated at the fund level. These are the legal levels of budgetary control. Unless otherwise provided by the appropriation ordinances, all unexpended and unencumbered operating appropriations lapse at the end of the biennium. The budgetary comparison schedules (budgetary basis) include variances at the appropriation level of expenditure.

#### Deficit Fund Equity

##### Nonmajor Governmental Funds

The KC Flood Control Contract fund reports a total fund balance deficit of \$171 thousand. The fund primarily provides services to the Flood Control District. Future contract billing receipts are anticipated to reduce the fund deficit.

The Long-Term Leases fund reports a total fund deficit of \$908 thousand. The Facilities Management Division has developed a plan to address the fund deficit which was approved by the Executive Finance Committee during 2016 and 2017. The fund balance deficit will be resolved by the end of 2022 through streamlined rates.

The Permitting and Abatement fund reports a total fund balance deficit of \$142 thousand. The deficit mostly results from an industry-driven cyclical downturn in permitting activity in unincorporated King County. The next cyclical upturn is expected to resolve the fund deficit by 2024.

The Risk Abatement fund reports a total fund balance deficit of over \$6.3 million. In December 2016, a judgment directed King County to pay the Washington State Department of Retirement Systems (DRS) \$10.5 million in interest payments. The Risk Abatement fund made the payment to DRS in 2016. The deficit will be paid down over five years by transfers from the General Fund.

The Building Repair and Replacement fund reports a total fund deficit of \$15.8 million. The deficit is mostly caused by the Children and Family Justice Center project. Expenditures pool faster than tax revenues are collected. Currently, an interfund loan is approved until all revenues can be collected.

##### Internal Service Funds

The County implemented GASB Statement Nos. 68 and 71 in 2015, which requires reporting its share of net pension liabilities. As a result, the following funds have deficit net positions at December 31, 2019 (in thousands):

<b>Fund:</b>	<b>Total Net Position</b>
Construction and Facilities Management	\$ (14,514)
Financial Management Services	(8,458)
King County Geographic Information Systems	(228)

## Note 4

### Deposits and Investments

#### Deposits

King County maintains deposit relationships with several local commercial banks in addition to its concentration bank. The deposits that are not covered by the Federal Deposit Insurance Corporation (FDIC) are collateralized by the Public Deposit Protection Commission of the State of Washington (PDPC) at no less than 50 percent. Effective June 7, 2018, resolution 2018-1 adopted by Commission on June 1, 2018, allowed that “all Well Capitalized public depositories may collateralize uninsured public deposits at no less than fifty percent.” The PDPC is a statutory authority established under chapter 39.58 RCW that governs public depositories and provides that “All public funds deposited in public depositories, including investment deposits and accrued interest thereon, shall be protected against loss, as provided in the chapter.” It constitutes a multiple financial institution collateral pool that can make *pro rata* assessments to all public depositories within the state for their public deposits. PDPC protection is of the nature of collateral, not of insurance.

Custodial credit risk - Deposits The custodial credit risk for deposits is the risk that, in the event of a bank failure, the County’s deposits may not be recovered. State statutes require that certificates of deposit be placed in qualified public depositories in the State of Washington and total deposits cannot exceed the net worth of the financial institution. Those institutions not meeting 100 percent collateralization or the minimum credit rating requirements may receive deposits up to the FDIC or federally guaranteed amounts. The County’s diversification policy limits the maximum amount of investment in certificates of deposit to 25 percent of the total amount of the portfolio and five percent from a single issuer.

As of December 31, 2019, the County’s total deposits, including certificates of deposits and excluding the equity in the component units, were \$45.3 million in carrying amount and \$39.9 million in bank balance, of which \$13.7 million was exposed to custodial credit risk as uninsured and uncollateralized.

#### Investments

King County Investment Pool - The King County Investment Pool (KCIP), the main pool, consists of monies invested on behalf of the County and other special purpose districts within the County including school, fire, sewer, library, water and other districts. The KCIP operates in accordance with the King County Investment Policy which has been prepared in accordance with state law. This policy is reviewed annually and any modifications shall be approved by the King County Executive Finance Committee (EFC). The policy applies to all financial assets invested in the KCIP as defined in King County Code (KCC) 4.10.090.

This policy also covers King County non-pooled investments. Non-pooled King County investments, which do not meet the criteria of this policy, require approval by the EFC.

The King County Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company. Oversight is provided by the EFC, which serves the role of the County Finance Committee as defined in RCW 36.48.070.

The Investment Pool Advisory Committee (IPAC) was created by Ordinance 16280 to provide input to the EFC on matters related to the King County Investment Pool. The IPAC has not been vested with decision-making authority for the KCIP; it makes recommendations to the EFC on agenda items related to the KCIP.

The King County Investment Policy is designed to help King County meet the objectives of the KCIP. The objectives of the County’s investment policy are to invest public funds in a manner which will preserve the safety and liquidity of all investments within the KCIP while obtaining a reasonable return within established investment guidelines. The portfolio should be managed in a manner that is responsive to the public trust and consistent with state law. The King County Investment Pool is guided by the following principles:

1. The primary objective of King County’s investment of public funds is to safeguard investment principal.
2. The secondary objective is to maintain sufficient liquidity to ensure that funds are available to meet daily cash flow requirements.
3. The third consideration is to achieve a reasonable yield consistent with these objectives.

Investment Instruments - Statutes authorize King County to invest in:

- Savings or time accounts in designated qualified public depositories; and certificates, notes or bonds of the United States.

- Other obligations of the United States, its agencies, or in any corporation wholly owned by the United States government and supranational institutions where the United States is its largest shareholders.
- Bankers' acceptances purchased on the secondary market, Federal Home Loan bank notes and bonds, Federal Land Bank bonds, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation.
- Obligations of any other government-sponsored corporation whose obligation is or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve System.
- Commercial paper and corporate notes (within the policies established by the State Investment Board).
- Debt instruments of local and state general obligations.
- General obligation bonds issued by any states and revenue bonds issued by Washington state governments that are rated at least "A" by a nationally recognized rating agency.

King County voluntarily invests in the Washington State Treasurer's Local Government Investment Pool (LGIP). The LGIP values its investments at amortized cost, which approximates fair value. The LGIP portfolio will be managed to meet the portfolio maturity, quality, diversification and liquidity requirements set forth in GASB 79 for external investment pools who wish to measure, for financial reporting purposes, all of its investments at amortized cost. LGIP is overseen by the Office of the State Treasurer, the State Finance Committee, the Local Government Investment Pool Advisory Committee and the Washington State Auditor's Office.

LGIP participants may withdraw funds from the LGIP on any business day and must notify the LGIP of any withdrawal over \$1.0 million no later than 9 A.M. on the same day the withdrawal is made. The State Treasurer also may suspend redemptions if the New York Stock Exchange suspends trading or closes, if U.S. bond markets are closed, if the SEC declares an emergency or if it has determined irrevocably to liquidate the LGIP and suspend withdrawals and payments of withdrawal proceeds in order to facilitate the permanent termination of the LGIP in an orderly manner.

The County is authorized to enter into repurchase agreements to meet the investment needs of the King County Investment Pool. Such transactions are governed by a Master Repurchase Agreement. County investment policies require that securities' tri-party underlying repurchase agreements must have a fair value equal to at least 102 percent of repurchase price, plus accrued interest. Repurchase agreements in excess of 60 days are not allowed. Currently, the County's tri-party custodial bank monitors compliance with some of these provisions.

Although the County is authorized to enter into reverse repurchase agreements, the County chose not to enter into this type of transaction since 2008. Also, the County did not buy, sell, or hold any derivative or similar instrument except for certain U.S. agency collateralized mortgage obligation securities during the year.

External Investment Pool - The King County Investment Pool administered by the King County Treasury Operations Section is an external investment pool. For investment purposes, the County pools the cash balances of County funds and participating component units, and allows for participation by other legally separate entities such as special districts, for which the County is the *ex officio* treasurer, and public authorities. The external portion of the KCIP (the portion that belongs to special districts and public authorities other than component units) is reported in the Fiduciary Funds under Custodial Section. Except for County agencies that have been approved to invest in the Pool-Plus program, it is County policy to invest all County funds in the King County Investment Pool. All non-County participation in the KCIP is voluntary.

All securities are reported at fair value. Fair value reports are prepared monthly and are distributed to all Pool participants. Fair value pricing is provided by the County's investment accounting system. If a security is not priced by the County's accounting system vendor, prices are obtained from the County's safekeeping bank or from Bloomberg L.P., a provider of fixed income analytics, market monitors, and security pricing. The County has not provided or obtained any legally binding guarantees to support the value of the King County Investment Pool's shares.

The King County Investment Pool values participants' shares using an amortized cost basis. Monthly income is distributed to participants based on their relative participation during the period. Income is calculated based on: (1) realized investment gains and losses; (2) interest income based on stated rates (both paid and accrued); and (3) the

amortization of discounts and premiums on a straight-line basis. Income is reduced by the contractually agreed upon fees. This method differs from the fair value method used to value investments in the financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses due to changes in the fair values. The net change in the fair values of the investments is reported as an increase or decrease in cash and cash equivalents in the statement of net position.

The King County Investment Pool's total fair value of investment including purchased interest was \$7.5 billion at year-end. At year-end, the change in the fair value of the total investments for the reporting entity, after considering purchases, sales and maturities, resulted in a net markup from cost of \$32.2 million. The following schedule shows the types of investments, the average interest rate, and the effective duration limits of the various components of the King County Investment Pool as of December 31, 2019 (dollars in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Average</u>	<u>Effective</u>
			<u>Interest Rate</u>	<u>Duration (Years)</u>
Repurchase Agreements	\$ 242,000	\$ 242,000	1.55%	0.005
Commercial Paper	545,325	547,375	2.01	0.203
U.S. Agency Discount Notes	408,240	410,300	1.54	0.318
Supranational Discount Notes	49,956	50,000	1.86	0.063
Corporate Notes	661,244	655,365	2.64	1.521
Corporate Notes Floating Notes	213,653	213,400	2.18	0.148
U.S. Treasury Notes	2,768,359	2,750,000	2.15	1.320
U.S. Agency Notes	456,309	455,000	1.84	0.894
U.S. Agency Collateralized Mortgage Obligations	3,444	3,218	4.33	3.485
Supranational Coupon Notes	1,476,026	1,472,593	2.15	1.009
State Treasurer's Investment Pool (LGIP)	625,256	625,256	1.78	0.003
Total investments in Pool	<u>\$ 7,449,812</u>	<u>\$ 7,424,507</u>	2.08	0.919

Custodial credit risk - Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. County policy mandates that all security transactions, including repurchase agreements, are settled "delivery versus payment (DVP)." This means that payment is made simultaneously with the receipt of the security. These securities are delivered to the County's safekeeping bank or its tri-party custodian banks. Exempt from the DVP policy are Certificates of Deposits (CDs) and funds placed with the Local Government Investment Pool (LGIP).

Concentration of credit risk - Investments - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the King County Investment Pool had concentrations greater than 5 percent in the following issuer: International Bank Reconstruction and Development, 8.3 percent.

Interest rate risk - Investments - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by setting maturity and effective duration limits for the King County Investment Pool. The policy limit for the KCIP's maximum effective duration is 1.5 years or less, and 40 percent of the KCIP's total value in securities must have a maturity of 12 months or less. Securities in the portfolio cannot have an average life greater than five years at purchase. As of December 31, 2019, the effective duration of the main Pool was .919 years.

Credit risk - Debt Securities - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At year-end, the King County Investment Pool was not rated by a Nationally Recognized Statistical Rating Organization (NRSRO). In compliance with state statutes, the King County Investment Pool's policy authorizes investments in U.S. Treasury securities, U.S. federal agency securities and mortgage-backed securities, municipal securities and corporate notes (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1" by two NRSROs), certificates of deposit issued by qualified public depositories, repurchase agreements and the LGIP.

The credit quality distribution below is categorized to display the greatest degree of credit risk as rated by Standard and Poor's and Moody's. For example, a security rated "AAA" by one rating agency and "AA" by another would be listed as "AA."

This table shows the credit quality for all securities in the King County Investment Pool not backed by the full faith and credit of the United States (in thousands):

## Credit Quality Distribution

<u>Investment Type</u>	<u>AAA or A-1</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>	<u>Total</u>
Repurchase Agreements	\$ 242,000	\$ —	\$ —	\$ —	\$ 242,000
Commercial Paper	545,325	—	—	—	545,325
U.S. Agency Discount Notes	408,240	—	—	—	408,240
Supranational Discount Notes	49,956	—	—	—	49,956
Corporate Notes	98,559	235,255	327,430	—	661,244
Corporate Notes Floating Notes	—	57,658	155,995	—	213,653
U.S. Agency Notes	—	456,309	—	—	456,309
U.S. Agency Collateralized Mortgage Obligations	—	3,444	—	—	3,444
Supranational Coupon Notes	1,476,026	—	—	—	1,476,026
State Treasurer's Investment Pool	—	—	—	625,256	625,256
Total investments	<u>\$ 2,820,106</u>	<u>\$ 752,666</u>	<u>\$ 483,425</u>	<u>\$ 625,256</u>	<u>\$ 4,681,453</u>

The King County Investment Pool's policies limit the maximum amount that can be invested in various securities. The following table summarizes the King County Investment Pool's diversification policy:

**OVERVIEW OF THE KING COUNTY INVESTMENT POOL'S POLICIES  
TO LIMIT INTEREST RATE & CREDIT RISK**

<u>Investment Type</u>	<u>Maximum Maturity</u>	<u>Security Type Limit</u>	<u>Single Issuer Limit</u>	<u>Minimum Credit Rating</u>
U.S. Treasury	5 Years	100%	None	N/A
U.S. Federal Agency <sup>(1)</sup>	5 Years	100%	35%	N/A
U.S. Federal Agency MBS <sup>(2)</sup>	5 Year WAL	25%	25%	N/A
Certificates of Deposit <sup>(3)</sup>	1 Year	25%	5%	A-1 or P-1
Municipal Securities <sup>(4)</sup>	5 Years	20%	5%	A
Corporate Securities	5 Years	25%	2%	A <sup>(5)</sup>
Commercial Paper	270 Days	25%	3%	A-1/P-1 <sup>(6)</sup>
Repurchase Agreements <sup>(7)</sup>	60 Days	100%	25%	A-1 or P-1
Bankers' Acceptances	180 Days	25%	5%	A-1/P-1 <sup>(8)</sup>
State LGIP <sup>(9)</sup>	N/A	25%	25%	N/A

N/A = Not applicable

(1) Senior debt only and includes Supranational agencies where the U.S. is the largest shareholder.

(2) MBS counts towards the total that can be invested in any one U.S. federal agency.

(3) Must be a public depository; if not 100% collateralized, must be rated at least A-1 or P-1.

(4) County policy limits purchases to general obligation bonds rated A or better by Standard & Poor's or Moody's.

(5) Must be rated A or better by both Standard and Poor's and Moody's for 2 percent issuer limit. But if rated AA or higher, 3 percent issuer limit applies.

(6) Must be rated in top credit category by Standard & Poor's and Moody's. Maturities > 100 days must have a long-term rating of A or higher.

(7) Tri-party repurchase agreements collateralized at 102 percent and for purposes of aggregating across sectors, overnight repos shall not be included. Ten percent of the portfolio can be in overnight repos rated A-2 or P-2.

(8) Bankers' acceptances must be rated in top credit category by Standard & Poor's and Moody's.

(9) The State LGIP is a money market-like fund managed by the State Treasurer's Office.

At year-end the King County Investment Pool was in compliance. The KCIP's actual composition consisted of Repurchase Agreements, 3.3 percent; Commercial Paper, 7.3 percent; U.S. Agency Discount Notes, 5.5 percent; Supranational Discount Notes, 0.7 percent; Corporate Notes, 8.9 percent; Corporate Notes Floating Rate, 2.9 percent; U.S. Treasury Notes, 37.1 percent; U.S. Agency Notes, 6.1 percent; Supranational Coupon Notes, 19.8 percent; and the LGIP, 8.4 percent.

Fair Value Hierarchy

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The following is a summary of inputs in valuing the County's investments as of December 31, 2019 (in thousands):

Investments by fair value level	Fair Value 12/31/2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Commercial Paper	\$ 545,325	\$ —	\$ 545,325	\$ —
U.S. Agency Discount Notes	408,240	—	408,240	—
Corporate Notes	661,244	—	661,244	—
Corporate Notes Floating Rate	213,653	—	213,653	—
U.S. Treasury Notes	2,768,359	2,768,359	—	—
U.S. Agency Notes	456,309	—	456,309	—
Supranational Discount Notes	49,956	—	49,956	—
U.S. Agency Collateralized Mortgage Obligations	3,444	—	3,444	—
Supranational Coupon Notes	1,476,026	—	1,476,026	—
Subtotals	6,582,556	\$ 2,768,359	\$ 3,814,197	\$ —
<b>Investments measured at amortized cost (not subject to fair value hierarchy)</b>				
Repurchase Agreements	242,000			
State Treasurer's Investment Pool	625,256			
Subtotal investments measured at cost	867,256			
Total investments in Investment Pool	\$ 7,449,812			

U.S. Treasury Notes are valued using quoted prices in active markets and classified in Level 1 of the fair value hierarchy.

Commercial Paper, U.S. Agency Discount Notes, Corporate Notes, Corporate Notes Floating Rate, U.S. Agency Notes, Supranational Discount Notes, U.S. Agency Collateralized Mortgage Obligations and Supranational Coupon Notes are valued using standard inputs including benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Interactive Data also monitors market indicators, industry and economic events and corroborating market data and are classified in Level 2 of the fair value hierarchy.

Impaired Investment Pool

The King County Executive Finance Committee approved the bifurcation of the investment pool as of September 1, 2008. This separated the impaired investments into their own pool distinct from the main pool of performing investments. The reasons for bifurcating the pool were to: (1) ensure the yield on the performing assets is not negatively impacted by the impaired investments; (2) enhance transparency about the value of the performing pool and the impaired pool; (3) ease the implementation of the restructuring processes for the impaired investments.

For the bifurcation, the County placed four impaired commercial paper investments into an impaired investment pool (Impaired Pool). The Impaired Pool holds one commercial paper asset (Victoria), in which the County accepted an exchange offer in 2009 and is receiving the cash flows from the investment's underlying securities. For the other three commercial paper investments (Cheyne, Mainsail and Rhinebridge), the County accepted a cash-out option in 2008, based on the results of three separate restructuring auctions conducted by the designated "receiver" of each commercial paper asset.

The fair value of the Impaired Pool at December 31, 2019, was \$3.1 million and the book value was \$4.5 million. The majority of the amount remaining in the impaired investment pool is associated with VFNC Trust (Victoria). VFNC Trust continues to make monthly cash distributions. During 2019, VFNC Trust distributed a total of \$1.1 million to the County. Including all the receipts to date brings the cash recovery rate on the original VFNC Trust investment to 92 percent. Monthly distributions will continue for as long as the underlying securities in the trust continue to pay. This

monthly distribution is expected to continue for at least 5 to 10 more years or as long as the underlying securities continue to make cash payments. Also, because of extremely low interest rates, the County chose not to discount these future cash flows.

The impaired investments in commercial paper recorded at fair value total \$3.1 million, are based on market price of the underlying securities that are held by VFNC Trust (Victoria) and the cash value retained by the receivers as of December 31, 2019, and are classified in Level 3 inputs of fair value hierarchy. These prices are provided by the collateral agent.

### **King County Investment Pool and Impaired Investment Pool Condensed Statements**

The King County Investment Pool (main Pool) and the Impaired Investment Pool's Condensed Statements of Net Position and Changes in Net Position as of December 31, 2019 (in thousands) are as follows:

#### **Condensed Statement of Net Position**

	<u>Total</u>	<u>King County Investment Pool</u>	<u>Impaired Pool</u>
Net position held for pool participants	\$ 7,462,766	\$ 7,459,715	\$ 3,051
Equity of internal pool participants	\$ 3,566,460	\$ 3,565,175	\$ 1,285
Equity of external pool participants	3,896,306	3,894,540	1,766
Total equity	<u>\$ 7,462,766</u>	<u>\$ 7,459,715</u>	<u>\$ 3,051</u>

#### **Condensed Statement of Changes in Net Position**

Net position - January 1, 2019	\$ 7,470,912	\$ 7,466,891	\$ 4,021
Net change in investments by pool participants	(8,146)	(7,176)	(970)
Net position - December 31, 2019	<u>\$ 7,462,766</u>	<u>\$ 7,459,715</u>	<u>\$ 3,051</u>

### **Pool Plus - Long-Term Investment Option**

King County's Executive Finance Committee (EFC) adopted the Pool-Plus program which allows approved County agencies and districts to invest funds beyond the maximum maturity limit established for the KCIP. This policy provides an investment option that allows a participant in the KCIP to request the County to combine a portfolio of individual long-term securities in the same fund that is invested in KCIP. The pooling of the long-term portfolio with the KCIP provides the ability to invest at durations longer than KCIP, while maintaining access to the liquidity of the KCIP. The Pool-Plus program allows qualifying funds to invest over longer durations recognizing there are: (1) potential risks such as increased price volatility and the possibility of selling securities before maturity to pay unexpected expenditures that could result in a loss of principal; (2) benefits from reducing reinvestment risk which improves the predictability of future budget revenue; (3) and potential rewards such as increased earnings.

The policy is intended to serve the following goals:

- Provide an investment option for funds with investment horizons far beyond the maximum maturity limit of the pool.
- Minimize credit risk exposure that long-term investments outside the KCIP will face.
- Minimize the possibility of negative financial impacts on current pool participants.
- Ensure that a fund requesting to invest in long-term investments outside the pool understands, and accepts, the greater price volatility that is inherent in longer term investments.
- Minimize any operational burden that would distract the investment team from its primary mission of managing the investment pool.

The KCIP will be used for the liquidity portion of the portfolio, while the following investment types will be used for the longer term investments:

- U.S Treasuries or securities with full faith and credit of the U.S. government backing them.
- Senior debt obligations issued by U.S. agencies, instrumentalities, or government-sponsored enterprises such as Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). While these agencies have credit

ratings equivalent to the U.S. government, they are not explicitly guaranteed by the U.S. government. Financial market participants view them as having an “implied guarantee” because these agencies were chartered by Congress.

At yearend, the fair value of securities invested in the Pool Plus program was \$15.6 million for County's agencies and \$14.5 million for districts. The following schedule shows a summary of the characteristics of the assets in the Pool Plus program at December 31, 2019 (dollars in thousands):

**KING COUNTY POOL-PLUS PROGRAM**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Average Interest Rate</u>	<u>Effective Duration (Years)</u>
U.S Treasury Notes - County's agencies	\$ 15,628	\$ 15,262	2.53%	4.200
U.S. Treasury Notes - Districts funds	9,348	9,126	2.61%	3.900
U.S. Treasury Notes - Districts funds	5,120	5,034	2.47%	3.770

**Individual Investments Accounts**

King County purchases individual investments for other legally separate entities, such as special districts and public authorities, which are not part of the financial reporting entity. Net positions in these individual investments accounts are reported in the Fiduciary Funds section under Custodial Funds.

**Nonfinancial Assets**

The County has some land that is being held for future sale. The investment is valued at \$1.9 million which is determined based on comparable sales in the area or average per acre value of similar size and layout in the vicinity at the end of 2019.

**Component Units**

Harborview Medical Center (HMC)

Harborview Medical Center (HMC) participates in the County's investment pool and follows the applicable criteria as described above for the King County Investment Pool deposits and investments.

Custodial credit risk - Deposits - The custodial credit risk for deposits is the risk that in the event of a bank failure, HMC's deposits may not be recovered. As of June 30, 2019, the deposits not covered by the FDIC are uninsured and are partially collateralized by the PDPC collateral pool. HMC's custodial credit risk for its deposits as shown in the following table (in thousands):

<b>Harborview Medical Center</b>			
<b>As of June 30, 2019</b>			
	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Uninsured and Uncollateralized</u>
Cash in other banks	\$ 3,194	\$ 220	\$ 2,974
Equity in Investment Pool	331,693	336,832	—
Total deposits	<u>\$ 334,887</u>	<u>\$ 337,052</u>	<u>\$ 2,974</u>

Cultural Development Authority of King County (CDA)

Deposits

The Cultural Development Authority of King County (CDA) maintains a deposit relationship with a local commercial bank. All deposits with this qualified public depository that are not insured by the Federal Deposit Insurance Corporation (FDIC) are partially collateralized by the Public Deposit Protection Commission of the State of Washington (PDPC). The PDPC is a statutory authority established under charter 39.58 RCW and constitutes a multiple financial institution collateral pool that can make pro rata assessments to all public depositories within the state for their public deposits. PDPC protection is of the nature of collateral, not of insurance.

Custodial credit risk - Deposits - The custodial credit risk for deposits is the risk that, in the event of a bank failure, the CDA's deposits may not be recovered. At yearend, the CDA's total deposits, were \$1.3 million in carrying amount, and \$1.6 million in bank balance, of which \$650 thousand was exposed to custodial credit risk as uninsured and uncollateralized.

### Investments

The CDA has an investment policy to guide the management of its assets and help ensure that all investment activity is within the regulations established by State law and County codes. The primary objective is the preservation of principal.

State laws authorize CDA to invest in certificates, notes and bonds of the United States, and other obligations of the United States or its agencies, or any corporation wholly owned by the government of the United States. Statutes also authorize the CDA to invest in bankers' acceptances purchased on the secondary market, Federal Home Loan bank notes and bonds, Federal Land Bank bonds, Federal National Mortgage Association notes and debentures and guaranteed certificates of participation.

CDA is also authorized to invest in the Washington State Local Government Investment Pool (LGIP). The LGIP values its investments at amortized cost, which approximates fair value. The LGIP funds are limited to high quality obligations with limited maximum and average maturities, which has the effect of minimizing both market and credit risk.

### Fair Value Hierarchy

The CDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following is a summary of inputs in valuing CDA's investments as of December 31, 2019 (in thousands):

	Fair Value 12/31/2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
U.S. Treasury Notes	\$ 762	\$ 760	\$ —	\$ —
U.S. Agency Notes	10,691	—	10,691	—
Subtotal investments at fair value	11,453	\$ 760	\$ 10,691	\$ —
<b>Investments measured at amortized cost (not subject to fair value hierarchy)</b>				
State Treasurer's Investment Pool (LGIP)	24,402			
Subtotal investments measured at cost	24,402			
Total CDA investments	\$ 35,855			

U.S. Treasury Notes are valued using quoted prices in active markets and classified in Level 1 of the fair value hierarchy.

U.S. Agency notes are valued using significant other observable inputs other than quoted prices including issuer spreads scales by Interactive Data based on the new issue market, secondary trading, and dealer quotes and are classified in Level 2 of the fair value hierarchy.

The following schedule shows the types of investments, the average interest rate, the effective duration limits and the concentration of all CDA investments as of December 31, 2019 (in thousands):

**Cultural Development Authority  
Investments By Type**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Average Interest Rate</u>	<u>Effective Duration (Years)</u>	<u>Concentration</u>
U.S. Treasury Notes	\$ 762	\$ 760	2.63%	0.625	2.13%
U.S. Agency Notes:					
Federal National Mortgage Association Notes	5,690	5,715	1.46	1.003	15.87
Federal Home Loan Bank Bonds	5,001	5,005	3.58	0.38	13.95
State Treasurer's Investment Pool	24,402	24,402	1.75	0.003	68.05
Subtotal investments	35,855	<u>\$ 35,882</u>	1.98	0.227	<u>100.00%</u>
Less: State Treasurer's Investment Pool (Cash Equivalent)	(24,402)				
Total investments per Statement of Net Position	<u>\$ 11,453</u>				

Interest rate risk - Investments - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, CDA manages its exposure to interest rate risk by setting maturity and effective duration limits for its portfolio. As of December 31, 2019, the combined weighted average effective duration of the CDA's portfolio was 0.227 years.

Credit risk - Debt Securities - Credit risk is the risk that an issuer will not fulfill its obligations. As of December 31, 2019, all issuers of investments in CDA's portfolio had a Standard & Poor's rating of "AA+." The Washington State Local Government Investment Pool is not rated.

Concentration of credit risk - Investments - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of December 31, 2019, the CDA had concentrations greater than 5 percent of its total portfolio, excluding U.S. Treasury obligations, in the following issuers: Federal Home Loan Banks, 14.0 percent; and Federal National Mortgage Association, 16.0 percent.

NJB Properties

Concentration of credit risk - The Organization maintains its cash and reserves in various financial institutions in which the accounts are insured up to \$250 thousand per depositor under the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business. The Organization believes it is not exposed to any significant credit risk on its cash, reserves and other deposits.

Deposits Held In Trust - In accordance with the Indenture of Trust, certain restricted deposits and funded reserves have been established in the form of escrows. The balance of each fund as of December 31 is as follows (in thousands):

	2019
Non-bond Proceeds	\$ 29
Revenue Fund	825
Bond Fund	39
	<u>\$ 893</u>

## Note 5

### Receivables

Receivables are reported net of estimated uncollectible amounts in the basic financial statements: Balance Sheet for Governmental Funds and Statement of Net Position for Proprietary Funds. The schedule below shows receivables at gross with the related estimated uncollectible amounts (in thousands):

<b>Governmental</b>	<b>General Fund</b>	<b>Behavioral Health Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>		
Accounts receivable:						
Accounts receivable	\$ 40,782	\$ 1,344	\$ 18,020	\$ 60,146		
Estimated uncollectible	(31,784)	—	(9,546)	(41,330)		
Accounts receivable, net	<u>\$ 8,998</u>	<u>\$ 1,344</u>	<u>\$ 8,474</u>	<u>\$ 18,816</u>		
Due from other governments:						
Due from other governments	\$ 82,992	\$ 14,081	\$ 79,716	\$ 176,789		
Estimated uncollectible	(5)	—	(231)	(236)		
Due from other governments, net	<u>\$ 82,987</u>	<u>\$ 14,081</u>	<u>\$ 79,485</u>	<u>\$ 176,553</u>		
<b>Proprietary</b>	<b>Public Transportation</b>	<b>Water Quality</b>	<b>Solid Waste</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
Current assets:						
Accounts receivable:						
Accounts receivable	\$ 49,939	\$ 40,158	\$ 13,727	\$ 808	\$ 104,632	\$ 632
Estimated uncollectible	(329)	(13)	(316)	(8)	(666)	(48)
Accounts receivable, net	<u>\$ 49,610</u>	<u>\$ 40,145</u>	<u>\$ 13,411</u>	<u>\$ 800</u>	<u>\$ 103,966</u>	<u>\$ 584</u>
Due from other governments:						
Due from other governments	\$ 256,347	\$ —	397	\$ 5,819	\$ 262,563	\$ 55
Estimated uncollectible	—	—	—	(7)	(7)	—
Due from other governments, net	<u>\$ 256,347</u>	<u>\$ —</u>	<u>\$ 397</u>	<u>\$ 5,812</u>	<u>\$ 262,556</u>	<u>\$ 55</u>
Noncurrent assets:						
Due from other governments	<u>\$ 28</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ 28</u>	<u>—</u>

## Note 6

### Tax Revenues

#### Taxing Powers

King County is authorized to levy both “regular” property taxes and “excess” property taxes.

*Regular property taxes* are imposed for general municipal purposes, including the payment of debt service on limited tax general obligation bonds. Regular property tax levies are subject to rate limitations and amount limitations, as described below, and to the uniformity requirement of Article VII, Section 1, of the State Constitution, which specifies that a taxing district must levy the same rate on similarly classified property throughout the taxing district. Aggregate property taxes vary within the County because of its different overlapping taxing districts.

*Maximum Rate Limitations.* The County may levy regular property taxes for general municipal purposes and for road district purposes. Each purpose is subject to a rate limitation. The general municipal purposes levy is limited to \$1.80 per \$1,000 of assessed value, and the County levied \$1.09639 per \$1,000 of assessed value for the 2019 tax year. The road district levy, which is levied in unincorporated areas of the county for road construction and maintenance and other County services provided in the unincorporated areas, is limited to \$2.25 per \$1,000 of assessed value, for which the County currently is at \$1.87677 per \$1,000 of assessed value for the 2019 tax year. Additional statutory provisions limit the increase in the aggregate amount of taxes levied.

The County is authorized to increase its general purposes levy to a maximum of \$2.475 per \$1,000 of assessed value if the total combined levies for both general and road district purposes do not exceed \$4.05 per \$1,000 and if no other taxing district has its levy reduced as a result of the increased County levy (RCW 84.52.043).

The \$1.80 per \$1,000 limitation on the general purposes levy is exclusive of the following regular property taxes:

- (1) A voted levy for emergency medical services, limited to \$0.50 per \$1,000 of assessed value (RCW 84.52.069),
- (2) A voted levy to finance affordable housing for very low income households, limited to \$0.50 per \$1,000 of assessed value (RCW 84.52.105), although, the County has not sought approval from voters for this levy,
- (3) A non-voted levy for conservation futures, limited to \$0.0625 per \$1,000 of assessed value (RCW 84.34.230), and
- (4) A non-voted levy for transit-related purposes, limited to \$0.075 per \$1,000 of assessed value (RCW 84.52.140).

*One Percent Aggregate Regular Property Tax Levy Limitation.* Aggregate regular property tax levies by the State and all taxing districts except port districts and public utility districts are subject to a rate limitation of 1.0 percent of the true and fair value of property (or \$10.00 per \$1,000 assessed value) by Article VII, Section 2, of the State Constitution and RCW 84.52.050.

*\$5.90/\$1,000 Aggregate Regular Property Tax Levy Limitation.* Within the 1.0 percent limitation described above, aggregate regular property tax levies by all taxing districts except the State, port districts and public utility districts are subject to a rate limitation of \$5.90 per \$1,000 of assessed value by RCW 84.52.043(2). This limitation is exclusive of excess levies authorized by Article VII, Section 2, of the State Constitution; levies for acquiring conservation futures, for emergency medical services, affordable housing for very low income households, for ferry districts, for transit-related purposes, for regional transit authorities, for criminal justice purposes, a portion of certain levies by metropolitan park districts, fire protection districts and certain flood control zone districts.

If aggregate regular property tax levies exceed the 1.0 percent or \$5.90 per \$1,000 of assessed value limitations, then, in order to bring the aggregate levy into compliance, levies requested by “junior” taxing districts within the area affected are reduced or eliminated according to a detailed prioritized list (RCW 84.52.010). Junior taxing districts are defined by RCW 84.52.043 as all taxing districts other than the State, counties, cities, towns, road districts, port districts and public utility districts.

*Regular Property Tax Increase Limitation.* The regular property tax increase limitation (RCW 84.55) limits the total dollar amounts of regular property taxes levied by an individual taxing district to the amount of such taxes levied in the

highest of the three most recent years multiplied by a limit factor, plus an adjustment to account for taxes on new construction at the previous year's rate. The limit factor is defined as the lesser of 101 percent or 100 percent plus inflation, but if the inflation rate is less than 1.0 percent, the limit factor can be increased to 101.0 percent, if approved by a majority plus one vote of the governing body of the taxing district, upon a finding of substantial need. In addition, the limit factor may be increased, regardless of inflation, if such increase is authorized by the governing body of the taxing district upon a finding of substantial need and is also approved by the voters at a general or special election within the taxing district. Such election must be held less than 12 months before the date on which the proposed levy will be made, and any tax increase cannot be greater than described under "Maximum Rate Limitations." The approval of a majority of the voters would be required for the limit factor to be increased. The new limit factor will be effective for taxes collected in the following year only.

Since the regular property tax increase limitation applies to the total dollar amount levied, rather than to levy rates, increases in the assessed value of all property in the taxing district (excluding new construction) which exceed the growth in taxes allowed by the limit factor result in decreased regular tax levy rates, unless voters authorize a higher levy and vice versa for decreases in assessed value.

RCW 84.55.092 allows the property tax levy to be set at the amount that would be allowed if the tax levy for taxes due in each year since 1986 had been set at the full amount allowed under chapter 84.55 RCW. This is sometimes referred to as "banked" levy capacity. The County currently has no such banked levy capacity.

With a majority voter approval, a taxing district may levy, within the statutory rate limitations described above, more than what otherwise would be allowed by the tax increase limitations (RCW 84.55.050). This is known as a "levy lid lift," which has the effect of increasing the taxing district's levy "base" when calculating permitted levy increases in subsequent years. The new base can apply for a limited or unlimited period, except that if the levy lid lift was approved for the purpose of paying debt service on bonds, the new base can apply for no more than nine years. After the expiration of any limited purpose or limited duration specified in the levy lid lift, the levy is calculated as if the taxing district had levied only up to the limit factor in the interim period.

In 2018 the State Legislative approved SHB 2597 (Chapter 46, Wash. Laws of 2018), which permits cities and counties to provide senior citizens, individuals with disabilities, and veterans in the Senior Exemption Program with an exemption from any portion of their regular property tax attributable to a levy lid lift, with voter approval.

*Excess Property Taxes.* The County also may impose "excess" property taxes, which are not subject to limitation, when authorized by a 60.0 percent supermajority voter approval, as provided in Article VII, Section 2 of the State Constitution and RCW 84.52.052. To be valid, such popular vote must have a minimum voter turnout of 40.0 percent of the number who voted at the last County general election, except that one-year excess tax levies also are valid if the number of voters approving the excess levy is at least 60% of a number equal to 40% of the number who voted at the last County general election. Excess levies also may be imposed without voter approval when necessary to prevent the impairment of the obligation of contracts.

*Component Units with Taxing Authority.* In 2019, the county-wide flood control zone district levy rate was \$0.09660 per \$1,000 of assessed value. The boundaries of the District's coterminous with the boundaries of the County and the members of the County Council serve initially as the legislative body for the District, but under state law, it is a separate taxing district with independent taxing authority.

A county-wide transportation benefit district known as the King County Transportation District ("KCTD") was formed by the County Council in February 2014, as authorized by the State's transportation benefit district law. Shortly thereafter, the KCTD adopted a resolution to put a funding measure up for a public vote on April 22, 2014. The KCTD proposal was to enact a \$60 annual vehicle fee and a one-tenth-of-a-cent increase in the sales tax; both would have expired after ten years. The measure failed by a margin of 46.0 percent to 54.0 percent, and at this time, the KCTD has no plans to propose any additional funding measures.

### **Allocation of Tax Levies**

The table on the following page compares the allocation of the 2019 and 2018 Countywide, Conservation Futures, Unlimited Tax GO Bonds, Emergency Medical Services (EMS) and unincorporated County (Road District) levies. The original tax levy reflects the levy before any supplemental levies, tax cancellations or other adjustments. The 2019 countywide assessed valuation was \$606.6 billion, a \$72 billion increase from 2018; the assessed valuation for the unincorporated area levy was \$48.9 billion, an increase of \$5.1 million from 2018.

## ALLOCATION OF 2019 AND 2018 TAX LEVIES

	2019 Original Taxes Levied (in thousands)	2019 Levy Rate (per thousand)	2018 Original Taxes Levied (in thousands)	2018 Levy Rate (per thousand)
<b>Countywide Levy</b>				
<b>Assessed Value:</b>				
\$606,623,698,132 <sup>(a)</sup>				
Items Within Operating Levy: <sup>(b)</sup>				
General Fund	\$ 369,346	0.61087	\$ 358,302	0.67262
Veterans' Relief	3,107	0.00514	3,010	0.00565
Human Services	6,977	0.01154	6,761	0.01269
Intercounty River Improvement	48	0.00008	49	0.00009
Automated Fingerprint Identification System	21,169	0.03501	22,123	0.04153
Parks Levy	78,152	0.12926	74,259	0.13940
Veterans and Human Services	56,287	0.09349	53,267	0.10000
Children and Family Justice Center	25,865	0.04278	25,054	0.04703
Best Starts for Kids	69,095	0.11428	65,656	0.12325
Radio Communications	32,614	0.05394	31,590	0.05930
Marine Operating	6,120	0.01012	5,930	0.01113
Total Operating Levy	<u>668,780</u>	<u>1.10651</u>	<u>646,001</u>	<u>1.21269</u>
<b>Conservation Futures Levy</b>				
Conservation Futures Levy <sup>(c)</sup>	20,714	0.03426	11,071	0.02078
Farmland and Park Debt Service	—	—	8,999	0.01689
Total Conservation Futures Levy	<u>20,714</u>	<u>0.03426</u>	<u>20,070</u>	<u>0.03767</u>
<b>Unlimited Tax GO Bonds</b> (Voter-approved Excess Levy)	<u>17,906</u>	<u>0.02974</u>	<u>17,298</u>	<u>0.03261</u>
<b>Transportation Levy</b> <sup>(d)</sup>	<u>29,353</u>	<u>0.04855</u>	<u>23,642</u>	<u>0.04438</u>
Total Countywide Levy	<u>736,753</u>	<u>1.21906</u>	<u>707,011</u>	<u>1.32735</u>
<b>Emergency Medical Services Levy</b>				
<b>Assessed Value:</b>				
\$606,502,929,644 <sup>(a)</sup>				
Emergency Medical Services Levy <sup>(e)</sup>	<u>78,403</u>	<u>0.21762</u>	<u>76,412</u>	<u>0.23940</u>
<b>Unincorporated County Levy</b>				
<b>Assessed Value:</b>				
\$48,876,861,321 <sup>(a)</sup>				
County Road Fund <sup>(f)</sup>	<u>91,211</u>	<u>1.87677</u>	<u>89,354</u>	<u>2.05402</u>
Total County Tax Levies	<u>\$ 906,367</u>		<u>\$ 872,777</u>	

(a) Assessed value for taxes payable in 2019.

(b) The operating levy tax rate is statutorily limited to \$1.80 per \$1,000 of assessed value.

(c) The Conservation Futures Levy is limited statutorily to \$0.0625 per \$1,000 of assessed value.

(d) The Transportation Levy is limited statutorily to \$0.075 per \$1,000 of assessed value.

(e) The Emergency Medical Services Levy is limited statutorily to \$0.335 over \$1,000 of assessed value. The assessed value for the County's Emergency Medical Services levy does not include the cities of Seattle or Milton.

(f) The County Road Fund Levy is levied only in the unincorporated areas of the County and is limited statutorily to \$2.25 per \$1,000 of assessed value.

The Automated Fingerprint Identification System (AFIS) levy, a regular property tax levy (RCW 84.55.050), was renewed in August 2018 for a six year term by a majority of voters in the County. The levy began in 2013 at a rate of no more than 0.0592 per \$1,000 assessed value. In 2018 and 2019, the tax rate was 0.04153 and 0.03501 per \$1,000 of assessed value, respectively.

In August 2013, the Park lid lift levy was renewed by voters for six years, for a rate of 0.1877 per \$1,000 of assessed value. The 2018 and 2019 tax year rate for the Parks levy lid lift is 0.13940 and 0.12926 per \$1,000 of assessed value, respectively.

In November 2017, voters approved a new temporary six-year lid lift for the Veterans, Seniors, and Human Services Levy at a rate of \$0.10 per \$1,000 of assessed value. This is a regular property tax levy and is to be increased by no more than 3.5% in each of the remaining five years. Due to the passage of SHB 2597 in the 2018 legislative session, this lid lift is now exempt for taxpayers in the Senior Exemption Program for the next five years of its existence. The 2018 and 2019 tax rate is 0.10000 and 0.09349 per \$1,000 of assessed value, respectively.

The Children and Family Justice Center is a nine-year temporary levy lid lift approved by voters on August 7, 2012 at a rate of 0.070000 per \$1,000 of assessed value for the first year (2013). The rate for 2018 and 2019 is 0.04703 and 0.04278 per \$1,000 of assessed value.

A nine-year regular property tax levy for the Puget Sound Emergency Radio Network (PSERN) replacement was approved by voters in April 2015 at a rate of 0.07 per \$1,000 of assessed value for the first year (2016). The rate for 2018 and 2019 is 0.05930 and 0.05394 per \$1,000 assessed value.

The Best Starts for Kids levy was approved by voters at the November 3, 2015, general election that will be used to invest in prevention and early intervention strategies for children and families. This is a six-year levy beginning in 2016 at a rate of 0.13285 per \$1,000 of assessed value. The rate for 2018 and 2019 is 0.12325 and 0.11428 per \$1,000 of assessed value.

The County's levy rate for transit-related purposes is 0.04855 per \$1,000 of assessed value, and its levy rate for conservation futures is 0.03426 per \$1,000 of assessed value in 2019.

The County's EMS levy was approved at a special election on November 5, 2013, for an additional six years, at a rate of 0.335 or less per \$1,000 of assessed value, with collections beginning in 2014. The rate for 2018 and 2019 is 0.23940 and 0.21762 per \$1,000 of assessed value.

### **Assessed Valuation Determination**

The County Assessor (the "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 is an elected official whose duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the State Department of Revenue.

For tax purposes, the assessed value of property is 100.0 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. Personal property is valued each year based on affidavits filed by the property owner. The property is listed by the Assessor on a roll at its current assessed value and the roll is filed in the Assessor's office. 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. At the end of the assessment year, in order to levy taxes payable the following year, the County Council receives the Assessor's final certificate of assessed value of property within the County.

### **Tax Collection Procedure**

Property taxes are levied in specific amounts by the County Council and the rate for all taxes levied for all taxing districts in the County is determined, calculated and fixed by the Assessor based upon the assessed valuation of the property within the various taxing districts. The Assessor extends the tax levied within each taxing district upon a tax roll that contains the total amounts of taxes levied and to be collected and assigns a tax account number to each tax lot. The tax roll is delivered to the Treasury Operations Manager, who is responsible for the billing and collection of taxes due for each account. All taxes are due and payable on April 30 of each tax year, but if the amount due from a taxpayer exceeds \$50, one-half may be paid then and the balance no later than October 31 of that year (except that the half to be paid on April 30 may be paid at any time prior to October 31 if accompanied by penalties and interest accrued until the date of payment).

The methods for giving notice of payment of taxes due, collecting taxes, accounting for the taxes collected, dividing the collected taxes among the various taxing districts, and giving notice of delinquency are covered by detailed statutes. Personal property taxes levied by the County Council are secured by a lien on the personal property assessed. A federal tax lien filed before the County Council levies the personal property taxes is senior to the County's personal property tax lien. In addition, a federal civil judgment lien is senior to a lien on real property taxes once the federal lien has been recorded. In all other respects, and subject to the possible "homestead exemption" described below, the lien of property taxes is senior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, the County may commence foreclosure on a tax lien on real property after three years have passed since the first delinquency. The State's courts have not decided if the homestead law (chapter 6.13 RCW) gives the occupying homeowner a right to retain the first \$125 thousand in proceeds of the forced sale of a family residency or other "homestead" property for delinquent general property taxes. The United States Bankruptcy Court for the Western District of Washington has held that the homestead exemption applies to the lien for property taxes, while the State Attorney General has taken the position that it does not.

### **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 payments due
May 31	Assessed value of property established for next year's levy at 100% of market value
October 31	Second installment due

### **Accounting for Property Taxes Receivable**

In the governmental funds, property taxes levied for the current year are recorded on the balance sheet as taxes receivable and unavailable revenue - property taxes at the beginning of the year. Property taxes are recognized as revenue when collected in cash at which time the accounts taxes receivable and unavailable revenues - property taxes on the balance sheet are reduced by the amount of the collection. The amount of taxes receivable at year-end that would be collected soon enough to be used to pay liabilities of the current period is not material. At year-end, all uncollected property taxes are reported on the balance sheet as taxes receivable-delinquent and deferred inflow of resources. For the government-wide financial statements, the deferred inflow of resources related to the current period, net of the allowance for uncollectible property taxes, is reclassified as revenue.

### **Tax Abatements**

As of December 31, 2019, the County provides tax abatements through three programs - the Current Use Program, Historic Preservation Program and the Single-family Dwelling Improvement Program. All of 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. The tax abatements did not result in a reduction or loss of revenue to the County because, pursuant to state law, these taxes were effectively reallocated to other property taxpayers.

#### **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.

*Public Benefit Rating System (PBRS)* enrollment and associated tax savings are based on a point system. Points are awarded for each PBRS resource category a property qualifies for such as protecting buffers to streams and wetlands, ground water protection, preserving significant wildlife habitat, conserving farmland and native forestland and preserving historic landmarks.

*Timber Land* enrollment requires a property to have between five and 20 acres of manageable forestland, and be zoned accordingly. Land participating in this program must be devoted primarily to the growth, harvest and management of forest crops for commercial purposes and must be managed according to an approved forest stewardship plan.

*Farm and Agricultural Land* enrollment requires land to be used for the production of livestock or agricultural commodities for commercial purposes.

*Forestland* enrollment requires a property to have more than 20 acres of eligible forestland primarily devoted to the growth and harvest of timber.

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.

#### Historic Preservation Program

The Historic Preservation Program provides property tax abatements through the legislature’s encouragement to maintain, improve and preserve privately owned historic landmarks pursuant to Chapter 84.26 RCW. The property must meet four criteria to qualify for special valuation to receive a reduction in property taxes. The property must: (1) be a historic property; (2) fall within a class of historic property determined eligible for special valuation by the local legislative authority; (3) be rehabilitated at a cost which meets the definition set forth in RCW 84.26.020(2) within 24 months prior to the application for special valuation; and (4) be protected by an agreement between the owner and the local review board as described in RCW 84.26.050(2). Abatement under this program remains valid for ten (10) consecutive assessment years from the date of application.

The County Assessor shall, for 10 consecutive assessment years following the calendar year in which application is made, place a special valuation on property classified as eligible historic property. The entitlement of property to the special valuation provisions of this section shall be determined as of January 1. If property becomes disqualified for the special valuation for any reason, the property shall receive the special valuation for that part of any year during which it remained qualified or the owner was acting in good faith belief that the property was qualified. At the conclusion of special valuation, the cost shall be considered new construction.

Whenever property classified and valued as eligible historic property under RCW 84.26.070 becomes disqualified for the valuation, there shall be added to the tax an additional tax equal to (a) the cost multiplied by the levy rate in each year the property was subject to special valuation; plus (b) interest on the amounts of the additional tax at the statutory rate charged on delinquent property taxes from the dates on which the additional tax could have been paid without penalty if the property had not been valued as historic property under this chapter; plus (c) a penalty equal to 12 percent of the amount determined in (a) and (b).

#### 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 (3) 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.

#### Multifamily Housing Property Tax Exemption

Chapter 5.73 of the Seattle Municipal Code provides an exemption from ad valorem property taxation for eligible housing construction and rehabilitation improvement projects for up to twelve years, depending on the circumstance of each project. The goal being to stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for housing in Seattle. Among the eligibility requirements, the housing must be located in a residentially targeted area as designated by the city council. If the recipient of the tax abatement fails to comply with the statutory requirements of this Chapter the tax exemption shall be canceled and additional taxes, interest, and penalties will be imposed pursuant to state law.

Below summarizes the tax abatement programs and the total amount of taxes abated during the calendar year ended December 31, 2019 (in thousands):

<b>Tax Abatement Program</b>	<b>Total Amount of Taxes Abated</b>
Current Use	\$2,459
Single-family Dwelling Improvement	\$132
Historic Preservation	\$584
Multifamily Housing Property Tax Exemption	\$6

State of Washington Tax Abatements

The information provided by Washington State is based upon calendar 2018 as a proxy for fiscal year 2019. The State’s fiscal year end is June 30, 2019. The state of Washington provides tax abatements through seven programs subject to the requirements of GASB Statement No. 77, some of which are only available to businesses in the aerospace industry. Only tax abatement programs that are material and attributable to activities in King County are disclosed below.

High Unemployment County Sales and Use Tax Deferral for Manufacturing Facilities

To encourage public and private investment in low-income areas with high rates of unemployment, sales and use tax arising from certain construction and equipment purchases for new and expanding manufacturers, persons conditioning vegetable seeds, research and development, and commercial testing for manufacturers in a Community Empowerment Zone (CEZ) may be permanently deferred if the project meets specific criteria per chapter 82.60 RCW.

Deferred taxes need not be repaid if the business fills at least one permanent full-time position for each \$750 thousand investment with a resident of the CEZ by the end of the second calendar year following the year in which the project is certified as operationally complete. Failure to meet the employment requirement causes all deferred taxes to become immediately due.

High-Technology Sales and Use Tax Deferral

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

If the investment project is used for any other purpose at any time during the calendar year in which the investment is certified as operationally complete, or during the next seven calendar years, a portion of the deferred taxes must be repaid immediately.

Multi-Unit Urban Housing Exemption

Chapter 84.14 RCW provides for an exemption from ad valorem property taxation for eligible housing construction, conversions, and rehabilitation improvement projects for a duration between eight and twelve years, depending on the circumstances of each project. The goal being to stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for housing in urban centers. Among the eligibility requirements, the housing must be located in a residentially targeted area as designated by the city or county. If the recipient of the tax abatement fails to comply with the statutory requirements of this Chapter a lien will be placed on the property in the amount of the real property taxes that would normally be imposed, plus a penalty and interest.

Multipurpose Sports and Entertainment Facility Deferral

RCW 82.32.558 allows qualifying businesses to apply for a deferral of state and local sales and use taxes for multipurpose sports and entertainment facilities, associated parking structures, plazas and public spaces projects intended to attract professional ice hockey and basketball league franchises. Qualifying businesses receive a certificate for the taxes abated which expires upon project completion. Abated local sales and use taxes, and interest accrued from the date of project completion, may be repaid in annual installments beginning on January 1st of the year following the year of project completion. State sales and use taxes, along with aforementioned interest, must be paid back by

June 30, 2023. If the project is not complete within three calendar years from the date the certificate was issued, the amount of taxes outstanding for the project is immediately due and payable. The debt for taxes due is not extinguished by insolvency.

**Aerospace Incentives**

The state of Washington provides seven tax abatement and incentive programs to the aerospace industry to encourage the industry’s continued presence in the state of Washington.

RCWs 82.04.260(11), 82.04.290(3), and 82.04.250(3) allow for a reduced business and occupation (B&O) tax for manufacturers and processors for hire of commercial airplanes, component parts of commercial airplanes, or tooling designed for use in manufacturing commercial airplanes or components; non-manufacturers engaged in the business of aerospace product development; and certificated Federal Acquisition Regulation (FAR) repair stations making retail sales.

The purchase of goods and services, including labor, for the construction of new buildings used to manufacture commercial airplanes or fuselages or wings of commercial airplanes are exempt from sales and use tax per RCWs 82.08.980 and 82.12.980. The exemption also applies to new buildings or parts of new buildings used for storing raw materials or finished products used to manufacture commercial airplanes and certain commercial airplane parts. Port districts, political subdivisions, or municipal corporations may also use the sales and use tax exemption when constructing new facilities to lease to these manufacturers.

RCW 82.04.4461 allows a business and occupation tax credit equal to 1.5 percent of expenditures on aerospace product development performed within Washington.

Per RCW 82.04.4463, manufacturers and processors for hire of commercial airplanes or their component parts and aerospace tooling manufacturers are eligible for a business and occupation tax credit equal to the property and leasehold taxes paid on certain buildings, land, and the increased value from certain building renovations or expansions, as well as a portion of property taxes paid on certain machinery and equipment. Eligibility for the credit requires the building, land, and/or machinery and equipment be used exclusively in manufacturing commercial airplanes or their components or in manufacturing tooling specifically designed for use in manufacturing commercial airplanes or their components.

Non-manufacturers engaged in the business of aerospace product development and certificated FAR repair stations making retail sales are eligible for a business and occupation tax credit equal to property and leasehold taxes on certain buildings, land, and the increased value of renovated buildings, and qualifying computer equipment and peripherals under RCW 82.04.4463. Eligibility for the credit requires the building, land, and/or computer equipment and peripherals be used exclusively in aerospace product development or in providing aerospace services.

The purchase and use of computer hardware, software, or peripherals, including installation charges is exempt from sales and use tax per RCWs 82.08.975 and 82.12.975 if the buyer uses the purchased item primarily in developing, designing, and engineering aerospace products.

Leasehold interests in port district facilities used by a manufacturer of super-efficient airplanes are exempt from leasehold excise tax per RCW 82.29A.137. In addition, all buildings, machinery, equipment, and other personal property of a lessee of a port district used exclusively in manufacturing super-efficient airplanes is exempt from property taxation per RCW 84.36.655.

The following table shows the amount of taxes, attributable to activities in King County, abated by the state of Washington during the calendar year ended December 31, 2018 (in thousands):

<b>Tax Abatement Program</b>	<b>Total Amount of Taxes Abated</b>
High Unemployment County Sales and Use Tax Deferral for Manufacturing Facilities	D*
High-Technology Sales and Use Tax Deferral	\$1,015
Multi-Unit Urban Housing Exemption	\$11,851
Multi-Purpose Sports and Entertainment Facility Deferral	D*
Aerospace incentives: Computer Hardware, Software and Peripherals sales and use tax exemption	54

\*Washington State cannot disclose the amounts abated.

# Note 7

## Capital Assets

### Primary Government

A summary of changes in capital assets for the King County Primary Government (in thousands):

	Balance 01/01/2019	Additions	Retirements / WIP Deductions	Transfers / Reclassifications	Balance 12/31/2019
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
*Land	\$ 605,837	\$ 16,692	\$ (48)	\$ 90	\$ 622,571
*Rights-of-way and easements	474,122	6,360	(1,161)	—	479,321
Infrastructure - road and bridges	1,121,670	12,859	(6,186)	—	1,128,343
Art collections	10,495	—	—	—	10,495
Work in progress	384,290	125,973	(37,252)	(298,041)	174,970
Total capital assets not being depreciated	<u>2,596,414</u>	<u>161,884</u>	<u>(44,647)</u>	<u>(297,951)</u>	<u>2,415,700</u>
Capital assets being depreciated:					
Buildings	1,027,150	8,464	—	188,594	1,224,208
Leasehold improvements	19,076	—	—	19,272	38,348
*Improvements other than buildings	98,890	6,601	—	35,575	141,066
*Infrastructure – levees	36,175	—	—	43,677	79,852
*Furniture, machinery and equipment	195,875	27,326	(6,825)	1,369	217,745
Software	129,519	—	(204)	9,499	138,814
Total capital assets being depreciated	<u>1,506,685</u>	<u>42,391</u>	<u>(7,029)</u>	<u>297,986</u>	<u>1,840,033</u>
Less accumulated depreciation for:					
*Buildings	(505,353)	(22,599)	—	—	(527,952)
Leasehold improvements	(7,630)	(1,599)	—	—	(9,229)
*Improvements other than buildings	(29,540)	(3,892)	—	—	(33,432)
*Infrastructure – levees	(3,331)	(583)	—	—	(3,914)
*Furniture, machinery and equipment	(130,682)	(16,001)	6,673	(35)	(140,045)
Software	(82,184)	(11,536)	203	—	(93,517)
Total accumulated depreciation	<u>(758,720)</u>	<u>(56,210)</u>	<u>6,876</u>	<u>(35)</u>	<u>(808,089)</u>
Total capital assets being depreciated, net	<u>747,965</u>	<u>(13,819)</u>	<u>(153)</u>	<u>297,951</u>	<u>1,031,944</u>
Governmental activities capital assets, net	<u>\$ 3,344,379</u>	<u>\$ 148,065</u>	<u>\$ (44,800)</u>	<u>\$ —</u>	<u>\$ 3,447,644</u>
<b>Business-type Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 433,319	\$ 218	\$ —	\$ 3,946	\$ 437,483
Rights-of-way and easements	30,570	—	—	—	30,570
Art collections	4,258	—	—	—	4,258
Work in progress	656,860	409,681	—	(448,772)	617,769
Total capital assets not being depreciated	<u>1,125,007</u>	<u>409,899</u>	<u>—</u>	<u>(444,826)</u>	<u>1,090,080</u>
Capital assets being depreciated:					
Buildings	3,506,929	424	(4,357)	46,407	3,549,403
Leasehold improvements	7,307	—	—	—	7,307
Improvements other than buildings	425,519	4,487	(14,175)	99,448	515,279
Rights-of-way - temporary easement	7,635	—	—	—	7,635
Infrastructure – water quality	2,418,997	—	(1,741)	54,264	2,471,520
Furniture, machinery and equipment	2,894,058	9,307	(57,323)	244,118	3,090,160
Software	149,318	—	(287)	554	149,585
Total capital assets being depreciated	<u>9,409,763</u>	<u>14,218</u>	<u>(77,883)</u>	<u>444,791</u>	<u>9,790,889</u>
Less accumulated depreciation for:					
Buildings	(1,718,648)	(88,970)	2,723	—	(1,804,895)
Leasehold improvements	(4,161)	(378)	—	—	(4,539)
Improvements other than buildings	(192,138)	(22,448)	14,175	(7)	(200,418)
Rights-of-way - temporary easement	(1,581)	(218)	—	—	(1,799)
Infrastructure – water quality	(669,904)	(50,788)	485	—	(720,207)
Furniture, machinery and equipment	(1,588,329)	(179,154)	45,024	42	(1,722,417)
Software	(114,263)	(8,434)	287	—	(122,410)
Total accumulated depreciation	<u>(4,289,024)</u>	<u>(350,390)</u>	<u>62,694</u>	<u>35</u>	<u>(4,576,685)</u>
Total capital assets being depreciated, net	<u>5,120,739</u>	<u>(336,172)</u>	<u>(15,189)</u>	<u>444,826</u>	<u>5,214,204</u>
Business-type activities capital assets, net	<u>\$ 6,245,746</u>	<u>\$ 73,727</u>	<u>\$ (15,189)</u>	<u>\$ —</u>	<u>\$ 6,304,284</u>

Governmental activities include capital assets of governmental internal service funds except for the Wastewater Equipment Rental Fund, which is reported under business-type activities because it provides services exclusively to the Water Quality Enterprise.

### **Beginning Balance Adjustment**

Beginning improvements other buildings was restated by \$7.4 million due to not reversing an accrual from 2017.

Beginning accumulated depreciation for buildings was restated by \$6.8 million due to reporting too much depreciation to the Ninth and Jefferson Building in 2017.

Beginning accumulated depreciation for improvements other than buildings was restated by \$2.4 million along with reclassification of Parks assets of \$26.4 million into improvements other than buildings from land.

Beginning accumulated depreciation was restated by \$202 thousand, land was restated by \$15.9 million, rights-of-way and easements was restated by \$174 thousand, infrastructure - levees was restated by \$9.8 million, and furniture, machinery and equipment was restated by \$5 thousand due to reconciliation to the Flood Control District stand-alone statement.

### **Depreciation Expense**

Depreciation expense charged to functions of the Primary Government (in thousands):

	<u>2019</u>
<b>Governmental Activities</b>	
General government	\$ 23,674
Law, safety and justice	11,511
Physical environment	824
Transportation	499
Economic environment	50
Health and human services	1,008
Culture and recreation	5,165
Capital assets held by the County's governmental internal service funds are charged to governmental activities based on their usage of the assets	13,479
Total depreciation - governmental activities	<u>\$ 56,210</u>
<b>Business-type Activities</b>	
Water Quality	\$ 167,777
Public Transportation	155,035
Solid Waste	16,699
King County International Airport	5,944
Institutional Network	392
Radio Communications	672
Marine Fund	1,327
Capital assets held by the Wastewater Equipment Rental internal service fund are charged to business-type activities based on its usage of the assets	<u>2,544</u>
Total depreciation - business-type activities	<u>\$ 350,390</u>

### **Infrastructure**

#### **Roads and Bridges Infrastructure Valuation**

The roads and bridges infrastructure network acquired or constructed prior to 2002 is valued at estimated historical cost. Base year estimates of 2001 replacement costs for all existing roads and 1988 replacement costs for all bridges were obtained using standard costing methods with the resultant values being deflated to the acquisition year (or estimated acquisition year, where the actual year was unknown), using the Engineering News Record Construction Cost Index. Retroactive reporting of traffic control elements is based on replacement cost.

**Rights-of-Way**

Historical costs for infrastructure-related rights-of-way were obtained by estimating replacement costs at 2001 using land assessed valuation data and then deflating the resultant values to the acquisition year (or estimated acquisition year, where the actual year is unknown), using assessed land value indices from the King County Assessor's Office.

**Construction Commitments**

Project commitments are defined as authorized and planned expenditures for the next fiscal year.

**Enterprise Funds**

Public Transportation Enterprise - \$3.3 million is committed to the maintenance of existing infrastructure, service delivery and partnership efforts.

Water Quality Enterprise - \$93.3 million is committed to ensuring the continued operation, reliability and compliance with regulatory standards of existing wastewater treatment facilities.

Solid Waste Enterprise - \$4.0 million is committed to improving the County's solid waste regional landfill and maintenance of existing facilities.

Other Enterprises - \$793 thousand is committed for Airport facility improvements within the County and \$4.5 million for the construction of Seattle Ferry Terminal and the replacement of infrastructure for Marine Enterprise.

**Capital Projects Funds**

\$134.8 million is committed to various capital projects, including: (1) open space and conservation easement acquisitions; (2) development and improvement of trails, playgrounds and ballfields and other cultural facilities; (3) technology initiatives to improve business efficiency, emergency preparedness and network security; (4) flood control projects to protect the ecosystem and public property; (5) preservation of roads and construction of bridges; and (6) improvements and major repairs to office buildings and other facilities.

**Discretely Presented Component Units****Harborview Medical Center (HMC)**

Capital assets activity for HMC during the fiscal year ended June 30, 2019 (in thousands):

	<b>Balance 7/1/2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance 6/30/2019</b>
Capital assets not being depreciated:					
Land	\$ 2,432	\$ —	\$ —	\$ —	\$ 2,432
Work in progress	14,698	14,994	—	(6,114)	23,578
Total capital assets not being depreciated	<u>17,130</u>	<u>14,994</u>	<u>—</u>	<u>(6,114)</u>	<u>26,010</u>
Capital assets being depreciated:					
Buildings	405,692	—	(300)	4,680	410,072
Improvements other than buildings	17,486	—	(13)	790	18,263
Equipment	312,248	17,225	(20,589)	644	309,528
Total capital assets being depreciated	<u>735,426</u>	<u>17,225</u>	<u>(20,902)</u>	<u>6,114</u>	<u>737,863</u>
Less accumulated depreciation for:					
Buildings	(200,996)	(13,315)	233	—	(214,078)
Improvements other than buildings	(9,299)	(1,021)	10	—	(10,310)
Equipment	(260,824)	(13,738)	20,058	—	(254,504)
Total accumulated depreciation	<u>(471,119)</u>	<u>(28,074)</u>	<u>20,301</u>	<u>—</u>	<u>(478,892)</u>
HMC capital assets, net	<u>\$ 281,437</u>	<u>\$ 4,145</u>	<u>\$ (601)</u>	<u>\$ —</u>	<u>\$ 284,981</u>

## Note 8

### Restricted Assets

Within the Statement of Net Position are amounts that are restricted as to their use. In some funds, these amounts appear under both current and noncurrent assets. The restricted assets for these funds are summarized below (in thousands):

#### Proprietary Funds

<u>Public Transportation</u> - restricted for future construction projects, debt service and obligations.	\$ 38,829
<u>Water Quality</u> - restricted for future construction projects, debt service, and reserves and obligations.	293,670
<u>King County International Airport</u> - restricted for construction projects and obligations.	900
<u>Radio Communications Services</u> - restricted for construction projects and obligations.	6
<u>Solid Waste</u> - restricted for construction projects, landfill closure and post-closure care costs.	17,886
<u>Construction &amp; Facilities Management</u> - restricted for construction projects and obligations.	204
<u>Financial Management Services</u> - restricted for construction projects.	41
Total Proprietary Funds restricted assets	<u>\$ 351,536</u>

#### Component Unit - Harborview Medical Center (HMC)

<u>HMC Special Purpose Fund</u> - restricted donations, gifts and bequests from various sources for specific uses.	\$ 11,583
Total HMC restricted assets	<u>\$ 11,583</u>

#### Component Unit - Cultural Development Authority of King County (CDA)

<u>1% for Art Fund</u> - restricted for the one percent for public art programs operated to benefit King County.	\$ 11,771
<u>Building for Culture Program</u> - restricted for a regional King County cultural capital investment partnership program.	35
<u>Cultural Special Account and Other Funds</u> - restricted for arts and heritage cultural programs.	25,658
Total CDA restricted assets	<u>\$ 37,464</u>

#### Component Unit - NJB Properties

<u>Non-bond Proceeds Fund</u> - restricted for costs of the NJB Project	\$ 29
<u>Revenue Fund</u> - restricted for transfers to the Bond Fund and authorized administrative fees	825
<u>Bond Fund</u> - restricted for interest and principal on the bonds	39
Total NJB Properties restricted assets	<u>\$ 893</u>

## Note 9

### Pension Plans

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the year 2019:

Aggregate Pension Amounts - All Plans (in thousands)	
Pension liabilities	\$ 415,828
Pension assets	73,838
Deferred outflows of resources related to pensions	135,218
Deferred inflows of resources related to pensions	267,015
Pension expense/expenditures	22,885

Substantially all of the County's full-time and qualifying part-time employees participate in one of the following retirement plans: Public Employees' Retirement System (PERS) Plan 1, 2 and 3; Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 and 2; Public Safety Employees' Retirement System (PSERS) Plan 2; and Seattle City Employees' Retirement System (SCERS).

PERS, LEOFF and PSERS are 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 statewide 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 (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

SCERS is administered by the City of Seattle's Employees' Retirement System under cost-sharing, multiple-employer public employee defined benefit retirement plans. The seven-member Board of Administration establishes and amends laws pertaining to the administration of SCERS.

The Employees' Retirement System issues an independent financial report. A copy of the report is available from the Seattle City Employees' Retirement System at 720 Third Avenue, Suite 900, Seattle, WA 98104; by telephone at 206-386-1293; or by accessing the website <http://www.seattle.gov/retirement>.

#### **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 Plan 1 and Plan 2 are defined benefit plans, and PERS Plan 3 is a defined benefit plan with a defined contribution component.

#### **PERS Plan 1**

**Benefits Provided:** 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 (OSA) 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 2019 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January through June 2019	12.83%	6.00%
July through December 2019	12.86%	6.00%

The County's actual contributions to the plan were \$62.3 million for the year ended December 31, 2019.

### PERS Plans 2 and 3

**Benefits Provided:** PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's 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 age 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 Plan 2 members are vested after completing five years of eligible service. PERS 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, PERS 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.

The Judicial Branch Multiplier (JBM) program began January 1, 2007. It gave eligible justices and judges an option to increase the benefit multiplier used, along with service credit years and average final compensation, to set the retirement benefit. The JBM program increases the multiplier for Plan 2 to 3.5 percent (from 2.0 percent for non-JBM participants) and for Plan 3 to 1.6 percent (from 1.0 percent for non-JBM participants).

**Contributions:** PERS Plan 2/3 employer and employee contribution rates are developed by the OSA to fully fund Plan 2 and the defined benefit portion of Plan 3. PERS Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability 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 employer contribution rates.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 2/3			
Actual Contribution Rates:	Employer 2/3	Employee 2*	Employee 3
January through June 2019	12.83%	7.41%	Varies (5-15%)
July through December 2019	12.86%	7.90%	Varies (5-15%)

\* For employees participating in the JBM, the contribution rate was 18.53% for January - June 2019, and 19.75% for July - December 2019.

The County's actual contributions to the plan were \$93.9 million for the year ended December 31, 2019.

**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.

**Benefits Provided:** PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the 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, 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:** PSERS Plan 2 employer and employee contribution rates are developed by the OSA to fully fund Plan 2. The Plan 2 employer rate includes 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. In addition to the regular change in contribution rates on July 1, 2017, PSERS contribution rates changed again on September 1, 2017 due to HB 1709, which allows PERS members meeting specific criteria to transfer service credit into PSERS as long as they and their employer pay the difference between the PERS and PSERS contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
January through June 2019	12.38%	7.07%
July through December 2019	12.14%	7.20%

The County's actual contributions to the plan were \$3.5 million for the year ended December 31, 2019.

**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**

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

- 20+ years of service                      2.0% of FAS
- 10 - 19 years of service                1.5% of FAS
- 5 - 9 years of service                    1.0% 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, and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF Plan 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 1 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**

**Benefits Provided:** LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the 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 Plan 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 Plan 2 members are vested after the completion of five years of eligible service.

**Contributions:** LEOFF Plan 2 employer and employee contribution rates are developed by the OSA to fully fund Plan 2. The employer rate includes 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.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

LEOFF 2		
Actual Contribution Rates:	Employer	Employee
January through June 2019	5.43%	8.75%
July through December 2019	5.33%	8.59%

The County's actual contributions to the plan were \$5.3 million for the year ended December 31, 2019.

During the 2019 Session, legislation (C366, L19) was passed which transferred \$300 million from the LEOFF Plan 2 trust fund to the LEOFF Benefit Improvement Account on July 2019.

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, 2019, the State contributed \$73.0 million to LEOFF Plan 2. The amount recognized by the County as its proportionate share of this amount is \$28.9 million.

**Seattle City Employees' Retirement System (SCERS)**

SCERS is a cost-sharing, multiple-employer retirement plan administered in accordance with Chapter 4.36 of the Seattle Municipal Code. County employees of the Department of Public Health who have established membership in SCERS remain covered by the City Retirement System. Employees of Public Transportation who are former employees of Seattle Transit are also covered by the system.

**Benefits Provided:** SCERS provides retirement, disability and death benefits. Employees covered by this plan may retire after 30 years of service regardless of age; after age 52 with 20 years or more of service; after age 57 with 10 or more years of service; and after age 62 with five or more years of service. Disability retirement is available after 10 years of service. The unmodified monthly retirement allowance is based on a percentage of average salary for every year of service to a maximum of 60 percent. The average salary for this plan is defined as the highest consecutive 24-months' average rate of pay. The percentage for each year of service used to compute the retirement benefit depends on the age at retirement and the years of service. It ranges from 1.2 percent at age 52 with 20 years of service to a maximum of 2 percent for each year of service. The maximum allowance a member can receive is the unmodified plan, which has no provision for a beneficiary and, at the member's death, stops all payments. Several optional retirement benefit formulas exist which provide for beneficiaries with reduced monthly allowances.

**Contributions:** The SCERS member contribution rate is 10.03 percent of compensation except for members qualifying for lower rates prior to June 1972. The County is required to contribute at an actuarially determined rate. The current rate is 15.23 percent of annual covered payroll. The contribution requirements of plan members and the County are established and may be amended by the Board of Administration. The SCERS Plan required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

SCERS		
Actual Contribution Rates:	Employer	Employee
January through December 2019	15.23%	10.03%

The County's actual contributions to the plan were \$300 thousand for the year ended December 31, 2019.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's *2007-2012 Experience Study* and the *2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019.

Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates for DRS pension plans were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. 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.

- Modeling was updated to reflect providing benefit payments to the date of initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- Updated cost of living adjustment (COLA) programming to reflect legislation signed during the 2018 legislative session (C151 L18). This law provides PERS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5 percent increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

The TPL for SCERS pension plan was determined by an actuarial valuation as of December 31, 2018. The actuarial assumptions used in the valuation were based on an actuarial experience study for the period January 1, 2014 through December 31, 2017. The following actuarial assumptions were applied to all periods including the measurement period.

- Inflation: 2.75%
- Salary increases: In addition to the 3.5% salary increase assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.25% compounded annually, net of expenses

Mortality rates for the SCERS plan were based on the RP-2000 report's Employee Table, Combined Healthy Table and Combined Disabled Table. All mortality tables are generational using Projection Scale AA to reflect expected future mortality improvement.

### **Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF Plan 2, which has assumed 7.4 percent.) Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test.

The discount rate used to measure the total pension liability for SCERS pension plan was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's 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 on pension plan investments was applied to all periods on projected benefit payment to determine the total pension 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 OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and

simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return on the SCERS pension plan investments of 7.25 percent was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

### **Estimated Rates of Return by Asset Class**

Best estimates of arithmetic real rates of return for each major asset class included in the DRS pension plan's target asset allocation as of June 30, 2019, 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>% Long-term Expected Real Rate of Return Arithmetic</b>
Fixed Income	20%	2.2%
Tangible Assets	7%	5.1%
Real Estate	18%	5.8%
Global Equity	32%	6.3%
Private Equity	23%	9.3%
	<b>100%</b>	

Best estimates of geometric real rates of return for each major asset class included in the SCERS pension plan's target asset allocation as of December 31, 2018 are summarized in the chart that follows:

<b>Asset Class</b>	<b>% Long-term Expected Real Rate of Return Geometric</b>
Equity: Public	5.4%
Equity: Private	8.4%
Fixed Income: Core	1.6%
Fixed Income: Credit	4.3%
Real Assets: Real Estate	3.9%
Real Assets: Infrastructure	4.3%
Diversifying Strategies	4.0%

### **Sensitivity of Net Pension Liability (Asset)**

The table below presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent (7.25 percent for SCERS), as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.4 percent, 6.25 percent for SCERS) or one percentage point higher (8.4 percent, 8.25 percent for SCERS) than the current rate.

<b>Sensitivity of Net Pension Liability (Asset) (in thousands)</b>			
<b>Plans</b>	<b>1% Decrease (6.4%)</b>	<b>Current Discount Rate (7.4%)</b>	<b>1% Increase (8.4%)</b>
<b>PERS 1</b>	\$ 397,402	\$ 317,333	\$ 247,863
<b>PERS 2/3</b>	749,589	97,735	(437,154)
<b>PSERS 2</b>	11,636	(1,127)	(11,153)
<b>LEOFF 1</b>	(9,674)	(11,825)	(13,683)
<b>LEOFF 2</b>	(11,321)	(60,886)	(101,341)

Sensitivity of Net Pension Liability (Asset) (in thousands)			
Plans	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCERS	\$ 1,017	\$ 760	\$ 535

### **Pension Plan Fiduciary Net Position**

Detailed information about the State's pension plans' and SCERS plan's fiduciary net position are available in the separately issued DRS and City of Seattle financial reports.

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

At December 31, 2019, the County reported a total pension liability of \$415.8 million and total pension asset of \$73.8 million for its proportionate share of the net pension liabilities (assets) as follows:

Total Pension Liability (Asset) (in thousands)	
PERS 1	\$ 317,333
PERS 2/3	97,735
PSERS 2	(1,127)
LEOFF 1	(11,825)
LEOFF 2	(60,886)
SCERS	760

The amount of the asset reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the County. The amount recognized by the County 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 County were as follows:

Net Pension Liability/(Asset) (in thousands)	
LEOFF 2 - County's proportionate share	\$ (60,886)
LEOFF 2 - State's proportionate share of the net pension liability/(asset) associated with King County	(39,872)
TOTAL	\$ (100,758)

The County proportionate share of the collective net pension liabilities was as follows:

Collective Net Pension Liabilities			
	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	8.56%	8.25%	-0.31%
PERS 2/3	10.29%	10.06%	-0.23%
PSERS 2	9.69%	8.67%	-1.02%
LEOFF 1	0.60%	0.60%	0.00%
LEOFF 2	2.88%	2.63%	-0.25%

Collective Net Pension Liabilities			
	Proportionate Share 12/31/17	Proportionate Share 12/31/18	Change in Proportion
SCERS	0.05%	0.05%	0%

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. 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 of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the State of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43 percent of employer contributions.

The collective net pension liability (asset) for all DRS pension plans was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

The collective net pension liability for SCERS was measured as of December 31, 2018, and the actuarial valuation date on which the total pension liability was based was as of January 1, 2018, with update procedures used to roll forward the total pension liability to the measurement date taking into account any significant changes between the valuation date and the fiscal year end.

### **Pension Expense**

For the year ended December 31, 2019, the County recognized pension expense as follows:

<b>Pension Expense (in thousands)</b>	
<b>PERS 1</b>	\$ 456
<b>PERS 2/3</b>	19,385
<b>PSERS 2</b>	1,851
<b>LEOFF 1</b>	(591)
<b>LEOFF 2</b>	1,462
<b>SCERS</b>	322
<b>TOTAL</b>	<b>\$ 22,885</b>

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

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS 1</b>	<b>Deferred Outflows of Resources (in thousands)</b>	<b>Deferred Inflows of Resources (in thousands)</b>
Differences between expected and actual experience	\$ —	\$ —
Net difference between projected and actual investment earnings on pension plan investments	—	(21,201)
Changes of assumptions	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	33,237	—
<b>TOTAL</b>	<b>\$ 33,237</b>	<b>\$ (21,201)</b>

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources (in thousands)</b>	<b>Deferred Inflows of Resources (in thousands)</b>
Differences between expected and actual experience	\$ 28,001	\$ (21,013)
Net difference between projected and actual investment earnings on pension plan investments	—	(142,262)
Changes of assumptions	2,503	(41,006)
Changes in proportion and differences between contributions and proportionate share of contributions	4,810	(16,153)
Contributions subsequent to the measurement date	51,070	—
<b>TOTAL</b>	<b>\$ 86,384</b>	<b>\$ (220,434)</b>

<b>PSERS 2</b>	<b>Deferred Outflows of Resources (in thousands)</b>	<b>Deferred Inflows of Resources (in thousands)</b>
Differences between expected and actual experience	\$ 952	\$ (100)
Net difference between projected and actual investment earnings on pension plan investments	—	(1,957)
Changes of assumptions	9	(606)
Changes in proportion and differences between contributions and proportionate share of contributions	60	(420)
Contributions subsequent to the measurement date	2,001	—
<b>TOTAL</b>	<b>\$ 3,022</b>	<b>\$ (3,083)</b>

<b>LEOFF 1</b>	<b>Deferred Outflows of Resources (in thousands)</b>	<b>Deferred Inflows of Resources (in thousands)</b>
Differences between expected and actual experience	\$ —	\$ —
Net difference between projected and actual investment earnings on pension plan investments	—	(1,226)
Changes of assumptions	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	—	—
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ (1,226)</b>

<b>LEOFF 2</b>	<b>Deferred Outflows of Resources (in thousands)</b>	<b>Deferred Inflows of Resources (in thousands)</b>
Differences between expected and actual experience	\$ 4,381	\$ (1,095)
Net difference between projected and actual investment earnings on pension plan investments	—	(12,482)
Changes of assumptions	100	(6,852)
Changes in proportion and differences between contributions and proportionate share of contributions	4,296	(310)
Contributions subsequent to the measurement date	2,633	—
<b>TOTAL</b>	<b>\$ 11,410</b>	<b>\$ (20,739)</b>

SCERS	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	\$ —	\$ (16)
Net difference between projected and actual investment earnings on pension plan investments	80	—
Changes of assumptions	41	—
Changes in proportion and differences between contributions and proportionate share of contributions	768	(316)
Contributions subsequent to the measurement date	276	—
<b>TOTAL</b>	<b>\$ 1,165</b>	<b>\$ (332)</b>

Deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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 (in thousands)
2020	\$ (4,680)
2021	(11,086)
2022	(3,956)
2023	(1,479)
2024	—
Thereafter	—

Year ended December 31:	PERS 2/3 (in thousands)
2020	\$ (45,767)
2021	(75,464)
2022	(34,831)
2023	(19,780)
2024	(8,929)
Thereafter	(349)

Year ended December 31:	PSERS 2 (in thousands)
2020	\$ (348)
2021	(655)
2022	(417)
2023	(250)
2024	(69)
Thereafter	(323)

Year ended December 31:	LEOFF 1 (in thousands)
2020	\$ (285)
2021	(628)
2022	(228)
2023	(85)
2024	—
Thereafter	—

Year ended December 31:	LEOFF 2 (in thousands)
2020	\$ (2,926)
2021	(5,958)
2022	(2,377)
2023	(1,053)
2024	(53)
Thereafter	405

Year ended December 31:	SCERS (in thousands)
2020	\$ 218
2021	124
2022	90
2023	92
2024	33
Thereafter	—

### **Component Unit - Harborview Medical Center (HMC)**

HMC personnel are University of Washington (UW) employees. HMC faculty and professional staff participate in the University of Washington Retirement Plan (UWRP), an IRC Section 403(b) defined contribution retirement plan, authorized by the Board of Regents. HMC staff participate in a plan authorized by the State of Washington Department of Retirement Systems (DRS). Plan participation is defined by position, with the majority of HMC employees enrolled in one of the three Public Employees' Retirement Systems (PERS) plans.

All plans include contributions by both employee and employer. Employee contributions are tax-deferred. Employer contributions are paid semi-monthly by the UW in accordance with rates specified by the retirement systems.

### **Component Unit - Cultural Development Authority of King County (CDA)**

All eligible CDA personnel participate in PERS, a statewide local government retirement system administered by the DRS under cost-sharing, multiple-employer defined benefit plans. CDA's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2019 were \$804 thousand, \$266 thousand and \$430 thousand, respectively.

## Note 10

### Defined Benefit Other Postemployment Benefit (OPEB) Plan

The County is required to accrue other postemployment benefits (OPEB) expense related to its postretirement health care plan based on a computed total OPEB liability. Instead of recording expense on a "pay-as-you-go" basis, the County has recorded a liability of \$111.3 million for the difference between the actuarially calculated liability and the estimated contributions made.

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement No. 75 for the year ended December 31, 2019 (in thousands):

OPEB liabilities	\$	111,272
OPEB assets		—
Deferred outflows of resources		2,624
Deferred inflows of resources		7,597
OPEB expense/expenditures		5,621

The County's total OPEB liability was measured as of December 31, 2019 using an actuarial valuation as of December 31, 2018.

Plan Description The King County Health Plan (the Health Plan) is a single-employer defined-benefit health care plan administered by the County. The Health Plan provides medical, dental, prescription drug, and vision benefits to eligible retirees, their spouses, and children. Retiree premiums for dental and vision plans are assumed to cover the full cost of those benefits. The Health Plan does not issue a separate stand-alone financial report.

LEOFF 1 retirees, representing less than 2 percent of plan participants, are not required to contribute to the Health Plan. All other retirees are required to pay into the health plan by contributing 100 percent of the rate established by the County for coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). As a self-insurer, COBRA rates are set by the County each budget year. At December 31, 2018 (the census date) the following employees were covered by the Health Plan.

Inactive employees or beneficiaries currently receiving benefits	449
Inactive employees entitled to, but not yet receiving benefits	—
Active employees	14,378
Total	<u>14,827</u>

For the fiscal year ended December 31, 2019, the County contributed an estimated \$5.0 million to the Health Plan to pay for retiree benefits. The County's contribution was entirely to fund "pay-as-you-go" costs under the Health Plan and not to pre-fund benefits. Accordingly, there are no assets in a qualifying trust.

Actuarial Methods and Assumptions The basis of benefit projections for financial reporting purposes is the substantive plan (the Health Plan as understood by the County and members of the Health Plan) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the County and Members of the Health Plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The December 31, 2018 valuation used the entry age normal level percentage of salary actuarial cost method. The actuarial assumptions included an initial annual health care cost trend rate of 6.50 percent reduced by decrements to an ultimate rate of 3.84 percent after 56 years. The Medicare premium trend rate is 6.00 percent, for all years. All trend rates include a 2.50 percent inflation assumption and 3.00 percent salary increase assumption. County employees have multiple medical plans to select from during and after employment. Plan Members are assumed to retain the same medical plan after retirement as they selected while an employee pre-retirement, including an assumption that employees choosing not to enroll in a County medical plan before retirement will not select a County medical plan after retirement. Mortality rates were based on tables from the Society of Actuaries.

These assumptions reflect the County's best estimates. The following presents the total OPEB liability of the County calculated using the current healthcare cost trend rate of 6.50 percent decreasing to 3.84 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (in thousands).

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
	(5.5% decreasing to 2.84%)	(6.5% decreasing to 3.84%)	(7.5% decreasing to 4.84%)
Total OPEB Liability	\$ 100,586	\$ 111,272	\$ 123,601

**Discount Rate** The discount rate used to measure the total OPEB liability is 3.75 percent. The County's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

The following presents the total OPEB liability of the County calculated using the discount rate of 3.75 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (in thousands).

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	2.75%	3.75%	4.75%
Total OPEB Liability	\$ 121,288	\$ 111,272	\$ 102,385

**Changes in the Total OPEB Liability** The County's actuarial analysis used a measurement date of December 31, 2018. For the current reporting period, the following schedule includes changes in the total OPEB liability since last year (in thousands).

	Total OPEB Liability
<b>Balance at 1/1/2019</b>	<u>\$ 111,412</u>
<b>Changes for the Year:</b>	
Service cost	2,155
Interest	4,138
Changes of benefit terms	—
Difference between expected and actual experience	—
Changes of assumptions	—
Benefit payments	(4,954)
Other changes	(1,479)
<b>Net changes</b>	<u>(140)</u>
<b>Balance at 12/31/2019</b>	<u>\$ 111,272</u>

The County recognized \$5.6 million in OPEB expense for the year. There were no changes to the plan benefits in 2019. Changes in actuarial assumptions for the last valuation dated December 31, 2018 included changing the actuarial method from unit credit actuarial cost to entry age normal level percent per GASB 75, increasing the payroll growth rate to 3 percent from zero, updating the mortality tables to use the MP-280 improvement scale, updating the medical trend assumptions to use a single rate for medical and pharmacological services, and updating the claims and contributions for medical plans.

Deferred Inflows and Deferred Outflows At December 31, 2019 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,624	\$ —
Changes of assumptions	—	(7,597)
Payments subsequent to the measurement dates	—	—
<b>Total</b>	<b>\$ 2,624</b>	<b>\$ (7,597)</b>

The County did not make payments subsequent to the measurement date, which otherwise would have been reported as a deferred outflow of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

<u>Year ended December 31:</u>	<u>Amount</u>
2020	\$ (672)
2021	(672)
2022	(672)
2023	(672)
2024	(672)
Thereafter	(1,613)

**Component Unit - Harborview Medical Center (HMC)**

All University employees, including medical center employees, are eligible for participation in healthcare and life insurance programs administered by the WSHCA (Washington State Health Care Authority). HMC retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits based on their age and other demographic factors.

The Office of the State Actuary determines total OPEB obligations at the State level using individual state employee data, including age, retirement eligibility, and length of service. Information to support actuarial calculation at the division, department, or component unit level is not available. The State is ultimately responsible for the obligation; therefore, the net OPEB liability is not recorded at the University or its departments, divisions, agencies or component units.

## Note 11

### Risk Management

The County uses three internal service funds to account for and finance property/casualty, workers' compensation and employee medical, pharmacy, dental, and vision benefits self-insurance programs. The County contracts with a plan administrator to process medical, pharmacy, vision and dental claims. County fund/claims managers, together with the Civil Division of the Prosecuting Attorney's Office, are responsible for processing all tort and workers' compensation claims.

Claims settlements and loss expenses are accrued in the three internal service funds for the estimated settlement value of both reported and unreported claims. These funds are responsible for collecting interfund premiums from insured funds and departments for paying claim settlements and for purchasing certain policies. Interfund premiums are assessed on the basis of claims experience and are reported as revenues and expenses or expenditures.

#### Insurance Fund

The Insurance Fund, an internal service fund, accounts for the County's property/casualty program. The fund accounts for the County's exposures to loss due to the tortious conduct of the County, including those exposures commonly covered by general liability, automobile liability, police professional, public officials, errors and omissions and professional malpractice insurance policies. With the assistance of an actuary, the Insurance Fund's claims liability is estimated based upon historical claims experience and other actuarial techniques. The estimated liability for probable self-insurance losses (reported and unreported) recorded in the fund as of December 31, 2019, is \$78.9 million.

Changes in the Insurance Fund's estimated claims liability in 2018 and 2019 (in thousands):

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2018	\$ 74,921	\$ 14,191	\$ (18,645)	\$ 70,467
2019	70,467	21,234	(12,797)	78,904

In 2019, there were no settlements that resulted in payment in excess of the County's \$7.5 million self-insured retention (SIR). In 2018, there was one settlement that resulted in payment in excess of the SIR by \$300 thousand, and in 2017, there were no losses paid in excess of the SIR.

In April 2019, the County procured an additional \$20.0 million in excess liability coverage that currently provides \$112.5 million in limits above a \$7.5 million per occurrence SIR for Transit and \$6.5 million SIR for all other County agencies. In lieu of purchasing the certified terrorism coverage offered through the federal government offered by the County's excess liability insurance carriers, a stand-alone liability terrorism insurance policy was placed on April 1, 2019 with limits of \$40.0 million.

Effective July 1, 2019, the County renewed the property insurance policies. The program maintains a blanket limit of \$750.0 million above a \$250 thousand per occurrence deductible. The program provides an overall earthquake sublimit of \$100.0 million and a Flood sublimit of \$250 million. In lieu of purchasing the certified terrorism coverage offered by our property insurance carriers, a stand-alone property terrorism insurance policy was placed with limits of \$500.0 million.

As of April 1, 2019, an additional \$20.0 million in cyber liability limits was purchased for total limits of \$50.0 million. The County's cyber liability deductible was reduced from \$1.0 million per occurrence to \$750 thousand per occurrence.

Due to the reduced appetite for swimming pool liability risk in the insurance marketplace and pricing, the County saw a reduction in insurance limits for the April 1, 2019 policy term. The County's swimming pool liability limits reduced from \$6.5 million per occurrence and \$7.5 million on the aggregate down to \$1.0 million per occurrence and \$2.0 million in the aggregate for its 2019 policy.

In addition to the policies already mentioned, the County has specific insurance policies to cover some of its other exposures. These are listed in the following table:

COVERAGE	COVERAGE AMOUNT	DEDUCTIBLE
Excess General Liability	\$112.5 million	\$6.5 million per occurrence / \$7.5 million Transit bus losses
Property & Mobile Equipment	\$750 million	\$250 thousand per occurrence
	\$100 million EQ (Earthquake)	EQ - 5% of location value / \$500 thousand minimum
	\$250 million Flood	Flood - \$250 thousand / \$500 thousand
Terrorism - Property	\$500 million	\$100 thousand per occurrence
Terrorism - General Liability	\$40 million	\$100 thousand per occurrence
Excess Workers' Compensation	Statutory (unlimited)	\$2 million per occurrence
Multi-State Workers' Compensation	Statutory	None
Aircraft Liability & Physical Damage	\$50 million per occurrence / scheduled value	None
King County International Airport General Liability	\$300 million	None
King County International Airport Property Damage	\$197 million	\$100 thousand per occurrence
Marine Liability & Property Damage	\$150 million / scheduled values	Varies based on vessel and coverage type
Foreign Liability in General and Automobile	\$1 million	\$1 thousand
Fiduciary Liability for Employees' Benefit	\$20 million	None
Parks Swimming Pools General Liability	\$1 million	\$5 thousand
Crime and Fidelity	\$2.5 million	\$50 thousand
Flood Insurance	scheduled value (property)	\$1 - 2.5 thousand
Cyber Liability	\$50 million	\$750 thousand
Cedar Hills Regional Landfill Pollution Liability	\$50 million	\$250 thousand
PSERN - Inland Marine	\$35 million	\$2.5 thousand per occurrence; EQ - \$50 thousand per location; Flood - \$10 thousand per location
PSERN - Site Specific Pollution (Scheduled locations only)	\$2.0 million per occurrence; \$4.0 million aggregate	\$25 thousand (3rd party); \$50 thousand (clean-up)

### **Safety and Workers' Compensation Fund**

The Safety and Workers' Compensation Fund, an internal service fund, accounts for the County's self-insurance for workers' compensation as certified under Title 51 Revised Code of Washington (RCW), Industrial Insurance Act. Interfund charges are derived from actuarial projections of their future claims and administrative costs. The estimated liability for probable self-insurance losses (reported and unreported) recorded in the financial statements is not discounted due to the low rate of return on investment. As of December 31, 2019, the total claim liability is \$61.3 million.

The County purchases an excess workers' compensation policy that provides statutory limits coverage, and therefore has had no risk exposure over the statutory limits during the last three years. The amount of loss retained by King County (the self-insured retention) under this policy, effective April 1, 2018, was \$2.0 million.

The Fund's claims liability is estimated by an independent actuary. The claim liability represents the estimated ultimate amount to be paid for reported and incurred but not reported claims based on past experience and other actuarial techniques.

Changes in the Safety and Workers' Compensation Fund's claims liability in 2018 and 2019 (in thousands) are shown below:

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2018	\$ 65,667	\$ 15,855	\$ (15,665)	\$ 65,857
2019	65,857	14,296	(18,827)	61,326

### **Employee Benefits Program Fund**

The Employee Benefits Program Fund, an internal service fund, accounts for employee medical, dental, vision, life, accidental death and dismemberment (AD&D) and long-term disability (LTD) benefit programs. Two medical plans, and the pharmacy, dental and vision plans are self-insured. The life, AD&D, and LTD benefit programs are fully insured. Interfund premiums are determined on a per employee, per month basis.

The estimated liability for probable self-insurance losses (reported and unreported) recorded in the fund as of December 31, 2019, is \$19.5 million.

The Fund's claims liability is based on historical experience. Changes in the Employee Benefits Program Fund's claims liability in 2018 and 2019 (in thousands) are shown below:

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2018	\$ 18,085	\$ 239,668	\$ (236,358)	\$ 21,395
2019	21,395	248,742	(250,636)	19,501

### **Component Unit - Harborview Medical Center (HMC)**

HMC is exposed to risk of loss related to professional and general liability, property loss, and injuries to employees. HMC participates in risk pools managed by the University of Washington to mitigate risk of loss related to these exposures.

#### Professional and General Liability

The University's professional liability program currently includes self-insured and commercial reinsurance coverage components. HMC's annual funding to the professional liability program is determined by the University administration using information from an annual actuary study. Various participants in the program contribute to the self-insurance fund and share in the expenses of the program. HMC's contribution to the professional liability program was \$4.1 million in 2019 and \$4.1 million in 2018, recorded in supplies and other expense on the Statements of Revenues, Expenses and Changes in Net Position.

#### Employee Benefits Program

HMC personnel are employees of the University. Benefit costs are pooled centrally for all University employees. Annually the University reviews total employee benefit costs and prepares standard benefit load rates by employment classification. These benefit costs cover employee healthcare costs, workers' compensation, employment taxes and retirement plans.

### **Component Unit - Cultural Development Authority (CDA) of King County**

#### Insurance Fund

Cultural Development Authority of King County (CDA) carries comprehensive general liability and auto liability coverage with a limit of \$20.0 million per occurrence and no aggregate limit. Commercial property losses are covered up to the replacement cost on file with Enduris Washington. CDA also carries 1) Public Official Errors and Omissions Liability coverage with a limit of \$20.0 million per occurrence and an aggregate limit of \$20.0 million; 2) Terrorism Liability coverage with a limit of \$500 thousand per occurrence and an aggregate limit of \$1.0 million; 3) Employment Practices Liability coverage with an aggregate limit of \$20.0 million per member; 4) Crime Blanket Coverage with Faithful Performance of Duty with an aggregate limit of \$250 thousand per member; 5) Cyber coverage with a limit of \$2.0

million per occurrence and 6) Identity Fraud expense reimbursement with a limit of \$25 thousand per occurrence and an aggregate limit of \$25 thousand.

Employee Benefits Program

The CDA provides its eligible employees with a comprehensive health benefits package through the Public Employees Benefits Board (PEBB), which includes medical, dental, basic life and long-term disability coverage. In addition, the PEBB offers the following optional products: long-term care, auto and home insurance. CDA also offers insurance with American Family Life Assurance Company (AFLAC) and MetLife. With the AFLAC and MetLife coverage, CDA employees can pick from a selection of insurance policies at their own expense. CDA benefits-eligible employees can enroll in FSA through Wageworks, Inc.

## Note 12

### Leases

#### Capital Leases

King County has entered into agreements to purchase buildings, machinery and equipment through capital lease and installment purchase agreements. Assets acquired and liabilities incurred through such agreements for governmental funds are accounted for under Governmental Activities. Such assets and liabilities related to proprietary funds are accounted for under Business-type Activities.

Capital assets and outstanding liabilities relating to capital lease agreement contracts as of December 31, 2019 (in thousands) is as follows:

	Capital Assets		Capital Leases Payable	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Buildings	\$ 194,935	\$ —	\$ 8,156	\$ —
Leasehold improvements	—	4,881	—	2,241
Less depreciation	(42,896)	(2,899)	—	—
Totals	<u>\$ 152,039</u>	<u>\$ 1,982</u>	<u>\$ 8,156</u>	<u>\$ 2,241</u>

Future minimum lease payments under capital lease agreements and the present value of the net minimum lease payments are shown below as of December 31, 2019 (in thousands):

	Governmental Activities	Business-type Activities
2020	\$ 768	\$ 255
2021	765	255
2022	767	255
2023	764	255
2024	764	255
2025-2029	3,821	1,275
2020-2034	3,821	404
2035-2036	1,533	—
Total minimum lease payments	<u>13,003</u>	<u>\$ 2,954</u>
Less: Amount representing interest	<u>(4,847)</u>	<u>(713)</u>
Present value of net minimum lease payments	<u>\$ 8,156</u>	<u>\$ 2,241</u>

#### Operating Leases

The County has numerous operating lease commitments for office space, equipment, radio towers and railroad tracks. The Information and Telecommunications Services Fund leases computer hardware; these leases include maintenance agreements. Expenditures for the year ended December 31, 2019 for long-term operating expenses for office space, equipment and other operating leases amount to \$14.7 million. The patterns of future lease payment requirements are systematic and rational.

Future minimum lease payments for these leases are shown in the table below (in thousands):

<b>Year</b>	<b>Office Space</b>	<b>Other</b>	<b>Total</b>
2020	\$ 8,478	\$ 5,484	\$ 13,962
2021	8,002	4,718	12,720
2022	6,920	4,243	11,163
2023	6,255	4,126	10,381
2024	4,991	3,945	8,936
2025-2029	11,995	12,030	24,025
2030-2034	—	4,583	4,583
2035-2039	—	3,634	3,634
2040-2044	—	3,634	3,634
2045-2049	—	3,592	3,592

The County currently leases some of its property to various tenants under long-term, renewable and noncancelable contracts. Under business-type activities, the King County International Airport Enterprise leases out most of the buildings and grounds in the King County International Airport/Boeing Field complex to companies and government agencies in the aviation industry. The County's investment in property under long-term, noncancelable operating leases as of December 31, 2019 (in thousands):

	<b>Governmental</b>	<b>Business-type Activities</b>	
	<b>Activities</b>	<b>Airport</b>	<b>Other</b>
Land	\$ 65	\$ 14,212	\$ 407
Buildings	317	24,691	424
Less: Depreciation	(317)	(14,892)	(146)
Total cost of property under lease	<u>\$ 65</u>	<u>\$ 24,011</u>	<u>\$ 685</u>

Minimum future lease receipts on noncancelable operating leases based on contract amounts and terms as of December 31, 2019 (in thousands):

<b>Year</b>	<b>Governmental</b>	<b>Business-type Activities</b>		<b>Total</b>
	<b>Activities</b>	<b>Airport</b>	<b>Other</b>	
2020	\$ 2,721	\$ 19,193	\$ 138	\$ 22,052
2021	1,296	18,890	107	20,293
2022	810	18,866	58	19,734
2023	625	18,845	37	19,507
2024	578	18,650	17	19,245
2025-2029	2,677	92,556	62	95,295
2030-2034	593	36,287	24	36,904
2035-2039	18	25,380	24	25,422
2040-2044	18	25,323	8	25,349
2045-2049	18	17,650	—	17,668

**Component Unit - NJB Properties**

**Capital Lease**

NJB Properties' Project Lease Agreement with the County qualified as a capital lease under ASC 840 - Accounting for Leases. The composition of the net investment in capital lease as of December 31, 2019 is shown below, as well as the minimum lease rental payments expected to be received for the next five years and in the aggregate.

<u>Year</u>	<u>Minimum</u>	<u>Net Investment in Capital Lease</u>	
	<u>Lease Payment</u>		<u>2019</u>
2020	\$ 768	Minimum lease payments receivable	\$ 13,003
2021	765	Uncollected income	(4,847)
2022	768	Net investment in capital lease	<u>\$ 8,156</u>
2023	764		
2024	764		
thereafter	9,174		
	<u>\$ 13,003</u>		

## Note 13

### Landfill Closure and Post-Closure Care

King County is legally responsible for closure and post-closure care costs associated with the County's solid waste landfills. Estimated costs of closure and post-closure care are recognized as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in current dollars. Actual cost may be different due to inflation or deflation, changes in technology and changes in laws or regulations.

State and federal laws and regulations require King County to complete closure activities at its Cedar Hills Landfill site when the County stops accepting waste at this location. Certain maintenance and monitoring functions are also required at the sites for minimum of 30 years or until the closed landfill reaches functional stability under state law; the County estimates it will take 42 years following closure for the Cedar Hills Landfill to reach functional stability. Enumclaw, Hobart, Vashon and Cedar Falls landfills have been closed. Duvall, Puyallup, Houghton, Bow Lake and First Northeast are custodial landfills which were closed 30 or more years ago and are subject to less prescriptive laws and regulations.

Although closure and post-closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these costs as an operating expense in each period. The expense is based on landfill capacity used as of each year-end.

The \$248.3 million reported as landfill closure and post-closure care liability as of December 31, 2019, represents the cumulative percentage reported based on the amount that each of the landfills has been filled to date as follows (dollars in thousands):

Landfill	Percent Filled	Estimated Liability	Estimated Remaining Liability	Estimated Year of Closure
Cedar Hills	83.44%	\$ 168,192	\$ 67,310	2040
Closed	100%	58,484	—	Closed
Custodial	100%	21,640	—	Closed

The County is required by state and federal laws and regulations to make annual contributions to a reserve fund to finance closure and post-closure care. The County is in compliance with these requirements. As of December 31, 2019, cash and cash equivalents of \$4.5 million were held in the Landfill Post-closure Maintenance Fund. In addition, \$41.7 million were held in the Landfill Reserve Fund designated for the management and development of the landfill.

The County expects that future cost increases resulting from inflation will be covered by the interest income earned on these annual contributions. However, if interest earnings are inadequate, or additional post-closure care requirements are determined due to changes in technology or regulations, the County may need to increase future user fees or tax revenues.

## Note 14

### Pollution Remediation

Pollution remediation liabilities reported at the end of 2019 do not include potential costs of cleanup that may arise out of the legal issues described in Note 19 - "Legal Matters, Financial Guarantees and Other Commitments." The likelihood of negative outcomes in these matters, the amount of liabilities that may arise and the resultant allocation among potentially responsible parties (PRP), cannot be reasonably estimated at this time.

The major sites where the County is conducting remediation activities are:

*Elliott Bay and the Lower Duwamish Waterway* - These ongoing projects include the sediment management of aquatic habitats along Elliott Bay and the cleanup of certain sites along the Lower Duwamish Waterway. The Sediment Management Project has been approved by the Metropolitan King County Council as a self-obligated pollution remediation program. The Lower Duwamish Waterway project became an obligation when King County entered into an Administrative Order on Consent (AOC) with the Washington State Department of Ecology (DOE) and the U.S. Environmental Protection Agency (EPA). This AOC also identified the Boeing Company, the City of Seattle and the Port of Seattle as parties to conduct the studies on which to base the cleanup decision. Each party has agreed in principle to pay one-fourth of the cleanup costs.

Both projects can result in additional cleanup efforts if future regulatory orders are declared. These potential cleanup liabilities, however, cannot be reasonably estimated at this time. Ongoing regulatory action may identify other PRPs for the Lower Duwamish Waterway cleanup.

There are no estimated recoveries at this time that will reduce the amount of these obligations. The total pollution remediation liability at December 31, 2019 stands at \$44.5 million although the actual amount will vary due to changes resulting from price increases or reductions, changes in technology, or changes in applicable laws or regulations.

The method for estimating liabilities continues to be based on internal engineering analysis, program experience, and cost projections for the remediation activities scheduled in future years as programmed under Water Quality's Regional Wastewater Services Plan. Certain costs were developed by consulting engineers. Costs were estimated using the expected cash flow method. For the Lower Duwamish Waterway Project a weighted-average method is used to calculate the liability. The Sediment Management Plan does not employ a weighted-average cost estimate because the remaining work is well-defined which negates the utility of multiple estimates. The cost estimates continue to be re-measured as succeeding benchmarks are reached or when cost assumptions are modified. All pollution remediation obligations under the Water Quality enterprise are being deferred as assets as permitted by regulatory accounting standards.

*Lake Union Tank and Dearborn Groundwater Monitoring* - The Public Transportation Enterprise reported a pollution remediation liability of \$659 thousand at December 31, 2019. The pollution obligation is primarily related to monitoring soil and ground water contamination at the Lake Union Tank and Dearborn sites (under consent decrees from the DOE, dating back to the mid-1990's) and groundwater monitoring at two bus operation bases on a voluntary basis. The liability was measured at the estimated amounts compiled by Public Transportation staff with knowledge of pollution issues at the sites, using the expected cash flow technique. Cost estimates are subject to changes when additional information becomes available regarding the level of contamination at specific sites, when existing agreements or remediation methods are modified, or when new applicable regulations emerge.

*Gasworks Park* - In 2005, the City of Seattle and Puget Sound Energy (PSE) entered an agreed order with the DOE for investigating and identifying cleanup options for Lake Union sediments surrounding Gasworks Park. The City and PSE named Metro Transit and Chevron Corporation as additional potentially liable parties (PLP) related to the Gasworks sediment site. Subsequently, the DOE notified Metro Transit and Chevron Corporation that they might be PLPs under the Model Toxics Control Act. The DOE has not issued a final decision regarding Metro Transit's status as a PLP. No liability was recorded because outlays for the site cleanup were not reasonably estimable at December 31, 2019.

*Maury Island Gravel Mine Site* - King County acquired approximately 250 acres of property on Vashon Island in 2010. The property is within the footprint of the former ASARCO smelter plume, and contains elevated levels of lead and arsenic, a condition that was known at the time of acquisition. In February 2011, King County was named a "potentially liable party" for cleanup of the site by the DOE. An Agreed Order between DOE and King County was

finalized in January 2013 requiring the County to conduct a remediation investigation, a feasibility study and a cleanup action plan. Because the remediation was a prerequisite to the purchase agreement and is a necessary activity to prepare a portion of the land for its intended use, the County intends to capitalize the cost of pollution as part of the land. The remediation will be completed in phases over a period of about five to 10 years. As of December 31, 2016, the County completed the first phase of an Interim Action Cleanup Plan with approval from the DOE, costing approximately \$600 thousand. The cleanup included removing invasive vegetation and surface soil on three acres immediately south of SW 260<sup>th</sup> St, adding a compost cap, and replanting the area with native trees and shrubs. The cleanup costs incurred in 2016 were capitalized. The remaining cleanup requirements were proposed in a Draft Cleanup Action Plan that DOE issued for Public Comment in April 2018. King County responded to public comment and DOE approved the Cleanup Action Plan in early 2019. Implementation of the first phase of the cleanup-trail-capping was completed in March 2020. The next phase-capping of the former skeet range and removal of three more acres of invasive vegetation to then be covered with temporary weed fabric will occur in late 2020. Planting of those three acres and removal of an additional three acres of invasive vegetation will occur every two to three years until 16 acres of contaminated area has been restored.

*Washington Air National Guard Site Investigation* - The Washington Air National Guard (WANG) site is located at 6736 Ellis Avenue South in Seattle, Washington. The WANG site occupies approximately 7.5 acres, adjacent to the northwest boundary of the North Boeing Field Georgetown Steam Plant (NBF/GTSP). The WANG site was developed during World War II by the War Department, and served as an aircraft factory school between 1943 and 1948. During environmental investigations at the site, a dissolved Trichloroethene (TCE) plume was identified in shallow groundwater in the southern portion of the site. In May 2016, the Washington State Department of Ecology (DOE) recommended that King County conduct an investigation to determine if the source of recent increases in TCE concentrations in groundwater monitoring wells at the NBF/GTSP site is from the WANG site. The site investigation work will be conducted in three phases: soil and groundwater data collection, soil and groundwater sampling, and quarterly groundwater monitoring. The Airport reported a pollution remediation liability of \$245 thousand at December 31, 2019.

*East Perched Zone* - The East Perched Zone (EPZ) is a 20-acre area of shallow groundwater located on the east side of the Cedar Hills Regional Landfill (CHRLF) in Maple Valley, Washington. Based on an incomplete draft Remedial Investigation (RI), shallow groundwater in the EPZ is impacted by vinyl chloride, arsenic, manganese, and iron. The County believes these contaminants were deposited through exposure of the water and surrounding soils to landfill gas. Regulations did not require liners between refuse and native soils when refuse was placed in this part of the landfill, which dated back to the mid-1960s. The Washington State Department of Ecology, on behalf of Public Health - Seattle and King County, requested that King County Solid Waste Division engage in a voluntary cleanup of the EPZ under the Model Toxics Control Act (MTCA). The Solid Waste Division reported a pollution remediation liability of \$1.21 million at December 31, 2019 to complete the RI work and a feasibility study.

## **Note 15**

### **Long-term Liabilities**

#### **Short-term Debt Instruments and Liquidity**

At December 31, 2019, King County has no short-term debt outstanding.

#### **Long-term Debt**

King County has long-term debt reported for both governmental activities and business-type activities.

For governmental activities, long-term debt consists of general obligation bonds and general obligation capital leases. The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds consist of limited, unlimited general obligation bonds and capital leases. The general obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as serial bonds with principal maturing each year and maturities that range from five to 30 years.

For business-type activities, long-term debt consists of limited tax general obligation bonds are accounted for in the King County International Airport, Marine Division, Solid Waste, Public Transportation and Water Quality Enterprise Funds. Capital leases are accounted for in the Public Transportation Enterprise Fund. Sewer Revenue Bonds are accounted for in the Water Quality Enterprise Fund. State of Washington revolving loans-Direct Borrowings are accounted for in the Water Quality Enterprise Fund and Solid Waste Fund. Limited tax general obligation bonds-Direct Placements are accounted for in the Water Quality Enterprise Fund.

Sewer revenue bonds are accounted for in the Water Quality Enterprise Fund. These bonds are secured by the pledge of and lien on revenues of the sewer system subject to the payment of all operating and maintenance expenses of the sewer system. Payments from revenues of Water Quality are required to be made to the sewer revenue bond fund in the annual amounts sufficient to retire serial or term bonds on or before maturity. The amount required in the cash reserved and surety policies is based on the highest year of debt services over the life of all outstanding revenue bonds. The sewer revenue bonds are special limited obligations of the County, and neither its full faith and credit nor any taxing power is pledged to the payment of the sewer revenue bonds. These sewer revenue bonds have maturities that range from 20 to 40 years.

The following tables summarize long-term debt issuances and amounts outstanding:

**SCHEDULE OF LONG-TERM DEBT**

(IN THOUSANDS)

(PAGE 1 OF 3)

	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Issue Amount</b>	<b>Outstanding at 12/31/19</b>
<b>I. GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT</b>					
IA. Limited Tax General Obligation Bonds (LTGO)					
2009C LTGO Refunding 1993B Bonds	12/1/2009	1/1/2024	4.50%	\$ 17,150	\$ 3,095
2010A LTGO Refunding 2001 and 2002 Bonds (Partial)	10/28/2010	6/1/2021	2.00-5.00%	21,445	1,745
2010B LTGO (BABs) (Taxable) Bonds	12/1/2010	12/1/2021	2.85-6.05%	17,355	3,930
2010C LTGO (RZEDBs) (Taxable) Bonds	12/1/2010	12/1/2030	4.58-6.05%	23,165	23,165
2010D LTGO (QECBs) (Taxable) Bonds	12/1/2010	12/1/2025	5.43%	2,825	2,825
2011 LTGO Refunding 2002, 2003A, and 2003B Bonds	8/1/2011	6/1/2023	2.00-5.00%	25,700	9,990
2011D LTGO (Maury Island/Open Space Acquisition) Bonds	12/21/2011	12/1/2031	2.00-3.50%	21,895	12,250
2012A LTGO (ABT Project) Bonds	3/29/2012	7/1/2022	3.00-5.00%	65,935	26,130
2012B LTGO (S. Park Bridge) Bonds	5/8/2012	9/1/2032	3.00-5.00%	28,065	20,900
2012C LTGO Refunding 2004B and 2005 Bonds	8/28/2012	1/1/2025	5.00%	54,260	30,475
2012D LTGO Refunding 2002BOP Lease (HMC) Bonds	11/29/2012	12/1/2031	2.00-5.00%	41,810	30,165
2012E LTGO SE District Court Relocation Bonds (Partial)	12/19/2012	12/1/2027	2.00-5.00%	3,000	1,785
2012F LTGO (QECBs) (Taxable) KCCF HVAC Project (Partial)	12/19/2012	12/1/2022	2.20%	3,010	3,010
2013B LTGO Refunding 2005 GHP Lease Bonds	12/19/2013	12/1/2026	3.00-5.00%	42,820	27,835
2014A LTGO Refunding 2005 GHP Lease Bonds	2/26/2014	12/1/2032	5.00%	34,815	34,420
2014B LTGO (Tall Chief Acquisition/SWM) Bonds	6/24/2014	6/1/2034	2.00-5.00%	15,395	13,440
2015B LTGO (FED TAX-EXEMPT) Bonds	10/13/2015	12/1/2030	2.50-5.00%	27,355	17,295
2015C LTGO Refunding 2007C and 2007D Bonds	10/13/2015	1/1/2028	3.00-5.00%	25,970	24,010
2015E LTGO Refunding 2006A NJB and 2007 KSC Lease Bonds	12/17/2015	12/1/2036	4.00-5.00%	172,320	151,560
2016A LTGO Bond 4Culture Building	3/10/2016	12/1/2030	1.50-5.00%	22,450	21,450
2017B LTGO Bond Various Purpose (Partial)	8/10/2017	6/1/2037	3.00-5.00%	33,325	27,240
2018A LTGO Bond Various Purpose (Partial)	8/8/2018	6/1/2038	5.00%	5,845	5,385
2019HUD LTGO Refg06HUD Section108 Bonds	3/28/2019	8/1/2024	2.55-2.67%	1,437	1,227
2019A LTGO Refunding 2009B and 2013MM Bonds	3/15/2019	6/1/2029	5.00%	41,420	39,485
2019B LTGO Bond Various Purpose	9/12/2019	7/1/2039	5.00%	62,340	62,340
2019C LTGO Refunding 2009C Bonds	12/19/2019	1/1/2024	5.00%	13,020	13,020
Total Payable From Limited Tax GO Redemption Fund				<u>824,127</u>	<u>608,172</u>
Payable From Internal Service Funds					
2010B LTGO (BABs) (Taxable) Bonds	12/1/2010	12/1/2020	4.58-6.05%	7,125	1,050
Total Payable From Internal Service Funds				<u>7,125</u>	<u>1,050</u>
Total Limited Tax General Obligation Debt				<u>831,252</u>	<u>609,222</u>
IB. Limited Tax GO Capital Lease <sup>(a)</sup>					
2006 Project lease agreement - NJB Properties	11/14/2006	12/1/2036	5.00-5.51%	189,720	8,156
Total Limited Tax GO Capital leases				<u>189,720</u>	<u>8,156</u>
IC. Unlimited Tax General Obligation Bonds (UTGO)					
Payable From Unlimited Tax GO Redemption Fund					
2012 UTGO Refunding 2004 (HMC) and 2004B (HMC) Bonds	8/14/2012	12/1/2023	2.00-5.00%	94,610	49,825
Total Payable From Unlimited Tax GO Bond Redemption Fund				<u>94,610</u>	<u>49,825</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT</b>				<u>1,115,582</u>	<u>667,203</u>

(a) Project lease agreements - NJB properties. Under the lease agreements, the County's obligation to pay rent to NJB Properties is a limited tax general obligation.

## SCHEDULE OF LONG-TERM DEBT

(IN THOUSANDS)

(PAGE 2 OF 3)

	Issue Date	Final Maturity	Interest Rates	Original Issue Amount	Outstanding at 12/31/19
<b>II. BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT</b>					
IIA. Limited Tax General Obligation Bonds (LTGO) Payable from Enterprise Funds					
2008 LTGO (WQ) Refunding 1998B Bonds	2/12/2008	1/1/2023	3.25-5.25%	\$ 236,950	\$ 21,020
2010A LTGO Refunding 2001 (Airport) Bonds (Partial)	10/28/2010	6/1/2021	2.00-5.00%	5,110	1,135
2010B LTGO (BABs) (Transit) Taxable Bonds	12/1/2010	12/1/2030	2.85-6.05%	20,555	14,925
2010D LTGO (QECBs) (Transit) Taxable Bonds	12/1/2010	12/1/2020	4.33%	3,000	3,000
2012A LTGO (WQ) Refunding 2005A Bonds	4/18/2012	1/1/2025	2.00-5.00%	68,395	48,460
2012B LTGO (WQ) Refunding 2005A Bonds	8/2/2012	1/1/2029	5.00%	41,725	30,500
2012D LTGO (Transit) Refunding 2002 and 2004 Bonds	10/16/2012	6/1/2034	2.00-5.00%	71,670	33,115
2012F LTGO (WQ) (South Plant Pump) Bonds	12/19/2012	12/1/2022	2.20%	3,010	3,010
2013 LTGO (Solid Waste) Bonds	2/27/2013	12/1/2040	3.10-5.00%	77,100	64,250
2014C LTGO & Refunding 2007E (Solid Waste) Bonds	7/30/2014	12/1/2034	2.00-5.00%	25,515	22,305
2015A LTGO (WQ) Refunding 2009B2 Bonds	2/18/2015	7/1/2038	2.00-5.00%	247,825	247,395
2015B LTGO (FED Tax-Exempt) (Solid Waste) Bonds	10/13/2015	12/1/2025	5.00%	60	40
2015D LTGO & Refunding 2007E (Solid Waste) Bonds	11/5/2015	12/1/2040	3.00-5.00%	50,595	43,415
2017A LTGO (WQ) Refunding 2008 Bonds	10/25/2017	7/1/2033	4.00-5.00%	154,560	139,840
2017A LTGO (Solid Waste) Bonds	6/8/2017	6/1/2040	3.25-5.00%	31,230	29,690
2017B LTGO (Solid Waste) Bond Various Purpose	8/10/2017	6/1/2027	4.00-5.00%	135	125
2018A LTGO (Marine Construction) partial	8/8/2018	6/1/2038	4.00-5.00%	6,330	6,135
2019 LTGO (WQ) Capital Improvement Projects Bonds	10/24/2019	1/1/2038	5.00%	101,035	101,035
2019A Multi-Modal LTGO Refunding 2015AB Bonds	6/27/2019	1/1/2046	Variable <sup>(b)</sup>	100,000	100,000
2019B Multi-Modal LTGO Refunding 2017 Bonds	6/27/2019	1/1/2046	Variable <sup>(b)</sup>	48,095	48,095
Total Limited Tax GO Bonds Payable From Enterprise Funds				1,292,895	957,490
IIB. GO Bonds Payable - Direct Placements Payable from Enterprise Funds					
2017A Multi-Modal LTGO (WQ) Refunding 2010A Bonds	10/26/2017	1/1/2040	Variable <sup>(c)</sup>	50,000	50,000
2017B Multi-Modal LTGO (WQ) Refunding 2010B Bonds	10/26/2017	1/1/2040	Variable <sup>(c)</sup>	50,000	50,000
Total GO Bonds Payable -Direct Placements Payable From Enterprise Funds				100,000	100,000
Total LTGO Bonds and GO Bonds-Direct Placements Payable from Enterprise Funds					
				1,392,895	1,057,490
IIC. Revenue Bonds Payable from Enterprise Funds					
2001A WQ Revenue Junior Lien Variable Rate Demand Bonds	8/6/2001	1/1/2032	Variable <sup>(d)</sup>	\$ 50,000	\$ 50,000
2001B WQ Revenue Junior Lien Variable Rate Demand Bonds	8/6/2001	1/1/2032	Variable <sup>(d)</sup>	50,000	50,000
2010 WQ Revenue & Refunding 2001 Bonds	7/19/2010	1/1/2036	2.00-5.00%	334,365	37,610
2011 WQ Revenue (Capital Improvement Projects) Bonds	1/25/2011	1/1/2021	5.00-5.125%	175,000	8,190
2011B WQ Revenue Refunding 2001, 2002A, 2002B, and 04A Bonds	10/5/2011	1/1/2026	1.00-5.00%	494,270	45,890
2011C WQ Revenue Refunding 2001, 2002A, and 2004A Bonds	11/1/2011	1/1/2022	3.00-5.00%	32,445	7,885
2011 WQ Revenue Junior Lien Variable Rate Demand Bonds	10/26/2011	1/1/2042	Variable <sup>(e)</sup>	100,000	100,000
2012 WQ Revenue and Refunding 2004A Bonds	4/18/2012	1/1/2052	5.00%	104,445	89,785
2012B WQ Revenue and Refunding 2004A Bonds	8/2/2012	1/1/2035	4.00-5.00%	64,260	64,260
2012C WQ Revenue and Refunding 2004A and 2006 Bonds	9/19/2012	1/1/2033	2.50-5.00%	65,415	37,520
2012 WQ Revenue Junior Lien Variable Rate Demand Bonds	12/27/2012	1/1/2043	Variable <sup>(f)</sup>	100,000	100,000
2013A WQ Revenue Refunding 2003, 2006, and 2005 WQ-LTGO Bonds	4/9/2013	1/1/2035	2.00-5.00%	122,895	103,515
2013B WQ Revenue and Refunding 2004B Bonds	10/29/2013	1/1/2044	2.00-5.00%	74,930	56,865
2014A WQ Revenue Refunding 2007 Bonds	7/8/2014	1/1/2047	5.00%	75,000	75,000
2014B WQ Revenue Refunding 2004B, 2006, 2006B, 2007 and 2008 Bonds	8/12/2014	7/1/2035	1.00-5.00%	192,460	181,490
2015A WQ Revenue Refunding 2007, 2008, and 2009 Bonds	2/18/2015	7/1/2047	3.00-5.00%	474,025	470,475
2015B WQ Revenue & Refunding 2006 Bonds	11/17/2015	1/1/2046	4.00-5.00%	93,345	75,985
2016A WQ Revenue & Refunding 2007, 2008, 2009, 2010 Bonds	2/17/2016	7/1/2041	4.00-5.00%	281,535	273,975
2016B WQ Revenue & Refunding 2006-2, 2010, 2011A, 2011B, 2011C Bonds	10/12/2016	7/1/2049	4.00-5.00%	499,655	492,005
2017A WQ Revenue Refunding 2009 LTGO, 2010, 2011A, 2011B, 2011C Bonds	12/19/2017	7/1/2049	5.00%	149,485	127,840
2018B WQ Revenue Refunding 2010, 2011B, 2012 Bonds	11/15/2018	7/1/2032	5.00%	124,455	124,455
Total Revenue Bonds Payable from Enterprise Funds				\$ 3,657,985	\$ 2,572,745

## SCHEDULE OF LONG-TERM DEBT

(IN THOUSANDS)

(PAGE 3 OF 3)

	Issue Date	Final Maturity	Interest Rates	Original Issue Amount	Outstanding at 12/31/19
IID. State Revolving Loans-Direct Borrowings Payable from Enterprise Funds					
2000-2019 WQ State of Washington Revolving Loans	Various	Various	0.50-3.10%	255,705	226,221
2019 Solid Waste State of Washington Revolving Loans	6/26/2019	6/1/2038	1.66%	1,322	1,322
Total State Revolving Loans-Direct Borrowings Payable from Enterprise Funds				257,027	227,543
IIE. Capital Leases Payable from Enterprise Funds					
2000 Public Transportation Park and Ride Capital Leases	3/30/2000	12/31/2031	5.00%	4,722	2,241
Total Capital Leases Payable From Enterprise Funds				4,722	2,241
<b>TOTAL BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT</b>				<b>5,312,629</b>	<b>3,860,019</b>
<b>TOTAL LONG-TERM DEBT</b>				<b>\$ 6,428,211</b>	<b>\$ 4,527,222</b>

(b) The Multi-Modal 2019A Bonds initially will bear interest at Daily Interest Rate for Daily Interest Rate Periods and the Multi-Modal 2019B Bonds initially will bear interest at Weekly Interest Rates for Weekly Interest Rate Periods, subject to conversion to other Modes.

(c) The 2017AB Multi-Modal bonds initially issued in the Weekly Mode bear interest at Weekly Rates. The bonds in the Weekly Mode may be converted to Daily Mode, Flexible Mode, Term Rate Mode or Fixed Rate Mode.

(d) The 2001AB junior lien variable rate demand bonds initially issued in the Weekly Mode will bear interest at Weekly Rates. The Weekly Rate for each Interest Period is determined by the Remarketing Agents. The bonds in the Weekly Mode may be changed to or from the Weekly Mode to or from a Daily Mode, a Commercial Paper Mode, or a Long-term Mode, or to a Fixed Mode, upon satisfaction of the "Change in Modes" conditions.

(e) On December 3, 2018 the junior lien variable rate demand bonds sewer revenue bonds, series 2011 was remarketed. The 2011 initially issued in the LIBOR Index Mode was converted to a Term Rate Mode and extending to November 30, 2020 (2011 Term Rate Period), subject to prior optional redemption on or after the 2011 Bonds Par Call Date and will bear interest at the 2011 Term Rate.

(f) On December 3, 2018 the junior lien variable rate demand bonds sewer revenue bonds, series 2012 was remarketed. The 2012 initially issued in the Index Rate Mode was converted to a Term Rate Mode and extending to November 30, 2021 (the 2012 Term Rate Period), subject to prior optional redemption on or after the 2012 Bonds Par Call Date and will bear interest at the 2012 Term Rate.

The following tables display the scheduled debt service payments for the next five years and in five-year increments thereafter:

**DEBT SERVICE REQUIREMENTS TO MATURITY**  
(IN THOUSANDS)

<b>GOVERNMENTAL ACTIVITIES</b>							
Year	<b>General Obligation</b>						
	<b>General Obligation Bonds</b>		<b>Capital Leases</b>		<b>Total</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2020	\$ 69,722	\$ 29,135	\$ 364	\$ 403	\$ 70,086	\$ 29,538	
2021	71,656	26,758	380	386	72,036	27,144	
2022	77,485	23,325	400	368	77,885	23,693	
2023	66,910	19,326	415	349	67,325	19,675	
2024	52,509	16,373	435	329	52,944	16,702	
2025-2029	197,020	50,956	2,408	1,413	199,428	52,369	
2030-2034	95,515	16,006	2,586	1,234	98,101	17,240	
2035-2039	28,230	2,321	1,168	365	29,398	2,686	
<b>TOTAL</b>	<b>\$ 659,047</b>	<b>\$ 184,200</b>	<b>\$ 8,156</b>	<b>\$ 4,847</b>	<b>\$ 667,203</b>	<b>\$ 189,047</b>	

<b>BUSINESS-TYPE ACTIVITIES</b>							
Year	<b>General Obligation Bonds-</b>						
	<b>General Obligation Bonds</b>		<b>Direct Placements</b>		<b>Revenue Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2020	\$ 36,245	\$ 38,014	\$ —	\$ 5,400	\$ 62,675	\$ 114,409	
2021	26,685	43,559	—	5,400	60,910	111,492	
2022	40,580	42,063	—	5,400	69,690	108,668	
2023	48,650	40,122	—	5,400	68,750	105,555	
2024	39,755	37,953	—	5,400	67,275	102,306	
2025-2029	220,535	158,525	—	27,000	356,385	460,703	
2030-2034	248,255	101,295	—	27,000	548,705	359,202	
2035-2039	140,310	57,170	100,000	27,000	488,320	236,847	
2040-2044	8,380	40,251	—	—	563,465	125,171	
2045-2049	148,095	15,994	—	—	258,360	36,036	
2050-2054	—	—	—	—	28,210	2,162	
<b>TOTAL</b>	<b>\$ 957,490</b>	<b>\$ 574,946</b>	<b>\$ 100,000</b>	<b>\$ 108,000</b>	<b>\$ 2,572,745</b>	<b>\$ 1,762,551</b>	

<b>BUSINESS-TYPE ACTIVITIES</b>								<b>DEBT SERVICE REQUIREMENTS TO MATURITY</b>	
Year	<b>State Revolving Loans-</b>						<b>Total</b>		
	<b>Capital Leases</b>		<b>Direct Borrowings</b>		<b>Total</b>				
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>			
2020	\$ 147	\$ 108	\$ 17,417	\$ 5,004	\$ 116,484	\$ 162,935	\$ 186,570	\$ 192,473	
2021	154	101	17,317	4,674	105,066	165,226	177,102	192,370	
2022	162	93	16,618	4,338	127,050	160,562	204,935	184,255	
2023	171	85	15,950	4,007	133,521	155,169	200,846	174,844	
2024	179	76	16,405	3,668	123,614	149,403	176,558	166,105	
2025-2029	1,041	234	63,694	13,573	641,655	660,035	841,083	712,404	
2030-2034	387	16	54,367	6,420	851,714	493,933	949,815	511,173	
2035-2039	—	—	19,093	1,489	747,723	322,506	777,121	325,192	
2040-2044	—	—	2,122	729	573,967	166,151	573,967	166,151	
2045-2049	—	—	2,416	432	408,871	52,462	408,871	52,462	
2050-2054	—	—	2,144	104	30,354	2,266	30,354	2,266	
<b>TOTAL</b>	<b>\$ 2,241</b>	<b>\$ 713</b>	<b>\$ 227,543</b>	<b>\$ 44,438</b>	<b>\$ 3,860,019</b>	<b>\$ 2,490,648</b>	<b>\$ 4,527,222</b>	<b>\$ 2,679,695</b>	

Long-term liability activity is reported by King County within governmental activities and business-type activities. The summary of changes in long-term liabilities for the year ended December 31, 2019 is as follows (in thousands):

	Balance 01/01/2019	Additions	Reductions	Balance 12/31/2019	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable:					
General obligation (GO) bonds	\$ 646,312	\$ 118,217	\$ (105,482)	\$ 659,047	\$ 69,722
GO bonds payable-Direct Borrowings	30,760	—	(30,760)	—	—
Unamortized bonds premium and discount	52,763	21,373	(12,148)	61,988	—
Total bonds payable	<u>729,835</u>	<u>139,590</u>	<u>(148,390)</u>	<u>721,035</u>	<u>69,722</u>
Other liabilities:					
General obligation capital leases	8,291	—	(135)	8,156	364
Compensated absences liability <sup>(a)</sup>	109,504	122,992	(119,539)	112,957	6,072
Net pension liability	308,153	270,294	(347,342)	231,105	—
Other postemployment benefits	96,758	5,017	(5,564)	96,211	—
Asset retirement obligation <sup>(b)</sup>	150	—	—	150	—
Estimated claims settlements and other liabilities	157,719	284,272	(282,260)	159,731	58,462
Total other liabilities	<u>680,575</u>	<u>682,575</u>	<u>(754,840)</u>	<u>608,310</u>	<u>64,898</u>
Total Governmental activities long-term liabilities	<u>\$ 1,410,410</u>	<u>\$ 822,165</u>	<u>\$ (903,230)</u>	<u>\$ 1,329,345</u>	<u>\$ 134,620</u>
<b>Business-type activities:</b>					
Bonds payable:					
General Obligation (GO) bonds	\$ 814,695	\$ 249,130	\$ (106,335)	\$ 957,490	\$ 36,245
GO bonds payable-Direct Placements	100,000	—	—	100,000	—
Revenue bonds	2,807,510	—	(234,765)	2,572,745	62,675
Unamortized bonds premium and discount	353,187	18,993	(33,555)	338,625	—
Total bonds payable	<u>4,075,392</u>	<u>268,123</u>	<u>(374,655)</u>	<u>3,968,860</u>	<u>98,920</u>
Other liabilities:					
Capital leases	2,381	—	(140)	2,241	147
State revolving loans-Direct Borrowings	229,474	15,319	(17,250)	227,543	17,418
Compensated absences liability	70,559	88,988	(89,326)	70,221	11,497
Net pension liability	250,378	215,945	(281,600)	184,723	—
Other postemployment benefits	14,654	1,398	(991)	15,061	—
Landfill closure and post-closure care liability	146,142	107,200	(5,026)	248,316	30,441
Pollution remediation	48,646	2,456	(4,480)	46,622	4,561
Asset retirement obligation <sup>(b)</sup>	5,680	—	—	5,680	—
Customer deposits and other liability	3,593	76,494	(1,885)	78,202	468
Total other liabilities	<u>771,507</u>	<u>507,800</u>	<u>(400,698)</u>	<u>878,609</u>	<u>64,532</u>
Total Business-type activities long-term liabilities	<u>\$ 4,846,899</u>	<u>\$ 775,923</u>	<u>\$ (775,353)</u>	<u>\$ 4,847,469</u>	<u>\$ 163,452</u>

Governmental activities estimated claims settlements of \$159.7 million are liquidated by internal service funds. Governmental activities compensated absences, net pension liability and other postemployment benefits are liquidated by the governmental fund in which an employee receiving the payment is budgeted, including most notably, General Fund, Public Health Fund and County Road Fund.

(a) In 2019, the beginning balance of compensated absences liability was restated from \$106.6 million to \$109.5 million to include governmental fund comp time liabilities.

(b) The beginning balance of asset retirement obligation was restated resulting from the County's implementation of GASB 83 in 2019.

### General Obligation Bonds-Direct Placements

The County's outstanding notes from direct placements related to business-type activities in the combined amount of \$100.0 million related to 2017A/B State Street Bank Multi-Modal LTGO Water Quality Refunding Bonds are secured by a subordinate lien on the net revenue of the Water Quality system as well as the full faith and credit of the County. This outstanding 2017A/B Multi-Modal LTGO from direct placements related to business-type activities of \$100.0 million contain 1) provision that in the event of default under the continuing covenants agreements for the bonds that provide additional security includes non-payment of amounts due and ratings downgrades below certain thresholds and 2) a provision that if the County is unable to make payment, outstanding amounts are due immediately. The subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

## **State of Washington Revolving Loans-Direct Borrowings**

**Water Quality** - Water Quality has received loans from the Washington State Department of Ecology under the Water Pollution Control State Revolving Fund Loan Program and the Washington Public Works Trust Fund administered by the Washington State Department of Commerce. State loans are secured by a subordinate lien on the net revenues of the system. Events of default under the loan agreements with the Department of Ecology include nonpayment of amounts due, failure to commence the project for which the loan was granted and unjustified failure to perform loan agreement obligations. Remedies include suspending any undisbursed loan proceeds and acceleration of the outstanding balance, provided that the loan is not subject to acceleration if any sewer revenue bonds are outstanding. Any state funds owed to the County may also be withheld. Events of default under the loan agreements with the Public Works Trust Fund include nonpayment of amounts due and failure to use loan proceeds for permitted activities. Remedies include withholding of any undisbursed loan proceeds, assessment of additional interest and notification to creditors.

**Solid Waste** - Solid Waste has received loans from the Washington State Department of Commerce under the Washington Public Works Board. State loans are secured by a subordinate lien on the net revenues of the system. Events of default under the loan agreements with the Department of Commerce include nonpayment of amounts due, failure to commence the project for which the loan was granted and unjustified failure to perform loan agreement obligations. Remedies include suspending any undisbursed loan proceeds and acceleration of the outstanding balance. Any state funds owed to the County may also be withheld.

### **Terms specified in debt agreement related to Events of Default with finance-related consequences and subjective acceleration clauses:**

The County's outstanding bonds related to 2001A/B Water Quality Junior Lien Variable Rate Demand bonds related to business-type activities in the combined amount of \$100 million are secured by a subordinate lien on the net revenue of the Water Quality system. This outstanding 2001A/B junior lien variable rate demand bonds contain 1) provision that in the event of default under the letter of credit agreements that provide additional security for the bonds includes non-payment of amounts due and rating downgrades below certain thresholds and 2) a provision that if the County is unable to make payment, outstanding amounts are due immediately.

The County's outstanding 2019A/B Multi-Modal LTGO Water Quality Refunding bonds related to business-type activities in the combined amount of \$148.1 million are secured by a subordinate lien on the net revenue of the Water Quality system as well as the full faith and credit of the County. This outstanding 2019A/B Multi-Modal LTGO WQ Refunding bonds contain 1) provision that in the event of default under the standby bond purchase agreements that provide the liquidity support for the bonds includes non-payment of amounts due and ratings downgrades below certain thresholds and 2) a provision that if the County is unable to make payment, outstanding amounts are due immediately.

### **Authorized But Unissued**

At yearend, the County had a total of \$95 million in general obligation bonds authorized but unissued for the Solid Waste capital program. In addition, the County had authorized \$140 million sewer revenue bonds that remained unissued.

### **Unused Lines of Credit**

The County has no unused lines of credit at year-end.

### **Computation of Legal Debt Margin**

Under Washington State law (RCW 39.36.020), a county may incur general obligation debt for general county purposes in an amount not to exceed 2.5 percent of the assessed value of all taxable property within the county. State law requires all property to be assessed at 100 percent of its true and fair value. Unlimited tax general obligation debt requires an approving vote of the people; any election to validate such general obligation debt must have a voter turnout of at least 40 percent of those who voted in the last state general election and, of those voting, 60 percent must be in the affirmative. The County Council may by resolution authorize the issuance of limited tax general obligation debt in an amount up to 1.5 percent of assessed value of property within the County for general county purposes and 0.75 percent for metropolitan functions (Wastewater Treatment and Public Transportation), but the total of limited tax general obligation debt for general county purposes and metropolitan functions should not exceed 1.5 percent of assessed value. No combination of limited and unlimited tax debt, for general county purposes, and no combination of limited and unlimited tax debt, for metropolitan functions, may exceed 2.5 percent of the valuation. The debt service

on unlimited tax debt is secured by excess property tax levies, whereas the debt service on limited tax debt is secured by property taxes collected within the \$1.80 per \$1,000 of assessed value operating levy.

The legal debt margin computation for the year ended December 31, 2019 (in thousands):

2019 ASSESSED VALUE (2020 TAX YEAR)	<u>\$ 642,490,492</u>
Debt limit of limited tax general obligations for metropolitan functions	
0.75 % of assessed value	\$ 4,818,679
Less: Net limited tax general obligation indebtedness for metropolitan functions	<u>(1,003,673)</u>
LIMITED TAX GENERAL OBLIGATION DEBT MARGIN FOR METROPOLITAN FUNCTIONS	<u>\$ 3,815,006</u>
Debt limit of limited tax general obligations for general county purposes and metropolitan functions	
1.5 % of assessed value	\$ 9,637,357
Less: Net limited tax general obligation indebtedness for general county purposes	\$ (614,104)
Net limited tax general obligation indebtedness for metropolitan functions	<u>(1,003,673)</u>
Total net limited tax general obligation indebtedness for general county purposes and metropolitan functions	<u>(1,617,777)</u>
LIMITED TAX GENERAL OBLIGATION DEBT MARGIN FOR GENERAL COUNTY PURPOSES AND METROPOLITAN FUNCTIONS	<u>\$ 8,019,580</u>
Debt limit of total general obligations for metropolitan functions	
2.5% of assessed value	\$ 16,062,262
Less: Net total general obligation indebtedness for metropolitan functions	<u>(1,003,673)</u>
TOTAL GENERAL OBLIGATION DEBT MARGIN FOR METROPOLITAN FUNCTIONS	<u>\$ 15,058,589</u>
Debt limit of total general obligations for general county purposes	
2.5 % of assessed value	\$ 16,062,262
Less: Net unlimited tax general obligation indebtedness for general county purposes	\$ (47,345)
Net limited tax general obligation indebtedness for general county purposes	<u>(614,104)</u>
Total net general obligation indebtedness for general county purposes	<u>(661,449)</u>
TOTAL GENERAL OBLIGATION DEBT MARGIN FOR GENERAL COUNTY PURPOSES	<u>\$ 15,400,813</u>

### **Refunding and Defeasing General Obligation Bond Issues - 2019**

**Limited Tax General Obligation Refunding Bonds, 2019 Series A** - On March 15, 2019, the County issued \$41.4 million in limited tax general obligation refunding bonds, 2019A with an effective interest cost of 1.95 percent to current refund \$17.0 million of outstanding limited tax general obligation bonds 2009 Series B and \$30.8 million of outstanding limited tax GO bonds 2013 Multi-Modal. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the governmental activities column of the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$331 thousand. This amount, reported in the statement of net position, is being charged to operations through fiscal year 2029, using the outstanding principal balance method. This current refunding was undertaken to reduce total debt service payments by \$4.2 million over the life of the new bonds, resulting in an economic gain (difference between the present values of the old and new debt service payments) of \$3.8 million.

**Limited Tax General Obligation Refunding Bonds, 2019 Series C** - On December 19, 2019, the County issued \$13.0 million in limited tax general obligation refunding bonds, 2019C with an effective interest cost of 1.1 percent to advance refund \$13.9 million of outstanding limited tax general obligation bonds 2009 Series C.

The net proceeds were used to purchase U.S. government securities that were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered

defeased and the liability for those bonds has been removed from the governmental activities column of the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$294 thousand. This amount, reported in the statement of net position, is being charged to operations through fiscal year 2023, using the outstanding principal balance method. This advance refunding was undertaken to reduce total debt service payments by \$913 thousand over the life of the new bonds, resulting in an economic gain (difference between the present values of the old and new debt service payments) of \$895 million.

Housing and Urban Development (HUD) Section 108 Loan, 2019A - On March 28, 2019, the County refinanced \$1.4 million in outstanding 2006 Section 108 loan from the Department of Housing and Urban Development (HUD) for the Greenbridge affordable housing project in White Center. The refinancing of the loan was to take advantage of a lower interest rate and reduce total interest payments by \$130 thousand over its remaining five year term. As a result, the 2006 Section 108 loan are considered defeased and the liability for those loans has been removed from the governmental activities column of the statement of net position.

### **Refunding and Cash Defeasance Sewer Revenue Bond Issues - 2019**

Multi-Modal Limited Tax General Obligation (GO) Refunding Bonds (Payable from Sewer Revenues) Bonds, 2019A and Series 2019B. - On June 27, 2019, the County issued \$148.1 million in multi-modal limited tax GO refunding bonds (Payable from Sewer Revenues) series, 2019A (\$100 million) and Series 2019B (\$48.1) with variable interest rates to refund the County's outstanding Junior Lien Sewer Revenue Bonds Series, 2015 Series A and 2015 Series B and Junior Lien Sewer Revenue Bonds, Series 2017, with variable interest rates. As a result, the series 2015AB and Series 2017 bonds are considered defeased and the liability for those bonds has been removed from the business-type activities column of the statement of net position. Both series of 2019 bonds are variable rate obligations, with daily interest rate resets for 2019A and weekly resets for 2019B. This refunding was undertaken to reduce total debt service payments by \$4.5 million over the 5-year life of the standby bond purchase agreement (SBPA).

2019 Cash Defeasance of LTGO Refunding Bonds (Payable from Sewer Revenues) 2012B, Sewer Revenue and Refunding Bonds, 2012C, and LTGO Refunding Bonds (Payable from Sewer Revenues), 2012C - On October 07, 2019, the County purchased Treasury securities at a cost of \$24.9 million and placed them in an escrow to pay interest and redeem at their earliest redemption dates \$22.5 million of outstanding Sewer Revenue and Refunding Bonds, Series 2012C. Funding for the escrow came from operations and excess in bond reserves. Water Quality undertook the defeasance in order to reduce future debt service payments by \$34.7 million through 2032. As a result, the series 2012C bonds are considered defeased and the liability for those bonds has been removed from the business-type activities column of the statement of net position.

On October 7, 2019, the County purchased Treasury securities at a cost of \$71.4 million and placed them in an escrow to pay interest and redeem at their earliest redemption dates \$64.6 million of outstanding Limited Tax General Obligations Refunding Bonds, Series 2012B and Series 2012C. Funding for the escrow came from operations and excess in bond reserves. Water Quality undertook the defeasance in order to reduce future debt service payments by \$103.4 million through 2034. Under the terms of the authorizing ordinances, these bonds have been defeased and are no longer secured by a pledge of the revenue of the sewer system. As a result, the bonds are considered defeased and the liability for those bonds has been removed from the business-type activities column of the statement of net position.

### **Prior Year Refunded and Defeasance of Debt**

As of December 31, 2019, King County has eleven refunded and defeased bond issues outstanding, consisting of five limited tax general obligation bonds (\$85 million) and six sewer revenue bonds (\$746 million). In prior years, the County defeased these bonds by placing the proceeds of the new bonds in an irrevocable trust accounts to provide for all future debt service payments on the old bonds. Accordingly, the payments of principal and interest on these old bond issues are the responsibility of the escrow agent, U.S. Bank National Association, and the liability for the defeased bonds has been removed from the County's financial statement.

**Asset Retirement Obligations**

In 2019, the County reported asset retirement obligations (ARO) in accordance with GASB Statement No. 83, *Certain Asset Retirement Obligations*. The liability is measured at its current value and based on professional judgment, experience, and historical cost data. The ARO at December 31, 2019 stands at \$3.5 million for the Public Transportation Enterprise, \$1.5 million for the Water Quality Enterprise, \$500 thousand for the Solid Waste Enterprise, \$200 thousand for the Radio Communication Services Fund, and \$150 thousand for the County Road Operating Fund.

The County's ARO relates to the disposition of underground storage tanks (USTs) due to applicable regulations and requirements. The estimated remaining useful life of the USTs range from three to twenty-two years.

The liability could change over time as new information becomes available as a result of changes in technology, legal or regulatory requirements, and types of equipment, facilities or services that will be used to meet the obligation to dispose of the USTs.

**Component Unit - NJB Properties**

The following tables summarize the scheduled maturity dates of bond principal over the next five years and in the aggregate of the discretely presented component unit NJB Properties as reported in its separately issued financial statements:

(In Thousands)					
	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Outstanding at 12/31/19</u>
Lease Revenue Bonds, 2006 Series A	12/5/2006	12/1/2036	5.00-6.00%	\$ 179,285	\$ 5
Lease Revenue Bonds, 2006 Series B	12/5/2006	12/1/2036	5.00-6.00%	10,435	8,300
Total Bonds Payable				<u>\$ 189,720</u>	<u>\$ 8,305</u>

<u>Year</u>	<u>Principal</u>
2020	310
2021	325
2022	345
2023	360
2024	380
Thereafter	<u>6,585</u>
Total	<u>8,305</u>

## Note 16

### Interfund Balances and Transfers

#### Interfund Balances

Due from/to other funds and interfund short-term loans receivable and payable (in thousands):

Fund types with account balances of less than \$500 thousand are aggregated into "All Others."

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	All Others	\$ 278
Behavioral Health Fund	Nonmajor Governmental Funds	1,062
	All Others	16
Nonmajor Governmental Funds	General Fund	8,657
	Behavioral Health Fund	904
	Nonmajor Governmental Funds	25,735
	All Others	63
Public Transportation Enterprise	General Fund	1,587
	Nonmajor Governmental Funds	5,141
Water Quality Enterprise	General Fund	1,092
	Nonmajor Governmental Funds	1,914
Solid Waste Enterprise	Nonmajor Governmental Funds	2,659
	All Others	251
Nonmajor Enterprise Funds	All Others	344
Internal Service Funds	Nonmajor Governmental Funds	20,272
	All Others	647
Total interfund balances		<u>\$ 70,622</u>

The interfund balances resulted from the time lag between the dates: (1) when interfund goods and services were provided or reimbursable expenditures incurred, and when interfund payments were made; and (2) when interfund short-term loans were made and when the loans were repaid.

#### Advances from/to other funds (in thousands)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 3,000
Nonmajor Governmental Funds	General Fund	11,500
	Nonmajor Governmental Funds	4,000
Internal Service Funds	Nonmajor Governmental Funds	31,529
Total advances from/to other funds		<u>\$ 50,029</u>

All of these advances consisted of loans made for the purpose of cash flow. None of the advances are scheduled to be repaid in 2020.

**Interfund Transfers (in thousands)**

Fund types with account balances of less than \$500 thousand are aggregated into "All Others."

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Behavioral Health Fund	\$ 3,061
	Nonmajor Governmental Funds	83,782
	All Others	434
Behavioral Health Fund	General Fund	6,935
	Nonmajor Governmental Funds	5,622
	All Others	22
Nonmajor Governmental Funds	General Fund	11,546
	Behavioral Health Fund	5,208
	Nonmajor Governmental Funds	285,711
	Internal Service Funds	2,096
Public Transportation Enterprise	Nonmajor Governmental Funds	3,959
Water Quality Enterprise	Nonmajor Governmental Funds	960
Solid Waste Enterprise	Nonmajor Governmental Funds	990
	All Others	11
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	524
Internal Service Funds	Nonmajor Governmental Funds	20,696
Total interfund transfers		<u>\$ 431,557</u>

Transfers are used to move resources from a fund collecting them to the fund using them, as required by statute or budget, and to account for ongoing operating subsidies between funds in accordance with budget authorizations.

## Note 17

### Related Party Transactions

Harborview Medical Center (HMC), a discretely presented component unit of King County, makes monthly occupancy fee and rental payments to the County for use of the Patricia Steel Memorial Building and the Ninth & Jefferson Building (NJB). The County became the legal owner of the Patricia Steel Memorial Building in December 2012 when it refinanced the original developer issued bonds. HMC will continue to use the building. Rent is also paid by HMC to the County for use of NJB, owned by a nonprofit corporation that is a discrete component unit of the County. The County is contractually obligated for the debt service on the lease revenue bonds issued by the nonprofit which funded construction of NJB. In both situations, HMC has agreed to include the annual rental payments in its operating budget for as long as it uses the buildings. In 2019, the primary government received \$14.0 million in building lease and occupancy revenues from HMC. In addition, HMC made \$5.0 million in payments to King County Department of Health for mission-related purposes.

The Cultural Development Authority (CDA), a discretely presented component unit of King County, annually receives funding from various County funds under the One Percent for Art program. Revenues are used to support activities related to the development and maintenance of County public art. In 2019, the King County primary government transferred \$6.6 million to the CDA. The CDA spent net \$985 thousand on art projects, for which the County recorded a corresponding decrease in receivables from the CDA and an increase in artwork. In addition, King County made a \$3.0 million loan for the Building 4Equity program and \$276 thousand in payments to the CDA for mission related purposes.

The Public Transportation Enterprise (Transit) entered into a ground lease agreement as lessor with King County Housing Authority (KCHA) for the development of affordable housing units and a parking garage in the City of Redmond. The land under the lease has a cost of \$1.3 million. KCHA is a related organization of King County. The lease provides for a minimum set-aside of 150 parking stalls for park-and-ride commuters. The lease calls for an annual lease payment with a 3.0 percent increase each year, commencing with the year ended December 31, 2003. The lease payment is due within 90 days following the end of each calendar year. A portion of the annual lease payment is restricted for use on future Federal Transit Administration projects. The term of the lease is 50 years with one option to extend for 25 years. Transit reported lease revenue of \$47 thousand in 2019.

## Note 18

### Components of Fund Balance, Restatements and Restrictions

#### Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is classified into three components:

Net investment in capital assets - Consists of capital assets net of accumulated depreciation and reduced by outstanding balances of bonds, notes and other debt attributed to the acquisition, construction, or improvement of those assets.

Restricted net position - Results when constraints are placed on net position use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position - Consists of net position that does not meet the definition of the two preceding categories.

#### Components of Fund Balance

King County's governmental fund balances are classified according to the relative constraints that control how amounts can be spent. Classifications include:

- *Nonspendable*. Balances that either are not in a spendable form or are legally or contractually required to remain intact.
- *Restricted*. Balances restricted for specific purposes by the constitution, enabling legislation or external resource providers such as creditors, grantors, or laws or regulations of other governments.
- *Committed*. Balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Metropolitan King County Council. A Council ordinance or motion is required to establish, modify or rescind a commitment of fund balance.
- *Assigned*. Balances that are constrained by management to be used for specific purposes, but are neither restricted nor committed. Assignments are authorized by chief officers of executive departments and administrative offices.
- *Unassigned*. Residual balances that are not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Rainy Day Reserve Ordinance 15961 created the Rainy Day Reserve for the purpose of accumulating revenues to be available for emergencies. The fund is fully invested for its own benefit. The ordinance states that the Rainy Day Reserve shall be used in the event of an emergency, as declared by a vote of the County Council, for the following purposes:

- Maintenance of essential county services in the event that current expense fund revenue collections in a given fiscal year are less than 97 percent of adopted estimates;
- Payment of current expense fund legal settlements or judgments in excess of the County's ability to pay from other sources;
- Catastrophic losses in excess of the County's other insurances against such losses; and
- Other emergencies as determined by the County Council.

The Rainy Day Reserve is reported as part of the General Fund. As of December 31, 2019, it had a committed fund balance of \$26.1 million.

A summary of governmental fund balances at December 31, 2019, is as follows (in thousands):

	General Fund	Behavioral Health Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Arts and Cultural Development	\$ —	\$ —	\$ 14,650	\$ 14,650
Emergency Medical Services	—	—	149	149
Long-Term Leases	—	—	1,529	1,529
Major Maintenance	—	—	11,500	11,500
Parks Capital Projects	—	—	6,708	6,708
Public Health	6	—	970	976
Total Nonspendable Fund Balance	<u>6</u>	<u>—</u>	<u>35,506</u>	<u>35,512</u>
Restricted for:				
Animal Services	—	—	2,291	2,291
Arts and Cultural Development	—	—	143	143
Automated Fingerprint Identification System	—	—	25,393	25,393
Behavioral Health	—	297	—	297
Best Starts For Kids Levy	—	—	70,479	70,479
Building Repair and Replacement	—	—	11,242	11,242
Community Services Operating	—	—	128	128
Conservation Futures	—	—	22,679	22,679
County Roads Operating	—	—	28,349	28,349
County Road Construction	—	—	43,444	43,444
Crime Victim Compensation Program	696	—	—	696
Department of Community and Human Services	—	—	515	515
Debt Service	—	—	2,270	2,270
Department of Local Services	—	—	333	333
Developmental Disabilities	—	—	7,476	7,476
Dispute Resolution	22	—	—	22
Drug Enforcement	1,064	—	—	1,064
Emergency Medical Services	—	—	42,862	42,862
Employment and Education Resources	—	—	330	330
Enhanced 911 Emergency Telephone System	—	—	33,803	33,803
Environmental Health	—	—	13,316	13,316
Farmland and Open Space Acquisitions	—	—	1,746	1,746
Flood Control District	—	—	94,710	94,710
Grants Fund	—	—	3,353	3,353
Historical Preservation	—	—	334	334
Housing and Community Development	—	—	76,101	76,101
Information and Telecommunication Capital	—	—	45,875	45,875
Intercounty River Improvement	—	—	17	17
Law Library	—	—	508	508
Local Hazardous Waste	—	—	15,203	15,203
Mental Illness and Drug Dependency	—	—	24,132	24,132
Noxious Weed Control	—	—	1,821	1,821
Open Space King County Bond Funded Subfund	—	—	388	388
Parks Capital Projects	—	—	79,418	79,418
Parks Operating Levy	—	—	18,032	18,032
Permit and Environmental Review	—	—	1,210	1,210
Public Health	—	—	29,642	29,642
Puget Sound Emergency Radio Network	—	—	28,405	28,405
Real Estate Excise Tax Capital	—	—	37,915	37,915
Real Property Title Assurance	25	—	—	25
Recorder's Operations and Maintenance	—	—	2,112	2,112
Road Improvement Districts	—	—	13	13
Surface Water Capital	—	—	18,415	18,415
Surface Water Management	—	—	15,024	15,024
Treasurer's Operations and Maintenance	—	—	460	460
Urban Reforestation and Habitat Restoration	—	—	350	350

A summary of governmental fund balances at December 31, 2019, continues (in thousands) (page 2 of 2):

	General Fund	Behavioral Health Fund	Nonmajor Governmental Funds	Total
Restricted for - continued:				
Veterans' Relief	—	—	783	783
Veterans, Seniors and Human Services	—	—	22,128	22,128
Youth Services Facilities	—	—	543	543
Youth Amateur Sports	—	—	8,022	8,022
Total Restricted Fund Balance	<u>1,807</u>	<u>297</u>	<u>831,713</u>	<u>833,817</u>
Committed for:				
Antiprofitteering Program	69	—	—	69
Rainy Day Reserve	26,114	—	—	26,114
School District Impact Fees	—	—	170	170
Wheelchair Access	855	—	—	855
Total Committed Fund Balance	<u>27,038</u>	<u>—</u>	<u>170</u>	<u>27,208</u>
Assigned for:				
Debt Service	—	—	8,948	8,948
Department of Natural Resources and Parks Administration	—	—	610	610
District Court	7,493	—	—	7,493
General Government	313	—	—	313
Housing and Community Development	—	—	1,400	1,400
Information and Telecommunication Capital	—	—	3,290	3,290
Inmate Welfare	3,566	—	—	3,566
Major Maintenance Reserve	—	—	12,801	12,801
Mental and Physical Health	150	—	—	150
Public Safety	1,913	—	—	1,913
Transfer of Development Credit Program	—	—	11,881	11,881
Urban Reforestation and Habitat Restoration	—	—	368	368
Youth Amateur Sports	—	—	2,620	2,620
Total Assigned Fund Balance	<u>13,435</u>	<u>—</u>	<u>41,918</u>	<u>55,353</u>
Unassigned for:				
Arts and Cultural Development	—	—	(11,389)	(11,389)
Building Repair and Replacement	—	—	(27,001)	(27,001)
General Fund	141,535	—	—	141,535
King County Flood Control	—	—	(171)	(171)
Long-Term Leases	—	—	(2,437)	(2,437)
Permit and Environmental Review	—	—	(1,522)	(1,522)
Risk Abatement	—	—	(6,331)	(6,331)
Total Unassigned Fund Balance	<u>141,535</u>	<u>—</u>	<u>(48,851)</u>	<u>92,684</u>
Total Fund Balance	<u>\$ 183,821</u>	<u>\$ 297</u>	<u>\$ 860,456</u>	<u>\$ 1,044,574</u>

**Restatements of Beginning Balances**

Detailed information regarding restatements of beginning balances (in thousands):

**GOVERNMENTAL ACTIVITIES**

Changes in Net Position or Fund Balance	Total	Nonmajor	Internal
	Governmental	Governmental	Service
	Activities	Funds	Funds
Net position/fund balance - January 1, 2019	\$ 3,223,443	\$ 982,776	\$ 201,011
Expensed too much depreciation in prior year	6,828	—	—
Unreversed prior year capitalization accrual	(7,403)	—	—
Updated Flood Control District balances after publication	6,188	—	—
Reclassified nondepreciable assets to depreciable assets	(2,354)	—	—
Net position/fund balance - January 1, 2019 (Restated)	<u>\$ 3,226,702</u>	<u>\$ 982,776</u>	<u>\$ 201,011</u>

**BUSINESS-TYPE ACTIVITIES**

Changes in Net Position	Total	Major Funds			Nonmajor
	Enterprise	Public	Solid	Water	Enterprise
	Funds	Transportation	Waste	Quality	Funds
Net position - January 1, 2019	\$ 3,580,095	\$ 2,441,546	\$ —	\$ 745,734	\$ 285,742
Solid Waste Enterprise reclassified as major fund	—	—	97,318	—	(97,318)
Net position - January 1, 2019 (Restated)	<u>\$ 3,580,095</u>	<u>\$ 2,441,546</u>	<u>\$ 97,318</u>	<u>\$ 745,734</u>	<u>\$ 188,424</u>

**COMPONENT UNITS**

Changes in Net Position	Component	Harborview	Cultural	NJB
	Units	Medical	Development	Properties
		Center	Authority	
Net position - January 1, 2019	\$ 703,735	\$ 672,672	\$ 30,258	\$ 805
Implementation of GASB Statement No. 75	(1,240)	—	(1,240)	—
Net position - January 1, 2019 (Restated)	<u>\$ 702,495</u>	<u>\$ 672,672</u>	<u>\$ 29,018</u>	<u>\$ 805</u>

**Governmental Activities**

The County expensed too much depreciation in the prior year \$6.8 million.

The County did not reverse \$7.4 million in 2017 capital asset accruals in the following year.

The Flood Control District, a blended component unit of King County, published changes to 2018 balances after the County released its 2018 financial statements, resulting in a \$6.2 million increase in net position.

The County reported depreciable assets as nondepreciable assets, resulting in missed depreciation totaling \$2.4 million.

The Building Repair and Replacement fund prior year fund balance increased by \$4 thousand due to a transfer of taxes receivable due to a closure of the Regional Justice Center Projects fund.

**Business-type Activities**

The Solid Waste Enterprise was reclassified from a nonmajor fund to a major fund for 2019 reporting.

**Fiduciary Funds**

The County adopted GASB Statement No. 84, Fiduciary Activities, resulting in the restatement of prior period net position totaling \$314.0 million.

### Component Units

In the prior year Cultural Development Authority adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (OPEB) and implemented after the County released its 2018 financial statements resulting in a \$1.2 million restatement of net position.

### **Restricted Net Position**

#### Component Unit - Harborview Medical Center (HMC)

Restricted expendable net position - \$7.5 million of expendable net position is restricted for either capital purposes use or through donor restrictions. Restrictions are imposed by King County on the use of resources for designated capital projects. Other restrictions are placed by donors or external parties, such as creditors, through purpose or time restrictions on the use of the assets.

Restricted nonexpendable net position - The \$2.9 million consists of permanent endowments provided by donors with restrictions requiring HMC to maintain the assets in perpetuity.

#### Component Unit - Cultural Development Authority of King County (CDA)

Restricted expendable net position - \$16.0 million is restricted by RCW 67.28.180.3 and King County ordinance to be used for the arts and heritage cultural program awards fund and special account, for which the amount is derived according to a specified formula, and one percent for public arts program.

## Note 19

### Legal Matters, Financial Guarantees and Other Commitments

#### Pending Litigation and Other Claims

King County and its agencies are parties to routine legal proceedings that normally occur in governmental operations. At any given point, there may be numerous lawsuits that could significantly impact expenditures and future budgets. The County's threshold for disclosure of loss contingencies is \$1.0 million.

The following litigation or potential litigation may involve claims for material damages that may be asserted against King County. However, the County can provide no opinion as to the ultimate outcome, or estimate the amount of damages that may be found, except as described below:

*Denny Way CSO Model Toxic Control Act Cleanup* - A potential requirement for additional cleanup in the area contaminated when the Denny Way combined sewer outflow was replaced in 2005. The King County Wastewater Treatment Division (WTD) has already performed interim cleanup costing \$3.6 million to comply with an agreed order issued by the Washington State Department of Ecology (DOE). WTD had recent discussions with DOE and stakeholders regarding site conditions and next steps toward final cleanup. It is unclear what final remedy DOE may select. Therefore, we are unable to determine an amount, if any, for which WTD may be responsible.

*East Waterway Operable Unit of the Harbor Island Superfund Site* - The Port of Seattle has completed a significant removal action in the East Waterway. The City of Seattle, Port of Seattle and King County intend to negotiate the amount, if any, that the City and the County will contribute to defray the Port of Seattle's past cleanup costs at the site. This is an extremely complex negotiation and we are unable to determine an amount that WTD may be responsible for, if any.

*Former King County Maple Valley Maintenance Shop Site Cleanup* - The County owned and/or operated a road maintenance facility on the Maple Valley property from approximately the 1940s to the 1980s. The current property owner has investigated the nature and extent of the environmental contamination and plans to move forward with site remediation. Estimated costs for site investigation and cleanup range from \$581 thousand to \$1.4 million, and the property owner has indicated he will look to the County to share in the costs based on the County's status as a potentially liable party.

*North Creek Interceptor Sewer Improvement Project* - A claim submitted by a contractor against WTD over the project to repair and replace two miles of pipeline serving the rapidly developing area in the vicinity of Canyon Park and address untreated overflows into buildings and a wetland. Pursuant to an agreement with DOE, WTD had to install a bypass system because this capital project was not completed by the onset of the 2016 wet season. The contractor submitted a request for change order for approximately \$1.5 million asserting that the contract dewatering and open-faced shield tunneling specifications are defective. The contractor also asserted that he was constructively suspended and stopped tunneling. King County found the contractor in default, terminated the contract and made demand upon the performance bond surety. King County Executive declared an emergency and WTD procured a \$20.0 million completion contract pursuant to the waiver of statutory procurement requirements. The completion contract and work required to repair damage or defective work by the former contractor increased these costs to approximately \$28.0 million. In December 2016, King County initiated suit in King County Superior Court against the contractor to recover the additional costs to complete the project. The contractor has counter claimed for approximately \$10.0 million asserting its change order claims and wrongful termination. The trial date is set for March 2021.

*Lower Duwamish Waterway* - EPA issued an administrative order that required King County, City of Seattle, Boeing and Port of Seattle to conduct studies to determine the nature and extent of contamination in the Lower Duwamish Waterway. The County and the other three parties have agreed with EPA to amend the administrative order to conduct additional studies pursuant to the amendment. The Feasibility Study, which discusses the remediation alternatives, has been issued in final form by EPA. EPA issued a Record of Decision (ROD) in the latter part of 2014. The ROD contains EPA's final plan for cleanup of the Lower Duwamish Waterway. King County and a number of other parties are participating in an alternative dispute resolution process, called an allocation, to determine shares of liability for the costs of the cleanup. If parties that participate in the allocation accept their allotted shares, they expect to enter into a settlement agreement and to negotiate a consent decree with EPA to implement the cleanup. Due to the fact that the parties do not know their respective shares of cleanup costs and no consent decree has been negotiated, we

are unable to determine the schedule or cost of any required remediation. In addition, we are unable to determine the extent to which King County and WTD will be responsible for the cost of such remediation.

*Lower Duwamish Waterway - Possible Natural Resource Damages* - King County has participated in discussions with National Oceanic and Atmospheric Administration (NOAA) regarding alleged natural resource damages (NRD) in the Lower Duwamish Waterway and around Harbor Island. These discussions have included NOAA's determination that the County may be a potentially liable party that has contributed to the release of hazardous substances that have injured natural resources. NOAA notified the County in February 2016 that the Natural Resources Trustees will proceed with a NRD assessment and invited the County to participate in the development of the assessment. The County notified NOAA in March 2016 that the County desires to conduct settlement discussions regarding the NRD liability that NOAA attributes to the County. The County's intent in past discussions with NOAA has been to minimize the County's alleged liability relative to the other liable parties. The County will maintain that intent as discussions have restarted with NOAA in early 2020.

*North Lake Union Site Model Toxics Control Act Cleanup* - In the 1970s King County acquired a bulk fueling terminal on the north shore of Lake Union in the vicinity of Gasworks Park and used it as a maintenance base and fuel storage facility. In the early 1990s the upland portion of the site was identified by the DOE as a potential source of environmental contamination under the Model Toxics Control Act. In 1999 the former owner and King County entered into an interim cost-sharing agreement, and also entered into a Consent Decree with DOE for final cleanup actions and over a period of years, performed shallow soil remediation and groundwater remediation required under the Consent Decree. In 2009 King County sold a portion of the site to a developer after the developer entered into a separate Prospective Purchaser Consent Decree (PPCD) for its portion of the site in 2007. During 2014 through 2015 the developer performed the deep soil excavation required under its PPCD and in 2016 DOE declared the developer's cleanup complete and closed out the PPCD. However, under the 1999 Consent Decree, the former owner and King County remain obligated to monitor groundwater on the site and DOE has reserved the right to require additional or different remedial actions at the site if new or different information comes to light. Therefore, we are presently unable to determine an amount, if any, for which King County and Metro Transit may be responsible.

*South Park Landfill Model Toxics Control Act Cleanup* - In the 1920s, King County acquired property in the South Park area through tax-lien foreclosure and subsequently leased it to the City of Seattle, which used it and other adjoining property as a landfill, until it was closed in the 1960s. In 2006, the County sold its portion of the closed landfill property to a developer. The terms of the transaction required the developer to insulate the County from most but not all cleanup costs associated with the landfill site. In 2007, the landfill site was identified by the DOE as a potential source of environmental contamination under the Model Toxics Control Act. Over a period of years, the developer and the City of Seattle had entered into multiple Agreed Orders with DOE for interim cleanup actions and subsequently performed those actions. The City, the developer, and King County are presently negotiating with DOE and other parties regarding a final cleanup action plan and Consent Decree that would establish the final cleanup and monitoring obligations related to the site. Negotiations are ongoing and DOE typically reserves the right to require additional or different remedial actions at the site if new or different information comes to light. Therefore, we are presently unable to determine an amount, if any, for which King County and the Facilities Management Division may be responsible.

### **Financial Guarantees**

King County has extended nonexchange financial guarantees in the form of contingent loan agreements with the King County Housing Authority (KCHA), a related organization to the County, and other owners/developers of affordable housing. The County will provide credit support, such as assumption of monthly payments, for certain bonds and lines of credit issued by these agencies in the event of financial distress. Any guarantee payments made become liabilities of the guaranteed contract holders to be paid back after regaining financial stability. The County's credit enhancement program, managed by the Department of Community and Human Services, allows up to \$400.0 million in total commitment. At the end of 2019, there are 17 contingent loan agreements outstanding totaling \$312.0 million. These agreements have maturity dates ranging from 10 to 30 years. All projects are currently self-supporting and the County has not made any payments pursuant to these agreements. It is unlikely that the County will make any payments in relation to these guarantees based on available information at the end of December 31, 2019 and the standards prescribed under GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

*Fuel Farm* - The existing fuel farm is located at the North end of the King County International Airport inside the security fence at 1495 S. Hardy Street. The site occupies approximately 1.98 acres and includes 11 underground tanks (eight operational tanks dispensing aviation fuel and three closed tanks). The fuel farm tenant and subtenant are responsible

for the cleanup of the fuel farm site. Under the Model Toxics Control Act (MTCA), the DOE can pursue all cleanup costs from a single owner or operator. In such a scenario, the County (as owner) would need to identify a responsible third party, such as a former tenant or tenants, who are responsible for all the existing contamination. But if the County is responsible for any of the contamination, the Department could order the County to clean the site. The County would then pursue other potentially liable parties for statutory contribution. At December 31, 2019, the tenant and subtenant had begun cleanup studies, and the County believes the scenario wherein it performs the clean-up activities itself to be unlikely.

### **Other Commitments**

The Solid Waste Enterprise paid the County General Fund \$3.1 million for rent on the Cedar Hills landfill site in 2019. The Enterprise is committed to paying rent to the General Fund as long as the Cedar Hills site continues to accept waste.

### **Component Unit - Harborview Medical Center**

Harborview Medical Center (HMC) is involved in litigation arising in the course of business. It is HMC management's opinion that these matters will be resolved without material adverse effect to HMC's future financial position or results of operations.

The current regulatory environment in the healthcare industry is one of increasing governmental activity with respect to investigations and allegations concerning possible violations of regulations by healthcare providers that could result in the imposition of significant fines and penalties, including significant repayments of patient services previously billed. HMC believes that it complies with the fraud and abuse regulations, as well as other laws and regulations. Compliance with such laws and regulations can be subject to future governmental review and interpretation and regulatory actions unknown or unasserted at this time.

HMC is operated by the University of Washington under a management and operations contract with King County. In this contract, the University of Washington agrees to defend, indemnify, and save and hold harmless King County's elected and appointed officials, employees, and agents, from and against any damage, cost, claim or liability arising out of the negligent acts or omissions of the University, its employees or agents, or arising out of the activities or operations of the medical center.

## **Note 20**

### **Subsequent Events**

#### **Debt Issuances in 2020**

In July 2020, the County issued \$200.6 million of Junior Lien Sewer Revenue Refunding Bonds. The proceeds from these bonds were used to refund \$200 million of Junior Lien Sewer Revenue Bonds, in series 2001 and 2011.

#### **Novel Coronavirus / State of Emergency**

On February 29, 2020 the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus, SARS-CoV-2. In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered statewide including closing schools, colleges and universities, canceling public events, prohibiting public and private gatherings, and requiring people to stay home unless they were leaving for an essential function.

Like the State, the County took immediate and aggressive steps to protect residents including declaring a public health emergency on March 1, 2020 to slow the spread of the virus and its corresponding disease COVID-19. Impacts to the County are anticipated to include both revenues and expenses. The Metropolitan King County Council has appropriated over \$202 million for pandemic response-related costs to protect residents including establishing temporary hospitals, purchasing and outfitting isolation and quarantine facilities for residents without a suitable way to self-isolate, and preparing businesses to reopen. They have also redirected \$2.2 million of existing appropriation to provide childcare to first responders. Some of these costs will be borne by other governments through various programs including the CARES Act and Federal Emergency Management Agency (FEMA) grants, but the amount of Federal and State participation in these costs is not known. With respect to revenue impacts, the County estimates a year-over-year reduction in taxable sales of 30% or more from 2019 to 2020 as a result of the virus and efforts to control its spread. There may be stimulus funds or revenues from other sources to replace sales and use tax lost, but the amount and extent of such backfill revenues are also not known.

As a result of the uncertainties discussed above, the County cannot identify the full extent of the financial impact at this time. The length of time and specific nature of measures needed to slow the spread of the virus are also unknown at this time.



Required Supplementary Information

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT





**I. Budget to Actual - Major Fund**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)

**2019-2020 BUDGETED AMOUNTS (BIENNIAL)**

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 740,306	\$ 742,944	\$ 367,064	\$ (375,880)
Retail sales and use taxes	297,516	309,742	153,118	(156,624)
Business and other taxes	8,900	28,900	4,128	(24,772)
Licenses and permits	15,055	15,055	7,582	(7,473)
Intergovernmental revenues	45,393	70,528	27,495	(43,033)
Charges for services	579,740	576,862	288,970	(287,892)
Fines and forfeits	49,625	48,869	26,774	(22,095)
Interest earnings	24,481	26,581	18,844	(7,737)
Miscellaneous revenues	41,844	42,286	20,644	(21,642)
Sale of capital assets	—	—	944	944
Transfers in	25,994	47,892	32,481	(15,411)
<b>TOTAL REVENUES</b>	<u>1,828,854</u>	<u>1,909,659</u>	<u>948,044</u>	<u>(961,615)</u>
<b>EXPENDITURES</b>				
Current:				
General government	329,375	335,783	156,734	179,049
Law, safety and justice	1,263,285	1,293,102	623,955	669,147
Economic environment	1,085	1,085	73	1,012
Health and human services	93,475	95,301	49,223	46,078
Debt service:				
Principal	68	68	—	68
Interest and other debt service costs	207	225	158	67
Capital outlay	3,777	5,092	2,081	3,011
Transfers out	165,339	232,767	92,777	139,990
<b>TOTAL EXPENDITURES</b>	<u>1,856,611</u>	<u>1,963,423</u>	<u>925,001</u>	<u>1,038,422</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (27,757)</u>	<u>\$ (53,764)</u>	23,043	<u>\$ 76,807</u>
Adjustment from budgetary basis to GAAP basis <sup>(a)</sup>			(3,303)	
Net change in fund balance			19,740	
Fund balance - Beginning balance			164,081	
Fund balance - Ending balance			<u>\$ 183,821</u>	

<sup>(a)</sup>Elements of adjustment from budgetary basis to GAAP basis:

Adjustments to revenues:	
Recognition of unrealized loss on investments	\$ 4,895
Adjustments to expenditures	2,990
Non-budgeted revenues	(11,188)
Adjustment from budgetary basis to GAAP basis	<u>\$ (3,303)</u>

**BEHAVIORAL HEALTH FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)

**2019-2020 BUDGETED AMOUNTS (BIENNIAL)**

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 6,988	\$ 6,988	\$ 3,466	\$ (3,522)
Business and other taxes	—	—	17	17
Intergovernmental revenues	28,200	28,200	13,303	(14,897)
Charges for services	601,950	601,950	229,636	(372,314)
Interest earnings	469	469	559	90
Miscellaneous revenues	3,369	3,369	2,430	(939)
Transfers in	15,658	15,658	8,291	(7,367)
<b>TOTAL REVENUES</b>	<u>656,634</u>	<u>656,634</u>	<u>257,702</u>	<u>(398,932)</u>
<b>EXPENDITURES</b>				
Current:				
Health and human services	683,898	687,528	279,170	408,358
Transfers out	—	—	12,579	(12,579)
<b>TOTAL EXPENDITURES</b>	<u>683,898</u>	<u>687,528</u>	<u>291,749</u>	<u>395,779</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (27,264)</u>	<u>\$ (30,894)</u>	(34,047)	<u>\$ (3,153)</u>
Adjustment from budgetary basis to GAAP basis <sup>(a)</sup>			218	
Net change in fund balance			(33,829)	
Fund balance - Beginning balance			34,126	
Fund balance - Ending balance			<u>\$ 297</u>	

<sup>(a)</sup> Elements of adjustment from budgetary basis to GAAP basis:

Adjustments to revenues:		
Recognition of unrealized gains on investments		\$ 219
Adjustments to expenditures:		
Non-budgeted revenue		(1)
Adjustment from budgetary basis to GAAP basis		<u>\$ 218</u>

**II. Pension Funding**

<b>Schedule of the County's Proportionate Share of the Net Pension Liability</b>					
<b>Public Employees' Retirement System (PERS) Plan 1</b>					
<b>Measurement Date of June 30*</b>					
(dollars in thousands)					
	2019	2018	2017	2016	2015
County's proportion of the net pension liability	8.25%	8.56%	8.45%	8.90%	8.76%
County's proportionate share of the net pension liability	\$ 317,333	\$ 382,129	\$ 400,803	\$ 477,872	\$ 458,477
County's covered payroll**	\$ 1,196,465	\$ 1,124,434	\$ 1,046,436	\$ 1,007,624	\$ 1,002,651 ***
County's proportionate share of the net pension liability as a percentage of covered payroll	26.52%	33.98%	38.30%	47.43%	45.73%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	63.22%	61.24%	57.03%	59.10%

<b>Schedule of the County's Proportionate Share of the Net Pension Liability</b>					
<b>Public Employees' Retirement System (PERS) Plan 2/3</b>					
<b>Measurement Date of June 30*</b>					
(dollars in thousands)					
	2019	2018	2017	2016	2015
County's proportion of the net pension liability	10.06%	10.29%	10.14%	10.52%	10.36%
County's proportionate share of the net pension liability	\$ 97,735	\$ 175,728	\$ 352,361	\$ 529,855	\$ 370,294
County's covered payroll**	\$ 1,144,724	\$ 1,072,968	\$ 995,800	\$ 953,254	\$ 949,860 ***
County's proportionate share of the net pension liability as a percentage of covered payroll	8.54%	16.38%	35.38%	55.58%	38.98%
Plan fiduciary net position as a percentage of the total pension liability	97.77%	95.77%	90.97%	85.82%	89.20%

\*These schedules will be built prospectively until they contain ten years of data.

\*\*Covered payroll is the payroll on which contributions to a pension plan are based.

\*\*\*Restated

<b>Schedule of the County's Proportionate Share of the Net Pension Liability</b>					
<b>Public Safety Employees' Retirement System (PSERS) Plan 2</b>					
<b>Measurement Date of June 30*</b>					
(dollars in thousands)					
	2019	2018	2017	2016	2015
County's proportion of the net pension liability	8.67 %	9.69%	9.92%	11.33%	9.88%
County's proportionate share of the net pension liability	\$ (1,127)	\$ 120	\$ 1,944	\$ 4,817	\$ 1,803
County's covered payroll**	\$ 41,656	\$ 38,120	\$ 35,210	\$ 35,577	\$ 29,911 ***
County's proportionate share of the net pension liability as a percentage of covered payroll	(2.71)%	0.31%	5.52%	13.54%	6.03%
Plan fiduciary net position as a percentage of the total pension liability	101.85 %	99.79%	96.26%	90.41%	95.08%

<b>Schedule of the County's Proportionate Share of the Net Pension Liability</b>					
<b>Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1</b>					
<b>Measurement Date of June 30*</b>					
(dollars in thousands)					
	2019	2018	2017	2016	2015
County's proportion of the net pension (asset)	0.60%	0.60%	0.60%	0.60%	0.60%
County's proportionate share of the net pension (asset)	\$ (11,826)	\$ (10,894)	\$ (9,046)	\$ (6,180)	\$ (7,275)
County's covered payroll**	\$ 117	\$ 161	\$ 194	\$ 213	\$ 290 ***
County's proportionate share of the net pension (asset) as a percentage of covered payroll	-10,107.69%	-6,766.18%	-4,662.96%	-2,901.36%	-2,508.65%
Plan fiduciary net position as a percentage of the total pension liability	148.78%	144.42%	135.96%	123.74%	127.36%

\*These schedules will be built prospectively until they contain ten years of data.

\*\*Covered payroll is the payroll on which contributions to a pension plan are based.

\*\*\*Restated

**Schedule of the County's Proportionate Share of the Net Pension Liability  
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2**

**Measurement Date of June 30\***

(dollars in thousands)

	2019	2018	2017	2016	2015
County's proportion of the net pension (asset)	2.63%	2.88%	2.91%	3.02%	2.90%
County's proportionate share of the net pension (asset)	\$ (60,885)	\$ (58,520)	\$ (40,429)	\$ (17,543)	\$ (29,819)
State's proportionate share of the net pension (asset) associated with King County	(39,872)	(37,891)	(26,225)	(11,437)	(19,716)
<b>Total</b>	<b>\$ (100,757)</b>	<b>\$ (96,411)</b>	<b>\$ (66,654)</b>	<b>\$ (28,980)</b>	<b>\$ (49,535)</b>
County's covered payroll**	\$ 97,381	\$ 95,210	\$ 91,137	\$ 87,895	\$ 84,358 ***
County's proportionate share of the net pension (asset) as a percentage of covered payroll	-62.52%	-61.46%	-44.36%	-19.96%	-35.35%
Plan fiduciary net position as a percentage of the total pension liability	119.43%	118.50%	113.36%	106.04%	111.67%

**Schedule of the County's Proportionate Share of the Net Pension Liability  
Seattle City Employees' Retirement System (SCERS)**

**Measurement Date of December 31\***

(dollars in thousands)

	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.05%	0.05%	0.07%	0.09%	0.11%
County's proportionate share of the net pension liability	\$ 760	\$ 554	\$ 914	\$ 1,169	\$ 1,219
County's covered payroll**	\$ 1,807	\$ 2,022	\$ 2,429	\$ 3,010	\$ 3,305
County's proportionate share of the net pension liability as a percentage of covered payroll	42.04%	27.38%	37.61%	38.84%	36.88%
Plan fiduciary net position as a percentage of the total pension liability	64.14%	72.04%	65.60%	64.03%	67.70%

\*These schedules will be built prospectively until they contain ten years of data.

\*\*Covered payroll is the payroll on which contributions to a pension plan are based.

\*\*\*Restated

<b>Schedule of Contributions</b>					
<b>Public Employees' Retirement System (PERS) Plan 1</b>					
<b>Fiscal Year Ended December 31*</b>					
(dollars in thousands)					
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 62,259	\$ 59,366	\$ 54,111	\$ 50,154	\$ 25,295
Contributions in relation to the contractually required contribution	62,259	59,366	54,111	50,154	25,295
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 1,245,598	\$ 1,154,804	\$ 1,082,715	\$ 1,028,598	\$ 507,206
Contributions as a percentage of covered payroll	5.00%	5.14%	5.00%	4.88%	4.99%

<b>Schedule of Contributions</b>					
<b>Public Employees' Retirement System (PERS) Plan 2/3</b>					
<b>Fiscal Year Ended December 31*</b>					
(dollars in thousands)					
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 93,935	\$ 84,792	\$ 72,763	\$ 62,650	\$ 72,853
Contributions in relation to the contractually required contribution	93,935	84,792	72,763	62,650	72,853
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 1,188,641	\$ 1,103,984	\$ 1,031,418	\$ 977,342	\$ 933,304
Contributions as a percentage of covered payroll	7.90%	7.68%	7.05%	6.41%	7.81%

<b>Schedule of Contributions</b>					
<b>Public Safety Employees' Retirement System (PSERS) Plan 2</b>					
<b>Fiscal Year Ended December 31*</b>					
(dollars in thousands)					
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,518	\$ 2,777	\$ 2,514	\$ 2,319	\$ 2,781
Contributions in relation to the contractually required contribution	3,518	2,777	2,514	2,319	2,781
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 48,039	\$ 39,458	\$ 36,728	\$ 34,253	\$ 33,102
Contributions as a percentage of covered payroll	7.32%	7.04%	6.84%	6.77%	8.40%

<b>Schedule of Contributions</b>					
<b>Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2</b>					
<b>Fiscal Year Ended December 31*</b>					
(dollars in thousands)					
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 5,329	\$ 5,219	\$ 4,956	\$ 4,735	\$ 4,505
Contributions in relation to the contractually required contribution	5,329	5,219	4,956	4,735	4,505
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 99,067	\$ 96,106	\$ 92,952	\$ 90,526	\$ 86,131
Contributions as a percentage of covered payroll	5.38%	5.43%	5.33%	5.23%	5.23%

<b>Schedule of Contributions</b>					
<b>Seattle City Employees' Retirement System (SCERS)</b>					
<b>Fiscal Year Ended December 31*</b>					
(dollars in thousands)					
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 275	\$ 309	\$ 371	\$ 458	\$ 520
Contributions in relation to the contractually required contribution	275	309	371	458	520
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 1,807	\$ 2,022	\$ 2,429	\$ 3,010	\$ 3,305
Contributions as a percentage of covered payroll	15.23%	15.29%	15.27%	15.22%	15.73%

## Notes:

\*These schedules will be built prospectively until they contain ten years of data.

\*\*Covered payroll is the payroll on which contributions to a pension plan are based.

Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 and PSERS 2 contributions that fund the PERS 1 UAAL. Contributions do not include employer-paid member contributions.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 currently has one active member. Starting on July 1, 2000, employers and employees contribute zero percent as long as the Plan remains fully funded. The Plan had no required contributions for the fiscal years 2015, 2016, 2017, 2018, and 2019; thus, no schedule is required.

Adopted contribution rates could be different pending the actions of the governing bodies. For instance, for the period beginning July 1, 2017 and ending June 30, 2019, the contribution rates the Pension Funding Council adopted, which the Legislature did not change, reflect a phasing-in of the increase to contribution rates that resulted from a change to the mortality assumption. This is the third of three biennial over which this increase is expected to be phased in for PERS 1, PERS 2/3 and other pension plans.

**III. Defined Benefit Other Postemployment Benefit (OPEB) Plan**

**King County**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**

King County Retiree Health Plan  
For the year ended December 31, 2019

Last 10 Fiscal Years\*

(in thousands)

	2018	2019
<b>Total OPEB liability - beginning</b>	\$ 118,120	\$ 111,412
Service cost	2,092	2,155
Interest	4,146	4,138
Changes in benefit terms	—	—
Differences between expected and actual experience	3,332	—
Changes of assumptions	(9,651)	—
Benefit payments	(5,244)	(4,954)
Other changes	(1,383)	(1,479)
<b>Total OPEB liability - ending</b>	<u>\$ 111,412</u>	<u>\$ 111,272</u>
<b>Covered-employee payroll</b>	\$ 1,217,867	\$ 1,219,237
<b>Total OPEB liability as a % of covered payroll</b>	9.15%	9.13%

\*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.

#### IV. Condition Assessments and Preservation of Infrastructure Eligible for Modified Approach

##### Roads

The County performs condition assessments on its network of roads through the King County Pavement Management System. This system generates a Pavement Condition Index (PCI) for each segment of arterial and local access road in the network. The PCI is a numerical index from zero to one hundred (0-100) that represents the pavement's functional condition based on the quantity, severity, and type of visual distress, such as pavement cracking. Condition assessments are undertaken every three years for local streets and every two years for arterials.

The condition assessments of the County's roads are shown below for the last three completed cycles.

Condition ratings	2019-2017		2016-2014		2013-2011	
	(miles)	%	(miles)	%	(miles)	%
Arterial roads						
Excellent to good	293.7	64.4	294.3	65.0	297.7	64.9
Fair	44.1	9.7	61.4	13.5	32.0	7.0
Poor to substandard	118.3	25.9	97.5	21.5	129.0	28.1
Total	456.1	100.0	453.2	100.0	458.7	100.0
Local access roads						
Excellent to good	618.8	60.3	689.2	67.7	742.0	70.7
Fair	148.8	14.5	134.7	13.2	91.4	8.7
Poor to substandard	257.9	25.2	194.2	19.1	216.5	20.6
Total	1,025.5	100.0	1,018.1	100.0	1,049.9	100.0

The following table (derived from the table of condition ratings) shows the number and percentage of miles of roads that meet the 40 PCI level.

PCI score interval	2019-2017		2016-2014		2013-2011	
	(miles)	%	(miles)	%	(miles)	%
Arterial roads						
PCI 40 - 100	312.8	68.6	323.3	71.3	315.7	68.8
PCI 0 - 39	143.3	31.4	129.9	28.7	143.0	31.2
Total	456.1	100.0	453.2	100.0	458.7	100.0
Local access roads						
PCI 40 - 100	697.6	68.0	759.4	74.6	786.5	74.9
PCI 0 - 39	327.9	32.0	258.7	25.4	263.4	25.1
Total	1,025.5	100.0	1,018.1	100.0	1,049.9	100.0

In the most recent condition assessments, 68.6 percent of the arterial roads in the County and 68.0 percent of the local access roads in the County had a PCI rating of 40 and above.

The roads condition assessments have increased slightly over the last maintenance cycle. The accelerated condition deterioration observed in the 2016-2014 cycle and continuing in the 2019-2017 cycle, was primarily the result of weather and system age. Many of the arterial roadways are beyond their cost-effective life cycles, resulting in roadway deterioration. Because of the uncertainty in future funding for roads, the County formally lowered its established condition level to 50 percent of the roads at a PCI of 40 or better. The 2019 budgeted amounts on the next page already account for the change in the established condition level.

Below is information on planned (budgeted) and actual expenditures incurred to maintain and preserve the road network from 2015 to 2019. The budgeted amount is equivalent to the anticipated amount needed to maintain roads at the 50/40 required condition level for the modified approach (in thousands).

	2019	2018	2017	2016	2015
Budgeted	\$ 75,333	\$ 80,615	\$ 72,969	\$ 70,969	\$ 56,599
Expended	57,632	57,406	59,864	43,820	37,003

The amount budgeted in 2019 for road preservation and maintenance was \$75.3 million. The amount actually expended was \$57.6 million. The 2019 underspending was due to scheduling of contracted work and work to be performed in 2020. Adjusting for these items, the remaining gap is consistent with historical experience.

Bridges

King County currently maintains 182 bridges including co-owned and pedestrian bridges. Physical inspections to determine the condition of bridges and the degree of wear and deterioration are carried out at least every two years. Inspections reveal deficiencies in bridges such as steel corrosion, damaged guardrails, rotted timbers, deteriorated bridge decks, bank erosion and cracked concrete. These are documented in an inspection report along with recommended repairs. Four bridges that do not carry vehicular traffic are included in the list of bridges being maintained by the County. These are also subject to condition assessments, but are subject to different standards than the more heavily used 178 vehicular bridges.

Each year the County conducts a bridge prioritization process to determine potential candidates for replacement or rehabilitation. A weighted 10-point priority scale (sufficiency rating, seismic rating, geometrics, hydraulics, load limits, traffic safety, serviceability, importance, useful life, and structural concern) ranks the bridges in order; the results are considered in the planning and programming of major bridge studies and construction projects in the Roads Capital Improvement Program.

A key element in the priority score is the sufficiency rating, the measure considered by state and federal governments as the basis for establishing eligibility and priority for bridge replacement or rehabilitation funding. The sufficiency rating is a numerical rating of a bridge based on its structural adequacy and safety, essentially for public use, and its serviceability and functional obsolescence. The three most recent bridge sufficiency ratings are as follows:

Bridge Sufficiency Rating	Number of Bridges		
	2019	2018	2017
0 - 20	9	9	8
21 - 30	4	5	4
31 - 49	20	17	22
50 - 100	145	147	144
Totals	178	178	178

Amounts budgeted and spent to maintain and preserve bridges over the past five years are below (in thousands):

	2019	2018	2017	2016	2015
Budgeted	\$ 12,203	\$ 10,109	\$ 6,605	\$ 4,343	\$ 5,607
Expended	6,082	7,906	6,221	3,448	3,184

The budgeted amount is equivalent to the anticipated amount needed to maintain and preserve the bridges up to the required condition level.

Notes:

- \* Pavement Condition Index (PCI) condition measurement and road condition rating scale:
  1. PCI < 30 is defined to be in "poor to substandard" with heavy pavement cracking and potholes
  2. PCI 30 ≥ 50 is defined to be in "fair condition" with noticeable cracks and utility cuts
  3. PCI 50 ≥ 100 is defined to be in "excellent condition" with relatively smooth roadway
- \* King County's Road Services Division policy is to maintain at least 50 percent of the road system at a PCI level of 40 or better.
- \* Bridges adhere to the Federal Highway Administration condition measurement.
- \* Bridges sufficiency rating scale:
  1. 49 ≤ 0 indicates replacement or rehabilitation funding, < 30 are selected for rehabilitation funding
  2. 50 ≥ 100 indicates a good deal of service life remaining, a bridge capable of carrying traffic
- \* King County's Road Services Division policy is to maintain bridges in such manner that no more than 12 will have a sufficiency rating of 20 or less. A rating of 20 or less is usually indicative of a bridge with structural deficiency. The most common remedy is full replacement, rehabilitation or closure of the bridge.

Governmental Funds

# CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT





## **NONMAJOR GOVERNMENTAL FUNDS**

The County's nonmajor governmental funds fall into three categories: Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

Special Revenue Funds - Special revenue funds account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt or capital projects. The County's nonmajor special revenue funds are:

*Animal Services* - This fund is used to support regional animal services and related administration, including animal care services, administering pet licenses and enforcing animal control laws. This fund also accounts for donation-sponsored activities which include housing animals, medical attention for animals, public education, animal shelter improvements and other purposes that further the general welfare of animals.

*Arts and Cultural Development* - Receives and transfers to the cultural development authority (4Culture) a variety of revenues including, but not limited to, general fund revenues, hotel-motel tax revenues and public art revenues. The fund supports the 1% for Art program, the stewardship of the county art collection, the Building for Culture bond program established in 2016, the Building for Equity program established in 2019, and is a pass-through for hotel-motel revenues distributed from the State.

*Automated Fingerprint Identification System* - Accounts for the receipt of revenues and disbursement of expenditures related to the acquisition and implementation of a regional Automated Fingerprint Identification System (AFIS) for King County. The system is electronically connected to the Washington State Patrol, California Department of Justice, and the Western Identification Network, an AFIS database shared by seven western states. Included in this system is the electronic fingerprint capture and transmission to AFIS, known as Livescan.

*Best Starts for Kids Levy* - Accounts for tax revenues for the purpose of funding prevention and early intervention strategies to improve the health and wellbeing of children, youth, and their communities. Funded programs includes 1) Invest Early (Age 0-5), 2) Sustain the Gain (5-24), 3) Communities of Opportunity 4) Outcomes-Focused and Data Driven.

*Community Services Operating* - This fund, formerly Children and Family Services Fund, provides two primary functions: 1) CSD administration which support administrative staff, such as finance and clerical staff and overhead costs, and 2) Community Services Contracts which provides services for civil legal aid services, sexual assault and domestic violence survivor services, and older adults programs. The funding sources for these two functions are interfund transfers from CSD funds, general fund transfer and document recording fees.

*County Road Operating* - This fund finances the construction, maintenance, preservation and inspection of county streets, roads and bridges.

*Department of Community and Human Services (DCHS) Administration* - Accounts for 1) services associated with the DCHS Director's Office activities with funds coming from a cost allocation formula applied to all funds in DCHS and 2) All Home, formerly the Committee to End Homelessness (CEH) in King County, a coalition of governments, provides regional leadership and coordination to the efforts to end homelessness. The fund receives revenue from DCHS funds and programs to cover costs to administer the department.

*Department of Local Services* - This fund accounts for the Department of Local Services (DLS) director's office. The director's office provides oversight to programs within DLS as well as delivery and reporting of services provided to unincorporated King County. These include department leadership, finance and budget preparation, human resources, communications, government relations and legislative coordination, community engagement, and performance measurement and accountability. The director's office also funds a small economic development function and coordinates engagement with regional and local communities.

*Developmental Disabilities* - Provide services and supports to enhance the lives of residents with developmental disabilities and their families. Funded services include adult employment program, early intervention services for infants and toddlers with development delays, community information and Outreach and Adult Day Services.

*Department of Natural Resources and Parks Administration* - The fund accounts for expenditures to provide leadership, oversight and support to the department's four operational divisions: Parks and Recreation, Solid Waste, Wastewater

Treatment and Water and Land Resources. Revenues come from charging costs associated with the Director's Office to the agencies it serves and a climate cost share allocation across the County based on greenhouse gas emissions.

*Emergency Medical Services* - Finances emergency medical programs for developing, implementing and administering various emergency medical services in cooperation with King County fire district. This fund also provides contract funds for financing paramedic and other emergency medical service programs in the County.

*Emergency Telephone Enhanced 911* - Accounts for the receipt of E-911 excise tax revenues and the disbursement of expenditures related to the management of the Enhanced 911 Emergency Telephone system with participating jurisdictions in King County.

*Employment and Education Resources* - To provide job readiness, education, and employment services to help vulnerable youth and adults increase independence and self-sufficiency and lead more meaningful and productive lives. This fund has two sections, youth and adults, which are primarily supported through grants and other funds.

*Environmental Health* - Accounts for financial resources to protect and improve the health and well-being of all people in King County, specifically focusing on prevention of disease through sanitation, safe food and water, proper disposal of wastes and toxics, and promoting safe and healthy environmental conditions throughout King County for the benefit of all residents and visitors. This fund was created as part of the 2015-2016 budget by separating Environmental Health out of the Public Health Fund (KCC 4A.200.281).

*Flood Control District* - The Flood Control District was established under chapter 86.15 RCW to be instrumental in acquiring repetitive loss properties, other at-risk floodplain properties, and in addressing and improving countywide flood warning and flood prediction capacity.

*Grants Fund* - The fund accounts primarily for federal and state grants, though other grants may be received and spent in this fund with prior approval.

*Historical Preservation* - Main funding source of the Historic Preservation Program (HPP) to preserve and protect the county's significant historic and archaeological resources.

*Housing and Community Development* - This fund collects revenue from federal, state, and other funding sources to support housing and community development projects such as development of affordable and special needs housing, homeless prevention and supportive services, housing repairs, and community development projects that improve the livability of neighborhoods and communities.

*Intercounty River Improvement* - This fund was established in partnership with Pierce County, to finance necessary improvements to the White River.

*King County Flood Control Contract* - This fund is primarily used by King County in providing services to the King County Flood Control District, a special purpose district. The District contracts with King County to carry out the majority of its work to rebuild levees and revetments, acquire flood-prone properties, and in addressing and improving countywide flood warning and flood prediction capacity.

*Law Library* - This fund accounts for the activities of the Public Law Library of King County. The majority of the resources are received from court filing fees pursuant to RCW 27.24.070.

*Local Hazardous Waste Fund* - Accounts for financial resources used to support the Local Hazardous Waste Management Program established pursuant to chapter 70.105.220 RCW. This program works to protect and enhance public health and environmental quality in King County by helping citizens, businesses and government reduce the threat posed by the use, storage, and disposal of hazardous materials.

*Long-term Leases* - This fund accounts for all long-term leases for the County.

*Major Maintenance* - This fund accounts for the periodic replacement or repair of major building systems and components at King County facilities maintained by the Facilities Management Division.

*Mental Illness and Drug Dependency* - Accounts for the one-tenth of one percent local sales and use tax known as the Mental Illness and Drug Dependency (MIDD) to support mental health and chemical dependency treatment and

therapeutic program and services including therapeutic courts. Major category of services provided are prevention and intervention, crisis diversion, recovery and reentry, system improvements and therapeutic courts.

*Noxious Weed Control* - This fund implements the mandates of Washington State noxious weed law and provides services to educate the public about noxious weeds harmful to the economy and environment and to identify and control both terrestrial and aquatic noxious weed infestations.

*Parks Operating Levy* - Operates and maintains the King County Parks system. Revenues are distributed from the 2014-2019 Parks Open Space and Trails Replacement Levy. Operating expenses supported by the levy include Parks operations and maintenance, Community Partnership and Grant (CPG), Eastrail (Eastside Rail Corridor), 4-H program, and enforcement and safety. Parks Trust and Contribution accounts for the earnings from gifts, bequests and donations to the County Parks Division for designated parks and recreation purposes.

*Permitting and Abatement* - This fund accounts for (1) administration of the King County building, housing, fire, energy, shoreline management, zoning, and subdivision codes; (2) ensuring that development complies with the requirements of the State Environmental Policy Act (SEPA) and King County's environmental code, procedures, and regulations; (3) managing County review of building applications and issuing permits; (4) issuing and inspecting operating permits required by the International Fire Code; (5) reviewing and inspecting proposed land developments; and (6) administering the County's drainage regulation policies through review of land development permit applications; and (7) accounting for the receipt and disbursement of school impact fees.

*Public Health* - Finances health services centers located through King County and public health programs. The Public Health Fund supports clinical health services primary care assurance, management and business practice, population and targeted community health services.

*Puget Sound Emergency Radio Network Levy* - Accounts for resources to replace the current Emergency Radio Communication Network jointly owned by King County, the City of Seattle, Valley Communications Center and the East Side Public Safety Communications Agency. The Puget Sound Emergency Radio Network (PSERN) will improve county-wide operations by providing increased system reliability, increased coverage, and better security on the network. It will also nearly double the number of existing 26 radio transmitter sites. The fund receives levy tax collections approved by special election in April 2015.

*Recorder's Operating and Maintenance* - Accounts for all revenues collected from an additional recording fee for the sole purpose of acquiring, installing, and maintaining an improved system for copying, preserving, and indexing documents recorded in, or filed with, King County Records and Licensing Services Division.

*Regional Justice Center Projects* - Originally this fund was created to account for the construction of the Maleng Regional Justice Center and finance the King County Correctional Facility (KCCF) security system and jail health upgrade. Subsequently, balances had been programmed for jail planning and jail facility tenant improvements to address ongoing space needs. This fund has been closed in 2019.

*Risk Abatement* - Processes the administrative and related costs associated with settlements of class action lawsuits filed against King County.

*Road Improvement Districts* - This fund accounts for the neighborhood road improvements for RID numbers 107, 110 and 132.

*Surface Water Capital* - This fund accounts for projects to protect public safety, water quality, and property from stormwater runoff and pollution, and land development practices. Revenues include Pay-As-You-Go transfers from the SWM operating fund, grants from external agencies, critical area mitigation fees, and interlocal funding.

*Surface Water Management* - This fund accounts for programs specifically addressing impacts from stormwater runoff such as flooding, erosion, pollution, habitat degradation, and low stream flows. To pay for these services, a fee is assessed on property owners in unincorporated King County.

*Treasurer's Operating and Maintenance* - Accounts for the revenues received and costs incurred in the foreclosure, distraint and sale of real and personal property for delinquent taxes, and to defray the costs of further foreclosures, distraints and sales for delinquent taxes.

*Transfer of Developer Credit* - This fund accounts for the purchase and sale of development credits. The program facilitates the relocation of development growth out of the county's rural and resource lands into its designated urban areas, in both the incorporated cities and urban unincorporated areas under a voluntary, incentive-based, and market-driven approach to conserve land.

*Urban Reforestation and Habitat Restoration* - This fund provides grants to local non-profits and governments for the purpose of funding urban reforestation and habitat restoration projects in the Urban Growth Area of King County.

*Veterans, Seniors and Human Services Levy* - Formerly Veterans and Human Services Levy, this fund accounts for tax revenues collected for the purpose to connect service members and veterans, residents age 55 or older, and vulnerable populations to programs and services in these five results areas 1) Housing Stability, 2) Financial Stability, 3) Social Engagement, 4) Healthy Living, 5) Service System Access and Improvement.

*Veterans Relief* - Under King County Veterans Program (KCVP), this fund accounts for tax revenues collected to provide an array of services to assist veterans and their families on their path toward self-sufficiency. Major services provided include emergency financial assistance, housing assistance and emergency shelter beds, employment guidance and assistance, case management, life stability, mental health referrals and other supportive services.

*Youth Amateur Sports* - Accounts for grants funding youth and amateur sports activities or facilities, debt service payments for debt or refinancing debt issued for those purposes, and program funding obtained from the countywide one-percent rental car sales tax.

Debt Service Funds - Debt service funds account for the accumulation of resources for, and the payment of principal and interest on the County's general obligation bonds and special assessment debt of certain districts. The County's nonmajor debt service funds are:

*Limited General Obligation Bond Redemption* - Accounts for the accumulation of resources for and the payment of those bonds which have been issued without a vote of the people.

*Unlimited General Obligation Bond Redemption* - Accounts for the accumulation of resources that are restricted for the payment of bonds which have been issued with a three-fifths approval vote of the people.

Capital Projects Funds - Capital projects funds account for financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition, construction, maintenance, and improvement of capital assets. The County's nonmajor capital projects funds are:

*Building Repair and Replacement* - Accounts for receipts and expenditures related to the repair and replacement of various County buildings such as the Courthouse, Correctional Facility, Regional Justice Center Complex, Administration, and other buildings.

*Conservation Futures* - This fund was established to account for the Conservation Futures Levy that pays for the program to maintain, preserve, and conserve open space lands. The Conservation Futures program aims to achieve an equitable geographical distribution of funds over the long term.

*Enhanced 911 Emergency Telephone Capital Project Fund* - Established to support the capital projects of the Enhanced 911 Emergency Telephone system funded by excise taxes.

*Farmland and Open Space Acquisition* - This fund holds and tracks bond proceeds associated with the 1979 King County Farmland and Open Space Bond and subsequent bond issuances. Program expenditures mostly include fee simple land purchases, conservation easements and small capital improvements to properties to preserve critical farmlands and enhance agricultural activity.

*Facilities Management Division-Parks Facility Rehabilitation* - Accounts mostly for the small capital maintenance projects of the County parks facilities and trail projects. Program expenditures are primarily funded from a portion of the County's Real Estate Excise Taxes.

*IT Services Capital* - Established to account for equipment replacement and general purpose technology projects managed by the King County Information Technology.

*KCIT Capital Projects* - Account for resources of IT projects for King County departments and agencies that do not have their own capital funds. Ten sub-funds are included in this fund: five capital projects sub-funds where all the project activities are recorded and five bond sub-funds created for the purpose of holding and management of bond proceeds designated for IT capital projects. Money is transferred from the bond funds to the capital projects fund to cover the actual expenditures incurred by the respective projects.

*Open Space King County Bond-Funded* - This fund holds and tracks bond proceeds associated with the 1989 King County Open Space Bond issue. Funds are used to preserve and protect open lands throughout the County and preserve wildlife, enhance scenic vistas, provide access to water and provide open spaces in the midst of urban congestion. Trail additions add linkages to individual parks and neighborhoods.

*Parks Capital Projects* - Main capital fund for the Parks Division. The fund accounts for the capital portion of the Parks Levy. Other revenues include REET I, REET II, bond proceeds, and state and federal grants. Specific uses of these funds include the acquisition of open space and natural lands, acquisition and development of right of ways for regional trails, repair and replacement of critical infrastructure, and developing trailheads. In addition, the fund accounts for the major capital maintenance projects of the County parks facilities. Expenditures are primarily incurred in the Critical Infrastructure and Major Maintenance program. This program repairs and replaces Parks facilities, and creates critical infrastructure to access King County Parks and includes the Central Maintenance Facility.

*Puget Sound Emergency Radio Network Capital* - Established to account for the development of the new Puget Sound Emergency Radio Network (IT project) and associated site development projects throughout the county. All funds are transferred from the PSERN Levy Fund per the spending plan.

*Real Estate Excise Tax Capital* - Accounts for the proceeds of two levies on the sellers of real property in unincorporated King County. Each tax is one-quarter of one percent of the real property value. The tax is dedicated to specific local public works capital projects.

*Roads Capital Program* - This fund is designed to support capital activities relating to the maintenance of the King County road system and its facilities. Projects including the maintenance of roads, roadsides, bridges/structures, traffic control and drainage, and facilities, such as those for emergencies, material storage, snow and ice storage, and others necessary for the maintenance of the road system.

*Youth Services Facilities* - This fund accounts for planning future youth services facilities.

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 642,502	\$ 10,228	\$ 295,581	\$ 948,311
Investments	—	—	1,944	1,944
Taxes receivable-delinquent	7,835	291	701	8,827
Accounts receivable, net	8,023	—	451	8,474
Interest receivable	39	416	—	455
Due from other funds	33,826	21	1,512	35,359
Due from other governments, net	75,371	—	4,114	79,485
Inventory	1,089	—	—	1,089
Prepayments	13,269	—	6,708	19,977
Advances to other funds	15,500	—	—	15,500
Notes receivable	23,203	135,055	—	158,258
<b>TOTAL ASSETS</b>	<u>\$ 820,657</u>	<u>\$ 146,011</u>	<u>\$ 311,011</u>	<u>\$ 1,277,679</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 61,552	\$ —	\$ 27,015	\$ 88,567
Due to other funds	36,932	—	8	36,940
Interfund short-term loans payable	20,250	—	—	20,250
Due to other governments	33,598	—	—	33,598
Wages payable	16,629	—	412	17,041
Taxes payable	70	—	1	71
Unearned revenues	34,285	134,568	—	168,853
Custodial accounts	3,620	—	1	3,621
Advances from other funds	15,341	—	23,188	38,529
<b>TOTAL LIABILITIES</b>	<u>222,277</u>	<u>134,568</u>	<u>50,625</u>	<u>407,470</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	5,957	225	530	6,712
Unavailable revenue-other receivables	1,850	—	1,191	3,041
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>7,807</u>	<u>225</u>	<u>1,721</u>	<u>9,753</u>
<b>FUND BALANCES</b>				
Nonspendable	28,798	—	6,708	35,506
Restricted	553,775	2,270	275,668	831,713
Committed	170	—	—	170
Assigned	29,680	8,948	3,290	41,918
Unassigned	(21,850)	—	(27,001)	(48,851)
<b>TOTAL FUND BALANCES</b>	<u>590,573</u>	<u>11,218</u>	<u>258,665</u>	<u>860,456</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 820,657</u>	<u>\$ 146,011</u>	<u>\$ 311,011</u>	<u>\$ 1,277,679</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 489,679	\$ 17,780	\$ 46,266	\$ 553,725
Retail sales and use taxes	104,359	—	—	104,359
Business and other taxes	2,097	9	15,547	17,653
Licenses and permits	21,417	—	—	21,417
Intergovernmental revenues	148,756	11,494	7,722	167,972
Charges for services	274,246	—	1,732	275,978
Fines and forfeits	1,019	—	1	1,020
Interest earnings	16,831	5,963	6,325	29,119
Miscellaneous revenues	30,491	—	588	31,079
<b>TOTAL REVENUES</b>	<b>1,088,895</b>	<b>35,246</b>	<b>78,181</b>	<b>1,202,322</b>
<b>EXPENDITURES</b>				
Current:				
General government	32,058	—	10,255	42,313
Law, safety and justice	138,208	—	5,158	143,366
Physical environment	24,920	—	—	24,920
Transportation	82,077	—	25,401	107,478
Economic environment	194,119	—	9,869	203,988
Health and human services	434,516	—	1,467	435,983
Culture and recreation	65,320	—	10,102	75,422
Debt service:				
Principal	—	67,990	—	67,990
Interest and other debt service costs	600	30,084	773	31,457
Capital outlay	16,708	—	152,953	169,661
<b>TOTAL EXPENDITURES</b>	<b>988,526</b>	<b>98,074</b>	<b>215,978</b>	<b>1,302,578</b>
Excess (deficiency) of revenues over (under) expenditures	100,369	(62,828)	(137,797)	(100,256)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	179,442	69,833	152,969	402,244
Transfers out	(245,277)	(5,742)	(53,542)	(304,561)
General government bonds issued	—	—	62,340	62,340
Refunding bonds issued	—	55,877	—	55,877
Premium on general government bonds issued	—	—	13,125	13,125
Premium on refunded bonds	—	8,248	—	8,248
Payment to refunded bond escrow agent	—	(63,652)	—	(63,652)
Sale of capital assets	38	—	2,484	2,522
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(65,797)</b>	<b>64,564</b>	<b>177,376</b>	<b>176,143</b>
Net change in fund balances	34,572	1,736	39,579	75,887
Fund balances - beginning	556,005	9,482	219,082	784,569
Prior period adjustment	(4)	—	4	—
<b>Fund balances - ending</b>	<b>\$ 590,573</b>	<b>\$ 11,218</b>	<b>\$ 258,665</b>	<b>\$ 860,456</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 1 OF 15)

	TOTAL	ANIMAL SERVICES	ARTS AND CULTURAL DEVELOPMENT
<b>ASSETS</b>			
Cash and cash equivalents	\$ 642,502	\$ 2,440	\$ 202
Taxes receivable-delinquent	7,835	—	—
Accounts receivable, net	8,023	238	—
Interest receivable	39	—	—
Due from other funds	33,826	1	1
Due from other governments, net	75,371	10	—
Inventory	1,089	—	—
Prepayments	13,269	—	11,710
Advances to other funds	15,500	—	—
Notes receivable	23,203	—	2,940
<b>TOTAL ASSETS</b>	<b>\$ 820,657</b>	<b>\$ 2,689</b>	<b>\$ 14,853</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 61,552	\$ 78	\$ —
Due to other funds	36,932	—	8,449
Interfund short-term loans payable	20,250	—	—
Due to other governments	33,598	—	—
Wages payable	16,629	231	—
Taxes payable	70	—	—
Unearned revenues	34,285	—	—
Custodial accounts	3,620	1	—
Advances from other funds	15,341	—	3,000
<b>TOTAL LIABILITIES</b>	<b>222,277</b>	<b>310</b>	<b>11,449</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	5,957	—	—
Unavailable revenue-other receivables	1,850	88	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,807</b>	<b>88</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	28,798	—	14,650
Restricted	553,775	2,291	143
Committed	170	—	—
Assigned	29,680	—	—
Unassigned	(21,850)	—	(11,389)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>590,573</b>	<b>2,291</b>	<b>3,404</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 820,657</b>	<b>\$ 2,689</b>	<b>\$ 14,853</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 2 OF 15 - CONTINUED)

	<b>AUTOMATED FINGERPRINT IDENTIFICATION</b>	<b>BEST START FOR KIDS LEVY</b>	<b>COMMUNITY SERVICES OPERATING</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 25,799	\$ 73,387	\$ 1,054
Taxes receivable-delinquent	323	993	—
Accounts receivable, net	—	—	—
Interest receivable	—	—	—
Due from other funds	52	138	2
Due from other governments, net	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 26,174</b>	<b>\$ 74,518</b>	<b>\$ 1,056</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 56	\$ 2,797	\$ 866
Due to other funds	—	135	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	311	4
Wages payable	429	52	58
Taxes payable	51	—	—
Unearned revenues	—	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>536</b>	<b>3,295</b>	<b>928</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	245	744	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>245</b>	<b>744</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	25,393	70,479	128
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>25,393</b>	<b>70,479</b>	<b>128</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 26,174</b>	<b>\$ 74,518</b>	<b>\$ 1,056</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 3 OF 15)

	COUNTY ROAD OPERATING	DEPT COMMUNITY AND HUMAN SERVICES ADMIN	DEPARTMENT OF LOCAL SERVICES
<b>ASSETS</b>			
Cash and cash equivalents	\$ 30,580	\$ 944	\$ 519
Taxes receivable-delinquent	2,013	—	—
Accounts receivable, net	215	—	—
Interest receivable	—	—	—
Due from other funds	61	3	1
Due from other governments, net	912	86	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 33,781</b>	<b>\$ 1,033</b>	<b>\$ 520</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,244	\$ 140	\$ 57
Due to other funds	—	2	—
Interfund short-term loans payable	—	—	—
Due to other governments	154	—	—
Wages payable	2,345	376	130
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	112	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>3,855</b>	<b>518</b>	<b>187</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	1,577	—	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,577</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	28,349	515	333
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>28,349</b>	<b>515</b>	<b>333</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 33,781</b>	<b>\$ 1,033</b>	<b>\$ 520</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 4 OF 15 - CONTINUED)

	DEVELOPMENTAL DISABILITIES	DEPT NATURAL RESOURCES AND PARKS ADMIN	EMERGENCY MEDICAL SERVICES
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,075	\$ 923	\$ 49,550
Taxes receivable-delinquent	52	—	1,119
Accounts receivable, net	—	—	21
Interest receivable	—	—	—
Due from other funds	—	2	103
Due from other governments, net	5,594	8	154
Inventory	—	—	146
Prepayments	—	—	3
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 15,721</b>	<b>\$ 933</b>	<b>\$ 51,096</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,260	\$ 76	\$ 2,363
Due to other funds	—	—	50
Interfund short-term loans payable	—	—	—
Due to other governments	4,685	—	3,551
Wages payable	176	235	1,153
Taxes payable	—	—	—
Unearned revenues	85	12	138
Custodial accounts	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>8,206</b>	<b>323</b>	<b>7,255</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	39	—	830
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>39</b>	<b>—</b>	<b>830</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	149
Restricted	7,476	—	42,862
Committed	—	—	—
Assigned	—	610	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>7,476</b>	<b>610</b>	<b>43,011</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 15,721</b>	<b>\$ 933</b>	<b>\$ 51,096</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 5 OF 15)

	EMERGENCY TELEPHONE ENHANCED 911	EMPLOYMENT AND EDUCATION RESOURCES	ENVIRONMENTAL HEALTH
<b>ASSETS</b>			
Cash and cash equivalents	\$ 34,071	\$ 1,157	\$ 19,194
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	6	73	348
Interest receivable	—	—	—
Due from other funds	45	—	124
Due from other governments, net	4,167	785	975
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 38,289</b>	<b>\$ 2,015</b>	<b>\$ 20,641</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 243	\$ 1,360	\$ 166
Due to other funds	—	—	194
Interfund short-term loans payable	—	—	—
Due to other governments	9,477	25	—
Wages payable	65	254	894
Taxes payable	—	—	—
Unearned revenues	—	46	5,814
Custodial accounts	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>9,785</b>	<b>1,685</b>	<b>7,068</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	257
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>257</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	28,504	330	13,316
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>28,504</b>	<b>330</b>	<b>13,316</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 38,289</b>	<b>\$ 2,015</b>	<b>\$ 20,641</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 6 OF 15 - CONTINUED)

	<b>FLOOD CONTROL DISTRICT</b>	<b>GRANTS FUND</b>	<b>HISTORICAL PRESERVATION</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 122,373	\$ 693	\$ 342
Taxes receivable-delinquent	873	—	—
Accounts receivable, net	181	52	—
Interest receivable	—	—	—
Due from other funds	—	—	9
Due from other governments, net	—	4,073	7
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	4,000	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 127,427</b>	<b>\$ 4,818</b>	<b>\$ 358</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,739	\$ 378	\$ —
Due to other funds	25,317	38	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	—	229	24
Taxes payable	—	—	—
Unearned revenues	—	812	—
Custodial accounts	—	8	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>32,056</b>	<b>1,465</b>	<b>24</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	661	—	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>661</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	94,710	3,353	334
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>94,710</b>	<b>3,353</b>	<b>334</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 127,427</b>	<b>\$ 4,818</b>	<b>\$ 358</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 7 OF 15)

	HOUSING AND COMMUNITY DEVELOPMENT	INTERCOUNTY RIVER IMPROVEMENT	KC FLOOD CONTROL CONTRACT
<b>ASSETS</b>			
Cash and cash equivalents	\$ 68,246	\$ 17	\$ 593
Taxes receivable-delinquent	—	1	—
Accounts receivable, net	5	—	1
Interest receivable	—	—	—
Due from other funds	432	—	31,178
Due from other governments, net	6,380	—	1,290
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	11,855	—	—
<b>TOTAL ASSETS</b>	<b>\$ 86,918</b>	<b>\$ 18</b>	<b>\$ 33,062</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 8,208	\$ —	\$ 3,204
Due to other funds	18	—	42
Interfund short-term loans payable	—	—	20,250
Due to other governments	666	—	5,333
Wages payable	309	—	404
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	216	—	—
Advances from other funds	—	—	4,000
<b>TOTAL LIABILITIES</b>	<b>9,417</b>	<b>—</b>	<b>33,233</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	1	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>1</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	76,101	17	—
Committed	—	—	—
Assigned	1,400	—	—
Unassigned	—	—	(171)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>77,501</b>	<b>17</b>	<b>(171)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 86,918</b>	<b>\$ 18</b>	<b>\$ 33,062</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 8 OF 15 - CONTINUED)

	<b>LAW LIBRARY</b>	<b>LOCAL HAZARDOUS WASTE</b>	<b>LONG-TERM LEASES</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 542	\$ 14,708	\$ 221
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	1,557	—
Interest receivable	—	—	39
Due from other funds	1	32	803
Due from other governments, net	—	1,620	—
Inventory	—	—	—
Prepayments	—	—	1,529
Advances to other funds	—	—	—
Notes receivable	—	—	8,315
<b>TOTAL ASSETS</b>	<b>\$ 543</b>	<b>\$ 17,917</b>	<b>\$ 10,907</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 35	\$ —	\$ 1,510
Due to other funds	—	1,452	4
Interfund short-term loans payable	—	—	—
Due to other governments	—	1,262	—
Wages payable	—	—	—
Taxes payable	—	—	—
Unearned revenues	—	—	8,291
Custodial accounts	—	—	—
Advances from other funds	—	—	2,010
<b>TOTAL LIABILITIES</b>	<b>35</b>	<b>2,714</b>	<b>11,815</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	1,529
Restricted	508	15,203	—
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	(2,437)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>508</b>	<b>15,203</b>	<b>(908)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 543</b>	<b>\$ 17,917</b>	<b>\$ 10,907</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 9 OF 15)

	MAJOR MAINTENANCE	MENTAL ILLNESS AND DRUG DEPENDENCY	NOXIOUS WEED CONTROL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,873	\$ 16,621	\$ 1,785
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	—	161
Interest receivable	—	—	—
Due from other funds	—	167	4
Due from other governments, net	—	13,380	23
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	11,500	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 25,373</b>	<b>\$ 30,168</b>	<b>\$ 1,973</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,050	\$ 4,308	\$ 30
Due to other funds	—	1,062	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	254	—
Wages payable	22	412	87
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>1,072</b>	<b>6,036</b>	<b>117</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	35
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>35</b>
<b>FUND BALANCES</b>			
Nonspendable	11,500	—	—
Restricted	—	24,132	1,821
Committed	—	—	—
Assigned	12,801	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>24,301</b>	<b>24,132</b>	<b>1,821</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 25,373</b>	<b>\$ 30,168</b>	<b>\$ 1,973</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 10 OF 15 - CONTINUED)

	<b>PARKS OPERATING LEVY</b>	<b>PERMITTING AND ABATEMENT</b>	<b>PUBLIC HEALTH</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,492	\$ 9,476	\$ 22,236
Taxes receivable-delinquent	1,154	—	—
Accounts receivable, net	214	1,086	1,332
Interest receivable	—	—	—
Due from other funds	66	9	315
Due from other governments, net	—	—	32,232
Inventory	—	—	943
Prepayments	—	—	27
Advances to other funds	—	—	—
Notes receivable	93	—	—
<b>TOTAL ASSETS</b>	<b>\$ 21,019</b>	<b>\$ 10,571</b>	<b>\$ 57,085</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 473	\$ 290	\$ 18,670
Due to other funds	21	—	88
Interfund short-term loans payable	—	—	—
Due to other governments	—	4,670	1,977
Wages payable	1,333	541	4,856
Taxes payable	15	—	3
Unearned revenues	167	1,878	879
Custodial accounts	11	3,272	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>2,020</b>	<b>10,651</b>	<b>26,473</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	874	—	—
Unavailable revenue-other receivables	93	62	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>967</b>	<b>62</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	970
Restricted	18,032	1,210	29,642
Committed	—	170	—
Assigned	—	—	—
Unassigned	—	(1,522)	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>18,032</b>	<b>(142)</b>	<b>30,612</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 21,019</b>	<b>\$ 10,571</b>	<b>\$ 57,085</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 11 OF 15)

	PUGET SOUND EMERGENCY NETWORK LEVY	RECORDER'S OPERATING AND MAINTENANCE	REGIONAL JUSTICE CENTER PROJECTS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,164	\$ 2,118	\$ —
Taxes receivable-delinquent	466	—	—
Accounts receivable, net	—	—	—
Interest receivable	—	—	—
Due from other funds	10	20	—
Due from other governments, net	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 1,640</b>	<b>\$ 2,138</b>	<b>\$ —</b>
<b>LIABILITIES</b>			
Accounts payable	\$ —	\$ —	\$ —
Due to other funds	—	1	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	—	25	—
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>—</b>	<b>26</b>	<b>—</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	354	—	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>354</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	1,286	2,112	—
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>1,286</b>	<b>2,112</b>	<b>—</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 1,640</b>	<b>\$ 2,138</b>	<b>\$ —</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 12 OF 15 - CONTINUED)

	<b>RISK ABATEMENT</b>	<b>ROAD IMPROVEMENT DISTRICTS</b>	<b>SURFACE WATER CAPITAL</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12	\$ 10	\$ 32,607
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	3	177
Interest receivable	—	—	—
Due from other funds	—	—	47
Due from other governments, net	—	—	1,899
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 12</b>	<b>\$ 13</b>	<b>\$ 34,730</b>
<b>LIABILITIES</b>			
Accounts payable	\$ —	\$ —	\$ 518
Due to other funds	12	—	13
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	131
Wages payable	—	—	86
Taxes payable	—	—	1
Unearned revenues	—	—	15,566
Custodial accounts	—	—	—
Advances from other funds	6,331	—	—
<b>TOTAL LIABILITIES</b>	<b>6,343</b>	<b>—</b>	<b>16,315</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	—	13	18,415
Committed	—	—	—
Assigned	—	—	—
Unassigned	(6,331)	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(6,331)</b>	<b>13</b>	<b>18,415</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 12</b>	<b>\$ 13</b>	<b>\$ 34,730</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 13 OF 15)

	SURFACE WATER MANAGEMENT	TREASURER'S OPERATING AND MAINTENANCE	TRANSFER OF DEVELOPER CREDIT
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,614	\$ 460	\$ 11,879
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	2,353	—	—
Interest receivable	—	—	—
Due from other funds	73	—	23
Due from other governments, net	1,218	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 19,258</b>	<b>\$ 460</b>	<b>\$ 11,902</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 557	\$ —	\$ 17
Due to other funds	9	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	40	—	—
Wages payable	1,716	—	4
Taxes payable	—	—	—
Unearned revenues	597	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>2,919</b>	<b>—</b>	<b>21</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	1,315	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,315</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	15,024	460	—
Committed	—	—	—
Assigned	—	—	11,881
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>15,024</b>	<b>460</b>	<b>11,881</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 19,258</b>	<b>\$ 460</b>	<b>\$ 11,902</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 14 OF 15 - CONTINUED)

	URBAN REFORESTATION AND HABITAT RESTORATION	VETERANS, SENIORS AND HUMAN SERVICES LEVY	VETERANS RELIEF
<b>ASSETS</b>			
Cash and cash equivalents	\$ 717	\$ 24,998	\$ 970
Taxes receivable-delinquent	—	795	46
Accounts receivable, net	—	—	—
Interest receivable	—	—	—
Due from other funds	1	60	2
Due from other governments, net	—	7	18
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 718</b>	<b>\$ 25,860</b>	<b>\$ 1,036</b>
<b>LIABILITIES</b>			
Accounts payable	\$ —	\$ 2,016	\$ 116
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	983	75
Wages payable	—	136	27
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>—</b>	<b>3,135</b>	<b>218</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	597	35
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>597</b>	<b>35</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	350	22,128	783
Committed	—	—	—
Assigned	368	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>718</b>	<b>22,128</b>	<b>783</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 718</b>	<b>\$ 25,860</b>	<b>\$ 1,036</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 15 OF 15 - CONCLUDED)

		<b>YOUTH AMATEUR SPORTS</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$	10,840
Taxes receivable-delinquent		—
Accounts receivable, net		—
Interest receivable		—
Due from other funds		41
Due from other governments, net		533
Inventory		—
Prepayments		—
Advances to other funds		—
Notes receivable		—
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>11,414</b>
<b>LIABILITIES</b>		
Accounts payable	\$	727
Due to other funds		25
Interfund short-term loans payable		—
Due to other governments		—
Wages payable		20
Taxes payable		—
Unearned revenues		—
Custodial accounts		—
Advances from other funds		—
<b>TOTAL LIABILITIES</b>		<b>772</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue-property taxes		—
Unavailable revenue-other receivables		—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b>—</b>
<b>FUND BALANCES</b>		
Nonspendable		—
Restricted		8,022
Committed		—
Assigned		2,620
Unassigned		—
<b>TOTAL FUND BALANCES (DEFICITS)</b>		<b>10,642</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$</b>	<b>11,414</b>

**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)

	<u>TOTAL</u>	<u>LIMITED GO BOND REDEMPTION</u>	<u>UNLIMITED GO BOND REDEMPTION</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,228	\$ 8,029	\$ 2,199
Taxes receivable - delinquent	291	—	291
Interest receivable	416	416	—
Due from other funds	21	16	5
Notes receivable	135,055	135,055	—
<b>TOTAL ASSETS</b>	<u>\$ 146,011</u>	<u>\$ 143,516</u>	<u>\$ 2,495</u>
<b>LIABILITIES</b>			
Unearned revenues	\$ 134,568	\$ 134,568	\$ —
<b>TOTAL LIABILITIES</b>	<u>134,568</u>	<u>134,568</u>	<u>—</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	225	—	225
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>225</u>	<u>—</u>	<u>225</u>
<b>FUND BALANCES</b>			
Restricted	2,270	—	2,270
Assigned	8,948	8,948	—
<b>TOTAL FUND BALANCES</b>	<u>11,218</u>	<u>8,948</u>	<u>2,270</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 146,011</u>	<u>\$ 143,516</u>	<u>\$ 2,495</u>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 1 OF 5)

	<u>TOTAL</u>	<u>BUILDING REPAIR AND REPLACEMENT</u>	<u>CONSERVATION FUTURES</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 295,581	\$ 17,234	\$ 22,598
Investments	1,944	—	—
Taxes receivable—delinquent	701	3	308
Accounts receivable, net	451	21	—
Due from other funds	1,512	60	51
Due from other governments, net	4,114	—	—
Prepayments	6,708	—	—
<b>TOTAL ASSETS</b>	<u>\$ 311,011</u>	<u>\$ 17,318</u>	<u>\$ 22,957</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 27,015	\$ 9,850	\$ 36
Due to other funds	8	7	—
Wages payable	412	28	10
Taxes payable	1	—	—
Custodial accounts	1	1	—
Advances from other funds	23,188	23,188	—
<b>TOTAL LIABILITIES</b>	<u>50,625</u>	<u>33,074</u>	<u>46</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	530	3	232
Unavailable revenue-other receivables	1,191	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,721</u>	<u>3</u>	<u>232</u>
<b>FUND BALANCES</b>			
Nonspendable	6,708	—	—
Restricted	275,668	11,242	22,679
Assigned	3,290	—	—
Unassigned	(27,001)	(27,001)	—
<b>TOTAL FUND BALANCES</b>	<u>258,665</u>	<u>(15,759)</u>	<u>22,679</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 311,011</u>	<u>\$ 17,318</u>	<u>\$ 22,957</u>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 2 OF 5 - CONTINUED)

	ENHANCED 911 CAPITAL	FARMLAND AND OPEN SPACE ACQUISITION	FMD-PARKS FACILITY REHABILITATION
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,316	\$ 372	\$ —
Investments	—	1,394	—
Taxes receivable—delinquent	—	—	—
Accounts receivable, net	—	—	—
Due from other funds	12	1	—
Due from other governments, net	—	—	—
Prepayments	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 6,328</b>	<b>\$ 1,767</b>	<b>\$ —</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,029	\$ 21	\$ —
Due to other funds	—	—	—
Wages payable	—	—	—
Taxes payable	—	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>1,029</b>	<b>21</b>	<b>—</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	5,299	1,746	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES</b>	<b>5,299</b>	<b>1,746</b>	<b>—</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,328</b>	<b>\$ 1,767</b>	<b>\$ —</b>

## NONMAJOR CAPITAL PROJECTS FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 3 OF 5)

	IT SERVICES CAPITAL	KCIT CAPITAL PROJECTS	OPEN SPACE KC BOND- FUNDED
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,331	\$ 50,208	\$ 190
Investments	—	—	—
Taxes receivable—delinquent	—	—	—
Accounts receivable, net	—	—	—
Due from other funds	—	995	24
Due from other governments, net	—	—	175
Prepayments	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 5,331</b>	<b>\$ 51,203</b>	<b>\$ 389</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,429	\$ 2,842	\$ —
Due to other funds	—	—	1
Wages payable	—	98	—
Taxes payable	—	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>4,429</b>	<b>2,940</b>	<b>1</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue—property taxes	—	—	—
Unavailable revenue—other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	—	45,875	388
Assigned	902	2,388	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES</b>	<b>902</b>	<b>48,263</b>	<b>388</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,331</b>	<b>\$ 51,203</b>	<b>\$ 389</b>

## NONMAJOR CAPITAL PROJECTS FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 4 OF 5 - CONTINUED)

	PARKS CAPITAL PROJECTS	PUGET SOUND EMERGENCY NETWORK CAP	REAL ESTATE EXCISE TAX CAPITAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 79,489	\$ 32,220	\$ 37,849
Investments	—	—	—
Taxes receivable—delinquent	—	—	—
Accounts receivable, net	430	—	—
Due from other funds	155	58	76
Due from other governments, net	1,952	—	—
Prepayments	6,708	—	—
<b>TOTAL ASSETS</b>	<b>\$ 88,734</b>	<b>\$ 32,278</b>	<b>\$ 37,925</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,522	\$ 5,044	\$ 10
Due to other funds	—	—	—
Wages payable	86	115	—
Taxes payable	—	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>2,608</b>	<b>5,159</b>	<b>10</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue—property taxes	—	—	—
Unavailable revenue—other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	6,708	—	—
Restricted	79,418	27,119	37,915
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES</b>	<b>86,126</b>	<b>27,119</b>	<b>37,915</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 88,734</b>	<b>\$ 32,278</b>	<b>\$ 37,925</b>

## NONMAJOR CAPITAL PROJECTS FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 5 OF 5 - CONCLUDED)

	ROADS CAPITAL PROGRAM	YOUTH SERVICES FACILITIES
<b>ASSETS</b>		
Cash and cash equivalents	\$ 43,327	\$ 447
Investments	550	—
Taxes receivable—delinquent	—	390
Accounts receivable, net	—	—
Due from other funds	79	1
Due from other governments, net	1,987	—
Prepayments	—	—
TOTAL ASSETS	<u>\$ 45,943</u>	<u>\$ 838</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,232	\$ —
Due to other funds	—	—
Wages payable	75	—
Taxes payable	1	—
Custodial accounts	—	—
Advances from other funds	—	—
TOTAL LIABILITIES	<u>1,308</u>	<u>—</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue—property taxes	—	295
Unavailable revenue—other receivables	1,191	—
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,191</u>	<u>295</u>
<b>FUND BALANCES</b>		
Nonspendable	—	—
Restricted	43,444	543
Assigned	—	—
Unassigned	—	—
TOTAL FUND BALANCES	<u>43,444</u>	<u>543</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 45,943</u>	<u>\$ 838</u>



**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
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	<u>TOTAL</u>	<u>ANIMAL SERVICES</u>	<u>ARTS AND CULTURAL DEVELOPMENT</u>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 489,679	\$ —	\$ —
Retail sales and use taxes	104,359	—	—
Business and other taxes	2,097	—	—
Licenses and permits	21,417	2,950	—
Intergovernmental revenues	148,756	—	—
Charges for services	274,246	1,294	—
Fines and forfeits	1,019	261	—
Interest earnings	16,831	17	25
Miscellaneous revenues	30,491	240	—
<b>TOTAL REVENUES</b>	<u>1,088,895</u>	<u>4,762</u>	<u>25</u>
<b>EXPENDITURES</b>			
Current:			
General government	32,058	924	—
Law, safety and justice	138,208	—	—
Physical environment	24,920	—	—
Transportation	82,077	—	—
Economic environment	194,119	6,414	—
Health and human services	434,516	—	—
Culture and recreation	65,320	—	607
Debt service:			
Interest and other debt service costs	600	—	—
Capital outlay	16,708	34	607
<b>TOTAL EXPENDITURES</b>	<u>988,526</u>	<u>7,372</u>	<u>1,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100,369</u>	<u>(2,610)</u>	<u>(1,189)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	179,442	2,545	1,466
Transfers out	(245,277)	(27)	—
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	38	1	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(65,797)</u>	<u>2,519</u>	<u>1,466</u>
Net change in fund balances	34,572	(91)	277
Fund balances (deficits) - beginning	556,005	2,382	3,127
Prior period adjustment	(4)	—	—
Fund balances (deficits) - ending	<u>\$ 590,573</u>	<u>\$ 2,291</u>	<u>\$ 3,404</u>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
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	<b>AUTOMATED FINGERPRINT IDENTIFICATION</b>	<b>BEST START FOR KIDS LEVY</b>	<b>COMMUNITY SERVICES OPERATING</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 21,034	\$ 68,606	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	95	327	—
Licenses and permits	—	—	—
Intergovernmental revenues	8	27	641
Charges for services	2	—	892
Fines and forfeits	—	—	—
Interest earnings	805	2,384	27
Miscellaneous revenues	1	33	—
<b>TOTAL REVENUES</b>	<b>21,945</b>	<b>71,377</b>	<b>1,560</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	17,942	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	6,377
Health and human services	—	16,817	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	15	—	—
<b>TOTAL EXPENDITURES</b>	<b>17,957</b>	<b>16,817</b>	<b>6,377</b>
Excess (deficiency) of revenues over (under) expenditures	3,988	54,560	(4,817)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	—	5,177
Transfers out	(6,870)	(76,870)	(266)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(6,870)</b>	<b>(76,870)</b>	<b>4,911</b>
Net change in fund balances	(2,882)	(22,310)	94
Fund balances (deficits) - beginning	28,275	92,789	34
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ 25,393</b>	<b>\$ 70,479</b>	<b>\$ 128</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
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	<b>COUNTY ROAD OPERATING</b>	<b>DEPT COMMUNITY AND HUMAN SERVICES ADMIN</b>	<b>DEPARTMENT OF LOCAL SERVICES</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 90,949	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	304	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	14,519	1,097	—
Charges for services	10,000	520	3,894
Fines and forfeits	—	—	—
Interest earnings	896	39	20
Miscellaneous revenues	604	1,484	—
<b>TOTAL REVENUES</b>	<b>117,272</b>	<b>3,140</b>	<b>3,914</b>
<b>EXPENDITURES</b>			
Current:			
General government	7,801	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	81,377	—	664
Economic environment	—	—	3,036
Health and human services	—	8,737	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	82	—	—
Capital outlay	750	—	—
<b>TOTAL EXPENDITURES</b>	<b>90,010</b>	<b>8,737</b>	<b>3,700</b>
Excess (deficiency) of revenues over (under) expenditures	27,262	(5,597)	214
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	511	5,915	140
Transfers out	(28,948)	(27)	(21)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	22	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(28,415)</b>	<b>5,888</b>	<b>119</b>
Net change in fund balances	(1,153)	291	333
Fund balances (deficits) - beginning	29,502	224	—
Prior period adjustment	—	—	—
<b>Fund balances (deficits) - ending</b>	<b>\$ 28,349</b>	<b>\$ 515</b>	<b>\$ 333</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
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	<b>DEVELOPMENTAL DISABILITIES</b>	<b>DEPT NATURAL RESOURCES AND PARKS ADMIN</b>	<b>EMERGENCY MEDICAL SERVICES</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 3,465	\$ —	\$ 78,087
Retail sales and use taxes	—	—	—
Business and other taxes	17	—	247
Licenses and permits	—	—	50
Intergovernmental revenues	13	—	52
Charges for services	31,159	6,555	687
Fines and forfeits	—	—	—
Interest earnings	—	47	1,468
Miscellaneous revenues	7	213	270
<b>TOTAL REVENUES</b>	<b>34,661</b>	<b>6,815</b>	<b>80,861</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	—	—	80,952
Physical environment	—	4,519	—
Transportation	—	—	—
Economic environment	—	2,003	—
Health and human services	42,176	—	—
Culture and recreation	—	971	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	—	—	470
<b>TOTAL EXPENDITURES</b>	<b>42,176</b>	<b>7,493</b>	<b>81,422</b>
Excess (deficiency) of revenues over (under) expenditures	(7,515)	(678)	(561)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	7,744	1,370	—
Transfers out	(749)	(82)	(110)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	5
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,995</b>	<b>1,288</b>	<b>(105)</b>
Net change in fund balances	(520)	610	(666)
Fund balances (deficits) - beginning	7,996	—	43,677
Prior period adjustment	—	—	—
<b>Fund balances (deficits) - ending</b>	<b>\$ 7,476</b>	<b>\$ 610</b>	<b>\$ 43,011</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
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	<b>EMERGENCY TELEPHONE ENHANCED 911</b>	<b>EMPLOYMENT AND EDUCATION RESOURCES</b>	<b>ENVIRONMENTAL HEALTH</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	24,439	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	17,781
Intergovernmental revenues	106	3,009	2,557
Charges for services	—	—	6,545
Fines and forfeits	—	—	173
Interest earnings	741	—	599
Miscellaneous revenues	98	506	33
<b>TOTAL REVENUES</b>	<b>25,384</b>	<b>3,515</b>	<b>27,688</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	19,315	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	16,463	—
Health and human services	—	—	28,705
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	9	—	19
<b>TOTAL EXPENDITURES</b>	<b>19,324</b>	<b>16,463</b>	<b>28,724</b>
Excess (deficiency) of revenues over (under) expenditures	6,060	(12,948)	(1,036)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	365	13,418	597
Transfers out	(20)	(320)	(386)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>345</b>	<b>13,098</b>	<b>211</b>
Net change in fund balances	6,405	150	(825)
Fund balances (deficits) - beginning	22,099	180	14,141
Prior period adjustment	—	—	—
<b>Fund balances (deficits) - ending</b>	<b>\$ 28,504</b>	<b>\$ 330</b>	<b>\$ 13,316</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
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	<b>FLOOD CONTROL DISTRICT</b>	<b>GRANTS FUND</b>	<b>HISTORICAL PRESERVATION</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 58,248	\$ 306	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	300	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	8,795	13
Charges for services	—	3,695	431
Fines and forfeits	—	—	—
Interest earnings	3,064	—	3
Miscellaneous revenues	—	54	98
<b>TOTAL REVENUES</b>	<b>61,612</b>	<b>12,850</b>	<b>545</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	1,310	—
Law, safety and justice	—	10,267	—
Physical environment	—	11	—
Transportation	—	—	—
Economic environment	39,443	3	—
Health and human services	—	—	—
Culture and recreation	—	—	585
Debt service:			
Interest and other debt service costs	238	—	1
Capital outlay	9,599	369	—
<b>TOTAL EXPENDITURES</b>	<b>49,280</b>	<b>11,960</b>	<b>586</b>
Excess (deficiency) of revenues over (under) expenditures	12,332	890	(41)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	908	58	315
Transfers out	(283)	(574)	(2)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>625</b>	<b>(516)</b>	<b>313</b>
Net change in fund balances	12,957	374	272
Fund balances (deficits) - beginning	81,753	2,979	62
Prior period adjustment	—	—	—
<b>Fund balances (deficits) - ending</b>	<b>\$ 94,710</b>	<b>\$ 3,353</b>	<b>\$ 334</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
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	<b>HOUSING AND COMMUNITY DEVELOPMENT</b>	<b>INTERCOUNTY RIVER IMPROVEMENT</b>	<b>KC FLOOD CONTROL CONTRACT</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ 48	\$ —
Retail sales and use taxes	917	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	45,688	—	733
Charges for services	18,812	—	28
Fines and forfeits	—	—	—
Interest earnings	1,842	1	(130)
Miscellaneous revenues	3,336	—	98
<b>TOTAL REVENUES</b>	<b>70,595</b>	<b>49</b>	<b>729</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	56,690	—	—
Health and human services	44,457	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	45	—	—
Capital outlay	2,168	—	—
<b>TOTAL EXPENDITURES</b>	<b>103,360</b>	<b>—</b>	<b>—</b>
Excess (deficiency) of revenues over (under) expenditures	(32,765)	49	729
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	33,886	—	—
Transfers out	(2,069)	(48)	(860)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	1
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>31,817</b>	<b>(48)</b>	<b>(859)</b>
Net change in fund balances	(948)	1	(130)
Fund balances (deficits) - beginning	78,449	16	(41)
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ 77,501</b>	<b>\$ 17</b>	<b>\$ (171)</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
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	<b>LAW LIBRARY</b>	<b>LOCAL HAZARDOUS WASTE</b>	<b>LONG-TERM LEASES</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	377	—
Charges for services	1,269	16,648	187
Fines and forfeits	—	—	—
Interest earnings	12	458	507
Miscellaneous revenues	—	—	16,990
<b>TOTAL REVENUES</b>	<b>1,281</b>	<b>17,483</b>	<b>17,684</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	17,477
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	—	17,247	—
Culture and recreation	1,128	—	—
Debt service:			
Interest and other debt service costs	—	—	25
Capital outlay	—	—	—
<b>TOTAL EXPENDITURES</b>	<b>1,128</b>	<b>17,247</b>	<b>17,502</b>
Excess (deficiency) of revenues over (under) expenditures	153	236	182
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	—	—
Transfers out	—	—	—
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>—</b>	<b>—</b>	<b>—</b>
Net change in fund balances	153	236	182
Fund balances (deficits) - beginning	355	14,967	(1,090)
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ 508</b>	<b>\$ 15,203</b>	<b>\$ (908)</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
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	<b>MAJOR MAINTENANCE</b>	<b>MENTAL ILLNESS AND DRUG DEPENDENCY</b>	<b>NOXIOUS WEED CONTROL</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	74,773	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	—	47
Charges for services	10,086	—	3,954
Fines and forfeits	—	—	—
Interest earnings	45	184	42
Miscellaneous revenues	—	—	53
<b>TOTAL REVENUES</b>	<b>10,131</b>	<b>74,957</b>	<b>4,096</b>
<b>EXPENDITURES</b>			
Current:			
General government	2,784	—	—
Law, safety and justice	3,129	6,603	—
Physical environment	—	—	—
Transportation	36	—	—
Economic environment	547	—	2,941
Health and human services	—	51,602	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	—	—	32
<b>TOTAL EXPENDITURES</b>	<b>6,496</b>	<b>58,205</b>	<b>2,973</b>
Excess (deficiency) of revenues over (under) expenditures	3,635	16,752	1,123
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,169	—	—
Transfers out	(2,453)	(12,923)	(382)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(284)</b>	<b>(12,923)</b>	<b>(382)</b>
Net change in fund balances	3,351	3,829	741
Fund balances (deficits) - beginning	20,950	20,303	1,080
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ 24,301</b>	<b>\$ 24,132</b>	<b>\$ 1,821</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
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	<b>PARKS OPERATING LEVY</b>	<b>PERMITTING AND ABATEMENT</b>	<b>PUBLIC HEALTH</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 77,600	\$ 13	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	370	—	—
Licenses and permits	146	26	464
Intergovernmental revenues	76	—	66,089
Charges for services	3,623	12,761	63,892
Fines and forfeits	38	471	—
Interest earnings	660	350	—
Miscellaneous revenues	2,776	137	3,174
<b>TOTAL REVENUES</b>	<b>85,289</b>	<b>13,758</b>	<b>133,619</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	17,483	—
Health and human services	—	—	206,655
Culture and recreation	56,591	—	—
Debt service:			
Interest and other debt service costs	—	—	1
Capital outlay	272	—	75
<b>TOTAL EXPENDITURES</b>	<b>56,863</b>	<b>17,483</b>	<b>206,731</b>
Excess (deficiency) of revenues over (under) expenditures	28,426	(3,725)	(73,112)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	2,513	86,990
Transfers out	(30,355)	(66)	(700)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	9	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(30,346)</b>	<b>2,447</b>	<b>86,290</b>
Net change in fund balances	(1,920)	(1,278)	13,178
Fund balances (deficits) - beginning	19,952	1,136	17,434
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ 18,032</b>	<b>\$ (142)</b>	<b>\$ 30,612</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
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	<b>PUGET SOUND EMERGENCY NETWORK LEVY</b>	<b>RECORDER'S OPERATING AND MAINTENANCE</b>	<b>REGIONAL JUSTICE CENTER PROJECTS</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 32,382	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	154	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	13	585	—
Charges for services	—	1,032	—
Fines and forfeits	—	—	—
Interest earnings	133	57	8
Miscellaneous revenues	—	1	—
<b>TOTAL REVENUES</b>	<b>32,682</b>	<b>1,675</b>	<b>8</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	1,418	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	—	—	—
<b>TOTAL EXPENDITURES</b>	<b>—</b>	<b>1,418</b>	<b>—</b>
Excess (deficiency) of revenues over (under) expenditures	32,682	257	8
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	125	—
Transfers out	(33,650)	(118)	(306)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(33,650)</b>	<b>7</b>	<b>(306)</b>
Net change in fund balances	(968)	264	(298)
Fund balances (deficits) - beginning	2,254	1,848	302
Prior period adjustment	—	—	(4)
Fund balances (deficits) - ending	<b>\$ 1,286</b>	<b>\$ 2,112</b>	<b>\$ —</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 12 OF 15 - CONTINUED)

	<b>RISK ABATEMENT</b>	<b>ROAD IMPROVEMENT DISTRICTS</b>	<b>SURFACE WATER CAPITAL</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	—	2,575
Charges for services	—	—	6,645
Fines and forfeits	—	—	10
Interest earnings	(57)	2	765
Miscellaneous revenues	—	—	25
<b>TOTAL REVENUES</b>	<b>(57)</b>	<b>2</b>	<b>10,020</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	7,441
Transportation	—	—	—
Economic environment	—	—	4,034
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	152	—	—
Capital outlay	—	—	1,261
<b>TOTAL EXPENDITURES</b>	<b>152</b>	<b>—</b>	<b>12,736</b>
Excess (deficiency) of revenues over (under) expenditures	(209)	2	(2,716)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,300	—	8,459
Transfers out	—	—	(60)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,300</b>	<b>—</b>	<b>8,399</b>
Net change in fund balances	2,091	2	5,683
Fund balances (deficits) - beginning	(8,422)	11	12,732
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ (6,331)</b>	<b>\$ 13</b>	<b>\$ 18,415</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 13 OF 15)

	SURFACE WATER MANAGEMENT	TREASURER'S OPERATING AND MAINTENANCE	TRANSFER OF DEVELOPER CREDIT
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 4	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	1,673	—	—
Charges for services	67,174	593	1,868
Fines and forfeits	66	—	—
Interest earnings	470	—	342
Miscellaneous revenues	131	—	—
<b>TOTAL REVENUES</b>	<b>69,518</b>	<b>593</b>	<b>2,210</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	344	—
Law, safety and justice	—	—	—
Physical environment	12,949	—	—
Transportation	—	—	—
Economic environment	38,334	—	343
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	50	—	—
Capital outlay	11	—	1,017
<b>TOTAL EXPENDITURES</b>	<b>51,344</b>	<b>344</b>	<b>1,360</b>
Excess (deficiency) of revenues over (under) expenditures	18,174	249	850
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,452	—	—
Transfers out	(16,079)	—	—
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(13,627)</b>	<b>—</b>	<b>—</b>
Net change in fund balances	4,547	249	850
Fund balances (deficits) - beginning	10,477	211	11,031
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ 15,024</b>	<b>\$ 460</b>	<b>\$ 11,881</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 14 OF 15 - CONTINUED)

	<b>URBAN REFORESTATION AND HABITAT RESTORATION</b>	<b>VETERANS, SENIORS AND HUMAN SERVICES LEVY</b>	<b>VETERANS RELIEF</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ 55,852	\$ 3,085
Retail sales and use taxes	—	—	—
Business and other taxes	—	268	15
Licenses and permits	—	—	—
Intergovernmental revenues	—	38	25
Charges for services	—	—	—
Fines and forfeits	—	—	—
Interest earnings	21	633	19
Miscellaneous revenues	—	3	60
<b>TOTAL REVENUES</b>	<b>21</b>	<b>56,794</b>	<b>3,204</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	8	—	—
Health and human services	—	15,565	2,555
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	—	—	—
<b>TOTAL EXPENDITURES</b>	<b>8</b>	<b>15,565</b>	<b>2,555</b>
Excess (deficiency) of revenues over (under) expenditures	13	41,229	649
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	—	19
Transfers out	—	(28,479)	(306)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>—</b>	<b>(28,479)</b>	<b>(287)</b>
Net change in fund balances	13	12,750	362
Fund balances (deficits) - beginning	705	9,378	421
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ 718</b>	<b>\$ 22,128</b>	<b>\$ 783</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 15 OF 15 - CONCLUDED)

	<b>YOUTH AMATEUR SPORTS</b>
<b>REVENUES</b>	
Taxes:	
Property taxes	\$ —
Retail sales and use taxes	4,230
Business and other taxes	—
Licenses and permits	—
Intergovernmental revenues	—
Charges for services	—
Fines and forfeits	—
Interest earnings	332
Miscellaneous revenues	66
<b>TOTAL REVENUES</b>	<b>4,628</b>
<b>EXPENDITURES</b>	
Current:	
General government	—
Law, safety and justice	—
Physical environment	—
Transportation	—
Economic environment	—
Health and human services	—
Culture and recreation	5,438
Debt service:	
Interest and other debt service costs	6
Capital outlay	—
<b>TOTAL EXPENDITURES</b>	<b>5,444</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(816)</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	—
Transfers out	(868)
General government bonds issued	—
Premium on general government bonds issued	—
Sale of capital assets	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(868)</b>
Net change in fund balances	(1,684)
Fund balances (deficits) - beginning	12,326
Prior period adjustment	—
Fund balances (deficits) - ending	<b>\$ 10,642</b>

**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)

	TOTAL	LIMITED GO BOND REDEMPTION	UNLIMITED GO BOND REDEMPTION
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 17,780	\$ —	\$ 17,780
Business and other taxes	9	—	9
Intergovernmental revenues	11,494	11,487	7
Interest earnings	5,963	5,787	176
<b>TOTAL REVENUES</b>	<b>35,246</b>	<b>17,274</b>	<b>17,972</b>
<b>EXPENDITURES</b>			
Debt service:			
Principal	67,990	53,385	14,605
Interest and other debt service costs	30,084	26,959	3,125
<b>TOTAL EXPENDITURES</b>	<b>98,074</b>	<b>80,344</b>	<b>17,730</b>
Excess (deficiency) of revenues over (under) expenditures	(62,828)	(63,070)	242
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	69,833	69,833	—
Transfers out	(5,742)	(5,742)	—
Refunding bonds issued	55,877	55,877	—
Premium on refunded bonds issued	8,248	8,248	—
Payment to refunded bond escrow agent	(63,652)	(63,652)	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>64,564</b>	<b>64,564</b>	<b>—</b>
Net change in fund balances	1,736	1,494	242
Fund balances - beginning	9,482	7,454	2,028
Fund balances - ending	<b>\$ 11,218</b>	<b>\$ 8,948</b>	<b>\$ 2,270</b>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 1 OF 5)

	TOTAL	BUILDING REPAIR AND REPLACEMENT	CONSERVATION FUTURES
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 46,266	\$ —	\$ 20,573
Business and other taxes	15,547	—	5
Intergovernmental revenues	7,722	40	8
Charges for services	1,732	—	—
Fines and forfeits	1	—	—
Interest earnings	6,325	255	791
Miscellaneous revenues	588	142	1
<b>TOTAL REVENUES</b>	<b>78,181</b>	<b>437</b>	<b>21,378</b>
<b>EXPENDITURES</b>			
Current:			
General government	10,255	2,785	—
Law, safety and justice	5,158	2,308	—
Transportation	25,401	—	—
Economic environment	9,869	—	9,831
Health and human services	1,467	26	—
Culture and recreation	10,102	—	—
Debt service:			
Interest and other debt service costs	773	328	88
Capital outlay	152,953	55,440	8,750
<b>TOTAL EXPENDITURES</b>	<b>215,978</b>	<b>60,887</b>	<b>18,669</b>
Excess (deficiency) of revenues over (under) expenditures	(137,797)	(60,450)	2,709
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	152,969	36,689	5,742
Transfers out	(53,542)	(202)	(8,703)
General government bonds issued	62,340	3,900	—
Premium on general government bonds issued	13,125	880	—
Sale of capital assets	2,484	2,458	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>177,376</b>	<b>43,725</b>	<b>(2,961)</b>
Net change in fund balances	39,579	(16,725)	(252)
Fund balances - beginning	219,082	962	22,931
Prior period adjustment	4	4	—
<b>Fund balances - ending</b>	<b>\$ 258,665</b>	<b>\$ (15,759)</b>	<b>\$ 22,679</b>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 2 OF 5 - CONTINUED)

	<b>ENHANCED 911 CAPITAL</b>	<b>FARMLAND AND OPEN SPACE ACQUISITION</b>	<b>FMD-PARKS FACILITY REHABILITATION</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	—	—
Intergovernmental revenues	—	—	—
Charges for services	—	—	—
Fines and forfeits	—	—	—
Interest earnings	207	136	1
Miscellaneous revenues	—	2	—
<b>TOTAL REVENUES</b>	<b>207</b>	<b>138</b>	<b>1</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	914	—	—
Transportation	—	—	—
Economic environment	—	17	—
Health and human services	—	—	—
Culture and recreation	—	—	66
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	1,666	122	—
<b>TOTAL EXPENDITURES</b>	<b>2,580</b>	<b>139</b>	<b>66</b>
Excess (deficiency) of revenues over (under) expenditures	(2,373)	(1)	(65)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	—	70
Transfers out	—	—	(10)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>—</b>	<b>—</b>	<b>60</b>
Net change in fund balances	(2,373)	(1)	(5)
Fund balances - beginning	7,672	1,747	5
Prior period adjustment	—	—	—
<b>Fund balances - ending</b>	<b>\$ 5,299</b>	<b>\$ 1,746</b>	<b>\$ —</b>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 3 OF 5)

	IT SERVICES CAPITAL	KCIT CAPITAL PROJECTS	OPEN SPACE KC BOND- FUNDED
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	—	—
Intergovernmental revenues	—	—	850
Charges for services	—	—	339
Fines and forfeits	—	—	—
Interest earnings	—	670	(4)
Miscellaneous revenues	—	—	—
<b>TOTAL REVENUES</b>	<b>—</b>	<b>670</b>	<b>1,185</b>
<b>EXPENDITURES</b>			
Current:			
General government	3,980	2,740	—
Law, safety and justice	—	1,936	—
Transportation	—	—	—
Economic environment	—	—	21
Health and human services	—	1,441	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	196	45
Capital outlay	4,439	15,052	1,143
<b>TOTAL EXPENDITURES</b>	<b>8,419</b>	<b>21,365</b>	<b>1,209</b>
Excess (deficiency) of revenues over (under) expenditures	(8,419)	(20,695)	(24)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	6,011	7,365	—
Transfers out	—	(4,592)	—
General government bonds issued	—	38,735	—
Premium on general government bonds issued	—	7,000	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,011</b>	<b>48,508</b>	<b>—</b>
Net change in fund balances	(2,408)	27,813	(24)
Fund balances - beginning	3,310	20,450	412
Prior period adjustment	—	—	—
<b>Fund balances - ending</b>	<b>\$ 902</b>	<b>\$ 48,263</b>	<b>\$ 388</b>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 4 OF 5 - CONTINUED)

	<b>PARKS CAPITAL PROJECTS</b>	<b>PUGET SOUND EMERGENCY NETWORK CAP</b>	<b>REAL ESTATE EXCISE TAXES CAPITAL</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	—	15,536
Intergovernmental revenues	3,680	—	—
Charges for services	—	—	—
Fines and forfeits	—	—	1
Interest earnings	1,929	946	1,137
Miscellaneous revenues	424	19	—
<b>TOTAL REVENUES</b>	<b>6,033</b>	<b>965</b>	<b>16,674</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	750
Law, safety and justice	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	—	—	—
Culture and recreation	10,036	—	—
Debt service:			
Interest and other debt service costs	—	—	107
Capital outlay	26,284	37,991	—
<b>TOTAL EXPENDITURES</b>	<b>36,320</b>	<b>37,991</b>	<b>857</b>
Excess (deficiency) of revenues over (under) expenditures	(30,287)	(37,026)	15,817
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	39,365	33,650	—
Transfers out	(1,235)	(1)	(13,396)
General government bonds issued	18,940	—	—
Premium on general government bonds issued	5,073	—	—
Sale of capital assets	26	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>62,169</b>	<b>33,649</b>	<b>(13,396)</b>
Net change in fund balances	31,882	(3,377)	2,421
Fund balances - beginning	54,244	30,496	35,494
Prior period adjustment	—	—	—
<b>Fund balances - ending</b>	<b>\$ 86,126</b>	<b>\$ 27,119</b>	<b>\$ 37,915</b>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 5 OF 5 - CONCLUDED)

	<b>ROADS CAPITAL PROGRAM</b>	<b>YOUTH SERVICES FACILITIES</b>
<b>REVENUES</b>		
Taxes:		
Property taxes	\$ —	\$ 25,693
Business and other taxes	—	6
Intergovernmental revenues	3,134	10
Charges for services	1,393	—
Fines and forfeits	—	—
Interest earnings	244	13
Miscellaneous revenues	—	—
<b>TOTAL REVENUES</b>	<b>4,771</b>	<b>25,722</b>
<b>EXPENDITURES</b>		
Current:		
General government	—	—
Law, safety and justice	—	—
Transportation	25,401	—
Economic environment	—	—
Health and human services	—	—
Culture and recreation	—	—
Debt service:		
Interest and other debt service costs	—	9
Capital outlay	2,066	—
<b>TOTAL EXPENDITURES</b>	<b>27,467</b>	<b>9</b>
Excess (deficiency) of revenues over (under) expenditures	(22,696)	25,713
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	24,077	—
Transfers out	(75)	(25,328)
General government bonds issued	765	—
Premium on general government bonds issued	172	—
Sale of capital assets	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>24,939</b>	<b>(25,328)</b>
Net change in fund balances	2,243	385
Fund balances - beginning	41,201	158
Prior period adjustment	—	—
<b>Fund balances - ending</b>	<b>\$ 43,444</b>	<b>\$ 543</b>

**GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS**  
**SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

(IN THOUSANDS)

(PAGE 1 OF 4)

APPROPRIATION UNIT	2019-2020 BUDGET			VARIANCE	2019-2020
	ORIGINAL	ADJUSTMENTS	FINAL		ACTUAL
					EXPENDITURES
<b>MAJOR FUNDS</b>					
GENERAL FUND					
County Council	\$ 3,907	\$ —	\$ 3,907	\$ 1,974	\$ 1,933
Council Administration	34,221	1,380	35,601	18,407	17,194
Hearing Examiner	1,266	—	1,266	695	571
County Auditor	5,272	45	5,317	3,007	2,310
Ombudsman/Tax Advisor	3,937	—	3,937	1,945	1,992
King County Civic Television	1,379	211	1,590	853	737
Board of Appeals	1,923	—	1,923	961	962
Office of Law Enforcement Oversight	2,684	258	2,942	1,804	1,138
Charter Review Commission Support	236	—	236	40	196
Office of Economic and Financial Analysis	1,031	80	1,111	571	540
Flood Control District Administration	1,085	—	1,085	1,012	73
County Executive	617	—	617	297	320
Office of the Executive	10,455	—	10,455	5,340	5,115
Office of Performance, Strategy and Budget	26,274	54	26,328	13,724	12,604
Office of Equity and Social Justice	4,074	1,175	5,249	3,456	1,793
Building 4Equity Advance	—	20,000	20,000	16,974	3,026
Sheriff	400,419	16,229	416,648	231,126	185,522
Succession Planning	1	—	1	1	—
Office of Emergency Management	6,660	930	7,590	3,492	4,098
Executive Services Administration	4,791	—	4,791	2,735	2,056
Human Resources Management	28,818	—	28,818	15,671	13,147
Labor Relations	7,057	—	7,057	3,829	3,228
Cable Communications	844	290	1,134	832	302
Real Estate Services	9,403	695	10,098	4,794	5,304
Records and Licensing Services	27,474	—	27,474	14,882	12,592
Elections	42,022	926	42,948	22,525	20,423
Prosecuting Attorney	159,905	1,567	161,472	83,554	77,918
Superior Court	108,418	3,111	111,529	57,590	53,939
District Courts	69,880	2,253	72,133	38,596	33,537
Judicial Administration	48,938	1,228	50,166	25,896	24,270
Facilities Management	8,871	—	8,871	4,435	4,436
State Auditor	2,230	—	2,230	1,197	1,033
Boundary Review Board	798	—	798	426	372
Federal Lobbying	560	—	560	293	267
Special Programs: Memberships and Dues	1,850	624	2,474	1,394	1,080
Special Programs: Internal Support	41,694	724	42,418	22,894	19,524
Assessments	60,192	327	60,519	31,486	29,033
Transfers: Debt Service	60,020	—	60,020	29,551	30,469
Transfers: Dept. of Permitting & Environmental Rev	4,858	(27)	4,831	2,707	2,124
Transfers: Dept. of Community & Human Services	23,856	2,655	26,511	14,557	11,954
Transfers: Dept. of Executive Services	5,968	4,993	10,961	7,982	2,979
Transfers: Dept. of Public Health	53,729	959	54,688	27,495	27,193
Transfers: Dept. of Natural Resources & Parks	5,134	315	5,449	3,284	2,165
Transfers: King County Information Technology	4,874	3,181	8,055	5,736	2,319
Transfers: CIP Transfer to DES	1,697	31,148	32,845	29,224	3,621
Transfers: Transfer to Homelessness	—	4,124	4,124	527	3,597
Jail Health Services	79,698	1,775	81,473	39,239	42,234
Medical Examiner	13,878	288	14,166	7,028	7,138
Adult and Juvenile Detention	323,129	2,182	325,311	158,669	166,642
Public Defense	147,846	3,112	150,958	73,020	77,938
Inmate Welfare - Adult	2,730	—	2,730	692	2,038
Inmate Welfare - Juvenile	8	—	8	3	5
<b>TOTAL OF GENERAL FUND</b>	<b>1,856,611</b>	<b>106,812</b>	<b>1,963,423</b>	<b>1,038,422</b>	<b>925,001</b>

**GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS**  
**SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 2 OF 4 - CONTINUED)

APPROPRIATION UNIT	2019-2020 BUDGET				2019-2020
	ORIGINAL	ADJUSTMENTS	FINAL	VARIANCE	ACTUAL EXPENDITURES
BEHAVIORAL HEALTH FUND					
Behavioral Health	\$ 683,898	\$ 3,630	\$ 687,528	\$ 395,779	\$ 291,749
TOTAL BEHAVIORAL HEALTH FUND	683,898	3,630	687,528	395,779	291,749
<b>TOTAL MAJOR FUNDS WITH BIENNIAL BUDGETS</b>	<b>\$ 2,540,509</b>	<b>\$ 110,442</b>	<b>\$ 2,650,951</b>	<b>\$ 1,434,201</b>	<b>\$ 1,216,750</b>
<b>NONMAJOR SPECIAL REVENUE FUNDS</b>					
ANIMAL SERVICES					
Animal Bequest	\$ 380	\$ —	\$ 380	\$ 190	\$ 190
Regional Animal Services	15,458	—	15,458	8,059	7,399
TOTAL ANIMAL SERVICES	15,838	—	15,838	8,249	7,589
ARTS AND CULTURAL DEVELOPMENT					
Cultural Development Authority	7,752	20,000	27,752	17,849	9,903
AUTOMATED FINGERPRINT IDENTIFICATION					
Automated Fingerprint Identification System	43,745	7,118	50,863	26,019	24,844
BEST START FOR KIDS LEVY					
Best Starts for Kids	168,378	36,596	204,974	111,287	93,687
COMMUNITY SERVICES OPERATING					
Community Services Operating	12,948	3,437	16,385	9,742	6,643
COUNTY ROAD OPERATING					
Roads	216,414	3,252	219,666	115,523	104,143
Roads Construction Transfer	29,440	—	29,440	14,470	14,970
TOTAL COUNTY ROAD OPERATING	245,854	3,252	249,106	129,993	119,113
DEPT COMMUNITY AND HUMAN SERVICES ADMIN					
Community and Human Services Administration	16,466	200	16,666	7,855	8,811
DEPARTMENT OF LOCAL SERVICES					
Department Local Services	8,198	258	8,456	4,735	3,721
DEVELOPMENTAL DISABILITIES					
Developmental Disabilities	110,435	2,867	113,302	70,378	42,924
DEPT NATURAL RESOURCES AND PARKS ADMIN					
Department Natural Resources and Parks Admin	15,917	262	16,179	8,604	7,575
DEPT OF PUBLIC HEALTH ADMINISTRATION					
Public Health Administration	33,121	—	33,121	16,837	16,284
EMERGENCY MEDICAL SERVICE					
Emergency Medical Services	94,714	96,363	191,077	109,545	81,532
EMERGENCY TELEPHONE E911					
Enhanced 911	58,597	—	58,597	39,253	19,344
EMPLOYMENT AND EDUCATION RESOURCES					
Employment Education Resources	35,436	2,189	37,625	20,842	16,783
ENVIRONMENTAL HEALTH					
Environmental Health	62,741	1,092	63,833	34,723	29,110
GRANTS FUND					
Grants	62,004	—	62,004	49,470	12,534
HISTORICAL PRESERVATION					
Historic Preservation Program	1,179	—	1,179	592	587

**GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS**  
**SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

(IN THOUSANDS)

(PAGE 3 OF 4)

APPROPRIATION UNIT	2019-2020 BUDGET			VARIANCE	2019-2020
	ORIGINAL	ADJUSTMENTS	FINAL		ACTUAL
					EXPENDITURES
HOUSING AND COMMUNITY DEVELOPMENT					
Federal Housing and Community Development	347,798	5,190	352,988	247,214	105,774
INTERCOUNTY RIVER IMPROVEMENT					
Intercounty River Improvement	135	—	135	87	48
KING COUNTY FLOOD CONTROL OPERATING					
Flood Control District	137,036	106,260	243,296	194,639	48,657
LOCAL HAZARDOUS WASTE					
Local Hazardous Waste	41,744	—	41,744	24,497	17,247
MENTAL ILLNESS AND DRUG DEPENDENCY					
Department Public Defense MIDD	5,642	—	5,642	3,498	2,144
District Court MIDD	3,785	234	4,019	2,241	1,778
Judicial Administration MIDD	3,502	31	3,533	1,795	1,738
Mental Illness and Drug Dependency	137,965	1,000	138,965	77,376	61,589
Prosecuting Attorney MIDD	2,832	—	2,832	1,154	1,678
Superior Court MIDD	4,860	—	4,860	2,658	2,202
TOTAL MENTAL ILLNESS AND DRUG DEPENDENCY	158,586	1,265	159,851	88,722	71,129
NOXIOUS WEED CONTROL					
Noxious Weed Control Program	9,029	—	9,029	5,674	3,355
PARKS OPERATING LEVY					
Parks	48,494	53,982	102,476	56,131	46,345
Parks Open Space and Trails Levy	77,275	2,381	79,656	38,783	40,873
TOTAL PARKS OPERATING LEVY	125,769	56,363	182,132	94,914	87,218
PERMITTING AND ABATEMENT					
General Public Services	4,519	161	4,680	2,442	2,238
Permitting and Review Abatement	598	—	598	289	309
Planning and Permitting	30,591	—	30,591	15,587	15,004
TOTAL PERMITTING AND ABATEMENT	35,708	161	35,869	18,318	17,551
PUBLIC HEALTH					
Public Health	419,007	41,170	460,177	250,560	209,617
PUGET SOUND EMERGENCY NETWORK LEVY					
Puget Sound Emergency Radio Network Levy	67,317	—	67,317	33,667	33,650
RECORDER'S OPERATING AND MAINTENANCE					
Recorder's Operation and Maintenance	3,952	—	3,952	2,415	1,537
RISK ABATEMENT					
Omnibus 2006	—	548	548	396	152
SURFACE WATER MANAGEMENT					
Surface Water Mgmt Local Drainage Services	81,765	743	82,508	42,499	40,009
Water and Land Resources Shared Services	74,622	809	75,431	41,164	34,267
TOTAL SURFACE WATER MANAGEMENT	156,387	1,552	157,939	83,663	74,276
VETERANS, SENIORS AND HUMAN SERVICES LEVY					
Veterans, Seniors and Human Services Levy	109,610	3,359	112,969	68,925	44,044
VETERANS RELIEF					
Veteran's Relief	6,516	—	6,516	3,654	2,862
YOUTH AMATEUR SPORTS					
Youth and Amateur Sports Fund	9,358	10,906	20,264	13,953	6,311
<b>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</b>	<b>\$ 2,621,275</b>	<b>\$ 400,408</b>	<b>\$ 3,021,683</b>	<b>\$ 1,797,271</b>	<b>\$ 1,224,412</b>

**GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS**  
**SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 4 OF 4 - CONCLUDED)

APPROPRIATION UNIT	2019-2020 BUDGET			VARIANCE	2019-2020
	ORIGINAL	ADJUSTMENTS	FINAL		ACTUAL
					EXPENDITURES
<b>DEBT SERVICE FUNDS</b>					
LIMITED GO BOND REDEMPTION					
HUD Section 108 Loan Repayment	\$ 578	\$ —	\$ 578	\$ 315	\$ 263
Limited GO Bond Redemption	243,097	—	243,097	127,966	115,131
<b>TOTAL LIMITED GO BOND REDEMPTION</b>	<u>243,675</u>	<u>—</u>	<u>243,675</u>	<u>128,281</u>	<u>115,394</u>
UNLIMITED GO BOND REDEMPTION					
Unlimited GO Bond Redemption	31,714	—	31,714	13,984	17,730
<b>TOTAL DEBT SERVICE FUNDS</b>	<u>\$ 275,389</u>	<u>\$ —</u>	<u>\$ 275,389</u>	<u>\$ 142,265</u>	<u>\$ 133,124</u>
<b>TOTAL GOVERNMENTAL FUNDS</b>	<u>\$ 5,437,173</u>	<u>\$ 510,850</u>	<u>\$ 5,948,023</u>	<u>\$ 3,373,737</u>	<u>\$ 2,574,286</u>

Note: The Schedule of Biennial Budgets and Expenditures (Budgetary Basis) by Appropriation Unit is presented in order to disclose budgeted and actual expenditure comparisons classified the same as, and at the same level of detail as, the legally adopted budget.

# Proprietary Funds

# CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT





## **NONMAJOR ENTERPRISE FUNDS**

King County has established Enterprise Funds to account for organizations intended to be self-supporting through fees charged for services provided to the public. The County has four nonmajor enterprises that are reported using the accrual basis of accounting. A typical enterprise consists of an operating fund and construction subfund and may also include debt service or other reserve subfunds.

Institutional Network (I-Net) Enterprise Fund - Accounts for the development and operation of a fiber-optic network connecting over 300 public facilities across King County. I-Net provides broadband internet connectivity, allowing data, voice, and video communications for various public, education, and government agencies, including schools, libraries, and cities in King County. Costs are recovered primarily through user fees. In addition, Public Education and Government (PEG) fees collected based on the cable franchise agreements have contributed toward future equipment replacement.

King County International Airport (KCIA) Enterprise Fund - Accounts for the operations, maintenance, capital improvements, and expansion of the King County International Airport/Boeing Field. With its two runways (3,710 feet and 10,000 feet in length) and three fixed-base operators, KCIA provides all the facilities and services necessary to support jet and propeller-driven aircraft and helicopters. KCIA is an FAA-designated Primary, Non-hub, General Aviation Reliever Airport and averages over 180,000 operations per year.

Marine Enterprise Fund - Accounts for the operation, maintenance, capital improvements, and expansion of the County's Water Taxi service between downtown Seattle, Vashon Island and West Seattle. The Marine Division operates two vessels and maintains one reserve vessel to provide passenger-only ferry services to the public.

Radio Communications Services Enterprise Fund - Accounts for the operation, maintenance, capital improvements, and expansion of the 800 MHz trunked radio system that provides communications for the public safety agencies of the County, as well as other local government agencies. Costs are recovered primarily through user fees, including charges for future equipment replacement.

**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 1 OF 2)

**KING COUNTY**  
**INTERNATIONAL**

	<b>TOTAL</b>	<b>I-NET</b>	<b>AIRPORT</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 83,248	\$ 1,504	\$ 49,899
Restricted cash and cash equivalents	182	—	176
Accounts receivable, net	800	125	670
Due from other funds	344	3	211
Property tax receivable-delinquent	89	—	—
Due from other governments, net	5,812	215	575
Inventory of supplies	535	—	288
Prepayments	150	—	—
Total current assets	<u>91,160</u>	<u>1,847</u>	<u>51,819</u>
Noncurrent assets			
Restricted cash and cash equivalents	724	—	724
Capital assets:			
Nondepreciable assets	17,480	—	17,350
Depreciable assets, net of depreciation	126,536	1,485	63,890
Total noncurrent assets	<u>144,740</u>	<u>1,485</u>	<u>81,964</u>
<b>TOTAL ASSETS</b>	<u>235,900</u>	<u>3,332</u>	<u>133,783</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on refundings	7	—	7
Deferred outflows on pension	683	26	320
Deferred outflows on other post employment benefits	6	—	3
Deferred outflows on asset retirement obligations	160	—	—
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>856</u>	<u>26</u>	<u>330</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	2,159	—	1,352
Retainage payable	6	—	—
Due to other funds	223	101	—
Due to other governments	3,132	—	—
Interest payable	26	—	3
Wages payable	603	24	292
Compensated absences payable	47	—	31
Taxes payable	245	—	242
Unearned revenue	7,218	277	6,941
Customer deposits	176	—	176
General obligation bonds payable	755	—	555
Total current liabilities	<u>14,590</u>	<u>402</u>	<u>9,592</u>
Noncurrent liabilities			
Customer deposits	724	—	724
Compensated absences payable	1,074	83	541
Other postemployment benefits	230	7	123
Net pension liability	772	29	362
General obligation bonds payable	7,199	—	591
Pollution remediation	245	—	245
Asset retirement obligation	200	—	—
Total noncurrent liabilities	<u>10,444</u>	<u>119</u>	<u>2,586</u>
<b>TOTAL LIABILITIES</b>	<u>25,034</u>	<u>521</u>	<u>12,178</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on pension	1,742	66	816
Deferred inflows on other post employment benefits	16	—	9
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,758</u>	<u>66</u>	<u>825</u>
<b>NET POSITION</b>			
Net investment in capital assets	136,069	1,485	80,101
Unrestricted	73,895	1,286	41,009
<b>TOTAL NET POSITION</b>	<u>\$ 209,964</u>	<u>\$ 2,771</u>	<u>\$ 121,110</u>

**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 2 OF 2)

	<b>MARINE</b>	<b>RADIO COMMUNICATIONS SERVICES</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 9,412	\$ 22,433
Restricted cash and cash equivalents	—	6
Accounts receivable, net	—	5
Due from other funds	88	42
Property tax receivable-delinquent	89	—
Due from other governments, net	4,924	98
Inventory of supplies	118	129
Prepayments	150	—
Total current assets	<u>14,781</u>	<u>22,713</u>
Noncurrent assets		
Restricted cash and cash equivalents	—	—
Capital assets:		
Nondepreciable assets	130	—
Depreciable assets, net of depreciation	59,121	2,040
Total noncurrent assets	<u>59,251</u>	<u>2,040</u>
<b>TOTAL ASSETS</b>	<u>74,032</u>	<u>24,753</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows on refundings	—	—
Deferred outflows on pension	199	138
Deferred outflows on other post employment benefits	2	1
Deferred outflows on asset retirement obligations	—	160
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>201</u>	<u>299</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	690	117
Retainage payable	—	6
Due to other funds	—	122
Due to other governments	3,132	—
Interest payable	23	—
Wages payable	160	127
Compensated absences payable	15	1
Taxes payable	—	3
Unearned revenue	—	—
Customer deposits	—	—
General obligation bonds payable	200	—
Total current liabilities	<u>4,220</u>	<u>376</u>
Noncurrent liabilities		
Customer deposits	—	—
Compensated absences payable	252	198
Other postemployment benefits	68	32
Net pension liability	225	156
General obligation bonds payable	6,608	—
Pollution remediation	—	—
Asset retirement obligation	—	200
Total noncurrent liabilities	<u>7,153</u>	<u>586</u>
<b>TOTAL LIABILITIES</b>	<u>11,373</u>	<u>962</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows on pension	507	353
Deferred inflows on other post employment benefits	5	2
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>512</u>	<u>355</u>
<b>NET POSITION</b>		
Net investment in capital assets	52,443	2,040
Unrestricted	9,905	21,695
<b>TOTAL NET POSITION</b>	<u>\$ 62,348</u>	<u>\$ 23,735</u>

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

## NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 1 OF 2)

	TOTAL	I-NET	KING COUNTY INTERNATIONAL AIRPORT
<b>OPERATING REVENUES</b>			
I-Net fees	\$ 3,082	\$ 3,082	\$ —
Airfield fees	3,597	—	3,597
Hangar, building, and site rentals and leases	24,195	—	24,195
Radio services	7,139	—	—
Passenger fares	3,382	—	—
Miscellaneous	314	—	13
Total operating revenues	<u>41,709</u>	<u>3,082</u>	<u>27,805</u>
<b>OPERATING EXPENSES</b>			
Personal services	12,403	605	5,297
Materials and supplies	2,316	19	1,080
Contract services and other charges	5,917	215	4,071
Utilities	2,812	—	2,589
Internal services	11,998	1,720	6,745
Depreciation and amortization	8,375	392	5,944
Total operating expenses	<u>43,821</u>	<u>2,951</u>	<u>25,726</u>
OPERATING INCOME (LOSS)	<u>(2,112)</u>	<u>131</u>	<u>2,079</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Property tax	6,079	—	—
Intergovernmental revenues	956	—	—
Interest earnings	2,272	38	1,344
Miscellaneous revenues	347	—	1
Interest expenses	(276)	—	(49)
Gain (loss) on disposal of capital assets	2	—	9
Total nonoperating revenues (expenses)	<u>9,380</u>	<u>38</u>	<u>1,305</u>
Income (loss) before contributions and transfers	7,268	169	3,384
Capital grants and contributions	14,796	—	466
Transfers in	—	—	—
Transfers out	(524)	(355)	(103)
<b>CHANGE IN NET POSITION</b>	<u>21,540</u>	<u>(186)</u>	<u>3,747</u>
NET POSITION - JANUARY 1, 2019	188,424	2,957	117,363
NET POSITION - DECEMBER 31, 2019	<u>\$ 209,964</u>	<u>\$ 2,771</u>	<u>\$ 121,110</u>

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

## NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 2 OF 2)

	MARINE	RADIO COMMUNICATIONS SERVICES
<b>OPERATING REVENUES</b>		
I-Net fees	\$ —	\$ —
Airfield fees	—	—
Hangar, building, and site rentals and leases	—	—
Radio services	—	7,139
Passenger fares	3,382	—
Miscellaneous	301	—
Total operating revenues	<u>3,683</u>	<u>7,139</u>
<b>OPERATING EXPENSES</b>		
Personal services	3,777	2,724
Materials and supplies	898	319
Contract services and other charges	1,347	284
Utilities	31	192
Internal services	2,437	1,096
Depreciation and amortization	1,327	712
Total operating expenses	<u>9,817</u>	<u>5,327</u>
OPERATING INCOME (LOSS)	<u>(6,134)</u>	<u>1,812</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Property tax	6,079	—
Intergovernmental revenues	956	—
Interest earnings	271	619
Miscellaneous revenues	31	315
Interest expenses	(227)	—
Gain (loss) on disposal of capital assets	(7)	—
Total nonoperating revenues (expenses)	<u>7,103</u>	<u>934</u>
Income (loss) before contributions and transfers	969	2,746
Capital grants and contributions	14,330	—
Transfers in	—	—
Transfers out	(35)	(31)
<b>CHANGE IN NET POSITION</b>	<u>15,264</u>	<u>2,715</u>
NET POSITION - JANUARY 1, 2019	<u>47,084</u>	<u>21,020</u>
NET POSITION - DECEMBER 31, 2019	<u>\$ 62,348</u>	<u>\$ 23,735</u>

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

(IN THOUSANDS)

(PAGE 1 OF 4)

	<b>TOTAL</b>	<b>I-NET</b>	<b>KING COUNTY INTERNATIONAL AIRPORT</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 46,660	\$ 2,414	\$ 35,196
Cash received from other funds - internal services	1,974	824	136
Cash payments to suppliers	(12,372)	(271)	(7,510)
Cash payments to other funds - internal services	(12,103)	(1,749)	(6,747)
Cash payments for employee services	(13,822)	(540)	(6,774)
Other receipts	375	—	—
Other payments	(90)	—	(90)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>10,622</u>	<u>678</u>	<u>14,211</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants and other receipts	6,084	—	1
Transfers out	(524)	(355)	(103)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>5,560</u>	<u>(355)</u>	<u>(102)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(18,267)	(11)	(1,946)
Principal paid on capital debt	(733)	—	(538)
Interest paid on capital debt	(353)	—	(60)
Capital grants and contributions	17,519	—	876
Proceeds from disposal of capital assets	20	—	18
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,814)</u>	<u>(11)</u>	<u>(1,650)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	2,238	37	1,320
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,238</u>	<u>37</u>	<u>1,320</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>16,606</u>	<u>349</u>	<u>13,779</u>
CASH AND CASH EQUIVALENTS - JANUARY 1, 2019	<u>67,548</u>	<u>1,155</u>	<u>37,020</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2019	<u>\$ 84,154</u>	<u>\$ 1,504</u>	<u>\$ 50,799</u>

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 2 OF 4 - CONTINUED)

	<b>MARINE</b>	<b>RADIO COMMUNICATIONS SERVICES</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 3,690	\$ 5,360
Cash received from other funds - internal services	—	1,014
Cash payments to suppliers	(3,639)	(952)
Cash payments to other funds - internal services	(2,437)	(1,170)
Cash payments for employee services	(3,832)	(2,676)
Other receipts	50	325
Other payments	—	—
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(6,168)</u>	<u>1,901</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating grants and other receipts	6,083	—
Transfers out	(35)	(31)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>6,048</u>	<u>(31)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(16,310)	—
Principal paid on capital debt	(195)	—
Interest paid on capital debt	(293)	—
Capital grants and contributions	16,643	—
Proceeds from disposal of capital assets	2	—
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(153)</u>	<u>—</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	269	612
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>269</u>	<u>612</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(4)</u>	<u>2,482</u>
CASH AND CASH EQUIVALENTS - JANUARY 1, 2019	9,416	19,957
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2019	<u>\$ 9,412</u>	<u>\$ 22,439</u>

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 3 OF 4)

	<u>TOTAL</u>	<u>I-NET</u>	<u>KING COUNTY INTERNATIONAL AIRPORT</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (2,112)	\$ 131	\$ 2,079
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Depreciation and amortization	8,335	392	5,944
Other nonoperating revenues (expenses)	356	—	—
(Increases) decreases in assets:			
Accounts receivable, net	747	(16)	611
Due from other funds	207	—	(90)
Due from other governments, net	139	57	—
Inventory of supplies	125	—	136
Prepayments and other assets	20	—	9
(Increases) decreases in deferred outflows of resources	(6)	(11)	54
Increases (decreases) in liabilities:			
Accounts payable	(4,611)	(36)	64
Due to other funds	(106)	(30)	(2)
Due to other governments	3,119	—	—
Wages payable	151	11	57
Taxes payable	21	—	21
Unearned revenues	7,135	277	6,858
Compensated absences	133	40	58
Other postemployment benefits	14	5	4
Net pension liability	(1,907)	(6)	(1,685)
Customer deposits and other liabilities	(1,374)	(162)	58
Increases (decreases) in deferred inflows of resources	236	26	35
<b>TOTAL ADJUSTMENTS</b>	<b>12,734</b>	<b>547</b>	<b>12,132</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 10,622</b>	<b>\$ 678</b>	<b>\$ 14,211</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Contributions of capital assets from other funds	\$ —	\$ —	\$ —
Contributions of capital assets to other funds	—	—	—

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

(IN THOUSANDS)

(PAGE 4 OF 4 - CONCLUDED)

	<b>MARINE</b>	<b>RADIO COMMUNICATIONS SERVICES</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (6,134)	\$ 1,812
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Depreciation and amortization	1,327	672
Other nonoperating revenues (expenses)	31	325
(Increases) decreases in assets:		
Accounts receivable, net	—	152
Due from other funds	19	278
Due from other governments, net	7	75
Inventory of supplies	(5)	(6)
Prepayments and other assets	11	—
(Increases) decreases in deferred outflows of resources	(46)	(3)
Increases (decreases) in liabilities:		
Accounts payable	(4,488)	(151)
Due to other funds	—	(74)
Due to other governments	3,119	—
Wages payable	40	43
Taxes payable	—	—
Unearned revenues	—	—
Compensated absences	3	32
Other postemployment benefits	7	(2)
Net pension liability	(144)	(72)
Customer deposits and other liabilities	—	(1,270)
Increases (decreases) in deferred inflows of resources	85	90
<b>TOTAL ADJUSTMENTS</b>	<b>(34)</b>	<b>89</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (6,168)</b>	<b>\$ 1,901</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Contributions of capital assets from other funds	\$ —	\$ —
Contributions of capital assets to other funds	—	—



## INTERNAL SERVICE FUNDS

King County has established Internal Service Funds (ISFs) to report activities that provide goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. The County must be the predominant participant, and the fund must function on an essentially break-even basis over time. The County's 11 ISFs in 2019:

Business Resource Center Fund - Accounts for the support, maintenance, and optimization of the County's Enterprise Resource Planning applications including: financial, procurement, human resource, payroll and budgetary business applications.

Construction and Facilities Management Fund - Accounts for custodial services, building maintenance and construction in progress project management. The fund also provides printing, copying and bindery services.

Employee Benefits Program Fund - Accounts for the activities of employee medical, dental, vision, life, accidental death and dismemberment and long-term disability benefit programs and will account for future modifications to existing benefits or additions of new employee benefits.

Financial Management Services Fund - Accounts for financial services, including accounting, payroll and benefits, treasury, contracts, and procurement services provided to King County and other contracting agencies.

Insurance Fund - Accounts for the activities of the Office of Risk Management, which include performing risk analysis, evaluating alternatives and purchasing insurance, adjusting claims, activities of the Public Records Team, and recommending policies and practices to reduce potential liabilities and ensure the adequacy of insurance coverage for King County departments.

King County Geographic Information Systems Fund - Accounts for the activities required to operate, maintain and enhance the automated geographic information systems that serve both King County agencies and external customers.

King County Information Technology Services Fund - Accounts for Information Technology services provided to King County and other contracting agencies. The services include, but are not limited to, Application Support services, Workstation services, Design and Civic Engagement services, Business Analysis, and IT Project Management Services. The fund is also responsible for maintenance and support of technology infrastructure to enable the services mentioned above. They include network administration, data center operations, database and server maintenance, server hosting, active directory and messaging support, web infrastructure support, and IT service desk operations.

Motor Pool Equipment Rental Fund - Accounts for the purchase and maintenance of a fleet of vehicles for use by County agencies.

Public Works Equipment Rental Fund - Accounts for the purchase and maintenance of equipment and materials primarily used by the Road Services Division for maintenance and repair.

Safety and Workers' Compensation Fund - Accounts for the administration of an employee safety and training program designed to provide a safe and healthy workplace, as required by the Washington Industrial Safety and Health Act of 1973, and accounts for King County's self-insured worker's compensation system as certified under Title 51 Revised Code of Washington (RCW), Industrial Insurance Act.

Wastewater Equipment Rental Fund - Accounts for the purchase and maintenance of equipment and vehicles used by the Wastewater Treatment Division and Water and Land Resources.

**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 1 OF 3)

	<b>TOTAL</b>	<b>BUSINESS RESOURCE CENTER</b>	<b>CONSTRUCTION AND FACILITIES MANAGEMENT</b>	<b>EMPLOYEE BENEFITS PROGRAM</b>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 373,157	\$ 15,002	\$ 7,323	\$ 133,861
Restricted cash and cash equivalents	245	—	204	—
Accounts receivable, net	584	—	3	540
Due from other funds	669	—	—	259
Due from other governments, net	55	—	—	—
Interfund short-term loans receivable	20,250	—	—	—
Inventory	2,102	—	577	—
Prepayments	5,736	—	—	—
Total current assets	<u>402,798</u>	<u>15,002</u>	<u>8,107</u>	<u>134,660</u>
Noncurrent assets				
Capital assets:				
Depreciable assets, net	64,781	—	257	—
Total capital assets	<u>64,781</u>	<u>—</u>	<u>257</u>	<u>—</u>
Advances to other funds	31,529	—	—	—
Total noncurrent assets	<u>96,310</u>	<u>—</u>	<u>257</u>	<u>—</u>
<b>TOTAL ASSETS</b>	<u>499,108</u>	<u>15,002</u>	<u>8,364</u>	<u>134,660</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on pensions	11,003	920	2,765	112
Deferred outflows on other post employment benefits	62	3	18	2
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>11,065</u>	<u>923</u>	<u>2,783</u>	<u>114</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	13,279	311	2,803	687
Retainage payable	245	—	204	—
Estimated claim settlements	58,462	—	—	19,501
Due to other funds	101	—	—	—
Interest payable	4	—	—	—
Wages payable	7,125	462	1,451	338
Compensated absences payable	872	51	219	16
Taxes payable	6	—	—	—
Unearned revenues	413	—	—	413
General obligation bonds payable	1,050	—	—	—
Custodial accounts	2,156	—	—	1,022
Total current liabilities	<u>83,713</u>	<u>824</u>	<u>4,677</u>	<u>21,977</u>
Noncurrent liabilities				
Compensated absences payable	16,519	1,055	2,653	193
Other postemployment benefits	2,611	133	778	33
Net pension liability	38,326	4,426	12,706	127
Estimated claim settlements	101,269	—	—	—
Total noncurrent liabilities	<u>158,725</u>	<u>5,614</u>	<u>16,137</u>	<u>353</u>
<b>TOTAL LIABILITIES</b>	<u>242,438</u>	<u>6,438</u>	<u>20,814</u>	<u>22,330</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on pensions	21,789	1,579	4,793	287
Deferred inflows on other post employment benefits	178	9	54	2
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>21,967</u>	<u>1,588</u>	<u>4,847</u>	<u>289</u>
<b>NET POSITION</b>				
Net investment in capital assets	63,731	—	257	—
Unrestricted	182,037	7,899	(14,771)	112,155
<b>TOTAL NET POSITION</b>	<u>\$ 245,768</u>	<u>\$ 7,899</u>	<u>\$ (14,514)</u>	<u>\$ 112,155</u>

**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 2 OF 3 - CONTINUED)

	FINANCIAL MANAGEMENT SERVICES	INSURANCE	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS	KING COUNTY INFORMATION TECHNOLOGY SERVICES
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 11,613	\$ 26,675	\$ 1,283	\$ 11,591
Restricted cash and cash equivalents	41	—	—	—
Accounts receivable, net	—	—	—	1
Due from other funds	58	1	25	231
Due from other governments, net	—	—	36	19
Interfund short-term loans receivable	—	20,250	—	—
Inventory	—	—	—	—
Prepayments	—	4,849	—	884
Total current assets	<u>11,712</u>	<u>51,775</u>	<u>1,344</u>	<u>12,726</u>
Noncurrent assets				
Capital assets:				
Depreciable assets, net	58	—	—	27,060
Total capital assets	<u>58</u>	<u>—</u>	<u>—</u>	<u>27,060</u>
Advances to other funds	—	31,529	—	—
Total noncurrent assets	<u>58</u>	<u>31,529</u>	<u>—</u>	<u>27,060</u>
TOTAL ASSETS	<u>11,770</u>	<u>83,304</u>	<u>1,344</u>	<u>39,786</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on pensions	2,512	216	225	3,605
Deferred outflows on other post employment benefits	10	2	1	19
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,522</u>	<u>218</u>	<u>226</u>	<u>3,624</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	581	1,502	9	3,617
Retainage payable	41	—	—	—
Estimated claim settlements	—	26,243	—	—
Due to other funds	—	—	—	101
Interest payable	—	—	—	4
Wages payable	1,079	182	185	2,878
Compensated absences payable	101	16	7	402
Taxes payable	—	—	—	—
Unearned revenues	—	—	—	—
General obligation bonds payable	—	—	—	1,050
Custodial accounts	—	524	—	604
Total current liabilities	<u>1,802</u>	<u>28,467</u>	<u>201</u>	<u>8,656</u>
Noncurrent liabilities				
Compensated absences payable	2,366	410	704	7,685
Other postemployment benefits	440	64	61	812
Net pension liability	14,311	244	254	5,525
Estimated claim settlements	—	52,661	—	—
Total noncurrent liabilities	<u>17,117</u>	<u>53,379</u>	<u>1,019</u>	<u>14,022</u>
TOTAL LIABILITIES	<u>18,919</u>	<u>81,846</u>	<u>1,220</u>	<u>22,678</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on pensions	3,801	551	574	8,551
Deferred inflows on other post employment benefits	30	4	4	55
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,831</u>	<u>555</u>	<u>578</u>	<u>8,606</u>
<b>NET POSITION</b>				
Net investment in capital assets	58	—	—	26,010
Unrestricted	(8,516)	1,121	(228)	(13,884)
TOTAL NET POSITION	<u>\$ (8,458)</u>	<u>\$ 1,121</u>	<u>\$ (228)</u>	<u>\$ 12,126</u>

**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 3 OF 3 - CONCLUDED)

	<b>MOTOR POOL EQUIPMENT RENTAL</b>	<b>PUBLIC WORKS EQUIPMENT RENTAL</b>	<b>SAFETY AND WORKERS' COMPENSATION</b>	<b>WASTEWATER EQUIPMENT RENTAL</b>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 21,474	\$ 9,698	\$ 116,427	\$ 18,210
Restricted cash and cash equivalents	—	—	—	—
Accounts receivable, net	—	40	—	—
Due from other funds	40	21	—	34
Due from other governments, net	—	—	—	—
Interfund short-term loans receivable	—	—	—	—
Inventory	143	1,377	—	5
Prepayments	3	—	—	—
Total current assets	<u>21,660</u>	<u>11,136</u>	<u>116,427</u>	<u>18,249</u>
Noncurrent assets				
Capital assets:				
Depreciable assets, net	17,847	11,688	—	7,871
Total capital assets	<u>17,847</u>	<u>11,688</u>	<u>—</u>	<u>7,871</u>
Advances to other funds	—	—	—	—
Total noncurrent assets	<u>17,847</u>	<u>11,688</u>	<u>—</u>	<u>7,871</u>
TOTAL ASSETS	<u>39,507</u>	<u>22,824</u>	<u>116,427</u>	<u>26,120</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on pensions	86	337	225	—
Deferred outflows on other post employment benefits	1	3	3	—
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>87</u>	<u>340</u>	<u>228</u>	<u>—</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	393	1,166	2,189	21
Retainage payable	—	—	—	—
Estimated claim settlements	—	—	12,718	—
Due to other funds	—	—	—	—
Interest payable	—	—	—	—
Wages payable	96	255	190	9
Compensated absences payable	13	30	17	—
Taxes payable	4	1	—	1
Unearned revenues	—	—	—	—
General obligation bonds payable	—	—	—	—
Custodial accounts	—	6	—	—
Total current liabilities	<u>506</u>	<u>1,458</u>	<u>15,114</u>	<u>31</u>
Noncurrent liabilities				
Compensated absences payable	142	705	606	—
Other postemployment benefits	47	126	117	—
Net pension liability	98	381	254	—
Estimated claim settlements	—	—	48,608	—
Total noncurrent liabilities	<u>287</u>	<u>1,212</u>	<u>49,585</u>	<u>—</u>
TOTAL LIABILITIES	<u>793</u>	<u>2,670</u>	<u>64,699</u>	<u>31</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on pensions	220	860	573	—
Deferred inflows on other post employment benefits	3	9	8	—
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>223</u>	<u>869</u>	<u>581</u>	<u>—</u>
<b>NET POSITION</b>				
Net investment in capital assets	17,847	11,688	—	7,871
Unrestricted	20,731	7,937	51,375	18,218
TOTAL NET POSITION	<u>\$ 38,578</u>	<u>\$ 19,625</u>	<u>\$ 51,375</u>	<u>\$ 26,089</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 1 OF 3 - CONTINUED)

	<u>TOTAL</u>	<u>BUSINESS RESOURCE CENTER</u>	<u>CONSTRUCTION AND FACILITIES MANAGEMENT</u>	<u>EMPLOYEE BENEFITS PROGRAM</u>
<b>OPERATING REVENUES</b>				
Profit (loss) on inventory sales				
Sales of inventory	\$ 5,991	\$ —	\$ —	\$ —
Cost of goods sold	(8,845)	—	—	—
Gross profit (loss) on inventory	(2,854)	—	—	—
Information resources management fees	108,811	—	—	—
Geographic information systems fees	5,678	—	—	—
Building operation and maintenance service fees	61,914	—	61,914	—
Architect/engineering/renovation service fees	2,695	—	2,695	—
Benefit program contributions and fees	290,691	—	—	290,691
Business resources management fees	21,659	21,659	—	—
Financial services	34,524	—	—	—
Insurance services	36,144	—	—	—
Equipment rental fees	26,657	—	—	—
Garage shop services	531	—	—	—
Printing and duplication	1,117	—	1,110	—
Workers' compensation employer contributions	26,228	—	—	—
Miscellaneous operating revenue	6,115	—	31	1,907
Total operating revenues	<u>619,910</u>	<u>21,659</u>	<u>65,750</u>	<u>292,598</u>
<b>OPERATING EXPENSES</b>				
Personal services	141,056	9,966	26,712	2,781
Materials and supplies	10,205	39	2,655	177
Contract services and other charges	349,192	6,701	9,764	272,217
Lease and maintenance of equipment	20,001	16	2,779	36
Internal services	29,788	1,629	6,513	325
Depreciation and amortization	16,023	—	20	—
Total operating expenses	<u>566,265</u>	<u>18,351</u>	<u>48,443</u>	<u>275,536</u>
OPERATING INCOME (LOSS)	<u>53,645</u>	<u>3,308</u>	<u>17,307</u>	<u>17,062</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest earnings	5,271	—	—	3,790
Interest expenses	(279)	—	—	—
Gain (loss) on disposal of capital assets	953	—	4	—
Miscellaneous expenses	(207)	—	(107)	—
Total nonoperating revenues (expenses)	<u>5,738</u>	<u>—</u>	<u>(103)</u>	<u>3,790</u>
Income (loss) before contributions and transfers	59,383	3,308	17,204	20,852
Capital grants and contributions	3,531	—	28	—
Transfers in	2,539	2,065	465	—
Transfers out	(20,696)	(1,374)	(14,167)	(73)
<b>CHANGE IN NET POSITION</b>	<u>44,757</u>	<u>3,999</u>	<u>3,530</u>	<u>20,779</u>
NET POSITION - JANUARY 1, 2019	201,011	3,900	(18,044)	91,376
NET POSITION - DECEMBER 31, 2019	<u>\$ 245,768</u>	<u>\$ 7,899</u>	<u>\$ (14,514)</u>	<u>\$ 112,155</u>

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

## INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

(IN THOUSANDS)

(PAGE 2 OF 3)

	FINANCIAL MANAGEMENT SERVICES	INSURANCE	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS	KING COUNTY INFORMATION TECHNOLOGY SERVICES
<b>OPERATING REVENUES</b>				
Profit (loss) on inventory sales				
Sales of inventory	\$ —	\$ —	\$ —	\$ —
Cost of goods sold	—	—	—	—
Gross profit (loss) on inventory	—	—	—	—
Information resources management fees	—	—	—	108,811
Geographic information systems fees	—	—	5,622	56
Building operation and maintenance service fees	—	—	—	—
Architect/engineering/renovation service fees	—	—	—	—
Benefit program contributions and fees	—	—	—	—
Business resources management fees	—	—	—	—
Financial services	34,524	—	—	—
Insurance services	—	36,144	—	—
Equipment rental fees	—	—	—	—
Garage shop services	—	—	—	—
Printing and duplication	—	—	—	7
Workers' compensation employer contributions	—	—	—	—
Miscellaneous operating revenue	561	2	524	2,302
Total operating revenues	35,085	36,146	6,146	111,176
<b>OPERATING EXPENSES</b>				
Personal services	22,763	3,795	3,581	58,963
Materials and supplies	468	18	31	3,790
Contract services and other charges	2,075	33,603	765	6,233
Lease and maintenance of equipment	137	8	4	15,906
Internal services	6,023	1,325	898	7,784
Depreciation and amortization	28	—	—	5,795
Total operating expenses	31,494	38,749	5,279	98,471
OPERATING INCOME (LOSS)	3,591	(2,603)	867	12,705
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest earnings	10	3	—	—
Interest expenses	(1)	—	—	(278)
Gain (loss) on disposal of capital assets	—	—	—	—
Miscellaneous expenses	—	—	—	(100)
Total nonoperating revenues (expenses)	9	3	—	(378)
Income (loss) before contributions and transfers	3,600	(2,600)	867	12,327
Capital grants and contributions	—	—	—	2,325
Transfers in	—	—	—	—
Transfers out	(1,438)	(26)	(25)	(3,331)
<b>CHANGE IN NET POSITION</b>	2,162	(2,626)	842	11,321
NET POSITION - JANUARY 1, 2019	(10,620)	3,747	(1,070)	805
NET POSITION - DECEMBER 31, 2019	\$ (8,458)	\$ 1,121	\$ (228)	\$ 12,126

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 3 OF 3 - CONCLUDED)

	<u>MOTOR POOL EQUIPMENT RENTAL</u>	<u>PUBLIC WORKS EQUIPMENT RENTAL</u>	<u>SAFETY AND WORKERS' COMPENSATION</u>	<u>WASTEWATER EQUIPMENT RENTAL</u>
<b>OPERATING REVENUES</b>				
Profit (loss) on inventory sales				
Sales of inventory	\$ 710	\$ 5,236	\$ —	\$ 45
Cost of goods sold	(2,811)	(5,784)	—	(250)
Gross profit (loss) on inventory	(2,101)	(548)	—	(205)
Information resources management fees	—	—	—	—
Geographic information systems fees	—	—	—	—
Building operation and maintenance service fees	—	—	—	—
Architect/engineering/renovation service fees	—	—	—	—
Benefit program contributions and fees	—	—	—	—
Business resources management fees	—	—	—	—
Financial services	—	—	—	—
Insurance services	—	—	—	—
Equipment rental fees	13,994	8,628	—	4,035
Garage shop services	137	394	—	—
Printing and duplication	—	—	—	—
Workers' compensation employer contributions	—	—	26,228	—
Miscellaneous operating revenue	41	734	12	1
Total operating revenues	<u>12,071</u>	<u>9,208</u>	<u>26,240</u>	<u>3,831</u>
<b>OPERATING EXPENSES</b>				
Personal services	2,271	4,556	5,200	468
Materials and supplies	1,772	1,027	70	158
Contract services and other charges	214	313	17,272	35
Lease and maintenance of equipment	575	468	21	51
Internal services	1,698	751	2,603	239
Depreciation and amortization	5,460	2,176	—	2,544
Total operating expenses	<u>11,990</u>	<u>9,291</u>	<u>25,166</u>	<u>3,495</u>
OPERATING INCOME (LOSS)	<u>81</u>	<u>(83)</u>	<u>1,074</u>	<u>336</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest earnings	596	368	1	503
Interest expenses	—	—	—	—
Gain (loss) on disposal of capital assets	550	232	1	166
Miscellaneous expenses	—	—	—	—
Total nonoperating revenues (expenses)	<u>1,146</u>	<u>600</u>	<u>2</u>	<u>669</u>
Income (loss) before contributions and transfers	1,227	517	1,076	1,005
Capital grants and contributions	868	113	—	197
Transfers in	9	—	—	—
Transfers out	(24)	(76)	(106)	(56)
<b>CHANGE IN NET POSITION</b>	<u>2,080</u>	<u>554</u>	<u>970</u>	<u>1,146</u>
NET POSITION - JANUARY 1, 2019	36,498	19,071	50,405	24,943
NET POSITION - DECEMBER 31, 2019	<u>\$ 38,578</u>	<u>\$ 19,625</u>	<u>\$ 51,375</u>	<u>\$ 26,089</u>

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 1 OF 3)

	TOTAL	BUSINESS RESOURCE CENTER	CONSTRUCTION AND FACILITIES MANAGEMENT	EMPLOYEE BENEFITS PROGRAM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 6,629	\$ —	\$ 674	\$ —
Cash received from other funds - internal services	617,175	21,659	65,087	291,511
Cash payments to suppliers for goods and services	(357,677)	(6,005)	(11,851)	(269,681)
Cash payments to other funds - internal services	(59,294)	(2,647)	(8,802)	(9,126)
Cash payments for employee services	(151,557)	(9,878)	(30,644)	(3,152)
Other receipts	6,115	—	31	1,907
Net cash provided (used) by operating activities	<u>61,391</u>	<u>3,129</u>	<u>14,495</u>	<u>11,459</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund short-term loan principal amounts loaned to other funds	(20,250)	—	—	—
Interfund short-term loan principal repayments from other funds	15,800	—	—	—
Interfund advance principal amounts loaned to other funds	(31,529)	—	—	—
Interfund advance principal repayments from other funds	9,725	—	—	—
Transfers in	2,539	2,065	465	—
Transfers out	(20,696)	(1,374)	(14,167)	(73)
Net cash provided (used) by noncapital financing activities	<u>(44,411)</u>	<u>691</u>	<u>(13,702)</u>	<u>(73)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(12,697)	—	(278)	—
Principal paid on general obligation bonds	(5,225)	—	—	—
Interest paid on general obligation bonds	(298)	—	—	—
Proceeds from disposal of capital assets	953	—	4	—
Net cash provided (used) by capital and related financing activities	<u>(17,267)</u>	<u>—</u>	<u>(274)</u>	<u>—</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	5,270	—	—	3,790
Net cash provided by investing activities	<u>5,270</u>	<u>—</u>	<u>—</u>	<u>3,790</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,983	3,820	519	15,176
CASH AND CASH EQUIVALENTS - JANUARY 1, 2019	368,419	11,182	7,008	118,685
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2019	<u>\$ 373,402</u>	<u>\$ 15,002</u>	<u>\$ 7,527</u>	<u>\$ 133,861</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 53,645	\$ 3,308	\$ 17,307	\$ 17,062
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	16,023	—	20	—
(Increase) decrease in accounts receivable, net	717	—	1	494
(Increase) decrease in due from other funds	27	—	1	(67)
(Increase) in due from other governments, net	11	—	40	—
(Increase) decrease in inventory	(554)	—	(329)	—
Decrease in prepayments	(1,359)	—	—	—
Decrease in deferred outflows of resources	(1,420)	(200)	(308)	(4)
Increase (decrease) in accounts payable	748	(198)	1,227	(4,158)
Increase in retainage payable	227	—	186	—
(Decrease) in estimated claim settlements	2,012	—	—	(1,894)
Increase (decrease) in due to other funds	(3)	(69)	(12)	—
Increase (decrease) in wages payable	1,347	110	278	9
Increase (decrease) in taxes payable	(11)	—	(14)	—
(Decrease) in custodial accounts and other liabilities	409	—	—	393
Increase (decrease) in compensated absences payable	30	97	(44)	(219)
Increase in other postemployment benefits	(129)	(7)	(36)	(4)
(Decrease) in net pension liability	(12,066)	(123)	(4,378)	(137)
Increase in deferred inflows of resources	1,737	211	556	(16)
Total adjustments	<u>7,746</u>	<u>(179)</u>	<u>(2,812)</u>	<u>(5,603)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 61,391</u>	<u>\$ 3,129</u>	<u>\$ 14,495</u>	<u>\$ 11,459</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contributions of capital assets from government	\$ 3,531	\$ —	\$ 28	\$ —
Contributions of capital assets to government	(207)	—	(107)	—

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 2 OF 3 - CONTINUED)

	<b>FINANCIAL MANAGEMENT SERVICES</b>		<b>KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS</b>		<b>KING COUNTY INFORMATION TECHNOLOGY SERVICES</b>	
		<b>INSURANCE</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 5,376	\$ —	\$ 136	\$ 278		
Cash received from other funds - internal services	29,343	36,228	5,434	108,706		
Cash payments to suppliers for goods and services	(1,579)	(24,337)	(734)	(17,861)		
Cash payments to other funds - internal services	(6,907)	(1,929)	(958)	(15,505)		
Cash payments for employee services	(22,848)	(3,942)	(4,076)	(63,979)		
Other receipts	561	2	524	2,302		
Net cash provided (used) by operating activities	<u>3,946</u>	<u>6,022</u>	<u>326</u>	<u>13,941</u>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund short-term loan principal amounts loaned to other funds	—	(20,250)	—	—		
Interfund short-term loan principal repayments from other funds	—	—	—	—		
Interfund advance principal amounts loaned to other funds	—	(31,529)	—	—		
Interfund advance principal repayments from other funds	—	—	—	—		
Transfers in	—	—	—	—		
Transfers out	(1,438)	(26)	(25)	(3,331)		
Net cash provided (used) by noncapital financing activities	<u>(1,438)</u>	<u>(51,805)</u>	<u>(25)</u>	<u>(3,331)</u>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets	—	—	—	(434)		
Principal paid on general obligation bonds	—	—	—	(5,225)		
Interest paid on general obligation bonds	—	—	—	(298)		
Proceeds from disposal of capital assets	—	—	—	—		
Net cash provided (used) by capital and related financing activities	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,957)</u>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	9	3	—	—		
Net cash provided by investing activities	<u>9</u>	<u>3</u>	<u>—</u>	<u>—</u>		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,517	(45,780)	301	4,653		
CASH AND CASH EQUIVALENTS - JANUARY 1, 2019	9,137	72,455	982	6,938		
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2019	<u>\$ 11,654</u>	<u>\$ 26,675</u>	<u>\$ 1,283</u>	<u>\$ 11,591</u>		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 3,591	\$ (2,603)	\$ 867	\$ 12,705		
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	28	—	—	5,795		
(Increase) decrease in accounts receivable, net	230	—	—	16		
(Increase) decrease in due from other funds	(35)	68	(25)	96		
(Increase) in due from other governments, net	—	—	(27)	(2)		
(Increase) decrease in inventory	—	—	—	—		
Decrease in prepayments	—	(475)	—	(884)		
Decrease in deferred outflows of resources	(532)	(34)	9	(271)		
Increase (decrease) in accounts payable	176	726	6	1,153		
Increase in retainage payable	41	—	—	—		
(Decrease) in estimated claim settlements	—	8,437	—	—		
Increase (decrease) in due to other funds	—	—	—	78		
Increase (decrease) in wages payable	226	34	(5)	573		
Increase (decrease) in taxes payable	—	—	—	—		
(Decrease) in custodial accounts and other liabilities	—	16	—	—		
Increase (decrease) in compensated absences payable	(45)	(7)	(96)	360		
Increase in other postemployment benefits	(9)	7	(23)	(46)		
(Decrease) in net pension liability	(204)	(195)	(308)	(6,084)		
Increase in deferred inflows of resources	479	48	(72)	452		
Total adjustments	<u>355</u>	<u>8,625</u>	<u>(541)</u>	<u>1,236</u>		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,946</u>	<u>\$ 6,022</u>	<u>\$ 326</u>	<u>\$ 13,941</u>		
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						
Contributions of capital assets from government	\$ —	\$ —	\$ —	\$ 2,325		
Contributions of capital assets to government	—	—	—	(100)		

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 3 OF 3 - CONCLUDED)

	MOTOR POOL EQUIPMENT RENTAL	PUBLIC WORKS EQUIPMENT RENTAL	SAFETY AND WORKERS' COMPENSATION	WASTEWATER EQUIPMENT RENTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 91	\$ 74	\$ —	\$ —
Cash received from other funds - internal services	14,742	14,163	26,228	4,074
Cash payments to suppliers for goods and services	(784)	(2,187)	(22,620)	(38)
Cash payments to other funds - internal services	(6,186)	(5,459)	(1,026)	(749)
Cash payments for employee services	(2,346)	(4,812)	(5,413)	(467)
Other receipts	41	734	12	1
Net cash provided (used) by operating activities	<u>5,558</u>	<u>2,513</u>	<u>(2,819)</u>	<u>2,821</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund short-term loan principal amounts loaned to other funds	—	—	—	—
Interfund short-term loan principal repayments from other funds	—	—	15,800	—
Interfund advance principal amounts loaned to other funds	—	—	—	—
Interfund advance principal repayments from other funds	—	—	9,725	—
Transfers in	9	—	—	—
Transfers out	(24)	(76)	(106)	(56)
Net cash provided (used) by noncapital financing activities	<u>(15)</u>	<u>(76)</u>	<u>25,419</u>	<u>(56)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(4,263)	(6,490)	—	(1,232)
Principal paid on general obligation bonds	—	—	—	—
Interest paid on general obligation bonds	—	—	—	—
Proceeds from disposal of capital assets	550	232	1	166
Net cash provided (used) by capital and related financing activities	<u>(3,713)</u>	<u>(6,258)</u>	<u>1</u>	<u>(1,066)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	596	368	1	503
Net cash provided by investing activities	<u>596</u>	<u>368</u>	<u>1</u>	<u>503</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,426	(3,453)	22,602	2,202
CASH AND CASH EQUIVALENTS - JANUARY 1, 2019	19,048	13,151	93,825	16,008
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2019	<u>\$ 21,474</u>	<u>\$ 9,698</u>	<u>\$ 116,427</u>	<u>\$ 18,210</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 81	\$ (83)	\$ 1,074	\$ 336
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	5,460	2,176	—	2,544
(Increase) decrease in accounts receivable, net	—	(24)	—	—
(Increase) decrease in due from other funds	(8)	3	—	(6)
(Increase) in due from other governments, net	—	—	—	—
(Increase) decrease in inventory	4	(228)	—	(1)
Decrease in prepayments	—	—	—	—
Decrease in deferred outflows of resources	(6)	(46)	(28)	—
Increase (decrease) in accounts payable	94	924	851	(53)
Increase in retainage payable	—	—	—	—
(Decrease) in estimated claim settlements	—	—	(4,531)	—
Increase (decrease) in due to other funds	—	—	—	—
Increase (decrease) in wages payable	19	63	39	1
Increase (decrease) in taxes payable	2	1	—	—
(Decrease) in custodial accounts and other liabilities	—	—	—	—
Increase (decrease) in compensated absences payable	9	(2)	(23)	—
Increase in other postemployment benefits	—	(3)	(8)	—
(Decrease) in net pension liability	(95)	(322)	(220)	—
Increase in deferred inflows of resources	(2)	54	27	—
Total adjustments	<u>5,477</u>	<u>2,596</u>	<u>(3,893)</u>	<u>2,485</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 5,558</u>	<u>\$ 2,513</u>	<u>\$ (2,819)</u>	<u>\$ 2,821</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contributions of capital assets from government	\$ 868	\$ 113	\$ —	\$ 197
Contributions of capital assets to government	—	—	—	—

Fiduciary Funds

# CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT





## CUSTODIAL FUNDS

The County's custodial funds fall into two categories: External Investment Pool Funds and Other Custodial Funds.

External Investment Pool Funds - External investment pool funds are used by King County to report investment activity engaged in on behalf of legally separate entities. The funds use the economic resources measurement focus and the accrual basis of accounting.

*External Impaired Investment Pool* - Accounts for the investment activity conducted by King County on behalf of legally separate entities such as special districts and public authorities other than component units that participate in the County's investment pool. Effective September 1, 2008, certain impaired investments were separated from the main pool. The County has completed the restructuring of all the impaired assets in the Impaired Investment Pool Fund.

*External Individual Investment Accounts* - Accounts for the investment activity conducted by King County on behalf of legally separate entities such as special districts and public authorities other than component units having investments with the County that are not in the County's investment pool.

*External Investment Pool* - Accounts for the investment activity conducted by King County on behalf of legally separate entities such as special districts and public authorities other than component units that participate in the County's investment pool.

Other Custodial Funds - King County utilized approximately 712 active funds in 2019 to account for the resources of special purpose districts and other governments. The King County Executive, in compliance with the laws of the state of Washington or by contract, is the *ex officio* treasurer of King County and special districts, but not for the cities, towns or the State of Washington. Money received from or for the special districts or other governments is deposited in King County's central bank account; disbursements for both operations and investments are made upon receipt of instructions from governing bodies or administrators of the special districts/other governments. Revenues received for the accounts of the cities, towns, and State of Washington are remitted to their respective treasurers.

*Board Deposits and Disbursements* - This is a Public Transportation Fund which is used for the Regional Transportation Partnership Planning for three sub-area board: SCATBd (South County Transportation Board), ETP (Eastside Transportation Partnership), and Seashore. Metro Transit serves as the bookkeeper for these groups, recording their annual dues, paying meeting room / catering fees, and reimbursing members for other expenses associated with monthly meetings.

*Central Puget Sound Regional Transit Authority* - The Central Puget Sound Regional Transit Authority (more commonly known as Sound Transit) provides the region with alternatives to meet its transportation needs. Sound Transit is governed by an 18-member board comprised of 17 local elected officials and the State Transportation Department Secretary.

*Cities and Towns* - The King County Finance and Business Operations Division utilizes a group of funds for each of the 39 municipalities to account for the collection and remittance of regular, special, and bond property tax levies to their respective treasurers.

*Deceased Effects* - The fund accounts for the unclaimed effects and assets of deceased individuals.

*District Court Partners* - Resources in this fund are related to district court collections on behalf of partner cities. Resources are remitted to respective cities after reconciliation occurs.

*Employee Charitable Contributions* - Accounts for employee charitable payroll deductions.

*Fire Protection Districts* - In King County, there are 30 fire protection districts. The primary purpose of these districts is to provide fire prevention and suppression services and to offer emergency medical services to protect life and property in areas outside cities and towns, except where the cities and towns have been annexed into a fire protection district. These districts are governed by elected Boards of Fire Commissioners.

*Hospital Districts* - King County has three public hospital districts. These municipal corporations are authorized to own and operate public hospitals and related facilities. Each district is governed by an elected five-member hospital commission.

*Judicial Administration* - Utilized to account for money deposited with King County Superior Court pending outcome of litigation.

*King County Directors' Association (KCDA)* - The KCDA is a nonprofit cooperative purchasing organization governed by a five-member Board of Directors elected from and by school boards throughout King County. The objectives of this association are to eliminate duplicate purchasing activities, establish product standards, and obtain the lowest possible costs through volume purchasing, centralized warehousing, and consolidated distribution.

*King County Library System* - This district serves the public through 50 community libraries, the Traveling Library Center, a mobile tech lab, two children's bookmobiles, and one institutional library in the King County Juvenile Detention Center. All unincorporated areas of the County are a part of the library district as are all cities in the County except for Seattle, Enumclaw, Hunt's Point and Yarrow Point.

*Library Capital Facility Districts* - These districts were established for the purpose of financing the acquisition, construction, and improvement of the Issaquah and Redmond libraries.

*Other Special Purpose Districts* - The following is a brief summary of the main entities:

- Puget Sound Regional Council - The regional planning and decision-making body for growth and transportation issues in the counties of King, Kitsap, Pierce, and Snohomish. Its primary goal is to plan for the growth and development of the region, including transportation planning, and to seek solutions to problems crossing political boundaries. It is governed by a general assembly and its executive board. Each member of the board is a voting member.
- Puget Sound Clean Air Agency - An air pollution control authority under the Washington Clean Air Act for the counties of King, Kitsap, Pierce, and Snohomish. The agency is governed by a nine-member board composed mainly of elected officials from the four county jurisdictions. Its major responsibility is the implementation of the Washington Clean Air Act. This responsibility has been delegated to the agency by both the State of Washington and the Federal Environmental Protection Agency.
- Drainage Districts - There are six districts in this category. They were established to ditch, dike, and provide pumping facilities for flood-prone or low-lying lands.
- Cemetery District No. 1 - Formed in 1978 to improve and maintain a public cemetery on Vashon Island that was originally established in 1888 by a private association.

*Other Tax Distribution* - Established for distribution of certain revenues other than property taxes, such as state private harvest timber tax, leasehold excise tax, real estate excise tax, state forest board earnings, and proceeds from sales of tax title property.

*Parks and Recreation Districts* - This includes park and recreation districts (RCW 36.69) and metropolitan park districts (RCW 35.61). Park and recreation districts include Finn Hill, Northshore and Vashon Maury. Metropolitan park districts include Des Moines Pool, Fall City, Normandy Park, Seattle, Si View and Tukwila Pool.

*Port of Seattle* - The Port of Seattle is a public enterprise governed by five commissioners elected by the citizens of King County. Its mission is to provide services and facilities to accommodate the transportation of cargo and passengers by air, water, and land. Its marine facilities include one of the largest container ports in the United States. The Port also includes Seattle-Tacoma International Airport and marinas for a commercial fishing fleet and pleasure craft. While King County is no longer the Port's treasurer, it continues to use a special district fund to account for the collection and remittance of the Port's special tax levies.

*Property Taxes* - Various property tax funds used to process and distribute real and personal property tax refunds authorized by the County Treasurer; to account for proceeds of foreclosure sales in excess of delinquent taxes, interest, penalties, and costs; and to account for required prepayment of real property taxes when a property owner plats a parcel of property. These funds are also used to record property tax payments in excess of liability and to process related refunds to taxpayers; to suspend tax receipts requiring further identification or additional payment before they can be distributed; and to distribute assessment and interest payments of local improvement districts and to process assessment refunds.

*School Districts* - Public education in King County from pre-kindergarten through grade 12 is provided by 21 school districts, each governed by an elected Board of Directors and administered by a superintendent. Also reported in this fund is the Puget Sound Educational Service District (PSESD) which serves 35 school districts and more than 200 private schools in King and Pierce Counties plus Bainbridge Island in Kitsap County. The PSESD is governed by a nine-member Board of Directors and administered by a superintendent. The PSESD assists public and private schools in its region through program and staff development, early childhood programs, administrative and instructional support, technical assistance, business, financial and state reporting services, and direct service to children and families. A complete list of services and programs can be found online at [www.psesd.org](http://www.psesd.org).

*Seizures and Forfeitures* - Accounts for confiscated and forfeited property that belongs to the State or federal government.

*Sewer and Water Districts* - There are 12 sewer and water districts in King County. The principal purpose of these districts is to protect public health and to improve water quality by constructing, maintaining, and operating sewer systems. The districts may also provide water, storm drainage, street lighting, lake rehabilitation, and onsite systems management. Each district is governed by an elected three-member Board of Commissioners.

*State of Washington* - King County utilizes a group of funds to account for state-levied property tax collections, court filing fees, fines, and forfeiture payments due to violations of laws of the State of Washington and their subsequent remittance to the State Treasurer.

*Washington State Major League Baseball Stadium - Public Facilities District (PFD)* - The PFD was created by the Metropolitan King County Council (Ordinance 12000) on October 24, 1995. The PFD operates as a municipal corporation of the State of Washington and was formed to site, design, build, and operate a major league baseball park. The PFD had been reported as a component unit of the County prior to 2013. The bonds outstanding, for which the County had an indirect financial burden, have been paid and the PFD no longer qualifies as a component unit. Since the County is the *ex officio* treasurer for the PFD, it is reported as a custodial fund.

*Washington State Public Stadium Authority* - This agency was established in 1997 to oversee the construction of a new football stadium and an exhibition center. The current mission is to represent the public's interest in owning CenturyLink Field & Event Center and overseeing First & Goal Inc.'s operation of the facility for the benefit of all Washington state citizens. It is governed by a seven-member board appointed by the Governor.

*Water Districts* - There are 22 water districts in King County. The primary purpose of the districts is to provide consumers with the highest quality drinking water at the lowest possible cost. Each district is governed by a board with power to acquire, construct, maintain, and operate water supply systems. Reporting for the Cascade Water Alliance (CWA) is also included with the Water Districts. CWA is a municipal corporation comprised of seven municipalities (five cities and two water and sewer districts) in the Puget Sound Region that joined together to provide safe, clean, reliable water supply to its 350,000 residences and more than 20,000 businesses.

**EXTERNAL INVESTMENT POOL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)

	<u>TOTAL</u>	<u>EXTERNAL IMPAIRED INVESTMENT POOL</u>	<u>EXTERNAL INDIVIDUAL INVESTMENT ACCOUNTS</u>	<u>EXTERNAL INVESTMENT POOL</u>
<b>ASSETS</b>				
Investments at fair value:				
Repurchase agreements	\$ 126,229	\$ —	\$ —	\$ 126,229
Commercial paper	286,211	1,766	—	284,445
U.S. agency discount notes	212,941	—	—	212,941
Supranational discount notes	26,057	—	—	26,057
Corporate notes	344,935	—	—	344,935
Corporate notes floating rate	111,443	—	—	111,443
U.S. Treasury notes	1,459,182	—	14,469	1,444,713
U.S. agency notes	238,014	—	—	238,014
U.S. agency collateralized mortgage obligations	1,796	—	—	1,796
Supranational coupon notes	770,513	—	—	770,513
State Treasurer's investment pool	326,138	—	—	326,138
Total investments	<u>3,903,459</u>	<u>1,766</u>	<u>14,469</u>	<u>3,887,224</u>
Interest receivable	7,507	—	191	7,316
<b>TOTAL ASSETS</b>	<u>3,910,966</u>	<u>1,766</u>	<u>14,660</u>	<u>3,894,540</u>
<b>TOTAL LIABILITIES</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>NET POSITION</b>				
Restricted for:				
Individuals, organizations and other governments	3,910,966	1,766	14,660	3,894,540
<b>TOTAL NET POSITION</b>	<u>\$ 3,910,966</u>	<u>\$ 1,766</u>	<u>\$ 14,660</u>	<u>\$ 3,894,540</u>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2019**  
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	<b>TOTAL</b>	<b>BOARD DEPOSITS AND DISBURSEMENTS</b>	<b>CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 132,202	\$ 22	\$ 196
U.S. Treasury notes	14,400	—	—
Taxes receivable for other governments	74,862	—	1,608
Accounts receivable	24,872	—	—
Assessments receivable for other governments	2,175	—	—
Notes and contracts receivable	52	—	—
<b>TOTAL ASSETS</b>	<b>248,563</b>	<b>22</b>	<b>1,804</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	55,531	—	—
Due to beneficiaries	73,043	22	—
Due to other governments	62,172	—	—
<b>TOTAL LIABILITIES</b>	<b>190,746</b>	<b>22</b>	<b>—</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	57,817	—	1,804
<b>TOTAL NET POSITION</b>	<b>\$ 57,817</b>	<b>\$ —</b>	<b>\$ 1,804</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2019**  
 (IN THOUSANDS)  
 (PAGE 2 OF 9 - CONTINUED)

	<b>CITIES AND TOWNS</b>	<b>DECEASED EFFECTS</b>	<b>DISTRICT COURT PARTNERS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 36,424	\$ 92	\$ 4,041
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	14,370	—	—
Accounts receivable	7,550	—	2,512
Interest receivable	—	—	—
Assessments receivable for other governments	14	—	—
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>58,358</b>	<b>92</b>	<b>6,553</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	—	1	—
Due to beneficiaries	—	91	4,041
Due to other governments	36,424	—	2,512
<b>TOTAL LIABILITIES</b>	<b>36,424</b>	<b>92</b>	<b>6,553</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	21,934	—	—
<b>TOTAL NET POSITION</b>	<b>\$ 21,934</b>	<b>\$ —</b>	<b>\$ —</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
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	<b>EMPLOYEE CHARITABLE CONTRIBUTIONS</b>	<b>FIRE PROTECTION DISTRICTS</b>	<b>HOSPITAL DISTRICTS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,388	\$ 1,996	\$ —
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	—	4,861	784
Accounts receivable	—	—	—
Interest receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>1,388</b>	<b>6,857</b>	<b>784</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	7	4,218	—
Due to beneficiaries	1,352	—	—
Due to other governments	—	—	—
<b>TOTAL LIABILITIES</b>	<b>1,359</b>	<b>4,218</b>	<b>—</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	29	2,639	784
<b>TOTAL NET POSITION</b>	<b>\$ 29</b>	<b>\$ 2,639</b>	<b>\$ 784</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2019**  
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	<b>JUDICIAL ADMINISTRATION</b>	<b>KING COUNTY DIRECTOR'S ASSOCIATION</b>	<b>KING COUNTY LIBRARY SYSTEM</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 37,609	\$ 2,491	\$ —
U.S. agency discount notes	—	—	—
Taxes receivable for other governments	—	—	1,928
Accounts receivable	—	—	—
Interest receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>37,609</b>	<b>2,491</b>	<b>1,928</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	—	2,491	2,619
Due to beneficiaries	37,609	—	—
Due to other governments	—	—	—
<b>TOTAL LIABILITIES</b>	<b>37,609</b>	<b>2,491</b>	<b>2,619</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	—	—	(691)
<b>TOTAL NET POSITION</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (691)</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2019**  
 (IN THOUSANDS)  
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	<u>LIBRARY CAPITAL FACILITY DISTRICTS</u>	<u>OTHER SPECIAL PURPOSE DISTRICTS</u>	<u>OTHER TAX DISTRIBUTION</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ —	\$ 543	\$ 845
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	—	233	—
Accounts receivable	—	—	10,966
Interest receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<u>—</u>	<u>776</u>	<u>11,811</u>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	—	230	—
Due to beneficiaries	—	—	11,811
Due to other governments	—	—	—
<b>TOTAL LIABILITIES</b>	<u>—</u>	<u>230</u>	<u>11,811</u>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	—	546	—
<b>TOTAL NET POSITION</b>	<u>\$ —</u>	<u>\$ 546</u>	<u>\$ —</u>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2019**  
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	<b>PARKS AND RECREATION DISTRICTS</b>	<b>PORT OF SEATTLE</b>	<b>PROPERTY TAXES</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 649	\$ 820	\$ 20,633
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	928	1,116	—
Accounts receivable	—	—	38
Interest receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>1,577</b>	<b>1,936</b>	<b>20,671</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	364	—	2,551
Due to beneficiaries	—	—	18,117
Due to other governments	—	820	—
<b>TOTAL LIABILITIES</b>	<b>364</b>	<b>820</b>	<b>20,668</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	1,213	1,116	3
<b>TOTAL NET POSITION</b>	<b>\$ 1,213</b>	<b>\$ 1,116</b>	<b>\$ 3</b>

**CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2019**  
(IN THOUSANDS)  
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	<b>SCHOOL DISTRICTS</b>	<b>SEIZURES AND FORFEITURES</b>	<b>SEWER AND WATER DISTRICTS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6	\$ 8,662	\$ —
U.S. Treasury notes	14,400	—	—
Taxes receivable for other governments	25,651	—	—
Accounts receivable	—	—	—
Interest receivable	—	—	—
Assessments receivable for other governments	—	—	868
Notes and contracts receivable	—	52	—
<b>TOTAL ASSETS</b>	<b>40,057</b>	<b>8,714</b>	<b>868</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	36,822	4	75
Due to beneficiaries	—	—	—
Due to other governments	—	8,710	—
<b>TOTAL LIABILITIES</b>	<b>36,822</b>	<b>8,714</b>	<b>75</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	3,235	—	793
<b>TOTAL NET POSITION</b>	<b>\$ 3,235</b>	<b>\$ —</b>	<b>\$ 793</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2019**  
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	STATE OF WASHINGTON	WASHINGTON MAJOR LEAGUE BASEBALL STADIUM PFD	WASHINGTON PUBLIC STADIUM AUTHORITY
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,646	\$ 2,886	\$ 57
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	23,383	—	—
Accounts receivable	3,806	—	—
Interest receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>36,835</b>	<b>2,886</b>	<b>57</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	5	2,886	57
Due to beneficiaries	—	—	—
Due to other governments	13,706	—	—
<b>TOTAL LIABILITIES</b>	<b>13,711</b>	<b>2,886</b>	<b>57</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	23,124	—	—
<b>TOTAL NET POSITION</b>	<b>\$ 23,124</b>	<b>\$ —</b>	<b>\$ —</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2019**  
 (IN THOUSANDS)  
 (PAGE 9 OF 9 - CONCLUDED)

	<b>WATER DISTRICTS</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,196
U.S. Treasury notes	—
Taxes receivable for other governments	—
Accounts receivable	—
Interest receivable	—
Assessments receivable for other governments	1,293
Notes and contracts receivable	—
<b>TOTAL ASSETS</b>	<b><u>4,489</u></b>
<b>LIABILITIES</b>	
Accounts payable and other liabilities	3,201
Due to beneficiaries	—
Due to other governments	—
<b>TOTAL LIABILITIES</b>	<b><u>3,201</u></b>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations and other governments	1,288
<b>TOTAL NET POSITION</b>	<b><u>\$ 1,288</u></b>

**EXTERNAL INVESTMENT POOL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)

	<b>TOTAL</b>	<b>EXTERNAL IMPAIRED INVESTMENT POOL</b>	<b>EXTERNAL INDIVIDUAL INVESTMENT ACCOUNTS</b>	<b>EXTERNAL INVESTMENT POOL</b>
<b>ADDITIONS</b>				
Pool participant contributions	\$ 9,460,150	\$ —	\$ 6,173	\$ 9,453,977
Investment earnings:				
Interest, dividends and other	87,547	—	392	87,155
Net increase in fair value of investments	31,952	99	431	31,422
Total investment earnings	119,499	99	823	118,577
Less investment costs:				
Investment activity costs	(1,713)	—	(7)	(1,706)
Net investment earnings	117,786	99	816	116,871
Total additions	9,577,936	99	6,989	9,570,848
<b>DEDUCTIONS</b>				
Pool participant distributions	9,816,972	662	498	9,815,812
Total deductions	9,816,972	662	498	9,815,812
Net increase (decrease) in fiduciary net position	(239,036)	(563)	6,491	(244,964)
NET POSITION - BEGINNING (RESTATED)	4,150,002	2,329	8,169	4,139,504
NET POSITION - ENDING	<u>\$ 3,910,966</u>	<u>\$ 1,766</u>	<u>\$ 14,660</u>	<u>\$ 3,894,540</u>

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
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	TOTAL	BOARD DEPOSITS AND DISBURSEMENTS	CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ 4,800,731	\$ —	\$ 114,975
State apportionment	3,586,985	—	—
Real estate excise taxes collected for other governments	797,827	—	—
Bond proceeds	643,913	—	—
Utility charges	386,343	—	—
Local support non-tax receipts	368,637	—	—
Member contributions	243,206	—	—
Drainage utility charges collected for other governments	207,382	—	—
Pool participant contributions	(9,460,150)	—	(1)
Investment earnings:			
Interest, dividends and other	29	—	—
Net increase in fair value of investments	13	—	—
Total investment earnings	42	—	—
Charges for fire protection services	32,815	—	—
Receipts from other governments	24,519	—	—
Court fees collected for other governments	16,678	—	—
Lease contributions	15,364	—	—
Regulatory fees	12,806	—	—
Recording fees collected for other governments	12,585	—	—
Other taxes collected for other governments	11,718	—	549
Charges for emergency medical services	7,710	—	—
Impact fees collected for other governments	3,794	—	—
Food services receipts	5,036	—	—
Forest funds	2,011	—	—
Fines and forfeits collected for other governments	378	—	—
Licensing fees collected for other governments	320	—	—
Other fees collected for other governments	188	—	—
Permitting fees collected for other governments	13	—	—
Miscellaneous receipts	202,901	—	—
Total additions	1,923,752	—	115,523
<b>DEDUCTIONS</b>			
Payments to vendors	9,466,475	—	8,543
Taxes distributed to other governments	1,172,597	—	97,975
Principal payments	361,099	—	—
Interest and other debt service costs	268,111	—	—
Other receipts distributed to other governments	245,423	—	15,803
Pool participant distributions	(9,816,972)	—	(47,511)
Election costs	5,714	—	—
Payments to escrow	4,950	—	—
Treasurer collection fees	2,606	—	—
Cash management fees	180	—	—
Miscellaneous payments	469,710	—	86,510
Total deductions	2,179,893	—	161,320
Net increase (decrease) in fiduciary net position	(256,141)	—	(45,797)
NET POSITION - BEGINNING (RESTATED)	313,958	—	47,601
NET POSITION - ENDING	\$ 57,817	\$ —	\$ 1,804

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
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	<b>CITIES AND TOWNS</b>	<b>DECEASED EFFECTS</b>	<b>DISTRICT COURT PARTNERS</b>
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ 984,738	\$ —	\$ —
State apportionment	—	—	—
Real estate excise taxes collected for other governments	214,518	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	—	—
Drainage utility charges collected for other governments	207,382	—	—
Pool participant contributions	—	—	—
Investment earnings:			
Interest, dividends and other	—	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings	—	—	—
Charges for fire protection services	—	—	—
Receipts from other governments	—	—	—
Court fees collected for other governments	2,299	—	—
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	61	—	—
Charges for emergency medical services	—	—	—
Impact fees	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	—
Fines and forfeits collected for other governments	126	—	—
Licensing fees collected for other governments	320	—	—
Other fees collected for other governments	86	—	—
Permitting fees collected for other governments	—	—	—
Miscellaneous receipts	444	—	—
Total additions	<u>1,409,974</u>	<u>—</u>	<u>—</u>
<b>DEDUCTIONS</b>			
Payments to vendors	189,687	—	—
Taxes distributed to other governments	1,005,637	—	—
Principal payments	—	—	—
Interest and other debt service costs	—	—	—
Other receipts distributed to other governments	205,119	—	—
Pool participant distributions	—	—	—
Election costs	2,207	—	—
Payments to escrow	—	—	—
Treasurer collection fees	1,913	—	—
Cash management fees	—	—	—
Miscellaneous payments	—	—	—
Total deductions	<u>1,404,563</u>	<u>—</u>	<u>—</u>
Net increase (decrease) in fiduciary net position	5,411	—	—
NET POSITION - BEGINNING (RESTATEd)	16,523	—	—
NET POSITION - ENDING	<u>\$ 21,934</u>	<u>\$ —</u>	<u>\$ —</u>

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
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	<b>EMPLOYEE CHARITABLE CONTRIBUTIONS</b>	<b>FIRE PROTECTION DISTRICTS</b>	<b>HOSPITAL DISTRICTS</b>
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ —	\$ 258,687	\$ 55,053
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	28,727	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	—	(482,491)	(93,061)
Investment earnings:			
Interest, dividends and other	20	—	—
Net increase in fair value of investments	12	—	—
Total investment earnings	32	—	—
Charges for fire protection services	—	32,815	—
Receipts from other governments	—	—	—
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	—	160	49
Charges for emergency medical services	—	7,710	—
Impact fees	—	—	—
Food services receipts	—	—	—
Forest funds	—	307	28
Fines and forfeits collected for other governments	—	—	—
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	—
Permitting fees collected for other governments	—	—	—
Miscellaneous receipts	—	38,801	47,874
Total additions	32	(115,284)	9,943
<b>DEDUCTIONS</b>			
Payments to vendors	—	306,292	31,452
Taxes distributed to other governments	—	4,340	—
Principal payments	—	7,438	13,360
Interest and other debt service costs	—	—	11,380
Other receipts distributed to other governments	—	3,880	—
Pool participant distributions	—	(462,256)	(70,380)
Election costs	—	239	666
Payments to escrow	—	—	—
Treasurer collection fees	—	628	—
Cash management fees	—	5	—
Miscellaneous payments	—	—	—
Total deductions	—	(139,434)	(13,522)
Net increase (decrease) in fiduciary net position	32	24,150	23,465
NET POSITION - BEGINNING (RESTATED)	(3)	(21,511)	(22,681)
NET POSITION - ENDING	\$ 29	\$ 2,639	\$ 784

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 4 OF 9)

	JUDICIAL ADMINISTRATION	KING COUNTY DIRECTOR'S ASSOCIATION	KING COUNTY LIBRARY SYSTEM
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ —	\$ —	\$ 134,594
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	163,007	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	—	(210,086)	(140,721)
Investment earnings:			
Interest, dividends and other	—	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings	—	—	—
Charges for fire protection services	—	—	—
Receipts from other governments	—	—	—
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	—	—	385
Charges for emergency medical services	—	—	—
Impact fees	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	92
Fines and forfeits collected for other governments	—	—	—
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	—
Permitting fees collected for other governments	—	—	—
Miscellaneous receipts	—	—	8,408
Total additions	—	(47,079)	2,758
<b>DEDUCTIONS</b>			
Payments to vendors	—	155,568	125,743
Taxes distributed to other governments	—	—	—
Principal payments	—	—	10,755
Interest and other debt service costs	—	324	3,168
Other receipts distributed to other governments	—	—	—
Pool participant distributions	—	(210,591)	(139,394)
Election costs	—	—	—
Payments to escrow	—	—	—
Treasurer collection fees	—	—	—
Cash management fees	—	1	20
Miscellaneous payments	—	505	—
Total deductions	—	(54,193)	292
Net increase (decrease) in fiduciary net position	—	7,114	2,466
NET POSITION - BEGINNING (RESTATED)	—	(7,114)	(3,157)
NET POSITION - ENDING	\$ —	\$ —	\$ (691)

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 5 OF 9 - CONTINUED)

	<b>LIBRARY CAPITAL FACILITY DISTRICTS</b>	<b>OTHER SPECIAL PURPOSE DISTRICTS</b>	<b>OTHER TAX DISTRIBUTION</b>
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ 10	\$ 7,540	\$ —
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	2,439	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	(13)	(81,243)	—
Investment earnings:			
Interest, dividends and other	6	—	—
Net increase in fair value of investments	1	—	—
Total investment earnings	7	—	—
Charges for fire protection services	—	—	—
Receipts from other governments	—	9,164	—
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	—	12,806	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	—	—	—
Charges for emergency medical services	—	—	—
Impact fees	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	—
Fines and forfeits collected for other governments	—	—	—
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	—
Permitting fees collected for other governments	—	—	—
Miscellaneous receipts	—	7,058	—
Total additions	4	(42,236)	—
<b>DEDUCTIONS</b>			
Payments to vendors	—	31,284	—
Taxes distributed to other governments	—	—	—
Principal payments	—	—	—
Interest and other debt service costs	—	—	—
Other receipts distributed to other governments	—	—	—
Pool participant distributions	(270)	(74,693)	—
Election costs	—	2	—
Payments to escrow	—	—	—
Treasurer collection fees	—	63	—
Cash management fees	—	—	—
Miscellaneous payments	524	2	—
Total deductions	254	(43,342)	—
Net increase (decrease) in fiduciary net position	(250)	1,106	—
NET POSITION - BEGINNING (RESTATEd)	250	(560)	—
NET POSITION - ENDING	\$ —	\$ 546	\$ —

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 6 OF 9)

	<b>PARKS AND RECREATION DISTRICTS</b>	<b>PORT OF SEATTLE</b>	<b>PROPERTY TAXES</b>
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ 59,570	\$ 74,807	\$ —
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	8,989	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	(338)	—	—
Investment earnings:			
Interest, dividends and other	3	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings	<u>3</u>	<u>—</u>	<u>—</u>
Charges for fire protection services	—	—	—
Receipts from other governments	—	—	—
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	383	351	—
Charges for emergency medical services	—	—	—
Impact fees	—	—	—
Food services receipts	—	—	—
Forest funds	—	30	—
Fines and forfeits collected for other governments	—	—	—
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	—
Permitting fees collected for other governments	—	—	—
Miscellaneous receipts	2,911	—	—
Total additions	<u>71,518</u>	<u>75,188</u>	<u>—</u>
<b>DEDUCTIONS</b>			
Payments to vendors	63,402	—	—
Taxes distributed to other governments	540	63,916	—
Principal payments	672	—	—
Interest and other debt service costs	482	—	—
Other receipts distributed to other governments	73	10,901	—
Pool participant distributions	(350)	—	—
Election costs	38	—	—
Payments to escrow	—	—	—
Treasurer collection fees	—	—	—
Cash management fees	—	—	—
Miscellaneous payments	12	—	—
Total deductions	<u>64,869</u>	<u>74,817</u>	<u>—</u>
Net increase (decrease) in fiduciary net position	6,649	371	—
NET POSITION - BEGINNING (RESTATED)	(5,436)	745	3
NET POSITION - ENDING	<u>\$ 1,213</u>	<u>\$ 1,116</u>	<u>\$ 3</u>

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 7 OF 9 - CONTINUED)

	<b>SCHOOL DISTRICTS</b>	<b>SEIZURES AND FORFEITURES</b>	<b>SEWER AND WATER DISTRICTS</b>
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ 1,510,272	\$ —	\$ —
State apportionment	3,586,985	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	628,925	—	—
Utility charges	—	—	219,339
Local support non-tax receipts	368,637	—	—
Member contributions	—	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	(7,779,848)	—	(308,156)
Investment earnings:			
Interest, dividends and other	—	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings	—	—	—
Charges for fire protection services	—	—	—
Receipts from other governments	14,767	—	—
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	413	—	—
Charges for emergency medical services	—	—	—
Impact fees	3,794	—	—
Food services receipts	5,036	—	—
Forest funds	913	—	—
Fines and forfeits collected for other governments	—	—	41
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	—
Permitting fees collected for other governments	—	—	—
Miscellaneous receipts	73,181	—	10,152
Total additions	<u>(1,586,925)</u>	<u>—</u>	<u>(78,624)</u>
<b>DEDUCTIONS</b>			
Payments to vendors	5,952,269	—	204,176
Taxes distributed to other governments	8	—	—
Principal payments	308,459	—	3,438
Interest and other debt service costs	243,393	—	1,716
Other receipts distributed to other governments	—	—	—
Pool participant distributions	(8,160,849)	—	(298,004)
Election costs	1,963	—	—
Payments to escrow	4,870	—	80
Treasurer collection fees	—	—	1
Cash management fees	68	—	58
Miscellaneous payments	381,001	—	—
Total deductions	<u>(1,268,818)</u>	<u>—</u>	<u>(88,535)</u>
Net increase (decrease) in fiduciary net position	(318,107)	—	9,911
NET POSITION - BEGINNING (RESTATED)	321,342	—	(9,118)
NET POSITION - ENDING	<u>\$ 3,235</u>	<u>\$ —</u>	<u>\$ 793</u>

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 8 OF 9)

	STATE OF WASHINGTON	WASHINGTON MAJOR LEAGUE BASEBALL STADIUM PDF	WASHINGTON PUBLIC STADIUM AUTHORITY
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ 1,600,485	\$ —	\$ —
State apportionment	—	—	—
Real estate excise taxes collected for other governments	583,309	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	—	(27,055)	(5,351)
Investment earnings:			
Interest, dividends and other	—	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings	—	—	—
Charges for fire protection services	—	—	—
Receipts from other governments	—	—	—
Court fees collected for other governments	14,379	—	—
Lease contributions	—	11,172	4,192
Regulatory fees	—	—	—
Recording fees collected for other governments	12,585	—	—
Other taxes collected for other governments	4,788	4,579	—
Charges for emergency medical services	—	—	—
Impact fees	—	—	—
Food services receipts	—	—	—
Forest funds	641	—	—
Fines and forfeits collected for other governments	146	—	—
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	102	—	—
Permitting fees collected for other governments	13	—	—
Miscellaneous receipts	385	1,419	—
Total additions	<u>2,216,833</u>	<u>(9,885)</u>	<u>(1,159)</u>
<b>DEDUCTIONS</b>			
Payments to vendors	2,191,269	14,333	5,293
Taxes distributed to other governments	181	—	—
Principal payments	—	—	—
Interest and other debt service costs	—	—	—
Other receipts distributed to other governments	9,647	—	—
Pool participant distributions	—	(25,636)	(6,451)
Election costs	—	—	—
Payments to escrow	—	—	—
Treasurer collection fees	—	—	—
Cash management fees	—	—	—
Miscellaneous payments	—	—	1,100
Total deductions	<u>2,201,097</u>	<u>(11,303)</u>	<u>(58)</u>
Net increase (decrease) in fiduciary net position	15,736	1,418	(1,101)
NET POSITION - BEGINNING (RESTATED)	7,388	(1,418)	1,101
NET POSITION - ENDING	<u>\$ 23,124</u>	<u>\$ —</u>	<u>\$ —</u>

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(IN THOUSANDS)  
(PAGE 9 OF 9 - CONCLUDED)

	<b>WATER DISTRICTS</b>
<b>ADDITIONS</b>	
Property taxes collected for other governments	\$ —
State apportionment	—
Real estate excise taxes collected for other governments	—
Bond proceeds	5,999
Utility charges	167,004
Local support non-tax receipts	—
Member contributions	49,033
Drainage utility charges collected for other governments	—
Pool participant contributions	(331,786)
Investment earnings:	
Interest, dividends and other	—
Net increase in fair value of investments	—
Total investment earnings	—
Charges for fire protection services	—
Receipts from other governments	588
Court fees collected for other governments	—
Lease contributions	—
Regulatory fees	—
Recording fees collected for other governments	—
Other taxes collected for other governments	—
Charges for emergency medical services	—
Impact fees	—
Food services receipts	—
Forest funds	—
Fines and forfeits collected for other governments	65
Licensing fees collected for other governments	—
Other fees collected for other governments	—
Permitting fees collected for other governments	—
Miscellaneous receipts	12,268
Total additions	<u>(96,829)</u>
<b>DEDUCTIONS</b>	
Payments to vendors	187,164
Taxes distributed to other governments	—
Principal payments	16,977
Interest and other debt service costs	7,648
Other receipts distributed to other governments	—
Pool participant distributions	(320,587)
Election costs	599
Payments to escrow	—
Treasurer collection fees	1
Cash management fees	28
Miscellaneous payments	56
Total deductions	<u>(108,114)</u>
Net increase (decrease) in fiduciary net position	11,285
NET POSITION - BEGINNING (RESTATED)	(9,997)
NET POSITION - ENDING	<u>\$ 1,288</u>



# Statistical Section

# CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT





**STATISTICAL SECTION**

**CONTENTS**

This part of King County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County’s overall financial health.

<b>Financial Trends</b>	248 - 252
Information to help the reader understand how the County’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	253 - 256
Information to help the reader assess the County’s most significant local revenue source - the property tax.	
<b>Debt Capacity</b>	257 - 263
Information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	
<b>Operating Information</b>	264 - 265
Services and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs	
<b>Demographic and Economic Information</b>	266 - 268
Demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (IN THOUSANDS)

	<u>2010</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>
Governmental activities:										
Net investment in capital assets	\$ 1,922,455	\$ 1,920,793	\$ 1,905,722	\$ 2,109,711	\$ 2,204,046	\$ 2,130,800	\$ 2,233,273	\$ 2,404,324	\$ 2,651,748	\$ 2,820,829
Restricted	441,052	440,959	452,529	499,601	576,224	401,317	701,966	767,889	780,131	776,016
Unrestricted	(228,572)	(116,673)	13,174	(65,063)	(577,479)	(197,963)	(335,182)	(269,756)	(205,177)	(112,310)
Total governmental activities net position	<u>\$ 2,134,935</u>	<u>\$ 2,245,079</u>	<u>\$ 2,371,425</u>	<u>\$ 2,544,249</u>	<u>\$ 2,202,791</u>	<u>\$ 2,334,154</u>	<u>\$ 2,600,057</u>	<u>\$ 2,902,457</u>	<u>\$ 3,226,702</u>	<u>\$ 3,484,535</u>
Business-type activities:										
Net investment in capital assets	\$ 1,580,093	\$ 1,622,274	\$ 1,627,435	\$ 1,612,685	\$ 1,616,435	\$ 1,649,976	\$ 1,788,355	\$ 1,903,034	\$ 2,267,809	\$ 2,392,806
Restricted	259,357	311,596	267,262	214,515	216,803	243,658	244,689	278,438	286,406	269,056
Unrestricted	443,285	515,775	641,235	777,194	442,513	578,342	817,249	938,658	1,025,880	1,093,943
Total business-type activities net position	<u>\$ 2,282,735</u>	<u>\$ 2,449,645</u>	<u>\$ 2,535,932</u>	<u>\$ 2,604,394</u>	<u>\$ 2,275,751</u>	<u>\$ 2,471,976</u>	<u>\$ 2,850,293</u>	<u>\$ 3,120,130</u>	<u>\$ 3,580,095</u>	<u>\$ 3,755,805</u>
Primary government:										
Net investment in capital assets	\$ 3,502,548	\$ 3,543,067	\$ 3,533,157	\$ 3,722,396	\$ 3,820,481	\$ 3,780,776	\$ 4,021,628	\$ 4,307,358	\$ 4,919,557	\$ 5,213,635
Restricted	700,409	752,555	719,791	714,116	793,027	644,975	946,655	1,046,327	1,066,537	1,045,072
Unrestricted	214,713	399,102	654,409	712,131	(134,966)	380,379	482,067	668,902	820,703	981,633
Total primary government net position	<u>\$ 4,417,670</u>	<u>\$ 4,694,724</u>	<u>\$ 4,907,357</u>	<u>\$ 5,148,643</u>	<u>\$ 4,478,542</u>	<u>\$ 4,806,130</u>	<u>\$ 5,450,350</u>	<u>\$ 6,022,587</u>	<u>\$ 6,806,797</u>	<u>\$ 7,240,340</u>

The years 2010-2011 have been restated for the transfer of the King County Ferry District from governmental activities to business-type activities.

Governmental activities unrestricted net position has been restated for 2018.

**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (IN THOUSANDS)  
 (PAGE 1 OF 2 - CONTINUED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
General government	\$ 193,521	\$ 153,910	\$ 147,395	\$ 189,712	\$ 215,569	\$ 251,147	\$ 214,328	\$ 229,651	\$ 173,000	\$ 193,291
Law, safety and justice	605,396	594,366	629,924	588,794	866,983	667,361	572,925	574,938	697,250	726,568
Physical environment	79,897	78,823	77,111	94,138	162,969	110,864	21,046	20,784	25,468	22,788
Transportation	101,338	100,724	78,937	68,363	112,928	84,139	88,394	103,509	93,723	102,793
Economic environment	103,153	112,081	104,707	98,219	118,868	101,942	226,291	187,712	192,707	198,326
Health and human services	456,678	457,507	469,234	480,482	607,407	508,706	602,843	632,257	702,015	746,148
Culture and recreation	54,071	56,917	60,273	48,748	64,876	50,699	93,599	59,726	64,763	77,434
Interest and other debt service costs	49,979	51,670	38,509	41,790	36,098	34,207	29,714	25,987	25,629	23,606
Total governmental activities expenses	<u>1,644,033</u>	<u>1,605,998</u>	<u>1,606,090</u>	<u>1,610,246</u>	<u>2,185,698</u>	<u>1,809,065</u>	<u>1,849,140</u>	<u>1,834,564</u>	<u>1,974,555</u>	<u>2,090,954</u>
Business-type activities:										
Airport	22,296	28,101	29,909	28,339	32,786	21,392	26,304	23,830	22,869	25,475
Public Transportation	697,611	716,949	740,384	764,580	1,020,577	777,883	848,622	883,804	824,623	1,032,062
Solid Waste	101,210	96,871	108,837	102,030	149,906	113,751	132,386	105,597	155,026	234,164
Water Quality	290,873	321,057	396,260	433,210	571,966	448,832	467,987	466,564	486,545	474,952
Other	13,262	13,183	13,912	15,432	19,075	14,136	14,773	15,029	15,431	18,047
Total business-type activities expenses	<u>1,125,252</u>	<u>1,176,161</u>	<u>1,289,302</u>	<u>1,343,591</u>	<u>1,794,310</u>	<u>1,375,994</u>	<u>1,490,072</u>	<u>1,494,824</u>	<u>1,504,494</u>	<u>1,784,700</u>
Total primary government expenses	<u>\$ 2,769,285</u>	<u>\$ 2,782,159</u>	<u>\$ 2,895,392</u>	<u>\$ 2,953,837</u>	<u>\$ 3,980,008</u>	<u>\$ 3,185,059</u>	<u>\$ 3,339,212</u>	<u>\$ 3,329,388</u>	<u>\$ 3,479,049</u>	<u>\$ 3,875,654</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 54,187	\$ 65,478	\$ 72,711	\$ 75,750	\$ 27,391	\$ 94,077	\$ 193,326	\$ 140,081	\$ 134,248	\$ 147,176
Law, safety and justice	155,182	155,857	143,737	150,358	160,874	169,829	105,833	158,375	167,975	179,797
Physical environment	47,598	43,607	55,526	53,825	75,191	65,445	49,120	37,316	35,596	49,151
Transportation	13,814	16,571	13,656	28,093	49,311	12,233	8,946	3,123	10,413	11,997
Economic environment	27,836	35,276	29,958	20,854	28,440	35,963	34,628	71,750	69,348	81,900
Health and human services	266,270	266,583	300,604	294,291	335,188	357,367	393,430	391,338	413,469	368,535
Culture and recreation	6,799	6,487	8,163	8,908	457	8,684	8,897	9,079	9,527	9,835
Interest and other debt service costs	706	1,695	1,783	8,924	14,995	15,744	—	—	—	—
Operating grants and contributions	197,586	205,813	205,235	175,862	182,500	189,325	218,760	234,877	220,680	211,658
Capital grants and contributions	112,530	73,182	67,113	99,812	30,274	18,113	29,709	17,169	30,461	20,556
Total governmental activities	<u>882,508</u>	<u>870,549</u>	<u>898,486</u>	<u>916,677</u>	<u>904,621</u>	<u>966,780</u>	<u>1,042,649</u>	<u>1,063,108</u>	<u>1,091,717</u>	<u>1,080,605</u>

The years 2010-2011 have been restated for the transfer of the King County Ferry District from governmental activities to business-type activities.

2016 expenses were adjusted for the effects of prior period adjustments due to corrections of errors and a redefinition of activities included within functional categories.

**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (IN THOUSANDS)  
 (PAGE 2 OF 2 - CONCLUDED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Airport	\$ 20,766	\$ 19,204	\$ 17,812	\$ 20,440	\$ 17,457	\$ 19,081	\$ 20,289	\$ 20,965	\$ 31,532	\$ 27,805
Public Transportation	223,278	244,511	278,143	299,382	289,943	301,030	342,737	355,548	371,653	386,582
Solid Waste	109,949	88,961	98,827	109,131	114,270	121,858	131,234	143,524	137,943	137,158
Water Quality	305,738	338,226	390,705	431,743	440,720	438,440	605,887	524,439	527,565	544,083
Other	7,639	7,664	8,746	9,222	8,964	9,067	10,735	11,275	11,807	14,251
Operating grants and contributions	57,514	61,374	58,537	35,824	37,816	30,643	58,374	36,387	41,488	26,168
Capital grants and contributions	27,191	152,999	81,712	57,919	40,204	92,242	89,336	46,741	138,057	64,081
Total business-type activities	<u>752,075</u>	<u>912,939</u>	<u>934,482</u>	<u>963,661</u>	<u>949,374</u>	<u>1,012,361</u>	<u>1,258,592</u>	<u>1,138,879</u>	<u>1,260,045</u>	<u>1,200,128</u>
Total primary government	<u>\$ 1,634,583</u>	<u>\$ 1,783,488</u>	<u>\$ 1,832,968</u>	<u>\$ 1,880,338</u>	<u>\$ 1,853,995</u>	<u>\$ 1,979,141</u>	<u>\$ 2,301,241</u>	<u>\$ 2,201,987</u>	<u>\$ 2,351,762</u>	<u>\$ 2,280,733</u>
<b>Net (Expenses) Revenues</b>										
Governmental activities	\$ (761,525)	\$ (735,449)	\$ (707,604)	\$ (693,569)	\$ (1,281,077)	\$ (842,285)	\$ (806,491)	\$ (771,456)	\$ (882,838)	\$ (1,010,349)
Business-type activities	(373,177)	(263,222)	(354,820)	(379,930)	(844,936)	(363,633)	(231,480)	(355,945)	(244,449)	(584,572)
Total primary government	<u>\$ (1,134,702)</u>	<u>\$ (998,671)</u>	<u>\$ (1,062,424)</u>	<u>\$ (1,073,499)</u>	<u>\$ (2,126,013)</u>	<u>\$ (1,205,918)</u>	<u>\$ (1,037,971)</u>	<u>\$ (1,127,401)</u>	<u>\$ (1,127,287)</u>	<u>\$ (1,594,921)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities	\$ 839,241	\$ 846,020	\$ 833,950	\$ 860,255	\$ 948,923	\$ 973,648	\$ 1,080,886	\$ 1,105,603	\$ 1,202,639	\$ 1,268,182
Business-type activities	405,845	430,132	441,107	469,065	516,293	559,858	609,797	626,936	704,414	760,282
Total primary government	<u>\$ 1,245,086</u>	<u>\$ 1,276,152</u>	<u>\$ 1,275,057</u>	<u>\$ 1,329,320</u>	<u>\$ 1,465,216</u>	<u>\$ 1,533,506</u>	<u>\$ 1,690,683</u>	<u>\$ 1,732,539</u>	<u>\$ 1,907,053</u>	<u>\$ 2,028,464</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 77,716	\$ 110,571	\$ 126,346	\$ 166,686	\$ (332,154)	\$ 131,363	\$ 274,395	\$ 334,147	\$ 319,801	\$ 257,833
Business-type activities	32,668	166,910	86,287	89,135	(328,643)	196,225	378,317	270,991	459,965	175,710
Total primary government	<u>\$ 110,384</u>	<u>\$ 277,481</u>	<u>\$ 212,633</u>	<u>\$ 255,821</u>	<u>\$ (660,797)</u>	<u>\$ 327,588</u>	<u>\$ 652,712</u>	<u>\$ 605,138</u>	<u>\$ 779,766</u>	<u>\$ 433,543</u>

The years 2010-2011 have been restated for the transfer of the King County Ferry District from governmental activities to business-type activities.

**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(IN THOUSANDS)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Nonspendable	N/A	\$ 3,800	\$ 3,800	\$ 300	\$ 300	\$ 300	\$ —	\$ —	\$ —	\$ 6
Restricted	N/A	3,309	2,702	2,506	2,803	1,781	1,659	2,016	1,348	1,807
Committed	N/A	23,694	21,761	24,982	20,212	20,310	20,497	25,161	26,310	27,038
Assigned	N/A	7,420	8,827	8,264	8,151	12,125	35,128	19,181	28,578	13,435
Unassigned	N/A	96,545	102,554	78,318	71,742	68,113	68,195	98,412	107,845	141,535
Reserved	\$ 16,632	N/A								
Unreserved:										
Designated	4,001	N/A								
Undesignated	67,610	N/A								
Total General Fund	<u>\$ 88,243</u>	<u>\$ 134,768</u>	<u>\$ 139,644</u>	<u>\$ 114,370</u>	<u>\$ 103,208</u>	<u>\$ 102,629</u>	<u>\$ 125,479</u>	<u>\$ 144,770</u>	<u>\$ 164,081</u>	<u>\$ 183,821</u>
<b>All Other Governmental Funds</b>										
Nonspendable	N/A	12,333	\$ 14,648	\$ 14,241	\$ 12,678	\$ 14,441	\$ 9,211	\$ 11,367	\$ 11,362	\$ 35,506
Restricted	N/A	392,138	406,890	392,824	191,893	446,210	698,693	783,389	784,223	832,010
Committed	N/A	77,227	86,439	80,368	88,996	38,373	37	43	55	170
Assigned	N/A	16,105	33,157	45,224	286,300	117,729	33,468	45,905	43,799	41,918
Unassigned	N/A	(10,460)	(8,917)	(6,571)	(7,462)	(14,674)	(20,232)	(18,414)	(20,744)	(48,851)
Reserved	\$ 94,384	N/A								
Unreserved										
Designated:										
Special revenue funds	71,036	N/A								
Debt service funds	—	N/A								
Capital project funds	—	N/A								
Undesignated:										
Special revenue funds	165,317	N/A								
Debt service funds	42,694	N/A								
Capital project funds	77,148	N/A								
Total all other governmental funds	<u>\$ 450,579</u>	<u>\$ 487,343</u>	<u>\$ 532,217</u>	<u>\$ 526,086</u>	<u>\$ 572,405</u>	<u>\$ 602,079</u>	<u>\$ 721,177</u>	<u>\$ 822,290</u>	<u>\$ 818,695</u>	<u>\$ 860,753</u>

The years 2010-2011 have been restated for the reclassification of King County Ferry District from a governmental fund to an enterprise fund.

In 2011, in accordance with the implementation of GASB Statement No. 54, the rainy day fund was moved from a special revenue fund to the General Fund.

Beginning in 2011, fund balance categories were reclassified as a result of implementing GASB Statement No. 54. Fund balance was not restated to the new categories for prior years. "N/A" indicates data is not applicable.

Since 2014, Law Library has been reported as part of the primary government as a special revenue fund under Justice and Safety fund. It was formerly reported as an agency fund under Miscellaneous Special Districts.

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(IN THOUSANDS)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 826,408	\$ 837,350	\$ 818,822	\$ 861,622	\$ 932,756	\$ 973,078	\$1,066,173	\$1,082,113	\$1,163,256	\$1,203,376
Licenses and permits	20,936	20,576	21,652	22,155	23,633	24,564	23,525	28,253	29,254	28,999
Intergovernmental revenues	560,068	570,794	597,549	572,424	656,830	617,162	230,123	234,074	216,514	208,625
Charges for services	232,227	249,612	249,755	269,853	270,977	302,681	775,813	757,617	783,414	792,990
Fines and forfeits	9,001	8,635	8,499	7,376	6,357	7,334	8,989	26,369	27,663	27,794
Interest earnings	7,340	6,005	6,550	3,456	5,008	4,837	9,099	14,729	30,340	53,537
Miscellaneous revenues	60,202	58,373	88,590	79,705	75,419	75,123	68,129	48,197	45,456	52,622
Total revenues	1,716,182	1,751,345	1,791,417	1,816,591	1,970,980	2,004,779	2,181,851	2,191,352	2,295,897	2,367,943
<b>Expenditures</b>										
General government	145,108	157,215	191,558	203,740	196,721	266,934	281,447	254,165	185,908	198,875
Law, safety and justice	556,471	553,127	570,926	590,701	619,161	642,723	592,779	604,713	719,701	763,842
Physical environment	107,297	101,516	98,962	123,241	190,979	165,260	59,074	24,470	21,278	24,920
Transportation	107,388	106,888	90,737	77,468	99,991	83,810	89,075	107,082	97,039	107,478
Economic environment	102,804	111,682	104,787	98,656	102,208	102,918	116,746	189,389	202,703	204,061
Health and human services	460,584	467,409	481,747	490,932	521,960	522,650	677,657	646,839	716,004	764,352
Culture and recreation	51,069	53,260	57,067	44,188	46,665	48,003	81,317	57,508	62,573	75,422
Debt service:										
Redemption of long-term debt	62,901	50,772	56,913	70,686	71,998	64,407	57,641	63,702	66,422	67,990
Interest	30,805	29,835	25,186	33,000	31,504	28,822	35,665	33,143	33,060	30,454
Other debt service costs	15,990	42,791	2,720	608	260	20,445	8,417	419	291	1,061
Capital outlay	115,399	122,310	138,279	119,746	78,595	92,895	80,681	155,195	225,874	171,693
Total expenditures	1,755,816	1,796,805	1,818,882	1,852,966	1,960,042	2,038,867	2,080,499	2,136,625	2,330,853	2,410,148
Excess (deficiency) of revenues over (under) expenditures	(39,634)	(45,460)	(27,465)	(36,375)	10,938	(34,088)	101,352	54,727	(34,956)	(42,205)
<b>Other Financing Sources (Uses)</b>										
Transfers in	142,569	157,027	142,955	187,571	175,619	218,212	301,289	368,617	409,346	429,016
Transfers out	(139,773)	(155,565)	(137,706)	(188,847)	(167,519)	(204,986)	(294,109)	(348,857)	(386,334)	(404,417)
General government debt issued	82,465	109,085	51,980	—	15,395	27,355	25,025	33,325	5,845	62,340
Premium on general government bonds issued	2,132	3,017	17,879	—	1,967	3,911	3,764	5,037	863	13,125
Refunding bonds issued	41,250	25,700	256,615	92,940	34,815	198,290	—	—	—	55,877
Premium on refunding bonds issued	4,389	2,776	41,267	7,261	4,403	29,888	—	—	—	8,248
Insurance recoveries	—	—	—	—	—	—	—	3,538	6,952	—
Sale of capital assets	(392)	17,141	547	5,638	1,157	4,323	4,627	5,009	14,757	3,466
Payment to refunded bonds escrow agent	(45,561)	(28,242)	(296,322)	(99,593)	(38,958)	(227,200)	—	—	—	(63,652)
Total other financing sources (uses)	87,079	130,939	77,215	4,970	26,879	49,793	40,596	66,669	51,429	104,003
Special item	—	—	—	—	—	(12,756)	—	—	—	—
Net change in fund balances	\$ 47,445	\$ 85,479	\$ 49,750	\$ (31,405)	\$ 37,817	\$ 2,949	\$ 141,948	\$ 121,396	\$ 16,473	\$ 61,798
Debt service as a percentage of noncapital expenditures	5.71%	4.81%	4.89%	5.98%	5.50%	4.79%	4.67%	4.89%	4.73%	4.40%

The years 2010-2011 have been restated for the reclassification of King County Ferry District from a governmental fund to an enterprise fund.

2010-2018 amounts are restated and represent the current year other financing sources / (uses) classifications.

Since 2014, Law Library has been reported as part of the primary government as a special revenue fund under Justice and Safety fund. It was formerly reported as an agency fund under Miscellaneous Special Districts.

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(DOLLARS IN THOUSANDS)**

YEAR	TAXABLE REAL PROPERTY				TAXABLE PERSONAL PROPERTY		TOTAL TAXABLE PROPERTY		PERCENTAGE OF ASSESSED VALUE TO ESTIMATED ACTUAL VALUE	TOTAL DIRECT TAX RATE
	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	MANUFACTURING PROPERTY	OTHER	MACHINERY & EQUIPMENT	OTHER	ASSESSED VALUE	ESTIMATED ACTUAL VALUE		
2010	\$ 243,764,953	\$ 58,386,704	\$ 10,417,510	\$ 11,506,856	\$ 8,704,135	\$ 9,191,359	\$ 341,971,517	\$ 403,965,414	84.7%	1.72
2011	238,365,326	54,362,043	9,249,529	10,797,670	8,950,510	8,689,920	330,414,998	365,786,645	90.3	1.68
2012	227,449,614	54,172,019	8,712,532	11,044,709	8,601,970	9,480,094	319,460,938	346,131,439	92.3	1.84
2013	222,163,087	56,215,135	8,654,663	10,009,341	8,600,412	9,103,568	314,746,206	350,086,008	89.9	1.95
2014	243,285,020	59,878,692	8,817,579	10,443,602	9,768,484	8,450,240	340,643,617	373,068,501	91.3	1.94
2015	285,252,943	63,574,962	9,211,109	11,760,682	9,544,869	8,774,291	388,118,856	413,683,277	93.8	1.74
2016	315,624,341	69,742,685	9,636,149	12,349,296	9,616,099	9,367,036	426,335,606	459,811,075	92.7	1.69
2017	340,810,182	78,150,750	9,864,864	22,874,016	10,346,738	9,409,738	471,456,288	507,652,528	92.9	1.72
2018	395,931,088	92,276,902	10,806,811	15,171,572	8,686,537	11,789,525	534,662,435	579,466,224	92.3	1.63
2019	445,967,636	100,773,081	11,814,481	26,906,766	9,704,396	11,457,339	606,623,699	680,382,916	89.2	1.49

Source: King County Department of Assessments.

Ratios for real property and personal property were provided by Washington Department of Revenue.

Total Direct Tax Rate is per \$1,000 of assessed value.

**DIRECT AND OVERLAPPING GOVERNMENTS  
PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
County Direct Rates										
General	\$ 1.28	\$ 1.34	\$ 1.42	\$ 1.54	\$ 1.52	\$ 1.34	\$ 1.33	\$ 1.37	\$ 1.32	\$ 1.21
Emergency Medical Services	0.19	0.19	0.19	0.19	0.21	0.19	0.17	0.16	0.14	0.13
Road District	0.25	0.15	0.23	0.22	0.21	0.21	0.19	0.19	0.17	0.15
Total County Direct Rates	\$ 1.72	\$ 1.68	\$ 1.84	\$ 1.95	\$ 1.94	\$ 1.74	\$ 1.69	\$ 1.72	\$ 1.63	\$ 1.49
State School Fund Rate	2.22	2.28	2.42	2.57	2.47	2.29	2.17	2.03	2.92	2.63
Port of Seattle Rate	0.22	0.22	0.23	0.23	0.22	0.19	0.17	0.15	0.14	0.12
Ferry District Rate	—	0.004	0.004	0.004	0.003	0.003	0.003	0.012	0.011	0.010
King County Library System Rate	0.49	0.57	0.57	0.57	0.56	0.5	0.48	0.45	0.41	0.37
Cities and Towns Rate	.33-2.92	.39-3.06	.39-3.28	.40-3.29	.36-3.15	.32-3.16	.30-3.00	.28-3.06	.26-2.92	.23-2.82
School Districts Rate	1.74-5.28	1.80-6.00	1.81-6.14	1.83-7.55	1.94-7.28	1.83-6.42	1.86-6.75	1.94-6.74	1.82-6.30	.61-4.49
Fire Districts Rate	.83-1.90	.88-1.90	.14-1.94	.15-2.41	.14-2.42	.11-2.17	.10-2.09	.10-2.01	.09-2.00	.00-2.06
Hospital Districts Rate	.46-.63	.48-.56	.31-.50	.50-.52	.47-.50	.40-.50	.38-.50	.36-.50	.33-.46	.29-.42
Flood Control Zone Districts Rate	0.1	0.11	0.12	0.13	0.15	0.14	0.13	0.12	0.11	0.10
Park and Recreation Districts Rate	.01-.52	.02-.80	.02-.74	.02-.50	.02-.53	.01-.40	.15-.50	.09-.58	.08-.52	.08-.50
Miscellaneous Districts Rate	.04-.47	.04-.50	.05-.50	.10-.50	.04-.50	.04-.50	.03-.50	.03-.47	.04-.43	.04-.50

Source: King County Department of Assessments

Notes:

(1) Limitations on levies: Article 7, § 2 (as amended) of the Washington State Constitution and the Revised Code of Washington (RCW) 84.52.050 limit the total "regular" property tax levy to a maximum of \$10 per \$1,000 of true and fair value of real and personal property valuation. This "1 percent of value" limitation does not include tax levies for port and public utility districts. This limit is subject to further reduction since RCW 84.52.043(2) limits the overlapping levy rate excluding the State (school), port districts, and public utility districts to \$5.90 per \$1,000 of assessed value. RCW 84.55.010, as amended by Ch.1, Laws of 2002 (approved as Initiative 747 by State voters in November 2001) also limits the total dollar amount of regular property taxes levied by individual taxing districts to the amount of such taxes levied in the highest of the three most recent years multiplied by a limit factor, plus an amount applicable to new construction. The limit factor is defined as the lesser of 101 percent or 100 percent plus inflation, but if the inflation rate is less than one percent, the limit factor can be increased to 101 percent, if approved by a majority plus one vote of the governing body of the municipality upon a finding of substantial need. In addition, the limit factor may be increased, regardless of inflation, if such increase is authorized by the governing body of the municipality upon a finding of substantial need and is also approved by the voters at a general or special election within the municipality. These limitations are not applicable to "excess" or special levies approved by the electorate of districts.

(2) Real and personal property taxes are payable on or after February 15. Unpaid taxes become delinquent after April 30, unless tax is \$50 or more and one-half is paid before April 30. In this case, the second half is not delinquent until after October 31.

(3) Tax rates are in per \$1,000 of assessed value. Rates include excess and special levies not subject to the limitations discussed in footnote (1) above.

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
(DOLLARS IN THOUSANDS)

YEAR	TAXES LEVIED FOR THE YEAR		TOTAL ADJUSTED TAX LEVY	COLLECTED WITHIN THE YEAR OF THE LEVY		COLLECTIONS SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE		TOTAL UNCOLLECTED TAXES	
	(ORIGINAL LEVY)	ADJUSTMENTS		AMOUNT	PERCENTAGE OF ORIGINAL LEVY		AMOUNT	PERCENTAGE OF ADJUSTED LEVY	AMOUNT	PERCENTAGE OF ADJUSTED LEVY
2010	\$ 616,316	\$ (199)	\$ 616,117	\$ 604,359	98.06%	\$ 11,683	\$ 616,042	99.99%	\$ 75	0.01%
2011	617,426	(258)	617,168	606,573	98.24	10,595	617,168	100.00	—	—
2012	618,371	(171)	618,200	607,960	98.32	9,849	617,809	99.94	391	0.06
2013	648,586	(58)	648,528	638,073	98.38	9,912	647,985	99.92	543	0.08
2014	706,912	(182)	706,730	696,423	98.52	9,725	706,148	99.92	582	0.08
2015	726,319	(114)	726,205	716,418	98.64	9,475	725,893	99.96	312	0.04
2016	837,123	(179)	836,944	825,870	98.66	10,796	836,666	99.97	278	0.03
2017	864,070	(208)	863,862	852,835	98.70	9,473	862,308	99.82	1,554	0.18
2018	927,807	(118)	927,689	915,691	98.69	8,947	924,638	99.67	3,051	0.33
2019	961,179	—	961,179	949,763	98.81	—	949,763	98.81	11,416	1.19

Source: King County Treasury Property Tax Year End Reports for 2010-2019

Note: The levy of any given fiscal year is based on the assessed values from the tax roll of the preceding calendar year. The amounts in the total uncollected taxes column are cumulative totals of all taxes levied at the end of the year.

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO  
(DOLLARS IN THOUSANDS)**

TAXPAYER	2019			2010		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Microsoft	\$ 4,327,562	1	0.67%	\$ 2,562,589	2	0.78%
Amazon.com	3,370,178	2	0.52	—		—
Boeing	3,260,744	3	0.51	3,154,560	1	0.95
Puget Sound Energy/Gas/Electric	2,320,986	4	0.36	1,581,647	3	0.48
Essex Property Trust	2,056,460	5	0.32	—		—
Union Square LLC	1,170,294	6	0.18	427,548	9	0.13
C/O Prologis - Re Tax	1,056,855	7	0.16	—		—
Altus Group US Inc.	939,144	8	0.15	—		—
Acorn Development LLC	886,431	9	0.14	—		—
GC Columbia LLC	858,324	10	0.13	—		—
Qwest Corporation Inc.	—		—	838,897	4	0.25
AT&T Mobility LLC	—		—	747,952	5	0.23
T-Mobile	—		—	660,825	6	0.20
Alaska Airlines	—		—	622,027	7	0.19
W2007 Seattle (formerly Archon Group LP)	—		—	522,085	8	0.16
Wright Runstad & Company	—		—	353,747	10	0.11
Total	20,246,978		3.14	11,471,877		3.48
Total assessed valuation of other taxpayers	622,243,514		96.86	318,943,121		96.52
Total 2019 assessed valuation for taxes due in 2020	<u>\$ 642,490,492</u>		<u>100.00%</u>			
Total 2010 assessed valuation for taxes due in 2011				<u>\$ 330,414,998</u>		<u>100.00%</u>

Source: King County Department of Assessments

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)

FISCAL YEAR	GENERAL OBLIGATION	GENERAL OBLIGATION UNAMORTIZED PREMIUMS / DISCOUNTS	GENERAL OBLIGATION BOND ANTICIPATION NOTES	GENERAL OBLIGATION LEASE REVENUE BONDS	GENERAL BONDED DEBT OUTSTANDING	GENERAL OBLIGATION CAPITAL LEASES	RESTRICTED FOR DEBT SERVICE PAYMENT TOTAL	TOTAL	PERCENTAGE OF ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY <sup>(b)</sup>	PER CAPITA <sup>(c)</sup>
	BONDS <sup>(a)</sup>									
2010	\$ 1,759,620	\$ 52,686	\$ 84,290	\$ 395,990	\$ 2,292,586	\$ —	\$ 84,819	\$ 2,207,767	0.55%	1,143
2011	1,698,189	50,171	82,295	385,525	2,216,180	—	77,104	2,139,076	0.58%	1,101
2012	1,763,614	121,622	73,395	321,780	2,280,411	—	71,464	2,208,947	0.64%	1,100
2013	1,763,383	118,097	—	265,325	2,146,805	—	60,197	2,086,608	0.60%	1,019
2014	1,731,255	116,425	—	217,900	2,065,580	—	60,149	2,005,431	0.54%	964
2015	1,844,253	178,986	—	20,965	2,044,204	—	11,760	2,032,444	0.49%	960
2016	1,771,677	160,189	—	12,765	1,944,631	—	11,968	1,932,663	0.42%	899
2017	1,699,077	161,084	—	—	1,860,161	8,843	12,222	1,856,782	0.37%	848
2018	1,591,767	140,964	—	—	1,732,731	8,291	20,622	1,720,400	0.30%	770
2019	1,716,537	161,774	—	—	1,878,311	8,156	4,805	1,881,662	0.28%	835

Additional details regarding the County's outstanding debt can be found in Note 15 - "Long-term liabilities"

(a) This is the general bonded debt of both governmental and business-type activities.

(b) Property value data can be found in the table "Assessed and Estimated Actual Value of Taxable Property."

(c) Population data can be found in the table "Demographic and Economic Statistics."

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of DECEMBER 31, 2019

(IN THOUSANDS)

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED<sup>(a)</sup> PERCENTAGE APPLICABLE TO THIS GOVERNMENTAL UNIT</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
<b>DEBT REPAID WITH PROPERTY TAXES</b>			
King County – net overlapping debt:			
Port of Seattle	\$ 335,470	100.00%	\$ 335,470
School Districts:			
Bellevue School District	797,869	100.00%	797,869
Issaquah School District	686,151	100.00%	686,151
Lake Washington School District	606,646	100.00%	606,646
Northshore School District	543,320	61.99%	336,800
Federal Way School District	442,108	100.00%	442,108
Highline School District	428,728	100.00%	428,728
Shoreline School District	402,040	100.00%	402,040
Auburn School District	393,977	91.96%	362,312
Kent School District	243,164	100.00%	243,164
Snoqualmie School District	241,299	100.00%	241,299
Other school districts	696,955	100.00%	696,955
Total school districts	5,482,257		5,244,072
Cities and towns <sup>(b)</sup> :			
City of Seattle	943,880	100.00%	943,880
City of Bellevue	257,380	100.00%	257,380
City of Tukwila	137,650	100.00%	137,650
City of Bothell	106,374	57.70%	61,374
City of Kent	75,034	100.00%	75,034
City of Renton	60,187	100.00%	60,187
City of Redmond	47,420	100.00%	47,420
City of Auburn	46,141	100.00%	46,141
City of Kirkland	35,217	100.00%	35,217
City of Shoreline	32,730	100.00%	32,730
Other cities and towns	133,779	100.00%	133,779
Total cities and towns	1,875,792		1,830,792
Hospital districts	215,300	100.00%	215,300
King County Library System	66,743	98.24%	65,568
Fire protection districts	86,474	100.00%	86,474
Northshore Parks and Recreation Service Area District	405	61.98%	251
Park districts	13,612	100.00%	13,612
<b>TOTAL KING COUNTY – NET OVERLAPPING DEBT</b>	<b>8,076,053</b>		<b>7,791,539</b>
<b>KING COUNTY – DIRECT DEBT<sup>(c)</sup></b>	<b>729,191</b>	<b>100.00%</b>	<b>729,191</b>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$ 8,805,244</b>		<b>\$ 8,520,730</b>

Source: Assessed value data used to estimate percentages applicable to this governmental unit are provided by King County Department of Assessments.

Note: Within King County, other municipal governments incur general obligation debt. Debts incurred by other governmental units, although overlapping, have no claim on any County revenues.

(a) Determined by ratio of assessed valuation of property in overlapping unit subject to taxation in reporting unit to total valuation of property subject to taxation in overlapping unit.

(b) Outstanding debts are provided by the cities and towns.

(c) Direct debt calculation:

\$ 667,203	General long-term debt
61,988	Unamortized premiums/discounts
<u>\$ 729,191</u>	<b>DIRECT DEBT</b>

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)**

<b>GOVERNMENTAL ACTIVITIES</b>						
<b>FISCAL YEAR</b>	<b>GENERAL OBLIGATION BONDS</b>	<b>GENERAL OBLIGATION LEASE REVENUE BONDS</b>	<b>PREMIUMS, DISCOUNTS AND OTHER ADJUSTMENTS</b>	<b>NET GENERAL OBLIGATION AND LEASE REVENUE BONDS</b>	<b>GENERAL OBLIGATION CAPITAL LEASES</b>	
2010	\$ 728,409	\$ 395,990	\$ 24,233	\$ 1,148,632	\$ —	
2011	748,482	385,525	23,947	1,157,954	—	
2012	772,439	321,780	66,786	1,161,005	—	
2013	741,373	265,325	61,793	1,068,491	—	
2014	717,640	217,900	63,326	998,866	—	
2015	825,298	20,965	85,768	932,031	—	
2016	779,012	12,765	75,940	867,717	—	
2017	742,455	—	63,247	805,702	8,843	
2018	677,072	—	52,763	729,835	8,291	
2019	659,047	—	61,988	721,035	8,156	
<b>BUSINESS-TYPE ACTIVITIES</b>						
<b>FISCAL YEAR</b>	<b>GENERAL OBLIGATION BONDS</b>	<b>SEWER REVENUE BONDS</b>	<b>PREMIUMS, DISCOUNTS AND OTHER ADJUSTMENTS</b>	<b>NET GENERAL OBLIGATION BONDS AND REVENUE BONDS</b>	<b>CAPITAL LEASES</b>	<b>STATE OF WASHINGTON REVOLVING LOANS</b>
2010	\$ 1,031,211	\$ 2,433,350	\$ 71,075	\$ 3,535,636	\$ 3,279	\$ 135,995
2011	1,015,642	2,709,715	128,024	3,853,381	3,186	129,276
2012	1,064,570	2,841,755	176,348	4,082,673	3,087	136,002
2013	1,022,010	2,866,085	194,273	4,082,368	2,983	146,672
2014	1,013,615	2,813,805	207,705	4,035,125	2,874	159,053
2015	1,018,955	2,830,165	295,087	4,144,207	2,760	179,388
2016	992,665	2,884,890	369,807	4,247,362	2,640	205,989
2017	956,595	2,875,310	378,377	4,210,282	2,514	218,044
2018	914,695	2,807,510	353,187	4,075,392	2,381	229,474
2019	1,057,490	2,572,745	338,625	3,968,860	2,241	227,543
<b>PRIMARY GOVERNMENT</b>						
<b>FISCAL YEAR</b>	<b>TOTAL</b>	<b>PERCENTAGE OF PERSONAL INCOME <sup>(a)</sup></b>	<b>DEBT PER CAPITA <sup>(a)</sup></b>			
2010	\$ 4,823,542	4.48%	\$ 2,498			
2011	5,143,797	4.44	2,648			
2012	5,382,767	4.10	2,681			
2013	5,300,514	3.92	2,589			
2014	5,195,918	3.48	2,498			
2015	5,258,386	3.29	2,484			
2016	5,323,708	3.21	2,476			
2017	5,245,385	2.87	2,397			
2018	5,045,373	2.50	2,259			
2019	4,927,835	2.44	2,187			

Note: Details regarding the County's outstanding debt can be found in Note 15 - "Long-term Liabilities."

(a) Personal income and population data can be found in the table "Demographic and Economic Statistics." Because personal income data is not available for 2019, the percentages use the personal income amount for 2018.

**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
(IN THOUSANDS)

	2010	2011	2012	2013	2014
Assessed Valuation <sup>(a)</sup>	\$ 330,414,999	\$ 319,460,937	\$ 314,746,207	\$ 340,643,616	\$ 388,118,856
<b>Limited Tax General Obligations (LTGO) for Metropolitan Functions</b>					
Debt Limit - 0.75% of Assessed Value	\$ 2,478,112	\$ 2,395,957	\$ 2,360,597	\$ 2,554,827	\$ 2,910,891
Debt applicable to limit	1,099,943	1,059,464	1,132,185	1,092,797	1,126,570
Less: Amounts set aside to repay LTGO debts	(20,829)	(19,310)	(20,128)	(25,148)	(42,336)
Total net debt applicable to the limit	<u>1,079,114</u>	<u>1,040,154</u>	<u>1,112,057</u>	<u>1,067,649</u>	<u>1,084,234</u>
Legal Debt Margin <sup>(b)</sup> of LTGO	<u>\$ 1,398,998</u>	<u>\$ 1,355,803</u>	<u>\$ 1,248,540</u>	<u>\$ 1,487,178</u>	<u>\$ 1,826,657</u>
Total net debt applicable to the limit as a percentage of the debt limit	43.55%	43.41%	47.11%	41.79%	37.25%
<b>LTGOs for General County Purposes and Metropolitan Functions</b>					
Debt Limit - 1.5% of Assessed Value	\$ 4,956,225	\$ 4,791,914	\$ 4,721,193	\$ 5,109,654	\$ 5,821,783
Debt applicable to limit	2,106,580	2,211,173	2,181,468	2,070,328	2,110,601
Less: Amounts set aside to repay LTGO debts	(64,177)	(64,943)	(62,179)	(57,509)	(54,910)
Total net debt applicable to the limit	<u>2,042,403</u>	<u>2,146,230</u>	<u>2,119,289</u>	<u>2,012,819</u>	<u>2,055,691</u>
Legal Debt Margin <sup>(b)</sup> of LTGO	<u>\$ 2,913,822</u>	<u>\$ 2,645,684</u>	<u>\$ 2,601,904</u>	<u>\$ 3,096,835</u>	<u>\$ 3,766,092</u>
Total net debt applicable to the limit as a percentage of the debt limit	41.21%	44.79%	44.89%	39.39%	35.31%
<b>Total General Obligations (GO) for Metropolitan Functions</b>					
Debt Limit - 2.5% of Assessed Value	\$ 8,260,375	\$ 7,986,523	\$ 7,868,655	\$ 8,516,090	\$ 9,702,971
Debt applicable to limit	1,099,943	1,059,464	1,132,185	1,092,797	1,126,570
Less: Amounts set aside to repay GO debts	(20,829)	(19,310)	(20,128)	(25,148)	(42,336)
Total net debt applicable to the limit	<u>1,079,114</u>	<u>1,040,154</u>	<u>1,112,057</u>	<u>1,067,649</u>	<u>1,084,234</u>
Legal Debt Margin <sup>(b)</sup> of total GO	<u>\$ 7,181,261</u>	<u>\$ 6,946,369</u>	<u>\$ 6,756,598</u>	<u>\$ 7,448,441</u>	<u>\$ 8,618,737</u>
Total net debt applicable to the limit as a percentage of the debt limit	13.06%	13.02%	14.13%	12.54%	11.17%
<b>Total GO for County Purposes</b>					
Debt Limit - 2.5% of Assessed Value	\$ 8,260,375	\$ 7,986,523	\$ 7,868,655	\$ 8,516,090	\$ 9,702,971
Debt applicable to limit	1,193,132	1,303,129	1,190,973	1,104,336	1,097,286
Less: Amounts set aside to repay GO debts	(53,891)	(52,267)	(48,774)	(39,292)	(19,723)
Total net debt applicable to the limit	<u>1,139,241</u>	<u>1,250,862</u>	<u>1,142,199</u>	<u>1,065,044</u>	<u>1,077,563</u>
Legal Debt Margin <sup>(b)</sup> of total GO	<u>\$ 7,121,134</u>	<u>\$ 6,735,661</u>	<u>\$ 6,726,456</u>	<u>\$ 7,451,046</u>	<u>\$ 8,625,408</u>
Total net debt applicable to the limit as a percentage of the debt limit	13.79%	15.66%	14.52%	12.51%	11.11%

Source: Assessed Valuation data are from King County Department of Assessments.

Notes:

(a) In compliance with the Washington State Budgeting, Accounting and Reporting System, the most current assessed value - the assessed value for the following calendar year's tax roll - is used for a given fiscal year.

(b) "Legal debt margin" is the County's available borrowing authority under state statutes.

	2015	2016	2017	2018	2019
Assessed Valuation <sup>(a)</sup>	\$426,335,606	\$471,456,288	\$534,662,435	\$606,623,698	\$642,490,492
<b>LTGOs for Metropolitan Functions</b>					
Debt Limit - 0.75% of Assessed Value	\$ 3,197,517	\$ 3,535,922	\$ 4,009,968	\$ 4,549,678	\$ 4,818,679
Debt applicable to limit	1,030,577	981,943	931,848	877,083	1,040,574
Less: Amounts set aside to repay LTGO debts	(42,062)	(53,429)	(51,768)	(48,093)	(36,901)
Total net debt applicable to the limit	988,515	928,514	880,080	828,990	1,003,673
Legal Debt Margin <sup>(b)</sup> of LTGO	\$ 2,209,002	\$ 2,607,408	\$ 3,129,888	\$ 3,720,688	\$ 3,815,006
Total net debt applicable to the limit as a percentage of the debt limit	30.92%	26.26%	21.95%	18.22%	20.83%
<b>LTGOs for General County Purposes and Metropolitan Functions</b>					
Debt Limit - 1.5% of Assessed Value	\$ 6,395,034	\$ 7,071,844	\$ 8,019,937	\$ 9,099,355	\$ 9,637,357
Debt applicable to limit	1,768,043	1,667,527	1,588,678	1,479,047	1,662,672
Less: Amounts set aside to repay LTGO debts	(53,491)	(62,968)	(64,825)	(55,690)	(44,895)
Total net debt applicable to the limit	1,714,552	1,604,559	1,523,853	1,423,357	1,617,777
Legal Debt Margin <sup>(b)</sup> of LTGO	\$ 4,680,482	\$ 5,467,285	\$ 6,496,084	\$ 7,675,998	\$ 8,019,580
Total net debt applicable to the limit as a percentage of the debt limit	26.81%	22.69%	19.00%	15.64%	16.79%
<b>Total GOs for Metropolitan Functions</b>					
Debt Limit - 2.5% of Assessed Value	\$ 10,658,390	\$ 11,786,407	\$ 13,366,561	\$ 15,165,592	\$ 16,062,262
Debt applicable to limit	1,030,577	981,943	931,848	877,083	1,040,574
Less: Amounts set aside to repay GO debts	(42,062)	(53,429)	(51,768)	(48,093)	(36,901)
Total net debt applicable to the limit	988,515	928,514	880,080	828,990	1,003,673
Legal Debt Margin <sup>(b)</sup> of total GO	\$ 9,669,875	\$ 10,857,893	\$ 12,486,481	\$ 14,336,602	\$ 15,058,589
Total net debt applicable to the limit as a percentage of the debt limit	9.27%	7.88%	6.58%	5.47%	6.25%
<b>Total GOs for County Purposes</b>					
Debt Limit - 2.5% of Assessed Value	\$ 10,658,390	\$ 11,786,407	\$ 13,366,561	\$ 15,165,592	\$ 16,062,262
Debt applicable to limit	839,316	775,719	734,620	666,394	671,923
Less: Amounts set aside to repay GO debts	(13,377)	(11,582)	(15,164)	(9,851)	(10,474)
Total net debt applicable to the limit	825,939	764,137	719,456	656,543	661,449
Legal Debt Margin <sup>(b)</sup> of total GO	\$ 9,832,451	\$ 11,022,270	\$ 12,647,105	\$ 14,509,049	\$ 15,400,813
Total net debt applicable to the limit as a percentage of the debt limit	7.75%	6.48%	5.38%	4.33%	4.12%

**DEBT SERVICE COVERAGE FOR THE WATER QUALITY ENTERPRISE**  
**LAST TEN FISCAL YEARS**  
(DOLLARS IN THOUSANDS)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Average residential customer and residential customer equivalents (RCEs)	704,400	707,300	708,900	719,160	725,844	736,090	756,430	756,916	760,571	763,436
Percentage annual change	0.09%	0.41%	0.23%	1.31%	1.07%	1.41%	2.76%	0.06%	0.48%	0.38%
Operating revenues										
Sewage disposal fees	\$269,498	\$306,430	\$307,143	\$342,850	\$346,591	\$371,253	\$381,513	\$401,650	\$403,589	\$415,279
Rate stabilization	(15,814)	(25,523)	13,923	10,350	18,000	(12,000)	—	—	—	—
Capacity charge revenues	41,363	48,693	51,411	58,660	59,522	62,479	71,200	82,615	86,836	102,146
Other operating revenues	9,778	7,830	9,398	10,126	11,675	11,674	11,828	18,308	19,125	19,024
Total operating revenues	304,825	337,430	381,875	421,986	435,788	433,406	464,541	502,573	509,550	536,449
Operating and Maintenance Expenses	103,682	103,995	114,939	117,183	122,014	127,211	138,698	142,263	139,585	143,834
Add: GAAP adjustments	—	—	—	—	2,187	1,715	(2,377)	5,936	13,004	10,438
Net operating and maintenance expenses	103,682	103,995	114,939	117,183	124,201	128,926	136,321	148,199	152,589	154,272
Net operating revenue	201,143	233,435	266,936	304,803	311,587	304,480	328,220	354,374	356,961	382,177
Interest income	3,426	2,725	1,697	2,682	2,822	2,863	4,549	6,055	8,956	10,765
Net revenue available for debt service	204,569	236,160	268,633	307,485	314,409	307,343	332,769	360,429	365,917	392,942
Debt service										
Parity bonds	118,817	132,664	157,117	172,959	175,463	167,694	160,957	159,761	163,967	171,321
Parity lien obligations	26,838	32,910	38,626	43,064	42,876	40,348	53,164	52,650	49,121	41,529
Subordinate debt service	12,182	12,769	14,087	15,039	17,477	18,318	21,316	26,277	33,139	35,174
Total debt service	\$157,837	\$178,343	\$209,830	\$231,062	\$235,816	\$226,360	\$235,437	\$238,688	\$246,227	\$248,024
Debt service coverage										
On parity bonds	1.72	1.78	1.71	1.78	1.79	1.83	2.07	2.26	2.23	2.29
On parity bonds and parity lien obligations	1.40	1.42	1.36	1.42	1.44	1.48	1.55	1.70	1.72	1.85
On all sewer system obligations	1.29	1.32	1.28	1.33	1.33	1.36	1.41	1.51	1.49	1.58

2014 operating and maintenance expenses were restated as part of GASB Statements 68 and 71 implementation.  
Non-cash GAAP adjustments consist of pension, other post-employment benefits and compensated absence accruals.  
Interest Income excludes unrealized gains in the GASB Statement 31 fair market value adjustment.

**WATER QUALITY ENTERPRISE  
ADDITIONAL COVERAGE RATIOS  
DECEMBER 31, 2019**

The Water Quality Enterprise is obligated by applicable bond ordinances to set sewage disposal rates at a level adequate to provide net revenue equal to at least 1.15 times the annual debt service requirements for sewer revenue and general obligation bonds payable from revenues of Water Quality. It is an adopted policy of Water Quality to achieve a debt service coverage ratio of 1.25.

Coverage (1.15 required by covenant, adopted policy 1.25) 1.85

In 2001, the County adopted a new debt service coverage target of 1.15 times the annual debt service for bonds, obligations, notes and loans of the Enterprise.

Coverage (1.15 adopted target) 1.58

The Enterprise is required to generate revenues sufficient to pay all costs of operation of the sewage treatment system and debt service on obligations of the Enterprise.

Coverage (1.00 required by covenant) 1.44

In 2001, Water Quality issued an additional tier of revenue bonds. The bond covenants of the Junior Lien Variable Rate Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, require that sewage disposal rates provide net revenue equal to at least 1.10 times the annual debt service requirements for all Junior Lien obligations after payment of senior lien requirements. All of Water Quality's Junior Lien Variable Rate Sewer Revenue Bonds and Multi-Modal Limited Tax General Obligation Sewer Revenue Bonds incorporate the identical requirement stated in the 2001 bond covenant requirements.

Coverage (1.10 required by covenant) 14.10

**OPERATING AND CAPITAL INDICATORS BY FUNCTION  
LAST TEN YEARS**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public Works</b>										
Miles of paved roads	1,581	1,479	1,451	1,441	1,442	1,418	1,418	1,415	1,415	1,415
Miles of unpaved roads	51	51	53	51	51	51	51	51	51	51
Bridges <sup>1</sup>	180	181	182	181	181	181	182	182	182	182
<b>Building Permits</b>										
Permits	1,341	1,123	2,021	1,303	1,309	1,459	3,172	1,294	1,501	1,406
Value of buildings (in thousands)	\$ 245,912	\$ 235,562	\$ 366,207	\$ 257,261	\$ 292,863	\$ 276,607	\$ 272,327	\$ 323,987	\$ 279,194	\$ 252,807
<b>Justice and Law Enforcement - Sheriff's Office</b>										
Number of employees - commissioned	683	645	637	650	671	679	721	724	728	739
Number of employees - civilian	346	376	287	385	378	340	412	411	360	374
Motor Pool fleet - vehicles	642	632	632	629	602	640	646	646	681	695
Motor Pool fleet - boats	8	8	8	8	8	8	10	12	11	10
Motor Pool fleet - helicopters <sup>2</sup>	7	5	4	4	4	5	5	5	5	7
<b>Adult Detention</b>										
Average daily adult custodial population	2,352	2,201	1,946	1,960	2,076	2,027	2,011	2,186	2,107	2,691
Average stay (in days)	20	21	22	21	22	22	22	22	22	25
Bookings	43,018	38,089	33,506	34,282	34,724	34,939	36,135	37,125	35,631	32,864
<b>Parks and Land Use</b>										
Number of parks	218	215	219	220	221	220	223	229	229	234
Acres of parks	169,719	170,273	170,574	171,196	171,659	172,281	172,615	173,203	173,825	174,063
<b>Public Transportation</b>										
Size of fleet - buses	1,465	1,505	1,503	1,462	1,423	1,472	1,396	1,429	1,491	1,527
Size of fleet - active commuter vans	1,075	1,228	1,283	1,365	1,421	1,476	1,791	1,817	1,877	1,894
Annual bus trips (in thousands)	117,002	119,840	123,127	126,682	129,081	130,648	130,800	130,093	130,617	128,641
Annual commuter van trips (in thousands)	2,851	3,118	3,451	3,524	3,416	3,560	3,555	3,626	3,497	3,465
<b>Wastewater Treatment</b>										
Total sewer customers (residences and residential customer equivalents)	704,400	707,300	708,900	718,160	725,844	736,090	756,430	756,916	760,571	763,436
New sewer connections equivalents	6,974	5,855	7,915	8,467	10,767	11,676	10,743	12,484	12,906	12,513
Monthly sewer rate	\$ 31.90	\$ 36.10	\$ 36.10	\$ 39.79	\$ 39.79	\$ 42.03	\$ 42.03	\$ 44.22	\$ 44.22	\$ 45.33
Residential connection charge (monthly for 15 years)	\$ 49.07	\$ 50.45	\$ 53.50	\$ 53.50	\$ 55.35	\$ 57.00	\$ 58.70	\$ 60.80	\$ 62.60	\$ 64.50
Total sewer revenues (in thousands)	\$ 253,684	\$ 285,607	\$ 321,066	\$ 353,200	\$ 364,591	\$ 371,252	\$ 381,513	\$ 401,650	\$ 403,589	\$ 415,279
Number of treatment plants	4	5	5	5	5	5	5	5	5	5
Total treatment capacity (MGD <sup>3</sup> )	767	767	895	895	895	895	862	862	868	868
Average daily flow (MGD)	178	173	188	167	186	178	188	194	177	161
Peak daily flow (MGD)	639	472	523	500	541	556	505	605	482	752

Source: Various King County agencies

<sup>1</sup>Total number reported includes vehicular and pedestrian bridges.<sup>2</sup>King County currently has seven helicopters available for use. Only three of these are owned by the County. The remaining four are on loan from the Defense Reutilization Marketing Office program.<sup>3</sup>MGD = Million of gallons per day

**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN YEARS**

Year <sup>(1)</sup>	FUNCTION/PROGRAM							Total
	General Government	Law, Safety and Justice	Physical Environment	Transportation	Economic Environment	Health and Human Services	Culture and Recreation	
2010	1,597	3,801	1,363	4,851	294	1,474	207	13,587
2011	1,558	3,619	1,345	4,850	288	1,416	209	13,285
2012	1,497	3,871	1,275	4,554	186	1,406	204	12,993
2013	1,687	3,472	1,069	4,581	476	1,507	184	12,976
2014	1,704	3,828	1,069	4,581	476	1,492	193	13,343
2015	1,680	3,822	1,121	4,472	471	1,394	200	13,160
2016	1,680	3,822	1,121	4,472	471	1,394	200	13,160
2017	1,759	3,878	1,153	5,137	490	1,486	224	14,127
2018	1,759	3,878	1,153	5,137	490	1,486	224	14,127
2019	1,819	3,992	1,199	5,820	526	1,621	241	15,218

Source: 2019-2020 King County Biennial Budget

Notes:

A full-time employee is scheduled to work 261 days per year (365 minus two days off per week). At eight hours per day, 2,088 hours are scheduled per year (including holidays, vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,088.

(1) 2013-2018 FTE numbers are restated and represent the King County Council adopted budget ordinances and the current year function classifications.

DEMOGRAPHIC AND ECONOMIC INDICATORS  
LAST TEN FISCAL YEARS

CALENDAR YEAR	POPULATION	PERSONAL INCOME (IN THOUSANDS)	PER CAPITA PERSONAL INCOME	AVERAGE EARNINGS PER JOB	UNEMPLOYMENT RATE		POPULATION 65 YEARS OLD AND OVER	MEDIAN HOUSEHOLD INCOME ESTIMATES	BIRTHS	DEATHS	STUDENTS ENROLLED IN PUBLIC SCHOOLS	STUDENTS ENROLLED IN PRIVATE SCHOOLS
					COUNTY	STATE						
2010	1,931,249	\$ 107,552,067	\$ 55,503	\$ 68,569	9.0%	10.0%	210,679	\$ 65,383	25,002	11,421	259,827	39,429
2011	1,942,600	115,758,427	58,688	63,806	7.9	9.3	216,344	66,294	24,400	11,924	262,963	40,276
2012	2,007,455	131,263,349	65,345	66,773	6.3	8.1	227,291	69,047	24,702	12,045	267,655	40,428
2013	2,046,956	135,176,058	66,073	67,276	5.0	7.0	243,588	69,900	25,098	12,131	271,130	40,464
2014	2,079,967	149,434,812	71,882	70,484	4.7	6.1	247,516	71,500	26,343	13,784	278,409	41,047
2015	2,117,125	159,665,109	75,518	75,302	4.3	5.6	258,289	73,035	26,063	13,795	287,145	41,199
2016	2,149,970 *	166,006,277	77,213	81,484	3.9	5.4	266,596	75,302 *	30,508	16,162	292,066	42,256
2017	2,188,649 *	182,495,475	83,383	87,898	3.7	4.8	277,958	78,800 *	25,274	14,725	296,519	41,771
2018	2,233,163 *	201,962,200	90,438	92,596	3.5	4.5	290,311	83,571 *	24,337	13,179	302,450	41,860
2019	2,252,782 *	N/A	N/A	N/A	2.8	4.3	297,367	89,418 *	N/A	N/A	306,397	N/A

N/A = Not yet available

Population\*, personal income, per capita personal income and average earnings per job are from Washington Regional Economic Analysis Project - King County, Washington and United States Department of Commerce, Bureau of Economic Analysis, Regional Income Division

\*Estimate for 2016, 2017, 2018 and 2019 population from the United States Census Bureau, State and County QuickFacts.

Unemployment rates are from Washington Employment Security Department, Labor Market and Economic Analysis Branch. Reported unemployment rates are the average for the year.

Median household income estimates, population 65 old and older and births and deaths are from Washington State Office of Financial Management, Forecasting Division.

Student enrollment data are from Washington State Office of Superintendent of Public Instruction.

**PRINCIPAL EMPLOYERS OF KING COUNTY BY MAJOR INDUSTRY  
CURRENT YEAR AND TEN YEARS AGO**

TYPE OF INDUSTRY	2019			2010		
	NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Trade, transportation and utilities	281,025	1	19.13%	206,042	1	17.93%
Professional and business services	238,658	2	16.25	176,767	2	15.38
Educational and health services	189,617	3	12.91	152,817	4	13.30
Government	175,833	4	11.97	166,958	3	14.53
Leisure and hospitality	147,942	5	10.07	108,700	5	9.46
Information	121,192	6	8.25	79,425	7	6.91
Manufacturing	106,183	7	7.23	98,208	6	8.55
Construction	79,942	8	5.44	49,683	9	4.32
Financial activities	75,233	9	5.12	68,742	8	5.98
Total	<u>1,415,625</u>		<u>96.37%</u>	<u>1,107,342</u>		<u>96.36%</u>
Total employment	<u>1,468,958</u>			<u>1,149,050</u>		

Source: Washington State Employment Security Department, Labor Market and Economic Analysis

Notes:

The state of Washington is legally prohibited from disclosing the names of individual employers. The information in this table is intended to assist readers in understanding the degree of concentration in the County's employment base.

The number of employees is an annual average based on total non-farm employment and is not seasonally adjusted.

**TEN LARGEST CUSTOMERS OF THE WATER QUALITY ENTERPRISE  
DECEMBER 31, 2019**

	<b>PERCENT OF REVENUE</b>
City of Seattle	39.5%
City of Bellevue	8.2
Alderwood Water & Wastewater District	6.7
Soos Creek Water & Sewer District	4.9
City of Kent	4.8
City of Auburn	4.2
City of Redmond	4.2
City of Renton	4.0
Northshore Utility District	4.0
Ronald Wastewater District	2.6
Total	<u>83.1%</u>